



**Heritage Foods Limited**  
[Formerly known as Heritage Foods (India) Limited]  
22nd Annual Report • 2013-14



**Our  
milky  
way!**

### Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Heritage Foods Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Heritage Foods Limited Annual Report 2013-14.



## Welcome to the Heritage Foods Limited 2013-14 Annual Report. This is what you will find inside.

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At Heritage Foods, our universe is our milky way, reflected in a unique connectedness that we share with our consumers.

Our products create lifelong bonds (“If you have milk every day, you will grow strong!”), spark new conversations (“Will you add flavour to my life just as chocolate sauce on vanilla ice cream!”) or restart old ones (“I instantly know your mood by the curd you serve – either sweet or salty!”).

At our Company, we are proud that our products are an integral story of our consumers’ lives!







A heritage of  
nourishment!

# Welcome to our milky way!



A heritage of  
creating bonds!

A heritage of  
spreading love!





A heritage  
of bringing  
neighbourhoods  
closer!



A heritage of  
environmental  
responsibility!



A heritage of  
strengthening  
relationships!





Liquid milk supply stood at 293.80 million litres; commenced liquid milk supplies to new markets in the states of Delhi and Odisha



Focused on consolidating our operations, with a special emphasis on our retail business



Share of value-added products (comprising ice-cream/frozen dessert, curd, paneer, sweets, flavoured milk, lassi etc) constituted 18% of the overall turnover, up from 15% in the previous year

## 2013-14 key milestones

Andhra Pradesh continued to lead milk sales with an average of 4.45 lakh litres per day, followed by Tamil Nadu (1.83 lakh litres daily), Karnataka (1.09 lakh litres daily), Maharashtra (0.41 lakh litres daily), Kerala (0.12 lakh litres daily), Odisha (0.07 lakh litres daily) and Delhi (0.06 lakh litres daily)



Smt. N. Bhuvaneswari, our Vice Chairperson & Managing Director, was named as one of the most powerful business woman in India and placed at the 45th rank in the list of *Fortune-500* most powerful business women for the year 2013. She is a new entrant in the list

Retail losses (EBIT) declined to ₹ -13.82 cr



Increasingly focused on consolidating the retail business with the closure of unprofitable and under-3,000 sq. ft stores; added 7 new stores, taking the overall retail portfolio to 74 stores spread over 2.23 lakh sq. ft (as on 31 March 2014)

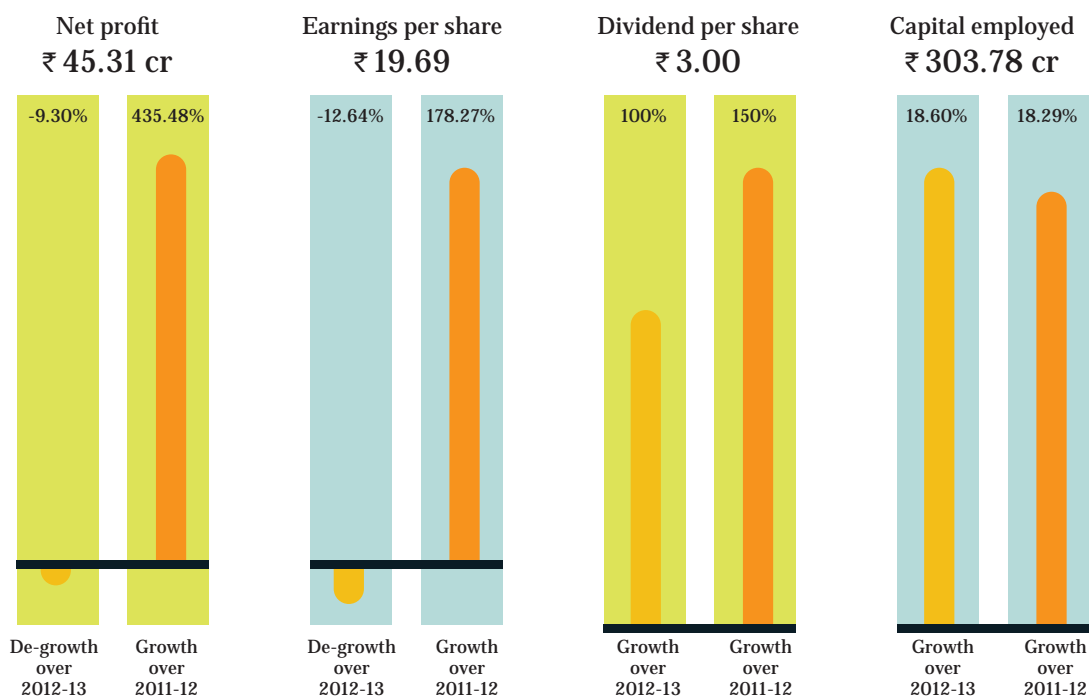
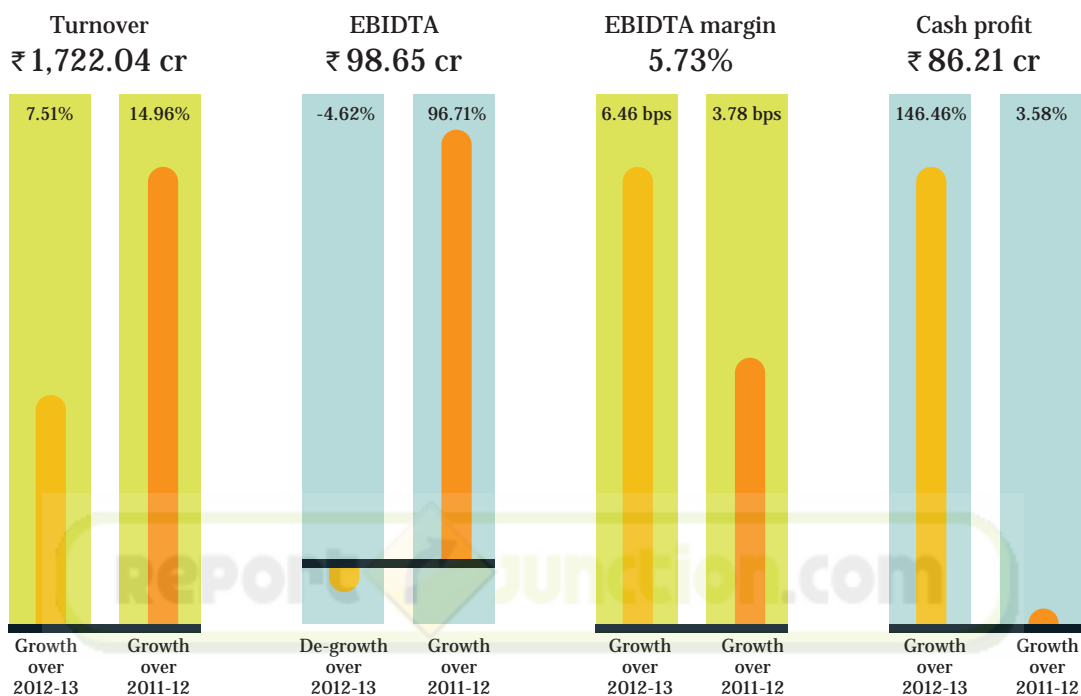


Agri and bakery divisions continued to remain strong backward support systems, supplying core everyday consumption products to the retail stores

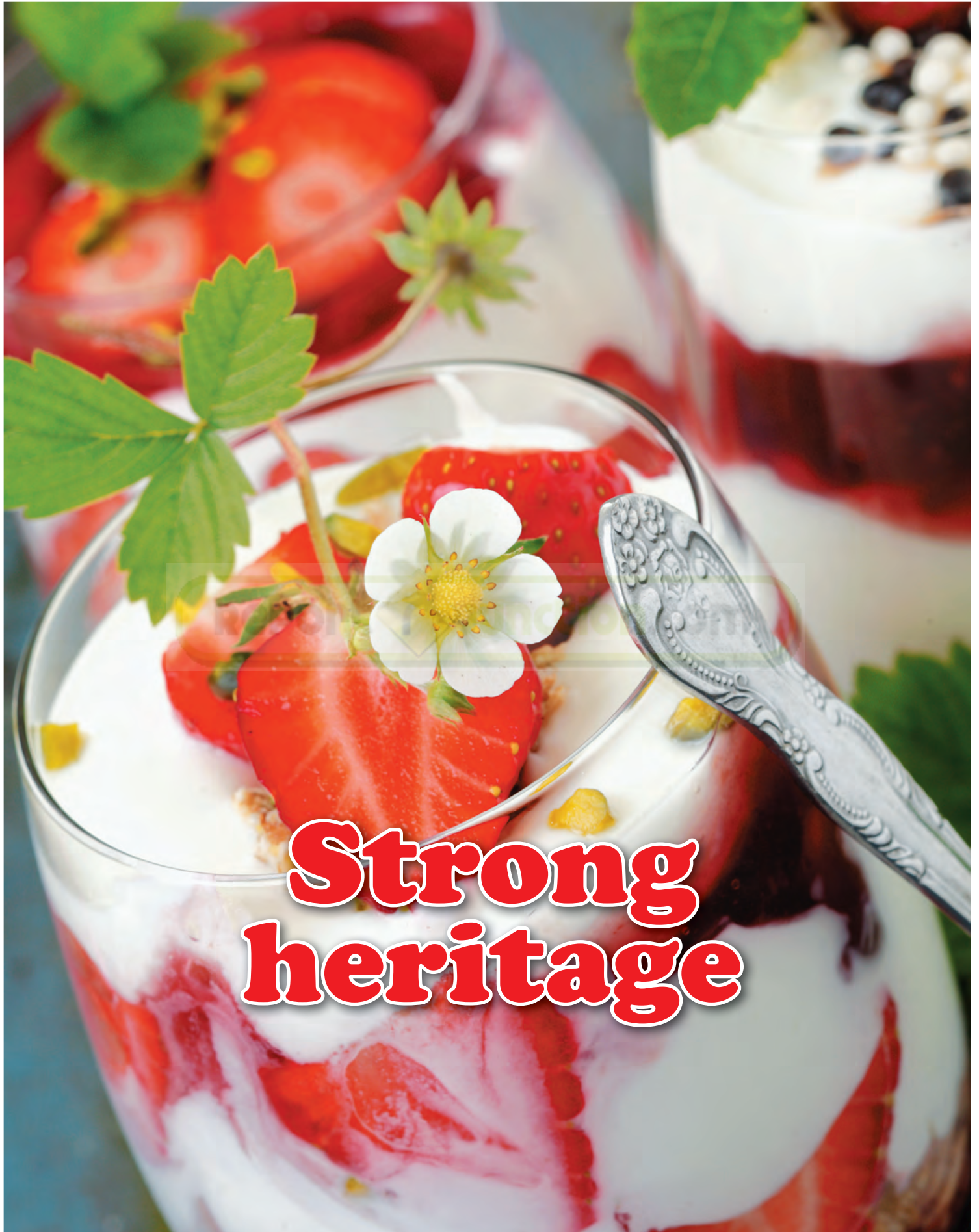
Commissioned a 2.34 MW solar power plant at Medak district, Telangana, in September 2013 for captive energy consumption

Heritage Foods made its maiden entry into India's prestigious top-500 companies list for 2013, compiled by *The Economic Times*, on the basis of industry respect and key financial parameters, among others

# 2013-14 core financial highlights









Heritage Foods is among the leading dairy companies of the nation, listed on the BSE and NSE.

In addition to supplying liquid milk, the Company is also forward integrated into processing value-added products including ice-cream/frozen dessert, paneer, ghee, curd, flavoured milk, lassi and sweets, among others.

Through an integrated value chain, it caters to the needs of over 15 lakh consumers every single day.

### Mission

Bringing prosperity into rural families through co-operative efforts and providing consumers with hygienic, affordable and convenient supply of fresh and healthy products.

### Vision

We expect to achieve our mission through:

- Delighting consumers with fresh and healthy food products that are a benchmark for quality in the industry
- Enhancing prosperity and empowerment of the farming community through our unique relationship farming model
- Emerging as a preferred employer by nurturing entrepreneurship, managing career aspirations and providing innovative avenues for enhanced employee prosperity

### Heritage

Heritage Foods was founded by Shri Chandrababu Naidu in 1992 with the express objective of assuring remunerative prices to milk producers. Shri Naidu was the Chief Minister of undivided Andhra Pradesh during 1995-2004 and is currently the Chief Minister of the residuary state of Andhra Pradesh.

### Market capitalisation

The Company's market capitalisation (on the NSE) stood at ₹461.43 cr at the close of 2013-14. The promoter group holds 40.03% of the Company's equity.

# Leading the way

## Key facts and statistics



**USD 24 billion**

Total projected size of the country's organised dairy sector by 2020 (USD 10 billion today)



**USD 8 billion**

Total projected size of the country's ice-cream/frozen dessert market by 2020 (USD 4 billion today)



**14,000**

Total number of farmers associated with Heritage



**8.34 lakh litres**

Milk supplied by Heritage every day



**7,695 litres**

Heritage-branded ice-cream/frozen dessert consumed every day