



Investor Presentation FY2016

Bring Home Health & Happiness



The release contains forward-looking statements, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' and so on. All statements that address expectations or projections about the future, but not limited to the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realized. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances. Therefore the investors are requested to make their own independent assessments and judgments by considering all relevant factors before making any investment decision. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.



Vision for Heritage Foods Limited

Heritage Foods Ltd. has engaged KPMG and finalized its Vision and Mission statement-2020. The Board of Directors have approved on 30 January, 2015.



Delighting Every Home with Fresh and Healthy Products

And

Empowering The Farmer



Mission for Heritage Foods Limited



To be a nationally recognized brand for healthy and fresh products with a revenue of INR 6000 Crore by 2020

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

We embrace the right technology to delight our customers.

We are a strong supporter of balancing economic, social and environmental aspects to create a better tomorrow. We are devoted to empowering the farming community through our unique "Relationship Farming" Model.

We aim to be the employer of choice by nurturing entrepreneurship, promoting empowerment alongside transparent and open communication.



Core Values of Heritage Foods

Values for S.U.C.C.E.S.S.

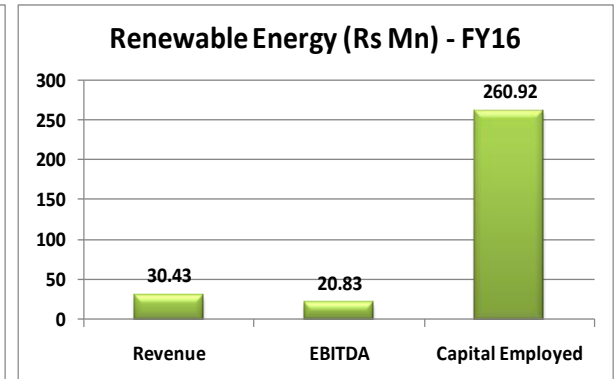
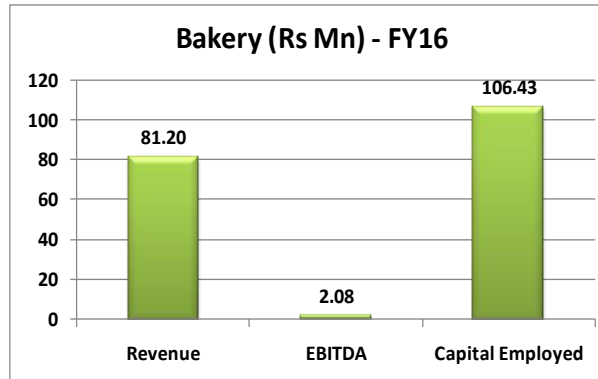
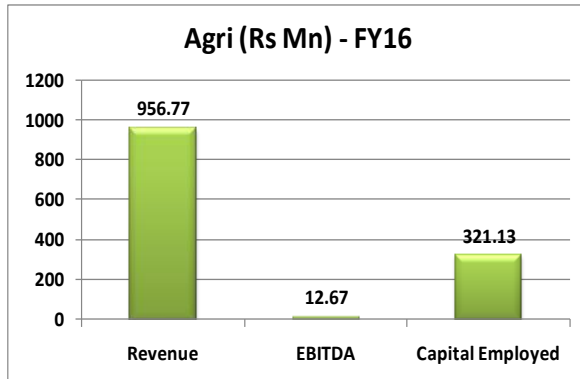
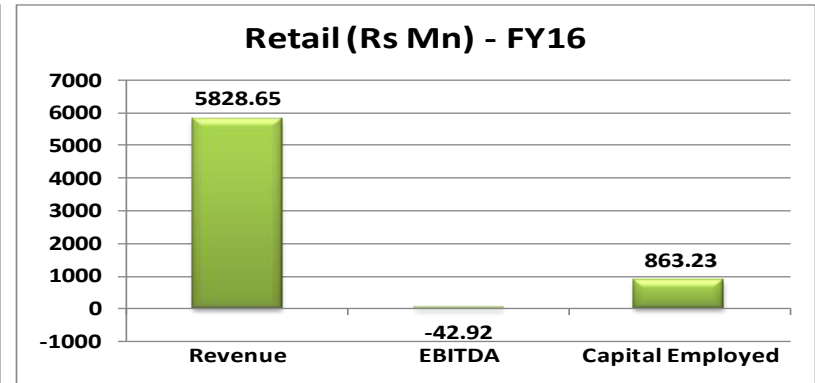
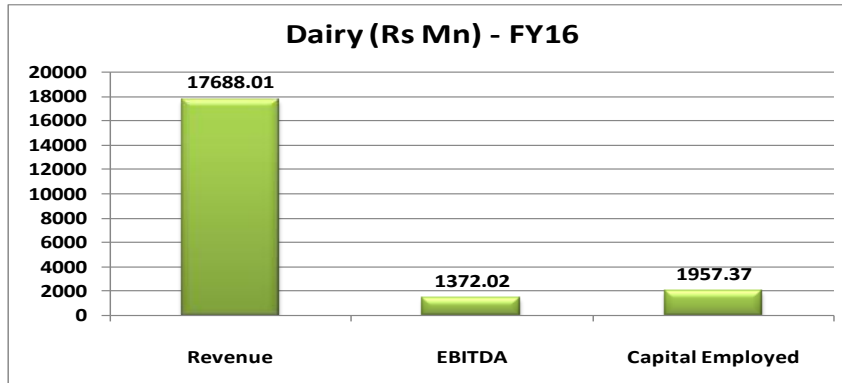
- S** Speed and Agility
- U** Uphold Integrity
- C** Customer Delight
- C** Collaboration with Leadership Excellence
- E** Empowering Society & Employees
- S** Supremacy Through Innovation
- S** Sustainability

- ✓ Crossed Rs 1,700 crore mark in dairy vertical in FY16.
- ✓ Value Added Products, which enjoy 2X EBITDA margins as against Liquid Milk, notched 21% of Dairy revenue.
- ✓ Achieved EBITDA profit in Q4FY16 in Retail Business Vertical at Rs 3.91 crores.
- ✓ Crossed 100 store mark in Hyderabad, Chennai, and Bangalore totalling to 110 stores.
- ✓ Bagged 1 prominent Award in Retail space and 6 Awards in Dairy business.

Overview of Business Verticals



- Heritage Foods Limited (“Heritage”) is a leading corporate based out of Hyderabad and operates in the high-growth Food and Retail business segments.
- Five reporting divisions - Dairy, Retail, Agri, Bakery and Renewable Energy.



- One of the few private sector companies in India with a true Farm to Fork solution in dairy and retail.



➤ The Company's Dairy Division has won four awards at the "The Great Indian Ice Cream Contest 2016 - Season 5" conducted by Indian Dairy Association and DuPont Nutrition & Health.



➤ Heritage Foods Limited's two dairy packing stations won the Prestigious National Energy Conservation Awards in Dairy Sector at All India Level by the Ministry of Power, Government of India.

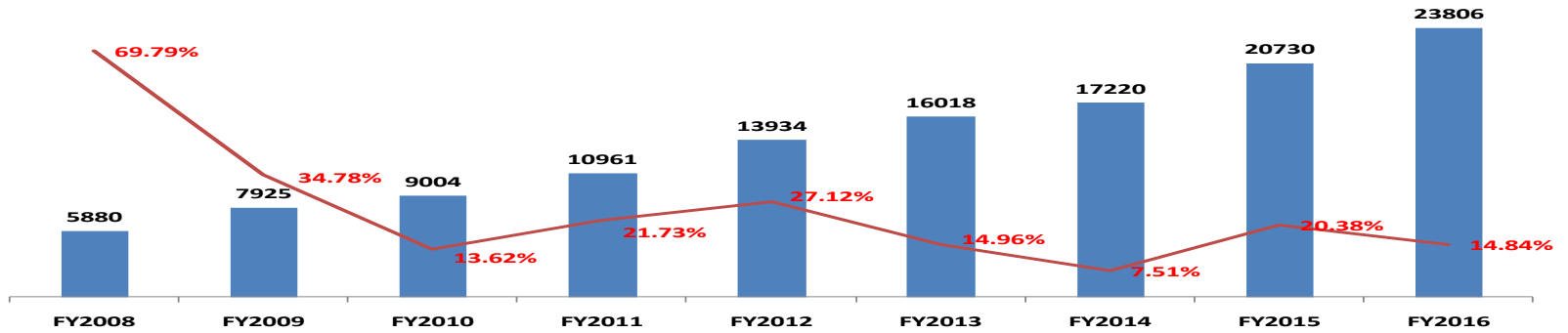


➤ Heritage's Retail division bagged the "IMAGES Most Admired Food & Grocery Retailer of the Year - Regional Supermarket" at the Coca Cola Golden Spoon Awards, 2016.

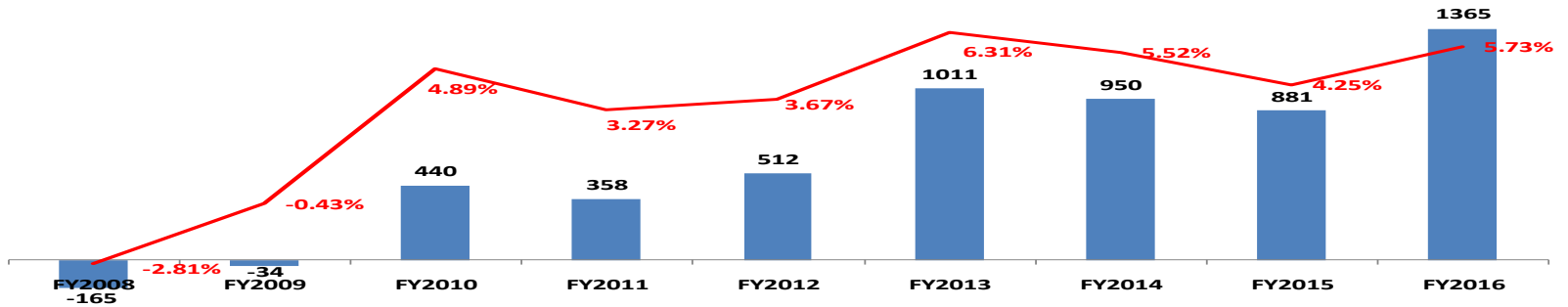
Consolidated Financial Overview



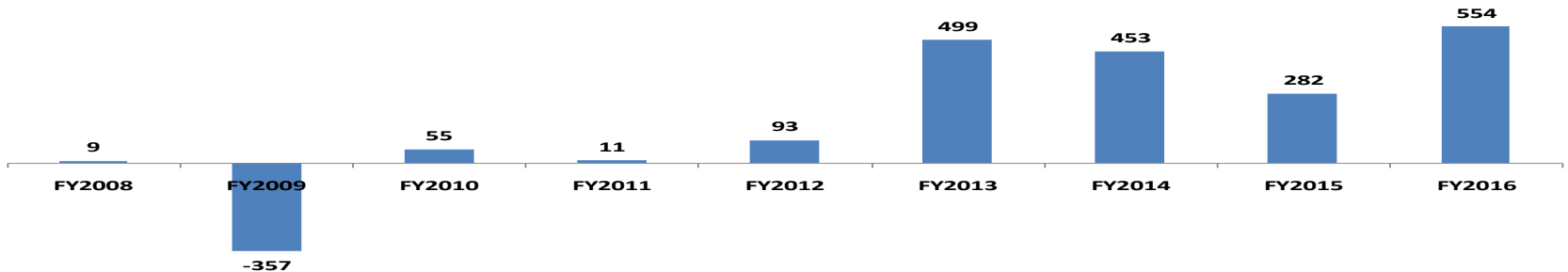
Net Sales (Rs. in Mn.) & Growth %



EBITDA (Rs. in Mn.) & EBITDA %

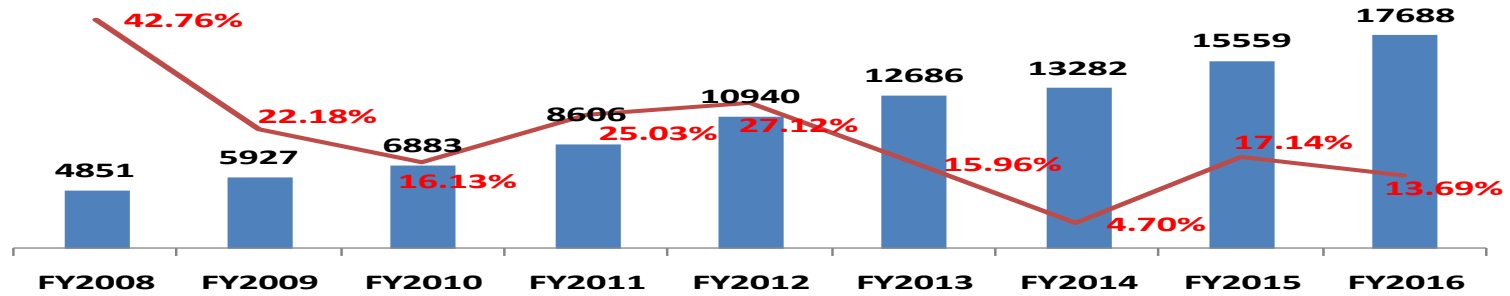


PAT (Rs. in Mn.)

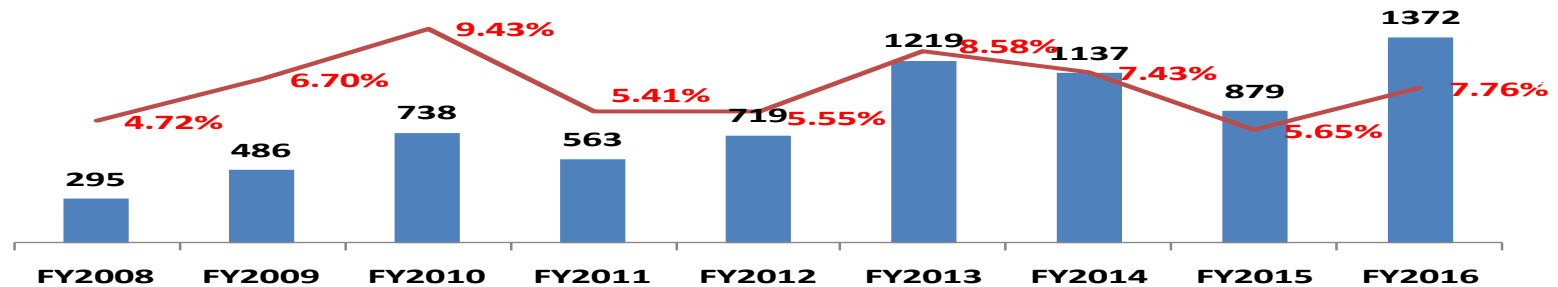




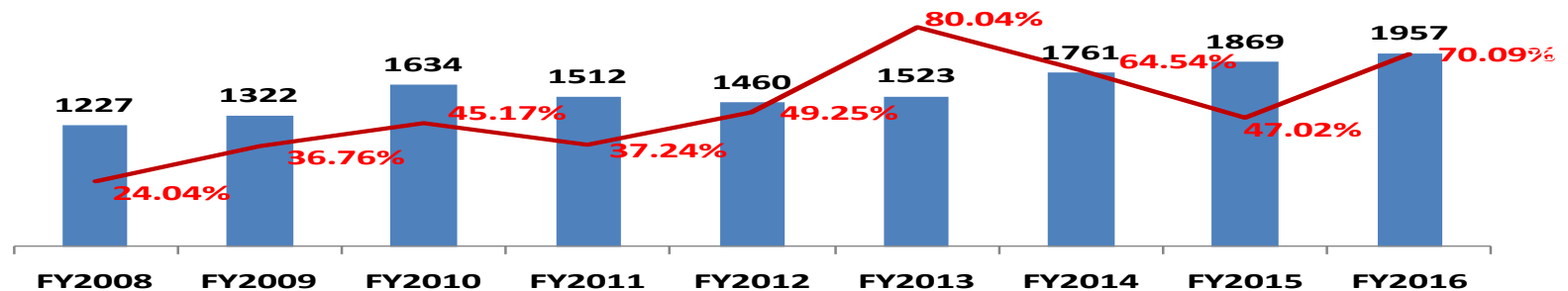
Net Sales (Rs. in Mn.) & Growth %



EBITDA (Rs. in Mn.) & EBITDA %



Capital Employed (Rs. in Mn.) & ROCE %



Dairy : Liquid Milk



- In 1993 - 20,000 liters per day was milk collection.
- In 2016 – 11.36 lakh liters per day is milk collection.
- Average procurement cost is at Rs. 30.90 per liter
- Average selling price is at Rs. 36.55 per liter.

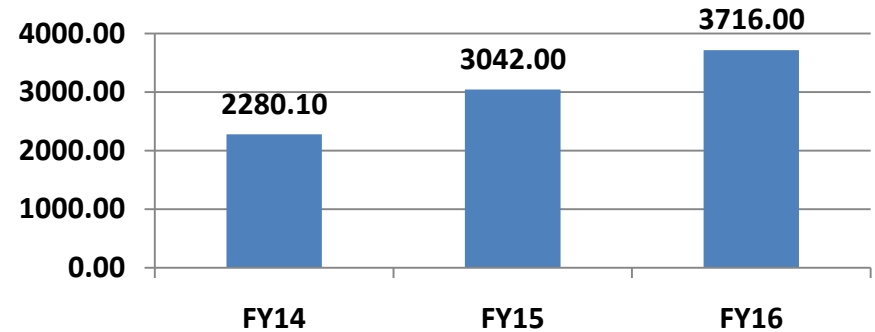
States	Ave. Milk Procurement LPD	Milk Sales LPD	Ice Cream LPD	Curd Kgs/day
Andhra Pradesh	615,521	196,554	1,867	81,373
Telangana	159,601	269,657	2,972	37,391
TamilNadu	181,755	144,818	715	28,764
Karnataka	16,393	117,184	373	23,147
Maharashtra	88,368	57,487	618	185
Kerala	-	11,351	-	762
Odisha	-	10,696	205	2,803
Haryana/Delhi	-	13,941	-	2,417
Rajasthan	74,105	-	-	-
Total	1,135,744	821,688	6,750	176,842

Dairy : Branded/Value Added Products

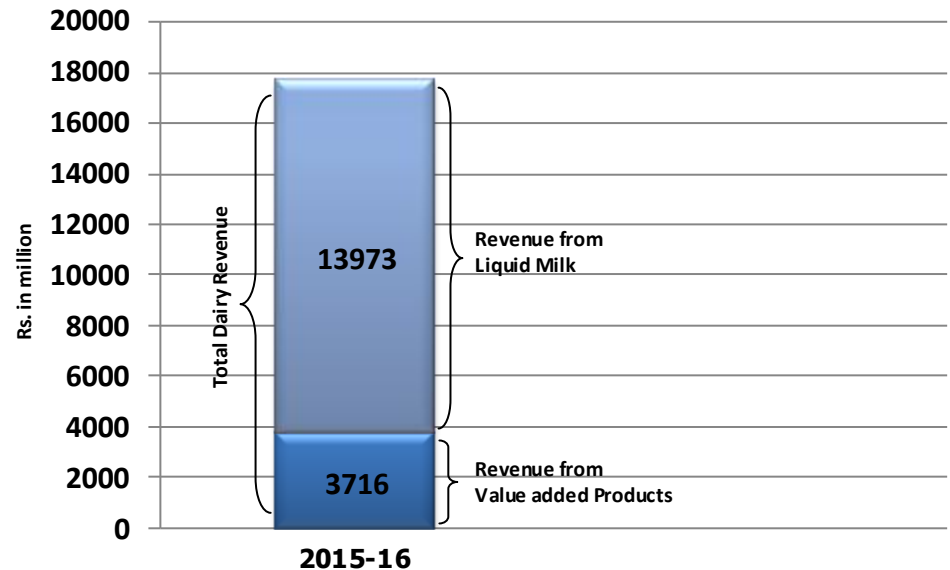


- Forayed into value added products in 2007.
- Turnover for FY14-Rs. 2280.10 mn, FY15-Rs. 3042.00 mn, FY16-Rs. 3716.00 mn.

Turnover (Rs. in Mn.)



- Products portfolio: Curd (around 77%), rest are in the following order: Ice Cream, Paneer, Flavored Milk, Sweets.
- The Contribution of value added products in the total dairy revenue is 21% amounting to Rs 3716.00 mn in 2015-16.





- Facilitating loans for the purchase of cattle through commercial banks;
- Facilitating cattle insurance;
- Conducting health camps for animals through mobile veterinary clinics at frequent intervals;
- Supply of high quality cattle feed and fodder seeds;
- Helping to source good productive animals to farmers;
- Supply of milk analyzers for ensuring accurate measurement of milk quality.
- Conducting 18 months certificate course in dairying (Heritage Institute of Milk Sciences Certificate program) to the children of farmers & milk representatives by providing stipend for the said course. And also educating milk producers on clean milk production, good housekeeping, veterinary care through audio visuals and on entrepreneur skill development.
- And ensuring punctual payment to farmers.

Parlours as Brand Outlets



- Heritage Parlor is a Modern “Kirana” incubated and pioneered by Heritage.
- Currently there are 1455 parlors with an average shop area of 100 sq.ft.
- Vision is to nurture entrepreneurship and to enhance inclusive growth opportunities-Owned and managed by franchisees.
- Selling only Heritage range of products and authorized products/services.
- Only organized chain of parlors to be selling non-dairy products also.
- Milk & Milk Products, Ice Cream, Bread, Baked Products, FMCG Products, Staples, Fruits & Vegetables, Eggs, Public Telephone, and Mobile recharge coupons.

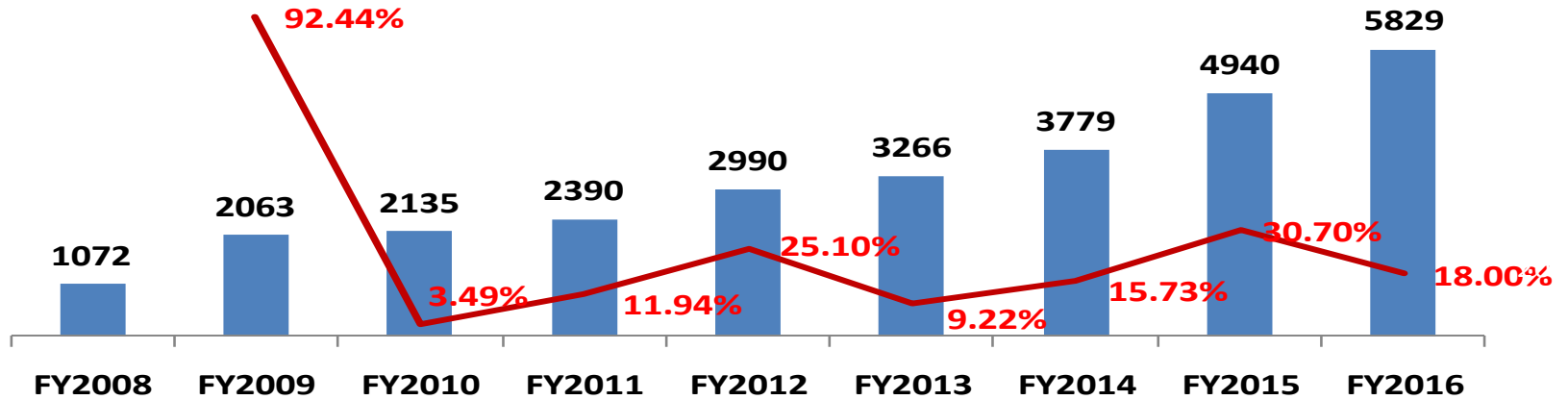




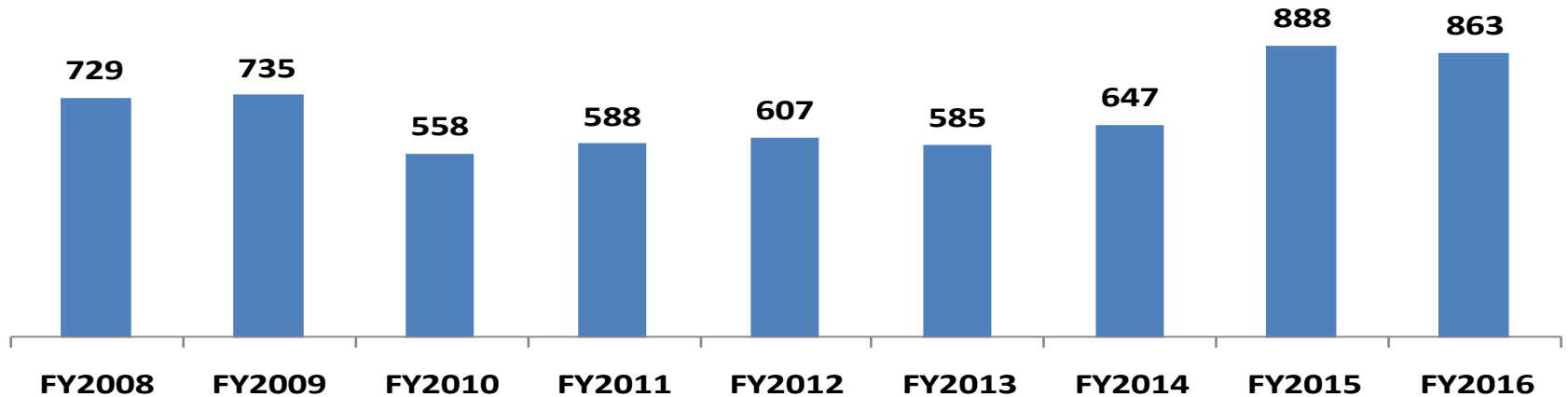
- Focus on own brand value added products -
 - Curd
 - Butter milk
 - Frozen Dessert/Ice cream
- Consolidation in existing markets.
- Expansion to new markets -
 - o Maharashtra (Milk Procurement : 88,368 LPD; Milk Sales : 57,487 LPD)
 - o Haryana/Delhi (Milk Sales : 13,941 LPD)



Net Sales (Rs. in Mn.) & Growth %



Capital Employed (Rs. in Mn.)



Retail : Highlights



- Same Store Growth (considering 68 comparable stores) stood at 1.01% in FY2016.
- Number of Bills grew by 18% and Average Bill Value decreased by 2%.
- Productivity de-grew in FY2016 from Rs 1160/sq ft to Rs 1158/sq ft by (0.19%).
- Store gross margin increased by 5 bps to 21.29% from 21.24% and overall gross margin Decreased by 8 bps to 19.69% from 19.77%.
- Store fixed cost decreased by Rs 5.48/sq ft/month to Rs 164/sq ft/month(Rs 158/sq ft/month in FY2015).
- Store level EBIDTA increased by 13.01% to Rs 400 mn from Rs 354 mn.
- Regional and Corporate overheads decreased by Rs 1.73/sq ft/month to Rs 105/sq ft/month(Rs 103/sq ft/month in FY2015).
- 20 new stores were opened and 2 stores were closed during the year 2016.

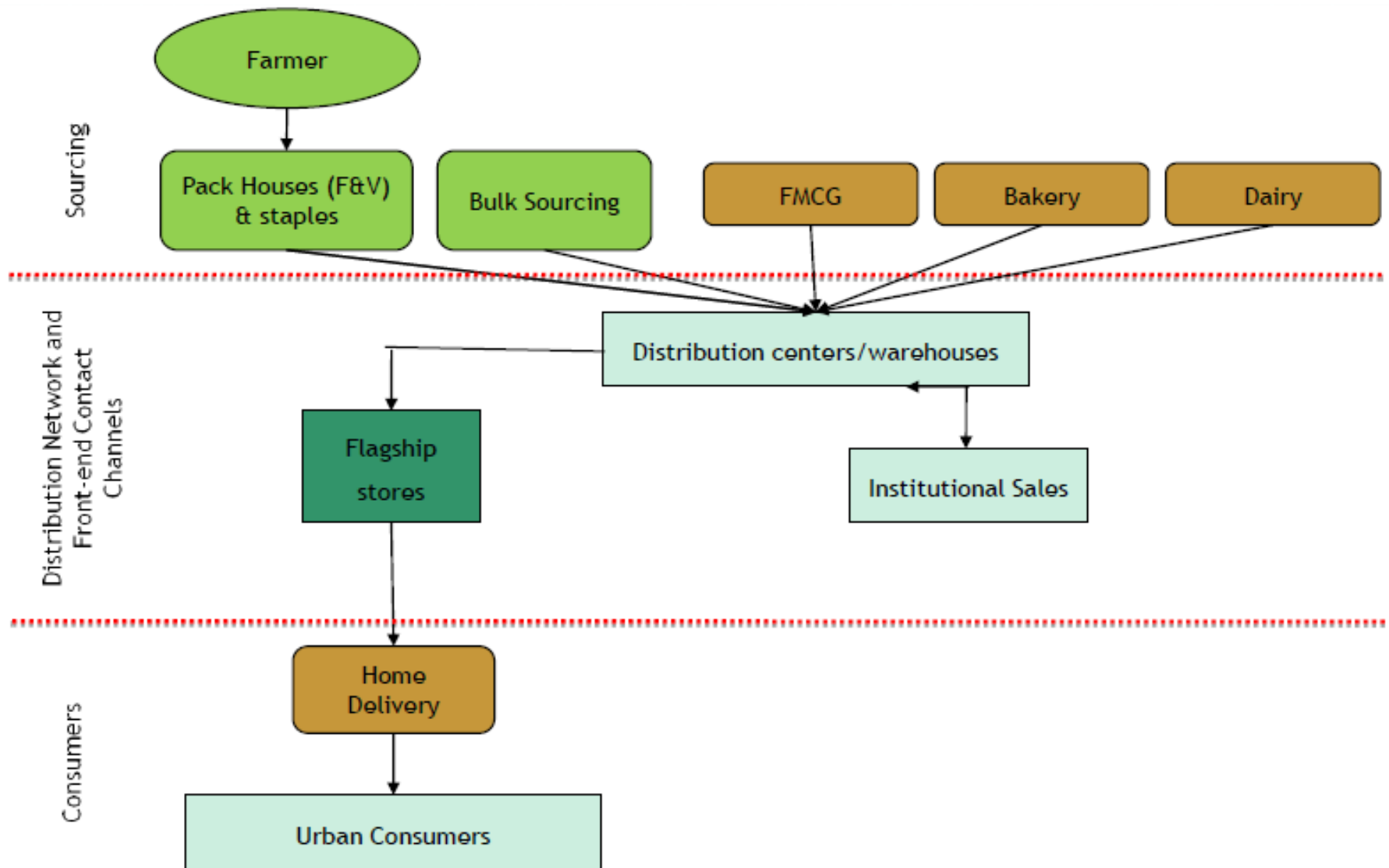


Retail : Operational & Financial Metrics



Particulars	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
No. of stores	75	75	75	73	67	74	92	110
Total carpet area('000 sqft)	159	158	166	217	212	256	338	390
Effective carpet area('000 sqft)	158	158	160	200	205	223	304	354
Avg stores sales (Rs/sq ft/month)	974	968	1113	1040	1101	1195	1160	1158
YOY %	3.30%	-0.70%	15.00%	-6.50%	6.00%	8.00%	-2.90%	-0.19%
Revenue Break-up(Rs mn):								
Heritage Fresh Stores	1849	1836	2145	2503	2708	3198	4232	4920
Institutional, General Trade & Others	215	155	146	329	350	320	324	405
Other Operating Income+Other Income	30	77	129	172	222	269	396	510
Total Income(Rs mn)	2093	2068	2420	3004	3280	3787	4951	5836
Growth (%)	92%	-1%	17%	24%	9%	15%	30.74%	17.87%
Total Gross Profit(Rs mn)	286	330	462	585	650	739	979	1149
Gross Margin (%)	13.60%	15.90%	19.10%	19.50%	19.90%	19.50%	19.81%	19.69%
EBITDA at store level(Rs mn)	(97)	(24)	90	118	180	220	354	400
EBITDA margin (%)			3.70%	3.90%	5.48%	5.80%	7.20%	6.8%
Regional & Corporate Overheads	371	251	261	287	353	358	377	446
EBITDA (Rs mn)	(468)	(275)	(171)	(169)	(173)	(138)	(23)	(43)

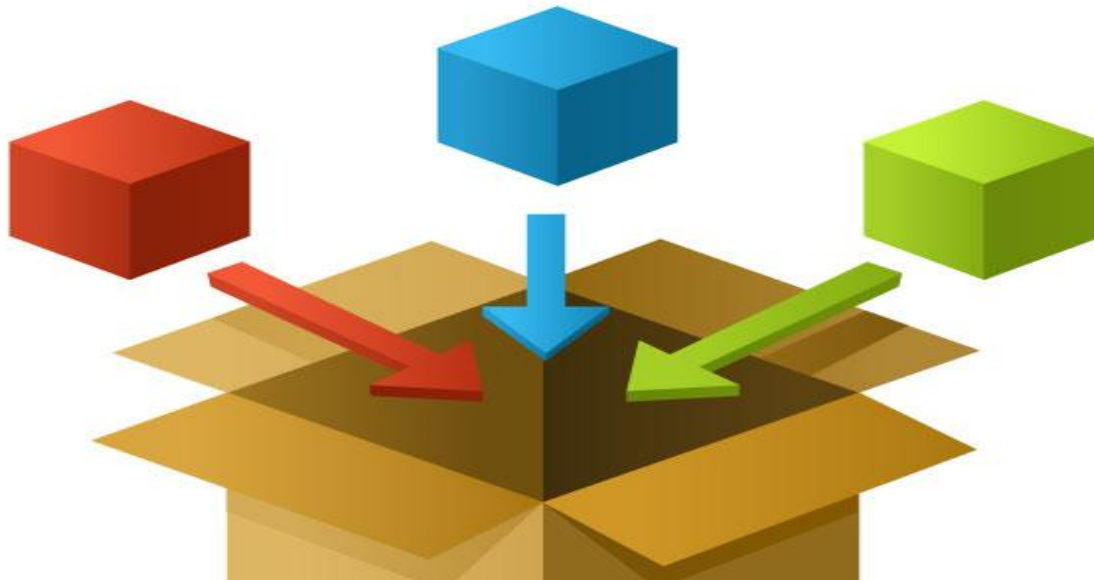
Retail : Business Integration



Retail : Consolidation

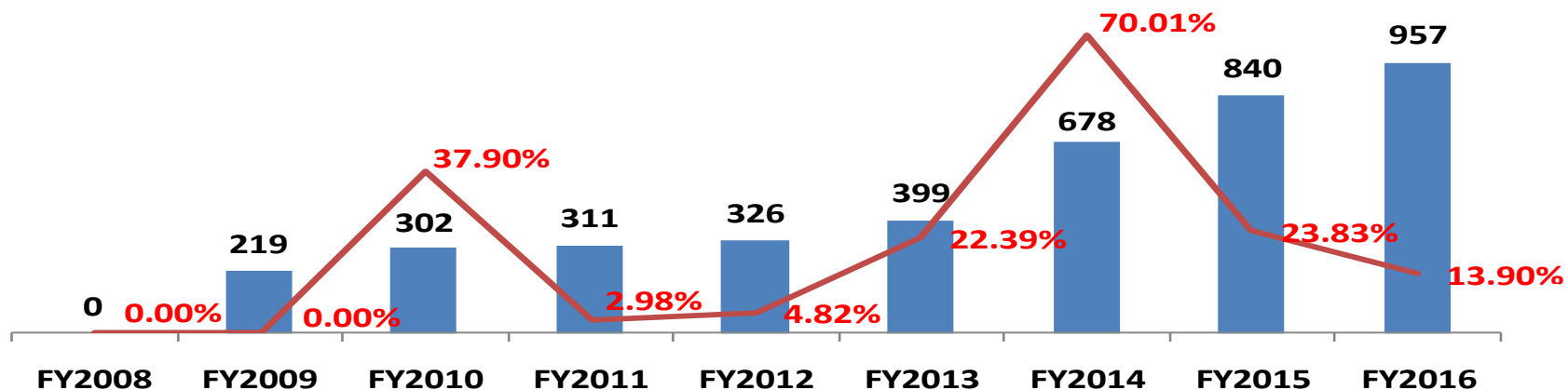


- o Crossed 100 store mark Hyderabad(60), Chennai(34), and Bangalore(16) totalling 110 stores.
- o Total square feet size 3.89 lakh as on 31st March, 2016.
- o Likely to achieve PBT breakeven after crossing 5 lakh sq ft of trading space.
- o Expected to turn into profits from FY18 onwards.

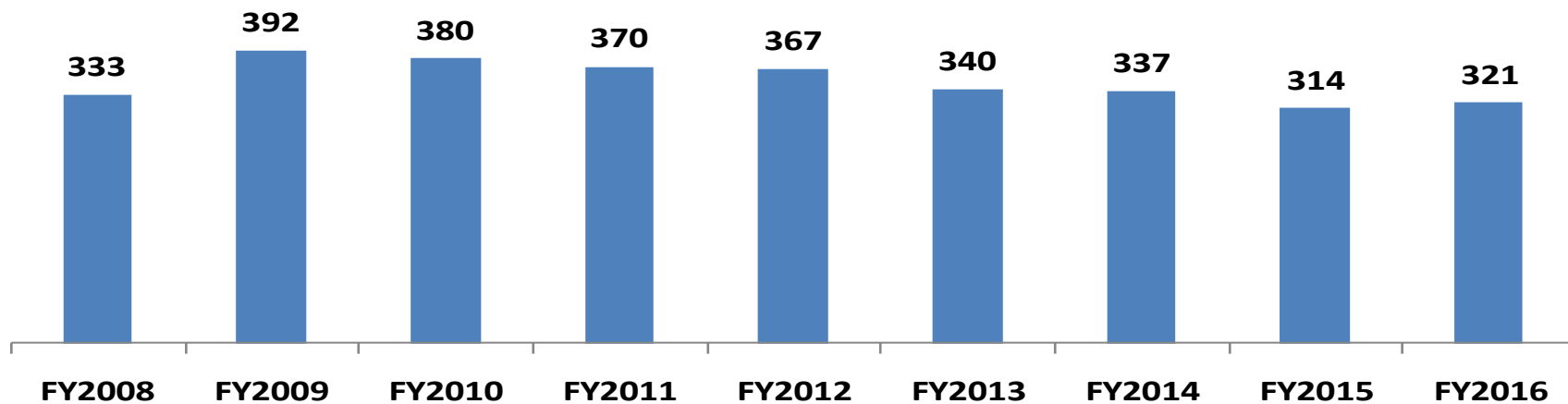




Net Sales (Rs. in Mn.) & Growth %



Capital Employed (Rs. in Mn.)



Agri : Highlights

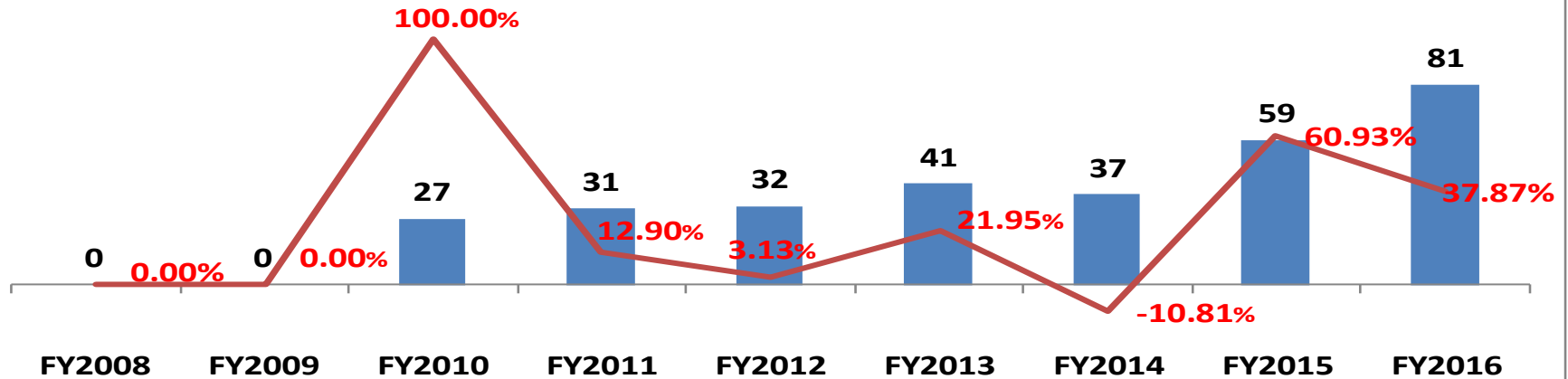


- Pioneers in “Custom Farming”. Working closely with farmers and providing assistance regarding -
 - Good Agricultural Practices
 - Annual crop calendar
 - Integrated Pest management
 - Credit linkage
 - Input supply
 - Pre/post harvest management
- Commercial sales of 25 MT/day.
- Custom Ripening of Banana 25 MT / Day.
- Vet Ca sales turnover Rs 572.10 mn.
- FY2016 revenue of Rs. 956.80 mn.

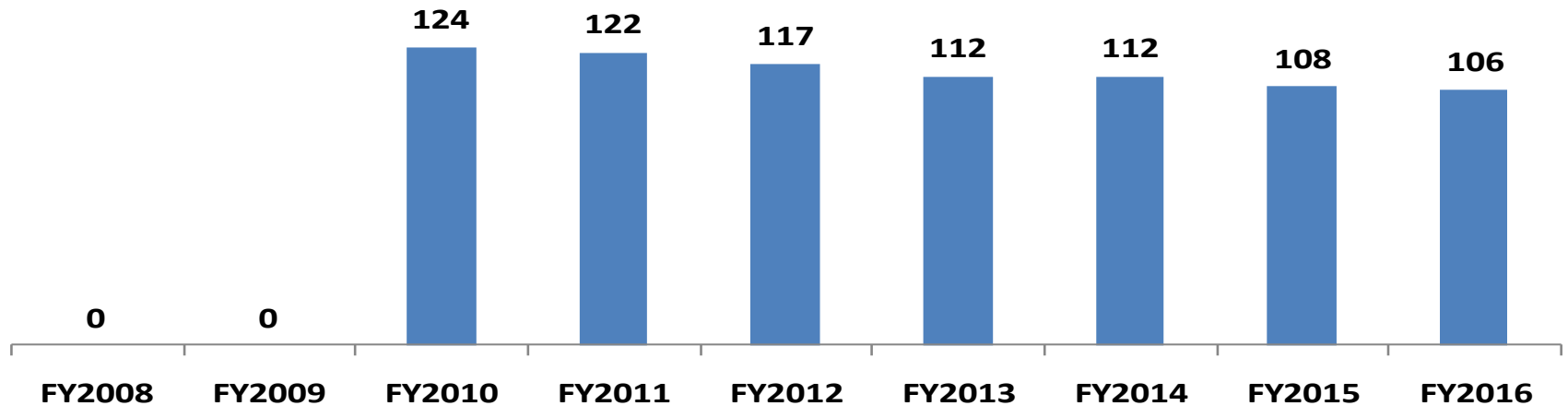




Net Sales (Rs. in Mn.) & Growth %



Capital Employed (Rs. in Mn.)



Bakery : Highlights



- State-of-the-art bakery production facility.
- Provides backend production for Heritage Fresh and Private Label.
- Manufactures a range of breads, puffs, pastries, puddings cookies, cakes and custards.
- European equipment - spiral mixers, digitally controlled laminated dough lines, breadlines, blast freezers, and other infrastructure.
- Delivers the highest standards of hygiene and food safety.
- FY2016 revenue of Rs. 81.20 mn.



Turnover in FY2016 was Rs. 30.40 mn.

Capital Employed for Renewable Energy division Rs. 260.92 mn.

- **Solar**

Heritage Foods Ltd has commissioned a 2.34 MWP Solar Power Project at IPH, Masjid Adavi Village, Mulugu Mandal, in Medak district near Hyderabad on Sept. 29, 2013, under REC mechanism and to meet for the captive energy requirement.



- **Wind**

Heritage Foods has commissioned the 1st Wind Power Plant of 2.1 MW Capacity at Survey No. 40/A2, Chinahothur Village, Vajrakarur Mandal, Ananthapur District, Andhra Pradesh on 27th March 2016 for captive consumption. This Plant is expected

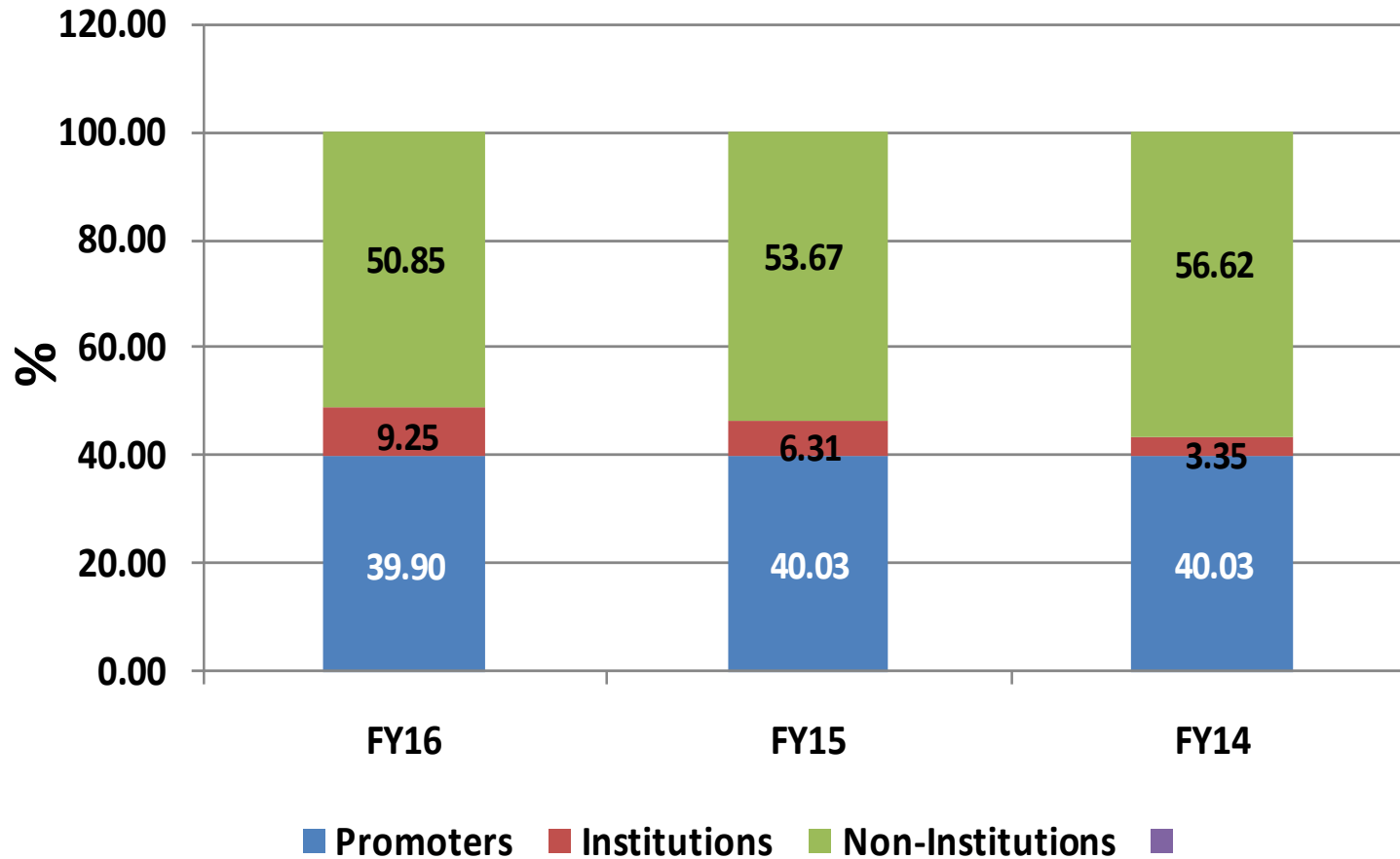


to generate 5 Million units per annum to be utilized/consumed at Gokul Dairy Plant and Chittoor Dairy Plant of the Company under Captive Open Access Arrangement through APTRANSCOM/APSPDCL.

Comparative Shareholding Pattern



Shareholding pattern as on March ,2016; March, 2015 & March, 2014





Division	Regular Jobs
Dairy	2235
Retail	2689
Agri	110
Bakery	43
Total	5077

Thank you

