



Quarterly Update Q2FY14

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



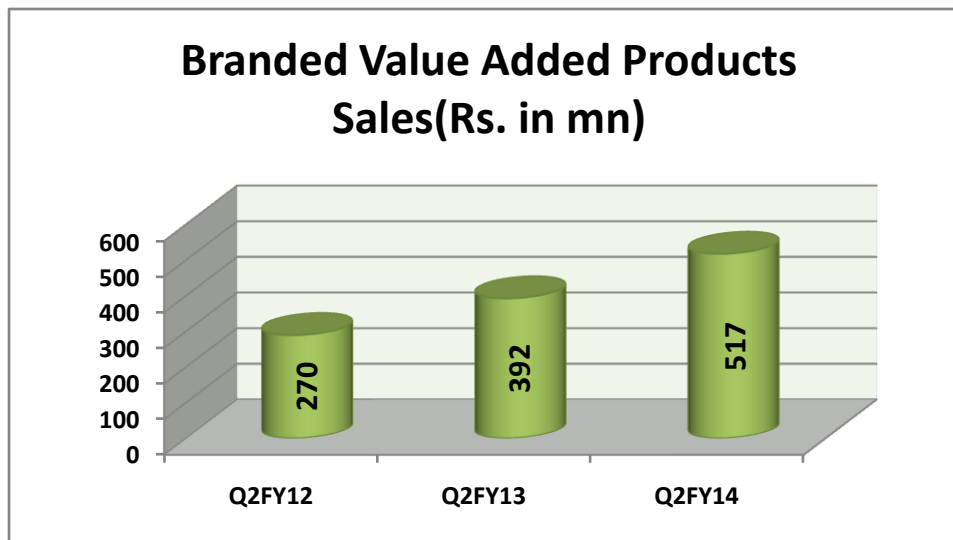
	Q2FY14	Q2FY13	YOY %
Liquid milk sales (llpd)	8.27	8.34	-0.84
Liquid milk price real. (Rs/l)	31.65	30.27	4.56
Milk Procurement (llpd)	8.13	8.87	-8.34
Milk procurement price (Rs/l)	26.27	25.79	1.86
Branded Value added Products sales (Rs mn)	517.00	392.00	31.89
No. of Parlours	1222	1115	9.59

llpd: lakh liters per day

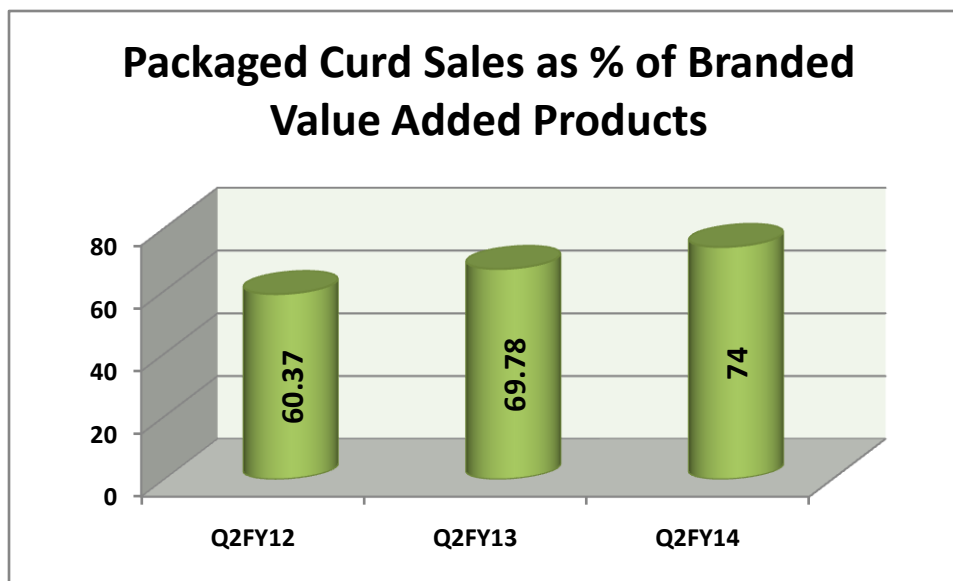
Key metrics - Dairy (Branded Value Added Products)



Branded Value Added Products	
Year	Sales(Rs. in mn)
Q2FY12	270
Q2FY13	392
Q2FY14	517



Packaged Curd Sales	
Year	As % of Branded Value Added Products
Q2FY12	60.37
Q2FY13	69.78
Q2FY14	74.00



- **2.38% yoy growth in turnover to Rs3274.90mn**
 - ❖ **0.84% yoy de-growth in Milk sales to 8.27LLPD (lakh litres per day)**
- **31.89% yoy growth achieved in Branded Value Added Products sales**
 - ❖ **39% yoy growth in Packaged Curd sales (accounts for approx. 74% of Branded Value added products sales)**
- **8.34% yoy de-growth in milk procurement to 8.13LLPD (lakh litres per day)**
- **EBITDA of Rs261.70mn (EBITDA margin of 7.99%) as against Rs318.10mn(EBITDA margin of 9.94%) in Q2FY13**
- **Opened 26 new Dairy Parlours during Q2FY14 taking the total number to 1222**
- **Export Turnover during Q2FY14 was Rs17.4mn**

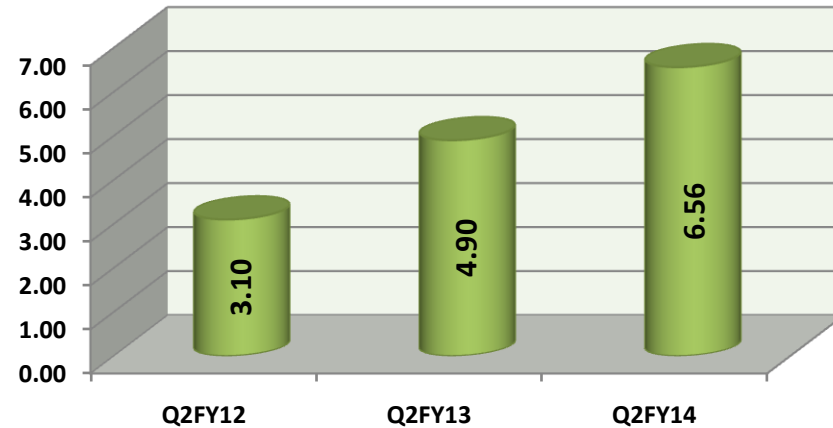
Key metrics - Retail



Particulars	Q2FY14	Q2FY13	YOY %
No. of stores	69	66	4.54
Total carpet area('000 sq ft)	217	196	10.71
Effective Carpet Area(sq ft)	210	202	3.96
Avg. store sales(Rs/ sq ft/month)	1259	1127	11.71
Heritage Fresh Stores	792	683	15.95
Institutional, General Trade & Others	79	66	19.69
Other Operating Income(Rs mn)	70	46	52.17
Total Revenue(Rs mn)	941	795	18.36
Total Gross Profit(Rs mn)	188	160	17.50
Gross margin(%)	19.98	20.10	
Gross margin Heritage Fresh(%)	21.08	21.10	
EBITDA at store level(Rs mn)	62	39	58.97
EBITDA margin(%)	6.56	4.90	
Regional & Corporate Overheads(Rs mn)	96	87	10.34
EBITDA(Rs mn)	-34.00	-48.00	

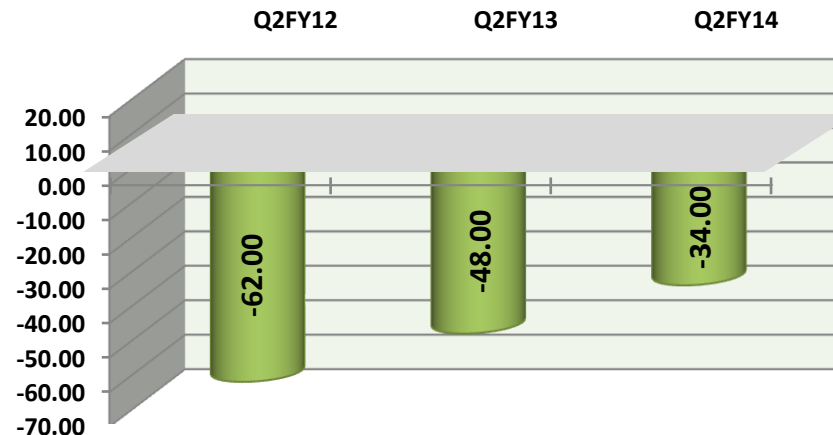
Retail Division	
Year	EBIDTA Margin%
Q2FY12	3.10
Q2FY13	4.90
Q2FY14	6.56

Retail Division - EBIDTA Margin %



Retail Division	
Year	EBIDTA (Rs in mn)
Q2FY12	-62.00
Q2FY13	-48.00
Q2FY14	-34.00

Retail Division EBIDTA (Rs in mn)



- SSS (considering 66 comparable stores) stood at 9%
- 12% yoy productivity growth on account of 7367 sqft decrease to the stores sqft
- Average Bill Value (ABV) increased by 8.65% yoy to Rs235 (Rs216 in 2QFY13)
- No. of Bills (NOB) fell by 0.25% yoy to 3.16mn (3.15 mn in 2QFY 13)
- Store Gross margin decreased by 06 bps to 21.08% and overall gross margin decreased by 14 bps
- Store fixed cost increased to Rs187/sqft/month (Rs177 in 2QFY13)
- Regional & Corporate Overheads at Rs153 per sqft/month is lower(Rs144 in Q2FY13)
- Store opening / closing: 2 stores opened during the quarter

Financial results



UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2013 (₹ in Millions)													
PARTICULARS	STANDALONE						CONSOLIDATED						
	Quarter Ended			Half Year Ended			Year Ended	Quarter Ended			Half Year Ended		Year Ended
	30-Sep-13	30-Jun-13	30-Sep-12	30-Sep-13	30-Sep-12	31-Mar-13	30-Sep-13	30-Jun-13	30-Sep-12	30-Sep-13	30-Sep-12	31-Mar-13	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1) Income from operations													
Net Sales/Income from Operations	4179.22	4273.93	3975.90	8453.15	8056.17	15803.00	4179.22	4273.93	3975.90	8453.15	8056.17	15803.00	
Other Operating Income	70.30	81.78	45.44	152.08	105.54	215.12	70.30	81.78	45.44	152.08	105.54	215.12	
Total income from operations	4249.53	4355.71	4021.35	8605.24	8161.72	16018.12	4249.53	4355.71	4021.35	8605.24	8161.72	16018.12	
2) Expenses													
Cost of materials consumed	2494.20	2474.35	2402.44	4968.55	4765.66	9397.34	2494.20	2474.35	2402.44	4968.55	4765.66	9397.34	
Purchase of stock in trade	795.78	866.33	628.41	1662.12	1288.38	2627.46	795.78	866.33	628.41	1662.12	1288.38	2627.46	
Changes in inventories of finished goods, work-in-progress and stock in trade	12.93	28.91	65.97	41.85	358.52	344.15	12.93	28.91	65.97	41.85	358.52	344.15	
Employees benefit expense	266.77	243.21	208.48	509.98	402.59	871.82	266.77	243.21	208.48	509.98	402.59	871.82	
Depreciation and Amortisation expense	59.65	56.66	52.63	116.32	105.64	220.20	59.65	56.66	52.63	116.32	105.64	220.20	
Other expenses	466.63	457.59	445.89	924.22	873.86	1766.44	466.63	457.59	445.89	924.22	873.86	1766.55	
Total Expenses	4095.99	4127.08	3803.85	8223.07	7794.67	15227.43	4095.99	4127.08	3803.85	8223.07	7794.67	15227.54	
3) Profit / (Loss) from operations before other income, finance costs & exceptional items(1-2)	153.54	228.62	217.50	382.16	367.04	790.69	153.54	228.62	217.50	382.16	367.04	790.58	
4) Other income	12.61	6.93	6.61	19.54	13.29	41.99	12.61	6.93	6.61	19.54	13.29	41.99	
5) Profit/(Loss) from ordinary activities before finance cost and exceptional items(3+4)	166.15	235.56	224.11	401.71	380.34	832.68	166.15	235.56	224.11	401.71	380.34	832.58	
6) Finance cost	31.70	34.00	45.90	65.71	98.26	167.02	31.70	34.00	45.90	65.71	98.26	167.02	
7) Profit/(Loss) from ordinary activities after finance cost and before exceptional items (5+6)	134.44	201.55	178.21	336.00	282.07	665.66	134.44	201.55	178.21	336.00	282.07	665.56	
8) Exceptional items	-	-	-	-	-	-	-	-	-	-	-	-	
9) Profit/(Loss) from ordinary activities before tax (7-8)	134.44	201.55	178.21	336.00	282.07	665.66	134.44	201.55	178.21	336.00	282.07	665.56	
10) Tax expense													
Current Tax/MAT	19.50	51.91	36.17	71.41	56.27	133.40	19.50	51.91	36.17	71.41	56.27	133.40	
Prior period tax	-0.04	0.00	-4.31	-0.04	-4.31	-4.43	-0.04	0.00	-4.31	-0.04	-4.31	-4.43	
Deferred Tax Charge/(Credit)	13.41	-0.92	1.52	12.49	0.83	13.77	13.41	-0.92	1.52	12.49	0.83	13.77	
11) Profit/(Loss) from ordinary activities after tax (9-10)	101.57	150.56	144.82	252.14	229.29	522.92	101.57	150.56	144.82	252.14	229.29	522.81	
12) Extraordinary Items	0.00	3.75	0.00	3.75	0.00	23.30	0.00	3.75	0.00	3.75	0.00	23.30	
13) Net Profit/(Loss) (11-12)	101.57	146.81	144.82	248.39	229.29	499.61	101.57	146.81	144.82	248.39	229.29	499.51	
14) Share of profit / (loss) of associates	-	-	-	-	-	-	0.006	-0.078	0.00	-0.073	-0.005	-0.025	
15) Minority interest	-	-	-	-	-	-	0.00	0.00	0.00	0.00	0.00	-0.013	
16) Net Profit/ (Loss) after taxes, minority interest and share of profit / (loss) of associates (13+14-15)	101.57	146.81	144.82	248.39	229.29	499.61	101.57	146.73	144.82				
Paid-up Equity Share Capital	231.99	115.99	115.29	231.99	115.29	115.99	231.99	115.99	115.29	231.99	115.29	115.99	
Reserves (excluding revaluation reserve)	-	-	-	-	-	1302.86	-	-	-	-	-	1300.64	
Earning Per Share before Extra Ordinary Items													
Basic (₹)	4.38	6.49	6.28	10.87	9.94	22.60	4.38	6.49	6.28	10.87	9.94	22.59	
Diluted (₹)	4.38	6.49	6.28	10.87	9.94	22.60	4.38	6.49	6.28	10.87	9.94	22.59	
Earning Per Share After Extra Ordinary Items													
Basic (₹)	4.38	6.33	6.28	10.71	9.94	21.59	4.38	6.33	6.28	10.70	9.94	21.58	
Diluted (₹)	4.38	6.33	6.28	10.71	9.94	21.59	4.38	6.33	6.28	10.70	9.94	21.58	
Public Share Holding													
Number of shares	13,913,654	6,956,827	6,208,753	13,913,654	6,208,753	6,956,827	13,913,654	6,956,827	6,208,753	13,913,654	6,208,753	6,956,827	
Percentage of Public shareholding	59.98	59.98	53.85	59.98	53.85	59.98	59.98	59.98	53.85	59.98	53.85	59.98	

Financial results-Segmental



SEGMENT REPORTING FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2013 (₹ in Millions)	STANDALONE						CONSOLIDATED					
	Quarter Ended			Half Year Ended		Year Ended	Quarter Ended			Half Year Ended		Year Ended
	30-Sep-13	30-Jun-13	30-Sep-12	30-Sep-13	30-Sep-12	31-Mar-13	30-Sep-13	30-Jun-13	30-Sep-12	30-Sep-13	30-Sep-12	31-Mar-13
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue												
a. Dairy	3274.92	3366.64	3198.73	6641.57	6505.12	12686.21	3274.92	3366.64	3198.73	6641.57	6505.12	12686.21
b. Retail	938.63	966.96	792.90	1905.59	1611.82	3265.74	938.63	966.96	792.90	1905.59	1611.82	3265.74
c. Agri	169.89	154.81	110.06	324.70	213.53	399.36	169.89	154.81	110.06	324.70	213.53	399.36
d. Bakery	7.64	9.40	9.96	17.04	18.30	40.56	7.64	9.40	9.96	17.04	18.30	40.56
e. Renewable Energy	-	-	-	-	-	-	-	-	-	-	-	-
f. HFRL	-	-	-	-	-	-	-	-	-	-	-	-
g. Heritage Conpro Ltd	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue	4391.08	4497.82	4111.66	8888.90	8348.78	16391.89	4391.08	4497.82	4111.66	8888.90	8348.78	16391.89
Less: Inter Segment Revenue	141.55	142.11	90.30	283.66	187.06	373.76	141.55	142.11	90.30	283.66	187.06	373.76
Net Sales / Income from Operations	4249.53	4355.71	4021.35	8605.24	8161.72	16018.12	4249.53	4355.71	4021.35	8605.24	8161.72	16018.12
2. Segment Results												
(Profit (+) / (Loss) (-) before finance costs and tax)												
a. Dairy	225.52	296.81	288.84	522.34	506.99	1092.74	225.52	296.81	288.84	522.34	506.99	1092.74
b. Retail	-48.01	-52.55	-56.09	-100.56	-112.02	-219.45	-48.01	-52.55	-56.09	-100.56	-112.02	-219.45
c. Agri	-8.08	-5.81	-5.48	-13.90	-8.07	-25.47	-8.08	-5.81	-5.48	-13.90	-8.07	-25.47
d. Bakery	-3.13	-2.88	-3.33	-6.02	-6.73	-15.31	-3.13	-2.88	-3.33	-6.02	-6.73	-15.31
e. Renewable Energy	-0.14	-	-	-0.14	-	-	-0.14	-	-	-0.14	0.00	-
f. HFRL	-	-	-	-	-	-	-	0.00	-	0.00	-	-0.05
g. Heritage Conpro Ltd	-	-	-	-	-	-	-	0.00	-	0.00	-	-0.05
Total Segment Results	166.14	235.56	223.93	401.70	380.15	832.50	166.14	235.56	223.93	401.70	380.15	832.39
Less: i. Finance costs	31.70	34.00	45.90	65.71	98.26	167.02	31.70	34.00	45.90	65.71	98.26	167.02
ii. Other un-allocable Expenditure net off	-	-	-	-	-	-	-	-	-	-	-	-
Add: iii. Other un-allocable Income	0.009	-	0.18	0.009	0.18	0.18	0.009	-	0.18	0.009	0.18	0.18
Total Profit before Tax	134.44	201.55	178.21	336.00	282.07	665.66	134.44	201.55	178.21	336.00	282.07	665.56
3. Capital Employed												
Segment Assets -Segment Liabilities)												
a. Dairy	1285.66	1359.94	1224.67	1285.66	1224.67	1483.72	1285.66	1359.94	1224.67	1285.66	1224.67	1483.72
b. Retail	604.09	571.96	581.05	604.09	581.05	585.10	604.09	571.96	581.05	604.09	581.05	585.10
c. Agri	296.45	331.27	354.42	296.45	354.42	340.40	296.45	331.27	354.42	296.45	354.42	340.40
d. Bakery	113.76	115.14	114.38	113.76	114.38	112.43	113.76	115.14	114.38	113.76	114.38	112.43
e. Renewable Energy	151.10	87.55	-	151.10	-	-	151.10	87.55	-	151.10	-	-
f. HFRL	-	-	-	-	-	-	-0.01	-0.03	-0.008	-0.01	-0.008	-0.04
g. Heritage Conpro Ltd	-	-	-	-	-	-	-0.01	-0.03	-0.01	-0.01	-0.01	-0.04
h. Unallocated	32.76	34.70	45.92	32.76	45.92	39.67	32.76	34.70	45.92	32.76	45.92	39.67
Total	2483.85	2500.59	2320.46	2483.85	2320.46	2561.34	2483.82	2500.53	2320.44	2483.82	2320.44	2561.26



As on September 2013

	mn shares	% holding
Promoters	9.28	40.02
FII's	0.45	1.95
Domestic Institutions	0.16	0.70
Others	13.27	57.33
Total	23.19	100

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	561463	110418	15702	137837	0	0	1897	827319
Chilling Capacity (LPD)	102	10	0	6	0	0	0	118
Milk Procurement (LPD)	1109000	226000	50000	70000	0	0	0	1455000
No of Processing & Packing Plants	10	1	1	1	0	0	0	13
Packing Capacity (LPD)	1010000	50000	150000	50000	0	0	0	1260000
Liquid Milk Sales (LPD)	452519	190870	109567	36718	11050	6000	12311	819035
Ice Cream (LPD)	74388	30681	10926	-	576	1100	-	117671
Curd (MTPD)	6033	1583	746	-	-	202	-	8564

*LPD:liters per day **MTPD:metric tonnes 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 - 26
- No of Distributors/Agents - 5,100
- No of outlets - 90,000
- No of Households serviced on daily basis: 10,50,000
- 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

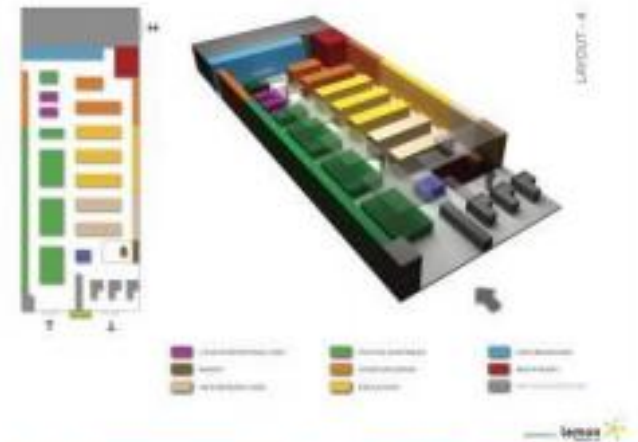


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Business Profile - Retail Division



- 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	1938	1967	3905
2	Retail	1820	262	2082
3	Agri	87	86	173
4	Bakery	44	38	82
Grand Total		3889	2353	6242



Thank You

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