



A Heritage of

# Dairy Excellence



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### Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

# A Heritage of Dairy Excellence

For more than 3 decades, we have not only stayed true to our values and mission, but also created a diversified product portfolio, which supports dairy farmers, delights consumers and serves their nutritional requirements.

The result is a strong and sustainable Heritage of dairy excellence.

The strength of our business model lies in our technologically advanced R&D infrastructure, quality control mechanism, deeply entrenched distribution network and above all strong and long-lasting relationships with 300,000+ dairy farmers.

Our strategic investments, over the years, to modernise our processing facilities and optimise our supply chain are translating into tangible business outcomes.

In FY2022-23, we have accomplished outstanding top-line growth rate. This sterling performance is a testament of our ability to navigate challenges and leverage market opportunities with a consumer-centric approach.

We will continue to leverage technology both in our

processing and distribution network, streamline processes and adopt best practices to deliver industry-leading value to our consumers and all other stakeholders.



# About Us

Heritage Foods is a leading Indian dairy company that is rapidly expanding with the goal of serving farming community. With the help of more than 300,000 dairy farmers, we are committed to providing high-quality dairy products to consumers.

## 1.5 million

households served daily with healthy and fresh dairy products

Since its inception in 1992, Heritage Foods has consistently demonstrated a commitment to deliver superior quality fresh milk and milk products to numerous households. While maintaining a strong market presence in the states of Andhra Pradesh, Telangana, Karnataka and Tamil Nadu, we are constantly expanding our footprint with diverse products. Our products are now available in 11 states. Our product range now includes different types of milk, curd, buttermilk, butter, ghee, paneer, and a variety of value-added dairy products such as ice cream, flavoured milk, lassi etc.

We have earned a reputation for assuring the quality of products and we take great pride in adhering to strict hygiene standards for processing and packaging

## 31 years

Legacy of providing superior quality products

of our food products. Our technologically advanced R&D infrastructure, with stringent quality control measures, continue to benefit our operational processes. Besides, our distribution network is supported by cutting-edge processing facilities spread across 11 states in India. We also have a presence in the renewable energy sector and have successfully established wind & solar power projects.



### Vision

Delighting every home with Fresh & Healthy products and empowering the Farmer



## Mission

To be a nationally recognised brand for Healthy and Fresh products with a revenue of **INR 6000 Crores**

To anticipate, understand and respond to our customers' needs by creating high-quality products and making them available through **innovative and convenient channels**

To embrace the **right technology** to delight our customers

Advocating the balancing of **economic, social and environmental** aspects to create a better tomorrow

Empowering the farmer community through our unique **'Relationship Farming'** Model

Be the Employer of Choice by **nurturing entrepreneurship and promoting empowerment,** alongside transparency

# About Us

## Key Highlights

### Operational highlights

18

State-of-the-art milk processing facilities

2.65

million litres milk processing capacity per day

201

bulk coolers, mini chilling & chilling centres

2.21

million litres milk chilling capacity per day

### Distribution networks

146

Heritage happiness points

130,000+

Retail outlets

27

Modern retail chains across India

859

Heritage parlours

### Technology integrated network

11300+

Milk procurement representatives

1900+

Distribution vehicles across 11 states

6500+

Distributors deliver Heritage products daily to consumers' doorsteps

### Renewable energy installed capacity 10.50 MW

4.20 MW

Installed capacity of solar power

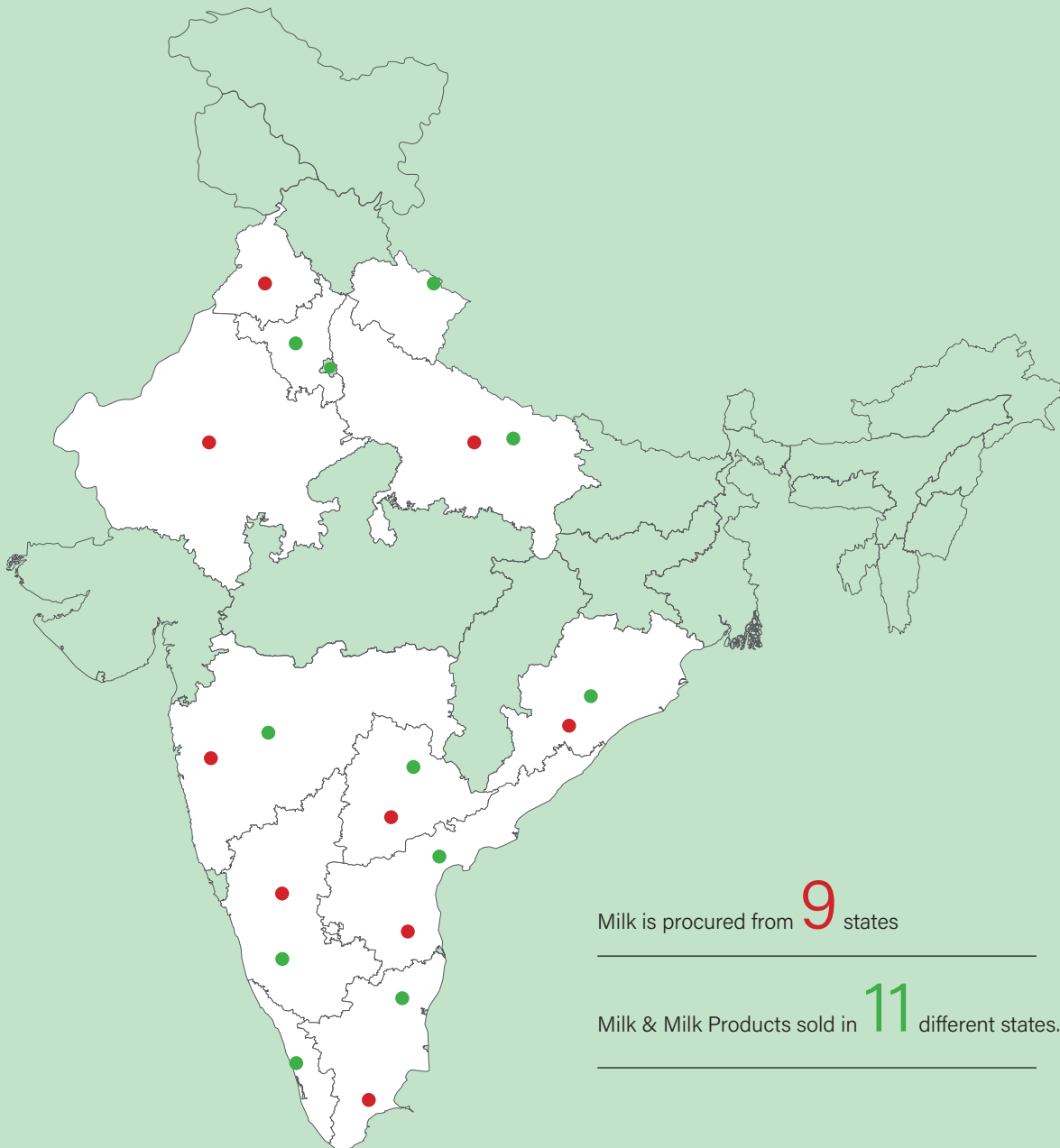
6.30 MW

Installed capacity of wind power



## Growing presence

Our geographic reach continues to expand further on the back of our strong distribution facilities that help to improve milk sourcing and increase the sale of milk and milk products.



# Vice-chairperson & Managing Director's message



Our success in driving top-line growth can be attributed to several key factors. Firstly, we have continued to focus on expanding our product portfolio and enhancing our existing offerings to meet the evolving needs and preferences of our consumers.



**N. Bhuvaneshwari**



Vice-Chairperson & Managing Director

## Dear Shareholders,

I hope this message finds you in good health and high spirits. I am delighted to share with you the exciting news of Heritage Foods Ltd's remarkable performance in the financial year 2022-23. Our Company has delivered substantial top-line growth, and I am pleased to report that we have achieved exceptional results.

First and foremost, I would like to express my gratitude to each and every one of you for your unwavering support and confidence in Heritage Foods. It is your trust and belief in our vision that has propelled us to new heights and enabled us to achieve such impressive growth.

In FY2022-23, your Company witnessed a significant increase in revenue, resulting in an outstanding top-line growth rate. We have not only met, but also exceeded our targets, demonstrating our ability to navigate challenges and seize opportunities in the market. This exceptional performance is a testament to our strong business fundamentals, strategic initiatives, and the hard work and dedication of our talented team.

Our success in driving top-line growth can be attributed to several key factors. Firstly, we have continued to focus on expanding our product portfolio and enhancing our existing offerings to meet the evolving needs and preferences of our consumers. This consumers-centric approach has allowed us to capture new market segments and drive increased sales.

Moreover, we have invested significantly in modernizing our processing facilities and optimizing our supply chain. These investments have not only improved operational efficiency, but also enabled us to scale our operations to meet the growing demand. By leveraging technology and adopting best practices, we have been able to streamline processes, reduce costs and deliver superior value to our customers.

In addition, our unwavering commitment to quality and food safety has played a pivotal role in our success. We understand the importance of delivering products that meet the highest standards and we have implemented stringent quality control measures across our operations. This focus on quality has not only strengthened our brand reputation but also fostered consumer loyalty and trust.

Looking ahead, we remain committed to our growth trajectory and are confident in our ability to capitalize on future opportunities. We will continue to invest in research and development, innovation, and marketing initiatives to drive sustained growth and expand our market reach. Our goal is to further enhance our competitive position and deliver long-term value to our stakeholders.

As we celebrate this exceptional achievement, it is important for us to acknowledge the relentless efforts and dedication of our entire workforce. Their commitment to excellence,

resilience, and ability to adapt to changing market dynamics have been instrumental in our success. I extend my heartfelt appreciation and gratitude to each and every member of the Heritage Foods family.

I would like to express my gratitude to our esteemed shareholders for their unwavering support and confidence in Heritage Foods. Your trust and belief in our vision have been instrumental in our journey forward. We remain deeply committed to creating sustainable value for all our stakeholders.

In conclusion, I would like to express my sincere gratitude once again to our shareholders for their unwavering support and trust. The remarkable top-line growth achieved by Heritage Foods in the fiscal year 2022-23 is a testament to our collective efforts and strong foundation. We are committed to delivering sustainable value and long-term growth, and we look forward to embarking on this journey with your continued support.

Warm regards,

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

# Executive Director's message

## Dear shareholders,

It is an absolute pleasure for me to look back on the year gone by gathering strength from a robust business model and an innovative approach to capitalise on new and emerging opportunities, we continue to lead Heritage as a progressive brand. Despite the challenging business environment, mostly on account of economic uncertainty, our Company has continued to thrive amidst difficulty. Our commitment to quality and excellence encourages us to sustain our position as a leader in the dairy industry. With growing consumer awareness about health and fitness, the consumption of dairy products have increased significantly over the years. Along with quality concerns, consumers are now seeking value added dairy products to fulfil their nutritional needs.

At Heritage, we strive to provide superior quality, nutrient-enriched dairy products to our customers through continuous innovation and a strong emphasis on operational excellence. Throughout the year, we worked to add value to our product portfolio by investing in technologically advanced R&D infrastructure and consistently expanded our distribution network.

Over the years, Heritage's milk and products have been consumers favourites, our range of value-added products has been a primary growth driver. We continued on our path to add innovative and unique value-added products. During the year the company launched several new products in the 'drinkable and ice-cream' category to further enrich our product portfolio.



We continued on our path to add innovative and unique value-added products. During the year the company launched several new products in the 'drinkable and ice-cream' category to further enrich our product portfolio.



Along with a focus on expanding our distribution network, we have been strengthening our brand through our omni channel presence in retail trade and improvement of Heritage owned networks. To strictly adhere to the highest standards of quality, we continue to invest in state-of-the-art machinery and product innovation. Moreover, to improve our logistics facilities, we are using latest technology for route planning and it has helped us to lower transportation costs considerably.

We are also planning to broaden our geographical footprint and penetrate deeper into metropolitan cities. At present, we have sales networks in 11 Indian states and are expanding into several towns and semi-urban areas.

I'm delighted to share that our company's credit rating has been revised from A to A+, a testament to our commitment to create value for all our stakeholders and investors. Furthermore, we have a subsidiary company namely, Heritage Nutrivet, which focuses on caring for the nutrition of cattle and it will also be a trusted brand for procuring livestock feed.



## N. Brahmani

Executive Director

Resting on our digital capabilities, we aim to provide 24/7 service to consumers through our digital platforms. Additionally, we recently launched the Heritage VET+ app, which has helped numerous farmers to avail knowledge about animal care, feeding activities and disease awareness.

We have strengthened our balance sheet by turning debt-free and having a healthy cash balance, which is consistent with our financially responsible strategy. In the face of unexpected macroeconomic challenges, our tactics have shown to be successful. We are confidently focusing

on diversifying our product offering as we move forward.

We registered a net revenue of ₹32,087 million compared to ₹26,429 million in the previous financial year. Our EBITDA and PAT stood at ₹1,449 million and ₹659 million.

With a strategic roadmap for success, Heritage Food remains poised for long-term growth. Our emphasis on innovation, quality, and sustainability continue to be our guiding light. Besides, our dedicated and talented workforce continue to strengthen the foundation

of the organisation and empower it to accomplish difficult milestones.

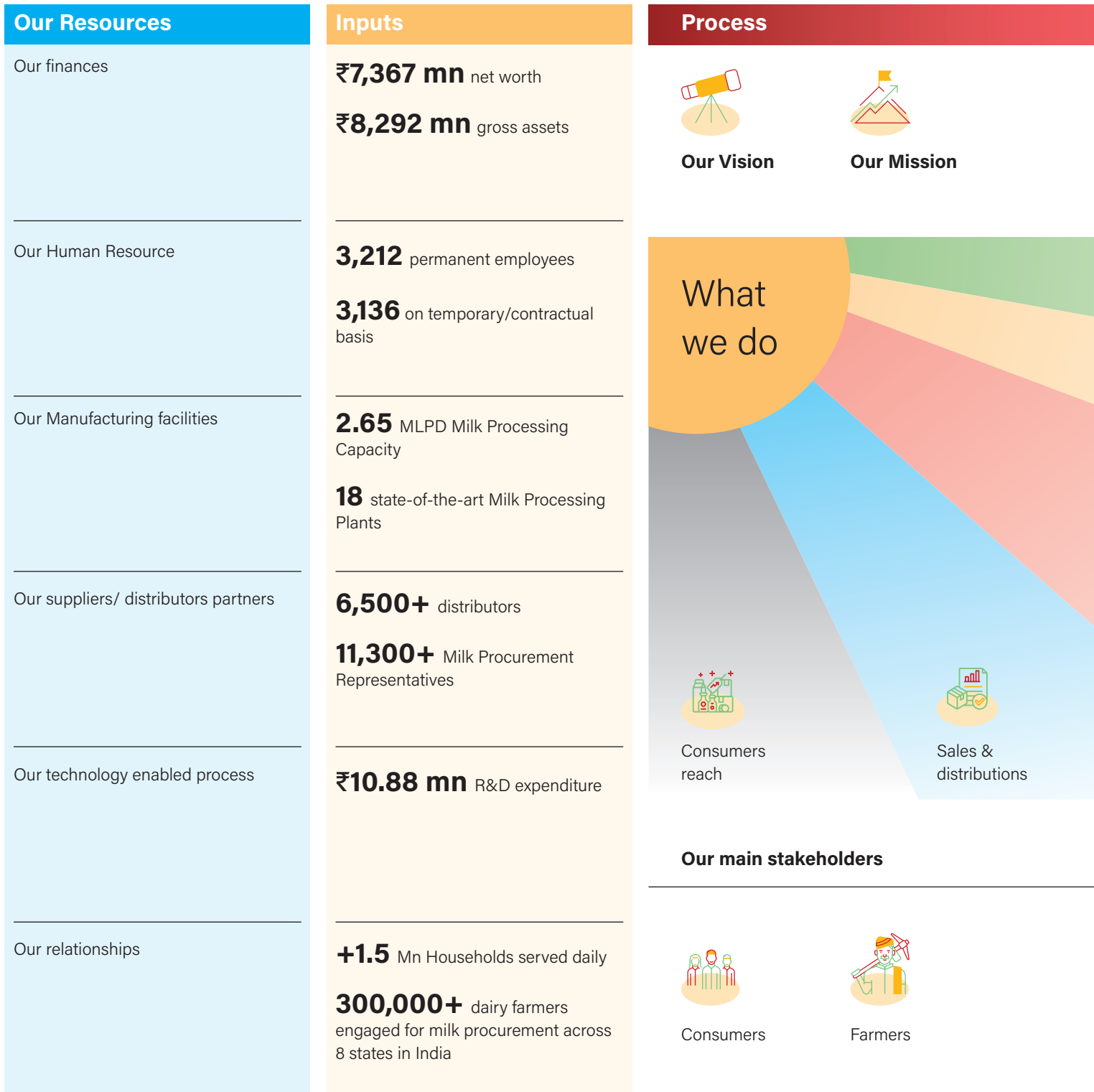
I would like to express my gratitude to our shareholders, farmers, distributors, customers, and our employees for their relentless support and belief in our company. We are excited to meet your expectations with prudent performances in the years ahead.

## N. Brahmani

Executive Director

# Business model

## Pivoted on a sound value-creation approach





**Our core Values**



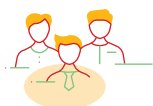
Milk procurement



Collection centres



Processing/  
chilling centres



Employees



Communities



Investors

**Output**

**₹32,087 mn** turnover

**₹659 mn** PAT

**221** employees covered under Career development programmes

Presence across **16** e-commerce platforms

**146** Heritage happiness points

**859** Heritage parlours

Present in **0.13** million general trade

**1,900+** distribution vehicles across **11** states

Adoption of advanced technology to fortify its network

Direct payments are made to maintain transparency

An average of **1.59** million liters per day of raw milk procured

**SDG**

**3** GOOD HEALTH AND WELL-BEING



**4** QUALITY EDUCATION



**8** DECENT WORK AND ECONOMIC GROWTH



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



**11** SUSTAINABLE CITIES AND COMMUNITIES



**13** CLIMATE ACTION



# Portfolio of products

## Milk



Toned milk

Standardized milk

Double Toned milk

A2 full cream milk

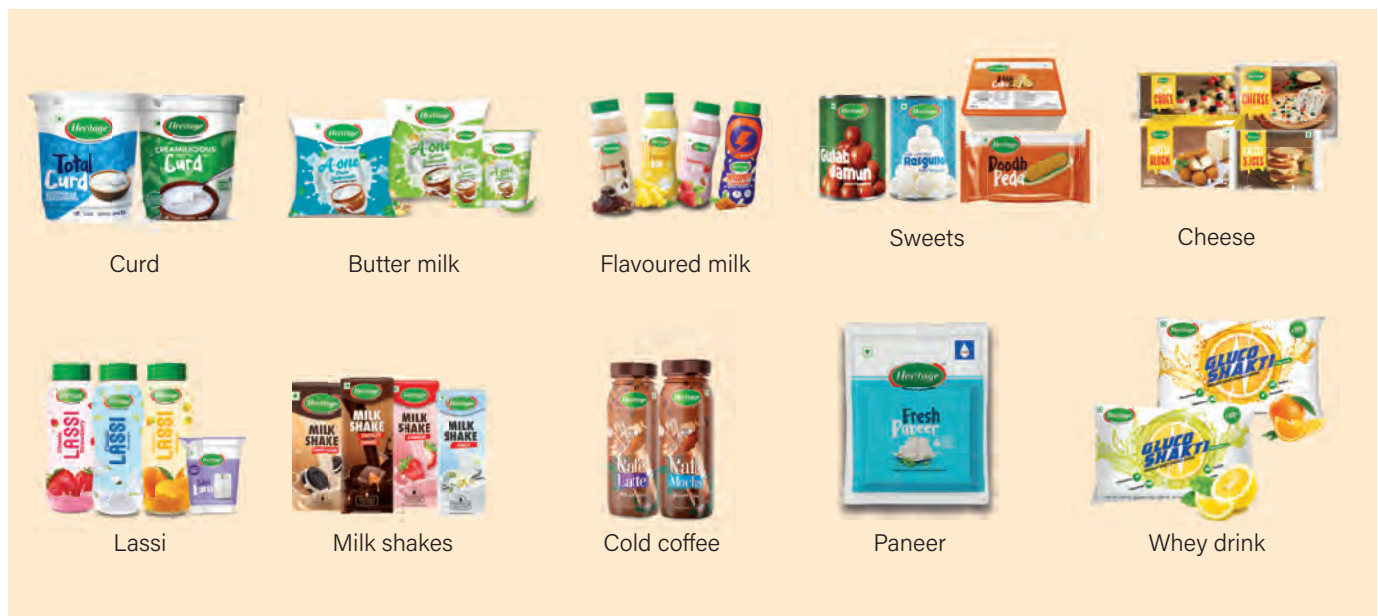
UHT milk

Cow milk

Full cream milk

Slim milk

## Value added products



Curd

Butter milk

Flavoured milk

Sweets

Cheese

Lassi

Milk shakes

Cold coffee

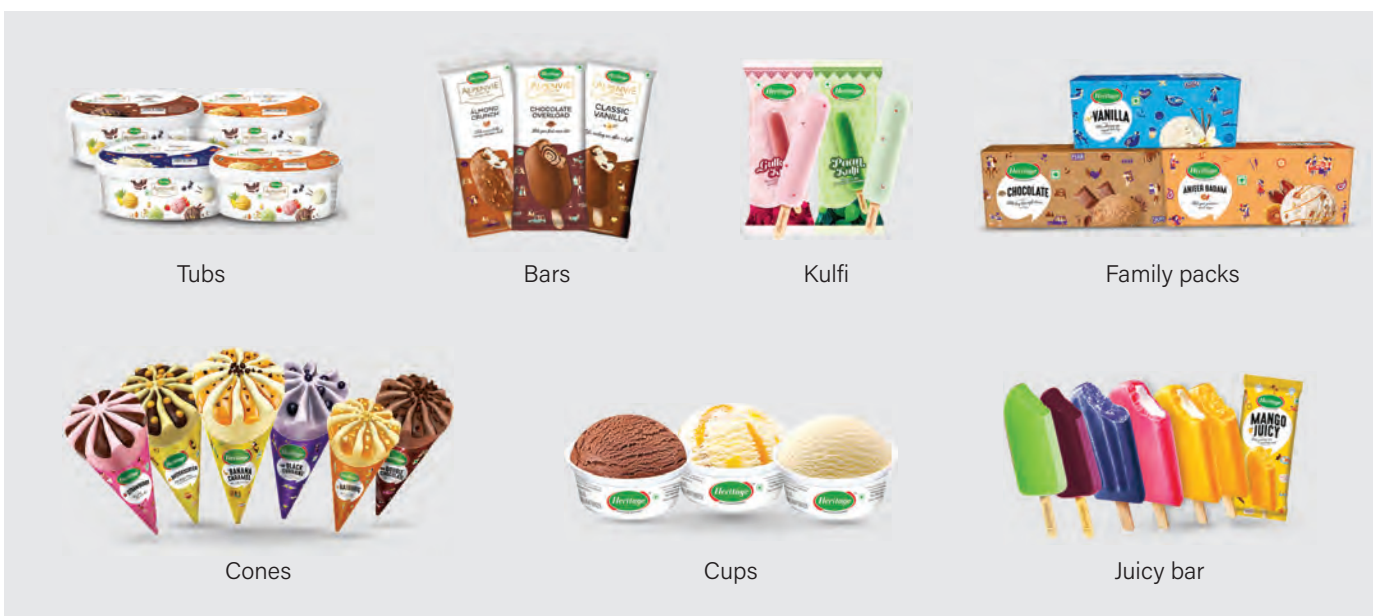
Paneer

Whey drink

## Fat products

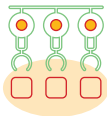


## Ice cream



# Heritage Nutrivet

Heritage Nutrivet Limited (HNL) is our Wholly-owned subsidiary which provides livestock feed and feed supplements to dairy farmers. It also improves the health of livestock and enhances milk yield of cattle.



We have state-of-the art manufacturing facilities at Hindupur, Mallavali and Andhra Pradesh



Dairy cattle feed, Heritamin, Heritavit, HeritaCal and Heritaliv are innovatively engineered to serve the unique needs of livestock



We aim to provide cost-effective dairy farming solutions to farmers



0.3 million farmers are served across Andhra Pradesh, Telangana, Karnataka, Tamilnadu, Haryana, Maharashtra, Odisha, Uttar Pradesh, Punjab and Rajasthan



Technical support is provided for creating awareness amongst dairy farmers for improving milk productivity and profitability

## Products

### Cattle feed products



Dairy powder  
cattle feed



Dairy milk rich  
cattle feed



Daily supreme  
cattle feed



Dairy Bypass  
cattle feed



Heritage Milk Gold  
cattle feed



Heritage Bypass  
cattle feed



Heritage Gomitra  
plus cattle feed



Heritage Gomitra  
cattle feed



Heritage milk  
magic cattle feed



Heritage Bypass+  
cattle feed

### Feed supplements and veterinary medicine



Herita Vit



Herita Min



Herita Cal



Herita CalG



Herita Liv



Heritafen Plus

### Fish Feed products



Floating Fish Feed



Sinking Fish Feed



### Fish Feed Supplements



Herita Cal



Herita Vit - C



Herita - Liv

# Heritage Novandie

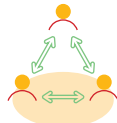
Heritage Foods has formed a joint venture with Novandie, France to meet changing consumer preferences and offer value added products like flavoured yoghurt and other dairy products.



Entered a 50:50 partnership with French group, Andros to leverage the brand value of Novandie and introduce new-age products to the Indian market.



Targeting Indian consumers who seek the perfect blend of health, taste and nutrition.



Our supply chain ensures competitive pricing, adherence to premium packaging standards and maintenance of localised supply chains for sustaining a larger distribution network and quality assurance.



We prioritise robust quality control of ingredients and processes, aided by our state-of-the-art manufacturing facilities.

## Products

### Stirred fruit yogurt

We invest all of our expertise and creativity with a touch of quirkiness and exuberance towards awakening your taste buds. Our creamy yoghurt with chunky fruit bits can be enjoyed for breakfast, lunch, a late-afternoon snack, or as a guilt-free dessert.



French Yogurt (strawberry)



French Yogurt (Lychee)



French Yogurt (Mango)



French Yogurt (Blueberry)

### Yo Pop Drinkable Yogurt

This range of flavoured drinking yogurt is innovated exclusively for the Indian market. The Yo Pop range consists of a 125 ml serving of smooth, delicious and chilled flavoured drink that can be gulped down to feel energised and refreshed.



Yo PoP (Banana)



Yo PoP (Mango)



Yo PoP (Vanilla)



Yo PoP (Pina Colada)

### Natural French Yogurt

This creamy, rich, natural french probiotic yogurt contains zero preservatives. This natural yoghurt provides consumers with numerous probiotic health benefits, making it a great standalone product for consumption or as a kitchen ingredient.



# Our strategic pillars



Consumer  
Centricity



Quality  
Excellence



E2E  
Technology



Efficient Supply  
Chain



High  
Performance  
team






# Stakeholder engagement

## Fostering clear communication of ideas

We consider it essential to effectively engage with our stakeholders to analyse developments in the market, consumer concerns and expectations and identify opportunities. It also prepares us to mitigate threats and refine our operating metrics to deliver appropriate solutions.

By involving stakeholders including employees, suppliers, consumers, investors, and policymakers in our decision-making process, we strive to ensure sustainable management and development of Heritage Foods.

Stakeholders	 <b>Employees</b>	 <b>Shareholder and investors</b>	 <b>Consumers</b>
<b>Importance</b>	We ensure that employees are completely aligned to the core principles of Heritage Foods and we promote a culture that rewards ethical practices, encourages meritocracy and performance.	A clear channel of communication with shareholders or investors enables us to lay a solid foundation for our long-term success.	We aim to gather valuable insights about consumer preferences, needs and expectations through stakeholder engagement activities.
<b>Channel of engagement</b>	Direct communication, through email, townhall interactions	Email Website, Newspaper advertisements, stock exchange intimations, annual/ quarterly financial results and investor meetings and conferences	Exclusive Heritage parlours, Happiness points, e-commerce platforms and other modern retail chain.



**Regulators**

Regulators play an important role in our success as they encourage us to abide by the highest standards of safety, quality, and authenticity of our products.

Emails, one on one meetings  
con-calls, video conference



**Vendors and suppliers**

Vendors and suppliers are important stakeholders who ensure regular supply of raw material, equipment and services needed to produce, process, and distribute the products.

Heritage happiness points and strong omni channel presence



**Communities and NGOs**

Engagements with communities and non-profits demonstrate our relentless pursuit for cultural preservation, social responsibility, and sustainability.

Directly through our CSR activities or through NTR Trust

# Key Financial Ratios

1.44

Current ratio

9.28

Inventory turnover ratio

0.22

Debt equity ratio

14.26

Debt Service coverage ratio

9.43

Return on equity ratio/  
investment ratio



139.86

Trade receivables  
turnover ratio

2.05%

Net Profit Margin  
(%)

10.60

Return on capital  
employed

57.92

Trade payables  
turnover ratio

24.04

Net capital  
turnover ratio

HERITAGE OF DAIRY  
EXCELLENCE RELIES ON  
SUPPLY CHAIN EFFICIENCY,  
QUALITY ENHANCEMENT,  
TECHNOLOGY AND  
INNOVATION AND THE  
DYNAMISM OF OUR PEOPLE.

# Sustaining an efficient supply chain

We have a strong supply chain management procedure that integrates advanced technology to optimise the supply chain and meet the changing needs of our consumer. Our continuous coordination and collaboration with stakeholders via technology assisted platforms help us in improving our visibility across the entire supply chain.

## Heritage happiness points

Our happiness points help to deliver high-quality dairy products to customers' doorsteps while adhering to strict quality and safety standards. The exclusive distribution wings sell the entire Heritage product range including milk, milk products, ice-cream/frozen dessert and drinkables etc.



## Heritage parlours

Heritage Foods parlours have become a popular destination for people looking for high-quality, nutritious, and hygienic dairy products and snacks. Our parlours sell a variety of dairy products and snacks including milk, curd, buttermilk, ghee, paneer and ice creams.



## Retail trade

0.13 million

General trade

27


Modern retail chain

16

e-commerce websites sell  
Heritage products



# Maintaining a sharp focus on quality



Heritage Foods has earned the reputation of delivering some of the finest dairy products in the country. In order to maintain consistent quality and freshness of products, we lay great emphasis on the quality control process. From employing the best manufacturing and dairy processing techniques to adhering to stringent quality parameters, we are dedicated to sustain the highest standards of quality.

# Relying on technology and product innovation

## Technology

At Heritage, we strive to embrace technology to enhance our business operations and ensure efficiency, quality control, exceptional customer service and sustainability. We are a technology-enabled business that is equipped to handle varied tasks including sales, maintaining connections with distributors, delivering dairy products to customers' doorsteps, helping dairy farmers, and monitoring of employee performance through our digital platforms.

The technology driven platforms introduced by Heritage Foods are:



### Clapp

Customer Live Application (CLAPP) help employees at Heritage DIGIT Centres to streamline sales and costs.



### VET+

A one-stop shop for dairy animal management, Heritage VET+ focuses on educating and empowering dairy farmers by offering remote primary veterinary care, information on nutrition and best practices in dairy management.



### DMS

Distributor Management System was created to streamline the primary and secondary sales process from the agent level to the counter sales level.



### SAP

The SAP software provides multiple business functions with a single view of the truth. This helps us better manage complex business processes by giving employees of different departments easy access to real-time insights across the enterprise.



### ZOHO

A Digital Performance Module towards evaluate employee's performance simpler, transparent and more efficient.

## Product innovation

We have more than three decades of experience in the dairy industry and are renowned for our premium milk and milk products. We realise the importance of product innovation to sustain in a competitive market where customer preferences are constantly changing. It empowers us to offer cutting-edge, value-added products that satisfy customer expectations.

### Recent product launches



Heritage Rasgulla



Heritage Gulab Jamun



Matka Kufi



Mawa Kufi



Paan Kufi



Gulkand Kufi



Ice Lolly -Kala Khatta



Ice Lolly - Gol Gappa



Heritage Creamilicious Curd



Heritage GlucoShakti - Lemon, Orange, Pineapple



Heritage Badam Charger (new formulation & Pack graphics)



A-One Spiced Buttermilk in UHT Pack



Cookies & Cream Milkshake



Chocolate & Caramel Milkshake

# Empowering our human assets

At Heritage Foods, we believe that our people are our greatest asset. We are proud of our diverse and talented workforce that comprise individuals from different backgrounds and with varying skill sets. Our employees are passionate about the work they do and are committed to delivering the highest standards of quality and customer service. With a focus on employee engagement, development, and empowerment, we strive to create a culture of excellence and inclusivity that fosters innovation, collaboration, and growth for all.

During the year, we have implemented transformative HR and talent management initiatives. These initiatives implemented have had a profound impact on creating a thriving work environment, nurturing employee growth and development, and enhancing overall productivity.

We digitise the employee experience, foster a culture of recognition and career development, promote an open office culture, strengthen core functions through specialised training, measure employee engagement through Gallup surveys, and introduce new KPIs and productivity assessment methods.

## Streamlining HR processes through digitalisation

Streamlining HR processes has been a top priority for us, leading to a digital transformation journey aimed at enhancing the entire employee life cycle. Through the implementation of 'HR ZOHO' software and automation tools, we have significantly improved efficiency and accuracy in areas such as recruitment, onboarding, performance management, and offboarding. This digitisation initiative has not only reduced administrative burdens but also enhanced the overall employee experience.

## Star and ambassador recognition

To celebrate the contributions of star performers and foster a culture of appreciation, we launched the 'Star and Ambassador Recognition' program. This initiative allows employees to nominate their peers for outstanding achievements and showcases their accomplishments through various channels. By recognising exceptional talent, we aim to instil a sense of pride and motivation throughout the organisation.



## Career development planning

Recognising the importance of nurturing employee growth, we introduced comprehensive Career Development Planning. This initiative provides employees with personalised roadmaps for skill development, goal setting, and advancement within the organisation. Through regular 1:1 and coaching sessions, as well as targeted training opportunities, we empower our employees to shape their career trajectories.



## Emotional intelligence training and OJT for core specialised functions

To build effective relationships and drive success, we implemented specialised training programs focused on developing employees' emotional intelligence skills. We introduced on-the-job training (OJT) programs tailored to core specialised functions such as sales, distribution, and procurement. These initiatives aim to enhance employees' competencies and equip them with the necessary tools to excel in their roles.



## New KPI and productivity assessment initiatives

To drive organisational performance and ensure alignment with strategic objectives, we have introduced new Key Performance Indicators (KPIs) and productivity assessment initiatives. These metrics provide clear guidelines for measuring individual and team performance, fostering a culture of accountability and continuous improvement. By tracking progress

and setting ambitious goals, we aim to enhance productivity, optimise operational efficiency, and deliver exceptional results.

## Fostering an open office culture

To build a culture of transparency, collaboration, and innovation, we actively promote an open office culture where ideas flow freely and employees feel comfortable expressing their opinions. Initiatives such as town hall meetings, cross-functional project teams, and employee feedback forums encourage open communication, break down silos, and nurture a sense of belonging.

## Diversity & inclusion

Diversity and inclusion are fundamental principles that direct how we manage talent, provide customer service, and engage with the community. We believe, having a diverse and inclusive workplace is crucial for our long-term success.

We are dedicated to creating a culture that values and respects different perspectives and fosters a collaborative working environment. At Heritage, we look forward to develop a workforce that represents the communities we serve and respond to their needs by encouraging fairness, inclusivity and equal opportunity.

62

Female employees

3150

Male employees



## Training and development

We recognise the importance of constant skill development and training to create a future-ready workforce. With the availability of necessary tools, resources and opportunities, we seek to offer opportunities that enable individuals to succeed in their roles and accomplish career development goals.

Our emphasis on a culture of continuous learning is expected to drive innovation, increase productivity, and provide superior value to our customers and stakeholders alike.

5

Skilled Development Programs Conducted

2457

Participants in Training

41180

Total Training hours



# Prioritising good governance

Heritage Foods is dedicated to establishing a comprehensive corporate governance strategy that acknowledges and safeguards the interests of shareholders, creditors, employees and all other stakeholders. We adhere to regulatory guidelines and strive to propagate ethical practices and transparency across the organisation.





### Responsible sourcing

We focus on sustainable sourcing from farmers. It allows us to obtain raw material from farmers who engage in organic farming and environment-friendly practices.



### Data protection

Heritage Foods adheres to strict laws and regulations that govern the protection of personal data. We protect the interests of our customers and employees by implementing a comprehensive data protection policy.



### Insider trading

We adopted a Code of Conduct to control, monitor, and report trading in the Company's securities in accordance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (SEBI). Additionally, we adopted the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

# Board of Directors

## Growing with visionary leadership

The Board of Directors at Heritage Foods plays a critical role in shaping the strategic direction of the company and ensuring its long-term success. Comprising experienced and accomplished professionals from diverse backgrounds, the Board brings a wealth of expertise and knowledge to the table.



**Mr.**  
**N Sri Vishnu Raju**

Non-Executive  
Independent Director

DIN: 00025063



Graduated from Osmania University with a Bachelor's degree in Chemical Engineering. He is also a Harvard Business School alumnus who completed the OPM programme. He is the Founder, Chairman, and CEO of the EXCIGA Group. He has held several positions, including Founder and President of the Entrepreneurs Organization, Hyderabad, President of the CII's (Confederation of Indian Industry) Young Indians, Hyderabad Chapter, and Member of the CII State Council.



**Mr.**  
**Rakesh Thakur Ahuja**

Non-Executive  
Independent Director

DIN: 00371406



Graduated from Pune University Engineering College with a degree in Production Engineering. He completed the Owner President Management Program at Harvard University in the United States. In 1993, he founded Silver Line Wire Products as a manufacturer of plastic-coated wire products for household use.



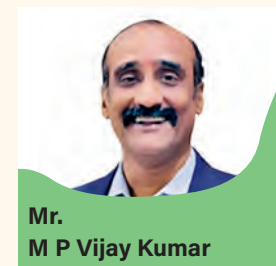
**Mrs.**  
**Aparna Surabhi**

Non-Executive Independent  
Women Director

DIN: 01641633



Graduated from Bombay University with a Bachelor's degree in both commerce and law and has been a member of the Institute of Chartered Accountants of India (ICAI) since 1991. She has more than thirty years of experience handling various types of audits and has served as a consultant for numerous start-up businesses.



**Mr.**  
**M P Vijay Kumar**

Non-Executive  
Independent Director

DIN: 05170323



Is a Fellow Member of the Institute of Chartered Accountants of India (ICAI), the Institute of Cost and Management Accountants of India (ICMA), and the Institute of Company Secretaries of India (ICSI), with more than thirty years of experience. He also serves as a Member on the IFRS Interpretation committee of International Accounting Standards Board and IFRS Advisory Council of the IFRS Foundation, London. He served as Council Member of ICAI (2016-2022), was Chairman of Accounting Standards Board and Ex Officio Member of NFRA (2019-2022). He was a member of MCA, SEBI and the CFO Forum in CII. He was awarded the Business World CFO of the Year for 2021 and among 100 most influential CFO's in India by CIMA.

Board Committees **C** Chairman **M** Member

**C** Audit Committee

**R** Nomination & Remuneration Committee

**B** Stakeholders Relationship Committee

**R** Risk Management Committee

**G** Corporate Social Responsibility Committee

**M** Management Committee

**R** Rights Issue Committee



**Mr.  
A V Girija Kumar**

**Additional Director  
(Non-Executive  
Independent Director)**

DIN: 02921377

Commerce Graduate, MBA, AIII and a Member of Financial Services Institutions Bureau under Ministry of Finance, Govt. of India. Former Chairman and Managing Director of Oriental Insurance Co. Ltd and held various positions in insurance sectors in India and outside India, also served as Independent Director in conglomerates and having more than forty years of experience.



**Dr.  
V Nagaraja Naidu**

**Non-Executive Director**

DIN: 00003730



Postgraduate degree in commerce as well as a doctorate in financial management. He began his career in 1972 at the Administrative Staff College of India in Hyderabad, and has held various positions in prestigious universities such as Professor, Dean Director, and Professor of Finance and Business Economics at the Postgraduate and Doctorate levels. For about ten years, he was the Registrar (Administrative Head) of the Dr. B R Ambedkar Open University. Dr. Naidu served as the Company's Wholtime Director/Managing Director from 1995 to 2007 and is well-versed in the dairy industry.



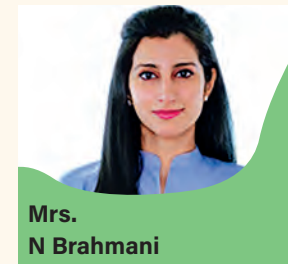
**Mrs.  
N Bhuvaneshwari**

**Vice Chairperson/  
Managing Director**

DIN: 00003741



Bachelor of Arts and is a dynamic leader who has a vast business experience. Her leadership has been successful in guiding Heritage Foods. She is associated with Heritage Foods since 1994. She directs and keeps an eye on the overall operations of the Company.



**Mrs.  
N Brahmani**

**Executive Director**

DIN: 02338940



Graduated with a Bachelor of Science in Electrical Engineering from Santa Clara University in California and a Master of Business Administration from Stanford University. She holds a degree in communication engineering from Chaitanya Bharathi Institute of Technology in Hyderabad, India. She is associated with Heritage Foods since 2011.

# Nurturing environmental sustainability

Heritage is deeply committed to promoting environmental sustainability and minimising its ecological impact. We contribute to the well-being of our stakeholders and the communities in which we operate by taking a holistic approach to sustainability. To reduce our dependence on fossil fuel, we are also continuously investing in renewable energy and strive to minimise our carbon footprint.

We are supplying energy from on-site wind and solar power plants at 11 different facilities, including Bangalore in Karnataka, Battiprolu, Bobbili, and Madanapalli in Andhra Pradesh, Kalluru and Mulugu in Telangana, and Sangvi in Maharashtra. Our wind power facilities are located in Chinahothur, Vajrakarur, and Beluguppa in the Ananthapur District of Andhra Pradesh.

## Renewable energy

The Company being a responsible corporate citizen invested 452 Million till March 2023 under Green initiatives and 10.50 MW power is getting generated through renewable energy (Solar & Wind). About 55% of total electricity consumption is met through renewable energy sources.

**4.20 MW**

Installed capacity of solar power

**6.30 MW**

Installed capacity of wind power



# Fulfilling our social responsibility

Heritage firmly believes in contributing to the community and aims to make a positive difference to the society at large. To fulfil our responsibilities towards marginalised communities, we engage in numerous corporate social responsibility initiatives that aspire to improve lives.

We want to make communities stronger and more resilient by promoting cultural diversity, economic development, sustainable food systems, social connection, and health and well-being.

We also work for the welfare of dairy farmers through our Heritage Farmers Welfare activities (HFWA). Over the past years, we have worked with numerous farmers to improve dairy productivity and the quality of life of dairy farmers. Throughout the year, we have also implemented various farmer empowerment initiatives to constantly support the upliftment of rural areas.

141,751

cattle were treated

60,178

Farmers were benefitted

2,288

Cattle health camps were conducted

## Initiatives undertaken as part of our CSR programme:



Enabled insurance coverage for farmers



Provisioned nutritious cattle feed



Conducted veterinary healthcare services



Offered financial assistance to the needy

# Future roadmap

Heritage Foods is guided by a clear roadmap that focuses on long-term growth, diversification, technology and innovation, market expansion, and talent management. As a market leader in the dairy industry, we understand the importance of staying ahead of the curve and meeting our consumers' changing needs.

Our strategic initiatives are intended to capitalise on emerging trends and opportunities while leveraging our strengths. We are confident that by focusing on these key areas, we will be able to create long-term value for all of our stakeholders and maintain our market leadership in the coming years.



# Awards and accolades



Best South Brand Award at the Pride of India Brand Awards 2022



Most Loved Brand award organized by Blinkit Brand Awards 2022



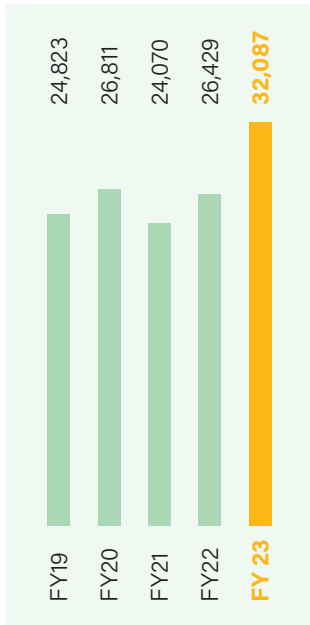
Best Management Award by the Telangana Government

# Financial highlights

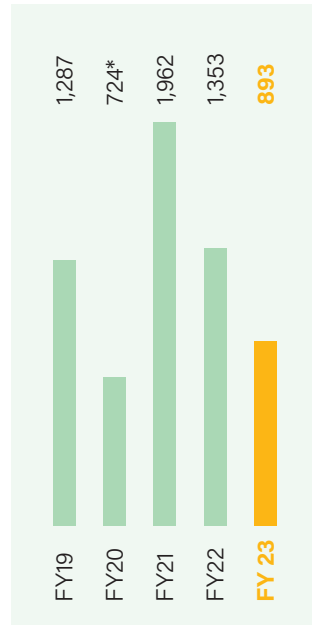
(Standalone)

(INR million)

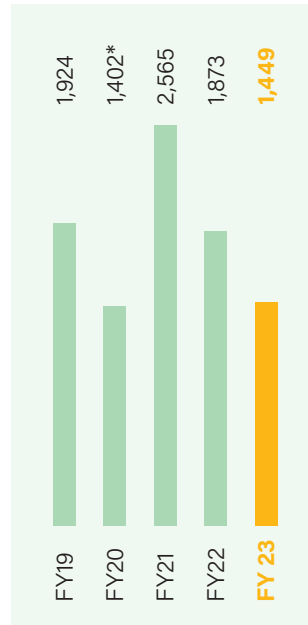
## Net Turnover



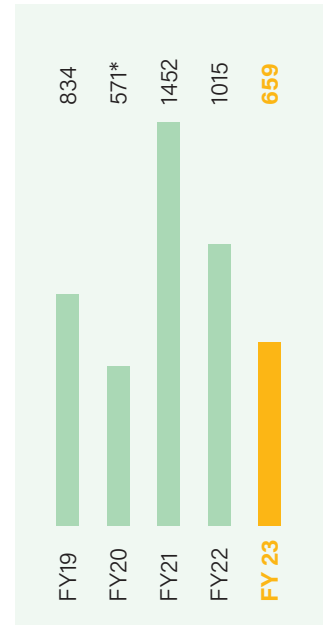
## Profit Before Tax



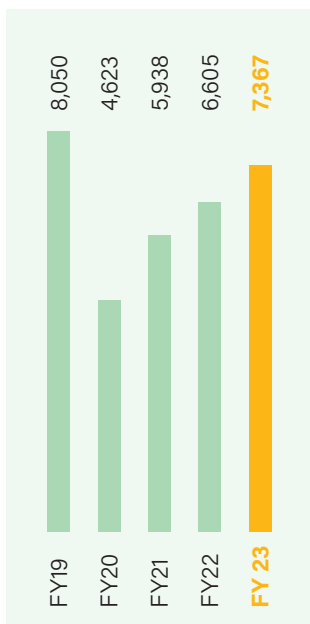
## EBITDA



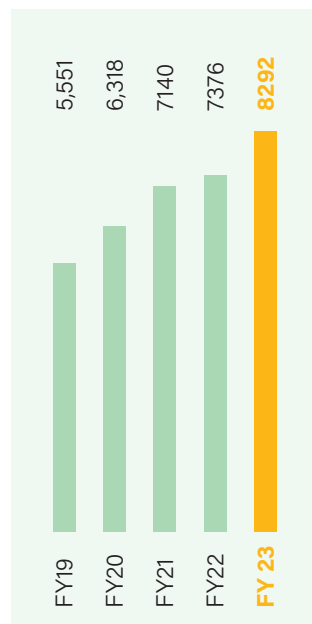
## Profit After Tax



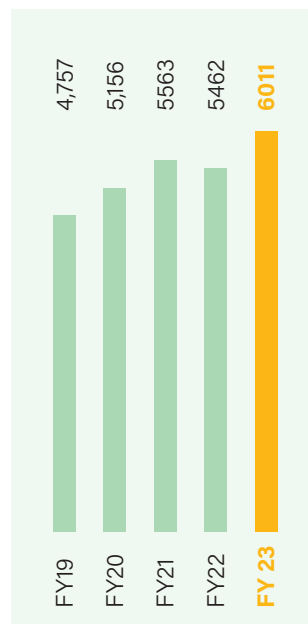
## Net worth



## Gross fixed assets



## Net fixed assets



\* Before FVTPL

# 10 years financial highlights

(Standalone)

₹ in Million

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Turnover	17,220	20,730	23,806	18,714	23,440	24,823	26,811	24,070	26,429	32,087
Other Income	50	70	66	37	72	111	83	84	103	113
Fair Value gain on Equity Securities	-	-	-	2,468	3,954	1,311	2,945	-	-	-
Total Income	17,270	20,800	23,871	21,219	27,466	26,245	29,839	24,154	26,532	32,200
EBITDA	987	881	1,365	1,490	1,333	1,924	(769)	2,565	1,873	1,449
Depreciation & Amortization	250	340	345	249	370	437	480	441	500	539
Interest	119	150	146	93	166	200	197	163	20	17
Loss due to changes in fair value of derivative liabilities	-	-	-	385	3,870	1,311	5,116	48	-	-
Provision for Taxation	159	109	306	307	277	452	153	510	337	234
Profit after Tax (PAT)	453	282	554	2,926	604	834	(1,600)	1,452	1,015	659
Cash Profit/(Loss)	703	622	899	1,092	890	1,272	1,051	1,940	1,515	1,197
Proposed Dividend (%)	30	30	30	40	40	40	50	100	100	50
Proposed Dividend Amount (including tax on dividend)	81	84	84	112	112	112	116	232	232	232
Equity Share Capital	232	232	232	232	232	232	232	232	232	464
Reserves and Surplus	1,558	1,698	2,168	5,700	7,548	7,818	4,391	5,706	6,373	6,903
Net Worth	1,790	1,930	2,400	5,932	7,780	8,050	4,623	5,938	6,605	7,367
Gross Fixed Assets	4,196	4,623	5,184	3,050	4,632	5,551	6,318	7,140	7,376	8,292
Net Fixed Assets	2,715	2,807	3,120	2,874	4,247	4,757	5,156	5,563	5,462	6,011

## Key Indicators

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Earnings per share* (₹)	9.90	6.16	12.11	31.98	6.60	9.12	(17.49)	15.87	11.10	7.19
Cash Earnings Per Share * (₹)	15.37	13.60	19.65	11.93	9.73	13.90	11.49	21.20	16.56	13.07
Book Value Per Share (₹)	19.29	20.80	25.86	63.92	83.84	86.75	49.82	63.99	71.17	79.39
Debt: Equity Ratio##	0.79:1	0.82:1	0.53:1	0.26:1	0.35:1	0.35:1	0.63:1	0.10:1	0.02:1	0.22:1
EBITDA/Turnover (%)	5.73	4.25	5.68	7.96	5.68	7.75	(2.87)	10.66	7.09	4.52
Net Profit Margin (%)	2.63	1.36	2.33	15.64	2.58	3.36	(5.97)	6.03	3.84	2.05
RONW (%)	28.23	15.16	25.59	70.24	8.81	10.54	(25.25)	27.50	16.18	8.94

\* EPS and Book Value per share has been adjusted for all the years on account of issue of rights issue during the year 2022-23

## Debt includes non-current and current portion of long term borrowings, loans repayable on demand, deferred payment liabilities and lease liabilities.

# Corporate information

## Board of Directors

**Mr. N Sri Vishnu Raju** (DIN: 00025063)  
Non-Executive Independent Director

**Mr. Rajesh Thakur Ahuja** (DIN: 00371406)  
Non-Executive Independent Director

**Mrs. Aparna Surabhi** (DIN: 01641633)  
Non-Executive Independent Women Director

**Mr. M P Vijay Kumar** (DIN: 05170323)  
Non-Executive Independent Director

**Mr. A V Girija Kumar** (DIN : 02921377)  
Additional Director  
(Non-Executive Independent Director)  
(w.e.f. June 01, 2023)

**Dr. V Nagaraja Naidu** (DIN: 00003730)  
Non-Executive Director

**Mrs. N Bhuvanewari** (DIN: 00003741)  
Vice Chairperson & Managing Director\*

**Mrs. N Brahmani** (DIN: 02338940)  
Executive Director\*

## Senior Management

**Dr. M Sambasiva Rao**  
President\*

**Mr. Srideep M Kesavan**  
Chief Executive Officer\*

**Mr. J Sambamurthy**  
Chief Operating Officer

**CA A Prabhakara Naidu**  
(M.No:FCA 200974)  
Chief Financial Officer\*

**CS Umakanta Barik**  
(M.No:FCS-6317)  
Company Secretary and Compliance Officer\*

## Board Committees

### Audit Committee

Mrs. Aparna Surabhi, Chairperson  
Mr. N Sri Vishnu Raju  
Mr. Rajesh Thakur Ahuja  
Mr. M P Vijay Kumar  
Dr. V Nagaraja Naidu

### Nomination & Remuneration Committee

Mr. N Sri Vishnu Raju, Chairperson  
Mr. Rajesh Thakur Ahuja  
Mrs. Aparna Surabhi  
Mr. M P Vijay Kumar

## Stakeholders Relationship Committee

Dr. V Nagaraja Naidu, Chairperson  
Mr. N Sri Vishnu Raju  
Mr. Rajesh Thakur Ahuja  
Mrs. N Bhuvanewari

## Risk Management Committee

Mr. Rajesh Thakur Ahuja, Chairperson  
Mrs. Aparna Surabhi  
Mr. N Sri Vishnu Raju  
Mrs. N Bhuvanewari

## CSR Committee

Mr. Rajesh Thakur Ahuja, Chairperson  
Mr. N Sri Vishnu Raju  
Mrs. N Bhuvanewari

## Management Committee

Mrs. Aparna Surabhi, Chairperson  
Mr. N Sri Vishnu Raju  
Mr. M P Vijay Kumar  
Mrs. N Bhuvanewari

## Rights Issue Committee

Mrs. N Bhuvanewari, Chairperson  
Mr. N Sri Vishnu Raju  
Mrs. Aparna Surabhi  
Mrs. N Brahmani

## Registered Office

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  
CIN: L15209TG1992PLC014332  
E-mail: hfl@heritagefoods.in  
www.heritagefoods.in

## Statutory Auditors

**Walker Chandiok & Co LLP**  
Chartered Accountants  
(FRN: 001076N/N500013),  
Unit No - 1, 10th Floor, My Home Twitza,  
APIIC, Hyderabad Knowledge City,  
Raidurg (Panmaktha) Village,  
Serilingampally Mandal,  
Ranga Reddy District,  
Hyderabad - 500 081, Telangana

## Secretarial Auditor

**Savita Jyoti Associates**  
Practicing Company Secretary  
#E-86, Sainikpuri  
Secunderabad- 500094  
Telangana, India

## Internal Auditors

J V S L & Associates,  
Chartered Accountants – Hyderabad

Raju & Prasad,  
Chartered Accountants – Hyderabad  
(wef. April 01, 2023)

E Phalguna Kumar & Co,  
Chartered Accountants – Tirupati

Ch Veerababu & Co,  
Chartered Accountants – Guntur

D H Rama Associates,  
Chartered Accountants – Ananthapur

B V Rao & Co. LLP,  
Chartered Accountants – Vizag

Rao & Shyam,  
Chartered Accountants – Vizag

P Praveen & Associates  
Chartered Accountants – Nellore

Khire Khandekar & Kirloskar,  
Chartered Accountants – Sangli

M N S & Co,  
Chartered Accountants – Bengaluru

R. Raghunathan,  
Chartered Accountants – Salem

K. M. Mohandass & Co,  
Chartered Accountants – Chennai

G M J & Co,  
Chartered Accountants – Mumbai

Gupta Dua & Co,  
Chartered Accountants – New Delhi

## Bankers Consortium

Bank of Baroda  
Union Bank of India  
ICICI Bank Limited  
Kotak Mahindra Bank Limited  
HDFC Bank Limited

## Listing

BSE Limited, Mumbai  
National Stock Exchange of India Limited,  
Mumbai

## Registrar and Transfer Agents

Kfin Technologies Limited  
CIN: U72400TG2017PLC117649  
Karvy Selenium Building, Tower B,  
Plot No. 31 & 32, Financial District, Gachibowli,  
Hyderabad - 500 032, Telangana

# Notice to Members

**NOTICE** is hereby given that the 31st Annual General Meeting (AGM) of the members of **HERITAGE FOODS LIMITED** will be held on **Tuesday, August 22, 2023 at 10:00 a.m. (IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")** to transact the businesses mentioned below.

The venue of the meeting shall be deemed to be the Registered Office of the Company.

## ORDINARY BUSINESS:

### 1. To receive, consider and adopt:

The Audited Standalone & Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2023, the Reports of the Board of Directors and Auditors' thereon and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2023 and the reports of the Board of Directors and Auditors' thereon, as circulated to the members be and are hereby considered and adopted."

### 2. Declaration of Dividend:

To declare final dividend on equity shares at the rate of 50% i.e. ₹ 2.50/- per equity share of face value of ₹5/- (Five Rupees) each for the Financial Year ended March 31, 2023 and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** a final dividend at the rate of 50% i.e. ₹ 2.50/- per equity share of face value of ₹ 5/- each fully paid-up Equity Shares of the Company, as recommended by the Board of Directors be and is hereby approved for the financial year ended March 31, 2023."

### 3. Re-appointment of Director Retiring by Rotation

To appoint a Director in place of Mrs. N Brahmani (DIN: 02338940), who retires by rotation and being eligible, offers herself for re-appointment and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in accordance with the provisions of Section 152 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 Mrs. N Brahmani (DIN: 02338940), who retires by rotation at this meeting and being eligible, offers herself for reappointment, be and is hereby appointed as a Director of the Company."

## SPECIAL BUSINESS:

### 4. To appoint Mr. Angara Venkata Girija Kumar (DIN: 02921377) as a Non-Executive Independent Director of the company

To consider and if thought fit, to pass with or without modification(s) the following resolution as ORDINARY RESOLUTION:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014("Rules") including any statutory modification(s) or re-enactment thereof for the time being in force and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended, Mr. Angara Venkata Girija Kumar (DIN: 02921377), who was appointed as an Additional Director in the category of Non-Executive Independent Director of the company w.e.f. June 01, 2023, by the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee, pursuant to Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and being eligible for appointment has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act read with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and in respect of whom the Company has received notice in writing under Section 160(1) of the Act, from a member proposing his candidature for the office of an Independent Director, be and is hereby appointed as a Non- Executive Independent Director of the Company, to hold office for a term of 5 (five) consecutive years with effect from June 01, 2023 to May 31, 2028 and not liable to retire by rotation."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts, deeds and things and to take all such steps as may be necessary, proper or expedient to give effect to this resolution and matters incidental consequential and connected therewith and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

### 5. Approval of request received from Mrs. Durga Ramakrishna N P, Person belonging to the Promoter Group for reclassification from "Promoter Group" category to "Public" category.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

**“RESOLVED THAT** pursuant to the provisions of Regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), and subject to approval from the BSE Limited, National Stock Exchange of India Limited (herein after referred to as stock exchanges) and such other Statutory Authorities as may be required and pursuant to other laws and regulations, as may be applicable from time to time (including any statutory modifications or re-enactments thereof for the time being in force), the consent of the members be and is hereby accorded to reclassify Mrs. Durga Ramakrishna N P, W/o Mr. N.P. Ramakrishna R/o 20 19 Naidu Buildings, Chittoor – 517001 (A.P.) holding 71,590 no of equity shares (0.08% of the total shareholding of the Company) from “Promoter Group” shareholder category to “Public” shareholder category.

**RESOLVED FURTHER THAT** in supersession of any provision, the applicant’s special rights, if any, with respect to the Company through formal or informal arrangements including through any shareholders agreements, if any, stand withdrawn/terminated and be null and void, with immediate effect.

**RESOLVED FURTHER THAT** the above applicant confirmed that all the conditions specified in sub-clause (i) to (vii) of clause (b) of sub-regulation (3) of Regulation 31A of Listing Regulations have been complied with and also confirmed that at all times from the date of such reclassification, shall continue to comply with conditions mentioned in Regulation 31A of Listing Regulations post reclassification from “Promoter Group” to “Public”.

**RESOLVED FURTHER THAT** on approval of the Stock Exchange(s) upon application for reclassification of the aforementioned applicant, the Company shall effect such reclassification in the Statement of Shareholding pattern from immediate succeeding quarter under Regulation 31 of Listing Regulations and in compliance to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions.

**RESOLVED FURTHER THAT** the Directors and the Company Secretary and Compliance officer of the Company, be and are hereby severally authorized to perform and execute all such acts, deeds, matters and things including but not limited to making intimation/filings to stock exchange(s), seeking approvals from the BSE Limited, the National Stock Exchange of India Limited (as applicable), and to execute all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and amend such details and to represent before such authorities as may be required and to take all such steps and decisions in this regard to give full effect to the aforesaid resolutions.”

**6. Approval of request received from Mrs. Neelima N P, Person belonging to the Promoter Group for reclassification from “Promoter Group” category to “Public” category.**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

**“RESOLVED THAT** pursuant to the provisions of Regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), and subject to approval from the BSE Limited, National Stock Exchange of India Limited (herein after referred to as stock exchanges) and such other Statutory Authorities as may be required and pursuant to other laws and regulations, as may be applicable from time to time (including any statutory modifications or re-enactments thereof for the time being in force), the consent of the members be and is hereby accorded to reclassify Mrs. Neelima N P, D/o Mr. N.P. Ramakrishna R/o 20 19 Naidu Buildings, Chittoor – 517001 (A.P.) holding 64,950 no. of equity shares (0.07% of the total shareholding of the Company) from “Promoter Group” shareholder category to “Public” shareholder category.

**RESOLVED FURTHER THAT** in supersession of any provision, the applicant’s special rights, if any, with respect to the Company through formal or informal arrangements including through any shareholders agreements, if any, stand withdrawn/terminated and be null and void, with immediate effect.

**RESOLVED FURTHER THAT** the above applicant confirmed that all the conditions specified in sub-clause (i) to (vii) of clause (b) of sub-regulation (3) of Regulation 31A of Listing Regulations have been complied with and also confirmed that at all times from the date of such reclassification, shall continue to comply with conditions mentioned in Regulation 31A of Listing Regulations post reclassification from “Promoter Group” to “Public”.

**RESOLVED FURTHER THAT** on approval of the Stock Exchange(s) upon application for reclassification of the aforementioned applicant, the Company shall effect such reclassification in the Statement of Shareholding pattern from immediate succeeding quarter under Regulation 31 of Listing Regulations and in compliance to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions.

**RESOLVED FURTHER THAT** the Directors and the Company Secretary and Compliance officer of the Company, be and are hereby severally authorized to perform and execute all such acts, deeds, matters and things including but

not limited to making intimation/filings to stock exchange(s), seeking approvals from the BSE Limited, the National Stock Exchange of India Limited (as applicable), and to execute all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and amend such details and to represent before such authorities as may be required and to take all such steps and decisions in this regard to give full effect to the aforesaid resolutions”.

**7. Approval of request received from Mr. N P Ramakrishna, Person belonging to the Promoter Group for reclassification from “Promoter Group” category to “Public” category.**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

**“RESOLVED THAT** pursuant to the provisions of Regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), and subject to approval from the BSE Limited, National Stock Exchange of India Limited (herein after referred to as stock exchanges) and such other Statutory Authorities as may be required and pursuant to other laws and regulations, as may be applicable from time to time (including any statutory modifications or re-enactments thereof for the time being in force), the consent of the members be and is hereby accorded to reclassify Mr. N P Ramakrishna, S/o late Mr. V N Nalagampalli R/o 20 19 Naidu Buildings, Chittoor – 517001 (A.P.) holding 1,16,971 no of equity shares (0.13% of the total shareholding of the Company) from “Promoter Group” shareholder category to “Public” shareholder category.

**RESOLVED FURTHER THAT** in supersession of any provision, the applicant’s special rights, if any, with respect to the Company through formal or informal arrangements including through any shareholders agreements, if any, stand withdrawn/terminated and be null and void, with immediate effect.

**RESOLVED FURTHER THAT** the above applicant confirmed that all the conditions specified in sub-clause (i) to (vii) of clause (b) of sub-regulation (3) of Regulation 31A of Listing Regulations have been complied with and also confirmed that at all times from the date of such reclassification, shall continue to comply with conditions mentioned in Regulation 31A of Listing Regulations post reclassification from “Promoter Group” to “Public”.

**RESOLVED FURTHER THAT** on approval of the Stock Exchange(s) upon application for reclassification of the aforementioned applicant, the Company shall effect such reclassification in the Statement of Shareholding pattern from immediate succeeding quarter under Regulation 31

of Listing Regulations and in compliance to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions.

**RESOLVED FURTHER THAT** the Directors and the Company Secretary and compliance officer of the Company, be and are hereby severally authorized to perform and execute all such acts, deeds, matters and things including but not limited to making intimation/filings to stock exchange(s), seeking approvals from the BSE Limited, the National Stock Exchange of India Limited (as applicable), and to execute all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and amend such details and to represent before such authorities as may be required and to take all such steps and decisions in this regard to give full effect to the aforesaid resolutions”.

**8. Approval of request received from Mrs. Kathya N P, Person belonging to the Promoter Group for reclassification from “Promoter Group” category to “Public” category.**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

**“RESOLVED THAT** pursuant to the provisions of Regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), and subject to approval from the BSE Limited, National Stock Exchange of India Limited (herein after referred to as stock exchanges) and such other Statutory Authorities as may be required and pursuant to other laws and regulations, as may be applicable from time to time (including any statutory modifications or re-enactments thereof for the time being in force), the consent of the members be and is hereby accorded to reclassify Mrs. Kathya N P, D/o Mr. N.P. Ramakrishna R/o 20 19 Naidu Buildings, Chittoor – 517001 (A.P.) holding NIL equity shares from “Promoter Group” shareholder category to “Public” shareholder category.

**RESOLVED FURTHER THAT** in supersession of any provision, the applicant’s special rights, if any, with respect to the Company through formal or informal arrangements including through any shareholders agreements, if any, stand withdrawn/terminated and be null and void, with immediate effect.

**RESOLVED FURTHER THAT** the above applicant confirmed that all the conditions specified in sub-clause (i) to (vii) of clause (b) of sub-regulation (3) of Regulation 31A of Listing Regulations have been complied with and also confirmed that at all times from the date of such reclassification, shall

continue to comply with conditions mentioned in Regulation 31A of Listing Regulations post reclassification from "Promoter Group" to "Public".

**RESOLVED FURTHER THAT** on approval of the Stock Exchange(s) upon application for reclassification of the aforementioned applicant, the Company shall effect such reclassification in the Statement of Shareholding pattern from immediate succeeding quarter under Regulation 31 of Listing Regulations and in compliance to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions.

**RESOLVED FURTHER THAT** the Directors and the Company Secretary and compliance officer of the Company, be and are hereby severally authorized to perform and execute all such acts, deeds, matters and things including but not limited to making intimation/filings to stock exchange(s), seeking approvals from BSE Limited, the National Stock Exchange of India Limited (as applicable), and to execute all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and amend such details and to represent before such authorities as may be required and to take all such steps and decisions in this regard to give full effect to the aforesaid resolutions."

**9. Approval of request received from Mr. Sivasankara Prasad Alapati, Person belonging to the Promoter Group for reclassification from "Promoter Group" category to "Public" category**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

**"RESOLVED THAT** pursuant to the provisions of Regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), and subject to approval from the BSE Limited, National Stock Exchange of India Limited (herein after referred to as stock exchanges) and such other Statutory Authorities as may be required and pursuant to other laws and regulations, as may be applicable from time to time (including any statutory modifications or re-enactments thereof for the time being in force), the consent of the members be and is hereby accorded to reclassify Mr. Sivasankara Prasad Alapati, S/o Mr. Apparao R/o 10-3-327 VN Colony Near Ganesh Temple Vijaya Nagar Hyderabad 500057 holding NIL equity shares from "Promoter Group" shareholder category to "Public" shareholder category.

**RESOLVED FURTHER THAT** in supersession of any provision, the applicant's special rights, if any, with respect to the Company through formal or informal arrangements including through any shareholders agreements, if any, stand withdrawn/terminated and be null and void, with immediate effect.

**RESOLVED FURTHER THAT** the above applicant confirmed that all the conditions specified in sub-clause (i) to (vii) of clause (b) of sub-regulation (3) of Regulation 31A of Listing Regulations have been complied with and also confirmed that at all times from the date of such reclassification, shall continue to comply with conditions mentioned in Regulation 31A of Listing Regulations post reclassification from "Promoter Group" to "Public".

**RESOLVED FURTHER THAT** on approval of the Stock Exchange(s) upon application for reclassification of the aforementioned applicant, the Company shall effect such reclassification in the Statement of Shareholding pattern from immediate succeeding quarter under Regulation 31 of Listing Regulations and in compliance to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions.

**RESOLVED FURTHER THAT** the Directors and the Company Secretary and compliance officer of the Company, be and are hereby severally authorized to perform and execute all such acts, deeds, matters and things including but not limited to making intimation/filings to stock exchange(s), seeking approvals from BSE Limited, the National Stock Exchange of India Limited (as applicable), and to execute all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and amend such details and to represent before such authorities as may be required and to take all such steps and decisions in this regard to give full effect to the aforesaid resolutions."

By Order of the Board of Directors

**Umakanta Barik**

Company Secretary & Compliance Officer

M. No: FCS-6317

eCSIN: EF006317A000002335

Place : Hyderabad

Date: 25<sup>th</sup> May, 2023

# Notes

1. The Ministry of Corporate Affairs ("MCA") has vide its General Circular Nos. 14/ 2020 dated April 8, 2020 and 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 21/2021 dated December 14, 2021, 02/2022 dated May 5, 2022 and 10/2022 dated December 28, 2022 (Collectively referred to as "MCA Circulars") and SEBI Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and SEBI Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023, permitted to convene the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars read with SEBI Circulars, provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company at # H.No.8-2-293/82/A/1286, Plot No: 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad, Telangana, 500033, India.
2. In compliance with the above MCA Circulars and SEBI Circular, Notice of the 31st AGM along with the 31st Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and 31st Annual Report 2022-23 will also be available on website of the Company ([www.heritagefoods.in](http://www.heritagefoods.in)), websites of the stock exchanges, BSE Limited ([www.bseindia.com](http://www.bseindia.com)), National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
3. The Statement, pursuant to Section 102 of the Companies Act, 2013, as amended ('Act') setting out material facts concerning the business with respect to Item No. 4 to 9 forms part of this Notice.
4. GENERALLY, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE, THIS AGM IS BEING HELD THROUGH VC / OAVM IN PURSUANT TO THE MCA CIRCULARS, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS SHALL NOT BE AVAILABLE FOR THE AGM AND HENCE, THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED HERETO.
5. Since, the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. In terms of the provisions of Section 152 of the Companies Act, 2013 and rules made thereunder, Mrs. N Brahmani (DIN: 02338940), Executive Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. The Board of Directors of the Company recommend her re-appointment.  
  
The above proposed retirement by rotation if re-elected shall not alter any terms and conditions with regard to remuneration, tenure of appointment and such other terms and conditions relating to her appointment as an Executive Director of the company for a term of five year (w.e.f. 01.04.2019) as approved by the Members of the Company by way of postal Ballot and remote e-voting, the results of which were declared on March 12, 2019.
7. Pursuant to Regulations 36(3) of SEBI Listing Obligation and Disclosure Requirements) Regulations, 2015, Section 152 of the Companies Act, 2013 and Secretarial Standards on General Meetings (SS- 2), details in respect of Director seeking appointment/reappointment of Directorship at 31st AGM of the Company to be held on Tuesday, August 22, 2023 is provided in Annexure-1 of this Notice.
8. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of SEBI Listing Regulations, SS-2 (Secretarial Standard on General Meeting) issued by the Institute of Company Secretaries of India ("ICSI") and the provisions of the MCA Circulars and SEBI Circular, and any amendments thereto, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the AGM and facility for those Members participating in the AGM to cast their vote through Remote e-Voting. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL), Trade World - A Wing, Kamala Mills Compound, Lower Parel, Mumbai - 400013 for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a Member using remote e-Voting system as well as remote

e-Voting during the AGM will be provided by NSDL. In terms of the MCA & SEBI Circulars, voting can be done only by Remote E-voting/E-voting. The Members are advised to use the E-voting procedure, as provided in the Notice.

9. (a) The Company has notified closure of Register of Members and Share Transfer Books from Wednesday, August 16, 2023 to Tuesday, August 22, 2023 (both days inclusive) for determining the names of member(s) eligible for dividend on Equity Shares, if declared at the Meeting.
  - (b) The dividend on equity shares, if approved at the Meeting, shall be paid/credited in the respective bank account of the members of the company on Tuesday, August 29, 2023. The dispatch of dividend warrants/ demand drafts will be completed on same day.
10. Members may avail facility of nomination in terms of Section 72 of the Companies Act, 2013, by nominating any person to whom their shares in the Company shall vest in the event of their death.

### DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

11. As per the MCA Circulars and SEBI Circular the notice of the AGM along with the 31<sup>st</sup> Annual Report for the FY 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories unless any member has requested for a physical copy of the same. Members may note that the Notice and 31<sup>st</sup> Annual Report for the FY 2022-23 will also be available on the Company's website i.e. [www.heritagefoods.in](http://www.heritagefoods.in), websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
12. For receiving all communication (including 31<sup>st</sup> Annual Report for FY 2022-23) from the Company electronically.
  - a) Members holding shares in physical mode and who have not registered/ updated their email address with the Company are requested to register / update the same by writing to the Company with details of folio number(s) and attaching a self-attested copy of PAN card at [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in) or to M/s KFin Technologies Limited (KFinTech) at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
  - b) Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant (DP).

### INSTRUCTIONS FOR E-VOTING AND JOINING THE AGM ARE AS FOLLOWS:

#### 13. PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

- i. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the SEBI Listing Regulations and in terms of SEBI circular no. SEBI/HO/CFD/ CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting facility provided by listed entities, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a Member using remote e-Voting system as well as e-Voting during the AGM will be provided by NSDL.
- ii. Members of the Company holding shares either in physical form or in electronic form as on the cut-off date of **Monday, August 14, 2023** may cast their vote by remote e-Voting. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting before the AGM as well as e-Voting during the AGM.

Any member(s) holding shares in physical form or non-individual member who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. **Monday, August 14, 2023** may obtain the User ID and Password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) However, if a person is already registered with NSDL for remote e-Voting then the Members can use their existing User ID and password for casting the vote.

In case of Individual Shareholder holding securities in dematerialized mode and who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holds shares in demat mode as on the cut-off date may follow the steps mentioned under '**Login method for e-Voting and joining virtual meeting for individual shareholders holding securities in demat mode.**'

- iii. The remote e-Voting period commences on **Saturday, August 19, 2023 at 9.00 a.m. (IST) and ends on Monday, August 21, 2023 at 5.00 p.m. (IST)**. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of the Members shall be in proportion to their share of the paid-up equity Share Capital of the Company as on the cut-off date i.e. **Monday, August 14, 2023**.
- iv. Members shall be provided with the facility for voting through electronic voting system during the VC/OAVM proceedings at the AGM and Members participating at the AGM, who have not cast their vote on the resolution(s) by remote e-Voting, will be eligible to exercise their right to vote on such resolution(s) upon announcement by the Chairperson. Members who have cast their vote on resolution(s) by remote e-Voting prior to the AGM will also be eligible to participate at the AGM through VC/OAVM but shall not be entitled to cast their vote on such resolution(s) again. Members who have voted on some of the resolutions during the said voting period are also eligible to vote on the remaining resolutions during the AGM. The e-Voting module on the day of the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.

#### **14. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM AND REMOTE E-VOTING (BEFORE AND DURING THE AGM) ARE AS UNDER:**

- i. Members will be able to attend the AGM through VC/OAVM or view the live webcast of AGM provided by NSDL at <https://www.evoting.nsdl.com> by following the steps mentioned under 'Access NSDL e-Voting system'. After successful login, Member(s) can click on link of 'VC/OAVM' placed under 'Join Meeting' menu against Company name. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of the Company will be displayed. Members who do not have the User ID and Password for e-Voting or have forgotten the User ID/Password may retrieve the same by following the process as mentioned in paragraph

titled "The instructions for remote e-Voting before/ during the AGM" in the Notice to avoid last minute rush.

- ii. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/Folio number, PAN, mobile number at [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in) between August 17, 2023 (9:00 a.m. IST) to August 19, 2023 (5:00 p.m. IST). The Company reserves the right to restrict the number of questions and speakers depending on the availability of time for the AGM. Further, the sequence in which the shareholders will be called upon to speak will be solely determined by the Company.
- iii. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / 022 - 4886 7000.

#### **15. THE INSTRUCTIONS FOR REMOTE E-VOTING BEFORE/ DURING THE AGM**

The details of the process and manner for remote e-Voting are explained herein below:

**Step 1:** Access NSDL e-Voting system

**Step 2:** Cast your vote electronically and join Meeting on NSDL e-Voting system.

#### **Details on Step 1 are mentioned below:**

##### **A. Login method for e-Voting and joining virtual meeting for individual shareholders holding securities in demat mode**

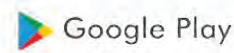
In pursuance of SEBI circular no.SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, e-Voting facility is being provided to all the demat account holders, by way of single login credential, through their demat accounts/websites of Depositories/Depository Participants.

Shareholders are advised to update their mobile number and e-mail-id in their demat accounts in order to access e-Voting facility.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<p data-bbox="414 259 673 290"><b>A. NSDL IDeAS facility</b></p> <p data-bbox="462 300 998 331">If you are already registered, follow the below steps:</p> <ol data-bbox="462 341 1485 745" style="list-style-type: none"> <li data-bbox="462 341 1485 404">1. Visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a> either on a personal computer or on a mobile.</li> <li data-bbox="462 414 1485 486">2. Once the home page of e-Services is launched, click on the 'Beneficial Owner' icon under 'Login' which is available under 'IDeAS' section.</li> <li data-bbox="462 497 1485 569">3. A new screen will open. You will need to enter your User ID and Password. After successful authentication, you will be able to see e-voting services under Value Added Services section.</li> <li data-bbox="462 580 1485 642">4. Click on 'Access to e-voting' appearing on the left-hand side under e-voting services and you will be able to see e-voting page.</li> <li data-bbox="462 652 1485 745">5. Click on options available against Company name or e-voting service provider – NSDL and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period or joining virtual meeting &amp; e-voting during the meeting.</li> </ol> <p data-bbox="414 756 958 787"><b>If you are not registered, follow the below steps:</b></p> <ol data-bbox="414 797 1485 953" style="list-style-type: none"> <li data-bbox="414 797 1063 828">a. Option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a></li> <li data-bbox="414 839 1485 911">b. Select 'Register Online for IDeAS' Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li data-bbox="414 922 852 953">c. Please follow steps given in points 1-5</li> </ol> <p data-bbox="414 963 738 994"><b>B. e-voting website of NSDL</b></p> <ol data-bbox="414 1004 1485 1419" style="list-style-type: none"> <li data-bbox="414 1004 1485 1067">1. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a personal computer or on a mobile phone.</li> <li data-bbox="414 1077 1485 1139">2. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder/ Member' section.</li> <li data-bbox="414 1149 1485 1222">3. A new screen will open. You will need to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.</li> <li data-bbox="414 1232 1485 1357">4. After successful authentication, you will be redirected to NSDL website wherein you can see e-voting page. Click on options available against Company name or e-voting service provider - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting &amp; e-voting during the meeting.</li> <li data-bbox="414 1367 1485 1419">5. Shareholders/Members can also download NSDL Mobile App 'NSDL Speede' facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol data-bbox="414 1419 1485 1879" style="list-style-type: none"> <li data-bbox="414 1419 1485 1564">1. Existing users who have opted for Easi/Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li data-bbox="414 1574 1485 1636">2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</li> <li data-bbox="414 1647 1485 1709">3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/ Registration/EasiRegistration</a></li> <li data-bbox="414 1719 1485 1879">4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; e-mail as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</li> </ol>

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	<ol style="list-style-type: none"> <li>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.</li> <li>upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</li> <li>Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and e-voting during the meeting.</li> </ol>

NSDL Mobile App is available on



**Important note:** Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at respective website.

Helpdesk for individual shareholders holding securities in demat mode for any technical issues related to login through Depositories i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 1800 22 55 33

**B. Login Method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode**

**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
    - a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
    - b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
    - c. How to retrieve your 'initial password'?
      - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
  6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
    - a) Click on **"Forgot User Details/Password?"**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.
    - b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
    - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
    - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
  7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.
- Details on Step 2 are mentioned below:**
- A. **How to cast your vote electronically on NSDL e-Voting system and join General Meeting on NSDL e-Voting system?**
    1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
    2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/ OAVM" link placed under "Join General Meeting".
    3. Now you are ready for e-Voting as the Voting page opens.
    4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
    5. Upon confirmation, the message "Vote cast successfully" will be displayed.
    6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
    7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
  - B. **The instructions for e-Voting during the AGM are as under:**
    1. The procedure for remote e-Voting during the AGM is same as the instructions mentioned above for remote e-Voting since the Meeting is being held through VC/ OAVM.
    2. Only those Members/Shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote on such resolution(s) through e-Voting system at the AGM.

**C. General Guidelines for Shareholders:**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to savitajyotiassociates05@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no: 022 - 4886 7000 and 022 - 2499 7000 or send a request to evoting@nsdl.co.in.

**D. Other Instructions:**

1. The Board of Directors has appointed Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No: 1796, M.No.3738) as the Scrutinizer to scrutinise the remote e-Voting process as well as e-voting during the AGM in a fair and transparent manner.

The Scrutinizer shall immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-Voting (votes cast during the AGM and votes cast prior to the AGM) and make consolidated Scrutiniser's Report and submit the same to the Chairperson.

The result of e-voting will be declared within two working days of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser's Report will be placed on the website of the Company at www.heritagefoods.in and on the website of NSDL www.evoting.nsdl.com. The result will simultaneously be communicated to the stock exchanges where the shares of the company are listed.

**16. PROCEDURE FOR INSPECTION OF DOCUMENTS:**

The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members.

All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM

**17. DIVIDEND RELATED INFORMATION**

- i). The Board of Directors recommended a final dividend on equity shares at the rate of 50% i.e. ₹ 2.50/- per Equity Share of face value of ₹ 5/- each for the Financial Year ended on March 31, 2023, subject to approval of the Members at the AGM, the dividend will be paid on Tuesday, August 29, 2023, to the Members whose names appear on the Company's Register of Members as on the Record Date and in respect of the shares held in dematerialised mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date. The dispatch of dividend warrants/demand drafts will be completed on same day.
- ii). The Company has notified closure of Register of Members and Share Transfer Books from **Wednesday, August 16, 2023 to Tuesday, August 22, 2023** (both days inclusive) for determining the names of member(s) eligible for dividend on Equity Shares, if declared at the Meeting.
- iii). As per relevant Circulars, payment of dividend shall be made through electronic mode to the members who have updated their bank account details. Dividend warrants / demand drafts will be dispatched to the registered address of the members who have not updated their bank account details. To avoid delay in receiving dividend, members are requested to update their bank account details with their Depository Participants in case securities are held in demat mode and members holding securities in physical form should send a request for updating their bank details to the Company's Registrar & Share Transfer Agents.
- iv). Payment of Dividend shall be subject to deduction of tax at source (TDS) at applicable rates as notified by the Government of India.

- v). Members are requested to notify immediately any change of address and other relevant correspondence including NECS/ECS/NEFT/RTGS details and submission of Permanent Account Number (PAN)
- to their Depository Participants (DPs) in respect of their electronic share accounts; and
  - to the Company at its registered office or the Registrar & Transfer Agent, M/s KFin Technologies Limited (Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032) in respect of their physical shares, if any, quoting their folio number, Banker's name and account number to ensure prompt and safe receipt of dividend warrants
- vi). Manner of registering mandate for receiving Dividend:
- with their Depository Participant(s) with whom they maintain their demat accounts if shares are held in dematerialised mode by submitting the requisite documents, and
- b) with the Company/KFinTech by clicking on <https://ris.kfintech.com/form15> or by emailing at [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in) or [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com), if shares are held in physical mode, by submitting scanned copy of the (i) signed request letter which shall contain member's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details), (ii) self-attested copy of the PAN card and (iii) cancelled cheque leaf. In case shares are held in dematerialised mode, details in a form prescribed by your Depository Participant may also be required to be furnished.
- vii. Pursuant to the amendments introduced by the Finance Act, 2020 the Company will be required to withhold taxes at the prescribed rates on the dividend paid to its members w.e.f. April 01, 2020. No tax will be deducted on payment of dividend to the resident individual members if the total dividend paid does not exceed ₹5,000/-, The withholding tax rate would vary depending on the residential status of the member and documents registered with the Company as follows

#### A. RESIDENT MEMBERS:

##### A.1 Tax Deductible at Source for Resident Members

SI No	Particulars	Withholding tax rate	Documents required (if any)
1	Valid PAN updated in the Company's Register of Members	10%	No document required (if no exemption is sought)
2	No PAN/Valid PAN not updated in the Company's Register of Members	20%	No document required (if no exemption is sought)
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority

##### A.2 No Tax Deductible at Source on dividend payment to resident members if the Members submit and register following documents as mentioned below table with the Company/Kfintech

SI No	Particulars	Withholding tax rate	Documents required (if any)
1	Submission of form 15G/15H	Nil	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling certain conditions
2	Members to whom section 194 of the Income Tax,1961 does not apply such as LIC, GIC, etc.	Nil	Documentary evidence that the said provisions are not applicable
3	Member covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds	Nil	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961
4	Category I and II Alternative investment Fund	Nil	SEBI registration certificate to claim benefit under section 197A(1F) of Income Tax Act, 1961
5	<ul style="list-style-type: none"> <li>▪ Recognised provident funds</li> <li>▪ Approved superannuation fund</li> <li>▪ Approved gratuity fund</li> </ul>	Nil	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes(CBDT)
6	National Pension Scheme	Nil	No TDS as per section 197A (1E) of Income Tax Act, 1961

**B. NON-RESIDENT MEMBERS:**

Withholding tax on dividend payment to non-resident members if the non-resident members submit and register following document as mentioned in the below table with the Company / RTA.

SI No	Particulars	Withholding tax rate	Documents required (if any)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	FPI registration number / certificate
2	Other Non-resident members	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	To avail beneficial rate of tax treaty following tax documents would be required: <ol style="list-style-type: none"> <li>Tax Residency certificate issued by revenue authority of country of residence of member for the year in which dividend is received</li> <li>PAN</li> <li>Form 10F filled &amp; duly signed</li> <li>Self-declaration for non-existence of permanent establishment/ fixed base in India</li> </ol> <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non- Resident member and review to the satisfaction of the Company)</p>
3	Indian Branch of a Foreign Bank	NIL	Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank
4	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in certificate	Lower tax deduction certificate obtained from Income Tax Authority

**Notes:**

- The Company will issue soft copy of the TDS certificate to its members through email registered with the Company / Kfintech post payment of the dividend. Members will be able to download the TDS certificate from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).
- The aforesaid documents such as Form 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be uploaded on the link <https://ris.kfintech.com/form15/> on or before July 31, 2023 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received post July 31, 2023 shall not be considered.
- Application of TDS rate is subject to necessary verification by the Company of the member details as available in Register of Members as on the Record Date and other documents available with the Company / RTA.
- In case TDS is deducted at a higher rate, an option is still available with the member to file the return of income and claim an appropriate refund.
- In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Member(s), such Member(s) will be responsible to indemnify the Company and also provide the Company with all information/ documents and co-operation in any appellate proceedings.
- This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Members should consult their tax advisors for requisite action to be taken by them.

**18. IEPF RELATED INFORMATION:**

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules as amended from time to time, the Company has uploaded the details of unclaimed/ unpaid amounts lying with the Company as on July 29, 2022 (date of the last AGM) on the website of the Company ([www.heritagefoods.in](http://www.heritagefoods.in)) and also on the website of the Ministry of Corporate Affairs, the information in respect of such unclaimed/ unpaid dividend and the last date for claiming the same are given below:

Financial year ended	Date of Declaration of Dividend	Last date for claiming unpaid Dividend	Unclaimed/Unpaid Dividend as on March 31, 2023	
			Amount outstanding (₹ in Rupees)	No. of Shares
2015-16	19-08-2016	24-09-2023	17,10,513.00	5,70,171
2016-17	23-08-2017	27-09-2024	28,67,052.00	7,16,763
2017-18	30-08-2018	04-10-2025	14,62,160.00	7,31,080
2018-19	30-08-2019	04-10-2026	14,29,428.00	7,14,714
2019-20	28-08-2020	03-10-2027	16,39,023.50	5,00,471
2020-21	30-07-2021	03-09-2028	23,91,907.00	5,52,238
2021-22	21-10-2021 (1 <sup>st</sup> Interim Dividend)	25-11-2028	12,86,029.50	6,06,885
2021-22	29-07-2022(Final Dividend)	02-09-2029	13,92,800.50	6,33,571

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C(2) of the Companies Act, 1956] read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time the unclaimed/unpaid dividend amount of 20,30,496 /- (Twenty Lakh Thirty Thousand Four Hundred Ninety Six Only) for the year 2014-15 was transferred to the Investor Education and Protection Fund during the financial year 2022-23.

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, all shares on which dividend has not been claimed/paid for seven consecutive years or more shall be transferred to IEPF Authority.

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred 676 equity shares belongs to 9 members of the company to Investor Education and Protection fund Authority (IEPF) on November 16, 2022 of those members who have not claimed the dividends for a continuous period of 7 years.

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time the unclaimed/unpaid dividend and the shares thereof pertaining for the financial year 2015-16 shall be transferred to the Investor Education and Protection Fund during the financial year 2023-24. The members who have not claimed their dividend are requested to claim it as the earliest possible.

Details of shares so far transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: [https:// www.heritagefoods.in/iepf](https://www.heritagefoods.in/iepf).

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares

in physical form should submit their PAN to the Registrar/ Company.

In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), securities of listed companies can only be transferred in dematerialised form with effect from April 1, 2019, except in case of transmission or transposition of securities. In view of the above, Members are advised to dematerialise shares held by them in physical form.

## 19. OTHER INFORMATION

- i). Members holding shares in physical mode are:
  - a. required to submit their Permanent Account Number (PAN) and bank account details to the Company /KFinTech at <https://karisma.kfintech.com/> members, if not registered with the Company/ KFinTech, as mandated by SEBI by writing to the Company at [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in) or to KFinTech at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with the details of folio no., self- attested copy of PAN card, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details) and cancelled cheque.
  - b. advised to register nomination in respect of their shareholding in the Company.
- ii). Members holding shares in electronic mode are:
  - a) requested to submit their PAN and bank account details to their respective Depository Participants ("DPs") with whom they are maintaining their demat accounts.
  - b) advised to contact their respective DPs for registering nomination.
- iii). Non-Resident Indian members are requested to inform KFinTech / respective DPs, immediately of:
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

- iv). Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents i.e. KFin Technologies Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the member(s).
- v). Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / RTA.
- vi). Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository. Those members, who desire to receive notice / documents through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to his/ her Depository Participant / the Company's Registrar & Share Transfer Agent as the case may be. Members who have not registered their e-mail address either with the Company or with the Depository are requested to register as soon as possible
- vii). The members may note that pursuant to the Section 20 of the Companies Act, 2013 and on the approval of members in their meeting held on August 19, 2016 the Board of Directors have fixed a fee of ₹10 per page single sided excluding postage and courier charges for servicing of documents by post or by registered post or by speed post or by courier or by electronic or mode as requested by any member of the Company.
- viii). Members are requested to follow the process detailed below and intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.

Type of holder	Process to be followed
Physical	For availing the following investor services, send a written request in the prescribed forms to the RTA of the Company, KFin Technologies Limited either by email to einward.ris@kfintech.com or by post to Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032.
	Form for availing investor services to register PAN, email address, bank details and other KYC details or changes / update thereof for securities held in physical mode <b>Form ISR-1</b>
	Update of signature of securities holder <b>Form ISR-2</b>
	For nomination as provided in the Rules 19 (1) of Companies (Share capital and debenture) Rules, 2014 <b>Form SH-13</b>
	Declaration to opt out <b>Form ISR-3</b>
	Cancellation of nomination by the holder(s) (along with ISR-3) / Change of Nominee <b>Form SH-14</b>
	Form for requesting issue of Duplicate Certificate and other service requests for shares / debentures / bonds, etc., held in physical form <b>Form ISR-4</b>
	The forms for updating the above details are available at <a href="https://www.heritagefoods.in/static/images/pdf/investor-communication.pdf">https://www.heritagefoods.in/static/images/pdf/investor-communication.pdf</a>
Demat	Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your DP.

- ix). Members may also note that the 31st Annual Report for the financial year 2022-23 will also be available on the Company's website [www.heritagefoods.in](http://www.heritagefoods.in). For any communication, the members may also send requests to the Company's investor email id: [umakanta@heritagefoods.in](mailto:umakanta@heritagefoods.in).

By Order of the Board of Directors

**UMAKANTA BARIK**

Company Secretary & Compliance Officer

M. No: FCS-6317

Place : Hyderabad  
Date: May 25, 2023

# Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013

The following explanatory Statement sets out all the material facts relating to the Special Business mentioned in Item No. 4 to 9 of the Notice of 31st AGM dated May 25, 2023:

## Item No: 4

With a view to broad base the Board with respect to composition of Board of Directors of the Company, the Board at its Meeting held on May 25, 2023, on the recommendations of the Nomination and Remuneration Committee, inducted Mr. Angara Venkata Girija Kumar (DIN: 02921377), as an Additional Director in the category of Non- Executive Independent Director of the Company for a term of 5 (five) consecutive years w.e.f. June 01, 2023, subject to the approval of shareholders of the Company. Mr. Angara Venkata Girija Kumar (DIN:02921377) has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations. The Company has received notice in writing from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Angara Venkata Girija Kumar as a Non-Executive Independent Director of the Company.

Mr. Angara Venkata Girija Kumar (DIN: 02921377) aged about 63 years is a B.COM, MBA, AIII with experience of nearly 40 years. Presently, he is an Independent Director (Board Member), on the Board of M/s. Royal Sundaram General Insurance Company Limited and he is a Member of (the First) Financial Services Institutions Bureau under Ministry of Finance (Appointed by Appointments Committee of the Cabinet, Govt. of India).

He was a Former Chairman and Managing Director of Oriental Insurance Company Limited and retired from service on 31st May 2020, upon attaining the age of superannuation. He held the following positions concurrently at the time of superannuation:

- Chairman (Non- Executive), Board of Directors, India International Insurance Pte Ltd, Singapore (S & P "A" rated Insurance Co. promoted by four PSU General Insurance companies)
- Chairman, Health Insurance TPA Ltd. (Promoted by four PSU General Insurance Companies and General Insurance Corporation of India)
- Chairman, General Insurance Council - which is an industry body representing 44 public and private sector general insurers, reinsurers, and stand-alone health insurance companies in India.

- Chairman, General Insurers Public Sector Association (GIPSA)- body representing public sector general insurance companies in India.
- He was also a Board Member Agriculture Insurance Company Ltd, GIC Housing Finance Co. Ltd, and Member of the Governing Board of National Insurance Academy.
- He was a Non- Executive/ Independent Director on the Board of ITC Ltd for six years (2010- 2016)
- He joined as a Direct Recruit officer in New India Assurance Co. Ltd in 1980 and had a distinguished Professional Record of 40 years in Public Sector General Insurance Industry having worked in all four PSU GI Companies.
- He was a Member of the Boards since May 2010 till his superannuation in May 2020 and served on the Boards of National Insurance, United India Insurance and Oriental Insurance Co. Ltd. over Ten years as a Whole- Time Director.
- During 2005- 2007, he was posted in Riyadh, as General Manager, with the responsibility of setting up a Composite Insurance Co. in Saudi Arabia (a JV among LIC , New India and a local business group as per local regulations).He was also responsible for getting it listed .

In compliance with Listing Regulations and Secretarial Standards-2 on General Meetings, the brief resume of Mr. Angara Venkata Girija Kumar (DIN: 02921377) is separately annexed and forming part of this notice.

The Board considers that association of Mr. Angara Venkata Girija Kumar (DIN: 02921377) as a Non-Executive Independent Director would be of immense benefit to the Company. In the opinion of the Board, Mr. Angara Venkata Girija Kumar (DIN: 02921377) fulfills the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 as amended from time to time.

A copy of the draft letter of appointment of Mr. Angara Venkata Girija Kumar (DIN: 02921377) has been uploaded on the website of the company at [www.heritagefoods.in](http://www.heritagefoods.in) and available for inspection.

Save and except the appointee, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.4 of the Notice for approval by the shareholders.

### Item No: 5

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'Listing Regulations, 2015'), along with amendments thereto, has provided a regulatory mechanism for reclassification of person belonging to Promoter(s)/Promoter Group Shareholder to Public Shareholder of the Company subject to fulfillment of conditions as provided therein.

In this regard, the Company received request letter dated May 15, 2023 from Mrs. Durga Ramakrishna N P W/o Mr. N.P. Ramakrishna R/o 20 19 Naidu Buildings Chittoor – 517001 (A.P.) person belonging to the Promoter Group category of the Company holding 71,590 no of equity shares (0.08% of the total shareholding of the Company) in Demat A/c IN301022 -20953833 as of 31st March, 2023 pursuant to Regulation 31A of the Listing Regulations, 2015 for reclassification from "Promoter Group" category to "Public" category pursuant to regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On the basis of the request received by the Company and pursuant to the provisions of Regulation 31A(3)(b) of Listing Regulations, Mrs. Durga Ramakrishna N P seeking reclassification confirmed that:

- She does not hold more than ten per cent of the total Voting Rights in the Company;
- She does not exercise control over the affairs of the Company directly or indirectly;
- She does not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- She does not represent on the Board of Directors (including not having a Nominee Director) of the Company;
- She does not act as a Key Managerial Person in the Company;
- She is not 'a willful defaulter' as per the Reserve Bank of India Guidelines;
- She is not a fugitive economic offender.
- No regulatory action is pending against her.

In view of the explanations given by her as detailed above and in consideration to the conditions as stipulated in Regulation 31A of the Listing Regulations, 2015, the Board of Directors of the Company at their meeting held on 25.05.2023, have approved her request for reclassification received by the Company as above from Promoter group category to Public category subject

to approval by the members and relevant regulatory authorities. As required, intimation has been sent to Stock Exchanges based on declaration received from her.

Further, she has confirmed that subsequent to reclassification, she would continue to comply with the requirements as mentioned in Regulation 31A of SEBI (LODR) Regulations, 2015 failing which, she shall automatically be reclassified as Promoter/ persons belonging to Promoter Group, as applicable.

Your directors recommend the passing of the Resolution in Item No.5 of the Notice as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested in this Resolution.

### Item No: 6

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'Listing Regulations, 2015'), along with amendments thereto, has provided a regulatory mechanism for reclassification of person belonging to Promoter(s)/Promoter Group Shareholder to Public Shareholder of the Company subject to fulfillment of conditions as provided therein.

In this regard, the Company received request letter dated May 15, 2023 from Mrs. Neelima N P, D/o Mr. N.P. Ramakrishna R/o 20 19 Naidu Buildings, Chittoor – 517001 (A.P.) is a person belonging to the Promoter Group category of the Company holding 64,950 no. of equity shares (0.07% of the total shareholding of the Company) in Demat A/c IN301022 - 20953825 as of 31st March, 2023 pursuant, to Regulation 31A of the Listing Regulations, 2015 for reclassification from "Promoter Group" category to "Public" category pursuant to regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On the basis of the request received by the Company and pursuant to the provisions of Regulation 31A(3)(b) of Listing Regulations, Mrs. Neelima N P seeking reclassification confirmed that:

- She does not hold more than ten per cent of the total Voting Rights in the Company;
- She does not exercise control over the affairs of the Company directly or indirectly;
- She does not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- She does not represent on the Board of Directors (including not having a Nominee Director) of the Company;
- She does not act as a Key Managerial Person in the Company;

- She is not 'a willful defaulter' as per the Reserve Bank of India Guidelines;
- She is not a fugitive economic offender.
- No regulatory action is pending against her.

In view of the explanations given by her as detailed above and in consideration to the conditions as stipulated in Regulation 31A of the Listing Regulations, 2015, the Board of Directors of the Company at their meeting held on 25.05.2023, have approved her request for reclassification received by the Company as above from Promoter group category to Public category subject to approval by the members and relevant regulatory authorities. As required, intimation has been sent to Stock Exchanges based on declaration received from her.

Further, she has confirmed that subsequent to reclassification, she would continue to comply with the requirements as mentioned in Regulation 31A of SEBI (LODR) Regulations, 2015 failing which, she shall automatically be reclassified as Promoter/ persons belonging to Promoter Group, as applicable.

Your directors recommend the passing of the Resolution in Item No.6 of the Notice as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested in this Resolution.

#### Item No: 7

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'Listing Regulations, 2015'), along with amendments thereto, has provided a regulatory mechanism for reclassification of person belonging to Promoter(s)/Promoter Group Shareholder to Public Shareholder of the Company subject to fulfillment of conditions as provided therein..

In this regard, the Company received request letter dated May 15, 2023 from Mr. N P Ramakrishna, S/o late Mr. V N Nalagampalli R/o 20 19 Naidu Buildings, Chittoor - 517001 (A.P.) is a person belonging to the Promoter Group category of the Company holding 1,16,971 no of equity shares (0.13% of the total shareholding of the Company) in Demat A/c IN304295-51823949. as of 31st March, 2023, pursuant to Regulation 31A of the Listing Regulations, 2015 for reclassification from "Promoter Group" category to "Public" category pursuant to regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On the basis of the request received by the Company and pursuant to the provisions of Regulation 31A(3)(b) of Listing Regulations, Mr. N P Ramakrishna seeking reclassification confirmed that:

- He does not hold more than ten per cent of the total Voting Rights in the Company;

- He does not exercise control over the affairs of the Company directly or indirectly;
- He does not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- He does not represent on the Board of Directors (including not having a Nominee Director) of the Company;
- He does not act as a Key Managerial Person in the Company;
- He is not 'a willful defaulter' as per the Reserve Bank of India Guidelines;
- He is not a fugitive economic offender.
- No regulatory action is pending against him.

In view of the explanations given him as detailed above and in consideration to the conditions as stipulated in Regulation 31A of the Listing Regulations, 2015, the Board of Directors of the Company at their meeting held on 25.05.2023, have approved his request for reclassification received by the Company as above from Promoter group category to Public category subject to approval by the members and relevant regulatory authorities. As required, intimation has been sent to Stock Exchanges based on declaration received from him.

Further, he has confirmed that subsequent to reclassification, he would continue to comply with the requirements as mentioned in Regulation 31A of SEBI (LODR) Regulations, 2015 failing which, he shall automatically be reclassified as Promoter/ persons belonging to Promoter Group, as applicable.

Your directors recommend the passing of the Resolution in Item No.6 of the Notice as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested in this Resolution.

#### Item No: 8

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'Listing Regulations, 2015'), along with amendments thereto, has provided a regulatory mechanism for reclassification of person belonging to Promoter(s)/Promoter Group Shareholder to Public Shareholder of the Company subject to fulfillment of conditions as provided therein.

In this regard, the Company received request letter dated May 15, 2023 from Mrs. Kathya N P, D/o Mr. N. P. Ramakrishna R/o 20 19 Naidu Buildings, Chittoor - 517001 (A.P.) is a person belonging to the Promoter Group category of the Company holding NIL equity shares as of 31st March, 2023 pursuant to Regulation 31A of the Listing Regulations, 2015 for reclassification from "Promoter Group" category to "Public" category pursuant to regulation 31A

of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On the basis of the request received by the Company and pursuant to the provisions of Regulation 31A(3)(b) of Listing Regulations, Mrs. Kathya N P seeking reclassification confirmed that:

- She does not hold more than ten per cent of the total Voting Rights in the Company;
- She does not exercise control over the affairs of the Company directly or indirectly;
- She does not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- She does not represent on the Board of Directors (including not having a Nominee Director) of the Company;
- She does not act as a Key Managerial Person in the Company;
- She is not 'a willful defaulter' as per the Reserve Bank of India Guidelines;
- She is not a fugitive economic offender.
- No regulatory action is pending against her.

In view of the explanations given by her as detailed above and in consideration to the conditions as stipulated in Regulation 31A of the Listing Regulations, 2015, the Board of Directors of the Company at their meeting held on 25.05.2023, have approved her request for reclassification received by the Company as above from Promoter group category to Public category subject to approval by the members and relevant regulatory authorities. As required, intimation has been sent to Stock Exchanges based on declaration received from her.

Further, she has confirmed that subsequent to reclassification, she would continue to comply with the requirements as mentioned in Regulation 31A of SEBI (LODR) Regulations, 2015 failing which, she shall automatically be reclassified as Promoter/ persons belonging to Promoter Group, as applicable.

Your directors recommend the passing of the Resolution in Item No.8 of the Notice as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested in this Resolution.

### Item No: 9

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'Listing Regulations, 2015'), along with amendments thereto, has provided a regulatory mechanism for reclassification of person

belonging to Promoter(s)/Promoter Group Shareholder to Public Shareholder of the Company subject to fulfillment of conditions as provided therein.

In this regard, the Company received request letter dated May 15, 2023 from Mr. Sivasankara Prasad Alapati, S/o Mr. Apparao R/o 10 3 327 VN Colony Near Ganesh Temple Vijaya Nagar Hyderabad 500057 is a person belonging to the Promoter Group category of the Company holding NIL equity shares as of 31st March, 2023, pursuant to Regulation 31A of the Listing Regulations, 2015 for reclassification from "Promoter Group" category to "Public" category pursuant to regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On the basis of the request received by the Company and pursuant to the provisions of Regulation 31A(3)(b) of Listing Regulations, Mr. Sivasankara Prasad Alapati seeking reclassification confirmed that:

- He does not hold more than ten per cent of the total Voting Rights in the Company;
- He does not exercise control over the affairs of the Company directly or indirectly;
- He does not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- He does not represent on the Board of Directors (including not having a Nominee Director) of the Company;
- He does not act as a Key Managerial Person in the Company;
- He is not 'a willful defaulter' as per the Reserve Bank of India Guidelines;
- He is not a fugitive economic offender.
- No regulatory action is pending against him.

In view of the explanations given him as detailed above and in consideration to the conditions as stipulated in Regulation 31A of the Listing Regulations, 2015, the Board of Directors of the Company at their meeting held on 25.05.2023, have approved his request for reclassification received by the Company as above from Promoter group category to Public category subject to approval by the members and relevant regulatory authorities. As required, intimation has been sent to Stock Exchanges based on declaration received from him.

Further, he has confirmed that subsequent to reclassification, he would continue to comply with the requirements as mentioned in Regulation 31A of SEBI (LODR) Regulations, 2015 failing which, he shall automatically be reclassified as Promoter/ persons belonging to Promoter Group, as applicable.

None of the concerned persons/entities, acting individually and in concert, directly or indirectly exercise control over the

management and affairs of the Company. Their shareholding along with persons acting in concert does not exceed 1% of the total share capital of the Company.

Further as per Rule 19A of the Securities Contracts (Regulation) Rules, 1957, the public shareholding as on date of the notice fulfils the minimum public shareholding requirement of at least 25% and the proposed reclassification does not intend to increase the Public Shareholding to achieve compliance with the minimum public shareholding requirement.

Your directors recommend the passing of the Resolution in Item No.9 of the Notice as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested in this Resolution.

The Promoter & Promoters Group shareholding pre and post reclassification is as follows:

Pre-Reclassification				Post-Reclassification			
SI No	Name of the Shareholder	No. of Shares held	% of total Shares	SI No	Name of the Shareholder	No. of Shares held	% of total Shares
1	N Bhuvaneswari	2,26,11,525	24.37	1	N Bhuvaneswari	2,26,11,525	24.37
2	N Lokesh	1,00,37,453	10.82	2	N Lokesh	1,00,37,453	10.82
3	Megabid Finance & Investment Pvt Ltd	51,90,937	5.59	3	Megabid Finance & Investment Pvt Ltd	51,90,937	5.59
4	N Brahmani	4,30,952	0.46	4	N Brahmani	4,30,952	0.46
5	N Devaansh	56,075	0.06	5	N Devaansh	56,075	0.06
6	Ramakrishna Nandamuri	800	0.00	6	Ramakrishna Nandamuri	800	0.00
7	V Nagaraja Naidu	-	-	7	V Nagaraja Naidu	-	-
8	N Balakrishna	-	-	8	N Balakrishna	-	-
9	Ramakrishna N P	1,16,971	0.13				
10	Durga Ramakrishna N P	71,590	0.08				
11	Neelima N P	64,950	0.07				
12	Kathya N P	-	-				
13	Sivasankara Prasad Alapati	-	-				
	<b>Total</b>	<b>3,85,81,253</b>	<b>41.58</b>		<b>Total</b>	<b>3,83,27,742</b>	<b>41.30</b>

By Order of the Board of Directors

Place : Hyderabad  
Date: May 25, 2023

**UMAKANTA BARIK**  
Company Secretary & Compliance Officer  
M. No: FCS-6317

## ANNEXURE-1

## Information of Director seeking re-appointment under Section 152 of the Companies Act, 2013, Regulation 36(3) of the SEBI (Listing Obligations and Requirements) Regulations, 2015 and Secretarial Standard-2

Brief resume of the Director, nature of her expertise in specific functional areas, names of Companies in which she hold directorships and chairmanships of Board / Committees and her shareholding in the Company are provided below:

### 1. Mrs. N.Brahmani

<b>Name of the Director</b>	<b>Mrs. N.Brahmani</b>									
Director Identification Number	02338940									
Date of Birth	21-12-1987									
Date of First Appointment	01-06-2013									
Profile/ Qualifications & Experience	Mrs. N. Brahmani, aged 35 years is holding Master's Degree in Business Administration from Stanford University, Bachelor of Science degree in Electrical Engineering from Santa Clara University, Santa Clara, California, USA and Communication Engineering from Chaitanya Bharathi Institute of Technology, Hyderabad, India. She worked as an Investment Associate in M/s. Vertex Venture Management Pte. Ltd., Singapore for a period of two years before joining in the Company. She served as Executive Director in the Company since June 1, 2013. She is to design, develop and implement strategic plans for the organization in a cost-effective and time-efficient manner									
Remuneration Proposed to be paid	As per the terms of appointment approved by the Members of the Company by way of postal Ballot and remote e-voting, the results of which were declared on March 12, 2019									
List of Directorships held in other Companies/ LLP as on 31/03/2023*	<table border="1"> <thead> <tr> <th>Company Type</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>Private Limited</td> <td>Nirvana Holdings Private Limited Megabid Finance &amp; Investment Private Limited Heritage Novandie Foods Private Limited</td> </tr> <tr> <td>Public Limited</td> <td>Heritage Nutrivet Limited Heritage Finlease Limited</td> </tr> <tr> <td>LLP</td> <td>Nil</td> </tr> </tbody> </table>	Company Type	Name	Private Limited	Nirvana Holdings Private Limited Megabid Finance & Investment Private Limited Heritage Novandie Foods Private Limited	Public Limited	Heritage Nutrivet Limited Heritage Finlease Limited	LLP	Nil	
Company Type	Name									
Private Limited	Nirvana Holdings Private Limited Megabid Finance & Investment Private Limited Heritage Novandie Foods Private Limited									
Public Limited	Heritage Nutrivet Limited Heritage Finlease Limited									
LLP	Nil									
Chairman/Member of the Committees of the Boards of other companies in which she is Director as on 31/03/2023	Nil									
Shareholding in the Company	4,30,952 Equity Shares									
Relationship with Other Directors, Manager and other Key Managerial Personnel of the Company	Daughter-in-law of Mrs. N Bhuvanewari, Vice Chairperson and Managing Director									

\*Directorship/Chairmanship/Membership in Heritage Foods Ltd is not included here.

By Order of the Board of Directors

Place : Hyderabad  
Date: May 25, 2023

**UMAKANTA BARIK**  
Company Secretary & Compliance Officer  
M. No: FCS-6317

Information of individual seeking appointment as an Non-Executive Independent Directors as per Companies Act, 2013 & the SEBI (Listing Obligations and Requirements) Regulations, 2015 and Secretarial Standard-2

## 2. Mr. Angara Venkata Girija Kumar

Name of the Director	Mr. Angara Venkata Girija Kumar	
Director Identification Number	02921377	
Date of Birth	21/05/1960	
Nationality	Indian	
Profile / Qualifications & Experience	Mr. Angara Venkata Girija Kumar (DIN: 02921377) aged about 63 years is a B.COM, MBA, AIII with experience of nearly 40 years. Presently, he he is an Independent Director (Board Member), on the Board of. M/s. Royal Sundaram General Insurance Company Limited and he is a Member of (the First) Financial Services Institutions Bureau under Ministry of Finance (Appointed by Appointments Committee of the Cabinet, Govt. of India).	
Terms and Conditions of Appointment/ Re-appointment	As mentioned in the letter of appointment as an Independent Director for first term of 5 years effective from 1 <sup>st</sup> June 2023.	
Remuneration Proposed to be paid	Will be entitled to only Sitting Fees for Board and Committee Meetings of the Company as approved by the Members of the Company.	
List of Directorships held in other companies	<b>Company Type</b>	<b>Name</b>
	Private Limited	NIL
	Public Limited	Royal Sundaram General Insurance Co. Limited (CIN: U67200TN2000PLC045611)
	LLP	Nil
Listed entities from which the Director has resigned in the past three years	GIC Housing Finance Limited (CIN: L65922MH1989PLC054583)- Whole Time Director.	
Chairman/Member of the Committees of the Boards of other companies in which he is Director	Nil	
Shareholding in the Company	Nil	
Relationship with Other Directors, Manager and other Key Managerial Personnel of the Company.	Not related to any Director / Key Managerial Personnel	
Directorship includes Directorship of other Indian Companies and Committee memberships includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Company (Whether Listed or not).	Nil	

By Order of the Board of Directors

Place : Hyderabad  
Date: May 25, 2023

**UMAKANTA BARIK**  
Company Secretary & Compliance Officer  
M. No: FCS-6317

# Board's Report

To the Members,

Your Directors have a great pleasure in presenting the 31st Annual Report together with the Audited Standalone & Consolidated Financial Statements of your Company for the Financial Year ended March 31, 2023.

## Financial Results

The Company's financial performance for the year ended March 31, 2023 is summarized below:

(₹ in Millions)

Particulars	Standalone		Consolidated	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Revenue	32072.53	26404.91	32390.60	26786.07
Other Operating Income	14.22	24.30	15.94	26.72
<b>Total Revenue</b>	<b>32086.75</b>	<b>26429.21</b>	<b>32406.54</b>	<b>26812.79</b>
Add: Other Income	113.48	103.14	120.57	112.72
<b>Total Income</b>	<b>32200.23</b>	<b>26532.35</b>	<b>32527.11</b>	<b>26925.51</b>
Less: Total Expenditure	30736.67	24556.70	31023.96	24904.46
<b>Profit before Finance cost, Depreciation, Amortisation Expenses and Tax</b>	<b>1463.56</b>	<b>1975.65</b>	<b>1503.15</b>	<b>2021.05</b>
Less: i) Finance cost	31.68	32.01	39.02	40.07
ii) Depreciation and Amortisation Expenses	538.50	499.64	561.47	521.82
<b>Profit before tax and exceptional items</b>	<b>893.38</b>	<b>1444.00</b>	<b>902.66</b>	<b>1459.16</b>
Less: Exceptional items	-	91.40	-	91.40
<b>Profit before tax and share of loss of an associate and a joint venture</b>	<b>-</b>	<b>-</b>	<b>902.66</b>	<b>1367.76</b>
Less: share of loss of an Associate and a joint venture	-	-	85.23	60.34
<b>Profit before tax</b>	<b>893.38</b>	<b>1352.60</b>	<b>817.43</b>	<b>1307.42</b>
Less: i) Current Tax	227.07	343.01	228.33	343.59
ii) Deferred taxation	7.42	(5.75)	9.34	(1.38)
<b>Profit after tax</b>	<b>658.89</b>	<b>1015.34</b>	<b>579.76</b>	<b>965.21</b>

## Performance of the Company

### Standalone

Your Company, during the year under review earned revenue of ₹32,086.75 Million, against ₹ 26,429.21 Million over the previous year. The profit before Finance Cost, depreciation & amortization and tax was of ₹1,463.56 Million as against ₹ 1,975.65 Million in the previous year.

The Profit After Tax for the current year is ₹ 658.89 Million against ₹ 1,015.34 Million in the previous year.

### Consolidated

Your Company, during the year under review earned revenue of ₹ 32,406.54 Million, against ₹ 26,812.79 million over the previous

year. The profit before Finance Cost, depreciation & amortization, share of loss of an associate and joint venture and tax was of ₹ 1,503.15 Million as against ₹ 2021.05 Million in the previous year.

The Profit After Tax from continuing operations for the current year is ₹579.76 Million against ₹ 965.21 Million in the previous year.

### Transfer to General Reserves

Your Directors do not propose to transfer any amount to general reserves for the financial year ended March 31, 2023.

### Dividend

Your Directors have pleasure in recommending a dividend of 50% i.e. ₹ 2.50/- per equity share of face value of ₹ 5/- each for the financial year ended March 31, 2023 at their meeting held

on May 25, 2023 amounting to ₹ 231.99 Millions. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The Register of Members and Share Transfer Books will remain closed from Wednesday, August 16, 2023 to Tuesday, August 22, 2023 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2023. The Annual General Meeting is scheduled to be held on Tuesday, August 22, 2023.

### Dividend Distribution Policy

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company has formulated and adopted a Dividend Distribution Policy with the objective of providing clarity to its stakeholders on the profit distribution strategies of the Company. During the year, the said Policy has been reviewed by the Board of Directors of the Company. The policy hosted on the website of the Company at <https://www.heritagefoods.in/policy>.

### Share Capital

The Authorised Share Capital of the Company as on March 31, 2023 was ₹ 500,000,000/- divided into 9,60,00,000 equity shares of ₹ 5/- each and 20,00,000 preference shares of ₹ 10/- each. The paid up Equity Share Capital as on March 31, 2023 stood at ₹ 46,39,80,000/- divided into 9,27,96,000 equity shares face value of ₹ 5/- each. During the year under review, the Company has not issued any shares with differential voting rights, not granted any stock options and not issued any sweat equity share to its employee(s)/director(s), however the Company has issued Rights shares the details of which is mentioned below. As on March 31, 2023, none of the Directors of the Company holds any instruments convertible into equity shares of the Company. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise as on March 31, 2023.

### Rights Issue

During the year, the Board of Directors approved raising funds for the Company by way of issue of securities (the "Issue") to the existing equity shareholders of the Company on a rights basis aggregating up to ₹23,19,90,000.

On 30th September 2022, the Board of Directors of your Company approved to Issue 1 (One) fully paid-up equity shares for every 1 (One) fully paid-up Equity Shares aggregating to 4,63,98,000 fully paid up equity shares of face value of ₹5 each for cash at a price of ₹5 per equity share ("Right Issue Price") for an amount aggregating to ₹ 23,19,90,000 on a rights basis to the Eligible Equity Shareholders of the Company as on the record date i.e. January 20, 2023, to meet working capital requirements and for general corporate purposes.

The Company has appointed Chartered Finance Management Private Limited (Formerly known as Chartered Finance Management Limited) as the Lead Manager(s) ("LM") and KFin

Technologies Limited as Registrar to the Issue ("Registrar" or "Registrar to the Issue") and ICICI Bank Limited, Mumbai was the Banker to the Issue. Subsequently the Board of Directors at their Meeting held on 13th January, 2023 approved the issue period i.e. from January 30, 2023 to February 13, 2023 and the last date for On Market trading of Rights Entitlements was February 08 2023, and the basis of allotment was approved on February 17, 2023 in consultation with BSE Limited, the designated Stock Exchange and M/s. KFin Technologies Limited.

The Board of Directors at their meeting held on February 21st, 2023 allotted 4,63,98,000 fully paid up equity shares to the Shareholders of the Company as on the record date fixed for the purpose of Rights Issue and further obtained the listing approvals from BSE Limited and National Stock Exchange of India Limited on February 21, 2023 and February 22, 2023 respectively and received the trading approvals from BSE Limited and National Stock Exchange of India Limited on February 24, 2023.

The proceeds from the Rights Issue were utilized towards issue expenses and working capital requirements. The object of the Issue was fulfilled as mentioned in the Letter of Offer submitted with BSE Limited and National Stock Exchange of India Limited.

### Utilization of Funds raised through Rights Issue

During the year under review the company has utilised the full amount of ₹ 23,19,90,000 raised through rights Issue for the following purposes.

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

### Demat suspense account/unclaimed suspense account

During the year under review the Company has issued and made allotment of 4,63,98,000 equity shares of face value of ₹ 5 each (Issue Shares) for cash at a price of ₹ 5 per Equity Share (Right Issue Price), aggregating up to ₹ 23,19,90,000/- to the Eligible Equity Shareholders of the Company on rights basis (Rights Equity Shares) in the ratio of 1 (one) Rights Equity Share for every 1 (one) fully paid-up Equity Share (₹ 5/- face value) held by the Eligible Equity Shareholders on the record date.

The Company has opened demat account in the name of HERITAGE FOODS LIMITED for Rights Shares Unclaimed Suspense Account maintained with Stock Holding Corporation Of India Limited, Reg. Office: 301, Centre Point, Dr. Babasaheb Ambedkar Road, Parel, Mumbai - 400012, Maharashtra, India vide DPID IN301330 and client ID 41280635.

Out of the total number of eligible shareholders, 334 numbers of shareholders who applied in the rights issue did not get the credit of shares due to their incorrect details provided in the rights issue application all those shares were transferred to Heritage Foods Limited - Rights Shares unclaimed suspense account.

In accordance with the requirement of Clause F of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company reports the following details in respect of equity shares lying in the suspense account:

Particulars	No. of Shareholders	No. of equity shares
Aggregate number of shareholders and the outstanding shares transferred in the suspense account	334	168737
No. of shreholders who approached the company for transfer of shares from unclaimed suspense account as on March 31 <sup>st</sup> , 2023	129	112104
No. of shareholders to whom shares were transferred from the Unclaimed Suspense account as on March 31 <sup>st</sup> , 2023.	129	112104
Transferred to Investor Education and Protection fund Authority	NIL	NIL
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account as on March 31 <sup>st</sup> , 2023.	*205	56633

\*Out of the aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account as on March 31, 2023, 60 shareholders holding 17,597 equity shares were transferred from the Unclaimed Suspense account as on 25th May, 2023. Hence as on the date of this report 145 shareholders holding 39,036 equity shares are lying in the Unclaimed Suspense account.

The voting rights on the shares outstanding in the suspense account as on March 31, 2023 shall remain froze till the rightful owner of such shares claim the shares.

### Reclassification of Promoters group:

During the year under review, your Board of Directors has approved the reclassification of the following shareholders from the Promoter group to public shareholders, subject to the approval of shareholders and other regulatory/statutory authorities as per the applicable provisions of SEBI (Listing and Disclosure Obligation Requirement) Regulation, 2015, as amended from time to time:

▪ Mrs. Durga Ramakrishna	▪ Mrs. Neelima N P
▪ Mrs. Kathya N P	▪ Mr. N P Ramakrishna
▪ Mr. Sivasankara Prasad Alapati	

These individuals have not been involved in the day-to-day affairs of the company since a decade. Their names were included in the promoters group during the Initial Public Offer of the company. However, considering their lack of active involvement, it has been decided to reclassify them as public shareholders.

### Deposits

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, i.e. within the meaning of Section 2(31) of the Companies Act, 2013 read with Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 and as such there are no such overdue deposits outstanding as on 31st March, 2023

### Buy Back of shares

The Company has not bought back any of its shares during the Financial Year ended March 31, 2023.

### Particulars of Loans, Guarantees and Investments

**Loans:** During the year under review your Company has not given any loans to any persons or body corporates as envisaged under Section 186 of the Companies Act, 2013.

**Guarantees:** The Company has given corporate guarantee as at March 31, 2023 of ₹ 207.50 Millions for the credit facilities availed by its wholly owned subsidiary Company namely M/s.

Heritage Nutrivet Limited (CIN: U15400TG2008PLC062054) (the outstanding as on March 31, 2023 was ₹78.82 Millions) from Kotak Mahindra Bank Limited for long term loan and Working capital facilities and ₹ 220 Million for the credit facilities availed by its joint venture Company namely Heritage Novandie Foods Private Limited (CIN: U74999TG2017PTC120860) (the outstanding as on March 31, 2023 was ₹ 110.21 Million) from ICICI Bank Limited for long term loan and working capital facilities.

**Investments:** During the year under review your Company has invested ₹ 55.00 million in the equity shares of its Joint Venture namely Heritage Novandie Foods Private Limited.

### Particulars of Contract or Arrangements made with Related Parties

The particulars of contracts or arrangements with related parties as per Section 188 of the Companies Act, 2013 and rules made thereof as amended from time to time and as per the Related Party Transaction (RPT) policy the Company during the financial year ended March 31, 2023 in prescribed Form AOC-2 is annexed to this Board's Report (Annexure-1). Further there are no materially significant related party transactions during the year under review with Promoters, Directors, Key Managerial Personnel's and their relatives, which may have potential conflict with interest of the company at large. The related party transactions were placed before the audit committee and also to the Board at their respective meetings for approval. All related party transactions entered during the year were in the ordinary course of business and at arm's length basis. Details of the related party transactions during the year are part of the financial statements forming part of this Annual Report.

### Material changes and commitments affecting financial position between the end of the financial year and date of report

There are no material changes and commitments affecting financial position of the company, which occurred after the end of the financial year i.e., March 31, 2023.

## Change of Registered Office

During the year the Board of Directors at their meeting held on 13<sup>th</sup> October, 2022 approved to shift the registered office of the Company within local limits of the city of Hyderabad from #6-3-541/C, Panjagutta, Hyderabad - 500082 to H.No.8-2-293/82/A/1286, Plot No: 1286, Road no. 1 & 65, Jubilee Hills Hyderabad- 500033, Telangana, India, w.e.f. 01<sup>st</sup> December, 2022

## Director's Responsibility Statement as required under Section 134 (3)(c) & (5) of the Companies Act, 2013.

The financial statements are prepared in accordance with the provision of Section 129 read with Schedule III of the Companies Act, 2013 and the rules made thereof, Ind-AS and Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis except the sale proceeds received under REC Mechanism of the Renewable Energy. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI). There are no material departures from prescribed accounting standards in the adoption of these standards.

The Board of Directors to the best of their knowledge and understand confirm that:

- In the preparation of the annual accounts (Standalone & Consolidated) for the financial year 2022-23, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2022-23 and of the profit and loss of the Company for that period.
- They have taken Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities if any,
- The annual accounts of the company have been prepared on a going concern basis.
- They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Management Discussion and Analysis

In terms of the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time, the Management's Discussion and Analysis is provided in a separate section and forms an integral part of this Report.

## Corporate Governance

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organization's brand and reputation. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. It is imperative that your company's affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of the stakeholders.

In terms of Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter "Listing Regulations") as amended from time to time, a Report on Corporate Governance along with Compliance Certificate issued by Statutory Auditors of the Company forms integral part of this Annual Report.

## Business Review

Your Company has not changed its nature of business during the period under review. Your Company continues to report results under two divisions i.e. Dairy division and Renewable division, in operation across 11 States in India.

## Dairy Business Overview

The dairy industry in India, is one of the most attractive among all consumer foods segments for many reasons. In the global context, India has been the largest producing and consuming nation in the world for many years now. With an estimated annual production in excess of 210 million tonnes, India contributes to a quarter of all world production and consumption. But what is more interesting for us is that while the global dairy production and consumption is expected to maintain a growth rate of 1.6% year on year, the rate of growth of the Industry in our country is probably 3 times faster. The consumption growth in India is driven by a multitude of factors, primarily (1) fast pace of growth of economy and disposable income, (2) accelerating urbanisation and the shift to packaged products and finally (3) the growing demand for nutrition that fuels an aspiring nation, driving higher per capita consumption and more occasions for dairy products.

## The economics of the business and recent trends

While the mid-term to long-term outlook for the business is very robust and promising, the industry has been through a rough patch in the last 12-15 months. At a high level, the continuing inflationary pressures on the farm prices of raw milk has put tremendous strain on the profitability of the industry in general. After a very long period in time, the industry witnessed double

digit inflation in raw milk procurement prices, which was a result of the concurrent impact of multiple factors.

On the one hand, farmers were facing sequential increase of feed and fodder prices as early as second half of 2021 due to climatic vagaries and input prices, part of which naturally resulted in price increase of milk output at the farm level and shrinkage in production, as farms became unviable. Furthermore, restrictions put by pandemic limiting farmers ability to buy or breed new cattle and the rapid spread of Lumpy Skin disease in many parts of the country, worsened the supply side further. On the other, consumers in the post pandemic period significantly increased their food basket size, especially for nutritious food such as dairy, rapidly increasing the demand side. The resulting supply-demand gap led to the sequential inflation like we had never seen before.

We have also observed that in such turbulent times, buffalo dairy farms have borne the brunt more than cow farms, as buffalo farms have higher maintenance costs. This has pushed many farmers to shift from buffalo rearing to cow rearing. This naturally results in the fat percentage of the average milk collected to come down, as cow milk has lower percentage of fats. This has put serious pressure on the pricing of consumer fat products such as Ghee and Butter and a potential shrinkage of shopping baskets for these high value products in the coming quarter and the middleclass consumer may cut down on some of the consumption occasions and quantities.

At the end of financial year 2022-23, most industry experts believe that we may have reached the peak of this inflationary trend. In most of our procurement regions, the farm prices have reached levels that make dairying quite lucrative attracting the farmers back into raising production. Early indications of normal flush also give the industry players confidence that raw material prices should soften towards the end of the calendar year 2023. Having passed on large part of the raw material price increase to the end consumers of dairy products, the economics of the business is expected to improve towards end of the financial year 2023-24.

**Dairy Market Forecast:** As per the research report by IMARC Group, The dairy market in India size reached INR 14,899.8 Billion in 2022. This is 13.1% higher than their estimate of the industry in 2021, which is perfectly in line with the growth estimates from many other sources. Looking forward, the report calls out that the market is continuing the momentum with a CAGR of 13.2% during the next 5 year period, expecting to reach INR 31,185.7 Billion by 2028.

One of the main factors driving the growth in the dairy industry in India, is the evolution of consuming households from an unorganized to a relatively organized sector, along with the increasing consumption of different value-added products, such as curd, paneer, ghee, butter, cheese, etc.. Multiple sources, including IMARC, estimate the share of organized and branded players contribution to liquid milk consumption at around 40%. While this itself gives tremendous opportunity for players like your

company to grow the packaged milk business, the opportunity in value added products is even more attractive.

As per estimates of the same reports, including IMARC, the percentage share of organized sector for Curd is around 9% and Paneer is around 4%. Even Ghee which is mostly organized has only around 19% of the consumption coming from organized sector. While these percentage contributions indicated are at a national level, even in the urban areas where your company operates, the contribution of organized sector for value added products like Curd, Paneer, Ghee, Ice-Cream, etc. do not exceed 50%. This gives tremendous potential and opportunity for driving growth, especially in Value added products segments.

**Increasing Demand for Milk and Value-Added Products:**

With an increase in the spending power of the population, the demand for milk and other value-added dairy products is expected to increase in the coming years. In addition to greater buying power, consumers are also becoming increasingly health conscious. This is aggressively driving the increasing share of dairy and other nutritious products in the consumer basket. For example, many consumers are replacing sugar-laden beverages with more nutritious milk-based beverages. There is also marked geo-spatial shift that we are witnessing, in terms of urbanisation bringing more and more consumers to urban centres with limited access to unorganized dairy players and the consolidation of organized retail segment and their increasing share of the shopper basket.

Value-added products include curd, paneer, butter, cheese, paneer, ghee, flavoured milk, Cold-coffee, Lassi, Buttermilk, Ice-Cream, etc., which are products that are produced by alteration and enrichment via use of additives, microbial fermentation or simply mixing with liquid milk. These products usually have marginal incremental cost, but much higher perceived value for the consumer, due to the special occasions in which it is consumed, the potential for differentiation and the nutritional benefits it offers the consumers. This gives the industry and your company to enjoy a much higher margin than base milk products.

**State-wise segment insights:** Uttar Pradesh, Rajasthan, Madhya Pradesh and Gujarat are some of the major milk producing states in India. Uttar Pradesh and Madhya Pradesh are two of the largest milk-producing state because of high buffalo population, they are both largely unorganized. Gujarat and Rajasthan have numerous cooperative dairy milk unions, and primary milk cooperative societies play a crucial role in the production of milk.

After these top states, Andhra Pradesh, Maharashtra, Punjab, Haryana, Tamil Nadu, Karnataka and Telangana appear on the list. Your company is present with its procurement network in all these states and in some of these states like AP, Maharashtra, Tamil Nadu and Telangana, your company's procurement network is established with a strong and deep procurement presence. Many of the states where your company operates its procurement network are also among the most organized and

among the fastest growing milk-producing regions. This gives us great competitive advantage.

**Government Initiatives and Support:** Both the Union Government and the various state Governments in the states where your company operates are taking several progressive initiatives to promote the dairy industry. While Agriculture sector employs the largest number of people in our country, dairying is probably the largest employer within the Agriculture sector. It is estimated that around 80 million people are involved in cattle breeding, cattle rearing, dairying and dairy products manufacturing and selling.

The support from the Government is across all these segments of the industry, including support towards cattle breeding, clean milk production, dairy development and feed fodder management. The Department of Animal Husbandry, NDDB, and other government affiliated institutions manage these initiatives in a constructive way. The manner in which Dairy industry would enhance milk production and upgrade milk processing technologies, is also supervised by these departments/ agencies.

**The company's operations and evolution in recent years:**

Your Company was founded with a vision of 'Delighting every home with fresh and healthy products and empowering the farmer'. The company has made significant progress on both these pillars in this financial year.

On the farm side, your company today collects milk from nearly 300,000 farmers, spread across more than 10,500 villages in 9 states. In this financial year, we have opened 1457 new village level milk procurement centres, which brought in nearly 2 lakh plus litres of additional raw milk daily by the end of quarter 4. We have entered Odisha state for procurement in this financial year. For the last 3 decades, the company has strengthened its farmer-partner relations on 3 basic principles.

- (1) **Prompt and timely payment:** The company holds the principle of paying farmers for the milk collected promptly twice or thrice a month (depending on the region). This means faster, but more importantly guaranteed cashflow for our farmers. This year as well, as for the last 30+ years, your company has not even missed a single pay day notwithstanding the bank holidays and other challenges.
- (2) **Transparency and accurate measurement:** The company has a very transparent mechanism to ensure that the measurement of solids in the milk collected is absolutely accurate and is openly communicated to the farmers, so that our farm partners know how much they have earned on any given day. Once a farmer starts pouring milk to Heritage, they realize the gains they make because of this, which creates stickiness.
- (3) **Fair pricing:** The company compensates the farmer for the milk collected based on measurement of solids (fat and SNF) delivered. The prices are set in a very fair manner and is competitive compared to any other option the farmer has

in the village. This helps us attract farmers in every village we enter.

While these principles help your company go a long way in empowering its farmers, the company also undertakes several other activities which go a long way in growing farmer income and empowering them financially. Some of these initiatives are

- Dissemination of animal care and farm management information through informative videos on VET+ mobile application, which has over 100,000 downloads and monthly active users.
- Conducting veterinary camps throughout the year, through 17 veterinary doctors and many vet assistants
- Supply of high quality cattle feed and fodder seeds
- Training of farmers for better feed and fodder practices
- Facilitating loans for the purchase of cattle through commercial banks/ NBFCs
- Facilitating Group personal accident coverage for farmers and insurance for the cattle

Your company has farmer network about 0.3 million dairy farmers across nine major milk producing States namely, Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Maharashtra, Rajasthan, Punjab, Uttar Pradesh and Odisha. The direct route of milk procurement enables it to maintain quality. The company added several chilling plants through the year, to increase its procurement network and today operates 215 chilling centres/ bulk coolers and procured an average of 1.4 Million litres of milk per day in FY22-23, which is a growth of 17% over previous year. With this, the chilling capacity of the company has grown to 2.2 million litres per day. Your company also operates 18 own processing plants with installed milk processing capacity of 2.65 million litres per day.

On the consumer side, your company is already a pan India player and our presence has grown deeper in the West and North Indian markets this year, in addition to our strong presence in South India. This year, the company achieved an average full year sales volume of 1.5 million litres per day, which is a growth of 11.2% in volumes and 21% in revenue over previous year. Value Added products, registered a strong volume growth of 24.5% to cross 400 Metric tons per day average sale through the year and achieved a revenue growth of 33%. Through the year, your company launched 14 new products, across many product clusters and added several new customers. We expanded our presence in the emerging channels like Quick commerce, with the addition of several new customers, alongside deepening our presence in the general trade segments through 150+ new Heritage Happiness Centres, which are franchisee operated stores-cum-neighbourhood distribution centres.

During the year under review your Company has purchased the assets and acquiring of procurement & sales network from M/s

Suguna Dairy Products (India) Private Limited to expand the Dairy business of the Company to strengthen South Tamil Nadu and part of Kerala markets.

### Renewable Energy Division:

Your Company strongly recognizes the responsibility towards protecting the environment. As a forward-looking enterprise, it is strongly committed to extending the Green' footprint.

Your 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. Your Company is continuously investing in latest technologies and efficiencies to conserve energy.

Renewable Energy Division of your Company had achieved the turnover of 78.22 Million during the year under review.

### Subsidiary / Associate Companies

Your Company as on March 31, 2023 is having following subsidiary/associate/joint venture Companies:

#### Heritage Nutrivet Limited

(CIN: U15400TG2008PLC062054)

A wholly owned Subsidiary Company operating with Animal Nutrition and one of the leading Live Stock Feed & Feed Supplements Companies in Southern and Western India, covering over 0.30 million farmers spread across five states viz., Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra. Product quality is pivotal in our endeavour towards "HEALTHY MILCH ANIMAL – HAPPY FARMER"

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

#### Skil Raigam Power (India) Limited

(CIN:U40102TG2009PLC063671)

An associate Company as per the provisions of Section 2(6) of the Companies Act, 2013, which has been declared as Dormant Company as per Section 455(2) of Companies Act, 2013 vide SRN: T42936765 dated September 22, 2021, the Company planned to set up hydro power plant at Raigam, in Arunachal Pradesh. Your Company is having 43.33% of shareholding in this Company.

#### Heritage Novandie Foods Private Limited

(CIN: U74999TG2017PTC120860)

A 50:50 Joint Venture Company between Heritage Foods Limited (HFL), Hyderabad, India and Novandie, France with an object to manufacture and market various Fruit Yoghurts and other dairy products in India. The Company had started the commercial production on February 16, 2021 and launched Yoghurt brand 'Mamie Yova' in India. The Company is hoping to woo Indian consumers with its fruit-based yogurt and aims to have a strong presence across 8-10 key cities in the next two years. Due to COVID out-break the Company couldn't make the market penetration in large scale, however during the coming financial year the company is expected to make more penetration in the market, to maximise revenue and to minimise operation losses.

The details of transaction are available in the AOC-1 which is forming part of the consolidated financial statement. The gist of financial performance of the Subsidiary/ Associate/Joint Venture companies is as follows.

₹ in Millions

Particulars	Heritage Nutrivet Limited (Wholly Owned Subsidiary)		SkilRaigamPower(India)Limited (Associate)		Heritage Novandie Foods Private Limited (Joint Venture)	
	year ended		year ended		year ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022
Total Income	1080.92	959.97	0.01	-	31.31	16.82
Total Expenses	1064.88	944.32	0.04	28.91	202.59	137.50
Profit/ (Loss) before tax	16.04	15.65	(0.03)	(28.91)	(171.28)	(120.68)
Current tax expense	1.26	0.58	-	-	-	-
Deferred tax benefit	3.69	4.48	-	-	-	-
Profit/ (loss) for the year	11.09	10.59	(0.03)	(28.91)	(171.28)	(120.68)

During the financial year under review, your Company has not added/removed any subsidiaries, joint ventures or associate companies.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its Subsidiary, Associate and Joint Venture are available on the website of your Company [www.heritagefoods.in](http://www.heritagefoods.in). These documents will also be available for inspection during the business hours of the Company at its registered office in Hyderabad, India.

## Quality

Your Company continues the journey of delivering value to its consumers/customers through significant investments in quality assurance programs.

Your Company adheres to international quality standard certifications such as ISO 22000:2018 (Food Safety Management System), ISO 9001:2015 (Quality Management System), ISO 45001:2018 (Occupational Health & Safety), ISO 14001:2015 (Environmental Management System), ISO 50001:2018 (Energy Management System) and HALAL Certification by JUHF. Your Company has also acquired AgMark, BIS, EIA and FSSC 22000 v 5.1 Certificates.

The Quality department of your company plays a crucial role in implementing and driving large-scale change management initiatives that aim to improve quality and increase productivity across the organization. By continuously updating its practices and embracing new technologies, the department helps to streamline processes, reduce waste, and enhance overall performance. Through its efforts, the Quality department is instrumental in driving the company's success and achieving its goals.

## Branding

"Heritage" as a brand reflects your company's identity, core values and belief system. Your company is actively working on diversifying the products portfolio in line with the current consumer trends and mission of bringing health, nutrition & happiness to every home. During this year your brand came up with the biggest integrated marketing campaign for curd under the theme-"Heritage curd makes your Day", with 360 degree touch points covering TV, Digital and Out of Home. In the coming years, your company shall further develop more integrated marketing campaigns based on strong Consumer insights that will help to connect and build brand preference.

## Awards & Recognitions

During the financial year 2022-23 your Company has received the following awards and recognitions.

- Best South Brand Award at the Pride of India Brand Awards 2022
- Most Loved Brand award organized by Blinkit Brand Awards 2022
- Best Management Award by the Telangana Government

## Human Resources and Industrial Relations

Your Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Your company ensures that it provides a harmonious and cordial working environment to all its employees. To ensure good human

resources management, your Company focused on all aspects of the employee lifecycle. This provides a holistic experience for the employee as well. During their tenure at the Company, employees are motivated through various skill- development programs, engagement and volunteering programs. Your company has put in continued efforts in building capabilities of Human Resources with adoption of specific and targeted interventions. Your Company has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on Key Result Areas are in place for all employees.

Your Company is committed to nurture, enhance and retain talent through superior Learning & Organizational Development.

The total strength of your Company employees as on March 31, 2023 was 3212

## Investor Relationship

Investor relations is a critical function within a company that focuses on building and maintaining relationships with its investors and stakeholders. It serves as the bridge between the company's management team and its shareholders, analysts, and the broader investment community. The primary goal of investor relations is to effectively communicate the company's financial performance, strategic direction, and key developments to the investment community.

Investor relations professionals play a vital role in managing the flow of information between the company and its investors. They are responsible for disseminating accurate and timely information, such as financial reports, earnings releases, and regulatory filings, to ensure transparency and compliance. These professionals also organize and participate in investor conferences, roadshows, and earnings calls, where they provide updates on the company's performance and address questions and concerns from investors.

Another crucial aspect of investor relations is building and maintaining relationships with shareholders and analysts. Investor relations teams proactively engage with institutional investors, retail shareholders, and sell-side/buy-side analysts, providing them with insights into the company's operations, industry trends, and financial outlook. These interactions help foster trust, credibility, and long-term relationships, which are essential for attracting and retaining investors.

In addition to communication and relationship-building, investor relations professionals also monitor and analyze market trends, investor sentiment, and competitor activities. They assess the impact of market developments on the company's valuation and help management understand and respond to changes in the investment landscape. By staying abreast of market dynamics, investor relations teams can effectively advise the company's leadership on investor concerns, expectations, and potential risks.

Overall, investor relations is a critical function that helps companies establish and maintain productive relationships with their investors and the broader investment community. By providing transparent and timely information, fostering relationships, and monitoring market trends, investor relations professionals contribute to enhancing the company's reputation, maximizing shareholder value, and supporting its long-term growth objectives.

### Credit Rating

The details of the credit rating are as follows:

- a) Credit rating obtained by the company: in respect to long term and short term debts
- b) Name of the credit rating agency: Credit Rating Information Services of India Limited (CRISIL)
  - i. Long term Rating: CRISIL A+/Stable
  - ii. Short term Rating: CRISIL A1
- c) Date on which the credit rating was obtained: March 27, 2023 (valid up to March 31, 2024)
- d) Revision in the credit rating: Yes
- e) Reasons provided by the rating agency for a downward revision: NA

### Particulars of Employees and Related Disclosures

The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in Annexure-2A. A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹10.20 million or more per annum or employed for part of the year and in receipt of ₹0.85 million or more in a month under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time are provided in Annexure-2B to this report.

### Details under Insolvency and Bankruptcy Code, 2016

No application is made, or any proceeding is pending against the Company under Insolvency and Bankruptcy Code, 2016 during or as at the end of the year under review.

### Details of One Time Settlement

The Company did not evade any One Time Settlement (OTS) from banks or Financial Institutions and hence giving disclosures on valuation of assets/securities at the time of borrowing and at the time of OTS do not become applicable.

### Information Technology and Digitization:

Implementation of IT & Digital Transformation Strategy has been a key priority for Heritage Foods Limited for the year 2022-23. The Strategy was focused on addressing the perspective of all the stakeholders, viz. Farmer, Consumer, Customer and the Employee to achieve the desired outcomes of reducing the Cost, enhancing the efficiency, consumer delight and enhancing revenue.

Introduction of various initiatives using Data Science such as grading of MCCs & Representatives and Forecasting of SMP Price - have helped the Organisation in taking data driven decisions. BI Dashboards have been deployed covering all major functions such as; Sales, Procurement, Finance, Production, Purchase & Stores and Human Resource.

Heritage CLapp (Customer Live Application) & DMS (Distributor Management System) have given an edge in terms of streamlining the primary and secondary sales process from Agent level up to the counter sales level in an authentic manner.

Vet+ app continued to widen its user base and the range of services helping the Farmers with hassle free veterinary services and eventually enhancing their income.

All the IT related initiatives combined have helped the organisation in being consumer centric and farmer friendly while making Heritage as the best place to work with for its employees.

### Board Diversity

Board diversity offers several advantages. Here are some of the key benefits of having diverse boards:

- Enhanced decision-making: Board diversity brings together individuals from different backgrounds, experiences, and perspectives. This diversity of thought and expertise can lead to more robust and well-rounded decision-making processes. By considering a wider range of viewpoints, boards can avoid groupthink and make more informed and innovative choices.
- Improved corporate governance: Diverse boards can contribute to better corporate governance practices. When a board comprises individuals with diverse skills, knowledge, and experiences, it ensures a more comprehensive oversight of the company's activities. This can help in addressing conflicts of interest, promoting transparency, and ensuring accountability.
- Increased creativity and innovation: Diversity stimulates creativity and innovation within organizations. By incorporating diverse perspectives, boards can foster a culture of openness, collaboration, and inclusivity. Different viewpoints can challenge existing norms, encourage fresh ideas, and lead to more innovative solutions and strategies.

- Enhanced problem-solving: Diverse boards tend to be more effective in addressing complex problems. The varied backgrounds and experiences of board members enable them to approach challenges from multiple angles. This diversity of perspectives can result in more effective problem-solving and better outcomes for the organization.
- Better understanding of customers and markets: India is a diverse country with a wide range of cultures, languages, and consumer preferences. Having diverse boards can provide valuable insights into the diverse needs and preferences of customers in different regions and segments of the market. This understanding can help companies tailor their products, services, and marketing strategies to effectively target and serve diverse customer groups.
- Improved reputation and stakeholder trust: Companies with diverse boards often enjoy a positive reputation for being inclusive and socially responsible. Such companies are perceived as more attuned to societal values and needs. Board diversity can enhance the company's brand image, attract diverse talent, and build trust with stakeholders, including investors, customers, and employees.
- Mitigation of biases: Diverse boards can help mitigate unconscious biases and promote fairness and equity. By ensuring representation from different genders, ethnicities, age groups, and backgrounds, boards can counterbalance any inherent biases and ensure a more equitable and inclusive decision-making process.

In summary, board diversity offers numerous advantages, including improved decision-making, enhanced corporate governance, increased creativity and innovation, better problem-solving, understanding of diverse markets, improved reputation, and the mitigation of biases. These benefits contribute to the long-term success and sustainability of organizations in the Indian business landscape. The Board has adopted the Board Diversity Policy sets out the approach to diversity of the Board of Directors. The Policy is available in the Company website, ie [www.heritagefoods.in](http://www.heritagefoods.in)>Investor>policy.

### Meetings of the Board

The Board met Eight (8) times during the financial year 2022-23, the details of which are given in the Corporate Governance Report forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

### Policy on Director's Appointment and Remuneration

The current policy is to have an appropriate mix of Executive and Non-executive & Independent and Women Directors to maintain

the independence of the Board, and separate its functions of governance and management. As on March 31, 2023, the Board consists of 7 members, 2 of them are Executive/Whole-time directors, 1 is Non-Executive Director, 1 is Non-Executive Independent Woman Director and 3 are Non-Executive Independent Directors. The Board periodically evaluates the need for change in its composition and size.

The policy of your Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters as provided under Section 178(3) of the Companies Act, 2013, and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 was adopted by the Board. It is affirmed that the remuneration paid to the Director(s) are as per the terms laid out in the nomination and remuneration policy of the Company.

### Directors and Officers insurance ('D and O insurance')

Your company has taken Directors and Officers insurance policy ('D and O insurance') for all its Directors and members of the Senior Management as per Regulation 25(10) of SEBI (LODR), Regulations, 2015.

### Declaration from Directors

Your Company has received necessary declaration from all Directors stating that they are not debarred or disqualified from being appointed or continuing as Directors of companies as per the Securities and Exchange Board of India, Reserve Bank of India, Ministry of Corporate Affairs or any such other Statutory Authority.

### Declaration by Independent Directors

Your Company has received necessary declaration from each independent director stating that they met the criteria prescribed for independence under Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the Board has confirmed its veracity and taken the same on record.

### Board Evaluation

As per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time the Nomination and Remuneration Committee laid down criteria for performance evaluation of individual director(s), the board and its committee(s). Accordingly, an annual evaluation was carried out for the Board's performance, its Committees and individual director(s).

The Board performance evaluation is carried out through a structured questionnaire which provides a clear and valuable feedback for Board effectiveness and highlighting areas for further development.

The following are some of the broad issues that are considered in performance evaluation questionnaire

- Ability to act on a fully informed basis, in good faith, with due diligence and in the best interest of the company and the stakeholders.
- Optimum combination of knowledge, skill, experience and diversity on the Board as well as its Committees.
- Relationships and effective communication among the Board members.
- Effectiveness of individual non-executive and executive directors and Committees of Board.
- Quality of the discussions, general information provided on the company and its performance, papers and presentations to the Board.
- Risk management as well as processes for identifying and reviewing risks.
- Well- defined mandate and terms of reference of Committee.
- Attendance at Board as well as Committee Meetings
- Procurement of Information, preparation for Board Meetings and value of contribution at meetings
- Relationships with fellow Board members, the company secretary and senior management and mutual trust and respect they stimulated within the Board.
- Keeping update with the latest developments in the areas of governance and financial reporting
- Willingness to devote time and effort to understand the company and its business
- Providing necessary guidance using their knowledge and experience in development of corporate strategy, major plans of action, risk policy, and setting performance objectives.
- Independence exercised in taking decisions, listening to views of others and maintaining their views with resolute attitude
- Ability in assisting the Company in implementing the best corporate governance practices.
- Capability in exercising independent judgement to tasks where there is potential conflict of interest
- Commitment in fulfilling the director's obligations fiduciary responsibilities.

The Board of Directors received all evaluations from each Director including Board as a whole and its committee based on the above criteria, discussed various points and all points are satisfactory, no further action is required. There were no actions pending from the previous year observations. The detailed format of Board evaluation is available in the website of the Company i.e. [https://www.heritagefoods.in/uploads/investors/pdf/15870145475\\_Board\\_&\\_Director\\_Evaluation\\_Framework.pdf](https://www.heritagefoods.in/uploads/investors/pdf/15870145475_Board_&_Director_Evaluation_Framework.pdf)

### **Training of Independent Directors**

Every new independent director of the Board attends an orientation program. To familiarize the new inductees with the strategy, operations and functions of your Company, the Executive Directors/Senior Managerial Personnel make presentations to the inductees about the Company's strategy, operations, product and service offerings, markets, organization structure, quality and risk management etc.

### **Appointment/Re-Appointment**

Mr. Angara Venkata Girija Kumar (DIN: 02921377) has been appointed as a Non-Executive Independent Director of the Company w.e.f. June 01, 2023, for a period of 5 consecutive years, the said appointment is due for approval by shareholders at this Annual General Meeting.

The approval of members through special resolution was taken on April 29, 2022 for Continuation of directorship as per Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 of Dr. V Nagaraja Naidu (DIN: 00003730) as a Non Executive Director after attaining the age of 75.

In order to comply with the provisions of section 152 (6) of the Companies Act, 2013 and rules applicable thereunder, the appointment of Mrs. N. Brahmani (DIN: 02338940) Executive Director is liable to retire by rotation at this Annual General Meeting, being eligible offers herself for re-appointment.

The above proposed retirement by rotation shall not alter any terms and conditions with regard to remuneration, tenure of appointment and such other terms and conditions relating to her appointment as an Executive Director of the company for a term of five year (w.e.f. 01.04.2019) as approved by the Members of the Company by way of postal Ballot and remote e-voting, the results of which were declared on March 12, 2019.

### **Retirements and Resignations**

During the year under review, none of the Directors retired or resigned from the Board.

## Key Managerial Personnel

During the year under review, the Company is having the following persons as Key Managerial Personnel.

Name of the Official	DIN/M. No	Designation
Mrs. N. Bhuvaneshwari	00003741	Vice Chairperson & Managing Director
Mrs. N. Brahmani	02338940	Executive Director
Mr. A Prabhakara Naidu	FCA 200974	Chief Financial Officer
Mr. Umakanta Barik	FCS 6317	Company Secretary & Compliance Officer
Dr. M Sambasiva Rao	-	President
Mr. Srideep Madhavan Nair Kesavan*	-	Chief Executive Officer

\* Hereinafter referred as Mr. Srideep M Kesavan

## Committees of the Board

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority.

The following Committees constituted by the Board function according to their respective roles and defined scope:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- Management Committee
- Rights Issue Committee

A detailed note on the Board and its committees is provided under the Corporate Governance Report section in this Annual Report. The composition of the committees and compliances, as per the applicable provisions of the Act and Rules, are as follows:

Name of the Committee	Composition of the Committee	Highlights of roles and responsibilities
Audit committee	Mrs. Aparna Surabhi (C) Mr. N Sri Vishnu Raju (M) Mr. Rajesh Thakur Ahuja (M) Mr. M P Vijay Kumar (M) Dr. V Nagaraja Naidu (M)	<ul style="list-style-type: none"> <li>All recommendations made by the audit committee during the year were accepted by the Board.</li> <li>Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.</li> <li>Approval or any subsequent modification of transactions of the Company with related parties.</li> <li>Reviewing, with the management, the performance of statutory auditors and internal auditors, adequacy of internal control systems, etc.</li> </ul>
Nomination and Remuneration Committee	Mr. N Sri Vishnu Raju (C) Mr. Rajesh Thakur Ahuja (M) Mrs. Aparna Surabhi (M) Mr. M P Vijay Kumar (M)	<ul style="list-style-type: none"> <li>The committee oversees and administers executive compensation, operating under a written charter adopted by our Board of Directors.</li> <li>The nomination and remuneration committee has framed the nomination and remuneration policy.</li> </ul>
Corporate Social Responsibility Committee	Mr. Rajesh Thakur Ahuja (C) Mr. N Sri Vishnu Raju (M) Mrs. N Bhuvaneshwari (M)	<ul style="list-style-type: none"> <li>To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made there under.</li> <li>To monitor the implementation of the CSR Policy of the Company from time to time</li> </ul>

Name of the Committee	Composition of the Committee	Highlights of roles and responsibilities
Stakeholders Relationship Committee	Dr. V Nagaraja Naidu (C) Mr. N Sri Vishnu Raju (M) Mr. Rajesh Thakur Ahuja (M) Mrs. N Bhuvanewari (M)	<ul style="list-style-type: none"> <li>The committee reviews and ensures redressal of investor grievances.</li> <li>The committee noted that all the grievances of the investors have been resolved during the year.</li> </ul>
Risk Management Committee	Mr. Rajesh Thakur Ahuja (C) Mr. N Sri Vishnu Raju (M) Mrs. Aparna Surabhi (M) Mrs. N Bhuvanewari (M)	<ul style="list-style-type: none"> <li>The purpose of the committee is to assist the Board in fulfilling its corporate governance with regard to the identification, evaluation &amp; mitigation of operational, strategic and environmental risks efficiently and effectively.</li> <li>The Company has developed and implemented a risk management framework that includes identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.</li> </ul>
Management Committee	Mrs. Aparna Surabhi(C) Mr. N Sri Vishnu Raju (M) Mr. M P Vijay Kumar (M) Mrs. N Bhuvanewari (M)	<ul style="list-style-type: none"> <li>Setting the strategic direction to guide and direct the activities of the organization;</li> <li>Ensuring the effective management of the organization and its activities; and</li> <li>Monitoring the activities of the organization to ensure they are in keeping with the founding principles, objects and values.</li> </ul>
Rights Issue Committee	Mrs. N Bhuvanewari (C) Mr. N Sri Vishnu Raju (M) Mrs. Aparna Surabhi (M) Mrs. N Brahmani (M)	<ul style="list-style-type: none"> <li>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;</li> <li>finalise the budget for expenses of the Rights Issue;</li> <li>To provide any document or data to the intermediaries for the purpose of Rights issue.</li> <li>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;</li> <li>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;</li> <li>To do all acts, deeds, matters and things which they may, in their discretion, deem necessary or desirable for the purpose of the Rights Issue including any modification/correction thereof.</li> </ul>

C: Chairperson, M: Member

### Policies

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the corporate policies are available in the Company website ([www.heritagefoods.in/Investors/policies](http://www.heritagefoods.in/Investors/policies)). The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

In addition to its Code of Conduct and Ethics, key policies that have been adopted by the Company are as follows:

Name of the policy	Brief description	Web link
Whistle-blower Policy (Policy on vigil mechanism)	The Company has adopted the whistle-blower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's code of conduct and ethics. It also provides for adequate safeguards against victimization of employees who availed the mechanism and also provides for direct access to the Chairperson of the Audit Committee.	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>
Insider Trading Policy and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	The Company has adopted a Code of Conduct to Regulate, Monitor & Report Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as per the SEBI (Prohibition of Insider Trading) Regulation 2015, with a view to regulate trading in securities by the Directors and Designated Persons while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed and other certain situations. All Board of Directors and the designated employees have confirmed compliance with the Code.	
Policy and procedure of inquiry in case of leak or suspected leak of unpublished price sensitive information ("upsi")	The Policy aims to provide a framework for inquiry in case of leak or suspected leak of Unpublished Price Sensitive Information.	
Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and senior management of the Company.	
Corporate Social Responsibility Policy	The policy outlines the Company's strategy to bring about a positive impact on Society through programs relating to hunger, poverty, education, healthcare, environment, relief, disaster management etc., as per the provisions of the Companies Act, 2013.	
Policy for Determining Material Subsidiaries	The policy is used to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them.	
Related Party Transaction Policy	The policy regulates all transactions between the Company and its related parties	
Policy on Preservation of Documents	The policy deals with the preservation of corporate records of the Company.	
Archival Policy	The policy deals with the retention and archival of corporate records of the Company.	
Business Responsibility Policy	This Policy endorses the Company's commitment to follow principles and core elements, in conducting its business, as laid down in the National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business.	
Dividend Distribution Policy	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	
Policy on Determination of Materiality of Events	The Policy is to determine materiality of events or information relating to the Company and to ensure timely and accurate disclosure on all material matters concerning the Company.	
Risk Management Policy	This policy sets out the objectives and accountabilities for the management of risk within the Company such that it is structured, consistent and effective	
Anti-Sexual Harassment – Safe work environment policy	The policy aims at providing a safe work environment for women at workplace	
Code of Conduct to Regulate, Monitor & Report Trading by Insiders	This code Regulates any kind of Insider Trading by designated persons	

## Insurance

All properties and insurable interests of the Company have been fully insured. Your Company also insured all its employees and contract labour working across the Company.

## Remuneration of Directors, Key Managerial Personnel and Senior Management

The remuneration paid to the Directors, Key Managerial Personnel and Senior Management is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Act and Regulation 19 of the Listing Regulations.

The information required under Section 197 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/ employees of the Company is set out in the Annexure-2 [A&B] to this report.

## Auditors' & Auditor's Report

### Statutory Auditors:

As per Section 139 of the Companies Act, 2013 ('the Act'), read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company at their 30th Annual General Meeting held in the year 2022, approved the appointment of M/s. Walker Chandiook & Co. LLP, Chartered Accountants (FRN 001076N/N500013), as the Statutory Auditors of the Company for a term of 5 years i.e. from the conclusion of 30th Annual General Meeting till the conclusion of ensuing 35th Annual General Meeting of the Company.

The Audit reports dated May 25, 2023 (Standalone UDIN: 23207660BGYICIF3613) (Consolidated UDIN: 23207660BGYICIG4682) issued by M/s. Walker Chandiook & Co. LLP, Chartered Accountants, Statutory Auditors on the Company's standalone and consolidated financial statements for the financial year ended 2022-23 is part of the Annual Report. There has been no qualification, reservation or adverse remark in their Report.

### Cost Auditor / Records

As your Company is dealing with Skimmed Milk Powder and Renewable energy for captive consumption, which require to maintain the cost records. Your Company has maintained all the required records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and the appointment of Cost Auditor is not applicable for your Company.

### Secretarial Auditors and Secretarial Standards

The Secretarial Audit was carried out by Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796, M.No.3738), Hyderabad - 500094, Telangana for the financial year 2022-23. The report issued by the secretarial

auditor dated 14th April, 2023 (UDIN: F003738E000096325) is annexed in Annexure-3 and forms integral part of the Board's Report. There has been no qualification, reservation or adverse remark in their Report.

In terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board of Directors appointed Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796, M.No.3738), Hyderabad - 500094, Telangana as the Secretarial Auditors of the Company for the financial year 2023-24.

In terms of Regulation 24(A) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 as amended from time to time, the Company has obtained the Secretarial Compliance certificate from Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No: 1796, M.No.3738), Hyderabad - 500094, Telangana is annexed in Annexure-3(i) and forms part of the Annual Report and the same was also intimated to the Stock Exchanges where the shares of the Company are listed.

Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company has obtained a certificate from Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796, M.No.3738), Hyderabad - 500094, Telangana is annexed in Annexure-3(ii) and forms part of the Annual Report and the same was also intimated to the Stock Exchanges where the shares of the Company are listed.

Your Company has obtained a secretarial Audit Report of its wholly owned subsidiary company namely Heritage Nutrivet Limited (CIN:U15400TG2008PLC062054) from Mrs. Khusboo Laxmi Bhagat, Partner of M/s. KLB & Associates, Practicing Company Secretary (CP No:14703, M.No.9376), Hyderabad-500016, Telangana is annexed in Annexure- 3(iii) and forms part of the Annual Report.

Your Company is in compliance with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India, New Delhi for the financial year ended March 31, 2023.

### Internal Auditors

The Company has appointed external firms of Chartered Accountants across India as internal auditors to conduct internal audit and to review internal controls and operating systems and procedures as per the scope of the audit. The Internal Audit Reports of the company are reviewed by the Audit Committee on monthly basis. The Internal Auditors send the quarterly audit observations to the Company and the same were presented quarterly by the lead internal auditor of the Company to the Audit Committee. The Audit Committee along with Statutory Auditors and the management of the Company meets all Internal Auditors

of the Company once in a year and review the internal controls and its adequacy. The Board of Directors on recommendation of the Audit Committee appoints/re-appoints the Internal Auditors every year in compliance with Section 138 of the Act read with the Companies (Accounts) Rules, 2014. List of Internal Auditors is provided in the corporate information section in the Annual Report.

### **Internal Audit & Control Systems**

Internal audit and control systems play a crucial role in ensuring the efficient and effective operation of organizations across various sectors. Internal audit refers to the independent and objective examination of an organization's activities, processes, and controls to assess their adequacy, reliability, and compliance with relevant laws, regulations, and internal policies. The primary objective of internal audit is to provide assurance to management and stakeholders that risks are identified, managed, and mitigated appropriately.

Internal audit encompasses a wide range of activities, including evaluating the effectiveness of internal controls, identifying areas of improvement, assessing operational efficiency, detecting fraud and irregularities, and ensuring compliance with legal and regulatory requirements. By conducting regular audits, internal auditors help organizations identify potential weaknesses in their systems and processes, allowing management to take proactive measures to address them.

Control systems, on the other hand, refer to the policies, procedures, and practices put in place by management to safeguard assets, ensure accurate financial reporting, and promote operational efficiency. These control systems aim to mitigate risks and provide reasonable assurance that the organization's objectives are achieved.

The internal audit function is responsible for evaluating the design and effectiveness of these control systems. Internal auditors assess whether the controls are properly designed to mitigate risks and whether they are operating effectively in practice. They conduct tests and reviews to identify control gaps, weaknesses, or deviations from established policies and procedures. Based on their findings, they provide recommendations to management for enhancing controls and improving processes, thus helping the organization operate in a more efficient and risk-aware manner.

Effective internal audit and control systems contribute to better governance, risk management, and internal controls within an organization. They provide management and stakeholders with confidence that risks are managed appropriately, financial information is reliable, and operations are conducted with integrity. By continuously monitoring and evaluating controls, internal audit helps organizations stay ahead of emerging

risks, adapt to changing business environments, and enhance overall performance and accountability.

Your Company has an Audit Committee consisting of Four Non-Executive Independent Directors and one Non-Executive Director. The Audit Committee of the Board of Directors and Statutory Auditors are periodically apprised of the internal audit findings and corrective actions taken. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control system and suggests improvements if any for strengthening them. Your Company has a robust Management Information System which is an integral part of the control mechanism.

### **Listing and Custodian Fees**

The equity shares of your Company are listed at BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The applicable annual listing fees were paid before the due date. The annual custodian fees have also been paid to the depositories before the due date.

### **Significant Material Orders Passed by the Regulators**

There were no significant material orders passed by any Regulators/Courts that would impact the going concern status of the Company and its future operations.

Your Company has complied with all the Acts, Rules, Regulations and Guidelines issued/prescribed by the Securities Exchange Board of India, Reserve Bank of India, Ministry of Corporate Affairs and other statutory authorities.

### **Annual Return**

The Annual Return as on March 31, 2023 as required under Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, will be hosted on the Company's website (<https://www.heritagefoods.in/annualreturn>)

### **Internal Financial Control (IFC) and its adequacy**

Your Company has adequate Internal Financial Controls as per Section 134(5)(e) of Companies Act, 2013, that commensurate with the size of the business and nature of its operations, designed to provide reasonable assurance with regard to the accuracy and completeness of the accounting records and timely preparation and provision of reliable financial statements.

The Board has inter alia reviewed the adequacy and effectiveness of the Company's internal financial controls relating to its financial statements.

Your Company has adopted necessary policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to 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 financial information.

During the year, such controls were tested and no reportable material weakness in the design or operation was observed by the consultant namely, CA JSS Sivarama Prasad, Chartered Accountant (M No. 208735), and Kapasi Bangad & Co., Chartered Accountant, (M. No. 202717) Hyderabad appointed by the Board of Directors of the company.

During the year no fraud by the Company or with the Company by its officers or employees has been noticed / reported.

### **Declaration as per Section 134(3)(ca) of the Companies Act, 2013**

During the year, the auditors have not reported any instances of frauds committed by or against the Company by its Directors/Officers/ Employees to the Audit Committee or Board under section 143(12) of the Companies Act, 2013 and rules made thereof. Therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

### **CEO & CFO Certification**

The Vice Chairperson & Managing Director, Chief Executive Officer and Chief Financial Officer of the Company have given annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. Vice Chairperson & Managing Director, Chief Executive Officer and Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) (a) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. The annual certificates given by the Vice-Chairperson & Managing Director, Chief Executive Officer and Chief Financial Officer forms part of this Annual Report.

### **Corporate Social Responsibility (CSR)**

Your Company has made Corporate Social Responsibility (CSR) an integral part of its ethos and culture. Your company has 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 the Company or through a registered trust or a registered society. During the Financial Year 2022-23 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 Agency:

<b>S. no</b>	<b>Name of the implementing Agency</b>	<b>List of Activities</b>
1.	NTR Memorial Trust, NTR Bhavan, Road No. 2, Banjara Hills, Hyderabad -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.

### **NTR Memorial Trust**

NTR Memorial Trust is operating since 1997 towards the promoting and preventive of 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.

The total CSR obligation of the Company for spending in FY 2022-23 was ₹ 30.36 million on ongoing/multiyear projects. The details of the CSR initiatives undertaken by the Company on CSR activities during the year are set out in Annexure-4 forming part of the Board's Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR Policy. The Policy is available at the Company's website at [www.heritagefoods.in](http://www.heritagefoods.in).

### **Business Responsibility and Sustainability Report (BRSR)**

Pursuant to regulation 34(2)(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, top 1000 listed entities based on their market capitalisation as on 31st March every year, are required to submit their Business Responsibility and Sustainability Report (BRSR) as a part of their Annual Report. The Annual Report shall contain a Business Responsibility and Sustainability Report (BRSR) describing the initiatives taken by the Company from an environmental, social and governance perspective. BRSR has been designed as a tool to help companies understand the principles and core elements of responsible business practices and start implementing which reflect their adoption in the manner the company undertakes its business. Based on the market capitalization of BSE as on March 31, 2023 your Company was in sl no. 876 under top 1000 listed Company. In compliance with the regulation, the BRSR is provided in a separate section and forms an integral part of this Report.

### **Energy Conservation, Technology Absorption & Foreign Exchange Earnings & Outgo**

The particulars as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act 2013, read with the Companies (Accounts) Rules, 2014 are provided in the Annexure-6 to the Board Report.

### Transfer of Un-Claimed Dividends and Shares

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C(2) of the Companies Act, 1956] read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time the unclaimed/unpaid dividend amount of ₹ 20,30,496 /- (Twenty Lakh Thirty Thousand Four Hundred Ninety Six Only) for the year 2014-15 was transferred to the Investor Education and Protection Fund during the financial year 2022-23.

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred 676 no. of equity shares belongs to 9 members of the company to Investor Education and Protection fund Authority (IEPF) on November 16, 2022 of those members who have not claimed the dividends for a continuous period of 7 years.

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time the unclaimed/unpaid dividend and the shares thereof pertaining for the financial year 2015-16 shall be transferred to the Investor Education and Protection Fund during the financial year 2023-24.

The information in respect of unclaimed/unpaid dividend & shares thereto and the last date for claiming the dividend are given below:

Financial year ended	Date of Declaration of Dividend	Last date for claiming unpaid Dividend	Unclaimed/Unpaid Dividend as on March 31, 2023	
			Amount outstanding (₹ in Rupees)	No. of Shares
2015-16	19-08-2016	24-09-2023	17,10,513.00	5,70,171
2016-17	23-08-2017	27-09-2024	28,67,052.00	7,16,763
2017-18	30-08-2018	04-10-2025	14,62,160.00	7,31,080
2018-19	30-08-2019	04-10-2026	14,29,428.00	7,14,714
2019-20	28-08-2020	03-10-2027	16,39,023.50	5,00,471
2020-21	30-07-2021	03-09-2028	23,91,907.00	5,52,238
2021-22	21-10-2021 (1 <sup>st</sup> Interim Dividend)	25-11-2028	12,86,029.50	6,06,885
2021-22	29-07-2022 (Final Dividend)	02-09-2029	13,92,800.50	6,33,571

The voting rights on the shares outstanding shall remain frozen till the rightful owner of such shares claim the shares. The company sends reminders to the members concerned to claim the unclaimed and unpaid dividends & shares thereto before they are transferred to the IEPF Authority as per the applicable provisions.

The members whose shares got transferred to IEPF Authority shall claim the dividends and shares from IEPF Authority by submitting an online application in the prescribed e-Form No. IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and the procedure prescribed thereon.

Mr. Umakanta Barik is the Nodal Officer who was appointed by the Company under the provisions of IEPF.

### Risk Management

Your Company have constituted a Risk Management Committee pursuant to Section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, Information Technology, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Committee had formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day to day

operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Risk Management Procedure shall be reviewed by the Risk Management Committee and Board of Directors on a half- yearly basis at the time of review of Financial Results of the Company.

The policy is available in the Company website: [www.heritagefoods.in](http://www.heritagefoods.in)>Investor> policies

### Policy on Sexual Harassment

The Company has always believed in providing a safe and harassment free workplace for every woman working in Company's premises, through various interventions and practices. The Company has adopted policy and constituted the Internal Complaint Committee under Prevention of Sexual Harassment of Women at Workplace in accordance with the Sexual Harassment

of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as amended from time to time.

The Company has not received any complaints during the year.

The Company regularly conducts awareness programmes for its employees.

The following are the summary of sexual harassment complaints received and disposed of during the year:

SI No	Particulars	Status of the No. of complaints received and disposed off
1	Number of complaints on sexual harassment received	Nil
2	Number of complaints disposed off during the year	Nil
3	Number of cases pending for more than ninety days	Nil
4	Number of workshops or awareness programmes against sexual harassment carried out	The Company regularly conducts necessary awareness programmes for its employees
5	Nature of action taken by the employer or district officer	Nil

### Vigil Mechanism policy

The Board of Directors of the Company had adopted the Whistle Blower Policy in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The Audit Committee reviews periodically the functioning of whistle blower mechanism. No complaints have been received during the Financial Year ended March 31, 2023. No personnel have been denied access to the Audit Committee during the Financial Year 2022-23.

The details of said vigil mechanism are given in Corporate Governance Report, which forms part of this Annual Report. A copy of the Whistle Blower Policy is available in the company's website i.e. [www.heritagefoods.in](http://www.heritagefoods.in).

### Indian Accounting Standards (Ind AS)

The Company has adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2017 pursuant to Ministry of Corporate Affairs' notification of the Companies (Indian Accounting Standards) Rules, 2015. The standalone and consolidated financial statements of the Company, forming part of the Annual Report, have been prepared and presented in accordance with all the material aspects of the Indian Accounting Standards ('Ind AS') as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ('MCA')) and Regulation

33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended and relevant amendment rules issued thereafter and guidelines issued by the Securities Exchange Board of India ("SEBI"). There was no revision of Financial Statements (Standalone & Consolidated) and Board Reports during the year under review.

### Prevention of Insider Trading Code

As per SEBI (Prohibition of Insider Trading) Regulation, 2015 as amended from time to time, the Company has adopted a Code of Conduct to Regulate, Monitoring & Reporting of Trading by Insiders. The Company has appointed Mr. Umakanta Barik, Company Secretary of the Company as Compliance Officer, who is responsible for setting forth procedures and implementation of the code of conduct for trading in Company's securities. During the year under review, there has been due compliance with the said code.

Your Company is maintaining Structured Digital Database ('SDD'), the database of unpublished price sensitive information (UPSI), shared internally or externally, with the intent of keeping track as to who all were in the know of an UPSI before it became public.

### Acknowledgment and Appreciation

We, the Board of Directors, feel compelled to express our sincere acknowledgment and heartfelt appreciation to the farmers, customers, consumers, investors, bankers, vendors and all stakeholders who have played an invaluable role in our collective success.

First and foremost, we extend our deepest gratitude to the farmers who toil tirelessly to take-care of the milch animals and bring forth the bounties of nature. Your unwavering commitment and dedication ensure a steady supply of high-quality milk that form the foundation of our products. Without your labour and expertise, we would not be able to deliver exceptional goods to our customers.

To our esteemed customers and consumers, we extend our utmost appreciation. Your loyalty and trust in our brand inspire us to continuously improve and exceed your expectations. Your invaluable feedback and support have guided us in refining our products and services, ultimately enhancing the overall customer experience. We are honoured to be a part of your lives and strive to consistently deliver excellence.

We would also like to express our gratitude to our investors for their unwavering confidence in our vision and mission. Your financial backing and strategic guidance have propelled our growth and enabled us to pursue innovation and expansion. Your belief in our potential has been instrumental in transforming our ideas into reality, and we remain committed to delivering sustainable returns on your investment.

To our esteemed bankers, we extend our sincere appreciation for your trust and collaboration. Your unwavering support in providing financial solutions and expertise has been instrumental in our operational efficiency and growth. Your partnership has

enabled us to navigate challenges and seize opportunities, and we are grateful for the synergy we have cultivated together.

Last but not least, we would like to extend our heartfelt thanks to all our stakeholders. Your collective efforts, dedication, and belief in our organization have been the cornerstone of our achievements. We cherish the relationships we have built, and we are committed to fostering open communication, transparency, and collaboration as we move forward.

In conclusion, we wholeheartedly acknowledge and appreciate the farmers, customers, consumers, vendors, investors, bankers, and all stakeholders who have contributed to our journey thus far. Your unwavering support and trust have been integral to our success, and we look forward to continuing this partnership as we strive for new heights together.

For and on behalf of  
**HERITAGE FOODS LIMITED**

Place : Hyderabad  
Date: May 25, 2023

**N. BHUVANESWARI**  
Vice Chairperson & Managing Director  
(DIN: 00003741)

**N. BRAHMANI**  
Executive Director  
(DIN : 02338940)

# Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

## 1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

All the contracts or arrangements or transactions entered into during the year ended 31st March, 2023 were at arm's length basis and in the ordinary course of business of the Company.

## 2. Details of contracts or arrangement or transactions at arm's length basis:

The Company has not entered into any material contracts or arrangement or transactions with any of the related parties during the FY 2022-23. However the details of non-material contracts or arrangement or transactions entered at arm's length basis and in the ordinary course of business of the company for FY 2022-23 are given below:

Sr. No.	Name(s) of the related party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions during the Year (₹ In Millions)	Duration of contracts/ arrangements/ transactions
1.	Heritage Nutrivet Limited (HNL)	Wholly Owned Subsidiary Company	Investment made (including financial guarantee)	1.00	During FY 2022-23
			Sale of products	5.52	Sale order/Invoice
			Financial guarantee income	2.05	During FY 2022-23
			Purchases	743.79	Purchase order/Invoice
			Lease rental income	0.41	As per agreement
			Purchase of Property, plant and equipment	0.45	Purchase order/Invoice
			Expenditure incurred on behalf of HNL	1.16	During FY 2022-23
			Brand income	1.11	As per agreement
2.	Heritage Novandie Foods Private Limited (HNFPL)	Joint Venture Company	Investment made (including financial guarantee)	55.50	During FY 2022-23
			Sale of products	14.45	Sale order/Invoice
			Purchase of products	0.04	Purchase order/Invoice
			Financial guarantee income	2.20	During FY 2022-23
			Lease rental income	1.09	As per agreement
			Expenditure incurred on behalf of HNFPL	8.49	During FY 2022-23
3.	Heritage Employee Welfare Trust	Controlled Trust	Other Income	0.01	During FY 2022-23

Sr. No.	Name(s) of the related party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions during the Year (₹ In Millions)	Duration of contracts/ arrangements/ transactions
4.	Heritage Finlease Limited	Enterprise over which Vice-Chairperson & Managing Director, Executive Director and President of the Company exercise significant influence	Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	1860.76	As per agreement
			Cattle loan facilitation charges	3.76	As per agreement
			Deposit paid	25.04	As per the lease agreement
			Lease rentals paid	26.52	
			Others	0.59	During FY 2022-23
5.	NTR Memorial Trust	Enterprise in which Vice-Chairperson & Managing Director, Executive Director of the Company exercise significant influence	CSR expenditure	25.49	As per CSR initiatives
			Sale proceeds	0.51	Sale order
6.	Mrs. N Bhuvanewari	Key Managerial personnel (Vice Chairperson and Managing Director)	Short-term employee benefits	47.90	As per the terms of appointment
			Post-employment benefits	0.97	
			Other long-term benefits	0.87	
7.	Mrs. N Brahmani	Key Managerial personnel (Executive Director)	Short-term employee benefits	38.32	As per the terms of appointment
			Post-employment benefits	0.49	
			Deposit Paid	5.74	As per the lease agreement
			Lease Rentals	3.83	
8.	Master N Devaansh	Relative of Executive Director and Vice -chairperson & Managing Director	Deposit Paid	5.74	As per the lease agreement
			Lease Rentals	3.83	
9.	Dr. M Sambasiva Rao	Key Managerial personnel (President)	Short-term employee benefits	23.85	As per terms of appointment
			Post-employment benefits	0.81	
10.	Mr. Srideep M Kesavan	Key Managerial personnel (CEO)	Short-term employee benefits	16.11	As per terms of appointment
			Post-employment benefits	0.87	
11.	Mr. A Prabhakara Naidu	Key Managerial personnel (Chief Financial Officer)	Short-term employee benefits	9.02	As per terms of appointment
			Post-employment benefits	0.49	
			Other long-term benefits	0.47	
12.	Mr. Umakanta Barik	Key Managerial personnel (Company Secretary & Compliance Officer)	Short-term employee benefits	4.03	As per terms of appointment
			Post-employment benefits	0.22	

Sr. No.	Name(s) of the related party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions during the Year (₹ In Millions)	Duration of contracts/ arrangements/ transactions
13.	Mr. N Srivishnu Raju	Non-Executive Independent Director	Sitting fees	0.79	During FY 2022-23
14.	Mr. Rajesh Thakur Ahuja	Non-Executive Independent Director	Sitting fees	0.69	During FY 2022-23
15.	Mrs. Aparna Surabhi	Non-Executive Independent Director	Sitting fees	0.88	During FY 2022-23
16.	Mr. Muthu Raju Paravasa Raju Vijay Kumar*	Non-Executive Independent Director	Sitting fees	0.79	During FY 2022-23
17.	Dr. V Nagaraja Naidu	Non-Executive Director	Sitting fees	0.68	During FY 2022-23

\* Hereinafter referred as Mr. M P Vijay Kumar

Note:

- i) Appropriate approvals has been taken from the Audit Committee and Board for the above related party transactions by the Company and no amount paid in advance for the above related party transactions.
- ii) The Audit committee / Board approved all the tentative Related party transactions before the commencement of financial year 2022-23 and in every quarter committee/Board review and approved the above Related party transactions, that are mostly repetitive in nature.
- iii) Approval under section 188(1) from shareholders are not required for the above related party transactions during FY 2022-23.

For and on behalf of  
**HERITAGE FOODS LIMITED**

Place : Hyderabad  
Date: May 25, 2023

**N. BHUVANESWARI**  
Vice Chairperson & Managing Director  
(DIN: 00003741)

**N. BRAHMANI**  
Executive Director  
(DIN : 02338940)

# Particulars Of Employee

(As per Sub-section (12) of section 197 of the Act and rules made thereof as amended from time to time)

## A. Statement of particulars as per Rule 5 of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.

The remuneration and perquisites provided to the employees and Management are at par with the industry levels. The remunerations paid to the Managing Director and Senior Executives are reviewed and recommended by the Nomination and Remuneration Committee

### i. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year

SI No	Name of the director	Title	Ratio of remuneration to MRE
<b>Sitting Fees</b>			
1	Mr. N Sri Vishnu Raju	Non-Executive Independent Director	4:1
2	Mr. Rajesh Thakur Ahuja	Non-Executive Independent Director	3:1
3	Mrs. Aparna Surabhi	Non-Executive Independent Director	4:1
4	Mr. M P Vijay Kumar	Non-Executive Independent Director	4:1
5	Dr. V Nagaraja Naidu	Non-Executive Director	3:1
<b>Remuneration</b>			
6	Mrs. N Bhuvaneswari	Vice Chairperson & Managing Director	226:1
7	Mrs N Brahmani	Executive Director	181:1

\*Median Remuneration of Employees

Note: SI No 1 to 5 are related to sitting fees paid to Non-Executive Directors

SI No. 6 & 7 Remuneration includes monthly salary, perquisites and annual/performance pay

### ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year

SI No	Name of the director	Title	% Increase in Remuneration
<b>Sitting Fees*</b>			
1	Mr. N Sri Vishnu Raju	Non-Executive Independent Director	49.06
2	Mr. Rajesh Thakur Ahuja	Non-Executive Independent Director	23.21
3	Mrs. Aparna Surabhi	Non-Executive Independent Director	57.14
4	Mr. M P Vijay Kumar	Non-Executive Independent Director	426.67
5	Dr. V Nagaraja Naidu	Non-Executive Director	74.36
<b>Remuneration#</b>			
6	Mrs. N Bhuvaneswari	Vice Chairperson & Managing Director	(37.74)
7	Mrs N Brahmani	Executive Director	(37.73)
8	Dr. M Sambasiva Rao	President	(13.74)
9	Mr. Srideep M Kesavan	CEO	58.10
10	Mr. A Prabhakara Naidu	CFO	13.33
11	Mr. Umakanta Barik	Company Secretary & Compliance Officer	5.87

\* There was no increase in the Sitting fees as compared to the last year but the increase/(decrease) are based on the no of meetings attended by the Non-Executive Directors

# Remuneration includes monthly salary, perquisites and annual/performance pay

- iii. **The percentage increase in the median remuneration of employees in the financial year:** 10.53%
- iv. **The number of permanent employees on the rolls of Company:** There are 3,212 permanent employees on the rolls of the Company
- v. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average percentage increase made in the salaries of employees other than the managerial personnel was 19.13%, while there is decrease in the remuneration of managerial personnel.

There has been no increase in the managerial remuneration during the financial year.

- vi. **The Remuneration paid to the Board of Directors and to Key Managerial Personnel is as per the Remuneration policy of the Company.**

**B. Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014**

**LIST OF TOP 10 SALARIED EMPLOYEES FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023**

No	Director/Employee Name	Designation	Annual Gross Remuneration Received for FY22- 23** (₹ in Million)	Qualification	Total Years of Experience	Date of Joining in the Company	Age (Yrs)	Last Employment before Joining the Company	No of Equity Shares held in the Company
<b>(i) Director</b>									
1	Mrs. N Bhuvanawari	VC&MD	47.90	B.A	29	12-12-1994	61	-	2,26,11,525
2	Mrs. N Brahmani	ED	38.32	B. Tech., MBA	15	28-06-2013	35	Vertex Venture Management Private Limited, Singapore.	4,30,952
<b>(ii) Employee</b>									
1	Dr. M Sambasiva Rao	President	23.85*	M.Sc, PhD	39	23-01-2006	66	Joint Secretary, Ministry of Commerce & Industry, Govt of India	93,078
2	Mr. Srideep M Kesavan	CEO	16.11	B.Tech, MBA (PGDBM, Mkt. XLRI)	26	09-08-2021	50	Coca Cola India Private Limited	4,800
3	Mr. A Prabhakara Naidu	CFO	9.02	B.Sc, C.A	34	07-08-1992	62	Heritage Foods Limited	-
4	Mr. Jangam Samba Murthy	COO	8.80	MBA (Marketing)	34	01-04-2007	57	Reliance Life Sciences Limited	1,272
5	Mr. Makarand Shastri	VP	8.37	MBA (Marketing)	20	18-01-2022	46	Adani Wilmar Limited.	1,060
6	Mr. Dheeraj Tandon	Sr.GM	4.85	MBA (HR), PG Dip.(T&D)	24	05-10-2016	47	Meritor Commercial Vehicle Systems (India) Private Limited	-
7	Mr. Cecil Bobby Cherian	Sr.GM	4.81	MBA (Marketing)	25	24-01-2022	49	Fonterra Future Dairy Pvt. Ltd	115
8	Mr. Nanduri Kiran	Sr.GM	4.76	B.Tech (Mech) IIT Madras PGPM IIM Indore	18	25-02-2022	42	DXC Technology	-

No	Director/Employee Name	Designation	Annual Gross Remuneration Received for FY22- 23** (₹ in Million)	Qualification	Total Years of Experience	Date of Joining in the Company	Age (Yrs)	Last Employment before Joining the Company	No of Equity Shares held in the Company
9	Mr. Balaji Adivishnu	GM	4.54	MBA (Mkt), M.Sc (Maths)	23	27-06-2019	47	Real Time Governance - Govt of India	-
10	Mr. Sagi Rammohan Rao	SR.VP	4.52	B.Sc (DT), IRMA (Rural Mgt)	39	18-04-2022	61	Mother Dairy	-

\* Remuneration includes Salary & Performance incentive

**i. Details of employees Employed throughout the financial year was in receipt of remuneration for that year which in the aggregate, was not less than One Crore and Two lakh rupees**

Employee Name	Designation	Educational qualification	Age	Expe-rience (in years)	Date of joining	Gross Remuneration Paid (₹ in Million)	Previous employment and designation
Dr. M Sambasiva Rao	President	M.Sc, PhD	66	39	23-01-2006	23.85*	Joint Secretary, Ministry of Commerce and Industry Govt. of India
Mr. Srideep M Kesavan	CEO	MBA (PGDBA, Marketing), B.Tech	50	26	28-07-2021	16.11	Vice President Marketing, Juices and value added category, Coca cola India & South-West Asia BU

\* Remuneration includes Salary & Performance incentive

**ii. Details of employee Employed for a part of the financial year was in receipt of remuneration for any part of that year at a rate which, in the aggregate, was not less than Eight Lakhs and Fifty Thousand rupees per month:**

Employee Name	Designation	Educational qualification	Age	Experience (in years)	Date of joining	Gross Remuneration Paid (₹ in Million)	Previous employment and designation
Nil							

All the above appointments are contractual and they are not relative of any Director of the company except Mrs. N. Bhuvanewari and Mrs. N. Brahmani are related to each other.

None of the employees of the company are working outside of India.

For and on behalf of  
**HERITAGE FOODS LIMITED**

Place : Hyderabad  
Date: May 25, 2023

**N. BHUVANESWARI**  
Vice Chairperson & Managing Director  
(DIN: 00003741)

**N. BRAHMANI**  
Executive Director  
(DIN : 02338940)

# Form No. MR-3

## SECRETARIAL AUDIT REPORT

### For the Financial year ended 31st March, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,

#### HERITAGE FOODS LIMITED

CIN:L15209TG1992PLC014332

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Heritage Foods Limited (herein after called the "Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has during the audit period covering the financial year ended on 31st March, 2023

- complied with the statutory provisions listed hereunder and
- proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under as amended from time to time;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended from time to time:-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share based employee benefits and Sweat Equity) Regulations, 2021; -- N.A.
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; -- N.A.
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; -- N.A.
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; -- N.A.
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

- vi. **We further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company.

- a. Food safety and Standards Act, 2006 and the Rules made there under as amended from time to time.
- b. The Prevention of Foods Adulteration Act, 1954 and the Rules made there under as amended from time to time.

We have also examined compliance with the applicable clauses of the following as amended from time to time:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and
- (ii) The Listing Agreements entered into by the Company with the BSE Limited and the National Stock Exchanges of India Limited, Mumbai.

During the period under review the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that,**

- the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors & Woman Directors and no changes in the composition of the Board of Directors that took place during the period under review.
- Adequate notice is given to all directors to schedule the Board/Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and
- a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were approved by majority and no dissenting views have been recorded.
- All Independent Directors of the Company were registered as an independent director in the independent directors databank maintained by the IICA.

**We further report that** based on the review of the compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the various departments and taken on record by the Board of Directors at their meetings. We are of the opinion that there are adequate systems and processes in the Company

that commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company made a Rights Issue of Equity Shares after following the due procedure as laid down under the Companies Act, 2013 and rules made thereunder read with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, in accordance with the provisions of the Memorandum of Association and the Articles of Association of the Company, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and other applicable laws and guidelines.

**We further Report that,** during the audit period of the Company: There was no instance of: Demerger/ Restructuring/ Scheme of Arrangement.

**We further report that,** during the audit period the company has also sought the approval of its members through postal ballot in compliance with the MCA and SEBI Circulars for Continuation of directorship of Dr. V Nagaraja Naidu (DIN: 00003730), Non-Executive Director of the Company in terms of Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, notice for which was sent to shareholders on 30.03.2022 and the date of passing of resolution was 29.04.2022.

**We further report that,** our Audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliances on the part of the Company and we are not responsible for any lapses in those compliances on the part of the Company.

For **SAVITA JYOTI ASSOCIATES**

**Savita Jyoti**

Partner

M. No. FCS No. 3738

CP: No. 1796

UDIN F003738E000096336

Place: Hyderabad

Date: April 14, 2023

This Report has to be read with our testimony of even date which is annexed as Annexure- A and forms an integral part of this report.

# Secretarial Audit Report

To  
The Members,  
**Heritage Foods Limited**  
# H.No.8-2-293/82/A/1286,  
Plot No: 1286, Road No. 1 & 65,  
Jubilee Hills, Hyderabad, Telangana, 500033

## Auditor's Responsibility

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 (CSAS) prescribed by the Institute of the Company Secretaries of India (ICSI). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there may be unavoidable risk that may some misstatements or non-compliance may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. Our report of even date is to be readalong with this letter.

1. Maintenance of Secretarial record is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules and regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

For **SAVITA JYOTI ASSOCIATES**

**Savita Jyoti**

Partner

M. No. FCS. No-3738, CP. No. 1796

UDIN F003738E000096336

Place: Hyderabad

Date: April 14, 2023

# Secretarial Compliance Report

## of M/S Heritage Foods Limited

CIN: L15209TG1992PLC014332  
H.No.8-2-293/82/A/1286, Plot No: 1286, Road No. 1 & 65,  
Jubilee Hills, Hyderabad, Telangana, 500033

[as per the regulation 24(A) of SEBI (LO&DR) Regulations, 2015 as amended from time to time]

I, Savita Jyoti partner of M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No: 1796, M. No. 3738), have examined:

- (a) all the documents and records made available to us and explanation provided by M/s. Heritage Foods Limited
- (b) the filings/ submissions made by the listed entity to the stockexchanges,
- (c) website of the Company,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March, 2023 in respect of compliance with the provisions of :

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder;and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations,2018; : Not Applicable during the year under review
- (e) Securities and Exchange Board of India (Share based employee benefits and Sweat Equity) Regulations, 2021; Not Applicable during the year under review
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; Not Applicable during the year under review
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015;
- (h) Securities and Exchange Board of India (Depositories and Participants) Regulations,2018;

and based on the above examination, I/We hereby report that, during the Review Period:

Sr. No.	Particulars	Compliance Status (Yes/NO/NA)	Observations/ Remarks by PCS
1.	<b>Secretarial Standards:</b> The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI)	Yes	
2.	<b>Adoption and timely updation of the Policies:</b> <ul style="list-style-type: none"> <li data-bbox="261 511 943 576">• All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities</li> <li data-bbox="261 582 943 679">• All the policies are in conformity with SEBI Regulations and has been reviewed &amp; timely updated as per the regulations/ circulars/ guidelines issued by SEBI</li> </ul>	Yes	
3.	<b>Maintenance and disclosures on Website:</b> <ul style="list-style-type: none"> <li data-bbox="261 725 943 760">• The Listed entity is maintaining a functional website</li> <li data-bbox="261 766 943 830">• Timely dissemination of the documents/ information under a separate section on the website</li> <li data-bbox="261 837 943 940">• Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website</li> </ul>	Yes	
4.	<b>Disqualification of Director:</b> None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	Yes	
5.	<b>To examine details related to Subsidiaries of listed entities:</b> <ul style="list-style-type: none"> <li data-bbox="261 1091 943 1127">a. Identification of material subsidiary companies</li> <li data-bbox="261 1133 943 1210">b. Requirements with respect to disclosure of material as well as other subsidiaries</li> </ul>	NA	The Listed Entity is not having any material subsidiary however the listed is having a wholly owned subsidiary Company namely Heritage Nutrivet Limited.
		Yes	
6.	<b>Preservation of Documents:</b> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	
7.	<b>Performance Evaluation:</b> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	Yes	
8.	<b>Related Party Transactions:</b> <ul style="list-style-type: none"> <li data-bbox="261 1568 943 1632">a. The listed entity has obtained prior approval of Audit Committee for all Related party transactions</li> <li data-bbox="261 1638 943 1769">b. In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/ rejected by the Audit committee</li> </ul>	Yes	All RPT Taken Prior Approval
		NA	
9.	<b>Disclosure of events or information:</b> The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	

Sr. No.	Particulars	Compliance Status (Yes/NO/NA)	Observations/ Remarks by PCS
10.	<b>Prohibition of Insider Trading:</b> The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	
11.	<b>Actions taken by SEBI or Stock Exchange(s), if any:</b> No Actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder	Yes	No Actions taken against the Company/ its promoters/ directors/ subsidiaries either by SEBI or by BSE & NSE under SEBI Regulations and circulars/ guidelines issued thereunder during the year under review.
12.	<b>Additional Non-compliances, if any:</b> No any additional non-compliance observed for all SEBI regulation/circular/guidance note etc.	Yes	No additional non-compliance was observed for any SEBI regulation/ circular/guidance note etc. during the year under review.

The Additional disclosures of Annual Secretarial Compliance Report as below:-

- (a) The listed entity has complied with the provisions of the above regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of The Practicing Company Secretary	Management Response	Remarks
Not Applicable										

- (b) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of The Practicing Company Secretary	Management Response	Remarks
Not Applicable										

For **SAVITA JYOTI ASSOCIATES**

**Savita Jyoti**  
Partner

Place: Hyderabad  
Date: April 14, 2023

M.No. FCS. -3738, CP. No. 1796  
UDIN: F003738E000096325

Annexure-3(ii)

# Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
**Heritage Foods Limited**  
CIN: L15209TG1992PLC014332  
# H.No.8-2-293/82/A/1286,  
Plot No: 1286, Road No. 1 & 65,  
Jubilee Hills, Hyderabad, Telangana, 500033

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Heritage Foods Limited having CIN:L15209TG1992PLC014332 and having registered office at #H.No.8-2-293/82/A/1286, Plot No: 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad, Telangana, 500033 produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Last appointment in Company
1.	Mr. N Srivishnu Raju	00025063	30/08/2019
2.	Mr. Rajesh Thakur Ahuja	00371406	30/07/2021
3.	Mrs. Aparna Surabhi	01641633	01/04/2019
4.	Mr. Muthu Raju Paravasa Raju Vijay Kumar	05170323	01/11/2021
5.	Dr. V Nagaraja Naidu	00003730	28/08/2020
6.	Mrs. N Bhuvaneswari	00003741	01/04/2019
7.	Mrs. N Brahmani	02338940	01/04/2019

Date of re-appointment as per Retiring by Rotation is considered for the date of last appointment of Non-Executive Non-Independent Director.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SAVITA JYOTI ASSOCIATES**

**Savita Jyoti**

Partner

Place : Hyderabad  
Date : April 14, 2023

M.no. FCS-3738, CP. No. 1796  
UDIN F003738E000096314

# Form No. MR-3

## SECRETARIAL AUDIT REPORT

### For the Financial year ended 31st March, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**Heritage Nutrivet Limited**  
CIN: U15400TG2008PLC062054  
Part-B of 3rd floor, H.No. 8-2-293/82/A/1286,  
Plot No. 1286, Road No. 1 & 65,  
Jubilee Hills, Hyderabad, Telangana, 500033

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Heritage Nutrivet Limited (herein after called the "Company"). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under as amended from time to time;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the company:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; Not Applicable
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time; Not Applicable

- d. The Securities and Exchange Board of India (Share Based employee Benefits and Sweat Equity) Regulations, 2021; Not Applicable
  - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities), Regulations, 2021; Not Applicable
  - f. The Securities and Exchanges Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not Applicable
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not Applicable
  - h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; Not Applicable
  - i. The Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015; Not Applicable
- (iv) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company are:
- The Andhra Pradesh Animal Feed (Regulation of Manufacture, Quality Control, Sale and Distribution) Act, 2020

I, have also examined compliance with the applicable clauses of the Secretarial Standards ("SS") as amended from time to time issued by The Institute of Company Secretaries of India ("ICSI").

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that**, the Company has, in my opinion generally complied with the provisions of the Companies Act, 2013 and the Rules made there under that Act as notified by the Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to

- a) Maintenance of various statutory registers and documents and making necessary entries therein.
- b) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government.
- c) The Annual General Meeting held on 25th July, 2022.
- d) Minutes of the proceedings of General meetings and of the Board Meetings.

- e) Constitution of the Board of Directors, appointment, retirement and reappointment of Directors including the Managing Director.
- f) During the year under review the Board of Directors met 5 times, i.e 13th May, 2022, 25th July, 2022, 14th October, 2022, 18th January, 2023 and 28th March, 2023. The time gap between the two Board meetings is within 120 days as per the Secretarial Standard-1.
- g) No Payment of remuneration was made to Directors including the Managing Director/Whole-time Directors except sitting fee.

**I further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check

basis, the Company has generally complied with the applicable laws applicable specifically to the Company.

**I further report that**, based on the information received and records maintained there are adequate systems and process in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For KLB & Associates**

Place: Hyderabad  
Date: 20/04/2023

CS Khusboo Laxmi Bhagat  
M. No:9376, CP No:14703  
UDIN: 009376E000140529

## ANNEXURE-A TO SECRETARIAL AUDIT REPORT

To,  
The Members,  
**Heritage Nutrivet Limited**  
CIN: U15400TG2008PLC062054  
Part-B of 3rd floor, H.No. 8-2-293/82/A/1286,  
Plot No. 1286, Road No. 1 & 65,  
Jubilee Hills, Hyderabad, Telangana, 500033

### Auditor's Responsibility

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 (CSAS) prescribed by the Institute of the Company Secretaries of India (ICSI). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there may be unavoidable risk that may some misstatements or non-compliance may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. Our report of even date is to be read along with this letter.

- a) Maintenance of Secretarial record is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- d) Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.
- e) The Compliance of the provisions of Corporate and other applicable laws, rules and regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management conducted the affairs of the

**For KLB & Associates**

Place: Hyderabad  
Date: 20/04/2023

**CS KhusbooLaxmiBhagat**  
M. No:9376, CP No:14703  
UDIN:009376E000140529

# The Annual Report on CSR Initiatives

## 1. Brief outline on CSR Policy of the Company

The Board of Directors has adopted a CSR policy to enable the Company to carry-out CSR activities in one or more than one activities mentioned in the Schedule VII to the Companies Act, 2013. The CSR initiatives of the Company are mainly focused on education, healthcare, environment, relief, disaster management etc. and Covid-19 related activities as permitted by the law. The projects undertaken during the Financial Year 2022-23 were within the broad framework of Schedule VII to the Companies Act, 2013. Details of the CSR policy of the Company is available on the website of the Company at [www.heritagefoods.in](http://www.heritagefoods.in).

## 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Rajesh Tahkur Ahuja	Chairman	1	1
2	Mr. N Srivishnu Raju	Member	1	1
3	Mrs. N Bhuvanewari	Member	1	1

## 3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company.

Composition of CSR Committee: <https://www.heritagefoods.in/committee>

CSR Policy: <https://www.heritagefoods.in/policy>

CSR Projects: <https://www.heritagefoods.in/static/images/pdf/CSR%20Activities%20for%20FY%202021-22.pdf>

## 4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.: Not Applicable

## 5. (a) Average net profit of the company as per sub-section (5) of section 135 : ₹ 1517.77million for FY 2021-22

(b) Two percent of average net profit of the Company as per section 135(5): ₹ 30.36 million

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(d) Amount required to be set-off for the financial year, if any : Nil

## 6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 19.24 million

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (₹ in Mn)	Amount spent in The current financial Year (₹ In Mn)	Amount Transferred to Unspent CSR Account for the Project as per Section 135(6) ( In Mn).	Mode of implementation - Direct (Yes/ No)	Mode of implementation - Through implementing agency	
				State	District						Name	CSR registration number
1	Health and Education support	Promoting Healthcare	Yes	Telangana	Hyderabad	3year	21.30	14.06	7.24	No	NTR Memorial Trust	CSR00001602
2	400 KLD Sewage Treatment Plant	Promoting Education	Yes	Telangana	Rangareddy	2 year	8.26	4.38	3.88	No	NTR Memorial Trust	CSR00001602
3	For laying of Roads	Rural Area	Yes	Telangana	Rangareddy	2 year	0.80	0.80	-	Yes	-	-
<b>Total</b>							<b>30.36</b>	<b>19.24</b>	<b>11.12</b>			

(b) Amount spent in Administrative Overheads : Nil

(c) Amount spent on Impact Assessment, if applicable : Nil

(d) Total amount spent for the Financial Year [(a)+(b)+(c)] : ₹ 19.24 million

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year 2022-23 (₹ In Mn)	Amount Unspent (₹ In Mn)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
19.24	11.12	24-04-2023	NA	Nil	NA

The unspent amount of ₹ 11.12 million will be spent in accordance with the CSR Amendment Rules.

**(f) Excess amount for set-off, if any:**

Sl. No.	Particulars	Amount (₹ in Mn)
i)	Two percent of average net profit of the Company as per section 135(5)	30.36
ii)	Total amount spent for the Financial Year	19.24
iii)	Excess amount spent for the financial year [(ii)-(i)]	-
iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

**7. Details of Unspent CSR amount for the preceding three financial years:**

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (₹ In Mn)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (₹ In Mn)	Amount spent In the Financial Year (₹ In Mn)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount Remaining to be spent in succeeding financial years. (₹ In Mn)	Deficiency, if any
					Amount (₹ In Mn).	Date of transfer.		
1	2019-20	-	-	-	-	-	-	N.A.
2	2020-21	-	-	-	-	-	-	N.A.
3	2021-22	11.58	11.58	11.58	-	-	-	N.A.

**8. Details of capital assets created or acquired during the financial year:**

Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ In Mn)	Details of entity/ Authority/ beneficiary of the registered owner		
				CSR Registration Number, if applicable	Name	Registered address
Renovation of Blood Bank Building Address: Vizag Blood Bank Nowroji Road, Waltair Ward, Vizag.	530002	Apr 1, 2021 to Mar 31, 2023	3.22	CSR00001602	NTR Memorial Trust	Road No.2, Banjara Hills, Hyderabad, Telangana
Infrastructure for execute the Health care Project Address: NTR Memorial Trust Road No.2, Banjara Hills, Hyderabad, Telangana	500034	Apr 1, 2022 to Mar 31, 2023	6.06	CSR00001602	NTR Memorial Trust	Road No.2, Banjara Hills, Hyderabad, Telangana
Sewage Treatment Plant Address: Gandipet, Hyderabad. Chilukur Balaji Temple Road, Himayath Nagar Village, Moinabad Mandal, R.R. Dist., Telangana	500075	Apr 1, 2022 to Mar 31, 2023	4.38	CSR00001602	NTR Memorial Trust	Road No.2, Banjara Hills, Hyderabad, Telangana
Cement Concrete Road Address: Jaggamguda village Shamirpet Mandal, Rangareddi District, Telangana	500078	October 1, 2022 to November 31, 2022	0.80	NA	Benefit to village people	Jaggamguda village

**9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):**

During FY 2022-23, the Company has spent ₹19.24 million on various projects. The unspent amount of ₹11.12 millions was transferred to unspent CSR account and will be spent in accordance with the CSR Amendment Rules.

Place : Hyderabad  
Date : May 25, 2023

**Rajesh Thakur Ahuja**  
(Chairman CSR Committee)  
(DIN: 00371406)

**N. BHUVANESWARI**  
Vice Chairperson & Managing Director  
(DIN: 00003741)

# Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and outgo required under The Companies (Accounts) Rules, 2014

## A) Energy Conservation

Your Company, a renowned company in the food and dairy industry, has always been committed to energy conservation and environmental sustainability. Recognizing the critical importance of minimizing energy consumption and reducing carbon emissions, your Company has implemented various initiatives to promote energy conservation throughout its operations.

One of the key strategies employed by your Company is the adoption of energy-efficient technologies. The company has invested in state-of-the-art equipment and machinery that are designed to optimize energy usage while maintaining the highest standards of productivity. By utilizing energy-efficient systems, your Company has significantly reduced its overall energy consumption, thereby minimizing its carbon footprint.

Furthermore, your Company places great emphasis on employee awareness and engagement in energy conservation. The company conducts regular training programs and workshops to educate its employees about the importance of energy efficiency and provides them with practical tips to conserve energy in their daily work routines. This approach not only empowers employees to make conscious choices but also fosters a culture of sustainability within the organization.

In addition to internal efforts, your Company actively seeks external partnerships and collaborations to further enhance its energy conservation endeavours. The company collaborates with energy consultants and experts to conduct energy audits, identify areas of improvement, and implement innovative solutions to optimize energy usage across its facilities. By staying at the forefront of technological advancements and best practices, your Company strives to continually improve its energy conservation efforts.

Overall, your Company sets a commendable example in the food and dairy industry by prioritizing energy conservation and sustainability. Through the adoption of energy-efficient technologies, employee engagement, and strategic collaborations, the company demonstrates its commitment to reducing energy consumption, minimizing environmental impact, and building a greener future for generations to come.

## B) Technology Absorption

Your Company, a dairy and food processing company, has made significant efforts towards technology absorption in its operations. Here are some of the initiatives undertaken by Your Company to adopt and leverage technology:

1. **Modernization of Infrastructure:** Your Company has invested in modernizing its infrastructure and manufacturing facilities to incorporate advanced technology. This includes upgrading processing plants, cold storage facilities, and distribution centres with state-of-the-art equipment and machinery.
2. **Automated Systems:** The company has embraced automation across various stages of its operations. Automated systems are employed for milk collection, processing, packaging, and distribution, which not only improve efficiency but also ensure consistent quality and reduce human errors.
3. **Quality Control and Testing:** Your Company has implemented advanced quality control and testing methods to ensure the safety and quality of its products. The company utilizes technology-driven systems and instruments for rigorous testing of raw materials, finished products, and packaging materials.
4. **Supply Chain Management:** Technology plays a crucial role in your Company's supply chain management. The company employs sophisticated software systems for demand forecasting, inventory management, logistics optimization, and route planning. These technologies help streamline operations, minimize wastage, and enhance overall efficiency.
5. **IT Infrastructure and SAP Systems:** Your Company has invested in robust IT infrastructure and enterprise resource planning (ERP) systems. These systems enable efficient data management, integration of various business functions, and real-time monitoring and reporting. They also support decision-making processes and facilitate smooth coordination between different departments.
6. **R&D Initiatives:** Your Company has a dedicated research and development (R&D) division that focuses on product innovation and process improvement. The R&D team utilizes advanced technologies and techniques to develop new products, enhance existing ones, and optimize production processes.

7. Training and Skill Development: Recognizing the importance of human resources in technology absorption, Your Company provides regular training and skill development programs to its employees. These initiatives aim to enhance their technical knowledge and proficiency in utilizing technology effectively.

By adopting and absorbing technology in various aspects of its operations, Your Company strives to enhance productivity, improve product quality, optimize supply chain management, and meet the changing demands of consumers.

8. The benefits derived like product Improvement, cost reduction, product development or import substitution: Energy saving & reduction of cost of products, improved product quality.
9. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : Nil
10. The Expenditure incurred on Research and Development : ₹ 10.88 Million

### C) Foreign Exchange Earnings and Outgo

During the year under review foreign exchange earnings was Nil (previous Year- Nil) and foreign exchange outgo was ₹ 0.51 Million (Previous year Nil)

For and on behalf of the Board of Directors

Place : Hyderabad  
Date: May 25, 2023

**N. BHUVANESWARI**  
Vice Chairperson & Managing Director  
(DIN: 00003741)

**N. BRAHMANI**  
Executive Director  
(DIN : 02338940)

# Business Responsibility & Sustainability Report

In today's business landscape, the adoption of the Business Responsibility & Sustainability Reporting (BRSR) framework has become imperative for organizations aspiring to elevate their Environmental, Social and Governance (ESG) disclosures. By embracing BRSR, companies set a new standard for transparency and accountability, ensuring standardized reporting on ESG parameters, sustainability-related risks, and opportunities. This strategic move not only drives long-term value creation but also empowers investors with comprehensive ESG data, enabling them to make well-informed decisions.

Recognizing the significance of proactive ESG engagement, our Company has taken diligent measures to address ESG issues. We proactively identify areas for improvement and demonstrate an unwavering commitment to sustainable practices. Adhering to the BRSR framework, we aim to provide stakeholders with clear and reliable information that enables them to comprehend our ESG performance and progress. This unwavering commitment to transparency fosters trust among investors, customers, and the wider community, reinforcing our position as a responsible and sustainable organization.

## SECTION A: GENERAL DISCLOSURES

### I. Details of listed entity

1. Corporate Identity Number (CIN) of the Company	L15209TG1992PLC014332
2. Name of the Company	Heritage Foods Limited
3. Year of incorporation	05-06-1992
4. Registered office address	H.No.8-2-293/82/A/1286, Plot No: 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad, Telangana, 500033
5. Corporate address	No.8-2-293/82/A/1286, Plot No: 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad, Telangana, 500033
6. E-mail id	hfl@heritagefoods.in
7. Telephone	040-23391221
8. Website	www.heritagefoods.in
9. Financial year reported	2022-2023
10. Name of the Stock Exchanges where shares are listed	1. BSE Limited, Mumbai 2. National Stock Exchange of India Limited, Mumbai
11. Paid-up Capital	INR 46,39,80,000
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Umakanta Barik Company Secretary & Compliance officer Tel: 040-23391221, 23391222 Email: umakanta@heritagefoods.in
13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone Basis

### II. Products/services

14. Details of business activities (accounting for 90% of the turnover)

Sl. No.	Description of Main Activity	Description of Business Activity	% of turnover of the Company
1	Manufacturing	Manufacture of dairy products	99.76

15. Products/Services sold by the Company (accounting for 90% of the turnover)

Sl. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Milk and Milk products	1050	99.76

### III. Operations

16. Number of locations where plants and/or operations/offices of the Company are situated:

Location	Number of plants*	Number of offices#	Total
National	219	41	260
International	NA	NA	NA

\*Plant Includes : Packing Stating, Chilling Centre, Mini Chilling Unit, Ice Plant

#Office Includes : Registered Office, Regional Offices and Sales Offices

17. Markets served by the Company

a. Number of locations

Location	Total
National (No. of States)	11
International (No. of Countries)	-

b. What is the contribution of exports as a percentage of the total turnover of the Company?

0.02%

c. Types of customers

The Company manufactures dairy products and serves more than 1.5 million households daily.

### IV. Employees

18. Details as at the end of Financial Year, i.e., March 31, 2023

a. Employees and workers (including differently abled):

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	3212	3150	98.07%	62	1.93%
2.	Other than Permanent (E)	-	-	-	-	-
3.	<b>Total employees (D+E)</b>	<b>3212</b>	<b>3150</b>	<b>98.07%</b>	<b>62</b>	<b>1.93%</b>
<b>WORKERS</b>						
4.	Permanent (F)	-	-	-	-	-
5.	Other than Permanent (G)	3136	2039	65.02%	1097	34.98%
6.	<b>Total workers (F+G)</b>	<b>3136</b>	<b>2039</b>	<b>65.02%</b>	<b>1097</b>	<b>34.98%</b>

b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	0	0	0.00%	0	0.00%
2.	Other than Permanent (E)	0	0	0.00%	0	0.00%
3.	<b>Total differently abled employees (D+E)</b>	<b>0</b>	<b>00</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	0	0	0.00%	0	0.00%
5.	Other than Permanent (G)	0	0	0.00%	0	0.00%
6.	<b>Total differently abled workers (F+G)</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>

- Permanent employees mean employees are on the rolls of Heritage Foods Limited
- Workers means persons engaged through labour contractor/third party

## 19. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	7	3	42.86%
Key Management Personnel*	6	2	33.33%

\* including Directors

## 20. Turnover rate for permanent employees and workers (disclose trends for the past 3 years)

Particulars	FY 2023			FY2022			FY2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees(%)	22.30	1.20	23.50	24.77	0.50	25.27	19.70	1.30	21.00
Permanent Workers(%)	0	0	0	0	0	0	0	0	0

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**

## 21. Name of holding/subsidiary/associate companies/joint ventures

S. No.	Name of the holding/ subsidiary/ associate companies/joint ventures (A)	Indicate whether Holding/Subsidiary/ Associate/Joint Venture	% of shares held by the Company	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the Company (Yes/No)
1	Heritage Nutrivet Limited	Subsidiary	100%	No
2	Skil Raigam Power (India) Limited	Associate	43.33%	No
3	Heritage Novandie Foods Private Limited	Joint Venture	50%	No

**VI. CSR Details**

## 22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)

Yes

(ii) Turnover (in ₹ Mn) :32086.75

(iii) Net worth (in ₹ Mn) :7366.98

**VII. Transparency and Disclosure Compliances**

## 23. Complaints/Grievances on any of the principles (Principle 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If yes, then provide weblink for grievance redressal policy)	FY2023			FY2022		Re- marks
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	
Communities	Yes, Heritage Foods Limited has a grievance redressal mechanism in place for all of its stakeholders. The processes are established internally and conveyed to the stakeholders.	No complaints or grievances have been received so far under any of the principles of the NGBRC.					
Investors (other than shareholders)							
Shareholders							
Employees and workers							
Customers							
Value Chain Partners							
Other (please specify)							

24. Overview of the Company's business conduct, pertaining to environment and social matters that present a risk or an opportunity to the business of the Company, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications, as per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Raw Material Sourcing	Risk	The Company's raw materials are crucial to the kind of products it manufactures. These raw materials are specific to certain geographies. The changing climatic conditions may pose a risk to the availability of these raw materials.	To mitigate this risk, the Company is expanding sourcing to multiple geographies.	Negative – The implications of this would be on logistics cost
2	Supply Chain Management	Opportunity	Setting up a resilient supply chain has assisted the Company in ensuring the continuity in adverse times. The supply chain has helped the Company to have competitive pricing and pass on its benefit to the consumers without any business disruptions.	The business continuity and risk management plan of the Company has covered all foreseeable risks in its supply chain with measures already underway to address those.	Positive – The Company has developed a resilient supply chain which has helped it fetch long-term results.
3	Governance	Opportunity	This has helped the Company to strengthen the organisational strategy for championing success.	The Company is led by strong leadership and capable execution teams.	Positive – In transforming the business and leveling it up.
4	Human Rights	Risk	Changing regulations related to human rights may pose a challenge.	The Company put in substantial efforts to ensure that no human right violations occur in the entire line of Company's business.	Negative – Any violation can pose a severe reputational and financial risk for the organisation
5	Employee Health and Safety	Risk	This can lead to decreased productivity.	Many efforts and initiatives have been implemented to ensure employee health and safety.	Negative – Any investment in employee health and safety will pay off in the long run.
6	Data Privacy and Security	Risk	It is critical for the business operations to protect the security of data and the entire value chain, particularly customers. Any data breach may result in the release of critical company data, resulting in fraud, business disruption, and continuity.	The Company has implemented a data security mechanism to prevent any possible cyber-attack, data breach or any sabotage attempt to disrupt business processes. The Company has also developed a proper business continuity plan which includes building of redundancy for entire IT infrastructure and network.	Negative – The process of identification and quantification of the financial implications of the identified risks and opportunities is currently ongoing

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7	Energy and emission Management	Risk	Climate change mitigation necessitates a reduction in energy usage and emissions footprint through the deployment of carbon reduction initiatives.	The Company level policy on Energy Management acts as a guideline for managing and optimising energy consumption and emissions, in line with India's goal of being Net Zero.	Negative – The process of identification and quantification of the financial implications of the identified risks and opportunities is currently ongoing.
8	Consumer Welfare	Opportunity	To position ourselves as market leaders and the most trusted consumer brand.	Heritage has built legacy brands while sustaining strong market connections to ensure consumer welfare.	Positive – Consumer goodwill will translate into product sales.

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

**This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.**

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>									
1. a. Whether the Company's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Weblink of the policies, if available	Policies are available in the link mentioned below <a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>								
2. Whether the Company has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to the Company's value chain partners? (Yes/No)	No	No	No	No	No	No	No	No	No
4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by the Company and mapped to each principle.	1. ISO 22000:2018 (Food Safety Management System) 2. ISO 9001:2015 (Quality Management System) 3. ISO 45001:2018 (Occupational Health & Safety) 4. ISO 14001:2015 (Environmental Management System) 5. ISO 50001:2018 (Energy Management System) 6. HALAL Certification by JUHF  The Company also has AgMark, BIS and EIA certificates.								
5. Specific commitments, goals and targets set by the Company with defined timelines, if any.	To be a nationally recognised brand for healthy and fresh products .								
6. Performance of the Company against the specific commitments, goals and targets along with reasons, in case the same are not met.	Key Performance targets across ESG parameters are set internally and tracked and acted upon continuously								

## Governance, leadership and oversight

7. Statement by Director, responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

### Mrs. N. Bhuvanewari - Vice Chairperson & Managing Director

The Company's unwavering commitment to creating a brighter future goes beyond traditional notions of profitability. It understands that true success lies in achieving sustainability, inclusivity, and overall prosperity. By embracing this philosophy, the Company recognizes the interconnectedness of its long-term viability with its proactive approach to environmental, social, and governance considerations.

Taking a holistic approach, the Company integrates sustainability into its core values and practices, striving to address inequalities both within and outside the organization. By fostering trust among stakeholders, the Company builds enduring relationships that contribute to its long-term success.

Environmental stewardship is a top priority for the Company, understanding the pivotal role it plays in shaping a sustainable future. Through thoughtfully planned initiatives, it aims to minimize its ecological footprint and drive the transition to a greener tomorrow.

Beyond its environmental efforts, the Company sets itself apart in the industry through its dedication to delivering cutting-edge, sustainable, and reliable products. By consistently providing innovative solutions, the Company strengthens its brand and establishes itself as a trusted leader in the field.

With a vision that extends beyond mere profitability, the Company positions itself as a catalyst for positive change. Through sustainable practices, inclusive strategies, and unwavering commitment to stakeholders, the Company shapes a more resilient and prosperous world for all.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies)  
1. Mrs. N. Bhuvanewari - Vice Chairperson & Managing Director  
2. Mrs. N. Brahmani - Executive Director
9. Does the Company have a specified Committee of the Board/ Director responsible for decision making on various aspects of social, environmental, governance and economic responsibilities sustainability related issues? (Yes / No). If yes, provide details.  
The Company does not have a committee for decision-making on sustainability concerns. However, the board of directors and the senior management monitor various aspects of social, environmental, governance and economic responsibilities sustainability related issues of the Company on a continuous basis.
10. Details of review of NGRBCs by the Company:

Subject for review	Indicate whether review provided below taken by Director/Committee of the Board/any other Committee									Frequency (Annually/Half yearly/Quarterly/ Any other - please specify)									
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9	
Performance against above policies and follow up action																			- Any other - The Department heads and the leadership team review the Company's Business Responsibility Policies on a regular basis or as needed. Efficacy of policies is reviewed, and necessary modifications to policies and processes are implemented during this assessment.
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances																			- Any other - The Company is in compliance with all applicable regulations.

11. Has the entity carried out independent assessment /evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide the name of the agency.  
The processes and compliances are subject to scrutiny by auditors and status of compliances are updated to the Board. From best practices as well as from a risk perspective, policies are periodically evaluated and updated by various department heads and approved by the management and/or by the Board. In future, the Company may partner with an external agency to analyse and evaluate its policies.

12. If answer to question (1) above is 'No' i.e., not all Principles are covered by a Policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principle material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)						Not Applicable			
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

### Section C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

#### Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

The company's proactive stance is exemplified by the implementation of a comprehensive Code of Conduct that precisely outlines the organization's objectives, responsibilities, and guidelines for employees and senior management. This code leaves no room for ambiguity and is mandatory for every individual within the company. The unwavering commitment to upholding the highest ethical standards is evident in this initiative. By setting clear expectations and providing guidance through the Code of Conduct, the company equips employees with the necessary tools and knowledge to seamlessly integrate ethical principles into their daily practices. This proactive approach creates an environment where ethical conduct becomes inherent in every employee's professional journey, thereby enhancing the overall integrity and reputation of the organization.

#### Essential Indicators

##### 1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	8	The Board of Directors of the Company is periodically briefed on various developments concerning ESG initiatives as well as various Government Regulations and its impact on the Company's operations. The KMPs and Senior Management are also kept up to date on Heritage Foods Limited Code of Conduct, the provisions of SEBI (Prohibition of Insider Trading) Regulations and Whistle Blower Policy.	100%
Key Managerial Personnel	8	1. Human Resources – Engagement, development and retention process. 2. Business model – verticals, key units/clusters 3. Operation of units 4. Strategy - our approach, methodology and execution.	100%
Employees other than Board of Directors and KMPs	99	1. Anti-Gift, Hospitality and Entertainment policy. 2. Whistle-blower policy	100%
Workers	-	-	

**2. Details of fines /penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by Directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year:**

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website)

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR) Brief of the Case Has an appeal	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Nil	NA	Nil	NA	NA
Settlement	Nil	NA	Nil	NA	NA
Compounding fee	Nil	NA	Nil	NA	NA

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NA	NA	NA	NA
Punishment	NA	NA	NA	NA

**3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
Nil	

**4. Does the Company have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

The Code of Conduct for Directors and Senior Management, Whistle Blower Policy and Vigil Mechanism, Related Party Transactions Policy and Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons, and other policies, serve as a roadmap for all employees of the Company and other stakeholders, wherever applicable. The Company has suitable control measures in place to manage the concerns related to ethics, bribery and corruption. The Company is not having anti-corruption or anti-bribery policy.

**5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	FY 2022-23	FY 2021-22
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

**6. Details of complaints with regard to conflict of interest**

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil

**7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflict of interest.**

Not applicable

**Leadership Indicators**

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
The Company has not organised dedicated training sessions on the NGRBC principles for our value chain partners for FY 2022 -23. However, core components of the principles are discussed during vendor onboarding, evaluation and periodic review meetings with some of the important vendors.		

**2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

The Company has a Code of Conduct for the Board and Senior Management, which includes areas of ethics, integrity and honesty, and provides guidelines and processes on addressing unethical behavior. The Code also details the processes in place to manage conflicts of interest involving board members, contributing to a culture of transparency and accountability.

**Principle 2: Business should provide goods and services in a manner that is sustainable and safe.**

The Company understands the risks associated with goods and services and the subsequent environmental impacts they may have. To ensure an eco-friendly sourcing process, the Company actively engages in various Environmental and Social Impact (ESI) initiatives that support and empower farmers in supplying milk. These initiatives not only ensure a sustainable supply chain but also promote responsible farming practices and benefit the agricultural community as a whole.

Moreover, the Company is committed to mitigating the adverse effects of plastic waste. It actively participates in plastic recycling initiatives, recognizing the importance of responsible waste management. By promoting recycling and seeking innovative solutions, the Company strives to minimize plastic waste and contribute to a circular economy that conserves resources and reduces environmental harm.

Through these combined efforts, the Company demonstrates its dedication to sustainable practices, environmental stewardship, and positive socio-economic impacts. By prioritizing responsible sourcing and actively engaging in recycling initiatives, the Company sets an example for others in the industry to adopt similar environmentally conscious practices. Together, we can work towards a greener and more sustainable future.

**Essential Indicators**

**1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investments made by the entity, respectively.**

Segment	FY2023	FY2022	Details of improvements in environmental and social impacts
R&D	30.00%	25.00%	The Company has a product development centre at Hyderabad for R&D of various new products.
Capex	11.00%	3.88%	The Company has capex investments in specific technologies to improve the environmental and social impacts of products and processes

**2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

No

**b. If yes, what percentage of inputs were sourced sustainably?**

Over the last 31 years, the Company's milk sourcing has risen many folds. The Company has a sustainable sourcing strategy from farmers across the states in which we operate. To keep the sourcing environment-friendly, the Company engages in a variety of E & I initiatives which help farmers keep supplying milk to the Company. The Company has also implemented green energy measures in order to generate power from renewable sources.

**3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Plastic plays a crucial role in maintaining product safety and reducing leaks and thus making it a significant component. However, the plastic waste generated by factories is a major contributor to environmental pollution. The company is dedicated to mitigating the effects of plastic waste by actively participating in plastic recycling initiatives. Similarly, to address waste like water, it undertakes treatment before being used for irrigation within the plant premises. Additionally, in adherence to the Government's Extended Producer Responsibility, we ensure that plastic is sent to authorized recyclers.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes. The waste collection plan is in line with the EPR plan submitted to CPCB / SPCBs.

**Leadership Indicators****1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link
No Life Cycle Assessments have been conducted yet.					

**2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same: No**

Name of Product / Service	Description of the risk / concern	Action Taken
As the products of the Company are dairy based, there are no substantial social or environmental concerns and/or risks arising from production or disposal of the same.		

**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY2023	FY2022
	Not Applicable	

**4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY2023			FY2022		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics* (including packaging)						
▪ Plastic Scrap/Pre consumer waste	0	707.3	707.3	0	337.6	337.6
▪ Post-Consumer Waste	0	2428.411	2428.411	0	3800.928	3800.928
E-waste	0	0	0.76 MT	0	0	4.56 MT
Hazardous waste	0	0	Not Applicable	0	0	Not Applicable
Other waste (ETP sludge)	0	0	36.48 MT	0	0	70.07 MT

\*Note: Post-consumer waste quantity for FY 2022-23 was less than 2021-22 due to the reason of CPCB amendment directions, 70% of total target (2312 Tons out of 3303 Tons) to be complied by PIBOs. Already HFL had completed the 50% of total target by Sept 2022.

(As per revised Rules, EPR TARGET for Post -Consumer Waste as per CPCB EPR Registration Certificate FY 2021-22 was 3492 Tons, As per Renewal Certificate FY 2022-23 the target was 2312 Tons

**5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
	NA

**Principle 3: Business should respect and promote the wellbeing of all employees, including those in their value chains.**

Heritage is an organization that prioritizes its people, recognizing that employee well-being is crucial for driving productivity and overall success. The company is committed to fair employment practices and equal opportunities, ensuring that individuals with the necessary qualifications are given a fair chance to contribute. Moreover, Heritage places a strong emphasis on the health and safety of its employees.

By embracing fair employment practices, Heritage cultivates a diverse and inclusive workforce, where every individual has an equal opportunity to thrive, fostering a sense of belonging, team performance, and innovation.

Furthermore, Heritage values the well-being of its employees, understanding that a healthy and safe work environment is essential for engagement, motivation, and productivity. The company implements robust health and safety measures, continually striving to create a workplace that supports both physical and mental well-being.

**Essential indicators:**

**1. a. Details of measures for the wellbeing of employees:**

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent Employees</b>											
Male	3150	3150	100%	3150	100%	-	-	3150	100%	-	-
Female	62	62	100%	62	100%	62	100%	-	-	62	100%
<b>Total</b>	<b>3212</b>	<b>3212</b>	<b>100%</b>	<b>3212</b>	<b>100%</b>	<b>62</b>	<b>1.93%</b>	<b>3150</b>	<b>98.07%</b>	<b>62</b>	<b>1.93%</b>
<b>Other than Permanent Employees</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**b. Details of measures for the wellbeing of workers:**

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent Workers</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-
<b>Other than Permanent Workers.</b>											
Male	2039	-	-	2039	100%	-	-	-	-	-	-
Female	1097	-	-	1097	100%	-	-	-	-	-	-
Total	3136	-	-	3136	100%	-	-	-	-	-	-

**2. Details of retirement benefits, for Current FY and Previous Financial Year.**

Benefits	FY2023			FY2022		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	-	Yes	100%	-	Yes
Gratuity	100%	-	Yes	100%	-	Yes
ESI	21%	-	Yes	25%	-	Yes
Others- please specify	-	-	-	-	-	-

**3. Accessibility of workplaces**

Are the premises / offices of the Company accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the Company in this regard.

Yes, the offices of Heritage Foods Limited are accessible to all employees including those with disabilities.

**4. Does the Company have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

By maintaining an environment that promotes equality and fairness, the Company aims to create an inclusive workplace where all individuals, regardless of their race, colour, religion, sex, national origin, age, disability, sexual orientation, or any other protected characteristic, are treated with dignity and respect. The Company prohibits any form of discrimination, harassment, or retaliation against individuals based on the aforementioned protected characteristics.

**5. Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	100	100%	Nil	Nil
Female	Nil	Nil	Nil	Nil
<b>Total</b>	100	100%	Nil	Nil

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent workers	- No -
Other than permanent workers	- No-
	Non-permanent workers on Plants are contracted via a third party and their grievance redressal mechanism rests with the contractors. The Company ensures that all norms and regulations are followed while working on plants.
Permanent employees	- Yes -
	The Company has a whistle blower and Protection policy in place which provides guidance on how to raise a complaint in case of any concerns. The company has constituted the grievance committee and also provided complain/suggestion boxes for any type of complaints/grievances across the locations it operates.
Other than permanent employees	- No -
	All Employees working in India are permanent employees.

**7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Category	FY2023			FY2022		
	Total employees/workers in respective category (A)	No. of employees /workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees /workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees						
-Male	-	-	-	-	-	-
-Female	-	-	-	-	-	-
Total Permanent Workers						
-Male	-	-	-	-	-	-
-Female	-	-	-	-	-	-

Note : Heritage Foods, primarily engaged in the production, procurement, and distribution of milk and other dairy products. The company operates in several states across India and has a significant workforce but not having any employees association or unions.

**8. Details of training given to employees and workers:**

Category	FY 2022-23					FY 2021-22				
	Total (A)	On health and safety measures		On skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		Number (B)	% (B / A)	Number (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
Male	3150	2200	69.84%	1700	53.97%	2951	1960	66.42%	1675	56.76%
Female	62	36	58.06%	32	51.61%	58	30	51.72%	30	51.72%
<b>Total</b>	<b>3212</b>	<b>2236</b>	<b>69.61%</b>	<b>1732</b>	<b>53.92%</b>	<b>3009</b>	<b>1990</b>	<b>66.13%</b>	<b>1705</b>	<b>56.66%</b>
<b>Workers</b>										
Male	2039	1370	67.19%	1039	50.96%	2192	1271	57.98%	1019	46.49%
Female	1097	690	62.90%	671	61.17%	1205	619	51.37%	597	49.54%
<b>Total</b>	<b>3136</b>	<b>2060</b>	<b>65.69%</b>	<b>1710</b>	<b>54.53%</b>	<b>3397</b>	<b>1890</b>	<b>55.64%</b>	<b>1616</b>	<b>47.57%</b>

**9. Details of performance and career development reviews of employees and workers:**

Category	FY2023			FY2022		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	3150	3150	100%	2951	2951	100%
Female	62	62	100%	58	58	100%
Total	3212	3212	100%	3009	3009	100%
<b>Workers</b>						
Male	2039	0	0%	0	0	0%
Female	1097	0	0%	0	0	0%
Total	3136	0	0%	0	0	0%

**10. Health and safety management system:****a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

The Company has implemented OHSAS 18001 for ensuring the health and well-being of its employees. Awareness sessions are conducted on safety related aspects for the employees. Training related to Hazard Analysis Critical Control Point (HACCP) and Total Productive Maintenance are also provided. The Company is focused on both, the physical and mental health of its employees and has organised various programmes and discussions with well-being specialists and medical practitioners.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

The entity employs a range of processes to systematically identify work-related hazards and assess risks on both routine and non-routine bases. These processes are instrumental in ensuring a safe and healthy work environment for employees.

- Gemba walk
- Hazard identification & Risk assessment with Shop floor people
- Internal and External audit
- Why-why analysis

**c. Whether you have processes for workers to report work related hazards and to remove themselves from such risks. (Y/N)**

Yes, the Company has processes for workers to report the work-related hazards and to remove themselves from such risks.

**d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No) : No****11. Details of safety related incidents, in the following format:**

Safety Incident /Number	Category	FY2023	FY2022
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers		
Total recordable work-related injuries	Employees	Nil	Nil
	Workers		
No. of fatalities	Employees	Nil	Nil
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers		

## 12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Heritage Foods prioritises maintaining a safe and healthy workplace for all its employees and workers. The Company has started a Health Wellness programme where it offers a range of reliable self-help resources. Additionally, the Company engaged third party offers personalised help from professional counsellors and dietitians supporting physical health and wellbeing. This ensures the employees and workers can dedicate their time efficiently towards their personal wellbeing and professional work. The Company also conducts awareness sessions covering safety aspects. Trainings related to Hazard Analysis Critical Control Point (HACCP).

## 13. Number of Complaints on the following made by employees and workers:

Category	FY2023			FY2022		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health & Safety	Nil	Nil	Nil	Nil	Nil	Nil

## 14. Assessments for the year:

	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

## 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Against the backdrop of the pandemic, the Company has been following standard operating procedures to comply with state/local level regulations while ensuring safety and hygiene protocol. It is also ensured that appropriate social distancing is being followed by all employees and workers in the offices and manufacturing plants. During the reporting period, the Company reported no fatalities of any employee while on duty.

### Leadership Indicators

#### 1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, the Company provides life insurance, personal accident coverages and other compensatory packages to the bereaved family members of the employees and workers.

#### 2. Provide the measures undertaken by the entity to ensure payment of statutory dues by the value chain partners.

The statutory payment due and paid thereof by the value chain partner and reminded them if it was not honoured in time and ensure that the statutory payment honoured the value chain partner, where ever required.

#### 3. Provide the number of employees / workers having suffered grave consequences due to work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Category	Total No. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY2023	FY2022	FY2023	FY2022
Employees	0	0	0	0
Workers	0	0	0	0

#### 4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

The Company does not provide transition aid programmes to facilitate continued employability and the management of career endings due to retirement or termination of employment. However depending upon the retiring employee health and other conditions, he/she may be engaged for further period.

## 5. Details on assessment of value chain partners:

Heritage Foods, as a company involved in the food industry, prioritize the health and safety practices of farmers who contribute to their supply chain. Here are some key health and safety practices that Heritage Foods implement towards farmers:

Heritage Foods provide comprehensive training and orientation programs to farmers, focusing on best practices for health and safety milch animals.

The company conducts regular hazard assessments on the farms to identify potential risks and hazards that could affect the health and safety of farmers.

Heritage Foods collaborated with healthcare professionals for providing regular health check-ups and screenings for farmers. This can help identify any occupational health issues early on and provide appropriate medical support and interventions.

Implementing these health and safety practices demonstrates the Company's commitment to the welfare of farmers.

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Health and safety practices	- 0.00% - The farmers supplying milk constitute the major part of the value chain partner of the company.
Working Conditions	- 0.00% - The Company have a mechanism to demonstrate health and safety practices to all of its farmers.

## 6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not applicable

## Principle 4: Business should respect the interests of and be responsive to all its stakeholders

Stakeholder engagement is a strategic tool that enables the company to navigate market dynamics, regulatory requirements, and social expectations. Through proactive communication and collaboration, the company builds strong relationships based on mutual understanding.

By engaging with stakeholders effectively, the company cultivates trust and credibility, demonstrating its commitment by meeting their expectations. By actively listening to their needs and preferences, the company gains valuable insights to make informed decisions, develop sustainable strategies, and improve overall performance.

### 1. Describe the processes for identifying key stakeholder groups of the Company.

It is critical to engage and collaborate with stakeholders while formulating a business strategy. The company believes in fostering meaningful and transparent relationships by actively engaging with its stakeholders. The company aims to establish long-term partnerships based on trust and a shared willingness to collaborate. The company defines stakeholders as individuals, groups, or organizations that have a material influence on, or are materially influenced by, its activities. The Company regularly engages with the stakeholders through various channels to ensure effective communication. The company proactively shares relevant information through multiple means such as meetings, annual reports, CSR reports, sustainability reports, press releases, and more. The company strives to make this communication process a two-way street, encouraging feedback and dialogue. The company values the input from its stakeholders as it helps identify areas for improvement and enhance its operations. The company welcomes feedback from its stakeholders and believes it is crucial in shaping its growth. By actively listening to their concerns and suggestions, the company can continuously learn and evolve. The following table mentions different modes through which we engage with our stakeholders and concerns discussed with them.

**2. List stakeholder groups identified as key for the Company and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as vulnerable & marginalised group (Yes/No)	Channels of communication (Emails, SMS, Newspapers, Pamphlets, Advertisements, Community Meetings, Notice Board, Website, Others)	Frequency of engagement (Annually, Half yearly, quarterly / others- please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Email	Others - On need basis	The feedback of employees is collected in all such engagements and acted upon subsequently
Shareholders and investors	No	Email	Others - Frequent and need based	To give an update on the developments in the Company
Customers	No	Others	Others - Frequent and need based	Stay in touch with customers and to receive their feedback on various products that the Company manufactures and deals with.
Vendors and suppliers	No	Others	Others - Frequent and need based	Stay in touch with vendors and suppliers, who supply and deal in the products of the Company.
Communities and NGOs	No	Others	Others - Frequent and need based	For supporting various initiatives taken for community development

**Leadership Indicators**

**1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The Company maintains consistent and proactive engagement with our major stakeholders, that allows the Company to articulate the strategy and results. To align expectations, the Company encourages effective communication and participation. The Board is regularly updated on important developments, and their feedback is solicited.

**2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, the stakeholder engagement included consultation of ESG topics. The materiality assessment identified a list of material themes that are the most relevant and applicable to the Company, and measures will be taken in response to them. The Company make certain that it incorporates stakeholder inputs into processes and policies.

**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

The Company conducts need assessments in the communities it operates prior to starting the projects there. All the projects involve active stakeholder consultations and engagements to understand their stance and address their concerns.

**Principle 5: Business should respect and promote human rights.**

The Company understands that safeguarding human rights is not just a moral obligation but also a vital responsibility that shapes its business practices. It is committed to fostering an inclusive, equal, and respectful culture that values every individual, regardless of their background. By upholding the inherent dignity and rights of all, the Company strives to create a positive and empowering work environment that enables everyone to thrive.

Recognizing the importance of human rights, the Company promotes diversity, inclusivity, and equal opportunities for its employees. It ensures fair and respectful treatment for all individuals and values diverse perspectives and experiences. By nurturing such an environment, the Company encourages creativity, innovation, and collaboration among its workforce, driving sustainable and ethical business operations.

## Essential Indicators

### 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY2023			FY2022		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	3212	3212	100%	3009	3009	100%
Other than Permanent	-	-	-	-	-	-
Total Employees	3212	3212	100%	3009	3009	100%
<b>Workers</b>						
Permanent	2039	1370	67.19%	2192	1271	57.98%
Other than Permanent	1097	690	62.90%	1205	619	51.37%
Total workers	3136	2066	65.69%	3397	1890	55.64%

### 2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY2023					FY2022				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F / D)
<b>Employees</b>										
Permanent	3212	77	2.39%	3135	97.60	3009	68	2.26%	2941	97.74%
Male	3150	75	2.38%	3075	97.62%	2960	68	2.30%	2892	97.70%
Female	62	2	3.45%	58	96.55%	49	0	0%	49	100%
Other than Permanent	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Male	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Workers</b>										
Permanent	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Male	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other than Permanent	3136	3136	100%	0	0%	3397	3397	100	0	0
Male	2039	2039	100%	0	0%	2192	2192	100	0	0
Female	1097	1097	100%	0	0%	1205	1205	100	0	0

### 3. Details of remuneration/salary/wages, in the following format:

Gender	Male		Female	
	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category
Board of Directors (BoD)*	4	7,40,000	3	3,83,20,000
Key Managerial Personnel (KMP)**	4	1,25,65,482	2	4,31,10,000
Employees other than BoD and KMP	3,146	2,11,247	60	2,67,640

\* Includes salary, perquisite, performance/annual pay and sitting fees

\*\* Including Whole-Time Directors

### 4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

At Heritage Foods Limited internal complaints committees are constituted for redressing the issues related to human rights. The Company is committed to a workplace free of harassment, including sexual harassment at the workplace, and has zero tolerance for such unacceptable conduct. The Company encourages reporting of any harassment concerns and is responsive to complaints about harassment or other unwelcome or offensive conduct. The Internal complaints Committees are constituted across locations to enquire into complaints of sexual harassment and to recommend appropriate action, wherever required.

**6. Number of Complaints on the following made by employees and workers:**

	FY2023			FY2022		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment						
Discrimination at workplace						
Child Labour						
Forced Labour/Involuntary Labour						
Wages						
Other Human rights related issues						

NIL

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The Company's Whistleblower policy includes a dedicated clause that highlights the significance of preserving confidentiality and safeguarding the rights of whistleblowers. This clause ensures that individuals who report wrongful conduct are protected from any form of reprisal or victimization.

Under this policy, disclosures can be made confidentially, allowing individuals to raise concerns without revealing their identity if they prefer. The Company understands the importance of confidentiality in fostering a safe and secure environment for whistleblowers and encourages open communication without the fear of retaliation.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes

**9. Assessment for the year:**

	% of the Company's plants and offices that were assessed (by the Company or statutory authorities or third parties)
Child Labour	100%
Forced Labour/Involuntary Labour	100%
Sexual Harassment	100%
Discrimination at workplace	100%
Wages	100%
Other- please specify	Nil

Note: The Internal & external Auditors conduct assessments as per the Audit schedule. Assessments are also carried out by respective Government authorities and the Company has not received any non-compliance.

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

NA

## Leadership Indicators

### 1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

The Company regularly reviews all its policies and business processes and updates are made as applicable, in line with regulatory changes or internal requirements. The periodicity of this review is every 2 to 3 years.

### 2. Details of the scope and coverage of any Human rights due-diligence conducted.

Currently, HFL does not conduct human rights due diligence.

### 3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, all premises and offices are accessible to differently abled visitors.

### 4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	NIL
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

### 5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable

## Principle 6: Business should respect and make efforts to protect and restore the environment.

The organization recognizes the significant interdependence between its operations and the environment and actively takes measures to minimize its ecological footprint and contribute to the restoration of natural surroundings. With a strong commitment to sustainability, the organization has implemented a range of initiatives aimed at enhancing energy efficiency and reducing emissions.

Aligned with its environmental stewardship, the organization embraces the principles of a circular economy throughout its value chain, placing a strong emphasis on resource reduction, reuse, and recycling. By adopting this approach, the organization maximizes resource efficiency, minimizes waste, and creates new avenues for sustainable growth and innovation.

Furthermore, the organization prioritizes compliance with environmental regulations and laws to ensure the protection of the environment and uphold responsible practices. By doing so, it strives to maintain a harmonious balance between its operations and the natural world.

## Essential Indicators

### 1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY2023 (In GJ)	FY2022 (In GJ)
Total electricity consumption (A)	261910.35	248949.96
Total fuel consumption (B)	5025.77	3134.71
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	266936.12	252084.67
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees(mn))	0.018	0.020
Energy intensity (optional) – the relevant metric may be selected by the Company		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment was carried out by any external agency.

2. Does the Company have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY2023	FY2022
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	0.00	0
(ii) Groundwater	807809.49	740779.20
(iii) Third party water	50881.93	41640.23
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	858691.42	782419.43
<b>Total volume of water consumption (in kilolitres)</b>	858691.42	782419.43
<b>Water intensity per rupee of turnover</b> (Water consumed / turnover in ₹ mn)	0.027	0.003
<b>Water intensity</b> (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment was carried out by any external agency.

4. Has the Company implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, the company uses treated water in plants and there is no discharge (except in couple of plants in industrial parks).

5. Please provide details of air emissions (other than GHG emissions) by the Company, in the following format:

Parameter	Unit	FY2023	FY2022
NOx	µg/m <sup>3</sup>	24.73	23.88
SOx	µg/m <sup>3</sup>	22.44	21.20
Particulate matter (PM)	µg/m <sup>3</sup>	58.33	57.58
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment was carried out by any external agency.

6. Provide details of greenhouse gas emissions (Scope1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY2023	FY2022
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	XX	XX
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	XX	XX
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO <sub>2</sub> equivalent		
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	Metric tonnes of CO <sub>2</sub> equivalent		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment was carried out by any external agency.

**7. Does the Company have any project related to reducing Green House Gas emission? If yes, then provide details.**

The Company has rolled out several initiatives to increase energy efficiency and reduce emissions. Some of the initiatives implemented in FY 2022-23 are as follows:

- 1) Switchover to LED lights
- 2) Solar/wind power plant installation

**8. Provide details related to waste management by the Company, in the following format:**

Parameter	FY2023	FY2022
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	2428.41	3800.93
E-waste (B)	0	0
Bio-medical waste (C)	0	0
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous Waste. Please specify, if any - waste oil generation. (G)	1.28	1.4
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector) - ETP sludge generation	205.59	187.36
Total (A+B + C + D + E + F + G + H)	2635.28	3989.7

**For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)**

Category of waste	FY(2022-23)	PY(2021-22)
(i) Recycled	2428.41	3800.93
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	<b>2428.41</b>	<b>3800.93</b>

**For each category of waste generated, total waste disposed of through disposal method (in metric tonnes)**

Category of waste	FY(2022-23)	PY(2021-22)
(i) Incineration	-	-
(ii) Landfilling	205.59	187.36
(iii) Other disposal operations	1.28	1.40
Total	<b>206.87</b>	<b>188.75</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment was carried out by any external agency.

**9. Briefly describe the waste management practices adopted in your establishment. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Hazardous waste and chemicals are stored as per Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
			Nil

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
The Company has not conducted any environmental impact assessment in FY 2022-2023					

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection Act and rules thereunder (Y/N).**

Yes

If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
The Company complies with all applicable environmental regulations. There have been no incidents of non-compliance from Heritage Foods Limited's end related to the environment in FY 2022-23.				

**Leadership Indicators -**

**1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY2023 (In GJ)	FY2022 (In GJ)
<b>From renewable sources</b>		
Total electricity consumption (A)	57439.91	59791.90
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>57439.91</b>	<b>59791.90</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D)	117488.30	104752.61
Total fuel consumption (E)	4457.96	2597.92
Energy consumption through other sources (F)	0	0
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>121946.26</b>	<b>107350.53</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment was carried out by any external agency

**2. Provide the following details related to water discharged:**

Parameter	FY2023	FY2022
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
i) To Surface water	0	0
- No treatment	0	0
- With treatment - please specify level of treatment	6380723.62	6322455.19
(ii) To Groundwater	0	0
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
(iii) To Seawater	0	0
- No treatment	0	0
- With treatment - please specify level of treatment	0	0

Parameter	FY2023	FY2022
(iv) Sent to third-parties		0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(v) Others	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
<b>Total water discharged (in kilolitres)</b>	<b>6380723.62</b>	<b>6322455.19</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.  
No independent assessment was carried out by any external agency

### 3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility or plant located in areas of water stress, provide the following information: Not Applicable

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY2023	FY2022
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Groundwater		
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres)</b>	-	-
<b>Total volume of water consumption (in kilolitres)</b>	-	-
<b>Water intensity per rupee of turnover</b> (Water consumed / turnover)	-	-
<b>Water intensity</b> (optional) – the relevant metric may be selected by the entity	-	-
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
i) Into Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
<b>Total water discharged (in kilolitres)</b>	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.  
No independent assessment was carried out by any external agency

**4. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY2023	FY2022
<b>Total Scope 3 emissions</b>			
(Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)		0.00	
<b>Total Scope 3 emissions per rupee of turnover</b>	The Company is yet to formulate its GHG inventory for Scope 3 emissions.		
<b>Total Scope 3 emission intensity (optional)</b> – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment was carried out by any external agency

**5. With respect to the ecologically sensitive areas reported in Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

The Company does not have any operations in ecologically sensitive areas.

**6. If the entity provided below taken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Utilisation of biogas from Effluent Treatment	In GKL Plant- Biogas generated from UASBR/IC Reactor is utilizing for cooking and Steam generation purposes	800 Cu.m/day of biogas generatin which is equivalent to 40 Kg LPG for cooking and about 300 Kg wood for steam generation
2	Utilisation biogas from effluent Treatment	Biogas generated from UASBR is utilising for cooking	400 cu.m/day of biogas generating which is equivalent to 20 Kg LPG for cooking
3	Utilisation of ETP sludge Treatment and drying	ETP sludge is converting as compost by Composting machine and dry fuel for Boiler	250 Kg sludge is used for composting and 250 KG.day of dried sludge is utilising at Boiler for steam generation

**7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

The Company has implemented a robust risk management framework. This framework is designed to identify, assess, and mitigate various risks that could potentially impact the Company's operations, reputation, or stakeholders. By proactively identifying potential hazards and vulnerabilities, the Company takes appropriate measures to minimize the likelihood and impact of detrimental events.

The risk management framework encompasses a systematic approach to risk identification, analysis, evaluation, and mitigation. It involves the active involvement of key stakeholders, the implementation of preventive measures, and the establishment of contingency plans to address potential risks effectively.

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

The Company's operations do not adversely impact the environment due to its responsible supply chain activities.

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

- 0.00% -

As of now, the Company does not have any formal assessment mechanism to monitor the environmental impact of its value chain partners' activities.

## Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

The organization demonstrates a strong awareness of the influence that public policy and regulatory frameworks exert on its operations and the wider ecosystem. Collaboration with regulatory authorities allows the organization to effectively fulfil its duties towards a diverse range of stakeholders, including customers, employees, suppliers, vendors, and communities. By forging these partnerships, the organization ensures that its actions are conducted in an effective and responsible manner, keeping the welfare of stakeholders at the forefront.

### Essential indicators

#### 1. a. Number of affiliations with trade and industry chambers/associations.

The company has 3 associations.

#### b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the Company is a member of/affiliated to

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/ National)
1	The Federation of Telangana and Chambers of Commerce and Industry (FTCCI)	State
2	Confederation of Indian Industry (CII).	National
3	Indian Dairy Association	National

#### 2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the Company, based on adverse orders from regulatory authorities.

Name of the authority	Brief of the case	Corrective action taken
There are no incidences of corrective action taken or underway on concerns related to anti-competitive conduct by the Company in FY 2022-23		

### Leadership Indicators

#### 1. Details of public policy positions advocated by the Company:

S. No.	Public Policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/ No)	Frequency of Review by Board (Annually/ Half yearly/Quarterly/ Others- please specify)	Web Link, if available
Nil					

## Principle 8: Businesses should promote inclusive growth and equitable development.

The organization firmly upholds the belief that inclusive growth is a fundamental prerequisite for attaining long-term success. It acknowledges the imperative of creating an environment that enables equitable access to development opportunities for all members of society. With a steadfast commitment to sustainable value creation, the organization actively works towards serving the collective interests of the community.

Through its dedicated Corporate Social Responsibility programs, the organization strategically allocates resources and efforts to initiatives that foster equitable growth. It recognizes that promoting social inclusion and addressing societal challenges are integral to its role as a responsible corporate entity. By investing in various social development projects and initiatives, the organization seeks to empower marginalized communities, bridge socio-economic gaps, and facilitate equal opportunities for all

## Essential Indicators

### 1. Details of Social Impact Assessments (SIA) of projects undertaken by the Company, based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Company has not undertaken any social impact assessment of its projects					

### 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by the Company, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amount paid to PAFs in the FY (In INR)
Nil						

### 3. Describe the mechanisms to receive and redress grievances of the community.

The Company understands the importance of providing community members with accessible channels to report their grievances and concerns. It has established a comprehensive system that enables community members to voice their grievances through various communication channels. By actively listening to community concerns, following up on communications, and maintaining transparent processes, the Company strives to build strong community relationships and foster a collaborative environment.

### 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY2023	FY 2022
Directly sourced from MSMEs/small producers	22.65%	30.09%
Sourced directly from within the district and neighbouring districts	0.00%	0.00%

- The Company shall start monitoring and reporting this data in future

## Leadership Indicators

### 1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Nil	

### 2. Provide the following information on CSR projects undertaken by the Company in the designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In INR)
NA			

During FY 2022-23, the Company has spent ₹19.23 million on various projects in the Hyderabad and Rangareddy districts of Telangana State. The unspent amount of ₹11.13 millions was transferred to unspent CSR account and will be spent in accordance with the CSR Amendment Rules.

### 3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

Yes. The company procures the raw milk mostly from the small & marginal farmers, through its representatives.

### (b) From which marginalized /vulnerable groups do you procure?

Small & Marginal farmers

### (c) What percentage of total procurement (by value) does it constitute?

95% of the milk procured directly from farmers

**4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
			Nil	

**5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Name of authority	Brief of the Case	Corrective action taken
	Nil	

**6. Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1	Health care facilities	25,000	100%
2	Promoting education	2,500	100%
3	Rural area development	5,000	100%

The CSR projects are implemented with an objective to reach out to the vulnerable and marginalised communities for improvement of health and education including environmental protection and rural development activities.

**Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner**

The organization is driven by a consumer-centric approach, where it places the highest priority on actively engaging with its consumers and aligning its business strategies to surpass their expectations and deliver exceptional value.

With an unwavering focus on understanding and fulfilling consumer needs, the organization proactively seeks out valuable consumer feedback, valuing their opinions and insights. By attentively listening and learning from their experiences, the organization gains a deep understanding of consumer preferences, enabling the development and delivery of products, services, and experiences that truly resonate.

**Essential indicators**

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

The Company places great importance on providing exceptional consumer support and ensuring a seamless experience for its consumers. As part of its commitment to customer satisfaction, the Company includes a toll-free number, customer care centre and an email address on its products, enabling customers to reach out in case of any grievances or queries.

Link - <https://www.heritagefoods.in/contact-us>

**2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	On all our products, necessary regulatory information is disclosed. Information about FSSAI Certification is disclosed on all packaged products.
Recycling and/or safe disposal	

**3. Number of consumer complaints in respect of the following:**

	FY2023			FY2022		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy						
Advertising						
Cyber- security						
Delivery of essential services						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other (product related)						

There have been no complaints in these categories

**4. Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	None	Not Applicable
Forced recalls	None	Not Applicable

**5. Does the Company have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

The Company has an internal policy in place for ensuring cyber security.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

Not applicable

**Leadership Indicators**

**1. Channels/platforms where information on products and services of the Company can be accessed (provide web-link, if available).**

This is the web-link from which information on the products and services of the Company can be accessed: <https://www.heritagefoods.in/>

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

The Company takes utmost care to ensure that its products provide comprehensive information regarding safety measures, aiming to inform and educate consumers about the responsible and safe usage of the products.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

The Company ensures consumers are aware of any risk of disruption or discontinuation of essential services through surveys that include information on procedures, risks involved, benefits and alternatives available.

The Company is also bound under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to promptly inform the Stock Exchanges and upload in its website about any material event that may have a bearing on the Company's operations.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/ No/Not Applicable) If yes, provide details in brief.**

The entity demonstrates a strong commitment to adhering to local laws and regulations, particularly when it comes to providing accurate and comprehensive product information. As mandated by the relevant authorities, the entity ensures that all necessary product details, specifications and disclosures are prominently displayed for the benefit of consumers.

**Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as whole? (Yes/ No)**

Yes

**5. Provide the following information relating to data breaches:**

- a. Number of instances of data breaches, along with impact  
Nil
- b. Percentage of data breaches involving personally identifiable information of customers  
Nil

# Management discussion and analysis

## Global economy

### Overview

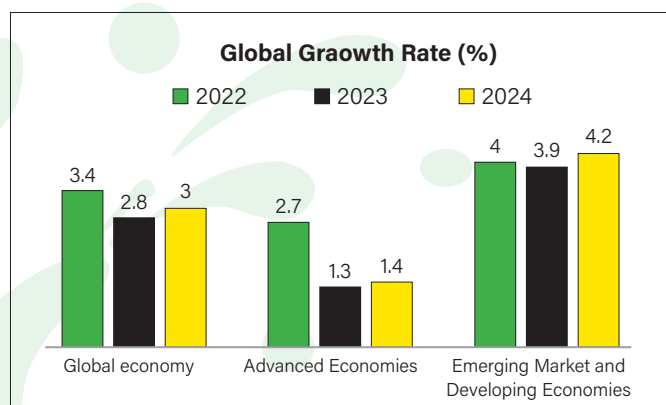
Inflation reached decadal highs at the beginning of FY23 due to geopolitical uncertainties. However, since the second half of the year, inflation has been moderating, indicating a positive outlook. The global economy appears to be on track for a slow yet steady recovery from COVID-induced challenges and the Russia-Ukraine war. Global economic output is likely to grow gradually, owing to a stabilising inflation trajectory that is reviving consumer sentiment and investor confidence. Emerging market and developing economies (EMDEs) are also witnessing growth across multiple sectors, fuelled by government expenditures in infrastructure and manufacturing sectors.

Central banks' monetary policies are expected to bear fruit, leading to a decline in global inflation from \*8.7% in CY22 to 7.0% in CY23 to 4.9% in CY24. It is anticipated that the pent-up demand in numerous economies, along with a considerable reduction in inflation, will drive economic growth in CY23.

[\*Source: IMF World Economic Outlook, April 2023].

### Outlook

Despite mounting inflationary pressures, the global economy is buoyed by a strong labour market, higher domestic spending, an influx of foreign capital and a prudent response to the energy crisis in Europe. Many EMDEs have already recovered, which has bolstered real incomes. An optimistic global outlook would also be determined by the pace and effectiveness of fiscal and monetary policy actions implemented to boost economic expansion. Going forward, the governments and central banks of the world are expected to accelerate economic growth through targeted, need-based measures.



(Source- IMF World Economic Outlook, April 2023)

## Indian economy

### Overview

The Indian economy has remained relatively shielded from the geopolitical and high inflation-induced global economic headwinds in the fiscal year 2023. India has emerged as one of the fastest-growing major economies worldwide and registered a growth rate of 7% in FY23, according to the second advance estimates of the National Statistical Office (NSO).

To foster economic growth, the Indian government has rolled out several initiatives, such as the PM Gati Shakti (National Master Plan), the National Monetisation Plan (NMP) and the Production Linked Incentive (PLI) plan. Moreover, with declining inflation, rising disposable incomes and continued investment in infrastructure development, economic growth is anticipated in the future.

### Outlook

Strong credit growth, stable financial markets and the government's greater focus on infrastructure and capex are expected to crowd in substantial investments. Although the global economic outlook is challenging, the fact that the Government of India and the Reserve Bank of India have been able to safeguard the Indian economy from an impending global recession underscores India's robust economic fundamentals. India is showing signs of recovery, and pent-up demand during the last two years offers hope for new growth opportunities in the domestic market.

## Global dairy industry

According to the IMARC report, the global dairy industry is projected to register a CAGR of 5.79% during the forecast period (2023 to 2028).<sup>1</sup>

Milk production in the European Union, the second largest milk producer, is projected to at a slower pace when compared to the world average. Despite a slight surge in domestic milk production compared to the previous decade, China is anticipated to remain the world's largest importer of milk products. Moreover, population growth has raised the demand for livestock products and is a primary factor in increasing the import of dairy products to Asian countries. In the next decade, the world's per capita consumption of fresh dairy products is expected to grow by 1.4% per annum, slightly faster than the last decade due to higher per capita income growth.<sup>2</sup>

## Indian dairy industry

India is the largest producer of dairy products in the world and ranks first in terms of milk production, contributing 23% of the global milk production.<sup>3</sup>

1. <https://www.imarcgroup.com/global-dairy-market-reach>  
 2. <https://www.fao.org/3/CC0308EN/Dairy.pdf>  
 3. <https://www.investindia.gov.in/sector/food-processing/dairy>

However, India's influence on the global dairy market is minimal because it only trades marginal amounts of milk and dairy products. Additionally, production in India was relatively unaffected by the pandemic and excess milk produced during the crisis was processed into milk powder.

The Indian dairy industry is projected to achieve a market size of INR 31,185.7 billion by 2028, showcasing a growth rate (CAGR) of 13.2% from 2023 to 2028.



(Source: [https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Dairy%20and%20Products%20Annual\\_New%20Delhi\\_India\\_IN2022-0091.pdf](https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Dairy%20and%20Products%20Annual_New%20Delhi_India_IN2022-0091.pdf))

A successful immunisation programme helped to reduce the impact of the Lumpy skin disease in cattle, which had an adverse effect on milk production in India in FY23. The dairy market requires significant support in the form of investments for infrastructure development for dairy processing. To create adequate infrastructure for chilling, logistics, cattle feed, and others, significant steps must be taken. Considering the scope for delivering value-added dairy products, organic/farm fresh milk and increasing exports, various government initiatives have been implemented to attract investment to the sector. Moreover, the dairy sector has been a major contributor to the growth of India's rural economy. To boost sales, India's dairy product sector continues to focus on the semi-urban and rural regions.

### Government initiatives

The National Programme for Dairy Development (NPDD) has approved 4 new projects in 7 states, between January 2022 and November 2022, with a total outlay of ₹ 355.25 crore (central share ₹ 244.14 crore). With the installation of 638 bulk milk coolers (each with a capacity of 1491.00 thousand litres), 2990 automatic milk collection units, and 1419 electronic milk adulteration testing devices, these projects seek to strengthen the infrastructure for milk chilling, collection, and testing at the village level.

The Livestock Health and Disease Control (LHDC) and National Animal Disease Control Programme (NACP) are also a part of the livestock health and disease control scheme and are covered by the central budget. In the current fiscal year, ₹ 159 crore have been distributed to the states and Union Territories, under the LH&DCP's various programmes.

On May 2, 2022, in Copenhagen, Denmark, the Ministries of Fisheries, Animal Husbandry and Dairy of the Government of India and the Ministry of Food, Agriculture and Fisheries of the Kingdom of Denmark signed a Joint Declaration of Intent to collaborate in the field of animal husbandry and dairy.<sup>4</sup>

The Government's landmark decision to set a ₹ 20 lakh crore agricultural credit target, specifically focusing on Animal Husbandry, Dairy and Fisheries, is highly commendable. The budgetary allocation for Animal Husbandry and Dairying has increased by approximately 40% to ₹ 4327.8 crore, reflecting the sector's importance in the national economy.<sup>5</sup>

### Opportunities

- **Increased adoption of advanced technology**

Large private companies and entrepreneurs in the dairy industry continue to adopt new-age technologies to address evolving business requirements and scale up business operations.

- **Rising entrepreneurship**

The growing interest in the dairy market has led to the development of advanced infrastructure for the dairy sector. Entrepreneurs have also established modern dairy farms and infrastructure for the production of safe and hygienic milk.

- **Demand for value-added products**

Value-added dairy products are in great demand across markets. Besides, rising consumption of ice creams/frozen dessert, milkshakes, flavoured, yoghurt and other products is also expected to drive market growth.

- **Greater income opportunities for farmers**

The spending on dairy products continues to increase due to growing awareness about their health benefits and the introduction of innovative products to the market. It has allowed small-scale dairy producers to increase their income by selling milk to larger farms that have greater access to customers in regional as well as urban markets.

4. <https://pib.gov.in/PressReleasePage.aspx?PRID=1887058>
5. <https://www.nddb.coop/node/2364>

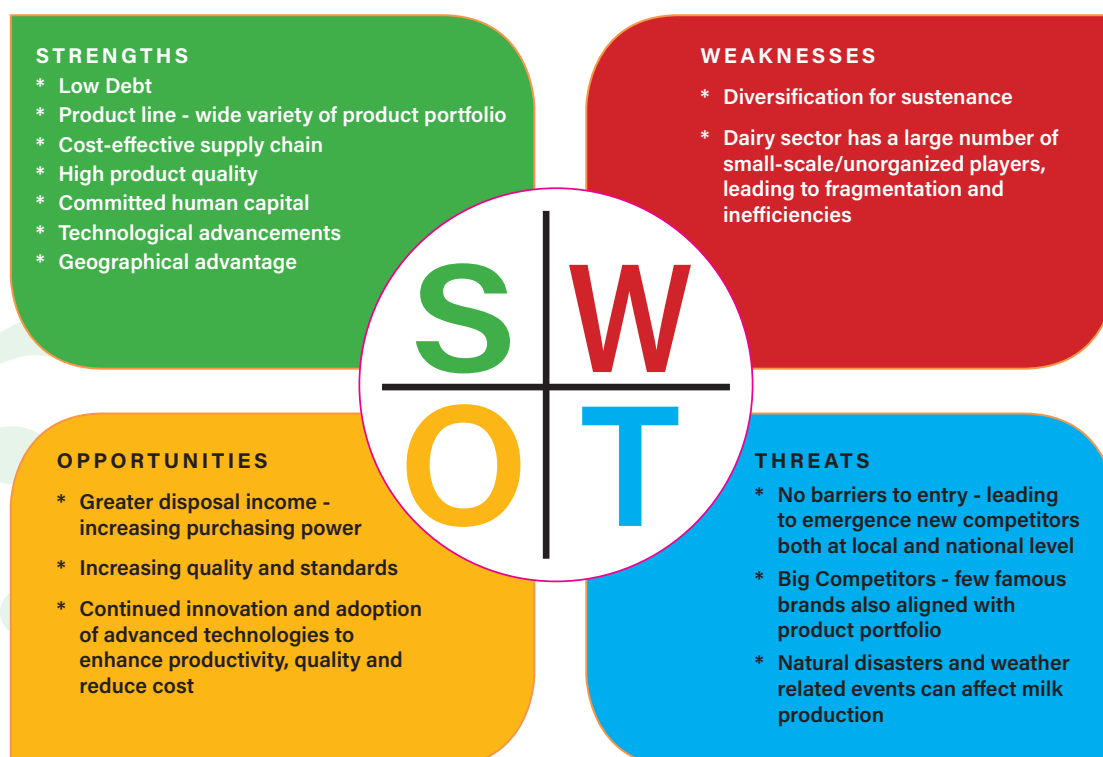
### Challenges

- Growing supply-demand imbalances in feed and fodder and reduced grazing grounds for cattle continue to affect animals' milk production capacity.
- Maintaining hygiene is a major concern for cattle owners, as unhygienic conditions lead to the deterioration of milk quality.
- Due to their perishable nature, it is extremely difficult to maintain the freshness of dairy products. Dairy farmers often face logistical hassles that have an impact on the production and transportation of milk products.
- Climate change and adverse weather conditions have adversely affected the dairy product market, impacting milk and raw materials for dairy products and creating an imbalance in the supply chain.

### Company overview

Heritage Foods Limited is among the leading dairy companies in India, with a wide presence across 11 states. Dairy and renewable energy are its two business verticals. With over three decades of experience in the dairy industry, the Company offers a diverse range of products, including milk and value-added dairy products such as curd, paneer, ghee, fresh cream, UHT milk, lassi, immunity milk, ice-cream/frozen desserts and so on.

### SWOT Analysis



# 11 states

Presence across India

# 31

years legacy

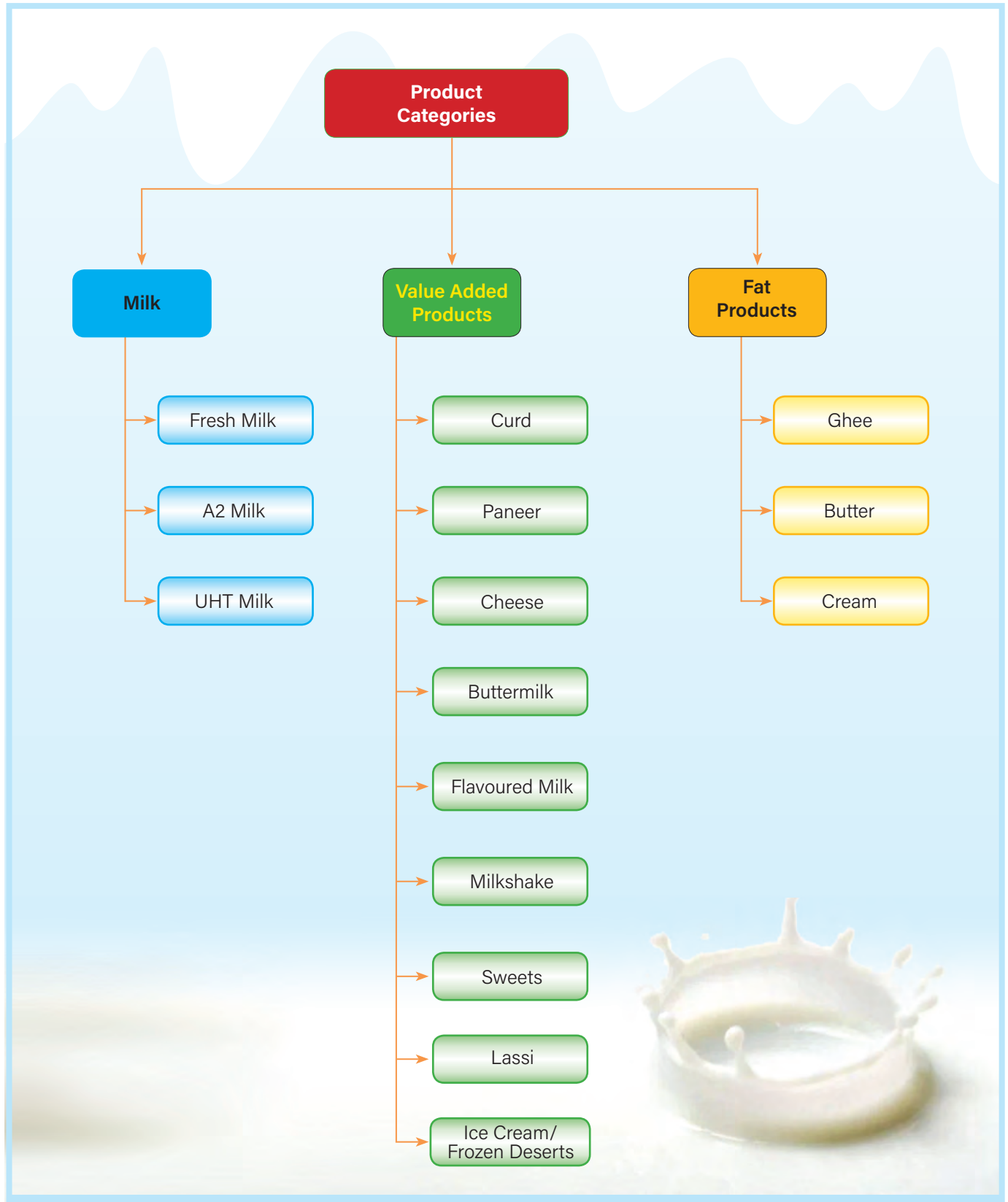
# 16

e-commerce websites Availability

Heritage Foods Ltd. is one of the top players in the Fast-Moving Consumer Goods (FMCG) sector, having a strong distribution network and an omni-channel presence. It has a well-standardised distribution network with 146 Heritage happiness points across 11 states in India. Over the years, the Company has built strong, long-lasting relationships with 300,000+ dairy farmers for the procurement of milk across 8 states in India. It is also well-represented on 16 e-commerce websites. The Company has a strong R&D strategy and employs cutting-edge technology for manufacturing and processing. It ensures superior quality control and has a highly qualified team to supervise its operations. The Company has 18 processing plants, 201 bulk coolers and mini chilling and chilling centres to deliver fresh and nutritious products.

The Company has introduced value-added products, which have boosted its overall revenue. Its ice cream/frozen dessert is witnessing rapid growth, and the Company aims to expand in existing markets across channels and drive innovation. In the years ahead, the Company plans on launching new products, especially ice creams/frozen dessert and drinkables, to contribute 10% of its growth.

## Product categories



## Milk

- Fresh Milk 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 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 or 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.

## Value-added products

- **Curd** represents an essential part of a balanced diet and can also be consumed by lactose intolerant people also. 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** 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** has a delicious flavour, a rich aroma and a smooth texture. Heritage Mozzarella Cheese and Processed Cheese are made from 100% pure cow milk. Cheese has a longer shelf life than milk. It contains a lot of nutrients, including protein, calcium, essential minerals, fat and others. Additionally, rising demand for Western cuisines, the longer shelf life of cheese products, increasing disposable incomes and growing demand for protein-rich food items are propelling its market growth. As the number of organised retail outlets grows, many international players are now making investments in the Indian cheese market. According to the IMARC report, the cheese market in India is projected to reach INR 262.6 billion by 2028, growing at a CAGR of 24.06% between 2023 and 2028.
- **Buttermilk** is often more easily digested than other dairy products. It improves oral health, strengthens bones and helps to keep cholesterol and blood pressure levels under control. Being an excellent source of calcium, it forms a crucial part of a balanced meal. Although traditionally buttermilk is consumed as a refreshment drink, it also offers relief from the heat during the extremely hot summers in India.
- **Flavoured milk** is a delicious and revitalising dairy beverage that can be purchased in glass bottles or PP bottles. It is made from fresh, pure, double-toned milk and comes in a variety of flavours and colours. Flavoured milk is preferred as it is highly nutritious. Also, it contains all the essential nutrients present in plain milk, including calcium, phosphorus, magnesium, potassium, protein, riboflavin, niacin and vitamins A, B12 and D.
- **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** such as Doodh Peda and Milk Cake are made from fresh milk and ghee. The Doodh Peda is soft, flavourful and melts in the mouth. It has the right amount of sucrose, a rich taste and a granular texture. Milk Cake has a smooth texture and a rich flavour because it is made using the highest quality skimmed milk powder and pure ghee.
- **Lassi** is a fermented drink made with pasteurised, homogenised curd and contains good bacteria that help improve gut health. It has a dense and rich texture with a natural Elaichi flavour. Lassi, also known as desi buttermilk, is a sweet or savoury beverage with a dense and creamy consistency. Lassi drinks are high in lactic acid, vitamin D, protein and other nutrients that provide refreshment and hydration during the summer, boost energy levels, aid in fighting gastrointestinal problems and reducing bacteria buildup, improve bone health, help manage weight and improve overall skin health as well. As a result, Lassi is widely preferred by Indian consumers. According to the IMARC report, the lassi market in India is projected to reach INR 101 billion by 2027, growing at a CAGR of 20.47% between 2022 and 2027.

- Ice cream and Frozen desserts** are among the most popular dairy products in India. The development of effective cold chain infrastructure, which consists of temperature-controlled storage areas, efficient management procedures, and the acquisition of trained professionals and servicing personnel, as well as the expanding food and beverage (F&B) segment, are the main factors driving India's ice cream market. The ice cream market in India is one of the fastest-growing food markets in the country. Shifting consumer preferences towards high-quality food, which has led a number of foreign ice cream brands to expand their operations in India, is also a significant growth-inducing factor for this segment. According to the IMARC report, the ice cream market in India is projected to reach INR 508.4 billion by 2028, growing at a CAGR of 17.5% between 2023 and 2028.

### Fat products

- Ghee** is a form of nutrient-dense clarified butter that is used as a cooking medium. In the Indian subcontinent, it is best known for its rich flavour and delicious taste. It is commonly used in South Asian and Middle Eastern cuisines, traditional medicines and religious rituals. Being the second most consumed dairy product after liquid milk, it is a nutritious source of calcium, iron, omega-3 fatty acids, vitamins, proteins and carbohydrates. Also, it aids in reducing inflammation and treating many diseases. It improves heart and brain health. In addition, ghee consumption is rising across India because it boosts the immune system, eases bowel movements, prevents chronic cough problems and treats eye disorders. According to the IMARC report, the ghee market in India is projected to reach INR 4,787 billion by 2027, growing at a CAGR of 10.5% between 2022 and 2027.
- Butter** is recognised as one of the key ingredients used in the preparation of a wide variety of dishes. It is used in households all across the world, thereby increasing its demand globally. In the processing facilities, cooking butter is made from fresh cream with utmost care to ensure high quality. Heritage Butter contains no added ingredients, but salt. According to the IMARC report, the table butter market in India is projected to reach INR 157.7 billion by 2027, growing at a CAGR of 20.4% between 2022 and 2027.
- Cream** is a dairy product extracted from milk. It is prepared by processing and sterilising milk at a high temperature. Due to its rich flavour and creamy texture, fresh cream is used in a

variety of dishes around the world, including custards, pasta, ice cream, shakes, sauces, and sandwiches, to name a few. Heritage Fresh Cream undergoes extensive processing to give it a smooth consistency, which further aids in curating mouth-watering cuisines. It adds a mouthful of happiness and lends a creamy texture to the food. The packaging of Heritage Fresh Cream ensures that the cream stays fresh until opened. According to the IMARC report, the Indian fresh cream market is expected to reach INR 13.18 billion by 2027, growing at a CAGR of 13.18% between 2022-2027.

### Distribution

Heritage Foods Ltd. has an extensive distribution network, making products available in 11 states in India. The Company's robust distribution network helps strengthen the brand through its omnichannel presence. Milk is sourced directly from the farmers for production of high-quality milk, milk products and value-added dairy products. Heritage parlours and Heritage happiness centres are franchised stores and distribution wings that sell the entire product line of the Company. The Company's distribution network includes 121 heritage happiness centres, 859 exclusive heritage parlours. Heritage products are available in 0.13 million Kirana stores, 27 organised retail chains and 16 e-commerce websites. The use of an integrated technology-driven supply chain for procurement and distribution aids in inventory control.

### Empowering farmer community

The primary concern of Heritage Farmer Welfare Activities (HFWA) is to promote the growth and welfare of the farmer community. The Company is constantly striving to empower farmers by procuring milk at mutually beneficial prices, encouraging best practices regarding milk quality and quantity and providing support services to assist them in improving their milk yields by organising free veterinary check-ups and vaccination drives for cattle. Other significant steps taken by the Company include facilitating farm loans and cattle insurance, as well as providing nutritional livestock feed. The Company has hosted 1,071 cattle health camps that have benefited 21,452 farmers and treated 67,989 cattle. All these interventions have helped the Company build strong bonds with the farmers.

**67,989 cattle were treated**

**21,452 farmers were benefited**

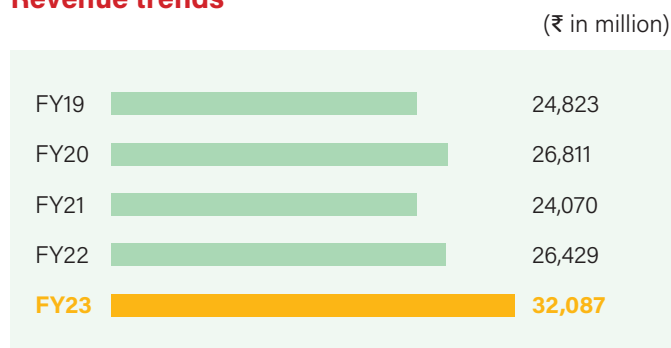
**1,071 health camps were hosted**

## Review of operations

Financial Year	Revenue from operation (INR in Million)	EBITDA (INR in Million)	PAT (INR in Million)
FY 23	32,087	1,449	659
FY22	26,429	1,873	1,015
FY21	24,070	2,565	1,452
FY20	26,811	(769)*	(1,600)*
FY19	24,823	1,924	834

\* EBITDA and PAT is after considering the Fair value gain on FVTPL equity shares and loss due to changes in derivative liabilities of Investments in FRL.

## Revenue trends

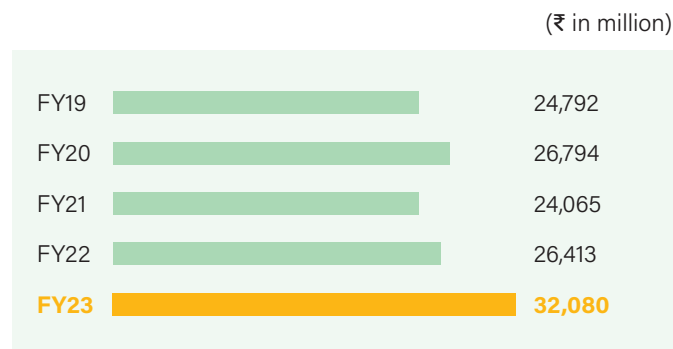


During FY23, the Company received 63.95% of its revenue from the milk segment, followed by 29.05% from value-added products, 4.68% from fat products, 1.7% from ice cream, and 2.18% from Animal Nutrition (a subsidiary of Heritage Nutrivet) and Yoghurt-Manie Yova (a joint venture of Heritage Novandie).

## Dairy vertical

The dairy division forms the flagship business vertical of Heritage Foods Ltd. It accounts for nearly 99.98% of the total revenue. The 4-year revenue of the dairy vertical is given below:

## Dairy revenue

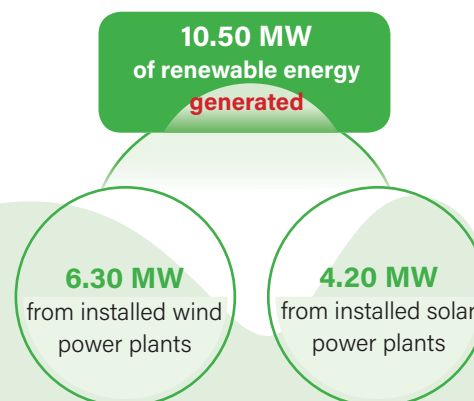


## Value Added Products Revenue



## Renewable energy vertical

The Company endeavouring to increase its green footprint, began the journey towards clean energy by investing in renewable energy projects, primarily for captive consumption. Captive solar and wind power plants have been installed and distributed throughout the plants of the Company. A total of 10.50 MW of renewable energy, including 6.30 MW of installed capacity power and 4.20 MW of installed capacity solar power, is generated for captive consumption.



### Heritage Nutrivet Limited

Heritage Nutrivet Limited (HNL), a wholly owned subsidiary of Heritage Foods Limited, is dedicated to providing animal nutrition through livestock feed and feed supplements. To enhance livestock milk yields and their reproductivity, the Company aims to feed milch animals and take care of their overall health and immunity. The products of HNL are designed to serve a variety of animal needs. It offers technical support and raises awareness among dairy farmers about improving milk productivity and profitability. It also provides cost-effective solutions for farmers.

### Heritage Novandie Foods Private Limited

Heritage Foods Limited has established a 50:50 Joint Venture Company with Novandie, France, namely, Heritage Novandie Foods Private Limited (HNFPL) to manufacture and market various types of yoghurt in the country; it started its commercial operation on February 17, 2021. The Company's target market comprises Indian consumers, who are becoming more inclined towards consuming nutritious food. The Company's primary Unique Selling Proposition (USP) includes offering the first French yoghurt, supported by manufacturing facilities and quality control of ingredients and procedures.

### Financial overview

The Company has delivered significant returns to its stakeholders as it continues to traverse the path towards becoming a nationally recognised brand for healthy and fresh products. Mentioned below is the Company's performance for the last 5 years in various parameters.

### Net worth

The Net worth for the last five years is as follows.

(₹ in million)

FY19	8,050
FY20	4,623
FY21	5,938
FY22	6,605
<b>FY23</b>	<b>7,367</b>

### Dividend

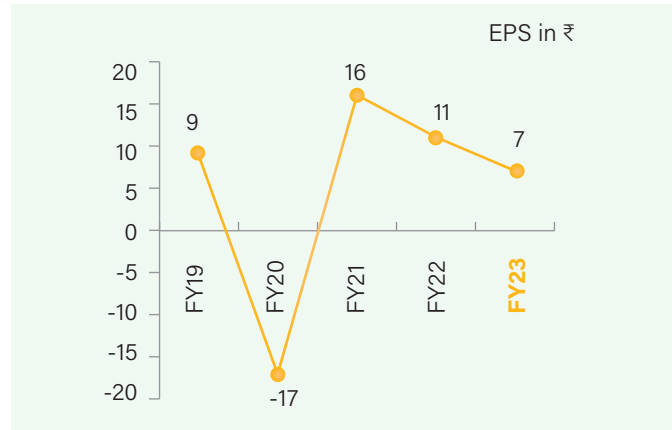
The dividend % declared in last five years.

(₹ in million)

FY19	40%	112
FY20	50%	116
FY21	100%	232
FY22	100%	232
<b>FY23</b>	<b>50%</b>	<b>232</b>

### Earnings per share

Earnings per share (EPS) (Equity Shares of the face value of ₹ 5/- each)



Note: EPS has been adjusted for all the years on account of issue of rights issue during the year 2022-23

### Key financial highlights for FY 2022-23

The following information is standalone information about the Company and should be read in conjunction with the financial statements and related notes for the financial year ended March 31, 2023.



### Overview of Standalone Financial Results

Particulars	2022 - 23		2021 - 22		FY 2023 vs 2022
	₹ In Millions	% of Revenue	₹ In Millions	% of Revenue	% of Growth
Net Sales	32072.53	99.96	26404.91	99.91	21.46
Other operating income	14.22	0.04	24.30	0.09	(41.48)
<b>Total Revenue</b>	<b>32086.75</b>	<b>100.00</b>	<b>26429.21</b>	100.00	21.41
Less: Total Expenditure	30736.67	95.79	24556.70	92.91	25.17
Add: Other Income	113.48	0.35	103.14	0.39	10.03
<b>Profit before Interest, Depreciation and Tax</b>	<b>1463.56</b>	<b>4.56</b>	<b>1975.65</b>	7.48	(25.92)
Less: Finance costs	31.68	0.10	32.01	0.12	(1.03)
Depreciation & Amortisation	538.50	1.68	499.64	1.89	7.78
<b>Profit before tax and exceptional items</b>	<b>893.38</b>	<b>2.78</b>	<b>1444.00</b>	5.46	(38.13)
Less: Exceptional items	-	-	(91.40)	(0.35)	-
<b>Profit before tax</b>	<b>893.38</b>	<b>2.78</b>	<b>1352.60</b>	5.12	(33.95)
Less: Provision for current taxation (Including taxation of earlier year)	227.07		343.01		
Less: Provision for deferred taxation	7.42		(5.75)		
Profit / (Loss) after tax	<b>658.89</b>	<b>2.05</b>	<b>1015.34</b>	3.84	(35.11)

### Standalone Segment results

Particulars	2022 - 23		2021 - 22		FY 2023 Vs 2022
	₹ In Millions	% of Revenue	₹ In Millions	% of Revenue	% of Growth
<b>1. Total Revenue</b>					
a. Dairy	32079.87		26413.02		21.45
b. Renewable energy	78.22		90.03		(13.12)
<b>Total (a+b)</b>	<b>32158.09</b>		26503.05		21.34
<b>2. Inter-segment Revenue</b>					
a. Dairy	-		-		
b. Renewable energy	71.34		73.84		(3.38)
<b>Total (a+b)</b>	<b>71.34</b>		73.84		(3.38)
<b>3. External Revenue</b>					
(Incl other operating income)					
a. Dairy	32079.87		26413.02		21.45
b. Renewable energy	6.88		16.19		(57.51)
<b>Total (a+b)</b>	<b>32086.75</b>		<b>26429.21</b>		21.41
<b>4. Segment Results</b>					
(Profit (+) / (Loss) (-) before tax and finance costs)					
a. Dairy	899.97	2.81	1361.42	5.15	(33.89)
b. Renewable energy	22.93	29.31	37.30	41.43	(38.53)
c. Others	-		(0.31)		
<b>Total (a+b+c)</b>	<b>922.90</b>	<b>2.88</b>	<b>1398.41</b>	<b>5.29</b>	<b>(34.00)</b>
Less: Finance Cost	31.68		32.01		
Unallocable expenses	30.36		32.06		
Add: Interest income	2.33		2.57		
Unallocable income	30.19		15.69		
<b>Total Profit before Tax</b>	<b>893.38</b>	<b>2.78</b>	<b>1352.60</b>	<b>5.12</b>	(33.95)

**Segment wise Revenue Break-up:**

(₹ in Millions)

	2022 - 23	2021 - 22
<b>Dairy</b>		
<b>Finished goods sold</b>		
Milk	20517.53	17482.81
Value Added Products	9260.06	6938.72
Fat Products	1501.00	1400.40
Skimmed Milk Powder	3.40	4.21
<b>Total</b>	<b>31281.99</b>	<b>25826.15</b>
<b>Traded goods</b>		
E&I	699.95	529.26
Value Added Products	62.12	19.58
Others	1.94	3.15
<b>Total</b>	<b>764.01</b>	<b>551.99</b>
<b>Sale of Service</b>	21.60	22.32
<b>Other operating income</b>	12.27	12.57
<b>Total Dairy Revenue</b>	<b>32079.87</b>	<b>26413.02</b>
<b>Renewable Energy</b>		
Finished goods sold	4.93	4.46
Other operating income	1.95	11.73
<b>Total Renewable Energy Revenue</b>	<b>6.88</b>	<b>16.19</b>
<b>Total Revenue</b>	<b>32086.75</b>	<b>26429.21</b>

**CASH FLOW**
**Cash Inflows**

(₹ in Millions)

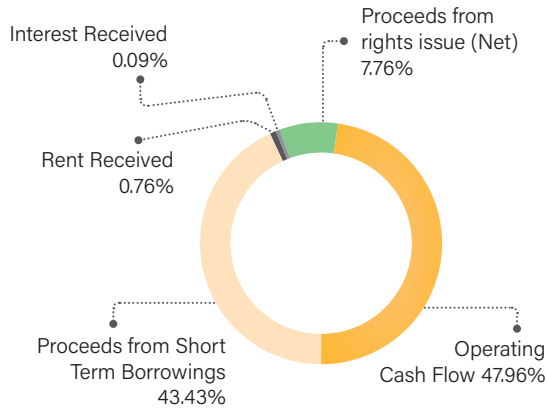
Particulars	2022 - 23	%	2021 - 22	%
Operating Cash flow	1373.41	47.96	1875.05	95.11
Proceeds from rights issue (Net)	222.20	7.76	-	-
Government grant received	-	-	73.26	3.72
Interest Received	2.69	0.09	2.31	0.12
Rent Received	21.70	0.76	20.89	1.06
Proceeds from Short Term Borrowings	1243.58	43.43	-	-
<b>Total</b>	<b>2863.58</b>	<b>100.00</b>	<b>1971.51</b>	<b>100.00</b>

**Cash Outflows**

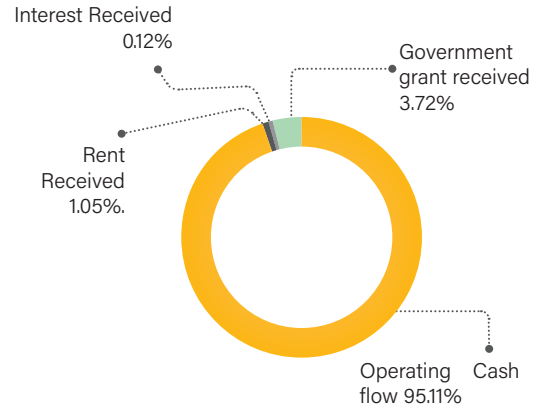
(₹ in Millions)

Particulars	2022 - 23	%	2021 - 22	%
Repayment of Long Term Borrowings	16.37	0.54	484.71	26.38
Change in Working capital (net)	1750.71	57.87	85.74	4.67
Taxes paid	230.97	7.64	351.15	19.11
Payment for purchase of property, plant and equipment(net)	788.56	26.07	400.02	21.77
Consideration paid towards Business combination	27.11	0.90	-	-
Net Investments	29.06	0.96	93.21	5.07
Movement in other bank balances, net	4.43	0.15	12.42	0.68
Interest Paid	16.88	0.56	20.66	1.12
Rent Paid	45.05	1.49	41.68	2.27
Dividend paid	116.00	3.83	347.99	18.94
<b>Total</b>	<b>3025.14</b>	<b>100.00</b>	<b>1837.58</b>	<b>100.00</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>(161.56)</b>		<b>133.93</b>	
<b>Add: Opening Cash and Cash Equivalents</b>	<b>324.76</b>		<b>190.83</b>	
<b>Cash and cash equivalents at the end of the period</b>	<b>163.20</b>		<b>324.76</b>	
<b>Cash and cash equivalents include :</b>				
<b>Cash on hand</b>	<b>2.32</b>		<b>25.79</b>	
<b>Balances with banks in current accounts</b>	<b>160.88</b>		<b>298.97</b>	

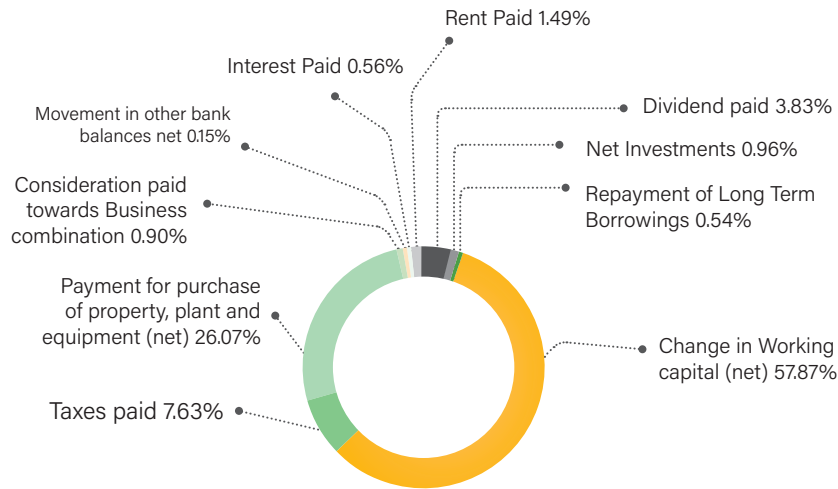
**Cash in Flow- 2022 - 23**



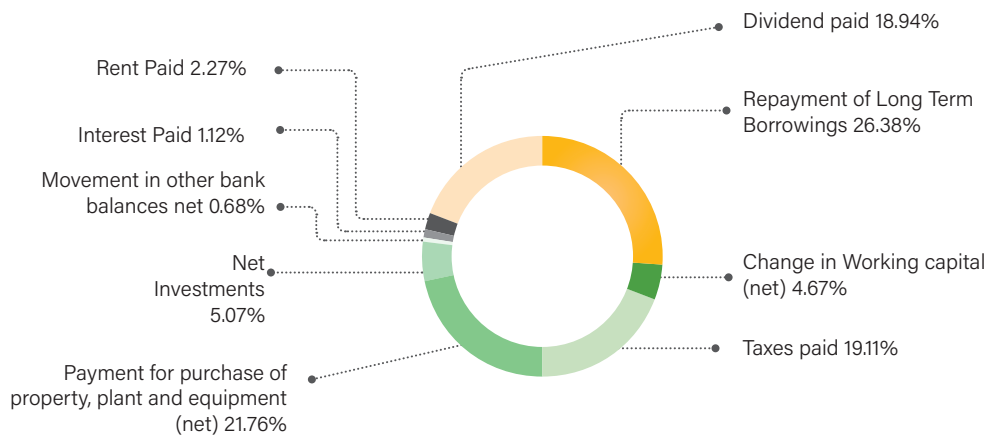
**CASH INFLOW 2021 - 22**



**CASH OUTFLOW 2022-23**



**CASH OUTFLOW 2021-22**



## Key Financial Ratios as per SEBI Listing Obligations and Disclosure Requirements (Amendment) Regulations, 2018

Particulars	31 March 2023	31 March 2022
Current ratio	1.44	1.60
Debt equity ratio	0.22	0.02
Debt Service coverage ratio	14.26	2.77
Return on equity ratio / return on investment ratio	9.43	16.19
Inventory turnover ratio	9.28	10.76
Trade receivables turnover ratio	139.86	162.60
Trade payables turnover ratio	57.92	51.63
Net capital turnover ratio	24.04	25.40
Net Profit Margin (%)	2.05%	3.84%
Return on capital employed	10.60	19.95

### Growth strategy

- Expanding market presence in existing markets**

The Company strives to leverage its wide distribution network to expand deeper within existing geographies like metropolitan cities and tier 2 cities. Additionally, the organisation is reinforcing its market reach in those regions where it already exists, chiefly through brand-building initiatives.

- Revamping the product segments**

The Company is creating a cost-effective supply chain to meet the growing demand for value-added products through ongoing innovation, product portfolio expansion and customer satisfaction.

- Enhancing manufacturing facilities**

The Company employs best practices to enhance capacity utilisation, operational metrics and profitability. Driven by the desire to continuously outperform, the Company uses flexible and affordable processors. The Company intends to use its Capex funds for the procurement, maintenance and improvement of its current processing and cold chain facilities.

- Privileging the farmers**

In order to increase farmers' income and improve their socioeconomic status, the Company directly purchases milk from farmers while also helping them improve the yield of their dairy animals.

### Outlook

The Company intends to enhance the quality of its services in locations where it already operates. Being aware of the shifting demographic factors such as changing lifestyles, rising disposable incomes and the transition towards leading a healthier lifestyle, the Company is trying to leverage its penetration strategy to expand its consumer base. The Company has a positive outlook with a targeted EBITDA margin of 7-8%. It is expanding its value-added product portfolio and capitalising on the industry's projected double-digit growth. The Company's focus on bolstering demand, expanding its distribution network and boosting its efficiency measures will contribute to sustained growth. Investments in value-added products, milk procurement and marketing campaigns are aligned with the Company's long-term growth aspirations.

### Risks and concerns

Type of Risk	Description	Mitigation plans
<b>Strategic Risk</b>		
<b>Competition:</b>	The Company is facing competition from local, domestic and international players.	The Company is implementing a number of marketing initiatives, including digital campaigns, in an attempt to mitigate this risk. Considering the differentiated products of the competition, the Company plans to increase the share of value-added product sales over the next few years.
<b>Changing consumer preferences:</b>	Consumer taste shifts might negatively affect the demand for the value-added products of the Company.	To meet the changing consumer demand, the Company is actively identifying shifting consumer wants and launching a variety of and value-added products.

Type of Risk	Description	Mitigation plans
<b>Production risk</b>		
<b>Climate change:</b>	Unprecedented climate change like rainfall and heat is affecting milk production and leading to price fluctuations.	The Company is adapting the latest technologies to tackle unpredictable weather conditions. One such initiative is 'Grass to Glass', a technology-enabled approach to maintaining strict quality control throughout the milk value chain to ensure purity and assist farmers in dealing with varying climatic conditions and their impact on dairy production.
<b>Animal health and safety:</b>	Animal diseases can reduce cattle productivity by increasing the amount of time cows spend in lower-lactation phases and reducing the number of offspring available for replacements or sale.	To mitigate the risk, the Company strives to supply high quality feed while also ensuring their general health and immunity. The Company provides free veterinary health services to reduce the impact of disease on cattle.
<b>Operational Risk</b>		
<b>Supply Chain Risk:</b>	Increasing fuel and logistics costs will have an impact on the Company's overall revenue costs and result in an inadequate supply of the product.	The Company is able to lower the effect of rising fuel prices and logistics costs through proper route planning and utilising maximum loading capacity of vehicles.
<b>Quality Control Risk:</b>	The risk of failure to meet the quality of products and other issues such as adulteration, contamination or tampering can lead to loss of consumer trust and also result in financial losses.	The Company has made investments in cutting-edge research and development, setting up advanced manufacturing processes and planning preventive measures in an effort to mitigate risks for the customers. This has led to an improvement in the quality of the existing products and also, in the development of new products.
<b>Lack of Technological adoption:</b>	Manual monitoring, production and limited access to product information are time-consuming and may result in human errors in analysis, impacting the Company's overall data management.	The Company constantly makes use of a technology-enabled network to boost operational efficiency by streamlining processes, gaining proper access to data management throughout the value chain and generating value for all stakeholders.
<b>Volatility in raw material prices:</b>	Price fluctuations may increase the cost of raw materials, raising the production costs, which may result in additional losses for the Company.	The Company has taken measures to reduce this risk by sourcing raw materials from different sources.
<b>Geographical concentration risk:</b>	Due to the Company's reliance on some states, any unanticipated changes in their economies could have a negative impact on the Company's growth.	The Company is expanding its operations within the same states, instead of penetrating into new geographies by leveraging its strong distribution network and brand-building initiatives.
<b>Financial Risk</b>		
<b>Liquidity crisis:</b>	The Company may have difficulty managing the delivery of surplus milk due to the liquidity crisis and working capital constraints.	The Company aims to maintain a strong working capital to be able to make immediate cash payments to the vendors.
<b>Compliance Issue:</b>		
<b>Regulatory Risk</b>	Because of the rapidly changing global regulatory environment, there has been a significant increase in regulatory scrutiny and stakeholder expectations regarding compliance.	The Company has effective corporate governance procedures to make sure that its operations are in line with industry standards.

## Human resources

The Company treasures its human capital as its most important asset. It continues to foster a supportive work culture where all its personnel feel secure and appreciated. Aiming to attract, develop and retain talent in a dynamic operating environment, the Company's human resources policies also promote trust, transparency and cooperation. The Company regularly conducts a structured induction process at all locations, along with 71 skill development programmes and management development programmes to enhance managerial skills. The employee recognition programme is a vital part of the Company. Regular communication with top management helps identify and reward top performers across functions. An objective appraisal system based on KPIs is in place to incentivise employees. The Company currently has a workforce comprising over 3000 people.

## Internal control systems and their adequacy

The Company has a well-designed internal control system appropriate for the scope and character of its operations. These internal controls guarantee the protection of assets from unauthorised use or disposal, accurate recording and reporting of all transactions and adherence to all relevant regulatory requirements. To keep up with the changes in the business environment and statutory requirements, internal control systems are continuously reviewed and modified. The Company's internal audit team mainly concentrates on the framework. The results of the internal audit are periodically reported to the Board's Audit Committee. The internal control system is evaluated by the audit committee, which also makes recommendations for improvements and takes corrective action whenever required. The Company's strong management information system is a crucial component of the control system.

## Quality and safety

The Company's top priorities are quality and safety. It ensures that the quality control measures are in place and that the products go through rigorous quality inspections. The Company offers a variety of products across various market segments and the goods are produced in accordance with strict industry standards ensuring quality, safety and nutrition. The operating principle is always to put milk quality and safety first. The Company has been certified under the 'Safety and Health Management System' which complies with ISO 45001:2018 and the Environment Management System which complies with ISO 14001:2015.

## Sustainable model

The Company aims to reduce its environmental footprint and develop a sustainable business model. It prioritises energy conservation and ensures optimal energy use in all areas of operations. The Company is ESG-responsible. It has a total renewable energy generation capacity of 10.50 MW, generated from renewable energy sources for captive consumption within its facilities. The Company has consistently invested in renewable energy projects for captive consumption. It has installed and distributed energy using 11 captive solar and wind power facilities.

To lower the environmental demand placed on natural resources, the Company endeavours to reduce its environmental impact. The Company won all three Prestigious CII National Energy Conservation Awards in 2021, Certifications for environmental management systems that adhere to ISO 14001:2015.

## Packaging and plastic waste management

Plastic is essential in securing product safety and preventing leakage. As a responsible organisation, the Company recognises the impact its business operations on the natural ecosystem. Therefore, it is dedicated to shape a greener future by actively engaging in plastic recycling.

## Supply chain

In today's digital era, technology plays a crucial role in business operations. The Company recognises the importance of meeting the needs of its diverse customer base, which is why it has embraced sales automation and digital processes. By using various digital tools and technologies, the Company aims to enhance its engagement with partners, improve response times for customers, ensure transparency in value chain processes, and achieve seamless product delivery.

## Cautionary statement

The MDA section includes forward-looking statements that highlight the potential future prospects of the company. These statements are accompanied by inherent risks and uncertainties that may cause actual results to differ materially. Additionally, the macro-environmental changes and the unpredictable nature of global events, such as the Pandemic, unforeseen challenges for the Company and its operating environment. The information provided in the report is based on assumptions derived from both internal and external sources, and these assumptions may change over time, leading to corresponding adjustments in the estimates provided. It's important to note that these forward-looking statements reflect the Company's current intentions, beliefs, or expectations and are valid as of the date they were made. The Company does not have an obligation to update or revise these statements in light of new information or future events unless required by applicable regulations.

# Report on Corporate Governance

The Directors of Heritage Foods Limited ("the Company") have pleasure in presenting the Company's Report on Corporate Governance for the Financial Year 2022-23 in pursuant to Regulation 34(3) read with Schedule V and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulation').

## 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is to conduct business with a firm commitment to values, while meeting stakeholders' expectations. It is based on preserving core beliefs and ethical business conduct while maintaining a strong commitment to maximise long-term stakeholder value. Your Company carries on an ethically driven business process that is committed to ethical practices aimed at enhancing stakeholder value. As a good corporate citizen, your Company is dedicated towards following the best corporate governance practices built through conscience, fairness, transparency, accountability, building confidence of its various stakeholders, thereby paving the way for its enduring success.

Since its inception, your Company has taken conscious efforts to operate in a manner responsible to all stakeholders. Your Company has maintained the highest standards of corporate governance all through its operations. Your Company is committed to moulding Corporate Governance practices in line with its core values, beliefs and ethics. Your Company believes in attainment of highest levels of transparency in all facets of its operations and maintains an unwavering focus on good Corporate Governance practices.

Your Company continues to strengthen its governance principles to generate long-term value for its various stakeholders on a sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

The Corporate Governance is ongoing process and your Company has always focused on good corporate governance, which is a key driver of its long term value creation and trust. Even in fiercely competitive business environment, the management and employees of your company are committed to uphold the core values of transparency, integrity, honesty and accountability

Your Company's Corporate Governance Framework ensures that the company makes timely disclosures, shares accurate information regarding its financial and business performance.

Your Company's Corporate Governance Philosophy is based on the following principles:

- Corporate Governance Standards should satisfy both the spirit of the law and the letter of the law
- Ensure transparency and maintain a high level of disclosure
- Clearly distinguish between personal conveniences and corporate resources
- Communicate externally and truthfully, about how the Company is run internally as permitted by the statute.
- Have a simple and transparent corporate structure driven solely by business needs
- The Management is the trustee of the members' capital and not the owner.

Transparency and accountability are the two basic requirements of Corporate Governance. Responsible Corporate conduct is integral to the way the Company do the business. The actions are governed by the values and principles which are reinforced at all levels in your Company. The code of business is reflected in the continued commitments to ethical business practices across the dealings.

An effective Board is a pre-requisite of Good Corporate Governance practices. Well- Informed and Independent Board is essential to bring objectivity and transparency in the management and in the dealings of your Company. The Board of your company is committed to protect the long-term interests of all stakeholders, and considering this, it provides objective and prudent guidance to the management. As on March 31, 2023, the Board consists of Seven (7) members out of which two (2) are Executive/ Whole-time Women Directors, three (3) are Non-Executive Independent Directors, one (1) is Non-Executive Independent Woman Director and one (1) is Non-Executive Director.

### **Ethics/Governance Policies:**

Your company has adopted a set of policies and Codes and ensure the business of your company is carried out in line with its core value systems. Your Company strives to conduct the business and strengthen the relationship in a manner that is dignified, distinctive and responsible. Your Company adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing

with stakeholders. Therefore, your Company have adopted various codes and policies to carry out business in an ethical manner. Some of these codes and policies are:

- Code of Conduct & Ethics for Board & Senior Management
- Code of Conduct for Fair Disclosure of Unpublished Price Sensitive Information
- Code of Conduct to Regulate, Monitor & Report Trading by Insiders
- Whistle Blower Policy
- Policy on Materiality of Related Party Transactions
- Corporate Social Responsibility Policy
- Board Diversity and Nomination & Remuneration Policy
- Board Evaluation Framework
- Policy for Determining Material Subsidiaries
- Risk Management Policy
- Familiarisation Programme for Independent Directors
- Policy on Preservation of Documents
- Archival Policy
- Policy on Determination of Materiality of Events
- Business Responsibility Policy
- Dividend Distribution Policy
- Policy and procedure of inquiry in case of leak or suspected leak of UPSI
- Anti-Sexual Harassment – Safe work environment policy

#### **Appropriate Governance Structure with defined roles and responsibilities:**

Your Company has put in place an internal management structure with defined roles and responsibilities of every constituent of the system. The Company's members appoint the Board of Directors, which in turn governs the Company. The Board has constituted Seven Committees to discharge its responsibilities in an effective manner. The Company Secretary acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time. The Vice Chairperson & Managing Director (VC&MD) and Executive Director (ED) provide the overall direction and guidance to the business. In the operations and functioning of the Company, the VC&MD is assisted by Executive Director and a core group of senior level executives.

#### **Board Leadership:**

An enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board of Directors from time to time obtained a compliance report in respect to Corporate Legislation such as: Companies Act, 2013 and rules made thereunder and other applicable SEBI act and regulations and labour act and regulations. The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the Company's value creation. Your Company has defined guidelines and an established framework for the meetings of the Board and its Committees. These guidelines seek to systematise the decision making process at the meeting of the Board and its Committees in an informed and efficient manner.

The Board critically evaluates your Company's strategic direction, management policies and their effectiveness. The agenda for the Board reviews include strategic review from each of the Board committees, a detailed analysis and review of annual strategic and operating plans and capital allocation and budgets. Additionally, the Board reviews related party transactions if any, possible risks and risk mitigation measures, financial reports from the Chief Financial Officer (CFO) and business reports from the division heads. Frequent and detailed interaction sets the agenda and provides the strategic road map for the Company's future growth.

## **2. BOARD OF DIRECTORS**

### **a) Composition and category of Directors:**

The Board of your company bears the ultimate responsibility for the organization and administration of your company. It is vital to have a well-balanced Board with a combination of Executive, Non-Executive and Independent, Woman Directors on the Board of the Company to ensure Board's independence and effective management. The Board Composition of your company is in conformity with the requirement of Section 149(4) of the Companies Act, 2013 ("the Act") and Regulation 17 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended from time to time. As on March 31, 2023, the Board consists of Seven (7) members, out of which Two (2) are Executive/Whole-time Women Directors, Three (3) are Non-Executive Independent Directors, one (1) is Non-Executive Independent Woman Director and one (1) is Non- Executive Director. The Board periodically evaluates the need for change in its composition and size.

None of the Independent Directors on the Board serve as an independent director in more than seven listed entities and none of the Directors on the Board is a member of more than 10 Committees excluding private limited companies,

foreign companies and companies under Section 8 of the Companies Act, 2013 ("the Act") or Chairman of more than 5 Committees as specified in Regulation 26 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, across all the Companies in which he/she is a Director. The Directors have made the necessary disclosures regarding Committee positions during the period under review. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

### **Roles, Responsibilities and Duties of the Board**

The role, responsibilities, and duties of the Board of Directors are crucial in ensuring effective governance and the sustainable growth of a company. Under the Securities and Exchange Board of India (SEBI) Listing Obligations and Disclosure Requirements (LODR) and Section 166 of the Companies Act, 2013, the Board has specific obligations to fulfil.

The primary role of the Board is to act as a fiduciary for the company, representing the interests of its shareholders and stakeholders. The Board is responsible for providing strategic guidance and setting the overall direction and objectives of the company. It must exercise independent judgment and act in the best interests of the company while considering the interests of all stakeholders.

The responsibilities of the Board include:

1. **Corporate Governance:** The Board is accountable for maintaining high standards of corporate governance, ensuring transparency, and adhering to legal and regulatory requirements. It must establish and monitor systems of internal control and risk management to safeguard the company's assets and reputation.
2. **Strategy and Planning:** The Board plays a crucial role in formulating the company's strategic plans, assessing risks, and identifying opportunities. It approves annual budgets, business plans, and major investment decisions. It also monitors the implementation of strategies and evaluates their effectiveness.
3. **Oversight and Monitoring:** The Board has a duty to oversee the company's management, ensuring that it operates in a responsible and ethical manner. It appoints and evaluates the performance of key executives, including the CEO. The Board also reviews financial statements, internal audit reports, and compliance with legal and regulatory obligations.
4. **Stakeholder Management:** The Board must consider the interests of various stakeholders, including shareholders,

employees, customers, suppliers, and the community. It should foster effective communication and engagement with stakeholders and address their concerns.

5. **Risk Management:** The Board is responsible for identifying and managing risks faced by the company. It should establish effective risk management policies and procedures, ensure appropriate insurance coverage, and regularly review the effectiveness of risk mitigation measures.
6. **Compliance and Disclosures:** The Board ensures compliance with applicable laws, regulations, and codes of conduct. It oversees the disclosure of accurate and timely information to shareholders and other stakeholders, maintaining transparency and fairness.

Under Section 166 of the Companies Act, 2013, the Board has a fiduciary duty to act in good faith, exercise due care, and act in the best interests of the company. It should promote the company's objectives, preserve its assets, and ensure its long-term success. The Act emphasizes the duty of directors to act honestly, responsibly, and with reasonable diligence, using their skills and knowledge for the benefit of the company.

In conclusion, the Board of Directors plays a critical role in the governance and management of a company. It has various responsibilities and duties, including strategic planning, oversight, risk management, compliance, and stakeholder management. The SEBI LODR and Section 166 of the Companies Act, 2013, provide a framework for the Board to fulfill its obligations and ensure the company's sustainable growth and success.

### **Board Meeting Frequency and location**

The Board meets at least once a quarter to review the quarterly results and other items of the agenda. Whenever necessary, additional meetings are held. Other Committee meetings are held based on the requirements but at least one meeting of each committee is held in a financial year. In the case of business exigencies or urgency of matters, resolutions are passed by circulation. Video conferencing facility is provided to the Directors who are not able to attend the meetings in person due to some emergencies. The location of the Board meetings is informed well in advance to all the Directors. Eight (8) Board meetings were held during the year ended March 31, 2023 and the gap between any two meetings did not exceed one hundred and twenty days. The said meetings were held on: May 27, 2022, July 29, 2022, September 30, 2022, October 18, 2022, January 13, 2023, January 20, 2023 February 21, 2023 and March 23, 2023.

### **Agenda and relevant information to Directors**

The agenda for each Board / Committee meeting is circulated well in advance to the Directors. All material

information is incorporated in the agenda facilitating meaningful and focused discussions in the meeting. Every Board / Committee Member is free to suggest items for inclusion in the agenda. Being a responsible environment friendly Company, agendas and other relevant documents / information to Board / Committee members are provided in secured electronic mode.

### **Board Meetings - Matters**

All divisions / departments of the Company are advised to schedule their work plans in advance, particularly with regard to matters requiring discussion / approval / decision of the Board meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board / Committee meetings. Agendas for such meetings are finalized in discussion with the Vice-Chairperson & Managing Director of the Company.

### **Presentations by management**

The Chief Financial Officer, President, Chief Executive Officer, Chief Operating Officer, Company Secretary and Internal Audit team coordinator updates the Board on their related matters through presentations / Board notes. Such presentations and Board notes cover finance, sales, marketing, major business segments and operations of the Company, including business opportunities, business strategy and risk management practices, internal audit observations, regulatory changes and their probable impact on the operations of the Company.

### **Availability of information to Board Members**

The Board has unrestricted access to all Company related information including employees. All the relevant information to be placed before the board as required under the SEBI Listing Regulations and Companies Act, 2013 is placed before the Board for its consideration regular updates provided to the Board include:

- Annual operating plans and budgets, capital budgets and any updates thereon
- Quarterly results of the operating divisions or business segments
- Quarterly/Annually report on Management Information System division wise
- Monthly summary report of Internal Audit observations division wise
- The Board/Committee minutes of the Subsidiary/ Associate Company/Joint Venture Company/ Controlled Trust
- General notices of interest received from Directors, if any

- Dividend including IEPF data
- Minutes of meetings of previous Board & Committee Meetings and abstracts of Circular Resolutions passed, (if any) etc.
- Information on recruitment and remuneration of senior officers just below the Board level, including
- appointment or removal of the Key Managerial Personnel, if any.
- Materially important Show cause, demand, penalty/prosecution notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material significant effluent or pollution problems.
- Any materially relevant defaults in financial obligations to and by us or substantial non-payment for goods sold by the Company.
- Any issue that involves possible public or product liability claims of a substantial nature
- Details of joint ventures or collaboration agreements, if any.
- Transactions that involve substantial payments toward goodwill, brand equity or Intellectual Property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement.
- Non-compliance with any regulatory, statutory or listing requirements, as well as member services, such as non-payment of dividend and delays in share transfer etc.

### **Minutes of the Meeting**

The Company Secretary & Compliance Officer of the Company records the proceedings of the Meetings and circulates the draft Minutes to Board/Committee Members within 15 days of the Meeting. Suggestions of the Directors are properly incorporated in the Minutes. Final Minutes are recorded in the Minutes Book within 30 days of the Meeting. Certified copies of the signed minutes are sent to the Directors within 7 days of sign by the Chairperson of the Board/Committee meeting.

### **Post Board Meeting Mechanism**

All the Proceedings of the Board Meetings are recorded as per the requirements of the Companies Act, 2013 and SEBI

Listing Regulations. All the decisions taken by the Board and its Committees are promptly communicated to the concerned departments or divisions. All the Post Board Meeting filings on the Stock Exchange / Registrar of Companies are done as per the requirement of the SEBI Listing Regulations and Companies Act, 2013 and rules made there under as amended from time to time. Action taken/status reports on decisions of the previous meeting(s) are followed-up and placed at the next meeting for information and further recommended actions, if any.

### Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment as Independent Director on the Board. The Committee, inter alia, considers qualification positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other Companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Committee evaluates 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. The person recommended to the Board for appointment as

an independent director shall have the capabilities identified in such description. The Board considers the Committee's recommendation, and takes appropriate decision.

### Meetings of Independent Directors

Pursuant to Schedule IV of the Companies Act, 2013 & Rules made there under and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time, the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. The meeting shall review the performance of non-independent directors and the Board as a whole; review the performance of the Chairperson of the Board, taking into account the views of the executive directors and non-executive directors; assess the quality, quantity and timeliness of flow of information between the Management and the board that is necessary for it to effectively and reasonably perform its duties.

One meeting of Independent Directors was held during the year i.e. on May 27, 2022.

### Succession planning

The Nomination and Remuneration Committee works with the Board on the leadership succession plan, and also prepares contingency plans for succession in case of any exigencies.

### b) Attendance of each Director at the meeting of the Board of Directors and last Annual General Meeting:

Name	No. of Board Meetings		Attendance at Last AGM on July 29, 2022
	Held	Attended	
<b>Independent Director</b>			
Mr. N. Srivishnu Raju	8	6	No
Mr. Rajesh Thakur Ahuja	8	7	Yes
Mrs. Aparna Surabhi	8	8	Yes
Mr. M.P. Vijay Kumar	8	8	Yes
<b>Non Executive Director</b>			
Dr. V. Nagaraja Naidu	8	8	Yes
<b>Whole-time Director</b>			
Mrs. N Bhuvaneshwari	8	8	Yes
Mrs. N Brahmani	8	8	Yes

Video conferencing facilities and other audio visual means are provided to the Directors to participate in the meetings

**c) Name and number of other board of directors or committees in which a director is a member or chairperson:**

Name	No. of other Directorships* (Including Heritage Foods)	Committee Memberships# (Including Heritage Foods)		Category of Directorship and name of the other listed Company(s) as on 31-03-2023
		Member	Chairperson	
<b>Non-Executive Independent Director</b>				
Mr. N. Srivishnu Raju	20	4	1	<ul style="list-style-type: none"> <li>Amara Raja Batteries Limited – Non Executive Independent Director</li> <li>Zydus Wellness Limited – Non Executive Independent Director</li> </ul>
Mr. Rajesh Thakur Ahuja	5	2	-	Nil
Mrs. Aparna Surabhi	5	1	1	Nil
Mr. M. P. Vijay Kumar	4	3	1	<ul style="list-style-type: none"> <li>Geogit Financial Services - Non Executive Independent Director</li> <li>Life Insurance Cooperation of India - Non Executive Independent Director</li> </ul>
<b>Non-Executive Director</b>				
Dr. V. Nagaraja Naidu	3	2	1	Nil
<b>Whole-time Director</b>				
Mrs. N Bhuvaneswari	5	1	-	Nil
Mrs. N Brahmani	6	-	-	Nil

\* The directorships held by directors as mentioned above, does not include directorships in Foreign Companies.

\* Mr. Angara Venkata Girija Kumar (DIN: 02921377) has been appointed as an Additional Director on the Board w.e.f. June 1, 2023

# In accordance with Regulation 26 of the Listing Regulations, Membership(s) / Chairmanship(s) of only Audit Committees and Stakeholders' Relationship Committees in all Public Limited Companies have been considered.

**d) Number of meeting of the Board of directors held and dates on which held:**

Eight (8) Board meetings were held during the year ended March 31, 2023 and the gap between any of the two consecutive meetings was not exceeding one hundred and twenty days. The said meetings were held on: May 27, 2022, July 29, 2022, September 30, 2022, October 18, 2022, January 13, 2023, January 20, 2023 February 21, 2023 and March 23, 2023. The necessary quorum was present for all the meetings.

The tentative dates for Board meetings in the ensuing financial year are decided in advance and published as part of the Annual Report. The Chairperson of the Board and the Company Secretary & Compliance Officer, drafts the agenda for each meeting, along with explanatory notes, in consultation with the Vice Chairperson & Managing Director

and communicate these in advance to the Directors. Every Board member can suggest the inclusion of additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held when necessary.

**e) Disclosure of relationship between directors inter-se:**

As on March 31, 2023, the Board consists of Seven (7) members, out of which (2) are Executive/Whole-time Women Directors, three (3) are Non-Executive Independent Directors, one (1) is Non-Executive Independent Woman Director and one (1) is Non- Executive Director.

None of the Directors has relations with each other except Executive Director/Whole-time director of the Company. Mrs. N. Brahmani, Executive Director of the Company is the daughter-in-law of Mrs. N Bhuvaneswari, Vice Chairperson cum Managing director of the Company.

**f) Number of shares and convertible instruments held by non-executive directors:**

None of the Non-executive directors of the Company are having any shares or convertible instruments as on March 31, 2023, except Dr. V Nagaraja Naidu, Non Executive Director of the Company was holding 1,00,000 equity shares of the Company till December 2022.

**g) Familiarisation programmes for Board Members:**

On being introduced onto the board of the company, every director is given an induction and is made aware about the organisations Vision, mission, Challenges, risk and opportunities. The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and its Committee Meetings, on business and performance updates of the Company and business strategy. Detailed presentations on the Company's business segments were made at the meetings of the Directors held during the year. Site visits to various plant locations are organized for the Directors to enable them to understand the operations of the Company. By apprising the Board with up to date information about the organisation and its business, your company ensures that the Board is updated about the regular workings of the company.

The Statutory Auditors, Internal Auditors and Senior Management of the Company make presentations to the Board of Directors with regard to regulatory changes from time to time while approving the Financial Results.

**h) Skills/Expertise/Competencies of the Board of Directors:**

The following is the list of core skills/expertise/ competencies identified by the Board of Directors as required in the context of the Company's business(es) for it to function effectively and those available with the Board as a whole.

- i. Sales & Marketing: Experience in sales and marketing management based on understanding of the consumer & consumer goods industry, developing strategies to grow sales and market share, build brand equity awareness and enhance enterprise reputation.
- ii. General management / Governance and Compliance: Service on a company board to develop insights about maintaining board and management accountability, Strategic thinking, decision making, protecting member interests and observing appropriate governance practices. Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.
- iii. Financial skills: Understanding the financial statements, financial controls, risk management, mergers and acquisition, etc. Management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a financial officer, accounting officer, controller, auditor or person performing similar functions
- iv. Technical and professional skills / Policy Development: Ability to identify key issues and opportunities for the Company within the Dairy industry and develop appropriate policies to define the parameters within which the organisation should operate and knowledge including legal and regulatory aspects.
- v. Operational Skill/ Strategy planning, Mergers and Acquisitions: Experience in operating and managing on dairy business. Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company's relevant policies and priorities. Leading growth through acquisitions and other business combinations, with the ability to assess 'build or buy' decisions, analyze the fit of a target with the Company's strategy and culture, accurately value transactions, and evaluate operational integration plan.
- vi. Leadership: Extended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth. Oversee strategic human resource management including workforce planning, employee and industrial relations and oversee large scale organisational change.
- vii. Information Technology: A significant background in technology, resulting in knowledge of how to anticipate technological trends, generate disruptive innovation, and extend or create new business models. Knowledge and experience in the strategic use and governance of information management and information technology within the organisation.
- viii. International Business: Knowledge of and experience in companies with operations outside of India. The Directors of your Company comprises of qualified individuals who collectively possess the above skills, competencies, and experience across diverse fields that enable them to make effective contributions to the Board and its Committees. Given below is a list of core skills, expertise and competencies of the individual Directors:

Director	Key Board Qualifications							
	Finan- cial	Policy Development	Lead- ership	Information Technology	Area of Expertise			
					Strategy planning, Mergers and Acquisitions	Governance and Compliance	Sales & Marketing	International Business
Mr. N. Srivishnu Raju	√	-	√	√	√	√	√	√
Mr. Rajesh Thakur Ahuja	√	-	√	√	-	√	√	√
Mrs. Aparna Surabhi	√	√	√	√	√	√	-	√
Mr. M.P. Vijay Kumar	√	√	√	√	√	√	-	-
Dr. V. Nagaraja Naidu	√	√	√	-	√	√	√	-
Mrs. N Bhuvaneswari	√	√	√	-	√	√	√	-
Mrs. N Brahmani	√	√	√	√	√	√	√	√

These skills/competencies are broad-based, encompassing several areas of expertise/experience. Each Director may possess varied combinations of skills/experience within the described set of parameters, and it is not necessary that all Directors possess all skills/experience listed therein.

**i) Declaration by Independent Directors:**

All the Independent Directors of the Company have given declarations and confirmed that they meet the criteria of Independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. They also declare that apart from receiving director's remuneration (sitting fees) they did not have any pecuniary relationship or transactions with the company, its promoter, its directors, senior management and they are not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect their independence, and was not a substantial member of the company i.e. owning two percent or more of the block of voting shares.

**j) Reason for resignation of an Independent Director:**

During the year under review none of the Independent Directors resigned from the Company.

**k) Policy for Prevention of Insider Trading:**

The Company has adopted a Policy for Prohibition of Insider Trading ('Policy/Code') for Regulating, Monitoring and Reporting of Trades by Designated Persons' ('the Code') in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations).

The Company is having in place the required IT infrastructure for maintaining Digital Structural Database and for monitoring the insider trading activities as per the applicable Regulations of SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Policy is applicable to Promoters, Member of Promoter's Group, all Directors, designated persons and third parties such as auditors, consultants etc. who are expected to have access to unpublished price sensitive information relating to the Company. The trading window of the Company is closed from the first day of the every quarter and it opens after the 48 hours of the declaration of financial results and on occurrence of any material events as per the code. The Audit Committee of the company shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations. The company also has a whistle-blower policy to make employees aware of such policy to enable employees to report instances of leak of UPSI and a separate procedure for enquiry in case of leak of UPSI is also in place. The Code & policies are displayed on the Company's website viz. www.heritagefoods.in. All Directors and Senior Management of the Company have affirmed the compliance of all policies for the financial year ended March 31, 2023.

**l) Appointment and Tenure of Directors:**

The Directors of the Company are appointed / reappointed by the Board on the recommendation of the Nomination and Remuneration Committee and approval of the members at the General Meetings. Independent Directors are appointed as per the applicable provisions of the Companies Act, 2013 and rules made thereof and SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

The Vice-Chairperson & Managing Director is not liable to retire by rotation but in compliance with Section 152(6) of the Companies Act, 2013 and rules made thereunder Executive Director of the Company is liable to retire by rotation.

Mr. Angara Venkata Girija Kumar (DIN: 02921377) has been appointed as an Additional Director in the category of

Non-Executive Independent Director of the Company w.e.f. June 01, 2023, for a period of 5 consecutive years, the said appointment is due for approval by shareholders at this Annual General Meeting.

The approval of members through special resolution was taken on April 29, 2022 for Continuation of directorship of Dr. V. Nagaraja Naidu (DIN: 00003730) as a Non-Executive Director after attaining the age of 75 as per Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

### BOARD COMMITTEES:

The Board of Directors of the Company are having 7 (Seven) Committees as on March 31, 2023 i.e.

- i. Audit Committee
- ii. Nomination & Remuneration Committee
- iii. Stakeholders Relationship Committee
- iv. CSR Committee
- v. Risk Management Committee
- vi. Management Committee
- vii. Rights Issue Committee

The quorum for committee meetings is as per the Companies Act and SEBI Listing Regulation. The Company Secretary of the company is acting as the Secretary in each Committee.

#### m) **Frequency and Length of Meeting of the Committees of the Board:**

Each Committee meets as often as necessary subject to minimum number and frequency as stipulated in its charter or as prescribed in the Act and Listing Regulations. The agenda for the Committee meeting is shared with all the members of the Committee at least 7 days in advance.

### 3. AUDIT COMMITTEE

#### a) **Brief description and term of reference:**

The Committee composition meets with requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. Members of the Audit Committee possess financial accounting expertise/exposure.

#### **Terms of reference**

The terms of reference of the Audit Committee is in alignment with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, are as follows:

- i. 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;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing with the management, the quarterly/ annual financial results/statements and auditor's report thereon before submission to the Board for approval; -
- v. 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 offer documents/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in the matter;
- vi. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- vii. Approval or any subsequent modification of transactions of the Company with related parties;
- viii. Scrutiny of inter-corporate loans and investments;
- ix. Valuation of undertakings or assets of the Company, wherever it is necessary;
- x. Evaluation of internal financial controls and risk management systems;
- xi. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xii. Reviewing the adequacy of internal audit function and discussion with the internal auditors of any significant findings and follow up thereon;
- xiii. 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;
- xiv. Discussion with the 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;
- xv. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members and creditors;

- xvi. Review the functioning of whistle blower mechanism;
- xvii. Monitoring the Compliances as per the provisions of SEBI (PIT) Regulations, 2015;
- xviii. Approval of appointment of Chief Financial Officer;
- xix. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 1,000 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;
- xx. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;
- xxi. 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
- xxii. Apart from the aforementioned 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 the 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.

**b) Composition, name of the members and chairperson:**

Composition of the Committee as on March 31, 2023:

Name	Designation	Category
Mrs. Aparna Surabhi	Chairperson	Non Executive Independent Women Director
Mr. N.Srivishnu Raju	Member	Non Executive Independent Director
Mr. Rajesh Thakur Ahuja	Member	Non Executive Independent Director
Mr. M.P. Vijay Kumar	Member	Non Executive Independent Director
Dr. V. Nagaraja Naidu	Member	Non Executive Director

**c) Meeting and attendance during the year:**

Five meetings of the Audit Committee were held during the financial year 2022-23, i.e. May 27 2022, July 29, 2022, October 18, 2022, January 20, 2023, and March 23, 2023. The attendance details of the Committee Meeting are as follows:-

Name	No. of Meetings	
	Held	Attended
Mrs. Aparna Surabhi	5	5
Mr. N. Srivishnu Raju	5	4
Mr. Rajesh Thakur Ahuja	5	4
Mr. M.P. Vijay Kumar	5	5
Dr. V. Nagaraja Naidu	5	5

Mrs. N. Bhuvaneshwari, Vice Chairperson & Managing Director, Mrs. N. Brahmani, Executive Director, Dr. M. Sambasiva Rao, President, Mr. A Prabhakara Naidu, Chief Financial Officer, Mr. Srideep M Kesavan, Chief Executive officer and Mr. J Samba Murthy, Chief Operating Officer of the Company are permanent invitees and Auditors are also invited to the Audit Committee Meeting, Mr. Umakanta Barik, Company Secretary & Compliance Officer is the Secretary to the Committee.

#### 4. NOMINATION & REMUNERATION COMMITTEE

**a) Brief description of terms of reference:**

The terms of reference, constitution, powers, quorum and other matters in relation to the Nomination and Remuneration Committee are as per of the Regulation 19 read with Part D of Schedule II of SEBI Listing Regulations, Section 178 of the Companies Act, 2013 as amended from time to time.

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating 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 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.

**b) Composition, name of members and chairperson:**

Name	Designation	Category
Mr. N Srivishnu Raju	Chairperson	Non-Executive Independent Director
Mr. Rajesh Thakur Ahuja	Member	Non-Executive Independent Director
Mrs. Aparna Surabhi	Member	Non-Executive Independent Woman Director
Mr. M.P. Vijay Kumar	Member	Non-Executive Independent Director

**c) Meeting and attendance during the year:**

The Nomination & Remuneration Committee held one meeting during the financial year 2022-23 i.e. on October 18, 2022. The attendance details of the Committee Meetings are as follows:

Name	No. of Meetings	
	Held	Attended
Mr. N Srivishnu Raju	1	1
Mr. Rajesh Thakur Ahuja	1	0
Mrs. Aparna Surabhi	1	1
Mr. M.P. Vijay Kumar	1	1

Mrs. N Brahmani, Executive Director, Dr. M Sambasiva Rao, President of the Company are invitees to the Committee Meeting, Mr. Umakanta Barik, Company Secretary & Compliance Officer is the Secretary to the Committee.

**d) Performance evaluation criteria for directors:**

One of the key functions of the Committee is to monitor and review the board evaluation framework. Your Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of executive / non-executive / independent directors. The questionnaire is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvement. Each Board member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, relationship to stakeholders, company performance, company strategy, and the effectiveness of the whole Board and its various committees on a scale of one to five. Feedback on each director is encouraged to be provided as part of the questionnaire.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee's (SRC) composition and the terms of reference meet with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as specified in Section 178 of the Companies Act, 2013 & rules made thereof as amended from time to time as follows.

- i. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, 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.

The Committee authorised Vice Chairperson & Managing Director and Executive Director of the Company to sign the Memorandum of Share Transfer/Transmissions submitted by Registrar of Transfer Agent and counter signed by Company Secretary & Compliance Officer of the company and same to be rectified by the Committee in subsequent meeting if any.

a) **Name of non-executive director heading the committee:**

Dr. V Nagaraja Naidu – Non-executive Director

b) **Name and designation of compliance officer:**

Mr. Umakanta Barik, Company Secretary & Compliance Officer acts as the Secretary for the Committee, who is designated as Compliance Officer in pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

c) **Details of the Complaints/request during Financial Year 2022-23 as follows:**

No of complaints/request received: 100

No of complaints/request resolved: 100

No of pending complaints/request : NIL

### Composition, name of members and chairperson:

Name	Designation	Category
Dr. V Nagaraja Naidu	Chairperson	Non Executive Director
Mr. N. Srivishnu Raju	Member	Non Executive Independent Director
Mrs. N Bhuvaneshwari	Member	Executive Director
Mr. Rajesh Thakur Ahuja	Member	Non Executive Independent Director

One (1) Stakeholders Relationship Committee meeting was held during the financial year 2022-23 on May 27, 2022. The attendance details of the Committee Meeting are as follows:-

### Stakeholders Relationship Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Dr. V Nagaraja Naidu	1	1
Mr. N Srivishnu Raju	1	1
Mrs. N Bhuvaneshwari	1	1
Mr. Rajesh Thakur Ahuja	1	1

## 5(A). RISK MANAGEMENT COMMITTEE

In accordance with the provisions of Regulation 21 of the SEBI (LODR) Regulations, 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.

**Composition, name of members and chairperson:**

Name	Designation	Category
Mr. Rajesh Thakur Ahuja	Chairperson	Non Executive Independent Director
Mr. N. Srivishnu Raju	Member	Non Executive Independent Director
Mrs. N Bhuvanewari	Member	Executive Director
Mrs. Aparna Surabhi	Member	Non Executive Independent Woman Director

Two (2) Risk Management committee meetings were held during the financial year 2022-23 on October 18, 2022 & March 23, 2023.

**Risk Management committee Attendance:**

Name	No. of Meetings	
	Held	Attended
Mr. Rajesh Thakur Ahuja	2	1
Mr. N. Srivishnu Raju	2	2
Mrs. N Bhuvanewari	2	2
Mrs. Aparna Surabhi	2	2

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

**5(B). CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)**

The Corporate Social Responsibility Committee is constituted in pursuance to the Provision of Section 135 of the Companies Act, 2013 and the rules made there under as amended from time to time. The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility policy' observe good practices at all levels, and to suggest remedial measures wherever necessary.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013 and rules made thereof as amended from time to time Composition of the Committee as on March 31, 2023:

**Composition, name of members and chairperson:**

Name	Designation	Category
Mr. Rajesh Thakur Ahuja	Chairperson	Non Executive Independent Director
Mr. N. Srivishnu Raju	Member	Non Executive Independent Director
Mrs. N. Bhuvanewari	Member	Executive Director

The committee shall be overseeing 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.

One (1) CSR Committee meeting was held during the financial year 2022-23 on May 27, 2022. The attendance details of the Committee Meeting are as follows:-

**CSR Committee Attendance:**

Name	No. of Meetings	
	Held	Attended
Mr. Rajesh Thakur Ahuja	1	1
Mr. N. Srivishnu Raju	1	1
Mrs. N. Bhuvanewari	1	1

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.

## 5(C). MANAGEMENT COMMITTEE

The terms of reference of the Management Committee is to consider and dispose off any day to day matters, with a view to ensuring 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.

### Composition, name of members and chairperson:

Name	Designation	Category
Mr. Aparna Surabhi	Chairperson	Non-Executive Independent Woman Director
Mr. N. Srivishnu Raju	Member	Non-Executive Independent Director
Mr. M.P. Vijay Kumar	Member	Non-Executive Independent Director
Mrs. N. Bhuvanewari	Member	Executive Director

Two (2) Management Committee meetings were held during the financial year 2022-23. These were held on June 24, 2022, and August 23, 2022. The attendance details of the Committee Meeting are as follows:-

### Management Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mrs. Aparna Surabhi	2	2
Mr. N. Srivishnu Raju	2	2
Mr. M.P. Vijay Kumar	2	2
Mrs. N. Bhuvanewari	2	2

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

## 5(D). RIGHTS ISSUE COMMITTEE

The terms of reference of the Rights Issue Committee is to consider, discuss and decide the terms and conditions and other related matters in connection with the Rights Issue such as, appointment of Merchant Banker, Registrar to the Issue, Banker to the issue and Related payment mechanism except Issue size, rights entitlement ratio, finalization of the Letter of offer, record date, opening & closing of the issue, allotment of shares and such other matters as may be required.

### Composition, name of members and chairperson:

Name	Designation	Category
Mrs. N Bhuvanewari	Chairperson	Executive Director
Mr. N. Srivishnu Raju	Member	Non-Executive Independent Director
Mrs. Aparna Surabhi	Member	Non-Executive Independent Women Director
Mrs. N. Brahmani	Member	Executive Director

One (1) Rights Issue Committee meeting was held during the financial year 2022-23. This was held on December 27, 2022. The attendance details of the Rights Issue Committee Meeting are as follows:-

### Rights Issue Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mrs. N. Bhuvanewari	1	1
Mr. N. Srivishnu Raju	1	1
Mrs. Aparna Surabhi	1	1
Mrs. N. Brahmani	1	1

Dr. M. Sambasiva Rao, President, Mr. A. Prabhakara Naidu Chief Financial Officer of the Company are permanent invitees to the Rights Issue Committee Meeting, Mr. Umakanta Barik Company Secretary & Compliance Officer is the Secretary to the Committee.

As per the terms of the Committee the Committee will be automatically dissolved after all the process of Rights Issue will be completed.

## 6. REMUNERATION OF DIRECTORS

The Nomination and Remuneration Committee determines and recommends to the Board the compensation payable to director(s). All Board-level compensation shall be approved by the members and disclosed separately in the financial statements. Remuneration for the Vice- Chairperson & Managing Director and Executive Director consists of fixed component and variable component.

The compensation payable to the Independent/ Non-Executive Directors is limited to sitting fees and reimbursement of actual conveyance, travelling and other expenses for attending the Board & Committee meeting(s), as approved by the Board & members, as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time. The performance of the Independent Directors are reviewed by the Board on an annual basis.

### a) All pecuniary relationship or transactions of the Non-Executive Directors:

There is no pecuniary relationship or transactions between the company and Non-Executive directors except the sitting fees they are getting for attending the board/committee meeting and dividend on shares held by him/her.

### b) Criteria of making payments to Non-Executive Directors:

The Non-Executive Directors are paid remuneration by way of Sitting Fees and reimbursement of actual expenses for attending the Board/ Committee Meeting. The Non-Executive Directors/ Independent Directors do not have any material pecuniary relationship or transactions with the Company. The Performa appointment letter of the Non-Executive Director including the payment thereof is available in the website of the Company i.e. [https://www.heritagefoods.in/investors/Policy/Draft\\_Appointment\\_Letter\\_-\\_Non-Executive\\_Independent\\_Director.pdf](https://www.heritagefoods.in/investors/Policy/Draft_Appointment_Letter_-_Non-Executive_Independent_Director.pdf). The details of the amount paid to all Directors are disclosed in point no. 5(c)(i) of the Corporate Governance Report section in the Annual Report.

### c) Other disclosures with respect to remuneration:

#### i. All elements of remuneration of individual directors summarized under major groups such as salary, benefits, bonuses, stock options, pensions etc:

The Details of remuneration paid/payable for the year ended March 31, 2023 is as follows:

					(₹ in Millions)
Name	Sitting Fees	Remuneration	Perquisites/ Perks	Performance / Annual Pay	Total
<b>Independent Directors</b>					
Mr. N Srivishnu Raju	0.79	-	-	-	<b>0.79</b>
Mr. Rajesh Thakur Ahuja	0.69	-	-	-	<b>0.69</b>
Mrs. Aparna Surabhi	0.88	-	-	-	<b>0.88</b>
Mr. M.P. Vijay Kumar	0.79	-	-	-	<b>0.79</b>
<b>Non Executive Directors</b>					
Dr. V Nagaraja Naidu	0.68	-	-	-	<b>0.68</b>
<b>Whole-time Directors</b>					
Mrs. N. Bhuvaneswari	-	18.00	-	29.90	<b>47.90</b>
Mrs. N Brahmani	-	9.00	0.75	28.57	<b>38.32</b>

#### ii. Details of fixed component and performance linked incentives, along with the performance criteria:

The Non-Executive Directors of the Company were paid only sitting fees and reimbursement of actual expenses for attending the Board/ Committee meetings. The performance criteria for two Executive Directors/Whole-time Directors entitled for Performance Linked Incentive as determined by the Nomination & Remuneration Committee, Board of Directors and approved by the members of the Company at their meeting held on March 12, 2019.

#### iii. Service contracts, notice period, severance fees:

The Company has entered service contract/issued appointment letter with executive directors having a 3 months' notice period either side and there is no severance fees involved for any of its directors of the Company. The Company also has issued appointment letter to Non-Executive independent director as prescribed by the companies Act and applicable regulations.

iv. **Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable:**

The Company has not granted any stock option to any of its directors. Mrs. N Bhuvaneshwari and Mrs. N Brahmani, Executive/ Whole-time Directors of the Company are holding 2,26,11,525 and 4,30,952 equity shares of face value of ₹5 each of the Company respectively as on March 31, 2023.

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

## 7. GENERAL BODY MEETINGS

a) **Location and time, where the last three annual general meeting held:**

For the financial year 2019-2020, 2020-21 & 2021-22, the Company's Annual General Meeting was held through VC/OAVM pursuant to the Ministry of Corporate Affairs ("MCA") Circular No. 02/2022 dated May 5, 2022, read together with Circular No. 02/2021 dated January 13, 2021, Circular No. 20/2020 dated May 05, 2020, circulars No. 19/2021 dated December 08, 2021 and Circular No. 21/2021 dated December 14, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 and the deemed venue was the Registered Office of the Company.

The date & time of Annual General Meetings for the Financial Year 2019-20, 2020-21 & 2021-22, are as follows:

Financial year ended	Date and time	Special Resolution(s) Passed
March 31, 2022	July 29, 2022 at 10.00 am.	NIL
March 31, 2021	July 30, 2020 at 10:30 am	Re-appointment of Mr. Rajesh Thakur Ahuja (DIN:00371406) as Non-Executive Independent Director of the company
March 31, 2020	August 28, 2020 at 10:30 am	NIL

b) **Whether any special resolutions passed in the previous three annual general meeting:**

Yes, during the financial year 2020-21 a special resolution was passed for Re-appointment of Mr. Rajesh Thakur Ahuja (DIN: 00371406) as Non-Executive Independent Director for a term of five years respectively.

c) **Postal ballot:**

During the financial year 2022-23, members of the company approved the special resolution, stated in the below table, by means of Postal ballot, including Electronic Voting (e-voting). The Postal Ballot Notice dated March 25, 2022 along with the Postal Ballot Form was sent in electronic form to the members whose e-mail addresses were registered with the Company/ respective Depository Participants.

The Company had published a notice in the newspaper on March 31, 2022 in Financial Express (all edition) and Andhra Prabha (Hyderabad edition) in compliance with the provisions of the Companies Act, 2013 and Secretarial Standard - 2. The voting period commenced from at 09:00 A.M. on Thursday, March 31, 2022 and ended at 05:00 P.M. on Friday, April, 29, 2022 (IST). The voting rights of members were reckoned on the paid-up value of shares registered in the name of member/ beneficial owner (in case of electronic shareholding) as Friday, March 25, 2022.

During the financial year 2021-22, the approval of the members was also sought for the special resolution, stated in the below table by means of Postal ballot, including Electronic Voting (e-voting). The Postal Ballot Notice dated Friday, 25th March, 2022 was sent in electronic form to the members whose e-mail addresses were registered with the Company/respective Depository Participants. The resolution was approved by requisite majority on Friday, April 29, 2022.

The details of the voting pattern are given below:

Name of the Resolution	Type of Resolution	No of Votes Polled	Votes Cast in favour		Votes Cast against	
			No of Votes	%	No of Votes	%
Continuation of directorship of Dr. V Nagaraja Naidu (DIN: 00003730), Non-Executive Director of the Company in terms of Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018	Special	3,20,97,601	3,20,90,060	99.977	7,541	0.023

**d) Person who conducted the postal ballot exercise:**

The Board had appointed Mrs. Savita Jyoti (M No: 3738, CP No:1796) Partner of M/s. Savita Jyoti Associates, Hyderabad-500094, Telangana as the Scrutiniser for conducting the above postal ballot processes in a fair and transparent manner and had engaged the services of M/s. KFin Technologies Limited as the agency for the purpose of providing e-voting facility. Mrs. Savita Jyoti, submitted her reports on the postal Ballot to the Vice-Chairperson and Managing Director on April 30, 2022.

**e) Whether any special resolution is proposed to be conducted through postal ballot:**

There is no immediate proposal for passing any resolution through Postal Ballot.

**f) Procedure for postal ballot:**

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules and read with MCA circulars, the Company provides electronic voting (e-voting) facility, to all its members. For this purpose, the Company has engaged the services of M/s. Kfin Technologies Ltd.

The postal ballot notices was sent by email to all the members who have registered their mail id. The Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date.

The scrutinizer completes his/her scrutiny and submits his/ her report to the vice Chairperson & Managing Director of the Company, and the consolidated results of the voting are announced by the Vice Chairperson & Managing Director / authorized officer. The results are also displayed on the Company website, www.heritagefoods.in, besides being communicated to the stock exchanges and registrar and share transfer agent.

**8. Means of Communication****a) Financial Results:**

The Quarterly/Half yearly/Annual Un-Audited/Audited Financial Results (Standalone & Consolidated) along with the Limited Review Report from Statutory Auditors are submitted to the Stock Exchanges and uploaded on the website of the Company as per the applicable provisions of the SEBI (LO&DR) Regulations, 2015 as amended from time to time.

The members are provided with the necessary information with notices sent for the Annual General Meeting / Extraordinary General Meeting. Any other information sought by members is being provided on request.

**b) News Paper where results normally published:**

The quarterly/annual Financial results are published in English newspaper namely i.e. Financial express all editions and vernacular language newspaper namely i.e. Vishalandhra/Andhra Prabha, Hyderabad edition.

**c) Website:**

Your Company committed to maintaining transparency and providing timely disclosures to our stakeholders. The website ie www.heritagefoods.in of your Company serves as a comprehensive source of information, enabling investors, analysts, and other interested parties to access relevant details about our operations, financial performance, corporate governance practices, and more.

Our Investor Relations section provides up-to-date financial reports, annual reports, quarterly results, and presentations, offering a comprehensive view of our company's performance. We prioritize transparency and adhere to SEBI LODR guidelines, ensuring the timely dissemination of material information, including board meeting updates, insider trading disclosures, and other regulatory filings.

The Corporate Governance section outlines our commitment to ethical business practices, robust internal control systems, and compliance with applicable laws and regulations. Here, you will find information about our board of directors, committees, their composition, and their roles and responsibilities.

To foster effective communication, our website also includes a dedicated section for shareholders, where they can find information about dividends, shareholding patterns, and investor FAQs. Additionally, we provide contact details for our investor relations team, allowing shareholders to connect with us directly.

We believe in responsible business practices and aim to create long-term value for our stakeholders while considering the impact on society and the environment. Here, you will find information about our sustainability initiatives, policies, and achievements.

We understand the importance of maintaining a strong relationship with our customers and partners. The Products and Services section provides an overview of

our offerings, highlighting their features, benefits, and unique selling points. We also offer customer support contact details, ensuring a seamless experience for our valued clients.

we value feedback and encourage open communication. Our Contact Us page includes contact information for various departments, allowing visitors to reach out to us with their queries, feedback, or business opportunities.

We invite you to explore the various sections to gain a deeper understanding of our company and its commitment to growth, transparency, and responsible business practices.

**d) News Releases, Presentations etc:**

The Quarterly results, Shareholding Patterns, Official News releases, analysis and information to investors, etc. are displayed on the company's website: [www.heritagefoods.in](http://www.heritagefoods.in) as well as the website of the Stock Exchanges where the shares of the Company are listed.

**e) Presentations to institutional investors/analysts:**

Detailed presentations are made to institutional investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results. These presentations are also uploaded on the Company's website [www.heritagefoods.in](http://www.heritagefoods.in) and the website of the Stock Exchanges where the shares of the Company are listed.

Annual Report: The Annual Report containing inter- alia Notice of the 31<sup>st</sup> Annual General Meeting, Directors' Report including Annexure thereto, Secretarial Audit

Report, Management Discussion and Analysis, Report on Corporate Governance, Auditors Report, Audited Annual Accounts (Standalone & Consolidated) and other important information is circulated to Members and others entitled thereto.

Reminder to Investors: Reminders for unclaimed/ unpaid dividend and shares thereof are sent to members as per records every year.

NSE Electronic Application Processing System (NEAPS) (Scrip Code: HERITGFOOD): The NEAPS is a web-based application designed by National Stock Exchange of India Limited (NSE), Mumbai for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre') (Scrip Code: 519552): BSE's Listing Centre is a web-based application Centre: BSE's Listing Centre is a web- based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES ID: H00059): The investor complaints are processed in a centralised web- based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**9. GENERAL SHAREHOLDER INFORMATION**

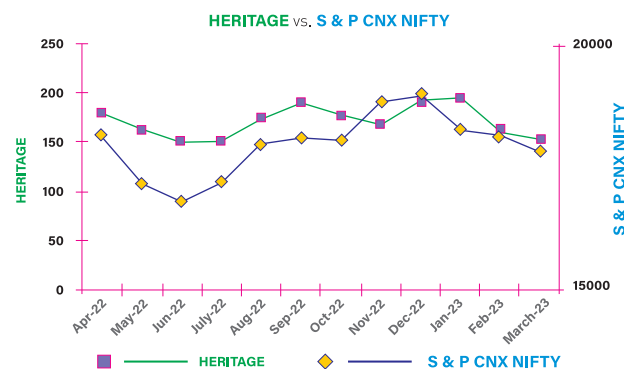
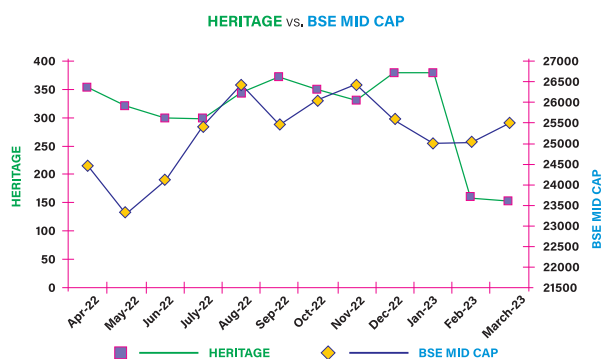
<b>(a)</b>	Company Identification No.(CIN)	L15209TG1992PLC014332
	Annual General Meeting -Date and Time	August 22, 2023, Tuesday, 10:00 a.m
	Venue	The Company will conduct the 31 <sup>st</sup> AGM for FY 2022-23 through VC/OAVM pursuant to Ministry of Corporate Affairs ("MCA") Circular No. 10/2022 dated December 28, 2022, read together with No. 02/2022 dated May 5, 2022, Circular No. 02/2021 dated January 13, 2021, Circular No. 20/2020 dated May 05, 2020, circulars No. 19/2021 dated December 08, 2021 and Circular No. 21/2021 dated December 14, 2021 (collectively referred to as "MCA Circulars") and SEBI Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023. The deemed venue shall be the Registered Office of the Company.
<b>(b)</b>	Financial year	April 01 to March 31
	Financial Calendar	June 30, 2023 – Last week of July, 2023
	(tentative) Results for the quarter ending	September 30, 2023 – Last week of October, 2023 December 31, 2023 - Last week of January, 2024 March 31, 2024 - Last week of May, 2024
		Annual General Meeting - July, 2024
	Date of Book Closure	Wednesday, August 16, 2023 to Tuesday, August 22, 2023 (both days inclusive)

<b>(c)</b> Dividend Payment date	The dividend, if declared, shall be paid/credited to the respective bank account of members on August 29, 2023 subject to deduction of applicable taxes. The dispatch of dividend warrants/demand drafts will be completed on same day.
<b>(d)</b> Listing on Stock Exchanges	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 National Stock Exchange of India Limited (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai - 400051
Payment of Listing Fee	Annual listing fee for the year 2023-24 has been paid by the Company to BSE and NSE.
<b>(e)</b> Stock / Scrip Code	BSE - 519552 NSE - HERITGFOOD (Shares of the Company are trading in demat form only as per the SEBI regulations)
ISIN Number	INE978A01027

**(f) Market Price Data - high, low during each month of the financial year 2022-23**

Month	NSE (in ₹ per share)		BSE (in ₹ per share)	
	HIGH	LOW	HIGH	LOW
Apr-22	354.00	312.05	352.10	311.60
May-22	319.95	280.10	320.15	280.70
Jun-22	299.45	250.00	299.00	250.25
Jul-22	297.70	262.00	296.90	258.40
Aug-22	344.50	270.00	343.85	270.70
Sep-22	372.00	289.10	371.45	286.00
Oct-22	349.00	300.55	349.00	300.35
Nov-22	330.00	301.00	330.00	297.20
Dec-22	380.00	318.50	378.55	317.95
Jan-23	377.45	151.10	376.70	151.40
*Feb-23	160.50	139.50	160.50	139.70
Mar-23	151.45	135.15	151.05	135.65

\*Price has become half due to Rights Issue

**(g) Performance in comparison to broad based indices - BSE MID CAP & NSE NIFTY**

**h)** During the year under review the shares of your Company are not suspended from trading by any of the stock exchange where the shares are listed.

**i) Registrar to an issue and share transfer agent:**

**KFin Technologies Limited**

Karvy Selenium Tower B, 6th Floor, Plot 31-32, Gachibowli, Financial District. Nanakramguda, Hyderabad – 500 032  
 Tel: +91-40-67161566. | Toll Free No.: 1800-3094-001 | Fax: +91-40-23114087

**j) Share transfer system:**

SEBI vide its notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2019 notified that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository and came into effect from April 01, 2019. The Board has delegated the authority for approving transmission, etc. of the Company's securities to the Vice Chairperson & Managing Director/Executive Director. A summary of transmission of securities of the Company so approved by the Vice Chairperson & Managing Director/ Executive Director are placed at every Stakeholder's Relationship Committee. The Company obtains from a Company Secretary in Practice yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations & Disclosure Requirement) Regulations 2015 and files a copy of the said certificate with Stock Exchanges.

**k) Distribution of Shareholding as on March 31, 2023**

Category Code	Category of Shareholder	Number of Share-holders	Total number of Shares	As a percentage of (A+B+C)
(A)	<b>Promoters and Promoter Group</b>			
1	Indian	9	3,85,81,253	41.58
2	Foreign	-	-	-
	<b>Total (A)</b>	<b>9</b>	<b>3,85,81,253</b>	<b>41.58</b>
(B)	<b>Public Shareholding</b>			
1	Institutions	48	1,65,95,805	17.88
2	Non-institutions	43,258	3,76,18,942	40.54
	<b>Total (B)</b>	<b>43,306</b>	<b>5,42,14,747</b>	<b>58.42</b>
(C)	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-
1	Promoter and Promoter Group	-	-	-
2	Public	-	-	-
	<b>TOTAL (A)+(B)+(C)</b>	<b>43,315</b>	<b>9,27,96,000</b>	<b>100.00</b>

\* The number of shareholders were arrived after clubbing the same PAN

**Reclassification of Promoters group:**

During the year under review, your Board of Directors has approved the reclassification of the following shareholders from the Promoter group to public shareholders, subject to the approval of shareholders and other regulatory/statutory authorities as per the applicable provisions of SEBI (Listing and Disclosure Obligation Requirement) Regulation, 2015, as amended from time to time:

▪ Mrs. Durga Ramakrishna	▪ Mrs. Neelima N P
▪ Mrs. Kathya N P	▪ Mr. N P Ramakrishna
▪ Mr. Sivasankara Prasad Alapati	

These individuals have not been involved in the day-to-day affairs of the company since a decade. Their names were included in the promoters group during the Initial Public Offer of the company. However, considering their lack of active involvement, it has been decided to reclassify them as public shareholders.

**Shareholding Pattern by Size as on March 31, 2023**

Category (No. of Shares)	No. of Shareholders	No. of Shares	% of Total Shares
Up to 500	40438	5028377	5.42
501 - 1000	1320	1913033	2.06
1001 - 2000	743	2130489	2.30
2001 - 3000	237	1163530	1.25
3001 - 4000	138	970203	1.05
4001 - 5000	73	660511	0.71
5001 - 10000	173	2474438	2.67
10001 - Above	193	78455419	84.55
<b>TOTAL</b>	<b>43315</b>	<b>9,27,96,000</b>	<b>100.00</b>

**i) Dematerialization of shares and liquidity:**

Total Shares in Demat and Physical form as on March 31, 2023.

Sl. No	Category	Total Shares	% To Equity
1	Physical	5,14,500	0.55
2	NSDL	8,32,75,040	89.74
3	CDSL	90,06,460	9.71
<b>Total</b>		<b>9,27,96,000</b>	<b>100.00</b>

**Dematerialisation of Shares**

99.45% of the Company's paid-up Equity share capital has been dematerialised as on March 31, 2023. The total holdings of shares of promoters/PAC are in Demat form. The trading of the Equity shares of the company is permitted only in dematerialised form as per the notification issued by SEBI.

The Company has complied the Regulation 31(2) of SEBI (Listing Obligation & Disclosure Requirement) Regulation 2015, as follows:

Category of Shareholder	Total		Shares In Demat Form	
	No of Shareholders	Number of shares Held	No of Shares	% of Respective Shareholding
Promoters & Promoters Group	9	3,85,81,253	3,85,81,253	100%
Public	43,306	5,42,14,747	5,37,00,247	99.05%
<b>Total:</b>	<b>43,315</b>	<b>9,27,96,000</b>	<b>9,22,81,500</b>	

To enable us to serve our investors better, we request shareholders whose shares are in the physical mode to dematerialize their shares and update their bank accounts with the respective depository participants.

**m) The Company has not issued any ADRs/GDRs/ Warrants or any convertible instruments during the year under review.****Bayyavaram**

Bayyavaram (V), Kasimakota, (M), Visakhapatnam  
Dist.-531031. Andhra Pradesh, India

**n) Commodity price risk or foreign exchange risk and hedging activities:****Bengaluru**

Yadavanhalli (V) Neraluru Post, Attibele Hobli  
Anekal Taluk Bengaluru South-562107.  
Karnataka, India

The Company is subject to the Commodity price risk due to fluctuation price of Dairy Commodities. During the year Company has exported very less amount of Dairy products all receivables are in US Dollars and it is subject to the foreign exchange risk. The risks are tracked and monitored on regular basis.

**Bhattiprolu**

Vellaturu Raod, Bhattiprolu (V) & (M), Guntur Dist-  
522 256, Andhra Pradesh, India

**o) Major Plant Locations:****Bobbili**

Mettavalasa (V), Growth Center, Bobbili,  
Vizianagaram Dist-535 558 Andhra Pradesh, India

**B. Kotha Kota**

Bering (V), Sankarapuram (Post), Kotha kota (M),  
Chittoor Dist-517370, Andhra Pradesh, India

**Chittoor**

Sundrajapuram (V), ER palli post, G.D Nellore (M),  
Chittoor Dist-517 125 Andhra Pradesh, India

**Gokul**

Kasipentala (V), Charndragiri (M), Chittoor Dist-517  
101 Andhra Pradesh, India

**Kalluru**

Koralagudam (V) Kalluru (M), Khammam Dist-507  
209 Telangana, India

**Manor**

Survey No. 13/1 & 13/2, Village – Durves, Near Manor,  
Palghar Taluk, Dist-Thane, Maharashtra-401403

**Narketpalli**

Cheruguttu (V), Narketpalli (M),  
Nalgonda Dist-508 254. Telangana, India

**Pamaruru**

Yendagandi (V), K. Gangavaram (M),  
East Godavari Dist-533 305 Andhra Pradesh, India

**Rai**

D No.497, Food Park, Phase 1, Sector-38, Industrial  
Estate–HSIIDC, Rai, Sonipat Dist-131 029.  
Haryana, India

**Sangvi**

Milakt No. 892. AT/Post - Sangavi,  
Phaltan taluka, Satara Dist-415 523 Maharashtra,  
India

**Shameerpet**

Survey No 174,198, 203, Sampanbole Village,  
Shamirpet Mandal, Medchal Dt-500 078,  
Telangana, India

**Uppal**

C- 10 Raoad No 7, IDA Uppal, Hyderabad-500 039  
Telangana, India

**Vadamadurai**

MorePatti (V), Vadamadurai, Dindigul Dist-624 802  
Tamilnadu, India

**p) Address for Correspondence****To Registrar and Share Transfer Agent****KFin Technologies Limited**

Karvy Selenium Tower B, 6th Floor, Plot 31-32,  
Gachibowli, Financial District., Nanakramguda,  
Hyderabad – 500 032  
Tel: +91-40-67161566, Toll Free No.: 1800 309 4001  
Email id - einward.ris@kfintech.com  
Website: www.kfintech.com

**To Heritage Foods Limited**

Mr. Umakanta Barik  
Company Secretary & Compliance Officer  
Heritage Foods Limited,  
H.No.8-2-293/82/A/1286, Plot No: 1286,  
Road No. 1 & 65, Jubilee Hills, Hyderabad,  
Telangana, 500033. India  
Tel: +91-40-23391221. E-mail: hfl@heritagefoods.in  
Website: www.heritagefoods.in

**q) Credit Rating:**

The details of the credit rating are as follows:

- a) Credit rating obtained by the company: in respect to long term and short term debts
- b) Name of the credit rating agency: Credit Rating Information Services of India Limited (CRISIL)
  - i. Long term Rating: CRISIL A+/Stable
  - ii. Short term Rating: CRISIL A1
- c) Date on which the credit rating was obtained: March 27, 2023 (valid up to March 31, 2024)
- d) Revision in the credit rating: Yes
- e) Reasons provided by the rating agency for a downward revision: NA

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation"), your Company has intimated such to the stock exchanges, where the share of the Company are listed.

**10. OTHER DISCLOSURES****a) Disclosure in materiality significant related party transactions: Regulation 23 of the SEBI Listing Regulations and as defined under the Act**

During the period under review, there have been no materially significant related party transactions, monetary transactions or relationships between the Company and directors, the Management, Key Managerial Personnel, Subsidiaries or relatives, except for those disclosed in the Notes on Accounts, forming part of the Annual Report.

The policy on Related Party Transactions is hosted on the website of the Company under the web link : [https:// www. heritagefoods.in/policy](https://www.heritagefoods.in/policy)

**b) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by the stock exchange(s) or the board or any statutory authority, on any matter related to capital market, during the last three years: [Schedule V (C) 10(b) to the SEBI Listing Regulations]**

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any Statutory Authority.

**c) Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee: (Regulation 22 of the SEBI Listing Regulations)**

The Board of Directors of the Company had adopted the Whistle Blower Policy. A mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The Audit Committee reviews periodically the functioning of whistle blower mechanism. There is no complaint received during the Financial Year ended March 31, 2023.

No personnel have been denied access to the Audit Committee. The Whistle Blower Policy has been disclosed on the Company's website under the web link: <https://www.heritagefoods.in/policy>

**d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements: Schedule II Part E of the SEBI Listing Regulations**

The Company has complied with all mandatory requirements SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time. The Company has adopted following non-mandatory requirements SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

With regard to the discretionary requirements, the Company has adopted the clauses relating to the following:

The Board: The Company does not have any regular Chairperson.

Communication to Members: Quarterly/ Half yearly/Annual Financial statements are published in the Newspapers and uploaded in the Company's website and intimated to the Stock Exchanges. Investors presentations on Quarterly/

Half-yearly/annual financial statements are uploaded in the Company's website and intimated to Stock Exchanges, where shares of the Company are listed and was sent to all the members of the Company through e-mail.

Audit Qualification: The Company is in the regime of unqualified financial statements (Standalone & Consolidated).

Reporting of Internal Auditors: The Internal Auditors make presentations to the Audit Committee on their reports on a regular basis. They are submitting the Internal Audit Report with observations, reviews, comments and recommendations through presentations which they have observed during their Audit along with follow up actions taken by the management.

**e) Policy for determining 'material' subsidiaries is disclosed: Regulation 16(1)(c) of the SEBI Listing Regulations**

The Audit Committee reviews the Standalone & Consolidated financial statements of the Company and the investments made in the unlisted subsidiary company. The minutes of the Board Meetings along with a report on significant developments of the unlisted subsidiary company are periodically placed before the Board of Directors of the Company. The Company does not have any material unlisted subsidiary company. The Company has a policy of determining 'material' subsidiaries which is hosted on the website at <https://www.heritagefoods.in/policy>

**f) Web link where policy for dealing with related party transactions is disclosed:**

The URL of policy on dealing with related party transaction is <https://www.heritagefoods.in/policy>

**g) Disclosure for commodity price risks and commodity hedging activities:**

The Company is subject to the Commodity price risk due to fluctuation price of Dairy Commodities. During the year the Company did not undertake any commodity hedging activities.

**h) The Company has not made any preferential allotment or qualified institutions placement during the year under review. However, during the year under review the Company has issued and made allotment of 4,63,98,000 equity shares of face value of ₹ 5 each (Issue Shares) for cash at a price of ₹ 5 per Equity Share (Right Issue Price), aggregating up to ₹ 23,19,90,000/- to the Eligible Equity Shareholders of the Company on rights basis (Rights Equity Shares) in the ratio of 1 (one) Rights Equity Share for every 1 (one) fully paid-up Equity Share (₹ 5/- face value) held by the Eligible Equity Shareholders on the record date.**

- i) A certificate obtained from Mrs. Savita Jyoti, Partner of, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796), Hyderabad - 500094, Telangana stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority which forms part of the Annual Report [Annexure-3(ii) in the Boards Report].
- j) During the year there were no instances where Board had not accepted any recommendation of any Committee of the Board which is mandatorily required.

**k) Remuneration/Fees of Statutory Auditor:**

During the year under review your Company and its Subsidiary/Joint Venture Company paid the following remuneration/fees to the Statutory Auditor namely M/s. Walker Chandiook & Co. LLP, Chartered Accountants (FRN 001076N/500013).

(₹ in Million)

Particulars	Heritage Foods Limited	Heritage Nutrivet Limited	Heritage Novandie Foods Private Limited
Statutory Audit fee	5.33	0.65	0.59
Limited review fee	2.35	-	-
Certification fee	0.32	-	-
Tax audit fee	0.94	0.23	-
Taxation matters	0.21	-	-
Reimbursement of Expenses	0.12	-	-
<b>Total</b>	<b>9.27</b>	<b>0.88</b>	<b>0.59</b>

Skil Raigam Power (India) Limited, the Associate Company of the Company has obtained the Dormant Status from Registrar of Companies vide SRN: T42936765 dated September 22, 2021. The Skil Raigam Power (India) Limited has filed the form MSC-3 after obtaining the signed financials for FY 2022-23 from the M/s. PHSK & Associates, Chartered Accountant in Practice (F No:014784S) with a certification fee of ₹ 25,000/-.

**l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as amended from time to time:**

- a) No. of complaints filed during the financial year: Nil
- b) No. of complaints disposed of during the financial year: Nil
- c) No. of complaints pending as on end of the financial year: Nil

**m) Disclosures regarding the appointment or reappointment of independent directors:**

The Companies Act, 2013 and Rules made thereof as amended from time to time provides for the appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 provides that independent directors shall hold office for a term of up to five consecutive years on the board of a company; and shall be eligible for reappointment on the passing of a Special Resolution by the members of the Company. Accordingly, all independent directors were appointed by the members at the general meeting as required under Section 149(10).

Further, Section 149(11) states that no independent director shall be eligible to serve on the Board for more than two

consecutive terms of five years each. Section 149(13) states that the provisions of retirement by rotation as defined in Sub-sections (6) and (7) of Section 152 of the Act shall not apply to such independent directors.

The Company has issued formal letter of appointment to all the Independent Directors on their appointment inter-alia explaining their roles, responsibilities, code of conduct, their functions and duties as directors of the Company. The terms and conditions of the appointment of Independent Directors have been uploaded on the website of the Company and can be accessed at <https://www.heritagefoods.in/policy>

Mr. Angara Venkata Girija Kumar (DIN: 02921377) has been appointed as an Additional Director in the category of Non-Executive Independent Director of the Company w.e.f. June 01, 2023, for a period of 5 consecutive years, the said appointment is due for approval by shareholders at this Annual General Meeting.

**n) Preservation of Documents**

The Company has adopted the policy on preservation of documents in accordance with Regulation 9 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Documents Preservation Policy is available on the website of the Company at <https://www.heritagefoods.in/policy>

**o) Policy on Determination of Materiality of events and information for Disclosures: Regulation 30 of SEBI Listing Regulations:**

The Company has adopted a Policy on Determination of Materiality for Disclosures. The URL of policy is <https://www.heritagefoods.in/policy>

**p) Policy on Archival and Preservation of Documents: Regulation 9 of SEBI Listing Regulations**

The Company has adopted a Policy on Archival and Preservation of Documents. The URL of the policy is at <https://www.heritagefoods.in/policy>

**q) Code of Conduct: Regulation 17 of the SEBI Listing Regulations**

The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2023. The Annual Report of the Company contains a certificate by the Vice Chairperson and Managing Director, on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management. The weblink is <https://www.heritagefoods.in/policy>

**r)** During FY 2022-2023, information as mentioned in Part A of Schedule II of SEBI Listing Regulations, has been placed before the Board for its consideration. The Board periodically reviews the compliance reports of all laws applicable to the Company.

**11.** The Company has complied with all the requirements of Schedule V of Corporate Governance Report as stated under sub-para (2) to (10) of section (C) of Schedule V of the Securities Exchange Board of India (Listing obligation and Disclosure Requirements) Regulations, 2015.

**12.** During FY 2022-23, information as mentioned in Part E of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

**13.** The Disclosure of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations are as follows:

Sr. No.	Particulars	Regulation	Compliance Status Yes/No/NA
1.	Board of Directors	17	Yes
2.	Maximum Number of Directorships	17A	Yes
3.	Audit Committee	18	Yes
4.	Nomination and Remuneration Committee	19	Yes

Sr. No.	Particulars	Regulation	Compliance Status Yes/No/NA
5.	Stakeholders Relationship Committee	20	Yes
6.	Risk Management Committee	21	Yes
7.	Vigil Mechanism	22	Yes
8.	Related Party Transaction	23	Yes
9.	Subsidiaries of the Company	24	Yes
10.	Secretarial Audit and Secretarial Compliance Report	24A	Yes
11.	Obligations with respect to Independent Directors	25	Yes
12.	Obligations with respect to employees including Senior Management, Key Managerial Personnel, Directors and Promoters	26	Yes
13.	Other Corporate Governance requirements	27	Yes
14.	Website	46(2)(b) to (i)	Yes

**14. CEO and CFO Certification**

The Vice Chairperson & Managing Director, Chief Executive Officer and the Chief Financial Officer of the Company have given annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. Vice Chairperson & Managing Director, Chief Executive Officer and the Chief Financial Officer also provide quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. The annual certificate given by the Vice Chairperson & Managing Director, Chief Executive Officer and the Chief Financial Officer is part of the Annual Report.

**15. Compliance Certificate from the Auditors**

Certificate from Statutory Auditors of the Company M/s. Walker Chandiok & Co. LLP, Chartered Accountants (FRN:001076N/N500013), Hyderabad, Telangana confirming Compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 is forming part of the Annual Report.

**16. Disclosure with respect to Demat suspense account/unclaimed suspense account**

During the year under review the Company has issued and made allotment of 4,63,98,000 equity shares of face value of

₹ 5 each (Issue Shares) for cash at a price of ₹ 5 per Equity Share (Right Issue Price), aggregating up to ₹ 23,19,90,000/- to the Eligible Equity Shareholders of the Company on rights basis (Rights Equity Shares) in the ratio of 1 (one) Rights Equity Share for every 1 (one) fully paid-up Equity Share (₹ 5/- face value) held by the Eligible Equity Shareholders on the record date.

The Company has opened demat account in the name of HERITAGE FOODS LIMITED for Rights Shares Unclaimed Suspense Account maintained with Stock Holding Corporation Of India Limited, Reg. Office: 301, Centre Point, Dr. Babasaheb Ambedkar Road, Parel, Mumbai – 400012, Maharashtra, India vide DPID IN301330 and client ID 41280635.

Out of the total number of eligible shareholders, 334 numbers of shareholders who applied in the rights issue did not get the credit of shares due to their incorrect details provided in the rights issue application all those shares were transferred to Heritage Foods Limited - Rights Shares unclaimed suspense account.

In accordance with the requirement of Clause F of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company reports the following details in respect of equity shares lying in the suspense account:

Particulars	No. of Share-holders	No. of equity shares
Aggregate number of shareholders and the outstanding shares transferred in the suspense account	334	168737
No. of shreholders who approached the company for transfer of shares from un-claimed suspense account as on March 31 <sup>st</sup> , 2023	129	112104
No. of shareholders to whom shares were transferred from the Unclaimed Suspense account as on March 31 <sup>st</sup> , 2023.	129	112104
Transferred to Investor Education and Protection fund Authority	NIL	NIL
Aggregate number of shareholders and the outstanding shares lying in the Un-claimed Suspense account as on March 31 <sup>st</sup> , 2023.	*205	56633

\*Out of the aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account as on March 31, 2023, 60 shareholders holding 17597 equity shares were transferred from the Unclaimed Suspense account as on 25th May, 2023. Hence as on the date of this report 145 shareholders holding 39036 equity shares are lying in the Unclaimed Suspense account.

The voting rights on the shares outstanding in the suspense account as on March 31, 2023 shall remain froze till the rightful owner of such shares claim the shares.

### 17. Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has credited ₹20,30,496/- (Twenty Lakhs Thirty Thousand Four Hundred and Ninety Six only) towards the unclaimed/ unpaid dividend amount for the financial year 2014-15 to the Investor Education and Protection Fund (IEPF) pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time.

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred the 676 equity shares belongs to 9 members of the company to the Investor Education and Protection fund Authority (IEPF) on November 21, 2022 of those members who have not claimed the dividends for a continuous period of 7 years.

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time the unclaimed/unpaid dividend and the shares thereof pertaining for the financial year 2015-16 shall be transferred to the Investor Education and Protection Fund during the financial year 2023-24.

### 18. Secretarial Audit

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

In terms of the amended SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 the Company has obtained the Secretarial Compliance certificate (UDIN: F003738E000096325) dated April 14, 2023 from Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (M.No:3738, CP No:1796), Hyderabad - 500094, Telangana, which forms part of the Annual Report and the same was also intimated to the Stock Exchanges where the shares of the Company are listed.

As per Section 204 of the Companies Act, 2013 and the Rules made thereof, the Board of Directors of the

Company appointed Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (M.No:3738, CP No:1796), Hyderabad - 500094, Telangana, to conduct Secretarial Audit. The Secretarial Audit Report (UDIN:F003738E000096336) dated April 14, 2023 for the financial year ended March 31, 2023, is forming part of the Annual Report.

### 19. No Disqualification Certificate from Practicing Company Secretary

Certificate( UDIN F003738E000096314) Dated 14th April, 2023 from Ms. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796), Hyderabad - 500 094, Telangana, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority, as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report.

### 20. Management Discussion and Analysis (MDA)

MDA forms part of the Directors' Report and is presented in the Annual Report under a separate heading.

### 21. Any query on the Annual Report

#### Mr. Umakanta Barik

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

### 22. Code of Conduct

In compliance with SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics ('the Code'). The Code is applicable to the members of the Board, the executive officers and all employees of the Company and its subsidiaries. The Code is

available in the Company website i.e. www.heritagefoods.in.

### 23. Compliance with the corporate governance codes

We have always believed in maximum fiscal transparency, and benchmarked our disclosures against a host of national and international guidelines and regulations. Some of the notable ones among them are as follows:

The SEBI (LO&DR) Regulations, 2015: The SEBI (LO&DR) Regulations, 2015 prescribe various corporate governance recommendations in line with the corporate governance committee constituted by SEBI. We comply with the corporate governance requirements under the SEBI (LO&DR) Regulations, 2015 and specifically to the requirements under Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

#### Compliance with discretionary requirements

The Company has also ensured the implementation of non-mandatory items such as :

- Unmodified audit opinions / reporting
- The internal auditor reporting directly to the audit committee.

### 24. Disclosure of Accounting Treatment in preparation of Financial Statements

The Company adopted Indian Accounting Standards ("Ind AS"), accordingly, the financial statements (Standalone & Consolidated) have been prepared in accordance with Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015, as amended, and notified under Section 133 of the Act and other relevant provisions of the Act.

### 25. Certificate on Compliance with Code of Conduct

In terms of Regulation 26 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

I N Bhuvanewari, Vice Chairperson & Managing Director hereby confirm that all the Members of the Board and Senior Management Personnel of the Company have affirmed the compliance of the Company's Code of Conduct for the Board of Directors and Senior Management for the financial year 2022-23.

For and on behalf of  
**HERITAGE FOODS LIMITED**

#### N. BHUVANESWARI

Vice Chairperson & Managing Director  
(DIN: 00003741)

#### N. BRAHMANI

Executive Director  
(DIN : 02338940)

Place : Hyderabad  
Date : May 25, 2023

## CEO & CFO Certification

(As per Regulation 17(8) of SEBI (LO&DR) Regulation, 2015)

To  
The Board of Directors,  
**Heritage Foods Limited**  
CIN:L15209TG1992PLC014332  
H.No.8-2-293/82/A/1286, Plot No: 1286,  
Road No. 1 & 65, Jubilee Hills, Hyderabad,  
Telangana, 500033. India

We, N Bhuvanewari, Vice-Chairperson and Managing Director, Srideep Madhavan Nair Kesavan, Chief Executive Officer and A. Prabhakara Naidu, Chief Financial Officer of Heritage Foods Limited ("the Company") to the best of our knowledge and belief certify that

- a. We have reviewed the Financial Statements and the Cash Flow Statements for the financial year ended March 31, 2023 and based on our knowledge and belief, we state that:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violates the Company's code of conduct.
- c. We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated, based on our most recent evaluation, wherever applicable, to the auditors and the Audit Committee
  - i. Significant changes, if any, in the internal controls over financial reporting during the year;
  - ii. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For and on behalf of  
**HERITAGE FOODS LIMITED**

Date : May 25, 2023  
Place: Hyderabad

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

**Srideep M Kesavan**  
Chief Executive Officer

**A. Prabhakara Naidu**  
Chief Financial Officer

# Independent Auditor's Certificate on Corporate Governance

To  
The Members of **Heritage Foods Limited**

1. This certificate is issued in accordance with the terms of our engagement letter dated 12 October 2022.
2. We have examined the compliance of conditions of corporate governance by Heritage Foods Limited ('the Company') for the year ended on 31 March 2023, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

## Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

## Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
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.

## Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2023.

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

## Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660  
UDIN: 23207660BGYCIH3935

Place: Hyderabad  
Date : May 25, 2023

# Independent Auditor's Report

## To the Members of Heritage Foods Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

1. We have audited the accompanying standalone financial statements of Heritage Foods Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including 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, the aforesaid standalone 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 state of affairs of the Company as at 31 March 2023, and its profit (including other comprehensive income), its cash flows and the 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 Standalone Financial Statements section of our report. We are independent of the Company 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 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 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 standalone financial statements of the current period. These matters were addressed in the context of our audit of the 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

##### 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.

The 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.

#### How our audit addressed the key audit matter

Our audit included, but was not limited to, the following procedures:

- 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 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 schemes approvals and credit notes) to assess whether the methodology adopted in the calculation of the

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(d) to the Standalone Financial Statements – Summary of the significant accounting policies and Note 24 for the revenue recognized during the year.</p>	<p>discounts was in accordance with the terms and conditions defined in the schemes.</p> <ul style="list-style-type: none"> <li>· Assessed manual journal entries posted to revenue to identify unusual items and tested such entries on a sample basis.</li> </ul> <p>Evaluated appropriateness of disclosures made in the standalone financial statements in accordance with the requirements of Ind AS 115 and other applicable regulations.</p>

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

6. The 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 standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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.

8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability 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 Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company has adequate internal financial controls 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 Company's ability 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 Company 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;
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.

## Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the **Annexure-A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
  - a) 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 accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
  - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in **Annexure-B** wherein we have expressed an unmodified opinion; and
  - g) 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:

- i. the Company, as detailed in note 43(b) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2023;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;
- iv.
  - a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 35(i) to the standalone 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 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 Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
  - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 35(ii) to the standalone financial statements, no funds have been received by the 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 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 notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. As stated in note 34 to the accompanying standalone financial statements, the final dividend paid by the Company during the year ended 31 March 2023 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 Board of Directors of the Company have proposed final dividend for the year ended 31 March 2023 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.
- vi. proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**

Partner

Place: Hyderabad

Date: 25 May 2023

Membership No.: 207660

UDIN: 23207660BGYCIF3613

# Annexure A referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Heritage Foods Limited on the standalone financial statements for the year ended 31 March 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, right of use assets and investment property.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
  - (b) The property, plant and equipment, right of use assets, and investment property have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The title deeds of all the immovable properties including investment properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 6 and 8 to the standalone financial statements are held in the name of the Company.
  - (d) The Company has not revalued its Property, Plant and Equipment including Right of Use assets or intangible assets during the year.
  - (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for inventory lying with third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.
  - (b) As disclosed in note 18(iii) to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹ 5 crore by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods, which were not subject to audit.
- (iii) (a) The Company has not provided any security to any other entity. However, the Company has provided loans and guarantee to its Subsidiary, Joint Venture and others during the year as per details given below:

(Amounts in ₹million)

Particulars	Guarantees	Loans
Aggregate amount provided during the year:		
- Subsidiaries	80.00	-
- Joint Venture	50.00	-
- Others	-	3.37
Balance outstanding as at balance sheet date in respect of above cases:		
- Subsidiaries	207.50	-
- Joint Venture	220.00	-
- Others	0	0.31

- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, and terms and conditions of the grant of all loans are, prima facie, not prejudicial to the interest of the Company. The Company has not given any security during the year.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal has been stipulated and the repayments of principal are regular. Further, no interest is receivable on such loans.
- (d) There is no amount which is overdue for more than 90 days in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.
- (e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan that existed as at the beginning of the year.
- (f) The Company has not granted any loan or advance in the nature of loan, which is repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments made, loans granted and guarantees given, as applicable. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of security provided by it.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act only in respect of specified product of the Company. For such product, we have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under the aforesaid section, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ in millions)	Amount paid under Protest (₹ in millions)	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act, 1957	Purchase Tax Sales Tax/ VAT	9.51 4.69	1.14 -	2001-02 2008-09	The High Court of Judicature at Hyderabad for the State of Telangana
The Central Sales Tax Act,1956	Sales Tax/ VAT	1.59	1.59	2010-11	Joint Commissioner of commercial taxes (Appeals), Bangalore
		2.15	1.58	2011-12	
		0.73	0.73	2012-13	
		0.41	0.10	2011-12	
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry tax	2.72	0.68	2012-13	The High Court of Judicature at Hyderabad for the State of Telangana
		3.82	0.95	2013-14	
		0.29	0.07	2014-15	
		0.41	0.10	2015-16	
		2.70	0.68	2016-17	
		0.02	0.01	2017-18	
		10.31	3.48	December 2014 to September 2019	
Andhra Pradesh Tax on Entry of Goods into Local Areas Act, 2001	Entry tax	0.86	0.02	2014-15	The High Court of Judicature at Amaravathi for the State of Andhra Pradesh
		1.55	0.04	2015-16	
		1.36	0.03	2016-17	
		0.00	0.00	2017-18	
Central GST Act, 2017	Short payment of GST on Flavored Milk	88.83	35.18	July 2017 to March 2020	The High Court of Judicature at Amaravathi for the State of Andhra Pradesh
Income Tax Act, 1961	Initiation of Penalty proceedings u/s 271D	2.24	-	2020-21	Commissioner of Income Tax (Appeals)
	Disallowance of expenses	5.18	0.48	2017-18 and 2020-21	

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and did not have any term loans outstanding at the beginning of the current year. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associate or joint venture.

- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint venture or associate.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistleblower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and(c) of the Order are not applicable to the Company.
- (b) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

- (xx) (a) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to other than ongoing projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has transferred the remaining unspent amounts towards Corporate Social Responsibility (CSR) under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act..
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

**Sanjay Kumar Jain**

Partner

Place: Hyderabad

Date: 25 May 2023

Membership No.: 207660

UDIN: 23207660BGYCIF3613

# Annexure B to the Independent Auditor's Report of even date to the members of Heritage Foods Limited on the financial statements for the year ended 31 March 2023

## Independent Auditor's Report on the internal financial controls with reference to the 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 standalone financial statements of Heritage Foods Limited ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

2. The Company's Board of Directors is 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 issued by the Institute of Chartered Accountants of India. 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 Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 Company's internal financial controls with reference to financial statements.

## Meaning of Internal Financial Controls with Reference to 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 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 Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, 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 Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**

Partner

Place: Hyderabad

Date: 25 May 2023

Membership No.:207660

UDIN: 23207660BGYCIF3613

# Standalone Balance Sheet

as at 31 March 2023

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Notes	As at	
		31 March 2023	31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	6	5,732.69	5,298.31
(b) Capital work-in-progress	6(a)	199.33	73.73
(c) Investment property	8	43.12	44.20
(d) Other intangible assets	7	34.52	44.17
(e) Intangible assets under development	7(a)	1.06	1.09
(f) Financial assets			
(i) Investment in subsidiary, joint venture and associate	9	650.87	594.37
(ii) Other investments	10	3.02	2.93
(iii) Other financial assets	11	99.99	60.46
(g) Other non-current assets	12	49.89	3.84
<b>Total non-current assets</b>		<b>6,814.49</b>	<b>6,123.10</b>
<b>Current assets</b>			
(a) Inventories	13	3,660.98	1,957.41
(b) Financial assets			
(i) Investments	10	0.03	0.03
(ii) Trade receivables	14	279.09	179.76
(iii) Cash and cash equivalents	15(a)	163.20	324.76
(iv) Bank balances other than (iii) above	15(b)	28.25	24.99
(v) Loans	11(a)	0.31	0.89
(vi) Other financial assets	11	54.77	45.68
(c) Current tax assets (net)		35.03	31.13
(d) Other current assets	12	175.58	215.82
(e) Assets included in disposal groups classified as held for sale		-	4.42
<b>Total current assets</b>		<b>4,397.24</b>	<b>2,784.89</b>
<b>Total assets</b>		<b>11,211.73</b>	<b>8,907.99</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	463.98	231.99
(b) Other equity	17	6,903.00	6,372.87
<b>Total equity</b>		<b>7,366.98</b>	<b>6,604.86</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	7.77	21.10
(iia) Lease liabilities	44	271.94	471.3
(iib) Other financial liabilities	19	6.08	8.83
(b) Provisions	20	178.69	163.75
(c) Government grant	49	79.55	86.28
(d) Deferred tax liabilities (net)	21	238.26	231.87
<b>Total non-current liabilities</b>		<b>782.29</b>	<b>558.96</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	1,256.91	16.37
(iia) Lease liabilities	44	48.89	28.23
(iib) Trade payables	23		
- total outstanding dues of micro and small enterprises;		61.23	77.02
- total outstanding dues of creditors other than micro and small enterprises		366.43	405.02
(iii) Other financial liabilities	19	1,017.00	1,017.85
(b) Other current liabilities	22	218.28	113.03
(c) Government grant	49	6.73	6.74
(d) Provisions	20	86.99	79.91
<b>Total current liabilities</b>		<b>3,062.46</b>	<b>1,744.17</b>
<b>Total equity and liabilities</b>		<b>11,211.73</b>	<b>8,907.99</b>

The accompanying notes referred to above form an integral part of the standalone financial statements. This is the Standalone Balance Sheet referred to in our report of even date.

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

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 : 25 May 2023

Place : Hyderabad  
Date : 25 May 2023

# Standalone Statement of Profit and Loss

for the year ended 31 March 2023

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Notes	For the year ended	
		31 March 2023	31 March 2022
<b>Income</b>			
Revenue from operations	24	32,086.75	26,429.21
Other income	25	113.48	103.14
<b>Total income</b>		<b>32,200.23</b>	<b>26,532.35</b>
<b>Expenses</b>			
Cost of materials consumed	26	26,971.59	20,047.04
Purchase of stock-in-trade		846.78	579.88
Changes in inventories of finished goods, semi finished goods, stock-in- trade and work-in-progress	27	(1,758.67)	53.56
Employee benefit expenses	28	2,039.18	1,768.13
Finance costs	29	31.68	32.01
Depreciation and amortisation expense	6,7&8	538.50	499.64
Impairment losses	6	2.08	4.24
Other expenses	30	2,635.71	2,103.85
<b>Total expenses</b>		<b>31,306.85</b>	<b>25,088.35</b>
<b>Profit before exceptional items and tax</b>		<b>893.38</b>	<b>1,444.00</b>
Exceptional Items	33	-	(91.40)
<b>Profit before tax</b>		<b>893.38</b>	<b>1,352.60</b>
<b>Tax expense</b>	31		
Current tax expense		227.07	343.01
Deferred tax expense/(benefit)		7.42	(5.75)
<b>Profit for the year</b>		<b>658.89</b>	<b>1,015.34</b>
<b>Other comprehensive income / (loss) ("OCI")</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(i) Re-measurement loss on defined benefit plan, net of tax		(3.06)	(0.20)
(ii) Net gain on FVTOCI equity securities		0.09	0.07
<b>Total other comprehensive loss for the year</b>		<b>(2.97)</b>	<b>(0.13)</b>
<b>Total comprehensive income for the year</b>		<b>655.92</b>	<b>1,015.21</b>
<b>Earnings per equity share [EPES] (in absolute ₹ terms)</b>	32		
Par value per equity share		5.00	5.00
Basic and Diluted EPES		7.19	11.10

The accompanying notes referred to above form an integral part of the standalone financial statements.

This is the Standalone Statement of Profit and Loss

referred to in our report of even date.

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

For and on behalf of Board of Directors of  
**Heritage Foods Limited**
**N Bhuvanewari**  
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 : 25 May 2023

Place : Hyderabad  
Date : 25 May 2023

# Standalone Statement of Cash Flow

for the year ended 31 March 2023

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended	
	31 March 2023	31 March 2022
<b>Cash flow from operating activities</b>		
Profit before tax	<b>893.38</b>	<b>1,352.60</b>
<b>Adjustments:</b>		
Depreciation and amortization expense	538.50	499.64
Impairment losses	2.08	4.24
Provision for doubtful advances	0.80	-
Provision for doubtful debts and bad debts written off	6.24	61.27
Advances written off	0.72	1.32
Profit on sale of Property, plant and equipment ("PPE")	(23.37)	(31.21)
Gain on investments	(25.94)	(11.44)
Provisions no longer required/ credit balances written back	(12.96)	(8.35)
Interest income	(2.32)	(2.57)
Interest expenses	25.09	27.21
Guarantee income	(4.25)	(4.25)
Property, plant and equipment written off	4.43	14.35
Amortisation of government grants	(6.74)	(7.36)
Lease rental income	(22.24)	(20.40)
Dividend income on long term investments	(0.01)	-
<b>Operating profits before working capital changes</b>	<b>1,373.41</b>	<b>1,875.05</b>
<b>Movements in working capital:</b>		
Changes in inventories	(1,703.57)	(72.40)
Changes in trade receivables	(105.57)	(95.70)
Changes in loans	0.58	7.86
Changes in other assets	37.99	(76.46)
Changes in other financial assets	(48.54)	(18.48)
Changes in trade payables	(54.38)	154.27
Changes in provisions	17.93	18.10
Changes in other financial liabilities	(5.15)	(49.39)
Changes in other liabilities	110.00	46.46
<b>Cash generated from / (used in) operating activities</b>	<b>(377.30)</b>	<b>1,789.31</b>
Income tax paid, net	(230.97)	(351.15)
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>(608.27)</b>	<b>1,438.16</b>
<b>Cash flow from investing activities</b>		
Purchase of PPE and other intangible assets, including CWIP and intangible assets under development	(830.70)	(444.68)
Proceeds from sale of PPE	42.14	44.66
Consideration paid towards Business combination	(271.1)	-
Investment in a joint venture	(55.00)	(104.65)
Receipts of government grants	-	73.26
Purchase of investments	(2,500.00)	(2,800.00)

# Standalone Statement of Cash Flow

for the year ended 31 March 2023

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended	
	31 March 2023	31 March 2022
Proceeds from sale of investments	2,525.94	2,811.44
Interest received	2.68	2.31
Movement in other bank balances, net	(4.43)	(12.42)
Rent received	21.70	20.89
Dividend income received	0.01	-
<b>Net cash used in investing activities (B)</b>	<b>(824.77)</b>	<b>(409.19)</b>
<b>Cash flow from financing activities</b>		
Proceeds from rights issue	231.99	-
Payment in relation to rights issue	(9.79)	-
Repayments of long term borrowings	(16.37)	(484.71)
Proceeds from short term borrowings, net	1,243.58	-
Interest paid	(16.88)	(20.66)
Lease rentals paid*	(45.05)	(41.68)
Dividend paid	(116.00)	(347.99)
<b>Net cash generated from / (used in) financing activities (C)</b>	<b>1,271.48</b>	<b>(895.04)</b>
<b>Net Change in cash and cash equivalents during the year (A + B + C)</b>	<b>(161.56)</b>	<b>133.93</b>
Cash and cash equivalents at the beginning of the year	324.76	190.83
<b>Cash and cash equivalents at the end of the year (Note 1)</b>	<b>163.20</b>	<b>324.76</b>
<b>Note 1:</b>		
<b>Cash and cash equivalents include:</b>		
Cash on hand	2.32	25.79
Balances with banks in current accounts	160.88	298.97
	<b>163.20</b>	<b>324.76</b>

(\*) includes principal and interest portions

This is the Standalone Statement of Cash Flow referred to in our report of even date.

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

**Sanjay Kumar Jain**  
Partner  
Membership No: 207660

Place : Hyderabad  
Date : 25 May 2023

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 : 25 May 2023

**N Brahmani**  
Executive Director  
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**A Prabhakara Naidu**  
Chief Financial Officer  
M.No.FCA 200974

**M Sambasiva Rao**  
President

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M.No. FCS 6317

# Standalone Statement of Changes in Equity

for the year ended 31 March 2023

(All amounts in ₹ millions, except share data and where otherwise stated)

A. Equity Share Capital		Notes	Number of shares	Amount	Reserves and Surplus					OCI	Total	
<b>As at 1 April 2021</b>			<b>4,63,98,000</b>	<b>231.99</b>								
Changes in equity share capital		16	-	-								
<b>As at 31 March 2022</b>			<b>4,63,98,000</b>	<b>231.99</b>								
Changes in equity share capital		16	4,63,98,000	231.99								
<b>As at 31 March 2023</b>			<b>9,27,96,000</b>	<b>463.98</b>								
B. Other equity (refer note 17)			Capital reserve	Capital redemption reserve	Securities premium	Warrants money appropriated	General reserve	Retained earnings	Changes in fair value of equity instruments	Total		
<b>Balance as at 1 April 2021</b>			<b>12.11</b>	<b>8.10</b>	<b>378.41</b>	<b>31.87</b>	<b>842.74</b>	<b>4,433.04</b>	<b>(0.62)</b>	<b>5,705.65</b>		
Profit for the year			-	-	-	-	-	1,015.34	-	1,015.34		
Payment of dividend (₹7.5 per equity share)			-	-	-	-	-	(347.99)	-	(347.99)		
Other comprehensive income/ (loss), net of taxes			-	-	-	-	-	(0.20)	0.07	(0.13)		
<b>Balance as at 31 March 2022</b>			<b>12.11</b>	<b>8.10</b>	<b>378.41</b>	<b>31.87</b>	<b>842.74</b>	<b>5,100.19</b>	<b>(0.55)</b>	<b>6,372.87</b>		
Profit for the year			-	-	-	-	-	658.89	-	658.89		
Expense incurred in relation to the rights issue			-	-	(9.79)	-	-	-	-	(9.79)		
Payment of dividend (₹2.5 per equity share)			-	-	-	-	-	(116.00)	-	(116.00)		
Other comprehensive income/ (loss), net of taxes			-	-	-	-	-	(3.06)	0.09	(2.97)		
<b>Balance as at 31 March 2023</b>			<b>12.11</b>	<b>8.10</b>	<b>368.62</b>	<b>31.87</b>	<b>842.74</b>	<b>5,640.02</b>	<b>(0.46)</b>	<b>6,903.00</b>		

This is the Standalone Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No: 001076N/N5000013

**Sanjay Kumar Jain**  
Partner  
Membership No: 207660

Place : Hyderabad  
Date : 25 May 2023

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

**N Bhuvaneshwari**  
Vice Chairperson and  
Managing Director  
DIN: 000003741

**N Brahmani**  
Executive Director  
DIN: 02338940

**M Sambasiva Rao**  
President

**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

# Summary of the significant accounting policies and other explanatory information

## 1. Corporate information

Heritage Foods Limited ("Heritage" or "the Company") is one of the leading Indian dairy Company, headquartered and 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. The Company operates through its two business divisions Dairy and Renewable Energy. The Company's equity 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 standalone financial statements

The standalone 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 ("the Act"), 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 standalone 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 Company's annual reporting date, 31 March 2023. These standalone financial statements were authorised for issuance by the Company's Board of Directors on 25 May 2023.

These standalone 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 standalone 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. Current versus non-current classification

The Company presents assets and liabilities in the standalone 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 Company has identified twelve months as its operating cycle.

## b. Foreign currencies

The Company's standalone financial statements are presented in Indian Rupees (₹), which is also its 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 standalone 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 standalone 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.

## c. Fair value measurement

The Company measures financial instruments at fair value at each standalone 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 Company.

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 Company 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 standalone 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 standalone financial statements on a recurring basis, the Company 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 Company'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 Company'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 Company 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.

#### **d. Revenue recognition**

The Company derives revenues primarily from sale of milk and dairy 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 Company expects to receive in exchange for those products or services.

Revenue is measured on the basis of transaction 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 Company. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

The Company 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 Company 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 Company 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 standalone statement of profit and loss.

#### **Dividend Income**

Dividend income is recognized when the Company's right to receive dividend is established.

#### **e. 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 initially recognised as deferred income at fair value and subsequently are recognised in statement of profit and loss as other income on a systematic basis 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 standalone 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.

## f. 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 standalone 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 standalone 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.

## g. Property, plant and equipment and Capital work-in-progress

Freehold land is carried at historical cost. Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. 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. Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date net of accumulated impairment loss, if any. Property, plant and equipment under installation or under construction as at balance sheet are shown as capital work-in-progress and the related advances are shown as capital advances.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

When significant parts of plant and equipment are required to be replaced at intervals, the Company 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 standalone 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 company 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 (including investment property)	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 standalone 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.

#### **h. 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 Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the standalone statement of profit and loss as incurred.

The Company depreciates building component of investment property over the useful life prescribed in Schedule II to the Act.

Though the Company measures investment property using cost based measurement, the fair value of the investment property is disclosed in the note 8 to the standalone 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 standalone statement of profit and loss in the period of de-recognition.

#### **i. 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 standalone 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 standalone statement of profit and loss under the head Depreciation and amortization expense.

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 standalone 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.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

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 standalone statement of profit and loss when the asset is derecognised.

#### j. 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.

#### k. Leases

##### The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company 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 Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company 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 Company 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 Company 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 Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, 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 Company 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 Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the Right-of-use asset and Standalone 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 Company recognises any remaining amount of the re-measurement in the Standalone Statement of Profit and Loss.

### **The Company as a lessor**

Leases for which the Company 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.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

### **I. Assets included in disposal groups classified as held for sale**

Assets included in disposal groups classified as "Held for sale" if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of "Held for Sale" is met when the non-current asset or the disposal group is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as "Held for Sale".

Assets included in disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets and disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and disposal group was classified as "Held for Sale" adjusted for any depreciation/ amortization and its recoverable amount at the date when the disposal group no longer meets the "Held for sale" criteria.

### **m. 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.

#### **n. Impairment of non-financial assets**

The Company 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 company 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. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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 standalone 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 Company 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.

#### **o. Provision and contingencies**

##### **Provisions**

Provisions are recognised when the Company 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 Company 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 standalone 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 are 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.

#### **p. 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 standalone statement of profit and loss for the year in which the contributions are due. The company has no obligation, other than the contribution payable to the provident fund. If the contribution payable to the scheme for service received before the standalone 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 standalone 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 Company 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 standalone 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 standalone statement of profit and loss in subsequent periods.

**Leave Encashment:** The Company 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".

## q. 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, excluding trade receivables 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. Trade receivables that do not contain a significant financing component are measured at transaction price.

#### *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 standalone statement of profit and loss. The losses arising from impairment are recognised in the standalone 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 standalone 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 standalone 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 Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company 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 standalone statement of profit and loss, even on sale of investment. However, the Company transfers 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 Company 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 company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company 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 Company 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 company could be required to repay.

### **Impairment of financial assets**

In accordance with Ind AS 109, the Company 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 Company 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 Company 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 company 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 Company 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 standalone statement of profit and loss. This amount is reflected under the head 'other expenses' in the standalone statement of profit and loss. The standalone balance sheet presentation for various financial instruments is described below:

- 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 standalone balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
- Financial guarantee contracts: ECL is presented as a provision in the standalone balance sheet, i.e. as a liability.

## **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 Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and 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 company 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 standalone 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/ losses are not subsequently transferred to the standalone statement of profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the standalone statement of profit and loss. The company 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 standalone 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 standalone 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 Company 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 standalone statement of profit and loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the standalone 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 standalone statement of profit and loss.

#### **r. 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, if any, 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.

#### **s. Cash flow statement**

The standalone cash flow statement is prepared in accordance with the Indirect method. Standalone cash flow statement presents the cash flows by operating, financing and investing activities of the Company. 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.

#### **t. Cash and cash equivalents**

Cash and cash equivalent in the standalone 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.

For the purpose of the standalone cash flow statement, cash and cash equivalents consist of cash at banks and on hand and deposits, as defined above, net of outstanding loans repayable on demand from banks as they are considered an integral part of the Company's cash management.

#### **u. 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 / paid is recognised directly in equity.

#### **v. Investments in subsidiary, joint venture and associate**

The Company has elected to recognise its investments in equity instruments in subsidiary, joint venture and

associate at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

#### w. Research and Development

Expenditure on research activities is recognised in the Standalone Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development and to use or sell the asset. Otherwise, it is recognised in the Standalone Statement of Profit and Loss as incurred.

Subsequent to the initial recognition, the asset is measured at cost less accumulated amortisation and accumulated impairment losses, if any.

#### x. Business Combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. Contingent consideration (earn out) is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the Statement of Profit and Loss. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognised in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the Company after assessing fair value of all identified assets and liabilities, record the difference as a gain in other comprehensive income and accumulate the gain in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted by using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

### 4. Key accounting estimates, judgements and assumptions

The preparation of the Company's standalone 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 Company.

#### c. 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 Company 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 Company 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 Company'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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

### Ind AS 1 - Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements.

### Ind AS 12 - Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

### Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

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

	Land	Buildings	Leasehold improvements	Plant and Equipment	Furniture and fixtures	Office equipment	Vehicles	Right-of-use assets	Total
<b>Gross Block</b>									
<b>Balance as at 1 April 2021</b>	<b>432.97</b>	<b>1,631.33</b>	<b>3.13</b>	<b>4,286.30</b>	<b>27.59</b>	<b>92.47</b>	<b>54.39</b>	<b>119.34</b>	<b>6,647.52</b>
Additions during the year	43.52	116.52	-	236.10	3.11	15.89	32.93	65.40	513.47
Disposals/transfers during the year	-	2.00	-	109.43	0.27	5.18	21.71	61.87	200.46
<b>Balance as at 31 March 2022</b>	<b>476.49</b>	<b>1,745.85</b>	<b>3.13</b>	<b>4,412.97</b>	<b>30.43</b>	<b>103.18</b>	<b>65.61</b>	<b>122.87</b>	<b>6,960.53</b>
Additions during the year	20.74	114.13	75.89	402.04	23.58	57.68	6.41	282.31	982.78
Disposals/transfers during the year	0.21	(2.00)	3.13	174.75	5.88	13.30	2.41	-	197.68
<b>Balance as at 31 March 2023</b>	<b>497.02</b>	<b>1,861.98</b>	<b>75.89</b>	<b>4,640.26</b>	<b>48.13</b>	<b>147.56</b>	<b>69.61</b>	<b>405.18</b>	<b>7,745.63</b>
<b>Accumulated depreciation</b>									
<b>Up to 1 April 2021</b>	-	<b>187.14</b>	<b>0.60</b>	<b>1,004.74</b>	<b>11.28</b>	<b>33.28</b>	<b>30.41</b>	<b>79.57</b>	<b>1,347.02</b>
Depreciation charge for the year	-	67.38	0.15	349.65	3.70	15.08	9.21	32.38	477.55
Adjustment for disposals/transfers	-	0.72	-	85.34	0.16	4.21	19.27	56.89	166.59
Impairment loss	-	-	-	4.24	-	-	-	-	4.24
<b>Up to 31 March 2022</b>	-	<b>253.80</b>	<b>0.75</b>	<b>1,273.29</b>	<b>14.82</b>	<b>44.15</b>	<b>20.35</b>	<b>55.06</b>	<b>1,662.22</b>
Depreciation charge for the year	-	73.37	1.59	373.06	4.61	16.93	8.95	44.28	522.79
Adjustment for disposals/transfers	-	(1.69)	0.75	156.23	5.48	11.76	1.62	-	174.15
Impairment loss	-	-	-	1.54	0.07	0.47	-	-	2.08
<b>Up to 31 March 2023</b>	-	<b>328.86</b>	<b>1.59</b>	<b>1,491.66</b>	<b>14.02</b>	<b>49.79</b>	<b>27.68</b>	<b>99.34</b>	<b>2,012.94</b>
<b>Net carrying value</b>									
<b>As at 31 March 2022</b>	<b>476.49</b>	<b>1,492.05</b>	<b>2.38</b>	<b>3,139.68</b>	<b>15.61</b>	<b>59.03</b>	<b>45.26</b>	<b>67.81</b>	<b>5,298.31</b>
<b>As at 31 March 2023</b>	<b>497.02</b>	<b>1,533.12</b>	<b>74.30</b>	<b>3,148.60</b>	<b>34.11</b>	<b>97.77</b>	<b>41.93</b>	<b>305.84</b>	<b>5,732.69</b>

#### Notes:

- For details of assets pledged as security, refer note 18(a).
- The title deeds of all the immovable properties including investment properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), are held in the name of the Company.
- The company has recognised impairment loss on account of physical wear and tear of assets.
- The Company has purchased property, plant and equipment amounting to ₹ 26.11 and intangible assets amounting to ₹ 1.00 from Suguna Dairy Private Limited under a business Combination.

## 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:

	As at	
	31 March 2023	31 March 2022
<b>(i) Ageing schedule of capital work-in-progress (CWIP)</b>		
<b>Projects in progress</b>		
< 1 Year	194.66	69.82
1-2 Years	4.67	0.88
2-3 Years	-	2.51
> 3 Years	-	0.52
<b>Projects in progress (total)</b>	<b>199.33</b>	<b>73.73</b>
<b>Projects temporarily suspended</b>	-	-
<b>(ii)</b>		
The Company 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.		
<b>(iii) CWIP movement schedule:</b>		
		<b>Total</b>
<b>Opening as at 1 April 2021</b>		<b>153.45</b>
Additions during the year		324.83
Capitalisations during the year		(404.55)
<b>Closing as at 31 March 2022</b>		<b>73.73</b>
Additions during the year		805.33
Capitalisations during the year		(679.73)
<b>Closing as at 31 March 2023</b>		<b>199.33</b>

### 7. Other intangible assets

	Computer Software	Brand	Non-compete	Procurement network	Distribution Network	Total
<b>Gross Block</b>						
<b>As at 1 April 2021</b>	<b>64.05</b>	<b>74.55</b>	<b>32.18</b>	<b>43.20</b>	<b>50.25</b>	<b>264.23</b>
Additions during the year	26.51	-	-	-	-	26.51
<b>As at 31 March 2022</b>	<b>90.56</b>	<b>74.55</b>	<b>32.18</b>	<b>43.20</b>	<b>50.25</b>	<b>290.74</b>
Additions during the year	3.98	-	-	0.56	0.44	4.98
<b>As at 31 March 2023</b>	<b>94.54</b>	<b>74.55</b>	<b>32.18</b>	<b>43.76</b>	<b>50.69</b>	<b>295.72</b>
<b>Accumulated amortization</b>						
<b>Up to 1 April 2021</b>	<b>34.97</b>	<b>74.55</b>	<b>32.18</b>	<b>38.93</b>	<b>44.93</b>	<b>225.56</b>
Amortization charge for the year	11.69	-	-	4.15	5.17	21.01
<b>Up to 31 March 2022</b>	<b>46.66</b>	<b>74.55</b>	<b>32.18</b>	<b>43.08</b>	<b>50.10</b>	<b>246.57</b>
Amortization charge for the year	14.09	-	-	0.27	0.27	14.63
<b>Up to 31 March 2023</b>	<b>60.75</b>	<b>74.55</b>	<b>32.18</b>	<b>43.35</b>	<b>50.37</b>	<b>261.20</b>
<b>Net carrying amount</b>						
<b>As at 31 March 2022</b>	<b>43.90</b>	-	-	<b>0.12</b>	<b>0.15</b>	<b>44.17</b>
<b>As at 31 March 2023</b>	<b>33.79</b>	-	-	<b>0.41</b>	<b>0.32</b>	<b>34.52</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 7(a) Intangible assets under development:

	As at	
	31 March 2023	31 March 2022
<b>(i) Ageing schedule of Intangible assets under development (IAUD)</b>		
<b>Projects in progress</b>		
< 1 Year	1.06	0.49
1-2 Years	-	0.60
2-3 Years	-	-
> 3 Years	-	-
<b>Projects in progress (total)</b>	<b>1.06</b>	<b>1.09</b>
<b>Projects temporarily suspended</b>	-	-
(ii) The Company does not have any material IAUD which is overdue or has exceeded its cost compared to its original plan and hence the disclosure of IAUD completion schedule is not applicable.		
<b>(iii) IAUD movement schedule:</b>		
		<b>Total</b>
<b>Opening as at 1 April 2021</b>		<b>24.13</b>
Additions during the year		3.47
Capitalisations during the year		(26.51)
<b>Closing as at 31 March 2022</b>		<b>1.09</b>
Additions during the year		3.95
Capitalisations during the year		(3.98)
<b>Closing as at 31 March 2023</b>		<b>1.06</b>

### 8. Investment property

	Land	Building	Total
<b>Gross Block</b>			
<b>As at 1 April 2021</b>	<b>23.30</b>	<b>26.67</b>	<b>49.97</b>
Additions / transfers during the year	-	-	-
<b>As at 31 March 2022</b>	<b>23.30</b>	<b>26.67</b>	<b>49.97</b>
Additions / transfers during the year	-	-	-
<b>As at 31 March 2023</b>	<b>23.30</b>	<b>26.67</b>	<b>49.97</b>
<b>Accumulated depreciation</b>			
<b>Up to 1 April 2021</b>	-	<b>4.69</b>	<b>4.69</b>
Depreciation charge for the year	-	1.08	1.08
<b>Up to 31 March 2022</b>	-	<b>5.77</b>	<b>5.77</b>
Depreciation charge for the year	-	1.08	1.08
<b>Up to 31 March 2023</b>	-	<b>6.85</b>	<b>6.85</b>
<b>Net carrying amount</b>			
<b>As at 31 March 2022</b>	<b>23.30</b>	<b>20.90</b>	<b>44.20</b>
<b>As at 31 March 2023</b>	<b>23.30</b>	<b>19.82</b>	<b>43.12</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### (a) Information of net income derived from Investment property

	For the year ended	
	31 March 2023	31 March 2022
Lease rental income	16.49	15.77
Less: Depreciation	(1.08)	(1.08)
<b>Net income derived from Investment property</b>	<b>15.41</b>	<b>14.69</b>

### (b) Description of valuation technique and key assumptions used

	31 March 2023		31 March 2022	
	Land	Building	Land	Building
Valuation technique: Discounted Cash Flow ("DCF") method				
Estimated rental value per month (in absolute ₹ terms)	75,000	NA	75,000	NA
Estimated rental value per square feet per month (in absolute ₹ terms)	NA	28	NA	18
Rental growth per annum	5%	5%	5%	5%
Discount rate	6.50%	6.50%	9.50%	9.50%

### (c) Changes in fair value of Investment property is shown below:

	Amount
<b>Fair value as on 31 March 2021</b>	<b>345.68</b>
Transferred to Property, plant and equipment during the year	-
Increase in fair value of an existing Investment property	-
<b>Fair value as on 31 March 2022</b>	<b>345.68</b>
Transferred to Property, plant and equipment during the year	-
Increase in fair value of an existing Investment property	4.16
<b>Fair value as on 31 March 2023</b>	<b>349.84</b>

#### Note:

- (a) The disclosed fair value of investment property is derived based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

## 9. Investment in subsidiary, joint venture and associate

	As at	
	31 March 2023	31 March 2022
<b>Unquoted</b>		
<b>Investment in a subsidiary</b>		
3,709,464 (31 March 2022: 3,709,464) equity shares of ₹10 each fully paid held in Heritage Nutrivet Limited	325.52	324.52
	<b>325.52</b>	<b>324.52</b>
<b>Investment in an associate*</b>		
650,000 (31 March 2022: 650,000) equity shares of ₹10 each fully paid held in SKIL Raigam Power (India) Limited	6.50	6.50
Less: Impairment of investment	(6.50)	(6.50)
	-	-

\* SKIL Raigam Power (India) Limited has been declared as Dormant Company as per Section 455(2) of Companies Act, 2013

## 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 2023	31 March 2022
<b>Investment in a joint venture</b>		
5,489,727 (31 March 2022: 4,939,727) equity shares of ₹ 10 each fully paid held in Heritage Novandie Foods Private Limited	325.35	269.85
	<b>325.35</b>	<b>269.85</b>
	<b>650.87</b>	<b>594.37</b>
Aggregate amount of unquoted investments	650.87	594.37
Aggregate amount of impairment in value of investments	(6.50)	(6.50)

### 10. Investments

	As at	
	31 March 2023	31 March 2022
<b>Non current</b>		
<b>Investments at fair value through other comprehensive income ("FVTOCI")</b>		
<b>Investments in equity instruments</b>		
117 (31 March 2022: 117) quoted equity shares of ₹ 10 each fully paid held in Union Bank of India Limited	0.01	-
1,740 (31 March 2022: 1,740) quoted equity shares of ₹ 2 each fully paid held in Bank of Baroda Limited	0.29	0.20
200,000 (31 March 2022: 200,000) unquoted equity shares of ₹10 each fully paid held in Heritage Finlease Limited	2.60	2.60
	<b>2.90</b>	<b>2.80</b>
<b>Investments at amortized cost</b>		
Investments in government securities	0.12	0.13
	<b>0.12</b>	<b>0.13</b>
	<b>3.02</b>	<b>2.93</b>
Aggregate market value of quoted investments	0.30	0.20
Aggregate value of unquoted investments	2.72	2.73
<b>Current</b>		
<b>Investments at amortized cost</b>		
Investments in government securities	0.03	0.03
	<b>0.03</b>	<b>0.03</b>
<b>Investments in equity instruments</b>		
Aggregate value of unquoted investments	0.03	0.03
Aggregate amount of impairment in value of investments	-	-

### 11. Other financial assets

	As at	
	31 March 2023	31 March 2022
<b>Non-current</b>		
<b>Unsecured, Considered good</b>		
Interest accrued but not due on bank deposits	0.44	0.21
Margin money deposits with banks	4.62	4.72
Security deposits	94.93	55.53
	<b>99.99</b>	<b>60.46</b>

## 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 2023	31 March 2022
<b>Current</b>		
<b>Unsecured, Considered good</b>		
Interest accrued but not due on bank deposits	0.08	0.67
Rent receivable	3.03	2.49
Security deposits	2715	22.65
Others	24.51	19.87
	<b>54.77</b>	<b>45.68</b>

### 11(a). Loans

	As at	
	31 March 2023	31 March 2022
<b>Current</b>		
<b>Unsecured, considered good</b>		
Salary advance	0.07	0.42
Other advances	0.24	0.47
	<b>0.31</b>	<b>0.89</b>
<b>Unsecured, considered doubtful</b>		
Other advances	-	0.10
Less: Allowance for doubtful advance	-	0.10
	-	-
	<b>0.31</b>	<b>0.89</b>

### 12. Other assets

	As at	
	31 March 2023	31 March 2022
<b>Non-current</b>		
<b>Unsecured, Considered good</b>		
Capital advances	48.68	3.36
Prepaid expenses	1.21	0.48
	<b>49.89</b>	<b>3.84</b>
<b>Unsecured, Considered doubtful</b>		
Capital advances	2.41	2.52
Less: Allowance for doubtful capital advances	(2.41)	(2.52)
	<b>49.89</b>	<b>3.84</b>
<b>Current</b>		
<b>Unsecured, Considered good</b>		
Balance with Statutory authorities	16.40	24.25
Prepaid expenses	84.01	59.85
Advances to suppliers and others	75.17	131.72
	<b>175.58</b>	<b>215.82</b>
<b>Unsecured, Considered doubtful</b>		
Other advances	7.77	6.97
Less: Provision for doubtful advances	(7.77)	(6.97)
	-	-
	<b>175.58</b>	<b>215.82</b>

No advances are due from directors or other officers of the Company either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 42 for dues from related parties.

## 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 2023	31 March 2022
Raw materials (including goods in transit of ₹ Nil (31 March 2022: ₹7.92))	711.58	783.25
Work-in-progress	12.03	14.45
Semi finished goods	1,457.42	348.32
Finished goods	1,246.11	625.79
Stock-in-trade	70.37	38.70
Packing materials	105.37	100.81
Stores, spares and consumables	58.10	46.09
	<b>3,660.98</b>	<b>1,957.41</b>

#### Note:

The write down of inventories to net realisable value during the year ended 31 March 2023 aggregated to ₹41.57 (March 31, 2022 : ₹9.55). 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 2023	31 March 2022
Unsecured, considered good	279.23	179.85
Unsecured, significant increase in credit risk	9.06	7.44
Unsecured, credit impaired	65.45	63.41
	<b>353.74</b>	<b>250.70</b>
Less: Allowance for credit loss	(74.51)	(70.85)
Less: Expected credit loss	(0.14)	(0.09)
	<b>279.09</b>	<b>179.76</b>

The movement in the allowance for credit loss and expected credit loss for the year ended 31 March 2023 and 31 March 2022 is as follows:

	For the year ended	
	March 31, 2023	March 31, 2022
<b>Opening balance at beginning of the year</b>	<b>70.94</b>	<b>11.44</b>
Add: Provision made during the year	6.24	61.27
Less: Bad debts written off during the year	(2.53)	(1.77)
<b>Closing balance at end of the year</b>	<b>74.65</b>	<b>70.94</b>

#### Trade Receivables ageing schedule as on 31 March 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed</b>						
Considered good	279.23	-	-	-	-	<b>279.23</b>
Significant increase in credit risk	5.61	-	-	-	-	<b>5.61</b>
Credit impaired	-	2.04	63.41	-	-	<b>65.45</b>
<b>Disputed</b>						
Considered good	-	-	-	-	-	-
Significant increase in credit risk	-	-	-	-	3.45	<b>3.45</b>
Credit impaired	-	-	-	-	-	-

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### Trade Receivables ageing schedule as on 31 March 2022

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	
<b>Undisputed</b>						
Considered good	179.85	-	-	-	-	<b>179.85</b>
Significant increase in credit risk	2.74	-	-	-	-	<b>2.74</b>
Credit impaired	63.41	-	-	-	-	<b>63.41</b>
<b>Disputed</b>						
Considered good	-	-	-	-	-	-
Significant increase in credit risk	-	-	-	-	4.70	<b>4.70</b>
Credit impaired	-	-	-	-	-	-

Trade receivables include dues aggregating to ₹2.21 (31 March 2022: ₹0.30) receivable from Heritage Novandie Foods Private Limited, in which Director of the Company is a Director.

## 15. Cash and Bank Balances

	As at	
	31 March 2023	31 March 2022
<b>(a) Cash and cash equivalents</b>		
Balances with banks in current accounts	160.88	298.97
Cash on hand	2.32	25.79
	<b>163.20</b>	<b>324.76</b>
<b>(b) Other bank balances</b>		
Earmarked balances with banks		
Unpaid dividend	14.18	15.45
CSR unspent money	11.12	7.06
Margin money deposits with banks	2.95	2.48
	<b>28.25</b>	<b>24.99</b>

## 16. Equity share capital

### i. Authorised share capital

	31 March 2023		31 March 2022	
	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
		<b>500.00</b>		<b>500.00</b>

### ii. Issued, subscribed and fully paid up

	31 March 2023		31 March 2022	
	Number	Amount	Number	Amount
Equity shares of ₹5 each	9,27,96,000	463.98	4,63,98,000	231.99
	<b>9,27,96,000</b>	<b>463.98</b>	<b>4,63,98,000</b>	<b>231.99</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### iii. Reconciliation of number of equity shares outstanding at the beginning and end of the year

	31 March 2023		31 March 2022	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the beginning of the year	4,63,98,000	231.99	4,63,98,000	231.99
Add: Issues during the year - Rights issue	4,63,98,000	231.99	-	-
<b>At the end of the year</b>	<b>9,27,96,000</b>	<b>463.98</b>	<b>4,63,98,000</b>	<b>231.99</b>

### 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

Name of the equity shareholders	31 March 2023		31 March 2022	
	Number	% holding	Number	% holding
N Bhuvanewari	2,26,11,525	24.37%	1,06,61,652	22.98%
Nirvana Holdings Private Limited	1,09,13,107	11.76%	51,45,684	11.09%
N Lokesh	1,00,37,453	10.82%	47,32,800	10.20%
Megabid Finance & Investment Private Limited	51,90,937	5.59%	24,47,600	5.28%
DSP Small Cap Fund	48,61,036	5.24%	-	-

vi. 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.

### vii. Shareholding of Promoters as at 31 March 2023

Name of the promoter *	As at 31 March 2023		As at 31 March 2022		% Change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
N Bhuvanewari	2,26,11,525	24.37%	1,06,61,652	22.98%	1.39%
N Lokesh	1,00,37,453	10.82%	47,32,800	10.20%	0.62%
Megabid Finance & Investment Private Limited	51,90,937	5.59%	24,47,600	5.28%	0.32%
N Brahmani	4,30,952	0.46%	2,03,200	0.44%	0.03%
V Nagaraja Naidu	-	0.00%	1,00,000	0.22%	(0.22%)
N Devaansh	56,075	0.06%	26,440	0.06%	0.00%
Ramakrishna Nandamuri	800	0.00%	400	0.00%	0.00%
N P Ramakrishna	1,16,971	0.13%	56,971	0.12%	0.00%
Durga Ramakrishna N P	71,590	0.08%	33,756	0.07%	0.00%
Neelima N P	64,950	0.07%	30,625	0.07%	0.00%

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 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	
N Bhuvanewari	1,06,61,652	22.98%	1,06,61,652	22.98%	0.00%
N Lokesh	47,32,800	10.20%	47,32,800	10.20%	0.00%
Megabid Finance & Investment Private Limited	24,47,600	5.28%	24,47,600	5.28%	0.00%
N Brahmani	2,03,200	0.44%	2,03,200	0.44%	0.00%
V Nagaraja Naidu	1,00,000	0.22%	1,00,000	0.22%	0.00%
N Devaansh	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%	2,00,000	0.43%	(0.31%)
Durga Ramakrishna N P	33,756	0.07%	40,000	0.09%	(0.02%)
Neelima N P	30,625	0.07%	40,000	0.09%	(0.02%)
Kathya N P	-	0.00%	60,000	0.13%	(0.13%)

\* 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.

## 17. Other equity

	As at	
	31 March 2023	31 March 2022
<b>Reserves and Surplus</b>		
Capital reserve	12.11	12.11
Capital redemption reserve	8.10	8.10
Securities premium	368.62	378.41
Warrants money appropriated	31.87	31.87
General reserve	842.74	842.74
Retained earnings	5,640.02	5,100.19
	<b>6,903.46</b>	<b>6,373.42</b>
<b>Item of OCI</b>		
Changes in fair value of equity instruments	(0.46)	(0.55)
	<b>(0.46)</b>	<b>(0.55)</b>
	<b>6,903.00</b>	<b>6,372.87</b>

### Nature and purpose of reserves

#### Securities premium

The amount received in excess of face value of the equity shares, net off issue expenses, 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.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 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.

### 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.

## 18. Borrowings

	As at	
	31 March 2023	31 March 2022
<b>Non-current</b>		
<b>Secured</b>		
Deferred payment liabilities [refer note 18(iv)]	7.77	21.10
	<b>7.77</b>	<b>21.10</b>
	<b>7.77</b>	<b>21.10</b>
<b>Current</b>		
<b>Secured</b>		
Loans repayable on demand from banks [refer note 18(a)]	993.58	-
Deferred payment liabilities [refer note 18(iv)]	13.33	16.37
	<b>1,006.91</b>	<b>16.37</b>
<b>Unsecured</b>		
Loans repayable on demand from banks [refer note 18(a)]	250.00	-
	<b>250.00</b>	-
	<b>1,256.91</b>	<b>16.37</b>

### (i) Reconciliation of liabilities arising from financial activities\*

	For the year ended	
	31 March 2023	31 March 2022
<b>Balance at beginning of the year</b>	-	465.56
Proceeds from long term borrowings	-	-
Repayments of long term borrowings	-	(465.56)
<b>Balance at end of the year</b>	-	-

\*Includes only current and non-current portions of term loans from banks.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### (ii) Reconciliation of interest accrued but not due on term loans from banks

	For the year ended	
	31 March 2023	31 March 2022
<b>Balance at beginning of the year</b>	-	3.37
Interest expense for the year	-	18.18
Interest paid during the year	-	21.55
<b>Balance at end of the year</b>	-	-

- (iii) The Company has been sanctioned working capital limits in excess of ₹5 crores by banks based on the security of certain assets, including current assets (as detailed in note 18(a)). As required under the respective arrangements, the Company has filed quarterly statements, in respect of the working capital limits with such banks and such statements are in agreement with the unaudited books of account of the Company for the respective periods.
- (iv) Deferred Payment Liabilities represents sales tax collected under deferment scheme which the Company is obligated to repay in 14 yearly instalments starting from September 2010 and ending by September 2024 in case of its Gokul plant and in 14 yearly instalments starting from November 2010 and ending by November 2023 for its Bayyavaram plant. The Company has created a charge on its specified fixed assets.

### 18(a) Terms and conditions of loans repayable on demand from banks

Name	Interest rate (%)	Type of security	Outstanding balance as on	
			31 March 2023	31 March 2022
ICICI Bank	Six months MCLR + 0.50% per annum	First pari passu charge on current assets and second pari passu charge on fixed assets of the Company, excluding project specific assets.	292.95	-
Bank of Baroda	One year MCLR + 0.40% per annum		369.32	-
Union Bank of India	One year MCLR + 1.05% per annum		202.73	-
Kotak Mahindra Bank	6 Months MCLR + 0.30% per annum		78.52	-
HDFC Bank	One Month MCLR + 1.40% per annum		50.07	-
ICICI Bank	3 Months MCLR + 0.50% per annum		Unsecured	250.00
			<b>1,243.58</b>	-

### 19. Other financial liabilities

	As at	
	31 March 2023	31 March 2022
<b>Non-current</b>		
Financial guarantee	6.08	8.83
	<b>6.08</b>	<b>8.83</b>
<b>Current</b>		
Current maturities of financial guarantee	3.62	3.62
Freight payables	150.03	129.21
Capital creditors	111.71	93.18
Employee related payables	178.91	220.16
Security deposits	376.14	328.89
Unpaid dividend	14.18	15.45
Other payables	182.41	227.34
	<b>1,017.00</b>	<b>1,017.85</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 20. Provisions

	As at	
	31 March 2023	31 March 2022
<b>Non-current</b>		
Compensated absences	178.69	163.75
	<b>178.69</b>	<b>163.75</b>
<b>Current</b>		
Compensated absences	86.99	79.91
	<b>86.99</b>	<b>79.91</b>

#### (a) Gratuity

The Company 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. The Company maintains its investments with Life Insurance Corporation of India, to fund its gratuity plan.

#### (i) Change in projected benefit obligation

	As at	
	31 March 2023	31 March 2022
<b>Projected benefit obligation at the beginning of the year</b>	<b>150.23</b>	<b>136.58</b>
Service cost	18.61	16.52
Interest cost	8.95	7.73
Actuarial loss - experience	9.24	3.40
Actuarial gain - financial assumptions	(6.51)	(3.01)
Benefits paid	(16.28)	(10.98)
<b>Projected benefit obligation at the end of the year</b>	<b>164.24</b>	<b>150.23</b>

#### (ii) Change in fair value of plan assets

	As at	
	31 March 2023	31 March 2022
<b>Fair value of plan assets at the beginning of the year</b>	<b>155.76</b>	<b>134.52</b>
Interest income	9.97	8.31
Contribution made	21.36	23.80
Return on plan assets greater / (lesser) than discount rate	(1.36)	0.10
Benefits paid	(16.28)	(10.98)
<b>Fair value of plan assets at the end of the year</b>	<b>169.45</b>	<b>155.76</b>

#### (iii) Reconciliation of present value of projected benefit obligation and fair value of plan assets

	As at	
	31 March 2023	31 March 2022
Present value of projected benefit obligation	164.24	150.23
Funded status of plan assets	169.45	155.76
<b>Net liability / (asset) recognised in the balance sheet</b>	<b>(5.21)</b>	<b>(5.53)</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

<b>(iv) Expense recognized in the Statement of Profit and Loss</b>		
	<b>For the year ended</b>	
	<b>31 March 2023</b>	<b>31 March 2022</b>
Interest cost	8.95	7.73
Service cost	18.61	16.52
Interest income	(9.97)	(8.31)
	<b>17.59</b>	<b>15.94</b>
<b>(v) Expense recognized in OCI</b>		
	<b>For the year ended</b>	
	<b>31 March 2023</b>	<b>31 March 2022</b>
Actuarial loss, net	4.09	0.28
	<b>4.09</b>	<b>0.28</b>
<b>(vi) Key actuarial assumptions</b>		
	<b>As at</b>	
	<b>31 March 2023</b>	<b>31 March 2022</b>
Discount rate	7.10%	6.30%
Salary escalation rate	8.00%	8.00%
Attrition rate	15.00%	15.00%
Mortality rate	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
<b>(vii) Sensitivity analysis</b>		
Reasonably possible changes as at 31 March 2023 to one of the relevant actuarial assumptions, holding other assumptions constant, can affect the defined benefit obligation by the amounts shown below.		
	<b>As at 31 March 2023</b>	
	<b>Increase</b>	<b>Decrease</b>
Discount rate (1% movement)	7.45	8.22
Salary escalation rate (1% movement)	7.78	7.20
Attrition rate (1% movement)	0.66	0.70
<b>(viii) The Company expects to contribute ₹ Nil as its contribution to gratuity within one year from the year ended 31 March 2023.</b>		
<b>(ix) Maturity analysis of Gratuity as on 31 March 2023 is as follows:</b>		
	<b>31 March 2023</b>	<b>31 March 2022</b>
Weighted average duration of the defined benefit obligation	5 Years	5 Years
Maximum gratuity contribution per person	2.00	2.00
<b>Expected cash flows over the years (valued on undiscounted basis):</b>		
Within one year	32.17	30.28
2 to 5 years	108.45	93.90
More than 5 years	171.82	124.94
	<b>312.44</b>	<b>249.12</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 21. Deferred tax liabilities (net)

	As at	
	31 March 2023	31 March 2022
<b>Deferred tax liabilities arising on account of:</b>		
Property, Plant and Equipment ("PPE")	364.47	350.16
	<b>364.47</b>	<b>350.16</b>
<b>Deferred tax assets arising on account of:</b>		
Provision for trade receivables and advances	(21.36)	(20.27)
Provision for employee benefits	(70.12)	(64.41)
Receipt of government grant	(21.25)	(22.93)
Interest on GST liability	(8.69)	(8.69)
Right-of-use assets	(4.17)	(1.37)
Revaluation of investments at FVTOCI to fair value	(0.62)	(0.62)
	<b>(126.21)</b>	<b>(118.29)</b>
	<b>238.26</b>	<b>231.87</b>

#### Movement in deferred tax liabilities, net

	Borrowings	Property, plant and equipment	Provision for employee benefits	Receipt of government grant	Interest on GST liability	Others	Total
<b>As at 1 April 2021</b>	<b>0.81</b>	<b>303.05</b>	<b>(60.37)</b>	-	-	<b>(5.80)</b>	<b>237.69</b>
Charged							
- to Statement of Profit and Loss	(0.81)	47.11	(3.96)	(22.93)	(8.69)	(16.46)	(5.74)
- to OCI	-	-	(0.08)	-	-	-	(0.08)
<b>As at 31 March 2022</b>	-	<b>350.16</b>	<b>(64.41)</b>	<b>(22.93)</b>	<b>(8.69)</b>	<b>(22.26)</b>	<b>231.87</b>
Charged							
- to Statement of Profit and Loss	-	14.31	(4.68)	1.68	-	(3.89)	7.42
- to OCI	-	-	(1.03)	-	-	-	(1.03)
<b>As at 31 March 2023</b>	-	<b>364.47</b>	<b>(70.12)</b>	<b>(21.25)</b>	<b>(8.69)</b>	<b>(26.15)</b>	<b>238.26</b>

### 22. Other liabilities

	As at	
	31 March 2023	31 March 2022
<b>Current</b>		
Advances from customers*	124.96	29.33
Capital advances	1.50	6.25
Statutory dues payable	91.82	77.45
	<b>218.28</b>	<b>113.03</b>

\*represents contract liabilities against which the Company has recognized a revenue of ₹29.33 from the amounts included under advances from customers at the beginning of the year.

### 23. Trade payables

	As at	
	31 March 2023	31 March 2022
Total outstanding dues of micro and small enterprises	61.23	77.02
Total outstanding dues of creditors other than micro and small enterprises	366.43	405.02
	<b>427.66</b>	<b>482.04</b>

## 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 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	61.23	-	-	-	<b>61.23</b>
(ii) Others	365.65	0.50	0.15	0.13	<b>366.43</b>
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	<b>426.88</b>	<b>0.50</b>	<b>0.15</b>	<b>0.13</b>	<b>427.66</b>

### Trade payables ageing schedule as on 31 March 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	77.02	-	-	-	<b>77.02</b>
(ii) Others	404.63	0.24	0.07	0.08	<b>405.02</b>
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	<b>481.65</b>	<b>0.24</b>	<b>0.07</b>	<b>0.08</b>	<b>482.04</b>

## 24. Revenue from operations

	For the year ended	
	31 March 2023	31 March 2022
Sale of products	32,050.93	26,382.59
Sale of services	21.60	22.32
Other operating income		
- Sale of renewable energy certificates	1.95	11.73
- Scrap sales and others	12.27	12.57
	<b>32,086.75</b>	<b>26,429.21</b>

### (i) Reconciliation of revenue from sale of products with the contracted price

	For the year ended	
	31 March 2023	31 March 2022
<b>Revenue as per contracted price</b>	<b>33,355.13</b>	<b>27,486.24</b>
<b>Adjusted for:</b>		
Discounts	(1,283.93)	(1,089.69)
Sales returns	(20.27)	(13.96)
<b>Total revenue from contracts with customers</b>	<b>32,050.93</b>	<b>26,382.59</b>

### (ii) Revenue disaggregation geography wise is as follows:

	For the year ended	
	31 March 2023	31 March 2022
India	32,081.68	26,429.21
Other than India	5.07	-
	<b>32,086.75</b>	<b>26,429.21</b>

#### Notes:

- The Company has no single customer from whom the revenue is more than 10% of the revenue from operations for the year ended 31 March 2023 and 31 March 2022.
- Revenue from goods or services is transferred to customers at a point in time basis.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 25. Other income

	For the year ended	
	31 March 2023	31 March 2022
Interest income from bank and other deposits	2.32	2.57
Guarantee income	4.25	4.25
Dividend income on long term investments	0.01	-
Subsidy transferred from deferred government grant (under capital subsidy scheme)	6.74	7.36
Lease rental income	22.24	20.40
Provisions no longer required/ credit balances written back	12.96	8.35
Gain on foreign exchange fluctuations, net	0.02	0.03
Gain on sale of Property, plant and equipment (net)	23.37	31.21
Gain on investments (net)	25.94	11.44
Other non operating income	15.63	17.53
	<b>113.48</b>	<b>103.14</b>

### 26. Cost of materials consumed

	For the year ended	
	31 March 2023	31 March 2022
<b>Raw Material*</b>		
Opening stock	783.25	697.22
Add: Purchases during the year	25,658.18	19,187.12
Less: Closing stock	711.58	783.25
	<b>25,729.85</b>	<b>19,101.09</b>
<b>Packing Material*</b>		
Opening stock	100.81	73.22
Add: Purchases during the year	1,246.30	973.54
Less: Closing stock	105.37	100.81
	<b>1,241.74</b>	<b>945.95</b>
	<b>26,971.59</b>	<b>20,047.04</b>

\*Disclosed based on derived figures, rather than actual records of receipts.

### 27. Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress

	For the year ended	
	31 March 2023	31 March 2022
Opening balance		
- Finished goods	625.79	648.64
- Semi finished goods	348.32	398.41
- Work-in-progress	14.45	5.41
- Stock-in-trade	38.70	28.36
	<b>1,027.26</b>	<b>1,080.82</b>

## 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 2023	31 March 2022
Closing balance		
- Finished goods	1,246.11	625.79
- Semi finished goods	1,457.42	348.32
- Work-in-progress	12.03	14.45
- Stock-in-trade	70.37	38.70
	<b>2,785.93</b>	<b>1,027.26</b>
	<b>(1,758.67)</b>	<b>53.56</b>

### 28. Employee benefit expenses

	For the year ended	
	31 March 2023	31 March 2022
Salaries and wages	1,793.53	1,554.89
Contribution to provident and other funds (refer note a below)	97.23	83.12
Gratuity expense (refer note 20(a)(iv))	17.59	15.94
Compensated absences expense	74.52	66.86
Staff welfare expenses	56.31	47.32
	<b>2,039.18</b>	<b>1,768.13</b>

(a) The amount recognized as an expense towards contribution to provident fund and employee state insurance schemes for the year ended 31 March 2023 amounts to ₹97.23 (31 March 2022: ₹83.12).

### 29. Finance costs

	For the year ended	
	31 March 2023	31 March 2022
Interest on borrowings calculated using effective interest method	16.88	20.44
Interest on lease liabilities	8.21	6.77
Other borrowing costs	6.59	4.80
	<b>31.68</b>	<b>32.01</b>

### 30. Other expenses

	For the year ended	
	31 March 2023	31 March 2022
Consumption of stores, spares and consumables	287.17	226.31
Power and fuel	471.10	348.77
Rent	85.19	37.14
Repairs and maintenance		
- Buildings	12.18	8.04
- Plant and equipment	21.20	19.35
- Others	93.94	69.73
Insurance	30.89	27.77
Electricity charges	18.59	9.39
Rates and taxes, excluding taxes on income	38.56	48.15
Freight outwards	879.83	721.83

## 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 2023	31 March 2022
Communication	20.90	19.16
Office maintenance	15.62	6.84
Travelling and conveyance	56.03	30.91
Legal and professional fees	146.23	142.32
Property, plant and equipment written off	4.76	14.35
Payment to auditors (refer note (i) below)	9.27	8.44
Corporate social responsibility (CSR) expenditure (refer note (ii) below)	30.36	29.35
Selling and distribution expenses	257.28	139.26
Provision for doubtful advances	0.80	-
Advances written off	0.72	1.32
Provision towards doubtful debts and bad debts written off	6.24	61.27
Bank charges	18.26	16.16
Advertisement expenses	1.72	2.56
Security charges	74.78	60.95
Printing and stationery	10.73	8.12
Miscellaneous expenses	43.36	46.36
	<b>2,635.71</b>	<b>2,103.85</b>

### (i) Details of payments to auditors :

	For the year ended	
	31 March 2023	31 March 2022
<b>As auditor:</b>		
- Statutory audit fee	5.33	5.07
- Tax audit fee	0.94	0.82
- Limited review fee	2.35	1.73
<b>In other capacities:</b>		
- Taxation matters	0.21	0.19
- Certification fees *	0.32	0.48
- Reimbursement of expenses	0.12	0.15
	<b>9.27</b>	<b>8.44</b>

(\*) excludes ₹0.6 paid towards certification services availed in relation to the rights issue, which has been adjusted from the securities premium.

### (ii) Details of CSR expenditure :

	For the year ended	
	31 March 2023	31 March 2022
(a) Gross amount required to be spent during the year	30.36	29.35
(b) Amount spent during the year		
(i) Construction/ acquisition of asset	14.47	15.40
(ii) On purposes other than (i) above	11.83	6.89
(c) Shortfall at the end of the year	11.12	7.06
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	Note: 1	Note: 1

## 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 2023	31 March 2022
(f) Nature of CSR activities	Health and Education support	Health and Education support
(g) Details of related party transactions	Refer note 42	Refer note 42
(h) Movements in the provision during the year		
Opening provision	7.06	-
Add: Amount required to be spent during the year	30.36	29.35
Less: Amount spent during the year*	(26.30)	(22.29)
Closing provision (Refer Note: 1)	11.12	7.06

### Note: 1

As the selected projects for CSR spent are long-term in nature, the balance amount of ₹11.12 pertains to the financial year 2022-23 (31 March 2022 : ₹ 7.06), which will be spent during the financial year 2023-24. In accordance with the provisions of Section 135(6) of the Act, the Company has transferred the unspent amount to a separate bank account and the unspent amount has been provided in the accompanying financial statements.

## 31. Income tax expense

	For the year ended	
	31 March 2023	31 March 2022
<b>(a) Income tax expense reported in the Statement of Profit and Loss</b>		
<b>Tax expense comprises of:</b>		
Current tax expense	227.07	343.01
Deferred tax expense/(benefit)	7.42	(5.75)
	<b>234.49</b>	<b>337.26</b>

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.168% (31 March 2022: 25.168%) and the reported tax expense in the Standalone Statement of Profit and Loss is as follows:

### Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate

	For the year ended	
	31 March 2023	31 March 2022
<b>Profit before tax</b>	893.38	1,352.60
Expected tax expense at the Indian tax rate 25.168% (31 March 2022: 25.168%)	224.85	340.42
<b>Tax effect of amounts which are not deductible/taxable in calculating taxable income:</b>		
Effect of deductions allowed under Chapter VI-A of the Income Tax Act, 1961 ("IT Act, 1961)	(1.21)	(4.86)
Effect of expenses not deductible under the IT Act, 1961	7.64	8.45
Effect of income not subject to tax under the IT Act, 1961	(1.07)	(1.07)
Effect of income subject to tax under the IT Act, 1961	2.15	-
Others	2.13	(5.68)
<b>Income tax expense</b>	<b>234.49</b>	<b>337.26</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 32. Earnings per equity share

	For the year ended	
	31 March 2023	31 March 2022
Profit for the year	658.89	1,015.34
Weighted average number of equity shares outstanding during the year#	91,634,554	91,495,608
<b>Earnings per equity share (EPES) (in absolute ₹ terms)</b>		
Nominal value per share equity share	5.00	5.00
Basic and Diluted EPES#	7.19	11.10

The Company did not have any potential dilutive equity shares as on 31 March 2023 and 31 March 2022.

#The Company has allotted 46,398,000 equity shares of ₹5/- each at face value aggregating to ₹231.99 through right issue on 21 February 2023. The basic and diluted earnings per share for the previous year has been retrospectively adjusted for the bonus element in respect of the rights issue made during the year ended 31 March 2023.

- 33.** Exceptional item for the FY 21-22 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.

### 34. Dividend proposed before approval or issue of the financial statements

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 2023	31 March 2022
<b>Proposed final dividend on equity shares of ₹5 each *</b>		
Per equity share (in absolute ₹ terms)	2.50	2.50
Amount	231.99	116.00
<b>Interim dividend declared on equity shares of ₹5 each</b>		
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.

**Note:** The Company has paid a dividend of ₹2.5 per share during the year ended 31 March 2023 (31 March 2022: ₹7.5 per share) amounting to ₹116.00 (31 March 2022: ₹347.99).

### 35. 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 Company 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 Company (Ultimate Beneficiaries).

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

- (ii) The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

36. The Company 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 2023 and 31 March 2022.

### 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 2023	31 March 2022
<b>Financial assets</b>		
Fair value hierarchy (Level 1)		
Quoted equity shares	0.30	0.20
Fair value hierarchy (Level 3)		
Unquoted equity shares	2.60	2.60

There are no transfers between levels during the current and previous year ended 31 March 2023 and 31 March 2022 respectively. The Company'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 2023 and 31 March 2022 are as shown below.

Significant unobservable inputs	Assumption made
Future growth rate	3%
Discount rate	20%
Discount for lack of marketability	15%

- (iii) **Reconciliation of level 3 fair value measurement:**

	Amount
<b>As at 1 April 2021</b>	<b>2.60</b>
Changes during the year	-
<b>As at 31 March 2022</b>	<b>2.60</b>
Changes during the year	-
<b>As at 31 March 2023</b>	<b>2.60</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 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 ₹19.67 and ₹33.82 as on 31 March 2023 and 31 March 2022 respectively.

#### Categories of financial instruments

	31 March 2023			31 March 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets*</b>						
Quoted equity shares	-	0.30	-	-	0.20	-
Unquoted equity shares	-	2.60	-	-	2.60	-
Investment in government securities	-	-	0.15	-	-	0.16
Trade receivables	-	-	279.09	-	-	179.76
Cash and cash equivalents	-	-	163.20	-	-	324.76
Other bank balances	-	-	28.25	-	-	24.99
Loans	-	-	0.31	-	-	0.89
Other financial assets	-	-	154.76	-	-	106.14
	-	<b>2.90</b>	<b>625.76</b>	-	<b>2.80</b>	<b>636.70</b>

(\*) excludes the investment in subsidiary, joint venture and associate, which is carried at cost.

	31 March 2023			31 March 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial liabilities</b>						
Deferred payment liabilities	-	-	21.10	-	-	37.47
Borrowings	-	-	1,243.58	-	-	-
Lease liabilities	-	-	320.83	-	-	75.36
Trade payables	-	-	427.66	-	-	482.04
Other financial liabilities	-	-	1,023.08	-	-	1,026.68
	-	-	<b>3,036.25</b>	-	-	<b>1,621.55</b>

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 Company's Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's principal financial liabilities, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that the Company derives directly from its operations.

The Company 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 Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 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 Company 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 ₹628.66 and ₹639.50 as of 31 March 2023 and 31 March 2022 respectively, representing carrying amount of all financial assets with the Company.

#### Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including fixed deposits, were either past due or impaired as at 31 March 2023 and 31 March 2022. The Company has diversified its portfolio of investment in cash and cash equivalents and term deposits with various banks which have secure credit ratings hence the risk is reduced. Concentration of exposures are actively monitored by the finance department of the Company.

#### Financial assets that are past due but not impaired

The Company'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:

Number of days	As at	
	31-Mar-23	31-Mar-22
0-30 days	201.98	163.20
31-60 days	59.58	16.56
61-90 days	9.89	-
Greater than 90 days	7.64	-
	<b>279.09</b>	<b>179.76</b>

Ind AS requires expected credit losses to be measured through a loss allowance. The Company 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 Company 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. Based on such data, loss on collection of receivable is not material, hence no additional provision considered.

### B. Liquidity risk

Liquidity risk refers to the risk that the Company 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 Company. The Company 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.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	As at 31 March 2023				As at 31 March 2022			
	On demand	Up to 1 year	More than 1 year	Total	On demand	Up to 1 year	More than 1 year	Total
Financial guarantees #	189.03	-	-	<b>189.03</b>	199.95	-	-	<b>199.95</b>
Borrowings	1,243.58	-	-	<b>1,243.58</b>	-	-	-	-
Deferred payment liabilities	-	13.33	7.77	<b>21.10</b>	-	16.37	21.10	<b>37.47</b>
Lease liabilities	-	59.80	521.82	<b>581.62</b>	-	33.65	53.17	<b>86.82</b>
Trade payables	-	427.66	-	<b>427.66</b>	-	482.04	-	<b>482.04</b>
Other financial liabilities	-	1,013.38	-	<b>1,013.38</b>	-	1,014.23	-	<b>1,014.23</b>
	<b>1,432.61</b>	<b>1,514.17</b>	<b>529.59</b>	<b>3,476.37</b>	<b>199.95</b>	<b>1,546.29</b>	<b>74.27</b>	<b>1,820.51</b>

# Represents loan amount outstanding to the bankers by the entities, against which financial guarantees were extended by the Company as at 31 March 2023 and 31 March 2022.

### 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company'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 entity 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 Company's unhedged foreign currency denominated monetary items in ₹ terms as at 31 March 2023 and 31 March 2022 are as follows:

#### **Financial assets - Trade receivables**

	31 March 2023	31 March 2022
- USD	-	-
<b>Financial liabilities- capital creditors</b>		
	31 March 2023	31 March 2022
- EURO	-	2.65

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### iii. Equity price risk:

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company 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 Company's senior management on a regular basis. The Company'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 2022: ₹2.60). The impact on account of change in the assumptions are not considered as significant.

### 40. Capital risk management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company 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 Company may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company's policy is to keep the gearing ratio up to 35%. The Company includes within net debt, borrowings from banks less cash and cash equivalents. Borrowings from banks comprise of term loans and loans repayable on demand.

	31 March 2023	31 March 2022
Borrowings from banks	1,243.58	-
Less: Cash and cash equivalents	(163.20)	(324.76)
<b>Net debt (A)</b>	<b>1,080.38</b>	<b>(324.76)</b>
Total equity (B)	7,366.98	6,604.86
<b>Net debt and total equity (A) + (B)</b>	<b>8,447.36</b>	<b>6,604.86</b>
<b>Gearing ratio (%)</b>	<b>12.79%</b>	<b>0.00%</b>

In order to achieve this overall objective, the Company'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 2023 and 31 March 2022.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

### 41. Disclosure of Interest in subsidiary, joint venture and associate:

	Nature of relationship	Country of Incorporation	Ownership interest (%)	
			31 March 2023	31 March 2022
Heritage Nutrivet Limited	Subsidiary	India	100.00%	100.00%
SKIL Raigam Power (India) Limited	Associate	India	43.33%	43.33%
Heritage Employees Welfare Trust	Controlled trust	India	0.00%	0.00%
Heritage Novandie Foods Private Limited	Joint venture	India	50.00%	50.00%

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 42. Related party disclosures

#### (a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
Heritage Nutrivet Limited ("HNL")	Subsidiary Company
Heritage Novandie Foods Private Limited ("HNFPL")	Joint Venture
SKIL Raigam Power (India) Limited	Associate
Heritage Employees Welfare Trust	Controlled Trust
Heritage Finlease Limited	Enterprise over which Vice-Chairperson & Managing Director, Executive Director and President of the Company exercise significant influence
Nirvana Holdings Private Limited	Enterprise over which Vice-Chairperson & Managing Director and Executive Director of the Company exercise significant influence
NTR Memorial Trust	Relative of Executive Director and Vice-Chairperson & Managing Director
N Devaansh	Executive Director of the Company is one of the Trustee
Basavatarakam Indo-American Cancer Hospital	
N Bhuvanewari (Vice Chairperson and Managing Director)	
N Brahmani (Executive Director)	
M Sambasiva Rao (President)	
Srideep Madhavan Nair Kesavan (Chief Executive Officer) (effective from 28 July 2021)	Key Managerial Personnel (KMP)
A Prabhakara Naidu (Chief Financial Officer)	
Umakanta Barik (Company Secretary & Compliance Officer)	
Srivishnu Raju Nandyala	
Rajesh Thakur Ahuja	
Aparna Surabhi	Non-Executive Independent Directors
Muthu Raju Paravasa Raju Vijay Kumar (effective from 1 November 2021)	
Dr. Nagaraja Naidu Vadlamudi	Non-Executive Director

#### (b) Transactions with related parties

	For the year ended	
	31 March 2023	31 March 2022
<b>Heritage Nutrivet Limited</b>		
Investment made (including financial guarantee)	1.00	1.00
Sale of products	5.52	4.81
Financial guarantee income	2.05	2.05
Purchases	743.79	557.73
Lease rental income	0.41	0.54
Purchase of Property, plant and equipment	0.45	3.35
Expenditure incurred on behalf of HNL	1.16	0.75
Brand income	1.11	0.94

## 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 2023	31 March 2022
<b>Heritage Novandie Foods Private Limited</b>		
Investment made (including financial guarantee)	55.50	105.15
Sale of products	14.45	4.27
Purchase of products	0.04	0.01
Financial guarantee income	2.20	2.20
Lease rental income	1.09	1.09
Expenditure incurred on behalf of HNFPL	8.49	4.67
<b>Heritage Employee Welfare Trust</b>		
Other income	0.01	-
<b>Heritage Finlease Limited</b>		
Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	1,860.76	1,372.71
Cattle loan facilitation charges	3.76	2.58
Reimbursement of insurance proceeds received on behalf of Heritage Finlease Ltd	-	0.03
Deposit paid	25.04	1.51
Lease rentals paid	26.52	1.81
Others	0.59	-
<b>NTR Memorial Trust</b>		
CSR expenditure	25.49	15.40
Sale of products	0.51	-
<b>Basavatarakam Indo-American Cancer Hospital</b>		
Staff welfare expenses	-	0.93
<b>N Bhuvanewari</b>		
Short-term employee benefits	47.90	76.93
Post-employment benefits	0.97	0.97
Other long-term benefits	0.87	0.87
<b>N Brahmani</b>		
Short-term employee benefits	38.32	61.54
Post-employment benefits	0.49	0.49
Deposits paid	5.74	-
Lease rentals	3.83	-
<b>N Devaansh</b>		
Deposits paid	5.74	-
Lease rentals	3.83	-
<b>M Sambasiva Rao</b>		
Short-term employee benefits	23.85	27.65
Post-employment benefits	0.81	0.76
Other long-term benefits	-	1.39
<b>Srideep Madhavan Nair Kesavan</b>		
Short-term employee benefits	16.11	10.19
Post-employment benefits	0.87	0.55

## 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 2023	31 March 2022
<b>A Prabhakara Naidu</b>		
Short-term employee benefits	9.02	7.96
Post-employment benefits	0.49	0.40
Other long-term benefits	0.47	0.22
<b>Umakanta Barik</b>		
Short-term employee benefits	4.03	3.81
Post-employment benefits	0.22	0.19
Other long-term benefits	-	0.64
<b>Sitting fees</b>		
Srivishnu Raju Nandyala	0.79	0.53
Rajesh Thakur Ahuja	0.69	0.56
Aparna Surabhi	0.88	0.56
Muthu Raju Paravasa Raju Vijay Kumar	0.79	0.15
V. Nagaraja Naidu	0.68	0.39

### (c) Balances receivable/(payable)

	As at	
	31 March 2023	31 March 2022
<b>Heritage Nutrivet Limited</b>		
Trade payables	(26.32)	(9.60)
<b>Heritage Finlease Limited</b>		
Security deposits	26.55	1.51
Lease rent payable	(3.51)	(2.01)
Other payables	(1.76)	(9.38)
Other receivables	0.51	0.38
<b>Heritage Novandie Foods Private Limited</b>		
Trade receivables	2.21	0.28
Rent receivable	0.10	0.10
Security deposits	(0.45)	(0.45)
Other receivables	1.32	0.46
<b>N Bhuvanewari</b>		
Employee related payables	(29.90)	(57.43)
<b>N Brahmani</b>		
Employee related payables	(28.57)	(52.54)
Security deposits	5.74	-
Lease rent payable	(1.03)	-
<b>M Sambasiva Rao</b>		
Employee related payables	(8.84)	(13.62)
<b>Srideep Madhavan Nair Kesavan</b>		
Other payables	-	(0.01)
<b>N Devaansh</b>		
Security deposits	5.74	-
Lease rent payable	(1.03)	-
<b>NTR Memorial Trust</b>		
Trade receivables	0.26	-

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### (d) Guarantees outstanding

	31 March 2023	31 March 2022
Value of guarantees extended during the year		
Heritage Nutrivet Limited	80.00	80.00
Heritage Novandie Foods Private Limited	50.00	50.00
Guarantees outstanding as at balance sheet date		
Heritage Nutrivet Limited	207.50	207.50
Heritage Novandie Foods Private Limited	220.00	220.00
Borrowings outstanding as at balance sheet date, against which guarantee is extended		
Heritage Nutrivet Limited	78.82	79.69
Heritage Novandie Foods Private Limited	110.21	120.26

#### 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 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2022: 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) Post-employment and other long-term benefits, disclosed above, does not include those benefits which are computed for the Company as a whole.

### 43. Contingent liabilities and commitments

	As at	
	31 March 2023	31 March 2022
<b>(a) Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	500.01	60.45
(ii) Other commitments		
Investment in the Joint venture entity, Heritage Novandie Foods Private Limited*	195.00	-

\*The Company has committed to provide financial support as necessary, to enable its joint venture company, Heritage Novandie Foods Private Limited to meet its operational requirements as they arise and to meet its liabilities as and when they fall due.

### (b) Contingent liabilities, not provided for

	As at			
	31 March 2023		31 March 2022	
	Outstanding Liability	Paid under protest*	Outstanding Liability	Paid under protest*
In respect of income tax matters [refer (i) below]	7.43	0.48	5.21	0.48
In respect of sales tax / value added tax matters [refer (ii) below]	18.67	5.04	18.67	5.04
In respect of other matters [refer (iii) below]	60.33	42.21	59.73	42.21

(\*) forms part of "balances with statutory authorities" under "other current assets"

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

- (i) The Company had received following demand orders from the income tax authorities for:
- the assessment year 2020-21 in relation to the initiation of penalty proceedings u/s 271D and;
  - the assessment years 2017-18 and 2020-21 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)"). The Company has received a favourable order for the assessment year 2018-19 in relation to point (b) above.

		As at	
		31 March 2023	31 March 2022
(ii)	- 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 # @ litigation pending with Hon'ble High Court of Telangana; # litigation pending with Joint Commissioner of commercial Taxes (Appeals), Bangalore.	4.47	4.47
(iii)	- Disputed entry tax levied under Andhra Pradesh Tax on Entry of Goods into Local Areas Act, 2001 on interstate purchases &	3.77	3.77
	- Disputed entry tax levied under Telangana Tax on Entry of Goods into Local Areas Act, 2001 on interstate purchases @	10.37	10.37
	- Disputed amount levied under Central GST Act, 2017 on classification of flavored milk product &	35.28	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
	- Disputed RPP0 (Renewable power purchase obligation) charges demand levied by the APERC (Andhra pradesh Electricity Regulatory Authority)	0.60	-
	& 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 2023.			
(c)	<b>Guarantees excluding financial guarantees</b>	1.80	2.38
(d)	<b>Others</b>		
	Duty including interest liability in case of export obligation if not fulfilled as per EPCG scheme	49.27	-

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 44. Leases

#### Company as lessee

The Company has lease arrangements for its office premises located in Hyderabad and various Heritage Distribution centers / Parlours / Sales offices located across India. These leases typically have original terms not exceeding 21 years and generally contain multiyear renewal options. The agreements entered into by the Company have, rent escalation upto 10%. There are no residual value guarantees provided by the third parties.

#### The movement in lease liabilities is as follows:

Particulars	For the year ended	
	31 March 2023	31 March 2022
<b>Balance at the beginning of the year</b>	75.36	44.87
Additions during the year	282.31	65.40
Finance cost accrued during the year	8.21	6.77
Payment of lease liabilities	(45.05)	(41.68)
<b>Lease liabilities at the end of the year</b>	<b>320.83</b>	<b>75.36</b>
Current lease liabilities	48.89	28.23
Non-current lease liabilities	271.94	47.13

#### The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

Particulars	As at	
	31 March 2023	31 March 2022
Less than one year	59.80	33.65
One to five years	186.10	52.22
More than five years	335.71	0.95
<b>Total</b>	<b>581.62</b>	<b>86.82</b>

The Company 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 2023 is ₹ 85.19 (31 March 2022: ₹ 37.14). Leases not yet commenced to which the Company is committed aggregated to ₹ Nil as on 31 March 2023.

Depreciation expenses and Lease rentals paid for the year ended 31 March 2023 are ₹44.28 and ₹45.05 (31 March 2022: ₹32.38 and ₹41.68) respectively.

#### Company as lessor

The Company has leased its land and buildings located in Manor and Chennai regions. These leases typically range between 5 to 30 years and generally contain multiyear renewal options. The agreements entered into by the Company have, rent escalation upto 5%.

#### Future minimum rentals receivable under non-cancellable operating lease is as follows:

Particulars	As at	
	31 March 2023	31 March 2022
Less than one year	12.57	15.74
One to five years	21.09	31.98
More than five years	48.47	51.20
<b>Total</b>	<b>82.13</b>	<b>98.92</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 45. Segment reporting

In accordance with Ind AS 108 - 'Operating segments,' segment information has been given in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

### 46. Key Ratios

	Note	31 March 2023	31 March 2022	Change %
Current ratio = Current assets / current liabilities		1.44	1.60	-10.07%
Debt equity ratio = (Long-term borrowings + short term borrowings + Lease liabilities) / Equity	(i)	0.22	0.02	1159.85%
Debt Service coverage ratio = (Net profit + depreciation + finance cost + gain on sale of PPE) / (finance cost + lease payments + principal repayments)	(ii)	14.26	2.77	414.06%
Return on equity ratio / return on investment ratio = net profit after tax / average equity	(iii)	9.43	16.19	-41.75%
Inventory turnover ratio = cost of goods sold / average inventory @		9.28	10.76	-13.82%
Trade receivables turnover ratio = revenue from operations / average trade receivables		139.86	162.60	-13.98%
Trade payables turnover ratio = cost of goods sold / average trade payables		57.92	51.63	12.18%
Net capital turnover ratio = Revenue from operations / (current assets - current liabilities)		24.04	25.40	-5.34%
Net Profit Margin (%) = (PAT / Revenue from operations)	(iii)	2.05%	3.84%	-46.55%
Return on capital employed = (earnings before finance cost, other income, taxes and exceptional items) / average capital employed #	(iii)	10.60	19.95	-46.88%
Return on investment = (Income from investment / Cost of Investment)		-	-	-

@ cost of goods sold includes cost of materials consumed, purchase of stock-in-trade and changes in inventories of finished goods, semi finished goods, stock-in- trade and work-in-progress

# capital employed = total assets - current liabilities

#### Note: Reasons for change more than 25% is as under

- (i) Principal reason for change in the debt equity ratio is attributed to the increase in short term borrowings during the year ended 31 March 2023.
- (ii) Principal reason for change in debt service coverage ratio is attributed to the prepayments of long term borrowings during the year ended 31 March 2022.
- (iii) Principal reason for change in the return on equity ratio / net profit margin / return on capital employed is attributed to the increase in raw material prices resulting in decrease in profits reported during the year ended 31 March 2023 compared to the year ended 31 March 2022.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 47. Research and development expenses

	For the year ended	
	31 March 2023	31 March 2022
Capital expenditure	0.07	0.92
Revenue expenditure	10.81	8.07
<b>Total</b>	<b>10.88</b>	<b>8.99</b>

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

The creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act, 2006") have been identified on the basis of information available with the Company. The auditors have placed reliance on the information provided by the management. Disclosures in respect of the amounts payable to such parties are given below:

	As at	
	31 March 2023	31 March 2022
(i) The principal amount remaining unpaid as at the end of the year.	61.23	77.02
(ii) The amount of interest accrued and remaining unpaid on (i) above.	-	-
(iii) Amount of interest paid by the Company in terms of Section 16, of the MSMED Act, 2006 along with the amounts of payments made beyond the appointed date during the year.	-	-
(iv) The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
(v) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-
<b>Notes:</b>		
Explanation - The terms 'appointed day,' 'buyer,' 'enterprise,' 'micro enterprise,' 'small enterprise' and 'supplier' shall have the same meaning as assigned to them under clauses (b),(d),( e), (h), (m) and (n) respectively of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006.		

### 49. Government grant

	For the year ended	
	31 March 2023	31 March 2022
<b>Opening liability</b>	93.02	27.12
Received during the year	-	73.26
Released to the statement of profit and loss	(6.74)	(7.36)
<b>Closing liability</b>	86.28	93.02
<b>Current</b>	<b>6.73</b>	<b>6.74</b>
<b>Non-current</b>	<b>79.55</b>	<b>86.28</b>

(\*) Government grant has been received for purchase of certain items of Property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 50. Additional disclosures

- (a) No proceeding have been initiated on or is pending against the Company for holding benami property under the Benami Transactions Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (b) The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.
- (c) No transactions are carried out with companies struck off under section 248 of the Act or section 560 of Companies Act, 1956.
- (d) No charges or satisfaction yet to be registered with ROC beyond the statutory period.
- (e) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (f) No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Act.
- (g) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (h) The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

The accompanying notes referred to above form an integral part of the standalone financial statements.

This is the Standalone Balance Sheet referred

to in our report of even date.

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

**Sanjay Kumar Jain**  
Partner  
Membership No: 207660

Place : Hyderabad  
Date : 25 May 2023

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 : 25 May 2023

**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

# Independent Auditor's Report

To  
the Members of Heritage Foods Limited

Report on the Audit of the Consolidated Financial Statements

## Opinion

- 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 2023, 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 notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us, 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 2023, and their consolidated profit (including
- We have determined the matter described below to be the key audit matters to be communicated in our report.

other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

## Basis for Opinion

- 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 is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matter

- 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.

### 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.

The Holding Company's sales arrangements are on a point-of-sale basis and requires little judgement to be exercised.

Discounts offered by Holding Company are material and there are arrangements with varying terms based on schemes implemented throughout the year.

### How our audit addressed the key audit matter

Our audit included, but was not limited to, the following procedures:

- 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.

### Key audit matter

There is a risk of revenue being overstated, resulting from pressure the management may feel to achieve performance targets at the reporting period end.

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.

Refer Note 3(e) to the Consolidated Financial Statements – Summary of the significant accounting policies and Note 24 for the revenue recognized during the year.

### How our audit addressed the key audit matter

- 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 schemes approvals and credit notes) to assess whether the methodology adopted in the calculation of the discounts was in accordance with the terms and conditions defined in the schemes.

- 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 company 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 associate and joint venture 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 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 associate and joint venture 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 associate and joint venture to cease to continue as a going concern;
- 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; and

- 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.

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. The consolidated financial statements include the Group's share of net loss (including other comprehensive loss) of ₹0.01 million for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of one associate, whose financial information has not been audited by us. 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 associate, 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

16. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company, has paid remuneration to their 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 incorporated in India whose financial statements have been audited 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 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.
17. As required by clause (xxi) 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 by us, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
18. As required by section 143(3) of the Act, based on our audit, 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, 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 and joint venture and taken on record by the Board of Directors of the Holding Company, its subsidiary company and joint venture, respectively, covered under the Act, none of the directors of the Group companies and joint venture company, are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and its 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
- g) 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:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, associate and joint venture as detailed in Note 43(b) to the consolidated financial statements;
  - The Holding Company, its subsidiary 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 2023;
  - 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 2023. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company and joint venture company covered under the Act, during the year ended 31 March 2023.
  - The respective managements of the Holding Company and its subsidiary company and joint venture 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 35(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 company 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 company or its joint venture company ('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 company and joint venture 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 35(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 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 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 by us, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
  - v. The subsidiary company and joint venture have not declared or paid any dividend during the year ended 31 March 2023. As stated in note 34 to the accompanying consolidated financial statements, the final dividend paid by the Holding Company during the year ended 31 March 2023 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 Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2023 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.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**

Partner

Membership No.: 207660

UDIN: 23207660BGYCIG4682

Place: Hyderabad  
Date: 25 May 2023

# Annexure 1

## List of entities included in the Statement

### Subsidiaries:

1. Heritage Nutrivet Limited
2. Heritage Employee Welfare Trust

### Associate:

1. SKIL Raigam Power (India) Limited

### Joint Venture:

1. Heritage Novandie Foods Private Limited

## Annexure A to the Independent Auditor's Report of even date to the members of Heritage Foods Limited on the consolidated financial statements for the year ended 31 March 2023

### Independent Auditor's Report on the internal financial controls with reference to 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') and its associate as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary 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 and its subsidiary 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 ("Guidance Note") on Audit of Internal Financial Controls over Financial Reporting 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 Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the

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 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 and its subsidiary company as aforesaid.

#### Meaning of Internal Financial Controls with Reference to 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 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 and its subsidiary 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 2023, 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.

### Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one associate company, which is a company covered under the Act, in respect of which, the Group's share of net loss (including other comprehensive loss) of ₹0.01 million for the year ended 31 March 2023 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of this associate company, which are is a company covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the aforesaid associate, which are is a company covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements report certified by the management of such company. In our opinion and according to the information and explanations given to us by the management, this financial statements is not material to the Group. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements report certified by the management.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**

Partner

Membership No.:207660

UDIN: 23207660BGYCIG4682

Place: Hyderabad

Date: 25 May 2023

# Consolidated Balance Sheet

as at 31 March 2023

(All amounts in ₹ millions, except share data and where otherwise stated)

	Notes	As at	
		31 March 2023	31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	6	6,133.26	5,704.52
(b) Capital work-in-progress	6(a)	199.33	73.99
(c) Investment property	8	43.12	44.20
(d) Other intangible assets	7	39.83	44.39
(e) Intangible assets under development	7(a)	1.06	6.40
(f) Investment in associate and joint venture	9	144.14	173.87
(g) Financial assets			
(i) Other investments	10	3.02	2.93
(ii) Other financial assets	11	103.66	64.10
(h) Other non-current assets	12	49.88	3.84
<b>Total non-current assets</b>		<b>6,717.30</b>	<b>6,118.24</b>
<b>Current assets</b>			
(a) Inventories	13	3,789.45	2,058.39
(b) Financial assets			
(i) Investments	10	0.03	0.03
(ii) Trade receivables	14	280.06	184.80
(iii) Cash and cash equivalents	15 (i)	163.36	331.11
(iv) Bank balances other than (iii) above	15 (ii)	28.26	25.01
(v) Loans	11 (a)	0.31	0.89
(vi) Other financial assets	11	55.50	45.76
(c) Current tax assets (net)		36.09	36.05
(d) Other current assets	12	179.81	221.07
(e) Assets included in disposal groups classified as held for sale		-	4.46
<b>Total current assets</b>		<b>4,532.87</b>	<b>2,907.57</b>
<b>Total assets</b>		<b>11,250.17</b>	<b>9,025.81</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	463.98	231.99
(b) Other equity	17	6,794.69	6,343.51
Equity attributable to the owners of the Company		<b>7,258.67</b>	<b>6,575.50</b>
(c) Non-controlling interest		-	0.04
<b>Total equity</b>		<b>7,258.67</b>	<b>6,575.54</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	44.96	79.54
(i a) Lease liabilities	44	287.04	471.3
(ii) Other financial liabilities	19	5.37	7.07
(b) Government grant		79.55	86.28
(c) Provisions	20	181.28	165.45
(d) Deferred tax liabilities (net)	21	247.39	239.02
<b>Total non-current liabilities</b>		<b>845.59</b>	<b>624.49</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	1,298.54	37.62
(i a) Lease liabilities	45	49.09	28.23
(ii) Trade payables	23		
- total outstanding dues of micro and small enterprises;		63.77	77.02
- total outstanding dues of creditors other than micro and small enterprises		384.99	441.66
(iii) Other financial liabilities	19	1,031.07	1,035.09
(b) Other current liabilities	22	222.11	116.66
(c) Government grant		6.73	6.73
(d) Provisions	20	89.61	82.77
<b>Total current liabilities</b>		<b>3,145.91</b>	<b>1,825.78</b>
<b>Total equity and liabilities</b>		<b>11,250.17</b>	<b>9,025.81</b>

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 Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No: 001076N/N500013

For and on behalf of Board of Directors of  
**Heritage Foods Limited**
**N Bhuvanewari**  
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 : 25 May 2023

Place : Hyderabad  
Date : 25 May 2023

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2023

(All amounts in ₹ millions, except share data and where otherwise stated)

	Notes	For the year ended	
		31 March 2023	31 March 2022
<b>Income</b>			
Revenue from operations	24	32,406.54	26,812.79
Other income	25	120.57	112.72
<b>Total income</b>		<b>32,527.11</b>	<b>26,925.51</b>
<b>Expenses</b>			
Cost of materials consumed	26	27,636.81	20,605.18
Purchase of stock-in-trade		267.28	169.37
Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress	27	(1,745.79)	60.14
Employee benefits expenses	28	2,114.89	1,842.88
Finance costs	29	39.02	40.07
Depreciation and amortisation expense	6,7&8	561.47	521.82
Impairment losses	6	2.08	4.24
Other expenses	30	2,748.69	2,222.65
<b>Total expenses</b>		<b>31,624.45</b>	<b>25,466.35</b>
<b>Profit before share of loss of an associate and a joint venture from continuing operations</b>		<b>902.66</b>	<b>1,459.16</b>
Share of loss of an associate and a joint venture		(85.23)	(60.34)
<b>Profit before exceptional items and tax from continuing operations</b>		<b>817.43</b>	<b>1,398.82</b>
Exceptional items	33	-	(91.40)
<b>Profit before tax from continuing operations</b>		<b>817.43</b>	<b>1,307.42</b>
<b>Tax expense</b>	31		
Current tax expense		228.33	343.59
Deferred tax expense / (benefit)		9.34	(1.38)
<b>Profit for the year from continuing operations</b>		<b>579.76</b>	<b>965.21</b>
<b>Discontinued operations</b>			
Loss before tax	47	(0.01)	(4.35)
Tax expense		0.03	-
<b>Loss for the year from discontinued operations</b>		<b>(0.04)</b>	<b>(4.35)</b>
<b>Profit for the year</b>		<b>579.72</b>	<b>960.86</b>
<b>Other comprehensive income / (loss)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(i) Re-measurement loss on defined benefit plan, net of taxes		(2.88)	(0.53)
(ii) Net gain on FVTOCI equity securities		0.09	0.07
<b>Total other comprehensive loss for the year</b>		<b>(2.79)</b>	<b>(0.46)</b>
<b>Total comprehensive income for the year</b>		<b>576.93</b>	<b>960.40</b>
<b>Profit/(loss) for the year, attributed to Owners of the Company:</b>			
- Profit from continuing operations		579.76	965.69
- Profit/(loss) from discontinuing operations		-	-
- Total profit		579.76	965.69
- Other comprehensive loss		(2.79)	(0.46)
- Total comprehensive income		576.97	965.23
<b>Loss for the year, attributed to Non-controlling interest of the Company:</b>			
- Loss from continuing operations		-	(0.48)
- Loss from discontinuing operations		(0.04)	(4.35)
- Total loss		(0.04)	(4.83)
- Other comprehensive loss		-	-
- Total comprehensive loss		(0.04)	(4.83)
<b>Earnings per equity share [EPES] (in absolute ₹ terms)</b>	32		
Nominal value per equity share		5.00	5.00
Basic and Diluted EPES			
- Continuing operations		6.33	10.55
- Discontinuing operations		-	-
- Continuing and discontinued operations		6.33	10.55

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 Chandio & Co LLP**

Chartered Accountants

Firm's Registration No: 001076N/N500013

**Sanjay Kumar Jain**

Partner

Membership No: 207660

Place : Hyderabad

Date : 25 May 2023

For and on behalf of Board of Directors of

**Heritage Foods Limited**

**N Bhuvanewari**

Vice Chairperson and

Managing Director

DIN: 00003741

**Srideep Madhavan Nair Kesavan**

Chief Executive Officer

Place : Hyderabad

Date : 25 May 2023

**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 Cash Flow

for the year ended 31 March 2023

(All amounts in ₹ millions, except share data and where otherwise stated)

	For the year ended	
	31 March 2023	31 March 2022
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	<b>817.43</b>	<b>1,307.42</b>
<b>Adjustments:</b>		
Depreciation and amortization expense	561.47	521.82
Impairment losses	2.08	4.24
Provision for doubtful advances	0.80	-
Share of loss of an associate and a joint venture	85.23	60.34
Provision for doubtful debts and bad debts written off	6.25	61.27
Guarantee income	(2.20)	(2.20)
Amortisation of government grants	(6.73)	(7.36)
Property, plant and equipment written off	4.62	14.36
Gain on sale of Property, plant and equipment ("PPE")	(23.37)	(31.24)
Provisions no longer required/credit balances written back	(21.00)	(19.45)
Gain on investments	(26.22)	(12.07)
Interest income	(3.96)	(4.50)
Interest expenses	32.19	35.02
Advances written off	0.72	1.32
Dividend income	(0.01)	-
Lease rental income	(21.19)	(19.27)
<b>Operating profits before working capital changes</b>	<b>1,406.11</b>	<b>1,909.70</b>
Changes in inventories	(1,731.06)	(75.69)
Changes in trade receivables	(101.51)	(93.87)
Changes in loans	0.58	7.86
Changes in other assets	(0.42)	(89.10)
Changes in other financial assets	(9.80)	(5.33)
Changes in trade payables	(69.92)	164.09
Changes in provisions	18.83	16.05
Changes in other financial liabilities	0.27	(35.88)
Changes in other liabilities	110.24	40.37
<b>Cash generated from / (used in) operating activities</b>	<b>(376.68)</b>	<b>1,838.20</b>
Income tax paid, net	(228.37)	(353.86)
<b>Net cash generated from / (used in) operating activities of continuing operations</b>	<b>(605.05)</b>	<b>1,484.34</b>
<b>Net cash used in operating activities of discontinued operations</b>	<b>-</b>	<b>(5.16)</b>
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>(605.05)</b>	<b>1,479.18</b>

# Consolidated Statement of Cash Flow

for the year ended 31 March 2023

(All amounts in ₹ millions, except share data and where otherwise stated)

	For the year ended	
	31 March 2023	31 March 2022
<b>Cash flows from investing activities</b>		
Purchase of PPE and other intangible assets including CWIP and intangible assets under development	(833.53)	(464.73)
Proceeds from sale of PPE	42.64	48.01
Consideration paid towards Business combination	(27.11)	-
Investment in a joint venture	(55.00)	(104.65)
Receipts of government grants	-	73.26
Purchase of investments	(2,540.00)	(2,851.00)
Proceeds from sale of investments	2,566.22	2,863.07
Interest received	4.29	4.17
Movement in other bank balances, net	(4.42)	(12.42)
Rent received	20.66	19.84
Dividend received	0.01	-
<b>Net cash used in investing activities of continuing operations</b>	<b>(826.24)</b>	<b>(424.45)</b>
<b>Net cash generated from / (used in) investing activities of discontinued operations</b>	-	-
<b>Net cash used in investing activities (B)</b>	<b>(826.24)</b>	<b>(424.45)</b>
<b>Cash flows from financing activities</b>		
Proceeds from rights issue	231.99	-
Payment in relation to rights issue	(9.79)	-
Repayment of long term borrowings	(37.62)	(505.96)
Proceeds from short term borrowings, net	1,263.96	-
Interest paid	(23.62)	(30.92)
Lease rentals paid*	(45.38)	(41.68)
Dividend paid	(116.00)	(347.99)
<b>Net cash generated from / (used in) financing activities of continuing operations</b>	<b>1,263.54</b>	<b>(926.55)</b>
<b>Net cash generated from / (used in) financing activities of discontinued operations</b>	-	-
<b>Net cash generated from / (used in) financing activities (C)</b>	<b>1,263.54</b>	<b>(926.55)</b>
<b>Net Change in cash and cash equivalents during the year (A + B + C)</b>	<b>(167.75)</b>	<b>128.18</b>
Cash and cash equivalents at the beginning of the year	331.11	202.93
<b>Cash and cash equivalents at the end of the year</b>	<b>163.36</b>	<b>331.11</b>
<b>Note 1:</b>		
<b>Cash and cash equivalents include:</b>		
<b>- Included in cash and cash equivalents</b>		
Cash on hand	2.32	25.81
Balances with banks in current accounts	161.04	305.30
	<b>163.36</b>	<b>331.11</b>

(\* ) includes principal and interest portions

This is the Consolidated Statement of Cash Flow referred to in our report of even date.

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

**Sanjay Kumar Jain**  
Partner  
Membership No: 207660

Place : Hyderabad  
Date : 25 May 2023

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

**N Bhuvanewari**  
Vice Chairperson and  
Managing Director  
DIN: 00003741

**Srideep Madhavan Nair Kesavan**  
Chief Executive Officer

Place : Hyderabad  
Date : 25 May 2023

**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 Changes in Equity

for the year ended 31 March 2023

(All amounts in ₹ millions, except share data and where otherwise stated)

<b>A Equity Share Capital</b>		Notes	Number of shares	Amount					
<b>As at 1 April 2021</b>			<b>4,63,98,000</b>	<b>231.99</b>					
Changes in equity share capital		16	-	-					
<b>As at 31 March 2022</b>			<b>4,63,98,000</b>	<b>231.99</b>					
Changes in equity share capital		16	4,63,98,000	231.99					
<b>As at 31 March 2023</b>			<b>9,27,96,000</b>	<b>463.98</b>					
<b>B Other equity (refer note 17)</b>		Reserves and Surplus							
	Capital reserve	Capital redemption reserve	Securities premium	Warrants money appropriated	General reserve	Retained earnings	OCI	Non-controlling interest	Total
<b>Balance as at 1 April 2022</b>	<b>(14.97)</b>	<b>8.10</b>	<b>378.41</b>	<b>31.87</b>	<b>842.74</b>	<b>4,480.73</b>	<b>(0.62)</b>	<b>4.88</b>	<b>5,731.14</b>
Profit for the year	-	-	-	-	-	965.69	-	(4.84)	960.85
Payment of dividend (₹7.50 per equity share)	-	-	-	-	-	(347.99)	-	-	(347.99)
Other comprehensive income / (loss), net of taxes	-	-	-	-	-	(0.53)	0.07	-	(0.46)
<b>Balance as at 31 March 2022</b>	<b>(14.97)</b>	<b>8.10</b>	<b>378.41</b>	<b>31.87</b>	<b>842.74</b>	<b>5,097.91</b>	<b>(0.55)</b>	<b>0.04</b>	<b>6,343.54</b>
Profit for the year	-	-	-	-	-	579.76	-	(0.04)	579.72
Payment of dividend (₹2.50 per equity share)	-	-	-	-	-	(116.00)	-	-	(116.00)
Other comprehensive income / (loss), net of taxes	-	-	-	-	-	(2.88)	0.09	-	(2.79)
Rights issue expenses adjusted	-	-	(9.79)	-	-	-	-	-	(9.79)
<b>Balance as at 31 March 2023</b>	<b>(14.97)</b>	<b>8.10</b>	<b>368.62</b>	<b>31.87</b>	<b>842.74</b>	<b>5,558.79</b>	<b>(0.46)</b>	<b>-</b>	<b>6,794.69</b>

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No: 001076N/NS00013

**Sanjay Kumar Jain**

Partner

Membership No: 207660

Place : Hyderabad

Date : 25 May 2023

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

**N Bhuvaneshwari**

Vice Chairperson and  
Managing Director  
DIN: 000003741

**N Brahmani**

Executive Director  
DIN: 02338940

**M Sambasiva Rao**

President

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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 : 25 May 2023

# 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 #H.No. 8-2-293/82/A/1286, Plot No: 1286, Road No. 1 & 65, Jubilee Hills, Hyderabad – 500033, 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 2023. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on 25 May 2023.

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 2023	31 March 2022
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%	43.33%
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 transaction 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 initially recognised as deferred income at fair value and subsequently are recognised in statement of profit and loss as other income on a systematic basis 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.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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. Assets included in disposal groups classified as held for sale and discontinued operations**

The Group classifies assets included in 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.

Assets included in disposal groups classified as 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.

#### **i. Property, plant and equipment and Capital work-in-progress**

Freehold land is carried at historical cost. Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. 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. Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date net of accumulated impairment loss, if any. Property, plant and equipment under installation or under construction as at balance sheet are shown as capital work-in-progress and the related advances are shown as capital advances.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

When significant parts of plant and equipment are required to be replaced at intervals, the Company 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:

<b>Asset class</b>	<b>Useful life considered by management (in years)</b>	<b>Useful life prescribed under the Act (in years)</b>
Buildings (including investment property)	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 under the head Depreciation and amortization expense. 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.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

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.

## I. 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.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

## 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. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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 prepayment 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, excluding trade receivables 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. Trade receivables that do not contain a significant financing component are measured at transaction price.

###### *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 / paid, 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.

**x. Research and Development**

Expenditure on research activities is recognised in the Consolidated Statement of Profit and Loss as incurred. Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development and to use or sell the asset. Otherwise, it is recognised in the Consolidated Statement of Profit and Loss as incurred.

Subsequent to the initial recognition, the asset is measured at cost less accumulated amortisation and accumulated impairment losses, if any.

**y. Business combinations**

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair

value of any contingent consideration. Contingent consideration (earn out) is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the Statement of Profit and Loss. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognised in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the Company after assessing fair value of all identified assets and liabilities, record the difference as a gain in other comprehensive income and accumulate the gain in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted by using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

**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. 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**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies

(Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 - Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements.

**Ind AS 12 - Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

**Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Group 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
<b>Gross Block</b>									
<b>Balance as at 1 April 2021</b>	<b>483.73</b>	<b>1,863.41</b>	<b>3.13</b>	<b>4,473.86</b>	<b>30.65</b>	<b>99.71</b>	<b>55.28</b>	<b>119.34</b>	<b>7,129.11</b>
Additions during the year	43.52	129.38	-	240.95	3.11	16.24	32.93	65.40	531.53
Disposals/ transfers during the year	-	2.00	-	113.82	0.28	5.19	21.71	61.87	204.87
<b>Balance as at 31 March 2022</b>	<b>527.25</b>	<b>1,990.79</b>	<b>3.13</b>	<b>4,600.99</b>	<b>33.48</b>	<b>110.76</b>	<b>66.50</b>	<b>122.87</b>	<b>7,455.77</b>
Additions during the year	21.98	114.13	75.89	403.36	23.58	57.72	6.41	297.51	1,000.58
Disposals/ transfers during the year	0.21	(2.00)	3.13	175.57	5.95	13.84	2.41	-	199.11
<b>Balance as at 31 March 2023</b>	<b>549.02</b>	<b>2,106.92</b>	<b>75.89</b>	<b>4,828.78</b>	<b>51.11</b>	<b>154.64</b>	<b>70.50</b>	<b>420.38</b>	<b>8,257.24</b>
<b>Accumulated depreciation</b>									
<b>Up to 1 April 2021</b>	-	<b>215.80</b>	<b>0.60</b>	<b>1,039.96</b>	<b>12.44</b>	<b>36.12</b>	<b>30.53</b>	<b>79.58</b>	<b>1,415.03</b>
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
<b>Up to 31 March 2022</b>	-	<b>291.08</b>	<b>0.75</b>	<b>1,319.16</b>	<b>16.51</b>	<b>48.14</b>	<b>20.54</b>	<b>55.07</b>	<b>1,751.25</b>
Depreciation charge for the year	-	82.36	1.59	384.65	5.07	17.85	9.40	44.62	545.54
Adjustment for disposals/ transfers	-	(1.69)	0.75	156.42	5.55	12.24	1.62	-	174.89
Impairment loss	-	-	-	1.54	0.07	0.47	-	-	2.08
<b>Up to 31 March 2023</b>	-	<b>375.13</b>	<b>1.59</b>	<b>1,548.93</b>	<b>16.10</b>	<b>54.22</b>	<b>28.32</b>	<b>99.69</b>	<b>2,123.98</b>
<b>Net carrying value</b>									
<b>As at 31 March 2022</b>	<b>527.25</b>	<b>1,699.71</b>	<b>2.38</b>	<b>3,281.83</b>	<b>16.97</b>	<b>62.62</b>	<b>45.96</b>	<b>67.80</b>	<b>5,704.52</b>
<b>As at 31 March 2023</b>	<b>549.02</b>	<b>1,731.79</b>	<b>74.30</b>	<b>3,279.85</b>	<b>35.01</b>	<b>100.42</b>	<b>42.18</b>	<b>320.69</b>	<b>6,133.26</b>

#### Notes:

- For details of assets pledged as security, refer note 18(a) to 18(b).
- The Group has recognised impairment loss on account of physical wear and tear of assets.
- The Holding Company has purchased property, plant and equipment amounting to ₹ 26.11 and intangible assets amounting to ₹ 1.00 from Suguna Dairy Private Limited under a business Combination.

## 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)

(i) **Capital Work-in-Progress:**

	As at	
	31 March 2023	31 March 2022
<b>Ageing schedule of capital work-in-progress (CWIP)</b>		
<b>Projects in progress</b>		
< 1 Year	194.66	70.08
1-2 Years	4.67	0.88
2-3 Years	-	2.51
> 3 Years	-	0.52
<b>Projects in progress (total)</b>	<b>199.33</b>	<b>73.99</b>
<b>Projects temporarily suspended</b>	-	-

(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.

(iii) **CWIP movement schedule:**

	<b>Total</b>
<b>Opening as at 1 April 2021</b>	<b>156.43</b>
Additions during the year	339.72
Capitalisations during the year	(422.15)
<b>Closing as at 31 March 2022</b>	<b>73.99</b>
Additions during the year	805.34
Capitalisations during the year	(680.00)
<b>Closing as at 31 March 2023</b>	<b>199.33</b>

### 7. Other intangible assets

	Computer software	Brand	Non-compete	Procurement network	Distribution network	Total
<b>Gross Block</b>						
<b>Balance as at 1 April 2021</b>	<b>65.57</b>	<b>74.55</b>	<b>32.18</b>	<b>43.20</b>	<b>50.25</b>	<b>265.75</b>
Additions during the year	26.51	-	-	-	-	26.51
<b>Balance as at 31 March 2022</b>	<b>92.08</b>	<b>74.55</b>	<b>32.18</b>	<b>43.20</b>	<b>50.25</b>	<b>292.26</b>
Additions during the year	9.29	-	-	0.56	0.44	10.29
<b>Balance as at 31 March 2023</b>	<b>101.37</b>	<b>74.55</b>	<b>32.18</b>	<b>43.76</b>	<b>50.69</b>	<b>302.55</b>
<b>Accumulated amortization</b>						
<b>Up to 1 April 2021</b>	<b>36.21</b>	<b>74.55</b>	<b>32.18</b>	<b>38.93</b>	<b>44.93</b>	<b>226.80</b>
Amortization charge for the year	11.75	-	-	4.15	5.17	21.07
<b>Up to 31 March 2022</b>	<b>47.96</b>	<b>74.55</b>	<b>32.18</b>	<b>43.08</b>	<b>50.10</b>	<b>247.87</b>
Amortization charge for the year	14.31	-	-	0.27	0.27	14.85
<b>Up to 31 March 2023</b>	<b>62.27</b>	<b>74.55</b>	<b>32.18</b>	<b>43.35</b>	<b>50.37</b>	<b>262.72</b>
<b>Net carrying amount</b>						
<b>As at 31 March 2022</b>	<b>44.12</b>	<b>-</b>	<b>-</b>	<b>0.12</b>	<b>0.15</b>	<b>44.39</b>
<b>As at 31 March 2023</b>	<b>39.10</b>	<b>-</b>	<b>-</b>	<b>0.41</b>	<b>0.32</b>	<b>39.83</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 7(a) Intangible assets under development (IAUD)

#### (i) Intangible assets under development:

	As at	
	31 March 2023	31 March 2022
<b>Ageing schedule of Intangible assets under development (IAUD)</b>		
<b>Projects in progress</b>		
< 1 Year	1.06	4.15
1-2 Years	-	2.25
2-3 Years	-	-
> 3 Years	-	-
<b>Projects in progress (total)</b>	<b>1.06</b>	<b>6.40</b>
<b>Projects temporarily suspended</b>	-	-

(ii) The Group does not have any material IAUD which is overdue or has exceeded its cost compared to its original plan and hence the disclosure of IAUD completion schedule is not applicable.

#### (iii) IAUD movement schedule:

	Total
<b>Opening as at 1 April 2021</b>	<b>25.78</b>
Additions during the year	7.13
Capitalisations during the year	(26.51)
<b>Closing as at 31 March 2022</b>	<b>6.40</b>
Additions during the year	3.95
Capitalisations during the year	(9.30)
<b>Closing as at 31 March 2023</b>	<b>1.06</b>

### 8. Investment property

	Land	Building	Total
<b>Gross Block</b>			
<b>Balance as at 1 April 2021</b>	<b>23.30</b>	<b>26.67</b>	<b>49.97</b>
Transfers during the year	-	-	-
<b>Balance as at 31 March 2022</b>	<b>23.30</b>	<b>26.67</b>	<b>49.97</b>
Transfers during the year	-	-	-
<b>Balance as at 31 March 2023</b>	<b>23.30</b>	<b>26.67</b>	<b>49.97</b>
<b>Accumulated depreciation</b>			
<b>Up to 31 March 2021</b>	-	<b>4.69</b>	<b>4.69</b>
Depreciation charge for the year	-	1.08	<b>1.08</b>
<b>Up to 31 March 2022</b>	-	<b>5.77</b>	<b>5.77</b>
Depreciation charge for the year	-	1.08	<b>1.08</b>
<b>Up to 31 March 2023</b>	-	<b>6.85</b>	<b>6.85</b>
<b>Net carrying amount</b>			
<b>As at 31 March 2022</b>	<b>23.30</b>	<b>20.90</b>	<b>44.20</b>
<b>As at 31 March 2023</b>	<b>23.30</b>	<b>19.82</b>	<b>43.12</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### (a) Information of net income derived from Investment property

	For the year ended	
	31 March 2023	31 March 2022
Lease rental income	16.49	15.77
Less: Depreciation	(1.08)	(1.08)
<b>Net income from Investment property</b>	<b>15.41</b>	<b>14.69</b>

### (b) Description of valuation technique and key assumptions used

	31 March 2023		31 March 2022	
	Land	Building	Land	Building
Valuation technique: Discounted Cash Flow ("DCF") method				
Estimated rental value per month (in absolute ₹ terms)	75,000	NA	75,000	NA
Estimated rental value per square feet per month (in absolute ₹ terms)	NA	28	NA	18
Rental growth per annum	5%	5%	5%	5%
Discount rate	6.50%	6.50%	9.50%	9.50%

### (c) Changes in fair value of Investment property is shown below:

	Amount
<b>Fair value as on 31 March 2021</b>	<b>345.68</b>
Transferred to Property, plant and equipment during the year	-
Increase in fair value of an existing Investment property	-
<b>Fair value as on 31 March 2022</b>	<b>345.68</b>
Transferred to Property, plant and equipment during the year	-
Increase in fair value of an existing Investment property	4.16
<b>Fair value as on 31 March 2023</b>	<b>349.84</b>

#### Notes:

(a) The disclosed fair value of investment property is derived based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

## 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 2023	31 March 2022
<b>Unquoted</b>		
<b>Investment in an associate *</b>		
650,000 (31 March 2022: 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 Companies Act, 2013		
<b>Investment in a joint venture</b>		
5,489,727 (31 March 2022: 4,939,727) equity shares of ₹ 10 each fully paid held in Heritage Novandie Foods Private Limited	325.35	269.85
Less: Share of accumulated losses	(181.21)	(95.98)
	<b>144.14</b>	<b>173.87</b>
	<b>144.14</b>	<b>173.87</b>
Aggregate amount of unquoted investments	144.14	173.87
Aggregate amount of impairment in value of investments	6.27	6.27

### 10. Investments

	As at	
	31 March 2023	31 March 2022
<b>Non current</b>		
<b>Investments at fair value through other comprehensive income ("FVTOCI")</b>		
<b>Investments in equity instruments</b>		
117 (31 March 2022: 117) quoted equity shares of ₹10 each fully paid held in Union Bank of India Limited	0.01	-
1,740 (31 March 2022: 1,740) quoted equity shares of ₹2 each fully paid held in Bank of Baroda	0.29	0.20
200,000 (31 March 2022: 200,000) unquoted equity shares of ₹10 each fully paid held in Heritage Finlease Limited	2.60	2.60
	<b>2.90</b>	<b>2.80</b>
<b>Investments at amortized cost</b>		
Investments in government securities	0.12	0.13
	<b>0.12</b>	<b>0.13</b>
	<b>3.02</b>	<b>2.93</b>
Aggregate market value of quoted investments	0.30	0.20
Aggregate value of unquoted investments	2.72	2.73
Aggregate amount of impairment in value of investments	-	-

## 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 2023	31 March 2022
<b>Current</b>		
<b>Investments at amortized cost</b>		
Investments in government securities	0.03	0.03
	<b>0.03</b>	<b>0.03</b>
	<b>0.03</b>	<b>0.03</b>
Aggregate market value of quoted investments	-	-
Aggregate value of unquoted investments	0.03	0.03
Aggregate amount of impairment in value of investments	-	-

### 11. Other financial assets

	As at	
	31 March 2023	31 March 2022
<b>Non-current</b>		
<b>Unsecured, Considered good</b>		
Interest accrued but not due on bank deposits	0.58	0.32
Security deposits	97.98	58.58
Margin money deposits with banks	5.10	5.20
	<b>103.66</b>	<b>64.10</b>
<b>Current</b>		
<b>Unsecured, Considered good</b>		
Interest accrued but not due on bank deposits	0.08	0.67
Rent receivable	3.03	2.50
Security deposits	27.88	22.72
Others	24.51	19.87
	<b>55.50</b>	<b>45.76</b>

### 11(a). Loans

	As at	
	31 March 2023	31 March 2022
<b>Current</b>		
<b>Unsecured, considered good</b>		
Loans to employees	0.07	0.42
Loans to others	0.24	0.47
	<b>0.31</b>	<b>0.89</b>
<b>Unsecured, considered doubtful</b>		
Loans to others	-	0.10
Less: Allowance for doubtful loans	-	0.10
	-	-
	<b>0.31</b>	<b>0.89</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 12. Other assets

	As at	
	31 March 2023	31 March 2022
<b>Non-current</b>		
<b>Unsecured, Considered good</b>		
Capital advances	48.68	3.36
Prepaid expenses	1.20	0.48
	<b>49.88</b>	<b>3.84</b>
<b>Unsecured, Considered doubtful</b>		
Capital advances	2.41	2.52
Less: Allowance for doubtful capital advances	(2.41)	(2.52)
	-	-
	<b>49.88</b>	<b>3.84</b>
<b>Current</b>		
<b>Unsecured, Considered good</b>		
Balance with statutory authorities	16.40	24.25
Prepaid expenses	85.40	62.57
Advances to suppliers and others	78.01	134.25
	<b>179.81</b>	<b>221.07</b>
<b>Unsecured, Considered doubtful</b>		
Other advances	15.40	17.98
Less: Provision for doubtful advances	(15.40)	(17.98)
	-	-
	<b>179.81</b>	<b>221.07</b>

**Note:**

No advances are due from directors or other officers of the Group either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 42 for dues from related parties.

### 13. Inventories

	As at	
	31 March 2023	31 March 2022
Raw materials (including goods in transit of ₹ Nil (31 March 2022: ₹ 7.92))	828.78	859.68
Work-in-progress	12.03	14.45
Semi finished goods	1,457.42	348.32
Finished goods (including goods in transit of ₹ 0.26 (31 March 2022: ₹ 0.31))	1,251.43	637.32
Stock-in-trade (including goods in transit of ₹ Nil (31 March 2022: ₹ 0.04))	62.03	37.04
Packing materials	111.77	108.22
Stores, spares and consumables	65.99	53.36
	<b>3,789.45</b>	<b>2,058.39</b>

**Note:**

The write down of inventories to net realisable value during the year ended 31 March 2023 aggregated to ₹41.57 (31 March 2022 : ₹9.55). 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.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 14. Trade receivables

	As at	
	31 March 2023	31 March 2022
Unsecured, considered good	280.20	184.89
Unsecured, significant increase in credit risk	12.87	7.44
Unsecured, credit impaired	79.65	86.45
	<b>372.72</b>	<b>278.78</b>
Less: Allowance for credit loss	(92.52)	(93.89)
Less: Expected credit loss	(0.14)	(0.09)
	<b>280.06</b>	<b>184.80</b>

- (a) The movement in the allowance for credit loss and expected credit loss for the year ended 31 March 2023 and 31 March 2022 is as follows:

	For the year ended	
	31 March 2023	31 March 2022
<b>Opening balance at beginning of the year</b>	<b>93.98</b>	<b>45.59</b>
Add: Provision made during the year	6.25	61.27
Less: Amount recovered during the year	(4.97)	(9.80)
Less: Bad debts written off during the year	(2.60)	(3.08)
<b>Closing balance at end of the year</b>	<b>92.66</b>	<b>93.98</b>

- (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	
<b>As at 31 March 2023</b>						
<b>Undisputed</b>						
Considered good	280.20	-	-	-	-	<b>280.20</b>
Significant increase in credit risk	5.62	-	-	-	-	<b>5.62</b>
Credit impaired	-	2.04	63.41	-	-	<b>65.45</b>
<b>Disputed</b>						
Considered good	-	-	-	-	-	-
Significant increase in credit risk	-	-	-	-	7.25	<b>7.25</b>
Credit impaired	-	-	-	-	14.20	<b>14.20</b>
<b>As at 31 March 2022</b>						
<b>Undisputed</b>						
Considered good	184.88	0.01	-	-	-	<b>184.89</b>
Significant increase in credit risk	2.74	-	-	-	-	<b>2.74</b>
Credit impaired	63.41	-	-	-	-	<b>63.41</b>
<b>Disputed</b>						
Considered good	-	-	-	-	-	-
Significant increase in credit risk	-	-	-	-	4.70	<b>4.70</b>
Credit impaired	-	-	-	0.39	22.65	<b>23.04</b>

Trade receivables include dues aggregating to ₹2.21 (31 March 2022: ₹0.30) receivable from Heritage Novandie Foods Private Limited, in which Director of the Holding Company is a Director.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 15. Cash and Bank Balances

		As at	
		31 March 2023	31 March 2022
<b>(i)</b>	<b>Cash and cash equivalents</b>		
	Balances with banks in current accounts	161.04	305.30
	Cash on hand	2.32	25.81
		<b>163.36</b>	<b>331.11</b>
<b>(ii)</b>	<b>Other bank balances</b>		
	Earmarked balances with banks		
	Unpaid dividend	14.18	15.45
	CSR unspent money	11.12	7.06
	Margin money deposits with banks	2.96	2.50
		<b>28.26</b>	<b>25.01</b>

### 16. Equity share capital

<b>i.</b>	<b>Authorised share capital</b>	31 March 2023		31 March 2022	
		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
			<b>500.00</b>		<b>500.00</b>
<b>ii.</b>	<b>Issued, subscribed and fully paid up</b>	31 March 2023		31 March 2022	
		Number	Amount	Number	Amount
	Equity shares of ₹5 each	9,27,96,000	463.98	4,63,98,000	231.99
		<b>9,27,96,000</b>	<b>463.98</b>	<b>4,63,98,000</b>	<b>231.99</b>
<b>iii.</b>	<b>Reconciliation of number of equity shares outstanding at the beginning and end of the year</b>	31 March 2023		31 March 2022	
		Number	Amount	Number	Amount
	<b>Equity shares</b>				
	At the beginning of the year	4,63,98,000	231.99	4,63,98,000	231.99
	Changes during the year - Rights issue	4,63,98,000	231.99	-	-
	<b>At the end of the year</b>	<b>9,27,96,000</b>	<b>463.98</b>	<b>4,63,98,000</b>	<b>231.99</b>

#### 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.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### v. Details of shareholders holding more than 5% equity shares in the Company

	31 March 2023		31 March 2022	
	Number	% holding	Number	% holding
N Bhuvanewari	2,26,11,525	24.37%	1,06,61,652	22.98%
Nirvana Holdings Private Limited	1,09,13,107	11.76%	51,45,684	11.09%
N Lokesh	1,00,37,453	10.82%	47,32,800	10.20%
Megabid Finance & Investment Private Limited	51,90,937	5.59%	24,47,600	5.28%
DSP Small Cap Fund	48,61,036	5.24%	-	-

### vi. Shareholding of Promoters as at 31 March 2023

Name of the promoter *	As at 31 March 2023		As at 31 March 2022		% change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
N Bhuvanewari	2,26,11,525	24.37%	1,06,61,652	22.98%	12.88%
N Lokesh	1,00,37,453	10.82%	47,32,800	10.20%	5.72%
Megabid Finance & Investment Private Limited	51,90,937	5.59%	24,47,600	5.28%	2.96%
N Brahmani	4,30,952	0.46%	2,03,200	0.44%	0.25%
V Nagaraja Naidu	-	0.00%	1,00,000	0.22%	-0.11%
N Devaansh	56,075	0.06%	26,440	0.06%	0.03%
Ramakrishna Nandamuri	800	0.00%	400	0.00%	0.00%
N P Ramakrishna	1,16,971	0.13%	56,971	0.12%	0.06%
Durga Ramakrishna N P	71,590	0.08%	33,756	0.07%	0.04%
Neelima N P	64,950	0.07%	30,625	0.07%	0.04%

### 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	
N Bhuvanewari	1,06,61,652	22.98%	1,06,61,652	22.98%	0.00%
N Lokesh	47,32,800	10.20%	47,32,800	10.20%	0.00%
Megabid Finance & Investment Private Limited	24,47,600	5.28%	24,47,600	5.28%	0.00%
N Brahmani	2,03,200	0.44%	2,03,200	0.44%	0.00%
V Nagaraja Naidu	100,000	0.22%	100,000	0.22%	0.00%
N Devaansh	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%	-0.15%
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%	-0.01%
Kathya N P	-	0.00%	60,000	0.13%	-0.06%

\* 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.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 17. Other equity

	As at	
	31 March 2023	31 March 2022
<b>Reserves and Surplus</b>		
Capital reserve	(14.97)	(14.97)
Capital redemption reserve	8.10	8.10
Securities premium	368.62	378.41
Warrants money appropriated	31.87	31.87
General reserve	842.74	842.74
Retained earnings	5,558.79	5,097.91
	<b>6,795.15</b>	<b>6,344.06</b>
<b>Item of OCI</b>		
Changes in fair value of equity instruments	(0.46)	(0.55)
	<b>(0.46)</b>	<b>(0.55)</b>
	<b>6,794.69</b>	<b>6,343.51</b>

#### Nature and purpose of reserves

##### Securities premium

The amount received in excess of face value of the equity shares, net off issue expenses, 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.

##### 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.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 18. Borrowings

	As at	
	31 March 2023	31 March 2022
<b>Non-current</b>		
<b>Secured</b>		
Term loans from banks [refer note 18(a)]	37.19	58.44
	<b>37.19</b>	<b>58.44</b>
<b>Unsecured</b>		
Deferred payment liabilities	7.77	21.10
	<b>7.77</b>	<b>21.10</b>
	<b>44.96</b>	<b>79.54</b>
<b>Current</b>		
<b>Secured</b>		
Current maturities of term loans from banks [refer note 18(a)]	21.25	21.25
Loans repayable on demand from banks [refer note 18(b)]	1,013.96	-
	<b>1,035.21</b>	<b>21.25</b>
<b>Unsecured</b>		
Loans repayable on demand from banks [refer note 18(b)]	250.00	-
Current maturities of deferred payment liabilities	13.33	16.37
	<b>263.33</b>	<b>16.37</b>
	<b>1,298.54</b>	<b>37.62</b>

#### (i) Reconciliation of liabilities arising from financial activities\*

	For the year ended	
	31 March 2023	31 March 2022
Balance at beginning of the year	79.69	566.50
Proceeds from long term borrowings	-	-
Repayments of long term borrowings	(21.25)	(486.81)
Balance at end of the year	<b>58.44</b>	<b>79.69</b>

\*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 2023	31 March 2022
<b>Balance at beginning of the year</b>	<b>0.56</b>	<b>4.07</b>
Interest expense for the year	6.21	25.60
Interest paid during the year	6.28	29.11
<b>Balance at end of the year</b>	<b>0.49</b>	<b>0.56</b>

(iii) Deferred Payment Liabilities represents sales tax collected under deferment scheme which the Holding Company is obligated to repay in 14 yearly installments starting from September 2010 and ending by September 2024 in case of its Gokul plant and in 14 yearly installments starting from November 2010 and ending by November 2023 for its Bayyavaram plant. The Holding Company has created a charge on its specified fixed assets.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 18(a) Terms and conditions of term loans from banks

Name	Interest rate (%)	Type of security	Outstanding balance as on*	
			31 March 2023	31 March 2022
Kotak Mahindra Bank#	Three months MCLR+ spread per annum	- 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.	58.44	79.69
			<b>58.44</b>	<b>79.69</b>

\*Including current maturities of term loans from banks.

#Repayable in 24 quarterly installments commenced from March 2020 and ending in December 2025.

### 18(b) Terms and conditions of loans repayable on demand from banks

Name	Interest rate (%)	Type of security	Outstanding balance as on	
			31 March 2023	31 March 2022
ICICI Bank	6 months IMCLR + 0.50% per annum	First pari passu charge on current assets and second pari passu charge on fixed assets of the Holding Company, excluding project specific assets.	292.95	-
Bank of Baroda	1 year MCLR + 0.40% per annum		369.32	-
Union Bank of India	1 year MCLR + 1.05% per annum		202.73	-
Kotak Mahindra Bank	6 Months MCLR + 0.30% per annum		78.52	-
HDFC Bank	1 Month MCLR + 1.40% per annum		50.07	-
Kotak Mahindra Bank	6 Months MCLR + spread per annum	First charge on present and future current assets of the feed division of the group.	20.38	-
ICICI Bank	3 Months MCLR + 0.50% per annum	Unsecured	250.00	-
			<b>1,263.96</b>	-

### 19. Other financial liabilities

	As at	
	31 March 2023	31 March 2022
<b>Non-current</b>		
Financial guarantee	5.37	7.07
	<b>5.37</b>	<b>7.07</b>
<b>Current</b>		
Current maturities of financial guarantee	2.16	2.16
Interest accrued but not due on borrowings	0.49	0.56
Freight payables	157.14	135.80
Capital creditors	111.72	93.68
Employee related payables	182.07	224.64
Security deposits	376.14	328.89
Unpaid dividend	14.18	15.45
Other payables	187.17	233.91
	<b>1,031.07</b>	<b>1,035.09</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 20. Provisions

	As at	
	31 March 2023	31 March 2022
<b>Non-current</b>		
Compensated absences	181.28	165.45
	<b>181.28</b>	<b>165.45</b>
<b>Current</b>		
Compensated absences	89.61	82.77
	<b>89.61</b>	<b>82.77</b>

(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. The Group maintains its investments with Life Insurance Corporation of India, to fund its gratuity plan.

(i) **Change in projected benefit obligation**

	As at	
	31 March 2023	31 March 2022
<b>Projected benefit obligation at the beginning of the year</b>	<b>151.59</b>	<b>139.30</b>
Service cost	19.18	16.90
Interest cost	9.03	7.81
Actuarial loss - experience	9.03	3.80
Actuarial gain - financial assumptions	(6.54)	(3.05)
Benefits paid	(16.28)	(13.17)
<b>Projected benefit obligation at the end of the year</b>	<b>166.01</b>	<b>151.59</b>

(ii) **Change in fair value of plan assets**

	As at	
	31 March 2023	31 March 2022
<b>Fair value of plan assets at the beginning of the year</b>	<b>159.30</b>	<b>140.14</b>
Interest income	10.20	8.53
Contribution made	21.36	23.80
Return on plan assets greater / (lesser) than discount rate	(1.34)	-
Benefits paid	(16.28)	(13.17)
<b>Fair value of plan assets at the end of the year</b>	<b>173.24</b>	<b>159.30</b>

(iii) **Reconciliation of present value of projected benefit obligation and fair value of plan assets**

	As at	
	31 March 2023	31 March 2022
Present value of projected benefit obligation	166.01	151.59
Funded status of plan assets	173.24	159.30
<b>Liability recognised in the Consolidated Balance Sheet</b>	<b>-</b>	<b>-</b>
<b>Asset recognised in the Consolidated Balance Sheet</b>	<b>7.23</b>	<b>7.71</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### (iv) Expense recognized in the Consolidated Statement of Profit and Loss

	For the year ended	
	31 March 2023	31 March 2022
Interest cost	9.03	7.81
Service cost	19.18	16.90
Interest income	(10.20)	(8.53)
	<b>18.01</b>	<b>16.18</b>

### (v) Expense recognized in OCI

	For the year ended	
	31 March 2023	31 March 2022
Actuarial loss, net	3.83	0.75
	<b>3.83</b>	<b>0.75</b>

### (vi) Key actuarial assumptions

	As at	
	31 March 2023	31 March 2022
Discount rate	7.10%	5.60% - 6.30%
Salary escalation rate	8.00%-9.00%	8.00%
Attrition rate	15%- 30%	15%- 30%
Mortality rate	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.

### (vii) Sensitivity analysis

Reasonably possible changes as at 31 March 2023 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 2023	
	Increase	Decrease
Discount rate (1% movement)	7.39	8.29
Salary escalation rate (1% movement)	7.85	7.14
Attrition rate (1% movement)	0.63	0.67

(viii) The Group expects to contribute ₹ Nil as its contribution to gratuity within one year from the year ended 31 March 2023.

### (ix) Maturity analysis of Gratuity as on 31 March 2023 is as follows:

	As at	
	31 March 2023	31 March 2022
Weighted average duration of the defined benefit obligation	5 Years	5 Years
Maximum gratuity contribution per person	2.00	2.00
<b>Expected cash flows over the years (valued on discounted basis):</b>		
Within one year	32.46	30.45
Within two to five years	110.21	95.66
More than five years	174.74	127.86
	<b>317.41</b>	<b>253.97</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 21. Deferred tax liabilities (net)

	As at	
	31 March 2023	31 March 2022
<b>Deferred tax liabilities arising on account of:</b>		
Property, Plant and Equipment ("PPE")	398.14	382.12
	<b>398.14</b>	<b>382.12</b>
<b>Deferred tax assets arising on account of:</b>		
Provision for trade receivables & advances and unrealised gain on inventories	(32.48)	(31.96)
Provision for employee benefits	(71.57)	(65.68)
Minimum alternate tax ("MAT") credit entitlement	(11.85)	(10.84)
Government grant	(21.25)	(22.93)
Interest on GST liability	(8.69)	(8.69)
Revaluation of investments at FVTOCI to fair value	(0.62)	(0.62)
Right-of-use assets	(4.29)	(1.37)
Unabsorbed tax depreciation	-	(1.02)
	<b>(150.75)</b>	<b>(143.11)</b>
	<b>247.39</b>	<b>239.02</b>

#### Movement in deferred tax liabilities, net

	PPE	Provision for employee benefits	MAT credit entitlement	Others	Total
<b>As at 1 April 2021</b>	<b>332.30</b>	<b>(62.08)</b>	<b>(9.86)</b>	<b>(19.79)</b>	<b>240.57</b>
Charged/ recognised					
- to Statement of Profit and Loss	49.82	(3.43)	(0.98)	(46.79)	<b>(1.38)</b>
- to OCI	-	(0.17)	-	-	<b>(0.17)</b>
<b>As at 31 March 2022</b>	<b>382.12</b>	<b>(65.68)</b>	<b>(10.84)</b>	<b>(66.58)</b>	<b>239.02</b>
Charged/ recognised					
- to Statement of Profit and Loss	16.02	(4.93)	(1.01)	(0.75)	<b>9.33</b>
- to OCI	-	(0.96)	-	-	<b>(0.96)</b>
<b>As at 31 March 2023</b>	<b>398.14</b>	<b>(71.57)</b>	<b>(11.85)</b>	<b>(67.33)</b>	<b>247.39</b>

### 22. Other current liabilities

	As at	
	31 March 2023	31 March 2022
<b>Current</b>		
Advances from customers*	126.30	30.01
Capital advances	1.50	6.25
Statutory dues payable	94.31	80.40
	<b>222.11</b>	<b>116.66</b>

(\*) represents contract liabilities against which the Group has recognized a revenue of ₹30.01 from the amounts included under advances from customers at the beginning of the year.

### 23. Trade payables

	As at	
	31 March 2023	31 March 2022
Total outstanding dues of micro and small enterprises	63.77	77.02
Total outstanding dues of creditors other than micro and small enterprises	384.99	441.66
	<b>448.76</b>	<b>518.68</b>

## 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 2023

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	63.77	-	-	-	<b>63.77</b>
(ii) Others	384.21	0.50	0.15	0.13	<b>384.99</b>
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	<b>447.98</b>	<b>0.50</b>	<b>0.15</b>	<b>0.13</b>	<b>448.76</b>

### 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	-	-	-	<b>77.02</b>
(ii) Others	441.16	0.31	0.10	0.09	<b>441.66</b>
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	<b>518.18</b>	<b>0.31</b>	<b>0.10</b>	<b>0.09</b>	<b>518.68</b>

## 24. Revenue from operations

	For the year ended	
	31 March 2023	31 March 2022
Sale of products	32,369.00	26,763.75
Sale of services	21.60	22.32
Other operating income		
- Sale of renewable energy certificates	1.95	11.73
- Scrap sales and others	13.99	14.99
	<b>32,406.54</b>	<b>26,812.79</b>

### (i) Reconciliation of revenue from sale of products with the contracted price

	For the year ended	
	31 March 2023	31 March 2022
Revenue as per contracted price	33,686.16	27,877.65
<b>Adjusted for:</b>		
Discounts	(1,293.26)	(1,096.79)
Sales returns	(23.90)	(17.11)
<b>Total revenue from contracts with customers</b>	<b>32,369.00</b>	<b>26,763.75</b>

### (ii) Revenue disaggregation geography wise is as follows:

	For the year ended	
	31 March 2023	31 March 2022
India	32,401.47	26,812.79
Other than India	5.07	-
	<b>32,406.54</b>	<b>26,812.79</b>

#### Notes:

- (a) 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 2023 and 31 March 2022.
- (b) Revenue from goods or services is transferred to customers at a point in time basis.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 25. Other income

	For the year ended	
	31 March 2023	31 March 2022
Interest income		
- Bank and other deposits	2.49	2.82
- Others	1.47	1.68
Guarantee income	2.20	2.20
Dividend income on long term investments	0.01	-
Subsidy transferred from deferred government grant (under capital subsidy scheme)	6.73	7.36
Lease rental income	21.19	19.27
Provisions no longer required/ credit balances written back	21.00	19.45
Gain on sale of Property, plant and equipment (net)	23.37	31.24
Gain on redemption of investments (net)	26.22	12.07
Gain on foreign exchange fluctuations, net	0.02	0.03
Other non operating income	15.87	16.60
	<b>120.57</b>	<b>112.72</b>

### 26. Cost of materials consumed

	For the year ended	
	31 March 2023	31 March 2022
<b>Raw Material*</b>		
Opening stock	859.68	767.12
Add: Purchases during the year	26,343.17	19,729.02
Less: Closing stock	828.78	859.68
	<b>26,374.07</b>	<b>19,636.46</b>
<b>Packing Material*</b>		
Opening stock	108.22	77.35
Add: Purchases during the year	1,266.29	999.59
Less: Closing stock	111.77	108.22
	<b>1,262.74</b>	<b>968.72</b>
	<b>27,636.81</b>	<b>20,605.18</b>

\*Disclosed based on derived figures, rather than actual records of receipts.

### 27. Changes in inventories of finished goods, semi finished goods, stock-in- trade and work-in-progress

	For the year ended	
	31 March 2023	31 March 2022
Opening 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
	<b>1,037.13</b>	<b>1,097.27</b>
Closing balance		
- Finished goods	1,251.43	637.32
- Semi finished goods	1,457.42	348.32
- Work-in-progress	12.03	14.45
- Stock-in-trade	62.03	37.04
	<b>2,782.92</b>	<b>1,037.13</b>
	<b>(1,745.79)</b>	<b>60.14</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 28. Employee benefits expense

	For the year ended	
	31 March 2023	31 March 2022
Salaries and wages	1,858.46	1,618.17
Contribution to provident and other funds (refer note a below)	101.52	87.66
Gratuity expense	18.02	16.18
Compensated absences expense	77.72	70.32
Staff welfare expenses	59.17	50.55
	<b>2,114.89</b>	<b>1,842.88</b>

(a) The amount recognized as an expense towards contribution to provident fund and employee state insurance schemes for the year ended 31 March 2023 amounts to ₹ 101.52 (31 March 2022: ₹ 87.66).

### 29. Finance costs

	For the year ended	
	31 March 2023	31 March 2022
Interest on borrowings calculated using effective interest method	23.55	28.25
Interest on lease liabilities	8.64	6.77
Other borrowing costs	6.83	5.05
	<b>39.02</b>	<b>40.07</b>

### 30. Other expenses

	For the year ended	
	31 March 2023	31 March 2022
Consumption of stores and spares and consumables	287.17	233.03
Power and fuel	481.15	358.44
Rent	85.26	37.72
Repairs and maintenance		
- Buildings	12.20	8.91
- Plant and equipment	21.60	19.90
- Others	106.88	71.38
Insurance	31.47	28.67
Electricity charges	18.59	9.39
Rates and taxes, excluding taxes on income	39.81	49.39
Freight outwards	944.62	788.54
Communication	22.82	20.39
Office maintenance	15.83	7.16
Travelling and conveyance	60.08	33.81
Legal and professional fees	137.08	145.76
Property, plant and equipment written off	4.95	14.36
Payment to auditors	10.16	9.52
Corporate social responsibility (CSR) expenditure	31.18	30.27
Selling and distribution expenses	264.95	145.92
Provision for doubtful advances	0.80	-
Provision towards doubtful debts and bad debts written off	6.25	61.27
Bank charges	18.34	16.28
Advertisement expenses	1.73	2.56
Security charges	77.17	62.46
Miscellaneous expenses	68.60	67.52
	<b>2,748.69</b>	<b>2,222.65</b>

## 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 2023	31 March 2022
<b>(i) Details of payments to auditors:</b>		
<b>As auditor:</b>		
- Statutory audit fee	5.93	5.72
- Tax audit fee	1.23	0.97
- Limited review fee	2.35	1.73
<b>In other capacities:</b>		
- Taxation matters	0.21	0.19
- Certification fees *	0.32	0.68
- Reimbursement of expenses	0.12	0.23
	<b>10.16</b>	<b>9.52</b>
(*) excludes ₹0.6 paid towards certification services availed in relation to the rights issue, which has been adjusted from the securities premium.		
<b>(ii) Details of CSR expenditure:</b>		
	For the year ended	
	31 March 2023	31 March 2022
(a) Gross amount required to be spent during the year	31.18	30.27
(b) Amount spent during the year		
(i) Construction/ acquisition of asset	14.47	15.40
(ii) On purposes other than (i) above	12.59	7.81
(c) Shortfall at the end of the year	11.18	7.06
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	Note: 1	Note: 1
(f) Nature of CSR activities	Health care and Education	Health care and Education
(g) Details of related party transactions	Refer note 42	Refer note 42
(h) Movements in the provision during the year		
Opening provision (Refer Note: 2)	7.06	-
Add: Amount required to be spent during the year	31.18	30.27
Less: Amount spent during the year*	(27.06)	(23.21)
Closing provision (Refer Note: 1)	11.18	7.02

### Note 1

As the selected projects for CSR spent are long-term in nature, the balance amount of ₹11.18 pertains to the financial year 2022-23 (31 March 2022 : ₹ 7.06), which will be spent during the financial year 2023-24. In accordance with the provisions of Section 135(6) of the Act, the Group has transferred the unspent amount to a separate bank account and the unspent amount has been provided in the accompanying financial statements.

### Note 2

The subsidiary company has spent an excess amount of ₹0.04 in the financial year 2021-22, which has not been adjusted in the opening provision for financial year 2022-23.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 31. Income tax expense

	For the year ended	
	31 March 2023	31 March 2022
<b>(a) Tax expense comprises of:</b>		
Current income tax	228.36	343.59
Deferred tax expense/(benefit)	9.34	(1.38)
<b>Income tax expense reported in the Consolidated Statement of Profit and loss</b>	<b>237.70</b>	<b>342.21</b>
	For the year ended	
	31 March 2023	31 March 2022
<b>Income tax expense attributable to:</b>		
Continuing operations	237.67	342.21
Discontinued operations	0.03	-
	<b>237.70</b>	<b>342.21</b>

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 2022: 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 2023	31 March 2022
Profit before tax from continuing operations	817.43	1,398.82
Loss before tax from discontinued operations	(0.01)	(4.35)
<b>Expected income tax expense at the Indian tax rate 25.168% (31 March 2022: 25.168%)</b>	<b>205.73</b>	<b>350.96</b>
<b>Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:</b>		
Effect of deductions allowed under Chapter VI-A of the Income Tax Act, 1961 ("IT Act, 1961)	(1.21)	(4.86)
Effect of expenses not deductible under the IT Act, 1961	7.64	8.45
Effect of income not subject to tax under the IT Act, 1961	(1.07)	(1.07)
Effect of income subject to tax under the IT Act, 1961	2.15	-
Others	24.46	(11.27)
<b>Income tax expense</b>	<b>237.70</b>	<b>342.21</b>

### 32. Earnings per equity share (EPES)

	For the year ended	
	31 March 2023	31 March 2022
<b>Attributable to Owners of the Company</b>		
Profit from continuing operations	579.76	965.69
Profit from discontinued operations	-	-
<b>Profit for the year</b>	<b>579.76</b>	<b>965.69</b>
Weighted average number of equity shares outstanding during the year#	9,16,34,554	9,14,95,608

## 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 2023	31 March 2022
<b>Earnings per equity share (in absolute ₹ terms)</b>		
Nominal value per equity share	5.00	5.00
Basic and Diluted EPES from continuing operations#	6.33	10.55
Basic and Diluted EPES from discontinued operations	-	-
Basic and Diluted EPES from continuing and discontinued operations#	6.33	10.55

The Company have potential dilutive equity shares as on 31 March 2023 and 31 March 2022.

#The Holding Company has allotted 46,398,000 equity shares of ₹5/- each at face value aggregating to ₹231.99 through rights issue on 21 February 2023. The basic and diluted earnings per share for the previous year has been retrospectively adjusted for the bonus element in respect of the rights issue made during the year ended 31 March 2023.

- 33.** Exceptional item for the FY 21-22 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.

### 34. Dividend proposed before approval or issue of the financial statements

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 2023	31 March 2022
<b>Proposed final dividend on equity shares of ₹5 each *</b>		
Per equity share (in absolute ₹ terms)	2.50	2.50
Amount	231.99	116.00
<b>Interim dividend declared on equity shares of ₹5 each</b>		
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 Holding Company and accordingly not recognized as a liability in accordance with the applicable accounting principles.

**Note:** The Holding Company has paid a dividend of ₹2.5 per share during the year ended 31 March 2023 (31 March 2022: ₹7.5 per share) amounting to ₹116.00 (31 March 2022: ₹347.99).

### 35. 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.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 36. 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 2023	31 March 2022
<b>Financial assets</b>		
Fair value hierarchy (Level 1)		
Quoted equity shares	0.30	0.20
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 2023 and 31 March 2022 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 2023 and 31 March 2022 are as shown below.

Significant unobservable inputs	Assumption made
Future growth rate	3%
Discount rate	20%
Discount for lack of marketability	15%

#### (iii) Reconciliation of level 3 fair value measurement:

	Amount
<b>As at 1 April 2021</b>	<b>2.60</b>
Changes during the year	-
<b>As at 31 March 2022</b>	<b>2.60</b>
Changes during the year	-
<b>As at 31 March 2023</b>	<b>2.60</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 37. 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 ₹19.67 and ₹33.82 as on 31 March 2023 and 31 March 2022 respectively.

#### Categories of financial instruments

	31 March 2023			31 March 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
Quoted equity shares	-	0.30	-	-	0.20	-
Unquoted equity shares	-	2.60	-	-	2.60	-
Investment in government securities	-	-	0.15	-	-	0.16
Trade receivables	-	-	280.06	-	-	184.80
Cash and cash equivalents	-	-	163.36	-	-	331.11
Other bank balances	-	-	28.26	-	-	25.01
Loans	-	-	0.31	-	-	0.89
Other financial assets	-	-	159.16	-	-	109.86
	-	<b>2.90</b>	<b>631.30</b>	-	<b>2.80</b>	<b>651.83</b>

	31 March 2023			31 March 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial liabilities</b>						
Borrowings	-	-	1,322.40	-	-	79.69
Lease liabilities	-	-	336.13	-	-	75.36
Deferred payment liabilities	-	-	21.10	-	-	37.47
Trade payables	-	-	448.76	-	-	518.68
Other financial liabilities	-	-	1,036.44	-	-	1,042.16
	-	-	<b>3,164.83</b>	-	-	<b>1,753.36</b>

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.

### 38. 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.

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.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 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 ₹634.20 and ₹654.63 as of 31 March 2023 and 31 March 2022 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 2023 and 31 March 2022. The Group has diversified its portfolio of investment in cash and cash equivalents and term deposits with various banks which have secure credit ratings hence the risk is reduced. Concentration of exposures are actively monitored by the finance department of the Holding Company.

#### 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:

	31 March 2023	31 March 2022
0-30 days	202.95	168.24
31-60 days	59.58	16.56
61-90 days	9.89	-
Greater than 90 days	7.64	-
	<b>280.06</b>	<b>184.80</b>

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. Based on such data, loss on collection of receivable is not material, hence no additional provision considered.

### 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.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Particulars	As at 31 March 2023				As at 31 March 2022			
	On demand	Up to 1 year	More than 1 year	Total	On demand	Up to 1 year	More than 1 year	Total
Financial guarantees #	110.21	-	-	110.21	120.26	-	-	120.26
Borrowings	250.00	21.25	37.19	308.44	-	21.25	58.44	79.69
Deferred payment liabilities	-	13.33	7.77	21.10	-	16.37	21.10	37.47
Lease liabilities	-	61.17	549.07	610.24	-	33.65	53.17	86.82
Trade payables	-	448.76	-	448.76	-	518.68	-	518.68
Other financial liabilities	-	1,028.91	-	1,028.91	-	1,032.93	-	1,032.93
	<b>360.21</b>	<b>1,573.42</b>	<b>594.03</b>	<b>2,527.66</b>	<b>120.26</b>	<b>1,622.88</b>	<b>132.71</b>	<b>1,875.85</b>

# 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 2023 and 31 March 2022.

### 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 2023 and 31 March 2022 are as follows:

#### Financial liabilities- Capital creditors

	31 March 2023	31 March 2022
- EURO	-	2.65

#### 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 2022: ₹2.60). The impact on account of change in the assumptions are not considered as significant.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 39. 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.

	31 March 2023	31 March 2022
Borrowings from banks	1,322.40	79.69
Less: Cash and cash equivalents	(163.36)	(331.11)
<b>Net debt (A)</b>	<b>1,159.04</b>	<b>(251.42)</b>
<b>Total equity (B)</b>	<b>7,258.67</b>	<b>6,575.54</b>
Net debt and total equity (A) + (B)	8,417.71	6,324.12
<b>Gearing ratio (%)</b>	<b>13.77%</b>	<b>0.00%</b>

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 2023 and 31 March 2022.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

### 40. Disclosure of Interest in Joint venture and associate:

	Nature of relationship	Country of Incorporation	Ownership interest (%)	
			31 March 2023	31 March 2022
SKIL Raigam Power (India) Limited	Associate	India	43.33%	43.33%
Heritage Novandie Foods Private Limited	Joint venture	India	50.00%	50.00%

41. 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 2023 and 31 March 2022.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 42. Related party disclosures

<b>(a) Names of the related parties and nature of relationship</b>	
<b>Names of related parties</b>	<b>Nature of relationship</b>
Heritage Novandie Foods Private Limited ("HNFPL")	Joint Venture
SKIL Raigam Power (India) Limited	Associate
Heritage Finlease Limited	Enterprise over which Vice-Chairperson & Managing Director, Executive Director and President of the Company exercise significant influence
NTR Memorial Trust	Enterprise over which Vice-Chairperson & Managing Director and Executive Director of the Company exercise significant influence
Megabid Finance & Investment Private Limited	Enterprise over which Vice-Chairperson & Managing Director and Executive Director of the Company exercise significant influence
Nirvana Holdings Private Limited	Executive Director of the Company is one of the trustee
Basavatarakam Indo-American Cancer Hospital	Relative of Executive Director and Vice-Chairperson & Managing Director
N Devaansh	
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 July 2021)	Key Managerial Personnel (KMP)
A Prabhakara Naidu (Chief Financial Officer)	
Umakanta Barik (Company Secretary & Compliance Officer)	
Srivishnu Raju Nandyala	
Rajesh Thakur Ahuja	
Aparna Surabhi	Non-Executive Independent Directors
Muthu Raju Paravasa Raju Vijay Kumar (effective from 1 November 2021)	
V. Nagaraja Naidu	Non-Executive Director

### (b) Transactions with related parties

	For the year ended	
	31 March 2023	31 March 2022
<b>Heritage Novandie Foods Private Limited</b>		
Investment made (including financial guarantee)	55.50	105.15
Sale of products	14.45	4.27
Purchase of products	0.04	0.01
Financial guarantee income	2.20	2.20
Lease rental income	1.09	1.09
Expenditure incurred on behalf of HNFPL	8.49	4.67
<b>Heritage Finlease Limited</b>		
Remittance of loan proceeds collected on behalf of Heritage Finlease Ltd	1,860.76	1,372.71
Cattle loan facilitation charges	3.76	2.58
Reimbursement of insurance proceeds received on behalf of Heritage Finlease Ltd	-	0.03
Deposit paid	25.04	1.51
Lease rental paid	26.52	1.81
Lease rental income	0.04	0.05

## 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 2023	31 March 2022
Others	0.59	-
<b>Nirvana Holdings Private Limited</b>		
Lease rental income	0.04	0.05
<b>NTR Memorial Trust</b>		
CSR expenditure	25.49	15.40
Sale of products	0.51	-
<b>Megabid Finance &amp; Investment Private Limited</b>		
Lease rental income	0.04	0.05
<b>Basavatarakam Indo-American Cancer Hospital</b>		
Staff welfare expenses	-	0.93
<b>N Bhuvaneswari</b>		
Short-term employee benefits	47.99	77.01
Post-employment benefits	0.97	0.97
Other long-term benefits	0.87	0.87
<b>N Brahmani</b>		
Short-term employee benefits	38.32	61.55
Post-employment benefits	0.49	0.49
Deposits Paid	6.08	-
Lease Rentals	4.05	-
<b>N Devaansh</b>		
Deposits Paid	6.08	-
Lease Rentals	4.05	-
<b>M Sambasiva Rao</b>		
Short-term employee benefits	23.92	27.71
Post-employment benefits	0.81	0.76
Other long-term benefits	-	1.39
<b>Srideep Madhavan Nair Kesavan</b>		
Short-term employee benefits	16.11	10.19
Post-employment benefits	0.87	0.55
<b>A Prabhakara Naidu</b>		
Short-term employee benefits	9.02	7.96
Post-employment benefits	0.49	0.40
Other long-term benefits	0.47	0.22
<b>Umakanta Barik</b>		
Short-term employee benefits	4.03	3.81
Post-employment benefits	0.22	0.19
<b>Sitting fees</b>		
Srivishnu Raju Nandyala	0.79	0.53
Rajesh Thakur Ahuja	0.76	0.64
Aparna Surabhi	0.97	0.64
Muthu Raju Paravasa Raju Vijay Kumar	0.79	0.15
V Nagaraja Naidu	0.68	0.39

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### (c) Balances receivable/(payable)

	As at	
	31 March 2023	31 March 2022
<b>Heritage Finlease Limited</b>		
Security deposits	26.55	1.51
Lease rent payable	(3.51)	(2.01)
Other payables	(1.76)	(9.38)
Other receivables	0.51	0.38
<b>Heritage Novandie Foods Private Limited</b>		
Trade receivables	2.21	0.28
Rent receivable	0.10	0.10
Security deposits	(0.45)	(0.45)
Other receivables	1.32	0.46
<b>N Bhuvanewari</b>		
Employee related payables	(29.90)	(57.43)
<b>N Brahmani</b>		
Employee related payables	(28.57)	(52.54)
Security deposits	6.08	-
Lease rent payable	(1.09)	-
<b>N Devaansh</b>		
Security deposits	6.08	-
Lease rent payable	(1.09)	-
<b>M Sambasiva Rao</b>		
Employee related payables	(8.84)	(13.62)
<b>Srideep Madhavan Nair Kesavan</b>		
Employee related payables	-	(0.01)
<b>NTR Memorial Trust</b>		
Trade receivables	0.26	-

#### Notes:

- 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 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2022: ₹ 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.
- As at 31 March 2023, 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 2023 aggregates to ₹110.30 (31 March 2022: ₹120.26).
- Post-employment and other long-term benefits, disclosed above, does not include those benefits which are computed for the Group as a whole.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 43. Contingent liabilities and commitments

	As at	
	31 March 2023	31 March 2022
<b>(a) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	500.01	60.45
(ii) Other commitment		
Investment in the Joint venture entity, Heritage Novandie Foods Private Limited*	195.00	-

**Note:** \*The Holding Company has committed to provide financial support as necessary, to enable its joint venture company, Heritage Novandie Foods Private Limited to meet its operational requirements as they arise and to meet its liabilities as and when they fall due. Refer note 48(d) for commitments in respect of a joint venture.

#### (b) Contingent liabilities, not provided for

	As at			
	31 March 2023		31 March 2022	
	Outstanding Liability	Paid under protest*	Outstanding Liability	Paid under protest*
In respect of income tax matters [refer (i) below]	7.43	0.48	5.21	0.48
In respect of sales tax / value added tax matters [refer (ii) below]	18.67	5.04	18.67	5.04
In respect of other matters [refer (iii) below]	60.33	42.21	59.73	42.21

(\*) forms part of "balances with statutory authorities" under "other current assets"

(i) The Company had received following demand orders from the income tax authorities for:

- (a) the assessment year 2020-21 in relation to the initiation of penalty proceedings u/s 271D and;
- (b) the assessment years 2017-18 and 2020-21 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)"). The Company has received a favourable order for the assessment year 2018-19 in relation to point (b) above.

	As at	
	31 March 2023	31 March 2022
(ii) - 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.

## 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 2023	31 March 2022
(iii) - Disputed entry tax levied under Andhra Pradesh Tax on Entry of Goods into Local Areas Act, 2001 on interstate purchases &	3.77	3.77
- Disputed entry tax levied under Telangana Tax on Entry of Goods into Local Areas Act, 2001 on interstate purchases @	10.37	10.37
- Disputed penalty levied under Central GST Act, 2017 on classification of flavored milk product &	35.28	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
- Disputed RPPO (Renewable power purchase obligation) charges demand levied by the APERC (Andhra pradesh Electricity Regulatory Authority)	0.60	-
& 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 2023.		
(c) <b>Guarantees excluding financial guarantees</b>	2.28	2.96
(d) <b>Others</b>		
Duty including interest liability in case of export obligation if not fulfilled as per EPCG scheme	49.27	-

#### 44. Leases

##### Group as a lessee

The Company has lease arrangements for its office premises located in Hyderabad and various Heritage Distribution centers / Parlours / Sales offices located across India. These leases typically have original terms not exceeding 21 years and generally contain multiyear renewal options. The agreements entered into by the Company have, rent escalation upto 10%. There are no residual value guarantees provided by the third parties.

**The movement in lease liabilities is as follows:**

Particulars	For the year ended	
	31 March 2023	31 March 2022
Balance at the beginning of the year	75.36	44.87
Additions during the year	297.51	65.40
Finance cost accrued during the year	8.64	6.77
Payment of lease liabilities	(45.38)	(41.68)
<b>Lease liabilities at the end of the year</b>	<b>336.13</b>	<b>75.36</b>
Current lease liabilities	49.09	28.23
Non-current lease liabilities	287.04	47.13

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Less than one year	61.17	33.65
One to five years	194.05	52.22
More than five years	355.02	0.95
<b>Total</b>	<b>610.24</b>	<b>86.82</b>

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 2023 is ₹85.26 (31 March 2022: ₹37.72). Leases not yet commenced to which the Group is committed aggregated to ₹Nil as on 31 March 2023.

Depreciation expenses and Lease rentals paid for the year ended 31 March 2023 are ₹44.62 and ₹45.38 (31 March 2022: ₹32.38 and ₹41.68) respectively.

### Group as lessor

The Holding Company has leased its land and buildings located in Manor and Chennai regions. These leases typically range between 5 to 30 years and generally contain multiyear renewal options. The agreements entered into by the Holding Company have, rent escalation upto 5%.

### Future minimum rentals receivable under non-cancellable operating lease is as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Less than one year	12.57	15.74
One to five years	21.09	31.98
More than five years	48.47	51.20
<b>Total</b>	<b>82.13</b>	<b>98.92</b>

## 45. Research and development expenses

Particulars	For the year ended	
	31 March 2023	31 March 2022
Capital expenditure	0.07	0.92
Revenue expenditure	10.81	8.07
	<b>10.88</b>	<b>8.99</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

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

The creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act, 2006") have been identified on the basis of information available with the Group. Disclosures in respect of the amounts payable to such parties are given below:

	As at	
	31 March 2023	31 March 2022
(i) The principal amount remaining unpaid as at the end of the year.	63.77	77.02
(ii) The amount of interest accrued and remaining unpaid on (i) above.	0.00	0.05
(iii) Amount of interest paid by the Group in terms of Section 16, of the MSMED Act, 2006 along with the amounts of payments made beyond the appointed date during the year.	-	-
(iv) The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
(v) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	0.00	0.05

#### Notes:

- (a) Explanation - The terms 'appointed day', 'buyer', 'enterprise', 'micro enterprise', 'small enterprise' and 'supplier' shall have the same meaning as assigned to them under clauses (b),(d),(e), (h), (m) and (n) respectively of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006.
- (b) This information required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the Group. The auditors have placed reliance on the information provided by the management.

### 47. Discontinued operations of Heritage Employees Welfare Trust

#### (i) The financial performance presented below is for the year ended 31 March 2023 and 31 March 2022:

	For the year ended	
	31 March 2023	31 March 2022
Revenue	-	0.97
Expenses	0.01	5.32
<b>Loss before tax from discontinued operations</b>	<b>(0.01)</b>	<b>(4.35)</b>
Tax expense	0.03	-
<b>Loss for the year from discontinued operations</b>	<b>(0.04)</b>	<b>(4.35)</b>

#### (ii) The cash flow information for the year ended 31 March 2023 and 31 March 2022 is as follows:

	For the year ended	
	31 March 2023	31 March 2022
Net cash used in operating activities	-	(5.16)
Net cash generated from investing activities	-	-
Net cash generated from financing activities	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>-</b>	<b>(5.16)</b>

## 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 2023 and 31 March 2022 are as follows:

	As at	
	31 March 2023	31 March 2022
<b>Assets</b>		
Cash and cash equivalents	-	-
Other assets	-	0.04
<b>Total assets</b>	-	<b>0.04</b>
<b>Liabilities</b>		
Trade payables	-	-
<b>Total liabilities</b>	-	-
<b>Net assets</b>	-	<b>0.04</b>

### 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 2023	31 March 2022
<b>Assets</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	359.77	359.25
Capital work-in-progress	0.08	5.98
Other intangible assets	0.55	0.79
Other financial assets	0.61	0.45
Other non-current assets	6.88	7.22
<b>Total non-current assets</b>	<b>367.89</b>	<b>373.69</b>
<b>Current assets</b>		
Inventories	9.52	4.18
Other financial assets	18.22	98.31
Other current assets	31.32	14.16
<b>Total current assets</b>	<b>59.06</b>	<b>116.65</b>
<b>Total assets</b>	<b>426.95</b>	<b>490.34</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
(i) Borrowings	63.55	91.89
(ii) Lease liabilities	13.03	12.67
(iii) Provisions	0.42	-

## 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 2023	31 March 2022
<b>Total non-current liabilities</b>	<b>77.00</b>	<b>104.56</b>
<b>Current liabilities</b>		
Financial liabilities		
(i) Borrowings	46.66	28.37
(ia) Lease liabilities	1.09	0.99
(ii) Trade payables	11.03	6.91
(iii) Other financial liabilities	10.04	7.89
Other liabilities	0.74	0.63
Provisions	1.71	2.36
<b>Total current liabilities</b>	<b>71.27</b>	<b>47.15</b>
<b>Net assets</b>	<b>278.68</b>	<b>338.63</b>

### (ii) Summarised Statement of Profit and Loss

	For the year ended	
	31 March 2023	31 March 2022
<b>Total income</b>	<b>31.31</b>	<b>16.82</b>
<b>Expenses</b>		
Cost of materials consumed	44.08	15.33
Changes in inventories of finished goods	(0.28)	(0.04)
Employee benefits expense	47.01	38.33
Other expenses	75.62	48.74
Others	36.16	35.14
<b>Total expenses</b>	<b>202.59</b>	<b>137.50</b>
<b>Loss before tax</b>	<b>(171.28)</b>	<b>(120.68)</b>
Tax expense	-	-
<b>Loss for the year</b>	<b>(171.28)</b>	<b>(120.68)</b>
<b>Other comprehensive income for the year</b>	<b>0.83</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>	<b>(170.45)</b>	<b>(120.68)</b>

### (c) Reconciliation of carrying amounts

	As at	
	31 March 2023	31 March 2022
Opening net assets	338.63	249.51
Equity shares issued during the year	110.00	209.30
Loss for the year	(170.45)	(120.68)
Other adjustments made directly to equity	0.50	0.50
<b>Closing net assets</b>	<b>278.68</b>	<b>338.63</b>
Group's share in %	50.00%	50.00%
Group's share in closing net assets	139.34	169.32
Other adjustments	4.80	4.55
<b>Carrying amount (refer note 9)</b>	<b>144.14</b>	<b>173.87</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### (d) Commitments in respect of a joint venture

	As at	
	31 March 2023	31 March 2022
Commitment to provide Group's share of funding for joint venture's capital commitments, if called for	-	4.60
The joint venture had no contingent liabilities as on 31 March 2023 and 31 March 2022.		

### 49. Interest in an immaterial associate

The 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 ₹ 0.01 (31 March 2022) : Nil) and ₹ 0.01 (31 March 2022 : 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:

(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 2023				For the year ended and as at 31 March 2022			
	Segment revenue	Segment results	Segment assets	Segment liabilities	Segment revenue	Segment results	Segment assets	Segment liabilities
Dairy	32,079.87	899.97	9,389.46	3,603.01	26,413.02	1,361.42	7,319.14	2,067.85
Renewable energy	78.22	22.93	522.90	3.49	90.03	37.30	554.42	3.42
Feed	1,069.10	24.33	585.93	166.11	946.12	24.13	546.57	152.80
Others	-	-	-	-	-	(0.79)	-	-
Intersegment revenue	(820.65)	-	-	-	(636.38)	-	-	-
Unallocated	-	-	751.88	218.89	-	-	605.68	226.20
<b>Total</b>	<b>32,406.54</b>	<b>947.23</b>	<b>11,250.17</b>	<b>3,991.50</b>	<b>26,812.79</b>	<b>1,422.06</b>	<b>9,025.81</b>	<b>2,450.27</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### Reconciliation of segment results to profit before tax from continuing operations:

	For the year ended	
	31 March 2023	31 March 2022
Amount as per segment results	947.22	1,422.06
<b>Less:</b>		
Finance costs	39.02	40.07
Share of loss of an associate and a joint venture	85.23	60.34
Other unallocable expenses	37.94	33.00
	<b>162.19</b>	<b>133.41</b>
<b>Add:</b>		
Interest income	6.16	6.70
Other unallocable income	26.23	12.07
	<b>32.39</b>	<b>18.77</b>
<b>Profit before tax from continuing operations</b>	<b>817.42</b>	<b>1,307.42</b>

### Geographical information

Revenue disaggregation geography wise information has been disclosed under note 24 to the consolidated financial statements. Further 100% of the Group's non-current and current assets as at 31 March 2023 and 31 March 2022 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 2023 and 31 March 2022.

## 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 2023:

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
<b>Parent Company</b>								
Heritage Foods Limited	101.49%	7,366.98	113.66%	658.89	106.45%	(2.97)	113.69%	655.92
<b>Subsidiary</b>								
Heritage Nutrivet Limited	5.62%	407.93	1.91%	11.08	(6.45%)	0.18	1.95%	11.26
<b>Controlled trusts</b>								
Heritage Farmers Welfare Trust	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Heritage Employee Welfare Trust	0.00%	-	(0.01%)	(0.04)	0.00%	-	(0.01%)	(0.04)
<b>Joint venture</b> (Investment as per equity method)								
Heritage Novandie Foods Private Limited	1.99%	144.14	(14.70%)	(85.23)	0.00%	-	(14.77%)	(85.23)
<b>Associate</b>								
SKIL Raigam Power (India) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Non-controlling interest	0.00%	-	0.01%	0.04	0.00%	-	0.01%	0.04
<b>Total</b>	<b>109.10%</b> (9.10%)	<b>7,919.06</b> (660.39)	<b>100.87%</b> (0.87)%	<b>584.74</b> (5.02)	<b>100.00%</b> <b>100.00%</b>	<b>(2.79)</b> <b>(2.79)</b>	<b>100.87%</b> <b>100.00%</b>	<b>581.95</b> <b>(5.02)</b>
Consolidation adjustments								
<b>Net amount</b>	<b>100.00%</b>	<b>7,258.67</b>	<b>100.00%</b>	<b>579.72</b>	<b>100.00%</b>	<b>(2.79)</b>	<b>100.00%</b>	<b>576.93</b>

# Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

## (ii) 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
<b>Parent Company</b>								
Heritage Foods Limited	100.45%	6,604.86	105.67%	1,015.34	28.26%	(0.13)	105.71%	1,015.21
<b>Subsidiary</b>								
Heritage Nutrivet Limited	6.02%	395.67	1.10%	10.59	71.74%	(0.33)	1.07%	10.26
<b>Controlled trusts</b>								
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)
<b>Joint venture</b> (Investment as per equity method)								
Heritage Novandie Foods Private Limited	2.64%	173.87	(6.28%)	(60.34)	0.00%	-	(6.28%)	(60.34)
<b>Associate</b>								
SKIL Raigam Power (India) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Non-controlling interest	0.00%	(0.04)	0.50%	4.83	0.00%	-	0.50%	4.83
<b>Total</b>	<b>109.11%</b>	<b>7,174.40</b>	<b>100.49%</b>	<b>965.59</b>	<b>100.00%</b>	<b>(0.46)</b>	<b>100.49%</b>	<b>965.13</b>
Consolidation adjustments	(9.11%)	(598.86)	(0.49%)	(4.73)	0.00%	-	(0.49%)	(4.73)
<b>Net amount</b>	<b>100.00%</b>	<b>6,575.54</b>	<b>100.00%</b>	<b>960.86</b>	<b>100.00%</b>	<b>(0.46)</b>	<b>100.00%</b>	<b>960.40</b>

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 disclosures

- (a) No proceeding have been initiated on or is pending against the Group for holding benami property under the Benami Transactions Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (b) The Group has not been declared wilful defaulter by any bank or financial Institution or other lender.
- (c) No transactions are carried out with companies struck off under section 248 of the Act or section 560 of Companies Act, 1956.
- (d) No charges or satisfaction yet to be registered with ROC beyond the statutory period.
- (e) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (f) No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Act.
- (g) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (h) The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

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

**Sanjay Kumar Jain**  
Partner  
Membership No: 207660

Place : Hyderabad  
Date : 25 May 2023

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 : 25 May 2023

**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

(All amounts in ₹ millions, except share data and where otherwise stated)

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								
				Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation (incl. Deferred Tax)	Profit / (Loss) after Taxation	Proposed Dividend	Extent of Share Holding			
1	Heritage Nutrivet Limited -Subsidiary	01.12.2008														
	As at/ Year Ended:															
	31.03.2023		Reporting period same	370.83	58715	179.21	-	1,069.10	16.04	4.95	11.09	-	-	100		
	31.03.2022		Reporting period same	370	557.84	162.16	-	946.12	15.65	5.06	10.59	-	-	100		

Heritage Foods Limited has given corporate guarantee of ₹ 207.50 Million till 31st March 2023 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, 2023 was ₹ 78.82 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 share holding as per latest audited Balance sheet	
				No of Shares	Extent of Holding (%)			Considered in consolidation	Not Considered in consolidation
1	Skill Raigam Power (India) Limited- (Associate)*	31.03.2023	2011-12	650000	43.33	N.A	N.A	-	-
		31.03.2022	2011-12	650000	43.33	N.A	N.A	-	(28.91)
2	Heritage Novandlie Foods Private Limited-(Joint Venture) #	31.03.2023	2017-18	5489727	50.00	N.A	N.A	139.34	85.64
		31.03.2022	2017-18	4939727	50.00	N.A	N.A	169.32	(60.34)

\* SKIL Raigam Power (India) Limited has been declared as Dormant Company as per Section 455(2) of Companies Act, 2013 vide SRN No T42936765 dated 22.09.2021. Net worth attributable to shareholding as per balance sheet as on 31 March 2023 is ₹ 16.79 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 2023 for the credit facilities availed by its Joint Venture Company namely M/s. Heritage Novandlie Foods Private Limited, and the outstanding amount of credit facilities as on March 31, 2023 was ₹ 110.21 Million

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

**N Bhuvaneswari**  
Vice Chairperson and  
Managing Director  
DIN: 00003741

**N Brahmani**  
Executive Director  
DIN: 02338940

**M Sambasiva Rao**  
President

**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 : 25 May 2023

Place : Hyderabad  
Date : 25 May 2023



**HERITAGE FOODS LIMITED**

CIN: L15209TG1992PLC014332

H. No. 8-2-293/82/A/1286 , Plot No. 1286, Road No-1 & 65,  
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