



INVESTOR PRESENTATION

May 2021

Nurture. Nourish. Flourish

HERITAGE FOODS LIMITED



Discussion Summary

- Company Snapshot
- The Heritage Advantage
- Financial Highlights
- Annexures



01

Company Snapshot



Heritage Foods Ltd.

Amongst the leading private players in the Dairy Industry



Overview

- ➔ 29 years of legacy and domain expertise in dairy industry backed with strong product portfolio and brands serving +1.5 million households in 11 states.
- ➔ Product portfolio includes Curd, Ice Cream, Frozen Dessert, Paneer, Butter Milk, Flavoured Milk, Lassi, A2 Milk and UHT milk.
- ➔ Strong relationships with +0.3 million dairy farmers for milk procurement.
- ➔ 18 State-of-the-art milk processing facilities with a processing capacity of 2.7 million litres per day (MLPD).
- ➔ Dedicated and experienced team and technologically advanced R&D infrastructure with stringent quality control.

Vision

- ➔ To delight every home with fresh and healthy products and empowering the farmer



Heritage in Numbers (FY21)

- ➔ Sales: INR 24,731 mn
- ➔ *PAT: INR 1,483 mn
- ➔ Debt/Equity: 0.10:1
- ➔ ROCE: 35.6%
- ➔ ROE: 24.9%
- ➔ Milk Chilling Capacity: 2.1 MLPD
- ➔ Milk Packaging Capacity: 1.7 MLPD
- ➔ Milk Processing Capacity: 2.7 MLPD
- ➔ Curd Packaging Capacity: 742 MTPD[^]
- ➔ 1 Wholly Owned Subsidiary: Heritage Nutrivet and 1 JV Co: Heritage Novandie Foods Pvt. Ltd.

[^]Metric Tons Per Day

*PAT excludes exceptional items and profit & loss from discontinued operations

Nurture. Nourish. Flourish

Decoding our growth mantra



	Nurture	Nourish	Flourish
Empowering Farmers	Direct procurement of milk from farmers	Assist and equip farmers to improve milch animals' yield	Increase farmers income, enhance the farmers social-economic lives
Tech-Enabled Business Operations	Expand milk processing capabilities with state-of-the-art machinery	Maintaining stringent quality control and product innovation	Delighting consumers through omni-channel supply chain
Strengthening Product Portfolio	Built a strong product portfolio through Consumer-centric approach	Heritage Novandie JV to strengthen value-added products proposition	Aspire to be nationally recognized brand for healthy & fresh products
Financial Excellence	Debt-Equity at 0.10:1 & Cash and Cash Equivalents at INR 218 mn in FY21	Deploying internal accruals for funding the Company's capex plans	Focus on efficient capital management & maximize shareholders value

Deploy 'Nurture-Nourish-Flourish' Approach for achieving INR 60 billion landmark

Technology enabled 'Grass to Glass' Approach

'Tech' it to the next level



Milk Procurement

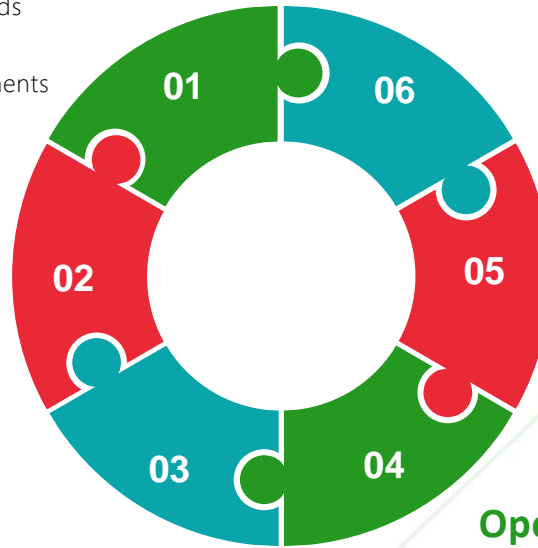
- ➔ Digitally automated procurement systems sends mail alerts to the Procurement & Inputs team about quality & quantity, tanker acknowledgments and farmer payments

Heritage Digit Centre

- ➔ Creates SMS alerts on milk stock, tanker monitoring, procurement representative feedback, weekly status reports & other related activities

Materials Management

- ➔ Digitally enabled approval process from Purchase Requisition to Purchase Order release and prompt invoice submission tracking & communication of capex material status



Consumer Delight

- ➔ Satisfy tastebuds & bring delight to +1.5 million households by supplying pure and high-quality milk & milk products through omni-channel distribution network

Sales & Distribution

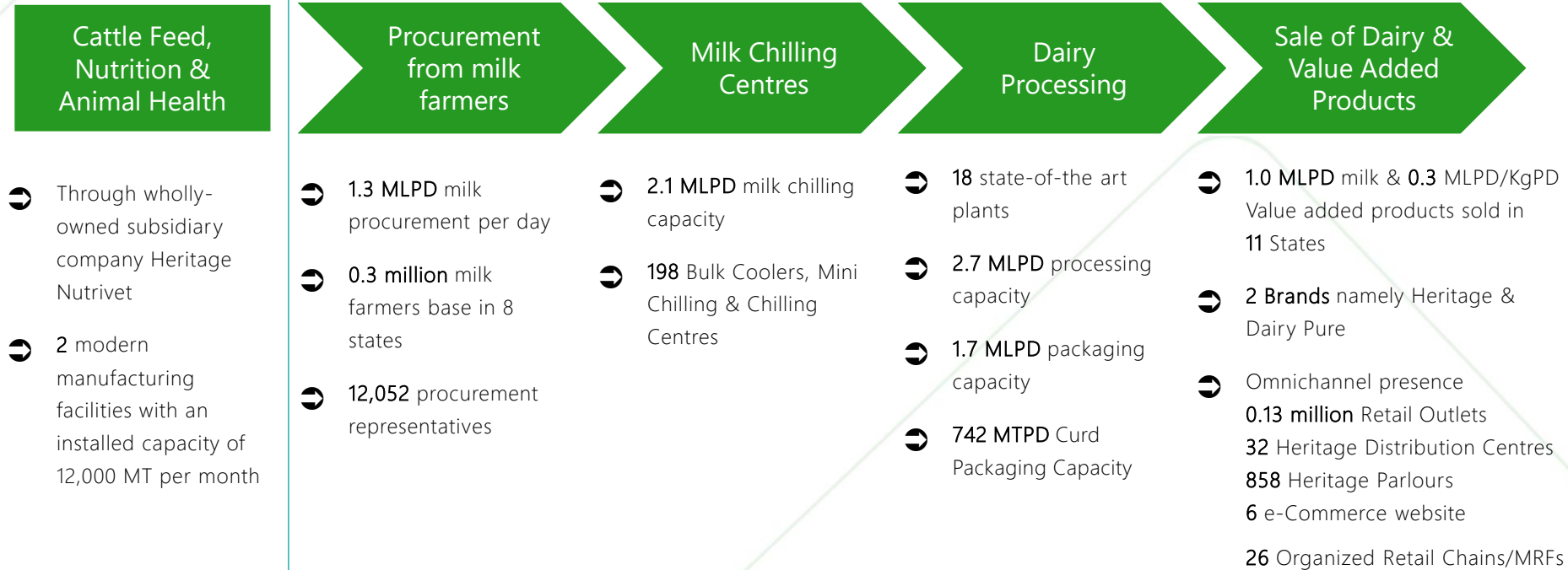
- ➔ IT-enabled sales automation sends periodic analysis of sales and inventory to channel partners through SMS alerts

Operations

- ➔ Online digitally enabled operations for handling dispatch (through GPS), product shelf life & merchandizing

Presence across the value chain

Concentrated focus at every stage



Creating a sustainable business model through 'Connecting the dots' approach



The Heritage Advantage

02



For supplies call: 1-800-415-2931

NEW VENKATARAMANA MILK TRANSPORT Guduvada, Gd. 34-415/1701, 844283/344, 844287/171

Increasing Value-Added Products Share

Delighting Consumers with 'more the merrier' Approach

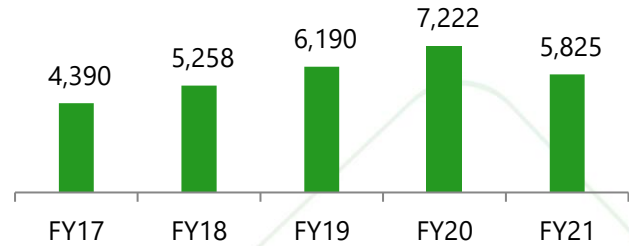


Diverse Product Portfolio	
Milk	Fresh Milk, A2 Milk and UHT Milk
Value Added Products	Curd, Paneer, Cheese, Butter Milk, Flavoured Milk, Milk Shakes, Immunity Milk, Sweets, Cheese and Ice creams/Frozen Deserts
FAT – CP	Ghee, Butter and Fresh Cream

Factors driving Value-Added Products Demand

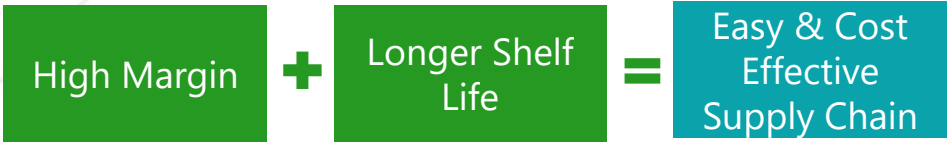
- ➔ High disposable income
- ➔ Convenience
- ➔ Urbanization
- ➔ Growing consumer preference for branded healthier & nutritious alternatives

Value-Added Products Sales (in INR Mn)



The value-added products (VAP) have clocked a CAGR of 5.8%, during FY17-21. The VAP consumption declined in FY21 due to drop in out of home consumption due to COVID-19 pandemic. However, the demand for VAP is expected to bounce back strongly in the coming years.

Business Dynamics of Value-Added Products



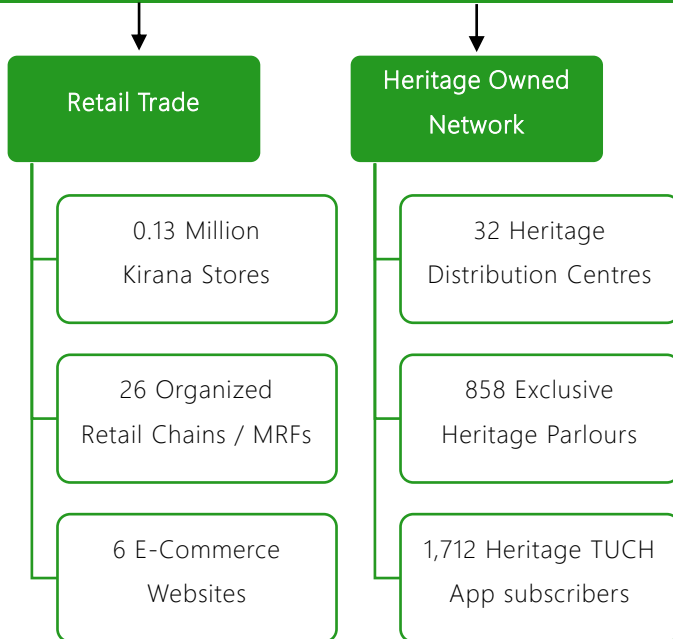
Riding on Value-Added Products for sustainable growth and enhanced margins

Robust Supply Chain Network

Seasoned 'Dairy Products FMCG' player



Heritage Foods Distribution Network Strength



Sound Supply Chain Management in place for

- ➔ Sourcing Milk directly from farmers
- ➔ Manufacturing high-quality milk & milk products and value-added products
- ➔ Cost-effective supply boosting omnichannel presence

Supply Chain Management: Success Stories

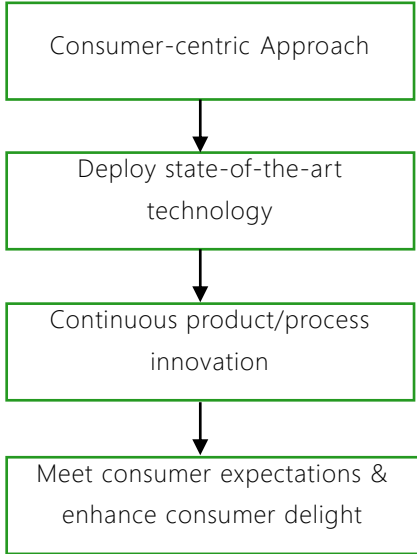
- ➔ Integrated technology driven supply chain flexes our procurement & distribution capabilities aiding tight inventory control
- ➔ Deployment of data analytics gives deep-insight and understanding about the consumer behaviour leading to strengthen our product portfolio

Technology Enabled Operations

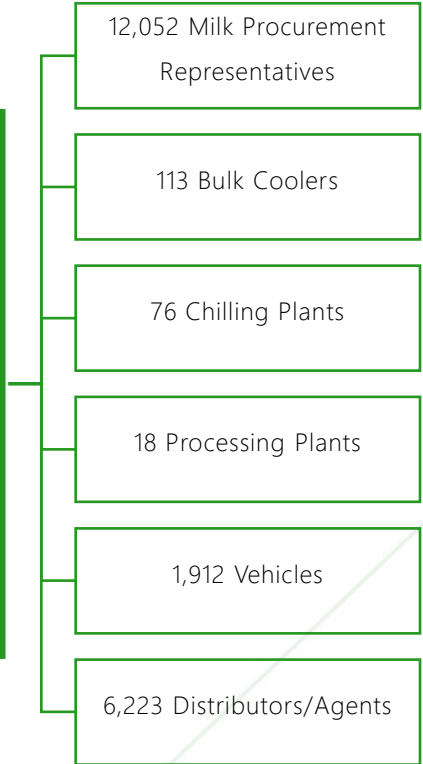
Raising the operational efficiency quotient



Technology @ work



Technology Integrated Network



Heritage TUCH App



- ➔ Convenient
- ➔ One-in-All App
- ➔ No Minimum Order
- ➔ Secured Digital Payments
- ➔ The Power of TUCH
- ➔ Your Personal Assistant

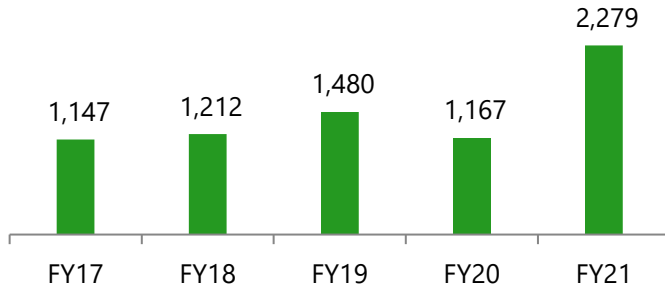
Steady operating cash flows fueled capex plans

On a sound footing

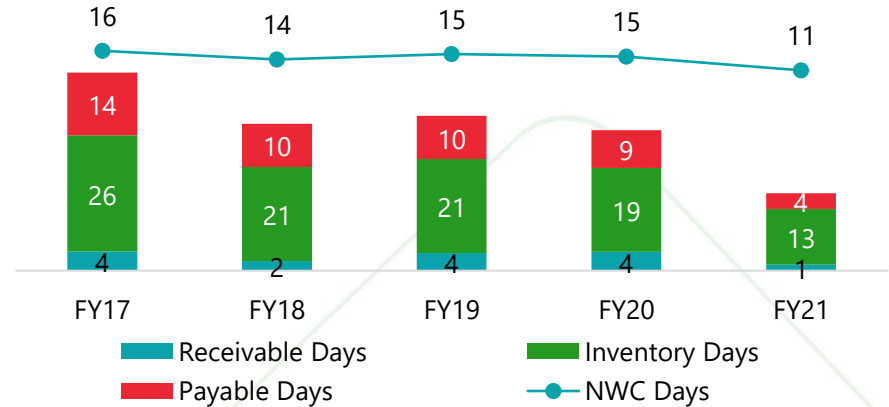


INR in Mn

Net Cash Generated from Operating Activities



Working Capital Analysis *



Financial Excellence

- Steady net cash flows from business operations and prudent working capital management has aided us to rely on internal accruals for meeting and executing the capex plans
- Robust cash flow from operations allows the Company to reward its esteemed shareholders with consistent dividends
- Total proceeds from sale of Future Retail & Praxis Home Retail shares (INR 1,360 million) was utilized to repay debt adding to the overall Balance Sheet strength and further strengthening the Company's debt-equity profile

* Revenues excludes revenue from discontinued operations

Capacity Expansion

On the path towards a Brighter Future

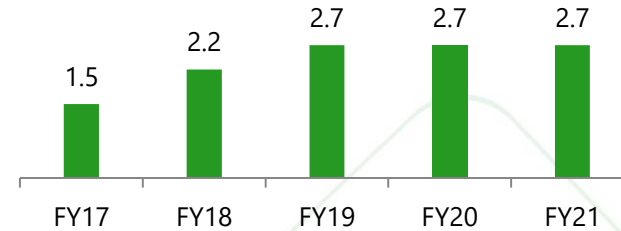


End-to-End Strengths

Particulars	FY17	FY21	CAGR %
Milk Procurement (MLPD)	1.0	1.3	3.8%
Consumer Base (in millions)	1.2	1.5	4.6%

- ➔ Innovation and go-to-market strategies has helped in expanding the overall capacities
- ➔ Focus on bringing value-added dairy products to the market at a fast pace raising the consumers health quotient
- ➔ Steadily expand the milk processing capacity and augment the R&D infrastructure with technologically advanced equipment and testing laboratories

Processing Capacity (MLPD)



The Processing Capacity have clocked a CAGR of 12.5%, during FY17-21.

Enhancing the capabilities at each level

- ➔ Investing in state-of-the-art milk processing facilities
- ➔ R&D backed infrastructure
- ➔ Stringent quality control
- ➔ Lead by professional & seasoned team

Heritage Nutrivet: Build on a strong foundation

Ready to add meaningful contribution



Heritage Nutrivet Ltd. (Wholly Owned Subsidiary Company catering the cattle feed industry)

Heritage Nutrivet Ltd. (HNL) is one of India's leading livestock and feed supplement company. The Company endeavours to provide cattle feed to milch animals and take care of overall health and immunity. Heritage Nutrivet aims to improve livestock milk yields and their reproductive ability.

- **State-of-the-art manufacturing facilities:** Hindupur and Mallavalli, Andhra Pradesh
- **Presence:** Serves 0.3 million farmers across Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra
- **Specialized Products:** Power-packed products with protein, energy, minerals and vitamins in adequate quantity and proportion to meet the nutritional requirements of dairy cattle
- **Product Portfolio:** Deluxe-Mash/pellet, Dairy Special Gold-Mash/pellet, Milk Magic Pellet, BYPASS, Excel and Supreme
- **Supporting Farmers with Technical Knowledge:** Provide technical support and build awareness amongst dairy farmers for improving milk productivity and profitability



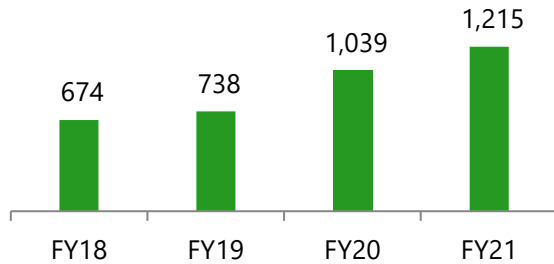
Heritage Nutrivet: Build on a strong foundation

Ready to add meaningful contribution



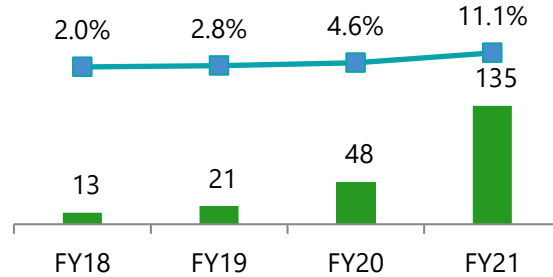
Revenue from Operations

CAGR: 15.9%



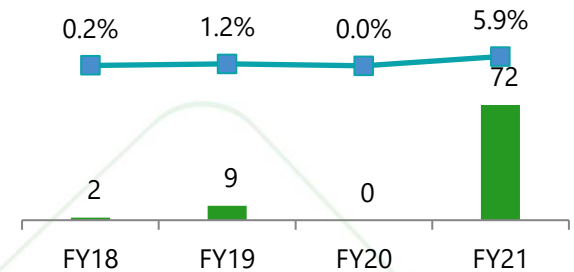
EBITDA & EBITDA Margin

CAGR: 79.5%



PAT & PAT Margin

CAGR: 145.0%



Performance Highlights

- ➔ During FY21, the Company's sales grew by 17% to INR 1,215 Mn. EBITDA grew exponentially by 1.8x to INR 135 Mn. The EBITDA margin expanded by 646 bps to 11.1% in FY21. PAT stood at INR 72 Mn. in FY21, the PAT margin expanded by 593 bps to 5.9% during the year.
- ➔ Financial Performance: Sales, EBITDA and PAT grew at 15.9%, 79.5% 145% CAGR during the FY17-21 period.

Industry Overview and Outlook

- ➔ India is one of the fastest growing animal feed markets
- ➔ Demand for nutritionally balanced compound feed expected to register 7% CAGR during 2021-26 period, owing to surge in dairy products consumption & farmers opting for high yielding milch cattle
- ➔ HNL well placed to garner better margins due to rising volumes & better output prices
- ➔ Mr. Viney Vatal appointed as CEO of HNL is a step towards Heritage's increased focus towards cattle feed and nutrition business

Forging meaningful partnership

Partnering to fortify the value proposition



Heritage Novandie: Salient Features

50:50 Partnership

- Leveraging Heritage Foods product legacy and reputation in Indian markets with French Partners – Andros group's global legacy, product knowledge and technology

Target Customers

- Rising trend of nutrition quotient amongst the Indian customers

Riding on Supply Chain Dynamics

- Competitive pricing, premium packaging standards, localized supply chains for a larger distribution network and proven quality track record

Key USP

- First of its kind, French Yogurt production aided by state-of-the-art manufacturing facilities and robust quality control of ingredients and process

Mamie & Yova Yogurt & Flavoured Yogurt Drink SKUs

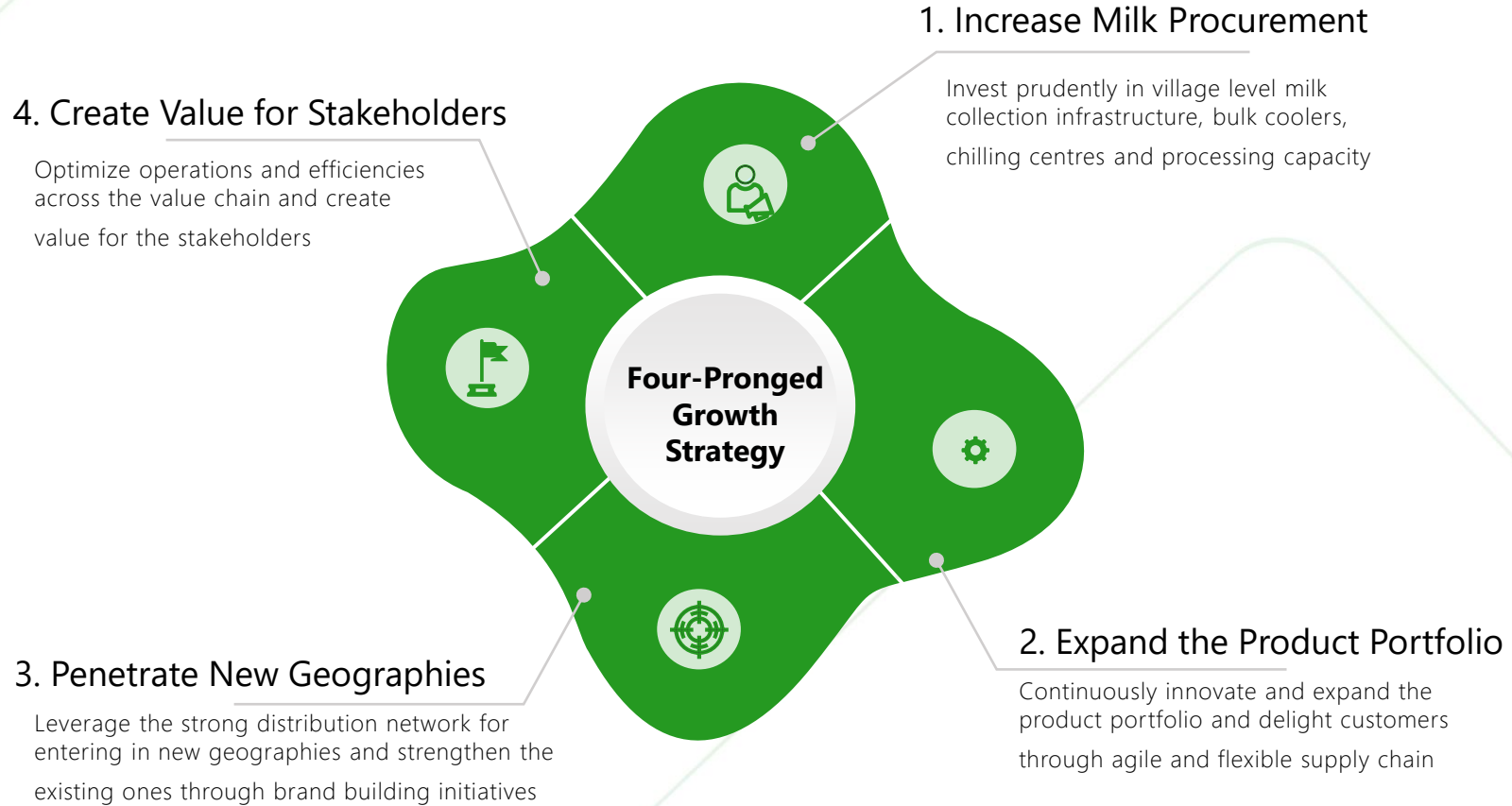


Heritage Novandie: Snapshot

- **State-of-the-art production facility:** Palghar District, Maharashtra
- **Product reach:** Mumbai, Pune, Surat and Ahmedabad via omnichannel distribution network
- **Expansion Plans:** Penetrate in Hyderabad and Bengaluru in FY22
- **Augmented Reality (AR):** Deploying AR for creating brand awareness, product usage knowledge and enhance consumer experience

Heritage Foods: The Road Ahead

Nutrition to Nation





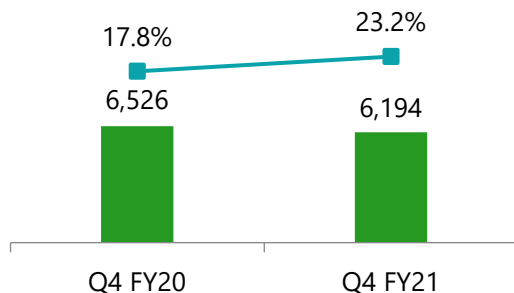
Financial
Highlights

03

Consolidated Q4 & FY21 Results: Key Highlights

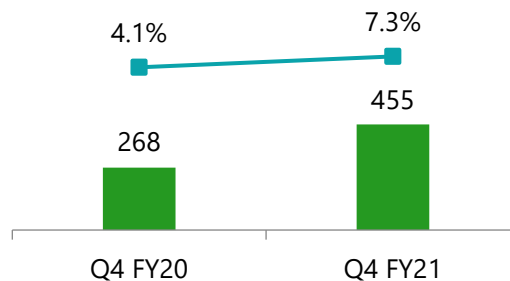


Revenues & Gross Margin (%)

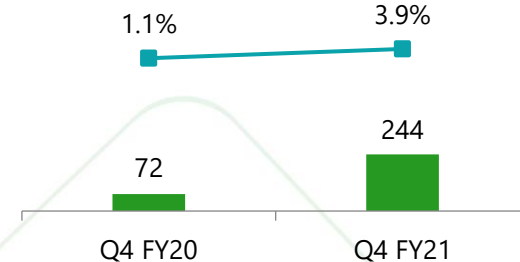


Q4 FY21 YoY ANALYSIS

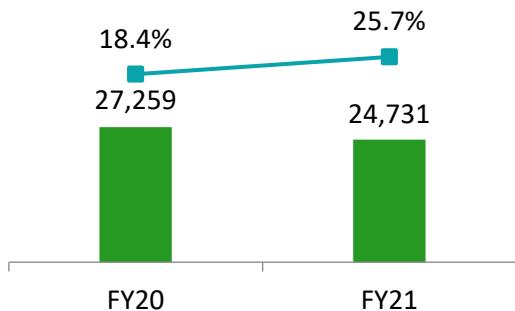
^EBITDA & EBITDA Margin (%)



*Adj. PAT & PAT Margin (%)

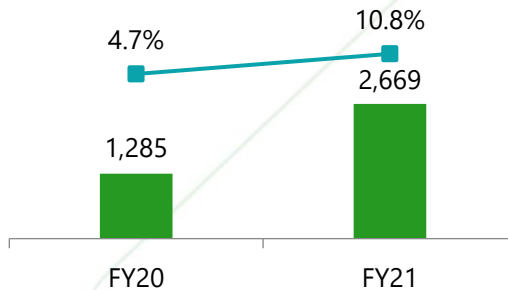


Revenues & Gross Margin (%)

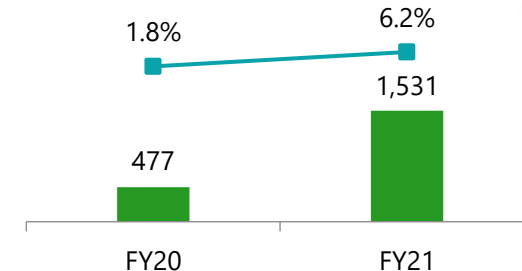


FY21 YoY ANALYSIS

^EBITDA & EBITDA Margin (%)



*Adj. PAT & PAT Margin (%)



Key Performance Highlights



*FINANCIAL UPDATES

- ➔ **Q4FY21 Results – Consolidated:** Revenue from operations was at INR 6,194 mn as compared to INR 6,526 mn in Q4FY20. EBITDA was at INR 455 mn as compared to INR 268 mn in Q4FY20; registering a growth of 70.0%. EBITDA Margin improved by 325 bps to 7.3% as against 4.1% in Q4FY20 on account of lower raw materials cost. Net Profit was at INR 244 mn as compared to INR 72 mn in Q4FY20, an increase 240.1%
- ➔ **FY21 Results – Consolidated:** Revenue from operations was at INR 24,731 mn as compared to INR 27,259 mn in FY20. EBITDA was at INR 2,669 mn as compared to INR 1,285 mn in FY20; registered a growth of 107.7%. EBITDA Margin improved by 608 bps to 10.8% as against 4.7% in FY20 on account of lower raw materials cost. Net Profit was at INR 1,531 mn as compared to INR 477 mn in FY20, an increase 220.9%

OPERATIONAL HIGHLIGHTS

- ➔ Average milk procurement during Q4FY21 was at 1.2 MLPD compared to 1.3 MLPD in Q4FY20
- ➔ Average milk sales during Q4FY21 was 1.0 MLPD compared to 1.1 MLPD in Q4FY20
- ➔ Curd sales during Q4FY21 was at 278.6 metric tonnes per day (MTPD) compared to 294.6 MTPD in Q4FY20
- ➔ Revenue from Value added products (VAP) at INR 1,608 mn contributed 26.6% to the overall dairy revenue during Q4FY21. Their contribution for FY21 stood at INR 5,825 mn, 24.2% total annual dairy revenue as against 27.0% in FY20

BALANCE SHEET HIGHLIGHTS

- ➔ Gross Long-Term Debt stood at INR 963 mn Net Long-Term Debt at INR 567 mn as on March 31, 2021. Debt-to-Equity ratio during FY21 stood at 0.10:1. Cash & Bank balance stood at INR 218 mn as on March 31, 2021.

* EBITDA excludes other income & finance cost; PAT excludes exceptional items gain due to changes in fair value of derivative liabilities and fair value loss on FVTPL securities & profit and loss from discontinued operations

Q4 & FY21 Consolidated Profit & Loss Statement



Particulars (INR. in Mn)	Q4FY21	Q4FY20	YoY %	FY21	FY20	YoY %
Revenue from Operations	6,194	6,526	-5.1%	24,731	27,259	-9.3%
COGS	4,756	5,363	-11.3%	18,374	22,246	-17.4%
Gross Profit	1,438	1,163	23.6%	6,357	5,013	26.8%
Gross Margin %	23.2%	17.8%	539 bps	25.7%	18.4%	731 bps
Employee Expenses	445	362	22.8%	1,779	1,564	13.7%
Other expenses	538	533	0.9%	1,909	2,164	-11.8%
**EBITDA	455	268	70.0%	2,669	1,285	107.7%
EBITDA Margin %	7.3%	4.1%	325 bps	10.8%	4.7%	608 bps
Depreciation	120	118	1.5%	462	501	-7.8%
EBIT	335	150	123.9%	2,207	784	181.5%
Finance Cost	30	65	-52.9%	192	226	-15.3%
Other Income	35	19	82.5%	80	89	-9.4%
*Adj. PBT (Before Minority Interest)	340	105	225.4%	2,095	646	224.2%
Minority Interest	12	3	316.3%	22	9	145.9%
Adj. PBT (After Minority Interest)	328	102	222.8%	2,073	637	225.3%
Taxes	86	30	188.1%	535	153	248.4%
^Adj. PAT	244	72	240.5%	1,531	477	220.9%
Adj. PAT Margin %	3.9%	1.1%	285 bps	6.2%	1.8%	444 bps

** EBITDA excludes other income & finance cost; *Adj. PBT (Before Minority Interest) excludes exceptional items gain due to changes in fair value of derivative liabilities and fair value loss on FVTPL securities and ^Adj. PAT excludes profit and loss from discontinued operations

Q4 & FY21: Consolidated Balance Sheet



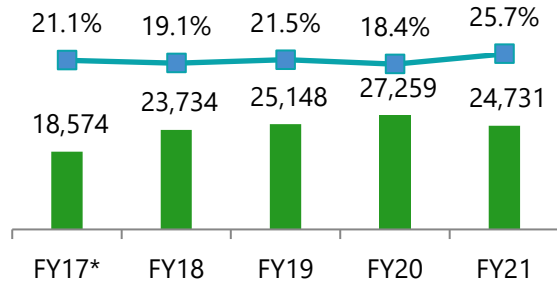
Particulars in INR Mn	FY21	FY20
EQUITY AND LIABILITY		
Equity Share Capital	232	232
Reserve and Surplus	5,726	4,364
Shareholders Fund	5,958	4,596
Minority Interest	5	22
Total Equity	5,963	4,618
Non-Current Liabilities		
Long-term Borrowings	340	1,722
Deferred tax liabilities (net)	241	224
Other long term liabilities	162	122
Total non-current liabilities	743	2,068
Current Liabilities		
Short-term Borrowings	19	884
Trade payables	355	599
Other financial liabilities	1,496	1,516
Other current liabilities	209	197
Total current liabilities	2,079	3,197
Total Equity and Liability	8,785	9,882

Particulars in INR Mn	FY21	FY20
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	5,714	4,691
Capital WIP	157	757
Investment Property	45	59
Intangible assets under development	26	16
Other intangible assets	39	61
Investment in Associate & Joint Venture	129	82
Financial assets	58	1,500
Other non-current assets	22	29
Total non-current assets	6,190	7,195
Current Assets		
Inventories	1,983	1,447
Trade Receivables	152	219
Cash & Cash equivalents	218	582
Loans	37	28
Other Financial Assets	4	56
Other Current Assets	201	393
Total Current Assets	2,595	2,687
Total Assets	8,785	9,882

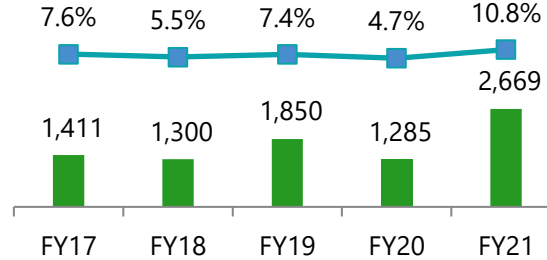
Consolidated Financial Summary



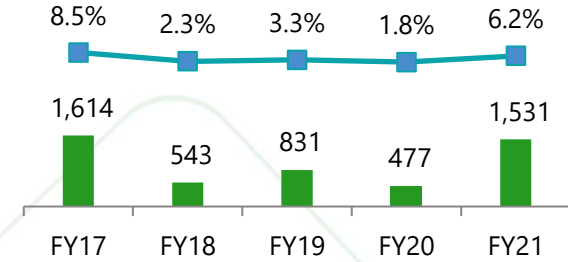
Revenues & Gross Margin (%)



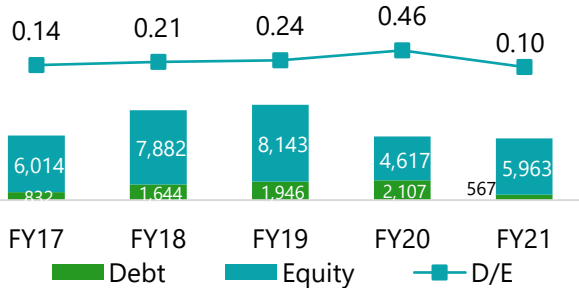
EBITDA & EBITDA Margin (%)



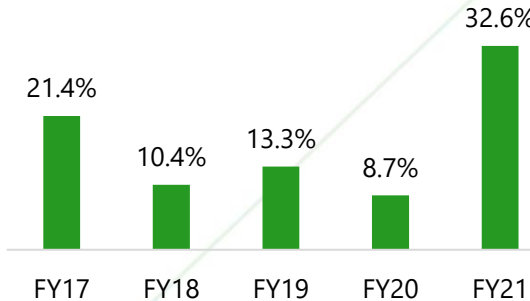
^Adj. PAT & PAT Margin (%)



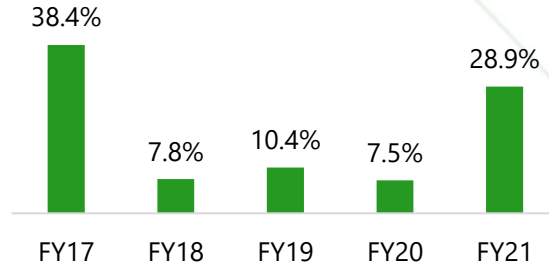
Leverage Analysis



Return on Capital Employed (ROCE)



Return on Equity (ROE)



*FY17 revenues excludes revenue from discontinued operations and ^Adj PAT excludes exceptional items and profit & loss from discontinued operations
 ROCE = EBIT / Average Capital Employed (Debt + Equity + Minority Interest), ROE = PAT / Average (Equity + Minority Interest)

Shareholding Structure



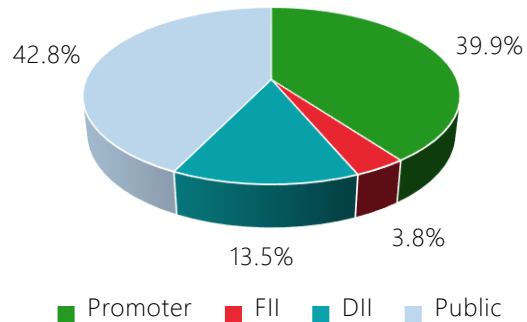
Prominent Investors -31st March 2021 (% Holding)

UTI - Long Term Equity Fund	5.45
Sundaram Mutual Fund	4.91
Doric Asia Pacific Small Cap (Mauritius) Limited	2.22
Kotak Small Cap Fund	1.69
Kedia Securities	1.13

Market Data as on 18th May 2021

Market capitalization (INR. Mn)	16,622.1
Price (INR Mn)	358.3
No of shares outstanding (Mn)	46.4
Face Value (INR)	5.0
52-week High-Low (INR)	391.0-225.0

Shareholding Pattern



Share Price Performance





04

Annexures

Product Portfolio

Reason to celebrate for every season

Milk



Toned Milk



Double-Toned Milk



Full Cream Milk



Standardised Milk



A2 Full Cream Milk



Cow Milk



Slim Milk



UHT Milk

Value Added Products



Curd



Butter Milk



Flavoured Milk



Sweet & Sabja Lassi



Milk Shakes



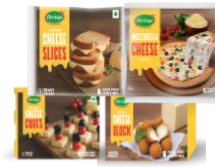
Cold Coffee



Immunity Milk



Paneer



Cheese



Sweets

Creating consumer-delight with diversified product portfolio

Product Portfolio

Reason to celebrate for every season

Ice-Creams



Cups



Cones



Bars



Kulfi (Anjeer & Malai)



Tubs



Family Packs

Fat Products



Cow Ghee



Cow Ghee



Buffalo Ghee



Hi Aroma Ghee



Cooking Butter



Table Butter



Fresh Cream

Creating consumer-delight with diversified product portfolio

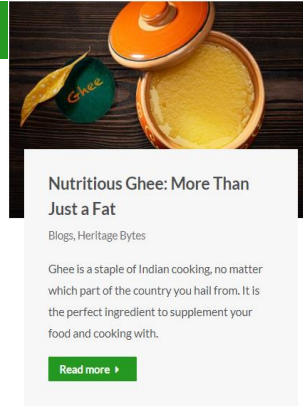
Marketing and Consumer Connect Initiatives

Empowering the brand



Heritage bytes

A digital consumer connect initiative featuring regular blogs and videos recipe campaign with celebrity Chef Bhakti Arora creating consumers rejoice with innovative and nutritious recipes curated with milk, curd, paneer and ghee.



Heritage Bytes | Episode 6 | Achari Paneer Wrap



Heritage Bytes | Episode 5 | Ghee Cookies

Other Omnichannel Consumer Connect Initiatives

- ➔ Print & Radio Campaigns
- ➔ Wall Paintings
- ➔ Campus Connect
- ➔ Vehicles & Pushcart Branding
- ➔ Social Media Campaigns
- ➔ BigBasket Campaigns
- ➔ Featuring Ads in Hotstar IPL 2020
- ➔ Launch of Heritage TUCH App for home deliveries in Hyderabad

Awards & Accolades

Excellence seldom gets unnoticed



FY21: Highlights

- Won all three Prestigious National Energy Conservation Awards (NECA - 2020) in Dairy Sector for the year 2020

FY20: Highlights

- CII Accolades - Food Safety 2018 for Gokul plant
- Won SYNNA award for Technology Innovator of the Year - India Food Safety & Summit Awards - 2019
- Won the best customer service provider award - India Food Safety & Summit Awards - 2019
- Bagged the 'Most Integrated Company' at India Dairy Award 2020 organized by Agriculture Today Group, Delhi

Thank You!

For Further Queries



Mr. Umakanta Barik

Company Secretary & Compliance Officer – Heritage Foods

Email: umakanta@heritagefoods.in

Contact No.: 040 23391221 Extn.: 9231

www.heritagefoods.in

DICKENSON

Mr. Hiral Keniya / Vikash Verma

IR Consultants – Dickenson World

Email: heritagefoods@dickensonworld.com

Contact No.: +91 9029662801 / 9664009029