



HERITAGE FOODS LIMITED

Heritage Foods Limited ("Company" or "Issuer") was originally incorporated as Heritage Foods (India) Limited on June 5, 1992, in Hyderabad under the Companies Act, 1956. Subsequently the name of our company was changed to Heritage Foods Limited vide fresh Certificate of Incorporation consequent to change of name dated August 16, 2013, issued by the office of Registrar of Companies, Hyderabad – Telangana (earlier in the erstwhile state of undivided Andhra Pradesh)

Registered & Corporate Office: # H. No.8-2-293/82/A/1286 Plot No: 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad- 500033 Telangana, India

(For changes in Registered Office, please refer to page 50 of this Letter of Offer)

Tel: +91 40 23391221/2; **Contact Person:** Umakanta Barik, Company Secretary and Compliance Officer

E-mail: rights.issue@heritagefoods.in; **Website:** www.heritagefoods.in

Corporate Identification Number: L15209TG1992PLC014332

OUR PROMOTERS – NARA BHUVANESWARI, NARA LOKESH & MEGABID FINANCE AND INVESTMENT PRIVATE LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF HERITAGE FOODS LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UPTO 4,63,98,000 EQUITY SHARES OF FACE VALUE OF ₹5 EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹5 PER EQUITY SHARE (THE "ISSUE PRICE"), FOR AN AMOUNT AGGREGATING UPTO ₹2319.9 LAKHS# ON A RIGHTS BASIS TO THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 (ONE) RIGHTS EQUITY SHARE FOR EVERY 1 (ONE) FULLY PAID-UP EQUITY SHARE HELD BY SUCH EXISTING ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON FRIDAY, JANUARY 20, 2023 (THE "ISSUE"). # Assuming full subscription

THE ISSUE PRICE OF EACH RIGHTS EQUITY SHARE IS 1.0 TIMES THE FACE VALUE OF THE EQUITY SHARE

FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 260 OF THIS LETTER OF OFFER

Amount payable per Rights Equity Share	Face Value (in ₹)	Premium (in ₹)	Total (in ₹)
On Application	5	-	5
Total	5	-	5

* For further details on Terms of Payment, see "Terms of the Issue" on page 260

WILFUL DEFAULTERS OR FRAUDULENT BORROWER

We hereby confirm that neither our Company, nor any of our Promoters or Directors has been categorized as a Willful Defaulter or a Fraudulent Borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with guidelines issued by the Reserve Bank of India as on date of this Letter of Offer.

GENERAL RISK

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Rights Equity Shares in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Letter of Offer. Specific attention of the investors is invited to the section titled "Risk Factors" on page 32 of this Letter of Offer.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and this Issue, which is material in the context of this Issue and, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

LISTING

The existing Equity Shares are listed on BSE Limited ("BSE/ "Stock Exchange") and National Stock Exchange of India Limited ("NSE/ "Stock Exchange"). Our Company has received 'in-principle' approval from the BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide their letter number DCS/RIGHT/KK/FIP/2997/2022-23 dated January 6, 2023 and NSE/LIST/33876 dated December 29, 2022 respectively. Our Company will also make applications to the BSE and NSE to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 CHARTERED FINANCE MANAGEMENT PRIVATE LIMITED (Formerly known as Chartered Finance Management Limited) 2 nd Floor, Wakefield House, Sprott Road, Ballard Estate, Mumbai – 400038, Maharashtra, India Tel. No.: +91 22 22696944 Email: rights.issue@cfml.in Website: www.cfml.in Investor Grievance Email: investor.grievance@cfml.in Contact Person: Mr. R. Ramnath SEBI Registration No.: INM000012052 Validity: Permanent	 KFin TECHNOLOGIES LIMITED Karvy Selenium, Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi - 500032, Telangana, India Tel No.: +91 40 67162222 Toll Free No.: 1-800-309-4001 Email: heritagefoods.rights@kfintech.com Website: www.kfintech.com Investor Grievance Email: einward.ris@kfintech.com Contact Person: Mr. M. Murali Krishna SEBI Registration No.: INR000000221 CIN: U72400TG2017PLC117649

ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION	ISSUE CLOSING ON
MONDAY, JANUARY 30, 2023	WEDNESDAY, FEBRUARY 8, 2023	MONDAY, FEBRUARY 13, 2023

* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

** Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Letter of Offer, unless the context otherwise requires, the terms defined, and abbreviations expanded below shall have the same meaning as stated in this section. The words and expressions used in this Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SEBI Listing Regulations, the SCRA, the Depositories Act, and/or the rules and regulations made thereunder, each as amended. References to statutes, rules, regulations, guidelines, and policies will be deemed to include all amendments and modifications notified thereto and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

In this Letter of Offer, the terms “we”, “us”, “our”, “the Company”, “our Company” or “HFL”, unless the context otherwise implies, refers to Heritage Foods Limited. All references to “Re”, “Rs”, “INR” or “₹” refer to Rupees, the lawful currency of India, “USD” or “US\$” refer to the United States Dollar, the lawful currency of the United States of America, references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words “Lakh” or “Lac” means “100 thousands” and the word “million” or “mn” means “10 lakhs” and the word “crore” means “10 million” or “100 lakhs” and the word “billion” means “1000 million” or “100 crores”. Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Provided that terms used in the sections/ chapters titled “Industry Overview”, “Summary of this Letter of Offer”, “Financial Information”, “Statement of Special Tax Benefits”, “Outstanding Litigations and Defaults” and “Offering Information” on pages 84, 25, 143, 72, 228, and 260 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections / chapters.

Unless otherwise specified, the capitalized terms used in this Letter of Offer shall have the meaning as defined hereunder. References to any legislations, acts, regulation, rules, guidelines, circulars, notifications, policies, or clarifications shall be deemed to include all amendments, supplements or re-enactments and modifications thereto notified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under such provision.

The following list of capitalized terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

CONVENTIONAL OR GENERAL TERMS AND ABBREVIATIONS

TERM	DESCRIPTION
A/c	Account
AGM	Annual General Meeting
AIF	Alternative Investment Fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Air Act	Air (Prevention and Control of Pollution) Act, 1981, as amended.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India

TERM	DESCRIPTION
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CFO	Chief Financial Officer
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
“Companies Act, 1956” or “CA 1956”	The Companies Act, 1956, and the rules thereunder
“Companies Act, 2013” or “CA 2013”	The Companies Act, 2013 and rules issued thereunder, as amended.
CSR	Corporate Social Responsibility
Depository(ies)	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996. meaning NSDL and CDSL
Depositories Act	The Depositories Act, 1996, as amended
DIN	Director Identification Number
DP ID	Depository Participant’s Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extra Ordinary General Meeting
EPF Act	Employees’ Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings Per Share
ESI Act	Employees’ State Insurance Act, 1952
FCNR Account	Foreign Currency Non-Resident (Bank) account established in accordance with the FEMA
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulationsthereunder
FEMA Rules	The Foreign Exchange Management (Non-debt instruments) Rules, 2019
Financial Year/Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
Gol / Government	The Government of India

TERM	DESCRIPTION
GST	Goods and Services Tax
HUF(s)	Hindu Undivided Family(ies)
ICAI	Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act / IT Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time
Insolvency Code	Insolvency and Bankruptcy Code, 2016, as amended from time to time
INR or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India.
ISIN	International Securities Identification Number
IT	Information Technology
MCA	The Ministry of Corporate Affairs, GoI
Mn / mn	Million
MSME Act	Micro, Small and Medium Enterprises Development Act, 2006
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NAV	Net Asset Value
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society, or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue.
p.a.	Per annum
P/E	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the Securities Act
SCRA	Securities Contract (Regulation) Act, 1956

TERM	DESCRIPTION
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, as amended
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, since repealed and replaced by the SEBI (AIF) Regulations
STT	Securities Transaction Tax
State Government	The Government of a state in India
Trademarks Act	Trademarks Act, 1999, as amended
TDS	Tax Deducted at Source
US\$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America
USA/ U.S./ US	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
w.e.f.	With effect from
Year/Calendar Year	Unless context otherwise requires, shall refer to the twelve-month period ending March 31

ISSUE RELATED TERMS

TERM	DESCRIPTION
Abridged Letter of Offer / ALOF	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act.
2009 ASBA Circular	The SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009
2011 ASBA Circular	The SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011
Additional Rights Shares	The Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement

TERM	DESCRIPTION
Allot/ Allotted/ Allotment	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue
Allotment Date	The date on which the Allotment is made.
Allottee(s)	Successful applicant(s) to whom Rights Equity Shares are allotted pursuant to the Issue.
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account.
ASBA Account	Account maintained by an ASBA Investor with a SCSB which will be blocked by such SCSB to the extent of the appropriate amount in relation to an application by an ASBA Investor.
ASBA Investor(s)	Any eligible Equity Shareholder who intends to apply through ASBA and <ul style="list-style-type: none"> a) are holding Equity Shares in dematerialized form as on the Record Date and have applied for: <ul style="list-style-type: none"> i. their Rights Entitlement or ii. their Rights Entitlement and Additional Rights Shares, in dematerialized form; b) have not renounced their Rights Entitlement in full or in part; c) are not Renouncees; and d) are applying through blocking of funds in bank accounts maintained with SCSBs. <p>All (i) QIBs, (ii) Non-Institutional Investors, and (iii) other investors whose application value exceeds ₹2,00,000, complying with the above conditions, must mandatorily invest through the ASBA process.</p>
Bankers to the Issue	Collectively, the Escrow Collection Bank to the Issue, in this case being ICICI Bank Limited through its branch situated at Capital Markets Division, 5 th Floor, 163, HT Parekh Marg, Backbay Reclamation, Churchgate, Mumbai - 400020.
Composite Application Form / CAF / Application Form / Application	The form used by an Investor to apply for the Allotment of Rights Issue Equity Shares in the Issue and for application by Renouncee.
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that the Company would issue for the Rights Shares Allotted to one folio.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time.
Demographic Details	Demographic details of Investor(s) available with the Depositories, including address and bank account details.
Depository	NSDL and CDSL or any other depository registered with SEBI under Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time, read with the

TERM	DESCRIPTION
	Depositories Act, 1996.
Designated Branches	Such branches of the SCSBs with which an ASBA Investor may physically submit the CAF, a list of which is available on http://www.sebi.gov.in/pmd/scsb.html and at such other websites as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Draft Letter of Offer, "DLOF"	The Draft Letter of Offer dated December 27, 2022 filed with the Stock Exchanges, for their observations and in-principle approval.
Escrow Collection Bank	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) will be opened, in this case being ICICI Bank Limited through its branch situated at Capital Markets Division, 5 th Floor, 163, HT Parekh Marg, Backbay Reclamation, Churchgate, Mumbai - 400020.
Eligible Equity Shareholder	A holder(s) of Equity Shares as on the Record Date.
Equity Share(s) or Share(s)	Equity Shares of the Company having a face value of ₹10/- each unless otherwise specified in context thereof.
Equity Shareholder / Shareholder	A holder of Equity Shares of the Company.
Investor(s)	Equity Shareholders as on Record Date and/or Renouncees applying in the Issue of ₹5/- fully paid-up Equity Shares with a face value of ₹5/- each (" Rights Shares ") at a price of ₹5 per Right Share for an amount aggregating upto ₹2319.9 Lakhs on Rights basis in the ratio of 1 (One) Rights Share for every 1 (One) fully paid-up Equity Share held by the Equity Shareholders on the Record Date, i.e., Friday, January 20, 2023. The face value of the Rights Shares is ₹5/- each and the Issue Price is 1.0 times of the face value of the Equity Share.
Issue/ Rights Issue	Issue of ₹5/- fully paid-up Equity Shares with a face value of ₹5/- each for cash at a price of ₹5 per Rights Share for an amount aggregating upto ₹2319.9 lakhs on Rights basis in the ratio of 1 (One) Rights Share for every 1 (One) fully paid-up Equity Share held by the Equity Shareholder on the Record Date, i.e., Friday, January 20, 2023. The face value of the Rights Share is ₹5/- each and the Issue Price is 1.0 times of the face value of the Equity Share.
Issue Agreement	Issue Agreement dated December 21, 2022 between our Company and Lead Manager i.e., Chartered Finance Management Private Limited (Formerly known as Chartered Finance Management Limited)
Issue Closing Date	Monday, February 13, 2023
Issue Opening Date	Monday, January 30, 2023
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/ Investors can submit their Application in accordance with the SEBI ICDR Regulations
Issue Price	₹5 per Right Share.
Issue Proceeds/Gross Proceeds	Gross proceeds of the Issue.
Issue Size	The issue of 4,63,98,000 Rights Shares aggregating to ₹2319.9* lakhs. <i>*Assuming full subscription</i>
Lead Manager	Chartered Finance Management Private Limited (Formerly known as

TERM	DESCRIPTION
	Chartered Finance Management Limited)
Letter of Offer, “LOF”	The final letter of offer issued by our Company in connection with this Issue.
Listing Agreement	The listing agreements entered between the Company and the Stock Exchanges.
MICR	Magnetic Ink Character Recognition.
NECS	National Electronic Clearing Services
Net issue proceeds/Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please refer to “ <i>Objects of the Issue</i> ” on page 66 of this Letter of Offer.
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renounees.
Non-Institutional Investors, “NII”	All Investors, whether resident in India or otherwise, including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Rights Issue Equity Shares for a cumulative amount of more than ₹2,00,000.
Offer Document	Means Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before Wednesday, February 8, 2023.
Qualified Foreign Investors, “QFI”	Qualified Foreign Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (as amended), registered with SEBI under applicable laws in India.
Qualified Institutional Buyers, “QIB”	Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the names of the Equity Shareholders who are eligible for the issue of Equity Shares i.e., Friday, January 20, 2023.
Registrar and Share Transfer Agent	Meaning KFin Technologies Limited (<i>formerly known as KFin Technologies Private Limited</i>) (CIN: U72400TG2017PLC117649) having its registered office at Karvy Selenium, Tower-B, Plot No. 31 & 32, Gachibowli Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi – 500032, Telangana, India.
Registrar to the Issue	KFin Technologies Limited

TERM	DESCRIPTION
Registrar Agreement	Agreement dated December 21, 2022 entered amongst our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Renouncee	Any person(s), who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on Renunciation.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date i.e., Monday, January 30, 2023. Such period shall close on Wednesday, February 8 2023 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date i.e., Monday, February 13, 2023.
Retail Individual Investor(s)	Application by an Investor (including HUFs applying through their Karta) whose cumulative value of Equity Shares applied for in the Issue is not more than ₹2,00,000 as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlements	<p>The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his/ her shareholding in the Company as on the Record Date being Friday, January 20, 2023; (1 (One) Rights Equity Share for every 1 (One) fully paid-up Equity Share held on January 20, 2023. The Rights Entitlements with a separate ISIN: INE978A20019 will be credited to your demat account before the date of opening of the Issue, against the equity shares held by the Equity Shareholders as on the Record Date i.e., Friday, January 20, 2023.</p> <p><i>Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date.</i></p>
Rights Equity Shares	The Equity Shares of face value of ₹5/- each of the Company offered and to be issued and allotted pursuant to this Issue.
SEBI Rights Issue Circulars	Collectively, SEBI circulars, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021.
RTGS	Real Time Gross Settlement
Self-Certified Syndicate Bank	A Self Certified Syndicate Bank, registered with SEBI, which acts as a

TERM	DESCRIPTION
or SCSB(s)	banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time.
Stock Exchange(s)	Stock Exchange(s) where the Equity Shares are presently listed, being BSE Limited and National Stock Exchange of India Limited.
Working Days	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchange. "Working Day" shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per the circulars issued by SEBI.
Willful Defaulter / Fraudulent Borrower	A willful defaulter or fraudulent borrower, as defined under the SEBI ICDR Regulations

GENERAL TERMS

TERM	DESCRIPTION
"Heritage Foods Limited" / "Heritage Foods" / "HFL" / "the Company" and "Issuer"	Unless the context otherwise requires, refers to Heritage Foods Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at # H. No.8-2-293/82/A/1286 Plot No: 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad- 500033, Telangana, India
"We" or "us" or "our"	Unless the context otherwise indicates or implies, refers to Heritage Foods Limited
Subsidiary	Unless the context otherwise indicates or requires, refers to Heritage Nutrivet Limited wherein our Company holds 100% equity shareholding.
Associate	Unless the context otherwise indicates or requires, refers to SKIL Raigam Power (India) Limited wherein our Company holds 43.33% equity shareholding.
Joint Venture	Unless the context otherwise indicates or requires, refers to Heritage Novandie Foods Private Limited, a joint venture Company wherein our Company holds 50% equity shareholding.
Heritage Nutrivet	Unless the context otherwise requires, refers to Heritage Nutrivet Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Part-B of 3rd Floor, H. No. 8-2-293/82/A/1286, Plot No. 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad – 500033, Telangana, India.
SKIL Raigam	Unless the context otherwise requires, refers to SKIL Raigam Power (India) Limited, a public limited company incorporated under the

	Companies Act, 1956, having its registered office at 1-8-333 & 334, A-Wane, Begumpet, Opp. Police Lines, Near HUDA Office, Secunderabad – 500003, Telangana, India.
Heritage Novandie	Unless the context otherwise requires, refers to Heritage Novandie Foods Private Limited, a Private limited company incorporated under the Companies Act, 2013, having its registered office at Part-C of 3rd Floor, H. No. 8-2-293/82/A/1286, Plot No. 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad – 500033, Telangana, India.

ISSUER AND INDUSTRY RELATED TERMS

TERM	DESCRIPTION
AoA / Articles/ Articles of Association	Articles of Association of our Company, as amended from time to time.
Auditor / Statutory Auditor	Statutory Auditor of our Company, namely, M/s Walker Chandiok & Co LLP, Chartered Accountants having their principal office at Unit No. 1, 10 th Floor, My Home Twitza, APIIC, Hyderabad Knowledge City, Raidurg (Panmaktha) Village, Serilingampally Mandal, Ranga Reddy District, Hyderabad – 500081, Telangana.
Audit Committee	The committee of the Board of Directors constituted as our Company's Audit Committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (" SEBI Listing Regulations ") and Section 177 of the Companies Act, 2013. For details, see " <i>Our Management</i> " on page 122 of this Letter of Offer.
"Bankers" to our Company	Bank of Baroda, Union Bank of India, ICICI Bank Limited, HDFC Bank Limited and, Kotak Mahindra Bank Limited
"Board of Directors" or "BoD" or "Board"	The Board of Directors of our Company or a duly constituted committee thereof.
Company Secretary and Compliance Officer	Umakanta Barik, the Company Secretary and Compliance Officer of our Company.
Corporate Social Responsibility Committee / CSR Committee	The committee of the Board of Directors constituted at our Company's Corporate Social Responsibility committee in accordance with Section 135 of the Companies Act, 2013
Director(s)	The director(s) on the Board of our Company, unless otherwise specified.
Equity Shareholder	A holder of Equity Shares
Equity Shares	Equity Shares of our Company of face value of ₹5 each
Executive Director	Executive Director of our Company, unless otherwise specified.
Financial Year / Fiscal / FY	The period of twelve (12) months commencing on April 1 st of a calendar year and ending on March 31 st of the immediately succeeding calendar year.
Independent Director(s)	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013 and the SEBI Listing Regulations.
Key Managerial Personnel or	Key Managerial Personnel of our Company in terms of

TERM	DESCRIPTION
"KMP"	<p>Companies Act, 2013 and the SEBI ICDR Regulations as described in the subsection titled <i>"Our Management – Key Managerial Personnel"</i> on page 135 of this Letter of Offer.</p> <p>As per Section 2(51) of the Companies Act, 2013, key managerial personnel in relation to a company means:</p> <ul style="list-style-type: none"> (i) Chief Executive Officer, Managing Director, or Manager; (ii) Company Secretary; (iii) Whole-Time Director; (iv) Chief Financial Officer; and (v) such other officer, designated by the Board as KMP but are not more than one level below the directors in whole-time employment. (vi) such other officer as may be prescribed.
Management Committee	The committee of the Board of Directors constituted as our Company's Management Committee. For details, see <i>"Our Management"</i> on page 122 of this Letter of Offer.
MOA/ Memorandum / Memorandum of Association	Memorandum of Association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The committee of the Board of Directors constituted as our Company's Nomination and Remuneration Committee in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. For details, see <i>"Our Management"</i> on page 122 of this Letter of Offer.
Non-Executive Directors	A Director, not being an Executive Director of our Company.
Promoters	The Promoters of our Company being Nara Bhuvaneshwari, Nara Lokesh and Megabid Finance and Investment Private Limited
Promoter Group	Unless the context requires otherwise, the individuals and entities forming part of the promoter and promoter group in accordance with SEBI ICDR Regulations, and which are disclosed by our Company to the Stock Exchanges from time to time
Registered Office of the Company	The Registered Office of our Company located at H. No.8-2-293/82/A/1286 Plot No: 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad- 500033, Telangana, India.
Registrar of Companies/ ROC	The Registrar of Companies, Hyderabad, Telangana located at 2 nd Floor, Corporate Bhawan, GSI Post, Nagole, Bandlaguda, Hyderabad – 500068, Telangana, India.
Rights Issue Committee	The committee of the Board of Directors constituted as our Company's Rights Issue Committee in accordance with the resolution passed by our Board of Directors in their meeting held on September 30, 2022. For details, see <i>"Our Management"</i> on page 122 of this Letter of Offer.
Risk Management Committee	The committee of the Board of Directors constituted as our Company's Risk Management Committee in accordance with Regulation 21 of the SEBI Listing Regulations. For details, see <i>"Our Management"</i> on page 122 of this Letter of Offer.

TERM	DESCRIPTION
Stakeholders Relationship Committee	The committee of the Board of Directors constituted as our Company's Stakeholders Relationship Committee in accordance with Regulation 20 of the SEBI Listing Regulations. For details, see "Our Management" on page 122 of this Letter of Offer.

ABBREVIATIONS

TERM	DEFINITION
Ug (mew g)	metric measurement microgram which is one millionth of a gram or one thousandth of a milligram
AHU	Air Handling Unit
AIF(s)	Alternative Investment Fund(s) as defined in and registered under the AIF Regulations
AGM	Annual General Meeting
BMC	Bulk Milk Cooler
BML	Bovine Milk Lysozym
BOD	Biochemical Oxygen Demand
CDSL	Central Depository Services (India) Limited
CIP	Clean-in-place
COD	Chemical Oxygen Demand
CPCB	Central Pollution Control Board
DAF	Dissolved Air Flotation
DG	Diesel Generator
DP	Depository Participant
EPR	Extended Producer Responsibility
ETP	Effluent Treatment Plant
FDI	Foreign Direct Investment
FVCI(S)	Foreign venture capital investors, as defined in and registered under the FVCI Regulations
GST	Goods and Services Tax
HT	High Tension
HTST	High Temperature Short Time
HUF	Hindu Undivided Family
IBT	Ice Building Tank
ISIN	International Securities Identification Number
KLPH	Kilo Litre Per Hour
LT	Low Tension
MCC	Micellar Casein Concentrate
MGF	Milk Growth Factor
MICR	Magnetic Ink Character Recognition
MSME	Micro, Small and Medium Enterprises
NACH	National Automated Clearing House
NEFT	National Electronic Fund Transfer
NRI(s)	An individual resident outside India who is a citizen of India or is an

TERM	DEFINITION
	'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955, and shall have the meaning ascribed to such term in the FEMA Regulations
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
OCB(s)	Overseas Corporate Body(ies)
PAN	Permanent Account Number
PHE	Public Health Engineering
PO	Purchase Order
PPE	Property, Plant & Equipment
RBI	Reserve Bank of India
RMRD	Raw Milk Reception Dock
RO	Reverse Osmosis
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
STT	Securities Transaction Tax
TOT	Terms of Trade
UASBR	Up flow Anaerobic Sludge Bed
UF	Ultrafiltration
VAP	Value Added Product
VAT	Value-Added Tax
VCF	Venture capital funds, as defined in and registered under the VCF Regulations
WCL	Working Capital Limit
WIP	Work in Progress

NOTICE TO OVERSEAS INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter (collectively referred to as “Issue Material”) and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this the Issue Material may come are required to inform themselves about and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will electronically dispatch through email and physical dispatch through speed post the Issue Material and Rights Entitlement Letter only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Further, the Letter of Offer will be provided, through email and speed post, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access the Issue Material from the websites of the Registrar, our Company, the Lead Manager, the BSE and NSE. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue Materials.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Material or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Material will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Issue Material must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of the Issue Material should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Material to any person outside India where to do so, would or might contravene local securities laws or regulations. If the Issue Material Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Issue Material.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his/her jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete, or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Neither the delivery of this Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the

date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information.

Neither the delivery of the Issue Material and Rights Entitlement Letter nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date mentioned in the Issue Material and Rights Entitlement Letter or the date of such information.

THE CONTENTS OF THIS LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof ("**United States**"), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, the Issue Material and Rights Entitlement Letters should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Draft Letter of Offer/ Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted, and agreed that, (i) it is not and that at the time of subscribing for

such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorized to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States.

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the “**US SEC**”), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM LEAD MANAGER OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a Public Limited (Listed) Company under the laws of India and all the Directors and all Executive Officers are residents of India. It may not be possible or may be difficult for investors to affect service of process upon the Company or these other persons outside India or to enforce against them in courts in India, judgments obtained in courts outside India. India is not a party to any international treaty in relation to the automatic recognition or enforcement of foreign judgments.

However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A of the Code of Civil Procedure, 1908, as amended (the “**Civil Procedure Code**”). Section 44A of the Civil Procedure Code provides that where a certified copy of a decree of any superior court (within the meaning of that section) in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, is filed before a district court in India, such decree may be executed in India as if the decree has been rendered by a district court in India. Section 44A of the Civil Procedure Code is applicable only to monetary decrees or judgments not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties. Section 44A of the Civil Procedure Code does not apply to arbitration awards even if such awards are enforceable as a decree or judgment. Among others, the United Kingdom, Singapore, Hong Kong, and the United Arab Emirates have been declared by the Government of India to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code.

The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. Under Section 14 of the Civil Procedure Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

A judgment of a court in any non-reciprocating territory, such as the United States, may be enforced in India only by a suit upon the judgment subject to Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Procedure Code, which is the statutory basis for the recognition of foreign judgments (other than arbitration awards), states that a foreign judgment shall be conclusive as to any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except where:

- The judgment has not been pronounced by a court of competent jurisdiction;
- The judgment has not been given on the merits of the case;
- The judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
- The proceedings in which the judgment was obtained are opposed to natural justice;
- The judgment has been obtained by fraud; and/or
- The judgment sustains a claim founded on a breach of any law in force in India.

A suit to enforce a foreign judgment must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. In addition, it is unlikely that an Indian court would enforce foreign judgments if it considered the

amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the Reserve Bank of India to repatriate any amount recovered pursuant to execution of such judgment. Any judgment in a foreign currency would be converted into Rupees on the date of such judgment and not on the date of payment and any such amount may be subject to income tax in accordance with applicable laws. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references herein to 'India' are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "Gol", Central Government" or the "State Government" are to the Government of India, Central or State, as applicable.

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time ("IST"). Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Letter of Offer has been derived from the Audited Consolidated Financial Statements for the year ended on March 31, 2022 and Unaudited Consolidated Financial Results for the period ended on September 30, 2022, of our Company. For details, please see "*Financial Information*" on page 143. Our Company's financial year commences on April 01 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year.

The Gol has notified the Indian accounting standards ("**Ind AS**"), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board ("**IFRS**") and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the "**Ind AS Rules**").

The Audited Consolidated Financial Statements of our Company for the Financial Year ended March 2022, has been prepared in accordance with IndAS and the Limited review Unaudited Consolidated Financial Results for the half year (six-month period) ended September 30, 2022 have been prepared in accordance with recognition and measurement principles laid down in Ind AS as prescribed under Section 133 of Companies Act read with the Ind AS Rules and presented as per the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our Company publishes its financial statements in Indian Rupees.

The Unaudited Consolidated Financial Results for the half year ended September 30, 2022 is not indicative of the full year performance of the Company and hence are not comparable with the financial information presented for the year ending March 31, 2022.

In this Letter of Offer, any discrepancies or inconsistencies in any table between the aggregate and the total of the sums recorded are because of rounding off and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in this Letter of Offer in “lakh” units (in “Million” units, in case of Consolidated Financial Statements for the year ended March 31, 2022 and the Consolidated Financial Results for the period ended September 30, 2022 presented in chapter titled “*Financial Information*” beginning at page 143 of the Letter of Offer) or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000 and one million represents 1,000,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI LODR and SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Letter of Offer should accordingly be limited. For further information, see “*Financial Information*” on page 143.

Certain figures contained in this Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to Indian Rupee, the official currency of the Republic of India;
- “USD” or “US\$” or “\$” are to United States Dollar, the official currency of the United States of America; and

Our Company has presented certain numerical information in this Letter of Offer in “lakh” or “Lac” units. One lakh represents 1,00,000 and one million represents 1,000,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in “*Risk Factors*”, “*Business Overview*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operation*” and elsewhere in this Letter of Offer, unless otherwise indicated, have been calculated based on our Consolidated Financial Information.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Although we believe the industry and market data used in this Letter of Offer is reliable, it has not been independently verified by us, the Lead Manager or any of its affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*” on page 32 of this Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

This Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Letter of Offer, including, without limitation, under the chapters titled “*Risk Factors*”, “*Business Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Industry Overview*”. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company’s competitive strengths and weaknesses, our Company’s business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “continue”, “can”, “could”, “expect”, “estimate”, “intend”, “likely”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek to”, “will”, “will continue”, “will pursue”, “forecast”, “target”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, the competition in our industry and markets, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- Any adverse changes in central or state government policies;
- Any further wave of Covid-19 pandemic;
- Any adverse development that may affect our operations;
- Any qualifications or other observations made by our statutory auditors which may affect our results of operations;
- Loss of one or more of our key customers and/or suppliers;

- An increase in the productivity and overall efficiency of our competitors;
- Any adverse development that may affect the operations of our manufacturing units;
- Our ability to maintain and enhance our brand image;
- Our reliance on third party suppliers for our products;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in foreign exchange rates or other rates or prices;
- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of interest with our Subsidiary, Individual Promoter, and other related parties;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;
- Termination of customer/works contracts without cause and with little or no notice or penalty; and Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Business Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 32, 96 and 210, respectively, of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Letter of Offer and are not a guarantee of future performance. These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking

statements based on these assumptions could be incorrect. Neither our Company, our Directors, our Promoters, the LM, the Syndicate Member(s) nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company and the Lead Manager will ensure that investors are informed of material developments from the date of this Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchanges.

SECTION II – SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of the terms of this Issue, and should be read in conjunction with and is qualified by the more detailed information appearing in this Letter of Offer, including the sections titled “*Risk Factors*”, “*The Issue*”, “*Capital Structure*”, “*Objects of the Issue*”, “*Business Overview*”, “*Industry Overview*”, “*Outstanding Litigations and Defaults*” and “*Terms of the Issue*” on pages 32, 49, 57, 66, 96, 84, 228 and 260 respectively.

1. Summary of Industry

For details, please refer to the chapter titled “*Industry Overview*” at page 84 of this Letter of Offer.

2. Summary of Business

We are one of the leading manufacturers and marketers of dairy and dairy-based products in India. Our Company was founded in 1992. We are a fast-growing dairy company established with the objective of remunerating dairy farmers with fair prices and providing fresh and healthy dairy products to consumers.

Over the years, our Company has evolved and widened its product offerings that have constantly delighted our customers. We have an integrated business model and manufacture a wide range of products including milk, UHT milk, curd, buttermilk, *lassi*, ice-cream, frozen desserts, immunity milk, milkshake, *paneer*, sweets, *ghee*, butter, cheese, fresh cream, cold coffee, flavoured milk, skimmed milk powder etc. “Heritage” is our flagship brand. Our presence in an extremely consumer-driven market generates a demand for healthy and balanced dairy products. We have a well-established presence across the southern states of India with a strong franchise network. We aim to deepen our penetration along with expanding our reach to new markets.

Our Company has two business divisions - Dairy division and Renewable Energy division. Our Wholly Owned subsidiary company (Heritage Nutrivet Limited) is into Animal Feed business and our Joint Venture company (Heritage Novandie Foods Private Limited) is in the Yogurt business.

Dairy Division:

We are a leading private Dairy player in India with a Chilling capacity of 21.5 lakh litres per day, Processing capacity of 26.5 lakh litres per day and Packaging capacity of 16.65 lakh litres per day. We commit ourselves to innovation and providing authentic, high-quality milk products and in our journey to achieve this objective, we have grown and diversified into multiple dairy and dairy-related products occupying a sizeable share in India's Dairy market.

We process and market a full line of dairy products including fresh milk, curd, buttermilk, *lassi*, ice-cream, *paneer*, *ghee*, table butter, cooking butter, milk powder, flavoured milk, UHT milk, and dairy whitener. We are headquartered in Hyderabad in the state of Telangana and have significant presence in the states of Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, NCR Delhi, Haryana, Uttarakhand, and Uttar Pradesh.

Renewable Energy Division:

Our Company strongly recognizes the responsibility towards protecting the environment. As a forward-looking enterprise, it is committed to extending the Green-footprint. Our Company is taking initiatives for conservation of energy. Renewable energy has been a major focus area in the last ten years. Our Company has 10.5 MW of solar and wind power for captive consumption. Our Company is continuously investing in latest technologies and efficiencies to conserve energy.

For further details, please refer to the chapter titled “*Business Overview*” at page 96 of this Letter of Offer.

3. Our Promoters

The Promoters of our Company are Nara Bhuvaneswari, Nara Lokesh and Megabid Finance and Investment Private Limited.

For further details please see chapter titled “*Our Promoters*” beginning on page 136 of this Letter of Offer.

4. Objects of the Issue

The details of Objects of the Issue are forth in the following table:

(₹ In Lakhs)	
Particulars	Amount
i. Working Capital requirement	2222.67
ii. Issue related purposes	97.23
Gross Proceeds from the Issue	2319.90

The details of the Net Proceeds are set forth in the following table:

(₹ In Lakhs)	
Particulars	Amount
Gross Proceeds from the Issue#	2319.90
Less: Issue related Expenses	97.23
Net Proceeds from the Issue	2222.67

Assuming full subscription and allotment

For further details, please see chapter titled “*Objects of the Issue*” beginning on page 66 of this Letter of Offer.

5. Intention and extent of participation by Our Promoter(s) and Promoter Group in the Issue:

Our Promoter(s) and individual(s)/entity(ies) forming part of our Promoter Group have, vide their letters dated December 24, 2022 (the “**Subscription Letters**”) have agreed to subscribe, jointly and/ or severally to the full extent of their aggregate Rights Entitlement in the Issue and not to renounce their Rights Entitlement except to the extent of their renunciation within the Promoter and Promoter Group. Our Promoter(s) and members of the Promoter Group agree to subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoter or member of the Promoter Group of our Company. Further, they intend applying for and subscribing to, additional Rights equity shares, including subscribing to the unsubscribed

portion (if any), subject to compliance with the minimum public shareholding requirement as prescribed under the SCRR and the SEBI Listing Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

6. Summary of Financial Information

Following are the details as per the Audited Consolidated Financial Statements for the Financial Year ended on March 31, 2022, and the Limited Review Unaudited Consolidated Financial Results for the half-year ended September 30, 2022.

(₹ In Lakhs)

Particulars	Unaudited	Audited
	As at and For the Period ended September 30, 2022 (6-months)	As at and For the Year ended March 31, 2022
Share Capital	2319.9	2319.9
Net worth	67226.4	65755.4
Revenue from Operations	163707.1	268127.9
Profit After Tax	2631.7	9608.6
Total comprehensive income	2630.9	9604.0
Earnings Per Share		
(Basic EPS) (in ₹)	5.67	20.81
(Diluted EPS) (in ₹)	5.67	20.81
Net Asset Value Per Share (Face Value ₹5/#)	144.89	141.72

- not being a part of the Audited Consolidated Financial Statements for the Financial Year ended on March 31, 2022, and the Unaudited Consolidated Financial Results for the half-year ended September 30, 2022.

For further details, please refer the section titled “Financial Information” on page 143 of the Letter of Offer.

7. Auditor Qualifications

No reservations, qualifications and adverse remarks have been made by our statutory auditors in their reports which requires any adjustments to the Audited Financial Statements for Fiscal 2022 and the Unaudited Financial Results for the six-month period ended September 30, 2022.

8. Summary of Outstanding Litigations and Defaults

A summary of outstanding litigation proceedings pertaining to our Company as on the date of this Letter of Offer is provided below:

a) Litigations involving our Company

i) Cases filed against our Company:

Nature of Litigation	No. of matters	Amount involved* (₹ In Lakhs)
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outstanding		
Direct Tax matters	-	-
Indirect Tax matters	-	-
Civil or Criminal proceedings	24	118.35
<i>To the extent quantifiable</i>		

ii) **Cases filed by our Company**

Nature of Litigation	No. of matters outstanding	Amount involved* (₹ In Lakhs)
Direct Tax matters	1	80.14
Indirect Tax matters	8	1394.80
Civil or criminal proceedings	23	843.54

**To the extent quantifiable*

b) **Litigations involving our Subsidiary Company**

Subsidiary: Heritage Nutrivet Limited

i) **Cases filed by our Subsidiary:**

Nature of Litigation	No. of matters outstanding	Amount involved* (₹ In Lakhs)
Direct Tax matters	-	-
Indirect Tax matters	-	-
Civil or criminal proceedings	68	334.53

**To the extent quantifiable*

ii) **Cases filed against our Subsidiary:**

Nature of Litigation	No. of matters outstanding	Amount involved* (₹ In Lakhs)
Direct Tax matters	-	-
Indirect Tax matters	-	-
Civil or criminal proceedings	2	20.25

**To the extent quantifiable*

c)

For further details, please refer the chapter titled “*Outstanding Litigations and Defaults*” on page 228 of this Letter of Offer.

9. **Risk Factors**

Please see the chapter titled “*Risk Factors*” beginning on page 32 of this Letter of Offer.

Summary of Contingent Liabilities, including Commitments

Following are the details as per the Audited Consolidated Financial Statements as at and for the Financial Year ended on March 31, 2022, and the Unaudited Consolidated Financial Results for the half year ended September 30, 2022:

(₹ in Lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
Commitments		
Contracts remaining to be executed on capital account	3211.82	604.5
Sub-Total (A)	3211.82	604.5
Contingent Liabilities, not provided for		
a) Income Tax matters	80.10	52.1
b) Sales tax / VAT matters	186.70	186.7
c) Other matters	597.30	597.3
Sub-Total (B)	864.10	836.1
Total (A+B)	4075.92	1440.6

For further details, please see the section titled “Financial Information” on page 143 of this Letter of Offer

10. Summary of Related Party Transactions

For details of related party transactions of our Company, as per the requirements under Ind AS 24 ‘Related Party Disclosures’ for FY ending March 31, 2022 please see Financial Statements - “Note No. 43: Related Party Transactions” on page 198 of this Letter of Offer.

Following are the details as per the Audited Consolidated Financial Statements for the Financial Year ended on March 31, 2022, and the Unaudited Consolidated Financial Results for half-year ended September 30, 2022:

Names of related parties	Nature of relationship
Heritage Novandie Foods Private Limited ("HNFPL")	Joint Venture
SKIL Raigam Power (India) Limited	Associate
Heritage Finlease Limited NTR Memorial Trust Megabid Finance & Investment Private Limited Nirvana Holdings Private Limited	Enterprise over which Vice -Chairperson and Managing Director, and Executive Director of the Company exercise significant influence
Basavatarakam Indo-American Cancer Hospital	Executive Director of the Company is one of the trustee
N Bhuvaneswari (Vice Chairperson and Managing Director) N Brahmani (Executive Director) M Sambasiva Rao (President) Srideep Madhavan Nair Kesavan (Chief Executive Officer) (effective from 28/07/2021) A Prabhakara Naidu (Chief Financial Officer) Umakanta Barik (Company Secretary & Compliance Officer)	Key Managerial Personnel (KMP)
Srivishnu Raju Nandyala Rajesh Thakur Ahuja Aparna Surabhi Muthu Raju Paravasa Raju Vijay Kumar (effective from 01/11/2021)	Non-Executive Independent Directors
Dr. Nagaraja Naidu Vadlamudi	Non-Executive Director

(₹ in lakhs)

Details of transactions during the year and balance outstanding as at the balance sheet date:			
		Unaudited	Audited
		For the half-year ended	For the year ended
Related party	Nature of Transaction	30-09-2022	31-3-2022
HERITAGE NOVANDIE FOODS PRIVATE LIMITED	Investment made (including financial guarantee)	-	1051.5
	Sale of products	64.1	42.7
	Purchase of products	0.2	0.1
	Financial guarantee income	11.0	22.0
	Lease rental income	5.5	10.9
	Expenditure incurred on behalf of HNFPL	38.6	46.7
HERITAGE FINLEASE LIMITED	Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	8796.5	13727.1
	Cattle loan facilitation charges	16.7	25.8
	Reimbursement of insurance proceeds received on behalf of Heritage Finlease Limited	-	0.3
	Deposit paid	133.0	15.1
	Lease rental paid	85.4	18.1
	Lease rental income	0.3	0.5
	Others	5.9	-
NIRVANA HOLDINGS PRIVATE LIMITED	Lease rental income	0.3	0.5
NTR MEMORIAL TRUST	CSR Expenditure	70.6	154.0
MEGABID FINANCE AND INVESTMENT PRIVATE LIMITED	Lease rental income	0.3	0.5
BASAVATARAKAM INDO-AMERICAN CANCER HOSPITAL	Others (Staff Welfare Expenses)	-	9.3
NARA BHUVANESWARI	Short-term employee benefits	223.0	770.1
	Post-employment benefits	4.9	9.7
	Other long-term benefits	-	8.7
NARA BRAHMANI	Short-term employment benefits	178.1	615.5
	Post-employment benefits	2.4	4.9
M SAMBASIVA RAO	Short-term employment benefits	112.7	277.1
	Post-employment benefits	3.9	7.6
	Other long-term benefits	-	13.9
SRIDEEP MADHAVAN NAIR KESAVAN	Short-term employment benefits	79.0	101.9
	Post-employment benefits	4.3	5.5
A PRABHAKARA NAIDU	Short-term employment benefits	43.0	79.6
	Post-employment benefits	2.3	4.0
	Other long-term benefits	4.7	2.2
UMAKANTA BARIK	Short-term employment benefits	18.4	38.1
	Post-employment benefits	1.0	1.9
SITTING FEES	Srivishnu Raju Nandyala	2.7	5.3
	Rajesh Thakur Ahuja	3.9	6.4
	Aparna Surabhi	3.9	6.4
	Muthu Raju Paravasa Raju Vijay Kumar	3.6	1.5
	Nagaraju Naidu Vadlamudi	2.8	3.9
Balances receivable/(payable)	Heritage Finlease Limited	(346.4)	(95.0)
	Heritage Novandie Foods Private Limited	75.4	3.9
	Megabid Finance and Investment Private Limited	0.3	-
	Nara Bhuvaneshwari	(140.6)	(574.3)
	Nara Brahmani	(137.2)	(525.4)
	M Sambasiva Rao	(46.8)	(136.2)
	Srideep Madhavan Nair Kesavan	(8.4)	(0.1)

A Prabhakara Naidu	(4.5)	-
Umakanta Barik	(2.0)	-

For further details, please see the section titled “*Financial Information*” on page 143 of this Letter of Offer.

11. Issue of equity shares made in last one year for consideration other than cash

Our Company has not issued Equity Shares for consideration other than cash during the last one year immediately preceding the date of filing of this Letter of Offer.

12. Split or consolidation of Equity Shares in the last one year

There has been no split or consolidation of Equity Shares of the Company in the last one year.

SECTION III – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in our Rights Equity Shares. The risks described below are not the only risks relevant to our Company's business, operations, or our Rights Equity Shares, but also to the industry and segments in which we operate or propose to operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of our equity shares could decline, and investors may lose all or part of their investment.

To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Industry Overview", "Business Overview", "Financial Information and "Management's Discussion and Analysis of Financial Position and Results of Operations" contained in this Letter of Offer. In making an investment decision, investors and purchasers of the Rights Equity Shares must rely on their own examination of us and our business and the terms of the Issue including the merits and risks involved. Potential investors and purchasers of our Rights Equity Shares should consult their tax, financial and legal advisors about the consequences of investing in the Issue. Prospective investors and purchasers of the Rights Equity Shares should pay attention to the fact that our Company is incorporated under the laws of India and are subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

This Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and, in the section titled "Forward -Looking Statements" on page 22 of this Letter of Offer.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Audited Consolidated Financial Statements and the Limited Review Unaudited Consolidated Financial Results, prepared in accordance with Ind AS, and the Companies Act.

Materiality:

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality of Risk Factors:

- *Some events may not be material individually but may be found material collectively;*
- *Some events may have material impact qualitatively instead of quantitatively; and*
- *Some events may not be material at present but may have a material impact in future.*

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence, the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

In this Letter of Offer, any discrepancies in any table between total and sums of the amount listed are due to rounding off.

In this section, unless the context requires otherwise, any reference to “we”, “us” or “our” refers to Heritage Foods Limited. The risk factors are classified as under for the sake of better clarity and increased understanding.

INTERNAL RISK FACTORS

- 1. *There are certain outstanding litigations against our Company, and Subsidiary/Joint Venture company, that if determined against us, could have a material adverse impact on our financial condition and results of operations***

There are no outstanding legal proceedings involving our Company, and our subsidiary/joint venture companies as on date of this Letter of Offer other than the ones summarized below. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. If a claim is determined against us, it could have an adverse effect on our results of operations and cash flows. A summary of the pending material litigations against our Company, and our Subsidiaries/Joint Venture companies are provided below:

a) Litigations involving our Company

i) Cases filed against our Company:

Nature of Litigation	No. of matters outstanding	Amount involved* (₹ In Lakhs)
Direct Tax matters	-	-
Indirect Tax matters	-	-
Civil or Criminal proceedings	24	118.35

**To the extent quantifiable*

ii) Cases filed by our Company

Nature of Litigation	No. of matters outstanding	Amount involved* (₹ In Lakhs)
Direct Tax matters	1	80.14
Indirect Tax matters	8	1394.80
Civil or criminal proceedings	23	843.54

**To the extent quantifiable*

b) Litigations involving our Subsidiary Company

Subsidiary: Heritage Nutrivet Limited

i) Cases filed by our Subsidiary:

Nature of Litigation	No. of matters outstanding	Amount involved* (₹ In Lakhs)
Direct Tax matters	-	-
Indirect Tax matters	-	-
Civil or criminal proceedings	68	334.53

**To the extent quantifiable*

ii) Cases filed against our Subsidiary:

Nature of Litigation	No. of matters outstanding	Amount involved* (₹ In Lakhs)
Direct Tax matters	-	-
Indirect Tax matters	-	-
Civil or criminal proceedings	2	20.25

**To the extent quantifiable*

For further details of outstanding litigations against the Company, its Directors, Promoter, subsidiaries / joint venture company please see the section entitled "*Outstanding Litigations and Defaults*" beginning on page 228 of this Letter of Offer.

2. We do not own the premises in which our registered office is located and currently operating from and the same is on lease arrangement. Any termination of such lease/license and/or non-renewal thereof and attachment by Property Owner could adversely affect our operations.

Our Board of Directors in their meeting held on October 18, 2022 had decided to shift the registered office to the new premises at H.No.8-2-293/82/A/1286, Plot No: 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad- 500033, Telangana, India, with effect from December 1, 2022.

However, the premises where our registered office is located is not owned by our Company. The premises has been taken on lease from individual(s) (the Executive Director of our Company and her son are the owners of the property) on a monthly rental for a period of 15 years from December 1, 2022 to November 30, 2037, having a lock-in period of 9 years from December 1, 2022, with an option to renew it for a further period by mutual consent. Unless it is renewed, upon termination of the lease, we are required to return the premises of our registered office to the Lessor/Licensor. There can be no assurance that the term of the agreement will be renewed on commercially acceptable terms and in the event the Lessor/Licensor terminates or does not renew the agreement, we are required to vacate the said premises where operational activities are carried out. In such a situation, we may have to identify and take alternative premises and enter into fresh lease or leave-and-license agreement on less favourable terms and conditions in order to shift our registered office and operations. Such a situation could result in time-overrun and may adversely affect our operations temporarily.

3. *Our manufacturing operations are dependent on the supply of huge amount of raw milk on daily basis, and our inability, at any point in time, to procure sufficient amount of quality raw milk, at competitive prices, may have an adverse impact on our business, results of operations and financial condition.*

Our manufacturing operations are dependent on the supply of huge amount of raw milk on daily basis, since it is the primary raw material used in the production of milk and all our other dairy products. Our manufacturing facilities are located at multiple locations and our supply network includes procurement from around hundreds of villages across the various states.

We have no formal arrangements with milk farmers (who supply milk) and they are not under any compulsion or any obligation to supply their milk exclusively to us as they may choose to sell their milk to our competitors as well. Also, the quantity of raw milk procured and the price at which it is procured, may vary from time to time since there is no formal supply arrangement. The availability of raw milk and their price is influenced by numerous factors which may be beyond our control such as seasonal issues, environmental impact, general health of cattle and Government policies and regulations, both at the Centre and State. To give a perspective, the quantity and quality of milk produced at our facilities is dependent upon the quality of nourishment provided by the cattle feed and could be adversely affected during period of extreme weather. Also, any disease or epidemic that may possibly affect the health of cattle/cows, especially in the regions procured from, could significantly affect our ability to procure adequate quantity of raw milk produce. Also, changes in the policies of the Government or the State Governments where our procurement or manufacturing facilities are located, including those affecting the use or ownership of agricultural land or the dairy industry in general, could adversely affect our business and results of operations, have a consequential impact on our financial condition

We cannot assure you that we will be able to procure all of our raw milk requirements at prices acceptable to us, or at all, or that we may be able to pass on any increase in the cost of milk to our customers. Any inability on our part to procure sufficient quantities of raw milk and that too on commercially acceptable terms, could lead to a decline in our production and sales volume and value, which could have a resultant adverse effect on our business, results of operations and financial condition.

4. *We do not have long term agreements with our suppliers for our other raw materials and an increase in the cost of, or a shortfall in the availability of such raw materials could have an adverse effect on our business, results of operations and financial condition.*

Besides raw milk (being our primary raw material), we require other inputs/ingredients such as sugar, nuts, cocoa products, curd culture, packaging materials etc., to produce our wide portfolio of products. The price and availability of these materials depend on several factors beyond our control, including overall economic conditions, production levels, market demand and competition for such materials, production and transportation cost, duties and taxes and trade restrictions. We usually do not enter into long term supply contracts with any of the raw material and packing material suppliers and typically place orders with them in advance of our anticipated requirements which is reviewed from time to time. The absence of long-term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require and we may be unable to pass these costs onto our customers. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on terms acceptable us, may adversely affect our operations.

5. *Any disruption in transportation arrangements may adversely affect our results of operations.*

We rely on third party logistic providers to transport milk to our production facilities and our finished products to customers, distributors, and a large number of retail outlets. We may be affected by transport strikes, which may affect our delivery schedules. If we are unable to secure alternate transport arrangements in a timely manner, or at all, our business, results of operations and financial condition may be adversely affected. Transportation of raw milk and dairy products require specially insulated and refrigerated vehicles. Raw milk and dairy products may be lost, damaged or subject to spoilage and may result in delivery of products of sub-standard quality, if specific transportation conditions, including specified temperatures, are not maintained by such transportation providers due to any of such unforeseen developments. Any delay in delivery of raw milk and dairy products may also affect our business adversely. Further, the third-party logistic provider or the Company can terminate the agreement entered with the other party for transport of milk to our production facilities and our finished products to customers, distributors, and a large number of retail outlets. There are a limited number of such specialized transportation providers and an inability to ensure adequate and appropriate transportation facilities in a timely manner, or at all, could adversely affect our business operations.

6. *Our manufacturing facilities and procurement operations are concentrated in a few regions and any adverse developments affecting these regions could have an adverse effect on our business, results of operations and financial condition.*

Our manufacturing facilities are located in the states of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Maharashtra and Haryana and we procure raw milk from milk farmers from hundreds of villages spread across the above states. Since most of our infrastructure, manufacturing facilities and business operations are currently concentrated in these regions, any significant social, political or economic disruption, or natural calamities or civil disruptions in these regions, or changes in the policies of the state or local governments of these regions or the Government of India, could require us to incur significant capital expenditure, change our business structure or strategy, which could have an adverse effect on our business, results of operations and financial condition.

7. *The emergence of multiple trade channels in the form of supermarkets, hypermarkets, online retailers and ecommerce portals from affiliated/related businesses may have an adverse effect on our pricing ability, which may have a negative impact on our business, results of operations and financial condition.*

We sell our products to retail customers through modern trade channels, which include supermarkets and hypermarkets besides sales through our routine distribution network to end-consumers through kirana stores etc. With technological boom and the advent of smartphones, India has been witnessing a radical change in shopping experience in recent years, due to the emergence of multiple business chains, online retailers and ecommerce portals from affiliated food delivery businesses and the market penetration of large scaled organized retail in India has made rapid progress and is likely to increase further in the coming years. While we believe this provides us with an opportunity to improve our supply chain efficiencies and increase the visibility of our brands, it also increases the negotiating position of such stores and empowers them in their dealings with multiple suppliers. We cannot assure you that we will be able to negotiate our distribution agreements, especially our pricing or credit provisions, on terms favorable to us, or at all. Any inability to enter into distribution agreements and on

terms favorable to us, may have an adverse effect on our pricing and margins, and consequently adversely affect our results of operations and financial condition.

- 8. *The supply of raw milk is subject to seasonal factors, and does not necessarily match the seasonal change in demand for our products. Consequently, our inability to accurately forecast demand for our products, may have an adverse effect on our business, results of operations and financial condition.***

The supply of raw milk is subject to seasonal factors. Cows generally produce more milk in temperate weather, and extreme cold or hot weather could lead to lower-than-expected production. Raw milk procurement and production usually is therefore higher in the second half of the financial year during the winter months with temperate climate in our milk procurement region. In contrast, the demand for our products such as curd and beverages are higher in the first half of the financial year during summer months and the demand for *ghee* is higher during festive seasons. As a result, comparisons of our sales and operating results over different quarterly periods during the same financial year may not necessarily be meaningful and should not be relied upon as accurate indicators of our performance.

Further, while we forecast the demand for our products and accordingly plan our production volumes, any error in our forecast could result in surplus stock, which may not be sold in a timely manner. Each of our products has a specific shelf life and if not sold prior to expiry, may lead to losses or if consumed after expiry, may lead to health hazards. We cannot assure you that we will be able to sell surplus stock in a timely manner, or at all, which in turn may adversely affect our business, results of operations and financial condition.

- 9. *Any loss of business or potential adverse publicity resulting from emergence of spurious or imitation products at any time, could result in loss of goodwill for our products leading to potential loss of sales, and adversely affect our business, prospects, results of operations and financial condition.***

We are exposed to the risk that entities in India and elsewhere could pass off their products as our products, including spurious or imitation products. For example, products imitating our brands and packaging material selling contaminated or spurious products may adversely affect sale of our products, resulting in a decrease in market share resulting from a decrease in demand for our products. Such imitation or spurious products may not only result in loss of sales but also adversely affect the reputation of our brand and products and consequently our future sales and results of operations. The proliferation of spurious and imitation products in our territories and sub-territories, and the time and resources utilized in taking action against such spurious products, defending claims and complaints of the consumers and the regulatory agencies regarding such spurious products, and in initiating appropriate legal proceedings against offenders who infringe our intellectual property rights, could result in lower sales, and adversely affect our results of operations and may have a material and adverse effect on our reputation, business, prospects, results of operations and financial condition.

- 10. *Stringent food safety, consumer goods, health and safety laws and regulations may result in increased liabilities and increased capital expenditures.***

Our operations are subject to stringent health and safety laws as our products are for human consumption and are therefore subject to various industry specific regulations. We may also be subject to additional regulatory requirements due to changes in governmental policies. Further, we may also

incur additional costs and liabilities related to compliance with these laws and regulations that are an inherent part of our business. We are subject to various central, state, and local food safety, consumer goods, health and safety and other laws and regulations. These relate to various issues, including food safety, food ingredients, and food packaging requirements, and the investigation and remediation of contamination.

These laws and regulations are increasingly becoming stringent and may in the future create substantial compliance or remediation liabilities and costs. These laws may impose liability for non-compliance, regardless of fault. Other laws may require us to investigate and remediate contamination at our facilities and production processes. While we intend to comply with applicable regulatory requirements, it is possible that such compliance may prove restrictive, costly and onerous and an inability to comply with such regulatory requirement may attract penalty. For details see, “Government and Other Approvals” beginning on pages 250.

11. An amount of ₹770.2 Lakhs was outstanding to MSMEs as at the end of March 31, 2022 and ₹641.5 Lakhs was outstanding at the end of the half year (six-month period) ended September 30, 2022.

Our Company has an outstanding amount of ₹770.2 Lakhs and ₹641.5 Lakhs towards MSMEs as at the end of March 31, 2022 and September 30, 2022 respectively as per the terms of PO/TOT (there are no outstanding dues as per the MSME Act). The delay in payment to MSMEs for more than 45 days will attract penalties which may adversely affect our revenues, financial position and reputation of our Company.

12. Our Joint Venture company has been incurring losses since inception. Sustained financial losses by our joint venture company may not be perceived positively and may also affect our credibility and profitability

The loss after tax of the joint venture company during the last 3 financial years and for the half year (6-month period) ended September 30, 2022 has been negative and is as under:

(₹ In Lakhs)					
Company	Relationship	Unaudited Half year (6-months) 30-09-2022	FY 2021-22	FY 2020-21	FY 2019-20
Heritage Novandie Foods Private Limited	Joint Venture	(825.2)	(1206.8)	(441.6)	(140.1)

13. Product spoilage, tampering and adulteration of our products may result in reduced sale, product liability and damage to our reputation and credibility including our Company being subject to regulatory action

Our business is subject to regulations especially relating to product liability, food safety etc. Our products are meant for human consumption which involve inherent risks such as product spoilage, tampering (of product, labelling and packaging), and adulteration of our products in view of the fact that our main raw material being ‘Milk’ is a perishable product. We conduct various mandatory tests to ensure that the raw milk procured is hygienic; however, there can be no assurance that such tests and verification on the quality of raw milk will be accurate at all times. If our products are, at any time, found

to be deteriorated or spoilt with any such incidents such as product spoilage, product tampering and other adulterations, our reputation, business and results of operations and future prospects could be materially and adversely affected.

There can be no assurance that we will succeed in avoiding any such incidents during the production, transportation or sales of our products.

14. Our Company has contingent Liabilities and commitments not provided for, which may adversely affect the company's financial operations.

The following table sets forth our contingent liabilities & commitments:

Particulars	(₹ in Lakhs)	
	As at September 30, 2022	As at March 31, 2022
Commitments		
Contracts remaining to be executed on capital account	3211.82	604.5
Sub-Total (A)	3211.82	604.5
Contingent Liabilities, not provided for		
a) Income Tax matters	80.10	52.1
b) Sales tax / VAT matters	186.70	186.7
c) Other matters	597.30	597.3
Sub-Total (B)	864.10	836.1
Total (A+B)	4075.92	1440.6

For further details, please see the section titled “Financial Information” on page 143 of this Letter of Offer.

In the event these liabilities materialized, financial condition of our company may be affected.

15. Our Company has reported Negative Cash Flow from investing and financing activities in the last three financial years 2019-20, 2020-21 and 2021-22.

Our Company has experienced negative net cash flow in investing and financing activities in the past as per the Audited Consolidated Financial Statements for the financial year ended March 31, 2022, 2021 and 2020, the details of which are provided below:

Particulars	(₹ in Lakhs)		
	Audited Consolidated Financial Statements		
	2021-22	2020-21	2019-20
Net Cash Flows (used in) / generated from Operating activities (A)	14791.8	17392.4	11671.2
Net Cash Flows (used in) / generated from investing activities (B)	(4244.5)	6882.8	(9705.9)
Net Cash Flows (used in) / generated from financing activities (C)	(9265.5)	(19130.9)	(2169.6)
Net Cash Flows generated from all activities (A+B+C)	1281.8	5144.3	(204.3)

Our Company has had negative cash flows in FY20 and FY22 from investing activities and in the last 3 years from financing activities. However, our Company has robust positive cash flows from Operating activities every year. For details, see “Cash flow Statement” on page 161 of this Letter of Offer.

The statement of cash flows is separated into three sections and the same is explained in brief

- A. cash flows from operating activities,
- B. cash flows from investing activities, and
- C. cash flows from financing activities.

- A. **The cash flows from operating activities** show how much cash the Company generated from its core business, as opposed to peripheral activities such as investing or borrowing. The issuer company shall focus mostly on this activity as it paints the best picture of how well business operations are producing cash that will ultimately benefit shareholders.
 - B. **The cash flows from investing activities** shows the amount of cash our Company spent on investments. Cash flows out of investing activities comprises purchases of PPE and other intangible assets under development, proceeds from sale of PPE, investment in joint venture, receipts of Government grants, purchase of investments, proceeds from sale of investments, interest received, rent received etc.
 - C. **The cash flows from financing activities** involve proceeds from, or repayment of, long-term borrowings, interest paid, lease rentals paid, dividend paid etc.
- 16. *The Objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion and as per the details mentioned in the section titled "Objects of the Issue". Any revision in the estimates may require us to reschedule our expenditure and may have a bearing on our expected revenues and earnings.***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may change. Our estimates for the project may exceed the value that would have been determined by third party appraisals and may require us to reschedule our expenditure, which may have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our audit committee.

- 17. *Our Company has entered into certain related party transactions aggregating to ₹9923 lakhs for the half year (six-months) ended September 30, 2022 (₹17089 lakhs as at the end of the financial year March 31, 2022) and there is no assurance that our company may not continue to do so in future. This could have an adverse effect on our financial condition and results of operation.***

During the course of business, our Company has entered into certain transactions with related parties, aggregating to ₹9923 lakhs for the half year ended September 30, 2022, based on Unaudited Consolidated Financial Results (₹17089 lakhs for the year ended March 31, 2022 based on Audited Consolidated Financial Statements). While our Company believes that all such transactions have been conducted on an arm-length basis, there can be no assurance that our Company could not have obtained more favourable terms had such transactions not been entered into with related parties.

Furthermore, it is likely that our Company will enter into such related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on financial condition and results of operations of our Company. For details of Related Party Transactions please refer page 198 under section “Financial Information” of this Letter of Offer.

Summary of Related Party Transactions entered by our Company with our Promoters, member of the Promoter Group, Subsidiary company and Joint Venture company based on Audited Consolidated Financial Statements as on March 31, 2022, and the Unaudited Consolidated Financial Results for the half year ended September 30, 2022, are as under:

Name of the Party	Nature of Relationship	Value of Transaction (₹ in Lakhs)	
		For the half-year ended September 30, 2022	
		Unaudited	Audited
Nara Bhuvaneswari	Promoter	227.9	788.5
Megabid Finance and Investment Private Limited	Promoter	0.3	0.5
Nara Brahmani	Member of Promoter Group	180.5	620.4
Heritage Nutrivet Limited	Wholly-Owned Subsidiary	3465.0	5711.7
Heritage Novandie Foods Private Limited	Joint Venture	119.4	1173.9

18. Any loss or breakdown of our machineries at our plant may have an adverse effect on our business, financial condition and results of operations.

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, industrial accidents and the need to comply with directives of relevant government authorities. Although we have not had such occurrences in the past, the occurrence of such incidents in future is not ruled out and these risks could significantly affect our operating results. Although we have taken precautions to minimize the risks of any significant operational issues at our manufacturing facilities, our business and operations may be adversely affected by any disruption of operations at manufacturing facilities.

19. Insurance cover of our company may not be adequate to protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.

Our Company has various insurance policies covering our manufacturing facilities including stocks, building, plant and machinery, computers, office equipment, furniture and fittings, others, etc. for a total insured amount of ₹389907.11 lakhs. While our Company believes that it has insured all key and critical components, stocks and assets adequately against the risks associated with all normal operations of business, there can be no assurance that any claim under the insurance policies maintained by our Company will be honoured fully, in part or on time, or that our Company has obtained sufficient insurance (either in amount or in terms of risks covered) to cover all material losses, if and when they occur. To the extent that if our Company suffers loss or damage for events for which our Company is not insured or for which insurance is inadequate, the loss would have to be borne by our Company, and, as a

result, operations and financial condition could be adversely affected to the extent of deficiency in insurance claim.

20. *We operate in a highly competitive industry and our Company faces competition from various brands and any inability to compete with them and/or maintain our competitive position could adversely impact business, prospects, and financial performance of our Company.*

We operate in a very competitive environment, both at the organized level and from players in the unorganized sector, who are largely local.

India's dairy product industry is intensely competitive and factors influencing competition include quality, perception, taste, brand awareness and recall, advertising, product promotion, innovation, nutrition values, packaging, design etc. Our competitors may have varied strengths such as better financial resources, stronger and wider distribution networks, larger product portfolio, better access of to raw material sources, better technology, capable and stronger research capabilities, and stronger promoter group profile etc.

We cannot assure that our competitors, present and future, will not be coming up with superior products or with capabilities to provide products with stronger consumer preferences, better access, or competitive price advantages. Increased competition may affect our ability to grow or retain our market share which may have an adverse impact on our business, results of operations, financial condition, and future growth.

21. *Our success depends on our ability to identify and respond to constantly changing customer demands and preferences and changing technologies.*

The success of our business operations, especially in the retail consumer segment, depends on our ability to anticipate, identify, interpret, and react to the emerging tastes, dietary habits, nutritional needs and relevance, and to respond by offering products that appeal to the consumers palate. In order to stay competitive, we must respond to changing trends in customer demands and preferences. Our success is dependent on our ability to quickly respond to these trends. Sales of our products could be impacted by nutritional concerns such as fat, cholesterol, calorie, lactose, sodium, sucrose and other ingredients to which people may be sensitive or allergic. We should ensure that our sales team generate enthusiasm and respond with extra efforts in addressing our customers' needs in a timely fashion. If any of these risks pertaining to changes in demands/preference/technology materialize, it may have a material adverse effect on our business, cash flows, results of operations, financial condition and prospects.

22. *We are dependent on our senior management including our Promoters and a number of key personnel and the loss of, or our inability to attract or retain, such persons could adversely affect our business, results of operations and financial condition.*

Our performance depends significantly on the efforts, skill-sets and abilities of our senior management, including our Promoters, who are qualified and have several years of experience in the industry in which we operate and whose contribution has been crucial to the growth of our business till date. We believe that the inputs and experience of our senior management and key managerial personnel are valuable for the development of business and operations and the strategic directions taken by our Company over the years. We cannot assure you that we will be able to retain such persons or find adequate suitable

replacements in a timely manner, or at all. A limited number of persons exist with the requisite experience and skills to serve in our senior management positions. In addition, we may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. Moreover, along with our steady growth and business expansion, we need to employ, train and retain additional suitable skilled and qualified management and employees from a wider geographical area. If we cannot attract and retain suitable personnel, our business, results of operations, financial condition and future growth may be materially and adversely affected.

23. *Our ability to pay dividends in the future will depend on our future earnings, cash flows, working capital requirements, capital expenditures and financial condition. The voting rights of investors of Rights Equity Shares shall be proportional to such investor's share of the paid-up equity capital of our Company.*

The amount of future dividend payments, if any, will depend upon a number of factors, including but not limited to our future earnings, financial condition, cash flows, working capital requirements, contractual obligations, applicable Indian legal restrictions and capital expenditures. Also, our ability to pay dividends may be influenced by a number of factors, including restrictive covenants under the loan or financing arrangements our Company may enter into to finance our future fund requirements for our business activities. There can be no assurance that we will be able to pay dividends in the future.

24. *The unexpected loss, shutdown or slowdown of operations at any of our facilities could have a material adverse effect on HFL's results of operations and financial condition.*

Our facilities are subject to operating risks, such as breakdown or failure of equipment, power supply interruptions, water supply, facility obsolescence or disrepair, technological changes and interruptions, strikes, lockouts, labour disputes, natural disasters and industrial accidents, production or distribution problems, limitation to production capacity due to regulatory issues, to name some of them. The occurrence of any of these risks could adversely affect our operations by causing production at one or more facilities to shut down or slowdown. No assurance can be given that one or more of the factors mentioned above will not occur, which could have a material adverse effect on our results of operations and financial condition.

25. *Availability of skilled and specialized labour can affect our performance.*

Due to advancement of technology and competitive environment, skilled and specialized labour are necessary to have in any organization. The shortages of relevant sufficiently skilled people available in the country can affect the performance of the Company.

26. *We have not commissioned an industry report for the disclosures made in the chapter titled "Industry Overview" and made disclosures on the basis of the data available from the IMARC Report and such data has not been independently verified by us.*

We have neither commissioned an industry report for the disclosures which need to be made in the chapter titled "Industry Overview" of this Letter of Offer. We have made disclosures in the said chapter on the basis of the relevant industry related information and data sourced from the Report (subscribed by us), titled "**Dairy Industry in India 2022 Edition**" published by the International Market Analysis Research and Consulting (IMARC) having its India office at Level III, IMARC Tower, B Block, Sector 2, Noida, Uttar Pradesh [www.imarcgroup.com] for which relevant consent has been obtained. We have

neither independently verified such data nor are we in a position to do so. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Letter of Offer. Further, the industry data mentioned in this Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Letter of Offer in this context.

RISKS RELATING TO THE ISSUE AND THE RIGHTS EQUITY SHARES

27. Our Company will not distribute the Letter of Offer and Application Form to certain overseas Shareholders who have not provided an address in India for service of documents.

Our Company will dispatch the Letter of Offer, the Abridged Letter of Offer, Rights Entitlement Letter and Application Form (the “**Issue Materials**”) to the shareholders who have provided an address in India for service of documents. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

28. SEBI has recently, by way of circulars dated January 22, 2020, May 6, 2020, January 19, 2021, April 22, 2021 and October 01, 2021 streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars and in this Letter of Offer.

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020, January 19, 2021, April 22, 2021, and October 01, 2021, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page 260.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

29. *Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

30. *Any future issuance of the Equity Shares of our Company, or convertible securities or other equity linked securities by our Company may dilute your future shareholding and sales of the Equity Shares by the Promoter or Promoter Group or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.*

Any future issuance of the Equity Shares, or convertible securities or other equity linked securities by our Company, may lead to dilution of your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Any future sales of Equity Shares by the Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

31. *The Issue Price of our Rights Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.*

Our Company has fixed the Rights Issue price at face value of ₹5 to enable all the existing eligible equity shareholders to acquire holding in the Company at a discounted price and thereby increase their return on investment. The Issue Price of Equity Shares may not be indicative of the market price for our Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the issue and may decline below the Issue Price. There can be no assurance that the Investors will be able to sell their Equity Shares at or above the Issue Price. The factors that could affect our share price are:

- Quarterly variations in the rate of growth of our financial indicators such as earnings per share;
- Changes in revenue or earnings estimates or publications of research reports by analysts;
- Speculation in the press or investment community;

However, in view of the shares of our Company traded at a healthy price on the Stock Exchanges and the Rights Shares being offered at face value, we do not expect our investors to incur any loss.

32. *The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholders") may lapse in case they fail to furnish the details of their demat account to the Registrar.*

In accordance with the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period.

The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date.

The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

EXTERNAL RISK FACTORS AND BEYOND THE CONTROL OF THE ISSUER COMPANY

33. *The outbreak of Novel Coronavirus, or outbreak of any other severe communicable disease could have a potential impact on our business, financial condition and results of operations.*

The outbreak, or threatened outbreak, of any severe epidemic caused due to viruses (particularly the Novel Coronavirus) could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease may also adversely affect the operations of our customers and suppliers, which could adversely affect our business, financial condition and results of operations. The outbreak of Novel Coronavirus has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. There is currently substantial medical uncertainty regarding Novel Coronavirus and no government-certified treatment is available. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause significant economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of Novel Coronavirus remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. If any of our employees were suspected of contracting Novel Coronavirus or any other epidemic disease, this could require us to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian and global economy in general.

The outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of Novel Coronavirus will cause an economic slowdown and it is possible that it could cause a global recession. The spread of Novel Coronavirus has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by

government authorities or that we determine are in the best interests of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and our ability to perform critical functions could be harmed.

34. *Our business is substantially affected by prevailing economic, political and other prevailing conditions in India.*

Our Company is incorporated in India and we derive our revenues in India. In addition, our assets and employees are also located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Consequently, our performance and liquidity of our Equity Shares may be affected by changes in interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

In recent years, the successive Indian governments have generally pursued a course of economic liberalization and deregulation aimed at accelerating the pace of economic growth and development. This includes liberalizing rules and limits for foreign direct investment in a number of important sectors of the Indian economy including infrastructure, railways, services, pharmaceuticals and insurance. In addition, the current Indian government has pursued a number of other economic reforms, including the introduction of a goods and services tax, increased infrastructure spending and a new Insolvency and Bankruptcy Code.

A significant change in India's economic liberalization and deregulation policies, in particular, those relating to the businesses in which we operate, could disrupt business and economic conditions in India generally and our business in particular.

A change in the Government's policy on tariffs, direct and indirect taxation and fiscal or other incentives could adversely affect HFL's business.

Our profitability is also significantly dependent on the policies of the central and state governments in India relating to various direct and indirect taxes (including sales tax, goods and service tax and income tax), duties and levies (including excise duties and import duties) and fiscal or other incentives or schemes. Any adverse change in policies relating to such taxes, duties or incentives could affect our profitability.

35. *Any terrorist attacks or social unrest and natural disasters occur in India; could adversely affect our business, operations and financial condition.*

Increased political instability, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several regions in which we operate, strained relations arising from these conflicts and the related decline in customer confidence may hinder our ability to do business.

Natural disasters such as floods, earthquakes, famines and pandemics have in the past had a negative impact on the Indian economy, with the most recent example being the global outbreak of COVID-19. If any such event were to occur, our business could be affected due to the event itself or due to the inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure, and the loss of business continuity or business information. In the event that our

facilities are affected by any of these factors, our operations may be significantly interrupted, which may materially and adversely affect our business, financial condition and results of operations.

36. *Financial instability in Indian financial markets could adversely affect the Company's results of operations and financial condition.*

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China or the major world economies, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. The earlier global financial turmoil, an outcome of the sub-prime mortgage crisis, which originated in the United States of America, led to a loss of investor confidence in worldwide financial markets. Indian financial markets had also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index at that point in time. Repeat of such financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on the Company's business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced fluctuations in the prices of listed securities.

37. *Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect the Company's business.*

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect the Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm the Company's business and financial performance, ability to obtain financing for capital expenditures and the price of our Company's Equity Shares.

SECTION IV – INTRODUCTION

THE ISSUE

This Issue has been authorized through a resolution passed by our Board of Directors at its meeting held on Friday, September 30, 2022 pursuant to Section 62(1)(a) of the Companies Act, 2013 and the applicable provisions. The said meeting has also approved the Issue Price, Issue Size and the Rights Entitlement Ratio.

The following is a summary of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more information detailed in the chapter titled “*Terms of the Issue*” on page 260 of this Letter of Offer.

Particulars	Details of Equity Shares
Equity Shares proposed to be issued	Up to 4,63,98,000 Equity Shares
Rights Entitlement	Up to 1 (One) Equity Share for every 1 (One) fully paid-up Equity Share held on the Record Date
Fractional Entitlement	The Equity Shares are being offered on a rights basis to the existing Eligible Equity Shareholders in the ratio of 1:1 (1 Rights Equity Share for every 1 fully paid-up Equity Share held) as on Friday, January 20, 2023, the Record Date. Accordingly, no circumstance is likely to arise which would result in fractional entitlement.
Record Date	Friday, January 20, 2023
Face value per Equity Shares	₹5
Issue Price per Rights Equity Share	₹5 per Equity Share
Issue Size	Up to 4,63,98,000# Equity Shares of face value of ₹5 each for cash at a price of ₹5 per Rights Equity Share aggregating to an amount of ₹2319.9 lakhs. # Assuming full subscription
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank <i>pari passu</i> in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed and paid up prior to the Issue	4,63,98,000 Equity Shares
Equity Shares subscribed and paid-up after the Issue (# assuming full subscription for and allotment of the Rights Entitlement)	Up to 9,27,96,000# Equity Shares # Assuming full subscription
Money payable at the time of Application	₹5
Use of Issue Proceeds	For details, please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 66 of this Letter of Offer.
Terms of the Issue	For details, please refer to the chapter titled “ <i>Terms of the Issue</i> ” on page 260 of this Letter of Offer.
Scrip Details	ISIN: INE978A01027 BSE: 519552 NSE: HERITGFOOD
Rights Entitlement ISIN	INE978A20019

GENERAL INFORMATION

Our Company was originally incorporated as Heritage Foods (India) Limited on June 5, 1992, in Hyderabad under the Companies Act, 1956. Subsequently the name of our company was changed to Heritage Foods Limited vide fresh Certificate of Incorporation consequent to change of name dated August 16, 2013, issued by the office of Registrar of Companies, Hyderabad, Telangana (earlier in the state of undivided Andhra Pradesh). The Corporate Identification Number of our Company is L15209TG1992PLC014332.

Registered Office, Corporate Identification Number and Registration Number of our Company

Heritage Foods Limited

H. No.8-2-293/82/A/1286 Plot No: 1286,
Road No. 1 & 65, Jubilee Hills,
Hyderabad- 500033, Telangana, India
Tel: +91-40-23391221/2
E-mail: rights.issue@heritagefoods.in
Website: www.heritagefoods.in
CIN: L15209TG1992PLC014332
Registration Number: 014332

Changes in the Registered Office

From	To	With effect from	Reason for change
6-3-456/23, Dwarakapuri Colony Hyderabad – 500482 Andhra Pradesh, India	6-3-541/C, Punjagutta Hyderabad – 500082 Telangana, India	May 5, 1994	Administrative convenience
6-3-541/C, Punjagutta Hyderabad – 500082 Telangana, India	H. No.8-2-293/82/A/1286 Plot No: 1286 Road No. 1 & 65 Jubilee Hills Hyderabad- 500033 Telangana, India	December 1, 2022	Administrative convenience

Address of the RoC: Our Company is registered with the RoC, Hyderabad, Telangana which is situated at the following address.

Registrar of Companies, Hyderabad

2nd Floor, Corporate Bhawan,
GSI Post, Nagole, Bandlaguda,
Hyderabad – 500068,
Telangana, India

Telephone: +91 040 29805427

E-mail: roc.hyderabad@mca.gov.in

Website: www.mca.gov.in

Board of Directors of our Company

Set forth below are the details of our Board of Directors as on the date of this Letter of Offer:

Name	Age	Designation	Address	DIN
Nara Bhuvaneswari	60	Vice Chairperson & Managing Director	Plot No.1310, Road No.65, Jubilee Hills, Hyderabad – 500 033 Phone: 040-23608121	00003741
Brahmani Nara	35	Executive Director	Plot No.1310, Road No.65, Jubilee Hills, Hyderabad – 500 033 Phone: 040-23608121	02338940
Srivishnu Raju Nandyala	49	Non-Executive Independent Director	Plot No.616, Road No.33 Jubilee Hills, Hyderabad-500033 phone :040-23555445	00025063
Rajesh Kumar Ahuja	51	Non-Executive Independent Director	Mehrise Flat no.501, Gujar lane, Near Poddar school, Santacruz (W) Mumbai-400054	00371406
Muthu Raju Paravasa Vijay Kumar	53	Non-Executive Independent Director	B Block, V Floor, Flat E CeeDeeYes, Regal Palm Gardens, 383 Velachery Main Road, Velachery, Chennai -600 042	05170323
Nagaraja Naidu Vadlamudi	75	Non-Executive Director	Plot No. 238 Road No. 18, Jubilee Hills, Hyderabad – 500033 Phone: 040-23548345	00003730
Aparna Surabhi	55	Non-Executive Independent Woman Director	403, Dhruva-II, Sreenivasa Village Yousufguda Hyderabad 500045, Telangana	01641633

For detailed profile of our Directors, please refer to the chapter titled “*Our Management*” on page 122 of this Letter of Offer.

Company Secretary and Compliance Officer

Mr. Umakanta Barik is the Company Secretary and Compliance Officer of our Company. His contact details are set forth hereunder.

Heritage Foods Limited
H. No.8-2-293/82/A/1286 Plot No: 1286
Road No. 1 & 65
Jubilee Hills
Hyderabad- 500033 Telangana, India
Tel: +91-40-23391221/2
E-mail: rights.issue@heritagefoods.in

Statutory and Peer Review Auditor of our Company

M/s. WALKER CHANDIOK & CO LLP

Chartered Accountants
Unit No. 1, 10th Floor
My Home Twitza, APIIC
Hyderabad Knowledge City, Raidurg (Panmaktha) Village
Serilingampally Mandal, Ranga Reddy District
Hyderabad – 500081
Telangana, India
Tel: +91 40 48597178

Contact Person: Mr. Sanjay Kumar Jain

Contact Person Email: sanjay.jain@walkerchandiok.in

Firm Registration No.: 001076N/N500013

Peer Review Certificate No.: 011707

Details of Key Intermediaries pertaining to this Issue of our Company:

Lead Manager to the Issue

CHARTERED FINANCE MANAGEMENT PRIVATE LIMITED

(Formerly known as Chartered Finance Management Limited)

2nd Floor, Wakefield House, Sprott Road, Ballard Estate,
Mumbai – 400038, Maharashtra, India
Tel. No.: +91 22 22696944

Email: rights.issue@cfml.in

Website: www.cfml.in

Investor Grievance Email: investor.grievance@cfml.in

Contact Person: Mr. R. Ramnath

SEBI Registration No.: INM000012052

Validity of Registration: Permanent

Registrar to the Issue

KFin TECHNOLOGIES LIMITED

Karvy Selenium, Tower B, Plot No. 31 & 32, Gachibowli, Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Rangareddi - 500032, Telangana, India

Tel No.: +91 40 67162222

Toll Free No.: 1-800-309-4001

Email: heritagefoods.rights@kfintech.com

Website: www.kfintech.com

Investor Grievance Email: einward.ris@kfintech.com

Contact Person: Mr. M. Murali Krishna

SEBI Registration No.: INR000000221

CIN: U72400TG2017PLC117649

Legal Advisor to the Issue

M/s ZASTRIYA

Attorneys & Legal Consultants
37/38, 3rd Floor, Landmark Tower,
Link Road, Mithchowki
Malad (West)
Mumbai - 400064
Maharashtra, India

Tel. No.: +91 9920120018 / 9920239759

Email: nishant.rana@zastriya.in; chinmayee.ghag@zastriya.in

Contact Person: Nishant Rana / Chinmayee Rana

Bankers to the Issue/ Refund Bank

ICICI BANK LIMITED

Capital Market Division
5th Floor, 163, HT Parekh Marg,
Backbay Reclamation, Churchgate,
Mumbai – 400020

Tel. No.: +91 22 68052182

Email: sagar.welekar@icicibank.com / ipocmg@icicibank.com

Contact Person: Mr. Sagar Welekar

SEBI Registration No.: INBI00000004

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmld=34> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes&intmld=34>. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

Inter-se Allocation of Responsibilities

Chartered Finance Management Private Limited (Formerly known as Chartered Finance Management Limited) being the sole Lead Manager to the Issue will be responsible for all the responsibilities related to co-ordination and other activities in relation to the Issue. Hence a statement of inter se allocation of responsibilities is not required.

Expert Opinion

Except as stated below, our Company has not obtained any expert opinion:

Our Company has received written consent dated December 27, 2022 from the Statutory Auditors, M/s Walker Chandiok & Co LLP, Chartered Accountants to include their name as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations in this Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) Independent Auditor’s report dated May 27, 2022 on our Audited Consolidated Financial Statements for the financial year ended March 31, 2022;; (ii) Limited Review report dated October 18, 2022 on the Unaudited Consolidated Financial Results for the half year ended September 30, 2022; and (iii) statement of tax benefits dated December 27, 2022 in this Letter of Offer and such consent has not been withdrawn as on the date of this Letter of Offer. However, the term “expert” and consent thereof shall not be construed to be an “expert” as defined under the Securities Act, 1933.

Investor grievances

Investors may contact the Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment/ share certificates/ demat credit/ Refund Orders, etc.

Investors are advised to contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer/ Application Form and Rights Entitlement Letter/ Letter of Allotment, Split Application Forms, Share Certificate(s) or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the Application Form and Rights Entitlement Letter or the plain paper application, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors through ASBA process.

Credit Rating

As this is an Issue of Equity Shares, credit rating is not applicable.

Debenture Trustee

As the Issue is of Rights Equity Shares, the appointment of Debenture trustee is not required.

Monitoring Agency

As the net proceeds of the Issue shall not exceed ₹10,000 lakhs, under the SEBI ICDR Regulations, it is not required that a monitoring agency be appointed by our Company.

Filing

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold for filing of Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3(b) of the SEBI ICDR Regulations has been increased

from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with BSE Limited and National Stock Exchange of India Limited and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges.

Changes in Auditors during the last three years

There has not been any change in the Statutory Auditor of our Company in last three years.

Underwriting Agreement

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Event	Indicative Day/Date
Last Date for Credit of the Rights Entitlements	Tuesday, January 24, 2023
Issue Opening Date	Monday, January 30, 2023
Last Date for On Market Renunciation of Rights#	Wednesday, February 8, 2023
Issue Closing Date*	Monday, February 13, 2023
Finalization of Basis of Allotment (on or about)	Monday, February 20, 2023
Date of Allotment (on or about)	Tuesday, February 21, 2023
Date of Listing (on or about)	Monday, February 27, 2023

#Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited the demat account of the Renouncees on or prior to the Issue Closing Date.

**The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Manager.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date Monday, February 13, 2023 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, Monday, February 13, 2023.

Further, in accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold

Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. For details, see *“Terms of the Issue”* on page 260.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company and the Lead Manager or the Registrar will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. For details on submitting Application, see *“Terms of the Issue”* on page 260.

The detail of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat. For details, see *“Terms of the Issue”* on page 260 of this Letter of Offer.

Minimum Subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project and our Promoters and members of our Promoter Group have undertaken to (i) subscribe to the full extent of their respective Rights Entitlements, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR; and (ii) have also confirmed that they shall not renounce their Rights Entitlements, except to the extent of renunciation within the promoter group. Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue is not applicable.

CAPITAL STRUCTURE

The Equity Share Capital structure of our Company, and related information, as on the date of this Letter of Offer and after giving effect to the Issue is set forth below:

(₹ in Lakhs except share data)

Sl. No.	Particulars	Aggregate Value at Nominal Value	Aggregate Value at Issue Price
A.	Authorised Share Capital		
	Equity Shares	4800.00	N.A
	9,60,00,000 Equity Shares of face value of ₹5/- each		
	Preference Shares		
	20,00,000 Equity Shares of face value of ₹10/- each		
	Total Authorized Capital	200.00	N.A
		5000.00	N.A
B.	Issued, Subscribed and Paid-up Share Capital before this Issue		
	4,63,98,000 Equity Shares of face value of ₹5/- each	2319.90	N.A
C.	Present Issue in terms of this Letter of Offer¹		
	4,63,98,000 Equity Shares of face value of ₹5/- each	2319.90	2319.90
D.	Issued, Subscribed and Paid-up Share Capital after this Issue[^]		
	9,27,96,000 Equity Shares of face value of ₹5/- each	4639.80	4639.80
E.	Securities Premium Account		
	Before the Issue	3784.1	
	After the Issue	3784.1	

[^]Post Issue Shareholding is based on the assumption that all shareholders will subscribe in full to their entire Rights entitlement.

¹The present Issue has been authorised by the Board of Directors of our Company under Section 62 and other provisions of the Companies Act, 2013 at their meeting held on Friday, September 30, 2022 vide a resolution passed at the meeting of the Board of Directors.

NOTES TO CAPITAL STRUCTURE

- Our Company has not implemented any Employee Stock Option Scheme/Employee Stock Option Plan (ESOS/ESOP).
- Intention and extent of participation by our Promoters and Promoter Group in the Issue:**

Our Promoter and Promoter Group have, vide their letters dated December 24, 2022 (the “**Subscription Letters**”) undertake to:

- subscribe, jointly and/or severally to the full extent of their aggregate Rights Entitlement in the Issue and not to renounce their Rights Entitlements except to the extent of renunciation within the Promoter and Promoter Group. Our Promoter(s) and members of the Promoter Group have agreed to subscribe to the full extent of any Rights Entitlement that may be

renounced in their favour by any other Promoter or member(s) of the Promoter Group of our Company; and

- b) subscribe to, either individually or jointly and/ or severally with any other Promoter or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

Our Promoters and/or members of the Promoter Group intend to apply for and subscribe to, additional Rights equity shares, including subscribing to the unsubscribed portion (if any).

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations.

The additional subscription by the promoters shall be made subject to such additional subscription not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/ SCRR. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

- 3. As on the date of this Letter of Offer, our Company does not have any outstanding warrants, outstanding instruments with option to convert or securities which are convertible at a later date into Equity Shares.
- 4. As on date of this Letter of Offer, there is only one denomination of Equity Share.
- 5. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. The Rights Equity Shares, when issued shall be fully paid-up. For details on the terms of this Issue, see "*Terms of the Issue*" on page 260 of this Letter of Offer.

6. Shareholding Pattern of our Company as per the last filing with the Stock Exchange:

(i) The summary statement of the shareholding pattern of our Company as on December 31, 2022 is as follows:

The table below represents the summary statement of the shareholding pattern of our Company as on December 31, 2022:

Category of Shareholder	No. of Shareholders	No. of fully paid-up equity shares held	Total No. of Shares held	Shareholding as a % of shares (calculated as per SCRR, 1958) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialised form
(A) Promoter & Promoter Group	9	1,81,93,444	1,81,93,444	39.21	1,81,93,444	39.21	1,81,93,444
(B) Public	40,001	2,82,04,556	2,82,04,556	60.79	2,82,04,556	60.79	2,76,73,660
(C1) Shares underlying DRs							
(C2) Shares held by Employee Trust							
(C) Non Promoter- Non public							
Grand Total	40,010	4,63,98,000	4,63,98,000	100.00	4,63,98,000	100.00	4,58,67,104

Note: C=C1+C2

Grand Total = A+B+C

(ii) Statement showing holding securities of persons belonging to the Category “Promoters and Promoters Group” as at December 31, 2022:

Category of Shareholder	Entity Type	No. of Shareholders	No. of fully paid-up equity shares held	Total No. of Shares held	Shareholding as a % of shares (calculated as per SCRR, 1958) As a % of (A+B+C2)	No. of equity shares held in dematerialised form
A1) Indian						
Individuals / Hindu Undivided Family		8	1,57,45,844	1,57,45,844	33.94	1,57,45,844
Nara Bhuvaneswari	Promoter	1	1,06,61,652	1,06,61,652	22.98	1,06,61,652
Nara Lokesh	Promoter	1	47,32,800	47,32,800	10.20	47,32,800
Ramakrishna Nandamuri	Promoter Group	1	400	400	0.00	400
Durga Ramakrishna N P	Promoter Group	1	33,756	33,756	0.07	33,756
N P Ramakrishna	Promoter Group	1	56,971	56,971	0.12	56,971
Neelima N P	Promoter Group	1	30,625	30,625	0.07	30,625
Nara Brahmani	Promoter Group	1	2,03,200	2,03,200	0.44	2,03,200
Devaansh Nara	Promoter Group	1	26,440	26,440	0.06	26,440
V Naga Raja Naidu	Promoter Group	1	0	0	0.00	0
Kathya N P	Promoter Group	1	0	0	0.00	0
Sivasankara Prasad Allapati	Promoter Group	1	0	0	0.00	0

N Balakrishna	Promoter Group	1	0	0	0.00	0
Any Other (specify)		1	24,47,600	24,47,600	5.28	24,47,600
Megabid Finance and Investment Private Limited	Promoter	1	24,47,600	24,47,600	5.28	24,47,600
Sub Total A1		9	1,81,93,444	1,81,93,444	39.21	1,81,93,444
A2) Foreign						
A=A1+A2		9	1,81,93,444	1,81,93,444	39.21	1,81,93,444

(iii) Statement showing holding of securities of persons belonging to the “Public” category as on December 31, 2022:

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form(Not Applicable)
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B1) Institutions	0	0		0.00		0.00	
Mutual Funds/	7	7221144	7221144	15.56	7221144	15.56	7221144
UTI - REGULAR SAVINGS FUND	1	1280000	12,80,000	2.76	12,80,000	2.76	12,80,000
KOTAK MAHINDRA TRUSTEE CO LTD A/C KOTAK MULTICAP F	1	2216312	22,16,312	4.78	22,16,312	4.78	22,16,312
ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C	1	637125	6,37,125	1.37	6,37,125	1.37	6,37,125

DSP SMALL CAP FUND	1	2292047	2292047	4.94	2292047	4.94	2292047
Alternate Investment Funds	1	46305	46305	0.10	46305	0.10	46305
Banks	1	210	210	0.00	210	0.00	210
Sub Total B1	9	7267659	7267659	15.66	7267659	15.66	7267659
B2) Institutions (Foreign)	0	0		0.00		0.00	
Foreign Portfolio Investors Category I	38	934102	934102	2.01	934102	2.01	934102
Foreign Portfolio Investors Category II	2	20000	20000	0.04	20000	0.04	20000
Any Other (Institutions Foreign)	1	4965	4965	0.01	4965	0.01	4965
FOREIGN PORTFOLIO INVESTORS	1	4965	4965	0.01	4965	0.01	4965
Sub Total B2	41	959067	959067	2.07	959067	2.07	959067
B3) Central Government/State Government(s)/President of India	0	0		0.00		0.00	
B4) Non-Institutions	0	0		0.00		0.00	
Key Managerial Personnel	2	89189	89189	0.19	89189	0.19	89189
Investor Education and Protection Fund (IEPF)	1	758701	758701	1.64	758701	1.64	758701
Resident Individuals holding nominal share	38093	8995913	8995913	19.39	8995913	19.39	8497617

capital up to Rs. 2 lakhs							
Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	21	2292815	2292815	4.94	2292815	4.94	2292815
Paramjit Mann	1	561294	561294	1.21	561294	1.21	561294
Non Resident Indians (NRIs)	910	701581	701581	1.51	701581	1.51	676381
Bodies Corporate	243	6703498	6703498	14.45	6703498	14.45	6696098
Kedia Securities Private Limited	1	525000	525000	1.13	525000	1.13	525000
Nirvana Holdings Private Limited	1	5145684	5145684	11.09	5145684	11.09	5145684
Any Other (specify)	681	436133	436133	0.94	436133	0.94	436133
Trusts	1	2	2	0.00	2	0.00	2
HUF	647	419181	419181	0.90	419181	0.90	419181
Clearing Members	33	16950	16950	0.04	16950	0.04	16950
Sub Total B4	39951	19977830	19977830	43.06	19977830	43.06	19446934
B=B1+B2+B3+B4	40001	28204556	28204556	60.79	28204556	60.79	27673660

7. Details of shareholders of our Company holding 1% or more of the paid-up capital of the issuer as last disclosed to the stock exchanges as on December 31, 2022:

Sl. No	Name of the Shareholder	No. of Equity Shares	%age Shareholding
1.	Nara Bhuvaneswari	1,06,61,652	22.98
2.	Nirvana Holdings Private Limited	51,45,684	11.09
3.	Nara Lokesh	47,32,800	10.20
4.	Megabid Finance and Investment Private Limited	24,47,600	5.28
5.	DSP Small Cap Fund	22,92,047	4.94
6.	Kotak Mahindra Trustee Co Ltd A/c Kotak Multicap Fund	14,44,745	3.11
7.	UTI-Value Opportunities Fund	12,00,000	2.59
8.	Kotak Small Cap Fund	7,71,567	1.66
9.	Investor Education and Protection Fund Authority	7,58,701	1.64
10.	Paramjit Mann	5,61,294	1.21
11.	Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Business Cycle Fund	5,50,000	1.19
12.	Kedia Securities Private Limited	5,25,000	1.13

8. Details of shares locked-in, pledged, encumbrance by promoters and promoter group

As on date of this Letter of Offer, none of the Equity Shares held by our Promoters or members of our Promoter Group are locked-in, pledged or otherwise encumbered.

9. Details of shares acquired by promoters and promoter group in the last one year immediately preceding the date of filing of the Letter of Offer:

No shares have been acquired/purchased by the Promoters and/or members of the Promoter Group in the last one year immediately preceding the date of this Letter of Offer.

10. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulation is ₹174.08 per equity share.

SECTION V – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

Our Company intends to utilize the proceeds raised through the Issue for financing the following objects:

1. Meeting Working Capital requirement of our Company;
2. General Corporate purposes; and
3. Issue related expenses.

The objects clause of our Memorandum of Association enables us to undertake (i) our existing activities; and (ii) the activities for which the funds are being raised through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

We intend to utilize the gross proceeds raised through the Issue (the “**Issue Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the above-mentioned Objects.

Details of Objects of the Issue

The details of the Issue Proceeds are set forth in the following table:

(₹ in lakhs)	
Particulars	Amount
Gross Proceeds from the Issue#	2319.90
Less: Estimated Issue related expenses	97.23
Net Proceeds from the Issue	2222.67

Assuming full subscription in the Issue and subject to allotment of the Rights Equity Shares

Requirement of Funds - the details of objects of the Issue are set forth in the following table:

(₹ in lakhs)	
Particulars	Amount
Working Capital requirement of our Company.	2222.67
Issue related expenses	97.23
Gross Proceeds from the Issue#	2319.90

Assuming full subscription in the Issue and subject to allotment of the Rights Equity Shares

Requirements of Funds

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance for the aforesaid object, excluding the amount to be raised from the Issue.

The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution or any other independent agencies.

Schedule of Implementation and Deployment of Funds

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscal 2022-23. If there is any utilized portion, the same will be put to use in Fiscal 2023-24.

The fund requirement stated above is based on management estimates and our current business plan. Given the dynamic nature of our business, our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment and interest rate fluctuations.

This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Consequently, the fund requirements of our Company and its deployment are subject to change and revision in the future at the discretion of our management.

In case the Net Proceeds are not fully utilised in the current financial year due to any reason, the same would be utilised (in part or full) in the next financial year as may be determined by our Company, in accordance with applicable law.

Details of the Objects of the Issue

1. Working Capital requirement of our Company

Our business is working capital intensive on account of both sourcing of our raw milk at the farming community level and also given the fact that sales of our produce is at the retail level; accordingly, our working capital requirement is substantial and a requirement in perpetuity with seasonal factors having a mild influence. We fund our working capital requirements in the ordinary course of our business from both internal accruals and through working capital limits from a consortium of banks, as may be deemed necessary from time to time. We operate in a highly competitive environment, both at the organized and the unorganized/local level, accompanied with dynamic marketing conditions prompting us to revise our estimates from time to time on account of external circumstances. Consequently, our fund requirements may also change. Since our Company operates in the retail sector, the receivables are at times seen in a very disproportionate way.

Our Company enjoys a fund-based limit (cash credit limit) of ₹12000 lakhs by way of consortium arrangement with 5 Banks; with Bank of Baroda being the Lead Bank. Our Company also enjoys a Non-Fund based limit of ₹1250 lakhs from 3 banks.

Working capital limits are secured by 1st *pari passu* charge on entire current assets of our Company and 2nd *pari passu* charge on all fixed assets of our Company (excluding project specific assets charged to Kotak Mahindra Bank and HDFC Bank).

The working capital needs are typically dependent on several factors including interim repayments and/or drawdown depending on the business cycle from time to time.

Our Company views a healthy performance indicative of a better outlook in the dairy and dairy-products industry. On account of increased production across our facilities, there will be a resultant increase in the working capital needs in our Company. Considering our previous experience in this matter, our Company, proposes to fund the same partially through issue of additional equity capital. Apart from this,

the funds raised through this approach will also be a way of rewarding our existing shareholders who have been a partner in the Company's growth over the years.

The details of Working Capital Requirement (on a standalone basis), is as under:

(₹ in Lakhs)

Particulars	Audited 2020-21	Audited 2021-22	Estimated 2022-23	Projected 2023-24
(A) Current Assets				
Inventories	18850.10	19574.10	21800.00	25866.00
Trade Receivables	1453.30	1798.40	4395.00	4000.00
Short-term loans and advances	366.40	235.60	259.00	286.00
Other current assets	3865.10	6241.00	16746.00	20057.00
Total Current Assets (A)	24534.90	27849.10	43344.00	50353.00
(B) Current Liabilities				
Trade Payables	3277.80	4820.40	7639.00	7149.00
Other current liabilities	16504.30	12521.26	12644.00	13420.00
Total Current Liabilities (B)	19782.10	17441.66	20283.00	20569.00
Working Capital Gap (WCL) (A) –(B)	4752.80	10407.44	23061.00	29784.00
To be financed by:				
Bank Working Capital Borrowings	46.90	-	12000.00	12000.00
Internal Accruals	4705.90	10407.04	8741.11	17784.00
Rights Issue/Offering	-	-	2319.90	-

i) Proposed Funding through Rights towards Working Capital

Projected Working Capital	: ₹23061 Lakhs
Current Working Capital Limits	: ₹12000 Lakhs
<u>Working Capital Gap</u>	<u>: ₹11061 Lakhs</u>
Total requirement of Working Capital	: ₹11061 Lakhs
Internal Accruals	: ₹8838.33 Lakhs
Rights Issue	: ₹2222.67 Lakhs

ii) The Working Capital proposed to be financed through this Rights Issue shall be ₹2319.90 lakhs. Our Company will have Internal Accruals surplus which will take care of possible contingencies or fluctuation in working capital requirement on account of possible impact to business on account of increasing prices of raw milk and skimmed milk powder. Internal accruals surplus is also maintained at all times to take care of any additional working capital margin money requirement and/or inorganic business growth needs emerging in the nature of acquisition of small businesses.

Basis of Estimation & Justification

The incremental working capital requirements and deployment are based on projected data, based on the experience of our management team and our internal management appraisal and estimation of the future requirements considering the growth in the activities of our Company. The projections are progressive and depend on various market, economic and geopolitical and global factors. Hence it may

vary substantially on either side, or any judgments or decision can be taken only after considering all these risk factors.

Particulars	No. of Months	
	Holding Level as of FY 2022-23 (Estimated)	Holding Level as of FY 2023-24 (Projected)
Inventory	1	1
Trade Receivables	0.13	0.13
Trade Payables	0.30	0.30

Justification for Estimation

Particulars	Details for FY 2023-24 (Projected)
Inventory	Inventory comprises of various components mainly Packed Milk and Milk products, work in process, raw materials, stores and spares, packing materials etc. The inventory holding level is very high due to seasonality factors in the dairy industry.
Trade Receivables	The holding period of Trade Receivables is reasonable. Our Company has a designated team of people to follow up with the customers to collect the dues on time. Our team is constantly in touch with the customers to reconcile and take back periodic confirmation of the outstanding dues. As such the retail sector is prone to higher level of receivables.
Trade Payables	The credit period of Trade Payables has been estimated to have a balanced approach to gain maximum discounts with better pay-out position. The future projections are maintained on competitive terms because of the prompt payments made by the organization to its suppliers in order to avail favourable credit terms and to ensure a continued relation with the suppliers.

2. Issue related expenses

The Issue related expenses include, among others, fees to the lead manager, legal counsel, registrar, SEBI (if applicable), stock exchanges, depositories, printing and distribution, advertisement and all other incidental and miscellaneous expenses. The breakup of the estimated Issue related expenses is as follows:

Particulars	Amount ^ (₹ in Lakhs)	As a percentage of total expenses*	As a percentage of Issue Size*
Fees of the Lead Manager, Bankers to the Issue, Registrar to the Issue, Legal Advisor, Auditor's fees, including out-of-pocket expenses etc.	54.07	55.61	2.33
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	12.05	12.39	0.52
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	31.11	32.00	1.34
Total	97.23	100.00	4.19

i. *Subject to finalization of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Equity Shares.*

The amount utilized till January 13, 2023 towards Issue expenditure is ₹22.50 lakhs (exclusive of GST/applicable taxes) as certified by the management.

^ Excluding taxes

** Assuming full subscription*

Strategic and/or Financial Partners

There are no strategic and/or financial partners to the Objects of this Issue.

Appraisal

None of the Objects of the Issue for which the Net Proceeds will be utilized have been appraised by any bank or financial institution.

Bridge Financing Facilities

Our Company has not availed any bridge loan from any bank or financial institution towards any of the stated Objects of the Issue as on the date of the Letter of Offer.

Interim use of funds

Our Company, in accordance with the policies formulated by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company may temporarily deposit the funds in one or more scheduled commercial banks (as included in the second schedule of Reserve Bank of India Act, 1934) as may be approved by our Board of Directors or in any such other manner as permitted under the SEBI ICDR Regulations. Our Company confirms that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not use the Net Proceeds for any investment in the equity markets.

Monitoring of Utilization of funds from the Issue

Since the proceeds from the Issue is for an amount not exceeding ₹10,000 lakhs, in terms of Regulation 82(1) of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of the Issue. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18 of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. The said disclosure

shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Regulation 18 of the SEBI Listing Regulations.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, members of our Promoter Group, our Directors, or Key Managerial Personnel of our Company, except in the usual course of business.

There are no material or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoters, our Directors, our Key Managerial Personnel and our Subsidiary and Joint Venture company.

Our Company does not require any material government and regulatory approvals in relation to the Objects of the Issue.

STATEMENT OF TAX BENEFITS

Report on the Statement of Possible Special Tax Benefits

To

The Board of Directors
Heritage Foods Limited
H. No. 8-2-293/82A/1286, Plot No. 1286
Road No. 1 & 65, Jubilee Hills
Hyderabad – 500033
Telangana, India.

Proposed Rights Issue of equity shares (“Rights Offer”) in India by Heritage Foods Limited (the “Issuer” / “Company”)

1. This report is issued in accordance with the terms of our engagement letter dated 29 November, 2022.
2. The accompanying Statement of Possible Special Tax Benefits available to the Company and its Shareholders (hereinafter referred to as the “Statement”) under the Income-tax Act, 1961 (read with Income-tax Rules 1962, circulars, notifications) as amended by the Finance Act, 2022 as amended by the Finance Act, 2022 applicable for the Financial Year 2022-23 relevant to the Assessment Year 2023-24 (hereinafter referred to as the “Income Tax Regulations”) has been prepared by the management of the Company in connection with the Rights Offer.

Management’s Responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the Draft Letter of Offer / Letter of Offer (“Offer Document”) is the responsibility of the management of the Company and has been approved by the Rights Issue Committee of the Board of Directors of the Company at its meeting held on 27 December 2022 for the purpose set out in paragraph 10 below. The management’s responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Auditor’s Responsibility

4. Our work has been carried out in accordance with Standards on Auditing, the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ (the Guidance Note) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the ‘ICAI’).
5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the ‘ICDR Regulations’) and the Companies Act 2013, as amended (‘Cos Act’), it is our responsibility to report whether the Statement prepared by the

Company, presents, in all material respects, the possible special tax benefits available as of the date of our report to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations as at the date of our report.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements issued by the ICAI.
7. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the Rights Offer.

Inherent Limitations

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the Statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

Further, we give no assurance that the Revenue Authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Opinion

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special tax benefits available as of the date of our report to the Company and its shareholders in accordance with the Income Tax Regulations, as at the date of our report.

Considering the matter referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:

- (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or
- (ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

Restriction on Use

10. This report is addressed to and is provided to enable the Board of directors of the Company to include this report in the Offer Document, to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

Amit Kumar

Partner

Membership No.: 060995

UDIN: 22060995BGECUM4672

Date: 27 December, 2022

Place: Hyderabad.

Encl. Annexure

Statement Of Possible Special Tax Benefits available to Heritage Foods Limited ('The Company') and its Shareholders under the applicable tax laws in India – The Income-tax Act, 1961 (the "Act")

Outlined below are the possible special tax benefits available to the Company and its Shareholders under the Income-tax Act, 1961 as amended by the Finance Act, 2022 (herein after referred to as 'the Act') read along with applicable Income-tax Rules and Circulars and Notifications issued thereunder (hereafter referred to as 'Indian Income Tax Regulations') (collectively referred as "Income Tax Laws"). These possible special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant Income Tax Laws.

A. Possible Special tax benefits available to the Company

1. Lower corporate tax rates on income of domestic companies – Section 115BAA of the Act

As per section 115BAA of the Act, the Company has an option to pay income tax in respect of its total income at a concessional tax rate of 25.17% (including applicable surcharge and cess) subject to satisfaction of certain conditions with effect from Financial Year 2019-20 (i.e., Assessment Year 2020-21). Such option once exercised shall apply to subsequent assessment years.

In such a case, the Company will not be allowed to claim any of the following deductions/exemptions under the Act:

- i. Deduction under the provisions of Section 10AA of the Act (deduction for units in Special Economic Zone);
- ii. Deduction under clause (iia) of sub-section (1) of Section 32 of the Act (Additional depreciation);
- iii. Deduction under Section 32AD, Section 33AB or Section 33ABA of the Act (Investment allowance in backward areas, Investment deposit account, site restoration fund);
- iv. Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or subsection (2AB) of Section 35 of the Act (Expenditure on scientific research);
- v. Deduction under Section 35AD or Section 35CCC of the Act (Deduction for specified business, agricultural extension project);
- vi. Deduction under Section 35CCD of the Act (Expenditure on skill development);
- vii. Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or Section 80M of the Act;
- viii. Deduction under Section 80LA of the Act other than deduction applicable to a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA of the Act;
- ix. No set off of any loss carried forward or depreciation from any earlier assessment year(s), if such loss or depreciation is attributable to any of the deductions referred from clause (i) to (viii) above; and
- x. No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A of the Act, if such loss or depreciation is attributable to any of the deductions referred from clause (i) to (viii) above.

Further, it was clarified by CBDT vide Circular No. 29/ 2019 dated 2 October 2019 if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Additionally, such Company will not be entitled to claim tax credit relating to MAT.

In this regard, from Assessment Year 2020-21 relevant to Financial Year 2019-20 onwards the Company has opted to be covered under the provisions of Section 115BAA of the Act and would be eligible for a reduced tax rate of 22% (effective rate of 25.17% along with Surcharge and Health and Education Cess) subject to fulfilment of above conditions.

2. Deductions in respect of employment of new employees – Section 80JJAA of the Act

As per section 80JJAA, where a company is subject to tax audit under section 44AB of the Act and derives income from business, it shall be allowed deduction of an amount equal to 30% of additional employee cost incurred in the course of business in a previous year, for 3 consecutive years including the year in which such additional employee cost is incurred.

Additional employee cost means the total emoluments paid or payable to additional employees employed in the previous year through an account payee cheque or account payee bank draft or by use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed. These employees should have total salary not more than ₹ 25,000/- per month and should also be a member of a recognised provident fund. In addition, company availing the deduction is required to submit the prescribed form with the Income-tax authorities within the specified due date.

The Company is claiming deduction in respect of employment of new employees under section 80JJAA of the Act.

3. Deduction in respect of inter-corporate dividends – Section 80M of the Act

The Dividend Distribution Tax ('DDT') applicable on companies on declaration of dividend has been deleted by the Finance Act, 2020 with effect from 1st April 2020. Dividend income shall be taxable in the hands of shareholders with effect from AY 2021-22.

The Finance Act, 2020 has inserted section 80M effective from 1st April 2020 to eliminate the cascading tax effect in case of inter-corporate dividends by providing a deduction in respect of dividends received by a domestic company, to the extent such dividend is distributed by it on or before the due date. In this case, due date means one month prior to the date for furnishing the return of income under sub-section (1) of Section 139 of the Act.

The Company holds shares in other companies and should be eligible to claim this deduction in respect of dividends received from such other companies and further distributed to its shareholders subject to fulfillment of stipulated conditions.

4. Deductions in respect expenditure incurred on the expansion of business

In accordance with and subject to fulfilment of conditions as laid out under Section 35D of the Act, the Company may be entitled to amortize preliminary expenditure, being specific

expenditure incurred in connection with the issue for public subscription or such other expenditure as prescribed under Section 35D of the Act, subject to the limit specified in section 35D (viz. maximum 5% of the cost of project or where the assessee is the Indian Company, 5% of the capital employed in the business of the company at the option of such company). The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive previous years beginning with the previous year in which the business commences or as the case may be, the previous year in which the extension of the undertaking is completed or the new unit commences production or operation.

B. Possible Special direct tax benefits available to the Shareholders of the Company

1. Taxation of dividend

Dividend income earned by the shareholders would be taxable in their hands at the applicable tax rates, surcharge and cess.

Further, in case of domestic corporate shareholder, deduction under Section 80M of the Act would be available on fulfilling the conditions (as discussed above).

The shareholders would be entitled to take credit of the any Tax Deducted at Source on Dividend, by the Company.

2. Taxation of Capital Gains

As per Section 112A of the Act, long-term capital gains arising from the transfer of an equity share on which securities transaction tax ("STT") is paid at the time of acquisition and sale, shall be taxed at the rate of 10% (without indexation) (plus applicable surcharge and health and education cess) of such capital gains exceeding INR 1,00,000/- in a year.

As per Section 111A of the Act, short-term capital gains arising from the transfer of an equity share on which STT has been paid at the time of sale shall be taxed at the rate of 15% (plus applicable Surcharge and health and education cess).

3. Taxation in case of non-resident shareholders

As per Section 90(2) of the Act, non-resident shareholders will be entitled to be governed by the beneficial provisions under the respective Double Taxation Avoidance Agreement ("DTAA"), if any, applicable to such non-residents. This is subject to fulfilment of conditions prescribed to avail treaty benefits.

Further, any income by way of capital gains/dividends accruing to non-residents may be subject to withholding tax per the provisions of the Act or under the relevant DTAA, whichever is beneficial. However, where such non-resident has obtained a lower withholding tax certificate from the tax authorities, the withholding tax rate would be as per the said certificate. The non-resident shareholders may be able to avail credit for any taxes paid by them in India, subject to local laws of the country in which such shareholder is resident.

4. Capping on surcharge rate:

In case of the shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge on dividend and capital gains would be restricted to 15%, irrespective of the amount of dividend and capital gain.

Notes:

1. These possible special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.
2. The possible special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the Rights Offer.
3. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India
4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:
 - i. the Company or its shareholders will continue to obtain these benefits in future;
 - ii. the conditions prescribed for availing the benefits have been/ would be met with; and
 - iii. the revenue authorities/courts will concur with the view expressed herein.
5. This Statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
6. In respect of non-resident shareholders, the tax rates and consequent taxation will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement(s), if any, between India and the country in which the non-resident has fiscal domicile.

No assurance is provided that the revenue authorities/ courts will concur with the views expressed herein. The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

For and on behalf of Heritage Foods Limited.

N Bhuvaneswari

Vice Chairperson and Managing Director

DIN: 00003741

Place: Hyderabad

Date: 27 December 2022

Statement of Special Indirect Tax Benefits

To
The Board of Directors
Heritage Foods Limited
H. No. 8-2-293/82A/1286, Plot No. 1286
Road No. 1 & 65, Jubilee Hills
Hyderabad – 500033
Telangana, India

Proposed Rights Issue of equity shares of Heritage Foods Limited (the ‘Issuer’/ ‘Company’).

1. This report is issued in accordance with the terms of our engagement letter dated 29 November, 2022.
2. The accompanying Statement of Possible Special Indirect Tax Benefits available to the Company and its shareholders (hereinafter referred to as the ‘Statement’) under the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975, as amended, including the relevant rules, notifications and circulars issued there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20) (collectively referred as ‘Indirect Tax Regulations’) has been prepared by the management of the Company for inclusion in the Draft Letter of Offer / Letter of Offer (“**Offer Document**”) in connection with the proposed rights issue of equity shares (“Proposed Issue”) by the Company, which we have initialed for identification purposes.

Management’s Responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the Offer Document is the responsibility of the management of the Company and has been approved by the Board of Directors of the Company at its meeting held on 27 December, 2022 for the purpose set out in paragraph 10 below. The management’s responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Auditor’s Responsibility

4. Our work has been carried out in accordance with the Standards on Auditing, the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ (the ‘Guidance Note’) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the ‘ICAI’).
5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the ‘SEBI ICDR Regulations’) and the Companies Act, 2013 (the “Act”), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special indirect tax benefits available as of XX

September 2022 to the Company and the shareholders of the Company, in accordance with the Indirect Tax Regulations as at the date of our report.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by the ICAI.
7. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI ICDR Regulations in connection with the Proposed Issue.

Inherent Limitations

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive. Further, any benefits available under any other laws within or outside India have not been examined and covered by this statement.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

Further, we give no assurance that the Revenue Authorities / Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Opinion

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special indirect tax benefits available as of the date, to the Company and its shareholders, in accordance with the Indirect Tax Regulations as at the date of our report.

Considering the matter referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:

- (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or
- (ii) The conditions prescribed for availing the benefits per the Statement have been / would be met with.

Restriction on Use

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Offer Document, prepared in connection with the Proposed Issue to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

Amit Kumar

Partner

Membership No.:060995

UDIN: 22060995BGECZE3470

Place: Hyderabad

Date: 27 December 2022

Statement of Possible Special Indirect Tax Benefits available to Heritage Foods Limited and its Shareholders.

The benefits available to Heritage Foods Limited (the 'Company') and the shareholders of the Company under the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975, as amended, including the relevant rules, notifications and circulars issued there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20) (collectively referred as 'Indirect Tax Regulations') are as under:

1. Benefits under the Central Goods and Services Act, 2017, respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant Rules prescribed thereunder)

The Company operates through its two divisions Dairy and Renewable Energy. Further, as the Company is engaged as trader of taxable goods and does not engage in import or export of any goods or services, none of the special indirect tax benefits are available to the Company under the Indirect Tax Regulations in India.

2. Special Indirect Tax Benefits for shareholders of Heritage Foods Limited

The shareholders of the Company are not eligible to special indirect tax benefits under the Indirect Tax Regulations.

Notes:

1. The statement is not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.
2. The Statement has been prepared on the basis that the equity shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing equity shares.
3. The Statement is prepared based on information available with the Management of the Company.
4. The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

For and on behalf of the Board of Directors of
Heritage Foods Limited

N Bhuvaneswari
Managing Director
DIN: 00003741

Place: Hyderabad
Date: 27 December, 2022

KEY INDUSTRY REGULATIONS

There are no industry regulations applicable specific to the activities for which the funds are being raised by our Company in this Issue, other than those currently applicable to the business of our Company.

SECTION VI – ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

Unless specifically mentioned otherwise, information in this section has largely been obtained or extracted from “Dairy Industry in India 2022 Edition” report prepared and issued by International Market Analysis Research and Consulting Services Private Limited (hereinafter referred as ‘IMARC Report/Report’) subscribed by our Company. Neither we nor any other person connected with the Offer have independently verified this information. The data may have been re-classified or rephrased by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts, and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. Unless noted otherwise, the information in this section is obtained or extracted from IMARC Report on our request.

Industry Scenario

Global Dairy Industry

- In 2021, the global production of milk and milk products reached a volume of 882.2 Million Tons, growing at a CAGR of 0.8% during 2014-2021. Overall, during 2022-2027, it is expected that the total production of milk and milk products will grow at a CAGR of 3.03% reaching a volume of 1,037.4 MillionTons by 2026.
- In 2019, India represented the largest dairy producing region accounting for 22% of the total global production of milk and milk products. India was followed by the European Union (20.03%), the United States of America (11.51%), China (7.09%) and Pakistan (5.36%).
- China represented the world’s biggest importer of milk and milk products accounting for 19.2% of the total global imports in 2019. China was followed by Mexico (5.7%), Algeria (5.5%), Russian Federation (4.8%), Saudi Arabia(4.4%) and Indonesia (3.8%).
- Globally cow milk represents the preferred milk type across the world. Cow accounted for 81.5% of the total milk production in 2019 and represented the most popular source of milk in the European Union, the United States of America, China, Australia and New Zealand. Cow milk was followed by buffalo milk which accounted for 14.7% of the total milk produced in the world.

Current, Historical and Future Trends of Milk and Milk Products Production

The dairy industry is one of the largest and most dynamic global agricultural industries. Dairy farming is an agricultural activity that refers to the production of milk from farm-animals. The dairy industry encompasses businesses from the farm gate through to food manufacturing. And dairy products include any food product originally derived from animal milk. Dairy production occurs throughout the world

with varying degrees of sophistication, ranging from peasant subsistence production through to commercially astute, automated and integrated corporations.

In 2021, the global production of milk and milk products reached a volume of 882.2 Million Tons growing at a CAGR of 0.8% during 2014-2021. The global demand of milk continues to grow driven by several factors. In particular, population growth, rising incomes, urbanization and westernization of diets, in developing countries such as China and India, are leading to increased demand.

Looking forward, the Report expects the global demand of milk and milk products will exhibit steady growth during the next five years. Milk supply, however, in China and India, as well as countries within South East Asia and Africa, is not expected to keep pace with this growth. As such, these markets are becoming increasingly important for global dairy companies, who are helping to meet the demand with dairy ingredients, as well as locally produced consumer products. In developed countries, where consumption is already high, there is a more consistent outlook, with demand expected to remain stable. Overall, during 2022-2027 the Report expects the total production of milk and milk products to grow at a CAGR of 3.0% reaching a volume of 1,037.4 Million Tons by 2027

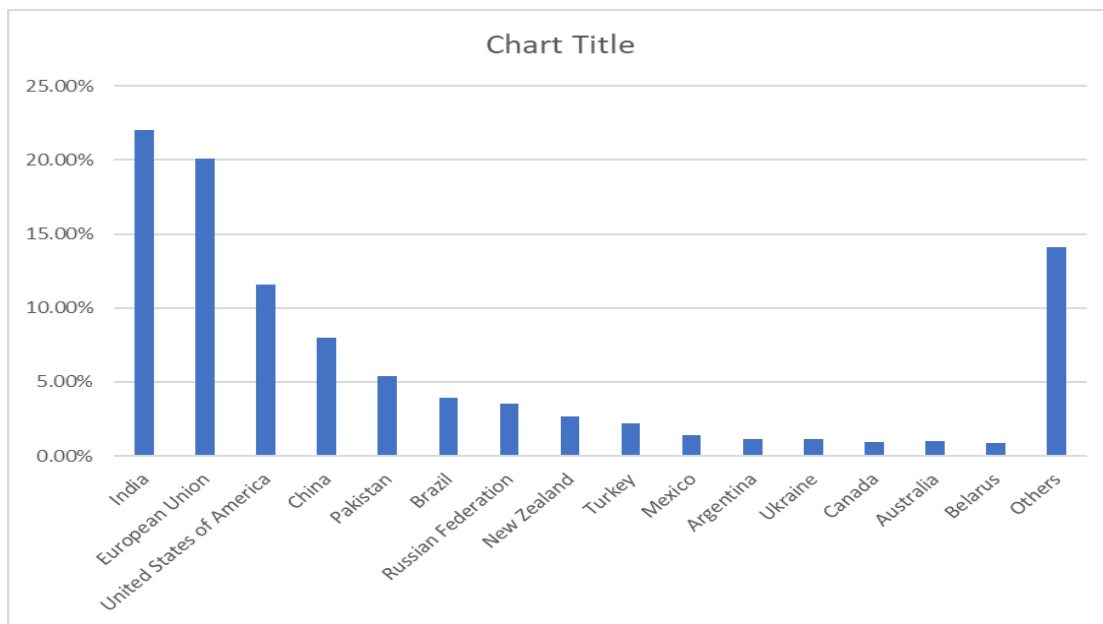
Global Milk and Milk Products: Production Volume Forecast (in Million Tones) 2022-27

Year	Million Tons
2022	893.6
2023	906.1
2024	919.8
2025	956.8
2026	998.5
2027	1037.4

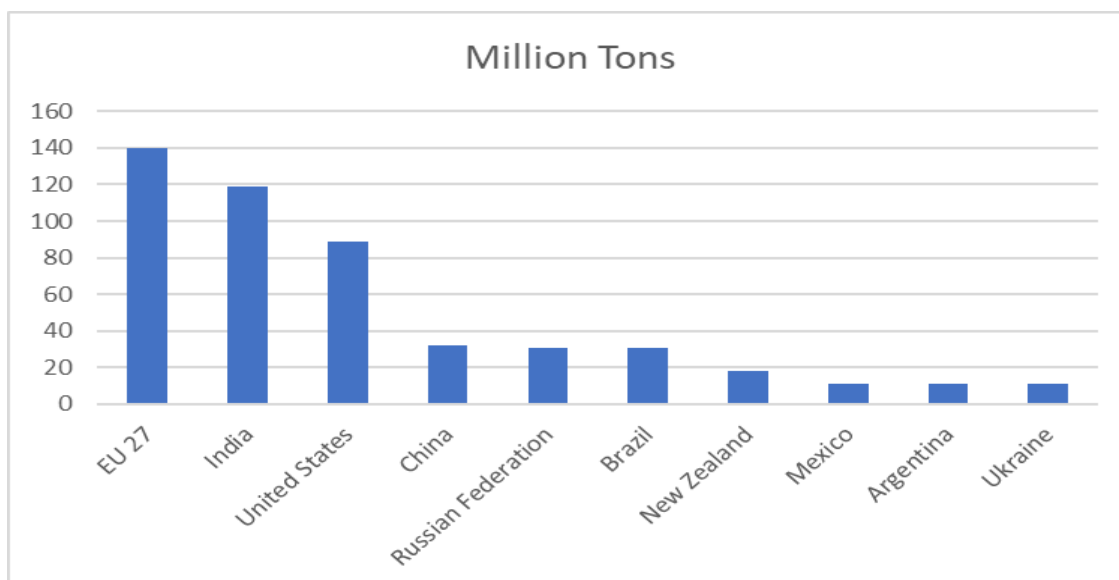
Milk and Milk Products: Production by Country

In 2019, India represented the largest dairy producing region accounting for 22.00% of the total global production of milk and milk products. India was followed by the European Union (20.03%), the United States of America (11.51%), China (7.09%) and Pakistan (5.36%). Among all the major milk producing countries, India currently represents the fastest growing market and we expect it to remain the world's biggest producer of milk and milk products in the next few years.

Global: Milk and Milk Products: Production: Breakup by Country (in %), 2019



Global: Milk Consumption: Major Regions (in Million Metric Tons)



Indian Dairy Industry: Market Drivers

- **A strong historic and forecasted economic growth** – This is increasing the disposable incomes and driving the demand of dairy products.
- **Rising middle class and urban population** – This is driving the demand of organized dairy products.
- **Large working population** – This is driving disposable incomes, increasing the consumption of

ready-to-eat/drink dairy products and driving consumers to eat out or order takeaway foods.

- **Changing dietary patterns** – Indians are now consuming lesser amounts of cereals and increasing their consumption of milk and milk products.
- **Large vegetarians' population** – This population depends upon milk as a key source of proteins.

Indian Dairy Industry: Milk Production and Consumption Trends

- In 2020-21, the total milk production and consumption in India reached a volume of 209.3 Million Tons and 204.0 Million Tons respectively. By 2026- 27, the Report expects production and consumption levels to reach a volume of 273.7 Million Tons and 272.6 Million Tons respectively.
- Uttar Pradesh represented the country's biggest milk producer accounting for around 16.1% of the total milk production in 2019-20. Uttar Pradesh was followed by Rajasthan (12.1%), Madhya Pradesh (8.6%), Andhra Pradesh (7.8%) and Gujarat (7.7%).

Indian Dairy Industry – Demand Drivers

i. Strong Historical and Projected GDP Growth Rates

Since its liberalization during the 90's, India represents one of the world's fastest growing economies. However, in 2021, the Indian economy reached values over US\$ 2.6 Trillion, a decline of US\$ 0.3 Trillion, from US\$ 2.9 Trillion in 2019. In the near future, the country's economic outlook is also expected to remain healthy with a projected CAGR of 8.3% during 2021 – 2026. Driven by the sustained growth of the Indian economy, lifestyles and eating habits of Indian consumers are also expected to increase. This is expected to drive the consumption of dairy products in the country.

ii. Rising Middle Class and Urban Population

Driven by a strong economic growth in the last couple of years, the incomes of Indian households have also increased significantly in the past few decades. There is significant income inequality within the country, as it is simultaneously home to some of the world's richest people. From around 8 million middle class households in 1985, the number of middle-class households reached 255 million in 2015 and further reached to 386 million in 2020. We expect these figures to reach 586 million by 2025. As the demand for dairy products is income elastic, a continuous increase in disposable incomes is creating a positive impact on the growth of the dairy Industry.

The consumption of dairy products, in particular the organized sector is also dependent upon the level of urbanization. With increasing urbanization levels and busy lifestyles, consumers tend to prefer clean, hygienic, and ready to eat products which can be consumed on-the-go. India's urbanization levels have increased significantly over the past few decades which are acting as a catalyst for the growth of the organized dairy market.

iii. Large and Increasing Working Population

Another driver of the organized dairy industry in India is an increasing working population (age 15-64) in the country. This is expected to drive disposable incomes, increase the consumption of ready-

to-eat/drink dairy products and drive consumers to eat out or order takeaway foods. From 758 Million in 2010, the total size of the working population reached 826 Million in 2015. The Report expects India's working population to reach 988 Million by 2030.

iv. *Changing Dietary Patterns*

India is ranked as the world's largest milk producer and has around 70 Mn small scale producers. According to National Accounts Statistics 2019, the consumption expenditure of milk & milk products increased from INR 4,15,617 Crores in 2013-14 to INR 5,37,531 crore in 2017-18. Corresponding to this, milk production in the country also increased from 146.3 Million Tons in 2014-15 to 198.4 Million tons in 2019-20. On the micro-level, the per capita availability of milk also increased from 307 gm per day in 2013-14 to 394 gm per day in 2018-19 and 406 grams per person per day in 2019-2020. In the 2018-2019 year, the milk prices also saw an increase by about INR 2-3 per litre. Milk being a necessity good in the country, is less price elastic, thereby demand being unaffected. India's large vegetarian population also depends on milk & dairy products as their primary source of protein.

The increasing income has also resulted in consumers moving away from inferior cereals such as jowar and bajra to superior grains such as wheat and rice and more recently from cereals to high-value food products such as milk, egg, meat, and fruits and vegetables – a natural corollary to the negative income elasticity for cereals in India and positive income elasticity for high-quality food.

Other factors contributing to the change in the consumption pattern is the increasing urbanization. During the most recent decade, globalization has also played an important role in transforming food consumption patterns of Indian households.

As per data stated by National Dairy Development Board (NDDB), the per capita per day consumption of milk and milk products in India's rural and urban areas was 280.5 ml and 402.3 ml, respectively, in 2019. According to NDDB, the per capita per day consumption of milk and milk products in rural and urban area of India is expected to reach 404 ml and 592 ml respectively, by 2030.

Dairy products such as milk, ghee, curd, paneer, cheese, khoya are extensively used in India to make sweets, meals, beverages etc. Whether it's the morning tea, breakfast, lunch or dinner— dairy products form an integral part of the Indian diet. Dairy products are not only used in traditional Indian recipes but are now also being introduced in western recipes in order to customize them as per Indian tastes. For instance, paneer, a dairy product consumed quite popularly in India is being introduced in western foods such as Pizza's, Burgers, etc.

v. *Milk is Considered a Perfect Health food in India*

With a large vegetarian population, milk has traditionally been considered an important health food and a good source of proteins, fats, carbohydrates, minerals, and vitamins. Milk has been associated with good health and wellness and, as a result, has driven the country to become the world's largest consumer of milk.

vi. **Increasing Demand for Value Added Products**

India has emerged as the largest producer of milk in the world. Milk is considered as nature's most perfect food but the basic limitation of milk is its perishable nature. Due to this it is essential that milk should be divested for the production of various value-added products. Value added products generate high profits and the demand of milk sweets also influenced by the nutritional and social values attached to each of them.

Half of the milk produced in India is use as fluid milk and the rest is converted into various value-added products. Conversion of milk into milk products in and around milk production area is least expensive infrastructure and equipment and low operating and overhead cost. The value-added market has taken the dairy industry by storm. Milk products offer several technological & social benefits, generate employment, increases income, and improve the dietary status of the masses. Further, as the spending capacity of Indians is increasing, so is their willingness to buy healthier, superfoods which is also called as value-added products. Value-added products in the dairy industry are products like cheese, paneer, ghee, yoghurt, probiotic drinks etc. These are products which have been created by alteration, enhancement via additives, segregation etc. of liquid milk. Adaptation of various methods to create a more profitable product out of milk has allowed dairies and FMCG companies to make good revenue out of a mostly loss-making SKU, liquid milk.

- **Changing Market Preferences:**

With rapid industrialization, urbanization, increase in disposable income, nuclear family, education and awareness, the market for value added products has seen an increasing trend. These market forces have led to greater opportunities for product differentiation and added value to raw commodities thus ensuring increasing profitability and viability of industry in addition to catering increased consumer demands regarding health, nutrition, and convenience. Rise in disposable income and educational level, the awareness for nutrition and health improves which in turn raises the demand for health and nutritional products.

- **Increasing Adoption of Automation Process:**

Continuous efforts in the direction of process automation for the production of dairy byproducts, such as whey powders, whey protein concentrate, low lactose powder, casein, caseinates, co-precipitates, etc., have also been made by the Indian and western dairy industries for the efficient and valuable production. Owing to the higher milk production consumption of milk and milk products in the world including India increased continuously. Further, this increase in consumption of dairy products especially, cheese and butter results in the production of whey and buttermilk in higher proportion. There are continuing efforts to evolve techniques and technologies that are consumer and nature friendly, low cost, of improved productivity, energy economic and capable of producing nature resembling products with undoubted safety features. By the application of some of these technologies to improve the production and shelf life of food products it is possible to achieve better penetration of distant market in not only the country but even for export.

- **Time Factor:**

Families now a days have very different dynamics than 5-10 years ago. People today have very little time in their lives for activities like setting curd at home, make ghee or homemade butter. People are getting busier as lives are getting faster. Simple items like curd, butter, lassi which was being made at home are now purchased from the nearby shops to save time and effort.

- **Healthier Lifestyle:**

Indian consumers are increasingly getting health conscious and that is where the value-added dairy products industry is seeing a marginal growth. Changes in the consumer mindset has led to various changes in the dietary food patterns. Lifestyle alterations has led to an increase in the demand for value-added dairy products as compared to just the base product, liquid milk. Further, experts' recommendation for Pro-Biotic drinks to consumers with digestive issue, made a lot of impact on the consumers' purchase patterns and to the overall industry.

- **Strategic pricing and easy availability of the primary products:**

India is one of the largest producers of milk in the world and has proved to work in favour of the Dairy Industry. Giant dairy organizations have set up across.

Structure of the Indian Dairy Industry

The dairy market can be classified in organised and unorganised segments.

I. Unorganised Dairy Market in India:

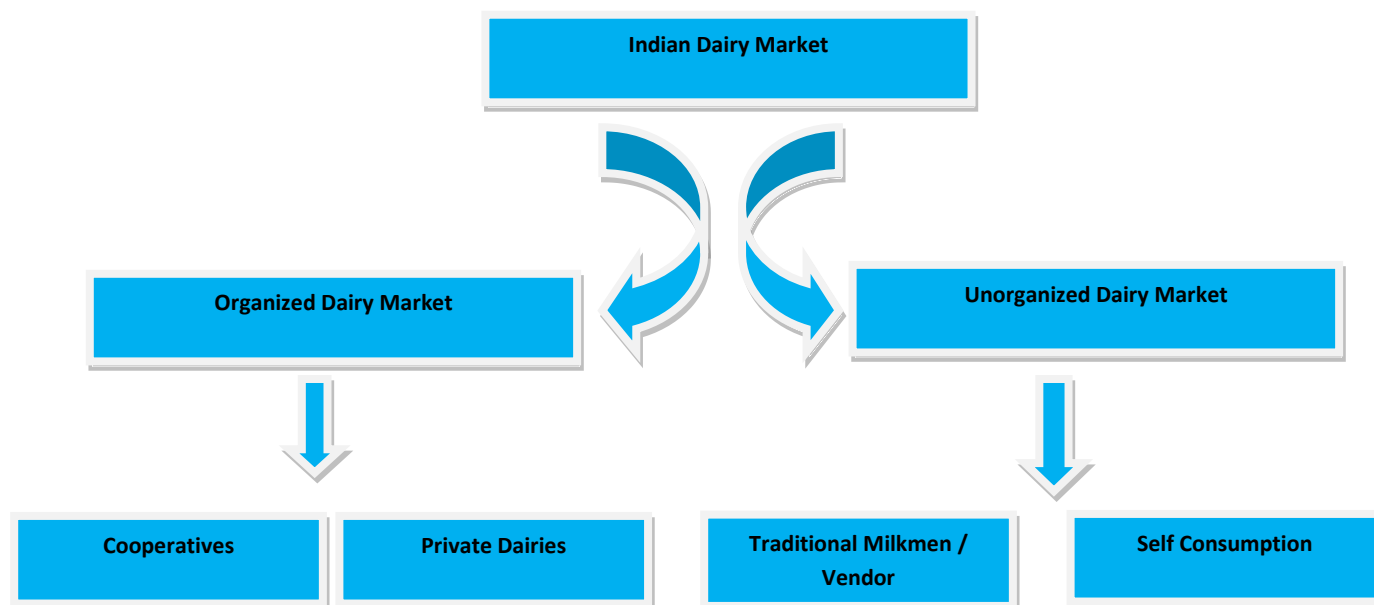
- The unorganised dairy market in India has been defined to be consisting of milk sold by traditional milkmen (popularly known as *dudhias*), vendors and self-consumption at home.
- Traditional milkmen collect milk individually from farmers and sell it to the consumers. The milk sold by these traditional milkmen is raw or unprocessed.
- Out of the total milk produced in India, around 46% is utilised for self-consumption.
- The Indian dairy market has been historically dominated by unorganised sector. This trend, however, has been changing in recent years with many cooperatives and private dairies entering into the Indian dairy space.

II. Organised Dairy Market in India:

- The organised dairy market in India consists of the cooperatives and private dairies.
- Unlike the unorganised sector, the cooperatives and private dairies have a well-ordered channel of milk procurement and distribution. Milk is sourced from farmers through their collection centre at the village level. After the milk has been collected; it is processed, packed and then finally distributed. Cooperatives and private dairies sell their products to the customer through agents and retailers.

Of the total marketable milk, around 30% is processed by the organized sector. Three decades back, the cooperatives accounted for most of the milk processed by the organized market. Today, however, contrary to general perception – private dairies account for majority of the total milk processed in the country.

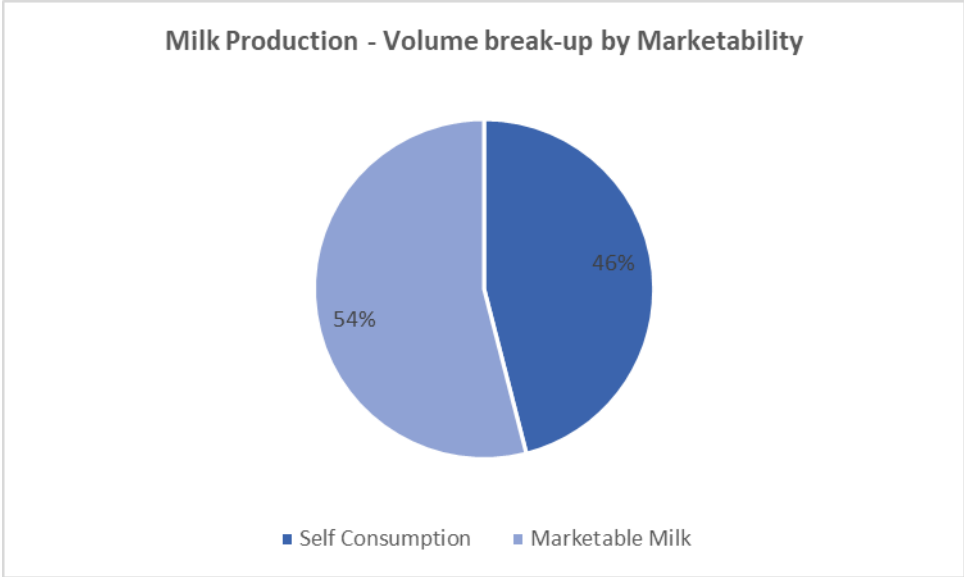
India: Dairy Market Structure



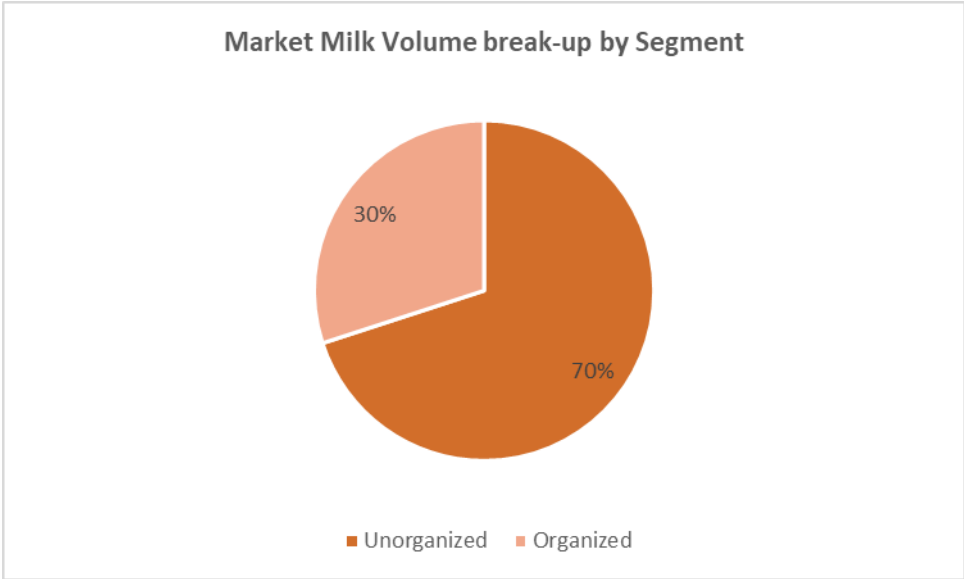
India: Milk Utilization Patterns

i. Milk Production: Volume break-up by Marketability

Self Consumption	:	46%
Marketable Milk	:	54%

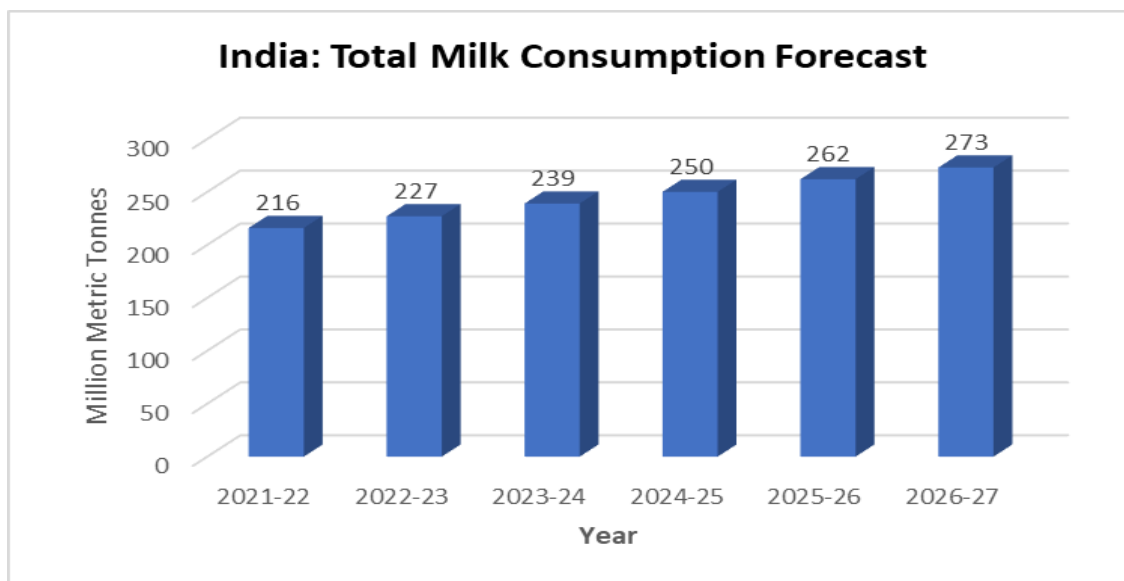
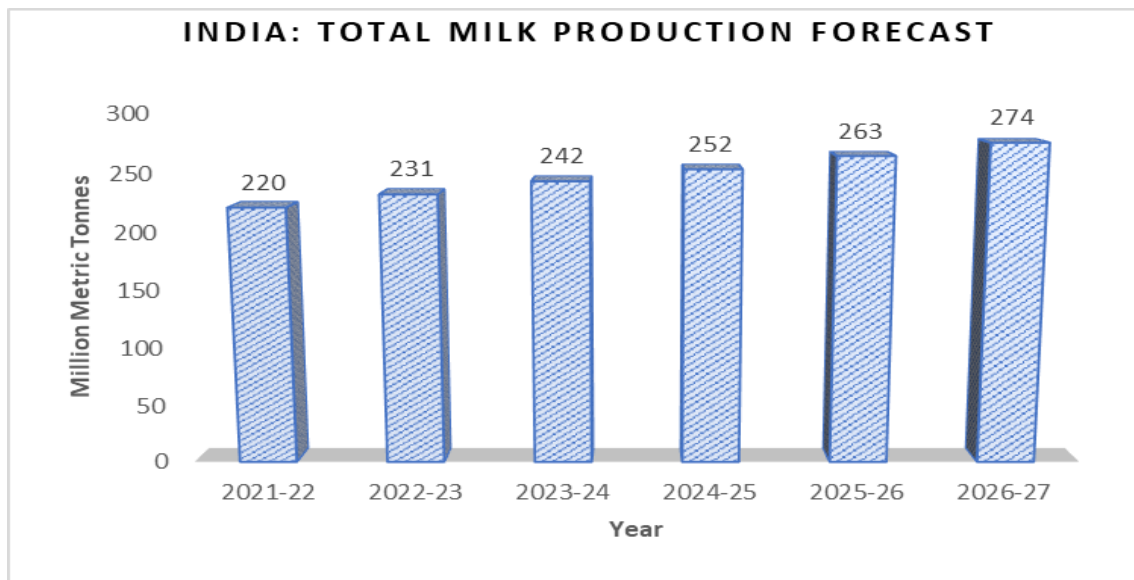


ii. Market Milk Volume break-up by Segment



iii. **Milk Production and Consumption Forecast – 2021-22 to 2026-27**

Looking forward, we expect the total production and consumption of milk in India to reach a volume of 274 Million Tons and 273 Million Tons by 2026-27 respectively.



India: Dairy Industry: Market Summary

Category	2021 Sales (in Million INR)	2021 Sales of the organized Sector (in Million INR)	2021 Share of the organized Sector	2027 Sales (in Million INR)	2027 Sales of the organized Sector (in Million INR)	2027 Share of the organized Sector	Total Market CAGR 2021-2027	Organized Market CAGR 2021-2027
Liquid Milk	6,484,949	2,775,203	42.79%	16,470,301	9,170,537	55.68%	16.81%	22.04%
UHT Milk	56,138	56,138	100.00%	162,573	162,573	100.00%	19.39%	19.39%
Flavoured Milk	33,169	33,169	100.00%	127,679	127,679	100.00%	25.19%	25.19%
Curd	1,184,342	101,410	8.56%	2,782,910	292,107	10.50%	15.30%	19.28%
Flavoured & Frozen Yoghurt	7,749	7,749	100.00%	25,458	25,458	100.00%	21.92%	21.92%
Lassi*	32,690	32,690	100.00%	100,963	100,963	100.00%	20.68%	20.68%
Buttermilk*	108,585	108,585	100.00%	364,705	364,705	100.00%	22.38%	22.38%
Probiotic Dairy Products	2,600	2,600	100.00%	7,838	7,838	100.00%	20.19%	20.19%
Cheese	56,662	56,662	100.00%	211,476	211,476	100.00%	24.55%	24.55%
Table Butter	54,140	54,140	100.00%	157,714	157,714	100.00%	19.51%	19.51%
Ghee	2,624,496	499,555	19.03%	4,812,805	1,140,248	23.69%	10.63%	14.75%
Paneer	420,576	15,673	3.73%	1,023,397	70,747	6.91%	15.98%	28.56%
Dairy Whiteners	48,854	48,854	100.00%	92,605	92,605	100.00%	11.25%	11.25%
Skimmed Milk Powder	118,845	118,845	100.00%	237,292	237,292	100.00%	12.21%	12.21%
Cream*	6,240	6,240	100.00%	14,113	14,113	100.00%	14.57%	14.57%
Whey	6,359	6,359	100.00%	21,210	21,210	100.00%	22.23%	22.23%
Ice Cream	165,196	111,481	67.48%	437,332	341,056	77.99%	17.62%	20.49%
Dairy Sweets	613,930	244,113	39.76%	1,613,640	710,733	44.05%	17.48%	19.50%
Khoya	778,153	778,153	NA	1,605,610	1,605,610	NA	12.83%	NA
Sweet Condensed Milk	32,060	32,060	100.00%	93,720	93,720	100.00%	19.58%	19.58%
Organic Milk	6,082	6,082	100.00%	29,360	29,360	100.00%	30.00%	30.00%
Milkshake	4,266	4,266	100.00%	13,917	13,917	100.00%	21.79%	21.79%
A2 Milk	7,923	7,923	100.00%	32,970	32,970	100.00%	26.83%	26.83%
Total	12,854,000	4,329,795	33.68%	30,439,586	13,419,020	44.08%	15.45%	20.75%

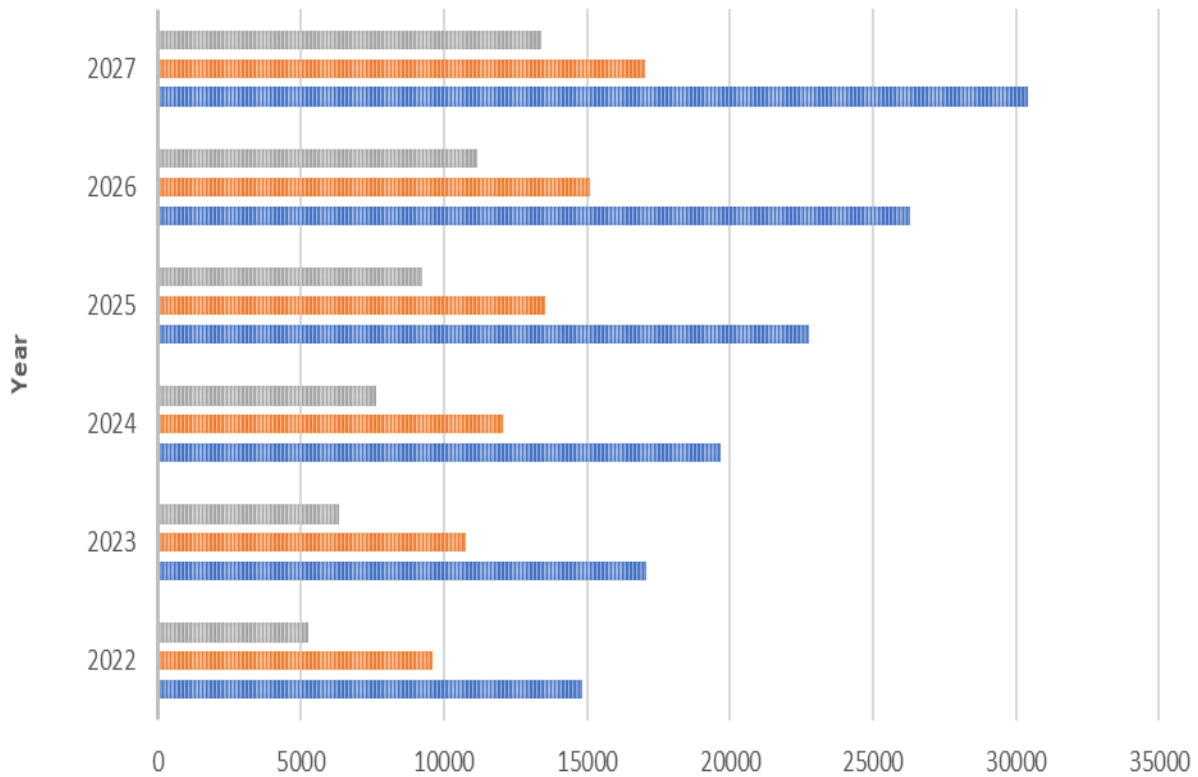
Source: IMARC Group

Note*: Unorganised shares of Lassi, Buttermilk and Cream were unavailable.

Market Forecast

Looking forward, we expect the Indian dairy market to maintain a CAGR of 15.4% during 2022-2027 reaching values of INR 30,439.6 Billion by 2027. The unorganized market on the other hand reaching a value of INR 17,020.6 Billion (US\$ 221.0 Billion) is expected to grow at a CAGR of 12.2% during the same period. The organized market is expected to grow at a CAGR of 20.6% during 2022 – 2027 and reach a value of INR 13,419.0 Billion (US\$ 174.3 Billion), accounting for around 44.1% of the total market by the end of the forecast period.

INDIA: DAIRY MARKET FORECAST



	2022	2023	2024	2025	2026	2027
Organized	5253.4	6345.3	7628.6	9226.6	11162.6	13419
Unorganized	9583.4	10751.1	12061.4	13538.1	15119.6	17020.6
Total	14836.8	17096.4	19690.1	22764.7	26282.2	30439.6

Billion Rs.

BUSINESS OVERVIEW

Some of the information in this chapter, including information with respect to our plans and strategies, may contain certain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” on page 32, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 143 and 210, respectively, for a discussion of certain factors that may affect our business, financial condition, or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this chapter is derived from our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results.

Overview

Our Company was established in 1992 as a public limited company; obtained the certificate of incorporation on June 5, 1992 and obtained the certificate of commencement of business on July 5, 1992.

We have been maintaining close relationships with the farming community and stayed closer to the milk production centres in order to enable us to deliver fresh and nutritious value-added dairy products and delighting our consumers.

Our Company has completed three decades in business and has served value-added products to over 15 lakh households across 11 states in India. We began our journey as manufacturers and suppliers of milk and milk-related products. However, over the years we have expanded our portfolio to value-added products including curd, ice cream/frozen dessert, *paneer*, butter milk, flavoured milk, *lassi*, milk powders, sweets etc.

We have 18 state-of-the-art milk processing facilities, 187 bulk coolers and chilling centres, 1 ultra-modern UHT milk processing unit, 65 Heritage distribution centres, and 859 Heritage parlours.

We have milk processing capacity of 26.5 lakh litres per day, milk packing capacity of 16.65 lakh litres per day, milk chilling capacity of 21.5 lakh litres per day, Butter Milk capacity of 1.41 lakh litres per day, Curd packaging capacity of 741.6 metric tons per day besides many other products in its portfolio.

We also have renewable energy division engaged in the generation of power through solar and wind.

We have also one wholly owned subsidiary company namely, Heritage Nutrivet Limited (HNL), engaged in the business of manufacturing, processing, and trading of animal feed supplements and nutrition (i.e., cattle feed and fish feed) and offers a wide range of nutritional solutions for milch animals. HNL is one of the leading Live Stock Feed and Feed Supplement players in southern and western parts of India, covering over 3 lakh farmers spread across five states viz., Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, and Maharashtra.

Main Objects of the Company

Our main objects as contained in our Memorandum of Association are as under:

1. "To manufacture, process, prepare, preserve, refine, bottle, buy, sell and deal whether as wholesaler or retailers or as exporters or importers or as Principals or agents or as keepers or dealers in all kinds of milk products, including Cheese, Butter, Ghee, Ice creams, Baby foods, Instant foods and any by-products or co-products thereof and to carry on the business and setting up of Dairy Farms, Milk Processing Plants, Food Processing Plants, Cold Storage Plants, Research laboratories, Packing units, Bottling Plants and to manufacture and deal in all kinds and varieties of foods for human or animal consumption."
2. "To carry on the business of Manufacturers, Millers, Grinders, Rollers, Processors, Tankers, Packers and Preserves, and dealers of all foods from agriculture products, Dairy products, Horticulture and Poultry products, Fruits, Vegetables, Flowers, Meats, Processed meat scanned and tinned and processed foods, fast foods, processed fish and sea foods, frozen foods, Potential foods, health and instant foods of all kinds, including baby and dietic foods, cereals, beverages, restoratives and aerated mineral waters and food stuffs and consumable provisions and to extract by-products, derivatives food preparations of every kind and description."

Existing and the proposed activities of our Company are within the scope of the Object Clause to our Memorandum of Association.

Amendments to our Memorandum of Association

Date of General Meeting	Nature of Amendment	Details
December 4, 1993	Increase in Authorized Capital	Increase in Authorized Share Capital from ₹1,00,00,000 (Rupees One Crore only) comprising 10,00,000 equity shares of the face value of ₹10 to ₹5,00,00,000 (Rupees Five Crores only) comprising 50,00,000 equity shares of the face value of ₹10
July 11, 1994	Increase in Authorized Capital	Increase in Authorized Share Capital from ₹5,00,00,000 (Rupees Five Crores only) comprising 50,00,000 equity shares of the face value of ₹10 to ₹12,00,00,000 (Rupees Twelve Crores only) comprising 1,20,00,000 equity shares of the face value of ₹10
EGM September 20, 1995	Commencement of business under Other Objects	Consent for commencement of business under Clause III [c](2) of Memorandum of Association under other objects namely, "to carry on the business of all merchandise and to act as agents, stockists, distributors for firms, and companies in India and abroad." Consent for commencement of business under Clause III [c](3) of Memorandum of Association under other objects namely, "to buy, sell, manufacture, refine, manipulate, import, export and deal wholesale and retail in commodities, substances, apparatus, and things of all kinds, capable of being used or which can conveniently be dealt in by the company in connection with any of its objects."
EGM May 22, 2006	Increase in Authorized Capital	Increase in Authorized Share Capital from ₹12,00,00,000 (Rupees Twelve Crores only) comprising 1,20,00,000 equity shares of the face value of ₹10 to ₹15,00,00,000 (Rupees Fifteen Crores only) comprising 1,50,00,000 equity shares of the face value of ₹10
	Alteration in Objects Clause	Alteration of Clause 111 of the Memorandum of Association of the Company by incorporating following sub-clauses after the existing sub-clause 4 of part [C] Other Objects Clause: 5. To construct, enlarge, repair, equip, acquire, improve, work, develop, administer, manage or wholly or partially control in India

		<p>or elsewhere public or other works of all kinds including roads, bridges, sub-ways, express ways, tunnels , railways, tramways, docks, locks, harbours, piers, wharves, jetties, ships, launching ways, canals, reservoirs , aqueducts, bridges, embankments, irrigations, reclamations , air and water pollution plant, solar energy devices, sanitary water gas and electrical and electronic works conveyor systems and aerodromes, hangers, cold storage plants, warehouses, shops , shopping complexes or centres, recreational facilities such as theatre, clubs, sports centres, gardens, hotels, restaurants, parks, resorts, medical centres like hospitals and dispensaries, educational centres like schools and colleges, libraries, infrastructural facilities for village, town/city developments, other construction such as parking spaces and to promote and participate in ecological development, preservation and betterment of environment through plantation of trees, effluent treatment and disposal systems and to carry on the business of proprietors, managers and renters either separately or in collaboration with others and to render technical and managerial advice in building construction, maintaining, repairing and managing such places including terminals and all other works of public utility, and to carry on, contribute to, subsidise, or otherwise aid or take part in any such operations.</p> <p>6. To purchase or acquire land and to undertake development of land and building activities.</p> <p>7. To promote, establish, generate, operate, distribute accumulate, maintain, transmit, supply electricity and or power for Captive Consumption or for sale by installing, maintaining, operating power plants, whether based on thermal, hydel, gas, solar, wind energy, tidal energy or any other source, whether conventional or non-conventional and to lay down, establish power stations, cables, transmission lines, towers, substation terminals and other works for the aforesaid purposes as a division or as a generating Company or separate undertaking and to acquire, take on lease, run or manage any company or undertaking engaged in similar activities within the policies, if any laid down by the Government from time to time and for any or all of the aforesaid purposes, to do all the ancillary activities as may be considered necessary or beneficial or desirable.</p> <p>8. To buy, sell, manufacture and deal in minerals, charcoal, coal woods, plants, machinery, implements, appliances , conveniences , and to take on lease or licence, concessions or otherwise in India or elsewhere, Mines, mining rights any land and to explore, work, export, develop, turn to account the same and to crush, win, get, carry, smelt, calcine, refine, dress , amalgamate, manipulate or prepare for market ore, metal and mineral substances of all kinds and to carry on any other metallurgical operations which may seem conducive to any of the objects of the Company. To aid, assist, promote, develop, and manufacture agricultural implements, agricultural machinery and other equipments and technological development in equipments used in agricultural field and to organise, conduct, or manage engineering or repair shop or workshops of all description and to manufacture, import, export, buy, sell, or otherwise deal in, agricultural machinery, of all kinds and to adopt such means of making known the uses thereof.</p>
EGM – November 28, 2007	Increase in Authorised Share Capital	Increase in Authorized Share Capital from ₹15,00,00,000 (Rupees Fifteen Crores only) comprising 1,50,00,000 equity shares of the face value of ₹10 to ₹20,00,00,000 (Rupees Twenty Crores only) comprising 1,80,00,000 equity shares of the face value of ₹10 and 20,00,000 preference shares of the face value of ₹10
July 17, 2013	Increase in Authorised Share Capital	Increase in Authorized Share Capital from ₹20,00,00,000 (Rupees Twenty Crores only) comprising 1,80,00,000 equity shares of the face value of ₹10 and 20,00,000 preference shares of the face value of ₹10 to ₹50,00,00,000 (Rupees Fifty Crores only) comprising 4,80,00,000 equity shares of the face value of ₹10 and 20,00,000 preference shares of the

		face value of ₹10
	Change in name of Company	Change in the name of the Company from HERITAGE FOODS (INDIA) LIMITED to HERITAGE FOODS LIMITED.
AGM – September 24, 2015	Modification of Objects Clause	<p>Modification of object clause of the Company by substituting the heading of clause III (A) and III (B) as under:</p> <p>III (A) the objects to be pursued by the Company on its Incorporation are:</p> <p>III (B) Matters which are necessary for furtherance of the objects specified in Clause III (A) are:</p> <p>"Clause III (B) of the Memorandum of Association of the Company be and is hereby Modified by inserting following Clauses– 28 - 36 after the existing Clause No: 27.</p> <p>28. To carry on all kinds of agency business and to take part in the management, supervision or control of the business or operations of any other Company, association, firm or Person (and to act as the agent, secretaries, or other of any such Company, association, firm or person) and in connection therewith to appoint and remunerate any directors, accountants and other experts or agents.</p> <p>29. To carry on the Retail business of FMCG Products and Dairy Products etc., by either establishing the Retail Stores by its own or in a Franchise Mode and to carry on the business of import, export, distribution of all merchandise, and to act as agents, stockiest, distributors for firms and companies in India and abroad.</p> <p>30. To buy, sell, manufacture, refine, manipulate, import, export and deal wholesale and retail in commodities, substances, apparatus, and things of all kinds, capable of being used or which can conveniently be dealt in by the Company in connection with any of its objects.</p> <p>31. To carry on the business of agriculturists, horticulturists, planters, cultivators of tea, coffee, teak, tobacco, or any other kind of commercial plantations. To construct, enlarge, repair, equip, acquire, improve, work, develop, administer, manage or wholly or partially control in India or elsewhere public or other works roads, bridges, subways, express ways, tunnels, railways, tramways, docks, locks, harbour, piers, wharves, jetties, ships, launching ways, canals, reservoirs, aqueducts, bridges, embankments, irrigations, reclamations, air and water pollution plant, solar energy devices, sanitary water gas and electrical and electronic works conveyor systems and aerodromes, hangers, cold storage plants, warehouses, shops, shopping complexes or centres, recreational facilities such as theatre, clubs, sports centres, gardens, hotels, restaurants, parks, resorts, medical centres like hospitals and dispensaries, educational centres like schools and colleges, libraries, infrastructural facilities for village, town/ city developments, other construction such as parking spaces and to promote and participate in ecological developments, preservation and betterment of environment through plantation of trees, effluent treatment and disposal systems and to carry on the business of proprietors, managers and renters either separately or in collaboration with others and to render technical and managerial advice in building construction, maintaining, repairing and managing such places including terminals and all other works of</p>

		<p>public utility, and to carry on, contribute to, subsidies, or otherwise aid or take part in any such operations.</p> <p>32. To purchase or acquire land and to undertake development of land and building activities.</p> <p>33. To promote, establish, generate, operate, distribute accumulate, maintain, transmit, supply electricity and or power for Captive consumption or for sale by installing, maintaining, operating power plants whether based on thermal, hydel, gas, solar, wind energy, tidal energy or any other source, whether conventional or non-conventional and to lay down, establish power stations, cables, transmission lines, towers, substation terminals and other works for the aforesaid purposes as a division or as a generating company or separate undertaking and to acquire, take on lease, run or manage any company or undertaking engaged in similar activities within the policies, if any laid down by the government from time to time and for any or all of the aforesaid purposes, to do all the ancillary activities as may be considered necessary or beneficial or desirable.</p> <p>34. To buy, sell, manufacture and deal in minerals, charcoal, coal woods, plants, machinery, implements, appliances, conveniences, and to take on lease or licence, concessions or otherwise in India or elsewhere, mines, mining rights any land and to explore, work, export, develop, turn to account the same and to crush, win, get, carry smelt, calcine, refine, dress, amalgamate, manipulate or prepare for market ore, metal and mineral substances of all kinds and to carry on any other metallurgical operations which may seem conducive to any of the objects of the company.</p> <p>35. To aid, assist, promote, develop, and manufacture agricultural implements, agricultural machinery and other equipments and technological development in equipments used in agricultural field and to organise, conduct, or manage engineering or repair shop or workshops of all description and to manufacture, import, export, buy, sell, or otherwise deal in, agricultural machinery, of all kinds and to adopt such means of making known the uses thereof".</p> <p>"Other objects mentioned in the clause I (C) of the Memorandum of Association of the Company be and are hereby deleted."</p>
	Modification of Liability Clause	<p>Substituting the existing Clause IV with the following:</p> <p>Clause IV. "The liability of the members is limited and this liability is limited to the amount unpaid, if any, on the shares held by" them."</p>
	Amendment of Memorandum of Association	<p>Authorized share capital of the Company comprising 4,80,00,000 (Four Crore Eighty Lakhs) equity shares face value of Re. 10 (Rupees Ten Only) each aggregating 48,00,00,000 (Forty-Eight Crore only) subdivided into 9,60,00,000 (Nine Crore Sixty Lakhs) equity shares of face value of ₹5 (Rupees Five only) and consequently the Clause V of the Memorandum of Association of the Company is altered.</p>

Principal Business Activities

We are a fully integrated dairy product company supported by tech-enabled operations, strong commitment to dairy technology and engineering which has helped us create an energy-efficient dairy operations in the country. While serving responsibly to our farmers and consumers, we have also been a responsible corporate citizen by introducing sustainability initiatives by steadily reducing our carbon footprint, expanding greenbelt around our plants, and adopting green energy.

Currently our Company has two business divisions - Dairy and Renewable Energy.

- **Dairy Division:**

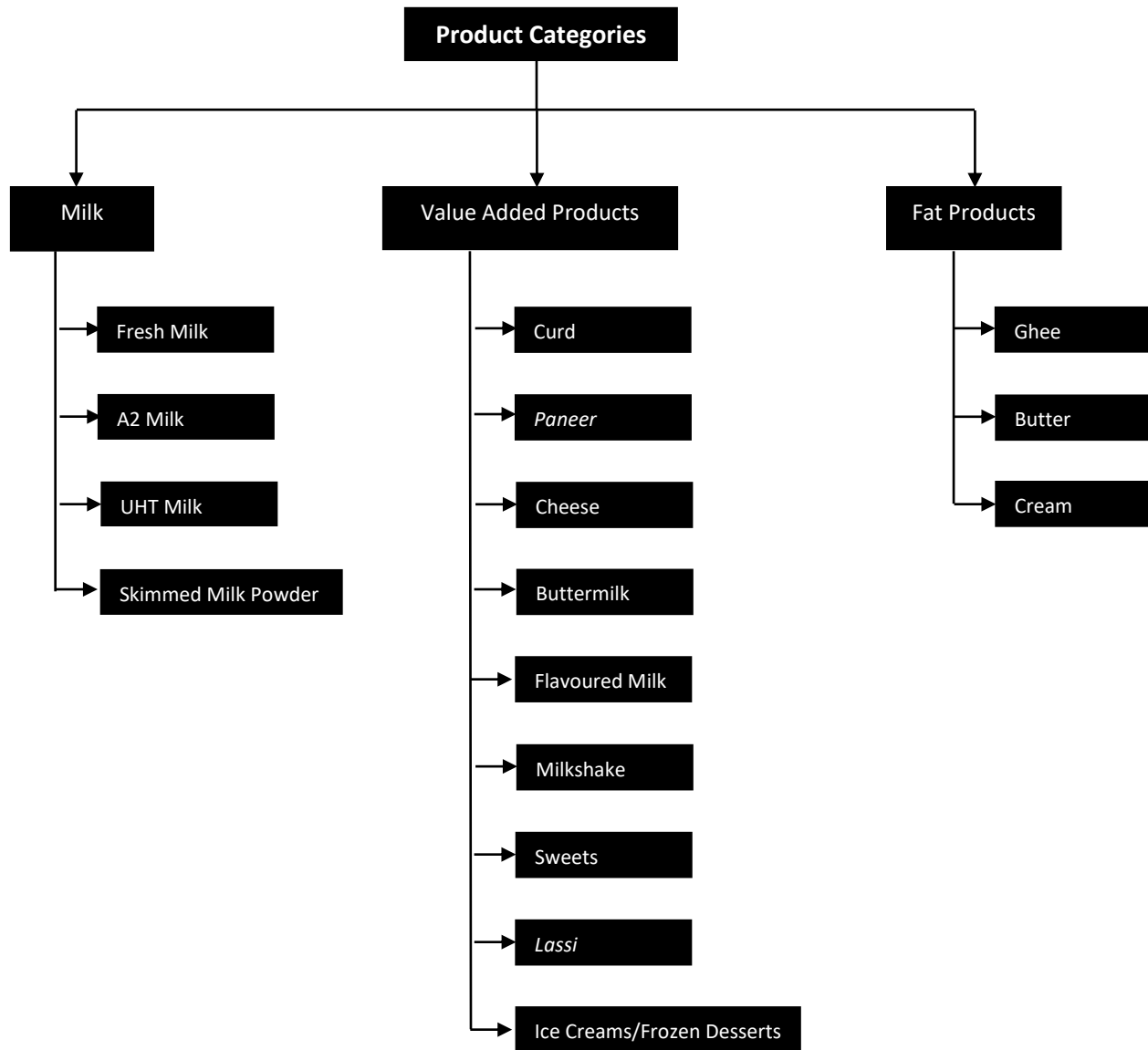
We are one of the Leading Private Dairy Players in India with a Chilling Capacity of 21.5 lakh litres per day, Processing Capacity of 26.5 lakh litres per day and Packaging Capacity of 16.65 lakh litres per day. By deeply committing ourselves to innovation and to providing authentic, high-quality milk products, we have grown multi food to occupy a sizeable share in India's Dairy market.

We process and market a full line of dairy products including fresh milk, curd, buttermilk, *lassi*, ice-cream, *paneer*, *ghee*, table butter, cooking butter, milk powder, flavoured milk, UHT milk and dairy whitener. Headquartered in Hyderabad, we have a significant presence in the states of Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, NCR Delhi, Haryana, Uttarakhand & Uttar Pradesh.

- **Renewable Energy Division:**

Our Company strongly recognizes the responsibility towards protecting the environment. As a forward-looking enterprise, we are strongly committed to extending the Green footprint. The Company is taking lot of initiatives for conservation of energy. Renewable energy was a key focus area in the last decade. Our Company has 10.50 MW of solar and wind power for captive consumption. Our Company is continuously investing in latest technologies and efficiencies to conserve energy.

Dairy Product Snapshot



Brief description of our product portfolio

I. MILK

- ***Fresh Milk***

It is the most consumed product in India and also the most trusted source of essential nutrients for health. With an increasing population, the consumption of milk has also been on the rise. Health consciousness, dietary needs and rising living standards have been major contributors to rising demand for fresh milk.

- **A2 Milk**

It is 100 per cent buffalo milk with full cream, which is procured from the farms and sterilised in the Company's plants. The milk is high in A2 protein, boosts immunity and is easy to digest.

- **UHT Milk**

UHT (ultra-high temperature) milk, is made by processing milk at high temperatures to remove pathogens. The UHT process preserves all the nutrients present in milk and makes it suitable for storage at room temperature for long periods without any preservatives. It is more convenient than ordinary fluid milk as it need not be stored in refrigerator or boiled before consumption. Currently, one of the major factors driving the market is the ease of storage of UHT milk, which facilitates its transportation over long distances to milk-scarce regions. Some of the other growth-inducing factors include ease of use, long-shelf life, changing dietary habits, etc.

- **Skimmed Milk Powder**

Milk powder manufactured through a process involving gentle removal of water at the lowest possible cost under strict hygienic conditions while retaining all the desirable natural properties of the milk such as colour, flavour, solubility, nutritional value etc.

II. VALUE-ADDED PRODUCTS

- **Curd**

Curd represents an essential part of a balanced diet and can also be consumed by lactose intolerant people. Owing to high content of calcium, vitamin D, proteins and phosphorus present, curd helps strengthen bones and improves digestion. Population growth, rising disposable incomes, increasing health consciousness among consumers and its affordable price are some of the factors that are currently broadening the growth of the market.

- **Paneer**

Paneer is a non-fermentative and non-melting type of cheese, obtained by acid and heat coagulation of milk. One of the most extensively consumed dairy products in India, *Paneer* is used in various combinations with other vegetables and dishes, and forms an important ingredient in the Indian traditional cuisine. *Paneer* emerged as a viable option for a considerable vegetarian population. Apart from this, factors such as increasing population, urbanization, improved cold supply chain and growing chilling infrastructure penetration also influenced market growth.

- **Cheese**

India is currently the world's largest producer of milk owing to which the cheese market holds significant growth potential. With rising influence of western cuisines and rising disposable income, consumers are shifting from *paneer* to cheese, thereby increasing its demand in the country. In addition to this, manufacturers are introducing a number of flavoured cheese products such as pepper, garlic, red chilli flakes and oregano pickle, which cater to the different tastes and preferences of consumers in India.

- **Buttermilk**

Buttermilk represents an integral part of a balanced diet and has been traditionally consumed as a refreshment drink for centuries in India. It offers relief from heat and has gained immense popularity in India due to the country's extremely hot summers. The demand for buttermilk is also increasing as it is good for digestion and boosts immunity.

- **Flavoured Milk**

Flavoured milk represents one of the most popular dairy-based beverages in India.

- **Milkshake**

Consumers constitute the young and salaried class. Its demand is driven by various factors such as large young population, changing lifestyles, convenience, value addition, health consciousness, etc. Immunity Milk contains anti-inflammatory properties, which helps maintain a healthy life. It is available in four flavours viz., turmeric, ginger, tulsi and ashwagandha.

- **Sweets**

Doodh Peda & Milk Cake are made out of the highest quality-milk and *ghee* which is soft, rich in taste and melts in the mouth. With the right amount of sucrose addition, it is rich in taste and granular with better chewiness.

- **Lassi**

Lassi, also known as *desi* buttermilk, is obtained by the churning of curd. It is a bit sour in taste and has a rich dense texture. It is consumed mostly in the northern parts of the country, especially during the summer. *Lassi* not only offers refreshment during the summer time, but also boosts the energy levels. Apart from this, it also helps in fighting other summer-related problems such as prickly heat, gastro-intestinal problems, and the build-up of bacteria.

- **Ice-creams/Frozen Dessert**

Ice-cream today represents one of the fastest growing food segments in India.

III. FAT PRODUCTS

- **Ghee**

Ghee, which is widely used in Indian cooking, is the pure butter fat left over after the milk solids and water are removed from butter. It is very fragrant with a rich taste and is the second largest consumed dairy product in India, after liquid milk.

- **Butter**

Heritage butter is made from best quality fresh cream and contains no added ingredients other than salt.

- **Cream**

Cream is a dairy product which is used to give a smooth texture and consistency to food products. Nowadays, it is widely used in the preparation of various dishes, desserts, and beverages such as ice-creams, salads, sweet meals, tea, coffee etc.

Renewable Energy business:

The Company strongly recognizes the responsibility towards protecting the environment. As a forward-looking enterprise, it is strongly committed to extending the Green' footprint. The Company is taking a lot of initiatives for conservation of energy. Renewable energy was the major focus area in the last ten years. Now your Company has 10.50 MW of solar and wind power for captive consumption. The Company is continuously investing in latest technologies and efficiencies to conserve energy.

Dairy Market – India

The Indian dairy market can be categorized into organized and unorganized market. Organized dairy market comprises established and structured operations such as by Cooperatives and private dairy companies. Unorganized dairy market is more localized and prevalent in a more semi-urban and rural setting. Unorganized market comprises local milk vendors.

Manufacturing facilities

Our Company has multiple production facilities situated at following locations:

Location	State	Plant Address
Gokul	AP	Main Dairy Plant, Kasipentala (V&P), Chandragiri Mandal, Chittoor District Andhra Pradesh, Pin Code: 517101
Chittoor	AP	Sundararajapuram (V), E.R.Palli Post, GD Nellore Mandal, Chittoor District, Andhra Pradesh, Pin Code: 517125
B. Kotha Kota	AP	Beerangi village, Shankarapuram Post, B. Kotha Kota Mandal, Chittoor District, Andhra Pradesh, Pin Code: 517370
Bengaluru	KA	Gudahatti Road, Neraluru(PO), Attebele (Hoble), Anekal (TQ), Bengaluru, Karnataka, Pin Code: 562 107
Vadamadurai	TN	18 KM from Dindigul, Morepatti Village, Vadamadurai (P.O.), Dindigul District, Tamilnadu, Pin Code: 624802
Uppal	TS	C-10, Road No.7, IDA Uppal, Hyderabad – 500039, Telangana
Narketpally	TS	Cheruvugattu Village, Near Kamineni Hospital, Narketpally, Nalgonda District, Telangana, Pin Code: 508254.
Kalluru	TS	Korlagudem (Village), Kallur (Mandal), Khammam District, Telangana, Pin Code: 507209
Shameerpet	TS	Sampanbole Village, Jagan Guda Gram Panchayath, Survey No 174,198, 203, Shamirpet Mandal, Medchal District, Telangana, Pin Code: 500078
Bayyavaram	AP	Bayyavaram village, Kasimkota Mandal, Visakhapatnam district, Andhra Pradesh, Pin Code: 531031
Bayyavaram-UHT	AP	Bayyavaram Village, Kasimkota Mandal, Visakhapatnam district, Andhra Pradesh, Pin Code: 531031

Bobbili	AP	Plot No. 248 & 249, APIIC Growth Center, Near Mettavalasa Village, Bobbili – 535 558, Vizayanagaram District, Andhra Pradesh
Pamaruru	AP	Endagandi Village, K. Gangavaram Mandal, East Godavari District, Andhra Pradesh, Pin Code: 533305
Bhattiprolu	AP	Vellaturu Road, Bhattiprolu (V) & (M), Guntur District, Andhra Pradesh, Pin Code: 522256
Sangvi	MH	At/Post. Sangvi, (Phaltan Baramati Road), Phaltan Taluka, District Satara, Maharashtra, Pin Code: 415523
Manor	MH	Survey No. 13/1 & 13/2, Village - Durves, NH 48, Near Manor, Taluk & Dist Palghar Maharastra, Pin Code: 401403
Rai	HR	D.No-497, Phase 1, Sector-38, Industrial Estate - HSIIDC, Rai, Sonipat District, Haryana, Pin Code: 131029
Sindhanur	KA	Survey No. 111/1-A, Raichur Road, Sindhanur, Raichur District, Karnataka, Pin: 5841-8
Hindupur #	AP	APIIC Industrial Estate, Gollapuram, Hindupur, Ananthapur Distt., Andhra Pradesh
Mallavali #	AP	APIIC Model Industrial Estate, Mallavali (V), Bapulapadu (M), Krishna Distt., Andhra Pradesh

Manufacturing facilities belonging to Heritage Nutrivet Limited, Wholly Owned Subsidiary of our Company.

AP - Andhra Pradesh

TS - Telangana

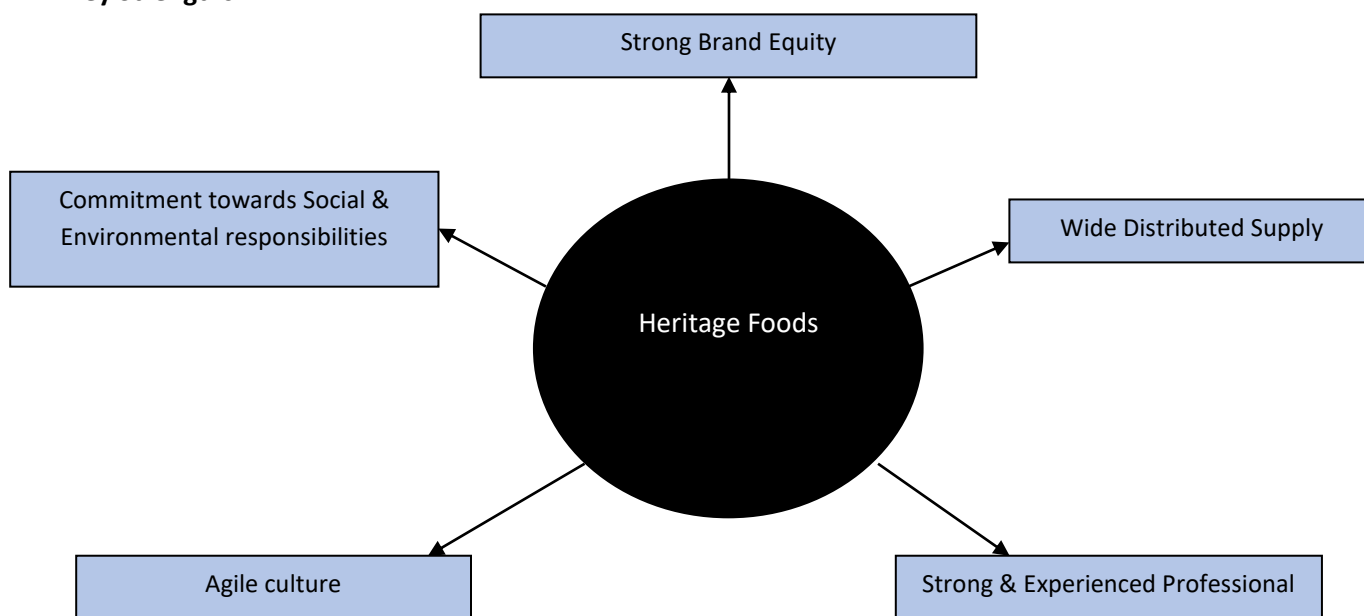
KA – Karnataka

TN – Tamil Nadu

MH – Maharashtra

HR - Haryana

Key Strengths



a) **Brand Equity – on both buy and sell side**

Our biggest strength is the strong equity and reputation we enjoy both with the small farmers' fraternity and the consumers. At the farm level, our strong reputation has been built over the years, on the basis of our core values, hard-coded operating principles and highest levels of ethics. The extensions and farm inputs and credit-programs that we run extensively for our farmers help to keep the over 3 lakh farmers committed to delivering milk to us every day. Heritage has built strong brand equity by bringing out the highest quality product in every category we compete in, to over 15 lakh households every day.

b) **Distributed supply chain**

Our procurement and manufacturing operations have a wide geographic presence in comparison to our competitors. We procure our milk from over 11,000 village-level collection centres and 187 chilling centres and, bulk coolers spread across 8 (eight) states. We process and produce close to 2 (two) dozen variety of products, across our 18 (eighteen) factory locations, spread across 6 (six) states. This distributed supply chain, not only helps us deliver freshest and highest quality products that appeal to the local palate most effectively; it also acts as a natural hedge against various risks, critically the Raw material risks induced by climate-change and other factors such as competition, as well as operational and supply chain risks.

c) **Strong team steeped in domain expertise**

The real strength of an organization is its people and we have one of the largest and very experienced team of dairy specialists working across the regions we operate. For instance, we have close to 400 professionals working in the Quality function, which is probably why we are able to deliver superior quality of milk and products much more consistently than other players. Across the key functions of milk procurement, operations and quality, the average dairy field experience of our managing staff is 17 (seventeen) years. This critical and deep domain expertise and understanding of the region helps us offset any risks that we may have in terms of competition or unfavourable operating conditions.

d) **Unique agile culture**

At its heart, Heritage operates like a start-up enterprise; nimble in its approach to business and emerging opportunities. The Company has a strong track record of continuously innovating, pruning its portfolio and removing what doesn't work, adapting and reorganizing to face changing competitive scenario and consistently investing in capital expenditure and building capacities. The leadership team at Heritage brings complementary skills that makes our decision-making structure more robust, yet preserving the speed and agility that is in our character.

e) **Commitment towards Social and Environmental stewardship**

Complementary to the strong equity we enjoy with our consumers and farmers, is the corporate reputation and respect we have in every region we operate. This is founded on the strong foundations of good Corporate Governance, our Social outreach program and CSR activities that goes beyond all the farm level activities we do in elevating the economic and social status of farmers and our unflinching commitment to making the planet better through sustained efforts in reducing carbon footprints and growing the share of renewable energy in our operations. This

guarantees long-term sustainability of our operations and acts as a natural hedge against political and regulatory risks.

SWOT ANALYSIS



Machinery and Equipment

i. Bulk Milk Cooler (BMC)

Bulk Milk Cooler (BMC) consists of an inner and outer tank, both made of high-quality stainless steel. The space between the outer tank and the inner tank is isolated with polyurethane foam. The BMC for milk is attached to a microprocessor which performs the function of maintaining the temperature. The agitator attached to the storage tank performs the function of continuously rotating the milk. This is done to maintain the uniform state of milk all over. It is convenient to handle smaller quantities at village level as well as easy to operate accompanied by less maintenance compared to conventional refrigeration system.

ii. Chilling Centres

- Economical when handling quantity is more than 10KLPH.
- Basically, comprises IBTs with Ammonia compressors and chillers (PHEs).
- Milk is chilled below 4°C in milk chillers using chilled water.
- Advantage of IBT chillers is instant chilling of milk below 4°C.

iii. **Pasteurizers**

Milk is being processed/pasteurized at $80\pm 3^{\circ}\text{C}$ and stored below 4°C . Pasteurization is a heat treatment process in which milk is being heated (HTST) to a minimum of 72°C for 15sec where the most of the pathogenic bacteria get killed. However, by considering geographical climate variations we are maintaining the pasteurization temp as $80\pm 3^{\circ}\text{C}/15\text{sec}$ to avoid food safety risk and to get better shelf life.

Mostly, we use HTST pasteurizers in almost all commercial dairies which is thermal energy efficient & economical

iv. **Milk Separator**

Facilitates separation of cream and Skim milk from whole milk to help us to standardize market milk as well as for products. The excess fat is removed in the form of cream which can be used for making butter and *ghee*.

Separator working principle comprises a centrifugal milk separator machine having conical discs that rotate in a bowl (drum) at a speed of 6,000 to 10,000 revolutions per minute, depending on the model. When the whole milk gets inside the bowl, the centrifugal force runs it through the holes of the discs and separates Cream and skim milk.

v. **Homogenizer**

The homogenization of milk is a process where the milk fat globules are reduced in size and dispersed uniformly through the rest of the milk. Facilitates uniform distribution of fat which helps in avoidance of formation of fat layer during transportation / storage & while boiling. The homogenization reduces fat globule size from an average of $3.5\text{ }\mu\text{m}$ in diameter to below $1\text{ }\mu\text{m}$.

vi. **Crates Washer**

A crate washer machine is used to clean plastic crates quickly and efficiently. The crates are passed through the crate washer mechanically and the pass-through high-pressure jets which enables surface cleaning efficiently. This reduces manpower requirement and also enables conservation of water and chemicals.

vii. **Automated Clean-in-place (CIP) Systems**

- Facilitates the CIP in semi auto/manual mode with the help of
 - i. *Caustic tank (Min 1.2% Strength)*
 - ii. *Acid Tank (Min 0.9% Strength)*
 - iii. *Hot Water Tank (Min 80°C)*
 - iv. *Recuperation Tank (Pre-Rinse Tank)*
- The CIP system help cleaning of equipment without dismantling.
 - i. *CIP system helps in reducing manpower*
 - ii. *Helps in conserving water & cleaning chemicals*
 - iii. *Is effective and helps in post cleaning contamination as there is dismantling and assembling process.*

viii. **Boiler**

A steam boiler is a steam producing heating system; which produces energy by heating water to produce steam. Steam is quite commonly used for heating of milk, processing of milk products and sterilization of dairy equipment.

ix. **Refrigeration Systems for Milk Cooling:**

It is required to process and store milk & milk products at desired temperature to preserve freshness, product texture and be made suitable for transportation.

The main machinery in refrigeration are ammonia compressors, condensers, and AHUs. The refrigerant is either Ammonia or any other refrigerant is used in the cooling process either in cold stores or IBTs.

Marketing and Distribution

Our Company has 135 active distributors, majority of whom are stockists as well. Our distribution network is spread across the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Tamilnadu.

Our Promoters have over three-decade experience in the dairy and dairy-product industry and this enables us in understanding the needs and preferences of our consumers in a better manner. Going forward, our plan is to expand our market reach by penetration into other unexplored geographies. The marketing strategy accordingly is redesigned, from time to time, to suit the latest trends in the marketing methods.

Customers – *far and wide-spread*

Our customers are as wide and diversified as it can possibly get. Our Company is not dependent on any single customer or group of customers for its business and to that extent we have fully mitigated our business and sales risk.

To give a perspective, our largest customers in the Financial Year 2021-22 were Reliance Retail Limited and Future Retail Limited both of whom constituted 1.46% and 1.32% respectively of the Revenue from Operations of our Company.

Business Strategy

Our business strategy is crafted to achieve long-term growth of shareholder wealth while delivering towards our vision of ‘Delighting consumers and empowering farmers’. We believe that to do this in a sustainable and consistent manner, we need to focus on achieving two strategic intent – revenue growth ahead of the industry and peers, and expanding the margin-spread (raw milk price to net revenue realization).

a) ***Consumer-centric approach to aggressively grow Value-Added products portfolio***

With a deeper understanding of consumer needs and market trends, we are innovating faster than ever in growing our portfolio of Value-added products (VAP), across what we now call 5

product clusters. Among these clusters are a few products wherein we are already among the top brands in the country today, on which we are investing to become #1 in the country; and a few others that we are shaping to grow aggressively to be among the top 5 brands nationally.

b) *Aggressively expanding Availability with fit for purpose Route-to-Market*

We are complementing our traditional route-to-market of milk distributors and parlours, with the expansion of an exclusive franchisee operated store-based distribution channel in residential neighbourhoods. We are also aggressively expanding our VAP distribution network to reach shoppers in traditional grocery as well as E-Commerce and Modern Trade across all major cities in the states we are present in.

c) *Expanding milk availability closest to market*

Staying true to our promise of delighting our consumers with fresh and healthy products, we are focused on developing high-quality milk sources closest to our markets. This helps not only in delivering the highest quality milk suited to local palate, but also reducing the cost of supply chain.

d) *Obsessive cost-focus and eliminating waste*

Value creation starts with waste elimination and we are constantly seeking ways to significantly reduce the cost of conversion and cost to serve. We leverage latest in technology, with a frugal mindset to seek ways of identifying projects and opportunities that allow us to expand the margin spread, while delivering the highest quality of products.

e) *Building organizational capability to deliver now and in future*

We are focused on creating excellence in work place, bringing in highest quality talent across the organization and enabling them to play to position and their potential. Our talent development programs are focused to keep the organization's talent potential slightly ahead of the needs of the present.

Raw Milk:

The raw milk is received in tankers from various chilling centers located across neighboring villages and towns.

Additives:

Additives such as Skimmed Milk Powder, Sugar, Dairy Salt, essences/flavours and vitamins such as Vitamin A (Min. 36 µg/–00 ml - Retinyl Palmitate) and Vitamin D2 (Min. 0.62 µg/–00 ml - Ergocalciferol) are purchased from various suppliers and manufacturers.

Utilities

i. *Water*

Ground water is extracted from Bore wells and surface water is obtained from municipalities.

ii. *Steam and Hot Water*

Steam and Hot water are generated from Steam Boilers / Hot Water generators using biomass briquettes/fire wood/ husk as fuel.

iii. **Refrigeration Cooling of milk and milk products**

Constitutes Chillers, IBTs, Cold rooms etc.

iv. **Steam Boiler**

Heating of milk and milk products

v. **Power**

Electrical energy is obtained from Electricity Boards and In-house power generation from DG Sets, Solar Energy is extracted as RE power.

vi. **Waste Management**

Industry Solid Wastes/Plastic Waste/e-Waste/Hazardous Waste, used waste oil generation and treatment/disposal:

Solid wastes generated from the processing of Milk and Milk products such as rejected packaging material (plastic, metal, paper cartons, etc.) are segregated, cleaned and disposed to authorized recyclers/re-processors in an organized manner. Ash generated from Pollution Control Equipment of Steam Boiler is disposed to brick manufacturing units. Hazardous wastes such as Waste oil/used oil is sold to authorized Waste Re-processors. E-Waste and used Battery waste are disposed off to authorized agencies.

Plastic Waste Management

Heritage Foods Limited is registered as a Brand Owner (under Rule-13(2) of the Plastic Waste Management Rules, 2016, as amended), the RENEWAL OF REGISTRATION CERTIFICATE FOR BRAND OWNER was issued by CPCB. As per the obligation of EPR Rules, Heritage Foods is fulfilling its EPR targets through the Waste Management Agency, which is working on behalf of Heritage Foods Limited and returns is being filed time to time.

vii. **Effluent Treatment Plant (ETP):**

The Effluent Treatment Plants in Dairy Processing units are generally designed based on the biological treatment method as the dairy effluent is easily biodegradable (that is the ratio of BOD Vs COD is having more than 0.5 ratio). The Effluent Treatment plant consists of:

- a) Preliminary Treatment,
- b) Primary treatment,
- c) Secondary treatment,
- d) Tertiary Treatment, and
- e) Advanced Treatment.

The dairy industry has given top priority to pollution prevention and control, such as an effluent treatment plant which is successfully operated to minimize the pollution and bring down to the standards prescribed by the Pollution Control Board. No solid wastes are generated in the process except ETP biological sludge. The sludge from ETP can be composted and used as manure for irrigation/ plantation. Treated effluent is being used for on-land irrigation and gardening. Extensive green-belt is developed to minimize the impact on the environment and make it eco-friendly.

The components of ETP:

Power Supply: HT Receiving / LT Sub-station including Transformer, Electrical Panel Board – MCC

Treatment Units: The following treatment units/equipment are selected and designed based on the waste organic load and physical, chemical and biological characteristics of the waste water generated from the processing of products:

1. **Preliminary Treatment:** Coarse Bar Screens, Fine Screens, Grit Removing Channel, Grit Removing Mechanism, Fat Removal Channel, Fat Removal Mechanism, Flow Distribution Chamber.
2. **Primary Treatment:** Flow Equalization, Homogenization and pH Neutralization: Equalization basins / Raw Effluent Sump (Wet Well), Raw Effluent Pumping Station (Dry Well), Raw Effluent Pumps and Motors, Primary Settling Tank/ clarifier including sludge scrapers/ DAF system, Chemicals / coagulants/ Flocculants dosage systems, Primary Sludge Sumps, Primary Sludge Pumps.
3. **Secondary Treatment:**
 - a) **Anaerobic Treatment:** Buffer Tank/Conditioning Tank, Chemicals / coagulants/ Flocculants dosage systems, Anaerobic Sludge Digest-r (s) - UASBR/ UASB-Plus/ IC Reactor/ Hybrid Digesters (with Fixed Fill Bio Reactor), GLSS system, Bio gas Handling and utilization Systems.
 - b) **Aerobic Treatment Processes:** Aeration Tanks using Mechanical Aerators (Floating/Fixed) or Diffused Aeration systems including air blowers, Secondary Settling Tank / clarifier, Secondary Sludge Sump, Secondary Sludge Pumping Station, and Secondary Sludge Handling Pumps.
 - c) **Sludge Handling:** Sludge Thickener, Sludge Drying Beds
4. **Tertiary Treatment:** Pressure Sand Filter, Activated Carbon Filter or Multi Media Filter or MGF, Disinfection system.

Advance treatment: Removal of nutrients from the treated effluent. UF+RO Treatment for recycling/ reusing of treated effluent, Chemicals storage and handling, Chemicals storage and handling, Plant Laboratory for testing of Environmental Parameters of pollution, Instrumentation: Flow meters, Pressure Gauges, Online / offline testing equipment.

Existing Installed Capacity and Capacity Utilization

Plant	Location	Capacity Utilization (%)	
		H1-FY23	FY22
Domestic			
Plant - 1	Gokul	65.3	56.5
Plant - 2	Shameerpet	61.5	49.8
Plant - 3	Bayyavaram	62.6	53.5
Plant - 4	Uppal	99.6	99.5
Plant - 5	Bangalore	69.4	57.5
Plant - 6	Pamaruru	81.1	71.5
Plant - 7	Rai	30.2	20.2
Plant - 8	Narketpally	98.1	96.7

Plant - 9	Sangvi	78.2	80.7
Plant - 10	APS	81.3	69.2
Plant - 11	Manor	42.7	23.5
Plant - 12	B.Kotha Kota	71.3	67.3
Plant - 13	Bobbili	74.6	55.0
Plant - 14	Chittoor	38.4	32.3
Plant - 15	Vadamadurai	99.7	68.2
Plant - 16	Kalluru	86.9	79.6
Plant - 17	Bhattiprolu	87.2	74.3
Plant - 18	Sindhanur	99.5	99.6

Corporate Social Responsibility

The CSR policy would function as a self-regulating mechanism for the Company's CSR activities and enable adherence to laws, ethical standards, and international practices in this regard.

Our Company has been an early adopter of corporate social responsibility (CSR) initiatives. It has made CSR an integral part of its ethos and culture and to this effect, constituted a Corporate Social Responsibility Committee ("CSR Committee") in accordance with Section 135 of the Companies Act, 2013. A robust system of reporting and monitoring has been put in place to ensure effective implementation of planned CSR initiatives. The CSR activities / projects as per the provisions of the Companies Act, 2013 and rules made thereof, is undertaken directly by our Company or through a registered trust or a registered society.

Our Company has constituted a separate committee in the year 2014 to formulate the CSR policy and ensure the compliance of the same as per the provisions of the Companies Act, 2013. The Committee consists of 3 members. The CSR policy would function as a self-regulating mechanism for the Company's CSR activities and enable adherence to laws, ethical standards, and international practices in this regard.

Our Corporate Social Responsibility (CSR) company policy refers to our responsibility toward our environment. Our company is committed to identifying and supporting programs aimed at: a) Developing and advancing the community and the society particularly, those at the bottom of the pyramid who are unequally endowed/enabled, and b) Reducing the negative impact of its operations on the environment. This policy will serve as a guiding document containing approach and direction given by the board, taking into account the recommendations of the CSR Committee, defining guiding principles for selection, implementation and monitoring of activities within the purview of Schedule VII of the Companies Act, 2013 and CSR provisions as well as formulation of the annual action plan.

During the Financial Year 2021-22, the CSR Committee of the Board evaluated various options to implement the CSR activities and decided to contribute the mandated CSR amount to the following implementing agencies:

Sl. No.	Name of Implementing Agency	List of Activities
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i.	NTR Memorial Trust NTR Bhavan, Road No. 2, Banjara Hills, Hyd-rabad - 500034 Telangana	To carry out the activities such as promoting education, enhancing the vocational skill & supply of clean drinking water, disaster management, relief and rehabilitation etc.
ii.	Asian Healthcare Foundation #6-3-661, Somajiguda, Hyderabad - 500082 Telangana	To carry on research related to Single cell whole transcriptome-based approach to understand the dysregulation in immune repertoire in COVID-19 long haulers.

NTR Memorial Trust

NTR Memorial Trust is operating since 1997 towards promoting preventive health care of the needy groups; meeting the educational needs of underprivileged students; advancing the concept of entrepreneurship and self-employment, and offering support and relief during disasters and lot more other initiatives for the upliftment of the backward and needy population in the society.

Asian Healthcare Foundation

Asian Healthcare Foundation (AHF) is the research and training wing of Asian Institute of Gastroenterology (AIG), a premier medical institution (accredited by OMED) providing tertiary medical care for gastroenterology related diseases. The mission of AHF is to conduct focused research in frontier areas of gastroenterology & minimum invasive surgical Gastroenterology and to translate the benefits for better patient care not only for India but for the world at large.

The mandated CSR amount of the company for FY 2021-22 was ₹293.5 lakhs out of which ₹0.25 lakhs was spent on single year project and ₹293.25 lakhs was allocated for spending on ongoing / multi-year projects.

The mandated CSR amount of the Wholly Owned Subsidiary company viz., HNL for FY 2021-22 was ₹7.2 lakhs and the Company has spent ₹9.2 lakhs on single year project.

These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR Policy.

Property

Our registered office is located at H. No.8-2-293/82/A/1286 Plot No: 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad- 500033 Telangana, India and is on lease. All our manufacturing plants, except for Sindhanur in Karnataka (which is into milk packaging and RMRD) are situated on lands that are fully owned by our Company.

i. Owned properties

Location	Plant Address
GOKUL	Heritage Foods Limited Main Dairy Plant, Kasipentla (V&P), Chandragiri Mandal, Chittoor Dist.- 517 112
CHITTOOR	Heritage Foods Limited Sundararajapuram (V), E.R.Palli Post, GD Nellore Mandal, Chittoor-Dist. - 517 125
B. KOTHAKOTA	Heritage Foods Limited Beerangi Village, Shankarapuram Post, B. Kothakota Mandal, Chittoor District, Andhra Pradesh Pin Code: 517 370
BENGALURU	Heritage Foods Limited Gudahatti Road, Neraluru (P.O), Attebele (Hoble), Anekal (TQ) Bengaluru - 562 107
VADAMADURAI	Heritage Foods Limited 18 KM from Dindigul, Morepatti Village Vadamadurai (P.O.) Dindigul District, Tamilnadu, Pin Code: 624802
UPPAL	Heritage Foods Limited C-10, Road No.7, IDA Uppal, Hyderabad - 500039, Telangana
NARKETPALLY	Heritage Foods Limited Cheruvugattu Village, Near Kamineni Hospital, Narketpally, Nalgonda District, Telangana Pin Code: 508254
KALLURU	Heritage Foods Limited Korlagudem (Village), Kallur (Mandal), Khammam District, Telangana, Pin Code: 507 209
SHAMEERPET	Heritage Foods Limited Sampanbole Village Jagan Guda Gram Panchayath Survey No 174, 198, 203 Shamirpet Mandal, Medchal District Telangana, Pin Code: 500078
BAYYAVARAM	Heritage Foods Limited Bayyavaram Village, Kasimkota Mandal, Visakhapatnam District, Andhra Pradesh Pin Code: 531031
BAYYAVARAM-UHT	Heritage Foods Limited Bayyavaram Village, Kasimkota Mandal, Visakhapatnam District, Andhra Pradesh Pin Code: 531031
BOBBILI	Heritage Foods Limited Plot No. 248 & 249, APIIC Growth Center, Near Mettavalasa Village, Bobbili, Vizayanagaram District, Andhra Pradesh Pin Code: 535 558
PAMARRU	Heritage Foods Limited Endagandi Village, K. Gangavaram Mandal, East Godavari District,

	Andhra Pradesh Pin Code: 533305
BHATTIPROLU	Heritage Foods Limited Vellatur Road, Bhattiprolu (V&M), Guntur District, Andhra Pradesh Pin Code: 522256
SANGVI	Heritage Foods Limited At Post Sangvi, (Phaltan Baramati Road) Phaltan (Tal), Dist. Satara, Maharashtra Pin Code: 415523
MANOR	Heritage Foods Limited Manor Survey No. 13/1 & 13/2, Village DURVES , NH 48, Taluk & Dist Palghar Maharashtra Pin Code: 401403
RAI	Heritage Foods Limited D. No-497, Phase 1, Sector-38, Industrial Estate - HSIIDC, RAI, Sonapat District, Haryana Pin Code: 131029

ii. Leased properties

Plant / Lease Period	Purpose	Address
SINDHANUR 10 years Agreement [1-Dec-2016 to 1-Dec-2026]	Milk Packing and RMRD	Heritage Foods Limited Survey No. 111/1-A, Raichur Road, Sindhanur, Raichur District, Karnataka, India Pin Code: 584128
HYDERABAD Registered Office Monthly Rental Agreement	Company's Registered Office	H.No.8-2-293/82/A/1286, Plot No: 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad, Telangana, 500033

Our Company has over 150 offices comprising regional offices, packing stations, chilling centres, milk coolers, sales offices etc., spread across various locations on lease.

Insurance

We have obtained the multiple insurance policies for our assets to cover all normal risks, associated with operations of our business, including for fire, burglary, marine, motor, boiler, fidelity, EEI, stock, MBD, Freezer, DOS, Raw milk, vehicles, Solar Power LOP, Wind mill, IT, Market, Directors and Officers, Milk Analyzers, money, indirect employees, sales offices, packaging station, mobile, shopkeepers etc. We have covered specific liabilities against our Directors and other officers through a directors and officers liability insurance policy. Although, we have taken appropriate insurance cover, there can be no assurance that our insurance policies will be adequate to cover the losses which we may incur due to the occurrence of an accident or a mishap.

INTELLECTUAL PROPERTY RIGHTS

Our intellectual property includes trademarks associated with our business. As on date of the Letter of Offer, we have 114 registered trademarks; carrying certain names and logos under various classes with the Registrar of Trademarks.

Manpower

Human Resource is one of the important support functions and forms another key element of the corporate backbone. As of the date of this Letter of Offer, our Company has 3,138 permanent employees across different departments and domain functions. In addition to this, our Company has 3,466 individuals employed on contract basis and consequently the strength varies from time to time.

The broad break-up of the employees on contract basis across different units is as under:

i. Semi-skilled	:	276
ii. Unskilled	:	3,190
Total		3,466

Competition

The industry in which our Company operates is highly competitive. The organized players in the industry compete with each other by providing quality products at competitive prices. There are good number of unorganized players across India at the local level.

Number of Shareholders

As on December 31, 2022, there are 40,001 shareholders in our Company.

Subsidiaries/Associates/Joint Venture

Sl. No.	Name of the Company	Relationship	%age shareholding
1	Heritage Nutrivet Limited	Subsidiary company	100%
2	SKIL Raigam Power (India) Limited*	Associate company	43.33% **
3	Heritage Novandie Foods Private Limited	Joint Venture company	50%
4	Heritage Employee Welfare Trust**	Subsidiary	#

* SKIL Raigam Power (India) Limited has been declared as Dormant company as per section 455(2) of the Act vide SRN No. T42936765 dated September 22, 2021. The investment has been written off as impairment of investment.

** The Board of Directors of the Company passed a resolution on March 24, 2017 to discontinue all the activities of the Trust with effect from April 1, 2017, except for loan recoveries from employees.

Considered as subsidiary by virtue of control being exercised by the Parent Company.

i. Heritage Nutrivet Limited (HNL)

CIN: U15400TG2008PLC062054

Heritage Nutrivet Limited (HNL) is a wholly-owned subsidiary company of HFL.

It is engaged in the business of manufacturing, processing, trading and exporting of animal feed supplements and nutrition, (i.e., cattle feed and fish feed) and offers a wide range of nutritional solutions for milch animals. HNL has deep understanding of nutrient values that help the farmers to make optimal use of the raw materials and forages that are available in their region. HNL has been able to establish itself in the market by delivering animal nutrition and supplements regularly to its valuable customers.

The company is one of the leading Live Stock Feed and Feed Supplement players in southern and western parts of India, covering over 3 lakh farmers spread across five states viz., Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra. The animal feed industry in India is largely unorganized and HNL competes with multiple players across each geography in which it operates. Its strategy for animal feed business is to focus on achieving cost leadership by improving the operational efficiency of its animal feed business through research and development as well as cost rationalization initiatives.

It is also proficient in providing cost-effective solutions for the farmers facing ground reality. The products of Heritage Nutrivet Limited are innovatively engineered to serve variety of needs of the animals. HNL segregates the animal feed into different labels such as dairy power, dairy milk, rich, dairy supreme, milk magic plus, gomitra, gomitra plus.

HNL has state-of-the-art manufacturing facilities at Hindupur and Mallavalli in the state of Andhra Pradesh

During the financial year 2021-22, HNL earned a total income of ₹9599.7 lakhs against expenses of ₹9443.2 lakhs. The Net Profit after tax was ₹105.9 lakhs.

Financial Information

(in ₹ lakhs)

Particulars	Half-year (Unaudited)	Financial Year
	September 30, 2022	2021-22
Equity Share Capital <i>(fully paid-up)</i>	371.0	371.01
Net worth	3932.9	3956.7
Revenue from Operations	2522.3	9461.2
Profit/(Loss) after Tax	19.0	105.9
Earnings per Share <i>(in ₹)</i>	0.51	2.85
Net Asset Value <i>(in ₹)</i>	106.0	106.65
Face Value	10.00	10.00

ii. SKIL Raigam Power (India) Limited (SKIL)

CIN: U40102TG2009PLC063671

SKIL is an Associate company of HFL as per the provisions of Section 2(6) of the Companies Act, 2013. It was declared as a Dormant Company as per Section 455(2) of Companies Act, 2013 vide SRN: T42936765 dated September 22, 2021, SKIL will be in the process of setting up a hydropower plant at Raigam, in the north-eastern state of Arunachal Pradesh. Heritage Foods Limited has a 43.33% shareholding in SKIL.

iii. Heritage Novandie Foods Private Limited (HNFPL)

CIN: U74999TG2017PTC120860

Heritage Novandie Foods Private Limited (HNFPL) was incorporated on November 28, 2017 with the Registrar of Companies, Hyderabad carrying the CIN U74999TG2017PTC120860. It has its registered office at Part-C of 3rd Floor, H. No. 8-2-293/82/A/1286, Plot No. 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad – 500033, Telangana, India.

With an eye on the fast-growing value-added dairy segment, HNFPL was formed as a 50:50 Joint Venture between Heritage Foods Ltd. and Novandie, a subsidiary of Andros, France with the object to manufacture and market various Fruit Yoghurts and other dairy products in India. The Company started commercial production on February 16, 2021 and launched French Yoghurt brand 'Mamie Yova' along with 'Yo Pop', a drinkable yoghurt in India. The Company is hoping to woo Indian consumers with its fruit-based yogurt and aims to have a strong presence across key cities in India. Due to COVID outbreak, HNFPL could not make the market penetration in large scale.

Financial Information*(in ₹ lakhs)*

	Half-year (Unaudited)	Financial Year
	September 30, 2022	2021-22
Equity Share Capital <i>(fully paid-up)</i>	987.9	987.9
Net worth	2561.1	3386.3
Revenue from Operations	298.0	206.3
Profit after Tax	(825.2)	(1206.8)
Earnings per Share <i>(in ₹) Diluted</i>	(8.35)	(14.70)
Net Asset Value <i>(in ₹)</i>	25.92	34.28
Face Value	10.00	10.00

Shareholders Agreement

Our Company has no Shareholder's agreement.

Strategic Partner / Financial Partner

Our Company has no strategic partner or financial partner.

OUR MANAGEMENT

BOARD OF DIRECTORS

As per our Articles of Association, our Company is required to have not less than 3 (three) and not more than 15 (fifteen) Directors on our Board.

As on the date of this Letter of Offer, our Company has 7 (seven) Directors, out of which 1 (one) is a Vice Chairperson & Managing Director, 1 (one) is an Executive Director, 1 (one) is a Non-Executive Director, 4 (four) are Non-Executive Independent Directors of which 1 (one) is Woman Director.

The following table sets forth the details of the Board of Directors as on the date of this Letter of Offer:

Sl. No.	Name, DIN, Date of Birth, Designation, Qualification, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
1.	<p>Nara Bhuvaneswari</p> <p><i>DIN:</i> 00003741</p> <p><i>Date of Birth:</i> June 20, 1962</p> <p><i>Designation:</i> Vice Chairperson & Managing Director</p> <p><i>Qualification:</i> B.A</p> <p><i>Address:</i> Plot No.1310, Road No.65, Jubilee Hills, Hyderabad – 500 033 Phone: 040-23608121 <i>Occupation:</i> Business</p> <p><i>Term:</i> 5 years (April 1, 2019 to March 31, 2024)</p> <p><i>Nationality:</i> Indian</p>	60	<p>i. Megabid Finance & Investment Private Limited</p> <p>ii. Heritage Finlease Limited</p> <p>iii. Nirvana Holdings Private Limited</p> <p>iv. Heritage Nutrivet Limited</p>
2.	<p>Brahmani Nara</p> <p><i>DIN:</i> 02338940</p> <p><i>Date of Birth:</i> December 21, 1987</p> <p><i>Designation:</i> Executive Director</p> <p><i>Qualification:</i> B. Tech (Electrical) & MBA</p> <p><i>Address:</i> Plot No.1310, Road No. 65, Jubilee Hills, Hyderabad – 500 033</p>	35	<p>i. Megabid Finance & Investment Private Limited</p> <p>ii. Heritage Finlease Limited</p> <p>iii. Nirvana Holdings Private Limited</p> <p>iv. Heritage Nutrivet Limited</p> <p>v. Heritage Novandie Foods Private Limited</p>

	Phone: 040-23608121 <i>Occupation:</i> Business <i>Term:</i> 5 years (From April 1, 2019 to March 31, 2024) <i>Nationality:</i> Indian		
3.	Srivishnu Raju Nandyala <i>DIN:</i> 00025063 <i>Date of Birth:</i> December 28, 1973 <i>Designation:</i> Non-Executive Independent Director <i>Qualification:</i> B. Tech (Chemical) <i>Address:</i> Plot No.616, Road No. 33, Jubilee Hills, Hyderabad-500033 Phone : +91 40 23555445 <i>Occupation:</i> Business <i>Term:</i> 5 years (From August 30, 2019 to August 29, 2024) <i>Nationality:</i> Indian	49	i. Heritage Novandie Foods Private Limited ii. Amara Raja Batteries Limited iii. Revathi Finances & Leasing Private Limited iv. Exciga Land Holdings Private Limited v. Exciga Properties Private Limited vi. Foliage Bio-Tech Private Limited vii. Verdant Realtors Private Limited viii. Dexter Computech Private Limited ix. Fruition Bio-Pharma Private Limited x. Zyduz Wellness Limited xi. Waporise Systems India Private Limited xii. Monza Estates Private Limited xiii. Viviso Estates and Lands Private Limited xiv. Arlington Estates and Resorts Private Limited xv. Blue Hammock Estates Private Limited xvi. Exciga Soft Private Limited xvii. Blue Hammock Software Private Limited xviii. Raasi Computer Private Limited xix. Raasi Software Corporation Private Limited xx. Ink Realty Projects LLP xxi. Unnathi Estates LLP xxii. Sri Sri Finances Advisors LLP
4.	Rajesh Thakur Ahuja <i>DIN:</i> 00371406 <i>Date of Birth:</i> May 2, 1971 <i>Designation:</i> Non-Executive Independent Director <i>Qualification:</i> B.E. (Production Engineering) <i>Address:</i> Mehrise Flat No.501, Gujar Lane, Near Poddar School, Santacruz (W) Mumbai-400054 <i>Occupation:</i> Business <i>Term:</i> 5 years (From August 19, 2021 to August 18, 2026) <i>Nationality:</i> Indian	51	i. Heritage Nutrivet Limited ii. Kitchen Creations Private Limited iii. Palmleaf Furnitech Private Limited iv. MRJ Home Improvement Private Limited v. Raumplus India LLP vi. Superbuild Projects LLP vii. Maestro Kitchens and Wardrobes LLP
5.	Muthu Raju Paravasu Raju Vijay Kumar	53	i. Geojit Financial Services Limited ii. Life Insurance Corporation of India

	<p>DIN: 05170323</p> <p>Date of Birth: September 30, 1969</p> <p>Designation: Non-Executive Independent Director</p> <p>Qualification: CA, CS, CMA</p> <p>Address: B Block, V Floor, Flat E CeeDeeYes, Regal Palm Gardens, 383 Velachery Main Road, Velachery, Chennai -600 042</p> <p>Occupation: Service</p> <p>Term: 5 years (From November 1, 2021 to October 31, 2026)</p> <p>Nationality: Indian</p>		<p>iii. Sella India Software Services Private Limited</p> <p>iv. Sify Technologies Limited</p>
6.	<p>Nagaraja Naidu Vadlamudi</p> <p>DIN: 00003730</p> <p>Date of Birth: July 1, 1947</p> <p>Designation: Non-Executive Director</p> <p>Qualification: M. Com, M. Litt., PhD (Financial Management)</p> <p>Address: Plot No. 238 Road No. 18, Jubilee Hills, Hyderabad – 500033</p> <p>Occupation: Business</p> <p>Term: Liable to retire by rotation</p> <p>Nationality: Indian</p>	75	<p>i. Vihaan Auto Ventures Private Limited</p> <p>ii. Kira Techmanagement Services Private Limited</p>
7.	<p>Aparna Surabhi</p> <p>DIN: 01641633</p> <p>Date of Birth: August 20, 1967</p> <p>Designation: Non-Executive Independent Woman Director</p> <p>Qualification: B. Com, LLB, FCA</p> <p>Address: 403, Dhruva-II, Sreenivasa Village Yousufguda, Hyderabad 500045, Telangana,</p>	55	<p>i. Optival Health Solutions Private Limited</p> <p>ii. Heritage Nutrivet Limited</p> <p>iii. Nichelon Infotech Services Private Limited</p> <p>iv. Pharmaclan Consulting Private Limited</p> <p>v. Hyperglo Technologies Private Limited</p>

	<i>Occupation:</i> Business		
	<i>Term:</i> 5 years, <i>not liable to retire by rotation</i> (From April 1, 2019 to March 31, 2024)		
	<i>Nationality:</i> Indian		

Brief Profile of Our Board of Directors

Nara Bhuvaneswari, aged 60 years is the Vice-Chairperson & Managing Director of our Company. A B.A. Graduate and a Director on the board of several companies, she is a dynamic leader having extensive experience in business and has been successfully steering Heritage Foods Limited towards growth and better prospects over the years. She is guiding and monitoring the overall workflow of the organization.

Brahmani Nara, aged 35 years is the Executive Director our Company. She holds a Master's in Business Administration from Stanford University, Bachelor's in Electrical Engineering from Santa Clara University, California, USA and Communication Engineering from Chaitanya Bharathi Institute of Technology, Hyderabad, India. She was an Investment Associate in Vertex Venture Management Private Limited in Singapore from 2009 to 2011. She joined Heritage in 2011 as Vice President (Business Development). Her functional responsibilities includes design, development and implementation of strategic plans for the organization in a cost-effective and time-efficient manner.

Srivishnu Raju Nandyala, aged 49 years is a Non-Executive Independent Director of our Company. He is the Founder Chairman and Chief Executive Officer of the EXCIGA group. A Director in several public and private companies, he has held several positions including the Founder and President of Entrepreneurs Organization, Hyderabad, President of CII's (Confederation of Indian Industries) Young Indians, Hyderabad Chapter and a Member on the State Council of CII. He holds a Bachelor's Degree in Chemical Engineering from Osmania University, Andhra Pradesh.

Rajesh Thakur Ahuja, aged 51 years is a Non-Executive Independent Director of our Company. He is a Graduate in Production Engineering from Pune University Engineering College. He started Silver line Wire Products in 1993 as a manufacturer of plastic coated wire products for household applications. In 1998, he started marketing under the brand name of Sleek. He has completed Owner President Management Programme at Harvard University, USA. He has experience in the areas of Strategy Planning and Mergers & Acquisitions; Leadership; Sales & Marketing and Finance.

Muthu Raju Paravasa Raju Vijay Kumar, aged 53 years is a Non-Executive Independent Director of our Company. He is a Fellow Member of Institute of Chartered Accountants of India (ICAI), Institute of Cost and Management Accountants of India (ICMA) and Institute of Company Secretaries of India (ICSI) with experience of nearly 30 years. Presently, he is Director on the Board of M/s. Sify Technologies Limited a NASDAQ listed Company, and also serves as a Director in several other companies.

Dr. Nagaraja Naidu Vadlamudi, aged 75 years is a Non-Executive Director of our Company. He is a M. Com, M. Litt and a PhD. (Financial Management) and began his career from the Administrative Staff College of India, Hyderabad in 1972. He has held various positions in reputable universities such as Professor, Dean, Director, etc., and has taught in the fields of Finance and Business Economics at Post Graduate and Doctorate levels for about 25 years. Has been the Registrar (Administrative Head) of Dr B R Ambedkar Open University for about 10 years. He has been associated with our Company since its inception and has been able to utilize his intimate understanding of the rural socio-economic scenario to

strengthen milk procurement systems and strategies of Heritage, all of which has contributed immensely to the growth of Heritage Foods.

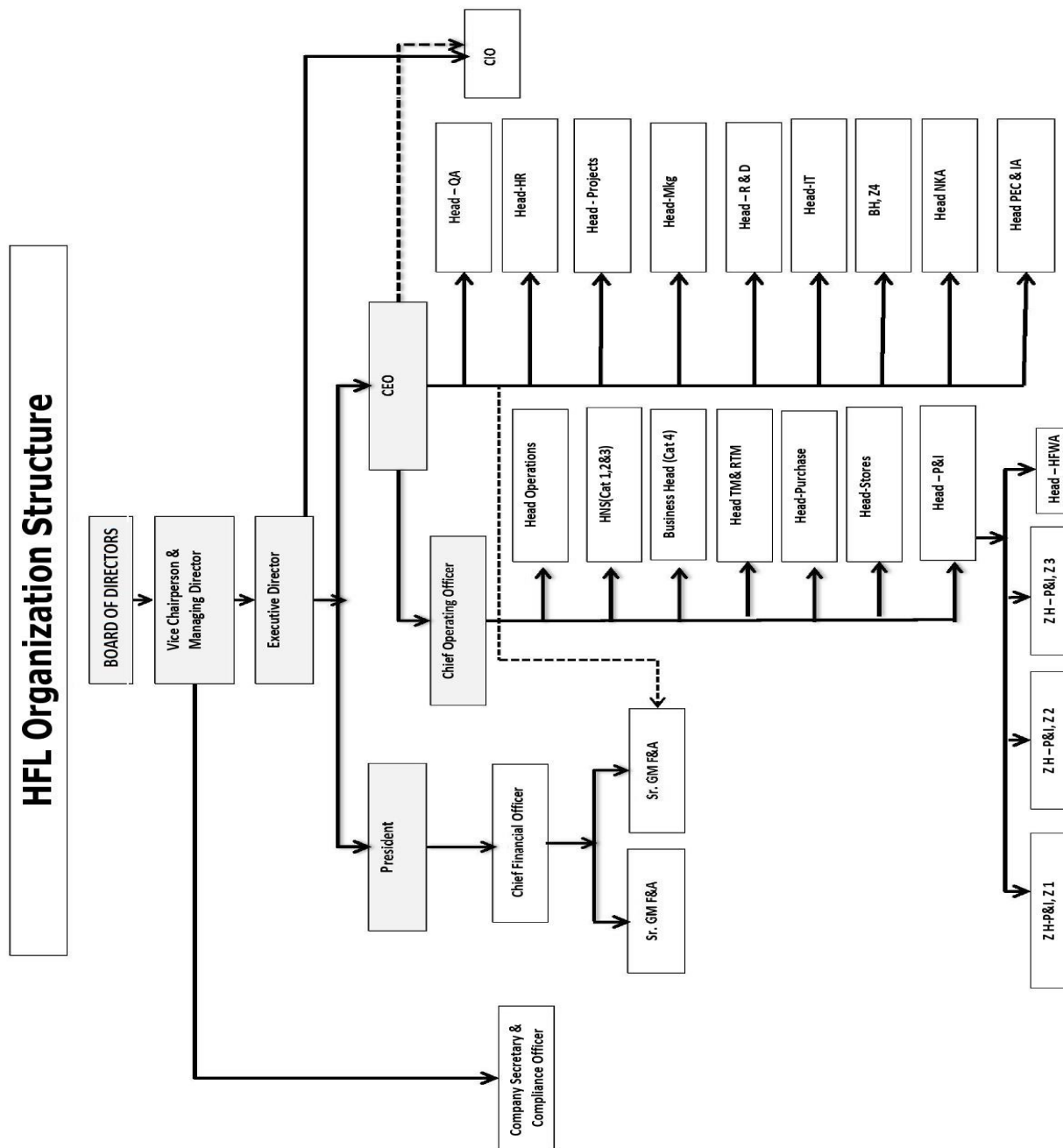
Aparna Surabhi, aged 55 years is a Non-Executive Independent Woman Director of our Company. She is a Fellow Member of Institute of Chartered Accountants of India, Bachelor of Commerce from Bombay University and Bachelor of Law from Bombay University and has been practicing as Chartered Accountant since 1991. She has more than 25 years of experience in handling audits of all kinds and has been a consultant for many start-up businesses.

Confirmations

1. None of the Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five years preceding the date of filing of this Letter of Offer, during the term of his/her directorship in such company.
2. Further, none of the Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) at any time in the past ten years preceding the date of filing of this Letter of Offer, during the term of his/ her directorship in such company.

Management Organization Structure

Set forth is the organization structure of our Company:



Corporate Governance

The provisions of the SEBI Listing Regulations and the Companies Act with respect to corporate governance are applicable to us.

We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, Companies Act and the SEBI (ICDR) Regulations, in respect of corporate governance including constitution of our Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

Committees of our Board

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Stakeholders Relationship Committee
- d) Management Committee
- e) Risk Management Committee, and
- f) Corporate Social Responsibility Committee
- g) Rights Issue Committee

Details of each of these Committees are set forth in the table below:

a. Audit Committee

Our Audit Committee was originally constituted on March 31, 1997 and was last reconstituted with the following members forming part of the Committee:

Sl. No.	Name of Member	Status	Designation
1.	Aparna Surabhi	Non- Executive Independent Woman Director	Chairperson
2.	Rajesh Thakur Ahuja	Non-Executive Independent Director	Member
3.	Srivishnu Raju Nandyala	Non-Executive Independent Director	Member
4.	Muthu Raju Paravasa Raju Vijay Kumar *	Non-Executive Independent Director	Member
5.	Nagaraju Naidu Vadlamudi	Non-Executive Director	Member

* - with effect from January 21, 2022

The terms of reference of the Audit Committee cover the matters specified in respect of such committee under Regulation 18 (1) (c) of the Listing Regulations, as amended from time to time and Section 177 of the Companies Act, 2013. The role of the Audit Committee and the information to be reviewed includes

the matters specified under part C of Schedule II to Regulation 18 (3) of the Listing Regulations as well as section 177 of the Companies Act 2013.

Terms of reference of the Audit Committee are as under:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible;
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors;
- 3) Approval of payment to statutory auditors;
- 4) Reviewing with the management, the quarterly/annual financial statements/results and auditor's report thereon before submission to the Board for approval;
- 5) Reviewing with the management, the statement of uses/application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer documents/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or rights issue, and making appropriate recommendations to the Board to take up steps in the matter;
- 6) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- 7) Approval of any subsequent modification of transactions of the Company with related parties;
- 8) Scrutiny of inter-corporate loans and investments;
- 9) Valuation of undertakings or assets of the Company, wherever it is necessary;
- 10) Evaluation of internal financial controls and risk management systems;
- 11) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 12) Reviewing the adequacy of internal audit function and discussion with the internal auditors of any significant findings and follow up thereon;
- 13) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- 14) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 15) To look into the reasons for any substantial defaults in the payment to the depositors, debenture holders, members and creditors;
- 16) Review the functioning of whistle blower mechanism;
- 17) Monitoring the compliances as per the provisions of SEBI (PIT) Regulations, 2015;
- 18) Approval of appointment of Chief Financial Officer;
- 19) Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹1000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision.
- 20) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;
- 21) Such other matter as prescribed under Part-C of Schedule-II of SEBI Listing Regulation and from time to time be required under any statutory, contractual, or other regulatory requirement;
- 22) Apart from the afore-mentioned terms of reference, the Audit Committee mandatorily monitors and provides an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Audit Committee oversees the work carried out in the financial reporting

process by the Management, the internal auditors, and statutory auditors. The committee has the ultimate authority and responsibility to select, evaluate and where appropriate, replace the statutory auditors in accordance with the law. All possible measures were taken by the committee to ensure the objectivity and independence of the statutory auditors.

The Vice Chairperson & Managing Director, Executive Director, President, Chief Financial Officer, Chief Executive Officer, and Chief Operating Officer of the Company are permanent invitees to the Audit Committee meetings.

Audit Committee meetings invite the Auditors to the meeting.

The Company Secretary & Compliance Officer acts as the Secretary to the Audit Committee.

b. Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was originally constituted on March 31, 2004 and was last reconstituted with the following members as part of the Committee:

Sl. No.	Name of Member	Status	Designation
1.	Srivishnu Raju Nandyala	Non- Executive Independent Director	Chairman
2.	Rajesh Thakur Ahuja	Non-Executive Independent Director	Member
3.	Aparna Surabhi	Non-Executive Independent Woman Director	Member
4.	Muthu Raju Paravasa Raju Vijay Kumar*	Non-Executive Independent Director	Member

* - with effect from January 21, 2022

The committee oversees and administers, executive compensation, operating under a written charter adopted by our Board of Directors. The nomination and remuneration committee has framed the nomination and remuneration policy.

The terms of reference of the Committee is as under:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relation to for remuneration for the directors, key managerial personnel, and other employees;
- ii. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- iii. Devising a policy on diversity of board of Directors;
- iv. Identifying persons who are qualified to become of Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- v. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors;
- vi. Recommend to the Board, all remuneration, in whatever form payable to senior management
- vii. Evaluate the balance of skills, knowledge, and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. For the purpose of identifying suitable candidates, the Committee may:
 - a) use the services of an external agencies, if required;
 - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) consider the time commitments of the candidates

- d) The committee shall review and discuss all matters pertaining to candidates and shall evaluate the candidates in accordance with a process that it sees fit, passing on the recommendations to the Board. The committee coordinates and oversees the annual self- evaluation of the Board and of individual directors. The Committee also review the performance and approve the revision of annual fixed salary & variable pay and promotions of all the Employees one level below the Board including the Functional Heads of the Company. The committee also regularly evaluate the usefulness of such performance parameters, and make necessary amendments.

The Executive Director and the President are invitees to the Committee meetings.

The Company Secretary & Compliance Officer acts as the Secretary to the Audit Committee.

c. Stakeholders Relationship Committee

Our Stakeholders Relationship Committee was originally constituted on December 11, 1994 and was last reconstituted by our Board of Directors with the following members:

Sl. No.	Name of Member	Status	Designation
1.	Nagaraju Naidu Vadlamudi	Non-Executive Director	Chairman
2.	Srivishnu Raju Nandyala	Non- Executive Independent Director	Member
3.	Nara Bhuvaneswari	Vice Chairperson & Managing Director	Member
4.	Rajesh Thakur Ahuja	Non-Executive Independent Director	Member

The terms of reference cover the matters specified under Part D of Schedule II to Regulation 20(4) of Listing Regulations as well as under section 178 of the Companies Act 2013.

The committee reviews and ensures redressal of investor grievances.

The Committee has taken note that all the grievances, if any, of the investors have been resolved during the year.

The terms of reference of the Committee are as under:

- i. Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, nonreceipt of declared dividends, issue of new/ duplicate certificates etc.
- ii. Review of measures taken for effective exercise of voting rights by members
- iii. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent
- iv. Review of various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuing timely receipt of dividend warrants/ annual reports/statutory notices by the members of the Company
- v. To approve, Sub- division, Consolidation, and issue of new/ duplicate share certificates, whenever requested for by the members of the company.

d. Management Committee

Our Compensation Committee was originally constituted on June 28, 2002 and last reconstituted by our Board of Directors with the following members:

Sl. No.	Name of Member	Status	Designation
1.	Aparna Surabhi	Non-Executive Independent Woman Director	Chairperson
2.	Srivishnu Raju Nandyala	Non- Executive Independent Director	Member
3.	Muthu Raju Paravasa Raju Vijay Kumar*	Non-Executive Independent Director	Member
4.	Nara Bhuvaneswari	Vice Chairperson & Managing Director	Member

* - with effect from January 21, 2022

The Board constituted the Management Committee to enable setting a strategic direction to guide and direct the activities of the organization. The Committee is in place to ensure effective management of the organization and its activities. It monitors the activities of the organization to ensure they are in keeping with the founding principles, objects and values.

The terms of reference of the Committee are to consider and dispose off any day to day matters, with a view to ensure smooth operations and timely action/ compliances.

The Committee meets at frequent intervals and disposes matters which are of urgent in nature without having to wait for the next Board Meeting and those items are not statutory require for the approval of the Board.

Mrs. N Brahmani (*Executive Director*), Dr. M. Sambasiva Rao (*President*), Mr. A. Prabhakara Naidu (*Chief Financial Officer*), Mr. Srideep Madhavan Nair Kesavan (*Chief Executive Officer*) and Mr. J Samba Murthy (*Chief Operating Officer*) of the Company are permanent invitees to the Committee Meeting. The Company Secretary & Compliance Officer is the Secretary to the Committee.

e. Risk Management Committee

In accordance with the provisions of Regulation 21 of the SEBI (LODR) Regulations and applicable provisions of the Companies Act, 2013, the Board constituted Risk Management Committee. The Committee's prime responsibility is to implement, review and monitor the risk management plan and policy of the Company. The Committee shall be aware of the significant risk exposures of the Company and assess whether Management is responding appropriately towards them in timely manner. The Committee's constitution and terms of reference meet with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, as amended from time to time.

Our Risk Management Committee was originally constituted on October 20, 2014 and the following members are currently the members of the said Committee:

Sl. No.	Name of Member	Status	Designation
1.	Rajesh Thakur Ahuja	Non-Executive Independent Director	Chairman
2.	Srivishnu Raju Nandyala	Non- Executive Independent Director	Member
3.	Nara Bhuvaneswari	Vice Chairperson & Managing Director	Member
4.	Aparna Surabhi	Non-Executive Independent Woman Director	Member

The Committee has been constituted to assist the Board in fulfilling its corporate governance with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks efficiently and effectively.

The Company has developed and implemented a risk management framework that included identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

Mrs. N Brahmani (*Executive Director*), Dr. M Sambasiva Rao (*President*), and Mr. A Prabhakara Naidu (*Chief Financial Officer*) of the Company are permanent invites to the Committee Meeting. Mr. Umakanta Barik, Company Secretary & Compliance Officer of the Company is the Secretary to the Committee.

f. Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee was essentially in pursuance to the provisions of Section 135 of the Companies Act, 2013 and the rules made there under as amended from time to time, in order to formulate and recommend to the Board, a Corporate Social Responsibility policy indicating activities to be undertaken by the Company in accordance with provisions of the Companies Act, 2013 and rules made thereunder. The Committee monitors the implementation of the CSR policy of the Company from time to time.

The CSR Committee was constituted.

Our Corporate Social Responsibility Committee was originally constituted on March 21, 2014 and last constituted with the following members forming a part of the said Committee:

Sl. No.	Name of Member	Status	Designation
1.	Rajesh Thakur Ahuja	Non-Executive Independent Director	Chairman
2.	Srivishnu Raju Nandyala	Non- Executive Independent Director	Member
3.	Nara Bhuvaneswari	Vice Chairperson & Managing Director	Member

The committee oversees the activities/functioning with regards to Company's project/works of implementing partners, being an external agency for implementation of the CSR activities of the Company and identifying the areas of CSR activities, programs, and execution of initiatives as per predefined guidelines/policy

Mrs. N Brahmani (*Executive Director*), Dr. M Sambasiva Rao (*President*), and Mr. A Prabhakara Naidu (*Chief Financial Officer*) of the Company are permanent invitees to the Committee Meeting. Mr. Umakanta Barik, Company Secretary & Compliance Officer of the Company is the Secretary to the Committee.

g. Rights Issue Committee

Additionally, our Company has constituted a Rights Issue Committee on September 30, 2022 to supervise and conclude successful completion of the proposed Rights Issue of equity shares to the existing shareholders of the Company.

The terms of reference of the Committee are as under:

- i. To appoint, negotiate fees/remuneration/expenses and/or any other charges and enter into arrangements with Merchant Banker(s), legal advisor(s), Banker(s), depository, registrar, Auditors, printer(s), monitoring agency if required and any other intermediaries, agencies or persons as may be required or desirable for giving effect to completion of rights issue process;
- ii. Finalise the budget for expenses of the Rights Issue;
- iii. To provide any document or data to the intermediaries for the purpose of Rights Issue;
- iv. Approve and adopt the draft Letter of Offer, Letter of Offer, Application Form and such other as documents, as may be required for the Rights Issue, and file or submit the same with SEBI, stock exchanges and other concerned authorities and issue the same to the equity shareholders of the Company;
- v. Settle any question, difficulty or doubt of stock exchange, SEBI or such other authorities, whether regulatory or otherwise, as may be necessary in relation to the Rights Issue and that may arise in connection with the Rights Issue;
- vi. Decide and determine:
 - a. To determine and fix the record date,
 - b. Opening and Closing dates of the Rights Issue,
 - c. Timing and such other terms and conditions except allotment of shares, as it may in consultation with its advisors deem fit;
- vii. Appoint bankers to the issue, escrow collection bank, refund account bank, and to open such account(s) in such style, with them as the Board may deem fit;
- viii. Make application(s) to the stock exchange(s) in India for listing of the Rights Shares and to execute and deliver any relevant document to the concerned stock exchange(s) including for trading of rights entitlements;
- ix. Issue public advertisements and notices;
- x. Decide the treatment to be given to the fractional entitlement if any;
- xi. Make relevant applications in respect of rights entitlements including for creation of separate ISIN, trading approvals and generally, determine and deal with any aspect emanating from, or related to, the rights entitlements including the credit, trading and lapse/suspension, subsequently, in accordance with applicable law;
- xii. Empower any officer(s) of the Company to operate on its behalf, the bank account(s) that may be opened with any bank(s) in India for and in connection with the issue;
- xiii. Take all such actions and give all such directions as may be necessary or desirable and also to settle any question or difficulty or doubts that may arise in regard to the creation, offer, issue and allotment of the Rights Shares;

The Committee was constituted with the following members forming part of the said Committee:

Sl. No.	Name of Member	Status	Designation
1.	Nara Bhuvaneswari	Vice Chairperson & Managing Director	Chairman
2.	Srivishnu Raju Nandyala	Non- Executive Independent Director	Member
3.	Aparna Surabhi	Non- Executive Independent Woman Director	Member
4.	Brahmani Nara	Executive Director	Member

Mr. Umakanta Barik, Company Secretary & Compliance Officer of the Company is the Secretary to the Committee.

The Committee is to be dissolved after completion of the entire Rights Issue process including receiving of the 1% Security deposit from the Stock Exchanges.

Key Managerial Personnel

In addition to our Whole Time Director (Executive Director) & Chief Executive Officer, whose details have been provided under paragraph above titled '*Brief Profile of our Board of Directors*' at page 125, set forth below are the details of our Key Managerial Personnel as on the date of filing of this Letter of Offer:

Name	Designation	Qualification	Experience (years)	Date of Joining	Age (years)	Last Employment / Designation
Nara Bhuvaneswari	Vice Chairperson & Managing Director	B.A.	28	12-Dec-1999	60	-
Nara Brahmani	Executive Director	B. Tech., MBA	14	28-Jun-2013	35	Vertex Venture Management Private Limited, Singapore
A Prabhakara Naidu	Chief Financial Officer	B.Sc., FCA	33	7-Aug-1992	61	-
Umakanta Barik	Company Secretary & Compliance Officer	M.A., LLB, FCS		28-Jan-2008	50	Biological E Limited
M Sambasiva Rao	President	M.Sc., PhD	38	23-Jan-2006	65	Joint Secretary, Ministry of Commerce & Industry, Government of India
Srideep Madhavan Nair Kesavan	Chief Executive Officer	B.Tech., MBA (PGDBM, Marketing), XLRI	25	28-Jul-2021	49	Vice President Marketing, Juices and value-added category, Coca Cola India & South-West Asia BU
J Samba Murthy	Chief Operating Officer	MBA (Marketing)	33	1-Apr-2007	56	Reliance Life Sciences Limited

Umakanta Barik, aged 50 years, is the Company Secretary and Compliance Officer of our Company. He holds a Masters in Arts degree, LLB and is Fellow of the Institute of Company Secretaries of India. He is responsible for handling secretarial matters of our Company and was appointed with effect from January 28, 2008.

All our Key Managerial Personnel are permanent employees of the Company.

None of our Key Managerial Personnel are entitled to receive any termination benefits.

Relationship of Key Managerial Personnel with other Key Managerial Personnel

None of the key managerial personnel are related to each other except for Nara Bhuvaneswari, *Vice Chairperson & Managing Director* who is the mother-in-law of Nara Brahmani, *Executive Director*.

OUR PROMOTERS

Our Promoters are Nara Bhuvaneshwari, Nara Lokesh, and Megabid Finance and Investment Private Limited. As on date of this Letter of Offer, Nara Bhuvaneshwari holds 1,06,61,652 equity shares constituting 22.98% of equity in the Company; Nara Lokesh holds 47,32,800 equity shares constituting 10.2% of equity in our Company, and Megabid Finance and Investment Private Limited holds 24,47,600 equity shares constituting 5.28% of equity in our Company. Nara Bhuvaneshwari, Nara Lokesh and Megabid Finance and Investment Private Limited hold, in aggregate, 1,78,42,052 Equity Shares constituting 38.46% of our issued, subscribed and paid-up equity share capital.

Our Company confirms that the permanent account number, bank account number and passport number in case of our Individual Promoters shall be submitted to the Stock Exchanges at the time of filing this Letter of Offer.

Our Promoters:

- **Nara Bhuvaneshwari**

For details of the educational qualifications, experience, other directorships, positions / posts held by Nara Bhuvaneshwari, *Vice Chairperson & Managing Director* and key Promoter, please see the chapter titled “Our Management” at page 122 of this Letter of Offer.

- **Nara Lokesh**

Nara Lokesh, aged 39 years, is a post graduate in Business Administration and Management from Stanford University, USA and was associated with World Bank in its projects. He is a Lawmaker and is currently serving as Member of the Legislative Council in the Andhra Pradesh state.

He is the son of Nara Bhuvaneshwari (*Promoter, Vice Chairperson & Managing Director of our Company*), husband of Nara Brahmani (*member of Promoter Group and Executive Director of our Company*), and father of Devaansh Nara (*member of Promoter Group*).

- **Megabid Finance and Investment Private Limited (MFIPL)**

Megabid Finance and Investment Private Limited (CIN: U65993TG1995PTC019355) was incorporated on February 2, 1995 with the Registrar of Companies, Hyderabad. It has its registered office at Flat No. 501, 5th Floor, Park Residency, House No. 1-103/16, Plot No. 10, Sy Nos. 43 to 47 and 49 (Part), Brundavan Colony, Madhapur Village, Serilingampally, Hyderabad – 500081, Telangana, India.

MFIPL is engaged in other financial intermediation. [i.e., financial intermediation other than that conducted by monetary institutions.]

Board of Directors of MFIPL

Sl. No.	Name of Director
1.	Nara Bhuvaneshwari
2.	Nara Brahmani
3.	Venkateswara Tummala Rao

Shareholding Pattern of MFIPL

Sl. No.	Name of Shareholder	No. of Equity Shares	%age holding
1.	Nara Bhuvaneswari	2,24,290	10.22
2.	Nara Brahmani	19,14,760	87.24
3.	K Rajarathnam Naidu	55,800	2.54
	Total	21,94,850	100.00

Financial Information of MFIPL

(₹ in lakhs, except stated otherwise)

Particulars	FY 2021-22	FY 2020-21
Authorized Capital	250.00	100.00
Paid-up Capital	219.49	29.01
Networth	975.15	634.65
Revenue from Operations	194.82	85.17
PAT	140.50	62.15
Earnings Per Share (EPS); figures in ₹	11.68	21.43
Book Value per Share; figures in ₹	44.43	21.43

Confirmation

1. None of our Promoters or members of our Promoter Group have been declared as willful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by them in the past or are any currently pending against them.
2. Our Promoters have not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
3. None of our Promoters or Promoter Group entities have been debarred or prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI or any other regulatory or government authority. Our Promoters and members of the Promoter Group are not and have never been promoters, directors, or person in control of any other company, which is debarred or prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI or any other regulatory or government authority.
4. There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority, other than that disclosed in the letter of Offer, during the last 5 (five) years preceding the date of the Issue against our Promoters.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, during the last three Fiscals, as per the requirements under the relevant accounting standards and as reported in the Financial Information, see section titled "*Financial Information*" at page 143 of this Letter of Offer.

DIVIDEND DISTRIBUTION POLICY

1. Objective

The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.;

2. Philosophy

The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilize its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

3. Regulatory Framework

The Securities Exchange Board of India ("SEBI") on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top 500 listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

Heritage Foods Limited being one of the top five hundred listed companies as per the market capitalization as on the last day of the immediately preceding financial year, frames this policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. Definitions

- **"Act"** shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.
- **"Applicable Laws"** shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.
- **"Listed Entity or Company or Heritage"** shall mean Heritage Foods Limited.
- **"Chairman"** shall mean the Chairman of the Board of Directors of the Company.
- **"Compliance Officer"** shall mean the Compliance Officer of the Company appointed by the Board of Directors pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015.

- **“Board” or “Board of Directors”** shall mean Board of Directors of the Company.
- **“Dividend”** shall mean Dividend as defined under Companies Act, 2013.
- **“VC&MD & ED”** shall mean Vice Chairperson and Managing Director and Executive Director of the Company.
- **“Policy or this Policy”** shall mean the Dividend Distribution Policy.
- **“SEBI Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- **“Stock Exchange”** shall mean a recognised Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (regulation) Act, 1956.

5. **Parameters for declaration of Dividend**

In line with the philosophy stated above in Clause 2, the Board of Directors of the Company shall consider the following parameters for declaration of Dividend:

A. Financial Parameters / Internal Factors :

The Board of Directors of the Company would consider the following financial parameters before recommending dividend to shareholders:

- a. Operating cash flow of the Company
- b. Profit earned during the year
- c. Profit available for distribution
- d. Working capital requirements
- e. Capital expenditure requirement
- f. Business expansion and growth
- g. Up gradation of technology and physical infrastructure
- h. Cost of Borrowing
- i. Past dividend payout ratio / trends

B. External Factors:

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- a. Economic environment
- b. Capital markets
- c. Statutory provisions and guidelines

C. Circumstances under which the shareholders may or may not expect Dividend

The shareholders of the Company may not expect Dividend under the following circumstances:

- Proposed expansion plans requiring higher capital allocation
- Significantly higher working capital requirements adversely impacting free cash flow;
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which require significant capital outflow;
- Whenever it proposes to utilize surplus cash for buy-back of securities; or
- In the event of inadequacy of profits or whenever the Company has incurred losses.

D. Utilization of retained earnings:

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan
- Product expansion plan
- Increase in production capacity
- Replacement of capital assets
- Dividend payment
- Issue of Bonus shares
- Such other criteria as the Board may deem fit from time to time.

E. Parameters adopted with regard to various classes of shares:

- Presently, the Authorised Share Capital of the Company is divided into equity share of Re.10 each and Preference shares of ₹ 10 each. At present, the issued and paid-up share capital of the Company comprises only equity shares and the dividend would be declared on equity shares.
- As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

6. Procedure

- The VC&MD & ED of the Company shall propose any amount to be declared/recommended as Dividend to the Board of Directors of the Company.
- The agenda of the Board of Directors where Dividend declaration or recommendation is

proposed shall contain the rationale of the proposal.

- Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company.
- The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

7. Disclosure:

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e., at www.heritagefoods.in

8. General

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this Policy. Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board of Directors.

SECTION VII – FINANCIAL INFORMATION

Sr. No.	Details	Page Number
1	Unaudited Consolidated Financial Results for the half-year ended September 30, 2022	144
2	Audited Consolidated Financial Statements for the year ended March 31, 2022	152

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Walker Chandlok & Co LLP

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Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Heritage Foods Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Heritage Foods Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture (refer Annexure 1 for the list of subsidiaries, associate and joint venture included in the Statement) for the quarter ended 30 September 2022 and the consolidated year to date results for the period 1 April 2022 to 30 September 2022, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Dehradun, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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Walker Chandiok & Co LLP

We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.

4. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. The Statement includes the interim financial information of one subsidiary, which has not been reviewed by their auditors, whose interim financial information reflect total assets of ₹0.04 million as at 30 September 2022, total revenues of ₹Nil and ₹Nil, net loss after tax of ₹Nil and ₹Nil, total comprehensive loss of ₹Nil and ₹Nil for the quarter and year-to-date period ended 30 September 2022 respectively, cash flow (net) of ₹0.01 million for the period ended 30 September 2022 as considered in the Statement and has been furnished to us by the Holding Company's management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such unreviewed interim financial information. According to the information and explanations given to us by the management, this interim financial information is not material to the Group.

Our conclusion is not modified in respect of this matter with respect to our reliance on the financial information certified by the Board of Directors.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

SANJAY

Digitally signed by
SANJAY KUMAR JAIN
Date: 2022.10.18
11:05:44 +05'30'

KUMAR JAIN

Sanjay Kumar Jain

Partner

Membership No. 207660

UDIN: 22207660BABTWS2018

Place: Hyderabad

Date: 18 October 2022

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Dehradun, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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Annexure 1

List of entities included in the Statement

Subsidiaries:

1. Heritage Nutrivet Limited
2. Heritage Employees Welfare Trust

Associate:

3. SKIL Raigam Power (India) Limited

Joint Venture:

4. Heritage Novandia Foods Private Limited

Chartered Accountants

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HERITAGE FOODS LIMITED						
Registered Office: 6-3-541/C, Adjacent to NIMS, Panjagutta, Hyderabad - 500 082						
CIN: L15209TG1992PLC014332, website: www.heritagefoods.in, Tel.No: 040-23391221/23391222 Fax: 23318090, email: hfl@heritagefoods.in						
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2022						
Sl. No	Particulars	Quarter ended			(Amount in millions of ₹ unless otherwise stated)	
		30.09.2022 (Unaudited)	30.06.2022 (Unaudited)	30.09.2021 (Unaudited)	30.09.2022 (Unaudited)	30.09.2021 (Unaudited)
						31.03.2022 (Audited)
1	Revenue	8,161.52	8,209.20	6,703.00	16,370.71	26,812.79
	a. Revenue from operations	28.99	26.46	28.98	55.44	112.72
	b. Other income	8,190.51	8,235.66	6,731.98	16,426.15	26,925.51
2	Expenses					
	a. Cost of materials consumed	6,332.64	6,558.95	4,904.81	12,891.59	20,605.18
	b. Purchases of stock-in-trade	78.76	36.88	33.76	135.64	169.37
	c. Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress	162.50	157.48	117.94	319.98	60.14
	d. Employee benefits expenses	528.31	541.75	479.01	1,040.06	1,842.88
	e. Finance costs	3.33	6.87	9.23	10.20	40.07
	f. Depreciation and amortization expense	138.30	134.39	130.36	272.69	521.82
	g. Impairment losses	-	-	-	-	4.24
	h. Other expenses	660.69	685.07	516.11	1,345.78	2,222.65
	Total expenses	7,904.53	8,111.39	6,191.22	16,815.94	25,466.35
3	Profit before share of loss of an associate and a joint venture from continuing	285.98	124.27	540.76	440.21	1,459.16
4	Share of loss of an associate and a joint venture	(22.64)	(18.62)	(13.93)	(41.26)	(60.34)
5	Profit before exceptional items and tax from continuing operations	263.34	105.65	526.83	368.95	1,398.82
6	Discontinued items (refer note 4)	-	-	(91.40)	-	(91.40)
7	Profit before tax from continuing operations	263.34	105.65	435.43	368.95	1,307.42
8	Tax expense					
	a. Current tax expense	75.70	32.60	126.87	108.30	343.59
	b. Deferred tax expense/(benefit)	(2.81)	0.29	(19.11)	(2.52)	(1.38)
9	Profit for the period/year from continuing operations	190.45	72.76	327.67	263.17	965.21
10	Discontinued operations					
	a. Loss before tax	-	-	(0.49)	-	(4.35)
	b. Tax expense	-	-	-	-	-
11	Loss for the period/year from discontinued operations	-	-	(0.49)	-	(4.35)
12	Profit for the period/year	190.45	72.76	327.18	263.17	960.86
13	Other comprehensive income (OCI)					
	(a) Items that will not be reclassified to profit or loss					
	(i) Re-measurement gain/(loss) on defined benefit plan, net of tax	(0.90)	(0.05)	(1.01)	(0.11)	(2.03)
	(ii) Net gain/(loss) on fair value through OCI equity securities	0.06	(0.03)	-	0.03	0.02
	(b) Items that will be reclassified to profit or loss	-	-	-	-	-
14	Total comprehensive income for the period/year	190.45	72.68	326.17	263.09	960.40
15	Profit/(loss) for the period/year, attributed to Owners of the Company:					
	- Profit from continuing operations	190.45	72.76	327.67	263.17	965.60
	- Profit/(loss) from discontinued operations	-	-	-	-	-
	- Total profit	190.45	72.76	327.67	263.17	965.60
	- Other comprehensive income/(loss)	-	(0.08)	(1.11)	(0.08)	(0.46)
	- Total comprehensive income	190.45	72.68	326.56	263.09	965.23
16	Loss for the period/year, attributed to Non-controlling interest of the Company:					
	- Loss from continuing operations	-	-	-	-	(0.49)
	- Loss from discontinued operations	-	-	(0.49)	-	(0.85)
	- Total Loss	-	-	(0.49)	-	(0.89)
	- Other comprehensive income/(loss)	-	-	-	-	-
	- Total comprehensive Loss	-	-	(0.49)	-	(0.89)
17	Paid up Equity share capital (face value of ₹5 each)	231.99	231.99	231.99	231.99	231.99
18	Other equity (attributable to the Owners of the Company)	-	-	-	-	6,343.51
19	Earnings per equity share ("EPES") for continuing operations					
	Basic and Diluted EPES					
	- Continuing operations	4.10	1.57	7.06	5.67	20.81
	- Discontinuing operations	-	-	-	-	-
	- Continuing and discontinuing operations	4.10	1.57	7.06	5.67	20.81



HERITAGE FOODS LIMITED

CIN : L15209TG1992PLC014332

AN ISO: 22000 CERTIFIED COMPANY

Regd. Off: # 6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana, INDIA. Tel.: +91-40-23391221, 23391222, Fax: 23326789, 23318090
Email: hfl@heritagefoods.in, Website : www.heritagefoods.in





Consolidated segment information

(Amount in millions of ₹ unless otherwise stated)

Sl. No	Particulars	Quarter ended			Six months ended		Year ended
		30.09.2022 (Unaudited)	30.06.2022 (Unaudited)	30.09.2021 (Unaudited)	30.09.2022 (Unaudited)	30.09.2021 (Unaudited)	
1	Segment revenue						
	a. Dairy	8,087.83	8,143.72	6,600.09	16,231.55	12,977.63	26,413.02
	b. Renewable energy	26.18	24.47	28.77	50.65	51.01	90.03
	c. Feed	252.23	225.07	233.73	477.30	475.16	946.12
	Total	8,366.24	8,393.26	6,862.59	16,759.50	13,503.80	27,449.17
	Less: Inter segment revenue	204.72	184.06	159.50	388.79	329.26	636.38
	Income from operations	8,161.52	8,209.20	6,703.00	16,370.71	13,183.54	26,812.79
2	Segment results						
	Profit/(Loss) before finance costs, tax and other un-allocable items						
	a. Dairy	268.00	139.87	441.12	397.85	849.18	1,361.42
	b. Renewable energy	12.55	10.80	16.09	23.36	25.13	37.30
	c. Feed	4.85	(5.06)	2.61	(0.15)	19.62	24.13
	d. Others	-	-	-	-	(0.04)	(0.79)
	Total	285.40	135.67	459.82	421.06	893.91	1,422.06
	Share of loss of an associate and a joint venture	(22.49)	(18.62)	(13.93)	(41.26)	(27.18)	(60.34)
	Less: i. Finance costs	(3.33)	(6.87)	(9.23)	(10.20)	(23.47)	(40.07)
	ii. Other un-allocable expenses	(7.52)	(9.92)	(7.30)	(17.44)	(10.94)	(33.00)
	Add: i. Interest income	0.47	1.94	0.23	2.41	2.36	6.70
	ii. Other un-allocable income	10.96	3.45	5.84	14.38	7.57	12.07
	Profit before tax from continuing operations	263.34	105.65	435.43	368.95	842.25	1,307.42
3	Segment assets						
	a. Dairy	6,687.73	6,876.22	6,359.68	6,687.73	6,359.68	7,319.14
	b. Renewable energy	539.85	547.25	568.95	539.85	568.95	554.42
	c. Feed	547.17	562.66	543.43	547.17	543.43	546.56
	d. Unallocated	1,753.42	1,548.28	1,649.60	1,753.42	1,649.60	605.68
	Total	9,528.17	9,534.41	9,121.66	9,528.17	9,121.66	9,025.80
4	Segment liabilities						
	a. Dairy	2,431.28	2,488.93	2,376.23	2,431.28	2,376.23	2,067.85
	b. Renewable energy	6.16	4.08	4.51	6.16	4.51	3.42
	c. Feed	162.13	170.59	177.51	162.13	177.51	152.80
	d. Unallocated	205.96	222.58	204.45	205.96	204.45	226.19
	Total	2,805.53	2,886.18	2,762.70	2,805.53	2,762.70	2,450.26



HERITAGE FOODS LIMITED

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Email: hfl@heritagefoods.in, Website : www.heritagefoods.in





Heritage Foods Limited
Statement of Consolidated Assets and Liabilities as at 30 September 2022
(Amount in millions of ₹ unless otherwise stated)

Particulars	As at	
	30 September 2022 (Unaudited)	31 March 2022 (Audited)
ASSETS		
Non-current assets		
(a) Property, plant and equipment	5,670.25	5,704.52
(b) Capital work-in-progress	175.45	73.99
(c) Investment property	43.66	41.20
(d) Other intangible assets	38.34	44.39
(e) Intangible assets under development	5.31	6.40
(f) Financial assets		
(i) Investment in joint venture and associate	132.61	173.87
(ii) Other investments	2.96	2.93
(iii) Other financial assets	79.35	64.10
(g) Other non-current assets	24.68	3.84
Total Non-Current Assets	6,172.59	6,118.24
Current assets		
(a) Inventories	1,143.73	2,058.39
(b) Financial Assets		
(i) Investments	807.77	0.00
(ii) Trade receivables	380.26	184.80
(iii) Cash and cash equivalents	753.58	331.11
(iv) Bank balances other than (iii) above	33.13	25.01
(v) Loans	1.72	0.91
(vi) Other financial assets	54.99	36.56
(c) Current tax assets (net)	46.01	36.05
(d) Other current assets	174.95	230.24
(e) Disposal group - Assets held for sale	0.04	4.46
Total Current Assets	3,355.58	2,907.56
Total Assets	9,528.17	9,025.80
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	231.99	231.99
(b) Other equity	6,490.61	6,343.51
Equity Attributable to the Owners of the Company	6,722.60	6,575.50
Non-controlling interest	0.04	0.04
Total Equity	6,722.64	6,575.54
LIABILITIES		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	58.64	79.54
(ii) Lease liabilities	62.35	47.13
(iii) Other financial liabilities	6.22	7.07
(b) Government grant	82.91	86.28
(c) Provisions	177.59	163.45
(d) Deferred tax liabilities (net)	236.45	239.02
Total non-current liabilities	624.16	624.49
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	56.14	57.62
(ii) Lease liabilities	29.73	28.25
(iii) Trade payables		
- total outstanding dues of micro and small enterprises;	64.15	77.02
- total outstanding dues of creditors other than micro and small enterprises	716.43	441.66
(iv) Other financial liabilities	1,089.43	1,035.08
(b) Other current liabilities	146.88	116.66
(c) Government grant	6.73	6.73
(d) Provisions	91.88	82.77
Total current liabilities	2,181.37	1,825.77
Total equity and liabilities	9,528.17	9,025.80



HERITAGE FOODS LIMITED
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Email: hfl@heritagefoods.in, Website : www.heritagefoods.in





Heritage Foods Limited Consolidated Cash Flow Statement for six months ended 30 September 2022 (Amount in millions of ₹ unless otherwise stated)			
	Six months ended		For the year ended
	30 September 2022	30 September 2021	31 March 2022
	(Unaudited)	(Unaudited)	(Audited)
Cash flows from operating activities			
Profit before tax from continuing operations	368.95	842.25	1,307.42
Adjustments:			
Depreciation and amortization expense	272.68	258.03	521.82
Impairment losses	-	-	4.24
Provisions for doubtful advances	0.80	-	60.34
Share of loss of an associate and a joint venture	41.26	27.18	81.27
Provision for doubtful debts and bad debts written off	1.35	1.23	(2.20)
Guarantee income	(1.10)	(1.10)	(7.30)
Amortisation of government grants	(3.37)	(0.11)	14.36
Property, plant and equipment written off	0.07	0.22	(31.28)
Profit on sale of Property, plant and equipment ("PPE")	(14.10)	(24.12)	(19.45)
Provisions no longer required/ credit balances written back	(3.28)	(7.15)	(12.07)
Gain on investments	(13.25)	(5.80)	(1.50)
Interest income	(2.41)	(2.90)	33.02
Interest expense	6.56	22.01	1.32
Advances written off	0.19	0.25	-
Dividend income	-	-	(15.27)
Lease rental income	(10.49)	(8.90)	1,905.78
Operating profits before working capital changes	643.88	1,110.01	(93.87)
Changes in receivables	914.66	758.03	7.99
Changes in trade receivables	(106.81)	1.79	(89.10)
Changes in loans	(0.81)	11.40	(5.40)
Changes in other assets	38.62	3.28	164.09
Changes in other financial assets	2.90	(0.64)	16.05
Changes in trade payables	261.00	241.81	(35.80)
Changes in provisions	21.12	31.19	(0.12)
Changes in other financial liabilities	69.27	(2.37)	40.17
Cash generated from operating activities	1,816.74	2,764.98	1,836.20
Income taxes paid, net	(115.25)	(71.45)	(355.80)
Net cash generated from operating activities of continuing operations	1,698.48	2,690.47	1,484.34
Net cash used in operating activities of discontinued operations	0.01	(0.35)	(5.10)
Net cash generated from operating activities (A)	1,698.49	2,689.62	1,479.18
Cash flows from investing activities			
Purchase of PPE and other intangible assets, including CWIP and intangible assets under development	(338.81)	(284.02)	(144.73)
Proceeds from sale of PPE	21.99	23.29	18.01
Consideration paid towards Business combination	(27.11)	-	-
Investment in a joint venture	-	(45.63)	(104.83)
Receipts of government grants	-	40.80	73.26
Purchase of investments	(2,150.00)	(1,452.70)	(2,051.00)
Proceeds from sale of investments	1,356.11	734.69	2,863.07
Interest received	2.18	2.23	4.17
Movement in other bank balances, net	(8.02)	(10.54)	(12.42)
Rent received	9.25	9.24	19.84
Dividend received	-	-	-
Net cash generated from/(used in) investing activities of continuing operations	(1,134.41)	(988.57)	(424.45)
Net cash generated from investing activities of discontinued operations	-	-	-
Net cash used in investing activities (B)	(1,134.41)	(988.57)	(424.45)
Cash flows from financing activities			
Proceeds from long term borrowings	-	-	-
Repayment of long term borrowings	(22.39)	(282.54)	(605.96)
Interest paid	(3.44)	(21.45)	(30.92)
Lease rentals paid	(19.77)	(17.00)	(41.68)
Dividend paid	(116.00)	(331.93)	(347.99)
Net cash used in financing activities of continuing operations	(161.60)	(653.94)	(936.55)
Net cash generated from financing activities of discontinued operations	-	-	-
Net cash used in financing activities (C)	(161.60)	(653.94)	(936.55)
Net increase in cash and cash equivalents during the year (A + B + C)	402.48	508.01	128.18
Cash and cash equivalents at the beginning of the year	331.11	202.93	202.93
Cash and cash equivalents at the end of the year (Note 1)	733.59	710.94	331.11
Note 1:			
Cash and cash equivalents includes:			
- Included in cash and cash equivalents and current borrowings	21.40	21.55	25.81
Cash on hand	712.10	682.10	305.30
Balances with banks in current accounts	733.58	706.65	331.11
- Included in the assets of the disposal group	0.01	4.29	-
	733.59	710.94	331.11



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Regd. Off: # 6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana, INDIA. Tel.: +91-40-23391221, 23391222, Fax: 23326789, 23318090
Email: hfl@heritagefoods.in, Website : www.heritagefoods.in

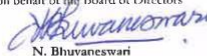




Notes:

1. The unaudited consolidated financial results for the quarter and six months ended 30 September 2022 were reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meetings held on 18 October 2022.
2. The consolidated financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).
3. As per Ind AS 108 - Operating Segments, the management has identified Dairy, Renewable energy and Feed as reportable segments.
4. The accompanying consolidated financial results for the year ended 31 March 2022 include a provision of ₹91.40 million, on account of disputed liability mainly due to GST classification of flavoured milk, being faced by the dairy sector.

For and on behalf of the Board of Directors


N. Bhuvaneshwari

Vice Chairperson and Managing Director
DIN: 00003741

Date: 18 October 2022
Place: Hyderabad



HERITAGE FOODS LIMITED

CIN : L15209TG1992PLC014332

AN ISO: 22000 CERTIFIED COMPANY

Regd. Off: # 6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana, INDIA. Tel.: +91-40-23391221, 23391222, Fax: 23326789, 23318090
Email: hfl@heritagefoods.in, Website : www.heritagefoods.in



Independent Auditor's Report

To
The Members of Heritage Foods Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Heritage Foods Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements and on the other financial information of a subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate and joint venture, as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on terms. Majority of the Holding Company's sales arrangements are on a point-of-sale basis and requires little judgement to be exercised. Discounts are material and there are arrangements with varying terms based on schemes implemented throughout the year. There is a risk of revenue being overstated, resulting from pressure the management may feel to achieve performance targets at the reporting period end.	Our audit included, but was not limited to, the following procedures: <ul style="list-style-type: none"> Assessed the appropriateness of the revenue recognition accounting policies, including those relating to discounts in accordance with Ind AS 115 – Revenue from contracts with customers ('Ind AS 115'). Evaluated the integrity of the general information and technology control environment and tested the operating effectiveness of key IT application controls. Evaluated the design and implementation of Holding Company's controls in respect of revenue recognition, including discounts. Performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included trip sheets, invoices, shipping documents and evidence of collection of receipts, as appropriate. Performed substantive testing by selecting samples of discount transactions recorded during the year and comparing the parameters used in the calculation of the discounts with the relevant source documents (including invoices and schemes) to assess whether the methodology



Key audit matter	How our audit addressed the key audit matter
<p>Due to the materiality of amounts involved and above said considerations, revenue recognition from sale of goods is determined to be a key audit matter for the current year audit.</p> <p>Refer Note 3(e) to the Consolidated Financial Statements – Summary of the significant accounting policies and Note 25 for the revenue recognized during the year.</p>	<p>adopted in the calculation of the discounts was in accordance with the terms and conditions defined in the schemes.</p> <ul style="list-style-type: none"> Assessed manual journal entries posted to revenue to identify unusual items and tested such entries on a sample basis. Evaluated appropriateness of disclosures made in the consolidated financial statements in accordance with the requirements of Ind AS 115 and other applicable regulations.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate and joint venture company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its associate and joint venture, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ Nil and net assets of ₹ Nil as at 31 March 2022, total revenues of ₹ 0.01 million and net cash outflows amounting to ₹ 1.35 million for the year ended on that date, as considered in the consolidated financial statements. This financial statement has been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

16. We did not audit the financial information of a subsidiary, whose financial information reflect total assets of ₹ 0.04 million and net assets of ₹ 0.04 million as at 31 March 2022, total revenues of ₹ 0.97 million and net cash outflows amounting to ₹ 5.16 million for the year ended on that date, as considered in the consolidated financial statements. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.



Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that a subsidiary company and an associate covered under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary / associate company. Further, we report that the provisions of section 197 read with Schedule V to the Act is not applicable to the joint venture company covered under the Act, since it is not a public company as defined under section 2(71) of the Act.
18. As required by clause (xii) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us, of companies included in the consolidated financial statements for the year ended 31 March 2022 and covered under the Act we report that following are the qualifications/adverse remarks reported by us in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2022 for which such Order reports have been issued till date:

S No	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Heritage Nutrivet Limited	U15400TG2008PLC062054	Subsidiary	ii(c)
2	Heritage Novandie Foods Private Limited	U74999TG2017PTC120860	Joint Venture	viii(a)

19. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of a subsidiary, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - In our opinion, for all the companies covered under the Act, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
 - The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
 - On the basis of the written representations received from the directors of the Holding Company, its subsidiary company, associate and its joint venture and taken on record by the Board of Directors of the Holding Company, its subsidiary company, associate and joint venture company, respectively, covered under the Act, none of the directors of the Group companies, its associate and joint venture companies covered under the Act, are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company, associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed an unmodified opinion; and
 - With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associate and joint venture:
 - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture as detailed in Note 44(b) to the consolidated financial statements;
 - The Holding Company, its subsidiary companies, associate company and joint venture company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2022. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company, associate company and joint venture company covered under the Act, during the year ended 31 March 2022; and
 - a. The respective managements of the Holding Company and its subsidiary companies, associate and joint venture company incorporated in India whose financial statements have been audited under the Act have represented to us, to the best of their knowledge and belief, as disclosed in note 36(i) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds)

by the Holding Company or its subsidiary companies, its associate or its joint venture company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate or its joint venture ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

- b. The respective managements of the Holding Company and its subsidiary companies, associate and joint venture company incorporated in India whose financial statements have been audited under the Act have represented to us, to the best of their knowledge and belief, as disclosed in the note 36(ii) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate or its joint venture company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate or its joint venture company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed, as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. As stated in note 35 to the accompanying consolidated financial statements, the final dividend paid by the Holding Company during the year ended 31 March 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. The interim dividend declared and paid by the Holding Company during the year ended 31 March 2022 and until the date of this audit report is in compliance with section 123 of the Act. The Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandlok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660
UDIN: 22207660AJRYLT1186

Place: Hyderabad
Date: 27 May 2022

Annexure 1

List of entities included in the Consolidated Financial Statements

Subsidiaries:

- 1) Heritage Nutrivet Limited
- 2) Heritage Farmers Welfare Trust
- 3) Heritage Employees Welfare Trust

Associate:

- 1) SKIL Raigam Power (India) Limited

Joint Venture:

- 1) Heritage Novandie Foods Private Limited



Annexure A

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

1. In conjunction with our audit of the consolidated financial statements of Heritage Foods Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, its associate company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary company, its associate company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, its associate company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, its associate company as aforesaid.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary company, its associate company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandlok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660
UDIN: 22207660AJRYLT1186

Place: Hyderabad
Date : 27 May 2022



Consolidated Balance Sheet

as at 31 March 2022

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Notes	As at	
		31 March 2022	31 March 2021
ASSETS			
Non-current assets			
(a) Property, plant and equipment	6	5,704.52	5,714.08
(b) Capital work-in-progress	6(a)	73.99	157.41
(c) Investment property	8	44.20	45.28
(d) Other intangible assets	7	44.39	38.95
(e) Intangible assets under development	7(a)	6.40	25.77
(f) Financial assets			
(i) Investment in associate and joint venture	9	173.87	129.06
(ii) Other investments	10	2.93	2.85
(iii) Other financial assets	11	64.10	55.26
(g) Other non-current assets	12	3.84	21.88
Total non-current assets		6,118.24	6,190.54
Current assets			
(a) Inventories	13	2,058.39	1,982.70
(b) Financial assets			
(i) Investments	10	0.03	0.04
(ii) Trade receivables	14	184.80	152.20
(iii) Cash and cash equivalents	15	331.11	218.26
(iv) Bank balances other than (iii) above	15	25.01	17.30
(v) Loans	16	0.91	8.90
(vi) Other financial assets	11	36.56	31.59
(c) Current tax assets (net)		36.05	25.78
(d) Other current assets	12	230.24	145.99
(e) Disposal group - Assets held for sale		4.46	11.81
Total current assets		2,907.56	2,594.57
Total assets		9,025.80	8,785.11
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	231.99	231.99
(b) Other equity	18	6,343.51	5,726.26
Equity attributable to the owners of the Company		6,575.50	5,958.25
(c) Non-controlling interest		0.04	4.88
Total equity		6,575.54	5,963.13
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	79.54	340.40
(ia) Lease liabilities	45	47.13	22.36
(ii) Other financial liabilities	20	7.07	8.77
(b) Government grant		86.28	26.90
(c) Provisions	21	165.45	103.73
(d) Deferred tax liabilities (net)	22	239.02	240.57
Total non-current liabilities		624.49	742.73
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	37.62	298.93
(ia) Lease liabilities	45	28.23	22.51
(ii) Trade payables	24		
- total outstanding dues of micro and small enterprises		77.02	35.14
- total outstanding dues of creditors other than micro and small enterprises		441.66	319.45
(iii) Other financial liabilities	20	1,035.08	1,194.34
(b) Other current liabilities	23	116.66	79.15
(c) Government grant		6.73	0.22
(d) Provisions	21	82.77	127.72
(e) Disposal group - liabilities related to assets held for sale		-	1.79
Total current liabilities		1,825.77	2,079.25
Total equity and liabilities		9,025.80	8,785.11

The accompanying notes referred to above form an integral part of the consolidated financial statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

For Walker Chandlok & Co LLP
Chartered Accountants
Firm's Registration No: 001076N/NS00013

For and on behalf of Board of Directors of
Heritage Foods Limited

N Bhuvaneshwari
Vice Chairperson and
Managing Director
DIN: 00003741

N Brahmani
Executive Director
DIN: 02338940

M Sambasiva Rao
President

Sanjay Kumar Jain
Partner
Membership No: 207660

Srideep Madhavan Nair Kesavan
Chief Executive Officer

A Prabhakara Naidu
Chief Financial Officer
M.No.FCA 200974

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

Place : Hyderabad
Date : 27 May 2022

Place : Hyderabad
Date : 27 May 2022

Consolidated Statement of Profit and Loss

for the year ended 31 March 2022

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Notes	For the year ended	
		31 March 2022	31 March 2021
Revenue from operations	25	26,812.79	24,731.13
Other Income	26	112.72	80.33
Total Income		26,925.51	24,811.46
Expenses			
Cost of materials consumed	27	20,605.18	18,419.76
Purchase of stock-in-trade		169.37	266.85
Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress	28	60.14	(312.95)
Employee benefits expenses	29	1,842.88	1,778.87
Finance costs	30	40.07	191.80
Depreciation and amortisation expense	6, 7 & 8	521.82	462.26
Impairment losses	6, 7 & 9	4.24	42.44
Other expenses	31	2,222.65	1,866.97
Fair value loss on FVTPL securities		-	48.12
Total expenses		25,456.35	22,764.12
Profit before share of loss of an associate and a joint venture from continuing operations		1,459.16	2,047.34
Share of loss of an associate and a joint venture		(60.34)	(22.16)
Profit before exceptional items and tax from continuing operations		1,398.82	2,025.18
Exceptional items	34	(91.40)	-
Profit before tax from continuing operations		1,307.42	2,025.18
Tax expense	32		
Current tax expense		343.50	516.40
Deferred tax expense/(benefit)		(1.38)	18.28
Profit for the year from continuing operations		965.21	1,490.50
Discontinued operations			
Loss before tax	47	(4.35)	(7.49)
Tax expense		-	-
Loss for the year from discontinued operations		(4.35)	(7.49)
Profit for the year		960.86	1,483.01
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(i) Re-measurement loss on defined benefit plan, net of taxes		(0.53)	(3.84)
(ii) Net gain/(loss) on FVTOCI equity securities		0.07	(17.23)
Total other comprehensive loss for the year		(0.46)	(21.07)
Total comprehensive income for the year		960.40	1,461.94
Profit/(loss) for the year, attributed to Owners of the Company:			
- Profit from continuing operations		965.60	1,499.48
- Profit/(loss) from discontinued operations		-	-
- Total profit		965.60	1,499.48
- Other comprehensive loss		(0.46)	(21.07)
- Total comprehensive income		965.23	1,478.41
Loss for the year, attributed to Non-controlling Interest of the Company:			
- Loss from continuing operations		(0.48)	(8.98)
- Loss from discontinued operations		(4.35)	(7.49)
- Total loss		(4.83)	(16.47)
- Other comprehensive income/(loss)		-	-
- Total comprehensive loss		(4.83)	(16.47)
Earnings per equity share (EPES) (in absolute ₹ terms)	33		
Nominal value per equity share		5.00	5.00
Basic and Diluted EPES			
- Continuing operations		20.81	32.32
- Discontinuing operations		-	-
- Continuing and discontinued operations		20.81	32.32

The accompanying notes referred to above form an integral part of the consolidated financial statements.
This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandlok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No: 207660

Place : Hyderabad
Date : 27 May 2022

For and on behalf of Board of Directors of
Heritage Foods Limited

N Bhuvaneshwari
Vice Chairperson and
Managing Director
DIN: 00003741

Srideep Madhavan Nair Kesavan
Chief Executive Officer

Place : Hyderabad
Date : 27 May 2022

N Brahmani
Executive Director
DIN: 02338940

A Prabhakara Naidu
Chief Financial Officer
M.No.FCA 200974

Place : Hyderabad
Date : 27 May 2022

M Sambasiva Rao
President

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317



Consolidated Cash Flow Statement

for the year ended 31 March 2022

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended	
	31 March 2022	31 March 2021
Cash flow from operating activities		
Profit before tax from continuing operations	1,307.42	2,025.18
Adjustments:		
Fair value loss on FVTPL equity securities	-	51.62
Depreciation and amortization expense	521.82	462.26
Impairment losses	4.24	42.44
Provision for doubtful advances	-	11.82
Share of loss of an associate and a joint venture	60.34	22.16
Provision for doubtful debts and bad debts written off	61.27	3.05
Guarantee Income	(2.20)	(1.23)
Amortisation of government grants	(7.36)	(0.31)
Property, plant and equipment written off	14.36	6.18
Gain on sale of Property, plant and equipment ("PPE")	(31.24)	(17.77)
Provisions no longer required/credit balances written back	(19.45)	(18.27)
Gain on Investments	(12.07)	(3.50)
Interest Income	(4.50)	(2.82)
Interest expenses	35.02	185.61
Advances written off	1.32	0.66
Lease rental Income	(19.27)	(12.31)
Operating profits before working capital changes	1,909.70	2,754.77
Changes in Inventories	(75.69)	(535.95)
Changes in trade receivables	(93.87)	63.67
Changes in loans	7.99	(10.49)
Changes in other assets	(89.10)	8.60
Changes in other financial assets	(5.46)	1.07
Changes in trade payables	164.09	(244.89)
Changes in provisions	16.05	31.84
Changes in other financial liabilities	(35.88)	221.18
Changes in other liabilities	40.37	(10.30)
Cash generated from operating activities	1,838.20	2,279.50
Income tax paid, net	(353.86)	(530.84)
Net cash generated from operating activities of continuing operations	1,484.34	1,748.66
Net cash used in operating activities of discontinued operations	(5.16)	(9.42)
Net cash generated from operating activities (A)	1,479.18	1,739.24
Cash flows from Investing activities		
Purchase of PPE and other Intangible assets including CWIP and Intangible assets under development	(464.73)	(926.25)
Proceeds from sale of PPE	48.01	264.43
Investment in a joint venture	(104.65)	(66.30)
Receipts of government grants	73.26	26.66
Purchase of Investments	(2,851.00)	(670.00)
Proceeds from sale of Investments	2,863.07	2,033.70
Interest received	4.17	4.32
Movement in other bank balances, net	(12.42)	9.73
Rent received	19.84	11.99
Net cash generated from/ (used in) Investing activities of continuing operations	(424.45)	688.28

Consolidated Cash Flow Statement

for the year ended 31 March 2022

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended	
	31 March 2022	31 March 2021
Net cash generated from investing activities of discontinued operations	-	-
Net cash generated from/ (used in) investing activities (B)	(424.45)	688.28
Cash flows from financing activities		
Proceeds from long term borrowings	-	282.52
Repayment of long term borrowings	(505.96)	(1,848.27)
Interest paid	(30.92)	(187.68)
Lease rentals paid	(41.68)	(43.49)
Movement in minority interest, net	-	(0.17)
Dividend paid	(347.99)	(116.00)
Net cash used in financing activities of continuing operations	(926.55)	(1,913.09)
Net cash generated from financing activities of discontinued operations	-	-
Net cash used in financing activities (C)	(926.55)	(1,913.09)
Net increase/ (decrease) in cash and cash equivalents during the year (A + B + C)	128.18	514.43
Cash and cash equivalents at the beginning of the year	202.93	(311.50)
Cash and cash equivalents at the end of the year	331.11	202.93
Note 1:		
Cash and cash equivalents include:		
- Included in cash and cash equivalents and current borrowings		
Cash on hand	25.81	33.05
Balances with banks in current accounts	305.30	169.64
Deposits with original maturity up to 3 months	-	14.45
Loans repayable on demand from banks	-	(19.36)
	331.11	197.78
- Included in the assets of the disposal group (refer note 47)	-	5.15
	331.11	202.93

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For Walker Chandlok & Co LLP
Chartered Accountants
Firm's Registration No: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No: 207660

Place : Hyderabad
Date : 27 May 2022

For and on behalf of Board of Directors of
Heritage Foods Limited

N Bhuvaneshwari
Vice Chairperson and
Managing Director
DIN: 00003741

Srideep Madhavan Nair Kesavan
Chief Executive Officer

Place : Hyderabad
Date : 27 May 2022

N Brahmani
Executive Director
DIN: 02338940

A Prabhakara Naidu
Chief Financial Officer
M.No.FCA 200974

M Sambasiva Rao
President

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317



Consolidated Statement of Change in Equity

for the year ended 31 March 2022

(All amounts in ₹ millions, except share data and where otherwise stated)

A Equity Share Capital

	Notes	Number of shares	Amount
As at 1 April 2020		4,63,98,000	231.99
Changes in equity share capital	17	-	-
As at 31 March 2021		4,63,98,000	231.99
Changes in equity share capital	17	-	-
As at 31 March 2022		4,63,98,000	231.99

B Other equity (refer note 18)

	Capital reserve	Capital redemption reserve	Securities premium	Warrants money appropriated	General reserve	Retained earnings	Changes in fair value of equity instruments	Non-controlling interest	Total
Balance as at 1 April 2020	(14.97)	8.10	378.41	31.87	842.74	3,118.24	(0.54)	21.52	4,385.37
Profit for the year	-	-	-	-	-	1,499.48	-	(16.47)	1,483.01
Repayment of contribution to corpus fund	-	-	-	-	-	-	-	-	-
Payment of dividend (₹2.50 per equity share)	-	-	-	-	-	(116.00)	-	-	(116.00)
Transfer on disposal of equity instruments classified as FVTOCI	-	-	-	-	-	(71.15)	17.15	-	-
Other comprehensive loss, net of taxes	-	-	-	-	-	(3.84)	(17.23)	-	(21.07)
Balance as at 31 March 2021	(14.97)	8.10	378.41	31.87	842.74	4,480.26	(0.62)	4.88	5,781.14
Profit for the year	-	-	-	-	-	965.69	-	(4.83)	960.86
Payment of dividend (₹7.50 per equity share)	-	-	-	-	-	(3,47.99)	-	-	(3,47.99)
Other comprehensive loss, net of taxes	-	-	-	-	-	(0.53)	0.07	-	(0.46)
Balance as at 31 March 2022	(14.97)	8.10	378.41	31.87	842.74	5,097.90	(0.55)	0.05	6,343.55

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For Walker Chandok & Co LLP

Chartered Accountants

Firm's Registration No: 001076N/NS00003

For and on behalf of Board of Directors of Heritage Foods Limited

N Bhu Varneewari

Vice Chairperson and

Managing Director

DIN: 00003741

N Brahman

Executive Director

DIN: 02336940

M Sambasiva Rao

President

Sanjay Kumar Jain

Partner

Membership No: 207660

Place : Hyderabad

Date : 27 May 2022

Siddhant Madhwan Nair Kesavan

Chief Executive Officer

A Prabhakara Naidu

Chief Financial Officer

M No FCA 200974

Uma Kanta Barik

Company Secretary &

Compliance Officer

M No: FCS 6337

Summary of the Significant Accounting Policies And other Explanatory Information

1. Corporate information

Heritage Foods Limited ("the Company" or "Parent Company" or "Holding Company") together with its subsidiaries, a joint venture and an associate (collectively referred as "the Group"), is a leading India based Dairy Company, headquartered, and having its registered office at #6-3-541/C, Punjagutta, Hyderabad – 500 082 Telangana, India. The Group operates through its three business divisions (a) Dairy, (b) Renewable Energy and (c) Animal Feed Products. The Parent Company's shares are listed and traded on the Indian Stock Exchanges viz., BSE Limited and the National Stock Exchange of India.

2. Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in India, Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirement of Division II of Schedule III to the Act, including the amendments to Schedule III notified by the Ministry of Corporate Affairs ("MCA") vide its notification dated 24 March 2021 and guidelines issued by the Securities Exchange Board of India ("SEBI").

These consolidated financial statements have been prepared by the Company as a going concern on the basis of relevant Ind-AS that are effective or elected for early adoption at the Parent Company's annual reporting date, 31 March 2022. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on 27 May 2022.

These consolidated financial statements have been prepared on historical cost convention, except for the following material items:

- (a) Derivative financial instruments are measured at fair value.
- (b) Financial assets are measured at either at fair value or at amortised cost depending upon the classification.
- (c) Employee defined benefits assets / (liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligations.
- (d) Long-term borrowings are measured at amortised cost using the effective interest rate method; and
- (e) Right-of-use assets are recognised at present value of lease payments, that are not paid at that date, adjusted for any lease payments made at or before the commencement date, lease incentives received and initial direct cost incurred, if any.

The Group has uniformly applied the accounting policies during the periods presented. The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest millions, except when otherwise indicated.

3. Summary of significant accounting policies

a. Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) that are controlled by the Parent Company. Control exists when the Parent Company is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet, respectively. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Parent Company.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries.
- (b) Offset (eliminate) the carrying amount of the Parent Company's investment in each subsidiary and the Parent Company's portion of equity of each subsidiary.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and Property, plant and equipment are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Joint arrangements (equity accounted investees)

Joint arrangements are those arrangements over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have

joint control of the arrangement have rights to the net assets of the arrangement.

With respect to joint operations, the Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

Investments in joint ventures are accounted for using the equity method and are initially recognised at cost. The carrying value of the Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Company does not consolidate entities where the non-controlling interest ("NCI") holders have certain significant participating rights that provide for effective involvement in significant decisions in the ordinary course of business of such entities. Investments in such entities are accounted by the equity method of accounting. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

For the purpose of preparing these consolidated financial statements, the accounting policies of joint venture has been changed where necessary to align them with the policies adopted by the Parent Company. Furthermore, the financial statements of the joint ventures are prepared for the same reporting period as of the Parent Company.

Unrealised gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Parent Company's interest in the investee.

Associate

An associate is an entity over which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in an associate is accounted for using the equity method and the investment is initially recognised at cost.

Changes in ownership interests

Acquisition of some or all of the NCI is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the Parent company. The associated cash flows are classified as financing activities. No goodwill is recognised as a result of such transactions.

Loss of Control

Upon loss of control, the Parent Company derecognises the assets and liabilities of the subsidiary, any NCIs and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated statement of profit and loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, depending on the level of influence retained, it is accounted for as an equity-accounted investee or as an investment measured at fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") under Ind AS 109, "Financial Instruments".

List of entities included in the consolidated financial statements is as under:

Name of the entity	Relationship	Country of Incorporation	Proportion of ownership interest as at	
			31 March 2022	31 March 2021
Heritage Nutrivet Limited ("HNL")	Subsidiary	India	100%	100%
Heritage Novandie Foods Private Limited	Joint venture	India	50%	50%
SKIL Raigam Power (India) Limited*	Associate	India	43.33%	44.22%
Heritage Farmers Welfare Trust	Subsidiary	India	#	#
Heritage Employees Welfare Trust**	Subsidiary	India	#	#

*Declared as Dormant Company as per Section 455(2) of Companies Act, 2013 vide SRN No T42936765 dated 22 September 2021.

**The Board of Directors of the Company passed a resolution on 24 March 2017 to discontinue all the activities of the trust with effect from 1 April 2017, except for loan recoveries from employees.

#Considered as subsidiaries by virtue of control being exercised by the Parent Company.

b. Current versus non-current classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

c. Foreign currencies

The functional currency of the Parent Company and its subsidiaries is Indian rupee (₹). These consolidated financial statements are presented in Indian rupees, which is Parent Company's functional currency.

Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transactions. Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the end of reporting period, are translated at the functional currency spot rate of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the consolidated statement of profit and loss either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to long-term foreign currency monetary items.

d. Fair value measurement

The Group measures financial instruments at fair value at each consolidated balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which

are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e. Revenue recognition

The Group derives revenues primarily from sale of milk, dairy products and feed products. It is also engaged in generation of power and trading of dairy and food commodities.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

Revenue is measured on the basis of contracted price, after deduction of any discounts and any taxes or duties collected on behalf of the Government such as goods and services tax, etc. Discounts are recognised in accordance with the schemes implemented by the Group. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of products and services is recognised at the time when performance obligation is satisfied.

Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income,

interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included under other income in the consolidated statement of profit and loss.

f. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

On receipt of grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the consolidated statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

g. Taxes

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax is recognised in the consolidated statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is recognised in the consolidated statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

h. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in

its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the consolidated balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit and loss.

Additional disclosures are provided in Note 47. All notes to the consolidated financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

l. Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses. The cost comprises purchase price, the cost of replacing the part of plant and equipment and borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition and location for the intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific

useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the Group intends to use these during more than a period of 12 months.

Depreciation is provided on the basis of straight-line method at the useful life and in the manner prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, based on technical assessment made by technical expert and /or internal evaluation. Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The useful life provided for different asset classes under schedule II of the Act and considered by the management are as follows:

Asset class	Useful life considered by management (In years)	Useful life prescribed under the Act (In years)
Buildings	5 – 30	30
Plant and machinery	1 – 20	15
Furniture and Fixtures	1 – 15	10
Vehicles	2 – 10	8
Office Equipment	1 – 20	5

i) Depreciation on Improvements to leasehold property is provided over the period of lease.

ii) Depreciation in respect of its Renewable Energy business is provided on straight line method and at rates/ methodology prescribed under the relevant Central Electricity Regulatory Commission (CERC) regulations.

Depreciation on assets which are commissioned during the year is charged on pro -rata basis from the date of commissioning. The company depreciates general spares over the life of the spare from the date it is available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed

at each financial year end and adjusted prospectively, if appropriate.

j. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred.

The Group depreciates building component of investment property over the useful life prescribed in Schedule II to the Companies Act, 2013.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the note 8 to the consolidated financial statements.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit and loss in the period of de-recognition.

k. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on straight line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite life is recognised in the consolidated statement of profit and loss. The estimated useful life of intangible assets is mentioned below:

Asset	Useful life (years)
Brand	5
Non-compete	3
Procurement	5
Computer Software	5
Distribution network	5

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

L Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m. Leases

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the Right-of-use asset and Consolidated Statement of Profit and Loss depending upon the nature of modification. Where the carrying amount of the Right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in the Consolidated Statement of Profit and Loss.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For

operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

n. Inventories

All inventories except stores, spares, consumables, semi-finished goods and packaging material, are valued at lower of cost and net realisable value. Stores, spares and consumables, semi-finished goods and packing material held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. Costs for all categories of inventories have been ascertained using weighted average cost method.

Cost of inventories comprises of the following:

- Raw material, stock-in-trade, semi-finished goods, packaging materials and stores, spares and consumables: Cost includes purchase price, import duties and other taxes excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition.
- Finished goods and work in progress: Cost comprises cost of direct material, direct labour and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

o. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to

determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

p. Provision and contingencies

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities is identified and disclosed with respect to following:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
 - ♦ it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ♦ the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are neither recognized nor disclosed, unless inflow of economic benefits is probable. However, when realization of income is virtually certain, related asset is recognized.

q. Employee benefits

Short term benefits

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

Post-employment benefits and other long term employee benefits

Provident Fund: Retirement benefit in the form of provident fund is a defined contribution scheme. The

contributions to the provident fund administered by the Central Government under the Provident Fund Act, 1952, are charged to the consolidated statement of profit and loss for the year in which the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund. If the contribution payable to the scheme for service received before the consolidated balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the consolidated balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment.

Gratuity: The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising mainly of actuarial gains and losses, are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the consolidated statement of profit and loss in subsequent periods.

Leave Encashment: The Group operates a long-term leave encashment plan in India. Accrued liability for leave encashment including sick leave is determined on actuarial valuation basis using Projected Unit Credit (PUC) Method at the end of the year and provided completely in profit and loss account as per Ind AS - 19 "Employee Benefits".

r. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at FVTOCI and FVTPL

Debt Instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated statement of profit and loss. The losses arising from impairment are recognised in the consolidated statement of profit and loss.

Debt Instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the consolidated statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt Instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.

Equity Instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument,

excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the consolidated statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balances
- Financial guarantee contracts which are not measured at FVTPL
- Lease receivables under Ind AS 116

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables that do not contain a significant financing component.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the consolidated statement of profit and loss. This amount is reflected under the head 'other expenses' in the consolidated statement of profit and loss.

Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the consolidated balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the consolidated statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the consolidated statement of profit and loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

This category generally applies to borrowings from banks.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the

reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit and loss.

Offsetting of financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial Instrument - Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated statement of profit and loss.

s. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

t. Cash flow statement

The consolidated cash flow statement is prepared in accordance with the Indirect method. Consolidated Cash Flow Statement presents the cash flows by operating, financing and investing activities of the Group. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

For the purpose of Consolidated Cash flow statement, cash and cash equivalents consist of cash on hand and balances with banks in current accounts and short-term deposits with an original maturity of three months or less, and



excludes balances maintained in cash credit accounts, as they are not considered to be an integral part of the Group's cash management.

u. Cash and cash equivalents

Cash and cash equivalent in the consolidated balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

v. Cash dividends to equity holders

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

w. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.

Vice Chairperson and Managing Director, Executive Director, President and Chief Financial Officer have been identified as Chief Operating Decision Maker. Refer note 50 for segment information.

4. Key accounting estimates, judgements and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

a. Defined benefit plans and other long-term benefit plan

The cost and present value of the defined benefit gratuity plan and leave encashment (other long-term benefit plan) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation and other long term benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

b. Useful lives of depreciable and amortisable assets

Management reviews the useful lives of depreciable and amortisable assets at each reporting date, based on the expected utility of the assets to the Group.

c. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

d. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives.

5. Standards and recent pronouncements issued but not yet effective

MCA vide its notification dated 23 March 2022 has notified Companies (Indian Accounting Standards) Amendment Rules, 2022 to further amend the Companies (Indian Accounting Standards) Rules, 2015, as below, which are effective from 1 April 2022.

- a) **Ind AS 16 – Property Plant and equipment** - The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use.
- b) **Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets** - The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.
- c) **Ind AS 109 – Financial Instruments** - The amendment clarifies the nature of fees an entity should include when it applies the '10% test' in assessing whether to derecognize a financial liability. An entity shall include only fees paid or received between the entity and the lender, including the fees paid or received by either the entity or the lender on other's behalf.

The Company is in the process of evaluating the impact of these amendments on the financial statements.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

6. Property, Plant and Equipment

	Freehold Land	Buildings	Leasehold Improvements	Plant and Equipment	Furniture and fixtures	Office equipment	Vehicles	Right-of-use assets	Total
Gross Block									
Balance as at 1 April 2020	485.39	1,368.36	3.33	3,600.64	25.67	84.33	56.39	102.33	5,726.04
Additions during the year	-	486.01	-	978.88	5.54	20.76	4.13	17.01	1,512.33
Disposals/ transfers during the year	1.66	(9.04)	-	105.66	0.56	5.18	5.24	-	109.26
Balance as at 31 March 2021	483.73	1,863.41	3.33	4,473.86	30.65	99.71	55.28	119.34	7,129.11
Additions during the year	43.52	129.38	-	240.95	3.11	16.24	32.93	65.40	581.58
Disposals/ transfers during the year	-	2.00	-	113.82	0.28	5.19	21.71	61.87	204.87
Balance as at 31 March 2022	527.25	1,990.79	3.33	4,600.99	33.48	110.76	66.50	122.87	7,455.77
Accumulated depreciation									
Up to 31 March 2020	-	160.59	0.45	773.66	9.20	22.72	26.77	41.40	1,034.79
Depreciation charge for the year	-	57.41	0.15	320.92	3.57	15.75	7.11	38.18	443.09
Adjustment for disposals/transfers	-	2.20	-	71.60	0.39	3.50	3.35	-	81.04
Impairment loss	-	-	-	16.98	0.06	1.15	-	-	18.19
Up to 31 March 2021	-	215.80	0.60	1,039.96	12.44	36.12	30.53	79.58	1,415.03
Depreciation charge for the year	-	76.00	0.15	361.37	4.23	16.25	9.29	32.38	499.67
Adjustment for disposals/transfers	-	0.72	-	86.41	0.16	4.23	19.28	56.89	167.69
Impairment loss	-	-	-	4.24	-	-	-	-	4.24
Up to 31 March 2022	-	291.08	0.75	1,319.16	16.51	48.14	20.54	55.07	1,751.25
Net carrying value									
As at 31 March 2021	483.73	1,647.61	2.53	3,433.90	18.21	63.59	24.75	39.76	5,714.08
As at 31 March 2022	527.25	1,699.71	2.38	3,281.83	16.97	62.62	45.96	67.80	5,704.52

Notes:

- (a) For details of assets pledged as security, refer note 19(a) to 19(b).
 (b) Borrowing cost capitalised during the year ended 31 March 2022 is ₹ Nil (31 March 2021: ₹12.58).
 (c) Freehold land includes land valued at ₹17.21 (31 March 2021: ₹ 17.21) and currently held in the name of erstwhile owner of the land (Andhra Pradesh Industrial Infrastructure Corporation Limited). The subsidiary management is in the process of getting the sale deed executed and registering the land in its name.



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

6(a) Capital Work-in-Progress (CWIP)

Particulars	As at	
	31 March 2022	31 March 2021
(i) Capital Work-In-Progress:		
Ageing schedule of capital work-in-progress (CWIP)		
Projects in progress		
< 1 Year	70.08	142.97
1-2 Years	0.88	13.06
2-3 Years	2.51	1.38
> 3 Years	0.52	-
Projects in progress (total)	73.99	157.41
Projects temporarily suspended	-	-
(ii) The Group does not have any material CWIP which is overdue or has exceeded its cost compared to its original plan and hence the disclosure of CWIP completion schedule is not applicable.		

7. Other intangible assets

	Computer software	Brand	Non-compete	Procurement network	Distribution network	Total
Gross Block						
Balance as at 1 April 2020	50.92	74.55	32.18	43.20	50.25	251.10
Additions during the year	14.85	-	-	-	-	14.85
Balance as at 31 March 2021	65.57	74.55	32.18	43.20	50.25	265.75
Additions during the year	28.51	-	-	-	-	28.51
Balance as at 31 March 2022	92.08	74.55	32.18	43.20	50.25	292.26
Accumulated amortization						
Up to 1 April 2020	28.05	74.55	31.86	25.66	29.85	189.97
Amortization charge for the year	8.16	-	0.32	4.15	5.17	17.80
Impairment charge for the year	-	-	-	9.12	9.91	19.03
Up to 31 March 2021	36.21	74.55	32.18	38.93	44.93	226.80
Amortization charge for the year	11.75	-	-	4.15	5.17	21.07
Impairment charge for the year	-	-	-	-	-	-
Up to 31 March 2022	47.96	74.55	32.18	43.08	50.10	247.87
Net carrying amount						
As at 31 March 2021	29.36	-	-	4.27	5.32	38.95
As at 31 March 2022	44.12	-	-	0.12	0.15	44.39

7(a) Intangible assets under development (IAUD)

Particulars	As at	
	31 March 2022	31 March 2021
(i) Intangible assets under development:		
Ageing schedule of Intangible assets under development (IAUD)		
Projects in progress		
< 1 Year	4.15	17.39
1-2 Years	2.25	7.67
2-3 Years	-	0.71
> 3 Years	-	-
Projects in progress (total)	6.40	25.77
Projects temporarily suspended	-	-
(ii) The Group does not have any material IAUD which has exceeded its cost compared to its original budget, however IAUD amounting to 5.31 (31 March 2021: Nil) is overdue for a period of less than 1 year.		

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

8. Investment property

	Land	Building	Total
Gross Block			
Balance as at 1 April 2020	23.30	41.05	64.35
Transfers during the year	-	(14.38)	(14.38)
Balance as at 31 March 2021	23.30	26.67	49.97
Transfers during the year	-	-	-
Balance as at 31 March 2022	23.30	26.67	49.97
Accumulated depreciation			
Up to 31 March 2020	-	5.84	5.84
Depreciation charge for the year	-	1.37	1.37
Transfers during the year	-	(2.52)	(2.52)
Up to 31 March 2021	-	4.69	4.69
Depreciation charge for the year	-	1.08	1.08
Up to 31 March 2022	-	5.77	5.77
Net carrying amount			
As at 31 March 2021	23.30	21.98	45.28
As at 31 March 2022	23.30	20.90	44.20

(a) Information of net Income derived from Investment property

Particulars	For the year ended	
	31 March 2022	31 March 2021
Lease rental income	18.08	11.85
Less: Depreciation	(1.08)	(1.37)
Net Income from Investment property	17.00	10.48

(b) Description of valuation technique and key assumptions used

	As at	
	31 March 2022	31 March 2021
Valuation technique: Discounted Cash Flow ("DCF") method		
Estimated rental value per square feet per month (in absolute ₹ terms)	18	18
Rental growth per annum	5%	5%
Discount rate	9.50%	9.50%

(c) Changes in fair value of Investment property is shown below:

	Amount
Fair value as on 31 March 2020	345.48
Transferred to Property, plant and equipment during the year	(34.50)
Increase in fair value of an existing Investment property	36.70
Fair value as on 31 March 2021	347.68
Transferred to Property, plant and equipment during the year	-
Increase in fair value of an existing Investment property	-
Fair value as on 31 March 2022	347.68

Notes: The disclosed fair value of investment property is derived based on the management's internal workings using DCF method.



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

9. Investment in associate and joint venture

	As at	
	31 March 2022	31 March 2021
Unquoted		
Investment in an associate *		
650,000 (31 March 2021: 650,000) equity shares of ₹ 10 each fully paid held in SKIL Raigam Power (India) Limited	6.50	6.50
Less: Share of accumulated and impairment losses	(6.50)	(6.50)
	-	-
* SKIL Raigam Power (India) Limited has been declared as Dormant Company as per Section 455(2) of the Act, vide SRN No T42936765 dated 22 September, 2021.		
Investment in a joint venture		
4,939,727 (31 March 2021: 3,485,579) equity shares of ₹ 10 each fully paid held in Heritage Novandie Foods Private Limited	269.85	164.70
Less: Share of accumulated losses	(95.98)	(35.64)
	173.87	129.06
Aggregate amount of unquoted investments	173.87	129.06
Aggregate amount of impairment in value of investments	6.27	6.27

10. Investments

	As at	
	31 March 2022	31 March 2021
Non-current		
Investments at fair value through other comprehensive Income ("FVTOCI")		
Investments in equity instruments		
117 (31 March 2021: 117) quoted equity shares of ₹ 10 each fully paid held in Union Bank of India Limited (refer note (a) below)	-	-
1,740 (31 March 2021: 1,740) quoted equity shares of ₹ 2 each fully paid held in Bank of Baroda	0.20	0.13
200,000 (31 March 2021: 200,000) unquoted equity shares of ₹ 10 each fully paid held in Heritage Finlease Limited	2.60	2.60
	2.80	2.73
Investments at amortized cost		
Investments in government securities	0.13	0.12
	0.13	0.12
	2.93	2.85
Aggregate market value of quoted investments	0.20	0.13
Aggregate value of unquoted investments	2.73	2.72
Aggregate amount of impairment in value of investments	-	-

Note (a)

The Holding Company was allotted 117 fully paid equity shares in Union Bank of India Limited pursuant to its holding of 363 equity shares held in Andhra Bank Limited. Andhra Bank Limited was merged with the Union Bank of India Limited with effect from 1 April 2020.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

	As at	
	31 March 2022	31 March 2021
Current		
Investments at amortized cost		
Investments in government securities	0.03	0.04
	0.03	0.04
	0.03	0.04
Aggregate market value of quoted investments	-	-
Aggregate value of unquoted investments	0.03	0.04
Aggregate amount of impairment in value of investments	-	-

11. Other financial assets

	As at	
	31 March 2022	31 March 2021
Non-current		
Unsecured, Considered good		
Interest accrued but not due on bank deposits	0.32	0.07
Security deposits	58.58	54.71
Margin money deposits with banks	5.20	0.48
	64.10	55.26
Current		
Unsecured, Considered good		
Interest accrued but not due on bank deposits	0.67	0.59
Rent receivable	2.50	3.07
Security deposits	22.72	17.23
Others	10.67	10.70
	36.56	31.59

12. Other assets

	As at	
	31 March 2022	31 March 2021
Non-current		
Unsecured, Considered good		
Capital advances	3.36	21.06
Prepaid expenses	0.48	0.82
	3.84	21.88
Unsecured, Considered doubtful		
Capital advances	2.52	2.52
Less: Allowance for doubtful capital advances	2.52	2.52
	-	-
	3.84	21.88
Current		
Unsecured, Considered good		
Balance with statutory authorities	24.25	19.49
Prepaid expenses	62.57	56.44
Advances to suppliers and others	143.42	70.06
	230.24	145.99
Unsecured, Considered doubtful		
Other advances	17.98	18.48
Less: Provision for doubtful advances	17.98	18.48
	-	-
	230.24	145.99



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

13. Inventories

	As at	
	31 March 2022	31 March 2021
(at lower of cost or net realisable value)		
Raw materials (including goods in transit of ₹ 7.92 (31 March 2021: ₹ 2.08))	859.68	767.12
Work-in-progress	14.45	5.41
Semi finished goods	348.32	398.41
Finished goods (including goods in transit of ₹ 0.31 (31 March 2021: ₹ 1.57))	637.32	666.03
Stock-in-trade (including goods in transit of ₹ 0.04 (31 March 2021: ₹ 0.09))	37.04	27.42
Packing materials	108.22	77.35
Stores, spares and consumables	53.36	40.96
	2,058.39	1,982.70

Note:

The write down of inventories to net realisable value during the year ended 31 March 2022 aggregated to ₹ 9.55 (March 31, 2021 : ₹ 10.32). This write down is included in the changes in inventories of finished goods, semi finished goods stock-in-trade and work-in-progress in the statement of profit and loss.

14. Trade receivables

	As at	
	31 March 2022	31 March 2021
Unsecured, considered good	184.89	152.23
Unsecured, significant increase in credit risk	93.89	45.56
	278.78	197.79
Less: Allowance for trade receivables with significant increase in credit risk	93.89	45.56
Less: Expected credit loss	0.09	0.03
	184.80	152.20

(a) The movement in the allowance for trade receivables with significant increase in the credit risk and expected credit loss for the year ended 31 March 2022 and 31 March 2021 is as follows:

	For the year ended	
	31 March 2022	31 March 2021
Opening balance at beginning of the year	45.59	57.16
Provision made during the year	61.27	3.05
Amount recovered during the year	(9.80)	-
Bad debts written off during the year	(3.08)	(14.62)
Closing balance at end of the year	93.98	45.59

(b) Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022						
Undisputed						
Considered good	184.80	-	-	-	-	184.80
Significant increase in credit risk	66.15	-	-	-	-	66.15
Credit impaired	0.09	-	-	-	-	0.09
Disputed						
Considered good	-	-	-	-	-	-
Significant increase in credit risk	-	-	-	0.39	27.35	27.74
Credit impaired	-	-	-	-	-	-

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2021						
Undisputed						
Considered good	152.20	-	-	-	-	152.20
Significant increase in credit risk	6.71	-	-	-	-	6.71
Credit impaired	0.03	-	-	-	-	0.03
Disputed						
Considered good	-	-	-	-	-	-
Significant increase in credit risk	-	-	0.50	4.32	34.03	38.85
Credit impaired	-	-	-	-	-	-

Trade receivables include dues aggregating to ₹ 0.30 (31 March 2021: ₹ Nil) receivable from Heritage Novandie Foods Private Limited, in which Director of the Holding Company is a Director.

15. Cash and Bank Balances

	As at	
	31 March 2022	31 March 2021
(I) Cash and cash equivalents		
Balances with banks in current accounts	305.30	169.64
Deposits with original maturity up to 3 months	-	14.45
Cash on hand	25.81	33.05
Restricted cash	-	1.12
	331.11	218.26
(II) Other bank balances		
Earmarked balances with banks		
Unpaid dividend	15.45	14.17
CSR unspent money	7.06	-
Margin money deposits with banks	2.50	3.13
	25.01	17.30

16. Loans

	As at	
	31 March 2022	31 March 2021
Unsecured, considered good		
Loans to employees	0.44	0.81
Loans to others	0.47	8.09
	0.91	8.90
Unsecured, considered doubtful		
Loans to others	0.10	0.58
Less: Allowance for doubtful loans	0.10	0.58
	-	-
	0.91	8.90



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

17. Equity share capital

I. Authorised share capital

	31 March 2022		31 March 2021	
	Number	Amount	Number	Amount
Equity shares of ₹ 5 each	9,60,00,000	480.00	9,60,00,000	480.00
Preference shares of ₹ 10 each	20,00,000	20.00	20,00,000	20.00
		500.00		500.00

II. Issued, subscribed and fully paid up

	31 March 2022		31 March 2021	
	Number	Amount	Number	Amount
Equity shares of ₹ 5 each	4,63,98,000	231.99	4,63,98,000	231.99
	4,63,98,000	231.99	4,63,98,000	231.99

III. Reconciliation of number of equity shares outstanding at the beginning and end of the year

	31 March 2022		31 March 2021	
	Number	Amount	Number	Amount
Equity shares				
At the beginning of the year	4,63,98,000	231.99	4,63,98,000	231.99
Changes during the year	-	-	-	-
At the end of the year	4,63,98,000	231.99	4,63,98,000	231.99

IV. Rights, preferences and restrictions attached to equity shares

The Company has only one class of issued, subscribed and paid up equity shares having a par value of ₹ 5 each per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

V. Details of shareholders holding more than 5% equity shares in the Company

	31 March 2022		31 March 2021	
	Number	% holding	Number	% holding
N Bhuvaneswari	1,06,61,652	22.98%	1,06,61,652	22.98%
Nirvana Holdings Private Limited	51,45,684	11.09%	51,45,684	11.09%
Nara Lokesh	47,32,800	10.20%	47,32,800	10.20%
Megabid Finance & Investment Private Limited	24,47,600	5.28%	24,47,600	5.28%

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

vi. Shareholding of Promoters as at 31 March 2022

Name of the promoter *	As at 31 March 2022		As at 31 March 2021		% Change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
Bhuvaneswari Nara	1,06,61,652	22.98%	1,06,61,652	22.98%	0.00%
Nara Lokesh	47,32,800	10.20%	47,32,800	10.20%	0.00%
N Brahmani	2,03,200	0.44%	2,03,200	0.44%	0.00%
V Naga Raja Naidu	1,00,000	0.22%	1,00,000	0.22%	0.00%
Devaansh Nara	26,440	0.06%	26,440	0.06%	0.00%
Ramakrishna Nandamuri	400	0.00%	400	0.00%	0.00%
N P Ramakrishna	56,971	0.12%	200,000	0.43%	-0.31%
Durga Ramakrishna N P	33,756	0.07%	40,000	0.09%	-0.01%
Neelima N P	30,625	0.07%	40,000	0.09%	-0.02%
Kathya N P	-	0.00%	60,000	0.13%	-0.13%
Megabid Finance & Investment Private Limited	24,47,600	5.28%	24,47,600	5.28%	0.00%

* Details of promoters are identified based on information submitted with the stock exchanges as per SEBI (LODR) Regulations, 2015 (as amended) and the Annual Returns filed in accordance with the provisions of Section 92 of the Act.

vii. The Company has not issued any equity shares pursuant to contract without payment being received in cash or by way of bonus shares or bought back any equity shares during the last five years preceding the balance sheet date.

18. Other equity

	As at	
	31 March 2022	31 March 2021
Reserves and Surplus		
Capital reserve	(14.96)	(14.97)
Capital redemption reserve	8.10	8.10
Securities premium	378.41	378.41
Warrants money appropriated	31.87	31.87
General reserve	842.74	842.74
Retained earnings	5,097.90	4,480.73
	6,344.06	5,726.88
Item of OCI		
Changes in fair value of equity instruments	(0.55)	(0.62)
	(0.55)	(0.62)
	6,343.51	5,726.26

Nature and purpose of reserves

Securities premium

The amount received in excess of face value of the equity shares is recognised in the securities premium. This reserve will be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013 ("the Act").

Capital reserve

The excess of net assets taken, over the consideration paid, as part of the business combinations have been recorded under the capital reserve during the earlier years.

Capital redemption reserve

Capital redemption reserve was created on buy back of equity shares in the earlier years. The Company uses capital redemption reserve in accordance with the provisions of the Act.



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Warrants money appropriated

Warrants money appropriated represents forfeiture of share application money made during the earlier years.

General reserve

The reserve has arisen on transfer of a portion of the net profit pursuant to the provisions of the erstwhile Companies Act, 1956. Mandatory transfer to general reserve is not required under the Act.

Changes in fair value of equity instruments

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at FVTOCI, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to the shareholders.

19. Borrowings

	As at	
	31 March 2022	31 March 2021
Non-current		
Secured		
Term loans from banks [refer note 19(a)]	58.44	302.92
Deferred payment liabilities	21.10	37.48
	79.54	340.40
Current		
Secured		
Current maturities of term loans from banks [refer note 19(a)]	21.25	263.58
Current maturities of deferred payment liabilities	16.37	15.99
Loans repayable on demand from banks [refer note 19(b)]	-	19.36
	37.62	298.93

(i) Reconciliation of liabilities arising from financial activities*

	For the year ended	
	31 March 2022	31 March 2021
Balance at beginning of the year	566.50	2,107.15
Proceeds from long term borrowings	-	282.52
Repayments of long term borrowings	(486.81)	(1,823.17)
Balance at end of the year	79.69	566.50

*Includes only current and non-current portions of term loans from banks.

(ii) Reconciliation of Interest accrued but not due on term loans from banks

	For the year ended	
	31 March 2022	31 March 2021
Balance at beginning of the year	4.07	14.53
Interest expense for the year	25.60	154.92
Interest paid during the year	29.11	165.38
Balance at end of the year	0.56	4.07

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

19(a) Terms and conditions of term loans from banks

S. No	Name	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
		31 March 2022	31 March 2021			
1	HDFC Bank	-	77.35	One year MCLR +0.50% per annum	Repayable in 24 quarterly installments commenced from March 2020 and ending in December 2025. The Group has pre-paid the entire outstanding borrowing during the year ended 31 March 2022.	Subservient charge on movable fixed assets of the Holding Company.
2	HDFC Bank	-	107.94	One year MCLR +0.50% per annum	Repayable in 24 quarterly installments commenced from December 2020 and ending in September 2026. The Group has pre-paid the entire outstanding borrowing during the year ended 31 March 2022.	- First pari passu charge on entire fixed assets and second pari passu charge on current assets of the Holding Company.
3	Kotak Mahindra Bank	-	50.89	One year MCLR + spread per annum	Repayable in 16 quarterly installments commenced from September 2020 and ending in June 2024. The Group has pre-paid the entire outstanding borrowing during the year ended 31 March 2022.	- Exclusive charge on assets financed by the loan taken.
4	Kotak Mahindra Bank	-	229.38	One year MCLR + spread per annum	Repayable in 24 quarterly installments commenced from November 2020 and ending in August 2026. The Group has pre-paid the entire outstanding borrowing during the year ended 31 March 2022.	- Exclusive charge on assets financed by the loan taken.
5	Kotak Mahindra Bank	79.69	100.94	Three months MCLR+ spread per annum	Repayable in 24 quarterly installments commenced from March 2020 and ending in December 2025.	- Equitable mortgage on land and building located at Mallavalli village, Krishna District. - Exclusive charge on movable fixed assets located at Mallavalli plant and by second charge on all current assets of the feed division.
		79.69	566.50			

*Including current maturities of term loans from banks.

19(b) Terms and conditions of loans repayable on demand from banks

S. No	Name	Outstanding balance as on		Interest rate (%)	Repayment terms	Type of security
		31 March 2022	31 March 2021			
1	ICICI Bank	-	4.69	Six months IMCLR + spread per annum	Repayable on demand	First pari passu charge on current assets and second pari passu charge on fixed assets of the Holding Company, excluding project specific assets.
2	Bank of Baroda	-	-	One year MCLR + 0.4% per annum	Repayable on demand	First pari passu charge on current assets and second pari passu charge on fixed assets of the Company, excluding project specific assets.
3	Union Bank of India	-	-	One year MCLR + 0.85% per annum	Repayable on demand	First pari passu charge on current assets and second pari passu charge on fixed assets of the Company, excluding project specific assets.
4	Kotak Mahindra Bank	-	14.67	One year MCLR+ spread per annum	Repayable on demand	First charge on present and future current assets of the feed division of the Group.
		-	19.36			



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

20. Other financial liabilities

	As at	
	31 March 2022	31 March 2021
Non-current		
Financial guarantee	7.07	8.77
	7.07	8.77
Current		
Current maturities of financial guarantee	2.16	2.16
Interest accrued but not due on borrowings	0.56	4.07
Freight payable	135.80	122.33
Capital creditors	93.67	186.26
Employee related payables	224.64	343.86
Security deposits	328.89	310.69
Unpaid dividend	15.45	14.17
Other payables	233.91	210.80
	1,035.08	1,194.34

21. Provisions

	As at	
	31 March 2022	31 March 2021
Non-current		
Compensated absences	165.45	103.73
	165.45	103.73
Current		
Gratuity (refer note a below)	-	2.06
Compensated absences	82.77	125.66
	82.77	127.72

(a) Gratuity

The Group provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit in accordance with the Payment of Gratuity Act, 1972.

(i) Change in projected benefit obligation

	As at	
	31 March 2022	31 March 2021
Projected benefit obligation at the beginning of the year	139.30	116.32
Service cost	16.90	14.97
Interest cost	7.81	6.84
Actuarial loss	0.74	5.09
Benefits paid	(13.17)	(3.92)
Projected benefit obligation at the end of the year	151.58	139.30

(ii) Change in fair value of plan assets

	As at	
	31 March 2022	31 March 2021
Fair value of plan assets at the beginning of the year	140.14	113.57
Interest income	8.53	7.36
Contribution made	23.80	23.17
Actuarial gain/(loss)	0.02	(0.04)
Benefits paid	(13.17)	(3.92)
Fair value of plan assets at the end of the year	159.32	140.14

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

(iii) Reconciliation of present value of projected benefit obligation and fair value of plan assets

	As at	
	31 March 2022	31 March 2021
Present value of projected benefit obligation	151.58	139.30
Funded status of plan assets	159.32	140.14
Liability recognised in the Consolidated Balance Sheet	-	2.06
Asset recognised in the Consolidated Balance Sheet	7.74	2.90

(iv) Expense recognized in the Consolidated Statement of Profit and Loss

	For the year ended	
	31 March 2022	31 March 2021
Interest cost	7.81	6.84
Service cost	16.90	14.97
Interest income	(8.53)	(7.36)
	16.18	14.45

(v) Expense recognized in OCI

	For the year ended	
	31 March 2022	31 March 2021
Actuarial loss, net	0.72	5.13
	0.72	5.13

(vi) Key actuarial assumptions

	As at	
	31 March 2022	31 March 2021
Discount rate	5.60% - 6.30%	4.90% - 5.90%
Salary escalation rate	8.00%	8.00%
Attrition rate	15% - 30%	15% - 30%

(vii) Sensitivity analysis

Reasonably possible changes as at 31 March 2022 to one of the relevant actuarial assumptions, holding other assumptions constant, can affect the defined benefit obligation by the amounts shown below.

	As at 31 March 2022	
	Increase	Decrease
Discount rate (1% movement)	6.95	7.81
Salary escalation rate (1% movement)	7.26	6.64
Attrition rate (1% movement)	0.83	0.95

(viii) The Group expects to contribute ₹ Nil as its contribution to gratuity within one year from the year ended 31 March 2022.

(ix) Maturity analysis of Gratuity as on 31 March 2022 is as follows:

	As at	
	31 March 2022	31 March 2021
Within one year	30.45	26.95
Within two to five years	95.66	87.03
More than five years	127.86	113.61
	253.97	227.59



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

22. Deferred tax liabilities (net)

	As at	
	31 March 2022	31 March 2021
Deferred tax liabilities arising on account of:		
Borrowings measured at amortised cost	-	0.81
Right-of-use assets	(1.37)	0.23
Property, Plant and Equipment ("PPE")	382.12	332.30
	380.75	333.34
Deferred tax assets arising on account of:		
Provision for trade receivables & advances and unrealised gain on inventories	(31.95)	(20.21)
Provision for employee benefits	(65.68)	(62.08)
Minimum alternate tax ("MAT") credit entitlement	(10.84)	(9.86)
Government grant	(22.93)	-
Interest on GST liability	(8.69)	-
Revaluation of investments at FVTOCI to fair value	(0.62)	(0.62)
Unabsorbed tax depreciation	(1.02)	-
	(141.73)	(92.77)
	239.02	240.57

Movement in deferred tax liabilities, net

	PPE	Provision for employee benefits	MAT credit entitlement	Others	Total
As at 1 April 2020	309.19	(52.66)	(4.53)	(28.42)	223.58
Charged/ recognised					
- to Statement of Profit and Loss	23.11	(8.13)	(5.33)	8.63	18.28
- to OCI	-	(1.29)	-	-	(1.29)
As at 31 March 2021	332.30	(62.08)	(9.86)	(19.79)	240.57
Charged/ recognised					
- to Statement of Profit and Loss	49.82	(3.43)	(0.98)	(46.79)	(1.38)
- to OCI	-	(0.17)	-	-	(0.17)
As at 31 March 2022	382.12	(65.68)	(10.84)	(66.58)	239.02

23. Other current liabilities

	As at	
	31 March 2022	31 March 2021
Advances from customers	30.01	31.37
Capital advances	6.25	9.10
Statutory dues payable	80.40	38.68
	116.66	79.15

24. Trade payables

	As at	
	31 March 2022	31 March 2021
Total outstanding dues of micro and small enterprises	77.02	35.14
Total outstanding dues of creditors other than micro and small enterprises	441.66	319.45
	518.68	354.59

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Trade payables ageing schedule as on 31 March 2022

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	77.02	-	-	-	77.02
(ii) Others	441.16	0.31	0.10	0.09	441.66
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	518.18	0.31	0.10	0.09	518.68

Trade payables ageing schedule as on 31 March 2021

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	35.14	-	-	-	35.14
(ii) Others	317.16	0.79	0.01	1.49	319.45
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	352.30	0.79	0.01	1.49	354.59

25. Revenue from operations

	For the year ended	
	31 March 2022	31 March 2021
Sale of products	26,763.75	24,708.39
Sale of services	22.32	18.46
Other operating income		
- Sale of renewable energy certificates	11.73	0.52
- Scrap sales and others	14.99	3.76
	26,812.79	24,731.13

(i) Reconciliation of revenue from sale of products with the contracted price

	For the year ended	
	31 March 2022	31 March 2021
Revenue as per contracted price	27,877.65	25,728.84
Adjusted for:		
Discounts	(1,096.79)	(1,002.86)
Sales returns	(17.11)	(17.59)
Total revenue from contracts with customers	26,763.75	24,708.39

(ii) Revenue disaggregation geography wise is as follows:

	For the year ended	
	31 March 2022	31 March 2021
India	26,812.79	24,731.13
Other than India	-	-
	26,812.79	24,731.13

Notes:

The Group has no single customer from whom the revenue is more than 10% of the revenue from operations for the year ended 31 March 2022 and 31 March 2021.



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

26. Other income

	For the year ended	
	31 March 2022	31 March 2021
Interest income		
- Bank and other deposits	2.82	2.57
- Guarantee income	2.20	1.23
- Others	1.68	0.25
Subsidy transferred from deferred government grant (under capital subsidy scheme)	7.36	0.49
Lease rental income	19.27	12.31
Provisions no longer required/ credit balances written back	19.45	18.27
Gain on sale of Property, plant and equipment (net)	31.24	17.77
Gain on redemption of investments (net)	12.07	-
Gain on foreign exchange fluctuations, net	0.03	0.63
Other non operating income	16.60	26.81
	112.72	80.33

27. Cost of materials consumed

	For the year ended	
	31 March 2022	31 March 2021
Raw Material*		
Opening stock	767.12	551.57
Add: Purchases during the year	19,729.02	17,937.63
Less: Closing stock	859.68	767.12
	19,636.46	17,722.08
Packing Material*		
Opening stock	77.35	73.69
Add: Purchases during the year	999.59	701.34
Less: Closing stock	108.22	77.35
	968.72	697.68
	20,605.18	18,419.76

*Disclosed based on derived figures, rather than actual records of receipts.

28. Changes in inventories of finished goods, semi finished goods, stock-in- trade and work-in-progress

	For the year ended	
	31 March 2022	31 March 2021
Opening balance		
- Finished goods	666.03	666.91
- Semi finished goods	398.41	95.56
- Work-in-progress	5.41	5.08
- Stock-in-trade	27.42	16.77
	1,097.27	784.32
Closing balance		
- Finished goods	637.32	666.03
- Semi finished goods	348.32	398.41
- Work-in-progress	14.45	5.41
- Stock-in-trade	37.04	27.42
	1,037.13	1,097.27
	60.14	(312.95)

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

29. Employee benefits expense

	For the year ended	
	31 March 2022	31 March 2021
Salaries and wages	1,618.17	1,572.26
Contribution to provident and other funds (refer note a below)	87.66	72.00
Gratuity expense	16.18	14.45
Compensated absences expense	70.32	74.85
Staff welfare expenses	50.55	45.31
	1,842.88	1,778.87

(a) The amount recognized as an expense towards contribution to provident fund and employee state insurance schemes for the year ended 31 March 2022 amounts to ₹ 87.66 (31 March 2021: ₹ 72.00).

30. Finance costs

	For the year ended	
	31 March 2022	31 March 2021
Interest on borrowings calculated using effective interest method	28.25	176.88
Interest on income tax	-	2.87
Interest on lease liabilities	6.77	5.86
Other borrowing costs	5.05	6.19
	40.07	191.80

31. Other expenses

	For the year ended	
	31 March 2022	31 March 2021
Consumption of stores and spares and consumables	233.03	210.31
Power and fuel	358.44	346.36
Rent	37.72	20.77
Repairs and maintenance		
- Buildings	8.91	6.02
- Plant and equipment	19.90	26.15
- Others	71.38	57.38
Insurance	28.67	21.42
Electricity charges	9.39	9.18
Rates and taxes, excluding taxes on income	49.39	23.83
Freight outwards	788.54	699.50
Communication	20.39	19.32
Office maintenance	7.16	6.18
Travelling and conveyance	33.81	26.07
Legal and professional fees	145.76	129.65
Property, plant and equipment written off	14.36	6.18
Payment to auditors	9.52	9.13
Corporate social responsibility (CSR) expenditure	30.27	20.64
Selling and distribution expenses	145.92	95.40
Provision for doubtful advances	-	11.82
Provision towards doubtful debts and bad debts written off	61.27	3.05
Bank charges	16.28	14.36
Advertisement expenses	2.56	8.23
Security charges	62.46	51.81
Miscellaneous expenses	67.52	44.21
	2,222.65	1,866.97



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

32. Income tax expense

	For the year ended	
	31 March 2022	31 March 2021
(a) Tax expense comprises of:		
Current income tax	343.59	516.40
Deferred tax expense/(benefit)	(1.38)	18.28
Income tax expense reported in the Consolidated Statement of Profit and loss	342.21	534.68
	For the year ended	
	31 March 2022	31 March 2021
Income tax expense attributable to:		
Continuing operations	342.21	534.68
Discontinued operations	-	-
	342.21	534.68

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Holding Company at 25.168% (31 March 2021: 25.168%) and the reported tax expense in the Consolidated Statement of Profit and Loss is as follows:

Reconciliation of Income tax expense and the accounting profit/(loss) multiplied by India's tax rate:

	For the year ended	
	31 March 2022	31 March 2021
Profit before tax from continuing operations	1,398.82	2,025.18
Loss before tax from discontinued operations	(4.35)	(7.49)
Expected Income tax expense at the Indian tax rate 25.168% (31 March 2021: 25.168%)	350.96	507.81
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of deductions allowed under Chapter VI-A of the Income Tax Act, 1961 ("IT Act, 1961")	(4.86)	(4.86)
Effect of expenses not deductible under the IT Act, 1961	8.45	18.03
Effect of income not subject to tax under the IT Act, 1961	(1.07)	(0.91)
Others	(11.27)	14.61
Income tax expense	342.21	534.68

33. Earnings per equity share (EPES)

	For the year ended	
	31 March 2022	31 March 2021
Attributable to Owners of the Company		
Profit from continuing operations	965.69	1,499.48
Profit from discontinued operations	-	-
Profit for the year	965.69	1,499.48
Weighted average number of equity shares outstanding during the year	46,398,000	46,398,000
Earnings per equity share (In absolute ₹ terms)		
Nominal value per equity share	5.00	5.00
Basic and Diluted EPES from continuing operations	20.81	32.32
Basic and Diluted EPES from discontinued operations	-	-
Basic and Diluted EPES from continuing and discontinued operations	20.81	32.32

The Company does not have any potential dilutive equity shares as on 31 March 2022 and 31 March 2021.

34. Exceptional item represents provision of ₹ 91.40 created, on account of disputed liability mainly due to GST classification of flavored milk, being faced by the dairy sector.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

35. Dividend

The dividend amount per equity share proposed or declared in accordance with the provisions of Section 123 of the Act is as follows:

	For the year ended	
	31 March 2022	31 March 2021
Proposed final dividend on equity shares of ₹ 5 each *		
Per equity share (in absolute ₹ terms)	2.50	5.00
Amount	116.00	231.99
Interim dividend declared on equity shares of ₹ 5 each		
Per equity share (in absolute ₹ terms)	2.50	-
Amount	116.00	-

* The proposed final dividend, is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company and accordingly not recognized as a liability in accordance with the applicable accounting principles.

36. Disclosure pursuant to requirements of Rule 11(e) (i) & (ii) of the Companies (Audit and Auditors) Rules

- (i) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries).
- (ii) The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

37. Fair value hierarchy

- (i) Financial assets and financial liabilities at fair value on a recurring basis as of the reporting dates are as follows:

	As at 31 March 2022	As at 31 March 2021
Financial assets		
Fair value hierarchy (Level 1)		
Quoted equity shares	0.20	0.13
Fair value hierarchy (Level 3)		
Unquoted equity shares	2.60	2.60

There are no transfers between levels during the current year and previous year ended 31 March 2022 and 31 March 2021 respectively. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

- (ii) Valuation technique and Inputs used for level 3 Instruments:

The fair value of the level 3 instruments has been estimated using the discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecasting of cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in the management's estimate of the fair value for these level 3 instruments.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy as at 31 March 2022 and 31 March 2021 are as shown below. The impact on account of change in these assumptions are not considered as significant.

Significant unobservable inputs	Assumption made
Future growth rate	3%
Discount rate	20%
Discount for lack of marketability (DFLM)	15%



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

(III) Reconciliation of level 3 fair value measurement:

	Amount
As at 1 April 2020	2.60
Changes during the year	-
As at 31 March 2021	2.60
Changes during the year	-
As at 31 March 2022	2.60

38. Categories of Financial instruments and their fair values

The carrying amount of all financial assets and financial liabilities appearing in the financial statements are reasonable approximation of their fair values, except for deferred payment liabilities whose fair value amounts to ₹ 33.82 and ₹ 46.36 as on 31 March 2022 and 31 March 2021 respectively.

Categories of financial Instruments

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Quoted equity shares	-	0.20	-	-	0.13	-
Unquoted equity shares	-	2.60	-	-	2.60	-
Investment in government securities	-	-	0.16	-	-	0.16
Trade receivables	-	-	184.80	-	-	152.20
Cash and cash equivalents	-	-	331.11	-	-	218.26
Other bank balances	-	-	25.01	-	-	17.30
Loans	-	-	0.91	-	-	8.90
Other financial assets	-	-	100.66	-	-	86.85
	-	2.80	642.65	-	2.73	483.67

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial liabilities						
Borrowings	-	-	79.69	-	-	585.86
Lease liabilities	-	-	75.36	-	-	44.87
Deferred payment liabilities	-	-	37.47	-	-	53.47
Trade payables	-	-	518.68	-	-	354.59
Other financial liabilities	-	-	1,042.15	-	-	1,203.11
	-	-	1,753.35	-	-	2,241.90

The fair value of the financial assets and financial liabilities are included at an amount at which the instruments could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

39. Financial risk management objectives and policies

Financial Risk Management Framework

The Group's Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Holding Company's Board of Directors has established Risk Management Committee, which is responsible for developing and monitoring the risk management policies. The Committee reports regularly to the Holding Company's Board of Directors on its activities.

The Group's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments in equity shares, loans, trade and other receivables, and cash and cash equivalents that the Group derives directly from its operations.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

The Group is exposed primarily to Credit risk, Liquidity risk and Market risk (fluctuations in interest rates, foreign currency rates, and prices of equity instruments), which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

A. Credit risk

Credit risk is the risk that the counterparty shall not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of the creditworthiness as well as concentration of risks. Credit risk arises primarily from financial assets such as trade receivables, investment in equity shares, balances with banks, loans and other receivables.

Credit risk is controlled by analyzing credit limits and creditworthiness of the customers on a continuous basis to whom credits have been granted after obtaining necessary approvals. Financial instruments that are subject to concentration of credit risk principally consist of trade receivables, investments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 645.45 and ₹ 486.40 as of 31 March 2022 and 31 March 2021 respectively, representing carrying amount of all financial assets with the Group.

Financial assets that are neither past due nor impaired

None of the Group's cash equivalents, including fixed deposits, were either past due or impaired as at 31 March 2022 and 31 March 2021.

Financial assets that are past due but not impaired

The Group's credit period for customers generally ranges from 0 - 30 days. The aging of trade receivables, net of those provided for in the books of account, is given below:

	As at 31 March 2022	As at 31 March 2021
0-30 days	168.24	149.38
31-60 days	16.56	2.82
61-90 days	-	-
Greater than 90 days	-	-
	184.80	152.20

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each date of Balance Sheet whether a financial asset or a group of financial assets are impaired. Expected credit losses are measured at an amount equal to 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial assets have increased significantly since the initial recognition. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward-looking information.

B. Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations as and when they become due. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure that funds are available for meeting due obligations of the Group. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and financial liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Particulars	As at 31 March 2022				As at 31 March 2021			
	On demand	Up to 1 year	More than 1 year	Total	On demand	Up to 1 year	More than 1 year	Total
Financial guarantees #	120.26	-	-	120.26	149.54	-	-	149.54
Borrowings	-	21.25	58.44	79.69	19.36	263.58	302.92	585.86
Deferred payment liabilities	-	16.37	21.10	37.47	-	15.99	37.48	53.47
Lease liabilities	-	33.65	53.17	86.82	-	26.33	27.03	53.36
Trade payables	-	518.68	-	518.68	-	354.59	-	354.59
Other financial liabilities	-	1,032.92	-	1,032.92	-	1,192.18	-	1,192.18
	120.26	1,622.87	132.71	1,875.84	168.90	1,852.67	367.43	2,389.00

Represents loan amount outstanding to the bankers by the joint venture, against which financial guarantees were extended by the Holding Company as at 31 March 2022 and 31 March 2021.



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

C. Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in the market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term borrowings. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks such as equity price risk.

I. Interest risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument shall fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term obligations with floating interest rates. The impact on account of change in interest rate on the Company's long-term obligations is not considered as significant.

II. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure shall fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating and investing activities (when revenue or expense including capital expenditure is denominated in a foreign currency). The exposure of foreign currency risk to the Group is low as it enters very limited transactions in foreign currencies and accordingly any impact on account of change in the exchange rate is not considered as significant.

The carrying amounts of the Group's unhedged foreign currency denominated monetary items in ₹ terms as at 31 March 2022 and 31 March 2021 are as follows:

Financial liabilities- Capital creditors

	As at 31 March 2022	As at 31 March 2021
- EURO	2.65	2.70

III. Equity price risk:

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions. At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 2.60 (31 March 2021: ₹ 2.60). Sensitivity analyses of these investments have been provided in Note 37.

40. Capital risk management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio up to 35%. The Group includes within net debt, borrowings from banks less cash and cash equivalents. Borrowings from banks comprise of term loans and loans repayable on demand.

	As at 31 March 2022	As at 31 March 2021
Borrowings from banks	79.69	585.86
Less: Cash and cash equivalents	(331.11)	(218.26)
Net debt (A)	-	367.60
Total equity (B)	6,575.54	5,963.13
Net debt and total equity (A) + (B)	6,575.54	6,330.73
Gearing ratio (%)	0.00%	5.81%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings. Breaches in meeting the financial covenants would permit the lenders to immediately call back the borrowings. There was no breach in the financial covenants of any borrowings during the year ended 31 March 2022 and 31 March 2021.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

41. Disclosure of Interest in Joint venture and associate:

	Nature of relationship	Country of Incorporation	Ownership Interest (%)	
			31 March 2022	31 March 2021
SKIL Raigam Power (India) Limited	Associate	India	43.33%	44.22%
Heritage Novandie Foods Private Limited	Joint venture	India	50.00%	50.00%

42. The Group has not extended any loans or advances in the nature of loans to its promoters, directors, key managerial personnel and its related parties, as defined under the Act, during the years ended 31 March 2022 and 31 March 2021.

43. Related party disclosures

(a) Names of the related parties and nature of relationship	
Names of related parties	Nature of relationship
Heritage Novandie Foods Private Limited ("HNFPL")	Joint Venture
SKIL Raigam Power (India) Limited	Associate
Heritage Finlease Limited	Enterprise over which Vice -Chairperson and Managing Director, and Executive Director of the Company exercise significant influence
NTR Memorial Trust	
Megabid Finance & Investment Private Limited	
Nirvana Holdings Private Limited	
Basavataarakam Indo-American Cancer Hospital	Executive Director of the Company is one of the trustee
N Bhuvaneswari (Vice Chairperson and Managing Director)	Key Managerial Personnel (KMP)
N Brahmani (Executive Director)	
M Sambasiva Rao (President)	
Srideep Madhavan Nair Kesavan (Chief Executive Officer) (effective from 28 July 2021)	
A Prabhakara Naidu (Chief Financial Officer)	
Umakanta Barik (Company Secretary & Compliance Officer)	
Srivishnu Raju Nandyala	Non-Executive Independent Directors
Rajesh Thakur Ahuja	
Apama Surabhi	
D. Seetharamaiah (till 1 July 2020)	
Muthu Raju Paravasa Raju Vijay Kumar (effective from 1 November 2021)	Non-Executive Director
Dr. Nagaraja Naidu Vadlamudi	

(b) Transactions with related parties

	For the year ended	
	31 March 2022	31 March 2021
Heritage Novandie Foods Private Limited		
Investment made (including financial guarantee)	105.15	74.64
Sale of products	4.27	0.10
Purchase of products	0.01	-
Financial guarantee income	2.20	1.23
Lease rental income	1.09	0.95
Expenditure incurred on behalf of HNFPL	4.67	1.86
Heritage Finlease Limited		
Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	1,372.71	1,012.12
Disbursement of loans to employees of the Company	-	17.92
Cattle loan facilitation charges	2.58	2.03
Reimbursement of insurance proceeds received on behalf of Heritage Finlease Limited	0.03	-
Deposit paid	1.51	-

**Summary of the significant accounting policies and other explanatory information**

(All amounts in ₹ millions, except share data and where otherwise stated)

	For the year ended	
	31 March 2022	31 March 2021
Lease rental paid	1.81	-
Lease rental income	0.05	0.05
Nirvana Holdings Private Limited		
Lease rental income	0.05	0.05
NTR Memorial Trust		
CSR expenditure	15.40	9.98
Others	-	0.13
Megabid Finance & Investment Private Limited		
Lease rental income	0.05	0.02
Basavarakam Indo-American Cancer Hospital		
Others (Staff welfare expenses)	0.93	-
N Bhuvaneswari		
Short-term employee benefits	77.01	110.87
Post-employment benefits	0.97	0.93
Other long-term benefits	0.87	0.87
N Brahmani		
Short-term employee benefits	61.55	88.69
Post-employment benefits	0.49	0.47
M Sambasiva Rao		
Short-term employee benefits	27.71	35.03
Post-employment benefits	0.76	0.69
Other long-term benefits	1.39	1.24
Srideep Madhavan Nair Kesavan		
Short-term employee benefits	10.19	-
Post-employment benefits	0.55	-
A Prabhakara Naidu		
Short-term employee benefits	7.96	6.24
Post-employment benefits	0.40	0.32
Other long-term benefits	0.22	0.43
Umakanta Barik		
Short-term employee benefits	3.81	3.10
Post-employment benefits	0.19	0.16
Sitting fees		
Srivishnu Raju Nandyala	0.53	0.68
Rajesh Thakur Ahuja	0.64	0.65
Aparna Surabhi	0.64	0.68
D. Seetharamaiah	-	0.26
Muthu Raju Paravasa Raju Vijay Kumar	0.15	-
Nagaraja Naidu Vadlamudi	0.39	0.51

(c) Balances receivable/(payable)

	As at	
	31 March 2022	31 March 2021
Heritage Finlease Limited	(9.50)	(7.90)
Heritage Novandie Foods Private Limited	0.39	(0.09)
Nirvana Holdings Private Limited	-	0.05
Megabid Finance & Investment Private Limited	-	0.02
N Bhuvaneswari	(57.43)	(92.80)
N Brahmani	(52.54)	(78.89)
M Sambasiva Rao	(13.62)	(21.73)
Srideep Madhavan Nair Kesavan	(0.01)	-

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Notes:

- (a) The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2021: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which such parties operates.
- (b) As at 31 March 2022, the Group has an outstanding guarantee given to a banker towards term loan and working capital facility availed by its joint venture i.e. Heritage Novandie Foods Private Limited. Amount outstanding to the banker by Heritage Novandie Foods Private Limited as at 31 March 2022 aggregates to ₹ 120.26 (31 March 2021: ₹ 149.54).
- (c) Post-employment and other long-term benefits, disclosed above, does not include those benefits which are computed for the Group as a whole.

44. Contingent liabilities and commitments

	As at	
	31 March 2022	31 March 2021
(a) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	60.45	57.47
Note: Refer note 48(d) for commitments in respect of a joint venture.		
(b) Contingent liabilities, not provided for		
In respect of income tax matters [refer (i) below]	5.21	-
In respect of sales tax / value added tax matters [refer (ii) below]	18.67	18.67
In respect of other matters [refer (iii) below]	59.73	20.65

- (i) The Company had received demand order from the income tax authorities for the assessment years 2017-18 and 2018-19 in relation to the inadmissibility of expenditure claimed under Section 80G of the Income Tax Act, 1961. The management, on the basis of its internal assessment of the facts of the case, the underlying nature of transactions, is of the view that the probability of the case being settled against the Company is remote and accordingly do not foresee any adjustment to these standalone financial statements in this regard. The litigation is currently pending with the Commissioner of Income Tax (Appeals) ("CIT(A)").

	As at	
	31 March 2022	31 March 2021
(i) - Disputed purchase tax levied under Andhra Pradesh Value Added Tax Act, 2005 on purchase of milk *	9.51	9.51
- Disputed Input tax credit disallowed under Andhra Pradesh Value Added Tax Act, 2005 *	4.69	4.69
- Disputed Input tax credit disallowed under The Central Sales Tax, 1956 *	4.47	4.47
* Litigation pending with Hon'ble High Court of Telangana;		
* Litigation pending with Joint Commissioner of commercial Taxes (Appeals), Bangalore.		
(ii) - Disputed entry tax levied under Andhra Pradesh Tax on Entry of Goods into Local Areas Act, 2001 on interstate purchases *	3.77	-
- Disputed entry tax levied under Telangana Tax on Entry of Goods into Local Areas Act, 2001 on interstate purchases *	10.37	10.34
- Disputed penalty levied under Central GST Act, 2017 on classification of flavored milk product *	35.28	-
- Disputed milk cess levied on installed capacity under the Haryana Murrah Buffalo and other Milch Animal Breed Act, 2001 *	10.31	10.31
* Litigation pending with Hon'ble High Court of Andhra Pradesh;		
* Litigation pending with Supreme Court of India		

Based on the internal assessment and / or legal opinion, the Management is confident that, for the aforesaid mentioned contingent liabilities under paragraph (ii) and (iii) above, no further provision is required to be made as at 31 March 2022.

(c) Guarantees excluding financial guarantees	2.96	3.49
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Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

45. Leases

The movement in lease liabilities is as follows:

Particulars	For the year ended	
	31 March 2022	31 March 2021
Balance at the beginning of the year	44.87	65.49
Additions during the year	65.40	17.01
Finance cost accrued during the year	6.77	5.86
Payment of lease liabilities	(41.68)	(43.49)
Lease liabilities at the end of the year	75.36	44.87
Current lease liabilities	28.23	22.51
Non-current lease liabilities	47.13	22.36

The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

Particulars	As at	
	31 March 2022	31 March 2021
Less than one year	33.65	26.33
One to five years	52.22	24.32
More than five years	0.95	2.71
Total	86.82	53.36

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases for the year ended 31 March 2022 was ₹ 37.72 (31 March 2021: ₹ 20.77). Leases not yet commenced to which the Group is committed aggregated to ₹ Nil as on 31 March 2022.

46. Research and development expenses

Particulars	For the year ended	
	31 March 2022	31 March 2021
Capital expenditure	0.92	11.14
Revenue expenditure	8.07	1.87
	8.99	13.01

47. Discontinued operations of Heritage Employees Welfare Trust

(i) The financial performance presented below is for the year ended 31 March 2022 and 31 March 2021:

	For the year ended	
	31 March 2022	31 March 2021
Revenue	0.97	2.52
Expenses	5.32	10.01
Loss before tax from discontinued operations	(4.35)	(7.49)
Tax expense	-	-
Loss for the year from discontinued operations	(4.35)	(7.49)

(ii) The cash flow information for the year ended 31 March 2022 and 31 March 2021 is as follows:

	For the year ended	
	31 March 2022	31 March 2021
Net cash used in operating activities	(5.16)	(9.42)
Net cash generated from investing activities	-	-
Net cash generated from financing activities	-	-
Net decrease in cash and cash equivalents	(5.16)	(9.42)

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

(iii) Details of carrying values of assets and liabilities classified as held for sale as at 31 March 2022 and 31 March 2021 are as follows:

	As at	
	31 March 2022	31 March 2021
Assets		
Cash and cash equivalents	-	5.15
Other assets	0.04	1.03
Total assets	0.04	6.18
Liabilities		
Trade payables	-	1.79
Total liabilities	-	1.79
Net assets	0.04	4.39

48. Interest in a material joint venture

- (a) The Group has interest in a single joint venture ("HNFPL"), which, in the opinion of the Holding Company's Board of Directors, is material to the Group. The principal activity of HNFPL is manufacturing and selling of fruit and flavoured yoghurts. The joint venture has share capital consisting solely of equity shares, which are held directly by the Holding Company. The country of incorporation is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. Refer note 40 for further details. Equity shares of the joint venture are unlisted, therefore no quoted price is available.
- (b) The tables below provide summarised financial information about the joint venture. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not the Group's share of those amounts.

(i) Summarised Balance Sheet

	As at	
	31 March 2022	31 March 2021
Assets		
Non-current assets		
Property, Plant and Equipment	359.25	305.62
Capital work-in-progress	5.98	53.90
Other intangible assets	0.79	1.09
Other financial assets	0.45	0.96
Other non-current assets	7.22	13.06
Total non-current assets	373.69	374.63
Current assets		
Inventories	4.18	5.10
Other financial assets	98.31	40.43
Other current assets	14.16	7.41
Total current assets	116.65	52.94
Total assets	490.34	427.57
Liabilities		
Non-current liabilities		
Financial liabilities		
(i) Borrowings	91.89	120.22
(ii) Lease liabilities	12.67	12.26
Total non-current liabilities	104.56	132.48
Current liabilities		
Financial liabilities		
(i) Borrowings	28.37	29.32
(ii) Lease liabilities	0.99	0.99
(iii) Trade payables	6.91	2.68
(iv) Other financial liabilities	7.89	11.01
Other liabilities	0.63	0.49
Provisions	2.36	1.09
Total current liabilities	47.15	45.58
Net assets	338.63	249.51



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

(ii) Summarised Statement of Profit and Loss

	For the year ended	
	31 March 2022	31 March 2021
Total Income	23.49	1.17
Expenses		
Cost of materials consumed	15.33	1.26
Changes in inventories of finished goods	(0.04)	(0.27)
Employee benefits expense	38.33	18.56
Other expenses	55.41	18.32
Others	35.14	7.46
Total expenses	144.17	45.33
Loss before tax	(120.68)	(44.16)
Tax expense	-	-
Loss for the year	(120.68)	(44.16)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(120.68)	(44.16)

(c) Reconciliation of carrying amounts

	As at	
	31 March 2022	31 March 2021
Opening net assets	249.51	152.73
Equity shares issued during the year	209.30	132.60
Loss for the year	(120.68)	(44.16)
Other adjustments made directly to equity	0.50	8.34
Closing net assets	338.63	249.51
Group's share in %	50.00%	50.00%
Group's share in closing net assets	169.32	124.76
Other adjustments	4.55	4.30
Carrying amount (refer note 9)	173.87	129.06

(d) Commitments in respect of a joint venture

	As at	
	31 March 2022	31 March 2021
Commitment to provide Group's share of funding for joint venture's capital commitments, if called for	4.60	0.86

The joint venture had no contingent liabilities as on 31 March 2022 and 31 March 2021.

49. Interest in an immaterial associate

Group has interest in a single associate ("SKIL"), which, in the opinion of the Holding Company's Board of Directors, is immaterial to the Group. The Group's share in loss after tax and other comprehensive income for the year is ₹ Nil (31 March 2021: ₹ 0.08) and ₹ Nil (31 March 2021: ₹ Nil) respectively in respect of such associate.

50. Segment reporting

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates the resources based on an analysis of various performance indicators by reportable segments.

The measurement of each segment's revenue, expenses, assets and liabilities is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

The Group has been organised into different verticals based on its products. Three verticals have been identified as reportable operating segments by the Group, which are as follows:

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

- (i) Dairy vertical: Under this vertical, the Group manufactures and market a complete range of milk and milk products.
- (ii) Renewable energy vertical: Under this vertical, the Group produces power for captive consumption through its solar and wind power plants.
- (iii) Feed vertical: Under this vertical, the Group manufactures wide varieties of cattle and fish feeds.

No operating segments have been aggregated to form the above reportable segments.

Segment performance is evaluated based on revenue and earnings before interest and tax and is measured consistently in line with the measurement principles used in the financial statements, except adjustments not made to operating segments on individual basis. The items which are not allocated to individual operating segments are gains or losses on financial instruments, taxes, impairment on financial instruments, finance costs, interest income among others. Refer reconciliation below for further details.

The table below presents segment wise information of revenue, results, assets and liabilities:

Particulars	For the year ended and as at 31 March 2022				For the year ended and as at 31 March 2021			
	Segment revenue	Segment results	Segment assets	Segment liabilities	Segment revenue	Segment results	Segment assets	Segment liabilities
Dairy	26,413.02	1,361.42	7,319.14	2,067.85	24,064.96	2,184.94	7,224.73	2,402.23
Renewable energy	90.03	37.30	554.42	3.42	68.83	28.75	577.38	2.73
Feed	946.12	24.13	546.56	152.80	1,215.26	112.34	554.38	188.03
Others	-	(0.79)	-	-	-	(9.10)	-	0.87
Intersegment revenue	(636.38)	-	-	-	(617.92)	-	-	-
Unallocated	-	-	605.68	226.19	-	-	428.62	228.12
Total	26,812.79	1,422.06	9,025.80	2,450.26	24,731.13	2,316.93	8,785.11	2,821.98

Reconciliation of segment results to profit before tax from continuing operations:

	For the year ended	
	31 March 2022	31 March 2021
Amount as per segment results	1,422.06	2,316.93
Less:		
Finance costs (refer note 30)	40.07	191.80
Fair value loss on FVTPL securities	-	48.12
Share of loss of an associate and a joint venture	60.34	22.16
Other unallocable expenses	33.00	33.72
	133.41	295.80
Add:		
Interest income	6.70	4.05
Other unallocable income	12.07	-
	18.77	4.05
Profit before tax from continuing operations	1,307.42	2,025.18

Geographical Information

Revenue disaggregation geography wise information has been disclosed under note 25 to the consolidated financial statements. Further 100% of the Group's non-current and current assets as at 31 March 2022 and 31 March 2021 were located in India.

Major customers

The Group has no single customer who has contributed more than 10% of the Group's total revenue during the year ended 31 March 2022 and 31 March 2021.



Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

51. Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act

(i) As at and for the year ended 31 March 2022:

Name of the entity	Net assets		Share in profit or loss		Share of OCI		Share of total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
Parent Company								
Heritage Foods Limited	100.45%	6,604.86	105.67%	1,015.34	28.26%	(0.13)	105.71%	1,015.21
Subsidiary								
Heritage Nutrivet Limited	6.02%	395.67	1.10%	10.59	71.74%	(0.33)	1.07%	10.26
Controlled trusts								
Heritage Farmers Welfare Trust	0.00%	-	(0.05%)	(0.48)	0.00%	-	(0.05%)	(0.48)
Heritage Employee Welfare Trust	0.00%	0.04	(0.45%)	(4.35)	0.00%	-	(0.45%)	(4.35)
Joint venture (Investment as per equity method)								
Heritage Novandie Foods Private Limited	2.64%	173.87	(6.28%)	(60.34)	0.00%	-	(6.28%)	(60.34)
Associate								
SKIL Raigam Power (India) Limited	-	-	-	-	-	-	-	-
Non-controlling interest	-	(0.04)	0.50%	4.83	-	-	0.50%	4.83
Total	109.11%	7,174.40	100.49%	965.59	100.00%	(0.46)	100.49%	965.13
Consolidation adjustments	(9.11%)	(598.86)	(0.49%)	(4.73)	-	-	(0.49%)	(4.73)
Net amount	100.00%	6,575.54	100.00%	960.86	100.00%	(0.46)	100.00%	960.40

(ii) As at and for the year ended 31 March 2021:

Name of the entity	Net assets		Share in profit or loss		Share of OCI		Share of total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
Parent Company								
Heritage Foods Limited	99.57%	5,937.64	97.88%	1,451.64	101.14%	(21.31)	97.84%	1,430.33
Subsidiary								
Heritage Nutrivet Limited	6.45%	384.41	4.86%	72.12	(1.14%)	0.24	4.95%	72.36
Controlled trusts								
Heritage Farmers Welfare Trust	0.01%	0.49	(0.61%)	(8.98)	0.00%	-	(0.61%)	(8.98)
Heritage Employee Welfare Trust	0.07%	4.39	(0.51%)	(7.49)	0.00%	-	(0.51%)	(7.49)
Joint venture (Investment as per equity method)								
Heritage Novandie Foods Private Limited	2.16%	129.06	-1.49%	(22.08)	-	-	(1.51%)	(22.08)
Associate								
SKIL Raigam Power (India) Limited	-	-	(0.01%)	(0.08)	-	-	(0.01%)	(0.08)
Non-controlling interest	(0.08%)	(4.88)	1.11%	16.47	-	-	1.13%	16.47
Total	108.18%	6,451.11	101.25%	1,501.60	100.00%	(21.07)	101.27%	1,480.53
Consolidation adjustments	(8.18%)	(487.98)	(1.25%)	(18.59)	-	-	(1.27%)	(18.59)
Net amount	100.00%	5,963.13	100.00%	1,483.01	100.00%	(21.07)	100.00%	1,461.94

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impacts on elimination of inter-company transactions/profits or (losses)/consolidation adjustments have been disclosed separately. Based on the Group structure, the management is of the view that the above disclosure is appropriate under the requirements of the Act.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

52. Additional information as required under paragraph 5 of the part II of the Schedule III to the Act to the extent either "Nil" or "Not Applicable" has not been furnished.

This is the summary of the significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandlok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/NS00013

Sanjay Kumar Jain
Partner
Membership No: 207660

Place : Hyderabad
Date : 27 May 2022

For and on behalf of Board of Directors of
Heritage Foods Limited

N Bhuvaneshwari
Vice Chairperson and
Managing Director
DIN: 00003741

Srideep Madhavan Nair Kesavan
Chief Executive Officer

Place : Hyderabad
Date : 27 May 2022

N Brahmani
Executive Director
DIN: 02338940

A Prabhakara Naidu
Chief Financial Officer
M.No.FCA 200974

M Sambasiva Rao
President

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

Form AOC-1

(pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules 2014) statement containing salient feature of the financial statements of subsidiaries/associate companies/joint ventures

Part "A" Subsidiaries

S. No	Name of the Subsidiary	The Date since when subsidiary was acquired	Reporting period for the subsidiary concerned if different from the holding company's reporting period	As at			For the Year ended							
				Share Capital	Reserves & Surpluses	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before taxation	Provision for taxation (Incl. Deferred Tax)	Profit/(Loss) after Taxation	Proposed Share Dividend Holding	Exten of Share Holding
1	Heritage Nurvet Limited-Subsidiary	01.12.2008												
	As at/ Year Ended													
	31.03.2022		Reporting period same	37.10	358.57	557.83	362.16	-	94.612	15.65	5.06	10.59	-	100
	31.03.2021		Reporting period same	37.10	340.31	577.45	193.04	-	1,215.26	97.58	25.46	72.12	-	100

Heritage Foods Limited has given corporate guarantee of ₹ 207.50 Million till 31st March 2022 for the credit facilities availed by its wholly owned subsidiary Company namely M/s. Heritage Nutrivet Limited and the outstanding amount of credit facilities of subsidiary Company as on March 31, 2022 was ₹ 79.69 Million

Part "B" Associates / Joint Venture

S. No	Name of the Associate/ Joint Venture	Last Audited Balance sheet Date	Date on which the Associate or Joint Venture was associated or acquired	Shares of Associate/ Joint ventures held by the Company on the Year End	Description of how there is significant influence	Reason why the associate/ Joint Venture is not consolidated	Net worth attributable to parent holding as per last audited Balance sheet	Profit / Loss for the Year
				No of Shares	Extent of Holding (%)			Consolidated in consolidated
1	Skill Rajgarm Power (India) Limited - (Associate)*	31.03.2022	2011-12	650000	43.33	N/A	-	(28.91)
		31.03.2021	2011-12	650000	44.22	N/A	5.23	(0.01)
2	Heritage Noodle Foods Private Limited - (Joint Venture) #	31.03.2022	2017-18	4959727	50.00	N/A	169.32	(60.34)
		31.03.2021	2017-18	3485579	50.00	N/A	124.76	(22.08)

SXII. Ragam Power India Limited has been declared as Dormant Company as per Section 455(1)(c) Companies Act, 2013 vide SRN No 7429/36/765 dated 22.09.2021. Net worth attributable to shareholders as per balance sheet as on 31 March 2022 is ₹ 433 millions but disclosed as Nil, since the Company has already provided impairment loss to the extent of its equity shareholding of ₹ 6.50 millions.

Heritage Foods Limited has given corporate guarantee of ₹ 220 Million as at 31st March 2022 for the credit facilities availed by its Joint Venture Company namely M/s. Heritage Novendia Foods Private Limited. And the outstanding amount of credit facilities as on 31 March, 2022 was ₹ 120.26 Million.

For and on behalf of Board of Directors of
Heritage Foods Limited

N. Bhuvaneshwari
Vice Chairperson
Managing Director
DIN: 0003741

N Brahmand
Executive Director
DIN: 02338940

M Sambasiva Rao
President

Srideep Madhavan Nair Kesavan
Chief Executive Officer

A. Prabhakara Naidu
Chief Financial Officer
M.No.FCA 200 974

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

Place : Hyderabad
Date : 27 May 2022

STATEMENT OF ACCOUNTING RATIOS

Particulars	As at and for the six months period ended		As at and for the year ended	
	30 September 2022	30 September 2021	31 March 2022	31 March 2021
(a) Earnings per share				
- Basic ^	5.67	13.59	20.81	32.32
- Diluted ^	5.67	13.59	20.81	32.32
(b) Return on net worth (in %) ^	3.91	9.92	14.69	25.17
(c) Net asset value per equity share	144.89	136.97	141.72	128.42
(d) EBIDTA (₹ in millions)	651.83	1,122.90	1,869.20	2,714.19

^ not annualized for the six months period

Calculation of Net Worth and Return on Net Worth

(₹ in millions)

Particulars	As at and for the six months period ended		As at and for the year ended	
	30 September 2022	30 September 2021	31 March 2022	31 March 2021
Net Profit after tax attributable to equity shareholders from continuing operations (A)	263.17	630.70	965.69	1,499.48
Equity Share Capital (B)	231.99	231.99	231.99	231.99
Other equity (C)	6,490.61	6,122.97	6,343.51	5,726.26
Net Worth # (D=B+C)	6,722.60	6,354.96	6,575.50	5,958.25
Return on Net Worth (A / D) * 100 (%)	3.91	9.92	14.69	25.17

Calculation on Net Asset Value per Equity Share

(₹ in millions)

Particulars	As at		As at	
	30 September 2022	30 September 2021	31 March 2022	31 March 2021
Net Worth # (A)	6,722.60	6,354.96	6,575.50	5,958.25
No. of equity shares outstanding for the half-year / year (in numbers) (B)	46,398,000	46,398,000	46,398,000	46,398,000
Net Asset Value per Equity Share (in absolute ₹) (A*1,000,000 / B)	144.89	136.97	141.72	128.42

Net Worth represents Equity attributable to the Owners of the Company, as disclosed in the consolidated financial statements / consolidated financial results.

Calculation of EBIDTA

(₹ in millions)

Particulars	For the six months period ended		For the year ended	
	30 September 2022	30 September 2021	31 March 2022	31 March 2021
Net profit after tax	263.17	629.81	960.86	1,483.01
Add: Tax expense	105.78	211.59	342.21	534.68

Add: Finance Cost	10.20	23.47	40.07	191.80
Add: Depreciation and amortization expenses	272.68	258.03	521.82	462.26
Add: Impairment losses	-	-	4.24	42.44
EBIDTA	651.83	1,122.90	1,869.20	2,714.19

For and on behalf of the Board of Directors of
Heritage Foods Limited

N Bhuvaneswari
Managing Director
DIN: 00003741

Place: Hyderabad
Date: 27 December 2022

The Accounting Ratios stated above has been certified by the Statutory Auditors, M/s Walker Chandiok & Co LLP, Chartered Accountants vide their Report dated 27 December, 2022.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION & RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Audited Consolidated Financial Statements as of and for the Financial Year ended March 31, 2022; prepared in accordance with the Companies Act and Ind AS, including the schedules, annexures and notes thereto and the reports thereon, and the Unaudited Consolidated Financial Results as of and for the half-year ended September 30, 2022 prepared in accordance with SEBI Listing Regulations included in the section titled "Financial Information" on page 143 of this Letter of Offer. Unless otherwise stated, the financial information used in this section is derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results of our Company.

This discussion may contain forward looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward Looking Statements" on pages 32 and 22, respectively, of this Letter of Offer.

Our fiscal year ends on March 31 of each year, so all references to a particular "fiscal year" and "Fiscal" are to the twelve (12) month period ended March 31 of that fiscal year. References to the "Company", "we", "us" and "our" in this chapter refer to Heritage Foods Limited on a consolidated basis, as applicable in the relevant fiscal period, unless otherwise stated. Unless otherwise indicated or the context requires, (i) the financial information for Financial Year 2021-22 included herein is based on the Audited Consolidated Financial Statements; and (ii) the financial information included herein for the half-year ended September 30, 2022, is based on the Unaudited Consolidated Financial Results, included in this Letter of Offer. For further information, see "Financial Information" beginning on page 143 of this Letter of Offer.

OVERVIEW OF OUR BUSINESS

We are a three-decade old company primarily in the business of dairy and dairy-products. We also have a Renewable Energy Division. Our revenue from operations on a Consolidated basis stood at ₹268127.9 lakhs and on a standalone basis stood at ₹264292.1 lakhs, in the financial year 2021-22

We are headquartered in Hyderabad in the state of Telangana and our Company's products have a well-diversified presence across key states in India such as Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, NCR Delhi, Haryana, Uttarakhand and Uttar Pradesh.

We became a public listed company in 1995 and our equity shares are listed on both the stock Exchanges i.e., BSE and NSE.

We have a Chilling Capacity of 21.5 lakh litres per day, Processing Capacity of 26.5 lakh litres per day and Packaging Capacity of 16.65 lakh litres per day.

We process and market a full line of dairy products including fresh milk, curd, buttermilk, *lassi*, ice-cream, *paneer*, *ghee*, table butter, cooking butter, milk powder, flavoured milk, UHT milk and dairy whitener.

Our Company, in its effort to expand our green footprint entered into renewable energy projects for captive consumption.

We have commissioned and been distributing energy through our captive solar and wind power plants at 11 different plants and locations, viz., Bengaluru packing station in Karnataka, Bhattiprolu packing station in Andhra Pradesh, Bobbili packing station in Andhra Pradesh, Kalluru packing station in

Telangana, Madanapalle in Andhra Pradesh, Mulugu in Telangana, Sangvi packing station in Maharashtra and Vadamadurai packing station in Tamil Nadu. Wind power plants are located in Chinna Hothur, Vajrakarur & Beluguppa, Ananthapur District in Andhra Pradesh.

The total Captive Power for our Dairy Plants' Installed Capacity is 4.09 MW Solar Power and 6.30 MW Wind Power

We attribute our growth over the years to our experienced, qualified and senior management team who have been part of our growth story. For further details, see the section titled "Our Management" on page 122 of this Letter of Offer.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are influenced by numerous factors and uncertainties, some of which are beyond our control, including those discussed in the section titled '*Risk Factors*' on page 32 of this Letter of Offer. The following are certain factors that have had, and we expect may have, a significant effect on our business, results of operations and financial condition:

- Any adverse changes in central or state government policies;
- Any adverse development that may affect our operations in Telangana;
- Any qualifications or other observations made by our statutory auditors which may affect our results of operations;
- Loss of one or more of our key customers and/or suppliers;
- An increase in the productivity and overall efficiency of our competitors;
- Any adverse development that may affect the operations of our manufacturing units;
- Our ability to maintain and enhance our brand image;
- Our reliance on third party suppliers for our products;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in foreign exchange rates or other rates or prices;
- Inability to collect our dues and receivables from our customers;
- Our ability to manage risks that arise from these factors;
- Conflict of interest with our Subsidiary(ies), Joint Venture company, Individual Promoters and other related parties;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects.

- Other factors beyond our control;

Some of the key factors that may have critical impact on our business, results from operations and financial condition include the following:

Availability of raw milk at prudent prices

Our business and operations are driven and dependent on uninterrupted supply of huge quantity of raw milk, being the primary raw material used for manufacturing of all our dairy products. We have not entered into any formal arrangements with the farmers and consequently they are not duty-bound to supply their milk produce to us. Our ability to operate our production facilities is therefore dependent on adequate and continuous supply of raw milk. Availability and price of raw milk is dependent on a number of factors which are largely beyond our control such as seasonal factors, environmental factors, general health of cattle in the regions we operate in, quality of nourishment provided by cattle feed, disease that impact the health conditions of cattle (*such as the foot and mouth disease or the lumpy skin disease*), and Government policies and regulations both at the centre and in the various states that we produce or sell.

Seasonality

Supply of raw milk is subject to seasonal factors wherein cows and buffaloes typically generally produce more milk in temperate weather. Extreme cold or hot weather may lead to lower-than-expected production. Similarly, demand for our products such as curd is higher during summer months and demand for ghee is higher during festive seasons and winter months.

Competition

Our industry is highly competitive, especially the markets for pasteurized milk, UHT milk, flavoured milk, curd, and ice cream. These products experience rapid development and increasing competition. We compete with both domestic companies and large multinational companies as well as the regional and local companies in the unorganized market. We compete with both advertised and branded products, and with non-premium dairy producers as well as private and unbranded products that are generally sold at lower prices typically at the local level. Our competitors may have substantially greater financial and other resources and may be better established with greater brand recognition than us. The expansion of our retail consumer business in existing and new markets is dependent on our ability to introduce distinctive brands, packaging and products that differentiate us from our competitors. Significant increase in advertising expenditures and promotional activities by our competitors may require us to similarly increase our marketing expenditure for our growing retail consumer business and engage in effective pricing strategies.

Consumer preferences

Over the years, the dairy industry has evolved from a uni-product company to a multi-product company. The preferences of consumers have also been evolving and their preferences may change based on new product launches or differentiated pricing campaigns. Our growth depends on our ability to grow both in terms of business volume and profit margins across our various value-added products. Our future growth would be dependent on our ability to respond to such changing consumer preferences more effectively and successfully.

SIGNIFICANT ACCOUNTING POLICIES

Our Significant Accounting Policies for Financial Year 2021-22 have been applied consistently and have been described in the section titled “Notes to Consolidated Financial Statements” of our Annual Report for the financial year 2021-22. There has been no change in Significant Accounting Policies during the

half year ended September 30, 2022. For details of our significant accounting policies, please* refer section titled “*Financial Information*” on page 143.

Key Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

a. ***Defined benefit plans and other long-term benefit plan***

The cost and present value of the defined benefit gratuity plan and leave encashment (other long-term benefit plan) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation and other long-term benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

b. ***Useful lives of depreciable and amortisable assets***

Management reviews the useful lives of depreciable and amortisable assets at each reporting date, based on the expected utility of the assets to the Group.

c. ***Fair value measurement of financial instruments***

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

d. ***Leases***

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group’s operations taking into account the location of the underlying asset and the availability of suitable alternatives.

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

Except as mentioned in chapter titled “*Financial Information*” on page 143, there has been no change in accounting policies in the last 3 years and the stub period of six months ended September 30, 2022.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

For details, see section titled “*Financial Information*” on page 143 of this Letter of Offer.

Principal components of our statement of profit and loss account Revenue

The following descriptions set forth information with respect to the key components of the Audited Consolidated Financial Statements.

Total income

Our revenue comprises of:

i. Revenue from operations

Our revenue from operations consists of sale of products, sale of services and other operating income. Sale of products essentially consists of milk products which are primarily manufactured by us. Other operating income comprises Sale of Renewable Energy Certificates and Scrap Sales etc..

ii. Other Income

Other income comprises items such as interest income from Bank and other deposits, Guarantee income, Subsidy transferred from deferred Government Grant under Capital Subsidy Scheme, Lease rental income, Gain on sale of property, plant and equipment, Gain on redemption of investments, Gain on foreign exchange fluctuations, and other non-operating income.

Expenses

Our expenses comprise host of items and primarily comprise cost of raw materials consumed, purchase of stock-in-trade, changes in inventories (viz., finished goods, semi-finished goods, stock-in-trade and work-in-progress), employee benefit expenses, finance costs, depreciation and amortization expenses, impairment losses and other expenses.

Changes in inventories of stock-in-trade

Changes in inventories of stock-in-trade comprises of difference in closing balance vis-a-vis opening balance of finished goods, semi-finished goods, stock in trade, and work-in-progress.

Employee benefit expenses

Employee benefit expense consists of salaries, wages, contribution to provident fund and other funds, gratuity expense, compensated absences expense, and staff welfare expenses.

Other expenses

Other expenses comprise consumption of stores, spares and consumables, power and fuel, rent, repairs and maintenance, insurance, electricity charges, rates and taxes, freight outwards, communication, office maintenance, travelling and conveyance, legal and professional fees, payment to auditors, selling and distribution expenses, bank charges, advertisement expenses, security charges, miscellaneous expenses etc.

Finance costs

Finance costs comprise interest on borrowings, interest on income tax, interest on lease liabilities, and other borrowing costs.

Depreciation and Amortization Expense

Depreciation and amortization expense comprises of depreciation on building, plant and equipment, furniture and fixtures, office equipment, vehicles, amortization of intangible assets, depreciation, and on right-to-use assets.

Tax expense

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences and treatment of expenses. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Results of our Operations

The following table sets forth, for the periods indicated, certain items from our Audited Consolidated financial statements, in each case also stated as a percentage of our total income:

Fiscal 2022 vis-à-vis Fiscal 2021			<i>(₹ in lakhs)</i>	
Particulars	Fiscal 2022		Fiscal 2021	
	Amount	%age of Total Income	Amount	%age of Total Income
INCOME				
Revenue from Operations	268127.9	99.58%	247311.3	99.68%
Other Income	1127.2	0.42%	803.3	0.32%
Total Income	269255.1	100.00%	248114.6	100.00%
EXPENSES				
Cost of materials consumed	206051.8	76.53%	184197.6	74.24%
Purchase of stock-in-trade	1693.7	0.63%	2668.5	1.08%
Changes in inventories of finished goods, semi-finished goods, stock-in-trade and work in progress	601.4	0.22%	(3129.5)	(1.26)%
Employee benefits expenses	18428.8	6.84%	17788.7	7.17%
Finance costs	400.7	0.15%	1918.0	0.77%
Depreciation and amortization expense	5218.2	1.94%	4622.6	1.86%
Impairment losses	42.4	0.02%	424.4	0.17%
Other Expenses	22226.5	8.25%	18669.7	7.52%
Fair value loss on FVTPL securities	-	-	481.2	0.19%
Total Expenses	254663.5	94.58%	227641.2	91.75%
Profit before share of loss of an associate and a joint venture from continuing operations	14591.6	5.42%	20473.4	8.25%
Share of loss of an associate and a joint venture	(603.4)	(0.22)%	(221.6)	(0.09)%

Profit before exceptional items and tax from continuing operations	13988.2	5.19%	20251.8	8.16%
Exceptional items	(914.0)	(0.34)%	-	-
Profit before tax from continuing operations	13074.2	4.86%	20251.8	8.16%
Tax expense				
(i) Current tax expense	3435.9	1.28%	5164.0	2.08%
(ii) Deferred tax expense/(benefit)	(13.8)	(0.01)%	182.8	0.07%
Profit for the year from continuing operations	9652.1	3.58%	14905.0	6.01%

Comparison of Historical Results of Operations in Fiscal 2022 compared to Fiscal 2021

Total Revenue

Our total revenue for Fiscal 2022 was ₹269255.1 lakhs as compared to ₹248114.6 lakhs for Fiscal 2021, representing an increase of 8.5%.

Total revenue comprises of:

i. Revenue from operations

Our revenue from operations for Fiscal 2022 was ₹268127.9 lakhs as compared to ₹247311.3 lakhs for Fiscal 2021, representing an increase of 8.4%.

ii. Other income

Other income for the Fiscal 2022 was ₹1127.2 lakhs as compared to ₹803.3 lakhs for the Fiscal 2021, representing an increase of 40.3%. The increase in other income was primarily due to increase in interest income from bank deposits, guarantee income, subsidy transferred, lease rental income, gain on sale of property, plant, and equipment, gain on sale of investments.

Expenses

Our total expenditure for the Fiscal 2022 was ₹254663.5 lakhs as compared to ₹227641.2 lakhs for the Fiscal 2021, representing an increase of 11.9%.

Our cost of goods sold was primarily determined by the cost of material consumed, labour, power etc., purchase of stock-in-trade, adjusted by changes in inventories of stock-in-trade as follows:

Cost of materials consumed

The cost of materials consumed for the Fiscal 2022 was ₹206051.8 lakhs as compared to ₹184197.6 lakhs for the Fiscal 2021 representing an increase of 11.9%. The change is commensurate with the increase in sales of our Company's products although the impact was primarily from raw material cost increasing by 10% and purchases of packing materials increasing by about 42.5%.

Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade

The changes inventories of finished goods, work-in-process and stock-in-trade for the Fiscal 2022 was ₹601.4 lakhs as compared to ₹(3129.5) lakhs for the Fiscal 2021, primarily due to market demand supply scenario.

Employee benefit expenses

Employee benefit expense for the Fiscal 2022 was ₹18428.8 lakhs as compared to ₹17788.7 lakhs for the Fiscal 2021 representing an increase of 3.6%. This was due to a marginal increase in salaries, wages, gratuity expense and staff welfare expenses.

Other expenses

Other expenses for the Fiscal 2022 was ₹22226.5 lakhs as compared to ₹18669.7 lakhs for the Fiscal 2021, representing an increase of 19.1%. The increase was mainly due to increase in consumption of stores, spares and consumables, power and fuel, rent, insurance, rates and taxes, freight outwards, communication, travelling and conveyance, professional fee, selling and distribution expenses, bank charges, security charges etc.

Finance cost

Finance cost for the Fiscal 2022 was ₹400.7 lakhs as compared to ₹1918 lakhs for the Fiscal 2021, representing a decrease of 79.1%. The decrease in finance cost is primarily due to reduced interest on borrowings.

Depreciation and Amortization Expense

Depreciation and amortization expense for the Fiscal 2022 was ₹5218.2 lakhs as compared to ₹4622.6 lakhs for the Fiscal 2021, representing an increase of 12.9%.

Profit/Loss before Tax

The profit before tax for the Fiscal 2022 was of ₹13074.2 lakhs as compared to profit of ₹20251.8 lakhs for the Fiscal 2021. The decrease in profit before tax is because of cumulative impact of proportionate increase in expenses such as Materials consumed, Employee benefits expense and Other expenses. However, the changes in stock of finished goods, semi-finished goods, stock-in-trade and work-in-progress have had significant impact on the bottom-line.

Taxation

Total tax expense for the Fiscal 2022 ₹3422.1 lakhs as compared to ₹5346.8 lakhs for the Fiscal 2021, representing a decrease of 35.9%. The decrease in tax expenses was primarily because of low profit during Fiscal 2022.

Profit/(Loss) after Tax

As a result of the aforesaid, our Company reported a net profit for the Fiscal 2022 of ₹9652.1 lakhs as compared to profit of ₹14905.0 lakhs for the Fiscal 2021. The resultant decrease in profit is because of cumulative impact of proportionate increase in expenses such as Materials consumed, Employee benefits expense and Other expenses. However, the changes in stock of finished goods, semi-finished goods, stock-in-trade, and work-in-progress trade have had the maximum impact on the bottom-line.

Half-year (six-month period) ended September 30, 2022 vis-à-vis September 30, 2021

Limited Review Unaudited Consolidated Financial Results

(₹ in Lakhs)

Particulars	Half year ended September 30			
	FY 2022-23		FY 2021-22	
	Amount	%age of Total Income	Amount	%age of Total Income
Revenue				
a. Revenue from operations	163707.1	99.66%	131835.4	99.57%
b. Other income	554.4	0.34%	573.9	0.43%
Total Income	164261.5	100.00%	132409.3	100.00%
Expenses				
a. Cost of materials consumed	128915.9	78.18%	95576.7	72.18%
b. Purchases of Stock-in-Trade	1356.4	0.83%	633.4	0.48%
c. Changes in inventories of finished goods, semi-finished goods, stock-in-trade, and work in progress	3199.8	1.95%	4337.3	3.28%
d. Employee benefits expenses	10400.6	6.33%	9409.0	7.11%
e. Finance costs	102.0	0.06%	234.7	0.18%
f. Depreciation and amortization expense	2726.9	1.66%	2580.3	1.95%
h. Impairment losses	-	-	-	-
g. Other Expenses	13457.8	8.19%	10029.6	7.57%
Total Expenses	160159.4	97.5%	122801.0	92.74%
Profit before share of loss of an associate and a joint venture from continuing operations	4102.1	2.50%	9608.3	7.26%
Share of loss of an associate and a joint venture	(412.6)	(0.25)%	(271.8)	(0.21)%
Profit before exceptional items and tax from continuing operations	3689.5	2.25%	9336.5	7.05%
Exceptional items	-	-	(914.0)	(0.69)%
Profit before tax from continuing operations	3689.5	2.25%	8422.5	6.36%
Tax Expense				
Current Tax expense	1083.0	0.66%	2307.3	1.74%
Deferred Tax expense/(benefit)	(25.2)	(0.02)%	(191.4)	(0.14)%
Profit for the period from continuing operations	2631.7	1.60%	6306.6	4.76%

Total revenue

Our total revenue for the six-month period ended September 30, 2022 was ₹164261.5 lakhs as compared to ₹132409.3 lakhs for the six-month period ended September 30, 2021, representing an increase by 24.1%.

Revenue from Operations

Our revenue from operations increased by ₹31871.7 lakhs or by 24.2% from ₹131835.4 lakhs in six-month period ended September 30, 2021 to ₹163707.1 lakhs in six-month period ended September 30, 2022.

Other Income

Other income decreased by ₹19.5 lakhs i.e., from ₹573.9 lakhs in six months ended September 30, 2021 to ₹554.4 lakhs in six months ended September 30, 2022.

Expenditure

Total expenses increased by ₹37358.4 lakhs or by 30.4% from ₹122801 lakhs for the six months ended September 30, 2021 to ₹160159.4 lakhs during six months ended September 30, 2022.

Cost of Material Consumed

Total cost of materials consumed increased by ₹33339.2 lakhs or by 34.88% from ₹95576.7 lakhs for the six months ended September 30, 2021 to ₹128915.9 lakhs during six months ended September 30, 2022.

Employee benefits expense

Employee benefits expense increased by ₹991.6 lakhs or by 5.4% from ₹9409.0 lakhs in six months ended September 30, 2021 to ₹10400.6 lakhs for the six months ended September 30, 2022. Employee benefits expenses accounted for 6.4% of the Revenue from operations for the six months ended September 30, 2022 vis-à-vis 7.2% of the Revenues from operations for the six months ended September 30, 2021.

Finance costs

Finance costs decreased by ₹132.7 lakhs or by 56.5% from ₹234.7 lakhs during six months ended September 30, 2021 to ₹102.0 lakhs during six months ended September 30, 2022. However, finance costs accounted for 0.06% of the Revenue from operations for the six months ended September 30, 2022 vis-à-vis 0.18% of the Revenue from operations for the six months ended September 30, 2021.

Depreciation and amortization expense

Depreciation and amortization expense increased by ₹146.6 lakhs or by 5.7% from ₹2580.3 lakhs in the six months ended September 30, 2021 to ₹2726.9 lakhs in the six months ended September 30, 2022.

Other Expenses

With the increase in revenue, other expenses also increased by ₹3428.2 lakhs or by 34.2% from ₹10029.6 lakhs in six months ended September 30, 2021 to ₹13457.8 lakhs in six months ended September 30, 2022.

Share of loss of Joint Venture

Total share of loss increased by ₹140.8 lakhs or by 51.8% from ₹271.8 lakhs for the six months ended September 30, 2021 to ₹412.6 lakhs during six months ended September 30, 2022.

Profit before tax (PBT)

Our Company posted a profit before tax of ₹3689.5 lakhs for the six months ended September 30, 2022 vis-à-vis profit of ₹8422.5 lakhs in the six months ended September 30, 2021.

Tax expense

Tax expense decreased by ₹1058.1 lakhs from ₹2115.9 lakhs in six months ended September 30, 2021 to ₹1057.8 lakhs in six months ended September 30, 2022.

Profit after tax (PAT)

Our Company posted a profit after tax of ₹2631.7 lakhs for six months ended September 30, 2022 vis-à-vis profit of ₹6306.6 lakhs for the six months ended September 30, 2021.

CASH FLOWS

The following table sets forth certain information relating to the Audited Consolidated summary statement of our cash flows:

<i>(₹ in Lakhs)</i>		
Particulars	2022	2021
Profit before tax from continuing operations	13074.2	20251.8
Net Cash generated from Operating Activities (A)	14791.8	17392.4
Net Cash generated from/(used in) investing activities (B)	(4244.5)	6882.8
Net Cash used in financing activities (C)	(9265.5)	(19130.9)
Net Increase / (Decrease) in Cash & Cash Equivalents during the year (A+B+C)	1281.8	5144.3
Cash and cash equivalents at the beginning of the year	2029.3	(3115.0)
Cash and cash equivalents at the end of the year	3311.1	2029.3

Operating Activities

Net cash from operating activities for the year ended March 31, 2022 was ₹14791.8 lakhs as compared to Profit before tax of ₹13074.2 lakhs for the year. This difference is primarily on account of share of loss of an associate and a joint venture, impairment loss, finance cost, depreciation and amortization of non-current assets, amortization of government grants, property, plant, and equipment written off, interest expense, lease rental income, working capital changes etc.

Investing Activities

Net cash from financing activities for year ended March 31, 2022 was ₹(4244.5) lakhs. This was on account of purchase of PPE and other intangible assets including CWIP and intangible assets under development, proceeds from sale of PPE, investment in a joint venture, receipts of government grants, purchase of investments, proceeds from sale of investments, interest received, movement in other bank balances, rent received etc.

Financing Activities

Net cash from financing activities for year ended March 31, 2022 was ₹(9265.5) lakhs. This was on account of repayment of long-term borrowings, interest paid, lease rentals paid and dividend paid.

Contingent Liabilities & Commitments

The statement of contingent liabilities of our Company as per the Audited Consolidated Financial Statements as at and for the Financial Year ended on March 31, 2022, and the Unaudited Consolidated Financial Results for the half year ended September 30, 2022:

<i>(₹ in Lakhs)</i>		
Particulars	As at	As at March 31,

	September 30, 2022	2022
Commitments		
Contracts remaining to be executed on capital account	3211.82	604.5
Sub-Total (A)	3211.82	604.5
Contingent Liabilities, not provided for		
a) Income Tax matters	80.10	52.1
b) Sales tax / VAT matters	186.70	186.7
c) Other matters	597.30	597.3
Sub-Total (B)	864.10	836.1
Total (A+B)	4075.92	1440.6

Off-Balance Sheet Arrangements

We do not have any other off-balance sheet arrangements or other relationships with unconsolidated entities, such as special purpose vehicles, that have been established for the purposes of facilitating off-balance sheet arrangements.

Capital Expenditures

Our capital expenditures are mainly related to the purchase of fixed assets located in India. The primary source of financing for our capital expenditures has been cash generated from our operations and borrowings.

Qualitative Disclosure about Market Risk

Market risk is the risk of loss related to adverse changes in the market prices, including interest rate risk, foreign exchange risk, credit risk and inflation risk. We believe that our principal market risks are equity price risk, foreign exchange risk, interest rate risk and credit risk.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the section titled *“Risk Factors”* and chapter titled *“Management's Discussion and Analysis of Financial Conditions and Results of Operations”* beginning on pages 32 and 210, respectively, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Letter of Offer, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

Significant economic/regulatory changes

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income except as mentioned in the section titled *“Risk Factors”* on page 32.

Except as disclosed in this Letter of Offer, to our knowledge, there are no significant regulatory changes that materially affected or are likely to affect our income from continuing operations.

Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change

Other than as described in the section titled “*Risk Factors*” and chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on pages 32 and 210, respectively, and elsewhere in this Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company’s future costs and revenues will be determined by demand/supply situation and government policies.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or increased sales prices

Increase in revenues is by and large linked to increase in sale of units of our existing portfolio of products, introduction of new categories under existing brands and addition to new distribution channels.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to vary. However, on account of our core strengths like quality products, brand loyalty, timely supply and better sourcing of raw-material. Due to which, we are able to stay competitive. For further details, kindly refer the chapter titled “*Business Overview*” beginning on page 96.

Total Turnover of Each Major Business Segment

We currently operate in two business segments i.e., Dairy (being the core segment) and Renewable Energy. Our wholly owned subsidiary, Heritage Nutrivet Limited, operates in the Animal Feed segment.

New Product or Business Segment

Except as disclosed in “*Business Overview*” on page 96, we have not announced and do not expect to announce in the near future any new products or business segments.

Seasonality of Business

We are impacted by seasonal variations in sales volumes, which may cause our revenues to vary significantly between different quarters in a Fiscal. Typically, we see an increase in our business during the festive periods and various seasons across the globe. Therefore, our results of operations and cash flows across quarters in a Fiscal may not be comparable sequentially and any such comparisons may not be meaningful or may not be indicative of our annual financial results or our results in any future quarters or periods, see the section titled “*Risk Factors*” beginning on page 32 of this Letter of Offer.

Significant dependence on a Single or Few Suppliers or Customers

Other than as described in this Letter of Offer, particularly in sections “*Risk Factors*” on page 32, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

Related Party Transactions

For details, please refer to the discussion in the chapter titled “*Financial Information*” beginning on page 143.

Significant Developments since last balance sheet date

Except as disclosed above and in this Letter of Offer, including under “*Business Overview*” and “*Risk Factors*” on pages 96 and 32 respectively, to our knowledge no circumstances have arisen since March 31, 2022, the date of the last audited financial information disclosed in this Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

STATEMENT OF MATERIAL DEVELOPMENT

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2022, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities:

- The Board of Directors of our Company has at its meeting held on October 18, 2022, inter-alia, considered and approved changing the registered office of our Company within the local limits in Hyderabad city i.e., from the present address at #6-3-541/C, Punjagutta, Hyderabad - 500082, Telangana, India to H.No. 8-2-293/82/A/1286, Plot No. 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad - 500033, Telangana, India, with effect from December 1, 2022.

MARKET PRICE INFORMATION

Our Company's Equity Shares are listed and actively being traded on BSE from February 1, 1995 and on NSE from November 27, 1996.

1. The Year is defined as a Financial Year;
2. Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
3. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
4. In case of two days with the same high / low / closing price, the date with higher volume has been considered.

Stock Market Data of the Equity Shares

The high, low and average market closing prices recorded on the Stock Exchanges during the last three years and the number of Equity Shares traded on these days are stated below:

BSE

Financial Year	High (₹)*	Date of High	No. of Shares traded on date of High	Total volume traded on date of High (in ₹)	Low (₹)*	Date of Low	No. of Shares traded on date of Low	Total volume traded on date of Low (in ₹)	Average price for the year (₹) **
2022	565	28.10.2021	60683	32569779	287.70	24.2.2022	257314	75551458	413.03
2021	377.70	19.8.2020	94169	34579078	211.70	1.4.2020	1062	228709	293.59
2020	570	5.4.2019	2120	1150522	146.70	25.3.2020	2862	460496	370.82

(Source: www.bseindia.com)

* High and low prices are based on the high and low of the daily prices.

** Average of the daily closing prices.

NSE

Financial Year	High (₹)*	Date of High	No. of Shares traded on date of High	Total volume traded on date of High (in ₹)	Low (₹)*	Date of Low	No. of Shares traded on date of Low	Total volume traded on date of Low (in ₹)	Average price for the year (₹) **
2022	565	28.10.2021	717853	385857164.7	287.45	24.2.2022	487340	143471450.9	413.04
2021	379.95	19.8.2020	1152850	424515500.4	207.1	1.4.2020	25361	5462863.05	293.56
2020	569	3.4.2019	19877	10887539.95	145.5	25.3.2020	67129	10430661.55	370.84

(Source: www.nseindia.com)

*High and low prices are based on the high and low of the daily prices.

**Average of the daily closing prices.

Market Prices for the last six calendar months

The total number of days trading during the past six months, from July, 2022 to December, 2022 was 125 days. The average volume of Equity Shares traded on BSE was 15207.74 per day and on NSE was 153030.65 per day.

The total number of days trading during the past seven months, from June, 2022 to December, 2022 was 147 days. The average volume of Equity Shares traded on BSE was 13613.71 per day and on NSE was 136074.23 per day.

The high and low prices and volume of Equity Shares traded on the respective date on BSE during the last six months preceding the date of filing of this Letter of Offer are as follows:

BSE

Month	High (₹)*	Date of High	No. of Shares traded on date of High	Total volume traded on date of High (in ₹)	Low (₹)*	Date of Low	No. of Shares traded on date of Low	Total volume traded on date of Low (in ₹)	Average price for the month (₹) **
June 2022	299	1.6.2022	5970	1761713	250.25	20.6.2022	7657	1958135	275.29
July 2022	296.9	21.7.2022	3874	1128649	258.4	4.7.2022	2149	570492	279.91
August 2022	343.85	26.8.2022	35904	12196713	270.7	1.8.2022	6596	1825865	305.63
September 2022	371.45	30.9.2022	199785	68101571	286	27.9.2022	22138	6492366	320.25
October 2022	349	3.10.2022	69477	23762129	300.35	31.10.2022	10846	3287737	319.87
November 2022	330	25.11.2022	1499	477792	297.2	1.11.2022	2263	693210	319.97
December 2022	378.55	21.12.2022	31540	11602438	317.95	1.12.2022	11673	3759292	344.79

(Source: www.bseindia.com)

* High and low prices are based on the high and low of the daily prices.

** Average of the daily closing prices.

The high and low prices and volume of Equity Shares traded on the respective date on NSE during the last six months preceding the date of filing of this Letter of Offer are as follows:

NSE

Month	High (₹)*	Date of High	No. of Shares traded on date of High	Total volume traded on date of High (in ₹)	Low (₹)*	Date of Low	No. of Shares traded on date of Low	Total volume traded on date of Low (in ₹)	Average price for the month (₹) **
June 2022	299.45	1.6.2022	31454	9257242	250	20.6.2022	31620	8084889.15	275.13
July 2022	297.7	21.7.2022	102547	29857707.35	262	4.7.2022	29278	7796436.90	280.09
August 2022	344.5	26.8.2022	259396	88081525	270	1.8.2022	198366	54875285.10	305.49
September 2022	372	30.9.2022	3333391	1144457431.55	289.1	27.9.2022	95820	28473482.10	320.36
October 2022	349	3.10.2022	344328	117734355.75	300.55	31.10.2022	63716	19307250.9	319.84
November 2022	330	18.11.2022	50339	16441694.05	301	1.11.2022	50150	15294469.5	319.92
December 2022	380	21.12.2022	321993	118579073	318.5	1.12.2022	99966	32240662.4	344.86

(Source: www.nseindia.com)

* High and low prices are based on the high and low of the daily prices.

** Average of the daily closing prices.

In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

The Board of our Company has approved the Issue at their meeting held on September 30, 2022. The high and low prices of our Company's shares as quoted on BSE and NSE on October 3, 2022, the day on which the trading happened immediately following the date of the Board meeting is as follows:

BSE

Date	Volume (No. of Equity Shares)	Highest Price (₹)	Low Price (₹)
3.10.2022	69,477	349	334

Source: www.bseindia.com

NSE

Date	Volume (No. of Equity Shares)	Highest Price (₹)	Low Price (₹)
3.10.2022	3,44,328	349	335.45

Source: www.nseindia.com

SECTION VIII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Our Company is subject to various legal proceedings from time to time, primarily arising in the ordinary course of business. There is no outstanding litigation which has been considered material in accordance with our Company's 'Policy for Determination of Materiality', framed in accordance with Regulation 30 of the SEBI Listing Regulations, and accordingly, there is no such outstanding litigation involving our Company that requires disclosure in this Letter of Offer. However, solely for the purpose of the Issue, the following outstanding litigations have been disclosed in this section of this Letter of Offer, to the extent applicable and also any such litigation wherein the monetary liability is not quantifiable, but which is expected to have an adverse impact on the operations of our Company ("**Materiality Threshold**").

Except as disclosed below, there are no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company; (ii) material violations of statutory regulations by our Company; (iii) economic offences where proceedings have been initiated against our Company; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position.

Pre-litigation notices received by our Company from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, and material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company is impleaded as defendant in litigation proceedings before any judicial forum.

A. Proceedings involving moral turpitude or criminal liability on the part of our Company

Nil

B. Litigation involving economic offences where proceedings have been initiated against our Company

Nil

C. Proceedings involving economic offences initiated against our Company

Nil

D. Litigation involving an amount above the Materiality Threshold

Nil

E. Litigation involving tax proceedings involving our Company

(a) Against our Company

Nil

(b) By our Company

1. A proceeding is pending before the High Court of Telangana being Writ Petition No.3818 of 2013 which has been initiated by the Company disputing the purchase tax levied on milk under the Andhra Pradesh Value Added Tax Act, 2005. The demand amount is ₹95,10,000/- against the Company has paid an amount of ₹11,40,000/- under protest for the Financial Year 2001-2002 and the net amount that remains is ₹83,70,000/-. The proceedings are pending for further steps and hearing. The High Court of Telangana has granted the stay orders in Writ Petition No.3818 of 2013. The stay order is continuing till the further orders and status quo is maintained till date.
2. A proceeding is pending before the High Court of Telangana being Writ Petition No.13304 of 2014 which has been initiated by the Company disputing the disallowance of input tax credit under the Andhra Pradesh Value Added Tax Act, 2005. The demand amount is ₹46,90,000/-. The proceedings are pending for further steps and hearing. The High Court of Telangana has granted the stay orders in Writ Petition No.13304 of 2014. The stay order is continuing till the further orders and status quo is maintained till date.
3. A proceeding is pending before the Joint Commissioner of Commercial Taxes (Appeals), Bangalore which has been initiated by the Company disputing the disallowance of input tax credit under the Central Sales Tax Act, 1956 pertaining for Financial Year 2010-11 and 2011-12. The demand amount is ₹44,70,000/- against which the Company has paid an amount of ₹39,00,000/- under protest and the net amount that remains is ₹5,70,000/-. The said proceeding is pending for further steps and hearing. There is an order of status quo which is in operation till date.
4. A proceeding is pending before the High Court of Andhra Pradesh being Writ Petition No.21156 of 2021 which has been initiated by the Company disputing the entry tax levied on interstate purchases of DG Sets, Furnace Oil, Cement, Compressors and chillers etc. under the Andhra Pradesh Tax on Entry of Goods into Local Areas Act, 2001. The demand amount is ₹37,70,000/- against which the Company has paid ₹9,40,000/- under protest which equivalent to 25% of the demand in the High Court of Andhra Pradesh and the net amount that remains is ₹28,30,000/-. The proceedings are pending for further steps and hearing. There is an order of status quo which is in operation till date.
5. A proceeding is pending before the High Court of Telangana which has been initiated by the Company disputing the entry tax levied on interstate purchases of DG Sets, Furnace Oil, Cement, Compressors and chilling under the Telangana Tax on Entry of Goods into Local Areas Act, 2001. The demand amount is ₹1,03,70,000/- against which the Company has paid ₹25,90,000/- under protest which equivalent to 25% of the demand in the High Court of Telangana and the net amount that remains is ₹77,80,000/-. The proceeding is pending for further steps and hearing. There is an order of status quo which is in operation till date.
6. A proceeding is pending before the Hon'ble Supreme Court of India which has been initiated by the Company disputing the levy of milk cess on installed capacity 75,000 Liters per day under the Haryana Murrah Buffalo and Other Milch Animal Breed Act, 2001. Other Dairy Companies including Amul has also got the similar demand on milk cess. Heritage Foods Limited has filed Special Leave Petition No.4930 of 2020 before the Hon'ble Supreme Court of India and got the stay orders on the milk cess demand. Total demand amount is ₹1,03,006,880/- against which the Company has paid an amount of ₹51,53,440/- being 50% of the demand amount under protest as per the stay order granted by Hon'ble Supreme Court The stay orders are in force and

continuing till further orders and status quo is maintained. Other Dairy Companies including Amul Dairy has also got the Individual stay orders on milk cess demand.

7. A proceeding is pending before the High Court of Andhra Pradesh being Writ Petition 27102 of 2021 has been initiated by the Company disputing the flavored milk classification and differential GST, interest and penalty in the state of Andhra Pradesh under the Central Goods and Services Tax, 2017, State Goods and Services Act, 2017 and Integrated Goods and Sales Tax Act, 2017 by the Additional Commissioner Adjudication, Tirupati for a period from July, 2017 to March, 2020. The Company has classified the Flavoured Milk under chapter 4 (Milk and Milk products) of the Customs Tariff Act with HSN code 0403000 with 5% GST when the GST was rolled out in India with effect from 1st July, 2017. All the dairy operators in India have also classified the Flavoured Milk under chapter 4 only and discharged 5% GST. The GST Department has started the Investigation on all dairy Companies alleging that the Flavoured Milk is classifiable under chapter 22(Beverages) with 22029930(Beverages containing Milk) with 12% GST. The Company has received the final demand/order against the show cause notice and replies filed by the Company on Flavoured Milk classification and short payment of GST in the state of Andhra Pradesh for the period from July, 2017 to March, 2020 along with interest and penalty amount of ₹ 8,88,30,000/- (GST Amount ₹3,51,80,000/-, Interest amount of ₹1,77,40,000/- and Penalty amount of ₹ 3,53,80,000/-). The Company has paid 100% differential GST amount of ₹3,51,80,000/- under protest as the Company got the stay orders on interest and penalty amount on payment of 100% GST liability of Rs 3,51,80,000/- and the net amount that remains is ₹5,36,50,000/-. The proceeding is pending for further steps and hearing.
8. A proceeding is pending before the Director General of GST Intelligence, Bengaluru Zonal Unit which has been initiated by the Company disputing the flavoured milk classification and differential GST, interest and penalty in the state of Karnataka under the Central Goods and Services Tax, 2017, State Goods and Services Act, 2017 and Integrated Goods and Sales Tax Act, 2017 for a period from July, 2017 to March, 2020. The Company has classified the Flavoured Milk under chapter 4 (Milk and Milk products) of the customs tariff Act with HSN code 0403000 with 5% GST when the GST was rolled out in India with effect from 1st July'2017. All the Dairy operators in India have also classified the Flavoured Milk under chapter 4 only and discharged 5% GST. The GST Department has started the Investigation on all dairy Companies alleging that the Flavoured Milk is classifiable under chapter 22(Beverages) with 22029930(Beverages containing Milk) with 12% GST. The Company has received the show cause notice from Director General of Intelligence, Bengaluru, Karnataka state on Flavoured Milk classification and short payment of GST in the state of Karnataka for the period from July, 2017 to March, 2021. 100% GST liability was paid voluntarily against show cause notice through FORM DRC-03 under protest and requested for personal hearing to represent the Company. The payment and request letter was acknowledged by the DGGI, Bengaluru, pending before them and status quo is maintained. Other Dairy Companies have also protested the GST department view in various legal forums. The demand amount is ₹75,30,000/- against which the Company has paid an amount of ₹50,30,000/- under protest and the net amount that remains is ₹25,00,000/-. The Company has paid 100% differential GST under protest. The proceeding is pending for further steps and hearing.
9. The Company had received a demand order from the Income Tax Authorities for the Assessment Year 2017-18, 2018-19 and 2020-21 respectively in relation to the inadmissibility of expenditure

claimed under Section 80G of the Income Tax Act, 1961. The nature of dispute is pertaining to disallowance of claim under Section 80G of the Income Tax Act, 1961. The amount contributed towards Corporate Social Responsibility for the said years are ₹1,37,93,000/-, ₹ 1,63,19,000/- and ₹2,22,75,000/- respectively out of which 50% of these amounts were claimed as exemption under Section 80G of the Income Tax Act, 1961. The dispute tax amounts for each of these years are ₹23,86,740/-, ₹28,23,840/- and ₹28,03,086/- aggregating to ₹80,13,666/-. The litigation is currently pending with the Commissioner of Income Tax (Appeals) ("CIT(A)").

F. Litigation civil or criminal proceedings involving our Company:

(a) By our Company

1. In a defamation case filed by the Company being Complainant registered as CC No.762 of 2017 against Kanna Babu before XIV ACMM, Nampally, Special Judge, M.P & MLA Court, Hyderabad, the said court has pronounced a judgment on 25.01.2022 and the accused person got acquitted. The Company has filed an Appeal on 10.03.2022 before the Hon'ble High Court of Telangana against the Acquittal Order and the Appeal is pending for further hearing.
2. In a defamation case filed by the Company being Complainant registered as CC No.763 of 2017 against Ambati Rambabu before XIV Additional Chief Metropolitan Magistrate, Nampally, Special Judge, M.P & MLA Court, Hyderabad, the said court has pronounced a judgment on 25.01.2022 and the accused person got acquitted. The Company has filed an Appeal on 10.03.2022 before the Hon'ble High Court of Telangana against the Acquittal Order and the Appeal is pending for further hearing.
3. A Complaint CRIME NO.222/2018 has been filed by the Company against AJR Traders as accused before the XIV Additional Chief Metropolitan Magistrate, Nampally as the said accused collected advance of ₹69,65,000/- from the Company for supply of Rice but didn't supply the rice to the Company. One accused namely Jayarajan has been arrested from Chennai and investigation is in progress to arrest the other accused persons in the said case. The police has filed the charge sheet against the accused persons. The said Court has issued summons upon the accused. Meanwhile the accused persons have shown interest to settle the issue/dispute with the Company. The matter is pending for disposal
4. The Company has filed a Suit for declaration of Title and Perpetual Injunction registered as O.S. No.762/2021 against George Antony and Others before the Principal Civil Judge, Jr. Division, Medchal. In order to expand the Company's business by setting up the Plant, it has purchased the land to an extent of Ac.2.21 Guntas under Survey No.198 with other lands at Shamirpet but one Antony George and other have been coming the site and claiming it is their land. A Police complaint also lodged at local police station by the Company but still the nuisance from Antony George and others, have been continuing at site. Hence the Company has filed a suit for declaration of right, title and interest with Perpetual Injunction over the said land before the said Court.
5. The Company has filed W.P 27259/2022 before the High Court of Telangana at Hyderabad against Telangana State Southern Power Distribution Company Limited ("TSSPDCL"). The TSSPDCL has issued a demand notice to pay an amount of ₹26,24,084/- towards arrears of electricity dues for Uppal Plant Power Service Connection. The Company has challenged the said notice by filing a Writ Petition before the Hon'ble High Court of Telangana at Hyderabad. The Hon'ble High Court has given an Interim Stay by directing the Company to pay an amount of ₹6,00,000/- and further directed the TSSPDCL not to disconnect the Power Supply of the Company till further order

6. A Miscellaneous Petition registered as.03811/2020 has been filed by the Company against Global Energy before the Hon'ble NCLT, Mumbai Bench to recover of an amount of ₹34,25,774/- as Outstanding. Company has filed an Intervention Petition. On being heard the matter, The Hon'ble NCLT has appointed Mr. Dilipkumar Natvarla Jagad has been appointed as IRP on 06.05.2022 and the Company has filed a claim petition for ₹34,25,774 along with supporting documents on 11.07.2022 and the matter is sub-judice for disposal.
7. The Company has filed a Proof of Claim along with supported documents for an outstanding of ₹6,33,75,536/- before the Interim Resolution Professional Mr. Vijay Kumar V Iyer, who has been appointed by Hon'ble NCLT, Mumbai Bench for initiation of Corporate Insolvency Resolution Process against the Future Retail Limited The CIRP is in progress
8. The company has filed a civil suit before a Civil Court in the year 2011 registered as O.S No.509 of 2011 against the L T Foods for infringement/trespassed the Registered Trademark (Name & Logo) on its products i.e. Rice, however the suit is dismissed for default. LT Foods Limited (LTFL) has filed a suit before the Hon'ble High Court of New Delhi seeking a permanent injunction to restrain the company from infringing LTFL's trademark HERITAGE under Class 30 and also restraining the company from processing, selling, exporting, marketing, advertising or offering for sale of rice or any other cereals under the trade mark HERITAGE which may amount to passing off of HFIL's goods for those of LTFL. Company has filed its counter and the case is pending for dispose of. In the year 2012 the Company has filed an application before the Intellectual Property Appellate Board (IPAB,) Chennai for removal of trade mark from the Register or rectification of the Register under Sections 57 and 125 of the Trade mark Act, 1999 and when the matter was sub-judice the board was dissolved and the case has been transferred to Hon'ble High Court of Delhi to dispose the same on merit. The matter is yet to be listed for hearing.
9. An EX. PETITION NO 736/2010 has been filed by the Company against Somasekhar & L.V. Manjunath before the XIV Additional City Civil and Sessions Judge, BENGALURU. Mr. Somasekhar and Manjunath were the milk supply agents of the Company, from whom ₹ 12,50,942/- is due to the Company. Since the said milk supply agents did not pay to the Company, the Company has filed a recovery suit against the said milk supply agents and an order has been passed in favour of the Company pursuant to which Execution Petition is filed for execution of the said order. The Company has taken out appropriate steps to attach the milk supply agents existing property. The Court has passed an order of attachment of the movable property of the milk supply agents. The case is pending for property attachment.
10. A case being CC. No. 365 of 2013 has been filed by the Company against Mr. Sridhar (proprietor of Modern fresh foods) before the III Metropolitan Magistrate, Cyberabad, L.B.Nagar. The Company filed a cheque dishonor case under the Negotiable Instruments Act, 1881 against Modern Fresh Foods. Mr. Sridhar has paid an amount of ₹3,00,000/- and the remaining balance amount ₹3,00,000/- has been misappropriate by him for which the Company has filed a criminal case under Section 138 of Negotiable Instruments Act before Hon'ble RR.Dist. Court at L.B.Nagar.
11. A Civil suit for recovery has been filed registered as O.S. No. 430/2021 by the Company against Navega Enviro Engineers & Consultants before Civil Judge, Junior Division at Hyderabad. The Company has placed a purchase order for supplying of MS Tank with FRP Coated DAF with

Accessories and Anaerobic Digester with Media and Accessory including preparation of CFE application, submission and approval from TSPCB and installation and commissioning of Plant for Uppal location. As per terms and conditions of purchase order, the Company has paid 30% of total amount i.e. ₹12,48,825/- on 07.05.2019 but after receiving of said amount Navega Enviro Engineers & Consultants has neither supplied the materials as per terms and conditions nor refunded the amounts already paid by the Company. Hence, the Company has filed a suit for recovery of advance amount of ₹12,48,825/-. Since Navega Enviro Engineers & Consultants has not appeared the suit has been set ex-parte, pending for ex-parte hearing

12. A Miscellaneous Petition as registered Cr,Misc Petition 2747/2019 has been filed by the Company against M/s. Radha Govind Associates before the Hon'ble High Court of Rajasthan Bench at Jaipur The Radha Govind Associates is a Firm in business of food products. It purchased products from the Company for an amount of ₹1,64,160/- who in turn has sold the same to Uttam Dairy Products, Salasar for an amount of ₹1,68,729/- and the said Uttam Dairy has not paid the amount i.e., ₹1,68,729/- citing defects in quality. Radha Govind Associates filed criminal case against the Company and other officials of the Company on the basis of which the Police has registered the FIR against all the parties who are mentioned in the said criminal case. On hearing the Case, the Hon'be High court has granted an interim Order directing the police not to take any coercive steps against the company and its officials. The Misc. Petition is pending for disposal.
13. A civil suit for recovery registered as O.S. No. 21/2020 has been filed by the Company against Mr. Pawan Kumar Saini at a court in Jhunjhunu, Rajasthan. Mr. Saini was appointed as a distributor for the district of Jhunjhunu in the year 2017. During the course of business an amount of ₹2,40,772/- was due when the Company demanded the outstanding amount. Mr. Saini has issued four cheques to clear his dues and when the Company presented the cheques, the concerned bank has returned the said cheques with a remark of insufficient funds. Finally, company has filed a civil suit for recovering the above amount, the case is pending for disposal
14. An Execution Petition No.370/2020 has been filed by the Company in the District & Sessions Court, SAS Nagar, Mohali against Mr. Bharwinder Singh Aulakh for execution of arbitral award dated 27.07.2019. The Company has originally taken the premises of the party on lease at Mohali for office use and subsequently an Agreement for Lease was executed between the Company and the said party. Due to some reasons the Company terminated the Agreement for Lease and issued termination notices but the other party has not refunded the balance security deposit of ₹2,52,271/- after it is being adjusted towards the rent for the month of May, 2018. The Company has initiated an arbitration proceedings against said Bharwinder Singh, company has got the Arbitral award and above execution case was filed and now it pending for disposal.
15. A case being ABOP NO. 01 of 2012 has been filed by the Company in Bangalore against Tahir Ahmed, Azeem Gold for recovery of money due and payable by Tahir Ahmed towards refund of security deposit. The Company's retail store at Azam Gold, Frazer Town, Bangalore was closed on 01.07.2009. As per the Agreement, the landlord i.e., Tahir Ahmed was under obligation to refund the security deposit after handing over the key by the Company to him. Despite several requests

he has not refunded the money hence the Company has filed civil case for recovery of balance of the security deposit of ₹ 18,74,334/-. The matter is pending.

16. A case being Ex No. 324 of 2012 has been filed by the Company in Bangalore against Jacob (HSR Layout) for recovery of money due and payable by Jacob towards refund of security deposit. The Company vacated retail store at HSR Layout, Bangalore on 29.04.2009. As per the Agreement, the landlord was under obligation to refund the security deposit after handing over the key by the Company to him. Despite several requests he has not refunded the money hence the Company has filed civil case for recovery of balance of the security deposit of ₹6,00,556/-. The matter is pending.
17. A case being O.S. No. 1102 of 2013 has been filed by the Company in Bangalore against B.S.V.Vinay Kumar Reddy for recovery of money due and payable by him towards refund of security deposit. As per the Agreement, the landlord i.e. B.S.V.Vinay Kumar Reddy was under obligation to refund the security deposit after handing over the key by the Company to him. Despite several requests he has not refunded the money hence the Company has filed civil case for recovery of balance of the security deposit of ₹10,36,294/-. The matter is pending.
18. A case being W.P. No. 5300 of 2013 has been filed by the Company against the Commissioner of Income Tax & Others in the High Court of Telangana at Hyderabad. The Company has filed the Writ Petition against the notice of Assessing Officer to reopen the assessment of the year 2007-08. The Company has got a stay in the matter and it is pending for adjudication
19. A case being W.P. No. 4286 of 2014 has been filed by the Company against the The Commissioner of Income Tax & Others in the High Court of Telangana at Hyderabad. The Company has filed the Writ Petition against the notice of Assessing Officer to reopen the assessment of the year 2009-10. The Company has got a stay in the matter and it is pending for adjudication
20. A case being S.R. No.89/2018 has been filed by the Company against Jagathi Publications before the Hon'ble XIV Addl CMM, Criminal Courts, Nampally and is pending for admission. Jagathi Publications published a false news in their newspaper for which the Company has issued legal notice dated 07.07.2017 upon Jagathi Publications. Despite receipt of legal notice Jagathi Publications has not acted in terms of the said notice. Hence, the Company has filed the defamation case against Jagathi Publications.
21. The Company had filed O.S 969 of 2017 before JCJ Court, Hyderabad against Industrial Equipment. The Company had filed a Suit for recovery of ₹1,35,500/- as the DGsets were not installed by Industrial Equipment. The Company has obtained an ex-parte decree in its favour on 04.06.2019 and shall be proceedings to file execution proceedings for seeking appropriate orders for attachment against Industrial Equipment.
22. A case being CC.No. 20232 of 2013 has been filed by the Company against M/s. Ninamathulla Fruit Order Suppliers & others before CMM COURTS, HYDERABAD. The Company has supplied Fruits and Vegetables to the M/s Ninamathulla Fruit Order Suppliers for which the total amount is ₹

4,89,994/- only, and out of this outstanding amount, M/s Ninamathulla Fruit Order Suppliers made a part payment of ₹ 85,000/- and for the balance amount the M/s Ninamathulla Fruit Order Suppliers has issued a cheque sum of ₹ 4,05,000/- through a cheque no 164981, dated 14.03.2013. The said cheque was dishonoured with banker's endorsement as Funds Insufficient, and subsequently the Company has filed a cheque bounce case against M/s Ninamathulla Fruit Order Suppliers.

23. A case being C.C.321/2013 has been filed by the Company against M/s. Lavnya Farms before the Hon'ble XIV Addl.CMM Court, Hyderabad. The Company has supplied edible oils, dairy products, Fruits and Vegetables to the M/s Lavnya Farms. The total amount due and payable to the Company is ₹ 4,50,272/- only. In order to make payment, M/s Lavnya Farms has issued a cheque for a sum of ₹ 4,50,000/- through a cheque no 2138501, ₹ 1,25,000/-, dated 17.04.2013, cheque No. 213852, ₹1,25,000/- dated 30.04.2013 and cheque No.213853 for ₹ 2,00,000/- dated 16.05.2013. All cheques were dishonoured with banker's endorsement as funds insufficient; subsequently the Company has filed a cheque bounce case against M/s Lavnya Farms. Case is pending.

(b) Against our Company

1. A case has been filed as registered C.S 703/2019 by One Jagadish Mewara against the Company at Rohini Court, New Delhi against termination from services. As per Business Transfer Agreement with M/s. Reliance Retail Limited, Mr. Jagadish Prasad Mewara was appointed as an Assistant General Manager. Upon termination of his services, he has filed a case against the termination from the service with effect from 08.04.2019 and demanded all benefits like salary, variable components, additional variable pay etc. for an amount of ₹6,91,228/- and injunction to pay the gratuity, leave encashment etc. The Company has paid the Full and Final amount of ₹1,16,775/- on 30.10.2019. The Company has filed its written statement to the said case to which a reply has been filed by Jagadish Mewara. Also, the Application under Order 11 Rule 2 of the Code of Civil Procedure has been filed by Jagadish Mewara to which a reply has been filed by the Company. The matter is pending for further steps and hearing.
2. M/s. BPE ELECTRONICS has filed a Civil Suit No. CS(COMM) 93/2020 against the Company before the Hon'ble District Judge, North-West, Rohini Courts Complex, Delhi claiming of ₹15,59,076/- along with 18% interest as outstanding for the services rendered by them. M/s. BPE ELECTRONICS has entered into an AMC (Annual Maintenance Contract) with the Company for Maintenance of UPS and batteries etc. Ms. BPE ELECTRONICS has provided services in different locations of Zone-4 and Telangana from August'2017 to July'2018 and has raised invoices for the services rendered. The matter was referred to the mediation cell but the dispute/issue could not be settled before the mediation cell due to which the matter will be transferred to regular civil court. The next date in the matter is 21.02.2023.
3. An S.A.227/2018 and I.A 972/2020 has been filed in Debts Recovery Tribunal, at Vizag by M/s. Tropical Coatings International Pvt. Ltd against Central Bank of India wherein the Company has been impleaded as an interested party. The Company has participated in E-Auction conducted by the Central Bank of India, Visakhapatnam on 01.12.2018 for an immovable property situated at Survey No.409 of Bayyavaram Village near Ankapalli belonging to M/s.Tropical Coatings International Private Limited, where the Company was declared as a successful bidder in said

auction and paid an amount of 73,92,000/- as per the instruction of the bank. As per the terms and conditions of the online E-Auction, the bank has to proceed for registration the land in the Company's name. When the Auction at its last stage, the said Tropical Coatings International Pvt. Ltd has approached the Hon'ble High Court for a direction of stay on further proceedings in E-Auction. While disposing of the above Writ the Hon'ble High Court has passed an order on 02.12.2019 with a direction to the DRT, Vizag to dispose the IA 972 of 2020 in S.A 227/2018 within a period of 2 months from the date of receipt of this order. The Hon'ble DRT has passed an order directing the Central Bank of India to register the land in favour of the Company, purchased through an E-Auction on receipt of balance 75% of bid amount. As per the DRT Order bank has registered the land in Company's favour and company has been in the possession of land from the date of execution of Sale Certificate.

4. A case has been filed registered as CCA-106/2014 by Kirlosker Electric Company against the Company at High Court of Telangana. The case of Kirlosker Electric Company is that the Company has placed purchased orders for supply of 10-numbers of 40KVA Diesel Generator sets under EPCG license. Accordingly, Kirloskar Electric Company supplied the same to the Company. In spite of repeated correspondence made by Kirloskar Electric Company to furnish the said Certificate i.e. Excise Duty Exemption Certificate (certificate of disclaimer), the Company did not provide the same due to which Kirlosker Electric Company filed the suit for recovery of an amount of ₹8,92,238/- against the Company which has been decreed on 28.02.2014 and Company has filed an Civil Appeal before the Hon'ble High Court of Judicature at Hyderabad, when the said Appeal is pending Kirlosker Electric Company had sent a proposal for an amicable settlement between the parties pursuant to which the Company also offered its proposals which has not accepted by Kirlosker Electric Company. The matter is pending.
5. An E.P. No. 12/20 has been filed by One Srinivasan against Md. Samsudeen and others before the Court of Civil Judge, Junior Division at Krishnagiri in which the Company is also a party to the proceedings. The Company has entered into a lease agreement with one Mr.A.Asam Pasha for 10 years i.e. from 01.08.2007 to 31.07.2017 at Veppanapalli village of Krishnagiri District of Tamilnadu. Aslam Pasha has sold out a portion of land with building and machineries on 20.05.2010 and on 19.05.2010 to one P.M. Mohammed Samsudeen by way of two registered sale deeds and said C.Srinivas has purchased the same from P.M. Mohammed Samsudeen on 27.02.2012. Now C.Srinivas has filed a case demanding ₹44,50,000 towards Rent from 27.02.2012 from Samsudeen and the Company. The Company has appeared and filed Counters; case is pending.
6. The company has filed a civil suit before a Civil Court at Hyderabad in the year 2011 against the L T Foods for infringement/trespassed the Registered Trademark (Name & Logo) on its products i.e., Rice, however the suit is dismissed for default. On the other hand, LT Foods Limited (LTFL) has also filed a suit before the Hon'ble High Court of New Delhi seeking a permanent injunction to restrain the company from infringing LTFL's trademark HERITAGE under Class 30 and also restraining the company from processing, selling, exporting, marketing, advertising or offering for sale of rice or any other cereals under the trade mark HERITAGE which may amount to passing off of HFIL's goods for those of LTFL. Company has filed its counter and the case is pending for dispose of. In the year 2012 the Company has filed an application before the Intellectual Property

Appellate Board (IPAB,) Chennai for removal of trade mark from the Register or rectification of the Register under Sections 57 and 125 of the Trade mark Act, 1999 and when the matter was sub-judice the board was dissolved and the case has been transferred to Hon'ble High Court of Delhi to dispose the same on merit. The matter is yet to be listed for hearing.

7. A Company petition registered as CP 36 of 2012 has been filed by M/s. Alliance Prosys (India) Pvt. Ltd. against the Company before the Hon'ble in High Court of Andhra Pradesh under Section 433 and 434 of the Companies Act, 1956. M/s. Alliance Prosys (India) Pvt., Ltd claims that it has supplied anti-virus software to the Company for which payment was pending. It is further claimed by the Company that fake invoices were submitted by M/s. Alliance Prosys (India) Pvt. Ltd. The M/s. Alliance Prosys (India) Pvt. Ltd. claims that ₹3,24,270/- is due and payable by the Company in respect of which the Company is in default. The Company has informed that the said matter has not been listed since 20.09.2019.
8. A case being R.A.(A)No. 118/15-16 has been filed by Sri. K. Bhayalakshmi and Others against the Company in Bangalore Court. Mr.Krishnappa & Nagamma had disposed of their property bearing sy.no. 69/3 measuring 1.0 acre & 11 Guntas to Mr.Shivaraj in the year 1995 through Reg. Sale vide document no. 2208 dtd.10-7-1995. The Company purchased the said property from Mr.Shivaraj. It appears that the legal heirs of Mr.Krishnappa have filed a civil suit on the suit property. The matter is pending for arguments.
9. A case being A.S 368/2018 has been filed by Lakshmi Engineering Co. against the Company in the District Court, Vishakapatnam for recovery of ₹1,00,407/-. The Company has filed its Written Statement by denying all the averments stated in the petition.
10. A Civil Suit bearing C.S 697/2018 has been filed before the Junior Civil Judge, Sirsa, Haryana by Raghuvir Singh against the Company. The Company had taken the Barnela Ice Factory on lease and subsequently the Company entered into an agreement for lease. Due to some reasons the Company vacated the premises. The party has filed the case against the Company as the Company vacated the premises before the termination period and therefore, he has filed the case for recovering the amount of ₹5,64,812/- and compliance of terms and conditions of the agreement.
11. An application was filed by M/s.Axis Electronics before Micro Small Medium Enterprises, Dehradun, Uttarakhand as registered case No.362/2020-21 , claiming an amount of ₹8,76,161/- as outstanding arising from AMC (Annual Maintenance Contract) entered with company,said Axis Electronic has provided the services in different locations of the company and raised the invoices form Aug'2017 to July'2018, company has appeared and filed its objection and the matter is sub-judice before the MSME Facilitation Council.
12. A case being CC. No. 94 of 2014 has been filed by Food Safety Officer against the Company. On 04.03.2013 at about 12.10 P.M the Food Safety Officer visited the M/s More Mega Store, Aditya Birla Retail Ltd. at Kothapet and at the time of the visit he found 25 sealed packets of Toned milk (Heritage Tetra Pack) and same was sent to the food analysis after getting the report. The Food Safety Officer has registered a case against the Company. The Food Safety Officer has alleged that the toned milk is of sub-standard quality for consumption. In the event the case is proved then

fine may be imposed by Court on the Company which shall be quantified in the order. The case is pending before the 1st Metropolitan Magistrate, Municipal Court, Hyderabad.

13. A case being C.C. No.3 of 2019, has been filed against the Company and one M/s. Vijetha Super Market Pvt. Ltd. On 18.06.2019, the Food Safety Officer, West Zone, GHMC, Hyderabad has visited the business premises of M/s. Vijetha Super Market Pvt Ltd of Madinaguda for inspection on 18.06.2016. He found and suspected that some fruits were ripened artificially and accordingly the samples were sent to Laboratory for scrutiny. On the basis of the report of Laboratory, he filed a case against M/s. Vijetha Super Market Pvt Ltd and the Company on the grounds that the fruits that were found at the time of inspection were reported to unsafe. Food Safety Officer has alleged that the fruits were ripened artificially and they are of sub-standard quality for consumption. In the event the case is proved then fine may be imposed by Court on the Company which shall be quantified in the order. The case is pending before the 1st Metropolitan Magistrate, Municipal Court, Hyderabad.
14. A case has been filed by Food Safety Officer against under the provision of Section 26(1) and Section 26(2)(ii) of FSS Act, 2006 r/w Section 3(1)(zx) of Food Safety and Standards Act and Regulation 2011 against one Mohammad Ubais and Shyam Sunder Gaur from the Reliance Retail Ltd being FBO-Cum-Store Manager and the Company has been impleaded as parties as marketing company of the product. The Company has received a notice from the Court of ADM, Raja Garden, New Delhi that a sample of Pasteurised Full Cream Milk from Reliance Retail Ltd, Fatah Nagar, New Delhi has been reported to be misbranded by the Food Analyst. The Food Safety Officer has alleged that the full cream milk was sub-standard for consumption. In the event the case is proved then fine may be imposed by Court on the Company which shall be quantified in the order.
15. A case has been filed against one Dhushant Bhatti of Reliance Fresh along with the Company. The Company has been impleaded in the case as marketing company of the product. The Company has received a notice from the Court of ADM, Goutamboudhnagar that a Sample of Paneer from Reliance Fresh Limited, Main Market, Greater Noida Goutamboudhnagar has been reported to be misbranded and substandard by the Food. In addition to this there is an allegation that manufacturer has not declared the Lot Number and Packing date on the packet. The case has been registered under 2.2.2.(8,9) of FSS (Packaging and labelling) Regulation 2011. The Food Safety Officer has alleged that the paneer was of sub-standard quality for consumption. In the event the case is proved then fine may be imposed by Court on the Company which shall be quantified in the order.
16. A case being has been filed by the Food Safety Officer against the Company. This is a case of sale of Urad Whole for human consumption. The Food Safety Officers, Ranga Reddy District, had visited the store at Boduppall and had taken the sample of Urad Whole from the said store and sent the samples to the Food Analyst, State Food laboratory and after analysing the sample, the Food Analyst sent his report to the FSDO, Ranga Reddy district stating that the sample contains "Talc" and it is therefore substandard. The Food safety Officer has alleged that the Urad Dal was of sub-standard quality for consumption. In the event the case is proved then fine may be imposed by Court on the Company which shall be quantified in the order.

17. A case being PR/127/2019 has been filed by one Manoj Kumar against the Company. Manoj Kumar was appointed as Senior Technician at Rai Packing Station. As per the business requirement, the management of the Company asked him to join at Vadamadurai Unit from 25.07.2019 but he neither joined nor responded to the Company's mail dated 22.07.2019. Instead, Manoj Kumar filed the case before the Additional District & Sessions Judge, Industrial Tribunal-Cum-Labour Court Panipat demanding back wages with continuation of service. The claim against the Company is to reinstate him into service with back wages.
18. A case being PR/128/2019 has been filed by one Pradeep Kumar against the Company. Pradeep Kumar was appointed as Assistant Operation at Rai Packing Station. As per the business requirement, the management of the Company asked him to join at Vadamadurai Unit from 25.07.2019 but he neither joined nor responded to the Company's mail dated 22.07.2019. Instead, Manoj Kumar filed the case before the Additional District & Sessions Judge, Industrial Tribunal-Cum-Labour Court Panipat demanding back wages with continuation of service. The claim against the Company is to reinstate him into service with back wages.
19. A case being PR/129/2019 has been filed by one Sachin Kumar against the Company. Pradeep Kumar was appointed as Senior Technician at Rai Packing Station. As per the business requirement, the management of the Company asked him to join at Vadamadurai Unit from 25.07.2019 but he neither joined nor responded to the Company's mail dated 22.07.2019. Instead, Manoj Kumar filed the case before the Additional District & Sessions Judge, Industrial Tribunal-Cum-Labour Court Panipat demanding back wages with continuation of service. The claim against the Company is to reinstate him into service with back wages.
20. A case being O.S. No. 186 of 2015 has been filed by T. Seethaiah against the Company before the Civil Judge, Junior Division, Sethanagaram,A.P. The case is that owner of the premises at Sethanagaram being T. Seethaiah has filed an eviction suit against the Company. It is the case of the Company that it has already vacated the premises in earlier point of time and the owner has wrongfully denied to accept the termination of lease of the Company. The Civil suit is pending.
21. A case being Appeal Suit No. 92/2020 has been filed by P. Sreenivasulu against the Company before District Court, Madanapalle. P. Sreenivasulu has filed the Appeal to challenge the order dated 05.11.2019 in O.S 111/2011 before the Additional District Judge, Madanapalle. The case filed in the lower court was that P. Sreenivasulu had entered into the premises and tried to occupy the property where the Company successfully pleaded its case and accordingly the lower court has passed an order dated 05.11.2019 dismissing the case of P.Sreenivasulu. The Company has received the summons to appear before the Hon'ble Court where the Appeal has been filed by P. Sreenivasulu.
22. A Civil case registered as OS. No. 930 of 2015 has been filed in Hon'ble XVI Additional District Judge, Ranga Reddy District by M. Vijay Bhaskar against the Company. Mr. Vijay Baskar, the owner of the Nizampet Store has filed this suit against the Company for recovery of arrears of rent for an amount of ₹ 18,35,639/-. The Company has filed its Written Statement and the matter is now received for framing of issues.

23. A civil case for recovery of outstanding, registered as OS.1315/2018 has been filed by M/s. Riddhi Enterprises against the Company before the Civil Court at Hyderabad. M/s. Riddhi Enterprises is a super stockiest of Haldirams and other products. During the year 2016-17, they supplied some products of Haldirams to the Company at Hyderabad. It is the case of M/s. Riddhi Enterprises that the Company has to pay the money for supply of products and has filed a suit for recovering of an outstanding of ₹5,41,489/-. Case is pending for framing of issues.
24. Mr. Basavaraj B. Shinde is an employee of the Company. He has filed the case against his termination from services at Labour Court and he was reinstated. Mr. Basavaraj B. Shinde again filed public interest litigation before the Hon'ble High Court of Karnataka vide Writ Petition No.56992/2015 and case is pending.

G. Litigation civil or criminal proceedings by Group Companies or Subsidiaries:

HERITAGE NUTRIVET LIMITED (HNL):

(a) By HNL

1. Heritage Nutrivet Limited has filed and submitted its proof of claim for an amount of ₹86,83,413/- to the insolvency resolution professional in the matter of Amrit Feeds and Hatcheries which is undergoing liquidation under the Insolvency and Bankruptcy Code, 2016. The order of liquidation has been passed by the National Company Law Tribunal- Kolkata Bench on 25.02.2020. The claim of Heritage Nutrivet Limited has been admitted by the insolvency resolution professional.
2. Heritage Nutrivet Limited has filed and submitted its proof of claim to the insolvency resolution professional in the matter of SNS Starch Limited under the Insolvency and Bankruptcy Code, 2016. SNS Starch Limited has filed an appeal before the National Company Law Appellate Tribunal (NCLAT) against the order passed by the National Company Law Tribunal- Hyderabad Bench and has obtained an order of stay in the insolvency proceedings and against the order of National Company Law Tribunal- Hyderabad Bench. The total claim of Heritage Nutrivet Limited against SNS Starch Limited is ₹2,25,92,742/-, however SNS Starch has agreed to pay an amount of ₹1,92,36,163/- in 19 installments excluding interest through a settlement agreement. Out of which Heritage Nutrivet Limited has received an amount of ₹ 1,70,76,347/- from SNS Starch Limited.
3. Heritage Nutrivet Limited has filed a Company Petition under Section 9 of Insolvency and Bankruptcy Code, 2016 against Natems Sugars Private Limited to recover an amount of ₹1,15,11,168/- excluding interest before the National Company Law Tribunal- Hyderabad Bench. When the case has come up for hearing, Natems Sugar has proposed to settle the matter and paid ₹15,00,000/- out of the total amount. The Case is pending before the Hon'ble NCLT, Hyderabad Bench for proper adjudication.
4. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Ajay Kumar Gudagudi bearing case filing no. SR No.10874/2019 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹66,603/-.
5. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Bharamagouda Bidari bearing case filing no. SR No.10872/2019 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the

case with an application to condone the delay and the Court has to send notice to respondent. Court. The amount involved in the matter is ₹83,900/-.

6. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Guddappa Somappa Dasar bearing case filing no. SR No.10860/2019. The amount involved in the matter is ₹93,400/-.
7. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Maruthi Milk Point (through its proprietor Mr. Lokesh H T) bearing case filing no. SR No.10875/2019 in before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹99,200/-.
8. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Vinayak Rao Sambaji Mulik bearing case filing no. SR No.10871/2019 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹70,065/-.
9. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Jayalakshmi Rice and General Mercha bearing case filing no. 544/545/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹51,200/-.
10. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Ghansham Lalaso Kadam bearing case filing no. 526/527/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹68,325/-.
11. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Sankalp Food Products bearing case filing no.552/553/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹2,81,740/-.
12. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Aaradhyaa Animal Foods and Medicine bearing case filing no. 542/543/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹1,20,400/-.
13. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against S Prakash bearing case filing no.558/559/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹1,06,600/-.
14. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Vempadapau Santhosh Ramu bearing case filing no. SR. 591/2020 before the

Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹2,58,200/-.

15. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Satya Traders bearing case filing no. STC. No.4293/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹1,58,100/-.
16. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Anjanadri Feeds bearing case filing no.546/547/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹1,10,375/-.
17. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Basavaraj H.K. bearing case filing no.310/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹63,050/-.
18. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Sashidar bearing case filing no. STC. No.4282/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹1,06,300/-.
19. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Bhairavanath Traders Takari bearing case filing no. STC. No.4294/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹1,10,510/-.
20. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Pradip Devidas Dhone bearing case filing no. STC. No.4277/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹1,21,452/-.
21. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Devi Janaki Feeds bearing case filing no. STC. No.4291/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹51,337/-. The summons has been sent through Registered Post with Acknowledge Due (RPAD) upon the accused Devi Janaki Feeds.
22. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against K.K.Ovhal & Sons bearing case filing no. 623/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited filed the case with an application to condone the delay and court has to send notice to respondent. The amount involved in the matter is ₹71,848/-.
23. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Balaso Krishna Rao Yadav bearing case filing no. STC. No.4288/2022 before

Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹69,560/-.

24. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Gathimathi Feeds bearing case filing no. STC. No.5160/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹71,745/-.
25. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Anu Feeds bearing case filing no. SR.1096/2020 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹52,250/-.
26. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Gomatha Feeds and Cattle Feeds bearing case filing no. STC. No.4282/ before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹1,19,100/-.
27. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Shri Kamachi Amman Traders bearing case filing no. STC. No.4290/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹2,14,235/-.
28. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Mahalakshmi Traders bearing case filing no. STC. No.4273/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹92,000/-.
29. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Madhusudan Goud bearing case filing no. STC. No.4275/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹1,03,200/-.
30. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Yelamanchili Srikanth bearing case filing no.548/549/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹51,680/-.
31. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Hanuman Traders bearing case filing no.10140/2020 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹65,600/-.
32. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Bodgam Kasaiah bearing case filing no. STC. No.4268/2022 2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹2,30,000/-.

33. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Shipkule Kiran Kisan bearing case filing no.556/557/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹1,53,480/-.
34. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Sri Bhanashankari Devi Traders bearing case filing no.529/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹2,81,740/-.
35. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Rajendra Basavantappa Hulgur bearing case filing no. S.R. No.10031/2019 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹29,300/-.
36. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Vijay. H bearing case filing no. S.R. No.10034/2019 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹31,700/-.
37. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Anil Dnyandev Jadhav bearing case filing no. S.R. No.10113/2019 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹19,000/-.
38. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Jayesh Thukaram Saste bearing case filing no. S.R. No.10873/2019 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹35,325/-.
39. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Santosh Pandurang Deshmukh bearing case filing no. 535/ before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹33,777/-.
40. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against RS Surendra bearing case filing no. S.R. No.586/ before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹35,400/-.
41. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Ganesh Dasharath Deshmukh bearing case filing no. 550/551/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the

case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹28,049/-.

42. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Palla Koteswara Rao bearing case filing no. 593/2020 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹26,100/-.
43. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Varsha Traders Bhilwadi bearing case filing no. STC. No.4276/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹44,400/-.
44. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Balaso Arjun Nagale bearing case filing no. STC. No.4292/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹43,180/-.
45. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Sai Gowthami Fertilizers bearing case filing no. 540/541/2020 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹31,500/-.
46. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against G Praveen Kumar bearing case filing no. 533/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹27,800/-.
47. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Vadlamudi Raveender bearing case filing no. 592/2020 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹26,800/-.
48. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Sri Krishna Traders bearing case filing no. 1098/2020 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹44,951/-.
49. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Garapati Madhu Mohan bearing case filing no. STC. No.4284/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹30,610/-.
50. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Yamali Siva Prasad bearing case filing no. STC. No.4287/2022 before Hon'ble XI

MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹36,240/-.

51. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Sri Thopina Ranaganath Fertilizers bearing case filing no. 10032/2019 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹31,275/-.
52. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Raghu M.R. bearing case filing no. STC. No.4283/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹31,200/-.
53. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Channabasappa Musali bearing case filing no. STC. No.4278/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹38,580/-.
54. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Sri Sai Agency bearing case filing no. 531/20212019 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹45,500/-.
55. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Vikas Bharath Avtade bearing case filing no. 10876/2019 2019 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹11,500/-.
56. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Vinod Shambhaji Saste bearing case filing no. STC. No.4285/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹28,750/-.
57. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Gyanneshwar Narsing Mulik bearing case filing no. STC. No.4295/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹44,154/-.
58. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Thirumalai Agency bearing case filing no. 554/55/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹25,200/-.
59. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Sri Basaveshwara Prasanna Traders bearing case filing no. STC. No.4289/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹31,300/-.

60. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Paramasivam Feeds bearing case filing no.585/2020 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹40,750/-.
61. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Shanmugam Milk Center bearing case filing no. STC. No.4280/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹39,450/-.
62. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Arokya Milk Dairy Gudhal bearing case filing no. 10317/2019 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹22,100/-.
63. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Shivam Ankush Tapre bearing case filing no. STC. No.4279/2022 before Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad and the next date of hearing is 06.12.2022 for appearance of Accused. The amount involved in the matter is ₹35,951/-.
64. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Chelluboina Nagaraju bearing case filing no. 538/539/2021 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹38,300/-.
65. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Puvvada Prasad bearing case filing no.1980/2020 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹29,570/-.
66. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Shetkari Market bearing case filing no.2020/2020 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. HNL filed the case with condone delay petition and court has to send notice to respondent. The amount involved in the matter is ₹44,700/-.
67. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Rayini Chandra Reddy bearing case filing no. 1981/2020 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹32,400/-.
68. Heritage Nutrivet Limited has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 against Karumanchi Ravindra bearing case filing no. 2020/2020 before the Hon'ble XI MM, Criminal Courts, Nampally, Hyderabad. Heritage Nutrivet Limited has filed the case with an application to condone the delay and the Court has to send notice to respondent. The amount involved in the matter is ₹29,900/-.

(b) Against HNL

1. One of the Ex-employee Mr. Prasad has filed a case vide O.S. No. 397/2019 on the file of XI Additional Chief Judge, Civil Court Hyderabad, for recovery of his arrears from Heritage Nutrivet Limited for an amount of ₹19,28,221/-. Heritage Nutrivet Limited is a defendant in the said case and has filed Written Statement and the matter is pending for dispose of.
2. One Mr. Murugesan has filed a case before the Labour Court Salem vide C.P.No.44 of 2018 for recovery of his two months' salary of ₹96,729/- against Heritage Nutrivet Limited who is a defendant in the said case. Heritage Nutrivet Limited has received summons from the court on the basis of which Heritage Nutrivet Limited has to file its counter/written statement. Due to the outbreak of Covid-19 pandemic, the case was not listed till date.

Case pertaining to Nirvana Holdings Private Limited ("NHPL"), a company wherein two Promoters of HFL are Promoters and Directors of NHPL

M/s Nirvana Holdings Private Limited ("NHPL") was incorporated on July 11, 2008 within the jurisdiction of Registrar of Companies, Hyderabad, having CIN No. U67120AP2008PTC060105 with the main object being investing in shares/debentures etc. of companies. NHPL had only two Promoters viz., Nara Lokesh and Nara Bhuvaneshwari, who each held 50 percent shareholding in the company, and were promoters of the company. Nara Bhuvaneshwari and Nara Lokesh, in their individual capacity, are also promoters of Heritage Foods Limited ("HFL") and they together held 33.38 per cent of the voting rights/share capital in HFL at that point in time. The remaining 15 promoters at that relevant point of time in HFL, as mentioned in the statement filed with the stock exchanges, held 12.32 per cent of the voting rights in HFL. The total holding of the promoter group of HFL stood at 45.70 percent consequently.

NHPL had acquired shares of HFL through secondary market from National Stock Exchange ("NSE") and Bombay Stock Exchange aggregating to 7,11,421 shares (Face Value Rs.10/-each) being 9,161 shares acquired on November 13, 2008, and 7,02,260 shares (Face Value Rs.10/- each) on November 17, 2008 which in aggregate constituted 6.17% of the paid-up capital of HFL. The subject of dispute was that NHPL had violated SEBI SAST Regulations by not having come out with a public offer since it had crossed the 5% threshold limit.

On November 25, 2009, the SEBI issued a notice upon NHPL calling upon it to show cause why appropriate directions be not issued to it under Regulation 44 of the Takeover Code for violating Regulation 11(1). NHPL subsequently filed a detailed reply to the said notice of SEBI on December 30, 2009 by stating that it had not violated the provisions of Regulation 11(1) when it acquired 6.17 per cent equity shares of HFL without making a public announcement. It also disputed that the collective shareholding of the promoters of HFL increased from 45.7 per cent to 51.87 percent in the financial year 2008-09 as alleged.

On a consideration of the material on the record including the replies filed by NHPL and taking note of the facts which are not in dispute, the whole time member of SEBI by his order dated November 9, 2010 held that NHPL has violated Regulation 11(1) of the takeover code when it acquired 6.17 per cent shares of HFL without making a public announcement and directed NHPL to disinvest within a period of two months from the date of the order 1,34,905 shares constituting 1.17 per cent of the equity capital of HFL which was in excess of the 5 percent limit. NHPL was further directed to transfer the profits, if any, arising out of such disinvestment to the Investor Protection Fund(s) of the concerned stock exchanges.

It is against this order that the appeal was filed by NHPL before the Securities Appellate Tribunal ("SAT"). Upon considering the facts of appeal, the Order of Whole Time Member and the submissions of the

learned senior counsel of NHPL, the SAT has partially upheld the order dated November 9, 2010 and modified the said order to the extent where NHPL was directed to transfer the profits from disinvestment into Investor Protection Fund(s). The SAT has directed NHPL to make public announcement to acquire shares of HFL in accordance with provisions of the takeover code. Upon the request of learned senior counsel, the SAT had stayed the operation its order dated September 8, 2011 for a period of four weeks from the date of said order. NHPL has filed an appeal before the Hon'ble Supreme Court of India against the SAT Order on September 24, 2011. The Hon'ble Supreme Court has admitted the appeal on November 14, 2011. The said appeal is still pending for further hearing.

Our Company (HFL), its Promoters and Directors are neither a relevant party nor have they have been involved or implicated in the proceedings of the said case. The proceedings and the outcome of the said case will not have any material, business or financial impact on HFL in any manner of whatsoever nature since this is an order issued on NHPL which, at that point in time and as of now, is neither a Promoter nor member of the Promoter Group of our Company.

The above disclosure of the case/proceeding is being made as an abundant precaution and also in view of the fact that HFL adopts and follows good corporate governance and disclosure practices.

H. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

In terms of the Materiality Policy, our Company has Nil material creditors, as on March 31, 2022.

The details of amounts outstanding to Micro enterprises and Small enterprises and other creditors as per the Audited Consolidated Financial Statements of our Company as on March 31, 2022 and the Unaudited Financial Results for the half-year ended September 30, 2022 as per the terms of PO/TOT (there is no outstanding dues as per the MSME Act) is as under:

Particulars	(₹ in lakhs)	
	As at September 30, 2022	As at March 31, 2022
Outstanding dues to micro enterprises and small enterprises	641.5	770.2
Outstanding dues to other creditors	7164.3	4416.6
Total outstanding dues	7805.8	5186.8

For further details, refer to the section titled “Financial Information” on page 143 of this Letter of Offer.

I. DISCLOSURES PERTAINING TO WILFUL DEFAULTERS / FRAUDULENT BORROWER

Neither our Company, nor our Promoters, and Directors have been categorized or identified as willful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

J. MATERIAL DEVELOPMENTS SINCE THE DATE OF THE LAST AUDITED ACCOUNTS

To our knowledge no circumstances have arisen since the date of the latest audited balance sheet i.e., March 31, 2022, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

The objects clause of the Memorandum of Association enables our Company to undertake its existing activities.

GOVERNMENT AND OTHER APPROVALS

In order to operate our business, our Company requires various approvals, licenses, registrations, permits and approvals under various laws, rules and regulations. The requirement for the Approvals may vary based on factors such as the legal requirements in the jurisdiction, in which the manufacturing facilities are located. Our Company has obtained necessary consents, licenses, registrations, permissions and approvals from Governmental and various regulatory authorities that are required to undertake this Issue and carrying on our present business activities. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals and licenses are valid as of the date of this Letter of Offer and in case of licenses and approvals which have expired; we have either made application for renewal or are in the process of making an application for renewal.

Except for the following, as on the date of this Letter of Offer, no further material approvals from any governmental or regulatory authority are pending to undertake the Issue or continue its business activities.

I. Material approvals for which applications have been made by our Company, but are currently pending grant:

Nil

II. Material approvals for which renewal applications have been made by our Company:

- a) Consent Order by Andhra Pradesh Pollution Control Board, Visakhapatnam.
- b) Timber Depot License to be issued by District Forest Officer, Vishakapatnam.
- c) Consent to operate to be issued by Pune Pollution Control Board.
- d) Consent to operate to be issued by Haryana State Pollution Control Board, Rai District, Sonapat.
- e) Consent to operate of Haryana State Pollution Control Board

III. Material approvals which have expired and for which renewal applications are yet to be made by our Company:

Nil

IV. Material approvals required for which no application has been made by our Company

Nil

Material pending government and regulatory approvals pertaining to the Objects of the Issue

Since our Company intends to utilize the proceeds of the Issue, after deducting Issue related expenses towards Working capital requirements and for general corporate purposes, no government and regulatory approval pertaining to the Objects of the Issue will be required.

SECTION IX – OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of the Board of Directors at its meeting held on September 30, 2022, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

Our Board of Directors has, at its meeting held on September 30, 2022, determined the Issue Price as ₹5 per Rights Equity Share (being the Face Value of the Equity Share), and the Rights Entitlement as 1 (One) Rights Equity Share for every 1(One) Equity Share held as on the Record Date.

The Draft Letter of Offer was approved by the Rights Issue Committee (duly constituted by the Board in their meeting on September 30, 2022) pursuant to its resolution dated December 27, 2022. The Letter of Offer has been approved by the Board of Directors in their meeting on January 13, 2023.

Our Company has received 'in-principle' approvals from BSE and NSE vide letters dated January 6, 2023 and December 29, 2022 respectively, for listing of the Rights Equity Shares to be allotted pursuant to Regulation 28(1) of the SEBI Listing Regulations. Our Company will also make applications to BSE and NSE to obtain their trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN INE978A20019 for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. For details, see "*Terms of the Issue*" beginning on page 260 of this Letter of Offer

Prohibition by SEBI

Our Company, our Promoters, members of the Promoter Group, and our Directors, have not been prohibited from accessing or operating in the capital markets or debarred or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any authority/court as on date of this Letter of Offer.

Further, our Promoters and the Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. None of our Directors or Promoters are associated with the securities market in any manner. There is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Letter of Offer.

Neither our Promoters nor our Directors have been declared as Fugitive Economic Offenders under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Neither our Company, nor our Promoters, and Directors have been categorized or identified as Willful Defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Letter of Offer.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on both the Stock Exchanges i.e., BSE and NSE. Our Company is eligible to undertake the Rights Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with the provisions specified in Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulation 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing and trading of the Rights Equity Shares to be allotted pursuant to the Issue. BSE Limited is the Designated Stock Exchange for the purpose of the Issue.

Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is a listed company, incorporated under Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE and NSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations. Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with the Stock Exchanges, and with SEBI as a matter of record;
2. The reports, statements and information referred to above are available on the website of BSE and NSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

The Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of the issue is less than ₹5000 lakhs. However, the same shall be submitted to SEBI as a matter of record.

DISCLAIMER CLAUSE OF BSE

“BSE Limited (“the Exchange”) has given vide its letter dated **January 06, 2023**, permission to this Company to use the Exchange’s name in this Letter of Offer as the stock exchange on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

DISCLAIMER CLAUSE OF NSE

“As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given its letter Ref. No. NSE/LIST/33876 dated December 29, 2022 permission to the Issuer to use the Exchange’s name in this letter of offer as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything or omitted to be stated herein or any other reason whatsoever.”

Disclaimer from our Company, our Directors and the Lead Manager

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in the advertisement(s) or any other material issued by or at our Company’s instance and anyone placing reliance on any other source of information, including our Company’s website www.heritagefoods.in or the respective websites of an affiliate of our Company would be doing so at his or her own risk.

All information shall be made available by our Company and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations (if any) in research or sales reports, at bidding centers or elsewhere.

Investors will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Rights Equity Shares.

No information which is extraneous to the information disclosed in this Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding center.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

Disclaimer in respect of Jurisdiction

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, Maharashtra, India only.

Designated Stock Exchange

Our Company's shares are listed on both, BSE and NSE. The Designated Stock Exchange for the purpose of this Issue is BSE.

Listing

Our Company will apply to BSE and NSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Selling Restrictions

This Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights

basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer has been filed with the Stock Exchange.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or

any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Letter of Offer, Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Consents

Consents in writing of: our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, the Lead Manager, legal advisor, the Registrar to the Issue and the Bankers to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Letter of Offer.

Our Company has received written consent dated December 27, 2022 from our Statutory Auditors, M/s Walker Chandiok & Co LLP, *Chartered Accountants* to include their name as required under section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations in this Letter of Offer as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) Independent Auditor’s Report dated May 27, 2022 on our Audited Consolidated Financial Statements for the financial year ended March 31, 2022; (ii) Limited Review Report dated October 18, 2022 on the Unaudited Consolidated Financial Results for the half year ended September 30, 2022; and (iii) Statement of Tax benefits dated December 27, 2022 in this Letter of Offer and such consent has not been withdrawn as on the date of this Letter of Offer.

Performance vis-à-vis objects – Public/Rights Issue of our Company

Our Company has not made any rights issue or public issue during the five years immediately preceding the date of this Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issue.

Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates

None of our Subsidiaries or associate companies are listed as on date of this Letter of Offer.

Stock Market Data of the Equity Shares

Our Equity Shares are listed and traded on both BSE and NSE. For details in connection with the stock market data of the Stock Exchanges, please refer to the chapter titled “*Market Price Information*” on page 225 of this Letter of Offer.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with the Stock Exchanges and not with SEBI. However, the Letter of Offer will be submitted to SEBI for information and dissemination.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the corporate governance requirements in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI circular bearing reference no. CIR/OIAE/1/2014 dated December 18, 2014 in relation to the redressal of investors’ grievances through SCORES. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. KFin Technologies Limited is our Registrar and Share Transfer Agent and Registrar to the Issue as well. All investor grievances received by

us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are typically disposed of within 15 days from the date of receipt of the complaint.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue or our Company Secretary for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, see “*Terms of the Issue*” beginning at page 260 of this Letter of Offer. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

Registrar to the Issue

KFin TECHNOLOGIES LIMITED

Karvy Selenium, Tower B, Plot No. 31 & 32, Gachibowli Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Rangareddi - 500032, Telangana, India

Tel No.: +91 40 67162222

Toll Free No.: 18003094001

Email: heritagefoods.rights@kfintech.com

Website: www.kfintech.com

Investor Grievance Email: einward.ris@kfintech.com

Contact Person: Mr. M. Murali Krishna

SEBI Registration No.: INR000000221

CIN: U72400TG2017PLC117649

In accordance with the SEBI Rights Issue Circulars, frequently asked questions, and online/electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties face by the Investors will be available on the website of the Registrar <https://rights.kfintech.com>. Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is 18003094001.

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/post-Issue related matters such as non-receipt of Letters of Allotment / share certificates / demat credit/Refund Orders etc.

Mr. Umakanta Barik is the Company Secretary and Compliance Officer of our Company. His contact details are set forth hereunder:

Heritage Foods Limited
H.No. 8-2-293/82/A/1286,
Plot No. 1286, Road No. 1 & 65,
Jubilee Hills, Hyderabad - 500033,

Telangana, India

Tel.: +91 40 23391221/22

E-mail: rights.issue@heritagefoods.in

SECTION X – OFFERING INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.

OVERVIEW

The Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, the Memorandum of Association and the Articles of Association, the provisions of Companies Act, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the SEBI, the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchanges and terms and conditions as stipulated in the Allotment Advice.

Important:

1) Dispatch and availability of Issue materials:

In accordance with the SEBI (ICDR) Regulations, and the ASBA Circular, our Company will send/dispatch at least three days before the Issue Opening Date, the Abridged Letter of Offer, the Entitlement Letter, Application Form and other issue material ('**Issue Materials**') only to the Eligible Shareholders who have provided an India address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Right Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the India addresses provided by them. Further, the Letter of Offer will be sent/dispatched, by the Registrar to the Issue on behalf of our Company to the Eligible Shareholders who have provided their Indian addresses and have made a request in this regard. In case such Eligible Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid email address and in case such Eligible Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them or who are located in jurisdictions where the offer and sale of the Right Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- a) our Company at www.heritagefoods.in;
- b) the Registrar to the Issue at <https://rights.kfintech.com>;
- c) the Lead Manager i.e., Chartered Finance Management Private Limited at www.cfml.in; and
- d) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at <https://rights.kfintech.com> by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.heritagefoods.in).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out to the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form. Resident Eligible Shareholders, who are holding Equity Shares in physical form as on the Record Date, can obtain details of their respective Rights Entitlements from the website of the Registrar by entering their Folio Number.

a. Facilities for Application in this Issue:

In accordance with Regulation 76 of the SEBI (ICDR) Regulations, SEBI – Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, please refer to the Paragraph titled ‘Procedure for Application through the ASBA Process’ on page 272 of this Letter of Offer.

ASBA facility

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, refer “Procedure for Application through the ASBA Process”.

Investors can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, Paragraph titled ‘Procedure for Application through the ASBA Process’.

Please note that subject to SCSBs complying with the requirements of SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 02, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such

account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details refer “Grounds for Technical Rejection”. Our Company, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI (ICDR) Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see ‘*Application on Plain Paper under ASBA process*’ on page 275 of this Letter of Offer.

b. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders:

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Resident Eligible Equity Shareholders holding the Equity Shares in dematerialized form; and (ii) a demat suspense escrow account (namely, “**HERITAGE FOODS LIMITED**”) opened by our Company, for the Resident Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Resident Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

Resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date i.e., Friday, January 20, 2023, are requested to provide relevant details (such as copies of self-attested PAN and details of address proof by way of uploading on Registrar website the records confirming the legal and beneficial ownership of their respective Equity Shares) not later than two Working Days prior to the Issue Closing Date i.e., Monday, February 13, 2023, in order to be eligible to apply for this Issue. Such Resident Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

In accordance with the SEBI Rights Issue Circulars, the Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date i.e., Monday, February 13, 2023, shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.

c. Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form:

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made

dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “*Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form*” on page 279 in “Terms of the Issue”.

d. Application for Additional Equity Shares

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalized in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “*Basis of Allotment*” beginning on page 287.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

e. Investors to kindly note that after purchasing the Rights Entitlements through On Market Renunciation / Off Market Renunciation, an Application has to be made for subscribing to the Rights Equity Shares. If no such Application is made by the renounce on or before Issue Closing Date, then such Rights Entitlements will get lapsed and shall be extinguished after the Issue Closing Date and no Rights Equity Shares for such lapsed Rights Entitlements will be credited. For procedure of Application by shareholders who have purchased the Right Entitlement through On Market Renunciation / Off Market Renunciation, please refer to the heading titled “*Procedure for Application through the ASBA process*” on page 272 of this Letter of Offer.

f. Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

- a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: <https://rights.kfintech.com>;
- b) Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: <https://rights.kfintech.com>;
- c) Updation of demat account details by resident Eligible Equity Shareholders holding shares in physical form: <https://rights.kfintech.com>; and
- d) Submission of self-attested PAN and valid Indian address proof client master sheet and demat account details by non-resident Eligible Equity Shareholders: Einward.ris@kfintech.com

Renouncees

All rights or obligations of the Eligible Equity Shareholders in relation to Applications and refunds relating to the Issue shall, unless otherwise specified, apply to the Renouncee(s) as well.

Authority for the Issue

The Board of Directors have, in its meeting on September 30, 2022, authorized this Issue under Section 62(1)(c) of the Companies Act, 2013.

The Board of Directors in their meeting held on Friday, September 30, 2022, have determined the Issue Price at ₹5 per Equity Share and the Rights Entitlement as 1 (One) Rights Equity Share(s) for every 1 (One) fully paid-up Equity Share(s) held on the Record Date.

Our Company has received In-Principle approval from BSE and NSE in accordance with Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to letter no. DCS/RIGHT/KK/FIP/2997/2022-23 dated January 06, 2023 and letter no. NSE/LIST/33876 dated December 29, 2022 respectively.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held dematerialized form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange, but excludes persons not eligible under the applicable laws, rules, regulations and guidelines.

Rights Entitlement ("REs") (Rights Equity Shares)

Eligible Equity Shareholders whose names appear as a beneficial owner in respect of the Equity Shares held in dematerialized form or appear in the register of members as an Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., Friday, January 20, 2023, are entitled to the number of Rights Equity Shares as set out in the Application Form.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (<https://rights.kfintech.com>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (www.heritagefoods.in).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialized form. If the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form. Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form to the email addresses as well as to the physical addresses of Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Letter of Offer will be provided, through email and speed post, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company

or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, our Company and the Lead Manager through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchanges' websites. The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer will be filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

PRINCIPAL TERMS OF THE RIGHTS EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹5.

Issue Price

Each Rights Equity Share is being offered at a price of ₹5 per Rights Equity Share in the Issue. The Issue Price has been arrived at by our Company in consultation with the Lead Manager prior to the determination of the Record Date.

The Rights Equity Shares issued in this Issue will be fully paid-up. The Issue Price and other relevant conditions are in accordance with Regulation 10(4) of the SEBI Takeover Regulations.

The Board, at its meeting held on Friday, September 30, 2022, has determined the Issue Price.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Share(s) for every 1 (One) Equity Share(s) held on the Record Date.

Rights of instrument holder

Each Rights Equity Share shall rank *pari-passu* with the existing Equity Shares of the Company.

Terms of Payment

The entire amount of the Issue Price of ₹5 per Rights Equity Share shall be payable at the time of Application.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to the existing Eligible Equity Shareholders in the ratio of 1:1 (1 Rights Equity Share for every 1 fully paid-up Equity Share) held as on Friday, January 20, 2023, the Record Date. Accordingly, no circumstance is likely to arise which would result in fractional entitlement.

Ranking

The Rights Equity Shares to be issued and allotted pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares to be issued and allotted pursuant to the Issue shall rank *pari-passu* with the existing Equity Shares of our Company, in all respects including dividends.

Mode of payment of dividend

In the event of declaration of dividend, our Company shall pay dividend to the Eligible Equity Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue

As per the SEBI – Rights Issue Circular, the Rights Entitlements with a separate ISIN would be credited to the demat account of the respective Eligible Equity Shareholders before the issue opening date. On the Issue Closing date the depositories will suspend the ISIN of REs for transfer and once the allotment is done post the basis of allotment approved by the designated stock exchange, the separate ISIN no. INE978A20019 for REs so obtained will be permanently deactivated from the depository system.

The existing Equity Shares of our Company are listed and traded under the ISIN: INE978A01027 (**Scrip Code:** 519552) on BSE and (**Scrip Name:** HERITGFOOD) on NSE. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The

trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE and NSE subject to necessary approvals. Our Company has received In-Principle approval from BSE through letter number DCS/RIGHT/KK/FIP/2997/2022-23 dated January 06, 2023 and NSE through letter number NSE/LIST/33876 dated December 29, 2022. All steps for completion of necessary formalities for listing and commencement of trading in the equity shares will be taken within 7 working days from the finalization of the Basis of Allotment. Our Company will apply to BSE and NSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading under the existing ISIN as fully paid-up Equity Shares of our Company. The temporary ISIN shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchanges.

The Rights Equity Shares allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within the specified time.

If permissions to list, deal in and for an official quotation of the Rights Equity Shares are not granted by BSE and NSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as applicable.

For details of trading and listing of Rights Equity Shares, please refer to the heading “*Terms of Payment*” at 266 of this Letter of Offer.

Subscription to the Issue by our Promoters and Promoter Group

For details of the intent and extent of the subscription by our Promoters and Promoter Group, see “*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue*” on page 57.

Compliance with SEBI (ICDR) Regulations

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of holders of Equity Shares

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to vote in person, or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;

- The right of free transferability of Equity Shares;
- The right to attend general meetings and exercise voting powers in accordance with law, unless prohibited by law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Memorandum of Association and the Articles of Association

General terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized mode is One (1) Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold such Equity Share as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. Application Forms would be required to be signed by all the joint holders to be considered valid.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Investor can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose.

Since the Allotment of Rights Equity Shares is in dematerialized form only, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in the Issue. Nominations registered with respective Depository Participant of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective Depository Participant.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialized form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

New Financial Instruments

There are no new financial instruments like deep discount bonds, debentures with warrants, secured premium notes etc. issued by our Company.

Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

However, the Investors should note that pursuant to provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be effected unless the securities are held in the dematerialized form with a depository.

Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and MCA General Circular No. 21/2020, our Company will send, through email and speed post, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, through email and speed post, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

Further, our Company along with the Lead Manager will undertake all adequate steps to dispatch the physical copies of the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one (1) Telugu language daily newspaper with wide circulation at the place where our Registered Office is situated.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, our Company will make use of advertisements in television channels, radio, internet etc., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India. The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

For details of procedure for application by the Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, refer “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” on page 279.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers, the Lead Manager, and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email and speed post at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email to the email-address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- a) Our Company at www.heritagefoods.in
- b) the Registrar to the Issue at www.kfintech.com
- c) the Lead Manager at www.cfml.in
- d) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.kfintech.com) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.suditi.in). The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account. Further, in accordance with the SEBI Rights Issue Circulars, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date can apply through this Issue by first furnishing the details of their demat account along with their self-attested PAN and details of address proof by way of uploading on Registrar website the records confirming the legal and beneficial ownership of their respective Equity Shares at least two Working Days prior to the Issue Closing Date i.e., Monday, February 13, 2023, after which they can apply through ASBA facility.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected. Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see *“Grounds for Technical Rejection”* on page 284. Our Company, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see *“Application on Plain Paper under ASBA process”* on page 275.

Options available to the Eligible Equity Shareholders

Details of each Eligible Equity Shareholders RE will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at www.kfintech.com and link of the same would also be available on the website of our Company at (www.heritagefoods.in). Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

The Eligible Equity Shareholders will have the option to:

- Apply for his Rights Entitlement in full;
- Apply for his Rights Entitlement in part (without renouncing the other part);
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Apply for his Rights Entitlement in part and renounce the other part of the Rights Equity Shares; and
- Renounce his Rights Entitlement in full.

In accordance with the SEBI Rights Issue Circulars, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date i.e., Monday, February 13, 2023, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period through ASBA mode. Such resident Eligible Equity Shareholders must check the procedure for Application in *“Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form”* on page 279.

Procedure for Application through the ASBA process

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section *“Application on Plain Paper under ASBA process”* on page 275.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary, with the Designated Stock Exchange and in the manner prescribed under the section titled *“Terms of the Issue”* on page 260. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section *“Basis of Allotment”* on page 287.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights

Equity Shares.

Applications by Overseas Corporate Bodies

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003.

Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the Application Form.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange; or (b) through an off - market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investor.

THE LEAD MANAGER AND OUR COMPANY ACCEPT NO RESPONSIBILITY TO BEAR OR PAY ANY COST, APPLICABLE TAXES, CHARGES, AND EXPENSES (INCLUDING BROKERAGE), AND SUCH COSTS WILL BE INCURRED SOLELY BY THE INVESTORS. PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR SUBSCRIBED BY THE INVESTORS ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE.

(a) On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN INE978A20019 subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time. The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., Monday, January 30, 2023 to Wednesday, February 8, 2023 (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN INE978A20019 and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE Limited and National Stock Exchange of India Limited under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN INE978A20019, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants. The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Applications on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Alternatively, Eligible Equity Shareholders may also use the Application Form available online on the websites of our Company, the Registrar to the Issue, the Stock Exchanges, the Lead Manager to provide requisite details.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently make an Application to subscribe to the Issue on plain paper, along with an account payee cheque or demand drawn at par, net of bank and postal charges, payable at Mumbai and the Investor should send such plain paper Application by registered post directly to the Registrar to the Issue. For details of the mode of payment, see “*Modes of Payment*” on page 277 in Chapter “*Terms of the Issue*”.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of our Issuer, being Heritage Foods Limited;
- Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Allotment option preferred - only Demat form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of Additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for within the Right Entitlements;
- Total amount paid at the rate of ₹5 per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for Applications on behalf of the Central or State Government, the residents of Sikkim and officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);

- Additionally, all such Applicants are deemed to have accepted the following:

*"I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended ("**US Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof ("**United States**") or to, or for the account or benefit of a United States person as defined in the Regulation S of the US Securities Act ("**Regulation S**"). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is a resident of the United States "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

"I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.kfintech.com. Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Last date for Application

The last date for submission of the duly filled in Application Form is Wednesday, September 21, 2022 (*i.e., the Issue Closing Date*). Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the provisions of the Articles of Association, and subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the Application together with the amount payable is either (i) not blocked with an SCSB; or (ii) not received by the Bankers to the Issue or the Registrar on or before the close of banking hours on the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as provided under “*Terms of the Issue - Basis of Allotment*” on page 287.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility.

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor’s ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar’s instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalization of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

Mode of payment for Resident Investors

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

Mode of payment for Non-Resident Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at heritagefoods.rights@kfintech.com.

As regards Applications by Non-Resident Investors, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company or the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

- Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.
- Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External (“**NRE**”) accounts, or Foreign Currency Non-Resident (“**FCNR**”) Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (“**NRO**”) accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB. Applications received from NRIs and non-residents for allotment of the Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares in the Issue.

Procedure for application by Resident Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

1. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
2. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
3. The remaining procedure for Application shall be same as set out in “*Application on Plain Paper under ASBA process*” beginning on page 275.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE.

FOR DETAILS, SEE “ALLOTMENT ADVICES/ REFUND ORDERS” ON PAGE 288.

General instructions for Investors

- (a) Please read this Letter of Offer and Application Form carefully to understand the Application process and applicable settlement process.
- (b) In accordance with the SEBI Rights Issue Circulars, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.
- (c) Please read the instructions on the Application Form sent to you.
- (d) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
- (e) Application should be made only through the ASBA facility.
- (f) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected.
- (g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “*Application on Plain Paper under ASBA process*” on page 275.

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

- (h) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
- (i) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
- (j) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.

- (k) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investor.
- (l) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- (m) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (n) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant.
- (o) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (p) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- (q) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
- (r) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.
- (s) In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account

must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager

Additional general instructions for Investors in relation to making of an Application

- (a) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (b) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.
- (c) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (d) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (e) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (f) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (g) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (h) Do not pay the Application Money in cash, by money order, pay order or postal order.

- (i) Do not submit multiple Applications.
- (j) No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.
- (k) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

Do's:

- (a) Ensure that the Application Form and necessary details are filled in.
- (b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- (c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.
- (d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

- (a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- (e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don'ts for Investors applying through ASBA:

- a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, the Lead Manager, Registrar, Escrow Collection Bank(s)

(assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.

- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory order.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

- (q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Multiple Applications

A separate Application can be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Applications shall not be treated as multiple applications. For details, see "*Investment by Mutual Funds*" on page 292.

In cases where multiple Applications are submitted, including cases where an Investor submits

Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected (other than multiple applications submitted by any of the Promoters or members of the Promoter Group as described in “Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue” on page 57.

Underwriting

The Issue is not underwritten.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to heritagefoods.rights@kfintech.com. However, no Investor applying through ASBA facility may withdraw their Application post the Issue Closing Date.

Issue schedule

Last date for credit of Rights Entitlement	Tuesday, January 24, 2023
Issue Opening Date	Monday, January 30, 2023
Last date for On Market Renunciation#	Wednesday, February 8, 2023
Issue Closing Date*	Monday, February 13, 2023
Finalising the basis of allotment	Monday, February 20, 2023
Date of Allotment (on or about)	Tuesday, February 21, 2023
Date of Credit (on or about)	Thursday, February 23, 2023
Date of Listing (on or about)	Monday, February 27, 2023

#Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited the demat account of the Renouncees on or prior to the Issue Closing Date.

**Our Board or a duly authorized committee thereof may, however, decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).*

***Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms or on before the Issue Closing Date.*

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/have applied for Rights Equity Shares renounced in its/their favour, in full or in part.
- (b) Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one

additional Rights Equity Share each if they apply for additional Rights Securities. Allotment under this head shall be considered if there are any unsubscribed Rights Securities after allotment under (a) above. If number of Rights Securities required for Allotment under this head are more than the number of Rights Securities available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

- (c) Allotment to the Eligible Equity Shareholders who have applied for the full extent of their Rights Entitlement and have also applied for Additional Rights Equity Shares shall be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are unsubscribed Rights Equity Shares after making full Allotment under (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour and also have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares shall be made on a proportionate basis as part of the Issue and will not be a preferential allotment.
- (e) Allotment to any other person that our Board may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.
- (f) After taking into account Allotment to be made under (a) to (e) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of Regulation 3(1)(b) of the SEBI Takeover Regulations.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Designated Branches, a list of the ASBA Investors who have been Allotted Rights Equity Shares in the Issue, along with:

- (a) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Application;
- (b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- (c) The details of rejected ASBA Applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Allotment Advices/Refund Orders

Our Company will issue and dispatch Allotment advice, refund instructions or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the

expiry of such 15 days' period. The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository. In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts. Where an Applicant has applied for additional Equity Shares in the Issue and is allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds/refund of monies shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through unblocking amounts blocked using ASBA facility.

Refund payment to Non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment advice or Demat Credit

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending with IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of Right Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE RESIDENT ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be allotted the Rights Equity Shares in dematerialized (electronic) form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (*care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the*

records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for each such holding. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

- It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
- The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
- If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
- The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders whose Equity Shares are with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
- Non-transferable allotment advice/ refund orders will be sent directly to the Investors by the Registrar to the Issue.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue for further details, please refer to "*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" on page 279.

Investment by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post- Issue Equity Share capital. Further, in terms of FEMA Rules, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of a company on a fully-diluted basis and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company on a fully diluted basis.

Further, pursuant to the FEMA Rules the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid-up value of each series of debentures or preference shares or warrants.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Issue are advised to use the ASBA Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, only Category I FPIs, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons eligible to be registered as Category I FPIs; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI may transfer offshore derivative instruments to persons compliant with the requirements of Regulation 21(1) of the SEBI FPI Regulations and subject to receipt of consent, except where pre-approval is provided.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Investment by Systemically Important Non-Banking Financial Companies (NBFC – SI)

In case of an application made by Systemically Important NBFCs registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Investment by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("**SEBI VCF Regulations**") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("**SEBI FVCI Regulations**") prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection

Applications will not be accepted from FPIs in restricted jurisdictions.

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 lakhs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs.

Investment by NRIs

Investments by NRIs are governed by Rule 12 of FEMA Rules. Applications will not be accepted from NRIs in Restricted Jurisdictions.

NRI may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRIs who intend to make payment through NRO counts shall use the Application form meant for resident Indians and shall not use the Application forms meant for reserved category.

As per Rule 12 of the FEMA Rules read with Schedule III of the FEMA Rules, an NRI or OCI may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Investment by Mutual Funds

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (ii) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (iii) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lakhs or with both.

Dematerialised Dealing

Our Company has entered into tripartite agreements with NSDL and CDSL, respectively, and our Equity Shares bear the ISIN: INE978A01027.

Disposal of Applications and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form. Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be unblocked in the respective ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Utilization of Issue Proceeds

Our Board of Directors declare that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- (d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

Undertakings by our Company

Our Company undertakes the following:

- (i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- (ii) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- (iii) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- (iv) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (v) Other than any Equity Shares that may be issued pursuant to exercise options under the SUDITI ESOP PLAN 2011, no further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.
- (vi) In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- (vii) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment.
- (viii) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.

- (ix) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- (x) Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

Minimum subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project and our Promoters and members of our Promoter Group have undertaken to (i) subscribe to the full extent of their respective Rights Entitlements, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR; and (ii) have also confirmed that they shall not renounce their Rights Entitlements, except to the extent of renunciation within the promoter group. Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue is not applicable.

Filing

For details, please refer section titled “*General Information*” on page 50 of this Letter of Offer.

Withdrawal of the Issue

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, Our Company in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue any time after the Issue Opening Date, a public notice within two (2) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchanges will also be informed promptly.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchange.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the stock exchanges where the Equity Shares may be proposed to be listed.

Important

Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “*Risk Factors*” on page 32 of this Letter of Offer.

All enquiries in connection with this Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "***Heritage Foods Limited – Rights Issue***" on the envelope to the Registrar at the following address:

KFin TECHNOLOGIES LIMITED

Karvy Selenium, Tower B, Plot No. 31 & 32, Gachibowli Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Rangareddi - 500032, Telangana, India

Tel No.: +91 40 67162222

Toll Free No.: 18003094001

Email: heritagefoods.rights@kfintech.com

Website: www.kfintech.com

Investor Grievance Email: einward.ris@kfintech.com

Contact Person: Mr. M. Murali Krishna

SEBI Registration No.: INR000000221

CIN: U72400TG2017PLC117649

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar www.kfintech.com. Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is 18003094001.

The Issue will remain open for a minimum period of 7 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“FDI”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“DPIIT”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sector.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Circular 2020**”), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI. The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non- resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue.

The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals. Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the

adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION XI - STATUTORY AND OTHER INFORMATION

Please note that the Equity Shares applied for under this Rights Issue can be allotted only in dematerialized form and to:

- (a) the same depository account / corresponding PAN in which the Equity Shares are held by such Investor on the Record Date; or
- (b) the depository account, details of which have been provided to our Company or the Registrar at least two (2) working days prior to the Issue Closing Date by the Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the above-mentioned contracts and also the documents for inspection referred to hereunder, would be available for inspection at the Registered Office of our Company between 10 a.m. and 5 p.m. on all working days and will also be available at the website of our Company, www.heritagefoods.in, from the date of this Letter of Offer until the Issue Closing Date.

1. Material Contracts for the Issue

- i. Appointment letter dated October 4, 2022 between our Company and Chartered Finance Management Private Limited (*Formerly known as Chartered Finance Management Limited*), the Lead Manager to the Issue.
- ii. Memorandum of Understanding dated December 21, 2022 between our Company and Chartered Finance Management Private Limited (*Formerly known as Chartered Finance Management Limited*), the Lead Manager to the Issue.
- iii. Registrar Agreement dated December 21, 2022 between our Company and KFin Technologies Limited, the Registrar to the Issue.
- iv. Engagement Letter dated November 2, 2022 issued by our Company appointing Zastriya, Attorneys and Legal Consultants, as Legal Advisor to the Issue.
- v. Bankers to the Issue/Escrow Agreement dated January 6, 2023 among our Company, the Lead Manager, the Registrar to the Issue and the Banker(s) to the Issue/Refund Bank.

2. Material Documents in relation to the Issue

- i. Certificate of incorporation and fresh certificate of incorporation pursuant to change of name of our Company.
- ii. Certified copies of the Memorandum and Articles of Association of our Company, as amended.
- iii. Resolution of the Board of Directors dated Friday, September 30, 2022, in relation to the approval of this Issue along with approval of the Issue Price and Rights Entitlement Ratio.
- iv. Resolution of the Rights Issue Committee dated December 27, 2022 approving and adopting the Draft Letter of Offer.
- v. Resolution of the Board of Directors dated January 13, 2023 finalizing the terms of the Issue including Record Date, Issue Opening and Closing Date, approving and adopting the Letter of Offer.
- vi. Consents of the Directors, Statutory and Peer Review Auditor, Company Secretary and Compliance Officer, Chief Financial Officer, Lead Manager to the Issue, Registrar to the Issue, Legal Advisor to the Issue, Banker to the Issue/Refund Bank for inclusion of their names in this Letter of Offer to act in their respective capacities.
- vii. Consent letter dated December 27, 2022 from our Statutory Auditors, M/s. Walker Chandio & Co LLP, *Chartered Accountants*, to include their name in this Letter of Offer, as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of their (i) Audited Consolidated Financial Statements; (ii) Unaudited Consolidated Financial Results and (iii) the Statement of Special Tax Benefits available to the Company and its shareholders dated December 27, 2022, included in this Letter of Offer.
- viii. Copies of Annual Reports of our Company for the financial years 2018, 2019, 2020, 2021 and 2022.
- ix. Limited Review report dated October 18, 2022 on the Unaudited Consolidated Financial Results for half year (six-month period) ended September 30, 2022, included in this Letter of Offer.

- x. The Independent Auditor's Report dated May 27, 2022 of the Statutory Auditor, on our Company's Audited Consolidated Financial Statements for the financial year 2022, included in this Letter of Offer.
- xi. Prospectus dated October 10, 1994 for the Initial Public Offering of our Company.
- xii. Draft Letter of Offer dated December 27, 2022 for the Rights Issue of our Company.
- xiii. Statement of Tax Benefits certificate dated December 27, 2022 from M/s Walker Chandiok & Co LLP, *Chartered Accountants*, the Statutory Auditors of our Company included in this Letter of Offer.
- xiv. Tripartite Agreement between our Company, National Securities Depository Limited and KFin Technologies Limited to establish direct connectivity with NSDL.
- xv. Tripartite Agreement between our Company, Central Depository Services (India) Limited and KFin Technologies Limited to establish direct connectivity with CDSL.
- xvi. Due Diligence Certificate dated January 13, 2023 addressed to SEBI from the Lead Manager.
- xvii. In-Principle listing approval from BSE vide letter number DCS/RIGHT/KK/FIP/2997/2022-23 dated January 06, 2023 and from NSE vide letter number NSE/LIST/33876 dated December 29, 2022.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so, required in the interest of the Company or if required by the other parties, without reference to the Eligible Equity Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

HERITAGE FOODS LIMITED
H.No. 8-2-293/82/A/1286,
Plot No. 1286, Road No. 1 & 65,
Jubilee Hills, Hyderabad - 500033
Telangana, India

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements and disclosures in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Nara Bhuvaneswari

Vice Chairperson & Managing Director

Place: Hyderabad

Date: January 13, 2023

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements and disclosures in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Nara Brahmani
Executive Director

Place: Hyderabad
Date: January 13, 2023

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements and disclosures in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Srivishnu Raju Nandyala
Non-Executive Independent Director

Place: Hyderabad
Date: January 13, 2023

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements and disclosures in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Rajesh Thakur Ahuja

Non-Executive Independent Director

Place: Hyderabad

Date: January 13, 2023

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements and disclosures in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Muthu Raju Paravasa Raju Vijay Kumar
Non-Executive Independent Director

Place: Hyderabad

Date: January 13, 2023

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements and disclosures in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Nagaraja Naidu Vadlamudi
Non-Executive Director

Place: Hyderabad
Date: January 13, 2023

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements and disclosures in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Aparna Surabhi

Non-Executive Independent Woman Director

Place: Hyderabad

Date: January 13, 2023

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements and disclosures in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

A Prabhakara Naidu
Chief Financial Officer

Place: Hyderabad
Date: January 13, 2023

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements and disclosures in this Letter of Offer are true and correct.

SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER OF OUR COMPANY

Umakanta Barik
Company Secretary & Compliance Officer

Place: Hyderabad
Date: January 13, 2023