



Quarterly Update Q2FY15

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.



The Heritage Foods Limited is proud to announce that it has bagged “Most Admired Retailer of the Year 2014 (Food & Grocery)” from India Retail Forum on Thursday September 18, 2014.

The Award was won amidst much competition the category of Food & Grocery space and the assessment period for Awards was April 1, 2013 through March 31 2014.

“Winning an Award of this stature is indeed recognition of our efforts in the Retail space. This will definitely inspire us to do even more better going forward,” Smt N Bhuvaneshwari, Vice Chairperson & Managing Director, Heritage Foods Ltd, said.

For selecting the winners, the Jury comprising prominent personalities from the industry, gave weightage to factors like: growth of company in retail space; sales margins; implementation and usage of technology; vendors payment cycle; and relations with employees and how they are kept motivated.

In the Retail space, Heritage Foods currently has 82 stores under the banner Heritage Fresh, occupying 3,04,708 square feet. Heritage Foods plans to add another 1 lakh square feet in two years time frame. Heritage Fresh is currently present in South in cities like Hyderabad, Bangalore, and Chennai.

About India Retail Forum

India Retail Forum (IRF) is the premier knowledge and networking platform for India’s burgeoning retail and shopping centre industries Recognised by the international retail community through its B2B Magazines, Conferences, Exhibitions, Research Volumes, Web Portals & Online Services, the Images Group is a retail intelligence organization that is trusted as the catalyst for profitable growth of modern retail through knowledge platform leadership.



- Total Turnover has improved on YoY by 20.57% at Rs 5123.80 mn.
- Dairy Revenue is higher by 17% at Rs 3831 mn.
- Dairy EBITDA is however lower at Rs 190 mn (Rs 262 mn) due to increase in value and usage of SMP and extended summer season.
- Value Added Products in Dairy surged forward by 28.33% at Rs 718.80 mn.
- Retail Revenue is up by 30.45% at Rs 1227 mn.
- Retail EBITDA has improved at Rs (15) mn as against (Rs 35) mn in Q2 last year.
- On Agri front, EBITDA has turned positive at Rs 3 mn as against Rs (3.20) mn in Q2 last year.
- On Bakery front, EBITDA has improved at Rs (0.50) mn as against Rs (1.80) mn in Q2 last year.

Q2FY15 Key metrics - Dairy



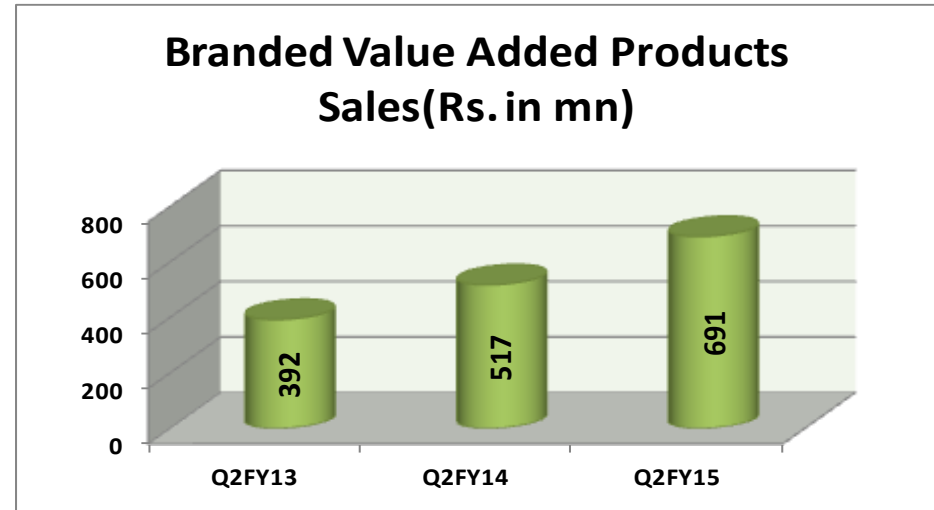
	Q2FY15	Q2FY14	YOY %
Liquid milk sales (llpd)	8.32	8.27	1%
Liquid milk price real. (Rs/l)	36.99	31.65	17%
Milk Procurement (llpd)	9.08	8.13	12%
Milk procurement price (Rs/l)	30.96	26.27	18%
Branded Value added Products sales (Rs mn)	691	517	34%
No. of Parlours	1245	1222	2%

llpd: lakh liters per day

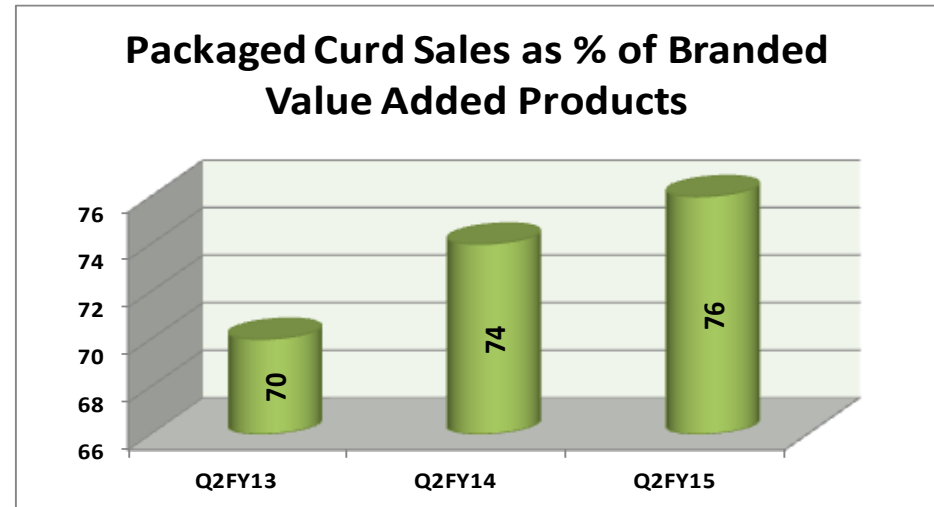
Q2FY15 Key metrics - Dairy (Branded Value Added Products)



Branded Value Added Products	
Year	Sales(Rs. in mn)
Q2FY13	392
Q2FY14	517
Q2FY15	691



Packaged Curd Sales	
Year	As % of Branded Value Added Products
Q2FY13	70
Q2FY14	74
Q2FY15	76





- **17 % yoy growth in turnover to Rs 3831 mn**
 - ❖ **1 % yoy growth in Milk sales to 8.32 LLPD (lakh litres per day)**
- **34% yoy growth achieved in Branded Value Added Products sales**
 - ❖ **37 % yoy growth in Packaged Curd sales (accounts for approx. 76 % of Branded Value added products sales)**
- **12 % yoy growth in milk procurement to 9.08 LLPD (lakh litres per day)**
- **EBITDA of Rs 190 mn (EBITDA margin of 4.96 %) as against Rs 262 mn(EBITDA margin of 7.99 %) in Q2FY14**
- **Dairy Parlors as on 30.09.2014 are 1245 Nos.**

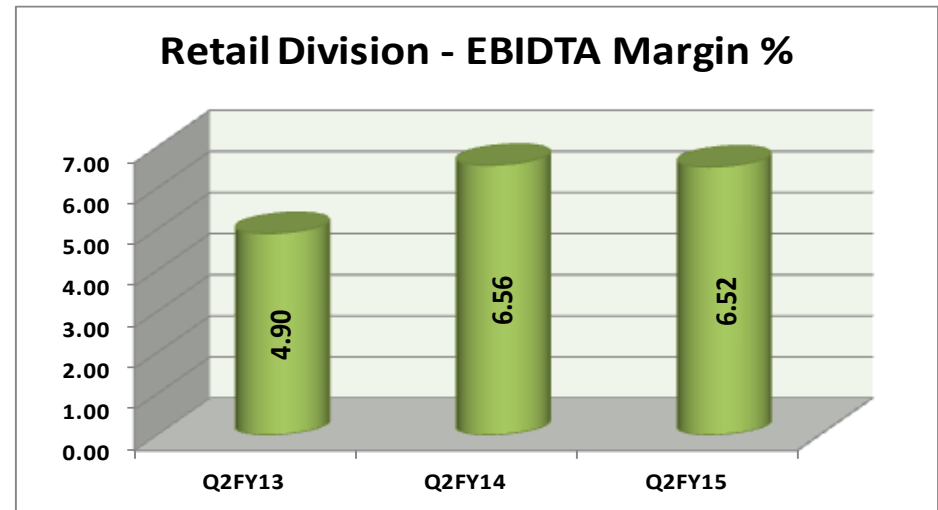
Q2FY15 Key metrics - Retail



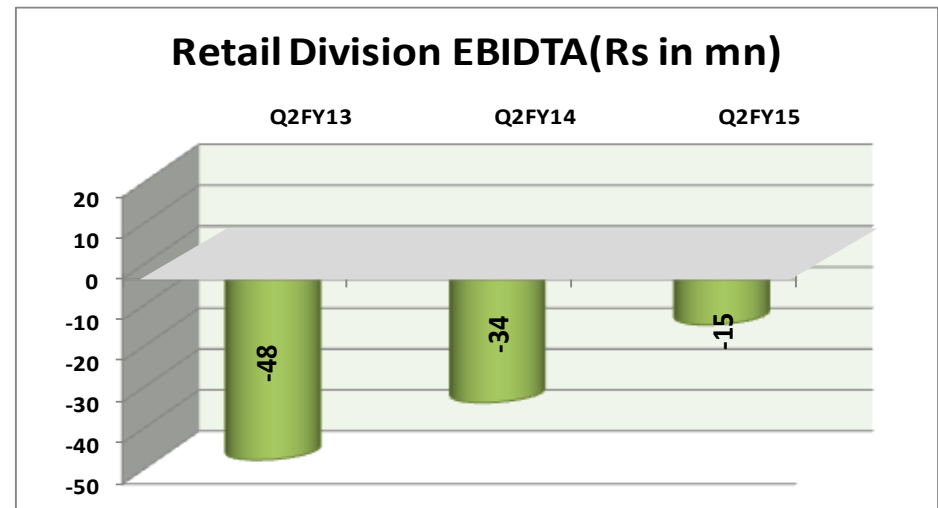
Particulars	Q2FY15	Q2FY14	YOY %
No. of stores	82	69	18.84
Total carpet area('000 sq ft)	304	217	40.09
Effective Carpet Area(sq ft)	300	210	42.86
Avg store sales(Rs/ sq ft/month)	1199	1259	-4.76
Heritage Fresh Stores	1079	792	36.19
Institutional, General Trade & Others	66	79	-15.94
Other Operating Income	82	70	17.55
Total Revenue(Rs mn)	1227	941	30.45
Total Gross Profit	236	188	25.74
Gross margin(%)	19.25	20.00	-3.61
Gross margin Heritage Fresh(%)	20.51	21.10	-2.70
EBITDA at store level(Rs mn)	80	62	29.71
EBITDA margin(%)	6.50	6.60	-0.57
Regional & Corporate Overheads(Rs mn)	95	96	-1.27
Overheads/sft/month	105	153	-30.89
EBITDA(Rs mn)	-15.00	-34.00	-56.94



Retail Division	
Year	EBIDTA Margin%
Q2FY13	4.90
Q2FY14	6.56
Q2FY15	6.52



Retail Division	
Year	EBIDTA(Rs in mn)
Q2FY13	-48
Q2FY14	-34
Q2FY15	-15





- SSS (considering 64 comparable stores) stood at 5.40 %.
- Average Bill Value (ABV) increased by 1 % yoy to Rs 244 (Rs 242 in 2QFY14) on same store basis.
- No. of Bills (NOB) grown by 4.30 % yoy to 32.50 mn (31.10 mn in 2QFY14) on same store basis.
- Store Gross margin decreased by 57 bps to 20.51 % and overall gross margin decreased by 73 bps.
- Store fixed cost decreased to Rs 174/sq ft/month (Rs 200 in 2QFY14).
- Regional & Corporate Overheads decreased by Rs 47/sq ft/month compare to Q2FY14 (Rs 153)
- Store opened : 6 new stores opened during the quarter.



- Heritage Foods Ltd has in association with Mahindra EPC Services Private Limited has commissioned a 2.34 MWP Solar Power Project at IPH, Masjid Adavi Village, Mulugu Mandal, in Medak district near Hyderabad on September 29, 2013, under REC mechanism and to meet for the captive energy requirement.
- Turnover in Q2FY15 was Rs 5.44 mn.
- Capital Employed for Renewable Energy division Rs 162.68 mn.

Q2FY15 Financial Results



UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED SEPTEMBER 30, 2014 (₹ in Lakhs)

PARTICULARS	STANDALONE						CONSOLIDATED					
	Quarter Ended			Half Year Ended		Year Ended	Quarter Ended			Half Year Ended		Year Ended
	30-Sep-14	30-Jun-14	30-Sep-13	30.09.2014	30.09.2013	31-Mar-14	30-Sep-14	30-Jun-14	30-Sep-13	30.09.2014	30.09.2013	31-Mar-14
	Unaudited	Unaudited	Unaudited	(Unaudited)	(Unaudited)	(Audited)	Unaudited	Unaudited	Unaudited	(Unaudited)	(Unaudited)	(Audited)
1) Income from operations												
Net Sales/Income from Operations	50394.15	49680.33	41792.28	100074.48	84531.58	169506.35	50394.15	49680.33	41792.28	100074.48	84531.58	169506.35
Other Operating Income	844.08	896.43	703.26	1740.51	1520.87	2697.64	844.08	896.43	703.26	1740.51	1520.87	2697.64
Total income from operations	51238.23	50576.76	42495.34	101814.99	86052.45	172203.99	51238.23	50576.76	42495.34	101814.99	86052.45	172203.99
2) Expenses												
Cost of materials consumed	31605.09	31442.72	24942.00	63047.81	49685.56	103058.18	31605.09	31442.72	24942.00	63047.81	49685.56	103058.18
Purchase of stock in trade	10683.30	10154.37	7957.86	20837.67	16621.22	32210.89	10683.30	10154.37	7957.86	20837.67	16621.22	32210.89
Changes in inventories of finished goods, work-in-progress and stock in trade	-213.41	-271.62	129.38	-485.04	418.57	-888.39	-213.41	-271.62	129.38	-485.03	418.57	-888.39
Employees benefit expense	2650.04	2715.59	2667.77	5365.63	5099.87	10009.46	2650.04	2715.59	2667.77	5365.63	5099.87	10009.46
Depreciation and Amortisation expense	835.89	817.04	596.58	1652.93	1163.27	2500.23	835.89	817.04	596.58	1652.93	1163.27	2500.23
Other expenses	4783.33	4726.89	4666.33	9499.20	9267.81	18315.72	4783.33	4726.89	4666.33	9499.20	9267.81	18316.21
Total Expenses	50344.24	49584.99	40959.92	99918.20	82256.30	42594.66	50344.24	49584.99	40959.92	99918.20	82256.30	165206.58
3) Profit / (Loss) from operations before other income, finance costs & exceptional items(1-2)	893.99	991.77	1535.42	1896.79	3796.15	6997.91	893.99	991.77	1535.42	1896.79	3796.15	6997.41
4) Other income	81.33	99.85	126.13	170.15	221.01	495.40	81.33	99.85	126.13	170.15	221.01	495.40
5) Profit/(Loss) from ordinary activities before finance cost and exceptional items (3+4)	975.32	1091.62	1661.55	2066.94	4017.16	7493.31	975.32	1091.62	1661.55	2066.94	4017.16	7492.81
6) Finance cost	375.70	429.94	317.07	805.65	657.15	1322.11	375.70	429.94	317.07	805.65	657.15	1322.11
7) Profit/(Loss) from ordinary activities after finance cost and before exceptional items (5+6)	599.62	661.68	1344.48	1261.29	3360.01	6171.20	599.62	661.68	1344.48	1261.29	3360.01	6170.70
8) Exceptional items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9) Profit/(Loss) from ordinary activities before tax (7-8)	599.62	661.68	1344.48	1261.29	3360.01	6171.20	599.62	661.68	1344.48	1261.29	3360.01	6170.70
10) Tax expense												
Current Tax/MAT	156.00	208.00	195.05	364.00	714.15	1303.55	156.00	208.00	195.05	364.00	714.15	1303.55
Prior period tax	-0.47	0.02	-0.46	-0.45	-0.46	-0.46	-0.47	0.02	-0.46	-0.45	-0.46	-0.46
Deferred Tax Charge/(Credit)	-39.43	-76.09	134.14	-115.52	124.90	299.38	-39.43	-76.09	134.14	-115.52	124.90	299.38
11) Profit/(Loss) from ordinary activities after tax (9-10)	483.52	529.75	1015.75	1013.26	2521.42	4568.73	483.52	529.75	1015.75	1013.26	2521.42	4568.73
12) Extraordinary Items	0.00	0.00	0.00	0.00	37.50	37.50	0.00	0.00	0.00	0.00	37.50	37.50
13) Net Profit/(Loss) (11-12)	483.52	529.75	1015.75	1013.26	2483.92	4531.23	483.52	529.75	1015.75	1013.26	2483.92	4530.73
14) Share of profit / (loss) of associates	0.00	0.00	0.00	0.00	0.00	0.00	-0.09	-0.02	0.00	-0.12	-0.73	-0.79
15) Minority interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.05
16) Net Profit/ (Loss) after taxes, minority interest and share of profit / (loss) of associates (13+14-15)	483.52	529.75	1015.75	1013.26	2483.92	4531.23	483.43	529.73	1015.75	1013.14	2483.19	4529.99
Paid-up Equity Share Capital	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90
Reserves (excluding revaluation reserve)	-	-	-	-	-	15579.43	-	-	-	-	-	15555.98
Earning Per Share before Extra Ordinary Items												
Basic (₹)	2.08	2.28	4.38	4.37	10.87	19.69	2.08	2.28	4.38	4.37	10.87	19.69
Diluted (₹)	2.08	2.28	4.38	4.37	10.87	19.69	2.08	2.28	4.38	4.37	10.87	19.69
Earning Per Share After Extra Ordinary Items												
Basic (₹)	2.08	2.28	4.38	4.37	10.71	19.53	2.08	2.28	4.38	4.37	10.87	19.53
Diluted (₹)	2.08	2.28	4.38	4.37	10.71	19.53	2.08	2.28	4.38	4.37	10.87	19.53
Public Share Holding												
Number of shares	13,913,154	13,913,554	13,913,654	13,913,154	13,913,654	13,913,154	13,913,154	13,913,554	13,913,654	13,913,154	13,913,654	13,913,154
Percentage of Public shareholding	59.97	59.97	59.98	59.97	59.98	59.97	59.97	59.97	59.98	59.97	59.98	59.97

Q2FY15 Financial Results - Segmental



SEGMENT REPORTING FOR THE QUARTER AND YEAR ENDED SEPTEMBER 30, 2014 (in Lakhs)	STANDALONE						CONSOLIDATED					
	Quarter Ended			Half Year Ended		Year Ended	Quarter Ended			Half Year Ended		Year Ended
	30-Sep-14	30-Jun-14	30-Sep-13	30.09.2014	30.09.2013	31-Mar-14	30-Sep-14	30-Jun-14	30-Sep-13	30.09.2014	30.09.2013	31-Mar-14
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment Revenue												
a. Dairy	38314.31	38264.58	32749.25	76578.89	66415.70	132819.16	38314.31	38264.58	32749.25	76578.89	66415.70	132819.16
b. Retail	12272.74	11768.66	9386.30	24041.40	19055.91	37792.56	12272.74	11768.66	9386.30	24041.40	19055.91	37792.56
c. Agri	2135.19	2123.47	1698.90	4258.66	3247.01	6783.33	2135.19	2123.47	1698.90	4258.66	3247.01	6783.33
d. Bakery	139.36	108.83	76.41	248.19	170.47	366.27	139.36	108.83	76.41	248.19	170.47	366.27
e. Renewable Energy	54.35	59.75	-	114.10	-	77.35	54.35	59.75	-	114.10	0.00	77.35
f. HFRL	-	-	-	-	-	-	-	-	-	-	-	-
g. Heritage Conpro Ltd	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue	52915.95	52325.28	43910.85	105241.23	88889.09	177838.67	52915.95	52325.28	43910.85	105241.23	88889.09	177838.67
Less: Inter Segment Revenue	1677.72	1748.52	1415.51	3426.24	2836.63	5634.67	1677.72	1748.52	1415.51	3426.24	2836.63	5634.67
Net Sales / Income from Operations	51238.23	50576.76	42495.34	101814.99	86052.45	172203.99	51238.23	50576.76	42495.34	101814.99	86052.45	172203.99
2. Segment Results												
(Profit (+) / (Loss) (-) before finance costs and tax)												
a. Dairy	1399.42	1551.92	2251.75	2951.35	5211.79	9869.18	1399.42	1551.92	2251.75	2951.35	5211.79	9869.18
b. Retail	-374.92	-441.99	-481.05	-816.91	-1007.89	-1992.16	-374.92	-441.99	-481.05	-816.91	-1007.89	-1992.16
c. Agri	-28.77	-12.37	-81.15	-41.14	-139.50	-298.70	-28.77	-12.37	-81.15	-41.14	-139.50	-298.70
d. Bakery	-27.92	-28.81	-31.38	-56.74	-60.20	-102.13	-27.92	-28.81	-31.38	-56.74	-60.20	-102.13
e. Renewable Energy	3.27	17.85	-1.44	21.11	-1.44	-11.54	3.27	17.85	-1.44	21.11	-1.44	-11.54
f. HFRL	-	-	-	-	-	-	0.00	-	0.00	0.00	0.00	-0.28
g. Heritage Conpro Ltd	-	-	-	-	-	-	0.00	-	0.00	0.00	0.00	-0.22
Total Segment Results	971.08	1086.59	1656.74	2057.67	4002.77	7464.64	971.08	1086.59	1656.74	2057.67	4002.77	7464.14
Less: i. Finance costs	375.70	429.94	317.07	805.65	657.15	1322.11	375.70	429.94	317.07	805.65	657.15	1322.11
ii. Other un-allocable Expenditure net off	0.00	-	-	0.00	-	15.17	0.00	-	-	0.00	-	15.17
Add: i. Interest Income	4.21	5.03	4.72	9.24	14.30	43.70	4.21	5.03	4.72	9.24	14.30	43.70
ii. Other un-allocable Income	0.04	-	0.09	0.04	0.09	0.14	0.04	-	0.09	0.04	0.09	0.14
Total Profit before Tax	599.62	661.68	1344.48	1261.29	3360.01	6171.20	599.62	661.68	1344.48	1261.30	3360.01	6170.70
3. Capital Employed												
Segment Assets -Segment Liabilities)												
a. Dairy	15112.09	17665.55	12856.62	15112.09	12856.62	17611.21	15112.09	17665.55	12856.62	15112.09	12856.62	17611.21
b. Retail	7406.67	6746.62	6040.95	7406.67	6040.95	6460.95	7406.67	6746.62	6040.95	7406.67	6040.95	6460.95
c. Agri	3304.30	3465.69	2964.57	3304.30	2964.57	3368.09	3304.30	3465.69	2964.57	3304.30	2964.57	3368.09
d. Bakery	1083.13	1089.97	1137.63	1083.13	1137.63	1119.33	1083.13	1089.97	1137.63	1083.13	1137.63	1119.33
e. Renewable Energy	1626.82	1655.11	1511.06	1626.82	1511.06	1675.05	1626.82	1655.11	1511.06	1626.82	1511.06	1675.05
f. HFRL	-	-	-	-	-	-	-0.13	-0.34	-0.12	-0.13	-0.12	-0.39
g. Heritage Conpro Ltd	-	-	-	-	-	-	-0.13	-0.34	-0.17	-0.13	-0.17	-0.39
h. Unallocated	79.52	116.09	327.67	79.52	327.67	143.85	79.52	116.09	327.67	79.52	327.67	143.85
Total	28612.52	30739.03	24838.50	28612.52	24838.50	30378.50	28612.25	30738.35	24838.21	28612.25	24838.21	30377.71



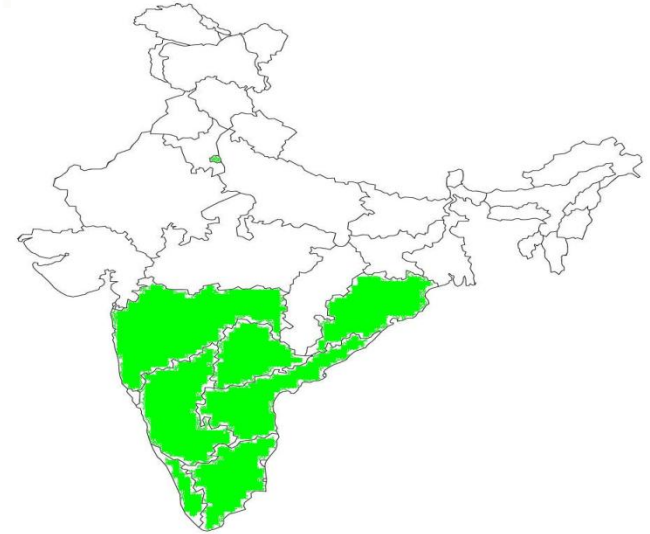
As on September 2014

	mn shares	% holding
Promoters	9.28	40.03
FII's	0.75	3.24
Domestic Institutions	0.31	1.36
Others	12.85	55.37
Total	23.19	100

Q2FY15 Dairy - Spread of Operations



- **Widest regional footprint in India among privately held dairy companies. Spread across 8 states:**
 - Andhra Pradesh
 - Telangana
 - Tamil Nadu
 - Karnataka
 - Maharashtra
 - Kerela
 - Odisha
 - Delhi
- **Present in the highest milk producing states in India.**
- **One of the leading private sector dairy companies in India in sales and volumes.**



Particulars	Andhra Pradesh	Telangana	Tamil Nadu	Karnataka	Maharashtra	Kerala	Odisha	Delhi	Total
Total Procurement of Milk (LPD)	445,939	56,268	156,722	17,773	218,419	0	0	12,735	907,856
No. of Chilling Plants	69	34	12	0	6	0	0	2	123
Chilling Capacity (LPD) as on 30.09.2014	969,000	154,000	251,000	50,000	90,000	0	0	20,000	1,534,000
No. of processing and Packing Plants	7	3	1	1	1	0	0	0	13
Processing Capacity (LPD) as on 30.09.2014	740,000	390,000	50,000	150,000	50,000	0	0	0	1,380,000
Liquid Milk Sales (LPD)	179,644	288,523	191,237	110,296	38,801	10,663	5,200	7,250	831,614
Curd (Kgs/Day)	1,615	2,201	1,047	354	247	0	427	0	5,891
Ice Cream (LPD)	57,628	23,066	27,181	14,411	65	623	2,000	0	124,974

*LPD:liters per day **MTPD:metric tonnes per day

Q2FY15 Distribution Network Structure



One Level

87 % sales

Sales Office

Agents/Retailer/Parlours

Consumer

Two Level

12 % sales

Sales Office

Distributors/Stockists

Agents/Retailers

Consumer

Three Level

1 % sales

Sales Office

CFA/CA

Distributors/Stockists

Agents/Retailers

Consumer

- No of Sales offices 26
- No of Distributors/Agents - 5200
- No of outlets - 101000
- No of Households serviced on daily basis: 1100000
- No of vehicles (trucks/tankers/puff vehicles) servicing Heritage everyday: 1073

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/Frozen Desert

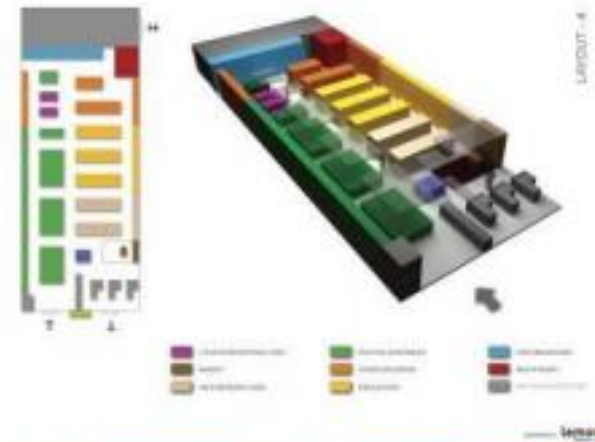


Bring Home Health & Happiness

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



S.No	Division	Employee Strength
1	Dairy	1895
2	Retail	2028
3	Agri	92
4	Bakery	33
Grand Total		4048



Thank You

Bring Home Health & Happiness