

Report on Corporate Governance

A. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is an integral part of values, ethics and the best business practices followed by your Company. Your Company's corporate governance framework has helped to be aligned with the new guidelines of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015. Your Company believes that an active, well-informed and independent board is necessary to ensure the highest standards of corporate governance. At the Company, the Board of Directors ('the Board') is at the core of your corporate governance practice. The Board thus oversees the Management's ('the Management') functions and protects the long-term interests of the stakeholders.

Your Company's Corporate Governance Framework ensures that making timely disclosures and share accurate information regarding the financials and performance, as well as the leadership and governance of the Company.

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
- Have a simple and transparent corporate structure driven solely by business needs
- The Management is the trustee of the shareholders' 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.

Your Company firmly believes that Board independence is essential to bring objectivity and transparency in the management and in the dealings of your Company. As on March 31, 2016, the Board consists of eight members out of which four members are independent directors.

Ethics/Governance Policies

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 duties 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

Appropriate Governance Structure with defined roles and responsibilities:

Your Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has constituted six 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, 1956 / Companies Act, 2013. The Chairperson and the Vice Chairperson & Managing Director (VC&MD) provide overall direction and guidance to the Board. Concurrently, the VC&MD is responsible for overall implementation. 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:

Your Company believes that 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'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 Board Committees. These guidelines seek to systematise the decision-making process at the meeting of the Board and Board 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, possible risks and risk mitigation measures, financial reports from the Chief Financial Officer (CFO) and business reports from each of the division heads. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for the Company's future growth.

B. BOARD OF DIRECTORS

Size and composition of the Board

The current policy is to have an appropriate mix of executive, 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, 2016, the Board consists of eight (8) members, two (2) of whom are executive/whole-time women directors, four (4) are Non-Executive Independent Directors and two (2) are Non-Executive Directors. 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 and Chairman of more than 5 Committees as specified in SEBI (Listing Obligation and Disclosure Requirements) Regulation, 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.

Composition of the Board and Directorship held as on March 31, 2016:

Name	No. of other Director ships [@] (Including Heritage Foods)	Committee memberships [*] (Including Heritage Foods)	
		Member	Chairman
Independent Director			
Mr. D Seetharamaiah	5	2	1
Mr. N Sri Vishnu Raju	4	3	-
Mr. M Siva Rama Vara Prasad [^]	4	1	-
Mr. Rajesh Thakur Ahuja [*]	1	-	-
Non Executive Director			
Dr. V Nagaraja Naidu	2	1	1
Mr. N P Ramakrishna [#]	1	-	-
Mr. N Lokesh	4	1	-
Whole-time Director			
Mrs. N Bhuvaneshwari	5	1	-
Mrs. N Brahmani	3	-	-
Mr. Durga Prasada Rao [^]	1	-	-

* Mr. Rajesh Thakur Ahuja appointed as an Additional Director on March 23, 2016.

- # Mr. N P Ramakrishna has resigned from the Board w.e.f. September 24, 2015.
- \$ Mr. K Durga Prasada Rao has resigned from the Board w.e.f. November 1, 2015.
- ^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.
- @ The directorships held by directors as mentioned above, do not include directorships in Private Companies & Section 8 Companies
- & In accordance with SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015, Memberships / Chairmanships of only Audit Committee, Stakeholders Relationship Committee of all Public Limited Companies have been considered.

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 Directors 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 Board considers the Committee's recommendation, and takes appropriate decision.

Familiarisation programmes for Board Members

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 Board 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. The Familiarisation Programme for Independent Directors is available in the Company website www.heritagefoods.in.

Meetings of Independent Directors

Pursuant to Schedule IV of the Companies Act, 2013 & the Rules made there under and SEBI (Listing Obligation

& Disclosure Requirements) Regulation, 2015, 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.

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the Board of Directors.

One meeting of Independent Directors was held during the year.

Mechanism for evaluating Board Members

One of the key functions of the Board is to monitor and review the board evaluation framework. 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.

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.

Board compensation policy

The Nomination and Remuneration Committee determines and recommends to the Board the compensation payable to director(s). All Board-level compensation is approved by the shareholders and disclosed separately in the financial statements. Remuneration for the Vice-Chairperson & Managing Director and Executive Director consists of a fixed components and a variable components. The Compensation of the executive directors are approved by the Nomination and Remuneration Committee of Board of Directors and placed before the shareholders at the shareholders' meeting for approval.

The compensation payable to the independent directors is limited to sitting fees for attending the Board & Committee meeting(s), only as approved by the Board & shareholders, as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. The performance of the independent directors is reviewed by the Board on an annual basis.

BOARD MEETINGS

Scheduling and selection of agenda items for Board 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 Non-executive Chairperson of the Board and the Company Secretary, draft the agenda for each meeting, along with explanatory notes, in consultation with the VC&MD, and distribute 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. Six Board meetings were held during the year ended March 31, 2016. These were held on May 26, 2015, July 22, 2015, October 19, 2015, December 17, 2015, January 21, 2016 and March 23, 2016.

Attendance of Directors during FY 2015-16 & Last Annual General Meeting is as under:

Name	No of Meetings		Attendance at last AGM
	Held	Attended	
Independent Director			
Mr. D Seetharamaiah	6	6	Yes
Mr. N Sri Vishnu Raju	6	3	Yes
Mr. M Siva Rama Vara Prasad [^]	6	4	Yes
Mr. Rajesh Thakur Ahuja [*]	6	0	No
Non Executive Director			
Dr. V Nagaraja Naidu	6	6	Yes
Mr. N P Ramakrishna [#]	6	2	No
Mr. N Lokesh	6	4	Yes
Whole-time Director			
Mrs. N Bhuvanewari	6	6	Yes
Mrs. N Brahmani	6	6	Yes
Mr. Durga prasada Rao ^{\$}	6	3	Yes

[^] Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.

^{*} Mr. Rajesh Thakur Ahuja appointed as an Director on March 23, 2016.

[#] Mr. N P Ramakrishna has resigned from the Board w.e.f. September 24, 2015.

^{\$} Mr. K Durga Prasada Rao has resigned from the Board w.e.f. November 1, 2015.

Availability of Information to Board Members

The Board has unrestricted access to all Company-related information including that of your employees. Regular updates provided to the Board include:

- Annual operating plans and budgets, capital budgets and updates
- 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 minutes of the Subsidiaries/Associate Companies
- The Board of Trustee Minutes of Heritage Farmer Welfare Trust

- General notices of interest received from Directors
- Dividend data
- Minutes of meetings of previous Board & Committee Meetings and abstracts of Circular Resolutions passed etc.
- Information on recruitment and remuneration of senior officers below the Board level, including appointment or removal of the Chief Financial Officer and Company Secretary, if any
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, and issues related to material effluents or pollution problems.
- Any materially relevant defaults in financial obligations to and by us
- 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 shareholder services, such as non-payment of dividend and delays in share transfer etc.

C. BOARD COMMITTEES

As on March 31, 2016, the Board has 6 (Six) Committees i.e. Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, CSR Committee, Risk Management Committee and Management Committee.

The quorum for meetings is either two members or one-third of the members of the committee, whichever is higher.

i. Audit Committee

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Members of the Audit Committee possess financial accounting expertise/exposure.

Composition of the Committee as on March 31, 2016:

Name	Designation
Mr. D Seetharamaiah	Chairperson
Dr. V Nagaraja Naidu	Member
Mr. N Sri Vishnu Raju	Member
Mr. Siva Rama Vara Prasad [^]	Member
Mr. N Lokesh	Member

[^] Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.

Mr. Rajesh Thakur Ahuja has appointed as a Member in the Audit Committee w.e.f. May 23, 2016.

The primary objective of the Audit Committee is to monitor and provide 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 independent auditors, and notes the processes and safeguards employed by each of them. The committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent auditors in accordance with the law. All possible measures were taken by the committee to ensure the objectivity and independence of the independent auditors.

Audit Committee Attendance

Five meeting of Audit Committee were held during the financial year 2015-16, i.e. May 26, 2015, July 22, 2015, October 19, 2015, January 2016 and March 23, 2016. The attendance details of the Committee Meeting are as follows:-

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	5	5
Mr. N Sri Vishnu Raju	5	2
Mr. M Siva Rama Vara Prasad [^]	5	4
Dr. V Nagaraja Naidu	5	5
Mr. N Lokesh	5	3

[^] Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.

Mr. Rajesh Thakur Ahuja has appointed as a Member in the Audit Committee w.e.f. May 23, 2016.

The terms of reference, Powers, Roles & responsibilities of the Audit Committee are as stated in SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Section 177 of the Companies Act, 2013 and the rules made thereof as amended from time to time.

Dr. M Sambasiva Rao, President, Mr. A Prabhakar Naidu Chief Financial Officer, Statutory Auditor and Lead Internal Auditor of the Company are permanent invitees to the Committee Meeting, Mr. Umakanta Barik, Company Secretary is the Secretary to the Committee.

ii. Nomination & Remuneration Committee

The Committee's constitution and terms of reference are in compliance with provisions of the Section 178 of the Companies Act, 2013 & Rules made thereof and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Composition of the Committee as on March 31, 2016:

Name	Designation
Mr. N Sri Vishnu Raju	Chairperson
Mr. D Seetharamaiah	Member
Mr. N Lokesh	Member
Mr. Siva Rama Vara Prasad [^]	Member

[^] Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.

Mr. Rajesh Thakur Ahuja has appointed as a Member in the Nomination & Remuneration Committee w.e.f. May 23, 2016.

The committee is to oversee the nomination process for the top-level management and the remuneration structure. The committee identifies screens and reviews individuals qualified to serve as Executive Directors, Non-Executive Directors and Independent Directors consistent with criteria approved by the Board and recommends for approval by the Board nominees for election at the Annual General Meeting.

The committee will 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 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.

Nomination & Remuneration Committee Attendance

The Nomination & Remuneration Committee held two meeting during the financial year 2015-16 on July 08, 2015 and March 23, 2016. The attendance details of the Committee Meeting are as follows:

Name	No. of Meetings	
	Held	Attended
Mr. N Sri Vishnu Raju	2	0
Mr. D Seetharamaiah	2	2
Mr. M Siva Rama Vara Prasad [^]	2	2
Mr. N Lokesh	2	1

[^] Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.

Mr. Rajesh Thakur Ahuja has appointed as a Member in the Nomination & Remuneration Committee w.e.f. May 23, 2016.

Mrs. N Brahmani, Executive Director, Dr. M Sambasiva Rao, President of the Company are permanent invitees to the Committee Meeting, Mr. Umakanta Barik Company Secretary is the Secretary to the Committee.

Details of remunerations paid/payable to directors for the year ended March 31, 2016 is as follows:

(In Rupees)

Name	Sitting Fees	Remuneration	Perquisites/ Perks	Commission	Total
Independent Directors					
Mr. D Seetharamaiah	3,70,000	-	-	-	3,70,000
Mr. N Sri Vishnu Raju	1,50,000	-	-	-	1,50,000
Mr. M Siva Rama Vara Prasad [^]	2,10,000	-	-	-	2,10,000
Mr. Rajesh Thakur Ahuja [*]	-	-	-	-	-
Non Executive Directors					
Dr. V Nagaraja Naidu	2,60,000	-	-	-	2,60,000
Mr. N P Ramakrishna [#]	40,000	-	-	-	40,000
Mr. N Lokesh	1,90,000	-	-	-	1,90,000
Whole-time Directors					
Mrs. N Bhuvanewari	-	1,02,00,000	10,54,375	3,65,59,436	4,78,13,811
Mrs. N Brahmani	-	57,83,000	5,00,000	3,19,68,049	3,82,51,049
Mr. K Durga Prasad Rao ^{\$}	-	21,00,000	6,75,000	-	27,75,000

[^] Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.

^{*} Mr. Rajesh Thakur Ahuja appointed as an Director on March 23, 2016.

[#] Mr. N P Ramakrishna has resigned from the Board w.e.f. September 24, 2015.

^{\$} Mr. K Durga Prasada Rao has resigned from the Board w.e.f. November 1, 2015.

The Company has not granted any stock option to any of its directors. Mr. N Lokesh, Dr. V Nagaraja Naidu and Mr. N P Ramakrishna, Non Executive Directors of the Company are holding 23,66,400, 50,000 and 1,00,000 equity shares of the Company as on March 31, 2016 respectively.

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.

iii. Stakeholders Relationship Committee

The Stakeholders Relationship Committee's composition and the terms of reference meet with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and as specified in Section 178 of the Companies Act, 2013 & rules made thereof as amended from time to time.

Composition of the Committee as on March 31, 2016:

Name	Designation
Dr. V Nagaraja Naidu	Chairperson
Mr. D Seetharamaiah	Member
Mrs. N Bhuvanewari	Member
Mr. N Sri Vishnu Raju	Member

The terms of reference of the Stakeholders Relationship Committee include to approve, transfer and transmission of shares and to approve Sub-division, Consolidation and issue of new/duplicate share certificates, whenever requested for by the share holders 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 of the company and same to be rectified by the Committee in subsequent meeting.

Four Stakeholders Relationship Committee meetings were held during the financial year 2015-16. These were held on May 26, 2015, July 22, 2015, October 19, 2015 and January 21, 2016. The attendance details of the Committee Meeting are as follows:-

Stakeholders Relationship Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Dr. V Nagaraja Naidu	4	4
Mr. D Seetharamaiah	4	4
Mrs. N Bhuvaneswari	4	4
Mr. N Sri Vishnu Raju	4	2

Mr. Umakanta Barik, Company Secretary acts as the Secretary for the Committee who is designated as Compliance Officer pursuant to SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

The details of Complaints/request as on 31st March 2016 are as follows:

Number of Complaint/ request Received- 27
 Number of Complaint/ request Resolved- 27
 Number of Complaint/ request Pending – NIL

All valid requests for share transfer received during the year have been acted upon and no such transfer is pending.

iv. Corporate Social Responsibility Committee (CSR)

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 practices of Corporate Governance 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, 2016:

Name	Designation
Mr. D Seetharamaiah	Chairperson
Mrs. N Bhuvaneswari	Member
Mr. N Sri Vishnu Raju	Member

The committee shall be overseeing the activities / functioning with regards to Company's project works of M/s. NTR Memorial Trust, Hyderabad, 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 pre-defined guidelines/policy.

Two CSR Committee meetings were held during the financial year 2015-16. These were held on July 2015 and January 21, 2016. The attendance details of the Committee Meeting are as follows:-

CSR Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	2	2
Mrs. N Bhuvaneswari	2	2
Mr. N Sri Vishnu Raju	2	0

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

v. Risk Management Committee

The Committee's prime responsibility is to implement and monitor the risk management plan and policy of the Company. Framing of Risk Management Plan and Policy, Overseeing implementation of Risk Management Plan and Policy, Monitoring the process of risk management, Validating the process of risk management, Validating the procedure for Risk Minimisation, Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and Risk Management process, Performing such other functions as may be necessary or appropriate for the performance of its oversight function.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013 and rules made thereof and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Composition of the Committee as on March 31, 2016:

Name	Designation
Mr. M Siva Rama Vara Prasad [^]	Chairperson
Mr. D Seetharamaiah	Member
Mrs. N Bhuvaneswari	Member
Mr. N Sri Vishnu Raju	Member
Mr. K Durga Prasada Rao [*]	Member

[^] Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.

^{*} Mr. K Durga Prasada Rao has resigned from the Board w.e.f. November 1, 2015.

Mr. Rajesh Thakur Ahuja has appointed as a Chairperson in the Risk Management Committees w.e.f. May 23, 2016.

One Risk Management committee meeting was held during the financial year 2015-16 on March 23, 2016. The attendance details of the committee meetings are as follows:

Risk Management Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. M Siva Rama Vara Prasad [^]	1	1
Mr. D Seetharamaiah	1	1
Mrs. N Bhuvaneswari	1	1
Mr. N Sri Vishnu Raju	1	0
Mr. K Durga Prasada Rao [*]	1	0

[^] Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.

^{*} Mr. K Durga Prasada Rao has resigned from the Board w.e.f. November 1, 2015.

Mr. Rajesh Thakur Ahuja has appointed as a Chairperson in the Risk Management Committees w.e.f. May 23, 2016.

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

vi. Management Committee

The terms of reference of the Management Committee is to consider and dispose of any day to day matters, with a view to ensuring smooth operation 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.

Composition of the Committee as on March 31, 2016:

Name	Designation
Mr. D Seetharamaiah	Chairperson
Mrs. N Bhuvaneswari	Member
Mr. N Lokesh	Member
Mr. N Sri Vishnu Raju	Member

Four Management Committee meetings were held during the financial year 2015-16. These were held on April 20, 2015, June 15, 2015, August 17, 2015 and November 19, 2015. The attendance details of the Committee Meeting are as follows:-

Management Committee Attendance: .

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	4	4
Mrs. N Bhuvaneswari	4	4
Mr. N Lokesh	4	4
Mr. N Sri Vishnu Raju	4	3

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

D. GENERAL BODY MEETINGS

During the preceding three years, the Company's Annual General Meetings were held at Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-45. Details of date & time are as follows:

Financial year ended	Date and time	Venue	Special resolution(s) passed
March 31, 2015	September 24, 2015, at 10.30 a.m.	Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-45	<ul style="list-style-type: none"> • Modification in Object Clause of the Memorandum of Association of the Company • Modification in Liability Clause of the Memorandum of Association of the Company
March 31, 2014	September 26, 2014, at 10.30 a.m.	Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-45	<ul style="list-style-type: none"> • Appointment of Mr. K Durga Prasada Rao as Director and re-appointment as Whole-time Director of the Company w.e.f. August 1, 2014 • Increase the Sitting fee of Non Executive Director for attending the Board/Committee • Alteration of the Articles of Association of the Company • Approval of the related party Transactions
March 31, 2013	July 17, 2013, at 10.30 a.m.	Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-45	<ul style="list-style-type: none"> • To change the Articles of Associations with regards to increase Authorized Share Capital of the Company • To add new-Sub clauses in the Articles of Association of the Company • Change of name of the Company to "Heritage Foods Limited"

Postal ballot

During the financial year 2015-16, there is no special resolution proposed to be conducted through postal ballot.

Procedure for postal ballot

In compliance with SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of Karvy Computers Share Pvt. Ltd. Hyderabad for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting. The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in

electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under 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. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairperson, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman. The results are published

in the newspapers and also displayed on the website of the Company, www.heritagefoods.in, besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

E. DISCLOSURES

Disclosures regarding the appointment or re-appointment of 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 re-appointment on the passing of a special resolution by the shareholders of the Company. Accordingly, all independent directors were appointed by the shareholders 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. None of the independent directors will retire at the ensuing AGM.

Disclosures on Materially Significant Related Party Transaction:

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 Person, Subsidiaries or relatives, except for those disclosed in the Notes on Accounts, forming part of the Annual Report.

Details of Non-Compliance:

No penalty has been imposed by any stock exchange or Securities and Exchange Board of India (SEBI), nor has there been any instance of non-compliance with any legal requirements, or on matters relating to the capital market over the last three years.

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement as amended from time to time entered into with the Stock Exchanges and/or SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

Details of establishment of Vigil Mechanism (Whistle Blower policy)

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, 2016.

No personnel has been denied access to the Audit Committee. A copy of the Whistle Blower Policy is available in the company's website: www.heritagefoods.in→corporate→Policy→WBPpolicy

Management's Discussion and Analysis:

A detailed report on Management discussion & analysis forming part of this Annual Report.

Adoption of Mandatory and Non-mandatory Requirements of Clause 49 of Listing Agreement and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement and/or SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015:

Communication to Shareholders: Quarterly/ Half-yearly/Annual Financial statements are published in the News papers and uploaded in the Company's web site and intimated to the Stock Exchanges. Shareholders presentations on Quarterly/ Half-yearly/ Annual financial statements are uploaded in the Company's web site and intimated to Stock Exchanges and where shares of the Company are listed.

Audit Qualification: The Company is in the regime of unqualified financial statements.

Reporting of Internal Auditor: The Internal Auditor directly reports to the Audit Committee

F. Means of Communication

Quarterly Results: The Quarterly/Half yearly/Annual Un-Audited/Audited Financial Results (Standalone

& Consolidated) are published in the English and Regional Language Newspapers. The shareholders are provided with the necessary information with notices sent for the Annual General Meeting / Extraordinary General Meeting. Any other information sought by shareholders is being provided on request.

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

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

Website: The Company's website i.e., www.heritagefoods.in contains a separate dedicated section 'Investor Relations' where shareholders information is available. Full text of Annual Report is also available on the website in a user friendly and downloadable format as per the requirement of the SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015.

Annual Report: The Annual Report containing inter-alia Notice of the 24th AGM, Audited Annual Accounts (Standalone & Consolidated), Directors' Report, Auditors Report, Management Discussion and Analysis, Report on Corporate Governance, Secretarial Audit Report and other important information is circulated to Members and others entitled thereto.

Chairman's Communique: The printed copy of the Chairman's speech is distributed to shareholders at Annual General Meetings.

Reminder to Investors: Reminders for unclaimed/unpaid dividend are sent to shareholders as per records every year.

NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by National Stock Exchange of India Limited (NSE), Mumbai for Corporate. 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'): BSE's Listing Centre is a web-based application designed for Corporate. 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): 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.

General Shareholder Information

Company Identification No. (CIN)	L15209TG1992PLC014332
Annual General Meeting - Date and Time Venue	Friday, August 19, 2016 at 10.30 am Auditorium Hall, 2 nd Floor, Training building, National Institute For Micro, Small And Medium Enterprises, Yousufguda, Hyderabad-45
Financial Year	April 1 to March 31
Financial Calendar (tentative) Results for the quarter ending	June 30, 2016 – Last week of July, 2016 September 30, 2016 – Last week of October, 2016 December 31, 2016 - Last week of January, 2016 March 31, 2017 - Last week of May, 2017 Annual General Meeting - August, 2017
Date of Book Closure	Thursday, August 11, 2016 to Friday, August 19, 2016 (both days inclusive)
Dividend payment date	By Friday August 26, 2016 subject to shareholder's approval
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 400 051
Payment of Listing Fee	Annual listing fee for the year 2016-17 has been paid by the Company to BSE and NSE.
Stock /Scrip Code	BSE - 519552 NSE - HERITGFOOD
Face Value of Equity Share	₹ 10/- each
ISIN Number	NSDL & CDSL - INE978A01019
Payment of Depository Fees	Annual Custody/Issuer fee for the year 2016-17 has been paid by the Company to NSDL and CDSL.

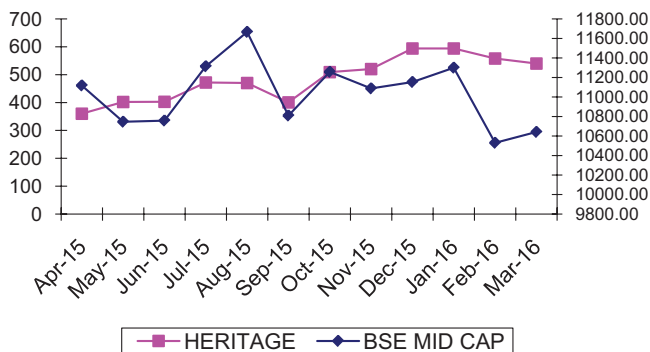
Market Price Data:

Closing High/Low Equity Share Price during each month of the financial year 2015-16

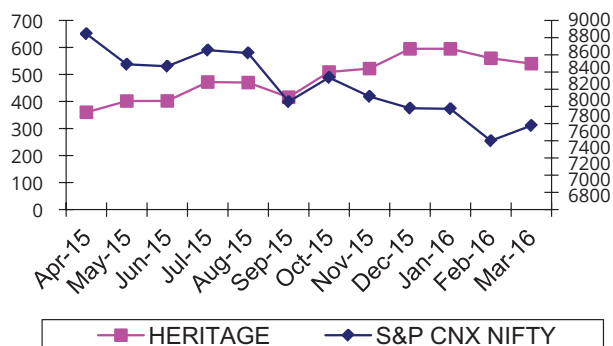
Month	NSE (in ₹ per share)		BSE (in ₹ per share)	
	HIGH	LOW	HIGH	LOW
April, 2015	360.00	300.00	359.90	301.00
May, 2015	401.70	282.90	402.00	280.00
June, 2015	402.00	356.00	402.70	363.00
July, 2015	472.00	367.25	472.00	368.30
August, 2015	470.00	344.00	470.00	345.00
September, 2015	415.85	339.00	400.50	340.00
October, 2015	509.00	380.30	509.10	384.00
November, 2015	521.80	446.70	520.10	447.90
December, 2015	595.00	481.10	594.00	482.75
January, 2016	595.00	478.90	594.00	480.00
February, 2016	560.00	444.55	557.90	446.00
March, 2016	540.00	510.10	540.00	511.25

Performance in comparison to broad based indices - BSE MID CAP & NSE NIFTY

Heritage vs. BSE MD Cap



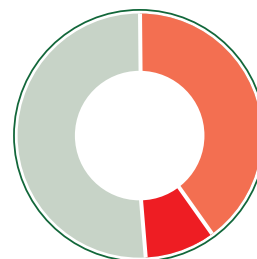
HERITAGE vs. S&P CNX NIFTY



Distribution of Shareholding as on March 31, 2016

Category Code	Category of Shareholder	Number of Share holders	Total number of Shares	As a per centage of (A+B+C)
(A) Shareholding of Promoter and Promoter Group				
1	Indian	14	9256846	39.90
2	Foreign	0	0	0
Total		14	9256846	39.90
(B) Public Shareholding				
1	Institutions	33	2146051	9.25
2	Non-institutions	14706	11788103	50.85
Total Public Shareholding		14739	13942154	60.10
(C) Shares held by Custodians and against which Depository Receipts have been issued				
1	Promoter and Promoter Group	0	0	0
2	Public	0	0	0
TOTAL (A)+(B)+(C)		14753	23199000	100.00

Category wise Shareholding



Promoter & Promoters Group	39.90%
Institutions	9.25%
Non-Institutions	50.85%

Shareholding Pattern by Size as on March 31, 2016

Category (No. of Shares)	No. of Shareholders	No. of Shares	% of Total Shares
Up to 500	13211	1512524	6.52
501 - 1000	770	600549	2.59
1001 - 2000	346	534963	2.31
2001 - 3000	108	277943	1.20
3001 - 4000	64	240956	1.04
4001 - 5000	68	323723	1.40
5001 - 10000	92	697070	3.00
10001 - Above	94	19011272	81.95
TOTAL	14753	23199000	100.00

Total Shares in Demat and Physical form as on March 31, 2016

Sl. No	Category	No. of Holders	Total Shares	% To Equity
1	Physical	2193	1020538	4.40
2	NSDL	8889	19480570	83.97
3	CDSL	3671	2697892	11.63
	Total	14753	23199000	100.00

Registrars and Transfer Agents**Karvy Computershare Private Limited**

Karvy Selenium Tower B, 6th Floor
Plot 31-32, Gachibowli, Financial District.
Nanakramguda, Hyderabad - 500 032
Tel: +91-40-67161566
Toll Free No.: 1-800-4258-998; Fax: +91-40-23114087
Website: www.karvy.com

Share Transfer Systems

Transfers in physical form are registered by the Registrar and share Transfer Agents immediately on receipt of completed documents and certificates are issued within 7 days of date of lodgement of transfer. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Vice Chairperson & Managing Director / Executive Director. A summary of transfer/transmission of securities of the Company so approved by the Vice Chairperson & Managing Director/Executive Director is placed at every Stakeholders' Relationship Committee. The Company obtains from a Company Secretary in Practice half-yearly certificate of

compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligation & Disclosure Requirement) Regulation 2015 and files a copy of the said certificate with Stock Exchanges.

Dematerialisation

95.60 % of the Company's paid-up Equity share capital has been dematerialised as on March 31, 2016. 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 Share holder	Total		Shares In Demat Form		
	No of Share holders	number of shares Held	No of Share holders	No of Shares	% of Respective Share holding
Promoter & Promoters Group	14	9256846	14	9256846	100%
Public	14739	13942154	12546	12921616	92.68%
Total	14753	23199000	12560	22178462	

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.

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: NIL

Plant Locations:

Plant Locations are attached to this report.

Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has credited ₹ 5,30,250/- (Rupees Five Lakh Thirty Thousand Two Hundred Fifty Only) 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.

CEO and CFO Certification

The Vice Chairperson & Managing Director and the Chief Financial Officer of the Company has 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 and the 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 certificate given by the Chairperson and Managing Director and the Chief Financial Officer is form part of the Annual Report.

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.

As a measure of good corporate governance practice and Section 204 of the Companies Act, 2013 and the Rules made thereof, the Board of Directors of the Company appointed Ms. Savita Jyoti, Practicing Company Secretary (CP No.1796), to conduct Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2016, is forming part of the Annual Report.

Compliance Certificate from the Auditors

Certificate from Statutory Auditors of the Company. M/s Raju & Prasad, Chartered Accountants (FRN: 003475S), Hyderabad confirming Compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 is forming part of the Annual Report.

This Certificate has been forwarded to the Stock Exchanges where the Company Shares are listed.

Address for Correspondence

Investor Correspondence

For Shares/Debentures held in Physical form
Karvy Computershare Private Limited
Karvy Selenium Tower B, 6th Floor
Plot 31-32, Gachibowli, Financial District.
Nanakramguda, Hyderabad – 500 032
Tel: +91-40-67161566
Toll Free No.: 1-800-4258-998; Fax: +91-40-23114087
Website: www.karvy.com

(Address changed w.e.f. April 14, 2015)

Any query on the Annual Report

Mr. Umakanta Barik
Company Secretary
Heritage Foods Limited,
#6-3-541/C, Panjagutta,
Hyderabad-500 082
Telangana, India
e-mail: umakanta@heritagefoods.in

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 www.heritagefoods.in

Declarations

Compliance with the Code of Business Conduct and Ethics

As provided under Regulation 26(3) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015, all Board Members and Senior Management Personnel have affirmed compliance with Heritage Foods Limited Code of Business Conduct and Ethics for the year ended March 31, 2016.

N Bhuvaneshwari

Place : Hyderabad Chairperson and Managing Director
Date : May 23, 2016 DIN: 00003741