Quarterly Update 1QFY14

Bring Home Health & Happiness

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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

	1QFY14	1QFY13	YOY %
Liquid milk sales (llpd)	8.1	8.3	(2.3%)
Liquid milk price real. (Rs/l)	30.9	29.6	4%
Milk Procurement (llpd)	8.4	8.9	(6.2%)
Milk procurement price (Rs/l)	26.1	26.1	0%
Branded Value added Products sales (Rs mn)	693	516	34%
No. of Parlours	1212	1055	

Key Highlights - Dairy

- 2% yoy growth in turnover to Rs3367mn
  - (2.3%) yoy de-growth in Milk sales to 8.1LLPD (lakh litres per day)
- 34% yoy growth achieved in Branded Value Added Products sales
  - 45% yoy growth in Packaged Curd sales (accounts for approx. 67% of Branded Value added products sales)
- (6.2)% yoy de-growth in milk procurement to 8.4LLPD (lakh litres per day)
- EBITDA of Rs326mn (EBITDA margin of 9.7%) as against Rs248mn (EBITDA margin of 7.5%) in 1QFY13
- Opened 36 new Dairy Parlors during 1QFY14 taking the total number to 1212
- Export turnover of Rs56.6mn

Key Metrics Retail

Rs mn	1QFY14	1QFY13	YOY %
No. of stores	67	68	
Total carpet area ('000 sq ft)	207	199	**4%**
Effective Carpet Area (sq ft)	204	205	**0%**
Avg store sales (Rs/ sq ft/month)	**1217**	**1042**	**17%**
Heritage Fresh Stores	746	641	**16%**
Institutional, General Trade & Others	141	120	**17%**
Other Operating Income	80	59	**36%**
Total Revenue	**967**	**820**	**18%**
Total Gross Profit	**175**	**156**	**12%**
Gross margin (%)	**18.08%**	**19.00%**	
Gross margin Heritage Fresh (%)	**20.98%**	**20.60%**	
EBITDA at store level (Rs mn)	**49**	**37**	**32%**
EBITDA margin (%)	5.07%	4.50%	
Regional & Corporate Overheads	89	79	
EBITDA (Rs mn)	**(40)**	**(42)**	

Key Highlights - Retail

- SSS (considering 66 comparable stores) stood at 14.8%
- 16.8% yoy productivity growth on account of 6500 sft of first floor trading area has been reduced.
- Average Bill Value (ABV) increased by 11.7% yoy to Rs219(Rs196 in 1QFY13) on same store basis
- No. of Bills (NOB) grown by 2.8% yoy to 3.28mn (3.19mn in 1QFY 13) on same store basis
- Store Gross margin improved by 38bps to 20.98% and overall gross margin decreased by 0.92bps
- Store fixed cost increased to Rs184/sq ft/month (Rs 175 in 1QFY13)
- Regional & Corporate Overheads Higher by Rs16/sq ft/month compare to 1QFY13

Financial results

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND ENDED JUNE 30, 2013 (Rs.in lakhs)

Particulars	STANDALONE				CONSOLIDATED			
	Quarter Ended			Year Ended	Quarter Ended			Year Ended
	30.06.2013 (Unaudited)	31.03.2013 (Unaudited)	30.06.2012 (Unaudited)	31.03.2013 (Audited)	**30.06.2013 (Unaudited)**	31.03.2013 (Unaudited)	30.06.2012 (Unaudited)	31.03.2013 (Audited)
1. Income from operations								
a) Net Sales / Income from Operations (Net of excise duty)	**42739.31**	38720.07	40802.68	158030.01	**42739.31**	38720.07	40802.68	158030.01
(b) Other Operating Income	**817.81**	724.09	600.96	2151.28	**817.81**	724.09	600.96	2151.28
Total income from operations	**43557.12**	39444.16	41403.64	160181.29	**43557.12**	39444.16	41403.64	160181.29
2. Expenses								
(a) Cost of materials consumed	**24743.56**	22611.21	23632.18	93973.45	**24743.56**	22611.21	23632.18	93973.45
(b) Purchase of stock-in-trade	**8663.36**	7247.62	6599.67	26274.64	**8663.36**	7247.62	6599.67	26274.64
(c) Changes in inventories of finished goods,work-in-progress and stock-in-trade	**289.19**	(5.00)	2925.47	3441.50	**289.19**	(5.00)	2925.47	3441.50
(d) Employees benefits expense	**2432.10**	2503.58	1941.06	8718.25	**2432.10**	2503.58	1941.06	8718.25
(e) Depreciation and amortisation expense	**566.69**	561.18	530.14	2202.03	**566.69**	561.18	530.14	2202.03
(f) Other expenses	**4575.94**	4384.73	4279.70	17664.49	**4575.94**	4385.79	4279.70	17665.55
Total expenses	**41270.85**	37303.32	39908.20	152274.36	**41270.85**	37304.37	39908.20	152275.42
3. Profit / (Loss) from operations before other income, finance costs & exceptional items (1-2)	**2286.27**	2140.84	1495.44	7906.93	**2286.27**	2139.79	1495.44	7905.87
4. Other Income	**69.35**	223.37	66.80	419.95	**69.35**	223.37	66.80	419.95
5. Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	**2355.62**	2364.21	1562.25	8326.88	**2355.62**	2363.15	1562.25	8325.82
6. Finance costs	**340.09**	344.06	523.61	1670.20	**340.09**	344.06	523.61	1670.20
7. Profit /(Loss) from ordinary activities after finance costs and before exceptional items (5+6)	**2015.53**	2020.15	1038.64	6656.68	**2015.53**	2019.10	1038.64	6655.62
8. Exceptional Items	---	---	---	---	---	---	---	---
9. Profit / (Loss) from ordinary activities before tax (7-8)	**2015.53**	2020.15	1038.64	6656.68	**2015.53**	2019.10	1038.64	6655.62
10. Tax expense								
Current Tax (MAT)	**519.10**	408.39	200.98	1334.09	**519.10**	408.39	200.98	1334.08
Prior period tax	**0.00**	0.00	0.00	(44.39)	**0.00**	0.00	0.00	(44.39)
Deferred Tax Charge / (Credit)	**(9.24)**	124.14	(6.97)	137.76	**(9.24)**	124.14	(6.97)	137.75
11.Net Profit/ (Loss) from ordinary activities after tax (9 -10)	**1505.67**	1487.62	844.63	5229.21	**1505.67**	1486.57	844.63	5228.16
12.Extraordinary Items (net of tax expenses)	**37.50**	0.00	---	233.05	**37.50**	0.00	---	233.05
13.Net Profit/(Loss) for the period (11-12)	**1468.17**	1487.62	844.63	4996.16	**1468.17**	1486.57	844.63	4995.11
14.Share of profit / (loss) of associates	-	-	-	-	**(0.78)**	(0.06)	(0.05)	(0.25)
15. Minority interest	-	-	-	-	**0.00**	(0.13)	0.00	(0.13)
16. Net Profit/ (Loss) after taxes, minority interest and share of profit / (loss) of associates (13+14-15)	**1468.17**	1487.62	844.63	4996.16	**1467.38**	1486.63	844.58	4994.98
17. Paid-up equity share capital	**1159.95**	1159.95	1152.95	1159.95	**1159.95**	1159.95	1152.95	1159.95
Face value per share (Rs.)	**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	----	----	----	13028.65	----	----	----	13006.44
19. Earnings per share (Rs.)								
a)EPS before Extraordinary items for the period, for the year to date and for the previous year (not annualized) :								
i. Basic	**12.98**	12.84	7.33	45.81	**12.98**	12.84	7.33	45.80
ii. Diluted	**12.98**	12.84	7.33	45.81	**12.98**	12.84	7.33	45.80
b)EPS after Extraordinary items for the period, for the year to date and for the previous year (not annualized):								
i. Basic	**12.66**	12.84	7.33	43.28	**12.66**	12.84	7.33	43.27
ii. Diluted	**12.66**	12.84	7.33	43.28	**12.66**	12.84	7.33	43.27
20.Particulars of shareholding								
Public shareholding								
- Number of shares	**6956827**	6956827	6259253	6956827	**6956827**	6956827	6259253	6956827
- Percentage of shareholding	**59.98**	59.98	54.29	59.98	**59.98**	59.98	54.29	59.98

Financial results-Segmental

SEGMENT REPORTING FOR THE QUARTER ENDED JUNE 30, 2013 (Rs. In lakhs)

Particulars	STANDALONE				CONSOLIDATED			
	Quarter Ended			Year Ended	Quarter Ended			Year Ended
	30.06.2013 (Unaudited)	31.03.2013 (Unaudited)	30.06.2012 (Unaudited)	31.03.2013 (Audited)	**30.06.2013 (Unaudited)**	31.03.2013 (Unaudited)	30.06.2012 (Unaudited)	31.03.2013 (Audited)
1. Segment Revenue								
a. Dairy	**33666.45**	30481.62	33063.91	126862.15	**33666.45**	30481.62	33063.91	126862.15
b. Retail	**9669.60**	8847.47	8189.27	32657.46	**9669.60**	8847.47	8189.27	32657.46
c. Agri	**1548.11**	912.21	1034.70	3993.67	**1548.11**	912.21	1034.70	3993.67
d. Bakery	**94.07**	105.72	83.35	405.62	**94.07**	105.72	83.35	405.62
e. Renewable Energy	-	-	-	-	-	-	-	-
f. HFRL	-	-	-	-	-	-	-	-
g. Heritage Conpro Ltd	-	-	-	-	-	-	-	-
Total Segment Revenue	**44978.23**	40347.01	**42371.22**	163918.90	**44978.23**	40347.01	42371.22	163918.90
Less: Inter Segment Revenue	**1421.12**	902.85	**967.58**	3737.61	**1421.12**	902.85	967.58	3737.61
Net Sales / Income from Operations	**43557.12**	39444.16	**41403.64**	160181.29	**43557.12**	39444.16	41403.64	160181.29
2. Segment Results								
(Profit (+) / (Loss) (-) before finance costs and tax)								
a. Dairy	**2968.17**	2906.50	2181.48	10927.45	**2968.17**	2906.50	2181.48	10927.45
b. Retail	**(525.57)**	(404.62)	(559.33)	(2194.51)	**(525.57)**	(404.62)	(559.33)	(2194.51)
c. Agri	**(58.16)**	(89.65)	(25.87)	(254.77)	**(58.16)**	(89.65)	(25.87)	(254.77)
d. Bakery	**(28.83)**	(48.02)	(34.04)	(153.16)	**(28.83)**	(48.02)	(34.04)	(153.16)
e. Renewable Energy	-	-	-	-	-	-	-	-
f. HFRL	-	-	-	-	-	(0.53)	-	(0.53)
g. Heritage Conpro Ltd	-	-	-	-	-	(0.53)	-	(0.53)
Total Segment Results	**2355.61**	2364.21	1562.25	8325.02	**2355.61**	2363.15	1562.25	8323.96
Less: I. Finance costs	**340.09**	344.06	523.61	1670.20	**340.09**	344.06	523.61	1670.20
ii. Other un-allocable expenses net off	-	-	-	-	-	-	-	-
Add: iii. Other un-allocable income	-	-	-	1.86	**0.00**	-	-	1.86
Total Profit before Tax	**2015.53**	2020.15	1038.64	6656.68	**2015.53**	2019.10	1038.64	6655.62
3. Capital Employed								
(Segment Assets - Segment Liabilities)								
a. Dairy	**13599.45**	14837.28	13530.28	14837.28	**13599.45**	14837.28	13530.28	14837.28
b. Retail	**5719.67**	5851.02	6179.97	5851.02	**5719.67**	5851.02	6179.97	5851.02
c. Agri	**3312.74**	3404.07	3585.69	3404.07	**3312.74**	3404.07	3585.69	3404.07
d. Bakery	**1151.48**	1124.35	1159.23	1124.35	**1151.48**	1124.35	1159.23	1124.35
e. Renewable Energy	**875.57**	-	-	-	**875.57**	-	-	-
f. HFRL	-	-	-	-	**(0.30)**	(0.42)	(0.34)	(0.42)
g. Heritage Conpro Ltd	-	-	-	-	**(0.30)**	(0.42)	(0.34)	(0.42)
h. Unallocated	**347.01**	396.73	370.65	396.73	**347.01**	396.73	370.65	396.73
Total	**25005.93**	25613.46	24825.81	25613.46	**25005.33**	25612.62	24825.14	25612.62

Current Share holding pattern

As on 30 June 2013

Particulars	mn shares	% holding
Promoters	4.64	40.0%
FIIs	0.21	1.8%
Domestic Institutions	2.5	21.5%
Others	4.25	36.7%
Total	**11.60**	

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	101	10	0	5	--	--	--	116
Chilling Capacity (LPD)	1128000	206000	50000	67000	--	--	--	1451000
Milk Procurement (*LPD)	578459	100815	8940	153522				841736
No of Processing & Packing Plants	10	1	1	1	--	--	--	13
Packing Capacity (LPD)	1000000	50000	150000	50000	--	--	--	1250000
Liquid Milk sales (LPD)	443536	195484	107035	434896	11183	5600	12925	810659

*LPD: Liters 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 (engaging ~ 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

Range of Products

Buffalo Ghee

Cow Ghee

Paneer

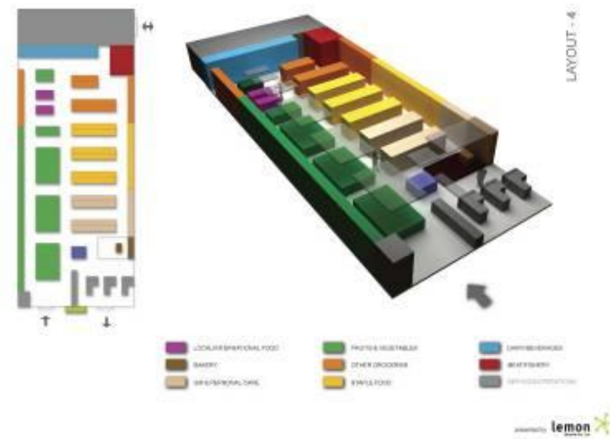
Dairy Whitener

Skim Milk Powder

Ice Cream

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 flood 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





Economic Activity - Manpower

Division	Regular Jobs
Dairy	1868
Retail	1742
Agri	82
Bakery	48
Grand Total	**3740**

Thank You

Bring Home Health & Happiness