



18th Annual Report
2009-2010

HERITAGE FOODS (INDIA) LIMITED

AN ISO 22000 COMPANY

THE GREAT INDIAN ICE CREAM CONTEST 2009

IN RECOGNITION OF THE COMMITMENT TO EXCELLENCE, INNOVATION
AND HIGH QUALITY STANDARDS IN ICE CREAMS

WE PRESENT



The Bronze Medal

To M/s HERITAGE FOODS INDIA LTD

For the Category STANDARD VANILLA ICE CREAM

4th December, 2009

N. R. Bhasin
Dr. N. R. Bhasin
President, IDA



Bring Home Health & Happiness

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WE PRESENT



The Bronze Medal

To M/s HERITAGE FOODS INDIA LTD

For the Category PREMIUM (WITHOUT INCLUSION) - HERITAGE 'MANGO'

4th December, 2009

N. R. Bhasin
Dr. N. R. Bhasin
President, IDA

Sri D Seetharamaiah, Chairman



Dear Shareholders

The Financial year 2009-10 was a tough year for the industry. The economic environment became challenging in all the major markets. 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, reduce the consumption of energy and fresh water besides preserve the natural habitat.

Revenue inflow from dairy has contributed in strengthening rural purchasing power, thereby giving growth impetus to rural markets. Urban business organizations of all size and dimensions are now turning their attention towards rural consumers, in an effort to beat the economic slowdown. Higher disposable income among consumers in rural areas is leading to smart buying at value-for-money. In the current scenario, rural India is contributing most to the country's health in terms of employment, wealth and prosperity. By empowering rural India, the urban community can live comfortably and peacefully. If our policy makers continue their sustained support to rural organizations such as dairy, not only will India emerge triumphant from the current crises, but will also create an effective safety shield against future economic turbulence.

During the year under review the gross income for the year grew by 13 % to Rs.903.31 crores when compared to Rs.799.25 crores of the previous year. The growth in the Dairy business, and a healthy performance by the value added product segments in Dairy division. The retail business portfolio accounts for 24 % of the Company's gross income. The profit after tax and exceptional item for the year was Rs. 5.72 crores, when compared to Rs.34.96 crores loss of the previous year.

The strategic thrust placed on opening of Heritage Parlors in the last year has now started yielding the desired results. We had anticipated the paradigm shift in macro economic scenario and the burgeoning threat of organized retailers. Heritage Parlors will enable us to counter the potential threat from competitors. They will increase the visibility of the Heritage brand in the retail market. 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. We have projected a goal of setting up more number of Heritage parlours during current year. To achieve this challenging goal, we have identified certain potential locations.

We are happy to announce a dividend of Rs. 1.80 (18%) on equity shares of Rs.10/- each. The dividend is payable on the equity shares outstanding as on record date and is subject to approval by the shareholders.

We will continue to follow our successful strategy and actively shape our future. We will focus on improving our product innovation and expanding our business in order to get closer to key markets. With the economic recovery, in step with rising population and growing economics of the developing countries the demand of our products has gone up substantially.

Over the years, the Company has reinforced its core strengths by building new competencies that efficiently serve the emerging needs of a fast paced economy. Supported by substantial investments in cutting edge technology, outstanding talent, the Company has created several trusted brands that enhance the quality of life of the discerning consumer.

We respect and value our customers. Our employees are our value creators whose efforts and bonds, we cherish. We create an environment in which our people are motivated to actualize their full potential.

I am grateful to the Board of Directors for their unwavering 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. I thank you for your continued support and look forward to the same in future also.

Thank you
D Seetharamaiah
Chairman

10 Years Financials

Consistent Growth

(Rs.in crores)

	2009-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01
Turnover	900.38	796.03	588.03	346.33	292.07	266.13	234.49	192.83	165.07	141.49
Other Income	2.93	3.23	40.13	1.22	1.27	0.78	1.35	0.86	0.42	0.38
Total Income	903.31	799.26	628.16	347.56	293.34	266.91	235.84	193.68	165.49	141.87
Earnings before Depreciation, Interest and Tax (EBDIT)	47.03	3.43	23.66	12.17	25.23	20.91	31.60	27.86	20.10	14.48
Depreciation	19.64	17.22	10.55	6.78	4.80	4.01	3.94	4.50	2.49	2.29
Interest	16.67	14.58	12.43	1.84	0.40	0.60	0.28	0.13	0.38	1.24
Provision for Taxation (Including Deferred Tax & FBT)	4.98	6.58	(0.26)	1.82	6.39	6.14	9.75	8.33	6.12	2.85
Profit/(Loss) after Tax	5.60	(35.61)	0.94	1.72	13.64	10.16	17.62	14.91	11.11	8.10
Cash Profit/ (Loss)	30.35	(11.15)	11.49	8.50	18.44	14.17	21.57	19.41	13.60	10.39
Equity Dividend (%)	18.00	Nil	18.00	30.00	30.00	30.00	27.50	27.50	20.00	16.00
Dividend Payout (Including Tax on Dividend)	2.42	Nil	2.13	3.51	3.42	3.42	3.10	3.10	2.00	1.90
Equity Share Capital	11.53	11.53	11.53	9.99	9.99	9.99	9.99	9.99	10.78	10.80
Reserves and Surplus	75.35	69.24	104.17	59.31	62.50	52.65	45.84	34.53	24.14	13.83
Networth	86.87	80.77	115.70	69.30	72.49	62.64	55.83	44.52	34.92	30.69
Gross Fixed Assets	294.24	264.47	206.45	128.88	80.15	72.69	63.87	53.62	43.77	40.69
Net Fixed Assets	215.24	203.68	162.41	95.38	53.33	50.38	45.49	38.82	32.96	32.15

Key Indicators

	2009-10	08-09	07-08	06-07	05-06	04-05	03-02	02-03	01-02	00-01
Earnings per share - Rs.	4.85	(30.89)	0.92	1.73	13.65	10.17	17.64	14.93	10.29	7.50
Cash Earnings per share - Rs.	26.32	(9.67)	9.96	8.51	18.46	14.19	21.59	19.43	12.61	9.62
Book Value per share - Rs.	75.35	70.05	100.35	69.37	72.57	62.70	55.88	44.56	32.38	28.42
Debt* : Equity Ratio	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	0.19:1
EBDIT/Turnover %	5.22	0.43	4.02	3.51	8.63	7.86	13.48	14.45	12.18	10.23
Net Profit Margin %	0.62	(4.47)	0.16	0.50	4.65	3.81	7.47	7.70	6.71	5.71
Return on Networth %	6.45	(44.09)	0.81	2.48	18.81	16.22	31.56	33.49	31.82	26.39

* Long Term Debt



Contents

Company Information	2
Notice	3
Director's Report	5
Management Discussion and Analysis	9
Report on Corporate Governance	11
Office & Plant Locations	21
Corporate Governance Certifications	25
Auditors' Report	26
Balance Sheet	29
Profit and Loss Account	30
Schedules forming part of Balance Sheet and Profit and Loss Accounts	31
Significant Accounting Policies	37
Notes on Accounts	38
Balance Sheet Abstract	50
Cash Flow Statement	51
Secretarial Auditors' Report	52
Consolidated Financial Statements	53
Nomination Form	75
Attendance Slip & Proxy Form	77



Board of Directors:	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 & Managing Director</i>
	Sri N Lokesh	<i>Executive Director</i>

Company Secretary: CS Umakanta Barik

Senior Management :	Dr M Sambasiva Rao	<i>President</i>
	CA A Prabhakara Naidu	<i>Sr.GM- Finance & Accounts</i>
	Sri K Durga Prasad Rao	<i>Chief Operating Officer-Dairy Division</i>
	Sri S Jagdish Krishnan	<i>Chief Operating Officer-Retail & Bakery Division</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 A Appa Rao
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
Smt N Bhuvanewari
Sri N Lokesh

Registered Office	: 6-3-541/C, Panjagutta, Hyderabad-500082.
Statutory Auditors	: M/s. Raju & Prasad, Chartered Accountants 401, "DIAMOND HOUSE" Adj. Amrutha Hills, Panjagutta, Hyderabad - 500 082.
Bankers	: Bank of Baroda, Andhra Bank, ICICI Bank Limited.
Listed with	: Bombay Stock Exchange Limited, Mumbai, National Stock Exchange of India Limited.
Registrar and Transfer Agents	: M/s Karvy Computershare Private Limited. Plot no.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.
Website	: www.heritagefoods.co.in, www.freshat.in

NOTICE TO SHAREHOLDERS

18th Annual Report 2009-10



Members of Heritage Foods (India) Limited are hereby given notice for the 18th Annual General Meeting of the Company, the schedule of which and the business to be transacted therein, are given below:

Day and Date : **Friday, 30th July, 2010**
Time : **11.00 a.m.**
Venue : **Auditorium Hall, 2nd Floor,
Training Block,
National Institute for Micro,
Small and Medium Enterprises
(formerly NISIET), Yousufguda,
Hyderabad-45
Ph.No. 040-2360 8577**

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 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 Sri D. Seetharamaiah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri N P Ramakrishna, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration.

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

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

UMAKANTA BARIK
Company Secretary

Date: May 27, 2010

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY OR ITS REGISTRAR AND SHARE TRANSFER AGENT NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF MEETING.**
2. **MEMBERS/PROXIES SHOULD PRODUCE AT THE ENTRANCE OF THE VENUE DULY FILLED ATTENDANCE SLIP FOR ATTENDING THE MEETING.**

3. M/s Karvy Computershare Private Limited (Karvy) is the Registrar and Share Transfer Agent of the Company.
4. The Register of Members and the Transfer Books of the Company will remain closed from Monday, the 26th July, 2010 to Friday, the 30th July 2010 (both days inclusive).
5. The dividend as recommended by the Board of Directors for the year ended 31st March 2010, when declared at the Annual General Meeting will be paid to the members whose names appear:
 - i) As Beneficial Owners as per list to be furnished by the Depositories in respect of the shares held in demat form; and
 - ii) As members on the Register of Members of the Company on record date after giving effect to all valid share transfers in physical form which would be received by the Company up to end of business hours on record date.
6. 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:
 - (i) Name of the sole / first & joint holder and the folio number.
 - (ii) Particulars of Bank Account, viz.:
 - a. Name of the Bank, Branch and Complete Address of the Bank
 - b. Account type, whether Savings (SB) or Current Account (CA)
 - c. Bank Account Number allotted by the bank
7. Shareholders holding shares in electronic form may kindly note that their bank account details as furnished by their Depositories to the Company will be printed on the Dividend Warrants and the Company will not entertain any direct request from such shareholders for deletion of / change in such bank account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic mode. **Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change along with details of Bank Account**
8. National Electronic Clearing Service (NECS) Facility:
With respect to payment of dividend, the Company provides the facility of NECS to the shareholders.
Shareholders holding shares in physical form, who wish to avail NECS facility, may authorize the Company with their NECS mandate in the prescribed form given at the end of this Annual Report and requests for payment of dividend through NECS should be lodged with M/s Karvy Computershare Private Limited.
9. Pursuant to provisions of sub-section (5) of Section 205A the Companies Act, 1956 the dividend, which remain unclaimed for a period of 7 years will 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 amounts of dividends declared upto the financial year 2001-02 to the General Revenue Account / 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
2002-03	30-07-2003	29-07-2010
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

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.

10. Non-resident Indian shareholders are requested to inform M/s Karvy Computershare Private Limited immediately:
 - i). The change in the residential status on return to India for permanent settlement; and
 - ii). The particulars of Bank Account maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
11. 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.
12. 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.
13. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form No. 2B in duplicate to the company.
14. 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.

15. Members seeking any information relating to the Accounts may write to the Company at 6-3-541/C, Punjagutta, Hyderabad - 500082, for attention of Company Secretary at the earliest.
16. 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 up to the date of the Meeting.
17. At the ensuing Annual General Meeting, Sri.D.Seetharamaiah and Sri N P Ramakrishna retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these directors are provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

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 memberships/chairmanships of Board Committees and their shareholding in the Company are provided below:

- a) **Sri.D.Seetharamaiah**, aged 84 years is B.com and also a Fellowship member of The Institute of Chartered Accountants of India and has over 56 years of experience in the field of Taxation, Finance. He is in practice for last five decades and a leading Chatered Accountant in Andhra Pradesh. He is a senior Partner of M/s. Brahmayya & Co. He is also Director in several other Public and private limited Companies. He is a member of the Audit Committee of the Board of Directors of M/s Tera Software Limited and Jeevan softech Limited. He does not hold any shares in the Company as on 31st March 2010.
- b) **Sri N P Ramakrishna**, aged 61 years, is a P.U.C (B.Sc), has substantial experience in transport business, has a thorough understanding of the systems of milk procurement and transportation and has enabled Heritage Foods to strengthen its main milk procurement base at Chittoor, Bangalore and nearby areas. He is also the Managing Director of Hotel Ramakrishna Private Limited situated at Chittoor. He holds 49,000 (0.42%) equity shares in the Company as on 31st March 2010.

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

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

Date : May 27, 2010

UMAKANTA BARIK
Company Secretary

Dear Shareholders,

Your Directors have pleasure in presenting the 18th Annual Report of the Company together with the audited statement of accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

The financial performance for the Financial year 2009-10 is summarised in the following table:

(Rupees in lakhs)		
Particulars	2009-10	2008-09
Net Sales / Income from Operations	90038.47	79602.86
Add: Other Income	292.59	322.56
Less: Total Expenditure	85628.49	79925.42
Profit before Interest, Depreciation and Tax	4702.57	342.86
Less: Interest	1667.47	1458.31
Depreciation & Amortisation	1964.25	1722.43
Profit before tax	1070.85	(2837.87)
Less: Provision for current taxation	195.52	0.00
Less: Provision for deferred taxation	302.95	612.89
Less: Provision for Fringe Benefit Tax	0.00	45.02
Profit/(loss) after tax	572.38	(3495.77)
Less: Prior period expenses & taxation	12.79	65.52
Profit after prior period expenses	559.59	(3561.29)
Balance brought forward	0.00	1210.70
Amount available for appropriation	559.59	(2350.59)
Appropriations		
General Reserve	50.00	0.00
Dividend	207.53	0.00
Tax on Dividend	34.47	0.00
Balance carried to Balance Sheet	267.59	(2350.59)
Total	559.59	(2350.59)

The above figures are standalone figures, as two subsidiary companies which are yet to commence the business therefore consolidated figures are not given.

DIVIDEND

The Board of Directors are happy to recommend a dividend of Rs. 1.80 per Equity Share (18 percent) aggregating to Rs. 2.42 Crores (including dividend tax) for the year 2009-10. The dividend, if approved at the forthcoming Annual General Meeting, will be paid to all eligible equity shareholders on or after 30th July 2010 (within the statutory time limit of 30 days). The dividend pay out for the year under review has been formulated in accordance with the Company's policy of striving to pay stable dividend linked to performance. Your Directors believe that this would increase shareholders value and eventually lead to a higher return and wealth creation to all the stakeholders.

OPERATING RESULTS

During the year under review your Company registered a turnover (Net Sales) of Rs 900.38 crores an increase of 13.11% over that of the previous year. Your Company registered a gross profit of Rs.47.03 Crores, as compared to previous year's profit of Rs 3.43 Crores.

OPERATIONS

The financial year 2009-10 was significant for the company in terms of growth. The company has further strengthened its leadership position in the fields of Dairy, Retail and Agri Divisions. Last half of the year has witnessed a unexpected floods in the state of Andhra Pradesh, where your company has substantially operation with respect to Dairy and Retail Division and there is no material impact of the operations of the business of the company due to floods in the state of Andhra Pradesh during the year under review.

EQUITY SHARE CAPITAL

The Authorised Capital of the Company is Rs.20, 00,00,000 (Rupees Twenty Crores only) divided into 1,80,00,000 (One Crore Eighty Lakhs) Equity Shares of Rs.10 (Rupees Ten only) each and 20,00,000 (Twenty Lakhs) Preference Shares of Rs.10 (Rupees Ten only) each. 2,60,500 convertible warrants issued/ allotted to Smt.N.Bhuvanewari and 8,00,000 convertible warrants issued / allotted to Sri Nara Lokesh were forfeited during the year under review due to non-payment of balance amount within the time prescribed.

BUSINESS REVIEW

Dairy Business: During the year milk and various milk products were launched and new areas in the States of Maharashtra, Kerala and Orissa have been covered. New facilities for making various products such as Cup curd, Doodh Peda, Paneer, Ice Cream, Ghee are added in the existing plants. Your Company's market share with respect to milk and milk products in South India increased during the year under review.

During the current financial year, your Company proposes to invest over Rs.22.95 Crores for setting up of supporting facilities to improve the performance and effective utilisation of existing installed capacities of packing and processing plants. To increase the revenue share from products, your Company is establishing / increasing the production capacities for value added products and planning to tie up for UHT packaging for Milk, Cream and Flavoured Milk.

The major thrust areas in the current financial year would be in the domestic Dairy Ingredients, Milk Products and Ice Cream apart from Milk. This will help your Company to diversify its product profile and enable it to maintain its leadership position.

Retail Business: The retail industry is going through difficult time in the country in general and with the global meltdown adversely affecting the Indian economy. In response to the difficult external environment, your company focused on factors that are under its control viz: i) restricting the roll out of new stores to ensure alignment with business model ii) monitoring and control of inventory and iii) vigorous pursuit of various cost reduction initiatives undertaken

including closure / shifting of non performing and unviable stores, rationalising manpower in line with sales, rent/size reduction in stores, reduction in rent/surrender of office space, brokerage and restrictions on travel etc. All these efforts not only helped the company in minimizing the cash burden in the short term but has built a strong foundation to enable delivery of improved performance on sustainable basis in the future. Your company also taken the steps to take the advantages of Hygenic, good quality and modern bakery products demand to met at the retail stores and outside of the retail stores through bakery division of the company.

Private Label: Your Company is renowned for its high quality, private label offering. This is a key driver of footfalls at Heritage retail stores. A key focus is to further improve private label offering by introducing new unique products. Your company is committed to significantly increase the share of private labels of its total business and has initiated countrywide marketing and promotional efforts in this direction.

Brand enhancement: Your Company has the benefit of a strong 18 years old brand which is uniquely positioned in the minds of the South Indian consumer.

Agri Division: Your Company has undertaken custom farming activity directly with farmers for certain fruits, vegetables and established two pack houses and cold storage facilities, one is near Hyderabad and the other in Chittoor District of Andhra Pradesh.

SUBSIDIARY COMPANIES

Ministry of Corporate Affairs, Government of India has granted approval that the requirement to attach various documents in respect of subsidiary companies, as set out in sub-section (1) of Section 212 of the Companies Act, 1956, shall not apply to the Company. Accordingly, 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 approval, is disclosed in the Annual Report. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies.

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 31st March 2010 have been provided

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, Sri D.Seetharamaiah and Sri N.P.Ramakrishna retire by rotation and being eligible, offer themselves for re-appointment.

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

Your Company has co-ordinated various Community Development Activities during the year. Your Company has organized free eye camps at various places and has made arrangements for clean drinking water, Ready to eat food packets, clothes etc., in flood-affected areas in the states of Andhra Pradesh and Karnataka.

Your company created/ generated small ENTREPRENEURS through the Heritage Parlour where the huge employment potential was generated. Your company also helped the MARGINAL AND SMALL FARMERS cultivate in a modern Agri format by using latest technology and cost effective under the custom farming format. During the year your company also established a trust for the welfare of the farmers for providing the facilities such as education, health, drinking water and commodity development activities.

INTERNAL CONTROL SYSTEMS

The company has established a good system of internal controls in all spheres of its activities. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding the assets from unauthorised uses (or losses), executing the operations with proper authorisation and ensuring compliance of corporate policies.

The company has also appointed Chartered Accountant firms across the business locations to oversee and carryout internal audit of the company's activities. The audit is based on the internal audit plan, which is reviewed each year in consultation with the Statutory Auditors and the Audit Committee.

The Audit committee met the Company's Statutory Auditors to ascertain inter alia, their views on the adequacy of the internal control systems in the company and keep the Board of Directors informed of its observations from time to time.

INDUSTRIAL RELATIONS

Industrial relations in all the units and branches remained cordial and peaceful throughout the year.

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 of the facility of dematerialization of the Company's shares.



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

The particulars required in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are furnished in the prescribed format as Annexure -1 to this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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, is given as a separate statement in the Annual Report.

TRANSFER OF UN-CLAIMED DIVIDENDS

Pursuant to section 205C (2) of the Companies Act, 1956 read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 the unclaimed dividend amount for the year 2001-02 was transferred to the Investor Education and Protection Fund during the year and the unclaimed dividend for the year 2002-03 is due for transfer in July 2010.

FIXED DEPOSITS

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

CORPORATE GOVERNANCE

Our efforts are widely recognized by investors in India and overseas. For fiscal year 2010, the compliance report is provided in the Corporate Governance section of the Annual Report. The auditors' certificate on compliance with the mandatory provisions of Corporate Governance is also provided in the Annual Report.

COMPLIANCE CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

During the year, the Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines 2009. These Guidelines have been published keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serves as a benchmark for the corporate sector but also helps them in achieving the highest standard of corporate governance. These guidelines provide corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The Ministry hopes that adoption of these guidelines will also translate into a much higher level of stakeholders' confidence, which is crucial to ensure the long-term sustainability and value generation by business. The guidelines broadly focuses on areas such as Board of Directors, responsibilities of the Board, audit committee functions, roles and responsibilities, appointment of auditors, Compliance with Secretarial Standards and a mechanism for whistle blower support.

SECRETARIAL AUDIT REPORT

In tune with your Company's belief in transparent Corporate Governance practices, Our 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.

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, the names and other 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.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed that,

- (i) In the preparation of the annual accounts, applicable accounting standards have been followed.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit or loss of the Company for the year ended on that date;
- (iii) The Directors 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
- (iv) The Directors have prepared the annual accounts of the company on a going concern basis.

ACKNOWLEDGEMENTS

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.

For and on behalf of
HERITAGE FOODS (INDIA) LIMITED

Place : Hyderabad
Date : 27 May, 2010

D. SEETHARAMAIAH
Chairman

ANNEXURE-1

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 have been started 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.

(d) Total Energy Consumption and Consumption per unit of production as per Form 'A' attached hereto

FORM A

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

	2009-10	2008-09
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a. Purchased		
Units - KWH	19352586	19505631
Total Amount	79732654	79579732
Rate/Unit - Rs.	4.12	4.08
b. Own generation		
Through Diesel generator		
Units - KWH	1494441	4268112
Unit per liter of diesel oil	2.65	2.86
Cost/Unit - Rs.	13.15	13.68
2. Furnace Oil		
Quantity (Ltr)	2046727	2244144
Total cost	66144328	67587123
Average rate - Rs.	32.32	30.12
B. CONSUMPTION PER UNIT OF PRODUCTION STANDARD		
Electricity (KWH/Ltr of milk)	0.24	0.09
Furnace oil (Ltr of milk)	0.13	0.01
B. TECHNOLOGY ABSORPTION (ENCLOSED IN FORM B)		

FORM B

(Form for disclosure of particulars with respect to absorption)

	2009-10	2008-2009	(Rs. lakhs)
Research & Development (R & D)	Nil		Nil
Technology absorption, adaptation & innovation	Nil		Nil
Foreign Exchange Earnings	Nil		81.38
Foreign Exchange Outgo			
Assets Purchases	22.20	5.60	
Term Loan repayment (Incl. Interest)	1579.87	1869.04	
Software Support	Nil	10.80	
Others	3.00	1.60	
Total	1605.07	1968.42	

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. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. 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 our state of affair, profits and cash flows for the year.

GROWTH IN FOCUS

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 sustain a fair return to the shareholders.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Changing economic and business conditions and rapid technological innovation are creating an increasingly competitive market environment that is driving corporations to transform their operations. Consumers of products and services are increasingly demanding accelerated delivery times and lower prices. Companies are focusing on their core competencies and are using outsourced technology service providers to adequately address these needs. The role of technology has evolved from supporting corporations to transforming them. There is an increasing need for highly skilled Professionals in the markets in which we operate.

OPPORTUNITIES

In spite of the current downturn in overall economic growth, the structural drivers of the Indian economy continue to remain intact, sustaining the overall growth and the long-term prospects for the Indian economy remains positive. Your company is having tremendous opportunity due to globalization; customers are focusing on quality products and demanding value for money.

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 consumer since they offer value at affordable prices. More importantly, your 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. Milk apart from being consumed as such offers the opportunity to produce a large variety of products like Curd, Cream, Ice Cream, Butter, Ghee, Milk powders etc. The rapid and constant urbanization of the population combined with the growing purchasing power makes India a very attractive proposition for dairy producers and your company is well positioned to take advantage of this trend. The production infrastructure of the company is constantly being upgraded to take advantage of this opportunity.

Your Company's strength is in its efficient and effective supply and cold chain management. This allows it wide reach and targeted coverage in its markets. Your Company also has talented and committed human resources who work as a team to the attainment of organizational objectives. The milk products market offers great prospects for your company. There is a very large domestic market for value added milk products in the retail sector and your company is gradually making profitable inroads into this vast market.

Your company is also committed to realise better gross margins led by the backward integration effort and business mix to structure home delivery as a service differentiator and attractive revenue stream in retail division.

Your company also taken the steps to take the advantages of Hygenic, good quality and modern bakery products demand to met at the retail stores and outside of the retail stores through bakery division of the company.

Under custom farming, your company identified a particular zone, which is the best for certain crops and maps each zone into different clusters after tie-up with the farmers. Based on demand, trained team from Agri division of your company prepares cropping plans and crop rotations for each cluster and accordingly crops will be grown depending upon the zone and the season. Under this custom farming there is no contractual obligation between the farmer and your company and the farmer is at liberty to sell his produce to any one.

THREATS

The Industry is becoming increasingly crowded with smaller players offering their products in local markets. This entails a more challenging environment with increased competition and customer demands. Further dairy industry is still considered to be an un organized sector due to these small players. Your Company is well positioned to face these challenges as it has already created the infrastructure to leverage on economies of scale. The Indian population is now demanding hygienic and quality products, which these players are unable to supply and your company with its inherent stress on quality would be well positioned to exploit this demand. Milk, being a highly perishable commodity demands efficient cold chain management, which only organized, and bigger players like your company can provide, since these involve capital investments. Your company is continuously developing and applying scientific methods to improve the quality of milk so processed to extend its shelf life. Your company is in the forefront of such initiatives in establishing this infrastructure.

Your company is focusing on the consistent availability and procurement of quality milk throughout the year by improving the per capital yield of animals by applying scientific methods, properly managed animal husbandry practices etc. which expects to improve the milk yield. Your Company is sourcing the good quality feed to be supplied to the farmers and is working with experts in the field to see the possibilities of increasing productivity and cost effectiveness. The ever increase in prices of petroleum products and the increasing cost of power has increased the production and distribution costs significantly. These automatically impinges on

the operating cost and therefore there is a continuous need to evolve scientific and cost effective technologies to ensure that the shelf life of milk and milk derivatives are increased. The above involves a committed resolve to enhance the productivity of the dairy sector and sustained investment in the production and distribution infrastructure, which can be provided only by the bigger companies.

Your company is focusing to face the competition with existing large players rapidly expanding in all areas and threatening market share of Retail business. The availability of quality retail space will be a key determinant for the growth of the retail sector. Your company seen as a relatively regional / niche player in terms of both expansion plans, pace and geographical spread. This at times leads to challenges in recruitment also.

Irregular rain and droughts and timely non-availability of loans to the farmers is the threats to the Agri division of your company.

RISKS AND CONCERNS

All key functions and divisions are independently responsible to monitor risk 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 put in place an adequate system of internal controls commensurate with its size and nature of operations to ensure that transactions are properly recorded, authorized and the assets are continuously monitored and safeguarded. The internal control system is backed up by well-documented policies, guidelines and procedures and the Company's internal audit department carries out concurrent reviews periodically, which submit reports periodically to the Audit Committee. The internal audit process is designed, inter alia, to cover all significant areas of the Company's operations such as accounting, finance, inventory, insurance, treasury, safeguarding of assets, IT processes and protection against un authorized use etc. The Audit Committee reviews significant observations made in the internal audit reports along with actions initiated and reports to the Board periodically.

FINANCIAL PERFORMANCE

The financial performance is covered in the Directors report and the same can be referred to in the said report.

HUMAN RESOURCES

Human resource has a significant role to play in the Company's

future. In today's environment managing employees is an important challenge of all, whether it is retention, attracting talent, growth opportunities etc. Your company believes that a well-trained and efficient manpower is key to the development of any organization.

Your Company has a favorable work environment that motivates performance, customer focus and innovation while adhering to the highest degree of quality and integrity. Your Company provides a congenial working atmosphere, which will foster creative thinking. As part of manpower development and to enhance operational efficiency, training programmes have been organized for employees at all levels, wherever necessary. Your Company values its human resource as the most significant assets and the key focus is to attract, retain and develop talent as a resource.

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 is using the ERP package of Oracle Applications. This facilitates an effective online MIS system, which facilitates centralized control of operations at all the units of the Company. Your company is currently upgrading and reconfiguring this application to effectively monitor the increasing scale of operations of the company. The hardware and network infrastructure is being constantly reviewed to increase the bandwidth and reduce operational cost. This is an ongoing process and Your Company is committed to leverage the benefits of IT to enhance and optimize benefits to itself and its customers

FUTURE OUTLOOK

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



"Corporate governance is about maintaining an appropriate balance of accountability between three key players: the corporation's owners, the directors whom the owners elect, and the managers whom the directors select. Accountability requires not only good transparency, but also an effective means to take action for poor performance or bad decisions."

Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors, and enhance the trust and confidence of the stakeholders.

We believe that sound corporate governance is critical to enhancing and retaining investor trust. Accordingly, we always seek to ensure that we attain our performance goals with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

Our disclosures always seek to attain the best practices in corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.

Company's Philosophy on Code of Corporate Governance:

Our corporate governance philosophy is based on the following principles:

- Satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law
- Be transparent and maintain a high degree of disclosure levels.
- Make a clear distinction between personal conveniences and corporate resources

- Communicate externally, in a truthful manner, about how the Company is run internally
- Have a simple and transparent corporate structure driven solely by business needs
- Management is the trustee of the shareholders' capital and not the owner.

The Board of Directors is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure highest standards of corporate governance.

A brief report on the practices and compliances by your company for 2009-10 is as follows.

BOARD OF DIRECTORS

Composition

Our policy toward the composition of the Board is to have an appropriate mix of executive and 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 of the company. The Board consists of 8 members, 2 of whom are Executive / Whole-time Directors and 6 are Independent Directors.

None of the Directors on the Board is a member on 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 2009-10 and the last Annual General Meeting, as also the number of Directorships and Committee memberships held by them in other companies are given below:

Name of Director	Category	Attendance Particulars		No. of other Directorships \$	Committee memberships # (Including Heritage Foods)	
		Board Meetings	Last AGM		Member	Chairman
Sri D Seetharamaiah	Non Executive Independent	7	Yes	7	3	3
Sri N P Ramakrishna	Non Executive Independent	7	Yes	-	-	-
Dr N R Sivaswamy	Non Executive Independent	7	Yes	2	2	-
Dr A Appa Rao	Non Executive Independent	7	Yes	2	3	1
Smt.N Bhuvaneshwari	Executive	7	Yes	2	1	-
Dr V Nagaraja Naidu	Non Executive	6	Yes	2	2	-
Sri K Kannan*	Non Executive Independent	4	Yes	6	6	4
Sri N Lokesh	Executive	7	Yes	2	-	-

\$ 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 have been considered.

* The Board of Director at their meeting held on 30-07-09 appointed Sri K.Kannan as an additional director and was elected as Director at the Annual General Meeting held on 29.09.2009.

Board Meetings and procedures

Scheduling and selection of agenda items for Board meetings

Dates for Board meetings in the ensuing year are decided in advance. Most Board meetings are held at our Registered Office only. The Company Secretary draft the agenda for each meeting, along with explanatory notes, in consultation with the VC & MD and distribute these in advance to the directors. Every Board member can suggest additional items for inclusion in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the Annual General Meeting of the shareholders. Additional meetings are held, whenever necessary. Seven (7) Board meetings were held during the year ended March 31, 2010. These were held on April 14, 2009; June 30, 2009, July 30, 2009; September 29, 2009; October 27, 2009; January 27, 2010 and March 23, 2010.

Availability of information to Board members

The Board has unfettered and complete access to any information within the Company, and from any of our employees. At Board meetings, managers who can provide additional insights into the items being discussed are invited.

Regular updates provided to the Board include:

- Annual operating plans and budgets, capital budgets and updates
- Quarterly results of our operating divisions or business segments
- Minutes of meetings of Audit, Remuneration, Management and Investor grievance committees
- The Board minutes of the subsidiary companies
- General notices of interest received from directors
- Dividend data
- Information on recruitment and remuneration of Senior Officers just two level below of the Board level, including appointment or removal of the CFO and Company Secretary
- Materially important litigations show cause, demand, prosecution and penalty notices
- Fatal or serious accidents, dangerous occurrences, and material effluent or pollution problems
- Any materially relevant defaults in financial obligations to and by the company.
- Any issue that involves possible public or product liability claims of a substantial nature
- Details of joint ventures, acquisitions of companies or collaboration agreements
- Transactions that involve substantial payments toward goodwill, brand equity or intellectual property
- Any significant development on the human resources aspect
- Sale of material nature, of investments, subsidiaries and assets, which are not in the normal course of business
- Details of foreign exchange exposure and the steps taken by the Management to limit risks of adverse exchange rate movement
- Non-compliance of any regulatory, statutory or listing requirements, as well as shareholder services such as non-payment of dividend and delays in share transfer.

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 for those disclosed in the financial statements for the year ended March 31, 2010.

Board Agenda 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: Audit Committee, Remuneration/Compensation Committee, Investor 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. Normally, all the committees meet four times a year. 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 Audit Committee of the Board comprises of four Non- Executive Independent Directors and one Non-Executive Director. Majority members of the Audit Committee possess financial / accounting expertise. The constitution of Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Audit Committee met six (6) times during the year 2009-10 on 30th June 2009, 30th July 2009, 27th October 2009, 27th January 2010, 6th March 2010 and 23rd March 2010. The time gap between any two meetings was less than four months.

The primary objective of the committee is to monitor and provide effective supervision of the Management's financial reporting process with a view to ensuring accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The committee oversees the work carried out in the financial reporting process by the Management, the internal auditors and the independent auditor, and notes the processes and safeguards employed by each. The committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent auditor in accordance with the law. All possible measures taken by the committee to ensure the objectivity and independence and perform the duties as per the provisions of the Act / Regulation as applicable.

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

Name	Designation	Category	No. of Meetings attended
Sri D Seetharamaiah	Chairman	Non-Executive Independent Director	6
Dr V Nagaraja Naidu	Member	Non-Executive Director	5
Dr N R Siva Swamy	Member	Non-Executive Independent Director	6
Dr A Appa Rao	Member	Non-Executive Independent Director	6
Sri.K.Kannan*	Member	Non-Executive Independent Director	2

Sri Umakanta Barik, Company Secretary is the Secretary to the Audit Committee

Change in composition of Audit Committee since the last AGM held on 29.09.2009

*Sri.K.Kannan was appointed as a member of the Audit Committee w.e.f.27th January 2010.

Remuneration Committee

The Remuneration Committee of the Board comprises of three Non-Executive Independent Directors and one Executive Director. The Remuneration Committee has been constituted to recommend / review the remuneration of Managing Directors / Whole Time Directors/ Executive Director and two level below to 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 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 31st March 2010 is as under:

Name	Category	Loans from Company	Sitting Fees	Salary & perks	Commission	Total
Sri D Seetharamaiah	Non Executive Independent Director	NIL	115000	0	0	115000
Sri N P Ramakrishna	Non Executive Independent Director	NIL	50000	0	0	50000
Dr N R Siva Swamy	Non Executive Independent Director	NIL	75000	0	0	75000
Dr A Appa Rao	Non Executive Independent Director	NIL	90000	0	0	90000
Smt N Bhuvaneshwari	Executive Director	NIL	NA	4200000	0	4200000
Dr V Nagaraja Naidu	Non Executive	NIL	97500	0	0	97500
Sri.K.Kannan*	Non Executive Independent Director	NIL	45000	0	0	45000
Sri N. Lokesh	Executive Director	NIL	NA	3696167	0	3696167

* The Board of Director at their meeting held on 30-07-09 appointed Sri K.Kannan as an additional director and was elected as Director at the Annual General Meeting held on 29.09.2009.

The Company has not granted any stock option to any of its Directors

The shareholding of each of the Non-Executive Directors in the company is as follows:

Sl. No	Name of the Director	No. of equity shares held
01	Sri D Seetharamaiah	Nil
02	Sri N P Ramakrishna	49000
03	Dr N R Siva Swamy	Nil
04	Dr A Appa Rao	Nil
05	Dr V Nagaraja Naidu	29000
06	Sri K.Kannan	Nil

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

Share Transfer and Shareholder/Investor Grievance Committee

The Share transfer and Shareholder/Investor Grievance Committee of the Board comprises of three Non-executives and one Executive Director. The committee met four (4) times during the year 2009-10 on 14th April 2009, 14th July 2009, 15th October 2009 and 27th January 2010.

The Committee supervises the mechanism for redressal of Investor grievances and ensures cordial investor relations. The Committee takes care of investor grievances on the following matters:

- Transfer/Transmission of shares.
- Split-up/Sub-division and Consolidation of shares.
- Issue of new and duplicate share certificates.
- Registration of Power of Attorneys, Probate Letters of transmission or similar other documents.
- Redressal of Shareholders' and investors' complaints like transfer of Shares, non-receipt of Balance Sheet, non-receipt of declared dividend etc.
- Oversee the performance of the Registrar & Transfer Agent and recommends measures for overall improvement of the quality of service.
- Any allied matter(s) out of and incidental to these functions and not here in above specifically provided for.

There were no pending complaints as on 31st March 2010.

The Constitution of Share Transfer and Shareholder/Investor 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 Bhuvaneshwari	Member	Vice Chairman & Managing Director	4
Dr. A. Appa Rao	Member	Non-executive Independent Director	4

Name and Designation of the Compliance Officer

The name and designation of the Compliance Officer of the company is Sri Umakanta Barik, Company Secretary of the Company.

Details of status of the references / complaints received and replied / resolved during the year are given in the following statements:

Sl. No	Nature of Reference/ Complaints	Received (in no.s)	Resolved (in no.s)	Pending (in no.s)
1	Transfer/ Transmission, Change of Address & Dividend	91	91	0
2	Legal proceedings on Share, Transfer issues and complaints from SEBI, Department of Company Affairs, if any	0	0	0
3	Others	244	244	0

Management Committee

The Management Committee of the Board comprises of two (2) Executives and one Non-Executive Independent Director. The Committee met Six (6) times during the year 2009-10 on 25th April, 2009; 17th September, 2009; 1st October, 2009; 13th November, 2009; 12th March, 2010 and 22nd March, 2010. The role, terms of reference and the authority and powers of the Management Committee are in conformity with the applicable provisions of the Act.

Code of Conduct

The Board has laid down a Code of Conduct for its members and Senior Management Personnel of the Company. The code of conduct is available on the website of the Company (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.

DECLARATION

TO THE MEMBERS OF HERITAGE FOODS (INDIA) LIMITED

This is to declare that the Code of Conduct envisaged by the Company for members of the Board and the Senior Management Personnel have been complied with by all the members of the Board and the Senior Management Personnel of the Company respectively.

For HERITAGE FOODS (INDIA) LIMITED

Sd/-

N. BHUVANESWARI

Chairperson & Managing Director

Place : Hyderabad

Date : May 27, 2010

Code for prevention of insider trading practices

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code, 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 Heritage, and cautioning them of the consequences of violations.

CEO & CFO Certification

As required by Clause 49 of the Listing Agreement, the CEO and CFO certification of the financial statements and the cash flow statement for the year is provided in CEO and CFO certification section of the Annual Report.

Annual General Meetings

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

Year	Date	Location	Time
2008-09	29-09-2009	Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-500045	11.00 a.m
2007-08	26-09-2008	'Our Place' Charan Pahadi Road, Rd. No. 10, Banjara Hills, Hyderabad	11.00 a.m
2006-07	22-08-2007	'Our Place' Charan Pahadi Road, Rd. No. 10, Banjara Hills, Hyderabad	10.00 a.m

- b. All the special resolutions were passed only on show of hands at the Annual General Meeting held on 29-09-2009, 26-09-2008 and 22-08-2007.
- c. No resolutions were passed by the Company's shareholders through postal ballot during the year ended 31st March 2010.
- d. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

Disclosures

- a. There are no transactions of material nature undertaken by the Company with its Promoters, Directors, their Relatives or the Management that may have a potential conflict with the interest of the Company. Disclosure on transactions with related party as required under Accounting Standard 18 is forming part of the Annual Report.
- b. There has been no non-compliance of any legal requirements by the company; nor there has been any strictures imposed by any stock exchange, SEBI or any statutory authority, on any matters relating to the capital market over the last three years.
- c. The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.
- d. Clause 49 of the Listing Agreement mandates us to obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in the Clause, and annex the certificate with the Directors' report, which is sent annually to all the shareholders. A certificate to this effect is obtained and the same is given as an annexure to the Directors' report.

The Clause further states that the non-mandatory requirements may be implemented as per our discretion. However, the disclosures of compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in this section of the Annual Report.

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. The "Whistleblower Protection Policy" aims to:

- Allow and encourage employees and business associates to bring to the management's notice concerns about suspected unethical behaviour, malpractice, wrongful conduct, fraud, violation of policies etc.
- Ensure timely and consistent organizational response.
- Build and strengthen a culture of transparency and trust.
- Provide protection against victimization.

Means of Communication

Quarterly / Half yearly results: The Quarterly / half yearly/Annual Audited results are usually published in the Financial Express (in English) and Andhra Prabha (in Regional Language).

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

Website: The Company's website 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.

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

General Shareholder Information

- **Annual General Meeting:**
 - Date and Time** : 30th July, 2010 at 11.00 a.m
 - Venue** : Auditorium Hall, 2nd Floor, Training Block,
National Institute For Micro, Small and Medium Enterprises
(Formerly NISEIT), Yousufguda, Hyderabad-45
Phone: 040-23608577
- **Financial calendar (tentative)** : The Financial Year of the Company begins from 1st April and ends by 31st March. The following is the tentative financial calendar for the financial year 2010-2011 of the Company, which is subject to change:



1st Quarter results by	Before 2nd week of August, 2010
2nd Quarter/Half results by	Before 2nd week of November, 2010
3rd Quarter results by	Before 2nd week of February, 2011
4th Quarter & Annual result by	Before last week of May, 2011
AGM for the year 2010-11	July, 2011

- **Date of Book Closure** : 26th July 2010 to 30th July 2010 (both days inclusive).
- **Dividend payment date** : On or after 30th July 2010(within the statutory time limit of 30 days), subject to shareholders approval.
- **Listing** : At present, the Equity Shares of the company are listed on Bombay Stock Exchange Limited (BSE), Mumbai and National Stock Exchange of India Limited (NSE) Mumbai. The annual listing fees for the year 2009-10 (as applicable) has been paid.
- **Stock Code** : The Stock Exchange Ltd, Mumbai
Scrip code: 519552
Scrip ID: HERITGFOOD

National Stock Exchange of India Limited, Mumbai
Scrip code: HERITGFOOD
- **Demat ISIN in NSDL & CDSL for Equity Shares** : ISIN: INE978A01019
- **Dematerialisation** : 88.63 % of the Company's paid-up Equity share capital has been dematerialised as on 31st March 2010. 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

S. No	Category	No. of Holders	Total Shares	% To Equity
1	Physical	2596	1311036	11.37
2	NSDL	3232	9793186	84.94
3	CDSL	1015	425278	3.69
Total		6843	11529500	100.00

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

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:**

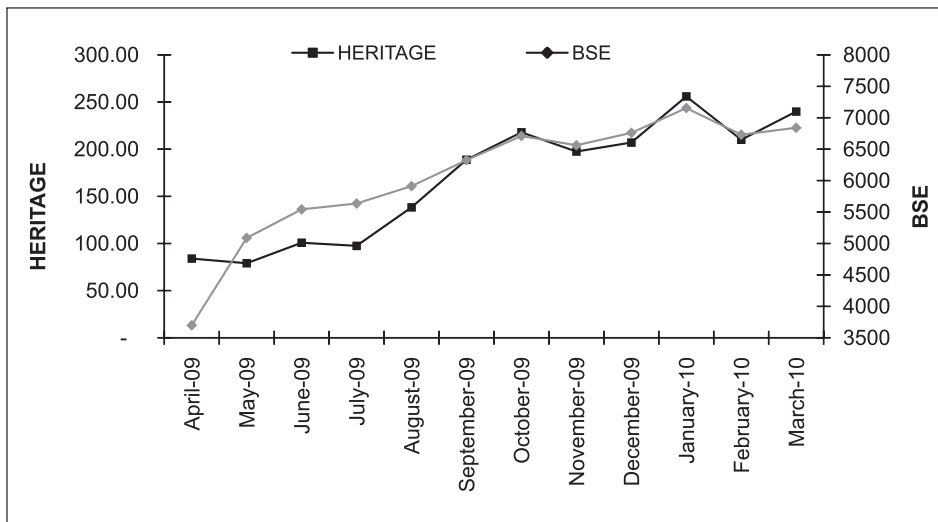
Market price data - High / Low during each month of the financial year 2009-10.

(Rs.)

Month	NSE		BSE	
	HIGH	LOW	HIGH	LOW
April, 2009	83.00	54.00	84.00	54.10
May, 2009	78.80	61.80	79.05	63.45
June, 2009	100.65	76.05	100.80	76.70
July, 2009	95.45	68.25	97.50	68.90
August, 2009	138.00	84.25	138.35	84.90
September, 2009	192.40	123.50	188.80	124.00
October, 2009	219.40	177.30	217.90	176.00
November, 2009	197.40	166.30	197.50	165.35
December, 2009	207.45	191.15	207.00	190.10
January, 2010	257.00	180.15	255.90	185.00
February, 2010	215.00	181.10	210.00	187.20
March, 2010	226.90	177.30	239.90	182.75

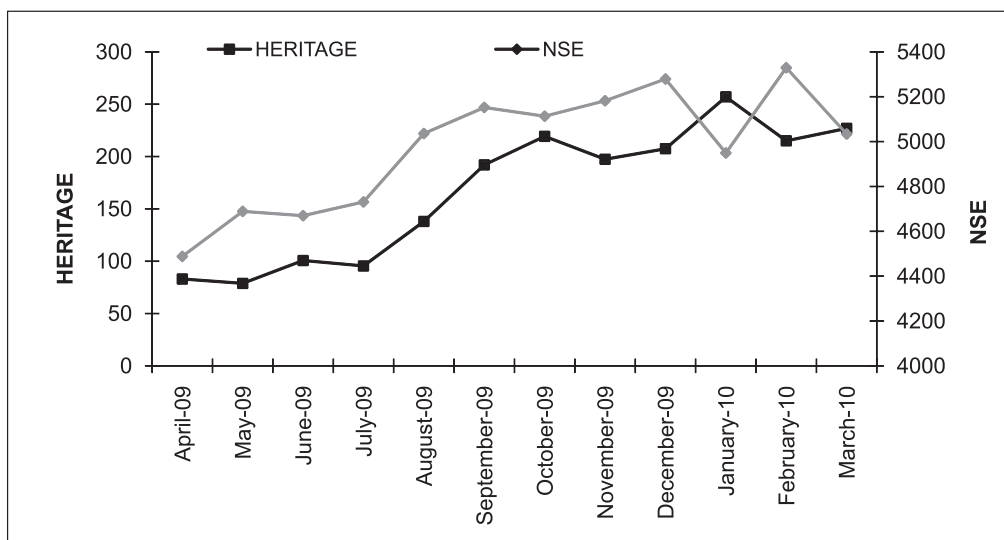
● **Heritage Share price performance in comparison to broad based indices.**

HERITAGE vs. BSE





HERITAGE vs. NSE



• Distribution of Shareholding as on 31st March 2010

Category	No. of Share Holders	% of Share holders	No. of Shares	% of Shares
From To				
1 5000	6249	91.32	755145	6.55
5001 10000	262	3.83	224369	1.95
10001 20000	116	1.70	185620	1.61
20001 30000	81	1.18	205622	1.78
30001 40000	15	0.22	53741	0.47
40001 50000	44	0.64	214697	1.86
50001 100000	31	0.45	234003	2.03
100001 & Above	45	0.66	9656303	83.75
TOTAL	6843	100.00	11529500	100.00

• Shareholding Pattern as on 31st March 2010

Sl. No.	Category	Cases	Shares	% Equity
1	CLEARING MEMBERS	29	9190	0.08
2	EMPLOYEES	10	1900	0.02
3	FOREIGN INSTITUTIONAL INVESTOR	4	1755977	15.23
4	H U F	76	152789	1.33
5	BODIES CORPORATES	201	1459165	12.66
6	MUTUAL FUNDS	8	230542	2.00
7	NON RESIDENT INDIANS	103	99789	0.87
8	OVERSEAS CORPORATE BODIES	2	5700	0.05
9	PERSONS ACTING IN CONCERT	14	926434	8.04
10	PROMOTERS BODIES CORPORATE	1	494200	4.29
11	COMPANY PROMOTERS	3	3848613	33.38
12	RESIDENT INDIVIDUALS	6392	2545201	22.08
	TOTAL	6843	11529500	100.00

**Convertible Warrants:**

2,60,500 convertible warrants issued/ allotted to Smt.N.Bhuvanewari and 8,00,000 convertible warrants issued /allotted to Sri Nara Lokesh were forfeited during the year under review due to non-payment of balance amount within the time prescribed.

There are no outstanding GDRs/ ADRs instruments.

Address for Correspondence

- 1 Investor Correspondence - If the shares held by you are in physical mode, for Change of address, change of bank mandate, nomination, transfer of shares etc., you may approach the R&T Agents, Karvy Computershare Pvt. Ltd. If they are held in electronic mode, contact your Depository Participant.

For dematerialization of shares, the share certificates are to be lodged with your Depository Participant.

All queries pertaining to dividends, Annual Reports etc. are to be referred to Karvy Computershare Pvt Ltd whether they are held in physical mode or electronic mode.

2. Any query on Annual Report –

Secretarial Department,
Heritage Foods (India) Limited
6-3-541/C, Punjagutta
Hyderabad - 500 082
Phone: 040-23391221/222
Fax: 040-23318090
E-mail: umakanta@heritagefoods.co.in

Compliance Certificate from Auditors

Certificate from 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 annexed to the Directors' Report forming part of the Annual Report.

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

For and on behalf of Board of Directors
HERITAGE FOODS (INDIA) LIMITED

N Bhuvanewari
Vice Chairperson & Managing Director

Place : Hyderabad
Date : May 27th 2010

Processing and Packing Stations

1. **Gokul**
Kasipentla Village
Chittoor-Tirupathi Road
Chandragiri Mandal, Chittoor (Dt) AP.
2. **Bayyavaram**,
Vishakhapatnam Dist, AP
3. **Pamarru**
East Godavari Dist, AP
4. **Bhattiprolu**
Guntur Dist, AP
5. **Vadamadurai**,
Morepatti Village,
Dindigul Dist, Tamilnadu.
6. **Bangalore**
Yadavanhalli, Ankal Taluq, Karnataka.
7. **Uppal**
Ranga Reddy Dist, AP
8. **Narketpally**
Nalgonda Dist, AP
9. **Chittoor**
Chittoor Dist, AP
10. **B.Kotha Kota**
Chittoor Dist, AP
11. **Sangvi**
Satara Dist, Maharastra
12. **Bobbili**
Industrial Growth Center,
Bobbili, Vizianagaram Dist., AP

Procurement & Units

1. **Atmakuru**
Atmakuru Post, Nellore Dist., AP
2. **Namakkal**
Navani Vellali Patti Village,
Pudusatram-P.O
Namakkal Dist., Tamilnadu
3. **Darsi**
Darsi Post, Prakasam Dist., AP
4. **Kalluru**
Korlagudem village,
Kalluru Mandal, Khammam Dist., AP
5. **Kandukuru**
Katuturu Grampanchayat,
Veletivaripalem mandal,
Kandukuru, Prakasam Dist., AP
6. **Kondepi**
Kondepi Village & Mandal,
Prakasam Dist., AP
7. **Madanapalli**
Basinikonda Village,
Madanapalle Mandal,
Chittoor Dist., AP

8. **Madhira**
Rayapatnam Village, Madhira Mandal,
Khammam Dist., AP
9. **Muppavaram**
Bytamanjuluru Post, J Pungaluru Mandal,
Prakasam Dist., AP
10. **Somavaram**
East Godavari Dist, AP
11. **Nandyala**
Sambavaram Village,
Gosapadu Mandal, Kurnool Dist., AP
12. **Piler**
Yerraguntla Village,
Piler Mandal, Chittoor Dist., AP
13. **Santhamaguluru**
Puthavaripalem Village,
Santhamaguluru Mandal,
Prakasam Dist., AP
14. **Tiruvannamalai**
Somaspadi pudur,
Tiruvannamalai Dist., Tamilnadu
15. **Uthangarai**
Koonsampatti Village,
Uthangarai Taluq,
Dharmapuri Dist., Tamilnadu.
16. **Guraja**
Mudinepalli Mandal, Krishna Dist., AP
17. **Kotananduru**
Indugapalli Vilege,
Kotananduru Mandal,
East Godavari Dist., AP
18. **Gantiyada**
Gantiyada (V&M),
Vizianagaram Dist.,AP
19. **L.Kota**
C/o Sree Sravani Milk Chilling Centre,
L.Kota (V&M), Vizianagaram Dist.
20. **Velapadi**
Salem Dist, Tamil Nadu.
21. **Santhipuram**
Chittoor Dist, AP

MINI CHILLING CENTRES

1. **Kalakada**
Chittoor Dist., AP
2. **Kanigiri**
Prakasam Dist., AP
3. **Kodada**
Nalgonda Dist., AP
4. **Vinukonda**
Guntur Dt, AP
5. **Podalakuru**
Nellore Dist. AP

6. **Veeravalli**
Veeravalli Village, Bapulapadu Mandal,
Krishna Dt., AP
7. **Satyawada**
West Godavari., AP
8. **Velvadam**
Krishna Dt., AP
9. **Kaligiri**
Nellore Dist. AP
10. **Chagarlamarri**
Kallugotlapalli Village
Allagadda Mandal, Kurnool Dist. AP
11. **Hindupur**
Srikanthapuram Village,
Kaggallu Panchayat, Hindupur Mandal,
Anantapur Dist. AP
12. **Ravikamatam**
Opp. Govt Veterinary Hospital
Ravikamatam Village
Visakhapatnam Dist. AP
13. **Poosapatirega**
Poosapatirega Village
Vizianagaram Dist., AP

BULK COOLERS

1. **Chinnagammuluru**
Kota, Vuratla Mandala
Via Adda Road, Vizag Dist.
2. **K Venkatapuram**,
Khammam, AP.
3. **Challagundla**,
Guntur, AP.
4. **Samarlakota**
East Godavari Dist. AP
5. **Palamaneru**,
Chittoor, AP.
6. **Vatsavai**
Vatsavai Mandal, Krishna Dist., AP
7. **Venkatagiri**
Sri Kalahasti Mandal, Chittoor Dist., AP.
9. **Vepanapalli**
Vepanapalli Post,
Krishnagiri thaluk, & dist, Tamilnadu.
10. **Duttaluru**
Duttaluru Mandal, Nellore Dist., AP
11. **Sathenapalli**
Sathenapalli Mandal, Guntur Dist., AP
12. **Sri Kalahasti**
Pedda Kannali Village & Post,
Chittoor Dist., AP.
13. **Wyra**
Gundrathimadugu Village,
Konigerla Mandal, Wyra Post,
Khammam Dist. AP

14. **Hukkeri**
Belguam Dist, Maharashtra.
15. **Pangire**
Kolhapur Dist, Maharashtra
16. **North Rajupalem**
Nellore Dist, AP.
17. **Alagadapa(Bulk Cooler)**
Nalagoda Dist, AP
18. **Bapatla (Bulk Cooler)**
Mulapalem Village,
Bapatla-Ponnur Road,
Bapatla Mandal, Guntur (Dt).
19. **Dubucharla**
West Godavari Dist, Andhra Pradesh.
20. **Mehagaon,**
Kolhapur Dt, Maharashtra.
21. **Ghattaprabha,**
Belguam, Maharashtra.

ICE PLANTS

1. **Amalapuram**
Amalapuram, East Godavari Dist., AP
2. **Revedi(IP)**
Vizianagaram Dist., AP
3. **Dharmapuri**
Dharmapuri Dt., Tamilnadu.
4. **Papireddi patti,**
Tamilnadu.

SALES OFFICES

Andhra Pradesh

- Hyderabad Sales Office 1**
No: C-10, IDA, Uppal
- 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
- Visakhapatnam Sales Office**
D.No: 50-48-15/2, P&T Colony,
NH-5 Facing, Seethammadhara,
Visakhapatnam - 13
- Tirupati Sales Office**
D.No: 19-12-154, RC Road,
Bairagipatteda, Tirupati.
Phone: 0877 - 3205997
- Rajahmundry Sales Office**
D.No: 75-8-12, First Floor,
Vimmalamma Hospital Junction.,
Gandipuram-2,
Rajahmundry.

- Vijayawada Sales Office**
No: 54-18/1-2, ITI Road,
Prasanthi Nagar, Vijayawada - 8.
- Chittoor Sales Office**
Sundararaja Puram, E.R PalliPost,
Chittoor - Puttoor Road, Chittoor

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, 2 nd Floor,
Shivakrupa Complex,
Kasturinagar - 560 016.
- Bangalore Sales Office 3**
Yadavanahalli Village, Anekal Taluk,
Gudahatti Road, Bangalore.

Tamil Nadu

- Chennai Sales Office 1**
Survey No:16/6,
Pariwakkam Main Road,
Seneerkuppam Village,
Poonamalle, Chennai - 600 056
- Chennai Sales Office 2**
Plot No: 219, Ganeshan Street,
Bhuvanewari Nagar Extension,
Vellachery, Chennai - 600 042
- Vadamadurai Sales Office :**
Moorpatti Village, Vadamadurai Post,
Dindigul District - 624 802

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 Katrej Highway,
Narhe - Post, Haveli - TQ, Pune - 411042.
- Sangvi Sales Office :**
Vijayanagar Sangvi, Phaltan Taluk,
Satara District.

RETAIL DIVISION

Bangalore

- 1 **Basaveshwara Nagar**
Chamundi Towers,
Coporation No.104, LIC Colony,
WOC Road,
Sri Siddiah Purnik Marg,
Bhimajyothi,
Co-operative Housing Society
Basaveshwara Nagar,
Bangalore - 560 079
- 2 **Jayanagar**
Ground Floor, BBMP Khattha No.68
(Old No.301/B, Previously No.35),
Ward No.58, 10th Main Road,
36th Cross, 5th Block, Jayanagar,
Bangalore - 560 041
- 3 **Indira Nagar**
Sai Shakti , Municipal No.2207,
HAL III Stage, Ward No.74,
80 Feet Road, Kodihalli, Bangalore
- 4 **RajajiNagar**
Corporation No.63/9, 19th Main,
2nd Block, Rajaji Nagar,
Bangalore - 560 010
- 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 - 560061
- 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 - 560 064
- 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 - 560 043
- 11 **Rammurthy Nagar**
No.7, Khata No.81/89/1,
Kowdenahalli,
Rammurthy Nagar Hobli,
Bangalore South Taluk,
Bangalore
- 12 **White Field**
No.6, BBMP Katha No.205/155,
Thubarahalli Village,
Ramagondanahalli Post,
Varthur Main Road,
Bangalore - 560 066
- 13 **Prashanth Nagar**
Site No.1, Hari Ram Aildas Layout
(Prashanth Nagar), Govindarajanagara,
Thimmenahalli Main Road,
Kempapura Agrahara,
Bangalore North Taluk,
Bangalore

- 14 Bانشankari**
3rd Stage, Site No.38/113, 2nd A Cross,
Kathariguppa Main Road,
Banashankari 3rd Stage, Bangalore
- 15 Vijaya Bank Colony**
Site No.441,
Vijaya Bank Employees
Housing Co-Operative Society
Limited Layout, Situated at Bilekahali,
Begur Hobli,
Bangalore South Taluk, Bangalore
- 16 Coffee Board Colony**
Site No 3,
Village Khata No650,
Sy No.10/1,12/1, Kemapura Village,
Yelahanka Hobli, Bangalore

Chennai

- 1 Madipakkam**
Baggyam Ceilo, No.1 & 2,
Bazaar Road, Baliah Garden,
Madipakkam, village
Chennai - 600 091
- 2 Gopalapuram**
No.17&19, Conron smith road,
Gopalapuram, Chennai - 600 086
- 3 Kotturpuram**
No.1, 3rd Main Road,
Kottur Garden, Kotturpuram,
Chennai - 600 085
- 4 Mandaveli**
D.No.51,Ramakrishna Mutt Road,
No.83, 10th Avenue, Mylapore,
Chennai 600 004
- 5 Alwarpet**
No.26, TT Krishnamachari Road,
Alwarpet, Chennai 600 018
- 6 Nanganallur**
Rukmani Complex, No.1, 5th Street,
Laxmi Nagar, Nanganallur,
Chennai - 600 061
- 7 Mylapore**
Rabiya Building, Old 187/1, New 238,
Rayapeta High Road, Mylapur, Chennai.
- 8 Kolathur**
Door No. 2, Plot No.2, Velavan Nagar,
Paper Mills Road (next to SAI Mahal),
Kolathur, Chennai
- 9 Valasaravakkam**
Green's Riviera, Door no.75,
Dr. Radhakrishnan Road,
Valasaravakkam, Chennai - 600 087
- 10 Shenoy Nagar**
No.1/2, 7th Cross Street,
Tulasi Apartments,
Pulla Reddy Avenue Road,
Shenoy Nagar (west), Chennai - 600 030

- 11 Adambakkam**
New No. 17, Old No. 16A,
Secretariat Colony Main Road,
Adambakkam, Chennai-600088
- 12 Mugalivakkam**
Plot no.10 & 11,
Mugalivakkam Main Road,
Sriram Nagar, Porur, Chennai - 600 016
- 13 Perungudi**
Plot No.60, 2nd Main Road,
Thirumalai Nagar Annexe,
Perungudi, Chennai - 600 096
- 14 Mogappair**
No.1427, V.O.C. Street,
Thiruvalluvar nagar, Mogappair,
Chennai - 600 037
- 15 Tambaram West**
No.2, Venkatesan Street,
Tambaram West, Chennai - 600 045
- 16 Alwarthirunagar**
New No. 29 and 30, SriPriya's Nakshatra,
Gandhi Road (Next to GRK Kalyana
Mandapam), Alwar Thirunagar,
Chennai - 600 087
- 17 Mogapiyyar West**
No. PC-1, 80 Feet Road
(Poison Biotech),
Mogappair west, Chennai - 600 037
- 18 East Tambaram**
457/152, Velachery Main Road
(opp. To Air force station Road,
Next to UCO Bank),
East Tambaram, Chennai - 600 059
- 19 Kodambakkam**
Door no.29/1,
Viswanathapuram Main Road
(opp. To Ragavendra Kalyana
mandapam), Kodambakkam,
Chennai - 600 024
- 20 Choolaimedu**
Ground Floor Commercial Shop,
GreataPearl Apartments, No. 174,
Choolaimedu High Road,
Chennai - 600 094
- 21 Pallikaranai**
Plot No.36,
Natwest Venkatramana Apartments,
Kamokoti Nagar main Road
(opp. road to Balaji, Dental College),
Pallikaranai, Chennai - 601 100
- 22. Ayanavaram**
No. 9/5, VP Colony South Street
(Next to ESI Hospital),
Ayanavaram, Chennai - 600 023
- 23 T.Nagar**
19/3, Bajullah Road,T. Nagar,
Chennai-600017

- 24 Aminjikarai**
Old Door No. 73 & 74,
New No. 37, Govindan Street,
AyavooColony,Aminjikarai,
Chennai-600029
- 25 Venkatnarayana Road**
16/5, Venkatanarayana Road,
T. Nagar,Chennai-600017
- 26 Adayar**
Ground floor, Old no.6/1,
New No.17/1, Indira Nagar,
1st Avenue, Adyar, Chennai -20
- 27 KB Dasan Road**
New Door No.32, (Old -43),
Kavingnar Bharathi Dasan Road,
Teynampet, Chennai - 600 018
- 28 Anna Nagar**
Plot No.3362-V, AE Block,
10th Main Road, Anna Nagar (West),
Chennai - 600 040

Addresses of Stores Launched at Hyderabad

- 1 Pragati Nagar**
Ground Floor,
Plot No.159,160,161,178,
179 & 180, Pragati Nagar,
Opp: JNTU, Kukatpally,
Quthbullapur, Hyderabad - 500 090
- 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,
Hyderabad - 500 038
- 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 - 500 003
- 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 Hyderabad
- 9 Malkajiri**
22-1-1/1, Radha Krishna Nagar,
Beside Bank of Maharashtra,
Malkajigiri, 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 - 500 029
- 14 Gacchi Bowli**
Plot No.2, Survey No.91,
Ground Floor, Telecom Employees
Co-Operative Housing Society Ltd,
Gacchi Bowli, Hyderabad - 500 032
- 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, Tirumalagiri
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 Bowenpally**
Plot no. 6, Krishna Reddy Nagar,
(Near Gulf Bakery) Beside Petrol Bank,
Bowenpally 'X' Roads, Secunderabad

- 20 Vanasthalipuram**
Plot No. 1 & 2, Sy. No. 53 & 54,
Saheb Nagar Khund,
Vanasthalipuram, R R District
- 21 Nizampet**
Sy.No.57, MCK Block, No.2,
Hyder nagar Village (Nizampet Rd),
Kukatpally municipal sub Division,
GHMC, Bala nagar Mandal,
Hyderabad - 500 072
- 22 Red Hills**
11-6-872/1 to 6,
872/A&B, 872/A/1,
Lakdikapool,
Hyderabad - 500 026
- 23 Moti Nagar**
Grood Floor, Plot No.32,
Survey No.19 & 20,
Babbuguda village,
Moosapet Gram Panchayat,
Kukatpalli Municipality,
Ranga Reddy District
- 24 Vivekananda Nagar Colony**
Plot no.2, Sy.No.116/A/P,
MCK Block No.22,
(Leading Road to Allwyn colony),
Kukatpally Village & Municipality,
Bala nagar Mandal, R.R. District
- 25 Kompally**
Sree Vensai Towers varuna Block,
Shop no.GF2,
Sy. No. 128 (P),
Grampanchayath of Kompally,
Qutbullapur mandal,
R.R. District
- 26 Kondapur**
"Park View", Plot no.5,
Sy.No.6, Kondapur Village,
Serilingampally Municipality,
R.R. District
- 27 Yousafguda**
Ground Floor,
H.No.8-3-224/4 & 8-3-224/4/1,
Plot No.4, Yellareddyguda, Hyderabad
- 28 Madinaguda**
Rajamma Commercial Complex,
Sy.No.95, 96,
Plot no. 5,6,7,8,
Madinaguda,
Sherilingampally (M) Hyderabad

- 29 Miyapur**
"Sri Kalki Mansion",
Flat no.G1, G2, G3,
Plot no.10 & 13, Survey No.221,
Madenaguda Village,
Serilingampally Mandal, R R District
- 30. KPHB 6th Phase**
Grount Floor, Plot No.575/hig
Survey No.1009,
KPHB Colony Phase6,
Kukatpally Village,
Balanagar Mandal,
Kukatpally Municipality,
Rangareddy Dist.
- 31. Banjarahills**
8-2-120/86/9/A/7&8
Road No. 2, Banjarahills,
Hyderabad - 500 034.

Distribution Centres

Hyderabad DC

Heritage Foods (India) Limited
Plot no: 9/4, Block No.3.
Opp. Nandi Foods,
IDA, Uppal Evedence Technology.
Hyderabad - 500 039.

Chennai DC (FMCG and F&V)

Heritage Foods (India) Limited.,
Survey No. 16/4, Parivakkam Road,
Sennurkupam Village,
Poonamalli Taluq,
Chennai-600056

Bangalore DC (FMCG, F&V and Staples)

Heritage Foods (India) Limited.
Survey No. 98 &99.
Segahalli, Bidarahalli,
Opp. Sai Garden Apartments,
Kannamangala Post,
Bangalore - 560 067

AGRI DIVISION

Integrated Pack Houses:

- 1. Adavi Masjid Village,**
Mulugu Mandal,
Medak Dist.
- 2. Mattam Village,**
Shanthipuram,
Chittoor Dist.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
HERITAGE FOODS (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by Heritage Foods (India) Limited, for the year ended on 31st March, 2010, 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 31st March, 2010, no investor grievances are pending against the company for a period exceeding one month as per records maintained by the company which are presented to the shareholders/Investor Grievance Committee.

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

For **RAJU & PRASAD**
Chartered Accountants

S.Ranganathan
Partner

Place : Hyderabad
Date : 27th May 2010

Membership No. 22738

CEO AND CFO CERTIFICATION

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

We, N. Bhuvanewari, Vice-Chairperson and Managing Director and A. Prabhakara Naidu, Senior General Manager (Finance & Accounts) of Heritage Foods (India) Limited here by 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 : May 27, 2010

A. Prabhakara Naidu
Senior General Manager
Finance & Accounts

To

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

1. We have audited the attached Balance Sheet of M/s. HERITAGE FOODS (INDIA) LIMITED, as at 31st March 2010 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 31st March 2010 and taken on record by the Board of Directors we report that none of the Director as on 31st March 2010 is disqualified from being appointed as a director under clause (g) of Sub-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 31st March, 2010.
- 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 31st March 2010.
 - 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
Firm No.: 0034755

S.Ranganathan
Partner

Place : Hyderabad
Date : 27th May 2010

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. In respect of advances granted to subsidiary company towards incorporation and other expenses, the same are not material in nature and the terms granting these advance are not prejudicial to

- the interest of the company. No interest is payable on these advances and we are informed that these advances are not immediately repayable.
- 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 11th Sept. 2009 from Ministry of Corporate Affairs, Cost Audit Branch, we report that the maintenance of cost records are 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.
 - b) According to the information and explanations given to us following are the disputed dues relating to income tax, wealth tax, cess and sales tax, which have not been deposited as at 31st march, 2010:

Name of the statutes	Nature of the dispute	Amount (Rs.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/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

- 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 there was a cash loss of Rs.11,15,44,064/- (loss before depreciation and amortization) 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 frauds on or by the company has been noticed during the year.

For **RAJU & PRASAD**
Chartered Accountants
Firm No. : 003475S

S.Ranganathan
Partner
Membership No. 22738

Place : Hyderabad
Date : 27th May 2010

BALANCE SHEET As At 31st MARCH 2010

	Schedule Ref.	Rs.	As At 31.03.2010 Rs.	Rs.	As At 31.03.2009 Rs.
SOURCES OF FUNDS:					
Shareholders Funds:					
Share Capital	01	115295000		115295000	
Reserves & Surplus	02	753451125	868746125	692402211	807697211
Warrants Application Money			-		31868800
Loan Funds:					
Secured Loans	03	1755261114		1720065030	
Unsecured Loans	04	89214577	1844475691	75884119	1795949149
Deferred Tax Liability			156038635		125743840
TOTAL			2869260451		2761259000
APPLICATION OF FUNDS:					
Fixed Assets:					
Gross Block	05	2942381971		2644741999	
Less: Depreciation and Amortisation		790023064		607951733	
Net Block			2152358907		2036790266
Capital Work-in-Progress			87130122		139808929
Investments	06		9204910		2682710
Current Assets, Loans and Advances:					
Inventories	07	763056913		493866460	
Sundry Debtors	08	120762544		114598312	
Cash and Bank Balances	09	246330558		310447980	
Loans and Advances	10	358681873		344069246	
Sub-total		1488831888		1262981997	
Less: Current Liabilities and Provisions					
A. Current Liabilities		792314519		652125283	
B. Provisions		75950857		28879619	
Net Current Assets			620566512		581977095
TOTAL			2869260451		2761259000
Significant Accounting policies	19				
Notes on Accounts	20				

As per our report attached
For **Raju & Prasad**
Chartered Accountants

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 27, 2010
Place : Hyderabad

A. Prabhakara Naidu
Senior General Manager - Finance & Accounts

Umakanta Barik
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule Ref.	YEAR ENDED 31.03.2010 RS.	YEAR ENDED 31.03.2009 RS.
INCOME :			
Sales	12	9003847177	7960286146
Other Income	13	29259221	32255659
TOTAL		9033106398	7992541805
EXPENDITURE:			
Materials Consumed	14	5430938611	4764543249
Purchase of Tradable Goods		1552874694	1503086584
Power and Fuel		199773459	206641369
Employee Remuneration	15	485097425	487951008
Interest	16	166746637	145830558
Other expenses	17	982819682	958419002
(Increase)/ Decrease in Stocks	18	(88654633)	37614101
TOTAL		8729595876	8104085871
PROFIT/(LOSS) BEFORE DEPRECIATION AND AMORTISATION		303510522	(111544066)
Less: Depreciation and Amortisation		196425392	172242602
PROFIT/(LOSS) FOR THE YEAR		107085130	(283786668)
Less :Provision for taxation			
Current Tax		19552323	–
Deferred Tax Liability		30294795	61288501
Fringe Benefit Tax		–	4501760
NET PROFIT/(LOSS) AFTER TAX		57238012	(349576929)
Less:Prior period expenses/ (income)		(1465908)	4869266
		58703920	(354446195)
Less: Taxation of Earlier Years		2744911	1682756
NET PROFIT/(LOSS) AFTER PRIOR PERIOD ITEMS		55959009	(356128951)
Balance brought forward		–	121069762
Amount available for Appropriation		55959009	(235059189)
Appropriations			
Proposed Dividend		20753100	–
Provision for Tax on Dividend		3446830	–
Transfer to General Reserve		5000000	–
Balance carried to Balance Sheet		26759079	(235059189)
TOTAL		55959009	(235059189)
Basic and diluted earnings per share of Rs.10/- each before extraordinary items		4.85	(30.89)
Basic and diluted earnings per share of Rs.10/- each after extraordinary items		4.85	(30.89)
Significant Accounting policies	19		
Notes on Accounts	20		

As per our report attached
For **Raju & Prasad**
Chartered Accountants

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 27, 2010
Place : Hyderabad

A. Prabhakara Naidu
Senior General Manager - Finance & Accounts

Umakanta Barik
Company Secretary

	Rs.	As At 31.03.2010 Rs.	Rs.	As At 31.03.2009 Rs.
SCHEDULE 1 : SHARE CAPITAL				
Authorised:				
1,80,00,000 Equity Shares of Rs.10/- each (Previous year 1,80,00,000 Equity Shares of Rs.10/- each)		180000000		180000000
20,00,000 Convertible cumulative Preference Shares of Rs.10/- each (Previous year 20,00,000 Preference Shares of Rs.10/- each)		20000000		20000000
		200000000		200000000
Issued, Subscribed & paid-up				
1,15,29,500 Equity Shares of Rs.10/- each fully paid-up (Previous year 1,15,29,500 Equity Shares of Rs.10/- each fully paid-up)		115295000		115295000
SCHEDULE 2: RESERVES AND SURPLUS				
Capital Reserve (State Subsidy)				
Opening Balance	9756260		2881260	
Add: Subsidy received during the year	-		6875000	
	9756260		9756260	
Less: Subsidy transferred to P&L A/c during the year	2578965		-	
Closing Balance		7177295		9756260
Capital Reserve:				
a. Securities Premium account	465975400		465975400	
b. Capital Redemption Reserve	8100000		8100000	
c. Warrants Money Forfeited	31868800	505944200	-	474075400
General Reserve:				
Opening Balance	208570551		443629740	
Add: Transferred during the year	5000000		-	
	213570551		443629740	
Less: Debit Balance in Profit & Loss Account	-		235059189	
Closing Balance		213570551		208570551
Surplus in Profit and Loss Account		26759079		-
TOTAL		753451125		692402211
SCHEDULE 3: SECURED LOANS				
Term Loans from Banks		1165739754		1212118664
(Includes Interest accrued and due during the year Rs. Nil (Previous Year Rs.Nil) (Term Loan due and repayable within one year is Rs.29.81 crores (Previous Year:Rs.24.03 Crores))				
Working Capital Loans from Banks		589521360		507946366
(Includes Interest accrued and due during the year Rs.609409/-(Previous Year Rs.Nil)				
TOTAL		1755261114		1720065030
SCHEDULE 4: UNSECURED LOANS				
Sales Tax Deferment		89214577		75884119
TOTAL		89214577		75884119

SCHEDULE 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION*				NET BLOCK	
	As At 01.04.2009 Rs.	Additions Rs.	Deletions Rs.	As At 31.03.2010 Rs.	As At 01.04.2009 Rs.	For the Year Rs.	On Deletions Rs.	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
LAND	142799221	935050	987484	142746787	-	-	-	142746787	142799221
BUILDINGS	693817766	105575405	2484069	796909102	83815178	24286159	69606	688877371	610002588
CIVIL WORKS IN LEASEHOLD PROPERTY	120946759	10426641	12052981	119320419	22839502	14411347	2640211	84709781	98107257
PLANT & MACHINERY	1309295280	187381323	10924416	1485752187	390902590	107462638	7639846	995026805	918392690
FURNITURE & FIXTURES	107488672	6311341	863812	112936202	14163819	6747964	169677	92194095	93324853
OFFICE EQUIPMENT	170704616	8328290	2102472	176930434	55146444	23675744	1267147	99375392	115558171
INTANGIBLE ASSET - SOFTWARE	82507346	8405207	-	90912553	34401494	18110474*	-	38400586	48105853
VEHICLES	17182339	3560243	3868295	16874287	6682706	1731065	2567574	11028091	10499634
TOTAL	2644742000	330923500	33283529	2942381971	607951733	196425392	14354061	2152358907	2036790267
PREVIOUS YEAR	2064483507	586449423	6190930	2644742000	440378950	172242602	4669818	2036790267	
Capital Work-in-Progress	139808929	236898446	289577252	87130123					
Capital Work-in-Progress (Previous Year)	467580555	212815029	540586655	139808929					

	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
SCHEDULE 6 : INVESTMENTS		
I. Government Securities:		
National Savings Certificates	92200	70000
II. Shares		
1) Un-quoted: (Non-Trade, Long Term, at cost)		
200000 Equity Shares of Rs 10/- each fully paid up in Heritage Finlease Ltd.	2000000	2000000
2) Investments in Subsidiary Companies		
Un-quoted: (Non-Trade, Long Term, at cost)		
a) 50000 Equity Shares of Rs 10/- each fully paid up in Heritage Foods Retail Ltd.,	500000	500000
b) 650000 Equity Shares of Rs 10/- each fully paid up in SKIL Raigam Power (India) Ltd .,	6500000	-
3) Quoted: (Non-Trade, Long Term, at cost)		
a) 348 Equity Shares of Rs.10/- each at a premium of Rs.220/- each fully paid up in Bank of Baroda	80040	80040
b) 363 Equity Shares of Rs.10/- each at a premium of Rs.80/- each fully paid up in Andhra Bank	32670	32670
TOTAL	9204910	2682710
Note :1. Aggregate value of quoted investments: Rs.112710/- (Previous year: Rs. 112710/-) and market value of quoted investments: Rs. 261699/- (Previous year: Rs. 97940/-)		
2. Aggregate value of Un-quoted investments: Rs.9000000/- (Previous Year: Rs.2500000/-)		
SCHEDULE 7: INVENTORIES (As verified and certified by Management)		
Stores, Spares and consumables	37649938	26467753
Raw Materials	289014615	136548272
Packing Material	59703961	42816668
Stocks under Process	1411800	1330178
Finished Goods	239859364	163932491
Tradable Goods	135417235	122771097
TOTAL	763056913	493866460
SCHEDULE 8: SUNDRY DEBTORS		
Outstanding for more than six months:		
Unsecured and considered good	11523587	11591206
Unsecured and considered doubtful	10544689	8030090
	22068276	19621296
Other Debtors:		
Unsecured and considered good	109238956	103007107
Total Debtors	131307232	122628403
Less: Provision for doubtful debts	10544689	8030090
TOTAL	120762544	114598312



	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
SCHEDULE 9 : CASH AND BANK BALANCES		
A. Cash on hand	22600770	24065241
B. Cheque on hand	-	602006
C. Funds in Transit	-	400000
D. Balances with Scheduled Banks in :		
Current Accounts	195165845	266140041
Deposit Accounts	15885000	10908493
Margin Money	7993326	2783730
Unclaimed Dividend Accounts	4645892	5420540
Other Accounts	-	5000
E. Balances with other Banks in Current Accounts:		
The Dharmapuri Dist. Central Co-op. Bank Ltd., T.N.	-	13413
TSDCCB - Pudunchandai - Namakkal, T.N.	-	5075
Prakasam Dist. Co-op. Central Bank Ltd., A.P.	39725	104441
TOTAL	246330558	310447980
SCHEDULE 10: LOANS AND ADVANCES		
a. Advances to Subsidiaries (Heritage Foods Retail Limited)	618319	603583
b. Advances recoverable in cash or kind or for value to be received	191883554	205978023
Less: Provision for doubtful advances	1867036	1817921
Net Advances considered good	190016518	204160102
c. Total Advances (Unsecured and considered good)(a+b)	190634837	204763685
d. Deposits	137864479	128004981
e. Tax Deducted At Source & Advance Tax	30182557	11300580
TOTAL	358681873	344069246
SCHEDULE 11: CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities:		
Sundry Creditors:		
Dues to Micro and Small Enterprises	16276401	18199737
Dues to Others	431232069	344073359
Creditors for Expenses	221561321	203001087
Liability towards Investor Education and Protection Fund:		
Unclaimed Dividend	4645892	5420540
Other Current Liabilities	48768468	24522957
Interest accrued but not due on loans	6550256	11939053
Trade Deposits	63280112	44968551
TOTAL (A)	792314519	652125283
B. Provisions:		
Provision for Taxation	19552323	3987
Proposed Dividend	20753100	-
Provision for tax on Dividend	3446830	-
Provision for diminution in value of investments	-	16353
Provision for Leave Encashments	32198604	28859279
TOTAL (B)	75950857	28879619
TOTAL (A+B)	868265376	681004902

	Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
SCHEDULE 12: SALES		
Domestic Sales	8918265281	7900632876
Less: Excise Duty	464290	-
	<u>8917800991</u>	<u>7900632876</u>
Export Sales	-	8092410
Other Operating Income	86046186	51560860
TOTAL	<u>9003847177</u>	<u>7960286146</u>
SCHEDULE 13: OTHER INCOME		
Interest on Bank and Other Deposits (TDS Rs.189964/-(Previous period : Rs.223151/-)	3792848	5116074
Miscellaneous Income	11133364	7255846
Lease Rental Income	7248071	17634000
Profit on sale of assets	5767924	2145503
Income on Investments: Dividend	144766	104236
Foreign Exchange Gains	1172249	-
TOTAL	<u>29259221</u>	<u>32255659</u>
SCHEDULE 14: MATERIALS CONSUMED & PURCHASE COST OF TRADABLE GOODS		
a. Raw Materials :		
Opening Stock	136548272	66778430
Add: Purchases	5311931027	4571290231
	<u>5448479299</u>	<u>4638068661</u>
Less: Closing Stock	292379353	136548272
Consumption (a)	<u>5156099946</u>	<u>4501520389</u>
b. Packing Materials :		
Opening Stock	42816668	26633791
Add: Purchases	291725958	279205737
	<u>334542626</u>	<u>305839528</u>
Less: Closing Stock	59703961	42816668
Consumption (b)	<u>274838665</u>	<u>263022860</u>
TOTAL (a + b)	<u>5430938611</u>	<u>4764543249</u>
c. Purchase of Tradable Goods	<u>1552874694</u>	<u>1503086584</u>
TOTAL (c)	<u>1552874694</u>	<u>1503086584</u>
SCHEDULE 15: EMPLOYEE REMUNERATION		
Salaries, Wages, Bonus & allowances	447147565	443967049
Contribution to Provident and Other funds	23981543	27199415
Contribution to Gratuity Fund	1422811	1544253
Staff Welfare	12545506	15240291
TOTAL	<u>485097425</u>	<u>487951008</u>
SCHEDULE 16: INTEREST		
On Term Loans from Banks	119129105	94055912
On Working Capital Loans from Banks	47383285	51774646
On Other Loans	234247	-
TOTAL	<u>166746637</u>	<u>145830558</u>



	Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
SCHEDULE 17: OTHER EXPENSES		
Stores ,Spares and consumables	68094717	74879967
Rent	145724958	150649602
Rates and Taxes	14920770	13367504
Bank charges	59539792	59014731
Insurance	6144729	8260823
Travelling and Conveyance	25430329	29297980
Office Maintenance	5945124	5879320
House Keeping Expenses	8004136	12649546
Books and Periodicals	633921	1769636
Electricity Charges	49093746	53374886
Safety and Security	25022395	26416658
Communication costs	23921314	28019013
Printing and Stationery	10356251	9607470
Repairs and Maintenance:		
Buildings	5585675	1892868
Plant and Machinery	11673543	5925285
Others	21163379	18572149
Auditors' Remuneration:		
As Auditors	1103000	1073496
For tax audit	110300	110300
Certification and Tax Matters	186309	367268
Audit Expenses reimbursed	115634	150779
Legal and professional charges	28085644	32028673
Freight Outwards	350916370	310993926
Selling and distribution expenses	55895691	35651493
Advertisement	14183027	16972923
Warehouse and Logistics	18456750	31560288
Directors' Remuneration	7896167	7103333
Directors' sitting fees	472500	402500
Bad debts written off	440755	1522435
Provision for doubtful debts	6265423	8030090
Bad and doubtful advances written off	2523378	1617921
Loss on sale / Written off of Assets	11156274	71323
Loss on Impairment of Assets	69734	753826
Recruitment and Training Expenses	2077671	4764422
Diminution in value of Investment	-	5913
Miscellaneous expenses	1610277	5210696
Foreign Exchange Fluctuation	-	449959
TOTAL	982819682	958419002
SCHEDULE 18: (INCREASE) / DECREASE IN STOCKS		
Finished Goods, Stocks under Process & Tradable Goods:		
Opening Stocks		
Stocks under process	1330178	1087787
Finished Goods	163932491	155548322
Tradable Goods	122771097	169011758
TOTAL	288033766	325647867
Closing Stocks		
Stocks under process	1411800	1330178
Finished Goods	239859364	163932491
Tradable Goods	135417235	122771097
TOTAL	376688399	288033766
(INCREASE) / DECREASE IN STOCKS	(88654633)	37614101

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 include product conversion charges earned.
- d) **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. Both direct and indirect 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.
- e) **Intangible Assets:** Intangible assets are stated at cost of acquisition less accumulated amortization. Cost of acquisition, 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 being written off over the period of lease of such properties.
- g) **Depreciation:** Depreciation on fixed assets is provided on the basis of straight line method at the rates and the manner prescribed in Schedule XIV of 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.
- 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 the estimated recoverable amount is higher.
- k) **Investments:** Short term investments are carried at lower of cost or fair value and long term investments at cost. Provision for diminution is made for the decline in the market value which is not temporary. Any reduction in carrying amount is charged to Profit and Loss A/c and provision for diminution is reversed and there is a raise 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 capital reserve 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. Assets and Liabilities related to foreign currency transaction remaining unsettled at the year end are translated at the contract rates, when covered by firm commitment forward cover contracts and at the year end rates in other cases. Gains and losses on foreign currency transactions are recognized in the profit and loss account as per AS-11.

- o) **EPS** : Earnings per share is calculated on the weighted average number of paid-up equity shares 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	As at
		31.03.2010	31.03.2009
		Rs.	Rs.
A.	Contingent Liabilities not provided for		
	(a) Tax matters in appeal :		
	i) Income Tax	34227781	26649931
	ii) Sales Tax	12669000	12669000
	iii) The Andhra Pradesh VAT Act	11399898	11399898
	(b) Bank Guarantees	29098547	15731047
	(c) 'C' Forms under collection	10419000	8773812
B.	Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances)	26630336	37404493
C.	Claims not acknowledged as debts	Nil	71015

2. SECURED LOANS

Term Loan: The term loan includes Rs.16.88 crores from Andhra Bank and Rs.18.73 crores from Bank of Baroda under FCNR(B) Loan and Rs.35.98 Crores from Bank of Baroda under FCTL and Rs.32.20 crores from ICICI Bank and Rs.12.78 Crores from Bank of Baroda under Rupee Term Loan 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. The loan availed from ICICI Bank of Rs.30 Crores is further secured by pledging part of the shares of promoters.

Working Capital Loan: The Company has availed working capital facilities from Bank of Baroda, Andhra Bank and ICICI Bank of Rs.58.95 Crores (Previous year : Rs.50.79 Crores) secured by hypothecation of stocks and book debts on pari pasu basis and for Bank of Baroda and Andhra Bank also secured by equitable mortgage of fixed assets.

3. UNSECURED LOANS :

Amount shown under the head Unsecured Loans represents sales tax collected under deferment scheme of State Government of Andhra Pradesh Rs.8.92 crores (Previous year Rs.7.59 crores) and is being repaid as per the Sales Tax Deferment Scheme.

4. MANAGERIAL REMUNERATION PAID / PAYABLE

Particulars	Year Ended 31.03.2010 Rs.	As at 31.03.2009 Rs.
a) Salaries	7896167	7103333
b) Commission	-	-
c) Others	-	-

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

Particulars	Year Ended 31.03.2010 Rs.	As at 31.03.2009 Rs.
Profit before Income Tax (as per Profit and Loss account)	107085130	(283786667)
Add: Directors' remuneration	7896167	7103333
Directors' commission	-	-
Directors' Sitting fees	472500	402500
Depreciation	196425392	172242602
Loss on Assets Sold/Impairment/ Written off	11226008	825149
Profit on Assets Sold	(5767924)	(2145503)
Provision for doubtful Debts	6265423	
	216517565	178428081
	323602695	(105358585)
Less: Depreciation as per Section 350 of the Companies Act, 1956	196425392	172242602
Bad and doubtful debts/ advances written off	2964133	-
Net (Profit)/ Loss on Assets sold / written off	-	-
Excess of Expenditure over income of earlier years calculated as per Section 349	625928142	-
	825317667	172242602
Profit as per Section 309(5) of the Companies Act, 1956	(501714972)	(277601187)
Commission is payable to two Directors at 5.00 per cent (In the absence of adequate profits minimum managerial remuneration specified in schedule xiii based on effective capital is paid)	Nil	Nil

5. Investor Education and Protection Fund

	2009 - 10	2008 - 09
Unclaimed Dividend		
Opening Balance	5420540	5825301
Less Claims during the year	44406	152735
Less: Transfer to IEPF	730242	589600
Add: Current year's unclaimed dividend	-	337574
Closing Balance	4645892	5420540

There is no amount due and outstanding to be credited to the Investor Education and Protection Fund

6. **Warrants money forfeited:** Out of 16,00,000 warrants allotted to promoters, 539500 warrants were converted into equity shares during the financial year 2007-08. The remaining warrants of 10,60,500 were not converted within the specified time and hence the money collected of Rs.3,18,68,800 towards 10% of value of warrants allotted was forfeited during the current financial year.
7. 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

(Rs. In lakhs)

	2009-10	2008-09
i. Employers Contribution to Provident Fund	197.39	199.61

Defined Benefit Plan

ii. **Gratuity (Funded)**

As per Actuarial Report dated 16.04.2010

(in Rupees)

	As on 31.03.2010	As on 31.03.2009
1. Assumption		
Discount Rate	8.00%	8.00%
Salary Escalation	4.00%	4.00%
2. Table showing change in present value of obligation as on 31.03.2010		
Present value of obligations as at beginning of year	8939593	7175152
Interest cost	715167	574012
Current Service Cost	2874250	2782245
Benefit Paid	(519942)	(503626)
Actuarial (gain)/ loss on obligations	(1052598)	(1088190)
Present value of obligations as at end of year	10956470	8939593
3. Table showing changes in the fair value of plan assets as on 31.03.2010		
Fair value of plan assets at beginning of year	12406966	8069384
Expected return on plan assets	1114008	723814
Contributions	2020273	4117394
Benefits paid	(519942)	(503626)
Actuarial gain / (loss) on plan assets	NIL	NIL
Fair value of plan assets at end of year	15021305	12406966
4. Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	12406966	8069384
Actual return on plan assets	1114008	723814
Contributions	2020273	4117394
Benefits paid	(519942)	(503626)
Fair value of plan assets at the end of year	15021305	12406966
Funded Status	4064835	3467373
Excess of Actual over estimated return on plan assets	NIL	NIL
(Actual rate of return - Estimated rate of return as ARD falls on 31st March)		
5. Actuarial Gain / Loss recognised		
Actuarial (gain)/ loss on obligations	1052598	1088190
Actuarial (gain)/ loss for the year -plan assets	NIL	NIL
Total (gain) / loss for the year	(1052598)	(1088190)
Actuarial (gain)/ loss recognised in the year	(1052598)	(1088190)
6. The amounts to be recognised in the balance sheet and statement of profit and loss		
Present value of obligations as at the end of year	10956470	8939593
Fair value of plan assets as at the end of the year	15021305	12406966
Funded Status	4064835	3467373
Net asset/ (liability) recognised in balance sheet	(4064835)	(3467373)
7. Expenses Recognised in statement of profit and loss		
Current Service Cost	2874250	2782245
Interest cost	715167	574012
Expected return on plan assets	(1114008)	(723814)
Net Actuarial (gain) / loss recognised in the year	(1052598)	(1088190)
Expenses recognised in statement of profit and loss	1422811	1544253

Defined Benefit Plan

iii. Leave Encashment & Sick Leave(Unfunded) As per Actuarial Report dated 15.04.2010

1. Assumptions

Particulars	Leave Encashment		Sick Leave	
	31-Mar-2010	31-Mar-2009	31-Mar-2010	31-Mar-2009
Discount Rate	8.00%	7.86%	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)	28 yrs	29 yrs	26 Yrs	27 yrs

2. Reconciliation of Defined benefit obligation

(in Rupees)

Particulars	31-Mar-2010	31-Mar-2009	31-Mar-2010	31-Mar-2009
Present Value of Obligation as at the beginning of the year	2,62,30,862	1,65,40,491	26,28,417	–
Acquisition adjustment	–	–	–	–
Interest Cost	20,98,469	13,00,083	2,10,273	–
Past Service Cost	–	–	–	–
Current Service Cost	23,71,866	96,69,090	9,67,460	26,28,417
Curtailement Cost / (Credit)	–	–	–	–
Settlement Cost / (Credit)	–	–	–	–
Benefits paid	(6,70,2118)	(48,43,699)	(4,63,854)	–
Actuarial (gain)/ loss on obligations	46,03,649	35,64,897	2,53,581	–
Present Value of Obligation as at the end of the year	2,86,02,728	2,62,30,862	35,95,877	26,28,417

3. Actuarial Gain / Loss Recognised

Actuarial (gain)/loss for the year – Obligation	(46,03,649)	(35,64,897)	(2,53,581)	–
Actuarial gain/(loss) for the year - Plan Assets	–	–	–	–
Total (gain) / loss for the year	46,03,649	35,64,897	2,53,581	–
Actuarial (gain) / loss recognized in the year	46,03,649	35,64,897	2,53,581	–
Unrecognized actuarial (gains) / losses at the end of year	–	–	–	–

4. The amounts to be recognised in Balance Sheet and Statement of Profit and Loss

Present Value of Obligation as at the end of the year	2,86,02,728	2,62,30,862	35,95,877	26,28,417
Value of Plan Provisions as at the end of the year	–	1,16,96,792	–	–
Funded Status	(2,86,02,728)	(1,45,34,070)	(35,95,877)	(26,28,417)
Unrecognized Actuarial (gains) / losses	–	–	–	–
Net Asset / (Liability) Recognized in Balance Sheet	(2,86,02,728)	(2,62,30,862)	(35,95,877)	(26,28,417)

5. Expenses Recognized in the statement of Profit & Loss

Current Service Cost	23,71,866	96,69,090	9,67,460	26,28,417
Past Service Cost	–	–	–	–
Interest Cost	20,98,469	13,00,083	2,10,273	–
Expected Return on Plan Assets	–	–	–	–
Curtailement Cost / (Credit)	–	–	–	–
Settlement Cost / (Credit)	–	–	–	–
Net actuarial (gain)/ loss recognized in the year	46,03,649	35,64,897	2,53,581	–
Expenses Recognized in the statement of Profit & Loss	90,73,984	1,45,34,070	14,31,314	26,28,417

8. **Borrowing Cost as per AS-16** : During the year an amount of Rs.39.66 lacs of processing charges on loans obtained from ICICI Bank has been capitalised.

9. **SEGMENT REPORTING:**
SEGMENT REPORTING FOR THE YEAR ENDED 31st MARCH, 2010

Particulars	(Rs.in Lakhs)	
	2009 - 10 Rs.	2008 -09 Rs.
1. Segment Revenue		
a. Dairy	68830.17	59442.83
b. Retail	21349.22	20982.03
c. Agri	3024.77	2187.17
d. Bakery	274.87	-
Total Segment Revenue	93479.03	82612.03
Less: Inter Segment Revenue	3440.55	3009.17
Net Sales / Income from Operations	90038.47	79602.86
2. Segment Results (Profit / (Loss) before Interest and tax)		
a. Dairy	6489.23	3968.11
b. Retail	(3268.07)	(4836.20)
c. Agri	(307.88)	(512.52)
d. Bakery	(176.40)	-
Total Segment Results	2736.87	(1380.60)
Less: i. Interest	1667.47	1458.31
ii. Net Unallocable Expenditure	-	-
Add: Net Unallocable Income / (Expenditure)	1.45	1.04
Profit before Tax	1070.85	(2837.87)
Less: Taxation for the year	498.47	657.90
Less: Earlier years Taxation and Expenditure	12.79	65.52
Net Profit	559.59	(3561.29)
3. Total Capital Employed (Segment Assets - Segment Liabilities)		
a. Dairy	15563.72	12717.28
b. Retail	5576.51	7419.98
c. Agri	3797.52	3926.87
d. Bakery	1235.79	-
Total Segment Capital Employed	26173.54	24064.14
Add: Unallocated Assets	731.59	710.14
Less: Unallocated Liabilities	8.36	4.20
Total Capital Employed	26896.76	24770.08
4. Capital Expenditure		
a. Dairy	2674.61	1541.83
b. Retail	(1583.84)	516.72
c. Agri	33.45	466.32
d. Bakery	1325.39	-
Total Segment Capital Expenditure	2449.61	2524.87
Add: Unallocated Capital Expenditure	-	-
Total Capital Expenditure	2449.61	2524.87
5. Depreciation/Amortisation/Impairment Segment Depreciation		
a. Dairy	1059.92	892.87
b. Retail	604.76	617.34
c. Agri	257.88	212.21
d. Bakery	41.70	-
Total Segment Depreciation/Amortisation/Impairment	1964.25	1722.43
Add: Unallocated Depreciation / Amortisation	-	-
Total Depreciation / Amortisation / Impairment	1964.25	1722.43
6. Significant Non Cash Expenditure (excluding depreciation & amortisation)	180.68	290.93

10. Related Party Disclosure as per AS-18

Name of the related party	N Bhuvanewari	Heritage Finlease Ltd	N Lokesh	Heritage Foods Retail Limited	Bonsante Baking Company Ltd	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	Director of Bonsante Baking Company Ltd is relative of Heritage Foods (India) Ltd Key Management Personnel	Subsidiary
Description of the nature of transactions	a) Receiving of Services b) Rental agreement	Investment	Receiving of Services	Investment	Rental agreement	Investment
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of Rs.42.00 lakhs b) Office rent of Rs.31.29 lakhs paid by Company	a) Share Capital Rs.20 lakhs b) Dividend Received Rs.1.40 lakhs	Managerial Remuneration of Rs.36.96 lakhs	Share Capital Rs.5 lakhs	a. Lease rental income of Rs.16.65 lakhs recd by the company b. Sales to Bonsante Rs.25.42 lakhs c. Purchases from Bonsante Rs.35.44 lakhs d. Purchase of assets from Bonsante Rs.56.00 lakhs e. Other services provided to Bonsante of Rs.3.05 lakhs	Share Capital of Rs.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	Advance Rs.6.18 lakhs	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

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

Particulars	As on 31.03.10 Rs.	As on 31.03.09 Rs.
Opening Deferred Tax Liability	125743840	64455339
a) Deferred tax liability is as under		
i) On Depreciation	32069396	70159964
ii) On Foreign Exchange Fluctuation gain / (loss)	—	—
	32069396	70159964
b) Deferred tax asset is as under		
i) Unabsorbed Business loss / depreciation	—	—
ii) Provision for Leave Encashment	1774601	8871463
	1774601	8871463
Deferred Tax liability thereon	156038635	125743840

12. IMPAIRMENT OF ASSETS :In accordance with AS-28 the Company has identified and accounted for loss on assets impaired to the extent of Rs.69734/-

13. Foreign Currency Transactions:

Particulars	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
A. Earnings in foreign exchange Export Sales on FOB basis	—	8138049
Total	—	8138049
B. CIF Value of Imports Capital Goods	2220018	560333
Total	2220018	560333
C. Expenditure in foregin currency (Excluding Loan Repayment)		
Software Maintenance	—	1079735
Travel Expenditure	—	159909
Interest	35925926	62317434
Hedging Premium	1117446	2419804
Others	299264	—
Dividend in foreign currency	—	—
Total	37342636	65976882

14. QUANTITATIVE INFORMATION & CAPACITY

Particulars	2009 - 10		2008 - 09	
	Quantity	Value (Rs. In Lakhs)	Quantity	Value (Rs. In Lakhs)
a) Licenced Capacity: (Lakh Litres of Milk)	N.A	—	N.A	—
b) Installed Capacity :				
Milk (Lakh Litres)	4489.34	—	4573.00	—
Ghee (MT)	5035.00	—	3869.00	—
Skimmed Milk Powder (MT)	2920.00	—	2920.00	—
Doodh Peda (MT)	591.30	—	409.00	—
Panner (MT)	1533.00	—	1533.00	—
Curd (MT)	29403.00	—	13761.00	—
Butter Milk (Lakh Litres)	117.00	—	117.00	—
Lassi (Lakh Litres)	6.70	—	4.00	—
Ice Cream (Lakh Litres)	15.19	—	9.13	—
Flavoured Milk (Lakh Litres)	37.00	—	37.00	—
(As certified by Management)				

Particulars	2009 - 10		2008 - 09	
	Quantity	Value (Rs. In Lakhs)	Quantity	Value (Rs. In Lakhs)
c) Actual Production:				
Milk (Lakh Litres)	2824.50	—	2770.12	—
Cream (MT)	1288.88	—	2979.85	—
Ghee (MT)	2193.86	—	1735.94	—
Skimmed Milk Powder (MT)	324.57	—	1406.84	—
Butter (MT)	3949.21	—	2967.98	—
Curd (MT)	9933.98	—	9314.89	—
Butter Milk (Lakh Litres)	20.05	—	18.77	—
Doodh Peda (MT)	224.67	—	151.99	—
Khoa (KG)	372.70	—	600.00	—
Flavored Milk (Lakh Litres)	16.71	—	13.05	—
Panneer (in MT)	293.58	—	195.20	—
Lassi (Lakh Litres)	1.64	—	0.37	—
Ice Cream (Lakh Litres)	8.51	—	2.58	—
Dairy Whitener (MT)	155.45	—	—	—
Cheese (MT)	—	—	—	—
Malai Laddu (MT)	7.26	—	—	—
Milk Cake (MT)	30.70	—	—	—
Sweetened Condensed Milk (MT)	416.43	—	—	—
d) Production at Third Party				
Skimmed Milk Powder (MT)	297.70	—	—	—
e) Finished Goods Purchases				
Butter (MT)	288.41	—	—	—
Dairy Whitener (MT)	13.35	—	—	—
Cheese (MT)	19.23	—	—	—
f) Turnover (Including exports):				
Milk (Lakh Litres)	2474.98	53583.35	2372.38	46484.58
Cream (MT)	944.93	1286.73	2454.73	2416.26
Ghee (MT)	2030.90	4344.30	1636.55	2714.73
Skimmed Milk Powder (MT)	109.94	147.58	578.39	661.60
Butter (MT)	1584.49	2736.28	2080.54	2636.63
Curd (MT)	9590.35	2615.08	8947.86	2150.10
Butter Milk (Lakh Litres)	19.34	276.68	18.14	237.88
Doodh Peda (MT)	185.59	249.00	111.56	140.26
Khoa (KG)	372.20	0.69	600.00	0.83
Flavored Milk (Lakh Litres)	15.19	685.32	10.74	462.15
Panneer (in MT)	233.94	301.68	141.87	159.70
Lassi (Lakh Litres)	1.30	62.77	0.25	10.49
Ice Cream (Lakh Litres)	6.97	556.41	1.86	133.57
Dairy Whitener (in MT)	149.37	173.90	—	—
Cheese (MT)	9.42	21.72	—	—
Malai Laddu (MT)	5.68	10.29	—	—
Milk Cake (MT)	23.98	38.65	—	—
Sweetened Condensed Milk (MT)	398.83	273.03	—	—
Conversion Charges Earned	—	163.46	—	168.29
Tradable Goods	—	73.19	—	13.21
Total		67600.10		58390.28

Particulars	2009 - 10		2008 - 09	
	Quantity	Value (Rs. In Lakhs)	Quantity	Value (Rs. In Lakhs)
g) Opening Stock of Finished Goods :				
Milk (Lakh Litres)	19.71	340.98	19.64	327.08
Cream (MT)	64.70	73.76	45.13	39.71
Ghee (MT)	79.20	134.04	42.56	60.46
Skimmed Milk Powder (Finished Goods) (MT)	42.33	50.18	282.07	354.47
Butter (MT)	666.43	929.39	611.05	732.08
Curd (MT)	90.49	15.82	73.50	12.62
Butter Milk (Lakh Litres)	0.12	1.07	0.08	0.51
Doodh Peda (MT)	1.21	1.39	0.57	0.51
Flavored Milk (Lakh Litres)	1.27	49.31	0.65	18.21
Panneer (MT)	1.47	1.25	0.68	0.60
Lassi (Lakh Litres)	0.02	0.43	-	-
Ice Cream (Lakh Litres)	0.09	5.41	-	0.03
Tradable Goods	-	0.07	-	-
Total		1603.08		1546.28
h) Closing Stock of Finished Goods :				
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
Doodh Peda (MT)	1.81	2.26	1.21	1.39
Khoa (KG)	0.50	0.00	-	-
Flavored Milk (Lakh Litres)	1.32	58.05	1.27	49.31
Panneer (in 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
Total		2372.80		1603.08
i) Inter Segment Transfers :				
Milk (Lakh Litres)	27.92	654.33	29.10	572.58
Cream (MT)	0.16	0.14	2.46	2.24
Ghee (MT)	80.06	162.81	62.75	137.92
Skimmed Milk Powder	1.30	1.89	0.87	1.15
Butter (MT)	20.25	35.80	11.34	15.48
Curd (MT)	260.96	86.08	292.80	105.09
Butter Milk (Lakh Litres)	0.50	8.47	0.26	3.01
Doodh Peda (MT)	37.44	49.63	38.84	47.81
Flavored Milk (Lakh Litres)	1.09	49.41	1.33	57.32
Panneer (MT)	55.56	70.28	51.63	55.92
Lassi (Lakh Litres)	0.23	9.74	0.07	3.13
Ice Cream (Lakh Litres)	0.99	73.00	0.63	48.29
Dairy Whitener (MT)	0.07	0.10	-	-
Cheese (MT)	3.67	10.37	-	-
Malai Laddu (MT)	1.35	2.36	-	-
Milk Cake (MT)	6.38	9.79	-	-
Tradable Goods	-	5.86	-	2.59
Total		1230.07		1052.55

Particulars	2009 - 10		2008 - 09	
	Quantity	Value (Rs. In Lakhs)	Quantity	Value (Rs. In Lakhs)
j) Work-in-Progress (Cream /MT)	16.83	14.12	19.48	13.30
k) Captive Consumption (Incl. Losses):				
Milk (Lakh Litres)	320.79	–	368.57	–
Flavored Milk (Lakh Litres)	0.38	–	0.37	–
Ghee (MT)	17.18	–	0.00	–
Butter (MT)	2544.55	–	820.72	–
Curd (MT)	51.12	–	57.24	–
Butter Milk (Lakh Litres)	0.14	–	0.33	–
Doodh Peda (MT)	1.04	–	0.94	–
Panneer (MT)	2.26	–	0.91	–
Ice Cream (Lakh Litres)	0.22	–	0.00	–
Cream (MT)	392.79	–	503.09	–
Skimmed Milk Powder (MT)	499.30	–	1067.32	–
Lassi (Lakh Litres)	0.08	–	–	–
Dairy Whitener (MT)	3.70	–	–	–
Cheese (MT)	0.18	–	–	–
Malai Laddu (MT)	0.10	–	–	–
Milk Cake (MT)	0.09	–	–	–
Sweetened Condensed Milk (MT)	8.20	–	–	–
l) Raw Materials consumed: (Dairy)				
Milk (Lakh Litres)	2803.97	44046.85	2750.41	40563.65
Other Products	–	5013.37	–	2535.73
Total		49060.22		43099.38
15. CONSUMPTION OF MATERIALS				
a) Raw Materials (Dairy)		%		%
i) Indigenous	100.00	49060.22	100.00	43099.38
ii) Imported	–	–	–	–
b) Spare Parts & Consumables (Dairy)				
i) Indigenous	100.00	669.59	100.00	740.85
ii) Imported	–	–	–	–
16. MERCHANDISE DETAILS				(Rs. In Lakhs)
Particulars	Opening Value	Purchases Value	Sales Value	Closing Stock Value
i) Retail Division				
FMCG- Food	389.70	6606.61	7637.40	401.97
FMCG- Non -Food	437.67	3423.85	3771.40	548.64
Agri in Units & Bulk	400.11	8242.78	9266.03	403.56
Other Operating Income	–	–	674.39	–
				(Rs. In Lakhs)
Particulars	Opening Value	Raw Material Consumption	Sales Value	Closing Stock Value
ii) Agri Division				
Fruits and Vegetables	36.24	2455.32	3002.16	23.74
Other Operating Income	–	–	22.61	–
iii) Bakery Division	–	238.81	274.87	2.06

Note: The quantitative details of Retail Division, Agri Division and Bakery Divisions are not provided as the Company has got exemption from Central Government under Sec 211(4) of the Companies Act, 1956 vide letter no. 46/153/2010 CL III.

17. EARNINGS PER SHARE

	2009-10	2008-09
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 (Rs.)	55959009	(356128951)
c) Basic and diluted Earnings per share of Rs.10 each (Rs.)	4.85	(30.89)

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

(Rs. In Lakhs)

Name of the Bank	During the Year ended 31.03.2010	During the Year ended 31.03.2009
The Dharmapuri District Central Co-Operative Bank Ltd.,T.N.,India	–	0.13
The Prakasam Dist.Co-Op.Central Bank Ltd.,A.P., India	0.40	6.93
The Salem District Central Co-Op.Bank Ltd., T.N., India	–	3.66

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

19. 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.W. Wilson &Co	J M Plastic Industries	S P Foods
Abhiruchi Foods	Jaishree Distributors	Sai Enterprises
Amit Industries	Janiya Dairy Products	Sai Hari Teja Multi Poly Films
Anjana Agri Foods	K P Manish Global Ingredients	Sai Krishna Art Printers
Arasan Sweets & Snacks	Kamala Enterprises	Sai Krupa Packaging
Ashish Engineers	Lakshmi Screen Process	Sathavahana Packaging Pvt Ltd
Ashmit Packaging	Lotus Chocolate Company Ltd	Sathya Sai Agencies
Asura Food Products	Makers Polyfilms Pvt Ltd	Shantha Agency
Atlanta Print Systems (P) Ltd	Mars Tech Engineering Services	Sree Designs
Balaji Foods	Mask Pack	Sree Venkatasai Packaging Industries
Balaji Poly Plast Pvt Ltd	Mettler Toledo India Pvt Ltd.,	Sree Venkateswara Cashew Chikky
Barrier Films Pvt Ltd	Micro Packaging works	Sree Venkateswara Swamy Saw Mill
Best Food Enterprises	Monika Packaging	Sri Pumps and Fittings Industrial Co.,
Bliss Foods	Om Shakthi Marketing	Sri Pumps Manufacturing Co.,
Brite International	Original Foods	Sri Saibaba Chemical Industries
Chaitanya Packaging Pvt Ltd	Paragan Paper Packaging(Pvt) Ltd	Srinath Laminates Pvt Ltd
Dairy Mashkin Fabrik	Paran Polymers Pvt Ltd.,	Srivatsa Enterprises
Deccan Crowns & Cans Pvt Ltd	Poly Korp Pvt Ltd	Stick Lables India Pvt Ltd
Deejay Multi Packs Pvt Ltd	Pragathi Plastoform Pvt Ltd	Sudhir Pandya
Delicious Cashew Company	Prakruthi Health Care	S S Laminates
Dhar Multipro	Precision Foils Pvt Ltd	Sumit Packaging
Eesha Packaging	Prince Multiplast Pvt Ltd	Suraj Enterprises
Finocab Wires & Cables Pvt Ltd	Print 'n' Pack	SVS Polymers
G N Packaging Ltd	R.N. Enterprises	Tasty World
Hi-Tech Printers	Raghavendra Offset Printers	Thai Food Products
IFB Agro Industries	Raj Packaging Industries Ltd	Universal Enterprises
India Sweet Company Pvt Ltd	Rajaram And Company	Ushamrit Foods
Infragro Industries Ltd	Rathana Agro Traders	Venkateshwara Bitumen
International Cans (Pvt) Ltd	S L Polypack Pvt Ltd	Vet Pharma Agencies

(Rs. in lakhs)

Principle amount outstanding as at 31.3.2010	Interest amount outstanding as at 31.3.2010	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 31.03.2010	Interest remaining due until such date when the interest dues are actually paid to the small enterprise (even if paid in succeeding years)
66.53	Nil	Nil	Nil	Nil	Nil

20. Confirmation of balances from Sundry Debtors/ Creditors, Loans and advances and others have been received from many parties. Wherever confirmation of balances have not been received, they are subject to adjustment and reconciliation if any.
21. There are no extraordinary items incurred by the company during the year 2009-10.
22. Paise is rounded off to the nearest Rupee.
23. 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.
24. Previous Year figures are regrouped wherever necessary.

Signatures to Schedules 1 to 20
As per our report attached
For **Raju & Prasad**
Chartered Accountants

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 27, 2010
Place : Hyderabad

A. Prabhakara Naidu
Senior General Manager - Finance & Accounts

Umakanta Barik
Company Secretary

25. 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"/> 0		
	Date Month Year		

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

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

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover*	<input type="text"/> 9 <input type="text"/> 0 <input type="text"/> 3 <input type="text"/> 3 <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 6	Total Expenditure	<input type="text"/> 8 <input type="text"/> 9 <input type="text"/> 2 <input type="text"/> 6 <input type="text"/> 0 <input type="text"/> 2 <input type="text"/> 1
(*includes other income)			
+ - Profit before Tax	<input type="text"/> <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 7 <input type="text"/> 0 <input type="text"/> 8 <input type="text"/> 5	+ - Profit after Tax	<input type="text"/> <input type="text"/> 5 <input type="text"/> 5 <input type="text"/> 9 <input type="text"/> 5 <input type="text"/> 9
Earnings Per Share in Rs. (Annualised)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 4 . 8 5	Dividend Rate %	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 8

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

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 27, 2010
Place : Hyderabad

A. Prabhakara Naidu
Senior General Manager - Finance & Accounts

Umakanta Barik
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(pursuant to Clause 32 of Listing Agreement)

Particulars	Year ended 31.03.2010		Year ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit /(Loss) before tax	107085130		(283786668)	
Adjustment for :				
Depreciation	196425392		172242602	
Interest	166746637		145830558	
Profit on sale of Fixed Assets	(5767924)		(2145503)	
Loss on sale of Fixed Assets / Impairment of Assets	11226008		825149	
Prior period Income /(expenses)	1465908		(4869266)	
Subsidy transferred to P&L	(2578965)		-	
Interest received	(3792848)		(5116074)	
Dividend received	(144766)		(104236)	
Operating Profit before Working Capital Changes	470664572		22876563	
Adjustment for :				
Inventories	(269190453)		(40005745)	
Trade and Other Receivables	(1894880)		(68622371)	
Trade Payables	167712137		(30435126)	
Cash Generated from operations	367291376		(116186679)	
Direct taxes paid (incl. taxation of earlier years) (net of refund)	(21630875)		27911513	
Net Cash (used) / generated for / from Operations		345660501		(88275166)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(278244694)		(258677797)	
Proceeds from sale of Fixed Assets	13471385		2841466	
Investment in Subsidiary	(6500000)		(500000)	
Purchase of Investments	(22200)		(64500)	
State Subsidy received / (transferred to P&L)	-		6875000	
Interest received	3792848		5116074	
Dividend received	144766		104236	
Net Cash used in Investing Activities		(267357896)		(244305521)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings from Banks and others(Net)	48526540		273741587	
Interest paid	(166746637)		(145830558)	
Dividend paid	(24199930)		-	
Net Cash (Used)/ generated for/ from Financing Activities		(142420027)		127911029
Net increase /(decrease) in cash and cash equivalents		(64117422)		(204669658)
Cash and Cash equivalents as at 1st Apr, 2009		310447980		515117638
Cash and Cash equivalents as at 31st March, 2010		246330558		310447980

Notes: 1. Previous year's figures have been regrouped / reclassified wherever necessary to confirm to the current year's classification.
 2. Cash and Cash Equivalents as at 31st March, 2010 includes Unclaimed Dividend of Rs.4645892/- (Previous Year:Rs.5420540/-) and Deposit against Subsidy of Rs.6875000/- placed with Andhra Bank (Previous Year: Rs.6875000/-) which are not available for use

As per our report attached
 For **Raju & Prasad**
 Chartered Accountants

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 27, 2010
 Place : Hyderabad

A.Prabhakara Naidu
 Senior General Manager - Finance & Accounts

Umakanta Barik
 Company Secretary

To

Heritage Foods (India) Limited

6-3-541/C, Panjagutta,
Hyderabad-500 082

I have examined the registers, records and documents of Heritage Foods (India) Limited ("the Company") for the financial year ended on March 31, 2010 according to the provisions of:

- The Companies Act, 1956 and the Rules made under that Act;
- The Depositories Act, 1996 and the Bye-laws framed under the Act;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
- The Listing Agreement with the Mumbai Stock Exchange Limited and National Stock Exchange of India Limited

1. Based on my examination and verification of the records produced to me and according to the 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 ("the Act") and the Rules made under the Act and Memorandum and Articles of Association of the Company, with regard to:

- (a) maintenance of various statutory registers and documents and making necessary entries therein;
- (b) closure of Register of Members;
- (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies;
- (d) service of documents by the company on its Members, and Registrar of Companies.
- (e) Notice of Board meetings and Committee meetings of Directors;
- (f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- (g) the 17th Annual General Meeting held on September 29th 2009;
- (h) minutes of proceedings of General Meetings and of Board and other meetings;
- (i) approvals of shareholders, the Board of Directors, the Committee of Directors and Government Authorities, wherever required;
- (j) constitution of the Board of Directors and appointment, retirement and re-appointment of directors;
- (k) remuneration paid to the Directors other than Managing and Whole-time Directors;
- (l) appointment and remuneration of the Managing and Whole-time Directors;
- (m) appointment of Auditors ;

- (n) transfers and transmissions of the Company's shares and issue and delivery of original and duplicate certificates of shares;
- (o) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund;
- (p) borrowings and registration, modification and satisfaction of charges;
- (q) Investment of Company's funds;
- (r) contracts, common seal, registered office and publication of name of the Company; and
- (s) generally, all other applicable provisions of the Act and the Rules made under that Act;

2. I further report that:

- (a) the Company's Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements and directorships in other companies and interests in other entities.
- (b) Company has obtained all necessary approvals of the Central Government, Company Law Board, Registrar of Companies or such other authorities, as the case may be, under the various provisions of the Act.

3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed there under by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

4. I further report that:

- (a) the Company has complied with the requirements under the Listing Agreements entered into with The Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.
- (b) the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 with regard to the disclosures and maintenance of records required under the Regulations.
- (c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the Regulations.

Place : Hyderabad
Dated : May 12, 2010

SAVITA JYOTI
Practicing Company Secretary
Certificate of Practice No: 1796
Membership No: FCS 3738

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

We have audited the attached Consolidated Balance sheet of **HERITAGE FOODS (INDIA) LIMITED** and its subsidiaries as at March 31, 2010 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 knowledge and according to the information and 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 31st march 2010
- 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
Firm No.: 003475S

Place : Hyderabad
Date : 27th May 2010

S.Ranganathan
Partner
Membership No. 22738

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
SOURCES OF FUNDS:			
Shareholders Funds:			
Share Capital	01	115295000	115295000
Reserves & Surplus	02	751520270	691300751
Sub-total		866815270	806595751
Warrants Application Money		–	31868800
Minority Interest		444192	(7265)
Loan Funds:			
a. Secured Loans	03	1755261114	1720065030
b. Unsecured Loans	04	89214577	75884119
Total (a + b)		1844475691	1795949149
Deferred Tax Liability		156038635	125743840
TOTAL		2867773788	2760150275
APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	05	2942381971	2644741999
Less: Depreciation and Amortization		790023064	607951733
Net Block		2152358907	2036790266
Capital Work-in-Progress (Incl. Assets intended for Lease)		87130122	139808929
Investments	06	2204910	2182710
Current Assets Loans and Advances:			
Inventories	07	763056913	493866460
Sundry Debtors	08	120762544	114598312
Cash and Bank Balances	09	246349831	310453868
Loans and Advances	10	365018290	343465663
Total Current Assets, Loans & Advances		1495187578	1262384302
Less: Current Liabilities and Provisions			
A. Current Liabilities	11	793156872	652136313
B. Provisions		75950857	28879619
Net Current Assets		626079849	581368370
TOTAL		2867773788	2760150275
Significant Accounting Policies	19		
Notes on Accounts	20		

As per our report attached
For **Raju & Prasad**
Chartered Accountants

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 27, 2010
Place : Hyderabad

A. Prabhakara Naidu
Senior General Manager - Finance & Accounts

Umakanta Barik
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	YEAR ENDED 31.03.2009 Rs.	YEAR ENDED 31.03.2009 Rs.
INCOME:			
Sales	12	9003847177	7960286146
Total Sales		9003847177	7960286146
Other Income	13	29259221	32255659
TOTAL INCOME		9033106398	7992541805
EXPENDITURE:			
Materials Consumed	14	5430938611	4764543249
Purchase of Goods		1552874694	1503086584
Power and Fuel		199773459	206641369
Employee Remuneration	15	485097425	487951008
Interest	16	166746637	145830558
Other expenses	17	983697620	959533727
(Increase)/ Decrease in Stocks	18	(88654633)	37614101
TOTAL		8730473814	8105200596
PROFIT/(LOSS) BEFORE DEPRECIATION AND AMORTISATION		302632584	(112658791)
Less: Depreciation & Amortisation		196425392	172242602
PROFIT/(LOSS) FOR THE PERIOD		106207192	(284901393)
Less :Provision for taxation			
Current Tax		19552323	—
Deferred Tax Liability		30294795	61288501
Fringe Benefit Tax		—	4501760
NET PROFIT/(LOSS) AFTER TAX		56360074	(350691654)
Less:Prior period expenses		(1465908)	4869266
NET PROFIT/(LOSS)		57825982	(355560920)
Less: Taxation of Earlier Years		2744911	1682756
		55081071	(357243676)
Less: Minority Interest's share of profit		(61808)	(13265)
		55142879	(357230411)
Balance brought forward		(1114725)	121069761
Amount available for Appropriation		54028154	(236160650)
Appropriations			
Proposed Dividend		20753100	—
Provision for Tax on Dividend		3446830	—
Transfer to General Reserve		5000000	—
Balance carried to Balance Sheet		24828224	(236160650)
TOTAL		54028154	(236160650)
Basic and diluted earnings per share of Rs.10/- each before extraordinary items		4.78	(30.99)
Basic and diluted earnings per share of Rs.10/- each after extraordinary items		4.78	(30.99)

As per our report attached
For **Raju & Prasad**
Chartered Accountants

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 27, 2010
Place : Hyderabad

A. Prabhakara Naidu
Senior General Manager - Finance & Accounts

Umakanta Barik
Company Secretary

	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
SCHEDULE 1: SHARE CAPITAL		
Authorised:		
1,80,00,000 Equity Shares of Rs.10/- each (Previous year 1,80,00,000 Equity Shares of Rs.10/- each)	180000000	180000000
20,00,000 Convertible cumulative Preference Shares of Rs.10/- each (Previous year 20,00,000 Preference Shares of Rs.10/- each)	20000000	20000000
	200000000	200000000
Issued, Subscribed & paid-up		
1,15,29,500 Equity Shares of Rs.10/- each fully paid-up (Previous year 1,15,29,500 Equity Shares of Rs.10/- each fully paid-up)	115295000	115295000
SCHEDULE 2: RESERVES AND SURPLUS		
Capital Reserve (State Subsidy)		
Opening Balance	9756260	2881260
Add: Subsidy received during the period	—	6875000
	9756260	9756260
Less: Subsidy transferred to P&L A/c during the period	2578965	—
Closing balance	7177295	9756260
Capital Redemption Reserve	8100000	8100000
Warrants Money Forfeited	31868800	
Securities Premium account	465975400	465975400
General Reserve:		
Opening Balance	208570551	443629740
Add: Transferred during the year	5000000	—
	213570551	443629740
Less: Debit Balance in Profit & Loss Account	—	235059189
Closing Balance	213570551	208570551
Surplus in Profit and Loss Account	24828224	(1101460)
TOTAL	751520270	691300751
SCHEDULE 3: SECURED LOANS		
Term Loans from Banks	1165739754	1212118664
Working Capital Loans from Banks	589521360	507946366
TOTAL	1755261114	1720065030
SCHEDULE 4: UNSECURED LOANS		
Sales Tax Deferment	89214577	75884119
TOTAL	89214577	75884119

SCHEDULE 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION*					NET BLOCK	
	As At 01.04.2009 Rs.	Additions Rs.	Deletions Rs.	As At 31.03.2010 Rs.	As At 01.04.2009 Rs.	For the Year Rs.	On Deletions Rs.	As At 31.03.2010 Rs.	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
LAND	142799221	935050	987484	142746787	-	-	-	-	142746787	142799221
BUILDINGS	693817766	105575405	2484069	796909102	83815178	24286159	69606	108031731	688877371	610002588
CIVIL WORKS IN LEASEHOLD PROPERTY	120946759	10426641	12052981	119320419	22839502	14411347	2640211	34610638	84709781	98107257
PLANT & MACHINERY	1309295280	187381323	10924416	1485752187	390902590	107462638	7639846	490725382	995026805	918392690
FURNITURE & FIXTURES	107488672	6311341	863812	112936202	14163819	6747964	169677	20742106	92194095	93324853
OFFICE EQUIPMENT	170704616	8328290	2102472	176930434	55146444	23675744	1267147	77555042	99375392	115558171
INTANGIBLE ASSET - SOFTWARE	82507346	8405207	-	90912553	34401494	18110474*	-	52511968	38400586	48105853
VEHICLES	17182339	3560243	3868295	16874287	6682706	1731065	2567574	5846197	11028091	10499634
TOTAL	2644742000	330923500	33283529	2942381971	607951733	196425392	14354061	790023064	2152358907	2036790267
PREVIOUS YEAR	2064483507	586449423	6190930	2644742000	440378950	172242602	4669818	607951733	2036790267	
Capital Work-in-Progress	139808929	236898446	289577252	87130123						
Capital Work-in- Progress(Previous Year)	467580555	212815029	540586655	139808929						

	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
SCHEDULE 6: INVESTMENTS		
i. Government Securities:		
National Savings Certificates	92200	70000
ii. Shares		
1. Un-quoted: (Non-Trade, Long Term, at cost)		
200000 Equity Shares of Rs 10/- each fully paid up in Heritage Finlease Ltd.	2000000	2000000
2. Quoted: (Non-Trade, Long Term, at cost)		
a). 348 Equity Shares of Rs.10/- each at a premium of Rs.220/- each fully paid up in Bank of Baroda	80040	80040
b). 363 Equity Shares of Rs.10/- each at a premium of Rs.80/- each fully paid up in Andhra Bank	32670	32670
TOTAL	2204910	2182710
Note :1. Aggregate value of Quoted investments Rs.112710 (previous year Rs.112710) and market value of quoted investments Rs.261699 (Previous year Rs.97940)		
2. Aggregate value of Un-quoted investments Rs.2000000 (previous year Rs.2000000)		
SCHEDULE 7: INVENTORIES		
(As verified and certified by Management)		
Stores, Spares and consumables	37649938	26467753
Raw Materials	289014615	136548272
Packing Material	59703961	42816668
Stocks under Process	1411800	1330178
Finished Goods	239859364	163932491
Tradable Goods	135417235	122771097
TOTAL	763056913	493866460
SCHEDULE 8: SUNDRY DEBTORS		
Outstanding for more than six months:		
Unsecured and considered good	11523587	11591206
Unsecured and considered doubtful	10544689	8030090
	22068276	19621296
Other Debtors :		
Unsecured and considered good	109238956	103007107
TOTAL	131307232	122628403
Less: Provision for doubtful debts	10544689	8030090
TOTAL	120762544	114598312

	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
SCHEDULE 9: CASH AND BANK BALANCES		
A. Cash on hand	22600950	24065241
B. Cheques on hand	-	602006
C. Funds in Transit	-	400000
D. Balances with Scheduled Banks in :		
Current Accounts	195184938	266150929
Deposit Accounts	15885000	10908493
Margin Money	7993326	2783730
Unclaimed Dividend Accounts	4645892	5420540
E. Balances with other Banks in Current Accounts:		
The Dharmapuri Dist. Central Co-op. Bank Ltd., T.N.	-	13413
TSDCCB - Pudunchandai - Namakkal, T.N.	-	5075
Prakasam Dist. Co-op. Central Bank Ltd., A.P.	39725	104441
TOTAL	246349831	310453868
SCHEDULE 10: LOANS AND ADVANCES		
Advances recoverable in cash or kind or for value to be received	198838290	205978023
Less : Provision for doubtful advances	1867036	1817921
Total Advances (Unsecured and considered good)	196971254	204160102
Deposits	137864479	128004981
Tax Deducted At Source & Advance Tax	30182557	11300580
TOTAL	365018290	343465663
SCHEDULE 11: CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities:		
Sundry Creditors:		
Dues to Micro, Small and Medium Enterprises	16276401	18199737
Dues to Others	432068907	344084389
Creditors for Expenses	221561321	203001087
Investor Education and Protection Fund		
Unclaimed Dividend	4645892	5420540
Other Current Liabilities	48773983	24522957
Interest accrued but not due on loans	6550256	11939053
Trade Deposits	63280112	44968551
TOTAL (A)	793156872	652136313
B. Provisions:		
Provision for Taxation	19552323	3987
Proposed Dividend	20753100	-
Provision for tax on Dividend	3446830	-
Provision for diminution in value of investments	-	16353
Provision for Leave Encashments	32198604	28859279
TOTAL (B)	75950857	28879619
TOTAL (A + B)	869107729	681015932



	YEAR ENDED 31.03.2009 Rs.	YEAR ENDED 31.03.2009 Rs.
SCHEDULE 12: SALES		
Domestic Sales	8918265281	7900632876
Less : Excise Duty	464290	-
	8917800991	7900632876
Export Sales	-	8092410
Other Operating Income	86046186	51560860
TOTAL	9003847177	7960286146
SCHEDULE 13: OTHER INCOME		
Interest on Bank and Other Deposits (TDS Rs.189964/(Previous period : Rs.223151/-)	3792848	5116074
Miscellaneous Receipts	11133364	7255846
Lease Rental Income	7248071	17634000
Profit on sale of assets	5767924	2145503
Dividend Income	144766	104236
Foreign Exchange Gains	1172249	-
TOTAL	29259221	32255659
SCHEDULE 14: MATERIALS CONSUMED & PURCHASE COST OF TRADABLE GOODS		
a. Raw Materials :		
Opening Stock	136548272	66778430
Add: Purchases	5311931027	4571290231
Total	5448479299	4638068661
Less: Closing Stock	292379353	136548272
Consumption (a)	5156099946	4501520389
b. Packing Materials :		
Opening Stock	42816668	26633791
Add: Purchases	291725958	279205737
Total	334542626	305839528
Less: Closing Stock	59703961	42816668
Consumption (b)	274838665	263022860
TOTAL (a + b)	5430938611	4764543249
c. Purchase of Tradable Goods	1552874694	1503086584
TOTAL	1552874694	1503086584
SCHEDULE 15: EMPLOYEE REMUNERATION		
Salaries, Wages, Bonus & allowances	447147565	443967049
Contribution to Provident and Other funds	23981543	27199415
Contribution to Gratuity Fund	1422811	1544253
Staff Welfare	12545506	15240291
TOTAL	485097425	487951008
SCHEDULE 16: INTEREST		
On Term Loans from Banks	119129105	94055912
On Working Capital Loans from Banks	47383285	51774646
On Other Loans	234247	-
TOTAL	166746637	145830558



	YEAR ENDED 31.03.2010 Rs.	YEAR ENDED 31.03.2009 Rs.
SCHEDULE 17: OTHER EXPENSES		
Stores, Spares and consumables	68094717	74879967
Rent	145724958	150649602
Rates and Taxes	15178745	14470594
Bank charges	59543175	59014843
Insurance	6144729	8260823
Travelling and Conveyance	25430329	29298207
Office Maintenance	5945124	5879320
House Keeping Expenses	8004136	12649546
Books and Periodicals	633921	1769636
Electricity Charges	49093746	53374886
Safety and Security	25022395	26416658
Communication costs	23921314	28019013
Printing and Stationery	10357511	9607736
Repairs and Maintenance:		
Buildings	5585675	1892868
Plant and Machinery	11673543	5925285
Others	21163379	18572149
Auditors' Remuneration:		
As Auditors	1119545	1084526
For tax audit	110300	110300
Tax Matters	186309	367268
Audit expenses reimbursed	117840	150779
Legal and professional charges	28682052	32028673
Freight Outwards	350916370	310993926
Selling and distribution expenses	55895691	35651493
Advertisement	14183027	16972923
Warehouse and Logistics	18456750	31560288
Directors' Remuneration	7896167	7103333
Directors' sitting fees	472500	402500
Bad Debts Written Off	440755	1522435
Provision for doubtful Debts	6265423	8030090
Bad and doubtful advances	2523378	1617921
Loss on sale of Assets	11156274	71323
Loss on Impairment of Assets	69734	753826
Recruitment and Training Expenses	2077671	4764422
Provision for Diminution in value of Investment	-	5913
Miscellaneous expenses	1610437	5210696
Foreign Exchange Fluctuations	-	449959
TOTAL	983697620	959533727
SCHEDULE 18: (INCREASE) / DECREASE IN STOCKS		
Finished Goods, Stocks under process and tradable goods		
Opening Stock		
Stock under process	1330178	1087787
Finished Goods	163932491	155548322
Tradable Goods	122771097	169011758
Total	288033766	325647867
Closing Stock		
Stock under process	1411800	1330178
Finished Goods	239859364	163932491
Tradable Goods	135417235	122771097
Total	376688399	288033766
(INCREASE) / DECREASE IN STOCKS	(88654633)	37614101

SCHEDULE 19: SIGNIFICANT ACCOUNTING POLICIES

- a) **Basis of preparation of financial statements:** The consolidated financial statements of Hertiage Foods (India) Limited (referred to as "the Company") and its Subsidiary ,Heritage Foods Retail Limited, SKIL Raigam Power (India) Ltd (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 eliminted 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 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 consolidated Financial Statements have been prepared on the following basis:
 - The Financial Statements of the Company and its Subsidiary 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 Subsidiary considered in the Consolidated Financial Statements is:

	Country of Incorporation	% voting power held as at March 31, 2010	% voting power held as at March 31, 2009
Heritage Foods Retail Limited	India	98.81	98.81
SKIL Raigam Power (India) Limited	India	92.86	–

(As 31st March, 2010 is the first financial year end of the Subsidiary, the previous year voting power details are not mentioned)

- 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 include product conversion charges earned.
- 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 has capitalised the direct and indirect 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.
- i) **Intangible Assets:** Intangible assets are stated at cost of acquisition less accumulated amortization. Cost of acquisition, 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:** 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.
- 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. | | |
| 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 capital reserve 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. Assets and Liabilities 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 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 incometax 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 liabilities 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.
- 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 as per AS-17 :

(Rs.in Lakhs)

Particulars	As at 31.03.2010	As at 31.03.2009
1. Segment Revenue		
a. Dairy	68830.17	59442.83
b. Retail	21349.22	20982.03
c. Agri	3024.77	2187.17
d. Bakery	274.87	—
e. Heritage Foods Retail Ltd.,	—	—
f. SKIL Raigam Power (India) Ltd.,	—	—
Total Segment Revenue	93479.03	82612.03
Less: Inter Segment Revenue	3440.55	3009.17
Net Sales / Income from Operations	90038.47	79602.86
2. Segment Results		
(Profit / (Loss) before Interest and tax)		
a. Dairy	6489.23	3968.11
b. Retail	(3268.07)	(4836.20)
c. Agri	(307.88)	(512.52)
d. Bakery	(176.40)	—
e. Heritage Foods Retail Ltd.,	(0.15)	(11.15)
f. SKIL Raigam Power (India) Ltd.,	(8.63)	—
Total Segment Results	2728.09	(1391.75)
Less: Interest	1667.47	1458.31
Add: Net Unallocable Income / (Expenditure)	1.45	1.04
Profit before Tax	1062.07	(2849.01)
Less: Taxation for the year	498.47	(25.74)
Less: Earlier years Taxation and Expenditure	12.79	(0.41)
Net Profit	550.81	(2822.87)
3. Total Capital Employed		
a. Dairy	15563.72	12717.28
b. Retail	5576.51	7419.98
c. Agri	3797.52	3926.87
d. Bakery	1235.79	—
e. Heritage Foods Retail Ltd.,	(6.29)	(6.15)
f. SKIL Raigam Power (India) Ltd.,	61.23	—
Total Segment Capital Employed	26228.48	24057.99
Add: Unallocated Assets	731.59	710.14
Less: Unallocated Liabilities	8.36	4.20
Total Capital Employed	26951.70	24763.93
4. Capital Expenditure		
a. Dairy	2674.61	1541.83
b. Retail	(1583.84)	516.72
c. Agri	33.45	466.32
d. Bakery	1325.39	—
e. Heritage Foods Retail Ltd.,	—	—
f. SKIL Raigam Power (India) Ltd.,	—	—
Segment Capital Expenditure	2449.61	2524.87
Add: Unallocated Capital Expenditure	—	—
Total Capital Expenditure	2449.61	2524.87

(Rs.in Lakhs)

Particulars	As at 31.03.2010	As at 31.03.2009
5. Depreciation/Amortisation/Impairment		
Segment Depreciation		
a. Dairy	1059.92	892.87
b. Retail	604.76	617.34
c. Agri	257.88	212.21
d. Bakery	41.70	-
e. Heritage Foods Retail Ltd.,	-	-
f. SKIL Raigam Power (India) Ltd.,	-	-
Add: Unallocated Depreciation/Amortisation	-	-
Total Depreciation/ Amortisation	1964.25	1722.43
6. Significant Non Cash Expenditure (excluding depreciation & amortisation)	180.68	290.93

2. Related Party Disclosure as per AS-18

Name of the related party	N Bhuvanewari	Heritage Finlease Ltd	N Lokesh	Heritage Foods Retail Limited	Bonsante Baking Comapany Ltd	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	Director of Bonsante Baking Comapany Ltd is relative of Heritage Foods (India) Ltd Key Management Personnel	Subsidiary
Description of the nature of transactions	a) Receiving of Services b) Rental agreement	Investment	Receiving of Services	Investment	Rental agreement	Investment
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of Rs.42.00 lakhs b) Office rent of Rs.31.29 lakhs paid by Company	a) Share Capital Rs.20 lakhs b) Dividend Received Rs.1.40 lakhs	Managerial Remuneration of Rs.36.96 lakhs	Share Capital Rs.5 lakhs	a. Lease rental income of Rs.16.65 lakhs recd by the company b. Sales to Bonsante Rs.25.42 lakhs c. Purchases from Bonsante Rs.35.44 lakhs d. Purchase of assets from Bonsante Rs.56.00 lakhs e. Other services provided to Bonsante of Rs.3.05 lakhs	Share Capital of Rs.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

Cont...

Name of the related party	N Bhuvanewari	Heritage Finlease Ltd	N Lokesh	Heritage Foods Retail Limited	Bonsante Baking Comapany Ltd	SKIL Raigam Power (India)Ltd
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	NIL	NIL	NIL	Advance Rs.6.18 lakhs	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

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

Particulars	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
Opening Deferred Tax Liability	125743840	64455339
a) Deferred tax liability is as under		
i) On Depreciation	32069396	70159964
ii) On Foreign Exchange Fluctuation gain / (loss)	—	—
	32069396	70159964
b) Deferred tax asset is as under		
i) Unabsorbed Business loss / depreciation	—	—
ii) Provision for Leave Encashment	1774601	8871463
	1774601	8871463
Deferred Tax liability thereon	156038635	125743840

4. **IMPAIRMENT OF ASSETS :**In accordance with AS-28 the Company has identified and accounted for loss on assets impaired to the extent of Rs.69734/-

5. **Foreign Currency Transactions:**

(in Rupees)

Particulars	2009-2010	2008-2009
A. Earnings in foreign exchange		
Export Sales on FOB basis	—	8138049
Total	—	8138049
B. CIF Value of Imports		
Capital Goods	2220018	560333
Total	2220018	560333
C. Expenditure in foregin currency (Excluding Loan Repayment)		
Software Maintenance	—	1079735
Travel Expenditure	—	159909
Interest	35925926	62317434
Hedging Premium	1117446	2419804
Others	299264	—
Dividend in foreign currency	—	—
Total	37342636	65976882

6. QUANTITATIVE INFORMATION & CAPACITY

Particulars	2009 - 10		2008 - 09	
	Quantity	Value (Rs. In Lakhs)	Quantity	Value (Rs. In Lakhs)
a) Licenced Capacity: (Lakh Litres of Milk)	N.A	—	N.A	—
b) Installed Capacity :				
Milk (Lakh Litres)	4489.34	—	4573.00	—
Ghee (MT)	5035.00	—	3869.00	—
Skimmed Milk Powder (MT)	2920.00	—	2920.00	—
Doodh Peda (MT)	591.30	—	408.80	—
Panner (MT)	1533.00	—	1533.00	—
Curd (MT)	29403.00	—	13760.50	—
Butter Milk (Lakh Litres)	117.00	—	116.80	—
Lassi (Lakh Litres)	6.70	—	3.65	—
Ice Cream (Lakh Litres)	15.19	—	9.13	—
Flavoured Milk (Lakh Litres) (As certified by Management)	37.00	—	36.65	—
c) Actual Production:				
Milk (Lakh Litres)	2824.50	—	2770.12	—
Cream (MT)	1288.88	—	2979.85	—
Ghee (MT)	2193.86	—	1735.94	—
Skimmed Milk Powder (MT)	324.57	—	1406.84	—
Butter (MT)	3949.21	—	2967.98	—
Curd (MT)	9933.98	—	9314.89	—
Butter Milk (Lakh Litres)	20.05	—	18.77	—
Doodh Peda (MT)	224.67	—	151.99	—
Khoa (KG)	372.70	—	600.00	—
Flavored Milk (Lakh Litres)	16.71	—	13.05	—
Panneer (in MT)	293.58	—	195.20	—
Lassi (Lakh Litres)	1.64	—	0.37	—
Ice Cream (Lakh Litres)	8.51	—	2.58	—
Dairy Whitener (MT)	155.45	—	—	—
Cheese (MT)	0.00	—	—	—
Malai Laddu (MT)	7.26	—	—	—
Milk Cake (MT)	30.70	—	—	—
Sweetened Condensed Milk (MT)	416.43	—	—	—
d) Production at Third Party				
Skimmed Milk Powder (MT)	297.70	—	—	—
e) Finished Goods Purchases				
Butter (MT)	288.41	—	—	—
Dairy Whitener (MT)	13.35	—	—	—
Cheese (MT)	19.23	—	—	—
f) Turnover (Including exports):				
Milk (Lakh Litres)	2474.98	53583.35	2372.38	46484.58
Cream (MT)	944.93	1286.73	2454.73	2416.26
Ghee (MT)	2030.90	4344.30	1636.55	2714.73
Skimmed Milk Powder (MT)	109.94	147.58	578.39	661.60
Butter (MT)	1584.49	2736.28	2080.54	2636.63
Curd (MT)	9590.35	2615.08	8947.86	2150.10
Butter Milk (Lakh Litres)	19.34	276.68	18.14	237.88
Doodh Peda (MT)	185.59	249.00	111.56	140.26
Khoa (KG)	372.20	0.69	600.00	0.83
Flavored Milk (Lakh Litres)	15.19	685.32	10.74	462.15
Panneer (in MT)	233.94	301.68	141.87	159.70
Lassi (Lakh Litres)	1.30	62.77	0.25	10.49
Ice Cream (Lakh Litres)	6.97	556.41	1.86	133.57

Particulars	2009 - 10		2008 - 09	
	Quantity	Value (Rs. In Lakhs)	Quantity	Value (Rs. In Lakhs)
Dairy Whitener (in MT)	149.37	173.90	-	-
Cheese (MT)	9.42	21.72	-	-
Malai Laddu (MT)	5.68	10.29	-	-
Milk Cake (MT)	23.98	38.65	-	-
Sweetened Condensed Milk (MT)	398.83	273.03	-	-
Conversion Charges Earned	-	163.46	-	168.29
Tradable Goods	-	73.19	-	13.21
Total		67600.10		58390.28
g) Opening Stock of Finished Goods :				
Milk (Lakh Litres)	19.71	340.98	19.64	327.08
Cream (MT)	64.70	73.76	45.13	39.71
Ghee (MT)	79.20	134.04	42.56	60.46
Skimmed Milk Powder (Finished Goods) (MT)	42.33	50.18	282.07	354.47
Butter (MT)	666.43	929.39	611.05	732.08
Curd (MT)	90.49	15.82	73.50	12.62
Butter Milk (Lakh Litres)	0.12	1.07	0.08	0.51
Doodh Peda (MT)	1.21	1.39	0.57	0.51
Flavored Milk (Lakh Litres)	1.27	49.31	0.65	18.21
Panneer (MT)	1.47	1.25	0.68	0.60
Lassi (Lakh Litres)	0.02	0.43	-	-
Ice Cream (Lakh Litres)	0.09	5.41	-	0.03
Tradable Goods		0.07		-
Total		1603.08		1546.28
h) Closing Stock of Finished Goods :				
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
Doodh Peda (MT)	1.81	2.26	1.21	1.39
Khoa (KG)	0.50	0.00	-	-
Flavored Milk (Lakh Litres)	1.32	58.05	1.27	49.31
Panneer (in 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
Total		2372.80		1603.08
i) Inter Segment Transfers :				
Milk (Lakh Litres)	27.92	654.33	29.10	572.58
Cream (MT)	0.16	0.14	2.46	2.24
Ghee (MT)	80.06	162.81	62.75	137.92
Skimmed Milk Powder	1.30	1.89	0.87	1.15
Butter (MT)	20.25	35.80	11.34	15.48
Curd (MT)	260.96	86.08	292.80	105.09
Butter Milk (Lakh Litres)	0.50	8.47	0.26	3.01
Doodh Peda (MT)	37.44	49.63	38.84	47.81

Particulars	2009 - 10		2008 - 09	
	Quantity	Value (Rs. In Lakhs)	Quantity	Value (Rs. In Lakhs)
Khoa (KG)	–	–	–	–
Flavored Milk (Lakh Litres)	1.09	49.41	1.33	57.32
Panneer (MT)	55.56	70.28	51.63	55.92
Lassi (Lakh Litres)	0.23	9.74	0.07	3.13
Ice Cream (Lakh Litres)	0.99	73.00	0.63	48.29
Dairy Whitener (MT)	0.07	0.10	–	–
Cheese (MT)	3.67	10.37	–	–
Malai Laddu (MT)	1.35	2.36	–	–
Milk Cake (MT)	6.38	9.79	–	–
Tradable Goods	–	5.86	–	2.59
Total		1230.07		1052.55
j) Work-in-Progress (Cream /MT)	16.83	14.12	19.48	13.30
k) Captive Consumption (Incl. Losses):				
Milk (Lakh Litres)	320.79	–	368.57	–
Flavored Milk (Lakh Litres)	0.38	–	0.37	–
Ghee (MT)	17.18	–	0.00	–
Butter (MT)	2544.55	–	820.72	–
Curd (MT)	51.12	–	57.24	–
Butter Milk (Lakh Litres)	0.14	–	0.33	–
Doodh Peda (MT)	1.04	–	0.94	–
Panneer (MT)	2.26	–	0.91	–
Ice Cream (Lakh Litres)	0.22	–	0.00	–
Cream (MT)	392.79	–	503.09	–
Skimmed Milk Powder	499.30	–	1067.32	–
Lassi (Lakh Litres)	0.08	–	–	–
Dairy Whitener (MT)	3.70	–	–	–
Cheese (MT)	0.18	–	–	–
Malai Laddu (MT)	0.10	–	–	–
Milk Cake (MT)	0.09	–	–	–
Sweetened Condensed Milk (MT)	8.20	–	–	–
l) Raw Materials consumed: (Dairy)				
Milk (Lakh Litres)	2803.97	44046.85	2750.41	40563.65
Other Products	–	5013.37	–	2535.73
Total		49060.22		43099.38
7. CONSUMPTION OF MATERIALS				
a) Raw Materials (Dairy)	%		%	
i) Indigenous	100.00	49060.22	100.00	43099.38
ii) Imported	–	–	–	–
b) Spare Parts & Consumables (Dairy)				
i) Indigenous	100.00	669.59	100.00	740.85
ii) Imported	–	–	–	–
8. MERCHANDISE DETAILS				(Rs. In lakhs)
	Opening Value	Purchases Value	Sales Value	Closing Stock Value
i) Retail Division				
FMCG- Food	389.70	6606.61	7637.40	401.97
FMCG- Non -Food	437.67	3423.85	3771.40	548.64
Agri in Units & Bulk	400.11	8242.78	9266.03	403.56
Other Operating Income	–	–	674.39	–

	Opening Value	Raw Material Consumption	Sales Value	Closing Stock Value
ii) Agri Division				
Fruits and Vegetables	36.24	2455.32	3002.16	23.74
Other Operating Income	–	–	22.61	–
iii) Bakery Division	–	238.81	274.87	2.06

Note: The quantitative details of the merchandise in Retail Division and Agri Divisions are not provided as the Company has got exemption from Central Government under Sec 211(4) of the Companies Act,1956 vide letter no.46/153/2010 CL-III.

9. EARNINGS PER SHARE:

	2009-2010	2008-2009
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	56360074	(350691654)
c) Basic and diluted Earnings per share of Rs.10 each (Rs.)	4.89	(30.42)

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

(Rs. In Lakhs)

Name of the Bank	During the Year ended 31.03.2010	During the Year ended 31.03.2009
The Dharmapuri District Central Co-Operative Bank Ltd.,T.N., India	–	0.13
The Prakasam Dist.Co-Op.Central Bank Ltd.,A.P., India	0.40	6.93
The Salem District Central Co-Op.Bank Ltd., T.N., India	–	3.66

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

11. 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.W. Wilson &Co	J M Plastic Industries	Print 'n' Pack
Abhiruchi Foods	Jaishree Distributors	S S Laminates
Amit Industries	Janiya Dairy Products	Sai Enterprises
Anjana Agri Foods	K P Manish Global Ingredients	Sai Hari Teja Multi Poly Films
Arasan Sweets & Snacks	Kamala Enterprises	Sai Krishna Art Printers
Ashish Engineers	Lakshmi Screen Process	Sai Krupa Packaging
Ashmit Packaging	Lotus Chocolate Company Ltd	Sathavahana Packaging Pvt Ltd
Asura Food Products	Makers Polyfilms Pvt Ltd	Sathya Sai Agencies
Atlanta Print Systems (P) Ltd	Mars Tech Engineering Services	Shantha Agency
Balaji Foods	Mask Pack	Sree Designs
Balaji Poly Plast Pvt Ltd	Mettler Toledo India Pvt. Ltd.,	Sree Venkatasai Packaging Industries
Barrier Films Pvt Ltd	Micro Packaging works	Sree Venkateswara Cashew Chikky
Best Food Enterprises	Monika Packaging	Sree Venkateswara Swamy Saw Mill
Bliss Foods	Om Shakthi Marketing	Sri Pumps and Fittings Industrial Co.,
Brite International	Original Foods	Sri Pumps Manufacturing Co.,
Chaitanya Packaging Pvt Ltd	Paragan Paper Packaging(Pvt) Ltd	Sri Saibaba Chemical Industries
Dairy Mashkin Fabrik	Paran Polymers Pvt Ltd.,	Srinath Laminates Pvt Ltd
Deccan Crowns & Cans Pvt Ltd	Poly Korp Pvt Ltd	Srivatsa Enterprises
Deejay Multi Packs Pvt Ltd	Pragathi Plastoform Pvt Ltd	Stick Lables India Pvt Ltd
Delicious Cashew Company	Prakruthi Health Care	Sudhir Pandya
Dhar Multipro	Precision Foils Pvt Ltd	Sumit Packaging
Eesha Packaging	Prince Multiplast Pvt Ltd	Suraj Enterprises

SVS Polymers	International Cans (Pvt) Ltd	S P Foods
Finecab Wires & Cables Pvt Ltd	R.N. Enterprises	Tasty World
G N Packaging Ltd	Raghavendra Offset Printers	Thai Food Products
Hi-Tech Printers	Raj Packaging Industries Ltd	Universal Enterprises
IFB Agro Industries	Rajaram And Company	Ushamrit Foods
India Sweet Company Pvt Ltd	Rathana Agro Traders	Venkateshwara Bitumen
Infragro Industries Ltd	S L Polypack Pvt Ltd	Vet Pharma Agencies

(Rs. in lakhs)

Principle amount outstanding as at 31.3.2010	Interest amount outstanding as at 31.3.2010	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 30.03.2010	Interest remaining due until such date when the interest dues are actually paid to the small enterprise (even if paid in succeeding years)
66.53	Nil	Nil	Nil	Nil	Nil

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

Sl No.	Name of the Subsidiary	Heritage Foods Retail Limited	SKIL Raigam Power (India) Limited
1.	Financial period of the Subsidiary	01.04.2009 to 31.03.2010	20.05.2009 to 31.03.2010
2.	Shares of the subsidiary held by the Company on the above date		
(a)	Number	50000	650000
	Face Value	Equity Shares of Rs.10/- each	Equity Shares of Rs.10/- each
(b)	Extent of Holding	98.81%	92.86%
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 2010 (Rupees in Lakhs)	(0.15)	(8.63)
(b)	not dealt with in the accounts of the Company for the period ended 31st March 2010 (Rupees in Lakhs)	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 2010 (Rupees in Lakhs)	(0.15)	(8.02)
(b)	not dealt with in the accounts of the Company for the period ended 31st March 2010 (Rupees in Lakhs)	NIL	NIL

Notes: Previous year's figures have not been given for SKIL Raigam Power (India) Ltd., since the company have been subsidiary of the company during the current year.

13. 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 shareholders 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:

(Rs. In Lakhs)

Name of the Subsidiary	Heritage Foods Retail Limited	SKIL Raigam Power (India) Limited
Funds Employed:		
A. Capital	5.06	70.00
B. Reserves	-	-
C. Liabilities	-	-
Secured Loans	-	-
Unsecured Loans	-	-
Deferred Tax Liability	-	-
Minority Interest	-	-
Total Liabilities	-	-
D. Total Funds Employed	5.06	70.00
Application of Funds:		
E. Assets	-	-
Net Block(Including Capital WIP)	-	-
Investments	-	-
Net Current Assets	(6.23)	61.37
Miscellaneous Expenditure (to the extent not written off)	-	-
Profit & Loss Account	11.29	8.63
Total Assets (Net)	5.06	70.00
F. Turnover	-	-
G. Profit/(Loss) before Taxes	(0.15)	(8.63)
H. Provision for Taxation	-	-
I. Profit/ (Loss) after Taxes	(0.15)	(8.63)
J. Proposed Dividend	-	-

14. Prior Period Items

- Prior period expenditure includes Rs.27.45 lakhs of taxation of earlier years and Rs.14.66 lakhs of income related to earlier years.
15. There is no extraordinary items incurred by the company during the year 2009-10.
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. The consolidated financial results of the previous year are related to Heritage Foods (India) Limited and Heritage Foods Retail Limited only.
19. Previous Year figures are regrouped wherever necessary.

Signatures to Schedules 1 to 20
As per our report attached
For **Raju & Prasad**
Chartered Accountants

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 27, 2010
Place : Hyderabad

A. Prabhakara Naidu
Senior General Mananager - Finance & Accounts

Umakanta Barik
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

(Pursuant to Clause 32 of Listing Agreement)

Particulars	YEAR ENDED 31.03.2010		YEAR ENDED 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit /(Loss) before tax	106207192		(284901393)	
Adjustment for :				
Depreciation	196425392		172242602	
Interest	166746637		145830558	
Profit on sale of Fixed Assets	(5767924)		(2145503)	
Loss on sale of Fixed Assets / Impairment of Assets	11226008		825149	
Prior period Income /(expenses)	1465908		(4869266)	
Subsidy transferred to P&L	(1925839)		-	
Interest received	(3792848)		(5116074)	
Dividend received	(144766)		(104236)	
Operating Profit before Working Capital Changes	470439760		21761838	
Adjustment for :				
Inventories	(269190453)		(40005745)	
Trade and Other Receivables	(8849616)		(68622371)	
Trade Payables	168558196		(29820513)	
Cash Generated from operations	360957887		(116686791)	
Direct taxes paid (incl. taxation of earlier years) (net of refund)	(21630875)		27911513	
Net Cash (used) / generated for / from Operations		339327012		(88775278)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(278244694)		(258677797)	
Proceeds from sale of Fixed Assets	13471385		2841466	
Investment in Subsidiary	-		(500000)	
Purchase of Investments	(6522200)		(64500)	
State Subsidy received / (transferred to P&L)	(653126)		6875000	
Interest received	3792848		5116074	
Dividend received	144766		104236	
Net Cash used in Investing Activities		(268011021)		(244305521)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Equity Shares	7000000		506000	
Borrowings from Banks and others(Net)	48526540		273741587	
Interest paid	(166746637)		(145830558)	
Dividend paid	(24199930)			
Net Cash (Used)/ generated for/ from Financing Activities		(135420027)		128417029
Net increase /(decrease) in cash and cash equivalents		(64104037)		(204663770)
Cash and Cash equivalents as at 1st Apr, 2009		310453868		515117638
Cash and Cash equivalents as at 31st March,2010		246349831		310453868

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,2010 includes Unclaimed Dividend of Rs.4645892/- (Previous Year:Rs.5420540/-) and Deposit against Subsidy of Rs.6875000/- placed with Andhra Bank (Previous Year: Rs.6875000/-) which are not available for use

As per our report attached
For **Raju & Prasad**
Chartered Accountants

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 27, 2010
Place : Hyderabad

A. Prabhakara Naidu
Senior General Manager - Finance & Accounts

Umakanta Barik
Company Secretary

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NOMINATION FORM
[To be filled in by individual(s)]

To, Karvy Computershare Private Limited UNIT : Heritage Foods (India) Limited Plot No. 17 to 24, Vittalarao Nagar, Madhapur, Hyderabad - 500 081	From _____ Name of shareholder and address _____ _____ Folio No. _____ No. of Shares _____
--	---

I am / we are holder(s) of Shares of the Company as mentioned above. I/We nominate the following person in whom all rights of transfer and / or amount payable in respect of Equity Shares shall vest in the event of my / our death.

Nominee's Name								Age					
To be furnished in case the nominee is a minor						Date of Birth							
Guardian's Name & Address*													
Occupation of	1	Service	2	Business	3	Student	4	Household					
Nominee Tick (✓)	5	Professional	6	Farmer	7	Others							
Nominee's Address													
								Pin Code					
Telephone No.													
								Fax No.					
Email Address								STD Code					
Specimen signature of Nominee / Guardian (in case nominee is minor)													

* To be filled in case nominee is a minor

Kindly take the aforesaid details on record.

Thanking you,
Yours faithfully,

Date :

Name and address of equity shareholder {as appearing on the Certificate(s)}		Signature (as per specimen with company)
Sole/1st holder (address)		
2nd holder		
3rd holder		
4th holder		

Witness (two)	
Name and Address	Signature & Date
1.	
2.	

INSTRUCTIONS :

1. Please read the instructions given below very carefully and follow the same to the letter. If the form is not filled as per instructions, the same will be rejected.
2. The nomination can be made by individuals only. This facility is not available to non individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family and holders of power of attorney. If the Shares are held jointly all joint holders must sign (as per the specimen registered with the Company) the nomination form.
3. A minor can be nominated by a holder of Shares and in that event the name and address of the Guardian should be given by the holder.
4. The nominee cannot be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family, or a power of attorney holder. A non-resident Indian can be a nominee on re-patriable basis.
5. Transfer of Shares in favour of a nominee shall be a valid discharge by the Company against the legal heir(s).
6. Only one person can be nominated for a given folio.
7. Details of all holders in a folio need to be filled in, else the request will be rejected.
8. The nomination will be registered only when it is complete in all respects including the signature of (a) all registered holders (as per specimen lodged with the Company) and (b) the nominee.
9. This nomination will stand rescinded whenever the Shares in the given folio are entirely transferred or dematerialised.
10. Upon receipt of a duly executed nomination form, the Registrar and Transfer Agent of the Company will register the form and allot a registration number. The registration number and folio no. should be quoted by the nominee in all future correspondence.
11. The nomination can be varied or cancelled by executing fresh nomination form.
12. The Company will not entertain any claim other than that of a registered nominee, unless so directed by any competent court.
13. The intimation regarding nomination / nomination form should be filed in duplicate with the Registrar and Transfer Agents of the Company who will return one copy thereof to the Shareholders.
14. For shares held in dematerialised mode nomination is required to be filed with the Depository Participant in their prescribed form.

FOR OFFICE USE ONLY
Nomination Registration Number
Date of Registration

Checked by (Name and Signature)



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 18th Annual General Meeting of the Company to be held at Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small And Medium Enterprises, (formerly NISIET), Yousufguda, Hyderabad-45 on Friday, the 30th July, 2010 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 18th Annual General Meeting of the Company to be held on Friday, the 30th July, 2010 at 11 a.m. and at any adjournment thereof.

Affix a
15 paise
Revenue
Stamp

Signed this _____ day of _____, 2010.

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.





With a view to extend a helping hand to the badly hit Flood affected people of Kurnool, Guntur and Krishna districts of Andhra Pradesh and some parts of the Karnataka state, the management of Heritage Foods India limited (HFIL) and the employees working across Andhra Pradesh have contributed their respective one day gross salary and the Senior Management team including President, ED and VC-MD have contributed their one month salary towards the flood relief activities. Distribution of the relief kits and other relief material supplied to the beneficiaries, supply of feed and mineral mixture to the cattle and cattle camps as by Heritage.

BOOK - POST PRINTED MATTER



Bring Home Health & Happiness

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