



Quarterly Update 2QFY13

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.

Key metrics - Dairy



	2QFY13	2QFY12	YOY %
Liquid milk sales (llpd)	8.3	7.9	5%
Liquid milk price real. (Rs/l)	30.3	27.6	10%
Milk Procurement (llpd)	8.9	8.3	7%
Milk procurement price (Rs/l)	24.2	23.1	5%
Branded Value added Products sales (Rs mn)	408	289	41%
No. of Parlours	1115	976	

Key Highlights - Dairy



- **16% yoy growth in turnover to Rs3199mn**
 - ❖ 5% yoy growth in Milk sales to 8.3LLPD (lakh litres per day)
- **41% yoy growth achieved in Branded Value Added Products sales**
 - ❖ 67% yoy growth in Packaged Curd sales (accounts for approx. 67% of Branded Value added products sales)
 - ❖ Added new Ice Cream packs in Products Portfolio
- **7% yoy growth achieved in milk procurement to 8.9LLPD (lakh litres per day)**
- **EBITDA of Rs318mn (EBITDA margin of 9.9%) as against Rs197mn (EBITDA margin of 7.2%) in 2QFY12**
- **Opened 60 new Dairy Parlors during 2QFY13 taking the total number to 1115**
 - ❖ New private label products introduced - Noodles, Potato Chips, Kimia Dates, Jawar Floor
- **Improving consumer awareness about new products through print media like Leaflets, Products display stickers, Banners and in electronic media through TV Scrolls**
- **Alignment of all Dairy SKUs in Modern Formats is in process**

Key metrics - Retail



Rs mn	2QFY13	2QFY12	YOY %
No. of stores	66	72	
Total carpet area ('000 sq ft)	196	174	13%
Effective Carpet Area (sq ft)	202	172	17%
Avg store sales (Rs/ sq ft/month)	1127	1240	-9%
Heritage Fresh Stores	683	640	7%
Institutional, General Trade & Others	66	69	-4%
Other Operating Income	46	35	31%
Total Revenue	795	744	7%
Total Gross Profit	160	146	10%
Gross margin (%)	20.1%	19.6%	
Gross margin Heritage Fresh (%)	21.1%	20.4%	
EBITDA at store level (Rs mn)	39	23	70%
EBITDA margin (%)	4.9%	3.1%	
Regional & Corporate Overheads	87	85	
EBITDA (Rs mn)	(48)	(62)	

Key Highlights - Retail



- SSS(considering 61 comparable stores) stood at 7.5%
- 9% yoy productivity de-growth on account of 22000 sq ft (approx. 11% of total area) addition at first floor level in 6 stores. Productivity tends to be lower on first floor
- Average Bill Value (ABV) increased by 10.5% yoy to Rs 211 (Rs 191 in 2QFY12)
- for 61 comparable stores
- No. of Bills (NOB) fell by 3% yoy to 2.95mn (3.04 mn in 2QFY 12) for 61 comparable stores
- Store Gross margin improved strongly by 74 bps to 21.1% and overall gross margin increased by 57 bps to 20.1%
- Store fixed cost reduced to Rs177/sq ft/month (Rs202 in 2QFY12)
- Regional & Corporate Overheads at Rs 144 per sft / month is lower by Rs 21 /sq ft / month as compared to last year.
- Store opening / closing: 2 stores closed during the quarter

Financial results



UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2012													(Rs.in lakhs)
Particulars	STANDALONE						CONSOLIDATED						
	Quarter Ended			Half Year Ended			Quarter Ended			Half Year Ended			Year Ended
	30.09.2012 (Unaudited)	30.06.2012 (Unaudited)	30.09.2011 (Unaudited)	30.09.2012 (Unaudited)	30.09.2011 (Unaudited)	31.03.2012 (Audited)	30.09.2012 (Unaudited)	30.06.2012 (Unaudited)	30.09.2011 (Unaudited)	30.09.2012 (Unaudited)	30.09.2011 (Unaudited)	31.03.2012 (Audited)	
1. Income from operations													
a) Net Sales / Income from Operations (Net of excise duty)	39759.09	40802.68	34700.69	80561.77	66110.80	137685.10	39759.09	40802.68	34700.69	80561.77	66110.80	137685.10	
(b) Other Operating Income	454.49	600.96	318.72	1055.45	635.91	1655.47	454.49	600.96	318.72	1055.45	635.91	1655.47	
Total income from operations	40213.57	41403.64	35019.41	81617.22	66746.71	139340.57	40213.57	41403.64	35019.41	81617.22	66746.71	139340.57	
2. Expenses													
(a) Cost of materials consumed	24024.45	23632.18	21870.54	47656.63	43354.48	93736.97	24024.45	23632.18	21870.54	47656.63	43354.48	93736.97	
(b) Purchase of stock-in-trade	6284.19	6599.67	5810.08	12883.86	10825.45	22931.04	6284.19	6599.67	5810.08	12883.86	10825.45	22931.04	
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	659.78	2925.47	448.58	3585.25	(324.24)	(4761.96)	659.78	2925.47	448.58	3585.25	(324.24)	(4761.96)	
(d) Employees benefits expense	2084.73	1940.97	1857.10	4025.71	3512.38	6916.28	2084.73	1940.97	1857.10	4025.71	3512.38	6916.28	
(e) Depreciation and amortisation expense	526.31	530.14	533.22	1056.45	1055.82	2118.65	526.31	530.14	533.22	1056.45	1055.82	2118.65	
(f) Other expenses	4466.42	4272.46	3685.16	8738.87	7138.22	15391.92	4466.42	4272.46	3685.16	8738.87	7138.54	15406.78	
Total expenses	38045.89	39900.88	34204.68	77946.77	65562.12	136332.90	38045.89	39900.88	34204.68	77946.77	65562.43	136347.77	
3. Profit / (Loss) from operations before other income, finance costs & exceptional items (1-2)	2167.68	1502.77	814.73	3670.45	1184.58	3007.67	2167.68	1502.77	814.73	3670.45	1184.27	2992.80	
4. Other Income	73.49	59.48	69.60	132.97	133.71	320.73	73.49	59.48	69.60	132.97	133.71	320.73	
5. Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	2241.17	1562.25	884.33	3803.42	1318.30	3328.40	2241.17	1562.25	884.33	3803.42	1317.98	3313.53	
6. Finance costs	459.02	523.61	520.43	982.63	1016.40	1970.73	459.02	523.61	520.43	982.63	1016.40	1970.73	
7. Profit/(Loss) from ordinary activities after finance costs and exceptional items (5+6)	1782.15	1038.64	363.90	2820.79	301.90	1357.67	1782.15	1038.64	363.90	2820.79	301.59	1342.80	
8. Exceptional Items													
9. Profit / (Loss) from ordinary activities before tax (7-8)	1782.15	1038.64	363.90	2820.79	301.90	1357.67	1782.15	1038.64	363.90	2820.79	301.59	1342.80	
10. Tax expense													
Current Tax (MAT)	361.78	200.98	68.35	562.76	68.35	290.00	361.78	200.98	68.35	562.76	68.35	290.00	
Prior period tax	(43.19)	0.00	(0.72)	(43.19)	(0.72)	(0.80)	(43.19)	0.00	(0.72)	(43.19)	(0.72)	(0.80)	
Deferred Tax Charge / (Credit)	15.28	(6.97)	8.31	31.93	135.04	15.28	(6.97)	40.78	8.31	31.93	135.04	15.28	
11. Net Profit/ (Loss) from ordinary activities after tax (9 -10)	1448.28	844.63	255.49	2292.91	202.34	933.42	1448.28	844.63	255.49	2292.91	202.03	918.56	
12. Extraordinary Items (net of tax expenses)	---	---	---	---	---	---	---	---	---	---	---	---	
13. Net Profit/(Loss) for the period (11-12)	1448.28	844.63	255.49	2292.91	202.34	933.42	1448.28	844.63	255.49	2292.91	202.03	918.56	
14. Share of profit / (loss) of associates	---	---	---	---	---	---	(0.08)	(0.05)	---	(0.13)	---	(0.25)	
15. Minority interest	---	---	---	---	---	---	---	---	---	---	(0.16)	(1.65)	
16. Net Profit/ (Loss) after taxes, minority interest and share of profit / (loss) of associates (13+14-15)	---	---	---	---	---	---	1448.20	844.58	255.49	2292.78	202.19	919.96	
17. Paid-up equity share capital	1152.95	1152.95	1152.95	1152.95	1152.95	1152.95	1152.95	1152.95	1152.95	1152.95	1152.95	1152.95	
Face value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	
18. Reserves excluding revaluation reserves as per Balance Sheet of previous Accounting year	---	---	---	---	---	8159.63	---	---	---	---	---	8124.12	
19. Earnings per share (Rs.)													
a) Basic and diluted EPS before Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	12.56	7.33	2.22	19.89	1.76	8.10	12.56	7.33	2.22	19.89	1.75	7.97	
b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	12.56	7.33	2.22	19.89	1.76	8.10	12.56	7.33	2.22	19.89	1.75	7.97	
20. Particulars of shareholding													
Public shareholding													
- Number of shares	6208753	6259253	6260653	6208753	6260653	6259253	6208753	6259253	6260653	6208753	6260653	6259253	
- Percentage of shareholding	53.85	54.29	54.30	53.85	54.30	54.29	53.85	54.29	54.30	53.85	54.30	54.29	

Financial results-Segmental



SEGMENT REPORTING FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2012													(Rs.in lakhs)
Particulars	STANDALONE						CONSOLIDATED						
	Quarter Ended			Half Year Ended			Quarter Ended			Half Year Ended			Year Ended
	30.09.2012	30.06.2012	30.09.2011	30.09.2012	30.09.2011	31.03.2012	30.09.2012	30.06.2012	30.09.2011	30.09.2012	30.09.2011	31.03.2012	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
1. Segment Revenue													
a. Dairy	31987.30	33063.91	27525.15	65051.20	52337.35	109397.20	31987.30	33063.91	27525.15	65051.20	52337.35	109397.20	
b. Retail	7929.01	8189.27	7411.19	16118.27	14397.18	29901.03	7929.01	8189.27	7411.19	16118.27	14397.18	29901.03	
c. Agri	1100.65	1034.70	912.19	2135.35	1729.03	3258.35	1100.65	1034.70	912.19	2135.35	1729.03	3258.35	
d. Bakery	99.68	83.35	81.69	183.03	156.23	315.22	99.68	83.35	81.69	183.03	156.23	315.22	
e. HFRL	----	----	----	----	----	----	----	----	----	0.00	----	----	
f. Power SPV	----	----	----	----	----	----	----	----	----	0.00	----	----	
g. Heritage Conpro Ltd	----	----	----	----	----	----	----	----	----	0.00	----	----	
Total Segment Revenue	41116.64	42371.22	35930.21	83487.86	68619.79	142871.80	41116.64	42371.22	35930.21	83487.86	68619.79	142871.80	
Less: Inter Segment Revenue	903.07	967.58	910.81	1870.64	1873.09	3531.23	903.07	967.58	910.81	1870.64	1873.09	3531.23	
Net Sales / Income from Operations	40213.57	41403.64	35019.41	81617.22	66746.71	139340.57	40213.57	41403.64	35019.41	81617.22	66746.71	139340.57	
2. Segment Results (Profit +) / (Loss -) before finance costs and tax)													
a. Dairy	2888.43	2181.48	1693.93	5069.91	2783.22	6066.63	2888.43	2181.48	1693.93	5069.91	2783.22	6066.63	
b. Retail	(560.94)	(559.33)	(745.74)	(1120.27)	(1303.10)	(2305.24)	(560.94)	(559.33)	(745.74)	(1120.27)	(1303.10)	(2305.24)	
c. Agri	(54.84)	(25.87)	(32.43)	(80.70)	(88.30)	(306.19)	(54.84)	(25.87)	(32.43)	(80.70)	(88.30)	(306.19)	
d. Bakery	(33.34)	(34.04)	(33.32)	(67.38)	(75.40)	(128.69)	(33.34)	(34.04)	(33.32)	(67.38)	(75.40)	(128.69)	
e. HFRL	----	----	----	----	----	----	0.00	----	----	0.00	----	(0.66)	
f. Power SPV	----	----	----	----	----	----	0.00	----	----	0.00	----	(6.53)	
g. Heritage Conpro Ltd	----	----	----	----	----	----	0.00	----	----	0.00	(0.31)	(0.69)	
Total Segment Results	2239.31	1562.25	882.45	3801.56	1316.42	3326.51	2239.31	1562.25	882.45	3801.56	1316.11	3318.63	
Less: i. finance costs	459.02	523.61	520.43	982.63	1016.40	1970.73	459.02	523.61	520.43	982.63	1016.40	1970.73	
ii. Other un-allocable Expenditure net off	----	----	----	1.88	----	----	----	----	----	0.00	----	6.98	
Add: iii. Other un-allocable Income	1.86	0.00	1.88	1.86	1.88	1.88	1.86	----	1.88	1.88	1.88	1.88	
Total Profit before Tax	1782.15	1038.64	363.90	2820.79	301.90	1357.67	1782.15	1038.64	363.90	2820.79	301.59	1342.80	
3. Capital Employed (Segment Assets - Segment Liabilities)													
a. Dairy	12246.74	13590.46	12552.39	12246.74	12552.39	14202.59	12246.74	13590.46	12552.39	12246.74	12552.39	14202.59	
b. Retail	5810.55	6197.56	5780.88	5810.55	5780.88	6071.70	5810.55	6197.56	5780.88	5810.55	5780.88	6071.70	
c. Agri	3544.26	3590.30	3568.28	3544.26	3568.28	3671.62	3544.26	3590.30	3568.28	3544.26	3568.28	3671.62	
d. Bakery	1143.83	1161.09	1186.65	1143.83	1186.65	1166.17	1143.83	1161.09	1186.65	1143.83	1186.65	1166.17	
e. HFRL	----	----	----	----	----	----	(0.08)	(0.33)	(0.61)	(0.08)	(0.61)	(0.34)	
f. Power SPV	----	----	----	----	----	----	----	----	60.85	----	60.85	23.11	
g. Heritage Conpro Ltd	----	----	----	----	----	----	(0.16)	(0.33)	(0.11)	(0.16)	(0.11)	(0.34)	
h. Unallocated	459.27	377.99	448.93	459.27	448.93	379.87	459.27	377.99	448.93	459.27	448.93	379.87	
Total	23204.65	24917.40	23537.13	23204.65	23537.13	25491.95	23204.41	24916.74	23597.26	23204.41	23597.26	25514.39	

Financial results - Balance Sheet



Heritage Foods (India) Limited		
Balance Sheet as at September 30, 2012		
Particulars	(Rs. In lakhs)	
	As at September 30, 2012	As at September 30, 2011
A. EQUITY AND LIABILITIES		
1. SHAREHOLDERS' FUNDS		
a. Share Capital	1152.95	1152.95
b. Reserves and Surplus	10449.44	7699.71
Sub-Total Shareholders' funds	11602.39	8852.66
2. NON-CURRENT LIABILITIES		
a. Long-term borrowings	5192.15	7130.71
b. Deferred tax liabilities (Net)	1823.47	1712.04
c. Other Long term liabilities	664.80	586.72
d. Long term provisions	77.23	73.02
Sub-Total Non-Current Liabilities	7757.65	9502.49
3. CURRENT LIABILITIES		
a. Short-term borrowings	5034.89	6511.91
b. Trade payables	5549.75	4697.79
c. Other current liabilities	7742.44	7582.92
d. Short-term provisions	1215.44	453.67
Sub-Total Current Liabilities	19542.52	19246.28
TOTAL EQUITY AND LIABILITIES	38902.56	37601.44
B. ASSETS		
1. NON-CURRENT ASSETS		
a. Fixed assets		
i) Tangible assets	22520.43	22284.61
ii) Intangible assets	371.14	309.75
iii) Capital work-in-progress	843.96	777.31
b. Non-current investments	112.03	101.74
c. Long term loans and advances	1710.42	1539.77
d. Other non-current assets	105.10	105.46
Sub-Total Non-Current Assets	25663.07	25118.63
2. CURRENT ASSETS		
a. Inventories	6186.22	5389.16
b. Trade receivables	1637.31	1196.69
c. Cash and Bank balances	4226.81	3659.70
d. Short-term loans and advances	1189.16	2237.26
Sub-Total Current Assets	13239.49	12482.81
TOTAL ASSETS	38902.56	37601.44

Heritage Foods (India) Limited		
Consolidated Balance Sheet as at September 30, 2012		
Particulars	(Rs. In lakhs)	
	As at September 30, 2012	As at September 30, 2011
A. EQUITY AND LIABILITIES		
1. SHAREHOLDERS' FUNDS		
a. Share Capital	1152.95	1152.95
b. Reserves and Surplus	10428.28	7677.51
Sub-Total Shareholders' funds	11581.23	8830.46
2. MINORITY INTEREST		
	1.95	7.34
3. NON-CURRENT LIABILITIES		
a. Long-term borrowings	5192.15	7130.71
b. Deferred tax liabilities (Net)	1823.48	1712.04
c. Other Long term liabilities	664.80	586.72
d. Long term provisions	77.23	73.02
Sub-Total Non-Current Liabilities	7757.66	9502.49
4. CURRENT LIABILITIES		
a. Short-term borrowings	5034.89	6511.91
b. Trade payables	5549.75	4697.79
c. Other current liabilities	7742.67	7616.56
d. Short-term provisions	1215.44	453.67
Sub-Total Current Liabilities	19542.75	19279.93
TOTAL EQUITY AND LIABILITIES	38883.59	37620.22
B. ASSETS		
1. NON-CURRENT ASSETS		
a. Fixed assets		
i) Tangible assets	22520.43	22284.61
ii) Intangible assets	371.14	309.75
iii) Capital work-in-progress	843.96	777.31
b. Non-current investments	80.57	22.64
c. Long term loans and advances	1710.42	1633.54
d. Other non-current assets	105.10	105.46
Sub-Total Non-Current Assets	25631.61	25133.31
2. CURRENT ASSETS		
a. Inventories	6186.22	5389.16
b. Trade receivables	1637.31	1196.69
c. Cash and Bank balances	4239.30	3663.81
d. Short-term loans and advances	1189.16	2237.26
Sub-Total Current Assets	13251.98	12486.92
TOTAL ASSETS	38883.59	37620.22

Bring Home Health & Happiness

Current Share holding pattern



As on September 2012

	mn shares	% holding
Promoters	5.3	46%
FII's	1.1	9%
Domestic Institutions	0.1	1%
Others	5.1	44%
Total	11.5	

Dairy - Spread of Operations



- Widest regional footprint in India among privately held dairy companies. Spread across 6 states
 - Andhra Pradesh
 - Tamil Nadu
 - Karnataka
 - Maharashtra
 - Kerala
 - Orissa
- Present in the highest milk producing states in India
- One of the Top 3 private sector dairy companies in India in sales and volumes



Particulars	Andhra Pradesh	Tamil Nadu	Karnataka	Maharashtra	Kerala	Orissa	Delhi	Total
No of Chilling Plants	89	8	0	4	--	--	--	101
Chilling Capacity (LPD)	1061500	186000	50000	63700	--	--	--	1361200
Milk Procurement (*LPD)	664293	142913	16775	103308				927288
No of Processing & Packing Plants	10	1	1	1	--	--	--	13
Packing Capacity (LPD)	900000	50000	150000	50000	--	--	--	1150000
Liquid Milk Sales (LPD)	455589	205471	106962	38095	11737	5150	5059	828063
Ice Cream (LPD)	2411	1045	253	--	--	164	--	3874
Curd (MTPD)	47.08	21.89	7.49	--	.23	.72	--	77.41

*LPD: Liters per day

**MTPD: Metric tones per day

Distribution Network Structure



One Level

87% sales

Sales Office

Agents/Retailer/Parlours

Consumer

Two Level

11% sales

Sales Office

Distributors/Stockists

Agents/Retailers

Consumer

Three Level

2% sales

Sales Office

CFA/CA

Distributors/Stockists

Agents/Retailers

Consumer

- No of Sales offices 24
- No of Distributors/Agents - 4250
- No of outlets - 85,000
- No of Households serviced on daily basis: 10,00,000
- No of vehicles (trucks/tankers/puff vehicles) servicing Heritage everyday: 1,000 (employing ~ 3,000 people)

Range of Products



Milk



UHT Milk & Fresh Cream



Flavoured Milk

Tetra Packs & Bottles



Curd



Fruit n Curd



Lassi



Butter Milk



Sweets



PT Butter & Cheese



Cooking Butter



Bring Home Health & Happiness

Range of Products



Buffalo Ghee



Cow Ghee



Paneer



Dairy Whitener



Skim Milk Powder



Ice Cream

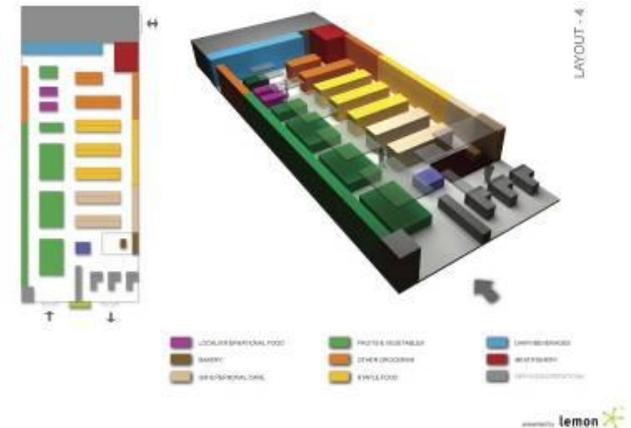


Bring Home Health & Happiness

Business Profile - Retail Division



- Started in 2006 as a logical extension to dairy division to benefit from the food and grocery retail boom in India
- Average store area is ~3,000 sft and contains over 6,000 SKUs
- A typical store is on 9 years lease
- International concepts/standards in branding, layout, design and display
- Layout, ambience, and cleanliness standards have become a benchmark in the industry. All stores are air-conditioned, owned, operated, and maintained by the company
- Rated the highest in Customer Satisfaction among Food & Grocery chains in South India by WPP group



All Stores are in prime retail/residential locations and are on the ground floor with an average frontage of 40ft

Quality & FRESHness



- **FRESH is not just a part of our name**
 - It is the essence of the relationship we have built with our customer
 - It stands for the freshness of the products we sell
 - It's also about the originality of our business model
- **Direct procurement of fruits & vegetables from farmers/Heritage Agri and FMCG & grocery products from manufacturers**
- **Dedicated bakery facility to cater to select stores by offering a wide range of fresh bakery products**

Company's value proposition is high quality fresh produce, grocery & FMCG products at competitive prices coupled with high level of service & convenience



Pack Houses Infrastructure



Bring Home Health & Happiness

Economic Activity - Manpower



S No	Division	Regular Jobs	Part timers/Casuals Jobs	Total
1	Dairy	1759	1665	3424
2	Retail	1825	305	2130
3	Agri	86	91	177
4	Bakery	43	53	96
Grand Total		3713	2114	5827



Thank You

Bring Home Health & Happiness