



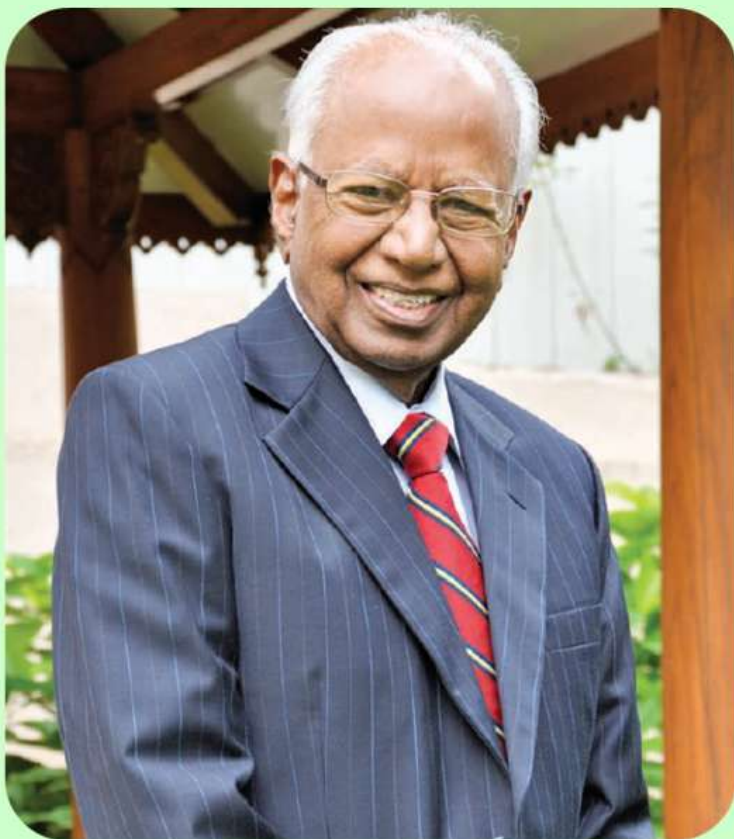
## **HERITAGE FOODS LIMITED**

CIN: L15209TG1992PLC014332

## **CHAIRPERSON'S SPEECH**

## **27<sup>th</sup> Annual General Meeting**

**Friday, August 30, 2019**



***D Seetharamaiah***  
*Chairperson*

Dear Members,

The Notice of the 27<sup>th</sup> Annual General Meeting, Directors' Report and Auditors Report along with the Audited (Standalone and Consolidated) Financial Statements for the Financial Year ended 31st March, 2019 are already with you and with your permission, I take them as read.

Your presence here is a testimony of your interest and involvement with the Company and I sincerely thank you all. With your permission I would like to begin the proceedings by giving you a report on the overall performance of your Company and the environment in which it operates. The key to progress is change. FY 2019 witnessed significant structural changes in the Indian and international economy that have altered the business paradigm in every sector, including the dairy industry, but I am happy to convey that we performed better despite the upheavals coming in our way. As a result of our persistent belief in cooperative structure and unity, we have been able to achieve the desired progress during fiscal year 2019

Our performance in FY2019 was encouraging with revenue growth from milk and value added segments. We achieved a net turnover of Rs 2482 Cr. in FY 2019 as against Rs 2344 Cr. in the previous year. We have made significant achievement in EBIDTA, which was Rs 192 Cr. during the year as against Rs 133 Cr. in FY 2018. Profit Before tax (PBT) increased to Rs 129 Cr. in FY19 from Rs 88 Cr. in FY18. The Board of Directors has recommended a dividend of (40%) i.e. Rs 2/- per Equity Share of face value of Rs 5/- each for the fiscal 2019.

At Heritage, our overarching objective is to build the business, with relentless focus on our consumers and the Company is one of those consumer-centric companies where trust drives our turnover and efficiency drives our returns. Maximizing on social impact, ensuring the reliable supply of high quality products to as many people as possible and having highly engaged employees.

Corporate Social Responsibility is the commitment of our business to contribute for sustainable economic development by working with the employees, and local community to improve their lives. Heritage allocated Rs 91.05 lakhs during 2018-19 for causes like education, health, water, environment and community welfare, apart from the Company's contribution towards relief activities during the year viz. Kerala tragic floods was Rs 44.23 lakhs and Srikakulam- Titli Cyclone was Rs 58.74 lakhs.

Farmer empowerment is inherent in our vision. What makes Heritage attractive for a dairy farmer is that the company over the years has been handholding farmers for better managing their cattle. This is achieved by supplying feed, by extending animal health care, by facilitating animal insurance and dairy farm loans from Banks and Financial Institutions. We have won the trust of over 3 lakh farmers by way of strengthening their market linkages

We are confident of the Indian dairy sector which enjoys growing milk production, strong shift from unorganised to organised suppliers, and growing consumer acceptance of value-added milk products. At Heritage, we are at a point where we are competently prepared to address the emerging opportunities from the great consumption story of India.

With the transition in our business mix, we should gradually move away from the vagaries of the commodity business, including limited margins. We are confident that the fruition of our various efforts towards this transformation will reflect in higher margins, and improved earnings quality in terms of a leaner working capital cycle and healthier operating cash flows. Further, as the leading organised player in our chosen markets, we enjoy a sizeable critical mass in terms of visibility and business sustainability.

Heritage Nutrivet Limited (HNL) the Wholly Owned Subsidiary Company of your company is one of the leading Live Stock Feed & Feed Supplements players in Southern India, having access to over 3 lakh farmers. HNL has been closely associated with the farmer community to provide technical support and engage them in knowledge building activities. The cattle feed products are prepared with deep understanding of cattle feeding practices, breeding and milk production levels of cows and buffalos.

Our aspirations are ambitious and execution plans bold. Our motivation and commitment to take it forward is founded on the generous guidance and support of our associates, clients, co-founders and governments of the states that we operate in. I am grateful to them for their trust in us and invite them all, and you our shareholder, to stay with us as we move forward on this journey. I would like to thank all our employees and associates for their dedication to the organization and the pride with which they represent our Company. Their efforts have allowed us to grow revenue, profit and shareholder's value. I thank our customers, consumers, representatives, farmers, venders, investors, bankers, auditors and statutory authorities. You are the reason we can look to the future with great confidence.

**Thanking you**

Hyderabad  
August 30, 2019

**D Seetharamaiah**  
**Chairperson**