



**TRANSCRIPT OF HERITAGE FOODS LIMITED – 28<sup>TH</sup> ANNUAL GENERAL MEETING HELD  
AT 10:30 AM (IST) ON FRIDAY, AUGUST 28, 2020 THROUGH VIDEO CONFERENCING**

**Management Participant:**

Ms. N Bhuvanewari	-	Vice Chairperson & Managing Director
Ms. Brahmani Nara	-	Executive Director
Dr. V Nagaraja Naidu	-	Non-Executive Director
Mr. N Srivishnu Raju	-	Independent Director
Mr. Rajesh Thakur Ahuja	-	Independent Director
Ms. Aparna Surabhi	-	Independent Director
Dr. M. Sambasiva Rao	-	President
Mr. A. Prabhakara Naidu	-	Chief Financial Officer
Mr. Umakanta Barik	-	Company Secretary
Mr. Sanjay Jain	-	Walker Chandiook & Co. LLP, (Statutory Auditor)
Ms. Savita Jyoti	-	Practicing Company Secretary and Partner, M/s. Savita Jyoti Associates (Secretarial Auditors and Scrutinizer)

**Moderator:**

Dear Shareholders, good morning, and a warm welcome to you all to the 28<sup>th</sup> Annual General Meeting of Heritage Foods Limited been held through video conferencing. The facility for attending the AGM through video conferencing is being provided to all the shareholders of Heritage Foods Limited. For the smooth and seamless conduct of the meeting, the Bridge of audio and video of members for interaction with the directors will be closed until they are allowed to speak at the AGM as per the pre-registration. Please note that as per the requirements of the law, the proceedings of the annual general meeting will be recorded, and the transcript will be uploaded on the website of the company.

I now invite Company Secretary Mr. Umakant Barik, to initiate the proceedings. Over to you, sir

**Mr. Umakanta Barik :**

Good morning everyone, welcome to the 28th AGM of heritage foods limited. This is our first fully virtual AGM, held live from the broadcast venue i.e. the registered office of the company. This is convened in a fully virtual manner to safeguard the well-being of the members of the company due to the covid-19 pandemic. Convening Of this virtual meeting is in compliance of the circulars issued by the ministry of corporate affairs, Government of India and the Securities Exchange Board of India .The Company has taken all the feasible steps to ensure that the members are provided an opportunity to participate in this annual general meeting through video conferencing/ other audio-visual means on first-come-first-serve basis. All The members who have joined this meeting, are by default placed on mute by the host to avoid any disturbance arising from background noise and ensure smooth and seamless conduct of the meeting. Once The q/a session starts, the chairperson will announce the names of the members who have registered their names as speaker- member one-by-one. The Speaker member will thereafter be unmuted by the host. To start speaking, the members are requested to click the video on button. While speaking, we would request the speakers to ensure that he/she is clearly audible, minimize any noise in the background and there is proper lighting to have a good video and audio experience. If there is connectivity problem at the speaker's end, we would ask the next speaker to join. We would like to request the members to kindly limit their speech/queries to 3 minutes. During The AGM, if a member faces any technical issue, he may contact the helpline number mentioned in the notice of the AGM. It is now 10.30 a.m. The requisite quorum

being present, now i am requesting Smt. N Bhuvaneswari, to chair the meeting. Madam over to you.

**Smt. N bhuvaneswari:**

Thank You Mr. Umakanta,

Good morning. A warm welcome to the 28th AGM of the Company, let us observe two minute silence in reverence and respect to our former chairman Sri. D Seetharamaiah Garu, has passed-away on July 19, 2020.Thank You There is requisite quorum, I now call the meeting to order. I thank all the members for joining this meeting. I wish all of you, and your loved ones are safe and in good health. Due to these unprecedented times of covid 19, as per guideline of ministry of corporate affair we are for the first time holding this AGM through VC. And other audio-visual means .The Company has facilitated for the members to participate in VC/ other audio visual methods to participate in the AGM

I request the directors attending this AGM to introduce themselves from their respective locations

Dr. V Nagaraja Naidu

Smt. Aparna Surabhi

Sri. N Srivishnu Raju

Sri. Rajesh Thakur Ahuja

Smt. N Brahmani

Thank you. Now I request the key executives of the company: to introduce themselves

Dr M Sambasiva Rao,

Mr A Prabhakara Naidu,

We acknowledge the presence of Mr. Sanjay Kumar Jain, partner, Walker Chandiok & Co LLP, chartered accountants, statutory auditors of the company and Smt. Savita Jyoti, partner Savita Jyoti Associates, Secretarial Auditor of the company, who is also acting as Scrutinizer for the voting in the meeting to verify and validate the voting results .The Company has appointed KFin Technologies Private Limited as registrar and share transfer agents, to conduct the voting by

way of remote e-voting. The remote voting was opened from 9:00 am on august 25, 2020 to 5:00 pm on august 27, 2020

1. Since there is no physical attendance of the members, the requirement of appointing proxies is not applicable.
2. Members who have not voted earlier through remote e-voting, can cast their vote during the meeting through e-voting facility.
3. Since the notice is already circulated to all members, i take the notice convening the meeting as read.
4. The Auditors report on the standalone & consolidated financial statements and the secretarial audit report of the company for the year ended march 31, 2020 do not contain any qualification, reservation, adverse remark or any disclaimer,
5. Accordingly, the reports are not required to be read out, and now with your permission,

i will begin my formal address to the members.

it gives me great pleasure to welcome all of you to the 28th annual general meeting of the company. The outbreak of the covid pandemic has developed rapidly into global crisis, affecting the very foundations of the world 2020 will forever be etched in human consciousness because of covid 19 covid has raised more questions than answers regardless, I believe, India will achieve faster progress, greater prosperity & new developments post the covid crisis.in such an unfortunate scenario, your company clearly prioritized the health and safety of its employees with a zero harm policy our staff kept the systems running under very difficult circumstances and contributed to health of the communities across the country. the lockdown made us agile, re-silent to the pandemic, enabled us to respond to the situation much stronger i sincerely thank all our front line warriors for their commitment and dedication the FY 2020 witnessed significant structural changes in the Indian and international economy that have altered the business paradigm in every sector, including the dairy industry, 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 2020. Our performance in FY2020 was challenging with revenue growth from milk and value-added segments. We achieved a net turnover of Rs. 2681 Cr. in FY 2020 as against Rs.

2482 Cr. in the previous year. We handled 13.77 Lakhs LPD of Milk during FY 2020 The operational profit of Rs.72.44 crore, which was 43.71% lower than Rs.128.69 crore in the previous fiscal year. The Board of Directors has recommended a dividend of (50%) i.e. Rs. 2.5/- per Equity Share of face value of Rs. 5/- each for the fiscal 2020. At Heritage, we are customer centric with fair and just attitude with greatest importance to ethics and Corporate Governance our highly engaged employees maximize the social impact, ensure seamless supply of high quality products we hold farmers in high esteem handholding them for better management over the years of their cattle we supply feed, we extend animal health care, by facilitating animal insurance and dairy farm loans from banks and financial institutions. I am very proud that we have won the trust of over 3 lakh farmers by way of strengthening their market linkages. We are confident that the Indian dairy sector will grow with increased milk production, strong shift from unorganized to organized suppliers, and growing consumer demand for value-added milk products . At Heritage, we are at a point where we are prepared to address the emerging opportunities from the great consumption story of India. We are confident that the fruition of our various efforts towards the transformation will reflect improved earnings quality and healthier operating cash flows. Heritage Nutrivet Limited (HNL) is 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 are bold. Our motivation and commitment to take it forward is founded on the generous guidance and support of our associates of the States that we operate. Their efforts have allowed us to grow revenue, profit and shareholder's value. With these words, I want to thank all the members for taking the initiative to join this meeting through Video Conferencing and to being with us patiently. I am very grateful and want to thank all our Directors for joining this meeting. I thank our SHAREHOLDERS, customers, consumers, representatives, farmers, venders, investors, bankers, auditors and statutory authorities. I would also like to thank all our employees and associates for their dedication to the organization and the pride with which they represent our Company. We can look to the future with great confidence. Those Members, who have not cast their vote by remote e-voting, may cast their vote through Insta-Poll provided by M/s. Kfin Technologies Pvt Ltd. The Combined results of the remote e-voting and e-voting (Insta-poll) shall be placed at the Company's website i.e [www.heritagefoods.in](http://www.heritagefoods.in) as well as websites of the stock exchanges where the shares of the

company are listed and also would be uploaded on the website of KFIN Technologies Pvt. Ltd. by the end of the day. Now I Request the members to give their suggestions / raise Queries on the Accounts and Business of the Company.

I request the MODERATOR to call the names of shareholders who have registered to speak at the Annual General Meeting one after the other and unmute their mikes.

**Moderator:**

Thank you so much, We have the first question from Mr. Arun Kumar Boppana. Sir, you may go ahead with your question please:

**Arun Kumar Bopanna:**

Hello I'm totally dissatisfied with this. Just thanks to Umakanth & Susheela and team for setting up the VC AGM that self-esteem in Telangana Andhra, you're the first dedicated person I wish you about the end comparison and congratulations with the corona celebrations for you being the chairperson you broke the glass ceiling is a great feeling. I compliment the management for the zero harm management. There is a human and economic cost a generation we surely have lost. It is top represented in the field in this book global calamity are far more than normal with their ability I appreciate and compliment them with sanity and glad heritage is not a name as an ethical business house remain as same which get things the right way without any shame. Carrying the legacy of Mr. General Nigel the founder with an Wonders mechanisms now the president launch the things. What is the ..... ratio 75 percent or not .present Communication is offering or not ideas on total communication which I assert what an HR soft skills within a program sentences all nice simple and pleasant and what is an EVA economic value added which is where I landed initial automation with IP how far we adopted whatever is last for 24 months impact on heritage are there any good recognition opportunities in heritage now ? Do you hire candidates with all-rounders now with the new team that is what is changing in the employee background. I understand Indian cows have the great source of micros and indian cows not happening right at here in Heritage. The USP and what did heritage machine for the 5 Trillian economy with short focus and large number of ..(disturbance in voice ) Master Thomas are always a star, humanity whenever they take for solutions we need for farming to make it

more charming. In future we'll find the way to give farmers even the bonus is the voice for shareholders to rejoice. And I would like to wish you all the best of appreciating your signature, be graceful and be useful. live a life of dignity. Thank you very much.

**Chairman:**

Thank you Arun Kumar Bopanna and deeply touched by your kind words and the poem on heritage. Yes sir. Your kind words may be shot, but then it goes on long. Like even when time is shot, that is enough time for courtesy. Thank you.

**Moderator:**

Thank you so much. We have the next question from Mr Praful Chavda. Sir, you may go ahead.

**Praful Chavda:**

(speaks in local language)

**Moderator:**

Thank you so much. We have the next question from Mr Ramesh Shanker Golla,. Sir, you may go ahead.

**Ramesh Shanker Golla**

Very Good morning Bhuvaneshwari garu . And my heart wishes to our directors we are feeling badly that we are not meeting you at this time . That to you and Brahmini garu doing your hard work for this Organization. We don't know how you are spending with your families but very happy to say that for heritage your are efforting the complete hard work but coming to Seetharamayya garu he is a very nice person and very good at receiving us anytime when we go and you to received us in that same manner but from myside one request me and all shareholders request is to see u in chairman position and Bhrahmani garu in vice chairman position and see that Shamba Shiva Rao garu also in a very good position that to in our Secretarial department Umakanth garu (CS) he was doing very hard work every time we go to meet him he will always been allotted to some meetings and very hard work if you give him a good position like vice president or associate vice president we will be very happy. Coming to

our company when i go morning to get milk i can see heritage as good morning very happy to see that and can we know any new products are coming or any under manufacturing stage? And what are the profits in this covid situation? Are you taking care about this situation for the future. Even for the employees also. And are their any new clients joined with us? and how it is going to be future business because for next 6 months it going to be like this only . If you come to chairman position you will do the betterments with your ideas it being very helpful you and Brahmani garu ideas will be helpful so much . And please clarify my doubts and belated Ganesh Chaturdhi wishes and thank you for giving me this opportunity. happy to say jai heritage jai jai heritage, bye ,have a good day .

**Moderator:**

Thank you so much. We have the next question from Mr Reddeppa Gunduluru. Sir, you may go ahead.

**Reddeppa Gunduluru:**

Good morning mam. And board of directors and my fellow shareholders. Firstly , my name is Redappa and my DP ID is 1203520000113468. Firstly, I wanted to convey my deep condolences of suddenly demise. My our chairman of this company really we are missing his Services since its inception is services highly appreciated. So, may God will comfort his family. May God is give rest in inherit. So we'll miss you, especially my memories here. So I have a good time with Chairman sir., thank you so much, sir. My deep condolences to his family and colleagues and our kids. And also sir and ma'am. In this current financial year 1920 a lot of achievements under the excellent leadership of directors . So as a shareholder, we are very happy about complete performance . We have given 30% of the dividend in this challenging financial year and also I observed that My company in the business of Corona pandemic it really implies that every employee has worked without any leaves, I can clear that up. So, this is a highly appreciated thing sir and I especially love HR team as a team and as we have taken the precautions on employee's health and other issues. Thank you so much. So, and also in this tremendous regard excellent growth, a particular financial year 2016 crores are under production of Milk that in pants and just relax the details are that assumes a good achievement. Now also I would like to thanks to the board and apparatus or the we have won the technology Innovator of the Year it shows Companies How is working? announcements are not in single hour. We have couple of hours condition for the barrier 1920 financial, and also food safety food



safety summit our best customer service provided facilities including thing man, are we ever assured very good hours in this financial year chosen, how we're working in the quality basis, or the happiness of the people for the society. Thank you so much and congratulations. And also my appreciation and good decision where enter the Encore field production. Big. Thank you so much. It's a good fit. So my company is expanding. Thank you so much. Sir, and also I would like to record my experiences Last financier how to milk convert into the curd and other food products after 33 tests it will get as perfect so that's why many of the people prefer our heritage products and I recommend heritage because i personally experienced and saw the procedure in the plant how it works and how quality we are using ,there is a hard work and struggle behind this I would like to thank entire plant department company secretary , ACS garu, Neeraj garu ,Gangaran garu and nice hospitality and all are good products , mam we need to do marketing for these products . Ghee is very good but we are not getting everywhere why we don't know that lack of marketing , especially ghee, curd, ice-cream were very good products and their is lack of products .we have extraordinary team and team work .like ramesh sir said from all our shareholders side we request as our chairman sir was no more with us we request Bhuvaneshwari mam to take chairman position. In your leadership we have confidence that with your ideology it will spread to all our villages and a young leadership we want and how mature you talk and we have already heard in AGM's you were representing our company in a perfect manner and please promote Bhuvaneshwari garu, Sambashivarao garu and ch. Bairag who had completed 20 years he is a very good person, hard worker ,dedicated and he works professionally ,time punctuality, understanding so please give him a good recognition .csr activities in annual report that are held in covid to the poor people i have seen it . Very nice and blessings from poor people makes our company grow. I have many things to talk but as time limit is done . One question next couple of years what are the new innovations that are coming i want to hear it from your words. I have some financial issues but I will share in csv but please clarify these doubts mam. God bless you we will be with you mam because you are doing this for our lives and we will be with you.

**Moderator:**

Thank you so much. We have the next question from Mr Suresh Chand Jan. Sir, you may go ahead.

**Suresh Chand Jan:**

(spoke in local language)

**Moderator:**

Thank you so much. We have the next question from Mr Bharath H Shah. Sir, you may go ahead.

**Bharath H Shah:**

I would like to give deep condolences to our senior Most Director and Chairman, Mr. Setharamayya sir who was down to earth person and always use us to meet all the shareholders in the AGM for so many years remembering today's, chairperson and manager director visionary popular and hardworking down to earth, we've been promoted miss madam Bhuvaneshwari madam, you're happy that you're being promoted to your chairperson, executive director and Brahmani and our president Sambashiva Rao my few two or three questions are there now your pan India procurement yeah excellent annual report presentation we are now pan Indian company and now procurement distribution or heritage brand is going on India. So, very positive step and you have introduced and i want to annual report to introduce new products ragy lussy and subja lussy How is the response to these products in 2018, AGM you are projected by procurement 22 our top line will be 6000 crores . So whether this projection is remaining or whether we will be will take off No extra year and lastly madam is a bitter winter that our emotional losses come then this transaction will be completed I want to know because after that our balance sheet will be better looking. So what is the timeframe? And lastly madam moderator should do at least three minutes only not more than three minutes people are speaking for 10 minutes and the thing is that please ask moderator to give 3 minute time. Thank you mam.

**Moderator:**

Thank you so much. We have the next question from Mr Ramesh Manguluri. Sir, you may go ahead.

**Ramesh Manguluri:**

Yes, so you are audible we would like to switch on your video as well. Despite this COVID pandemic company has done very well except the volume decline. This all numbers are very encouraging. I would like to compliment the management in this regards. So I have one

clarification. So on 15<sup>th</sup> of May, the Prime Minister sorry, finance ministers sri Nirmala Sitharaman G has announced reforms to boost the agriculture and other sectors. In animal husbandry, the creation of an infrastructure 15,000 crores will felicitate private investment in direct processing improving cattle field infrastructure as well as improvement in health of animals. Further incentives are also given for establishing plants for export of finished products. Our company is present in both the badian cattle field, how the company is planning to take advantage of this reform. I would like to know sir

**Moderator:**

Thank you so much. We have the next question from Mr Srikanth. Sir, you may go ahead.

**Srikanth:**

(spoke in local language)

**Moderator:**

Thank you so much. We have the next question from Mr Abhishek J. Sir, you may go ahead.

**Abhishek J:**

my name is Abhishek Shareholder the company my DPID IN301637 and 41359155. First of all, I congratulate the management of the eve of annual general body. Today we are having 15 annual general body meetings that are going on together. So that is the reason this disturbance was there. First of all is well with you and your family in this challenging situation. Our company deserves much more respect than the current market cap. After completing more than a decade of successful operate profitability, dividend history and becoming one of the strongest brands in our respective segment, we are the long term shareholders in the company and we need all in detail what's the real impact of COVID-19 percent system and supply chain is affected? Where do you see the end of the tunnel and what will be the growth because it first off and second up? Kindly gives us the production capacity utilization figures in present day for the month of April May June 2020 Coronavirus terms of what should be known as after the covid How many employees we have a solid percentage? And what are the cost cutting initiatives and when was

being taken by the management? And what is the view of the management going forward sustainable to the profit earning growth coming quarters? What are the management efforts to improve working capital sales ratio orosi and return interest coverage ratio? What are our efforts manifest to improve a company image through its inverse relation exercise like one in a million global investors I think I have up to four but even if you increase the number of part of your presentation, then one cause our company revision will be increased and we can see a good volatility in the market and our chapters can also escalate so please provide the details of the parties and other current and non current liabilities. But because we're a CES can read the perspective in detail. What are our management efforts to reduce other expense legal professional charges and what are the credentials of renewal? Existing tables will take the common into the new generation. Nothing much to ask for the company I think the government has done in the past I was not at the factory visit. The company says that each and every shareholder will diametric interested companies that can be made to participate in the activism of activist aspiring ends and the company, the Board of Directors a great success and prosperity in the future. Thank you for giving the opportunity.

**Moderator:**

Thank you so much. As this was the last question, I hand it over to Smt. N Bhuvaneshwari now.

**Smt. N Bhuvaneshwari:**

Thanks all the speakers for the relevant questions and the financial of the company. Now I'm requesting executive director, President, CFO to answer the queries.

**Director:**

**Smt. Nara Bhrahmini:**

Thank you, madam. This is Nara Bhrahmini Executive Director. Thank you so much for joining the meeting despite many other AGMS happening at the same time, and I hope all of you are staying safe and protected during these tough times. I will attempt to take some of the questions asked today. There was a question on technology and I would like to take that question. Technology is very important part of heritage culture. In fact, we started as a company using a lot of technology beat milking machines beat using software's for computerization and

centralization of payments, etc. The baby approach technology today as a company is that technology needs to help with cost reduction. It needs to help with efficiency enhancement. It also needs to help with a volume building or growth of the business, which is our larger goal for the business. And the approach is three pronged. We are focusing a lot on digitization and automate automation because we believe that every business has become a technology business today, even something like dairy, which is a food business, we use a lot of IoT devices in terms of monitoring and this has come in very handy during the current COVID situation. For us data analytics will drive the future of the business and decision making going forward. We were very proud to say that we are the first dairy company to have end to end part, especially on SAP we are one of the first ad companies to upgrade ourselves from the old version of SAP to the newer version of SAP which is as for HANA in 2017. itself and we've seen the benefits of it in terms of performance in terms of value addition, we also have a very integrated milk procurement platform through which we are able to monitor data on a real time basis at the village level. And we are also using several apps and several solutions to be able to be very transparent, including providing smss to animal suppliers over the quantity quality, in terms of the values of payment that they're going to get, etc. So corrective actions can be taken immediately. All payments are also digital to our milk procurement representatives at the village level, and hence we're able to honor our commitment to them that we will make timely payments and accurate payments. We have many other solutions which are integrated with SAP to ourselves, one of which is automated milk payments as I mentioned earlier, since I mentioned IoT, I think it's very important to also mention that our GPS positions are also very relevant. In fact, they come in very handy during the COVID situation wherein we were able to very efficiently and effectively track our transporters vehicles beat in the back end or in the front end. during a time that logistics was very difficult, and it was very uncertain. We are using many apps for very effective communication within the company and also with outside stakeholders such as our agents, distributors, one of them is zoom, which we're using day in and day out. We're using WhatsApp we're using group talk. We using Google suite of applications, we are on those applications. So we've been using them very effectively, especially for work from Home Solutions. On the manufacturing side, SAP again has come in very handy to the lowest SKU, we are able to review products beat on the profitability side or on other operations. Little matters such as you know, energy management, etc. We have many mobile apps now as we speak, we put in a lot of effort in the last one year to develop to go through digital transfer transformation. And many mobile apps integrated with SAP RP have come in very handy. In fact, as we speak, we are in the process of deploying an end to end distributor management system app, which in

the future will also include invoicing etc. All of which will not be manual and it will be on the app itself during COVID v ensured uninterrupted supply of our to our consumers and we've In fact, engaged with our consumers directly through a new app called heritage touch through which consumers can not only order milk and curd but also our suite of value added products. And this will drive our business significantly towards attaining the 40 plus percent revenue contribution to work. add value added products. And as people's consumption patterns are changing, we believe that digital base of selling our products will be very important going forward. We have many apps available to our employees as well. We have a self-service app, which is integrated with their field visit apps. And it's very beneficial for attendance management for reviews, etc. in a very timely manner. As I mentioned earlier, we had also looked at work from home solutions. So apart from using Google suite of apps are using other means and ways of monitoring that and it's been very efficient for us. We've given all our employees the option of work from home and it's worked very effectively in terms of monitoring work. And in terms of productivity management. At the company in the last one year, we've invested a lot of time on real time. Dash boarding so better visualization of Add numbers, which are available on SAP. And this has been exceptionally effective, especially during the time. During covid times we were able to manage ourselves more our sales, manager procurement, both these modules are already on real time dash boarding. And we've been able to monitor at the exception level not having to go through all data not having to depend on people to be able to generate reports. And going forward, we want to take it a notch up by not only bringing other functions apart from procurement and sales on real time dashboards, but also going the way of artificial intelligence and machine learning. So we automate as many things as possible and predictive analysis also, which is very important for the dairy business is going to happen through this. As I mentioned earlier, we have a direct to consumer app of which all of you in Hyderabad can avail and we hope to roll out this app across our The major cities very shortly there was a question on marketing and we're going very digital when it comes to marketing. If you visit our Facebook page or Instagram page, our YouTube channel, you will see that there is tremendous amount of content that they were created in the last one year. And we believe that the future of marketing is going to be digital, especially as more and more people use digital channels for shopping and for consumption. Our future plans are quite interesting and they're quite big. We want to create an a 360 degree ecosystem of our mobile apps, not just for ourselves as a company but also for our stakeholders such as consumers, agents, distributors, our suppliers, etc. We will continue to communicate more effectively and efficiently using technology. We are looking at video analytics very seriously. We believe it will be very useful, especially in a difficult time such as

this And IoT is will continue to be very important for us predictive analytics is going to be very important for us. In fact, I'm also happy to say that 82% of our heritage parlours , which are close 2000, and number are already on digital solutions, especially when it comes to payment solutions. So we believe that technology will drive the future of our business and in fact, we've invested into teams also, we have a innovation team in the company that we've developed over the last one year with a lot of technology experience pertaining to all these initiatives that we are taking. So that's on the tech side. Moving on to the marketing side, can we create a slogan for the company and be very effective in communicating it? Our slogan as a company and our promises health and happiness, and that is something we stand by and as mentioned earlier, digital channels will be very much important for us, especially to appeal more to a vibrant millennial set of consumers going forward and to engage with them directly and not indirectly and to also keep measuring ourselves in terms of performance. While brand building is one angle of marketing going forward. We will also do a lot of sales focused initiators through digital marketing. And there was a question on availability of some products in certain packaging flavored milk. I'm happy to say that flavored milk is already available in plastic bottles, and family packs of ice creams are also already available and we are coming up with more convenient packaging going forward. For the convenience of our consumers, especially in the beverages segment. There is a question on innovation going forward and new products and plans for the future. new products, obviously a very important then margin driving products as well as convenience driving products and help driving products because at this point in time, people are getting more and more health conscious. They're looking at preventive health, rather than curator's, and we believe the dairy is a very efficient and acceptable carrier of all these attributes. On the happiness side, of course, we've launched our milkshakes very recently, they're already available in retail. We are also coming up with a wide range of immunity related beverage such as turmeric milk, etc. And also coming up with a new variant of curd highly focused on immunity. And that's going to be very interesting. We're excited about that. Similarly, there was a question on Indian cows and Indian milk or Indian animals. We also recently introduced a to milk you know, covering the health aspect of our slogan. So a to milk we believe is very, very good for me. Unity the product is out in the market. We are also looking at several different beverages in the near future. So despite COVID, we have been investing more and more in r&d. And we have been innovating when it comes to newer products focused on convenience and delight. So that's been the progress on value added products. And we strongly believe that nutritional attribute attributes going forward will drive innovation within the company. They were questions or new clients. And I'm really happy to say that, given the fact that



consumption patterns have changed, we have also put in more focus as a company on new channels. So be it ecommerce channels or marriage channels, which were more open during COVID period. We believe that those consumption patterns or shopping patterns are going to change and we've seen some encouraging volume growth through these channels and you're building better relations. With these channels, this is a question on stores, Mini store visits, I believe Mr. Golla is referring to heritage fresh stores. As you probably already know, that division has been acquired by future retail limited, it's being managed by them. Hence, we are not able to visit the stores anymore. Get more focused on our daily business at this point in time. And there was a question on sustainability of margins going forward. We believe margins are dependent on several external factors at this point in time. Lock downs have been you know, quite uncertain. A very recently the government has also announced some guidelines for un lock 4.0. And, you know, we're not sure how it's going to be because a lot of decision making lies in the state's hands as well. They're not sure for instance, it's Schools are going to open or not, if institutions are going to open or not offices are going to open or not, because a large part of consumption of a small part of consumption of milk happens through these channels and a large part of consumption of value added products happens out of home. So it's dependent on those factors. It's dependent on weather conditions is well, on the procurement side. And on the consumption side. This year we had earlier monsoons we had a shorter summer so that sort of affected our value added product sales, so it's really dependent on that. It's also dependent on you know, the flash season which is expected to come in the month of September, October. And hopefully, you know, weather patterns will be quite positive and we are hoping for a flash during which procurement prices are generally lower. It also depends on regulations Import Export policies etc. So it will highly depend on several external factors into which we do not have enough insights at this point in time. There is a question on investor relationship, relationship management and thank you for the feedback we'll take your feedback. But as a company, we are constantly engaging with investors on a one on one basis, or through forums such as these every quarter we are doing investor con calls, after announcing our quarterly results on a regular basis. We also attend conferences. In fact, we was supposed to do one in Singapore just before COVID but it got cancelled. We will keep that in mind and be more focused on communicating more efficient efficiently and effectively. And now we have you know, the tools available in terms of technology. So that's something that we will take on and there was a question on the value that our directors are adding and very happy. You can see that our directors have been had adding on several friends on the m&a side on in the past beat on operations. I just think because some of our directors come from, you know, daily background



on the marketing side of things beat on the audit side of things that and upholding high values of corporate governance is nothing has always meeting high values of corporate governance and ethics. So I would like to thank our directors and now that our board is pushing in a pushing us in the direction of innovation and digitalization, and hence these different initiatives that I was talking about earlier have been taken up by the management of the company. I end my answers with that and again, thank you so much for the feedback. I hope everyone staying safe and now hand it over to President sir and CFO to answer any questions. I must have missed out either on the Operation side or the financial side of the business.

**Dr. M Sambasiva Rao:**

Good Morning to all, Mr. Abhishek from Chennai raised the questions on the financial side, so, one is actually what are the management approach to improve working capital to share a sale spatial roce net debt to EBIT EBIT on multiple operating profit margin, our debtors days and in interest coverage ratio that is one of the questions during the Coronavirus in the context of Coronavirus. So, as far as working capital to sales ratio for the financial year 2019 20 the turn over is 2681.1 gross, whereas working capital gap, the gap required is 104.93 not quite close. Which is we invested in working capital one rupee it is 26.9 times that normally we are achieving or in terms of percentage for every rupee of sale, we need 4 paisa working capital terms of 4% of the working capital required. So, because the even the current quarter also it is 4.13% which is 24 times of the current quarter Even though Coronavirus still slightly come down even then we are maintaining what we calculate for 4% and then actually despise if you take around 14 days it can cycle for our this thing for the financial year 2019 20 just like to come down on 13 days for the pocket one as far as our ROC consented non capital employed last year and in the whatever the because the profitability has come down Mainly strong fill price goes up as well as cost has gone out of that only 74% we could recover by decreasing the selling price of milk and wheat products. So because of that operating profitability has come down. The ratio is around quantity quality. This is because business daily we are being caluculate 26% ecr which has improved and the fourth quarter of it has come down to 15% now has improved anualized percentage is 42% updated in the first quarter. We have recovered earlier also needs to maintain ROC Are you starting to see for a year because last year was a peculiar barometer cost is considerably has gone up in the first quarter is almost analyzed, analyzed from 42% ROC of the company. The lady is then operating profit margin, operating profit margin lease for the financial year 1920 is 3.24% for the financial 18 19 was actually 6% 5.98% whereas in the

first quarter it has improved to 6.73% because of optimization all the operations and so net debt to EBITDA, multiple negative EBITDA multiple is actually 1.61 is for the financial 1920. It has come down to 579 for the first quarter because also include analyzing this thing debtors face earlier actually used to have around two to three days because of 2018 19 were exported and the last month of the financial year. There is reason it has gone to actually afford this even the financial 19 20 contraction It is for this but for first quarter it has come down to three days one day has reduced the cost period, then interest coverage ratio in terms of times because the operating profitability has come down in the US compared to previous year 181 9. So, interest coverage ratio in terms of times is 4.67 for the financial year 1920 You can also include 7.34 times in the first quarter of 2021. So, there are other bookkeeping issues, not number 23 are section other current liabilities not another 23 182 pace that is clearly mentioned actually our cost per customers is 6.54% greater are concerned customers and staff to reduce tested use in terms of direct access indirect access to stable and also static routes or 3.94. And across from customers. Outstanding is 2.60 total 6.54 is the total break apart that is that then Not number 20. There are other other financial liabilities out there the greater peace there are financial liabilities both the non current and current. There is one item other payables which is 2267 lakhs the breakup, given the breakup of that country was 67 lakhs that includes close to 3.8 crores , because we are arranging the last party cathinones. So, as I said it was not there is an outstanding of 3.8 crores in the past week we have not paid to the parties, outstanding expenses and there is actually security charges up charges. Those things up for operating a vehicle says to 2.48 crores temporary discounts because a lot of incentive schemes are given to the sales parties. So, that is every month on the last day it was outstanding in the Pacific region. Big that is coming from South Park to many pros and there is other personal charges, international fees another point 22. 67 for outstanding this the breakup of that. So, then another question on other expenses, because the turnover has gone up by 8% even after expenses in total it is maintained last year was 200 crores 66 lakhsthan last year and for the 1890 what we currently are also under is 1920 also we have 90.97 crores samples, in total of other expenses we are not up even though color has gone up by person, but if you look into our expenses break up, there are a few expenses which has gone up one is power and fuel because the personal growth has gone up as a correctional says Ghana because of that, power and fuel cost which has the Got a number similarly 100 expenditure which is quite out towards the last report 71 close now is 77 of course, this is also sending us a link it is limited to the actual production sales. So, that is the reason it has gone up. So, there is another option out there doctors in this portion of the breakup is internet fees and expenses 1.55 gross, then there's the lab testing

charges then those things alone there is one main item is there 7.5 crores we pay actually input tax input tax of GST to the various services including lease rentals then actually audit fees and casual labor contractors, various input tax that you have paid. So because we are dealing we are in the software etc The products that we are selling your exempted products. So, only 40% only 60% only we could recover the remaining amount is ineligible that is actually a group render destruction charges which is coming across 7.55 crores . So, there is other options initiated. So, so many various options out operations, which are the risk is very high. So, various I can read the major one. So, there are actually popular site where we actually partake and retain us for the return of service consultancy charges of GST implementation for surcharges, environmental audit, asset valuation, land surveillance, other advisory services various software development process charges which is coming across 2 crores total charges and the breakup of this is those are the only means of GST, which is chapter two grains of sand and other options are just as expensive slightly has gone up by 40 lakhs which is mainly because as compared to the last year that is plastic recycling charges it has been affected from this year which is coming to around 26 lakhs then we have been a premium class one mill planter we plan to So, it was till last year it was under the warranty period not actually this year almost 90 day warranty period has lost so some relax towards the oil and charges 3730 and 40 lakhs so from 1.86% last year the sales expenses to 2.27 the potlucks differences plastic recycling charges and Wyndham charges for me to do this routing actually clarifications like to give sir thank you very much.

**Dr. M Sambasiva Rao:**

There are a few more unanswered aspects I will try to address them. related to employee engagement index we used to hover around the 70s in the pre covid period but surprisingly post lockdown our engagement index has gone up to high 90s employees upon out of there with a call of duty and extended full support to the company and involved in the operations that has helped actually in improving our engagement and coming to the budget for soft skills during the financial year we provided her 52 lakhs and he VA was close to 24 crores last year and acquisition opportunities we have been continuously exploring and nothing has happened so far. We'll continue on coming to the candidates of multi skills we have been attempting to identify and recruit them as and when we get right candidates. We will certainly do it coming to the virus impact in the coming months. Whenever it ends, it is a bit uncertain and unpredictable situation. We we are trying to generate higher demand so that our sales volumes will go up. We

are trying to connect to consumers directly as executor explained through various apps. Then our role in 5 trillion economy of India yes we have been consistently working on our mission to reach 6000 crore turnover which is going to help in doubling the operation size and increasing the jobs and most of the sale realization to the extent of 80% approximately goes to the cogs which is nothing but paying to the farmers. So, small farmers in the rural areas would be definitely benefited in this aspect and we are also trying to double their income through various initiatives. So we are active player in the 5 trillion economy of the India coming to the impact of COVID one person was there yes, you must have seen the impact of COVID. In the quarter one results we have announced close to 12% of our revenue is down compared to the q1 of the previous financial year due to the lockdown and related the impacts. So we are recovering from that and we'll be making all our efforts to improve further our sales volumes and realize the revenues as our company's part of the essential commodities. impact was a bit lesser initially we had the difficulties of people moment Racheal moment but as situation improved, we all got security passes our regular moment etc improved immediately. And all our team members have taken adequate precautions in the markets and the plants in the villages where they are working in admin offices related to physical distance. sanitizing use of mass glouse etc. And we also have not resorted to any job cuts or any bakers and we are realizing all the payments to bankers or vendors suppliers we have not availed any moratorium from any of these concessions given. We have actually started procuring more milk during the lockdown and post lockdown period than pre lockdown period as farmers have started supplying more and we protected the farmers livelihoods through our activities. only difficulty we face was out of home consumption has fallen, so the sales volumes have come down. What a few of our ongoing capital works also halted because of these restrictions during that period. We started the activities again after the unlock down started coming to certain specific vessels on capacity utilization. During the first quarter of this year. Our capacity utilization was On 70% the previous years it was year wise to see 71 69 65 68 70 it was hovering around 70% even now we are able to maintain 70% capacity utilization and a question on the dividend policies their dividend policy is decided every year by the board and recommended to the AGM basing on the profit made and also the growth requirements it says year on year decision making policy in this company Board Member gonna pick up 1% massage shape similar he has asked actually continue is the last production CSA to arrange legal. So in the last number actually 43 days number 193 women actually come into life isn't commitments. That commitment is related to 27 crores 6 5 lakhs but last year it is 5 crore 5 lakhs . That's the commitment is nothing but actually we have various plans various projects are going on, but just out of seven issue as in 31st March end of

the financial year the departure to be executed. So, there are two sub supplies the materials as on that first March, what are the commitments made by the company is around 27 crore, that is mostly related to Mumbai plant and then various plants there. So, remaining the contingent liabilities are almost at 3 and half crores, after that the first 195 lakhs is related to tax on milk in the year 2001 and 2 to the cases in Ethiopia High Court so milk using for manufacturing of SMP state granted if the high court hearing not at least as of now, so, The second one is 46 lakhs 47 lakh, ₹46,88,000. Naveen is interested in the financial year 2008 or nine, this is deferment related passage tax deferment is dead input tax credit disallowed as the deferment instead you sanction letter didn't contain the built products kind of thing. So, this is also in the High Court a lot of cases pending the High Court then another one lakh which is related to entry tax in Telangana. This is related to the years 2011 to 2017-18. This is mostly entry purchase of air conditioners, these resets and fornercer from other state to the telangana is enter tax is also barred by limitation state granted, it is also the case is pending 20% deposits were made, then another two or three years accelerated to the milk system in Delhi, Rajasthan, Haryana state recently the central government has passed ordinance drying sets from 6 June 2020. It is retrospective at around 35 lakhs were deposited. So, that is the reason we have shown interest in carnian liability. These are four current liabilities are there mostly with a high level of course, the cases are pending. Thank you, sir. We completed man.

**Director:**

**Smt. Nara Brahmani:**

Thank you, sir. Thank you, Mr. Prabhkar. For answering those questions. I will go ahead with the voter stance. Honorable chairperson, our most valued stakeholders, our CFO secretarial team for making this first virtual AGM successful, my colleagues are the stakeholders. And ladies and gentlemen, it's my privilege to propose a vote of thanks on this this occasion. I on behalf of the entire team of heritage foods and on my own behalf, extend a very hearty thanks to the chair and all of you for sharing your constructive feedback for your presence today. And for your opinions. Vish, all members are healthy and safe future and request all of you to be careful during this period, and to be taking care of your families at the same time. Thank you very much again.

I now pass it on to our vice chairman and managing director for her closing remarks.

**Chairman :**

**Smt. N Bhuvaneshwari:**

Ladies and gentlemen Thank you for your attendance and attention. This brings us to the end of the 28th annual general meeting. On behalf of the board, I would like to thank you for joining us today. We look forward to your continued support in the coming years instapoll as open for the next 15 minutes to enable those members who have may cast their votes may cast their votes. Thank you. Thank you.