



19<sup>th</sup> Annual Report  
2010-2011

**HERITAGE FOODS (INDIA) LIMITED**

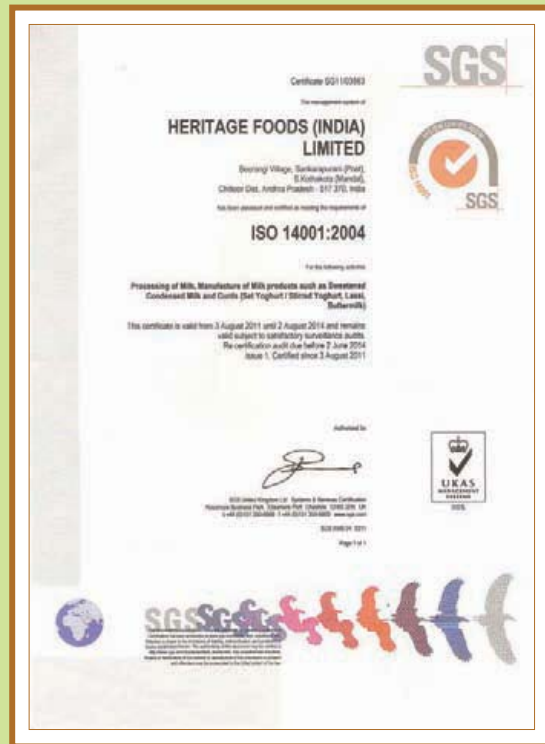
AN ISO 22000 COMPANY



*Bring Home Health & Happiness*



First prize received on conservation of energy in Dairy Sector from the Ministry of Energy, Govt. of India.



ISO 14001 -2004 Certificate

## Sri D Seetharamaiah, Chairman



Dear Shareholders

The growing economic strength of modern India, along with the knowledge cultures, vibrance and enduring spirit of tradition can create wonders when they come together. In India there is dynamic, fascinating, diverse and a vibrant market for Milk and Milk products. This is a beginning of our journey together and I feel good about what we can do to fulfill the dreams of thousands for a better quality of life. Of Course there will be challenges for the Company during the year but, I look to the future with confidence.

During the tough economic environment, we focused our efforts on gaining the knowledge and capabilities to build tomorrow's enterprises. So, we are working to minimize waste, the consumption of energy and fresh water as well as preserve the natural habitat. In recognition of our efforts, the Ministry of Energy, Govt. of India had awarded first prize on conservation of energy in Dairy sector during the year. This is the second time we have received the prize from Govt. of India in a consecutive period of last three years. Your Company was able to demonstrate the full potential of its assets, management capability high quality of products and access to Indian markets by achieving the turnover, gross and net profits. This is attributed to volume growth and better margin in the core business.

Our own retail outlets enable us to interface directly with consumers and provide an ideal platform to showcase our entire range of products. Our outlets have not only helped brand Heritage to become ubiquitous but also have managed to provide a very rewarding employment opportunity to hundreds of entrepreneurs across south India. During the current year, we have projected a goal of setting up more number of Heritage parlours.

During the year under reference the gross turnover was grew by 22% to ₹ 1101.25 crores when compared to ₹ 903.31 crores of the previous year. The company has achieved the growth in the Dairy business and a healthy performance by the value added product segments in Dairy division. The retail business portfolio now accounts for 21.08 % of the Company's gross income. The profit after tax and exceptional item for the year was ₹ 1.12 Crores, when compared to ₹ 5.72 crores profit of the previous year.

We are happy to announce a dividend of ₹ 1.20 per equity (12%) on equity shares of ₹ 10/- each. (The dividends are payable on the equity shares outstanding as on record date and are subject to approval by the shareholders.)

We respect and value our customers. Our employees are our value creators whose efforts and bonds, we cherish. We create Best work environment, in which our employees are motivated to actualize their full potential. We provide the required support to them.

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

Thank you  
**D Seetharamaiah**  
Chairman



(₹ in Crores)

	2010-11	2009-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02
Turnover	1096.08	900.38	796.03	588.03	346.33	292.07	266.13	234.49	192.83	165.07
Other Income	5.17	2.93	3.23	40.13	1.22	1.27	0.78	1.35	0.86	0.42
Total Income	1101.25	903.31	799.26	628.16	347.56	293.34	266.91	235.84	193.68	165.49
Earnings before Depreciation, Interest and Tax (EBDIT)	39.26	47.03	3.43	23.66	12.17	25.23	20.91	31.60	27.86	20.10
Depreciation	19.94	19.64	17.22	10.55	6.78	4.80	4.01	3.94	4.50	2.49
Interest	15.97	16.67	14.58	12.43	1.84	0.40	0.60	0.28	0.13	0.38
Provision for Taxation (Including Deferred Tax & FBT)	1.84	4.98	6.58	(0.26)	1.82	6.39	6.14	9.75	8.33	6.12
Profit/(Loss) after Tax	1.12	5.60	(35.61)	0.94	1.72	13.64	10.16	17.62	14.91	11.11
Cash Profit/ (Loss)	23.29	30.35	(11.15)	11.49	8.51	18.44	14.17	21.57	19.41	13.60
Equity Dividend (%)	12.00	18.00	Nil	18.00	30.00	30.00	30.00	27.50	27.50	20.00
Dividend Payout (Including Tax on Dividend)	1.61	2.42	Nil	2.13	3.51	3.42	3.42	3.10	3.10	2.00
Equity Share Capital	11.53	11.53	11.53	11.53	9.99	9.99	9.99	9.99	9.99	10.78
Reserves and Surplus	75.01	75.35	69.24	104.17	59.31	62.50	52.65	45.84	34.53	24.14
Networth	86.53	86.87	80.77	115.70	69.30	72.49	62.64	55.83	44.52	34.92
Gross Fixed Assets	317.50	294.24	264.47	206.45	128.88	80.15	72.69	63.87	53.62	43.77
Net Fixed Assets	221.72	215.24	203.68	162.41	95.38	53.33	50.38	45.49	38.82	32.96

### Key Indicators

	2010-11	2009-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02
Earnings per share - ₹.	0.97	4.85	(30.89)	0.92	1.73	13.65	10.17	17.64	14.93	10.29
Cash Earnings per share - ₹.	20.20	26.32	(9.67)	9.96	8.51	18.46	14.19	21.59	19.43	12.61
Book Value per share - ₹.	75.06	75.35	70.05	100.35	69.37	72.57	62.70	55.88	44.56	32.38
Debt* : Equity Ratio	1.15:1	1.34:1	1.50:1	0.96:1	0.79:1	0.00:1	0.00:1	0.01:1	0.01:1	0.14:1
EBDIT/Turnover %	3.58	5.22	0.43	4.02	3.51	8.63	7.86	13.48	14.45	12.18
Net Profit Margin %	0.10	0.62	(4.47)	0.16	0.50	4.65	3.81	7.47	7.70	6.71
Return on Networth %	1.29	6.45	(44.09)	0.81	2.48	18.81	16.22	31.56	33.49	31.82

\* Long Term Debt

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### Important Communication to Members

The Ministry of Corporate Affairs has taken a **"Green Initiative in the Corporate Governance"** by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be send by e-mail to the members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses.



<b>Board of Directors:</b>	Sri D Seetharamaiah	<i>Non Executive Independent Chairman</i>
	Sri N P Ramakrishna	<i>Independent Director</i>
	Dr N R Sivaswamy	<i>Independent Director</i>
	Dr A Appa Rao	<i>Independent Director</i>
	Dr V Nagaraja Naidu	<i>Non Executive Director</i>
	Sri K Kannan	<i>Independent Director</i>
	Smt N Bhuvanewari	<i>Vice Chairperson &amp; Managing Director</i>
Sri N Lokesh	<i>Executive Director</i>	

**Company Secretary:** CS Umakanta Barik

<b>Senior Management :</b>	Dr M Sambasiva Rao	<i>President</i>
	CA A Prabhakara Naidu	<i>Sr.GM- Finance &amp; Accounts</i>
	Sri K Durga Prasad Rao	<i>Chief Operating Officer-Dairy Division</i>
	Sri S Jagdish Krishnan	<i>Chief Operating Officer-Retail &amp; Bakery Divisions</i>
	Sri Anil Kumar Srivastava	<i>Chief Operating Officer-Agri Division</i>

### Board Committees

#### Audit Committee

Sri D Seetharamaiah, Chairman  
Dr N R Sivaswamy  
Dr V Nagaraja Naidu  
Sri K Kannan

#### Remuneration Committee

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

#### Share Transfer & Shareholders/Investors' Grievance Redressal Committee

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

#### Management Committee

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

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

## NOTICE TO SHAREHOLDERS

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Members of Heritage Foods (India) Limited are hereby given notice for the 19<sup>th</sup> Annual General Meeting of the Company, the schedule of which and the business to be transacted therein, are given below:

Day and Date	<b>Thursday 29<sup>th</sup> September, 2011</b>
Time	<b>11.00 a.m.</b>
Venue	<b>Auditorium Hall, 2<sup>nd</sup> Floor, Training Block, National Institute for Micro, Small and Medium Enterprises (formerly NISIET), Yousufguda, HYDERABAD – 500 045</b>

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit and Loss Account for the year ended as on that date together with the Reports of the Directors' and the Auditors' thereon.
2. To declare dividend for the year.
3. To appoint a Director in place of Dr. N.R. Siva Swamy, who retires by rotation and being eligible, offer himself for re-appointment.
4. To resolve not to fill the vacancy for the time being in the Board caused by the retirement of Sri K. Kannan who retire by rotation and doesn't seek for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 314(1)(b) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2011 as amended from time to time and other applicable provisions if any of the Companies Act, 1956, consent of the Company be and is hereby accorded to Smt. N. Brahmani, W/o of Sri. N. Lokesh, Executive Director of the Company to hold an office or place of profit as Vice President - Business Development of the company with effect from 01<sup>st</sup> June, 2011 on the following terms and conditions :

- a) Remuneration shall not exceed ₹ 19,500 per month.
- b) During her tenure, she will be governed by the Rules and Regulations of the Company as may be applicable to the employees of the Company from time to time including change in designation and responsibilities.
- c) The revision of remuneration will be effective only after obtaining all necessary approvals in this regard.

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the resolution and to settle any questions, difficulties or doubts that may arise in this regard."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to such sanctions and approvals as may be necessary, consent of the members of the Company be and is hereby accorded for the re-appointment of Sri. N. Lokesh, as a Whole-Time Director of the Company designated as "Executive Director", for a period of three years commencing from 1<sup>st</sup> July 2011 on the following terms and conditions as recommended by the remuneration Committee and approved by the Board of Director:

**Gross Salary** : ₹ 3.35 lakhs (Rupees Three Lakhs Thirty Five Thousand Only) per month and fully maintained company car for official purpose.

**Commission** : 2% of Net Profit of the Company per annum computed as per the provisions of the Companies Act, 1956

**"RESOLVED FURTHER THAT** Sri. N. Lokesh, Executive Director shall also be eligible for the following perquisites/benefits, which shall not be included in the minimum remuneration as specified below:

- a) Company's contribution towards pension scheme or Superannuation Fund together with provident fund not exceeding 25% of the salary wherein contribution towards Provident Fund shall not exceed 12% of the salary;
- b) Gratuity payable as per the rules of the Company;
- c) Re-imbursment of actual Club fees;
- d) Books & Periodicals and outfit requirements not exceeding to ₹10, 000/- (Rupees Ten Thousand only) per month;
- e) Personal accident insurance premium & premium on mediclaim policy – as per the policy of the company;
- f) Insurance of House-hold goods: Actual premium to be paid by the Company;
- g) Free telephone facility at residence and Mobile phone facility for official purpose;
- h) Leave travel concession shall be reimbursed to the extent of one month's salary for self and family;
- i) Encashment of un-availed leaves as per the rules of the company at the time of retirement/cessation of service;
- j) All other payments in the nature of perquisites and allowances agreed by the Board of Directors from time to time.

**RESOLVED FURTHER THAT** in case of losses or inadequacy of profits in any financial year during his tenure he will be eligible for a remuneration of ₹ 3.35 lakhs (Rupees Three Lakhs Thirty Five Thousand only) per month as minimum remuneration and fully maintained company car.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company on the recommendation of the Remuneration Committee is hereby authorized to revise the said remuneration during the currency of his tenure and the total cost to the Company on account of such revision for any year

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during the currency of his tenure is subject to the limits set out under section 198 and 309 of the Companies Act, 1956 read with schedule XIII thereto."

**RESOLVED FURTHER THAT** Sri. N. Lokesh shall not be subject to retirement by rotation during his tenure as an Executive Director."

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

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

Date: 28<sup>th</sup> July, 2011

**UMAKANTA BARIK**  
Company Secretary

### NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY OR ITS REGISTRAR AND SHARE TRANSFER AGENT NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF MEETING.**
- MEMBERS/PROXIES SHOULD PRODUCE AT THE ENTRANCE OF THE VENUE DULY FILLED ATTENDANCE SLIP FOR ATTENDING THE MEETING.**
- M/s Karvy Computershare Private Limited (Karvy) is the Registrar and Share Transfer Agent of the Company.
- The Register of Members and the Transfer Books of the Company will remain closed from Monday 26<sup>th</sup> September, 2011 to Thursday 29<sup>th</sup> September, 2011 (both days inclusive).
- The dividend as recommended by the Board of Directors for the year ended 31<sup>st</sup> March, 2011, when declared at the Annual General Meeting will be paid to the members whose names appear:
  - As Beneficial Owners as per list to be furnished by the Depositories in respect of the shares held in demat form; and
  - As members on the Register of Members of the Company on record date after giving effect to all valid share transfers in physical form which would be received by the Company upto end of business hours on record date.
- In order to provide protection against fraudulent encashment of the Dividend Warrants, shareholders holding shares in physical form are requested to intimate the company under the signature of the sole / first & joint holder, the following information to be incorporated on the Dividend Warrants:
  - Name of the sole / first & joint holder and the Folio Number.
  - Particulars of Bank Account.
- Pursuant to provisions of sub-section (5) of Section 205A the Companies Act, 1956 the dividend, which remain unclaimed / unpaid for a period of 7 years shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The Company has already transferred unclaimed/unpaid amount of dividends declared upto the financial year 2002-03 to the Investor Education and Protection Fund of the Central Government as required under Section 205A and 205C of the Companies Act, 1956.

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

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend
2003-04	29-07-2004	28-07-2011
2004-05	15-07-2005	14-07-2012
2005-06	31-07-2006	30-07-2013
2006-07	22-08-2007	21-08-2014
2007-08	26-09-2008	25-09-2015
2009-10	30-07-2010	29-07-2017

Shareholders, who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s Karvy Computershare Private Limited immediately. Shareholders are requested to note that no claims lie against the Company or the said fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date that they first became due for payment and no payment shall be made in respect of any such claims.

- Non-resident Indian shareholders are requested to inform M/s Karvy Computershare Private Limited immediately:
  - The change in the residential status on return to India for permanent settlement; and
  - The particulars of Bank Account maintained in India if not furnished earlier.
- Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- Shareholders, holding shares in physical form, are requested to notify immediately change of address, if any, to the Company's Registrar & Share Transfer Agent, M/s. Karvy Computershare Private Limited, Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.
- The Register of Directors' shareholdings shall be open for inspection to any member of the Company during the period beginning 14 days before the date of Company's Annual General Meeting and ending 3 days after the date of its conclusion. The said register shall also remain open and accessible during the Annual General Meeting to any person having right to attend the meeting.



12. Members seeking any information relating to the Accounts may write to the Company at 6-3-541/C, Punjagutta, Hyderabad - 500 082, for attention of Company Secretary at the earliest.
13. All the documents referred to in the Notice will be available to the members at the registered office of the company between 10.30 A.M to 12.30 P.M on all working days from the date hereof upto the date of the Meeting.
14. At the ensuing Annual General Meeting, Dr. N. R. Siva Swamy and Sri K. Kannan retire by rotation and being eligible for re-appointment. Dr. N.R. Siva Swamy offers himself for re-appointment but Sri K. Kannan expressed his intention not to seek re-appointment. Sri. N. Lokesh re-appointed as Executive Director of the company for the period of 3 years with effect from 01-07-2011. The information or details pertaining to these directors are provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

**Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956**

**Item No.6**

Smt. N. Brahmani, aged 23 years is working as Vice President – Business Development of the company with effect from 01<sup>st</sup> June, 2011, she is W/o Sri. N. Lokesh, Executive Director and daughter-in-law of Smt. N. Bhuvanewari, Vice Chairperson & Managing Director of the company. Smt. N. Brahmani has completed Bachelor of Science, Electrical Engineering from the *Santa Clara University, Santa Clara, California, USA* and has Bachelor of Engineering, Electronics and Communication Engineering from Chaitanya Bharathi Institute of Technology, Hyderabad, India. She worked as an Investment Associate

in M/s.Vertex Venture Management Pte. Ltd., Singapore for a period of two years before joining the Company. The Board believes that the experience and knowledge of Smt. N. Brahmani is more useful for the company.

As per the Provisions of Section 314(1)(b) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2011 as amended from time to time and other applicable provisions if any of the Companies Act, 1956, for appointment of a Relative of a Director needs shareholders approval by way of Special Resolution. Hence your Directors recommend the resolution for approval.

None of the Directors of the Company, except Smt. N. Bhuvanewari, Vice Chairperson & Managing Director and Sri. N. Lokesh, Executive Director are interested parties in the resolution.

**Item No.7**

The term of appointment of Sri. N. Lokesh was completed as on 30<sup>th</sup> June 2011. The Board of Directors at their meeting held on 19<sup>th</sup> May 2011 has recommended for re-appointment of Sri. N. Lokesh as the Executive Director of the Company with effect from 1<sup>st</sup> July 2011 for a period of three years upon the recommendation of the Remuneration Committee and subject to the approval of the Members of the Company. The said appointment and remuneration are within the stipulations of Section 198, 269, 309, 310 and Schedule XIII of the Companies Act, 1956 as amended from time to time. Members of the Company are requested to pass the above resolution as a Special Resolution.

None of the Directors of the Company, except Smt. N. Bhuvanewari and Sri.N.Lokesh are interested parties in this resolution.

**STATEMENT OF INFORMATION PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956:**

**I. General Information:**

- (1) Nature of Industry
  - a. Procurement, processing, packaging and distribution of Milk & Milk Products (Dairy Division)
  - b. Food & Grocery Retailing (Retail Division)
  - c. Custom Farming (Agri Division)
  - d. Manufacturing (Other than Bread) & Trading of Bakery Products (Bakery Division)
- (2) Date of commencement of commercial production
  - i. Dairy Division – 26-04-1993
  - ii. Retail Division – 29-11-2006
  - iii. Agri Division – 10-03-2008
  - iv. Bakery Division – 01-06-2009
- (3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus: Not Applicable
- (4) Financial Performance based on given indicators:

Financial parameters	2006-07	2007-08	2008-09	2009-10	2010-11
Turnover (₹ in lakhs)	34633	58803	79255	90038	<b>109608</b>
Net Profit as per Profit and Loss Account (₹ in lakhs)	172	94	(3561)	560	<b>112</b>
Amount of Dividend Paid (excluding dividend tax) (₹ in lakhs)	299	182	Nil	207	<b>138</b>
Rate of Dividend declared	30%	18%	Nil	18%	<b>12%</b>

(5) Export performance and net foreign exchange collaborations: During the year company has exported the milk products of ₹ 216 lakhs and have a plan to export more quantity in the coming years.

(6) Foreign investments or collaborators, if any: NIL

## II. Information about the Appointee:

### (1) Background:

Sri Nara Lokesh, aged 29 years, is a Post-Graduate in Business Administration and Management from the Stanford University, USA and worked in World Bank in various Projects.

(2) **Past Remuneration:** ₹ 40.20 Lakhs per annum.

(3) **Recognition or Awards:** NIL

### (4) Job Profile:

Sri Nara Lokesh is responsible to discharge the duties entrusted by the Board of Directors from time to time, which may include initiating speedy and stable growth strategies for the organization in line with the vision and mission of the Company, diversification to various other potential businesses, day-to-day management and administration of the Company.

### (5) Remuneration proposed:

As set out in the resolution for the Item No. 07 of the Notice, the remuneration was recommended by the Remuneration Committee and approved by the Board of Directors.

### (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Taking into consideration the size of the Company, the profile of Sri Nara Lokesh, the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other companies.

### (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Sri Nara Lokesh is son of Smt. N Bhuvaneshwari, Vice Chairperson and Managing Director of the Company and he is holding 11,83,200 Equity shares of the Company.

## III. Other information:

(1) **Reasons of loss or inadequate profits:** The Company has been expanding the Retail Chain which is yet to reach the optimum level of operations and start up expenses of new stores have been charged to revenue as per the Accounting Standard (AS) 26. The Margin on the Dairy products are coming down due to increased cost of milk procured and drop in prices of fat.

(2) **Steps taken or proposed to be taken for improvement:** With proposal of marketing existing dairy products more

in consumer packs instead of bulk sales, introduction of more value added products besides overall increase in capacity utilization of the existing plants and increase of sales as well as margins and moreover scaling up of retail operations with strong support from back-end Agri division activities, the overall margins of the company would progress in the coming years.

## IV. Disclosures:

All the elements of remuneration package of the Directors have been given in the Report on Corporate Governance.

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

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

- a) **Dr. N. R. Siva Swamy**, aged 74 years is LL.B., M.A. (Economics), M.A. (Public Administration) and Ph.D. in Economics from University of Wisconsin, Madison, USA and also a Fellowship holder of the Ford Foundation, U.S.A., and has over 46 years of experience in the field of Taxation, Finance, Commerce, Management and Administration. He was retired as the Chairman of Central Board of Direct Taxes. He is also a Director of Sri Sarvaraya Sugars Limited and Heritage International Limited. He is a member of the Audit Committee of the Board of Directors of Sri Sarvaraya Sugars Limited. He does not hold any shares in the Company as on 31<sup>st</sup> March 2011.
- b) **Sri. Nara Lokesh**, aged 29 years, has done his MBA from Stanford University, USA, and Bachelor of Science with specialization in Management Information Systems from Carnegie Mellon University, Pittsburgh. Mr. N. Lokesh involved in various World Bank Projects including, Government of Ethiopia's e-Governance Capacity Building, Government of South Sudan and Liberia's Public Sector, ICT and e- Governance Capacity Building, Global Development Marketplace, Global Support Center and Global Connectivity Solutions. He is also a Director of Heritage Finlease Limited, Heritage Foods Retail Limited, Heritage International Limited, Heritage Conpro Limited and he is also a director of other private companies. He holds 11,83,200 Equity shares in the Company as on 31<sup>st</sup> March 2011.

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

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

Date: 28<sup>th</sup> July, 2011

UMAKANTA BARIK  
Company Secretary

**Dear Members,**

Your Directors have pleasure in presenting the 19<sup>th</sup> Annual Report of the Company together with the audited statement of accounts for the year ended 31<sup>st</sup> March, 2011.

Your Directors believe that the Company remained sensitive to the need for efficient and sustainable utilization of resources and following its basic approach to business to Create Shared Value, it continued to inspire happiness to its shareholders and the communities where it operates. Your Company continued to invest resources both in terms of talent and capital in the areas of water, Nutrition and rural development because these are also the areas where stakeholders' interest and the interests of society strongly intersect and where your company can create significant value for both, in an inclusive manner.

**FINANCIAL RESULTS**

The financial performance for the Financial Year 2010-11 is summarised in the following table:

(₹ in lakhs)

Particulars	2010-11	2009-10
Net Sales / Income from Operations	109608.61	90038.47
<b>Add:</b> Other Income	516.89	292.59
<b>Total Income</b>	110125.50	90331.06
<b>Less:</b> Total Expenditure	106199.89	85628.49
Profit before Interest, Depreciation and Tax	3925.61	4702.57
<b>Less:</b> Interest	1596.57	1667.47
Depreciation & Amortisation	1993.98	1964.25
Profit before tax	335.06	1070.85
<b>Less:</b> Provision for current taxation	64.04	195.52
<b>Less:</b> Provision for deferred taxation	119.73	302.95
Profit/(loss) after tax	151.29	572.38
<b>Less:</b> Prior period expenses & taxation	39.36	12.79
Profit after prior period expenses	111.93	559.59
Balance brought forward	267.59	-
Amount available for appropriation	379.52	559.59
<b>Appropriations</b>		
General Reserve	15.00	50.00
Dividend	138.35	207.53
Tax on Dividend	22.45	34.47
Balance carried to Balance Sheet	203.72	267.59
<b>Total</b>	379.52	559.59

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

**DIVIDEND**

The Board of Directors are happy to recommend a dividend of ₹ 1.20 per Equity Share (12 percent) aggregating to ₹ 138.35 lakhs (excluding dividend tax) for the year 2010-11. The dividend, if approved at the forthcoming Annual General Meeting, will be paid to all eligible equity shareholders.

**OPERATING RESULTS**

During the year under review your Company registered a total income of ₹ 110125.50 lakhs as compared to previous years of ₹ 90331.06 lakhs. Your Company registered a Profit before interest depreciation and Tax (PBIDT) of ₹ 3925.61 lakhs as compared to previous year's PBIDT of ₹ 4702.57 lakhs.

**OPERATIONS**

Your Company is aware that the emerging and the increasing competition requires us to be even more efficient, as we go forward. The process of sales automation that was initiated earlier is now fully implemented and provides a robust and integrated distribution management solutions, that support our efficiency in primary and secondary sales.

We strive to improve the availability of our products with a clear focus on building distribution by going deep & wide across urban and rural geographies. This has resulted in improving our reach through more than 1000 franchisee outlets by end of this financial year. Your company is committed to continuous excellence in the operations. During the year the focus was on building additional capacity through the willing and able distributors who are long-term associates of your Company and provide the front line field force the support and know-how to improve their capability.

Your Company has been growing at a healthy rate in recent years with continuing focus across its businesses. This market leadership position and India's positive economic environment coupled with a progressive population provides opportunities for growth. Your Company is therefore, accelerating investment in capacities to provide consumers a wide product range, from Popularly Positioned Products for low-income consumers to premium offerings. In the recent past some significant investments have already been initiated. Your Directors are hopeful that the Government continues to support the Food Processing Sector so that your Company can continue to expand manufacturing, employment opportunities and to provide consumers with affordable products. In order to finance this accelerated capital expenditure trajectory your company would have a judicious mix of 'internal Accruals' and 'Debt'.

**BUSINESS REVIEW**

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

Your Company is well aware of the industrial scenario and being alert, focuses mainly on long term goals, steady and profitable development. Its strong brand coupled with the varied product portfolio enables it to meet adverse conditions confidently and overcome it. Your Company therefore remains confident of its long term business prospects and its ability to provide a fair return to the shareholders.

During the current financial year, your Company proposes to invest over ₹ 2549 lakhs for setting up of New units like Bulk coolers in various regions like Ongole, Tirupathi, Vizag, Hyderabad and Vijayawada and for setting up packing facilities at Kavali and Guraja in AP and at Nagargoil, Tirunelveli District in Tamilnadu and other supporting facilities to improve the performance and effective utilisation of existing installed capacities of existing packing and processing plants.

**Retail Business:** Demand for organic food and processed food is increasing in conventional food supply stores because of development of private labels and increasing interest of large retailers to sell organic products. The organic food and beverages market is also expected to benefit from subsidies, financial aids and R&D programs conducted by different government and non-government organizations such as FIBL (Switzerland), APEDA (India) and USDA (U.S.) to support conventional farmers to switch to organic farming.

Your company's plan to enhance the portfolio of the existing brands by bringing in more product categories and sub-categories under "Heritage" which draws 15% of its turnover from Private Label. Your Company plans to double the contributions from private labels in the next financial year.

FMCG Private Labels comprise about 5% of a store's sale. Your company had increased the percentage of its own brands in the stores, it also initiated to local advertising through hoardings and radio jingles.

Your company entered with the trading & manufacturing (except Bread) of Bakery products. The business shall be nurtured during the financial year. Your Company's Private Label Strategy is built around providing exceptional value to customers. It was focused on optimising private Label sales mix, which witnessed tremendous customer acceptability across categories like instant food, snacks, beverages and culinary etc.

**Agri Division:** The Agriculture sector recorded a growth of 0.2% of GDP inspite of worst ever monsoon. However, last year's drought impacted agricultural production. The agricultural sector requires consistent monitoring, creating a conducive environment for farmers to increase their productivity and sell their products at competitive prices. There is still a lot of scope for increasing the productivity in India by adopting scientific methods of cultivation and farming. Your Company has undertaken custom-farming activity directly with farmers for certain fruits, vegetables and expanded the cold storage facilities at its pack-houses.

#### SUBSIDIARY COMPANIES

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India the Balance Sheet,

Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. Financial information of the Subsidiary Companies, as required by the said exemption, is disclosed in the Annual Report. The audited annual accounts and related information of subsidiaries as applicable will be made available upon request.

In our earlier communication we had communicated that the company had entered in power sector through its Subsidiary Company. During the year the Company has completed the project viability report and appointed a consulting Company for preparing detailed project report. Once the detailed project report is received by the Company the process for financial closure will be commenced. The detailed project report is expected to be ready in the third quarter of 2011-12.

#### CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Clause 32 of the Listing Agreement with Stock Exchanges, applicable provisions of the Companies Act, 1956 and as per Accounting Standard (AS) 21, (AS) 17 and other applicable accounting standards, Consolidated Financial Statements and the Segment Reporting for the year ended on 31<sup>st</sup> March 2011 are provided in the Annual Report.

#### ENVIRONMENT

Your Company is sensitive to the fragility of non-renewable resources and continues to work towards creating and increasing awareness for environmental sustainability. Emphasis on conservation of resources is a priority within the factories. There is a continuous effort to minimise consumption of natural resources and reduce waste and omission, while maximising production.

At the same time wastewater discharge per tonne of produce is reduced by almost 60% as a result of the reusing of water and more efficient processes that reduce water need. The carbon footprint has been significantly reducing through focus on technologies that improve combustion and emphasis on utilising renewable fuels such as coconut shells and process waste to replace non-renewable fuels. In recognition of our efforts, the Ministry of Energy, Govt. of India, had awarded first prize on conservation of energy in Dairy Sector during the year under report. This is the second time we had received the award from Ministry of Energy, Govt. of India in a period of last three years.

#### SUPPLY CHAIN

The current volatile and complex economic environment requires efficient and cost effective processes. During the year 2010-11 your Company has ensured timely and efficient supply of materials to run the factories, accelerating the development of local suppliers. The distribution of finished goods to consumers across the country continues to be cost effective.

#### HUMAN RESOURCES

Your Company strongly believes that people are its assets and they are key to drive competitive advantage. Recognising the importance of Human Resources, all efforts have been put by your Company to ensure that best talent is recruited, trained and

retained. During the year, your Company has put emphasis on performance driven culture and appropriate HR tools and processes have been deployed to ensure clear linkage with rewards.

#### **TRADE RELATIONS**

Your Company believes in fostering trust and mutual respect in employee relations. Your Company engaged employees with trust and respect by continuously transparently sharing information through various forums, dialogue and other communication means. These efforts have received excellent reciprocation from employees and in its Industrial Relations.

Your Company maintained healthy, cordial and harmonious industrial relations at all levels. Despite severe competition, the enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the Industry.

Your Company continued to receive co-operation and unstinted support from the distributors, retailers, suppliers and others associated with the Company as its trading partners. The Directors wish to place on record their appreciation for the same and your Company will continue in its endeavor to build and nurture strong links with trade, based on mutuality, respect and co-operation with each other and consistent with consumer interest.

#### **DIRECTORS**

In accordance with Article 107 of the Articles of Association of your Company and provisions of Section 255, 256 and other applicable provisions, if any, of the Companies Act, 1956, Dr. N. R. Siva Swamy and Sri K. Kannan retire by rotation and being eligible for re-appointment. Dr. N.R. Siva Swamy offer himself for re-appointment but Sri. K. Kannan expressed his intention not to seek re-appointment. The vacancy in the Board caused by his resignation will not be filled up for the time being. The members of the Board place on record their deep sense of appreciation for services rendered by Sri K. Kannan during his tenure as member of the Board.

During the year on the recommendation of Remuneration Committee, the Board of Directors had recommended to the Shareholders for the re-appointment of Sri. N. Lokesh as Executive Director of the Company with remuneration payable of ₹ 3.35 (Rupees Three Lakhs Thirty Five Thousand Only) Lakhs Per month (Exclusive of all perquisites) for a period of three years w.e.f 1<sup>st</sup> July, 2011.

#### **AUDITORS**

M/s. Raju & Prasad, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The company has received letters from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

The notes on accounts referred to in the Auditors' Report are self – explanatory and therefore do not call for any further comments.

#### **CORPORATE SOCIAL RESPONSIBILITY**

The strong 19-year plus legacy of your Company has seen evolve with much in Corporate Social Responsibility (CSR) as in business. The CSR philosophy of your Company is embedded in its commitment to all stakeholders, farmers, consumers, employees, the environment and the society. Your Company believes that it is this commitment, which will deliver competitive, profitable and sustainable growth.

Your Company has started supporting small scale Industry Producers, through the Private Labels and encouraged them by marketing the products through Heritage Fresh and Heritage Parlours. Sanitation, malnutrition, water scarcity and lack of health facilities are just some of the challenges that are facing the Indian villages. As a part of Corporate Social Responsibility your Company has initiated some of the activities such as sanitation, drinking water supply, health facilities and other community development activities through the Heritage Farmers Welfare Trust.

#### **INTERNAL CONTROL SYSTEMS**

Your Company has implemented SAP based ERP in Dairy business during the year, which not only adds to the controls, but has led to faster information, analysis and improved decision making.

Your Company has a well-defined and documented internal control system, which is adequately monitored. Checks and balances and control systems have been established to ensure that assets are safe guarded, utilized with proper authorization and recorded in the books of account.

There is a proper definition of roles and responsibilities across the organization to ensure information flow and monitoring. These are supplemented by internal audit carried out by Chartered Accountant firms. Your Company has an Audit Committee consisting of four Directors, all of whom are independent directors. The Committee reviews the internal audit reports, statutory audit reports, the quarterly and annual financial statements.

#### **PERSONNEL**

Your directors would like to place on record their deep sense of appreciation of the devoted services of the executives, staff and workers of your Company. In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time, the names and particulars of the employees are required to be set out in the Annexure to the Directors report. Having regard to the provisions of Section 219 (1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

#### **DEPOSITORY SYSTEM**

As the Shareholders are aware, your Company's Shares are tradable in electronic form and the Company has established connectivity with both the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. In view of



the advantages offered by the Depository System, the shareholders are requested to avail the facility of dematerialization of the Company's shares.

**TRANSFER OF UN-CLAIMED DIVIDEND**

Pursuant to Section 205C (2) of the Companies Act, 1956 read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time the unclaimed dividend amount of ₹ 9,39,728 (Rupees Nine Lakhs Thirty Nine Thousand Seven Hundred and Twenty Eight Only) for the year 2002-03 was transferred to the Investor Education and Protection Fund during the year and the unclaimed dividend for the year 2003-04 is due for transfer to the fund.

**FIXED DEPOSITS**

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

**CONSERVATION OF ENERGY/TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information required under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as amended from time to time is given in the Annexure forming part of this Report.

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

**CORPORATE GOVERNANCE**

In compliance with the requirements of Clause 49 of the Listing Agreement with Stock Exchanges, a separate report on Corporate Governance along with Auditors certificate on its compliance are given in the Annual Report.

**SECRETARIAL AUDIT REPORT**

In tune with your Company's belief in transparent Corporate Governance practices, Your Company has voluntarily subjected to Audit of all its secretarial records maintained under various statutes and rules, regulations, bye-laws etc. made there under.

The Secretarial Audit report, given by Ms. Savita Jyoti, Practicing Company Secretary, forms part of the Annual Report.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- In the preparation of the annual accounts, applicable accounting standards have been followed.
- They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit for that period;
- They have taken Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- They have prepared the annual accounts of the company on a going concern basis.

**APPRECIATION**

Your Directors thank the Company's Bankers and the Financial Institutions for their help and co-operation extended throughout the year. Your Directors place on record their appreciation for the support and co-operation that the Company received from its stakeholders, customers and suppliers. Your Directors also record their appreciation for the excellent operational performance of the staff of the Company that contributed to the achievements of the Company. The Directors also acknowledge with much gratitude, the continued trust and confidence reposed by the franchisees of the Company.

Your Directors look forward to the future with confidence.

For and on behalf of  
**HERITAGE FOODS (INDIA) LIMITED**

Place : Hyderabad  
Date : 28<sup>th</sup> July, 2011

**D. SEETHARAMAIAH**  
Chairman

**ANNEXURE TO THE DIRECTOR'S REPORT :**

**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

**A. CONSERVATION OF ENERGY**

**(a) Energy Conservation Measures taken**

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

**(b) Additional Investments and Proposals for Reduction of Consumption of Energy**

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

**(c) Impact of the above measures**

The above measures have resulted in savings on account of consumption of power and fuel. In recognition of our efforts, the Ministry of Energy, Govt. of India, had awarded first prize on conservation of energy in Dairy sector during the year. This is the second time we had received the award from the Ministry of Energy, Govt. of India in last three years.

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

**FORM A**

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

	2010-11	2009-10
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
<b>a. Purchased</b>		
Units - KWH	22107880	19352586
Total Amount	97209198	79732654
Rate/Unit - ₹	4.40	4.12
<b>b. Own generation</b>		
Through Diesel generator		
Units - KWH	1920997	1494441
Unit per liter of diesel oil	2.63	2.65
Cost/Unit - ₹.	17.69	13.15
<b>2. Furnace Oil</b>		
Quantity (Ltr)	2485286	2046727
Total cost	79104956	66144328
Average rate - ₹	33.35	32.32
<b>B. CONSUMPTION PER UNIT OF PRODUCTION STANDARD</b>		
Electricity (KWH/Ltr of milk)	0.29	0.24
Furnace oil (Ltr of milk)	0.16	0.13

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

**FORM B**

(Form for disclosure of particulars with respect to absorption)

(₹ in lakhs)

	2010-11		2009-10	
Research & Development (R & D)		Nil		Nil
Technology absorption, adaptation & innovation		Nil		Nil
Foreign Exchange Earnings		215.74		Nil
Foreign Exchange Outgo:				
Assets Purchases	22.40		22.20	
Term Loan repayment (incl. Interest)	1377.09		1579.87	
Others	Nil	1399.49	3.00	1605.07



**OVERVIEW**

Management Discussion and Analysis detailing the Company's objectives and expectations is a "forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied depending upon the demand-supply conditions, changes in Government regulations, tax regimes and economic developments.

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India. The estimates and judgments relating to the financial statements have been made on a Prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions and reasonably present the state of affairs, profits and cash flows of the Company for the year.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The dairy industry plays an important role in the socio-economic development in India. The dairy industry in India is instrumental in providing affordable nutritional food to the vast population and also generates huge employment opportunities for people in rural areas.

Your Company is committed to stringent quality assurance practices at all its factories and units meeting ISO and safety standards. Your Company offers a diversified product portfolio with well-differentiated brands, which have become very popular with the consumers since they offer value at affordable prices. More importantly, the company is not content to rest on its laurels and is constantly striving to add more value to the product it offers to the consumers.

Your Company is committed to manufacture, supply and sell nutritional and safe products to satisfy customer requirements by a motivated team using eco-friendly measures with continual improvement in quality and food safety.

The Company has consistently shown quality improvement with regard to various processes keeping strict control on deviations. Customer complaints are resolved using laid down systems of quality assurance. Several initiatives are being taken to further improve the customer satisfaction in consonance with the Company's quality policy.

**SWOT ANALYSIS**

**Strengths:**

- High quality and safe products at affordable prices and trust in HFIL
- Understanding of Nutrition, Health and Wellness
- Strong and well differentiated brands
- Well diversified product portfolio across categories
- Responsive organisation structure and strong management team
- Distribution structure that allows wide reach and coverage in the target markets

- Capable human resources

**Weakness:**

- Complex supply Chain configuration
- Cascading taxes effects
- Entry of bigger Companies
- Deteriorating microbiological quality of milk.

**Opportunities**

- Great potential for export of milk products.
- Established and expanding domestic market for dairy and FMCG products.
- Increasing demand for fluid milk, fresh fruits & vegetables, quality Bakery products as well as value added Products.
- By product utilization for import substitution.
- Huge Employment generation & opportunities for Self-employment.
- Liberalized Government policies.
- Availability of large resources of unconventional feeds and fodders for Dairy owners.
- Integrated structure for marketing of milk and milk products, Agri, Bakery and FMCG products.

**Threats**

- Price Volatility of key raw material, packaging materials and fuel
- Non-availability of agro based commodities
- Food inflation
- Excessive grazing pressure on marginal and small community lands resulting in complete degradation of land.
- Extinction of the indigenous breeds of cattle due to indiscriminate use of crossbreeding programme to enhance milk production.
- Likely entry of Multinational companies in retail business
- Increasing cost of capital

**RISKS AND CONCERNS**

All key functions and divisions are independently responsible to monitor risks associated within their respective areas of operations such as production, procurement, treasury, insurance, legal and other issues like health, safety and environment.

**INTERNAL CONTROL SYSTEMS**

Your Company has a well-defined and documented internal control system which is being adequately monitored. Checks and balances and control systems have been established to ensure that assets are safe guarded, utilized with proper authorization and recorded in the books of account.

There is a proper definition of roles and responsibilities across the organization to ensure information flow and monitoring. These are supplemented by internal audit carried out by a leading Chartered Accountants and firms. The Company has an Audit Committee consisting of four independent Directors. The Committee reviews the internal audit reports, statutory audit reports, the quarterly and annual financial statements.



**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, 2011.

**Overview of Standalone Financial Results**

Particulars	2010 - 11		2009 - 10	
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue
Net Sales	108386.77	98.89	89178.01	99.04
Other operating income	1221.84	1.11	860.46	0.96
<b>Total Revenue</b>	<b>109608.61</b>	<b>100.00</b>	<b>90038.47</b>	<b>100.00</b>
<b>Less: Total Expenditure</b>	<b>106199.89</b>	<b>96.89</b>	<b>85628.49</b>	<b>95.10</b>
<b>Add: Other Income</b>	<b>516.89</b>	<b>0.47</b>	<b>292.59</b>	<b>0.32</b>
Profit before Interest, Depreciation and Tax	3925.61	3.58	4702.57	5.22
<b>Less: Interest</b>	<b>1596.57</b>	<b>1.46</b>	<b>1667.47</b>	<b>1.85</b>
Depreciation & Amortisation	1993.98	1.82	1964.25	2.18
Profit / (Loss) before tax	335.06	0.31	1070.85	1.19
<b>Less: Provision for current taxation</b>	<b>64.04</b>	<b>0.06</b>	<b>195.52</b>	<b>0.22</b>
<b>Less: Provision for deferred taxation</b>	<b>119.73</b>	<b>0.11</b>	<b>302.95</b>	<b>0.34</b>
Profit / (Loss) after tax	151.29	0.14	572.38	0.64

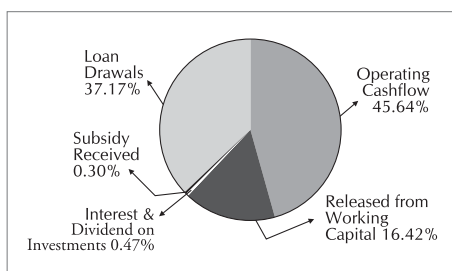
**Standalone Segment results:**

Particulars	2010 - 11		2009 - 10	
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue
<b>1. Segment Revenue</b> (Incl other operating income)				
a. Dairy	86059.64	75.90	68830.17	73.63
b. Retail	23901.31	21.08	21349.22	22.84
c. Agri	3109.47	2.74	3024.77	3.24
d. Bakery	312.96	0.28	274.87	0.29
<b>Total Segment Revenue</b>	<b>113383.38</b>	<b>100.00</b>	<b>93479.03</b>	<b>100.00</b>
Less: Inter Segment Revenue	3774.77		3440.55	
<b>Net Sales / Income from Operations</b>	<b>109608.61</b>		<b>90038.47</b>	
<b>2. Segment Results</b> (Profit (+) / (Loss) (-) before tax and Interest)				
a. Dairy	4659.24	5.41	6489.23	9.43
b. Retail	(2313.33)	(9.68)	(3268.07)	(15.31)
c. Agri	(244.67)	(7.87)	(307.88)	(10.18)
d. Bakery	(171.28)	(54.73)	(176.40)	(64.18)
<b>Total Segment Results</b>	<b>1929.96</b>	<b>1.76</b>	<b>2736.87</b>	<b>3.04</b>
<b>Less: i. Interest</b>	<b>1596.57</b>	<b>1.46</b>	<b>1667.47</b>	<b>1.85</b>
ii. Other un-allocable Expenditure net off	-		---	
<b>Add: iii. Other un-allocable Income</b>	<b>1.67</b>	<b>0.00</b>	<b>1.45</b>	<b>0.00</b>
<b>Total Profit before Tax</b>	<b>335.06</b>	<b>0.31</b>	<b>1070.85</b>	<b>1.19</b>

**B. CASH FLOW ANALYSIS**

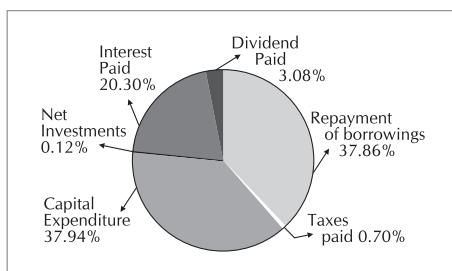
**i. Cash inflows**

Particulars	2010 - 11	
	₹ in Lakhs	%
Operating Cashflow	3854.97	45.64
Released from Working capital	1386.57	16.42
Interest & Dividend on Investments	40.11	0.47
Subsidy Received	25.00	0.30
Loan Drawals	3139.28	37.17
<b>Total</b>	<b>8445.94</b>	<b>100.00</b>



**ii. Cash Outflows**

Particulars	2010 - 11	
	₹ in Lakhs	%
Repayment of borrowings	2978.38	37.86
Taxes paid	54.83	0.70
Capital Expenditure	2983.81	37.94
Net Investments	9.59	0.12
Interest Paid	1596.57	20.30
Dividend Paid	242.00	3.08
<b>Total</b>	<b>7865.18</b>	<b>100.00</b>



**HUMAN RESOURCES**

Your Company believes that people are its assets and they are key to drive competitive advantage. With the Vision given to employees to 'Seek and Peek' in all endeavors, the emphasis has been on alignment of company goals with the individual objectives and empowering employees to give their best with the mindset of Dream, Dare, Deliver.

Recognizing the importance of human resources all efforts have been put by your Company to ensure that best talent is recruited, trained and retained. During the year, your Company has put emphasis on performance driven culture and appropriate HR tools and processes have been deployed to ensure clear linkage with rewards. Strong recognition platforms have been created to encourage people to deliver stretched goals. There has been lot of emphasis on training and development including self learning, through coaching and career development opportunities.

**INDUSTRIAL RELATIONSHIP**

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

**INFORMATION TECHNOLOGY**

Your Company migrated from Oracle ERP E Business suite to SAP ERP ECC 6.0 Application during the year. SAP Application is being used for all the modules like procurement, materials management, Production & Planning, Sales & Distribution and Finance and controlling (FICO) in Dairy business. The Retail business will also change over to SAP during 2011-12. This facilitates effective integration across the Company and online MIS Systems within the schedule time. The Hardware and network infrastructure is being constantly reviewed to increase the bandwidth and reduce operational cost by implementing the cluster concept data updation for effective usage of existing infrastructure 24 X 7 and reduce the cost. This is an ongoing process and your Company is committed to leverage the benefits of Information Technology to enhance and optimize benefits to it and its all business associates.

**FUTURE OUTLOOK**

Your Company has a prudent strategy and competent people with expertise to deliver planned results. The professionals in the Company have a defining role in significantly accelerating its growth and transformation, and enhancing its position as one of the most valuable Company.

The FMCG categories in which your Company operates have significant growth potential given the low per capita consumption levels, relative to many other economies. This growth opportunity will attract more competitors and your Company will defend its market leadership positions in a determined manner. In the long run the increased competition is good for all players since it will accelerate the growth of the market.

Your Company will continue to focus on driving underlying volume growth by improving its market positions in existing categories while also leading market development efforts to build categories and segments for the future.

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

**Company's Philosophy on Code of Corporate Governance:**

Your Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated. Your Company governance philosophy rests on five basic tenets, viz., Managements' accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as transparency and timely disclosure. Clause 49 has set the benchmark compliance rules for a listed Company and Your Company is in full compliance with the requirements.

**BOARD OF DIRECTORS**

Name of the Director	Executive/ Non-Executive/ Independent	Attendance Particulars		No. of other Directorships \$	Committee memberships# (Including Heritage Foods)	
		No. of Board Meetings attended	Previous AGM on 30-07-2010		Member	Chairman
Sri N P Ramakrishna	Non Executive Independent	5	Yes	-	-	-
Dr N R Sivaswamy	Non Executive Independent	5	Yes	2	3	-
Dr A Appa Rao @	Non Executive Independent	5	Yes	2	2	-
Smt.N Bhuvanewari	Executive	5	Yes	3	2	-
Dr V Nagaraja Naidu	Non Executive	4	Yes	2	2	-
Sri.K.Kannan*	Non Executive Independent	3	Yes	6	7	3
Sri N.Lokesh	Executive	5	Yes	4	1	-

@ Ceased to be a member of the Audit Committee w.e.f. 29<sup>th</sup> July 2010.  
 \$ The directorships held by directors as mentioned above, do not include directorships in Private Limited Companies  
 # In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration Committee of all Public Limited Companies has been considered.  
 \* During the year Sri. K. Kannan joined in the Board as well as the Audit Committee (member) of M/s. Kesar Terminal & Infrastructure Limited on January, 2010 and resigned from the Board as well as the Audit Committee (member) of M/s. Subhalakshmi Polysters Ltd., on May, 2010.

**Composition:**

Your Company's policy towards the composition of the Board is to have an appropriate mix of Executive and Non- executive Independent Directors to maintain the independence of the Board and to separate its functions of governance and management. Currently, the company is having a Non-Executive Chairman and the number of Independent Directors is more than 1/3 rd of the total number of directors on the Board. The Board consists of 8 members, 2 of whom are Executive/Whole-time Directors and 6 are Non -Executive Directors.

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

The names, categories of directors on the Board, their attendance at the Board Meetings during the year 2010-11 and the last Annual General Meeting, and also the number of Directorships and Committee memberships held by them in other companies are given below:

**Board Meetings and Procedures:**

During the financial year 2010-11, five (5) meetings of the Board of Directors were held on 27th May, 2010, 29th July, 2010, 27th October, 2010, 27th January, 2011 and 25<sup>th</sup> March 2011. The Company has complied with the provisions of Clause 49 of the Listing Agreement and the requirements under the Companies Act, 1956 for holding a Board Meeting.

The Board Agenda papers are prepared by the Company Secretary in consultation with the Chairman of the Company. Agenda papers for Board Meetings containing all necessary documents / information, as specified in Clause 49 of the Listing Agreement, whenever applicable and materially significant, are made available to the Board well in advance. The Company has established the procedures to enable the Board to periodically review compliance report of laws applicable to the Company.

**Materially significant related party transactions**

There have been no materially significant related party transactions, monetary transactions or relationships between the Company and directors, the Management, subsidiary or relatives, except those disclosed in the financial statements for the year ended March 31, 2011.

**Board material distributed in advance**

Agenda and Notes on agenda are circulated to the Directors in advance in the defined Agenda format. All material information is incorporated in the Notes on Agenda for facilitating meaningful and focussed discussions at the meeting for taking proper decisions.

**BOARD COMMITTEES**

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

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

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

**Audit Committee**

The Powers, role and terms of reference of the Audit Committee covers the areas contemplated under Clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956, besides other terms as may be referred by the Board of Directors from time to time. The Powers include investigating any activity with in terms of reference seeking information from any employee; obtaining outside legal and other professional advice. The role includes oversight of Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible; recommending the appointment and removal of Statutory and Internal auditors; fixation of audit fee and approval of payment for other services; discussing with internal auditors any significant findings and follow-up thereon; reviewing annual and quarterly financial statements with management before submission to the Board; reviewing the adequacy of internal control systems with management, Statutory and internal auditors.

At Present the Audit Committee of the Board comprises of four Non- Executive Independent Directors. Audit Committee met Five (5) times during the year 27th May, 2010, 29th July, 2010, 27th October, 2010, 27th January, 2011 and 25<sup>th</sup> March 2011.

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

Name	Designation	Category	No. of Meetings attended
Sri D Seetharamaiah	Chairman	Non-Executive Independent Director	5
Dr V Nagaraja Naidu	Member	Non-Executive Director	4
Dr N R Siva Swamy	Member	Non-Executive Independent Director	5
Sri K Kannan	Member	Non-Executive Independent Director	3
Dr A Appa Rao*	Member	Non-Executive Independent Director	2

\* Ceased to be a member with effect from 29th July 2010.

The time gap between any two meetings was less than four months. All members of the Audit Committee are financially literate, and Sri. D.Seetharamaiah and Sri K.Kannan, having rich financial management expertise by virtue of their un-comparable experience and background. The Statutory Auditors and the lead Internal Auditors are also invited to the Meetings of the Audit Committee. The President and Senior General Manager– Finance & Accounts are permanent invitees to the Meetings of the Audit Committee. The Company Secretary acts as the secretary to the Audit Committee

**Remuneration/ Compensation Committee**

The Remuneration / compensation Committee of the Board comprises of three Non-Executive Independent Directors and the Executive Director. The Remuneration/ Compensation Committee has been constituted to recommend / review the remuneration of Managing Directors / Whole Time Directors/Executive Director and Executives two level below the Board based on their performance. While deciding the remuneration, the Committee takes into account the financial position of the Company, trend in the Industry, appointee's qualification, experience, past performance, past remuneration etc. The committee met on 29<sup>th</sup> July, 2010 during the year 2010-11.

**The Constitution of the Remuneration Committee is as under:**

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

*Details of remunerations paid/payable to directors for the year ended 31<sup>st</sup> March 2011 is as under:*

(₹ In Rupees)

Name	Executive/ Non-Executive/ Independent	Loans from Company	Sitting Fees	Salary & perks	Commission	Total
Sri D Seetharamaiah	Non Executive Independent Director	NIL	140000	–	–	140000
Sri N P Ramakrishna	Non Executive Independent Director	NIL	50000	–	–	50000
Dr N R Siva Swamy	Non Executive Independent Director	NIL	80000	–	–	80000
Dr A Appa Rao	Non Executive Independent Director	NIL	115000	–	–	115000
Smt N Bhuvanewari	Executive Director	NIL	NA	4200000	–	4200000
Dr V Nagaraja Naidu	Non Executive Director	NIL	80000	–	–	80000
Sri K Kannan	Non Executive Independent Director	NIL	45000	–	–	45000
Sri N Lokesh	Executive Director	NIL	NA	4020000	–	4020000

The Company has not granted any stock option to any of its directors and employees. Dr. V. Nagaraja Naidu and Sri N.P Ramakrishna, Non Executive Directors of the Company are holding 29000 and 49000 equity shares of the Company as on 31<sup>st</sup> March, 2011 respectively.

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

**Share Transfer & Shareholder/Investors' Grievance Committee :**

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

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

The Share transfer and Shareholder/Investors' Grievance Committee of the Board comprises of three Non-executive Directors and the Vice Chairperson & Managing Director. The committee met four (4) times during the year 2010-11 on 7<sup>th</sup> April 2010, 29<sup>th</sup> July 2010, 27<sup>th</sup> October 2010 and 27<sup>th</sup> January 2011.

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

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

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

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

Nature of Reference/ Complaints	Received (in nos)	Resolved (in nos)	Pending (in nos)
Transfer/ Transmission, Change of Address & Dividend	65	65	0
Legal proceedings on Share, Transfer issues and complaints from SEBI, Department of Company Affairs, if any	2	2	0
Others	8	8	0

**Management Committee**

The role of Management Committee is to authorize whole-time Directors and officers of the Company to deal with day-to-day business operations such as banking, treasury, insurance, taxes, administrative, dealing with other government / non-government authorities and any other urgent activities, which are not otherwise required to be placed at the meeting of the Board of Directors under any statute or Regulation/Stipulation of any statutory authority and to review the companies operations from time to time.

The Management Committee of the Board comprises of two Executive and two Non-Executive Independent Directors. The Committee met eight times during the year 2010-11 on 7<sup>th</sup> April, 2010; 10<sup>th</sup> June, 2010; 16<sup>th</sup> August, 2010; 20<sup>th</sup> September, 2010; 18<sup>th</sup> October, 2010 and 22<sup>nd</sup> November, 2010; 24<sup>th</sup> January 2011 and 21<sup>st</sup> February 2011.

**Code of Conduct**

The Board has adopted the Code of ethics and business conduct for Directors and Senior Management. The code is comprehensive in nature and applicable to all Directors (Executive as well as Non-Executive) and to Senior Management of the company.

The code of conduct is available on the website of the Company [www.heritagefoods.co.in](http://www.heritagefoods.co.in). All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct.

The Vice Chairperson & Managing Director of the Company has affirmed that this Code of Conduct has been complied by the Board members and Senior Management personnel.

**Code for prevention of Insider Trading Practices**

In compliance with the SEBI regulation on prevention of insider trading, the Company has framed a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the company, and cautioning them of the consequences of violations.

**CEO & CFO Certification**

The Vice-Chairperson & Managing Director and Sr. General Manager-Finance & Accounts have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of internal controls of the financial reporting purpose as required under Clause 49 of the Listing Agreement for the year ended 31<sup>st</sup> March, 2011.

**Annual General Meetings**

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

Year	Date	Location	Time
2009-10	30-07-10	Auditorium Hall, 2 <sup>nd</sup> Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad - 500045	11.00 a.m
2008-09	29-09-09	Auditorium Hall, 2 <sup>nd</sup> Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-500045	11.00 a.m
2007-08	26-09-08	'Our Place' Charan Pahadi Road, Rd. No. 10, Banjara Hills, Hyderabad	11.00 a.m

- b. All the special resolutions were passed only on show of hands at the Annual General Meeting held on 29-09-2009, and 26-09-2008.
- c. No resolutions were passed by the Company's shareholders through postal ballot during the year ended 31<sup>st</sup> March 2011.
- d. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

**Disclosures**

During the year 2010-11, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interest of the company at large. Transaction with related parties are disclosed in the notes on accounts forming part of the Annual Report.

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

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

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

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

**Means of Communication**

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

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

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

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

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government



in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses.

**General Shareholder Information**

**Annual General Meeting:**

(Day, Date, Time and Venue):

Thursday, 29<sup>th</sup> September, 2011 at 11.00 a.m

Auditorium Hall, 2<sup>nd</sup> Floor, Training building, National Institute for Micro Small And Medium Enterprises (Formerly NISEIT), Yousufguda, Hyderabad-45

**Financial calendar (tentative)**

<b>Financial Year</b>	April 1, 2011 to March 31, 2012
1 <sup>st</sup> Quarter results by	Before 2 <sup>nd</sup> week of August, 11
2 <sup>nd</sup> Quarter/Half results by	Before 2 <sup>nd</sup> week of November, 11
3 <sup>rd</sup> Quarter results by	Before 2 <sup>nd</sup> week of February, 12
4 <sup>th</sup> Quarter & Annual result by	Before last week of May, 12
AGM for the year 2011-12	September, 2012

**Date of Book Closure**

26<sup>th</sup> September, 11 to 29<sup>th</sup> September, 11 (both days inclusive).

**Dividend payment date**

On 20<sup>th</sup> October, 2011, subject to shareholders approval.

**Listing on Stock Exchanges and Stock Code**

The Equity Shares of the company are listed on Bombay Stock Exchange Limited (BSE), Mumbai (Stock code: 519552) and National Stock Exchange of India Limited (NSE) Mumbai (Stock code: HERITGFOOD). The annual listing fees for the year 2010-11 (as applicable) have been paid.

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

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

**Dematerialisation**

88.92 % of the Company's paid-up Equity share capital has been dematerialised as on 31<sup>st</sup> March, 2011. The trading of the Equity shares of the company is permitted only in dematerialised form as per the notification issued by SEBI

**Total Shares in Demat and Physical form as on 31/03/2011**

Sl. No	Category	No. of Holders	Total Shares	% Total Shares
1	Physical	2491	1276537	11.07
2	NSDL	3258	9517971	82.55
3	CDSL	1233	734992	6.37
<b>Total</b>		<b>6982</b>	<b>11529500</b>	<b>100.00</b>

**Registrar and Share Transfer Agents (RTA)**

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

**Secretarial Audit**

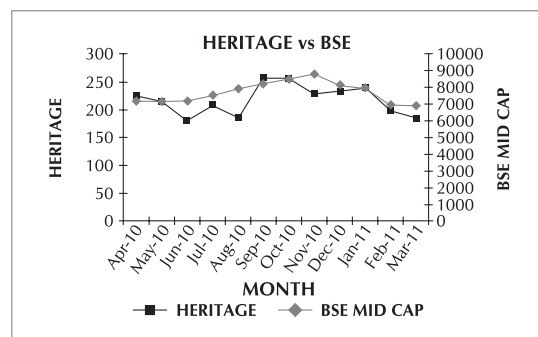
A qualified practicing Company Secretary has carried out secretarial audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the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

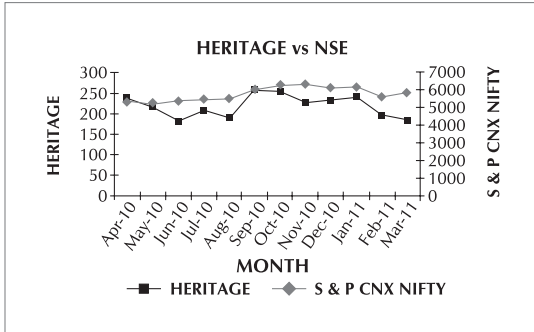
**Market Price Data :**

High / Low during each month of the Financial Year 2010-11.

Month	NSE (in ₹ per share)		BSE (in ₹ per share)	
	HIGH	LOW	HIGH	LOW
April,10	238.70	192.60	225.00	198.35
May,10	216.95	160.00	215.00	160.00
June,10	179.45	143.10	179.40	141.10
July,10	208.50	166.45	208.90	166.30
August,10	190.00	168.00	184.85	165.00
September,10	258.70	178.40	258.45	180.00
October,10	254.00	213.50	255.00	213.25
November,10	228.00	173.65	228.00	170.20
December,10	232.50	160.00	233.00	159.10
January,11	240.95	190.00	239.80	195.00
February,11	196.35	155.40	197.85	156.80
March,11	183.70	156.20	185.00	155.70

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





**Address for Correspondence**

Registrar and Share Transfer Agent  
 M/s Karvy Computershare Private Limited  
 Plot No. 17 to 24, Vittal Rao Nagar  
 Madhapur, Hyderabad - 500 081  
 Phone : 040-23420815-28 Extn - 187  
 Fax : 040 - 23420814 / 23420857  
 E-mail : einward.ris@karvy.com

**Compliance Certificate from Auditors**

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

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

**Distribution of Shareholding as on 31<sup>st</sup> March 2011**

Category	No. of Shareholders	No. of Shares	% of Total Shares
From To			
1 5000	6886	1687268	14.63
5001 10000	46	340627	2.95
10001 20000	14	194886	1.69
20001 30000	13	332419	2.88
30001 40000	2	68947	0.60
40001 50000	2	96306	0.84
50001 100000	6	418060	3.63
100001 & Above	13	8390987	72.78
<b>TOTAL</b>	<b>6982</b>	<b>11529500</b>	<b>100.00</b>

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

Date : 28<sup>th</sup> July, 2011  
 Place : Hyderabad

**N.Bhuvanewari**  
 Vice Chairperson &  
 Managing Director

**Categories of Shareholding Pattern as on 31/03/2011**

Description	No. of Share Holders	Total Number of Shares	% of Total Shares
Clearing Members	17	2138	0.02
Employees	10	1900	0.02
Foreign Institutional Investor	3	1078162	9.35
H U F	102	183266	1.59
Bodies Corporates	200	1769017	15.34
Mutual Funds	7	139179	1.21
Non Resident Indians	109	98535	0.85
Overseas Corporate Bodies	2	5600	0.05
Persons Acting In Concert	14	926434	8.04
Promoters Bodies Corporate	1	494200	4.29
Company Promoters	3	3848613	33.38
Resident Individuals	6514	2982456	25.87
<b>Total:</b>	<b>6982</b>	<b>11529500</b>	<b>100.00</b>



## Processing and Packing Stations

### Main Dairy Plant

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

### PROCUREMENT & PROCESSING CENTERS

1. **Atmakuru**  
Atmakuru Post, Nellore Dist., AP
2. **Nandyala**  
Sambavaram (V), Gosapadu (M),  
Kurnool Dist., AP
3. **Hindupur**  
Cholasamudram (V), Lepakshi (M),  
Hindupur, Anantapur Dist.AP
4. **Piler**  
Yerraguntla (V), Piler (M),  
Chittoor Dist., AP
5. **Madanapalli**  
Basinikonda Village, Madanapalli Mandal,  
Chittoor Dist., AP

6. **Darsi**  
Darsi Post, Prakasam Dist., AP
7. **Kandukuru**  
Katuturu Grampanchayat,  
Veletivaripalem(M),Kandukuru,  
Prakasam Dist., AP
8. **Kondepi**  
Kondepi Village & Mandal,  
Prakasam Dist., AP
9. **Muppavaram**  
Bytamanjuluru Post, J Pangaluru Mandal,  
Prakasam Dist., AP
10. **Santhamaguluru**  
Puthavaripalem (V),  
Santhamaguluru(M), Prakasam Dist., AP
11. **Kavali**  
Gouravaram (V),  
Kavali (M), Potti Sree Ramulu,  
Nellore Dist, AP-524142
12. **Guraja**  
Mudinepalli Mandal, Krishna Dist., AP
13. **Madhira**  
Rayapatnam Village, Madhira (M),  
Khammam Dist, AP
14. **Gantyada**  
Gantyada (V&M)  
Vizianagaram Dist., AP
15. **L.Kota**  
C/o Sree Sravani Milk Chilling Center,  
L.Kota (V&M), Vizianagaram Dist.
16. **Somavaram**  
Kirlampudi Mandalam,  
Visakhapatnam, AP
17. **Kotananduru**  
Indugapalli (V), Kotananduru (M),  
East Godavari Dist., AP
18. **Namakkal**  
Navani Vellali Patti Village,  
Namakkal Dist., Tamilnadu
19. **Tiruvannamalai**  
Somasipadi Pudhur,  
Tiruvannamalai Dist., Tamilnadu
20. **Uthangarai**  
Koorsampatti Village,  
Dharmapuri Dist., Tamilnadu
21. **Santhipuram**  
Chittoor (Dt), AP.

### Mini Chilling Centers

1. **Kalakada**  
Kalakada Mandal,  
Chittoor Dt,
2. **Podalakuru**  
Nellore Dist. AP-524345
3. **Chagarlamarri**  
Kallugotlapalli (V), Allagadda (M)  
Kurnool Dist. AP

4. **Kanigiri**  
Kanigiri (Md), Prakasam (Dt),
5. **Vinukonda**  
Guntur (Dt), AP
6. **Kaligiri**  
Basireddypalem (V), Kaligiri (M)  
Potti Sree Ramulu Nellore Dist,  
AP-524224
7. **Challagundla,**  
Nakrikal (M), Guntur Dt, AP 522615
8. **Kodada**  
Nalgonda Dist., AP
9. **Satyawada**  
Undrajavaram (M), West Godavari, AP
10. **Velvadam**  
Mylavaram (M), Krishna Dt., AP
11. **Veeravalli**  
Bapulapadu Mandal, Krishna Dt., AP
12. **Nandigama**  
Krishna Dist. AP - 521185
13. **Ravikamatam**  
Visakhapatnam Dist. AP
14. **Poosapatirega**  
Vizianagaram Dist., AP
15. **Berigai**  
Berigai (V) & (P),  
Krishnagiri (Dt), Tamil Nadu.

### BULK COOLERS

1. **Banaganapalli,**  
Yagantipalli (V) & PO,  
Kurnool, AP-518124
2. **Venkatagiri**  
Anjaneya Puram(V), Sri Kalahasti(M),  
Chittoor Dist., AP.
3. **Sri Kalahasti**  
PeddaKannali (V) & Post, Chittoor Dist., AP.
4. **Sathenapalli**  
Industrial Estate, Guntur Dist., AP
5. **Duttaluru**  
Nellore Dist., AP
6. **Alagadapa**  
Miryalaguda (M), Nalgonda Dist, AP
7. **Vatsavai**  
Krishna Dist., AP
8. **Lingapalem**  
Singagudem (P) West Godavari Dist.  
AP - 534462
9. **Wyra**  
Khammam Dist. AP
10. **K Venkatapuram,**  
Kandukuru (V),  
Vemsur (M), Khamman Dt.
11. **Dubacharla**  
Nachugunta (V), Unguturu (M),  
West Godavari Dist. AP

12. **Modavalasa**  
Denkada (M), Vijayanagaram District.
  13. **Samarlakota**  
E-1 Industrial Estate, East Godavari Dist.
  14. **Chinnagammuluru**  
Kota Vuratla (M), Vizag Dist.
  15. **Mulugu**  
Medak Dist, AP-502279
  16. **Narsingi**  
Chegunta (M), Medak (Dt), AP.
  17. **Vepanapalli**  
Thalipalli (V), Krishnagiri (Dist), Tamilnadu
  18. **Hukkeri**  
Belguam Dist, Maharashtra
  19. **Mehagaon,**  
Gadingluj (Taluk), Kolhapur Dt, Maharashtra
  20. **Bijawadi**  
Satara (Dt), Maharashtra
- Bulk Coolers – Franchisee**
1. **Toopran**  
Medchal (M), Medak Dist: 502334
  2. **Medchal**  
Ranga Reddy Dist, AP-501401
  3. **Gagilapur**  
Qutbullahpur (M), Ranga Reddy District.
  4. **Gummadidhala,**  
Medak District. AP
  5. **Narsapur**  
Gummadidhala (V), Narsapur Mandal, Medak District
  6. **Kowdipalli**  
Medak (Dt), AP.
  7. **Pragnapur**  
Ibrahimpur (V), Chegunta (M), Medak (Dt), AP.
  8. **Masaipeta**  
Chegunta (M), Medak (Dt), AP.-02247
  9. **Yapral**  
Ranga Reddy Dist. AP. Pin: 501087
  10. **Kanchanaballa,**  
V.Kota Mandal, Chittoor (Dt), AP.
  11. **Patrapalli**  
V.Kota (M), Chittoor Dist
  12. **Kothaindlu**  
P.B.Natham post, Kuppam (M), Chittoor dist, AP.
  13. **Settipalli**  
Gudipalli mandal, Chittoor dist,
  14. **Solapur**  
Hukkeri (Taluk), Belguam (Dt), Karnataka.
  15. **Saswad**  
Phaltan(Taluk),  
Satara (Dt), Maharashtra.
  16. **Pangire**  
Kolhapur Dist, Maharashtra

**MILK CHILLING AT ICE PLANTS**

1. **Amalapuram**  
Batinavilli, Amalapuram,  
East Godavari Dist., AP
2. **Papireddi Patti,**  
Alamelu Puram (V), Dharmapuri Dist,  
Tamilnadu-636905

**Regional Offices**

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

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

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

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

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

**Sangvi Regional Office**  
Vijayanagar Sangvi, Phaltan Taluk,  
Satara District.

**Sales Offices**

**Andhra Pradesh**  
**Chittoor Sales Office**  
Sundararaja Puram, E.R Palli Post,  
Chittoor - Puttoor Road, Chittoor

**Hyderabad Sales Office 1**  
No: C-10, IDA, Uppal,  
Hyderabad-500039

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

**Hyderabad Sales Office 4**  
H.No:3-8-113, Shop No:23 & 24,  
Road No:5, Chandrapuri colony,  
L.B Nagar, Hyderabad

**Hyderabad Sales Office 5**  
Shop No: 192 Cellar, Mamatha Estates, Allwyn  
Indhra Reddy Colony,  
Besides Subcourt, Miyapur

**Rajahmundry Sales Office**  
D.No: 75-8-12, First Floor,  
Vimalamma Hospital Junction,  
Gandipuram-2, Rajahmundry.

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

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

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

**Karnataka**

**Bangalore Sales Office 1**  
No: 42, Survey No: 5&6, Bikasipura,  
Banashankari 5th Stage,  
Near Saibaba Temple.

**Bangalore Sales Office 2**  
Door No: 220, 3 rd Cross, 2nd Floor,  
Shivakrupa Complex, Kasturi  
Nagar - 560016.

**Bangalore Sales Office 3**  
Yadavanahalli Village, Anekal Taluk,  
Gudahatti Road, Bangalore (South) – 562107

**Maharashtra**

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

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

**Sangvi Sales Office**  
Vijayanagar Sangvi, Phaltan Taluk,  
Satara District.

**Tamil Nadu**

**Chennai Sales Office 1**  
Survey No: 16/6, Pariakkam Main Road,  
Seneerkuppam Village, Poonamalle,  
Chennai – 600056

**Chennai Sales Office 2**  
Plot No: 219, Ganeshan Street,  
Bhuvanewari Nagar Extension, Vellachery,  
Chennai - 600042

**Vadamadurai Sales Office**  
Moorpatti Village, Vadamadurai Post, Dindigul  
District – 624802

**RETAIL STORES AT BANGALORE**

- 1 **Basaveshwara Nagar**  
Chamundi Towers, Coporation No.104,  
LIC Colony, WOC Road, Sri Siddiah Puranik  
Marg, Bhimajyothi Co-operative Housing  
Society, Basaveshwara Nagar, Bangalore-79



- 2 **Jayanagar**  
5<sup>th</sup> Block, Ground Floor,  
BBMP Khatha No.68, Ward No.58. 10<sup>th</sup>  
Main Road, 36<sup>th</sup> Cross, 5<sup>th</sup> Block.  
Jayanagar, Bangalore-560041.
- 3 **Indira Nagar**  
Sai Shakti , Municipal No.2207,  
HAL III Stage, Ward No.74,  
80 Feet Road, Kodihalli, Bangalore
- 4 **Rammurthy Nagar**  
No.7, Khata No.81/89/1, Kowdenahalli,  
Rammurthy Nagar Hobli,  
Bangalore South Taluk, Bangalore
- 5 **Koramangala**  
Ground Floor on 383, T.V.R Pride, 16th  
Main Road, 3rd Block, Koramangala  
Extension, Bangalore – 560034
- 6 **Uttarahalli**  
Corporation No.131,  
Subramanyapura Main Road,  
Muneshwara Block, Bangalore - 61
- 7 **Banashankari**  
Corporation No.1036, 14th C Main,  
BSK IInd Stage, Bangalore – 560 050
- 8 **Yelahanka**  
Corporation No.325, HIG 1st Stage,  
Sector A, Yelahanka, Bangalore - 64
- 9 **Malleshwaram**  
Corporation No.92, 3rd Main Road,  
Margosa Road, Bangalore – 560 003
- 10 **Banaswadi**  
Corporation No.345, New No.51,  
10th Main, 100ft Road,  
B.V.Reddy Garden, Kalyan Nagar,  
Dodda Banaswadi, Bangalore – 43
- 11 **White Field**  
No.6, BBMP Katha No.205/155,  
Thubarahalli Village,  
Ramagondanahalli Post,  
Varthur Main Road, Bangalore - 66
- 12 **Prashanth Nagar**  
Site No.1, Hari Ram Aildas Layout  
(Prashanth Nagar), Govindarajanagara,  
Thimmenahalli Main Road,  
Kempapura Agrahara,  
Bangalore North Taluk, Bangalore
- 13 **Vijaya Bank Colony**  
Site No.441, Vijaya Bank Employees  
Housing Co-Operative Society Limited  
Layout Situated at Bilekahali,  
Begur Hobli, Bangalore South Taluk,  
Bangalore
- 14 **Coffee Board Colony**  
Site No 3, Village Khata No. 650,  
Sy No.10/1,12/1, Kemapura Village,  
Yelahanka Hobli, Bangalore.

**RETAIL STORES AT CHENNAI**

- 1 **Madipakkam**  
Baggyam Ceilo, No.1 & 2,  
Bazaar Road, Baliah Garden,  
Madipakkam Village, Chennai – 91

- 2 **Gopalapuram**  
No.17&19, Conron smith road,  
Gopalapuram, Chennai – 86
- 3 **Kotturpuram**  
No.1, 3rd Main Road, Kottur Garden,  
Kotturpuram, Chennai – 85
- 4 **Alwarpet**  
No.26, TT Krishnamachari Road,  
Alwarpet, Chennai - 18
- 5 **Nanganallur**  
Old No. 37, New No. 23, First Main Road,  
Nanganallur, Chennai - 061
- 6 **Mylapore**  
Rabiya Building, Old 187/1,  
New 238, Rayapeta High Road,  
Mylapur, Chennai.
- 7 **Kolathur**  
Door No. 2, Plot No.2, Velavan Nagar,  
Paper Mills Road (next to SAI Mahal),  
Kolathur, Chennai.
- 8 **Valasaravakkam**  
Green's Riviera, Door no.75,  
Dr. Radhakrishnan Road,  
Valasaravakkam, Chennai - 87
- 9 **Shenoy Nagar**  
No.1/2, 7<sup>th</sup> Cross Street, Tulasi Apartments,  
Pulla Reddy Avenue Road,  
Shenoy Nagar (west), Chennai-30
- 10 **Adambakkam**  
New No. 17, Old No. 16A,  
Secretariat Colony Main Road,  
Adambakkam, Chennai - 88.
- 11 **Mogalivakkam**  
Plot No.10 & 11,  
Mugalivakkam Main Road,  
Sriram Nagar, Porur, Chennai-16
- 12 **Perungudi**  
Plot No.60, 2<sup>nd</sup> Main Road,  
Thirumalai Nagar Annexe,  
Perungudi, Chennai – 600 096
- 13 **Mogappair**  
No.1427, V.O.C. Street,  
Thiruvalluvar nagar,  
Mogappair, Chennai – 600 037
- 14 **Tambaram West**  
No.2, Venkatesan Street,  
Tambaram West, Chennai – 600 045
- 15 **Mogapiyyar West**  
No. PC-1, 80 Feet Road  
(Poison Biotech),  
Mogappair west, Chennai – 600 037
- 16 **East Tambaram**  
457/152, Velachery Main Road  
(opp. To Air Force station Road,  
Next to UCO Bank),  
East Tambaram, Chennai – 600 059
- 17 **Choolaimedu**  
Ground Floor Commercial Shop,  
Greta Pearl Apartments, No. 174,  
Choolaimedu High Road, Chennai-94

- 18 **Pallikaranai**  
Plot No.36, Natwest Venkatramana  
Apartments, Kamokoti Nagar main Road,  
(opp. road to Balaji Dental College),  
Pallikaranai, Chennai – 100
- 19 **Ayanavaram**  
No. 9/5, VP Colony South Street  
(Next to ESI Hospital),  
Ayanavaram, Chennai – 600 023
- 20 **T. Nagar**  
19/3, Bajullah Road, T. Nagar,  
Chennai-600017
- 21 **Venkatnarayana Road**  
16/5, Venkatanarayana Road,  
T. Nagar, Chennai-600017
- 22 **Adayar**  
Ground floor, Old No.6/1,  
New No.17/1, Indira Nagar,  
1st Avenue, Adyar, Chennai –20
- 23 **KB Dasan Road**  
New Door No.32, (Old -43),  
Kavingnar Bharathi Dasan Road,  
Teynampet, Chennai – 600 018
- 24 **Anna Nagar**  
Plot No.3362-V, AE Block,  
10th Main Road, Anna Nagar (West),  
Chennai - 600 040

**RETAIL STORES AT HYDERABAD**

- 1 **Pragati Nagar**  
Ground Floor, Plot No.159, 160, 161,  
178, 179 & 180, Pragati Nagar, Opp: JNTU,  
Kukatpally, Quthbullapur, Hyd-90
- 2 **Banjara Hills**  
8-2-686/k3/1, P.No. 3,  
Kimtee Banjara Heights, Road12,  
Banjara Hills, Hyderabad – 500 034
- 3 **Film Nagar**  
Previously UTI Bank,  
(Opp. to More Super Market),  
Film Nagar, Hyderabad – 500 034
- 4 **Vengalrao Nagar**  
Plot No. 63/A, Municipal No. 8-3-191/67,  
Vengalrao Nagar Colony, Hyd-38
- 5 **Ameerpet**  
Anand Capital,  
Municipal No. 7-1-79/5,79/6,7-1-80,  
Ameerpet, Hyderabad – 500 000
- 6 **Sindhi Colony**  
H.No.1-8-142&143, Prendergasth Road,  
Secunderabad-03
- 7 **West Marredpally**  
H.No. 10-2-98 & 99, Tejaswini Arcade,  
Plot No. 78, Secunderabad – 500 080
- 8 **Srinagar Colony**  
Door No.8-3-986 & 986/1  
Plot No.124, Srinagar Colony, Hyd.
- 9 **Malkajgiri**  
22-1-1/1, Radha Krishna Nagar,  
Beside Bank of Maharashtra,  
Malkajgiri, Hyderabad



**10 HMT Nagar**  
Plot No. A 128, A 129,  
Bapuji Nagar, Nacharam Road,  
(Beside Trinetra Super Market),  
Habsi Guda, Hyderabad – 500 004

**11 AS Rao Nagar**  
Yasmai Arcade P.No. A-6/1,  
A-6/3, SY No. 500, Kapra,  
AS Rao Nagar, Hyderabad – 500 062

**12 D.D Colony**  
Ashoka Satyam Enclave, P.No. 2-2-7/1,  
Durgabai Deshmukh Colony,  
Hyderabad – 500 007

**13 Himayat Nagar**  
3-6-430, Sri Laxmi Nilayam,  
Himayat Nagar, Hyderabad – 29

**14 Gacchi Bowli**  
Plot No.2, Survey No.91,  
Ground Floor, Telecom Employees  
Co-Operative Housing Society Ltd,  
Gacchi Bowli, Hyderabad – 32

**15 PadmaRao Nagar**  
Plot no 15, H.no. 6-1-289/9,  
Opp. Swarajya Printing Press,  
Secunderabad – 500 025

**16 Tirmalagiri**  
Ground Floor,  
Plot No.84, Durga Vihar Colony,  
Tirmalagiri, Hyderabad – 500 015

**17 Nagole**  
1 to 6, Survey No.128, Part and 129/2,  
Nagole (Village), LB Nagar Municipality,  
Hyderabad – 500 035

**18 Santhosh Nagar**  
Gilbert Plaza, 12-1-210/4, Near 1S-7,  
Hyderabad – 500 028

**19 Vanasthalipuram**  
Plot No. 1 & 2, Sy. No. 53 & 54,  
Saheb Nagar Khund, Vanasthalipuram,  
R R District

**20 Nizampet**  
Sy.No.57, MCK Block, No.2,  
Hyder nagar Village (Nizampet Rd),  
Kukatpally municipal sub Division,  
GHMC, Bala nagar Mandal,  
Hyderabad – 500 072

**21 Red Hills**  
11-6-872/1 to 6,872/A&B, 872/A/1,  
Lakdikapool, Hyderabad – 500 026

**22 Moti Nagar**  
Grood Floor, Plot No.32,  
Survey No.19 & 20, Babbuguda Village,  
Moosapet Gram Panchayat,  
Kukatpalli Municipality, R R District

**23 Vivekananda Nagar Colony**  
Plot no.2, Sy.No.116/A/P,  
MCK Block No.22,  
(Leading Road to Allwyn colony),  
Kukatpally Village & Municipality,  
Balanagar Mandal, R.R. District

**24 Kompally**  
Sree Vensai Towers varuna Block,  
Shop No.GF2, Sy. No. 128 (P),  
Grampanchayath of Kompally,  
Qutbullapur mandal, R.R. District

**25 Kondapur**  
"Park View", Plot no.5, Sy.No.6, Kondapur  
Village, Serilingampally Municipality, R.R.  
Dist

**26 Yousafguda**  
Ground Floor, H.No.8-3-224/4 &  
8-3- 224/4/1, Plot No.4, Yellareddyguda,  
Hyderabad

**27 Madinaguda**  
Rajamma Commercial Complex,  
Sy.No.95, 96, Plot No. 5,6,7,8,  
Madinaguda, Sherilingampally (M)  
Hyderabad

**28 Miyapur**  
Survey No.44/1,50 & 51,  
Shop No.2/A, 2/B, 2/C & 2/D,  
Miyapur Village, Serilingampally Mandal,  
R.R District

**29 KPHB 6<sup>th</sup> Phase**  
Ground Floor, Plot No.575/HIG  
Survey No.1009, KPHB Colony  
Phase6, Kukatpally Village,  
Kukatpally Municipality, RR Dist.

**30. Banjara Hills Road No.2**  
Ground Floor,  
H.No.8-2-120/86/9/A/7 & 8,  
Road no.2, Banjara Hills,  
Hyderabad – 500 034

**31. Jubilee Hills Road No. 36**  
Ground Floor, Plot no.1244,  
Jubilee Hills Colony, Road no.36,  
Banjara Hills Locality, Hyderabad

**32. Nizampet Village**  
Ground Floor, Shop No.G1/A,  
G1/B, G2, G3/A & G3/B  
Plot No.34,35,36 & 37, Balaji Nagar,  
Nizampet Village, Hyderabad

## DISTRIBUTION CENTERS

- Hyderabad DC**  
Heritage Foods (India) Limited  
Plot no: 9/4, Block No.3.,  
Opp-Nandi Foods, IDA,  
Uppal Evedence Technology, Hyd-39.
- Chennai DC (FMCG and F&V)**  
Heritage Foods (India) Limited.,  
Survey No.16/4,  
Parivakkam Road, Senneir Village,  
Poonamalli Taluq, Chennai-600056
- Bangalore DC (FMCG, F&V and Staples)**  
Heritage Foods (India) Ltd,  
Survey No: 178/2, Hullahally,  
C K Palya, Sakalavasa Post,  
B.G. Road, Bangalore -83.

## AGRI DIVISION

### Integrated Pack Houses:

- Mulugu**  
Masjid Adavi Village, Mulugu Mandal,  
Medak Dist. AP-502279
- Mattam**  
Mattam Village, Shanthipuram,  
Chittoor Dist. 517423

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of  
**HERITAGE FOODS (INDIA) LIMITED**  
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Heritage Foods (India) Limited, for the year ended on 31<sup>st</sup> March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

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

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

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2011, no investor grievances are pending against the company for a period exceeding one month as per records maintained by the company which are presented to the Share Transfer & Share Holders/Investor' Grievance Redressal Committee.-

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

**For RAJU & PRASAD**  
CHARTERED ACCOUNTANTS  
(Firm No. 003475 S)

**S.Ranganathan**  
PARTNER

Place : Hyderabad  
Date : 19<sup>th</sup> May, 2011

Membership No: 22738

### CEO AND CFO CERTIFICATION

To

The Board of Directors  
**HERITAGE FOODS (INDIA) LIMITED**  
Hyderabad

We, N. Bhuvanewari, Vice-Chairman and Managing Director and A. Prabhakara Naidu, General Manager (Finance & Accounts) of Heritage Foods (India) Limited certify that

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

- c. We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee
  - i. Significant changes in internal controls during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
  - iii. That there have been no instances of significant fraud of which we have become aware, involving the management or an employee having a significant role in the Company's internal control system.

**N Bhuvanewari**  
Vice Chairperson & Managing Director

Place : Hyderabad  
Date : 19<sup>th</sup> May, 2011

**A. Prabhakara Naidu**  
Sr. General Manager (F&A)

To

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

1. We have audited the attached Balance Sheet of **M/s. HERITAGE FOODS (INDIA) LIMITED**, as at 31<sup>st</sup> March 2011 and also the Profit and Loss Account for the year ended on that date annexed thereto and cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003, as amended by the Companies (Auditors' Report) Order 2004, issued by the Government of India, in terms of sub-section (4A) of Section 227 of the Companies Act 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii. In our opinion the Company as required by law has kept proper books of account so far as it appears from our examination of the books and proper returns adequate for the purpose of our audit have been received from the units not visited by us.
  - iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account maintained.
  - iv. In our opinion the Balance sheet, Profit and Loss account and the cash flow statement comply with the accounting standards referred to in Sec.211 (3C) of the Companies Act.1956.
  - v. On the basis of written representation given to us, no director of the Company, as at 31<sup>st</sup> March 2011 and taken on record by the Board of Directors we report that none of the Director as on 31<sup>st</sup> march 2011 is disqualified from being appointed as a director under clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.

- vi. As per the information and explanation given by the company there is no cess payable within the meaning of Sec 441A of the Companies Act as on 31<sup>st</sup> March, 2011.
- vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. In the case of Balance Sheet, of the state of affairs of the Company, as at 31<sup>st</sup> March 2011.
  - b. In the case of the Profit and Loss account, of the profit for the year ended on that date and
  - c. In the case of Cash Flow statement, of the cash flows for the year ended on that date.

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

**S.Ranganathan**

Partner

Place : Hyderabad  
Date : 19<sup>th</sup> May, 2011

Membership No: 22738

#### ANNEXURE TO AUDITORS' REPORT

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

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) These fixed assets have been physically verified by the management during the year and discrepancies noticed on such verification have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of the assets.
- c) No substantial part of fixed assets has been disposed off during the year.
- ii) a) The inventory has been Physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered



- in the register maintained under Section 301 of the Companies Act 1956 or to companies under the same management as defined in Section 370(1-B) of the Companies Act, 1956. Consequently, clauses (iii)(b), (iii) (c) and (iii)(d) are not applicable.
- b) The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management as defined in Section 370(1-B) of the Companies Act, 1956. Consequently, clauses (iii) (f) and (iii) (g) are not applicable.
- iv) In our opinion and according to the information and explanation given to us, Considering the size of the company and nature of business of various divisions of the company with regard to purchase of inventory and fixed assets and with regard to sale of goods and services, the internal control system commensurate with the size of the company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted deposits from the public governed by Section 58A and 58AA of the Companies Act, 1956 for the year under reference.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- viii) As per the information and explanation given by the Company and in terms of the letter dated 11/09/09 from MCA, Cost Audit Branch, we report that the maintenance of cost records is not applicable to the company.
- ix) a) The Company is regular in depositing undisputed statutory dues with the appropriate authorities including Provident Fund, Investor Education and Protections Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax and Other Statutory dues applicable to it. There are no undisputed statutory dues outstanding for more than six months as on 31.03.2011.
- b) According to the information and explanations given to us following are the disputed dues relating to income tax, wealth tax, cess and sales tax, which have not been deposited as at 31<sup>st</sup> March, 2011:

Name of the statute	Nature of the dispute	Amount (₹.in lakhs)	Period to which the amounts relate (F.Y)	Forum where the disputes is pending
Income Tax Act, 1961	Income Tax	266.50	2004-05 & 2005-06	Departmental appeal before Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	18.49	2006-07	Company's appeal before CIT (Appeals)
The A.P.G.S.T Act, 1957	General Sales Tax	12.80	1999-00 to 2004-05	Sales Tax Appellate Tribunal, Andhra Pradesh.
The A.P.GST ACT, 1957	General Sales Tax	95.11	2001-02	Writ petition filed with High Court. G.O has been issued by the Govt. of A.P removing rule 6a purchase tax on milk, the G.O will be given effect to the appeal at the time of hearing.
The C.S.T ACT	Central Sales Tax	18.78	2001-02	Sales Tax Appellate Tribunal, Andhra Pradesh
AP VAT ACT	Input Tax Credit disallowance	114.00	2007-08	A.P.S.T.A.T (Tribunal)
The C.S.T ACT	FILING OF C Forms	37.34	2002-03	A.P.S.T.A.T. (Tribunal)
The C.S.T ACT	FILING OF C Forms	0.71	1998-99	Appeal Pending before STAT



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

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

**S.Ranganathan**  
PARTNER  
Membership No: 22738

Place : Hyderabad  
Date : 19<sup>th</sup> May 2011



**BALANCE SHEET AS AT 31ST MARCH 2011**

Particulars	Schedule Ref.	As at 31.03.2011		As at 31.03.2010	
		₹	₹	₹	₹
<b>SOURCES OF FUNDS:</b>					
<b>Shareholders Funds:</b>					
Share Capital	01	115295000		115295000	
Reserves & Surplus	02	750054550	865349550	753451125	868746125
<b>Loan Funds:</b>					
Secured Loans	03	1766082368		1755261114	
Unsecured Loans	04	94483665	1860566033	89214577	1844475691
Deferred Tax Liability			168011776		156038635
<b>TOTAL</b>			<b>2893927359</b>		<b>2869260451</b>
<b>APPLICATION OF FUNDS:</b>					
<b>Fixed Assets:</b>					
Gross Block	05	3174969597		2942381971	
Less: Depreciation and Amortisation		957753712		790023064	
Net Block			2217215885		2152358907
Capital Work-in-Progress			119795972		87130122
<b>Investments</b>	06		<b>10163910</b>		9204910
<b>Current Assets , Loans and Advances:</b>					
Inventories	07	660678778		763056913	
Sundry Debtors	08	144385638		120762544	
Cash and Bank Balances	09	304406926		246330558	
Loans and Advances	10	321667611		358681873	
Sub-total		1431138953		1488831888	
<b>Less : Current Liabilities and Provisions</b>	11				
A. Current Liabilities		823624045		792314518	
B. Provisions		60763316		75950857	
<b>Net Current Assets</b>			<b>546751592</b>		<b>620566512</b>
<b>TOTAL</b>			<b>2893927359</b>		<b>2869260451</b>
Significant Accounting policies	19				
Notes on Accounts	20				

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

For and on behalf of the Board

**S Ranganathan**  
 Partner  
 Membership No.22738

**N.Bhuvanewari**  
 Vice Chairperson & Managing Director

**N. Lokesh**  
 Executive Director

Date : May 19, 2011  
 Place : Hyderabad

**A.Prabhakara Naidu**  
 Sr. General Manager - Finance & Accounts

**Umakanta Barik**  
 Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

Particulars	Schedule Ref.	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
<b>INCOME:</b>			
Sales and operating income	12	10960860649	9003847177
Other Income	13	51688981	29259221
<b>TOTAL</b>		<b>11012549630</b>	<b>9033106399</b>
<b>EXPENDITURE:</b>			
Materials Consumed	14	6960447646	5429091170
Purchase of Tradable Goods		1720451909	1552874694
Power and Fuel		234918756	199773459
Employee Remuneration	15	587455518	485097425
Interest	16	159656853	166746637
Other expenses	17	1079478734	984667124
(Increase)/ Decrease in Stocks	18	37236265	(88654633)
<b>TOTAL</b>		<b>10779645681</b>	<b>8729595876</b>
<b>PROFIT BEFORE DEPRECIATION AND AMORTISATION</b>			
		<b>232903949</b>	<b>303510522</b>
Less: Depreciation and Amortisation		199397717	196425392
<b>PROFIT FOR THE YEAR</b>			
		<b>33506232</b>	<b>107085130</b>
<b>Less :Provision for taxation</b>			
Current Taxation		6404279	19552323
Deferred taxation Liability		11973140	30294795
<b>NET PROFIT/(LOSS) AFTER TAX</b>			
		<b>15128813</b>	<b>57238012</b>
Add/ Less: Prior period (income) / Expenses (Net)		3503230	(1465908)
		<b>11625583</b>	<b>58703920</b>
Less: Taxation of Earlier Years		432555	2744911
<b>NET PROFIT AFTER PRIOR PERIOD ITEMS</b>			
		<b>11193028</b>	<b>55959009</b>
Balance brought forward		26759079	-
Amount available for Appropriation		37952107	55959009
Appropriations			
Proposed Dividend		13835400	20753100
Provision for Tax on Dividend		2244448	3446830
Transfer to General Reserve		1500000	5000000
Balance carried to Balance Sheet		20372259	26759079
<b>TOTAL</b>		<b>37952107</b>	<b>55959009</b>
Basic and diluted earning per share of Rs.10/- each before extraordinary items		0.97	4.85
Basic and diluted earning per share of Rs.10/- each after extraordinary items		0.97	4.85
Significant Accounting policies	19		
Notes on Accounts	20		

As per our report attached

For and on behalf of the Board

**For Raju & Prasad**  
Chartered Accountants  
(Firm No. 003475S)

**S Ranganathan**  
Partner  
Membership No.22738

**N.Bhuvanewari**  
Vice Chairperson & Managing Director

**N. Lokesh**  
Executive Director

Date : May 19, 2011  
Place : Hyderabad

**A.Prabhakara Naidu**  
Sr. General Manager - Finance & Accounts

**Umakanta Barik**  
Company Secretary

Particulars	As at 31.03.2011		As at 31.03.2010	
	₹	₹	₹	₹
<b>SCHEDULE 1: SHARE CAPITAL</b>				
<b>Authorised:</b>				
1,80,00,000 Equity Shares of ₹ 10/- each		180000000		180000000
(Previous year 1,80,00,000 Equity Shares of ₹ 10/- each)				
20,00,000 Convertible cumulative Preference Shares of ₹ 10/- each (Previous year 20,00,000 Preference Shares of ₹ 10/- each)		20000000		20000000
		<u>200000000</u>		<u>200000000</u>
<b>Issued, Subscribed &amp; paid-up</b>				
1,15,29,500 Equity Shares of ₹ 10/- each fully paid-up (Previous year 1,15,29,500 Equity Shares of ₹ 10/- each fully paid-up)		115295000		115295000
<b>SCHEDULE 2: RESERVES AND SURPLUS</b>				
<b>Capital Reserve :</b>				
1. Capital Redemption Reserve		8100000		8100000
2. Warrants Money appropriated		31868800		31868800
3. Securities Premium account		465975400		465975400
<b>Defered Government Grants :</b>				
Opening Balance	7177295		9756260	
Add: Subsidy received during the year	2500000		-	
	<u>9677295</u>		<u>9756260</u>	
Less: Subsidy transferred to P&L A/c during the year	1009755		2578965	
Closing Balance		8667540		7177295
<b>General Reserve:</b>				
Opening Balance	213570551		208570551	
Add: Transferred during the year	1500000		5000000	
Closing Balance		215070551		213570551
<b>Surplus in Profit and Loss Account</b>		20372259		26759079
<b>TOTAL</b>		<u>750054550</u>		<u>753451125</u>
<b>SCHEDULE 3: SECURED LOANS</b>				
Term Loans from Banks		997901824		1165739754
(Includes Interest accrued and due during the year ₹ 0.07 crores(Previous Year ₹ Nil)				
[Term Loan due and repayable within one year is ₹ 31.68 Cr (Previous Year: ₹ 29.81 Cr)]				
Working Capital Loans from Banks		618180544		589521360
(Includes Interest accrued and due during the year ₹ Nil (Previous Year ₹ Nil)				
Short Term Loans from Banks		150000000		-
(Includes Interest accrued and due during the year ₹ Nil (Previous Year ₹ Nil)				
<b>TOTAL</b>		<u>1766082368</u>		<u>1755261114</u>
<b>SCHEDULE 4: UNSECURED LOANS</b>				
Sales Tax Deferment		94483665		89214577
<b>TOTAL</b>		<u>94483665</u>		<u>89214577</u>



**SCHEDULE 5 : FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION *				Net Block	
	As at 01.04.2010 ₹	Additions ₹	Deletions ₹	As at 31.03.2011 ₹	As at 01.04.2010 ₹	For the Year ₹	On Deletions ₹	As at 31.03.2011 ₹	As at 01.04.2010 ₹
LAND	142746787	7670532	153780	150263538	—	—	—	150263538	142746787
BUILDINGS	790776135	31997138	—	822773274	110546809	27167525	—	685058939	680229326
CIVIL WORKS IN LEASEHOLD PROPERTY	125453385	13688073	3422408	135719051	32095560	13373735	968346	44500949	93357825
PLANT & MACHINERY	1485752187	164776470	30244461	1620284196	490725382	105501782	25417919	570809245	995026805
FURNITURE & FIXTURES	112936202	15474410	625381	127785232	20742106	7740718	419434	28063390	92194096
OFFICE EQUIPMENT	176930434	20849754	5900990	191879197	76956686	24316837	4052253	97221271	99973748
INTANGIBLE ASSET	90912553	14270997	—	105183550	53110324	19259991*	—	72370315	37802230
VEHICLES	16874287	5284277	1077006	21081559	5846197	2037129	809118	7074208	11028091
<b>TOTAL</b>	2942381971	274011651	41424026	3174969597	790023064	199397717	31667070	957753712	2152358907
PREVIOUS YEAR	2644742000	330923500	33283529	2942381971	607951733	196425392	14354061	790023064	2152358907
Capital Work-in-Progress	87130122	306677501	274011651	119795972					
Capital Work-in-Progress (Previous Year)	139808929	236898446	289577253	87130122					

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE 6: INVESTMENTS</b>		
<b>I. Government Securities:</b>		
National Savings Certificates	141200	92200
<b>II. Shares</b>		
<b>1) Un-quoted:</b> (Non-Trade, Long Term, at cost)		
200000 Equity Shares of ₹ 10/- each fully paid up in Heritage Finlease Ltd.	2000000	2000000
<b>2) Investments in Subsidiary Companies</b>		
<b>Un-quoted:</b> (Non-Trade, Long Term, at cost)		
a) 115000 Equity Shares of ₹ 10/- each fully paid up in Heritage Foods Retail Ltd., (Previous Year 50000 Equity shares of ₹ 10/-each fully paid up)	1150000	500000
b) 650000 Equity Shares of ₹ 10/- each fully paid up in SKIL Raigam Power (India) Ltd .,	6500000	6500000
c) 26000 Equity Shares of ₹ 10/- each fully paid up in HERITAGE CONPRO LTD	260000	-
<b>3) Quoted:</b> (Non-Trade, Long Term, at cost)		
a) 348 Equity Shares of ₹ 10/- each at a premium of ₹ 220/- each fully paid up in Bank of Baroda	80040	80040
b) 363 Equity Shares of ₹ 10/- each at a premium of ₹ 80/- each fully paid up in Andhra Bank	32670	32670
<b>TOTAL</b>	<b>10163910</b>	<b>9204910</b>
<b>Note :</b>	1. Aggregate value of quoted investments: ₹ 112710/- (Previous year: ₹ 112710/-) and market value of quoted investments: Rs. 387257/- (Previous year: ₹ 261699/-) 2. Aggregate value of Un-quoted investments: ₹ 9910000/- (Previous Year: ₹ 9000000/-)	
<b>SCHEDULE 7: INVENTORIES</b>		
(As verified and certified by Management)		
Stores and Spares	24416398	37649938
Raw Materials	229739594	289014615
Packing Material	67070652	59703961
Stocks under Process	1635695	1411800
Finished Goods	165773083	239859364
Tradable Goods	172043356	135417235
<b>TOTAL</b>	<b>660678778</b>	<b>763056913</b>
<b>SCHEDULE 8: SUNDRY DEBTORS</b>		
<b>Outstanding for more than six months:</b>		
Unsecured and considered good	15436117	11523587
Unsecured and considered doubtful	4225944	10544689
	<b>19662061</b>	<b>22068276</b>
<b>Other Debtors:</b>		
Unsecured and considered good	128949521	109238956
Total Debtors	148611582	131307232
Less: Provision for doubtful debts	4225944	10544689
<b>TOTAL</b>	<b>144385638</b>	<b>120762544</b>

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE 9: CASH AND BANK BALANCES</b>		
A. Cash on hand	22807174	22600770
B. Cheques on hand	4710	-
C. Balances with Scheduled Banks in :		
Current Accounts	238774515	195165845
Deposit Accounts	27962616	15885000
Margin Money	10624153	7993326
Unclaimed Dividend Accounts	4233758	4645892
D. Balances with other Banks in Current Accounts:		
Prakasam Dist. Co-op. Central Bank Ltd., A.P.	-	39725
<b>TOTAL</b>	<b>304406926</b>	<b>246330558</b>
<b>SCHEDULE 10: LOANS AND ADVANCES</b>		
a. Advances to Subsidiaries (Heritage Foods Retail Limited)	-	618319
b. Advances recoverable in cash or kind or for value to be received	152703302	191883554
Less: Provision for doubtful advances	2214065	1867036
Net Advances considered good	150489237	190016518
c. Total Advances (Unsecured and considered good) (a + b)	150489237	190634837
d. Deposits	155498177	137864479
e. Tax Deducted At Source & Advance Income Tax	15680197	30182557
<b>TOTAL</b>	<b>321667611</b>	<b>358681873</b>
<b>SCHEDULE 11: CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. Current Liabilities:</b>		
Sundry Creditors:		
Dues to Micro and Small Enterprises	24282607	16276401
Dues to Others	448735157	431232069
Creditors for Expenses	223705460	221561321
Liability towards Investor Education and Protection Fund :		
Un-claimed Dividend	4233758	4645892
Other Current Liabilities	35246956	48768468
Interest accrued but not due on Secured Loans	5180798	6550256
Trade Deposits	82239309	63280112
<b>TOTAL (A)</b>	<b>823624045</b>	<b>792314518</b>
<b>B. PROVISIONS:</b>		
Provision for Taxation	6404279	19552323
Proposed Dividend	13835400	20753100
Provision for tax on Dividend	2244448	3446830
Provision for Leave Encashments	38279189	32198604
<b>TOTAL (B)</b>	<b>60763316</b>	<b>75950857</b>
<b>TOTAL (A + B)</b>	<b>884387361</b>	<b>868265376</b>



Particulars	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
<b>SCHEDULE 12: SALES AND OPERATING INCOME</b>		
Domestic Sales	10817949941	8918265281
Less: Excise Duty	961473	464290
	<u>10816988468</u>	<u>8917800991</u>
Export Sales	21688250	-
Other Operating Income	122183931	86046186
<b>TOTAL</b>	<u>10960860649</u>	<u>9003847177</u>
<b>SCHEDULE 13: OTHER INCOME</b>		
Interest on Bank and Other Deposits (TDS ₹ 175200/-(Previous period : ₹ 189964/-)	3844320	3792848
Miscellaneous Income	10745142	10635070
Subsidy transferred from Deferred Govt.Grants	1009755	498294
Lease Rental Income	15589213	7248071
Profit on sale of assets	3622536	5767924
Income on Investment: Dividend	167035	144766
Provisions no longer required	16710981	-
Foreign Exchange Gains	-	1172249
<b>TOTAL</b>	<u>51688982</u>	<u>29259221</u>
<b>SCHEDULE 14: MATERIALS CONSUMED &amp; PURCHASE COST OF TRADABLE GOODS</b>		
<b>a. Raw Materials :</b>		
Opening Stock	292379353	136548272
Add: Purchases	6565214900	5310083585
	<u>6857594253</u>	<u>5446631857</u>
Less: Closing Stock	229739594	292379353
Consumption (a)	<u>6627854659</u>	<u>5154252505</u>
<b>b. Packing Materials :</b>		
Opening Stock	59703961	42816668
Add: Purchases	339959679	291725958
	<u>399663640</u>	<u>334542626</u>
Less: Closing Stock	67070652	59703961
Consumption (b)	<u>332592988</u>	<u>274838665</u>
<b>TOTAL (a + b)</b>	<u>6960447646</u>	<u>5429091170</u>
<b>c. Purchase of Tradable Goods</b>		
	<u>1720451909</u>	<u>1552874694</u>
<b>TOTAL (c)</b>	<u>1720451909</u>	<u>1552874694</u>
<b>SCHEDULE 15: EMPLOYEE REMUNERATION</b>		
Salaries, Wages, Bonus & allowances	532431259	447147565
Contribution to Provident and Other funds	31626445	23981543
Contribution to Gratuity Fund	8612977	1422811
Staff Welfare	14784837	12545506
<b>TOTAL</b>	<u>587455518</u>	<u>485097425</u>
<b>SCHEDULE 16: INTEREST</b>		
On Term Loans from Banks	96256474	119129105
On Working Capital Loans from Banks	60450596	47383285
On Other Loans	2949783	234247
<b>TOTAL</b>	<u>159656853</u>	<u>166746637</u>



Particulars	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
<b>SCHEDULE 17: OTHER EXPENSES</b>		
Stores ,spares and consumables	99116676	69942159
Rent	157537211	145724958
Rates and Taxes	15495092	14920770
Bank charges	53148121	59539792
Insurance	6354609	6144729
Travelling and Conveyance	28743448	25430329
Office Maintenance	6734912	5945124
House Keeping Expenses	9130618	8004136
Books and Periodicals	184111	633921
Electricity Charges	55688713	49093746
Safety and Security	26235523	25022395
Communication costs	23930836	23921314
Printing and Stationery	8472674	10356251
Repairs and Maintenance:		
Buildings	5494220	5585675
Plant and Machinery	12973879	11673543
Others	22568617	21163379
Auditors' Remuneration:		
As Auditors	1213300	1103000
For tax audit	110300	110300
Certification and Tax Matters	323193	186309
Audit Expenses reimbursed	277438	115634
Legal and professional charges	30115125	28085644
Freight Outwards	397044456	350916370
Selling and distribution expenses	55898865	55895691
Advertisement	15797370	14183027
Warehouse and Logistics	18315080	18456750
Directors' Remuneration	8220000	7896167
Directors' sitting fees	510000	472500
Bad debts written off	6731005	440755
Provision for doubtful debts	1845550	6265423
Bad and doubtful advances written off	810211	2523378
Loss on sale / Written off of Assets	5041705	11156274
Loss on Impairment of Assets	41655	69734
Recruitment and Training Expenses	3200675	2077671
Miscellaneous expenses	1692407	1610277
Foreign Exchange Fluctuation	481141	-
<b>TOTAL</b>	<b>1079478734</b>	<b>984667124</b>
<b>SCHEDULE 18: (INCREASE) / DECREASE IN STOCKS</b>		
<b>Finished Goods, Stocks under Process &amp; Tradable Goods:</b>		
Opening Stocks		
Stocks under process	1411800	1330178
Finished Goods	239859364	163932491
Tradable Goods	135417235	122771097
<b>TOTAL</b>	<b>376688399</b>	<b>288033766</b>
Closing Stocks		
Stocks under process	1635695	1411800
Finished Goods	165773083	239859364
Tradable Goods	172043356	135417235
<b>TOTAL</b>	<b>339452134</b>	<b>376688399</b>
<b>(INCREASE) / DECREASE IN STOCKS</b>	<b>37236265</b>	<b>(88654633)</b>



## SCHEDULE 19: SIGNIFICANT ACCOUNTING POLICIES

- a) **Basis of preparation of financial statements** : The financial statements have been prepared under historical cost convention and in conformity with the generally accepted accounting principles, applicable provisions of the Companies Act, 1956, and as per the Accounting Standards issued by the Institute of Chartered Accountants of India.
- b) **Income and Expenditure** : All items of income and expenditure shown in the statement having material bearing on the accounts are accounted on accrual basis.
- c) **Revenue Recognition** : Sales are recognised upon delivery of products and are recorded net of trade discounts and applicable taxes. Sales also includes other operating income. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income from investment in shares are recognized in the statement of profit and loss account when the owners right to receive payment is established.
- d) **Fixed Assets** : Fixed Assets are carried at cost, less accumulated depreciation and impairment losses (if any). Cost includes all expenditure incurred to bring the assets to its present location and condition. Directly attributable cost incurred till the commencement of commercial operation are capitalized to identifiable and qualifying assets after considering the borrowing cost and making necessary adjustments to taxes and foreign exchange variations as per AS-11 (Revised).
- e) **Intangible Assets** : Intangible assets are stated at cost of acquisition less accumulated amortization and impairment losses (if any). The depreciable amount of intangible asset, considering the future economic benefit is amortized over the useful life estimated by management not exceeding five years.
- f) **Leased Assets** : Operating leases: Civil works and improvement of enduring nature are capitalized and are being written off over the period of lease of such properties.

g) **Depreciation / Amortization** :

Depreciation on fixed assets is provided on the basis of straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Civil works in leasehold properties are depreciated over the operating lease period. Depreciation on assets which are commissioned during the year is charged on pro rata basis from the date of commissioning. Cost of intangible assets is amortized over the useful life estimated by management not exceeding five years

- h) **Capital Work-in-progress** : Capital work in progress is recognized at cost and includes capital advances, capital assets and capital stores issued.

- i) **Inventories** : Inventories are valued as under:

1	Raw Materials	cost or net realizable value whichever is lower.	} Cost has been ascertained on FIFO basis
2	Finished Goods	cost or net realizable value whichever is lower.	
3	Stores ,Spares and Consumables	at cost	
4	Work - in - progress	cost or net realizable value whichever is lower.	
5	Tradable Goods	cost or net realizable value whichever is lower. cost has been ascertained on moving weighted average basis.	

- j) **Impairment of assets** : An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value and the resultant impairment loss is charged to profit and loss account in the year in which impairment is identified. Impairment loss of earlier years is reversed in the event of the estimated recoverable amount is higher.
- k) **Investments** : Short term investments are carried at lower of cost or fair value and long term investments are carried at cost. Provision for diminution is made for the decline in the market value which is not temporary. Provision for diminution is reversed if there is a rise in the value of investment or if the reasons for the reduction no longer exist.
- l) **Government Grants** : The Investment Subsidies (non-refundable) received from Government in lieu of promoters contribution are treated as capital reserve. Subsidies received towards acquisition of assets are treated as deferred Government grants and the amount in proportion to the depreciation is transferred to Profit and Loss account.
- m) **Employee Retirement Benefits** :
- a) **Gratuity** : Accrued liability is determined on actuarial valuation basis using PUC Method at the end of the year and provided in accounts as per AS-15.
- b) **Leave Encashment**: Accrued liability for leave encashment including sick leave is determined on actuarial valuation basis using PUC Method at the end of the year and provided in accounts as per AS-15.

- c) **Provident Fund** : The company makes contribution to Provident Fund administered by the Central Government under the Provident Fund Act ,1952.
- n) **Foreign Exchange transactions**: Transactions made during the year in foreign currency are recorded at the exchange rate prevailing at the time of transaction. Foreign currency monetary items remaining unsettled at the year end are translated at the contract rates, when covered by firm commitment forwardcover contracts and at the year end rates in other cases. Gains and losses on foreign currency transactions are recognized in the profit and loss account as per AS-11(Revised).
- o) **EPS** : Earnings per share is calculated on the weighted average number of paid-up equity shares outstanding during the year.
- p) **Segment Reporting** : The reportable segments are identified on the basis of criteria prescribed in Accounting Standard (AS - 17) on "Segment Reporting". Revenues and Expenses have been identified to segments on the basis of the operating activities of the segment. Unallocated revenue, expenses, assets and liabilities are reported distinctly.
- q) **Borrowing Costs**: Borrowing costs directly attributable to the acquisition/construction of qualifying assets,till the time such assets are ready for intended use, are capitalised as part of the cost of such assets as defined in Accounting Standard (AS) - 16 on "Borrowing Costs". Other Borrowing costs are recognised as expense in the year in which they are incurred.
- r) **Taxes on Income**: Income Taxes are accounted for in accordance with Accounting Standard (AS) 22 on "Accounting for Taxes on Income". Income tax expense comprises current tax (i.e, amount of tax for the period determined in accordance with the Income Tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax liability/assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised. Taxes on distributed profits payable in accordance with the Guidance note on "Accounting for Corporate Dividend Tax" regarded as a tax on distribution of profits and is not considered in determination of profits for the year.
- s) **Cash Flow Statement**: The Cash flow statement is prepared by the "Indirect method" set out in Accounting Standard (AS) - 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the company. Cash and cash equivalents presented in the Cash Flow Statement consists of cash on hand, with Banks in current accounts and demand deposits.
- t) **Changes in Accounting policies**: Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised Accounting Standards on an ongoing basis and accordingly changes the Accounting policies as applicable.

## SCHEDULE 20: NOTES ON ACCOUNTS

1.	Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
A.	Contingent Liabilities not provided for		
	(a) <b>Tax matters in appeal :</b>		
	i) Income Tax	342.28	342.28
	ii) Sales Tax	165.45	126.69
	iii) The Andhra Pradesh VAT Act	114.00	114.00
	(b) <b>Bank Guarantees</b>	363.13	290.99
	(c) <b>' C' Forms under collection</b>	79.18	104.19
	(d) <b>Others (GHMC Tax)</b>	8.88	—
B.	Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances)	825.42	266.30
C.	Claims not acknowledged as debts	15.55	Nil

## 2. SECURED LOANS

**Term Loan:** The term loan includes ₹ 12.72 crores from Andhra Bank and ₹ 23.32 crores from Bank of Baroda and ₹ 38.05 crores from ICICI Bank Ltd., under Rupee Term Loan and ₹ 25.70 Crores from Bank of Baroda under FCTL and fully secured by first Pari Pasu charge on the present and future fixed assets of the Company and second Pari Pasu charge on current assets of the Company.

**Working Capital Loan:** The Company has availed working capital facilities from Bank of Baroda, Andhra Bank and ICICI Bank Ltd., of ₹ 61.82 Crores (Previous year : ₹ 58.95 Crores) secured by hypothecation of stocks and book debts on pari passu basis. Extension of 1st pari-passu charge on the fixed assets of the Company, to secure the working capital limits of Bank of Baroda, Andhra Bank and on second charge basis to secure the working capital limits of ICICI Bank Ltd.

**Short Term Loan :** The Company has availed short term loan of ₹ 15 Crores from Axis Bank Ltd., for funding current assets. The loan is secured by fixed deposit of ₹ 2 crores and personal guarantee of Smt N.Bhuvanewari, Vice Chairperson & Managing Director of the Company.

### 3. UNSECURED LOANS :

Amount shown under the head Unsecured Loans represents sales tax collected under deferment scheme of State Government of Andhra Pradesh ₹ 9.45 crores (Previous year ₹ 8.92 crores) and is being repaid as per the Sales Tax Deferment Scheme.

### 4. MANAGERIAL REMUNERATION PAID / PAYABLE

Particulars	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
a) Salaries	8220000	7896167
b) Commission	-	-
c) Others	-	-

### COMPUTATION OF NET PROFIT U/S.198 READ WITH SECTION 309(5) OF THE COMPANIES ACT, 1956

Particulars	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
Profit before Income Tax (as per Profit and Loss account)	33506232	107085130
Add: Directors' remuneration	8220000	7896167
Directors' commission	-	-
Directors' Sitting fees	510000	472500
Depreciation	199397717	196425392
Loss on Assets Sold/Impairment/ Written off	5083360	11226008
Profit on Assets Sold	(3622536)	(5767924)
Provision for doubtful Debts	1845550	6265423
	<u>211434092</u>	<u>216517565</u>
	<b>244940324</b>	<b>323602695</b>
Less: Depreciation as per Section 350 of the Companies Act, 1956	199397717	196425392
Bad and doubtful debts/ advances written off	8093166	2964133
Net (Profit)/ Loss on Assets sold / written off	-	-
Excess of Expenditure over income of earlier years calculated as per Section 349	501714972	625928142
	<u>709205855</u>	<u>825317667</u>
Profit as per Section 309(5) of the Companies Act, 1956	<b>(464265532)</b>	<b>(501714972)</b>
<b>Commission is payable to two Directors at 5 per cent</b>	-	-
(In the absence of adequate profits minimum managerial remuneration specified in schedule XIII based on effective capital is paid)		

## 5. Investor Education and Protection Fund

Particulars	2010 - 11 ₹	2009 - 10 ₹
Unclaimed Dividend		
Opening Balance	4645892	5420540
Less Claims during the year	197683	44406
Less: Transfer to IEPF	939728	730242
Add: Current year's unclaimed dividend	725277	-
Closing Balance	4233758	4645892

There is no amount due and outstanding to be credited to the Investor Education and Protection Fund as on 31.03.2011.

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

Defined Contribution Plan	2010 - 2011 (₹ in Lakhs)	2009-2010 (₹ in Lakhs)
Employers Contribution to Provident Fund	247.95	197.39
Defined Benefit Plan		
Gratuity (Funded)	As per Actuarial Report dated 29.04.2011	

Particulars	As on 31.03.2011	As on 31.03.2010
<b>1. Assumption</b>		
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	4.00%
<b>2. Table showing change in present value of obligation as on 31.03.2011</b>	₹	₹
Present value of obligations as at beginning of year	10956470	8939593
Interest cost	876518	715167
Current Service Cost	5693452	2874250
Benefit Paid	(1010323)	(519942)
Actuarial (gain)/ loss on obligations	3398038	(1052598)
Present value of obligations as at end of year	19914155	10956470
<b>3. Table showing changes in the fair value of plan assets as on 31.03.2011</b>		
Fair value of plan assets at beginning of year	15021305	12406966
Expected return on plan assets	1379034	1114008
Contributions	3770898	2020273
Benefits paid	(1010323)	(519942)
Actuarial gain / (loss) on plan assets	(24003)	NIL
Fair value of plan assets at end of year	19136911	15021305
<b>4 Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of year	15021305	12406966
Actual return on plan assets	1355031	1114008
Contributions	3770898	2020273
Benefits paid	(1010323)	(519942)
Fair value of plan assets at the end of year	19136911	15021305
Funded Status	(777244)	4064835
Excess of Actual over estimated return on plan assets	(24003)	-
(Actual rate of return - Estimated rate of return as ARD falls on 31st March)		

Particulars	As on 31.03.2011	As on 31.03.2010
<b>5. Actuarial Gain / Loss recognised</b>		
Actuarial (gain)/ loss on obligations	(3398038)	1052598
Actuarial (gain)/ loss for the year -plan assets	(24003)	NIL
Total (gain) / loss for the year	3422041	(1052598)
Actuarial (gain)/ loss recognised in the year	3422041	(1052598)
<b>6. The amounts to be recognised in the balance sheet and statement of profit and loss</b>		
Present value of obligations as at the end of year	19914155	10956470
Fair value of plan assets as at the end of the year	19136911	15021305
Funded Status	(777244)	4064835
Net asset/ (liability) recognised in balance sheet	(777244)	(4064835)
<b>7. Expenses Recognised in statement of profit and loss</b>		
Current Service Cost	5693452	2874250
Interest cost	876518	715167
Expected return on plan assets	(1379034)	(1114008)
Net Actuarial (gain) / loss recognised in the year	3422041	(1052598)
Expenses recognised in statement of profit and loss	8612977	1422811

**Defined Benefit Plan****Leave Encashment & Sick Leave(Unfunded)**

As per Actuarial Report dated 09.05.2011

**1. Assumptions**

Particulars	Leave Encashment		Sick Leave	
	31-Mar-2011	31-Mar-2010	31-Mar-2011	31-Mar-2010
Discount Rate	8%	8%	8%	8%
Rate of increase in Compensation levels	5% p.a.	5% p.a.	5% p.a.	5% p.a.
Rate of Return on Plan Assets	0%	0%	0%	0%
Expected Average remaining working lives of employees (years)	29 yrs	28 yrs	30 Yrs	26 Yrs
<b>2. Reconciliation of Defined benefit obligation</b>				
Present Value of Obligation as at the beginning of the year	28602728	2,62,30,862	35,95,877	2628417
Acquisition adjustment	-	-	-	-
Interest Cost	2288218	20,98,469	287670	2,10,273
Past Service Cost	-	-	-	-
Current Service Cost	4630283	23,71,866	1450302	9,67,460
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Benefits paid	(7084048)	(6702118)	(469444)	(4,63,854)
Actuarial (gain)/ loss on obligations	4795830	46,03,649	181774	2,53,581
Present Value of Obligation as at the end of the year	29703971	2,86,02,728	5046179	35,95,877
<b>3. Actuarial Gain / Loss Recognised</b>				
Actuarial (gain)/loss for the year - Obligation	(4795830)	(46,03,649)	(181774)	(2,53,581)
Actuarial gain/(loss) for the year - Plan Assets	-	-	-	-
Total (gain) / loss for the year	4795830	46,03,649	181774	2,53,581
Actuarial (gain) / loss recognized in the year	4795830	46,03,649	181774	2,53,581
Unrecognized actuarial (gains) / losses at the end of year	-	-	-	-

Particulars	Leave Encashment		Sick Leave	
	31-Mar-2011	31-Mar-2010	31-Mar-2011	31-Mar-2010
<b>4. The amounts to be recognised in Balance Sheet and Statement of Profit and Loss</b>				
Present Value of Obligation as at the end of the year	33233011	2,86,02,728	5046179	35,95,877
Value of Plan Provisions as at the end of the year	-	-	-	-
Funded Status	(33233011)	(2,86,02,728)	(5,046,179)	(35,95,877)
Unrecognized Actuarial (gains) / losses	-	-	-	-
Net Asset / (Liability) Recognized in Balance Sheet	(33233011)	(2,86,02,728)	(5,046,179)	(35,95,877)
<b>5. Expenses Recognized in the statement of Profit &amp; Loss</b>				
Current Service Cost	4630283	23,71,866	1450302	9,67,460
Past Service Cost	-	-	-	-
Interest Cost	2288218	20,98,469	287670	2,10,273
Expected Return on Plan Assets	-	-	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net actuarial (gain)/ loss recognized in the year	4795830	46,03,649	181774	2,53,581
Expenses Recognized in the statement of Profit & Loss	11714331	90,73,984	1919746	14,31,314
<b>7. Borrowing Cost as per AS-16 : During the year an amount of ₹ 62.53 lacs of borrowing cost on loans obtained from Banks has been capitalised.</b>				

**8. SEGMENT REPORTING:****SEGMENT REPORTING FOR THE YEAR ENDED 31st MARCH, 2011**

Particulars	₹ In lakhs	
	2010- 2011	2009 -2010
<b>1. Segment Revenue</b>		
a. Dairy	86059.64	68830.17
b. Retail	23901.31	21349.22
c. Agri	3109.47	3024.77
d. Bakery	312.96	274.87
Total Segment Revenue	113383.38	93479.03
Less: Inter Segment Revenue	3774.77	3440.55
<b>Net Sales / Income from Operations</b>	<b>109608.61</b>	<b>90038.47</b>
<b>2. Segment Results</b>		
Profit / (Loss) before Interest and tax		
a. Dairy	4659.24	6489.23
b. Retail	(2313.33)	(3268.07)
c. Agri	(244.67)	(307.88)
d. Bakery	(171.28)	(176.40)
Total Segment Results	1929.96	2736.87
Less: i. Interest	1596.57	1667.47

		(₹ In lakhs)	
Particulars	2010- 2011	2009 -2010	
ii. Net Unallocable Expenditure	-	-	
Add: Net Unallocable Income / (Expenditure)	1.67	1.45	
Profit / (Loss) before Tax	335.06	1070.85	
Less: Taxation for the year	183.77	498.47	
Less: Earlier years Taxation and Expenditure	39.36	12.79	
<b>Net Profit / (Loss)</b>	<b>111.93</b>	<b>559.59</b>	
<b>3. Total Capital Employed (Segment Assets - Segment Liabilities)</b>	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</b>	
a. Dairy	14588.69	15031.47	
b. Retail	5880.81	5496.72	
c. Agri	3699.56	3787.49	
d. Bakery	1220.97	1234.04	
Total Segment Capital Employed	25390.03	25549.72	
Add: Unallocated Assets	924.00	731.59	
Less: Unallocated Liabilities	452.43	8.36	
Total Capital Employed	25861.60	26272.95	
<b>4. Capital Expenditure</b>			
a. Dairy	2106.76	2674.61	
b. Retail	522.67	(1583.84)	
c. Agri	90.56	33.45	
d. Bakery	20.13	1325.39	
Total Segment Capital Expenditure	2740.12	2449.61	
Add: Unallocated Capital Expenditure	-	-	
Total Capital Expenditure	2740.12	2449.61	
<b>5. Depreciation/Amortisation/Impairment Segment Depreciation</b>			
a. Dairy	1127.94	1059.92	
b. Retail	599.80	604.76	
c. Agri	212.35	257.88	
d. Bakery	53.88	41.70	
Total Segment Depreciation/Amortisation/Impairment	1993.98	1964.26	
Add: Unallocated Depreciation	-	-	
Total Depreciation	1993.98	1964.26	
6. Significant Non Cash Expenditure (excluding depreciation & amortisation)	163.31	180.68	



## 9. RELATED PARTY DISCLOSURES as per AS-18 :

Name of the related party	N Bhuvanewari	Heritage Finlease Limited	N Lokesh	Heritage Foods Retail Ltd	Heritage Conpro Limited	SKIL Raigam Power (India) Ltd
Description of the Relationship between the parties	Key Management Personnel (Vice Chairperson & Managing Director)	A Key Management Personnel of Heritage Foods (India) Ltd is a Director of Heritage Finlease Ltd.	Key Management Personnel Executive Director	Subsidiary	Subsidiary	Subsidiary
Description of the nature of Transactions	a) Receiving of Services b) Rental agreement	Investment	Receiving of Services	Investment	Investment	Investment
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of ₹ 42.00 lakhs b) Office rent of ₹ 31.29 lakhs paid by Company	a) Share Capital ₹ 20 lakhs b) Dividend Received ₹ 1.60 lakhs	a) Managerial Remuneration of ₹ 40.20 lakhs	a) Share Capital ₹ 11.50 lakhs	a) Share Capital ₹ 2.60 lakhs	a) Share Capital ₹ 65 lakhs
Any other elements of the related party transactions in the financial statements	Managerial Remuneration was approved by Shareholders	NIL	Managerial Remuneration was approved by Shareholders	NIL	NIL	NIL
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	NIL	NIL	NIL	NIL	NIL	NIL
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL	NIL	NIL

**10. DEFERRED TAX :** In accordance with Accounting Standard ( AS - 22) "Accounting for Taxes on Income " deferred tax has been calculated as under

Particulars	As on 31.03.2011 ₹	As on 31.03.2010 ₹
a) Deferred tax liability is as under		
Opening Deferred Tax Liability	166684699	134615302
Add: Deferred tax liability during the year on account of :		
i) On Depreciation	13746760	32069397
ii) On Foreign Exchange Fluctuation gain / (loss)	-	-
Closing Deferred Tax Liability	180431459	166684699
b) Deferred tax asset is as under		
Opening Deferred Tax Asset	10646064	8871463
Add: Deferred Tax Asset during the year		
i) Unabsorbed Business loss / depreciation	-	-
ii) Provision for Leave Encashment	1773619	1774601
	1773619	1774601
Closing Deferred Tax Asset	12419683	10646064
Total Closing Deferred Tax liability / (asset) thereon (a-b)	168011776	156038635

**11. IMPAIRMENT OF ASSETS:** In accordance with AS-28 the Company has identified and accounted for loss on assets impaired to the extent of ₹ 41655/-

**12. Foreign Currency Transactions:**

Particulars	As on 31.03.2011 ₹	As on 31.03.2010 ₹
A. Earnings in foreign exchange		
Export Sales on FOB Basis	21574419	-
<b>TOTAL</b>	21574419	-
B. CIF Value of Imports		
Capital Goods	2239886	2220018
<b>TOTAL</b>	2239886	2220018
C. Expenditure in foregin currency (Excluding Loan Repayment)		
Interest	21076550	35925926
Hedging Premium	-	1117446
Others	-	299264
<b>TOTAL</b>	21076550	37342636
D. Dividend in foreign currency	-	-

## 13. QUANTITATIVE INFORMATION &amp; CAPACITY (Dairy Division)

Particulars	2010 - 2011		2009- 2010	
	Quantity	Value	Quantity	Value
	(₹ In Lakhs)		(₹ In Lakhs)	
<b>a) Licenced Capacity:</b>				
(Lakh Litres of Milk)	N.A	-	N.A	-
<b>b) Installed Capacity :</b>				
Milk ( Lakh Litres )	4456.46	-	4489.34	-
Ghee ( MT )	7519.00	-	5035.00	-
Skimmed Milk Powder ( MT )	2920.00	-	2920.00	-
Doodh Peda (MT)	810.30	-	591.30	-
Panner (MT)	1478.24	-	1533.00	-
Curd (MT)	33000.00	-	29403.00	-
Butter Milk (Lakh Litres)	117.00	-	117.00	-
Lassi (Lakh Litres)	6.70	-	6.70	-
Ice Cream (Lakh Litres)	36.50	-	15.19	-
Flavoured Milk (Lakh Litres)	39.42	-	37.00	-
(As certified by Management)				
<b>c) Actual Production:</b>				
Milk (Lakh Litres)	3096.98	-	2824.50	-
Cream	1268.68	-	1288.88	-
Ghee (MT)	2117.58	-	2193.86	-
Skimmed Milk Powder (MT)	392.88	-	324.57	-
Butter (MT)	4294.66	-	3949.21	-
Curd (MT)	12847.27	-	9933.98	-
Butter Milk (Lakh Litres)	26.42	-	20.05	-
Doodh Peda (MT)	257.94	-	224.67	-
Khoa ( Kg )	2334.50	-	372.70	-
Flavored Milk (Lakh Litres)	18.83	-	16.71	-
Panneer (in MT )	472.81	-	293.58	-
Lassi (Lakh Litres)	4.19	-	1.64	-
Ice Cream (Lakh Litres)	15.72	-	8.51	-
Dairy Whitener (MT)	75.30	-	155.45	-
Malai Laddu (MT)	19.19	-	7.26	-
Milk Cake (MT)	39.05	-	30.70	-
Sweetened Condensed Milk (MT)	1196.86	-	416.43	-
<b>d) Production at Third Party</b>				
Skimmed Milk Powder (MT)	6.70	-	297.70	-
<b>e) Finished Goods Purchases</b>				
Butter (MT)	65.90	-	288.41	-
Dairy Whitener (MT)	2.04	-	13.35	-
Cheese (MT)	9.42	-	19.23	-

Particulars	2010 - 2011		2009- 2010	
	Quantity	Value	Quantity	Value
	(₹ In Lakhs)		(₹ In Lakhs)	
<b>f) Turnover (Including exports):</b>				
Milk (Lakh Litres)	2697.17	64753.66	2474.98	53583.35
Cream (MT)	578.14	794.64	944.93	1286.73
Ghee (MT)	2013.03	4427.73	2030.90	4344.30
Skimmed Milk Powder -FG (MT)	4.61	6.56	3.50	4.70
Skimmed Milk Powder -RM (MT)	406.38	577.63	106.44	142.87
Butter (MT)	2690.18	4506.59	1584.49	2736.28
Curd (MT)	12457.49	4110.97	9590.35	2615.08
Butter Milk (Lakh Litres)	25.46	437.27	19.34	276.68
Doodh Peda (MT)	214.40	319.62	185.59	249.00
Khoa (KG)	2269.70	4.14	372.20	0.69
Flavored Milk (Lakh Litres)	17.35	873.05	15.19	685.32
Panneer (in MT )	392.95	599.16	233.94	301.68
Lassi ( Lakh Litres)	3.60	179.92	1.30	62.77
Ice Cream (Lakh Litres)	12.70	1011.78	6.97	556.41
Dairy Whitener (in MT)	88.59	117.60	149.37	173.90
Cheese (MT)	10.40	27.84	9.42	21.72
Malai Laddu (MT)	14.59	33.73	5.68	10.29
Milk Cake (MT)	29.98	51.53	23.98	38.65
Sweetened Condensed Milk (MT)	1174.89	975.75	398.83	273.03
Conversion Charges Earned	-	168.56	-	163.46
Tradable Goods	-	554.75	-	73.19
<b>TOTAL</b>		<b>84532.48</b>		<b>67600.10</b>
<b>g) Opening Stock of Finished Goods:</b>				
Milk (Lakh Litres)	20.53	414.41	19.71	340.98
Cream (MT)	15.71	18.80	64.70	73.76
Ghee (MT)	144.91	304.60	79.20	134.04
Skimmed Milk Powder (Finished Goods) (MT)	54.06	70.06	42.33	50.18
Butter (MT)	754.75	1382.43	666.43	929.39
Curd (MT)	122.05	26.51	90.49	15.82
Butter Milk (Lakh Litres)	0.19	1.88	0.12	1.07
Khoa (KG)	0.50	-	-	-
Doodh Peda (MT)	1.81	2.26	1.21	1.39
Flavored Milk (Lakh Litres)	1.32	58.05	1.27	49.31
Panneer (MT )	3.29	4.53	1.47	1.25
Lassi (Lakh Litres)	0.05	2.23	0.02	0.43
Ice Cream (Lakh Litres)	0.41	23.66	0.09	5.41

Particulars	2010 - 2011		2009- 2010	
	Quantity	Value	Quantity	Value
	₹ In Lakhs)		₹ In Lakhs)	
Dairy Whitener (in MT)	15.65	23.94	-	-
Cheese (MT)	5.96	14.14	-	-
Malai Laddu (MT)	0.13	0.14	-	-
Milk Cake (MT)	0.25	0.37	-	-
Sweetened Condensed Milk (MT)	9.40	6.77	-	-
Tradable Goods	-	17.99	-	0.07
<b>TOTAL</b>		<b>2372.78</b>		<b>1603.08</b>
<b>h) Closing Stock of Finished Goods :</b>				
Milk (Lakh Litres)	20.72	466.36	20.53	414.41
Cream (MT)	53.62	76.70	15.71	18.80
Ghee (MT)	125.19	296.72	144.91	304.60
Skimmed Milk Powder (Finished Goods) (MT)	57.11	30.98	54.06	70.06
Butter (MT)	230.80	427.86	754.75	1382.43
Curd (MT)	170.93	46.28	122.05	26.51
Butter Milk (Lakh Litres)	0.27	2.95	0.19	1.88
Doodh Peda (MT)	2.63	3.68	1.81	2.26
Khoa (KG)	-	-	0.50	-
Flavored Milk (Lakh Litres)	1.53	75.87	1.32	58.05
Panneer (in MT )	6.43	9.90	3.29	4.53
Lassi (Lakh Litres)	0.08	3.15	0.05	2.23
Ice Cream (Lakh Litres)	1.50	97.16	0.41	23.66
Dairy Whitener (in MT)	0.57	0.85	15.65	23.94
Cheese (MT)	2.89	8.43	5.96	14.14
Malai Laddu (MT)	0.34	0.55	0.13	0.14
Milk Cake (MT)	0.57	0.94	0.25	0.37
Sweetened Condensed Milk (MT)	19.40	15.93	9.40	6.77
Tradable Goods	-	20.97	-	17.99
<b>TOTAL</b>		<b>1585.28</b>		<b>2372.80</b>
<b>i) Inter Segment Transfers :</b>				
Milk (Lakh Litres)	27.08	713.88	27.92	654.33
Cream (MT)	0.21	0.27	0.16	0.14
Ghee (MT)	85.19	189.55	80.06	162.81
Skimmed Milk Powder	3.00	4.49	1.30	1.89
Butter (MT)	16.98	33.31	20.25	35.80
Curd (MT)	266.21	119.47	260.96	86.08
Butter Milk (Lakh Litres)	0.72	15.56	0.50	8.47
Doodh Peda (MT)	41.27	64.49	37.44	49.63
Khoa (KG)	-	-	-	-

Particulars	2010 - 2011		2009- 2010	
	Quantity	Value	Quantity	Value
	₹ In Lakhs)		₹ In Lakhs)	
Flavored Milk (Lakh Litres)	1.03	50.42	1.09	49.41
Panneer (MT)	74.03	115.31	55.56	70.28
Lassi (Lakh Litres)	0.49	24.85	0.23	9.74
Ice Cream ( Lakh Litres)	1.59	117.61	0.99	73.00
Dairy Whitener (MT)	-	-	0.07	0.10
Cheese (MT)	1.79	6.44	3.67	10.37
Malai Laddu (MT)	4.24	9.75	1.35	2.36
Milk Cake (MT)	8.33	14.89	6.38	9.79
Sweetened Condensed Milk (MT)	-	-	-	-
Tradable Goods	-	11.89	-	5.86
Others	-	34.97	-	-
<b>TOTAL</b>		<b>1527.15</b>		<b>1230.07</b>
<b>J) Work-in-Progress</b>	-	<b>15.99</b>	-	<b>14.12</b>
<b>k) Captive Consumption (Incl. Losses):</b>				
Milk (Lakh Litres)	372.54	-	320.79	-
Flavored Milk (Lakh Litres)	0.24	-	0.38	-
Ghee (MT)	39.08	-	17.18	-
Butter (MT)	2177.35	-	2544.55	-
Curd (MT)	74.69	-	51.12	-
Butter Milk (Lakh Litres)	0.16	-	0.14	-
Doodh Peda (MT)	1.45	-	1.04	-
Khoa (KG)	64.80	-	0.00	-
Panneer (MT)	2.69	-	2.26	-
Ice Cream (Lakh Litres)	0.34	-	0.22	-
Cream (MT)	652.42	-	392.79	-
Skimmed Milk Powder	388.92	-	499.30	-
Lassi (Lakh Litres)	0.07	-	0.08	-
Dairy Whitener (MT)	3.83	-	3.70	-
Cheese (MT)	0.30	-	0.18	-
Malai Laddu (MT)	0.15	-	0.10	-
Milk Cake (MT)	0.42	-	0.09	-
Sweetened Condensed Milk (MT)	11.97	-	8.20	-
<b>l) Raw Materials consumed: (Dairy)</b>				
Milk (Lakh Litres)	3076.26	63620.13	2803.97	44046.85
Other Products	-	6581.89	-	5013.37
<b>TOTAL</b>		<b>70202.02</b>		<b>49060.22</b>

Particulars	2010 - 2011		2009- 2010	
	Quantity	Value	Quantity	Value
	(₹ In Lakhs)		(₹ In Lakhs)	
<b>14. CONSUMPTION OF MATERIALS</b>				
a) Raw Materials (Dairy)		%		%
i) Indigenous	100.00	70202.02	100.00	49060.22
ii) Imported	-	-	-	-
b) Spare Parts & Consumables (Dairy)				
i) Indigenous	100.00	950.97	100.00	669.59
ii) Imported	-	-	-	-

**15. MERCHANDISE DETAILS**

(₹ In lakhs)

Particulars	Opening Value	Purchases Value	Sales Value	Closing Stock Value
i) Retail Division				
FMCG- Food	401.97	5919.18	6801.45	493.04
FMCG- Non -Food	548.64	8081.07	9283.15	716.88
Agri in Units & Bulk	403.56	5942.59	6828.35	508.56
Other Operating Income	-	-	988.36	-
ii) Agri Division				
Fruits and Vegetables	23.74	2548.85	3044.56	39.83
Other Operating Income	-	-	64.92	-
iii) Bakery Division	2.06	187.99	312.96	2.05
Work in Progress	-	-	-	0.37
Trable Goods	-	-	-	1.84

Note: The quantitative details of the Retail Division, Bakery Division and Agri Divisions are not provided as per the general exemption given by Ministry of Corporate Affairs vide letter Dt.08.02.2011

**16. EARNINGS PER SHARE:**

Particulars	2010 - 2011	2009 - 2010
a) Calculation of weighted average number of equity shares of Rs.10/-each :		
Number of Shares at the beginning of the year	11529500	11529500
Number of Equity shares outstanding at the end of the year	11529500	11529500
Weighted average number of equity shares outstanding during the year	11529500	11529500
b) Net Profit / (Loss) after tax	11193027	55959009
c) Basic and diluted Earnings per share of ₹ 10 each (₹)	0.97	4.85

**17. MAXIMUM BALANCES HELD DURING THE YEAR WITH NON-SCHEDULED BANKS:**

Name of the Bank	During the Year Ended 31.03.2011	During the Year Ended 31.03.2010
The Prakasam Dist.Co-Op.Central Bank Ltd.,A.P., India	-	0.40

The Company is dealing with the above banks for making payments towards milk purchases.



**18. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

The names of the Micro, Small and Medium scale business enterprises to whom the Company owes money which is outstanding for more than 45 days and the particulars of the outstanding are given below

A V Thomas & Co Ltd	Deccan Crowns & Cans Pvt Ltd	Paran Polymers Pvt Ltd.,	Sree Designs
Abhiruchi Foods	Deejay Multi Packs Pvt Ltd	Poly Korp Pvt Ltd	Sree Venkatasai Packaging Industries
Amit Industries	Delicious Cashew Company	Pragathi Plastoform Pvt Ltd	Sree Venkateswara Cashew Chikky
Anant Products	Eesha Packaging	Prakruthi Health Care	Sree Venkateswara Swamy Saw Mill
Arasan Sweets & Snacks	Finecab Wires & Cables Pvt Ltd	Precision Foils Pvt Ltd	Sri Pumps Manufacturing Co.,
Ari Amman Foods	Godrej Tyson Foods Ltd	Prince Multiplast Pvt Ltd	Sri Saibaba Chemical Industries
Ashish Engineers	Hi-Tech Printers	Print 'n' Pack	Srivatsa Enterprises
Ashmit Packaging	India Sweet Company Pvt Ltd	R.N. Enterprises	Stick Lables India Pvt Ltd
Asura Food Products	Infragro Industries Ltd	Rachana Marketing	Sudhir Pandya
Atlanta Print Systems (P) Ltd	J M Plastic Industries	Raghavendra Offset Printers	Sudhir Pandya (Gokul Gruh Udyog)
Avis Press Pvt Ltd	Jaishree Distributors	Raj Packaging Industries Ltd	Sumit Packaging
Balaji Foods	Janiya Dairy Products	Rajaram And Company	SVS Polymers
Balaji Namkeens	Lotus Chocolate Company Ltd	Relish Snacks Pvt Ltd	Tasty World
Balaji Poly Plast Pvt Ltd	Makers Polyfilms Pvt Ltd	S L Polypack Pvt Ltd	Thai Food Products
Barrier Films Pvt Ltd	Mars Tech Engineering Services	S S Laminates	Universal Enterprises
Beardsell Limited	Micro Packaging works	Sai Hari Teja Multi Poly Films	Venkateshwara Bitumen
Best Food Enterprises	Om Sri Sai Foods	Sai Krupa Packaging	
Bliss Foods	Paragan Paper Packaging(Pvt) Ltd	Sathavahana Packaging Pvt Ltd	
Brite International		Shalimar Foods	

(Amount in ₹)

Principle amount outstanding as at 31/3/2011	Interest amount outstanding as at 31/3/2011	interest paid by the company in terms of section 16 of the Act, 2006 and the amount of the payment made beyond the appointed day during the year;	Interest due and payable on delayed payments made during the year	The amount of interest accrued and remaining unpaid asat 31/3/2011.	Interest remaining due until scuh date when the interest dues are actually paid to the small enterprise (even if paid in succeeding years)
7057729	187984	Nil	187984	187984	Nil

19. Confirmation of balances from Sundry Debtors/ Creditors, Loans and advances and others have been received from many parties. Wherever conformation of balances have not been received, they are subject to adjustment and reconciliation if any.
20. There are no extra ordinary items incurred by the Company during the year 2010 - 11.
21. Paise is rounded off to the nearest Rupee.
22. The company has presented the financial results as per schedule VI of Companies Act,1956 and in or form as near as thereto. The items which are not applicable as per schedule VI are not disclosed.
23. Previous Year figures are regrouped wherever necessary.

**Signatures to schedules 1 to 20**

As per our report attached  
**For Raju & Prasad**  
Chartered Accountants  
(Firm No. 0034755)

For and on behalf of the Board

**S Ranganathan**  
Partner  
Membership No.22738

**N.Bhuvanewari**  
Vice Chairperson & Managing Director

**N. Lokesh**  
Executive Director

Date : May 19, 2011  
Place : Hyderabad

**A.Prabhakara Naidu**  
Sr. General Manager - Finance & Accounts

**Umakanta Barik**  
Company Secretary

**BALANCE SHEET ABSTRACT**19<sup>th</sup> Annual Report 2010-11**24. Balance Sheet Abstract and Company's General Business Profile**

Additional Information Pursuant to Part IV of Schedule VI of Companies Act, 1956 (as amended)

**I. Registration Details**

Registration No.	<input type="text"/> <input type="text"/> <input type="text"/> 1 4 3 3 2	State Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 0 1
Balance Sheet	<input type="text"/> 3 <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 3 <input type="text"/> 2 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 1		
	Date Month Year		

**II. Capital Raised during the year (Amount in ₹ Thousands)**

Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Right Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Private Placement	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

**III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)**

Total Liabilities	<input type="text"/> <input type="text"/> 2 <input type="text"/> 8 <input type="text"/> 9 <input type="text"/> 3 <input type="text"/> 9 <input type="text"/> 2 <input type="text"/> 7	Total Assets	<input type="text"/> <input type="text"/> 2 <input type="text"/> 8 <input type="text"/> 9 <input type="text"/> 3 <input type="text"/> 9 <input type="text"/> 2 <input type="text"/> 7
<b>Sources of Funds</b>			
Paid-up Capital	<input type="text"/> <input type="text"/> <input type="text"/> 1 <input type="text"/> 1 <input type="text"/> 5 <input type="text"/> 2 <input type="text"/> 9 <input type="text"/> 5	Reserves & Surplus	<input type="text"/> <input type="text"/> <input type="text"/> 7 <input type="text"/> 5 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 5 <input type="text"/> 4
Secured Loans	<input type="text"/> <input type="text"/> 1 <input type="text"/> 7 <input type="text"/> 6 <input type="text"/> 6 <input type="text"/> 0 <input type="text"/> 8 <input type="text"/> 2	Unsecured Loans	<input type="text"/> <input type="text"/> <input type="text"/> 9 <input type="text"/> 4 <input type="text"/> 4 <input type="text"/> 8 <input type="text"/> 4
Deferred Tax Liability	<input type="text"/> <input type="text"/> <input type="text"/> 1 <input type="text"/> 6 <input type="text"/> 8 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 2		
<b>Application of Funds</b>			
Net Fixed Assets	<input type="text"/> <input type="text"/> 2 <input type="text"/> 3 <input type="text"/> 3 <input type="text"/> 7 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 2	Investments	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 6 <input type="text"/> 4
Net Current Assets	<input type="text"/> <input type="text"/> <input type="text"/> 5 <input type="text"/> 4 <input type="text"/> 6 <input type="text"/> 7 <input type="text"/> 5 <input type="text"/> 1	Misc. Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Accumulated Losses	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L		

**IV. Performance of the Company (Amount in ₹ Thousands)**

Turnover*	<input type="text"/> 1 <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 2 <input type="text"/> 5 <input type="text"/> 5 <input type="text"/> 0	Total Expenditure	<input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 9 <input type="text"/> 7 <input type="text"/> 9 <input type="text"/> 0 <input type="text"/> 4 <input type="text"/> 3
(*includes other income)			
+ - Profit before Tax	<input type="text"/> <input type="text"/> <input type="text"/> 3 <input type="text"/> 3 <input type="text"/> 5 <input type="text"/> 0 <input type="text"/> 6	+ - Profit after Tax	<input type="text"/> <input type="text"/> <input type="text"/> 1 <input type="text"/> 5 <input type="text"/> 1 <input type="text"/> 2 <input type="text"/> 9
Earnings Per Share in ₹ (Annualised)	<input type="text"/> <input type="text"/> <input type="text"/> 0 <input type="text"/> . <input type="text"/> 9 <input type="text"/> 7	Dividend Rate %	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 <input type="text"/> 2

**V. Generic Name of Three Principal Products / Services of the Company**

Item Code No. (ITC Code)	<input type="text"/> <input type="text"/> <input type="text"/> 4 <input type="text"/> 0 <input type="text"/> 2 <input type="text"/> 1 <input type="text"/> 0
Production Description	M I L K & M I L K P R O D U C T S

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

For and on behalf of the Board

**S Ranganathan**  
 Partner  
 Membership No.22738

**N.Bhuvanewari**  
 Vice Chairperson & Managing Director

**N. Lokesh**  
 Executive Director

Date : May 19, 2011  
 Place : Hyderabad

**A.Prabhakara Naidu**  
 Sr. General Manager - Finance & Accounts

**Umakanta Barik**  
 Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(pursuant to clause 32 of Listing Agreement)

PARTICULARS	Year Ended 31.03.2011		Year Ended 31.03.2010	
	₹	₹	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit /(Loss) before tax	33506230		107085130	
Adjustment for				
Depreciation	199397718		196425392	
Interest	159656853		166746637	
Profit on sale of Fixed Assets	(3622536)		(5767924)	
Loss on sale of Fixed Assets / Impairment of Assets	5083360		11226008	
Prior period Income /(expenses)	(3503230)		1465908	
Subsidy transferred to P&L	(1009755)		(2578965)	
Interest received	(3844320)		(3792848)	
Dividend received	(167035)		(144766)	
Operating Profit before Working Capital Changes	385497285		470664572	
Adjustment for :				
Inventories	102378135		(269190453)	
Trade and Other Receivables	(1111191)		(1894880)	
Trade Payables	37390112		143512207	
Cash Generated from operations	524154341		343091446	
Direct taxes paid (incl.taxation of earlier years) (net of refund)	(5482518)		(21630875)	
<b>Net Cash (used) / generated for / from Operations</b>		<b>518671823</b>		<b>321460571</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(306677501)		(278244694)	
Proceeds from sale of Fixed Assets	8296132		13471385	
Investment in Subsidiary	(910000)		(6500000)	
Purchase of Investments	(49000)		(22200)	
Subsidy received	2500000		0	
Interest received	3844320		3792848	
Dividend received	167035		144766	
Net Cash used in Investing Activities		(292829015)		(267357896)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Borrowings from Banks and others( Net )	16090342		48526541	
Interest paid	(159656853)		(166746637)	
Dividend paid	(24199930)		-	
Net Cash (Used)/ generated for/ from Financing Activities		(167766440)		(118220096)
Net increase /(decrease) in cash and cash equivalents		58076368		(64117421)
Cash and Cash equivalents as at 1st Apr, 2010		246330558		310447979
Cash and Cash equivalents as at 31st March, 2011		304406926		246330558

**Notes:** 1. Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.  
2. Cash and Cash equivalents as at 31st March, 2011 include restricted cash and bank balance amounting to ₹ 32136374/- (Previous year ₹ 11520892/-)

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

For and on behalf of the Board

**S Ranganathan**  
Partner  
Membership No.22738

**N.Bhuvanewari**  
Vice Chairperson & Managing Director

**N. Lokesh**  
Executive Director

Date : May 19, 2011  
Place : Hyderabad

**A.Prabhakara Naidu**  
Sr. General Manager - Finance & Accounts

**Umakanta Barik**  
Company Secretary

To

The Members,

**M/s. HERITAGE FOODS (INDIA) LIMITED**

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

Based on my verification of the M/s. **HERITAGE FOODS (INDIA) LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31/03/2011 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. **HERITAGE FOODS (INDIA) LIMITED** for the financial year ended on 31/03/2011 according to the provisions of:

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

Based on my examination and verification of the books, papers, minute books, forms and returns filed and other records produced to me and according to information and explanations given to me by the Company, I report that the Company has in my opinion, complied with the provisions of the Companies Act, 1956 and the Rules made thereunder, the Memorandum and Articles of Association of the Company and also applicable provisions of the aforesaid laws, standards, guidelines, agreements, etc.

**I report that, during the year under review:**

1. The status of the Company during the financial year has been that of Listed Public Company.
2. The Company has three subsidiary companies. The company has not been a Government company.
3. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There are no changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 1956.

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

4. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, independence and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.
5. The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities.
6. The company has not advanced loans, given guarantees and provided securities amounting to directors and/or persons or firms or companies in which directors were interested, and has complied with the provisions of the Companies Act, 1956.
7. The Company has not made loans and investments; or given guarantees or provided securities to other business entities other than Subsidiary Companies and has complied with the provisions of the Companies Act, 1956 and any other statutes as may be applicable.
8. The amount borrowed by the Company from bank(s)/ financial institution(s) and others were within the borrowing limits of the Company. Such borrowings were made by the Company in compliance with applicable laws.
9. The Company has not defaulted in the repayment of unsecured loans, facilities granted by bank(s) / financial institution(s).
10. The Company has created & modified charges on the assets of the company and complied with the applicable laws.
11. All registrations under the various state and local laws as applicable to the company are valid as on the date of report.
12. The Company has declared and paid dividends to its shareholders as per the provisions of the Companies Act, 1956 and other relevant statutes.
13. The Company has credited and paid to the Investor Education and Protection Fund within the stipulated time, all the unpaid dividends as required to be so credited to the Fund.
14. The Company has paid all its statutory dues and satisfactory arrangements have been made for arrears of any such dues.
15. The Company, being a listed entity has complied with the provisions of the Listing Agreement.
16. The Company has provided a list of statutes in addition to the laws as mentioned above and it has been observed that there are proper systems in place to ensure compliance of all laws applicable to the company.

**I further report that:**

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

for **Savitha Jyoti Associates**  
Company Secretaries

**SAVITHA JYOTI**  
**Practicing Company Secretary**  
Member Ship No. 3738  
CP No.: 1796

Place : Hyderabad  
Date : 14/04/2011



To

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

We have audited the attached Consolidated Balance sheet of **M/s. HERITAGE FOODS (INDIA) LIMITED** and its subsidiary as at March 31, 2011 and the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that Date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- a) In the case of the consolidated Balance Sheet, of the state of affairs of the group as at 31<sup>st</sup> March, 2011
- b) In the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Hyderabad  
Date : 19<sup>th</sup> May, 2011

**S. Ranganathan**  
PARTNER  
Membership No: 22738

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011**

Particulars	Schedule Ref.	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders Funds:</b>			
Share Capital	1	115295000	115295000
Reserves & Surplus	2	747923313	751520270
Sub-total		863218313	866815270
Minority Interest		676188	444192
<b>Loan Funds:</b>			
a. Secured Loans	3	1766082368	1755261114
b. Unsecured Loans	4	94483665	89214577
<b>TOTAL (a + b)</b>		<b>1860566033</b>	<b>1844475691</b>
Deferred Tax Liability		168011776	156038635
<b>TOTAL</b>		<b>2892472310</b>	<b>2867773788</b>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets:</b>			
Gross Block	5	3174969597	2942381971
Less: Depreciation and Amortisation		957753713	790023064
Net Block		2217215884	2152358907
Capital Work-in-Progress		119795971	87130122
<b>Investments</b>	6	<b>2253910</b>	<b>2204910</b>
<b>Current Assets, Loans and Advances:</b>			
Inventories	7	660678778	763056913
Sundry Debtors	8	144385638	120762544
Cash and Bank Balances	9	304818878	246349831
Loans and Advances	10	331094778	365018290
<b>Total Current Assets, Loans &amp; Advances</b>		<b>1440978072</b>	<b>1495187578</b>
<b>Less: Current Liabilities and Provisions</b>			
A. Current Liabilities	11	827008211	793156871
B. Provisions		60763316	75950857
<b>Net Current Assets</b>		<b>553206545</b>	<b>626079849</b>
<b>TOTAL</b>		<b>2892472310</b>	<b>2867773788</b>
Singnificant Accounting Policies	19		
Notes on Accounts	20		

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

For and on behalf of the Board

**S Ranganathan**  
Partner  
Membership No.22738

**N.Bhuvanewari**  
Vice Chairperson & Managing Director

**N. Lokesh**  
Executive Director

Date : May 19, 2011  
Place : Hyderabad

**A.Prabhakara Naidu**  
Sr. General Manager - Finance & Accounts

**Umakanta Barik**  
Company Secretary

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

Particulars	Schedule Ref.	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
<b>INCOME:</b>			
Sales	12	10960860649	9003847177
<b>Total Sales</b>		<b>10960860649</b>	<b>9003847177</b>
Other Income	13	51688981	29259221
<b>TOTAL INCOME</b>		<b>11012549630</b>	<b>9033106398</b>
<b>EXPENDITURE:</b>			
Materials Consumed	14	6960447646	5429091170
Purchase of Goods		1720451909	1552874694
Power and Fuel		234918756	199773459
Employee Remuneration	15	587455518	485097425
Interest	16	159656853	166746637
Other expenses	17	1079685605	985545062
(Increase)/ Decrease in Stocks	18	37236265	(88654633)
<b>TOTAL</b>		<b>10779852552</b>	<b>8730473814</b>
<b>PROFIT/(LOSS) BEFORE DEPRECIATION AND AMORTISATION</b>		<b>232697078</b>	<b>302632584</b>
Less: Depreciation & Amortization		199397717	196425392
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>33299361</b>	<b>106207192</b>
<b>Less :Provision for taxation</b>			
Current tax		6404279	19552323
Deferred tax Liability		11973140	30294795
<b>NET PROFIT/(LOSS) AFTER TAX</b>		<b>14921942</b>	<b>56360074</b>
Less:Prior period Expenses / (Income) (net)		3508745	(1465908)
<b>NET PROFIT/(LOSS)</b>		<b>11413197</b>	<b>57828982</b>
Less: Taxation of Earlier Years		432555	2744911
		10980642	55081071
Less: Minority Interest's share of profit		(73812)	(61807)
		11054454	55142879
Balance brought forward		24766416	1114725
Amount available for Appropriation		35820870	54028154
<b>Appropriations</b>			
Proposed Dividend		13835400	20753100
Provision for Tax on Dividend		2244448	3446830
Transfer to General Reserve		1500000	5000000
Balance carried to Balance Sheet		18241022	24828224
<b>TOTAL</b>		<b>35820870</b>	<b>54028154</b>
Basic and diluted earning per share of ₹ 10/- each before extraordinary items		0.95	4.52
Basic and diluted earning per share of ₹ 10/- each after extraordinary items		0.95	4.52

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

For and on behalf of the Board

**S Ranganathan**  
Partner  
Membership No.22738

**N.Bhuvanewari**  
Vice Chairperson & Managing Director

**N. Lokesh**  
Executive Director

Date : May 19, 2011  
Place : Hyderabad

**A.Prabhakara Naidu**  
Sr. General Manager - Finance & Accounts

**Umakanta Barik**  
Company Secretary





Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE 1: SHARE CAPITAL</b>		
Authorised:		
1,80,00,000 Equity Shares of ₹ 10/- each (Previous year 1,80,00,000 Equity Shares of ₹10/- each)	<b>180000000</b>	180000000
20,00,000 Convertible cumulative Preference Shares of ₹ 10/- each (Previous year 20,00,000 Preference Shares of ₹10/- each)	<b>200000000</b>	200000000
	<b>200000000</b>	200000000
Issued, Subscribed & paid-up		
1,15,29,500 Equity Shares of ₹ 10/- each fully paid-up (Previous year 1,15,29,500 Equity Shares of ₹ 10/- each fully paid-up)	<b>115295000</b>	115295000
<b>SCHEDULE 2: RESERVES AND SURPLUS</b>		
<b>Capital Reserves :</b>		
Capital Redemption Reserve	<b>8100000</b>	8100000
Warrants Money Appropriated	<b>31868800</b>	31868800
Securities Premium account	<b>465975400</b>	465975400
<b>Defered Government Grants :</b>		
Opening Balance	<b>7177295</b>	9756260
Add: Subsidy received during the period	<b>2500000</b>	-
	<b>9677295</b>	9756260
Less: Subsidy transferred to P&L A/c during the period	<b>1009755</b>	2578965
	<b>8667540</b>	7177295
<b>General Reserve:</b>		
Opening Balance	<b>213570551</b>	208570551
Add: Transferred during the year	<b>1500000</b>	5000000
Closing Balance	<b>215070551</b>	213570551
Surplus in Profit and Loss Account	<b>18241022</b>	24828224
<b>TOTAL</b>	<b>747923313</b>	751520270
<b>SCHEDULE 3: SECURED LOANS</b>		
Term Loans from Banks (Includes Interest accrued and due during the year ₹ 0.07 crores(Previous Year ₹ Nil) (Term Loan due and repayable within one year is ₹ 31.68 Cr (Previous Year: ₹ 29.81 Cr)	<b>997901824</b>	1165739754
Working Capital Loans from Banks (Includes Interest accrued and due during the year ₹ Nil (Previous Year ₹ Nil)	<b>618180544</b>	589521360
Short Term Loans from Banks (Includes Interest accrued and due during the year ₹ Nil (Previous Year ₹ Nil)	<b>150000000</b>	-
<b>TOTAL</b>	<b>1766082368</b>	1755261114
<b>SCHEDULE 4: UNSECURED LOANS</b>		
Sales Tax Deferment	<b>94483665</b>	89214577
<b>TOTAL</b>	<b>94483665</b>	89214577



PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION *			NET BLOCK	
	As at 01.04.2010 ₹	Additions ₹	Deletions ₹	As at 01.04.2010 ₹	For the Year ₹	On Deletions ₹	As at 31.03.2011 ₹	As at 01.04.2010 ₹
LAND	142746787	7670532	153780	0	0	0	150263538	142746787
BUILDINGS	790776135	31997138	0	110546809	27167525	0	685058939	680229326
CIVIL WORKS IN LEASEHOLD PROPERTY	125453385	13688073	3422408	32095560	13373735	968346	91218102	93357825
PLANT & MA- CHINERY	1485752187	164776470	30244461	490725382	105501782	25417919	1049474952	9950266805
FURNITURE & FIXTURES	112936202	15474410	625381	20742106	7740718	419434	99721841	92194096
OFFICE EQUIP- MENT	176930434	20849754	5900990	76956686	24316837	4052253	94657927	99973748
INTANGIBLE ASSET	90912553	14270997	0	53110324	19259991*	-	32813235	37802230
VEHICLES	16874287	5284277	1077006	5846197	2037129	809118	14007351	11028091
<b>TOTAL</b>	<b>2942381971</b>	<b>274011651</b>	<b>41424026</b>	<b>790023064</b>	<b>199397717</b>	<b>31667070</b>	<b>2217215885</b>	<b>2152358907</b>
PREVIOUS YEAR	2644742000	330923500	33283529	607951733	196425392	14354061	790023064	
Capital Work-in- Progress	87130122	306677501	274011651					
Capital Work-in- Progress (Previous Year)	139808929	236898446	289577253					

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE 6: INVESTMENTS</b>		
<b>I. Government Securities:</b>		
National Savings Certificates	141200	92200
<b>II. Shares</b>		
1. Un-quoted: (Non-Trade, Long Term, at cost)		
200000 Equity Shares of ₹ 10/- each fully paid up in Heritage Finlease Ltd.	2000000	2000000
2. Quoted: (Non-Trade, Long Term, at cost)		
a) 348 Equity Shares of ₹ 10/- each at a premium of ₹ 220/- each fully paid up in Bank of Baroda	80040	80040
b) 363 Equity Shares of ₹ 10/- each at a premium of ₹ 80/- each fully paid up in Andhra Bank	32670	32670
<b>TOTAL</b>	<b>2253910</b>	<b>2204910</b>
<b>SCHEDULE 7: INVENTORIES</b>		
(As verified and certified by Management)		
Stores, Spares and consumables	24416398	37649938
Raw Materials	229739594	289014615
Packing Material	67070652	59703961
Stocks under Process	1635695	1411800
Finished Goods	165773083	239859364
Tradable Goods	172043356	135417235
<b>TOTAL</b>	<b>660678778</b>	<b>763056913</b>
<b>SCHEDULE 8: SUNDRY DEBTORS</b>		
Outstanding for more than six months:		
Unsecured and considered good	15436117	11523587
Unsecured and considered doubtful	4225944	10544689
	<b>19662061</b>	<b>22068276</b>
<b>Other Debtors :</b>		
Unsecured and considered good	128949521	109238956
<b>TOTAL</b>	<b>148611582</b>	<b>131307232</b>
Less: Provision for doubtful debts	4225944	10544689
<b>TOTAL</b>	<b>144385638</b>	<b>120762544</b>
<b>SCHEDULE 9: CASH AND BANK BALANCES</b>		
<b>A. Cash on hand</b>	<b>22810648</b>	<b>22600950</b>
<b>B. Cheques on hand</b>	<b>4710</b>	<b>-</b>
<b>C. Balances with Scheduled Banks in :</b>		
Current Accounts	239182993	195184938
Deposit Accounts	27962616	15885000
Margin Money	10624153	7993326
Unclaimed Dividend Accounts	4233758	4645892
<b>D. Balances with other Banks in Current Accounts:</b>		
Prakasam Dist. Co-op. Central Bank Ltd., A.P.	-	39725
<b>TOTAL</b>	<b>304818878</b>	<b>246349831</b>

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE 10: LOANS AND ADVANCES</b>		
(Unsecured and Considered good)		
Advances recoverable in cash or kind or for value to be received	162130469	198838290
Less : Provision for doubtful advances	2214065	1867036
<b>Total Advances (Unsecured and considered good)</b>	<b>159916404</b>	<b>196971254</b>
Deposits	155498177	137864479
Tax Deducted At Source & Advance Tax	15680197	30182557
<b>TOTAL</b>	<b>331094778</b>	<b>365018290</b>
<b>SCHEDULE 11: CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. Current Liabilities:</b>		
Sundry Creditors:		
Dues to Micro, Small and Medium Enterprises	24282607	16276401
Dues to Others	452075057	432068907
Creditors for Expenses	223749726	221561321
Liability towards Investor Education and Protection Fund :		
Un-claimed Dividend	4233758	4645892
Other Current Liabilities	35246956	48773983
Interest accrued but not due on loans	5180798	6550256
Trade Deposits	82239309	63280112
<b>TOTAL ( A )</b>	<b>827008211</b>	<b>793156871</b>
<b>B. PROVISIONS:</b>		
Provision for Taxation	6404279	19552323
Proposed Dividend	13835400	20753100
Provision for tax on Dividend	2244448	3446830
Provision for Leave Encashments	38279189	32198604
<b>TOTAL ( B )</b>	<b>60763316</b>	<b>75950857</b>
<b>TOTAL ( A + B )</b>	<b>887771527</b>	<b>869107729</b>
Particulars	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
<b>SCHEDULE 12: SALES</b>		
Domestic Sales (Net off Intersegment sales)	10817949941	8918265281
Less : Excise Duty	961473	464290
	<b>10816988468</b>	<b>8917800991</b>
Export Sales	21688250	-
Other Operating Income	122183931	86046186
<b>TOTAL</b>	<b>10960860649</b>	<b>9003847177</b>
<b>SCHEDULE 13: OTHER INCOME</b>		
Interest on Bank and Other Deposits	3844320	3792848
(TDS ₹ 175200/- (Previous period : ₹ 189964/-		
Miscellaneous Receipts	10745141	10635070
Subsidy transferred from Capital Reserve	1009755	498294
Lease Rental Income	15589213	7248071
Profit on sale of assets	3622536	5767924
Income on Investment: Dividend	167035	144766
Provision no more required	16710981	-
Foreign Exchange Gains	-	1172249
<b>TOTAL</b>	<b>51688981</b>	<b>29259221</b>

Particulars	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
<b>SCHEDULE 14: MATERIALS CONSUMED</b>		
<b>a. Raw Materials :</b>		
Opening Stock	292379353	136548272
Add: Purchases	6565214900	5310083585
Total	6857594253	5446631857
Less: Closing Stock	229739594	292379353
Consumption (a)	6627854659	5154252505
<b>b. Packing Materials :</b>		
Opening Stock	59703961	42816668
Add: Purchases	339959679	291725958
<b>TOTAL</b>	<b>399663640</b>	<b>334542626</b>
Less: Closing Stock	67070652	59703961
Consumption (b)	332592988	274838665
<b>TOTAL (a + b)</b>	<b>6960447646</b>	<b>5429091170</b>
<b>c. Purchase of Tradable Goods</b>	<b>1720451909</b>	<b>1552874694</b>
<b>TOTAL</b>	<b>1720451909</b>	<b>1552874694</b>
<b>SCHEDULE 15: EMPLOYEE REMUNERATION</b>		
Salaries, Wages, Bonus & allowances	532431259	447147565
Contribution to Provident and Other funds	31626445	23981543
Contribution to Gratuity Fund	8612977	1422811
Staff Welfare	14784837	12545506
<b>TOTAL</b>	<b>587455518</b>	<b>485097425</b>
<b>SCHEDULE 16: INTEREST</b>		
On Term Loans from Banks	96256474	119129105
On Working Capital Loans from Banks	60450596	47383285
On Other Loans	2949783	234247
<b>TOTAL</b>	<b>159656853</b>	<b>166746637</b>
<b>SCHEDULE 17: OTHER EXPENSES</b>		
Stores, Spares and consumables	99116676	69942159
Rent	157537211	145724958
Rates and Taxes	15628973	15178745
Bank charges	53154475	59543175
Insurance	6354609	6144729
Travelling and Conveyance	28745038	25430329
Office Maintenance	6734912	5945124
House Keeping Expenses	9130618	8004136
Books and Periodicals	184111	633921
Electricity Charges	55688713	49093746
Safety and Security	26235523	25022395
Communication costs	23930836	23921314
Printing and Stationery	8480674	10357511
Repairs and Maintenance:		
Buildings	5494220	5585675
Plant and Machinery	12973879	11673543
Others	22568617	21163379
Auditors' Remuneration:		
As Auditors	1235360	1114030
For tax audit	110300	110300
Tax Matters	323193	186309



Particulars	Year Ended	Year Ended
	31.03.2011	31.03.2010
	₹	₹
Audit expenses reimbursed	277438	117840
Legal and professional charges	30150111	28682052
Freight Outwards	397044456	350916370
Selling and distribution expenses	55898865	55895691
Advertisement	15797370	14183027
Warehouse and Logistics	18315080	18456750
Directors' Remuneration	8220000	7896167
Directors' sitting fees	510000	472500
Bad Debts Written Off	6731005	440755
Provision for doubtful Debts	1845550	6265423
Bad and doubtful advances	810211	2523378
Loss on sale of Assets	5041705	11156274
Loss on Impairment of Assets	41655	69734
Recruitment and Training Expenses	3200675	2077671
Miscellaneous expenses	1692407	1610437
Foreign Exchange Fluctuations	481141	—
<b>TOTAL</b>	<b>1079685605</b>	<b>985539547</b>
<b>SCHEDULE 18: (INCREASE) / DECREASE IN STOCKS</b>		
Finished Goods ,Stocks under process and Tradable Goods		
Opening Stocks		
Stocks under process	1411800	1330178
Finished Goods	239859364	163932491
Tradable Goods	135417235	122771097
<b>TOTAL</b>	<b>376688399</b>	<b>288033766</b>
Closing Stocks		
Stocks under process	1635695	1411800
Finished Goods	165773083	239859364
Tradable Goods	172043356	135417235
<b>TOTAL</b>	<b>339452134</b>	<b>376688399</b>
<b>(INCREASE) / DECREASE IN STOCKS</b>	<b>37236265</b>	<b>(88654633)</b>

**SCHEDULE 19 : SIGNIFICANT ACCOUNTING POLICIES**

- a) **Basis of preparation of financial statements:** The consolidated financial statements of Heritage Foods (India) Limited (referred to as “the Company”) and its Subsidiary ,Heritage Foods Retail Limited, SKIL Raigam Power (India) Ltd , Heritage Conpro Limited (collectively referred to as “the Group”) are prepared under historical cost convention on the accrual basis in accordance with the Generally Accepted Accounting Principles (GAAP) in India, and materially comply with the mandatory Accounting Standards (“AS”) issued by The Institute of Chartered Accountants of India (ICAI) and the applicable provisions of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised Accounting Standards on an ongoing basis.
- b) Inter company transactions and balances and resulting unrealized profits are eliminated in full. Un realized losses resulting from such transactions are also eliminated unless cost cannot be recovered. Unrealized profits and losses resulting from transactions between the Company and the Associate are eliminated to the extent of the Company’s interest in the associate.
- c) Minority Interest’s share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholder’s of the Company.
- d) Minority Interest’s share of net assets of consolidated subsidiaries as on March 31, 2011 is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company’s shareholders.
- e) **Principles of Consolidation:**
- The Financial Statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.
  - The Subsidiaries considered in the Consolidated Financial Statements are :

	Country of Incorporation	% voting power held as at March 31, 2011	% voting power held as at March 31, 2010
Heritage Foods Retail Limited	India	99.48	98.81
SKIL Raigam Power (India) Limited	India	92.86	92.86
Heritage Conpro Limited	India	51.59	–

- f) **Income and Expenditure:** All items of income and expenditure shown in the Consolidated Financial Statements having material bearing on the accounts are accounted on accrual basis.
- g) **Revenue Recognition :** Sales are recognised upon delivery of products and are recorded net of trade discounts and applicable taxes. Sales also includes other operating income. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income from investment in shares are recognized in the statement of profit and loss account when the owners right to receive payment is established.
- h) **Fixed Assets:** Fixed Assets are carried at cost, less accumulated depreciation. Cost includes all expenditure incurred to bring the assets to its present location and condition. The Group capitalized the directly attributable cost incurred till the commencement of commercial operations to identifiable and qualifying assets after considering the borrowing cost and making necessary adjustments to taxes and foreign exchange variations as per AS-11.
- i) **Intangible Assets:** Intangible assets are stated at cost of acquisition less accumulated amortization. The depreciable amount of intangible asset , considering the future economic benefit is amortized over the useful life estimated by management not exceeding five years.
- j) **Leased Assets:** Operating leases: Civil works and improvement of enduring nature are capitalized and being written off over the period of lease of such properties.
- k) **Depreciation / Amortisation :**
1. Depreciation on fixed assets is provided on the basis of straight line method at the rates and the manner prescribed in Schedule XIV to the Companies Act, 1956. Civil works to the leased properties are depreciated over the operating lease period. Depreciation on assets which are commissioned during the year is charged on pro rata basis from the date of commissioning.
  2. Cost of Intangible asset is amortised over the useful life estimated by management not exceeding 5 years.
- l) **Capital Work-in-progress:** Cost of capital work in progress is recognized at cost and includes capital advances, capital assets and capital stores issued.



m) **Inventories:** Inventories are valued as under:

1) Raw Materials	cost or net realizable value whichever is lower.	} Cost has been ascertained on FIFO basis
2) Finished Goods	cost or net realizable value whichever is lower.	
3) Stores, Spares and Consumables	at cost	
4) Work - in - progress	cost or net realizable value whichever is lower.	
	Cost has been ascertained on FIFO basis.	
5) Tradable Goods	cost or net realizable value whichever is lower. Cost has been ascertained on moving weighted average basis.	

- n) **Impairment of assets:** An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable cost as impairment loss and is charged to profit and loss account in the year in which impairment is identified. Impairment loss of earlier years is reversed in the event the estimated recoverable amount is higher.
- o) **Investments:** Un-quoted Investments are valued at cost. Quoted Investments are valued at lower of cost and market value as on the date of Balance Sheet. The Group provides for diminution in value of investments.
- p) **Government Grants :** The Investment Subsidies (non-refundable) received from Government in lieu of promoters contribution are treated as capital reserve. Subsidies received towards acquisition of assets are treated as deferred Government grants and the amount in proportion to the depreciation is transferred to Profit and Loss account.
- q) **Employee Retirement Benefits:**
- a) **Gratuity :** Accrued liability is determined on actuarial valuation basis using PUC Method at the end of the year and provided in accounts as per AS-15.
  - b) **Leave Encashment:** Accrued liability for leave encashment including sick leave is determined on actuarial valuation basis using PUC Method at the end of the year and provided in accounts as per AS-15.
  - c) **Provident Fund :** The company makes contribution to Provident Fund administered by the Central Government under the Provident Fund Act ,1952.
- r) **Foreign Exchange transactions:** Transactions made during the year in foreign currency are recorded at the exchange rate prevailing at the time of transaction. Foreign currency monetary items related to foreign currency transaction remaining unsettled at the year end are translated at the contract rates, when covered by firm commitment forwardcover contracts and at the year end rates in other cases. Gains and losses on foreign currency transactions are recognized in the profit and loss account as per AS-11.
- s) **EPS :** Earnings per share is calculated on the weighted average number of paid-up equity shares outstanding during the year.
- t) **Segment Reporting:** The reportable segments are identified on the basis of criteria prescribed in Accounting Standard (AS - 17) on "Segment Reporting". Revenues and Expenses have been identified to segments on the basis of the operating activities of the segment. Unallocated revenue, expenses, assets and liabilities are reported distinctly.
- u) **Borrowing Costs:** Borrowing costs directly attributable to the acquisition/construction of qualifying assets,till the time such assets are ready for intended use, are capitalised as part of the cost of such assets as defined in Accounting Standard (AS) - 16 on "Borrowing Costs". Other Borrowing costs are recognised as expense in the year in which they are incurred.
- v) **Taxes on Income:** Income Taxes are accounted for in accordance with Accounting Standard (AS) 22 on "Accounting for Taxes on Income". Income tax expense comprises current tax (i.e, amount of tax for the period determined in accordance with the Income Tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax liability/assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised. Taxes on distributed profits payable in accordance with the Guidance note on "Accounting for Corporate Dividend Tax" regarded as a tax on distribution of profits and is not considered in determination of profits for the year.
- w) **Cash Flow Statement:** The Cash flow statement is prepared by the "Indirect method" set out in Accounting Standard (AS) - 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the company. Cash and cash equivalents presented in the Cash Flow Statement consists of cash on hand, with Banks in current accounts and demand deposits.
- x) **Changes in Accounting policies:** Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised Accounting Standards on an ongoing basis and accordingly changes the Accounting policies as applicable.

SCHEDULE 20: NOTES ON ACCOUNTS

1. Segment Reporting :

SEGMENT REPORTING FOR THE YEAR ENDED 31st MARCH, 2011

(₹ in Lakhs)

Particulars	2010 -2011	2009-2010
<b>1. Segment Revenue</b>		
a. Dairy	86059.64	68830.17
b. Retail	23901.31	21349.22
c. Agri	3109.47	3024.77
d. Bakery	312.96	274.87
e. HFRL	---	---
f. SPV	---	---
g. Heritage Conpro Limited	---	---
Total Segment Revenue	113383.38	93479.03
Less: Inter Segment Revenue	3774.77	3440.55
Net Sales / Income from Operations	109608.61	90038.47
<b>2. Segment Results</b>		
(Profit / (Loss) before Interest and tax)		
a. Dairy	4659.24	6489.23
b. Retail	(2313.33)	(3268.07)
c. Agri	(244.67)	(307.88)
d. Bakery	(171.28)	(176.40)
e. HFRL	(0.33)	(0.15)
f. SPV	(0.37)	(8.63)
g. Heritage Conpro Limited	(1.37)	---
Total Segment Results	1927.89	2728.09
Less: Interest	1596.57	1667.47
Add: Net Unallocable Income / (Expenditure)	1.67	1.45
Profit before Tax	332.99	1062.07
Less: Taxation for the year	183.77	498.47
Less: Earlier years Taxation and Expenditure	30.76	12.79
Net Profit	118.46	550.81
<b>3. Total Capital Employed</b>		
(Segment Assets - Segment Liabilities)		
	As at 31/03/2011	As at 31/03/2010
a. Dairy	14588.69	15031.47
b. Retail	5880.81	5496.72
c. Agri	3699.56	3787.49
d. Bakery	1220.97	1234.04
e. HFRL	(0.21)	(6.29)
f. SPV	60.70	61.23

Particulars	(₹ in Lakhs)	
	2010 -2011	2009-2010
g. Heritage Conpro Limited	(0.06)	–
Total Segment Capital Employed	25450.46	25604.66
Add: Unallocated Assets	924.00	731.59
Less: Unallocated Liabilities	452.43	8.36
Total Capital Employed	25922.03	26327.89
<b>4. Capital Expenditure</b>		
a. Dairy	2106.76	2674.61
b. Retail	522.67	(1583.84)
c. Agri	90.56	33.45
d. Bakery	20.13	1325.39
e. HFRL	–	–
f. SPV	–	–
g. Heritage Conpro Limited	–	–
Segment Capital Expenditure	2740.12	2449.61
Add: Unallocated Capital Expenditure	0.00	0.00
Total Capital Expenditure	2740.12	2449.61
<b>5. Depreciation/Amortisation/Impairment</b>		
<b>Segment Depreciation</b>		
a. Dairy	1127.94	1059.92
b. Retail	599.80	604.76
c. Agri	212.35	257.88
d. Bakery	53.88	41.70
e. HFRL	–	–
f. SPV	–	–
g. Heritage Conpro Limited	–	–
Add: Unallocated Depreciation/Amortisation	0.00	0.00
Total Depreciation/ Amortisation	1993.98	1964.26
<b>6. Significant Non Cash Expenditure</b>	163.31	180.68
(excluding depreciation & amortisation)		
<b>2. Borrowing Cost as per AS-16 :</b> During the year an amount of Rs.62.53 lacs of borrowing cost on loans obtained from Banks has been capitalised.		

3. Related Party disclosures as per AS-18:

Name of the related party	N Bhuvanewari	Heritage Finlease Limited	N Lokesh	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India) Ltd
Description of the Relationship between the parties	Key Management Personnel (Vice Chairperson & Managing Director)	A Key Management Personnel of Heritage Foods (India) Ltd is a Director of Heritage Finlease Ltd.	Key Management Personnel Executive Director	Subsidiary	Subsidiary	Subsidiary
Description of the nature of Transactions	a) Receiving of Services b) Rental agreement	Investment	Receiving of Services	Investment	Investment	Investment
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of ₹ 42.00 lakhs b) Office rent of ₹ 31.29 lakhs paid by Company	a) Share Capital ₹ 20 lakhs b) Dividend Received ₹ 1.60 lakhs	a) Managerial Remuneration of ₹ 40.20 lakhs	a) Share Capital ₹ 11.50 lakhs	a) Share Capital ₹ 2.60 lakhs	a) Share Capital ₹ 65 lakhs
Any other elements of the related party transactions in the financial statements	Managerial Remuneration was approved by Shareholders	NIL	Managerial Remuneration was approved by Shareholders	NIL	NIL	NIL
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	NIL	NIL	NIL	NIL	NIL	NIL
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL	NIL	NIL

**4. DEFERRED TAX : In accordance with Accounting Standard ( AS - 22) " Accounting for Taxes on Income " deferred tax has been calculated as under**

Particulars	As on 31.03.2011 ₹	As on 31.03.2010 ₹
a) Deferred tax liability is as under		
Opening Deferred Tax Liability	166684699	134615302
Add: Deferred tax liability during the year on account of :		
i) On Depreciation	13746760	32069397
ii) On Foreign Exchange Fluctuation gain / (loss)	-	-
	<u>13746760</u>	<u>32069397</u>
Closing Deferred Tax Liability	180431459	166684699
b) Deferred tax asset is as under		
Opening Deferred Tax Asset	10646064	8871463
Add: Deferred Tax Asset during the year		
i) Unabsorbed Business loss / depreciation	-	-
ii) Provision for Leave Encashment	1773619	1774601
	<u>1773619</u>	<u>1774601</u>
Closing Deferred Tax Asset	12419683	10646064
Total Closing Deferred Tax liability / (asset) thereon (a-b)	168011776	156038635

**5. IMPAIRMENT OF ASSETS :** In accordance with AS-28 the Company has identified and accounted for loss on assets impaired to the extent of ₹ 41655/-

**6. Foreign Currency Transactions:**

Particulars	2010 - 2011 ₹	2009 - 2010 ₹
<b>A. Earnings in foreign exchange</b>		
Export Sales on FOB basis	21574419	-
<b>TOTAL</b>	<u>21574419</u>	<u>-</u>
<b>B. CIF Value of Imports</b>		
Capital Goods	2239886	2220018
<b>TOTAL</b>	<u>2239886</u>	<u>2220018</u>
<b>C. Expenditure in foreign currency (Excluding Loan Repayment)</b>		
Software Maintenance	-	-
Travel Expenditure	-	-
Interest	21076550	35925926
Hedging Premium	-	1117446
Others	-	299264
Dividend in foreign currency	-	-
<b>TOTAL</b>	<u>21076550</u>	<u>37342636</u>

7. QUANTITATIVE INFORMATION & CAPACITY (Dairy Division)

Particulars	2010 - 2011		2009- 2010	
	Quantity	Value	Quantity	Value
	(₹ In Lakhs)		(₹ In Lakhs)	
<b>a) Licenced Capacity:</b> (Lakh Litres of Milk)	N.A	-	N.A	-
<b>b) Installed Capacity :</b>				
Milk ( Lakh Litres )	4456.46	-	4489.34	-
Ghee ( MT )	7519.00	-	5035.00	-
Skimmed Milk Powder ( MT )	2920.00	-	2920.00	-
Doodh Peda (MT)	810.30	-	591.30	-
Panner (MT)	1478.24	-	1533.00	-
Curd (MT)	33000.00	-	29403.00	-
Butter Milk (Lakh Litres)	117.00	-	117.00	-
Lassi (Lakh Litres)	6.70	-	6.70	-
Ice Cream (Lakh Litres)	36.50	-	15.19	-
Flavoured Milk (Lakh Litres) (As certified by Management)	39.42	-	37.00	-
<b>c) Actual Production:</b>				
Milk (Lakh Litres)	3096.98	-	2824.50	-
Cream	1268.68	-	1288.88	-
Ghee (MT)	2117.58	-	2193.86	-
Skimmed Milk Powder (MT)	392.88	-	324.57	-
Butter (MT)	4294.66	-	3949.21	-
Curd (MT)	12847.27	-	9933.98	-
Butter Milk (Lakh Litres)	26.42	-	20.05	-
Doodh Peda (MT)	257.94	-	224.67	-
Khoa (Kgs)	2334.50	-	372.70	-
Flavored Milk (Lakh Litres)	18.83	-	16.71	-
Panneer (in MT )	472.81	-	293.58	-
Lassi (Lakh Litres)	4.19	-	1.64	-
Ice Cream (Lakh Litres)	15.72	-	8.51	-
Dairy Whitener (MT)	75.30	-	155.45	-
Malai Laddu (MT)	19.19	-	7.26	-
Milk Cake (MT)	39.05	-	30.70	-
Sweetened Condensed Milk (MT)	1196.86	-	416.43	-
<b>d) Production at Third Party</b>				
Skimmed Milk Powder (MT)	6.70	-	297.70	-
<b>e) Finished Goods Purchases</b>				
Butter (MT)	65.90	-	288.41	-
Dairy Whitener (MT)	2.04	-	13.35	-
Cheese (MT)	9.42	-	19.23	-
<b>f) Turnover (Including exports):</b>				
Milk (Lakh Litres)	2697.17	64753.66	2474.98	53583.35
Cream (MT)	578.14	794.64	944.93	1286.73
Ghee (MT)	2013.03	4427.73	2030.90	4344.30
Skimmed Milk Powder - FG (MT)	4.61	6.56	3.50	4.70
Skimmed Milk Powder - RM (MT)	406.38	577.63	106.44	142.87
Butter (MT)	2690.18	4506.59	1584.49	2736.28
Curd (MT)	12457.49	4110.97	9590.35	2615.08
Butter Milk (Lakh Litres)	25.46	437.27	19.34	276.68
Doodh Peda (MT)	214.40	319.62	185.59	249.00
Khoa (KG)	2269.70	4.14	372.20	0.69
Flavored Milk (Lakh Litres)	17.35	873.05	15.19	685.32
Panneer (in MT )	392.95	599.16	233.94	301.68
Lassi ( Lakh Litres)	3.60	179.92	1.30	62.77

Particulars	2010 - 2011		2009- 2010	
	Quantity	Value	Quantity	Value
	(₹ In Lakhs)		(₹ In Lakhs)	
Ice Cream (Lakh Litres)	12.70	1011.78	6.97	556.41
Dairy Whitener (in MT)	88.59	117.60	149.37	173.90
Cheese (MT)	10.40	27.84	9.42	21.72
Malai Laddu (MT)	14.59	33.73	5.68	10.29
Milk Cake (MT)	29.98	51.53	23.98	38.65
Sweetened Condensed Milk (MT)	1174.89	975.75	398.83	273.03
Conversion Charges Earned	-	168.56	-	163.46
Tradable Goods	-	554.75	-	73.19
<b>TOTAL</b>		<b>84532.48</b>		<b>67600.10</b>
<b>g) Opening Stock of Finished Goods:</b>				
Milk (Lakh Litres)	20.53	414.41	19.71	340.98
Cream (MT)	15.71	18.80	64.70	73.76
Ghee (MT)	144.91	304.60	79.20	134.04
Skimmed Milk Powder (Finished Goods) (MT)	54.06	70.06	42.33	50.18
Butter (MT)	754.75	1382.43	666.43	929.39
Curd (MT)	122.05	26.51	90.49	15.82
Butter Milk (Lakh Litres)	0.19	1.88	0.12	1.07
Khoa (KG)	0.50	0.00	-	-
Doodh Peda (MT)	1.81	2.26	1.21	1.39
Flavored Milk (Lakh Litres)	1.32	58.05	1.27	49.31
Panneer (MT )	3.29	4.53	1.47	1.25
Lassi (Lakh Litres)	0.05	2.23	0.02	0.43
Ice Cream (Lakh Litres)	0.41	23.66	0.09	5.41
Dairy Whitener (in MT)	15.65	23.94	-	-
Cheese (MT)	5.96	14.14	-	-
Malai Laddu (MT)	0.13	0.14	-	-
Milk Cake (MT)	0.25	0.37	-	-
Sweetened Condensed Milk (MT)	9.40	6.77	-	-
Tradable Goods	-	17.99	-	0.07
<b>TOTAL</b>		<b>2372.78</b>		<b>1603.08</b>
<b>h) Closing Stock of Finished Goods :</b>				
Milk (Lakh Litres)	20.72	466.36	20.53	414.41
Cream (MT)	53.62	76.70	15.71	18.80
Ghee (MT)	125.19	296.72	144.91	304.60
Skimmed Milk Powder (Finished Goods) (MT)	57.11	30.98	54.06	70.06
Butter (MT)	230.80	427.86	754.75	1382.43
Curd (MT)	170.93	46.28	122.05	26.51
Butter Milk (Lakh Litres)	0.27	2.95	0.19	1.88
Doodh Peda (MT)	2.63	3.68	1.81	2.26
Khoa (KG)	-	-	0.50	-
Flavored Milk (Lakh Litres)	1.53	75.87	1.32	58.05
Panneer (in MT )	6.43	9.90	3.29	4.53
Lassi (Lakh Litres)	0.08	3.15	0.05	2.23
Ice Cream (Lakh Litres)	1.50	97.16	0.41	23.66
Dairy Whitener (in MT)	0.57	0.85	15.65	23.94
Cheese (MT)	2.89	8.43	5.96	14.14
Malai Laddu (MT)	0.34	0.55	0.13	0.14
Milk Cake (MT)	0.57	0.94	0.25	0.37
Sweetened Condensed Milk (MT)	19.40	15.93	9.40	6.77
Tradable Goods	-	20.97	-	17.99
<b>TOTAL</b>		<b>1585.28</b>		<b>2372.80</b>

Particulars	2010 - 2011		2009- 2010	
	Quantity	Value	Quantity	Value
	(₹ In Lakhs)		(₹ In Lakhs)	
<b>i) Inter Segment Transfers :</b>				
Milk (Lakh Litres)	27.08	713.88	27.92	654.33
Cream (MT)	0.21	0.27	0.16	0.14
Ghee (MT)	85.19	189.55	80.06	162.81
Skimmed Milk Powder (MT)	3.00	4.49	1.30	1.89
Butter (MT)	16.98	33.31	20.25	35.80
Curd (MT)	266.21	119.47	260.96	86.08
Butter Milk (Lakh Litres)	0.72	15.56	0.50	8.47
Doodh Peda (MT)	41.27	64.49	37.44	49.63
Flavored Milk (Lakh Litres)	1.03	50.42	1.09	49.41
Panneer (MT)	74.03	115.31	55.56	70.28
Lassi (Lakh Litres)	0.49	24.85	0.23	9.74
Ice Cream ( Lakh Litres)	1.59	117.61	0.99	73.00
Dairy Whitener (MT)	-	-	0.07	0.10
Cheese (MT)	1.79	6.44	3.67	10.37
Malai Laddu (MT)	4.24	9.75	1.35	2.36
Milk Cake (MT)	8.33	14.89	6.38	9.79
Sweetened Condensed Milk (MT)	-	-	-	-
Tradable Goods	-	11.89	-	5.86
Others	-	34.97	-	-
<b>TOTAL</b>		<b>1527.15</b>		<b>1230.07</b>
<b>j) Work-in-Progress</b>		<b>15.99</b>		<b>14.12</b>
<b>k) Captive Consumption (Incl. Losses):</b>				
Milk (Lakh Litres)	372.54	-	320.79	-
Flavored Milk (Lakh Litres)	0.24	-	0.38	-
Ghee (MT)	39.08	-	17.18	-
Butter (MT)	2177.35	-	2544.55	-
Curd (MT)	74.69	-	51.12	-
Butter Milk (Lakh Litres)	0.16	-	0.14	-
Doodh Peda (MT)	1.45	-	1.04	-
Khoa (KG)	64.80	-	0.00	-
Panneer (MT)	2.69	-	2.26	-
Ice Cream (Lakh Litres)	0.34	-	0.22	-
Cream (MT)	652.42	-	392.79	-
Skimmed Milk Powder	388.92	-	499.30	-
Lassi (Lakh Litres)	0.07	-	0.08	-
Dairy Whitener (MT)	3.83	-	3.70	-
Cheese (MT)	0.30	-	0.18	-
Malai Laddu (MT)	0.15	-	0.10	-
Milk Cake (MT)	0.42	-	0.09	-
Sweetened Condensed Milk (MT)	11.97	-	8.20	-
<b>l) Raw Materials consumed: (Dairy)</b>				
Milk (Lakh Litres)	3076.26	63620.13	2803.97	44046.85
Other Products	-	6581.89	-	5013.37
<b>TOTAL</b>		<b>70202.02</b>		<b>49060.22</b>
<b>8. CONSUMPTION OF MATERIALS</b>				
a) Raw Materials (Dairy)	%		%	
i) Indigenous	100.00	70202.02	100.00	49060.22
ii) Imported	-	-	-	-
b) Spare Parts & Consumables (Dairy)				
i) Indigenous	100.00	950.97	100.00	669.59
ii) Imported	-	-	-	-



9. MERCHANDISE DETAILS

(₹ In Lakhs)

Particulars	Opening Value	Purchases Value	Sales Value	Closing Stock Value
i) Retail Division				
FMCG- Food	401.97	5919.18	6801.45	493.04
FMCG- Non -Food	548.64	8081.07	9283.15	716.88
Agri in Units & Bulk	403.56	5942.59	6828.35	508.56
Other Operating Income	-	-	988.36	-
ii) Agri Division				
Fruits and Vegetables	23.74	2548.85	3044.56	39.83
Other Operating Income	-	-	64.92	-
iii) Bakery Division	2.06	187.99	312.96	2.05
Work in Progress	-	-	-	0.37
Trable Goods	-	-	-	1.84

Note: The quantitative details of the Retail Division , Bakery Division and Agri Divisions are not provided as per the general exemption given by Ministry of Corporate Affairs vide letter Dt.08.02.2011

10. EARNINGS PER SHARE:

	2010 - 2011	2009 - 2010
a) Calculation of weighted average number of equity shares of ₹ 10/-each :		
Number of Shares at the beginning of the year	11529500	11529500
Number of Equity shares outstanding at the end of the year	11529500	11529500
Weighted average number of equity shares outstanding during the year	11529500	11529500
b) Net Profit / (Loss) after tax	11193027	55959009
c) Basic and diluted Earnings per share of Rs.10 each (₹)	0.97	4.85

11. MAXIMUM BALANCES HELD DURING THE YEAR WITH NON-SCHEDULED BANKS:

Name of the Bank	During the Year Ended 31.03.2011	During the Year Ended 31.03.2010
The Prakasam Dist.Co-Op.Central Bank Ltd.,A.P., India	-	0.40

The Company is dealing with the above banks for making payments towards milk purchases.

12. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The names of the Micro, Small and Medium scale business enterprises to whom the Company owes money which is outstanding for more than 45 days and the particulars of the outstanding are given below

A V Thomas & Co Ltd	Deejay Multi Packs Pvt Ltd	Pragathi Plastoform Pvt Ltd	Sree Venkateswara Cashew
Abhiruchi Foods	Delicious Cashew Company	Prakruthi Health Care	Chikky
Amit Industries	Eesha Packaging	Precision Foils Pvt Ltd	Sree Venkateswara Swamy Saw
Anant Products	Finecab Wires & Cables Pvt Ltd	Prince Multiplast Pvt Ltd	Mill
Arasan Sweets & Snacks	Godrej Tyson Foods Ltd	Print 'n' Pack	Sri Pumps Manufacturing Co.,
Ari Amman Foods	Hi-Tech Printers	R.N. Enterprises	Sri Saibaba Chemical Industries
Ashish Engineers	India Sweet Company Pvt Ltd	Rachana Marketing	Srivatsa Enterprises
Ashmit Packaging	Infragro Industries Ltd	Raghavendra Offset Printers	Stick Lables India Pvt Ltd
Asura Food Products	J M Plastic Industries	Raj Packaging Industries Ltd	Sudhir Pandya
Atlanta Print Systems (P) Ltd	Jaishree Distributors	Rajaram And Company	Sudhir Pandya (Gokul Gruh
Avis Press Pvt Ltd	Janiya Dairy Products	Relish Snacks Pvt Ltd	Udyog)
Balaji Foods	Lotus Chocolate Company Ltd	S L Polypack Pvt Ltd	Sumit Packaging
Balaji Namkeens	Makers Polyfilms Pvt Ltd	S S Laminates	SVS Polymers
Balaji Poly Plast Pvt Ltd	Mars Tech Engineering Services	Sai Hari Teja Multi Poly Films	Tasty World
Barrier Films Pvt Ltd	Micro Packaging works	Sai Krupa Packaging	Thai Food Products
Beardsell Limited	Om Sri Sai Foods	Sathavahana Packaging Pvt Ltd	Universal Enterprises
Best Food Enterprises	Paragan Paper Packaging(Pvt)	Shalimar Foods	Venkateshwara Bitumen
Bliss Foods	Ltd	Sree Designs	
Brite International	Paran Polymers Pvt Ltd.,	Sree Venkatasai Packaging	
Deccan Crowns & Cans Pvt Ltd	Poly Korp Pvt Ltd	Industries	

(Amount in ₹)

Principle amount outstanding as at 31/3/2011	Interest amount outstanding as at 31/3/2011	interest paid by the company in terms of section 16 of the Act, 2006 and the amount of the payment made beyond the appointed day during the year;	Interest due and payable on delayed payments made during the year	The amount of interest accrued and remaining unpaid as at 31/3/2011.	Interest remaining due until scuh date when the interest dues are actually paid to the small enterprise (even if paid in succeeding years)
7057729.28	187984	Nil	187984	187984	Nil

**13. Statement Pursuant to Section 212 of the Companies Act, 1956 related to subsidiary Companies**

SI No.	Name of the Subsidiary	Heritage Foods Retail Limited		SKIL Raigam Power (India) Limited		Heritage Conpro Limited
		01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010	01.04.2010 to 31.03.2011	20.05.2009 to 31.03.2010	01.04.2010 to 31.03.2011
1.	Financial period of the Subsidiary					
2.	Shares of the subsidiary held by the Company on the above date					
	(a) Number Face Value	115000 Equity Shares of ₹ 10/- each	50000 Equity Shares of ₹10/- each	650000 Equity Shares of ₹ 10/- each	650000 Equity Shares of ₹10/- each	260000 Equity Shares of ₹ 10/- each
	(b) Extent of Holding	99.48%	98.81%	92.86%	92.86%	51.59%
3.	Net aggregate amount of profits / (losses) of the subsidiary for the above financial period of the subsidiary so far as they concern members of the company					
	(a) dealt with in the accounts of the Company for the period ended 31st March 2011 (Rupees in Lakhs)	(0.33)	(0.15)	(0.37)	(8.63)	(1.37)
	(b) not dealt with in the accounts of the Company for the period ended 31st March 2011 (Rupees in Lakhs)	NIL	NIL	NIL	NIL	NIL
4.	Net Aggregate amount of profits/(losses) of the subsidiary since it became a subsidiary so far as they concern members the company:					
	(a) dealt with in the accounts of the Company for the period ended 31st March 2011 (Rupees in Lakhs)	(0.33)	(0.15)	(0.37)	(8.63)	(1.37)
	(b) not dealt with in the accounts of the Company for the period ended 31st March 2010 (Rupees in Lakhs)	NIL	NIL	NIL	NIL	NIL

14. Pursuant to the exemption granted by the department of Company Affairs, Government of India, the parent company is publishing the consolidated and standalone Financial statements of Heritage Foods (India) Limited and its subsidiaries. The Financial statements and auditors' report of the Individual subsidiaries are available for inspection by the share holders at the registered office. However, the information in aggregate on capital, reserves, total assets, total liabilities, details of investments, turnover, profit before tax, provision for taxation and Profit after taxation for each subsidiary are as follows :

Name of the Subsidiary	Heritage Foods Retail Limited	SKIL Raigam Power (India) Limited	Heritage Conpro Limited
<b>Funds Employed:</b>			
A. Capital	11.56	70.00	5.04
B. Reserves	-	-	-
C. Liabilities	-	-	-
Secured Loans	-	-	-
Unsecured Loans	-	-	-
Deferred Tax Liability	-	-	-
Minority Interest	-	-	-
Total Liabilities	-	-	-
D. Total Funds Employed	11.56	70.00	5.04
Application of Funds:			
E. Assets	-	-	-
Net Block(Including Capital WIP)	-	-	-
Investments	-	-	-
Net Current Assets	(0.06)	60.94	3.67
Miscellaneous Expenditure (to the extent not written off)	-	-	-
Profit & Loss Account	11.62	9.06	1.37
Total Assets (Net)	11.56	70.00	5.04
F. Turnover	-	-	-
G. Profit/(Loss) before Taxes	(0.33)	(0.37)	(1.37)
H. Provision for Taxation	-	-	-
I. Profit/ (Loss) after Taxes	(0.33)	(0.37)	(1.37)
J. Proposed Dividend	-	-	-

15. There is no extraordinary items incurred by the company during the year 2010-11.  
 16. Paise is rounded off to the nearest Rupee.  
 17. The company has presented the financial results as per schedule VI of Companies Act,1956 and in or form as near as thereto. The items which are not applicable as per schedule VI are not disclosed.  
 18. Previous Year figures are regrouped wherever necessary.

Signature to Schedules 1 to 20

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

For and on behalf of the Board

**S Ranganathan**  
 Partner  
 Membership No.22738

**N.Bhuvanewari**  
 Vice Chairperson & Managing Director

**N. Lokesh**  
 Executive Director

Date : May 19, 2011  
 Place : Hyderabad

**A.Prabhakara Naidu**  
 Sr. General Manager - Finance & Accounts

**Umakanta Barik**  
 Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

(pursuant to clause 32 of Listing Agreement)

Particulars	Year Ended 31.03.2011		Year Ended 31.03.2010	
	₹	₹	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) before tax	33293844		106207192	
Adjustment for				
Depreciation	199397718		196425392	
Interest	159656853		166746637	
Profit on sale of Fixed Assets	(3622536)		(5767924)	
Loss on sale of Fixed Assets / Impairment of Assets	5083360		11226008	
Prior period Income/(expenses)	(3503230)		1465908	
Subsidy transferred to P&L	(1009755)		(2578965)	
Interest received	(3844320)		(3792848)	
Dividend received	(167035)		(144766)	
Operating Profit before Working Capital Changes	385284899		469786635	
Adjustment for :				
Inventories	102378135		(269190453)	
Trade and Other Receivables	(3583622)		(8849616)	
Trade Payables	39313608		144358266	
Cash Generated from operations	523393019		336104832	
Direct taxes paid (incl. taxation of earlier years) (net of refund) (net of refund)	(5482518)		(21630875)	
<b>Net Cash (used) / generated for / from Operations</b>		<b>517910501</b>		<b>314473957</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(306677501)		(278244694)	
Proceeds from sale of Fixed Assets	8296132		13471385	
Investment in Subsidiary	(910000)		(6500000)	
Purchase of Investments	(490000)		(22200)	
Subsidy received	2500000		0	
Interest received	3844320		3792848	
Dividend received	167035		144766	
<b>Net Cash used in Investing Activities</b>		<b>(292829015)</b>		<b>(267357896)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of Equity Shares	1154000		7000000	
Borrowings from Banks and others( Net )	16090342		48526541	
Interest paid	(159656853)		(166746637)	
Dividend paid	(24199930)		-	
<b>Net Cash (Used)/ generated for/ from Financing Activities</b>		<b>(166612440)</b>		<b>(111220096)</b>
Net increase/(decrease) in cash and cash equivalents		<b>58469046</b>		<b>(64104035)</b>
Cash and Cash equivalents as at 1st Apr, 2010		<b>246349831</b>		<b>310453868</b>
Cash and Cash equivalents as at 31st March, 2011		<b>304818878</b>		<b>246349831</b>

Notes: 1. Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.

2. Cash and Cash equivalents as at 31st March, 2011 include restricted cash and bank balance amounting to ₹ 32136374/- (Previous year ₹ 11520892/-)

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

For and on behalf of the Board

**S Ranganathan**  
 Partner  
 Membership No.22738

**N.Bhuvaneshwari**  
 Vice Chairperson & Managing Director

**N. Lokesh**  
 Executive Director

Date : May 19, 2011  
 Place : Hyderabad

**A.Prabhakara Naidu**  
 Sr. General Manager - Finance & Accounts

**Umakanta Barik**  
 Company Secretary



**Heritage Foods (India) Limited**

**ATTENDANCE SLIP**

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

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

DP ID\*

Folio Number

Client ID\*

Name (in BLOCK letters) :

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 19<sup>th</sup> Annual General Meeting of the Company to be held at **National Institute for Micro, Small And Medium Enterprises, Yousufguda, Hyderabad-45** on Thursday, the 29<sup>th</sup> September, 2011 at 11 a.m.

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

- \* Applicable for investors holding shares in electronic form
- \*\* ~~Strike out whichever is not applicable~~

No Gifts will be given



**Heritage Foods (India) Limited**

**PROXY FORM**

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

DP ID\*

Folio Number

Client ID\*

I/we \_\_\_\_\_ resident(s) of \_\_\_\_\_ being a member/members of Heritage Foods (India) Limited, hereby appoint Ms./Mr. \_\_\_\_\_ of \_\_\_\_\_ or failing her/him Ms./Mr. \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on my/our behalf for or against any resolution at the 19<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, the 29<sup>th</sup> September, 2011 at 11 a.m. and at any adjournment thereof.

Affix a Revenue Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Signature of the First/ Sole holder

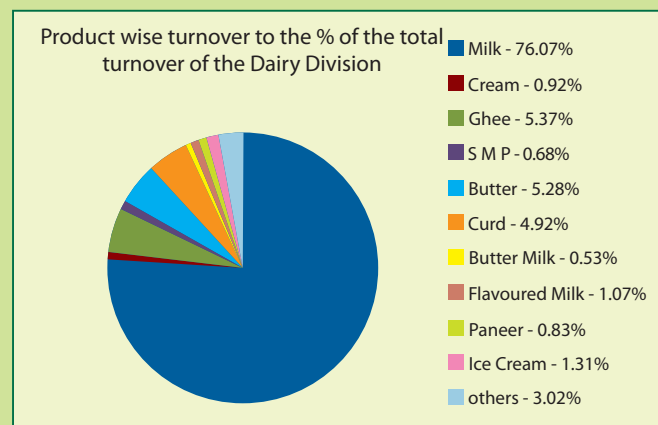
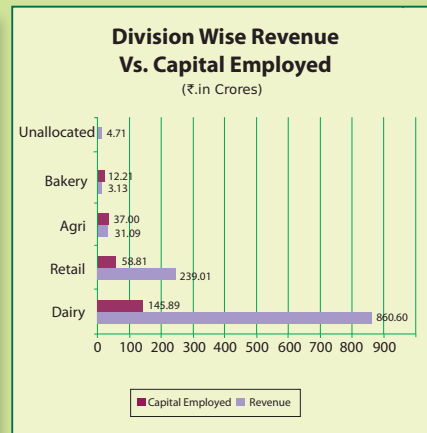
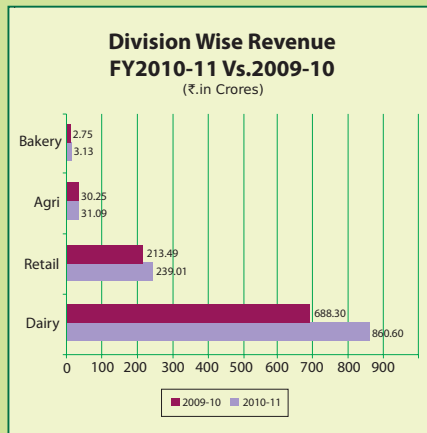
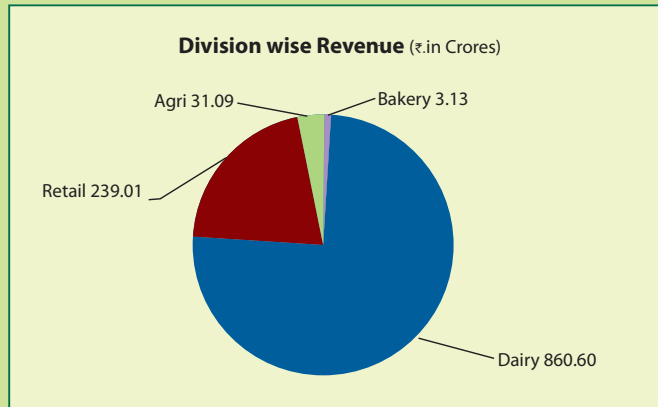
\* Applicable for investors holding shares in electronic form  
**Note:** A Proxy need not be a member. The Proxy in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than **48 HOURS** before the commencement of the meeting.





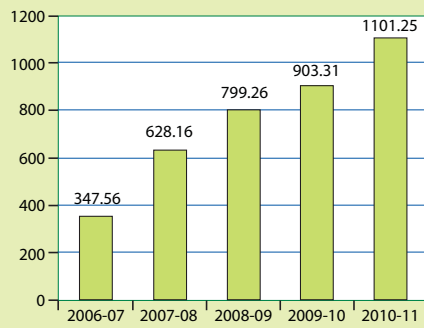




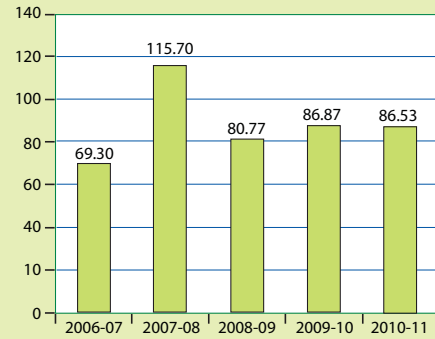


# Driving Growth Spreading Prosperity

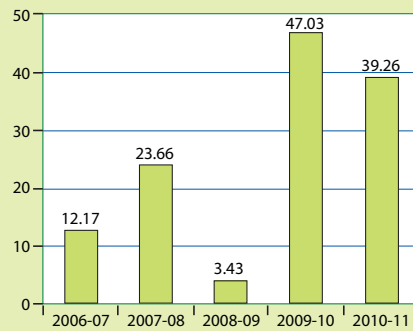
TOTAL INCOME (₹ IN CRORES)



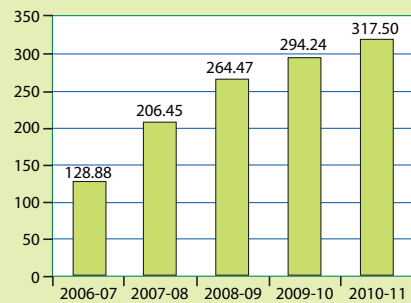
NET WORTH (₹ IN CRORES)



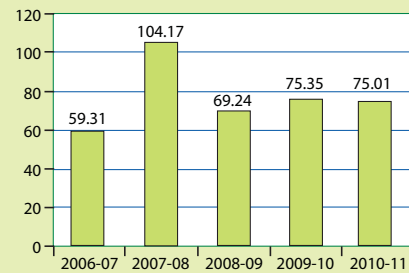
OPERATING PROFIT (₹ IN CRORES)



GROSS FIXED ASSETS (₹ IN CRORES)



RESERVES & SURPLUS (₹ IN CRORES)



# SBH-Heritage ink MoU

Special Correspondent

**HYDERABAD:** State Bank of Hyderabad (SBH) and Heritage Foods India on Friday signed a Memorandum of Understanding to improve credit access to dairy farmers across the State, in what was termed as an endeavour to help the rural poor.

It was signed in the presence of SBH Managing Director Renu Challa, and vice-chairperson & managing director of Heritage Foods, N. Bhuvanewari. Ms. Renu Challa said the collaboration was a step forward in increasing the bank's footprint across the State and helping people below the poverty line. "We will provide the credit to beneficiaries identified by Heritage Foods, and the company would in turn support dairy farmers with the necessary technical assistance and inputs required, apart from guaranteeing marketing support in the form of a buy-back agreement," she said. She said the NABARD had a scheme to extend loans of Rs. 5 lakh with a subsidy component of its 1.5 lakh. The dairy assistance



**NOVEL BEGINNING:** N. Sambasiva Rao (left), president of Heritage Foods, exchanging the MoU with Sushir Gary, Chief General Manager, SRH, on Friday. Looking on are N. Bhuvanewari, vice-president and managing director, Heritage Foods, and Renu Challa, Managing Director, SBH. - PHOTO: G. KRISHNASWAMY

programme would result in increased investment credit and thus provide gainful employment. Replying to a question, she said the endeavour was in no way exclusive or restricted to dairy farmers applying for assistance through Heritage Foods. Ms. Bhuvanewari said the demand for milk and value-added dairy products in the

domestic market was growing at between 6 and 8 per cent year-on-year due to increasing incomes, rising aspirations and the consequent growth in per capita milk consumption. President, Heritage Foods, M. Sambasiva Rao said the collaboration with SBH was a win-win situation for the company, the bank and the dairy farmers too.



**26 Concept**

## Milky business

Heritage Foods is well equipped to survive the competitive dairy sector but net margin levels need to improve significantly

Dairy is one of a few staples of Indian diet. The demand for dairy products is growing steadily. Heritage Foods, a leading player in the dairy sector, is well equipped to survive the competitive dairy sector but net margin levels need to improve significantly.

The company's revenue is primarily derived from the sale of packaged dairy products. The company has a strong brand portfolio and a wide distribution network. However, the dairy sector is highly competitive, and net margin levels are under pressure.

Heritage Foods is focusing on improving its net margin levels through various initiatives. The company is investing in research and development to create new products and improve its production processes. Additionally, the company is exploring new distribution channels and marketing strategies to increase its market share.

## Heritage takes private label products to kirana stores

TIMES OF INDIA

Private labels are moving up and out of their stores. Heritage India, the retailer of Hyderabad-based Heritage Foods, is now supplying its private label products to kirana stores. Heritage has over 100 products under its private labels like Parula's Private Labels, Bannam, Heritage-based products like pressure cooker, Bannam and the household cleaning products and offering for a range of products from water and ready-to-cook food to pulses and masala.

"Our products go through the same rigorous process as our 2500 products in the market before consumer research to product launch and are as good as competitors," says S. Jayashankar, CEO (SRH), Heritage Foods India. "This was a move that was aimed at providing a better experience to the consumer."





*Bring Home Health & Happiness*

<b>Milk</b>  <ul style="list-style-type: none"> <li>• Toned • Double • Cow</li> <li>• Full Cream • Slim Milk</li> </ul>	<b>Curd</b>  <ul style="list-style-type: none"> <li>• Curd Pouch • Toned Curd</li> <li>• Full Cream • Curd Bulk</li> </ul>	<b>Butter Milk</b>  <ul style="list-style-type: none"> <li>• Butter Milk Pouch • Jeera Butter Milk</li> <li>• Garlic Butter Milk</li> </ul>	<b>Flavoured Milk</b>  	<b>UHT Milk (Tetra Pack)</b>  <ul style="list-style-type: none"> <li>• Toned Milk • Slim Milk</li> </ul>
<b>Dairy Whitener / Skimmed Milk Power</b>  <ul style="list-style-type: none"> <li>• Skimmed Milk Powder • Dairy Whitener</li> </ul>	<b>Lassi</b>  <ul style="list-style-type: none"> <li>• Sweet • Mango • Strawberry</li> </ul>	<b>Paneer</b> 	<b>Butter</b> 	<b>Cheese</b> 
<b>Ghee</b>  <ul style="list-style-type: none"> <li>• Buffalo Ghee • Cow Ghee</li> </ul>	<b>Sweets</b>  <ul style="list-style-type: none"> <li>• Doodh Peda • Milk Cake • Malai laddu</li> <li>• Soanpapdi • Surundalu</li> </ul>	<b>Ice Creams</b>  <ul style="list-style-type: none"> <li>• Cups • Cones • Balls • Family Pack</li> </ul>	<b>Pickle Ketchup Jam</b> 	<b>Chilli Sauce</b>  <ul style="list-style-type: none"> <li>• Green Chilli • Red Chilli</li> </ul>
<b>Savories Eggs</b>  <ul style="list-style-type: none"> <li>• Allu Bhujia • Bhujia Sev</li> <li>• Taste Nuts • Eggs</li> </ul>	<b>Honey Water Tea</b> 	<b>Sugar Atta Rice</b> 	<b>Fryums</b>  <ul style="list-style-type: none"> <li>• Rice Papad • Wheat Rings</li> <li>• Onion Rings</li> </ul>	<b>Incense Sticks &amp; Liquid Hand wash</b>  <ul style="list-style-type: none"> <li>• Hand Wash Floral • Lime</li> <li>• Agarbathi Lavender • Sandalwood</li> </ul>
<b>Fruits &amp; Vegetables</b> 	<b>Bread</b> 	<b>Cookies</b>  <ul style="list-style-type: none"> <li>• Osmania • Coconut • Butter • TuttiFruit</li> </ul>	<b>Pulses</b>  <ul style="list-style-type: none"> <li>• Channa Dal • Moong Dal</li> <li>• Tur Dal • Urad Dal</li> </ul>	
<b>Spice Dry Fruits</b>  <ul style="list-style-type: none"> <li>• Dhaniya • Jeera • Mustard • Almond</li> <li>• Badam • Cashew • Kismish</li> </ul>	<b>Spices (powder)</b>  <ul style="list-style-type: none"> <li>• Dhaniya • Chilli • Turmeric</li> </ul>	<p><b>Other Products :</b></p> <ul style="list-style-type: none"> <li>• Face Tissue • Maize Flakes • Special Curd Chillies • Rice Muruku</li> <li>• Sabduna Vadiam • Alu Chips • Garlic Rings • Sago Flakes</li> <li>• Sago Coins • Sago Papad • Salt Rings • Japan Carkers • Fry Puffs</li> <li>• Bomby Pepper Papad • Baby Papad • Tomato Vadiam Soya Chunks</li> <li>• Soya Granules • Rice Chutta Fry • Salto Rings</li> </ul> <p><b>We also Accept special Orders</b>            For supplies Contact Heritage Parlour Franchisee..  <b>TOLL FREE NO. : 1-800-425-2931</b></p>		

If undelivered, Please return To :

**Heritage Foods (India) Limited**

6-3-541/C, Panjagutta, Hyderabad-82

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

Website : www.heritagefoods.co.in Customer Care : 1-800-425-2931