

Heritage Foods Limited

Financial Results – Q1FY18

Hyderabad, 10th August 2017

Stock Code: BSE: 519552 NSE: HERITGFOOD



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, Mission, & Core Values



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

Vision for Heritage Foods Limited

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 2022

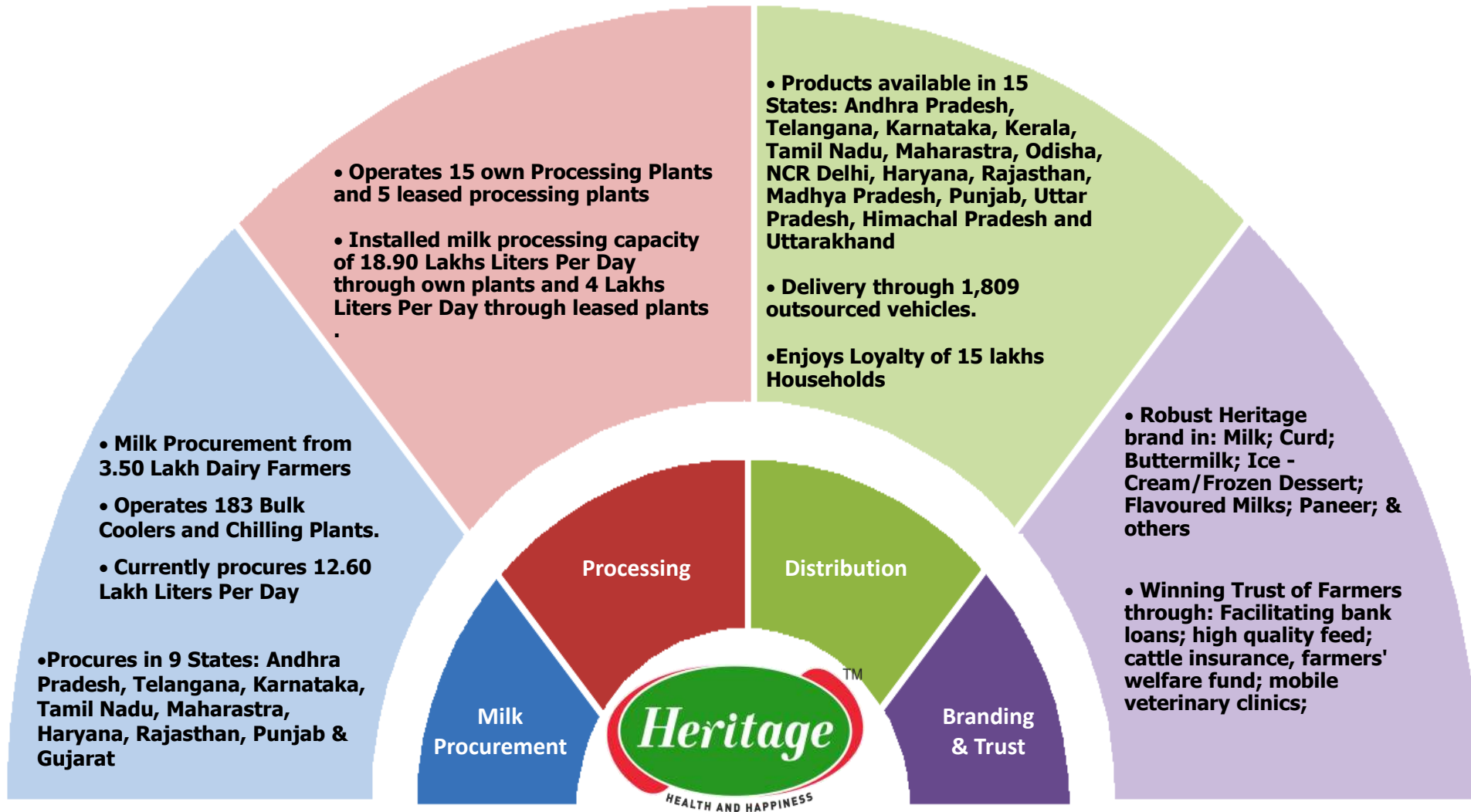
We anticipate, understand and respond to our customers' needs by creating high quality products and making them available through innovative and convenient channels.

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.

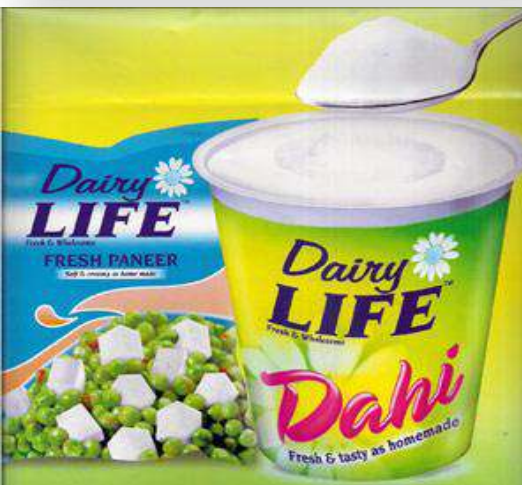
Integrated B to C Business - Strong Relationships with Dairy Farmers and Consumers



Integrates with Reliance Dairy, post acquisition...



- ✓ Integrated the operations of the recently acquired Reliance Dairy, part of Reliance Retail Ltd.
- ✓ Reliance Dairy procurement was 1.76 Lakh Liters Per Day(LLPD) as on April, 2017 from over 2,400 villages across 10 states, had 30 Milk Chilling Centers(MCCs), and 17 Bulk Milk Coolers (BMCs).
- ✓ Reliance Dairy transferred its 2 brands: Dairy Life and Dairy Pure.



Q1FY18 Key Highlights



Turnover

- ✓ Total Turnover de-growth by 4 % at Rs 6094 mn.
- ✓ Dairy Revenue is higher by 32% at Rs 6092 mn.
- ✓ Branded Value Added Products in Dairy surged forward by 21% at Rs 1583 mn.
- ✓ Branded Value Added products contributed in Dairy 26%

EBITDA

- ✓ Dairy EBITDA is at Rs 238 mn.

Employee Strength

- ✓ Dairy Employee Strength is 2522.

Q1FY18 Key metrics - Dairy



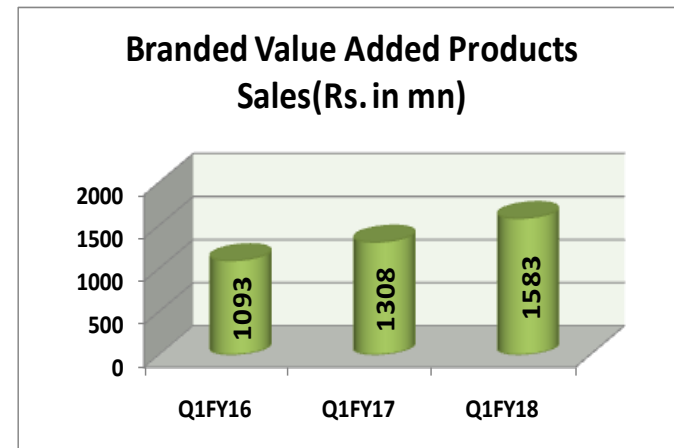
	Q1FY18	Q1FY17	Growth %
Liquid Milk Sales (Ilpd)	10.25	8.41	21.88%
Liquid Milk Price Real. (Rs/l)	38.83	36.91	5.20%
Milk Procurement (Ilpd)	12.60	10.26	22.81%
Milk Procurement Price (Rs/l)	34.72	31.63	9.77%
Branded Value Added Products Sales (Rs mn)	1583	1,308	21.06%
No. of Parlours	1279	1515	

Ilpd: lakh liters per day

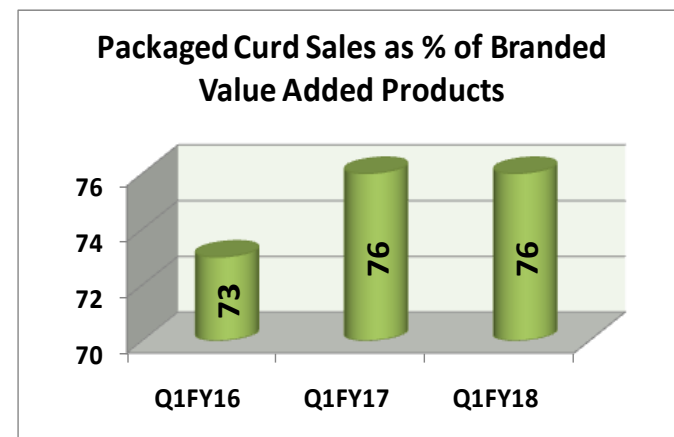
Q1FY18 Key metrics - Dairy (Branded Value Added Products)



Branded Value Added Products	
Year	Sales(Rs. in mn)
Q1FY18	1583
Q1FY17	1308
Q1FY16	1093



Packaged Curd Sales	
Year	As % of Branded Value Added Products
Q1FY18	76
Q1FY17	76
Q1FY16	73





- **32 % growth in Turnover to Rs 6092 mn**
- **22 % growth in Milk volume Sales to 10.25 LLPD (Lakh Liters Per Day)**
- **21 % growth achieved in Branded Value Added Products Sales**
- **22 % growth in Packaged Curd sales (accounts for approx. 76 % of Branded Value Added Products Sales)**
- **23 % growth in Milk Procurement to 12.6 LLPD (Lakh Liters Per Day)**
- **EBITDA of Rs 238 mn (EBITDA margin of 3.90 %) as against Rs 395 mn (EBITDA margin of 8.57 %) in Q1FY17**
- **Dairy Parlors as on 30.6.2017 are 1279 Nos.**
- **Export Turnover during Q1FY18 of Rs 118.65 mn**
- **Capital Employed for Dairy Rs 3021 mn**



- **Commissioned Distributed Captive Solar Power Plants at its 6 various locations/plants namely, (1) Bobbili packing Station (Andhra Pradesh), (2) Battiprolu packing Station (Andhra Pradesh), (3) Kallur packing Station (Telangana), (3) Sangavi packing Station (Maharashtra), (5) Vada Madurai packing Station (Tamil Nadu) and (6) Bangalore packing Station (Karnataka) with total capacity of 1.66MW with key objective to optimize energy mix by use of clean & Green sources (Renewable) Energy sources to reduce carbon emissions and to secure energy at low cost.**
- **The Company increased its Renewable Energy Capacity to 8.2MW with 2.4MW Solar Power, 1.66MW Distributed Solar power and 4.20MW Wind Power in the states of Andhra Pradesh, Telangana, Maharashtra, Tamil Nadu and Karnataka for the captive consumption of its Dairy plants.**
- **Turnover in Q1FY18 was Rs 17.70 mn.**

Q1FY18 Financial Results - Standalone



STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2017

(Rs. In lakhs)

Particulars	STANDALONE			
	Quarter Ended			Year Ended
	30.06.2017 (Unaudited)	31.03.2017 (Unaudited)	30.06.2016 (Unaudited)	31.03.2017 (Unaudited)
1. REVENUE :				
a. Revenue from operations	60937.15	47719.96	45270.31	183383.94
b. Revenue on transaction with discontinued operations		1127.36	819.19	3758.63
c. Other income	137.15	165.90	80.07	360.68
Total Revenue	61074.30	49013.22	46169.57	187504.25
2. EXPENSES :				
a. Cost of material consumed	44728.68	36505.00	31948.59	135056.02
b. Purchases on transaction with discontinued operations		1051.79	825.44	3913.54
c. Purchases of stock in trade	6805.44	2330.84	233.09	3053.10
d. Changes in inventories of finished goods, stock-in-trade and work in progress	(1915.76)	(1348.23)	2544.53	3342.25
e. Power and fuel	712.59	585.49	703.10	2607.51
f. Excise duty on sale of goods	33.26	22.54	33.13	87.23
g. Employee benefits expenses	3058.47	2490.46	2370.33	9791.22
h. Finance costs	380.39	370.41	198.75	963.24
i. Depreciation and amortization expenses	851.84	644.38	584.93	2487.07
j. Other expenses	5113.89	4002.04	3475.44	14697.86
Total expenses	59768.79	46654.73	42917.33	175999.02
3. Profit/(loss) before share of profit/ (loss) of an associate and exceptional items from continuing operations (1-2)	1305.51	2358.50	3252.24	11505.23
4. Share of profit/ (loss) of an associate	-	-	-	-
5. Profit/(loss) before tax and exceptional items from continuing operations (3-4)	1305.51	2358.50	3252.24	11505.23
6. Exceptional Items	-	-	-	-
7. Profit before tax from continuing operations (5-6)	1305.51	2358.50	3252.24	11505.23
8. Tax expense:				
a. Current Tax	480.00	585.00	940.00	2707.50
b. Prior period tax	-	0.00	0.11	(107.43)
c. Deferred Tax	61.03	391.13	(36.15)	473.66
9. Profit/ (Loss) for the period from continuing operations (7-8)	764.48	1382.36	2348.28	8431.50
10. Discontinued operations:				
a. Profit/(loss) before tax for the period from discontinued operations	-	(98.04)	(750.78)	(1772.30)
b. Tax (Income)/ expense of discontinued operations	-	(185.93)	(51.88)	(17.57)
Profit/ (loss) for the period after tax from discontinued operations (a-b)	-	87.89	(698.90)	(1,754.74)
11. Profit/ (loss) for the period (9+10)	764.48	1470.25	1649.38	6676.76
12. Other Comprehensive Income :				
A Items that will be reclassified to profit or loss	-	-	-	-
B Items that will not be reclassified to profit or loss				
Re-measurement gains (losses) on defined benefit plans	-	7.17	-	7.17
Income tax effect	-	(2.48)	-	(2.48)
Net (loss)/gain on FVTOCI equity securities	5459.07	29055.97	0.16	29056.10
Income tax effect	-	-	-	-
Total (B)	5,459.07	29,060.66	0.16	29,060.79
13. Total Comprehensive Income for the period (11+12)(Comprising Profit (Loss) and Other Comprehensive Income for the period)	6223.55	30530.91	1649.54	35737.55
14. Profit for the period from continuing operation attributable to:				
Equity holders of the parent	-	-	-	-
Non-controlling interests	-	-	-	-
15. Profit for the period from discontinued operation attributable to:				
Equity holders of the parent	-	-	-	-
Non-controlling interests	-	-	-	-
16. Total Profit for the period attributable to :				
Equity holders of the parent	-	-	-	-
Non-controlling interests	-	-	-	-
Equity holders of the parent	-	-	-	-
Non-controlling interests	-	-	-	-
18. Total comprehensive income for the period attributable to:				
Equity holders of the parent	-	-	-	-
Non-controlling interests	-	-	-	-
19. Paid up Equity Share Capital (face value of Rs.10/- each)	2319.90	2319.90	2319.90	2319.90
20. Earnings per equity share of Rs.10/- each for continuing operations				
(1) Basic	3.30	5.96	10.12	36.34
(2) Diluted	3.30	5.96	10.12	36.34
21. Earnings per equity share of Rs.10/- each for discontinued operations				
(1) Basic	0.00	0.38	(3.01)	(7.56)
(2) Diluted	0.00	0.38	(3.01)	(7.56)
22. Earnings per equity share for discontinued and continuing operations				
(1) Basic	3.30	6.34	7.11	28.78
(2) Diluted	3.30	6.34	7.11	28.78

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Q1FY18 Financial Results - Consolidated



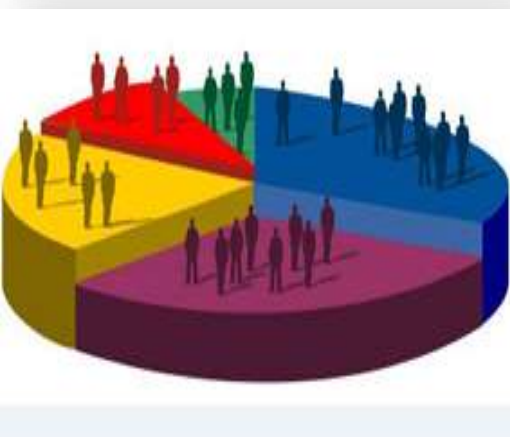
STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2017

(Rs. In lakhs)

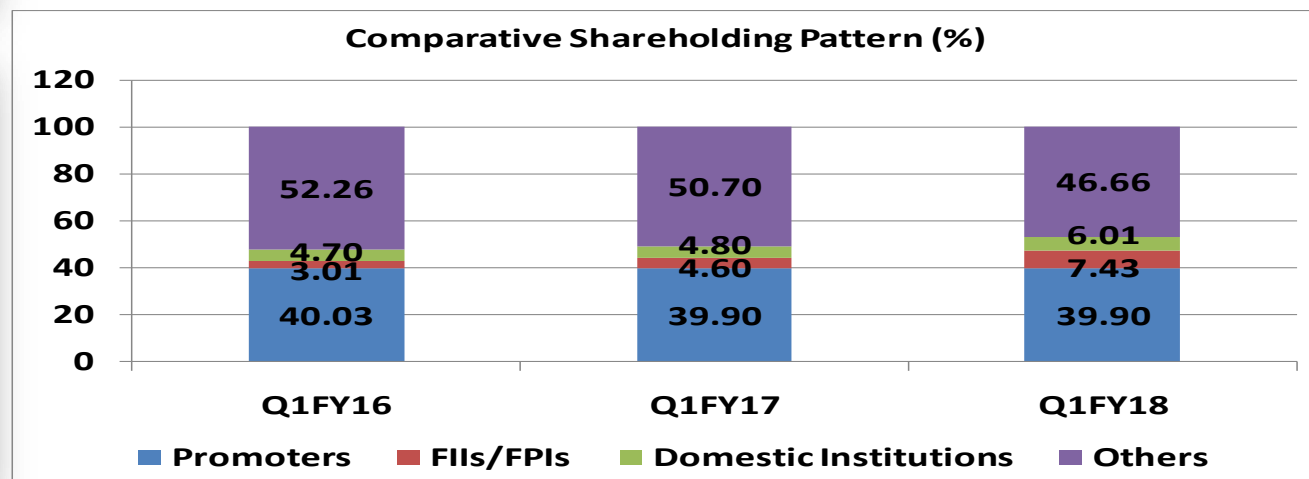
Particulars	CONSOLIDATED			
	Quarter Ended			Year Ended
	30.06.2017 (Unaudited)	31.03.2017 (Unaudited)	30.06.2016 (Unaudited)	31.03.2017 (Unaudited)
1. REVENUE :				
a. Revenue from operations	61677.72	48199.49	45927.86	185699.12
b. Revenue on transaction with discontinued operations		1127.36	819.19	3759.63
c. Other income	149.72	179.23	92.55	416.40
Total Revenue	61827.43	49506.08	46839.60	189875.15
2. EXPENSES :				
a. Cost of material consumed	45577.84	36573.36	31951.21	135127.29
b. Purchases on transaction with discontinued operations		149.85	107.46	468.09
c. Purchases of stock in trade	6433.10	3571.56	1461.09	8141.71
d. Changes in inventories of finished goods, stock-in-trade and work in progress	(2006.79)	(1380.62)	2542.46	3302.35
e. Power and fuel	743.65	589.30	703.10	2611.32
f. Excise duty on sale of goods	33.26	22.54	33.13	87.23
g. Employee benefits expenses	3153.83	2534.47	2415.51	9973.26
h. Finance costs	395.56	372.19	201.45	970.50
i. Depreciation and amortization expenses	871.32	648.82	586.70	2497.16
j. Other expenses	5053.92	4395.38	3504.68	15182.37
Total expenses	60255.69	47476.85	43506.78	178361.27
3. Profit/(loss) before share of profit/ (loss) of an associate and exceptional items from continuing operations (1-2)	1571.74	2029.23	3332.82	11513.87
4. Share of profit/ (loss) of an associate	0.00	(0.03)	(0.01)	(0.09)
5. Profit/(loss) before tax and exceptional items from continuing operations (3-4)	1571.74	2029.20	3332.81	11513.79
6. Exceptional Items	-	-	-	-
7. Profit before tax from continuing operations (5-6)	1571.74	2029.20	3332.81	11513.79
8. Tax expense:				
a. Current Tax	484.00	686.47	940.00	2808.97
b. Prior period tax	-	0.00	0.11	(107.43)
c. Deferred Tax	54.05	293.13	(36.15)	544.02
9. Profit/ (Loss) for the period from continuing operations (7-8)	1033.69	1049.61	2428.85	8268.23
10. Discontinued operations:				
a. Profit/(loss) before tax for the period from discontinued operations	3.62	367.41	(769.93)	(1416.26)
b. Tax (Income)/ expense of discontinued operations	-	(100.57)	(51.88)	(98.83)
Profit/ (loss) for the period after tax from discontinued operations (a-b)	3.62	467.98	(718.05)	(1,317.43)
11. Profit/ (loss) for the period (9+10)	1037.32	1517.59	1710.80	6950.80
12. Other Comprehensive Income :				
A Items that will be reclassified to profit or loss	-	-	-	-
B Items that will not be reclassified to profit or loss	-	-	-	-
Re-measurement gains (losses) on defined benefit plans	-	0.98	-	0.98
Income tax effect	-	-0.34	-	-0.34
Net (loss)/gain on FVTOCI equity securities	5459.07	29,055.97	0.16	29056.10
Income tax effect	-	-	-	-
Total (B)	5,459.07	29,056.61	0.16	29,056.74
13. Total Comprehensive Income for the period (11+12) (Comprising Profit (Loss) and Other Comprehensive Income for the period)	6496.38	30574.20	1710.95	36007.55
14. Profit for the period from continuing operation attributable to:				
Equity holders of the parent	1020.07	1030.65	2388.87	8084.31
Non-controlling interests	13.62	18.96	39.98	183.92
15. Profit for the period from discontinued operation attributable to:				
Equity holders of the parent	0.00	446.63	(739.51)	(1401.36)
Non-controlling interests	3.62	21.35	21.46	83.93
16. Total Profit for the period attributable to :				
Equity holders of the parent	1020.08	1477.28	1649.36	6682.95
Non-controlling interests	17.24	40.31	61.44	267.85
Equity holders of the parent	5459.07	29056.61	0.16	29056.74
Non-controlling interests	-	-	-	-
18. Total comprehensive income for the period attributable to:				
Equity holders of the parent	6479.14	30533.89	1649.51	35739.70
Non-controlling interests	17.24	40.31	61.44	267.85
19. Paid up Equity Share Capital (face value of Rs.10/- each)	2319.90	2319.90	2319.90	2319.90
20. Earnings per equity share of Rs.10/- each for continuing operations				
(1) Basic	4.40	4.44	10.30	34.85
(2) Diluted	4.40	4.44	10.30	34.85
21. Earnings per equity share of Rs.10/- each for discontinued operations				
(1) Basic	0.00	1.93	(3.19)	(6.04)
(2) Diluted	0.00	1.93	(3.19)	(6.04)
22. Earnings per equity share for discontinued and continuing operations				
(1) Basic	4.40	6.37	7.11	28.81
(2) Diluted	4.40	6.37	7.11	28.81

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Q1FY18 Shareholding Pattern



As on June, 2017	shares held	% holding
Promoters	9,256,696	39.90
FPIs / FIIs	1,724,251	7.43
Domestic Institutions	1,393,424	6.01
Others	10,824,629	46.66
Total	23,199,000	100



Q1FY18 Dairy - Spread of Operations



Widest regional footprint in India among privately held dairy companies. Spread across 15 states:

Andhra Pradesh

Kerala

Madhya Pradesh

Telangana

Maharashtra

Punjab

Karnataka

Himachal Pradesh

Uttar Pradesh

Tamil Nadu

Rajasthan

Uttarakhand

Odisha

Haryana

NCR Delhi

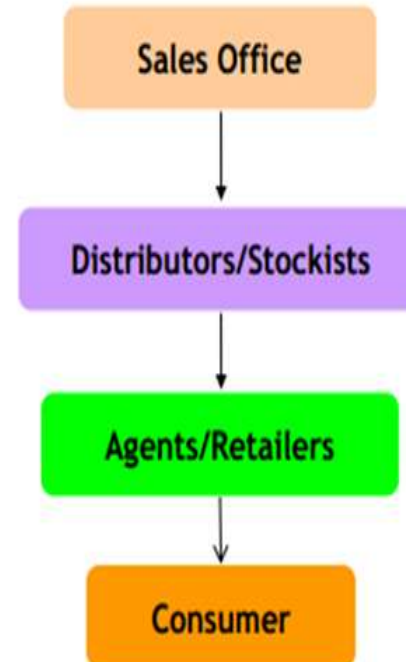
Q1FY18 Distribution Network Structure



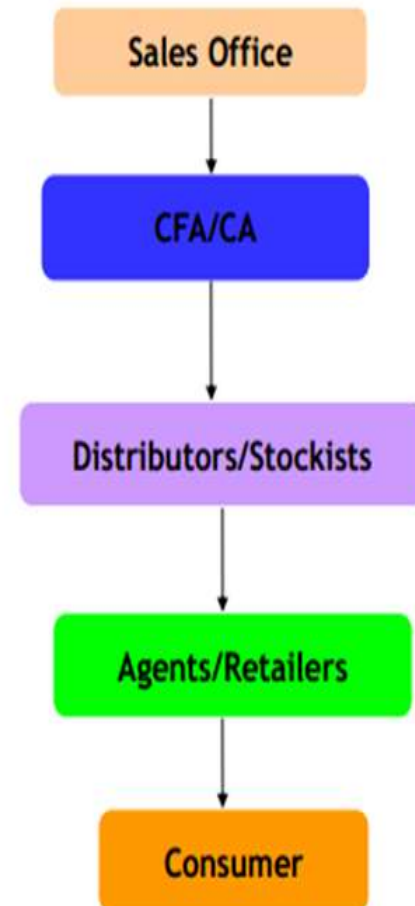
One Level 86 % sales



Two Level 11 % sales



Three Level 3 % sales



Range of Products



Bring Home Health & Happiness



Integration with Reliance Dairy, Set up JV



Integration with Reliance Dairy has been completed



Set to improve milk procurement levels



Set to improve the distribution reach



Dairy Life, Dairy Pure brands to continue



Yogurt plant to be setup

Our Vision



To double the contribution from VAP



To add newer VAPs through JV



To emerge as Pan India player



To achieve a topline of Rs 6000 crore

Growth in North India

- Milk collection gaining ground.
- Selective advertising on cards.

Maharashtra

- Milk collection at one lakh liters per day.

Value Added Products

- Curd to remain a thirst area.
- Curd growing at 22% YoY.

Areas of Strategic Focus

Existing Markets

- Entering tier 2 and tier 3 towns.
- To increase milk procurement by 10% YoY.

Yogurt Plant

- To be set up



Thank You