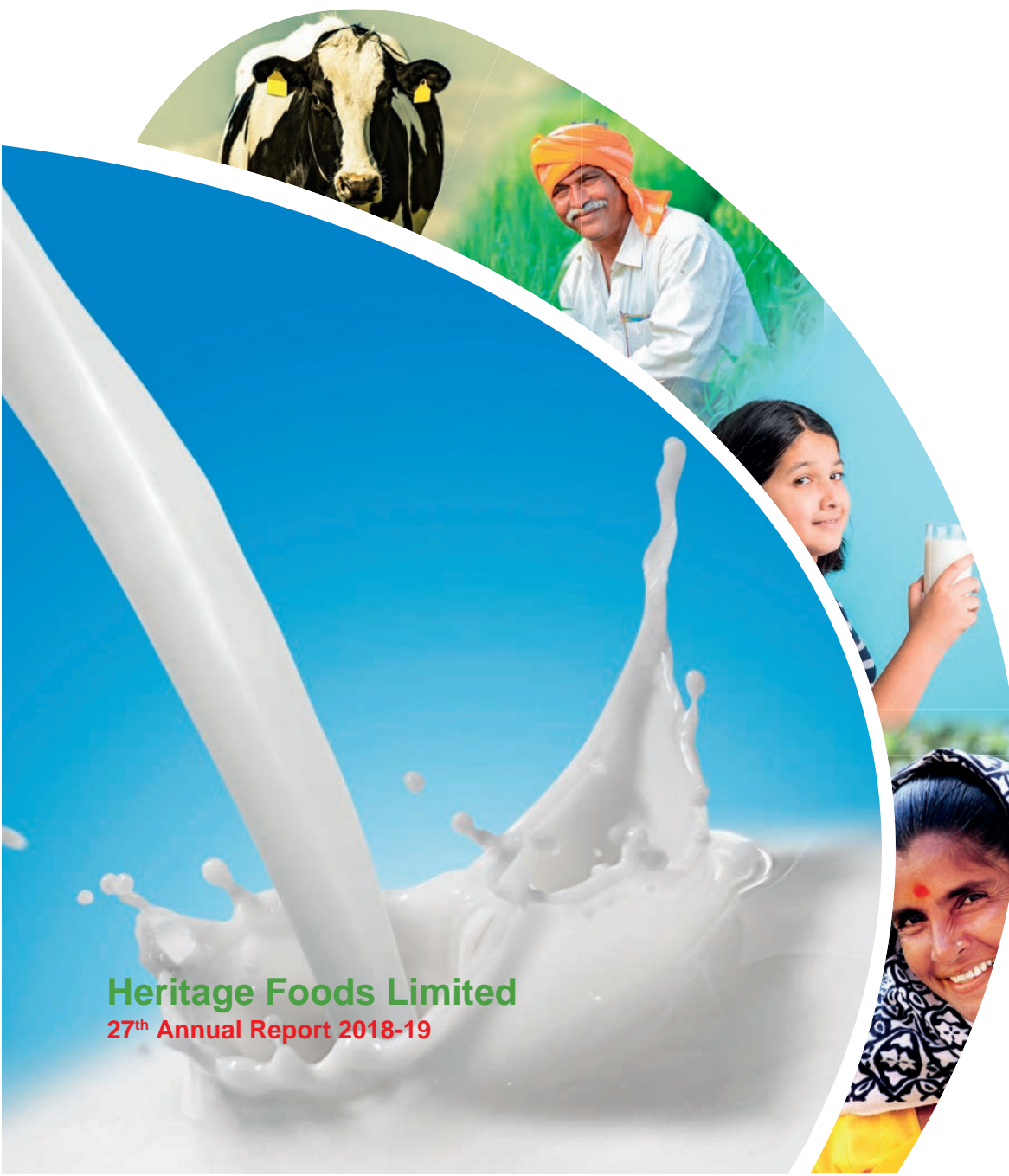




# Delivering Happiness



**Heritage Foods Limited**  
27<sup>th</sup> Annual Report 2018-19

## TABLE OF CONTENTS

	Page No.
<b>CORPORATE OVERVIEW</b>	
Delivering Happiness	1
About Us	4
Message from Chairperson	6
FY 19 Key Highlights & Events	8
Board of Directors	10
Our Technology Enabled Value Chain	12
Message from Vice Chairperson & Managing Director	14
Message from Executive Director	16
10 Years Financial Highlights	18
Our People	20
Merchandising	21
Our Products	22
Our Business	26
Our Environment Responsibility	28
Our Social Responsibility	29
Corporate Information	32
<b>Statutory Reports</b>	
Notice to Shareholders	33
Director's Report	41
Management Discussion and Analysis	81
Corporate Governance	90
<b>Financial Statements</b>	
Standalone Financials	106
Consolidated Financials	155

## **Delivering Happiness**

At Heritage Foods Limited we are committed to creating economic and social value for our stakeholders. We deliver happiness by identifying and addressing the key concerns of our stakeholders.

## DELIVERING HAPPINESS - HOW WE CREATE VALUE

AT HERITAGE WE CREATE ECONOMIC AND SOCIAL VALUE BY IDENTIFYING AND ADDRESSING THE KEY CONCERNS OF OUR STAKEHOLDERS AND THEREBY DELIVERING HAPPINESS TO THEM



2

### Milk Producers

- Regular income through co-operative efforts / women's participation
- Providing remunerative prices for milk and increasing milk productivity through input and extension activities
- Credit facilitation for purchase and insuring of cattles
- Organising cattle healthcare activities and supplying cattle feed at reasonable prices

**300,000**

Farmers

### Customers

- Supplying pure & fresh products on timely basis
- Supplying quality milk and milk products at affordable prices
- Securing more than 15 lakh happy customers
- Ensuring customer care
- Supplying products through multiple channels like MRF, e-Commerce & Parlours - convenience

**1,500,000**

Households

### Shareholders

- Dividend Payment since Public Issue 1994 (except for one year)
- Highly prioritising the investor services
- Providing transparent disclosures

**₹ 17.98**

(EPS - Annualised)



## Employees

- Enhancing technical and managerial skills of employees through continuous training and development
- Instituting best practices in appraisal systems, incentive, bonus and reward systems to motivate employees
- Providing fair opportunities to all for career development

₹ **13,685** Lakh

Employee Benefit Expenses



## Business Channel Partners

- Progressively partnering with our Distributors.
- Our Heritage Parlours and Heritage Distribution Centres provide entrepreneurial and employment opportunity for many aspiring people in the society.

**7063**

Distributors



## Society

- Providing self-employment to more than 12715 procurement representatives in rural areas
- Providing income generating opportunities to more than 7063 sales representatives and to 1365 franchisees associated with the Company
- Focusing on sustainable development initiatives with 10.30 MW of renewable energy for running our infrastructure

₹ **194** Lakh

FY 19 CSR Expenditure



## ABOUT US

# HERITAGE IS ONE OF THE LEADING PUBLIC LISTED FOOD COMPANY IN INDIA, WITH TWO BUSINESS DIVISIONS - DAIRY AND RENEWABLE ENERGY

Heritage Foods Limited (HFL) was founded by Mr. Nara Chandrababu Naidu in the year 1992, and is a leading Public Listed food company in India, with two business divisions - Dairy and Renewable Energy. The annual turnover of Heritage Foods was INR 2482 crores in the financial year 2018-19.

Currently, Heritage's milk and milk products have a market presence in Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, NCR Delhi, Haryana, Rajasthan, Punjab, Uttarakhand, Himachal Pradesh, Uttar Pradesh & Madhya Pradesh.

In the year 1994, HFL went public and was oversubscribed 54 times. HFL shares are listed on the BSE (Stock Code: 519552) and the NSE (Stock Code: HERITGFOOD). The market capitalisation of the Company as on 31<sup>st</sup> March 2019 is ₹ 2527 cr.

## MILESTONES /INITIAL PUBLIC OFFER

4

**1992**

Year of  
Incorporation

**1993**

Year of  
Commercial  
Production

**1994**

Initial Public Offer

**2013**

Setup of first Solar  
Energy Power Plant

1:1 Bonus Equity  
Shares

**2013**

Mrs. N Bhuvaneswari,  
VC & MD, named as one of the  
most powerful business woman  
in India by Fortune India

**2014**

Entered into India's  
Prestigious  
ET top – 500  
companies list



## Vision:

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

## Mission:

To be a nationally recognized brand for Healthy and Fresh products with a revenue of INR 6000 Crore by 2024

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

**2002**

Buy back of shares

**2006**

Business Expansion

**2010**

Establishment of Heritage Farmer Welfare Trust

**2016**

Commissioned the 1<sup>st</sup> Wind Power Plant

Received the Golden Peacock Award for Excellence in Corporate Governance

Board approved the demerger of Retail undertaking

**2017**

Silver Jubilee year of the company

New Brand Identity - logo

Golden Peacock Award for Excellence in Corporate Governance

**2018**

Launched new ice cream brand "Alpenvie"







## MESSAGE FROM CHAIRPERSON

WE REMAIN ON TRACK TO MEET OUR LONG-TERM GOALS OF BECOMING A NATIONAL DAIRY BRAND AND ACHIEVING A REVENUE OF ₹ 6000 CR.

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### Dear Shareholder

Welcome to our annual report for FY 2019. This year's report comes with a unique theme "Delivering Happiness". Delivering happiness to our stakeholders is akin to the core purpose of our company. I encourage you to read contents of this report and mail your valuable feedback and suggestions to [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in)

### Our Strategic Environment

While the global dairy segment has been stagnating, in India all touch points of the dairy value chain which includes dairy farming, processing, product development, logistics and retailing have been witnessing modernization and exponential growth. With the increase in disposable income and urbanization, milk and milk products consumption is increasing which in turn is assisting in the organised dairy segment in growing strength. The value-added dairy segment is steadily grabbing the consumer's basket.

With the demand for dairy products growing, and stable performance of the industry, immense growth opportunities are existing for organized and established players like our company.

### How we Performed

We remain committed to our strategic blueprint as we move toward our vision to be a National dairy company. Performance value creation is our goal, and I am pleased to report that FY 2019 marked another outstanding year in delivering stakeholder

value. Overall own milk procurement volumes increased by 10.41%. As part of increasing our product penetration we increased our distribution through retail outlets.

During the year we also advanced in terms of increasing our operational network, focusing on product diversification as well as process improvements. We remain on track to meet our long-term goal of becoming a national dairy brand and achieving a revenue of ₹ 6000 Cr. We continue to distinguish Heritage as a leading dairy company through customer collaboration that matches changing consumer tastes and trends.

Our performance in FY19 was encouraging with revenue growth from milk and value added segments. We achieved a net turnover of ₹ 2482 Cr. in FY 19 as against ₹ 2344 Cr. in the previous year. EBIDTA during the year was ₹ 192 Cr. as against ₹ 133 Cr. in FY18. PBT increased to 129 Cr. in FY19 from ₹ 88 Cr. in FY18.

Healthy and happy cows are the foundation of the success of dairy farmers. Managing dairy farms is essentially managing cows. Our wholly owned subsidiary company, Heritage Nutrivet Limited (HNL), deals with the most essential foundation of animal welfare i.e Animal Nutrition. Heritage Nutrivet Limited manufactures and supplies animal feed variants to enhance milk production, reproductive ability and overall health & immunity of cattle. During the year HNL revenue stands at ₹ 74 Cr. as against 67 Cr. in FY18



## Going forward

In India, organised dairy sector is growing. While the private sector and cooperative sector are contending each other for a larger market share, the consequence of a healthy competition is a strong dairy value chain emerging in India from which all stakeholders will reap benefits. Heritage as a leading dairy company is a key participant in strengthening India's dairy value chain.

As a member in the Board of the company and Chairperson I have witnessed our company growing by achieving many strategic milestones. Going forward I feel confident that our company will continue to sustain its performance.

Devineni Seetharamaiah  
Chairperson





## FY 19 KEY HIGHLIGHTS & EVENTS

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Net Turnover

₹ **2482.35** Crores

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Farmers associated as partners for milk procurement

**300,000**

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Processing Plants

**17**

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Milk Procurement Representatives

**12715**

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Liquid milk sold in 2018-19

**11.11** LLPD

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Distributing Agents

**7063**

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Milk procured in 2018-19

**13.83** LLPD

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Franchise Parlours

**1365**

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Bulk Coolers

**112**

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Social Relationship Capital

₹ **194** Lakh

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