



Earnings Presentation

Q2 / H1-FY23



Rich Legacy of 30 Years



Fully Integrated Dairy Business



Wide Presence Across 11 States



Highly Qualified and Experienced Leadership Team and Independent Board



Strong Distribution Network with Omni Channel Presence



Strong Corporate Governance Standards



+1.5 Mn Households Served Daily



Net Debt Free



18 State-of-the-art Milk Processing Plants



10 Year CAGR:
Revenue - 7%
PAT – 26%



2.65 MLPD Milk Processing Capacity



21,452 Farmers Benefited through Community Development Activities



3,000+ employees on rolls



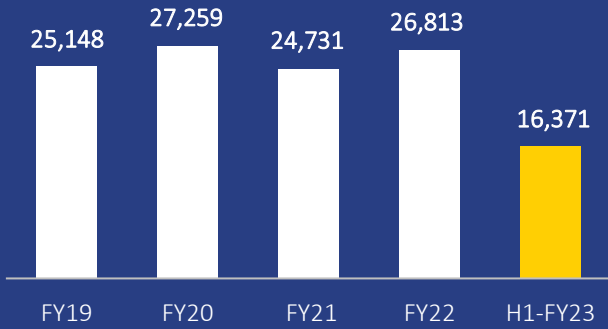
INR A+ (LT), A1 (ST) Credit Rating CRISIL



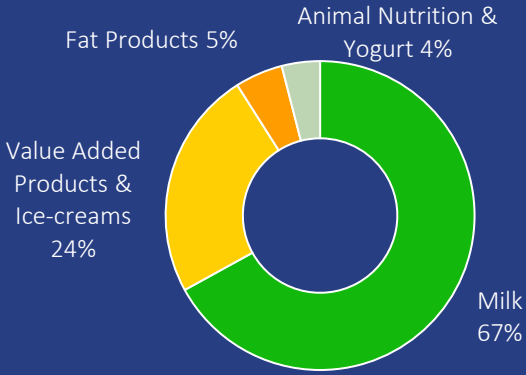
Company Overview

- Founded in 1992 with the objective to serve the farming community in India, Heritage Foods is today India’s one of the leading Dairy companies.
- Over the span of 3 decades, Heritage Foods has not only stayed true its values and mission but also created a diversified product portfolio, which includes milk and many milk based value added products.
- The company has a highly qualified and experienced leadership team with decades of experience spanning across business functions and is guided by a strong and eminent independent board of directors.
- Over the years, the company has created strong long-lasting relationships with 300,000+ dairy farmers for milk procurement across 8 states in India.
- The company has 18 State-of-the-art milk processing facilities with a total processing capacity of 2.65 Mn litres per day (MLPD), and 198 Bulk Coolers, Mini Chilling & Chilling Units with 2.08 MLPD milk chilling capacity.
- Heritage Foods has created deeply entrenched distribution network with products sold across 11 States in India and including 121 Heritage Distribution Centres, 130,000+ Retail Outlets, 27 organized retail chains across India and 859 Heritage Parlours. It also has a strong presence across 16 E-Commerce websites.
- Heritage adopts a technology integrated network enabled by 11,300+ Milk Procurement Representatives & 1,900+ distribution vehicles across 11 states on the back of 6,500+ distributors who deliver Heritage products daily at doorsteps.
- The company has a technologically advanced R&D infrastructure with stringent quality control for the benefit of consumers.

Revenue (INR Mn)



Product Mix (FY22)



Product Portfolio



Milk (67%)



Value Added Products (23%)



Fat Products (5%)



Animal Nutrition (4%)
Heritage Nutrivet – Subsidiary



Ice-creams (1%)



Yogurt - Mamie Yova (0.1%)
Heritage Novandie – Joint Venture

Geographical Footprint



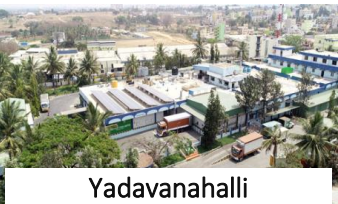
Haryana



Maharashtra



Karnataka



Tamil Nadu



Milk Procurement - 8 States

Milk Products Sales - 11 States

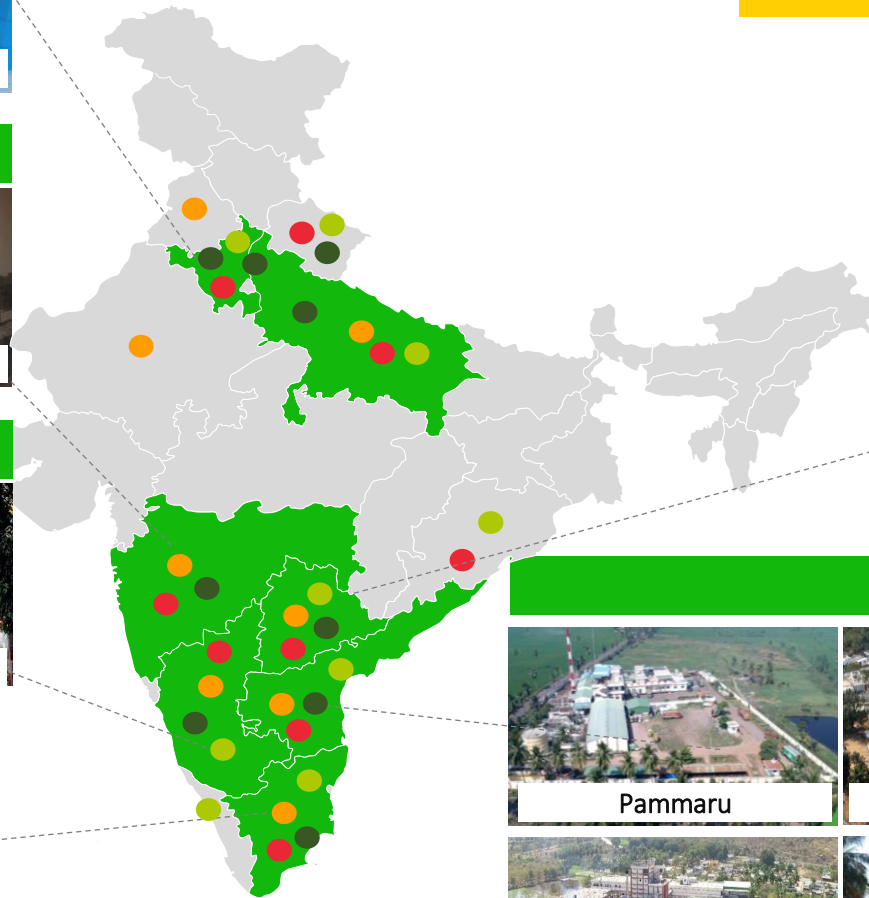
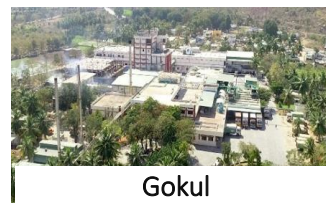
Milk Sales - 11 States

Heritage Distribution Centres - 9 States

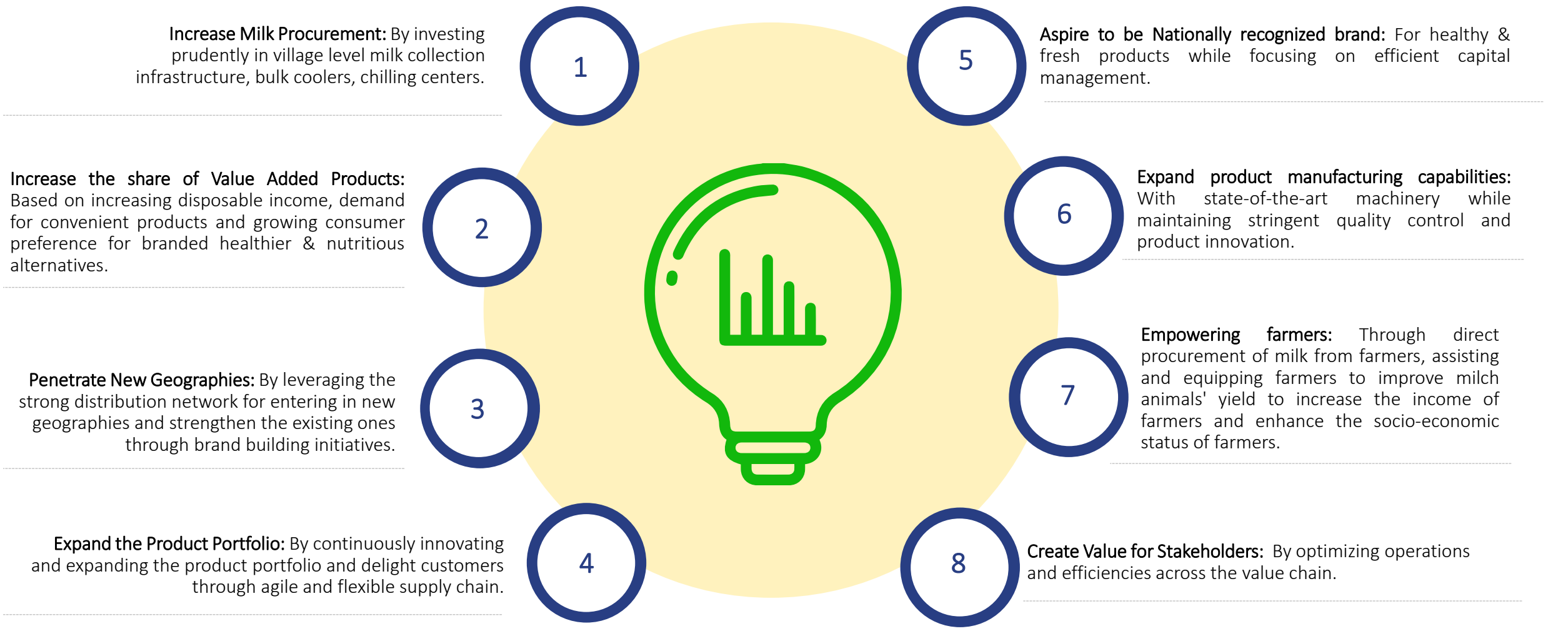
Telangana



Andhra Pradesh



Future Growth Strategy



Q2 / H1-FY23 Financial Overview



Q2 / H1-FY23 Consolidated Financial Highlights

Q2-FY23 Performance

INR 8,162 Mn
Operating Income

INR 398 Mn
Operating EBITDA

4.88%
EBITDA Margins

INR 190 Mn
PAT

2.33%
PAT Margins

INR 4.10/Share
Diluted EPS

H1-FY23 Performance

INR 16,371 Mn
Operating Income

INR 638 Mn
Operating EBITDA

3.90%
EBITDA Margins

INR 263 Mn
PAT

1.61%
PAT Margins

INR 5.67/Share
Diluted EPS

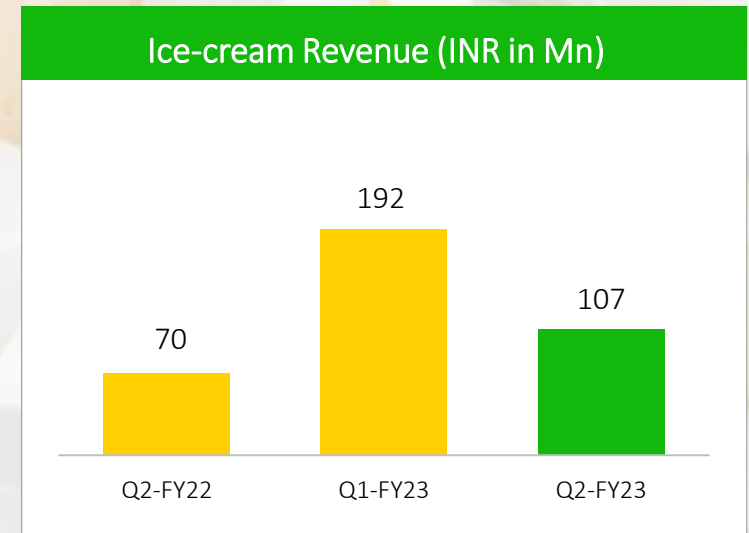
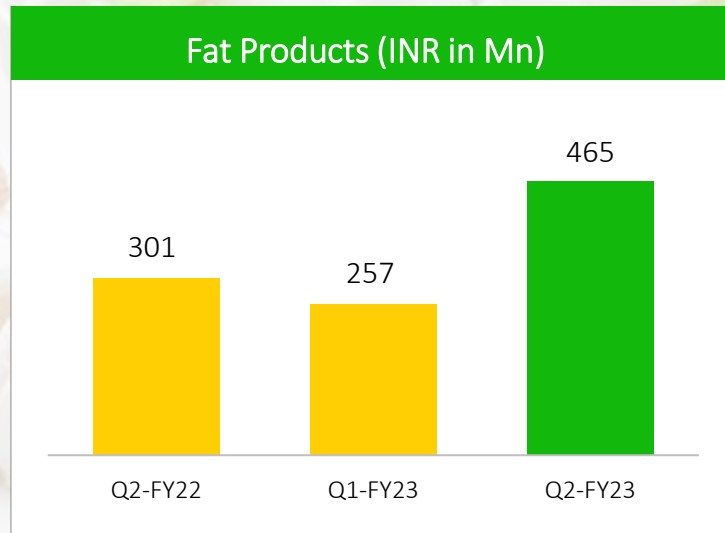
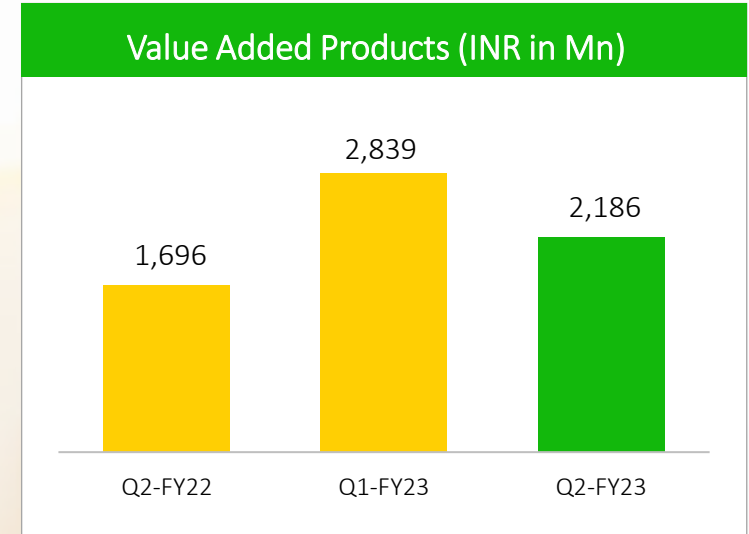
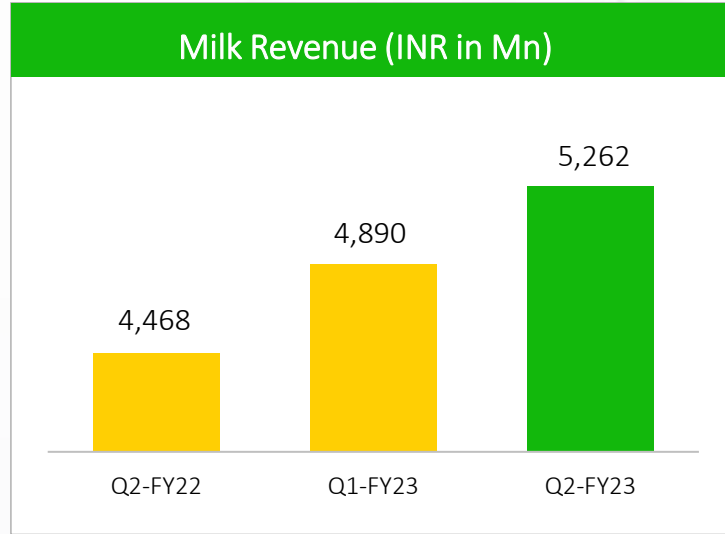
Operational Highlights

- Average milk procurement during Q2-FY23 was at 14.62 lakh litres per day (LLPD), compared to 12.67 LLPD in Q2-FY22; registering a growth of 15.39% YoY
- Average milk sales during Q2-FY23 was 11.24 LLPD compared to 10.37 LLPD in Q2-FY22; recording an increase of 8.39% YoY
- Curd sales during Q2-FY23 were at 326.44 metric tonnes per day (MTPD) compared to 279.74 MTPD in Q2-FY22; registering a growth of 16.69% YoY
- Revenue from Value added products (VAP) grew by 28.86% YoY to INR 2,186 million in Q2-FY23 compared to INR 1,696 million in Q2-FY22.
- VAP contributed 27.03% to the overall dairy revenue during Q2-FY23 against 25.70% in Q2-FY22, up by 133 bps YoY.
- Even though the company undertook multiple price increases throughout the quarter, the increase in raw material cost of 19% on a YoY basis impacted the margins.

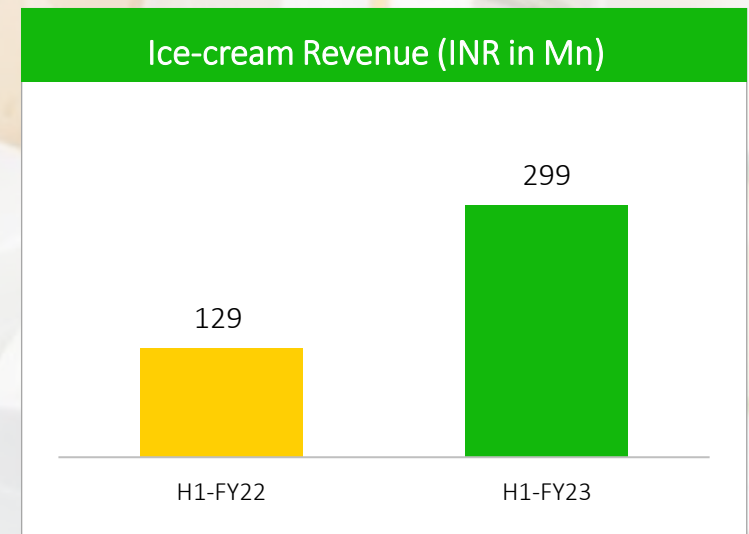
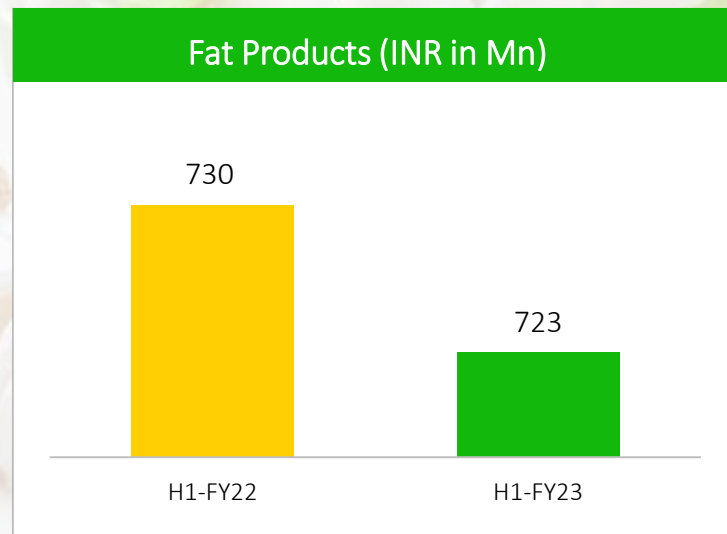
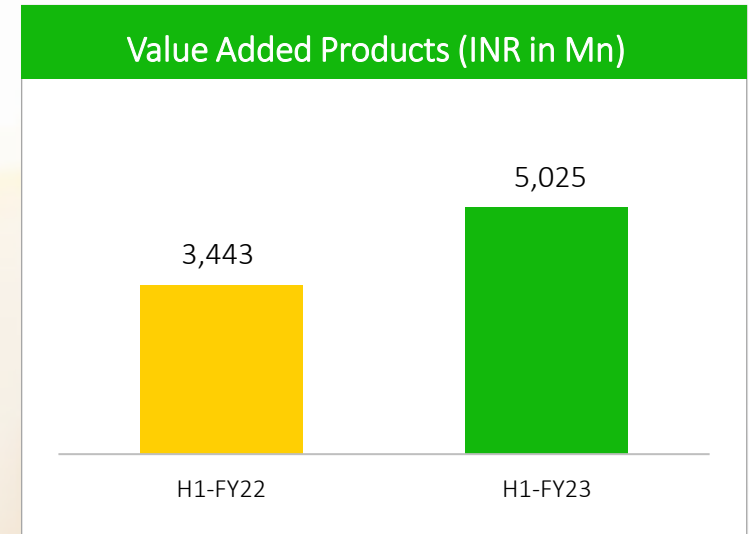
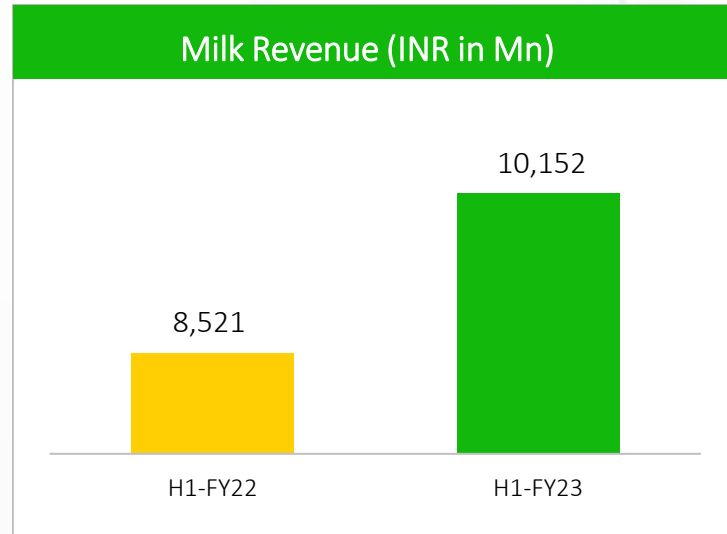
New Value Added Product Launch:



Quarterly Segmental Revenue



Half Yearly Segmental Revenue



Q2-FY23 Digital Campaigns

Ghee Campaign: #MyHeritageMyPride

Ghee is a product that has a strong association with festivities that are around the corner and is a key ingredient for sweets and other traditional recipes. The primary objective of the Ghee campaign is to register “Heritage” in the minds of consumers and simultaneously relate the brand to their roots, their “inheritance”. In this fast-paced life we have forgotten the age-old authentic recipes that we enjoyed during the festive period in our childhood. With this campaign, we wish for enlightening the generation of today about our rich culinary Heritage by reviving these lost recipes & instill a sense of pride.

Ecom Reviews: Goodness of Heritage

Ongoing activity till FY23 end.

Objective – to improve the product ratings of key SKUs of Curd, Paneer and Ghee across major ecommerce platforms to 4.2 out of 5 from the current average levels 3.8.

We have nitpicked the target consumers across the geographies to try our range of products – Curd, Ghee and Paneer to rate their opinion to showcase the Goodness on Heritage products on ecommerce platforms like Big basket, Amazon and Flipkart.



Heritage Curd, 1 kg

5 ★

curd is very creamy and too thick. it comes in a small spill proof bucket which can be used easily and last for long time



Heritage Cow Ghee/Neyyi, 500 ml

5 ★

Pure and natural taste

Tasty and pure cow ghee, so nice aroma, liked it very much, no chemicals added, good for kids and adults



Heritage Fresh Paneer - Rich In Protein & Vitamin A, 200 g

5 ★

paneer is good as expected, it's really soft and fresh. texture is also good. price is very low compared to other brands



Heritage Buffalo Ghee, 1000 ml

5 ★

Natural ghee

Liked the fresh taste and aroma of ghee, no chemicals added, we are enjoying the natural taste of ghee

Q2-FY23 Marketing Updates

IDF Exhibition in Greater Noida



Gluco Shakti Orange Launch in Hyderabad



New Milk packets launch in Chennai - POSM



Life Size Modak made of Heritage Vanilla Milk Packs



Festival Arch Gate's Deployment in Hyderabad



Best chef contest among Societies



Quarterly Consolidated Financial Performance



Particulars (INR Mn)	Q2-FY23	Q1-FY23	Q-o-Q	Q2-FY22	Y-o-Y
Operating Income	8,162	8,209	(0.6)%	6,703	21.8%
Expenses	7,764	7,969	(2.6)%	6,053	28.3%
EBIDTA	398	240	65.8%	650	(38.8)%
<i>EBIDTA Margins (%)</i>	<i>4.88%</i>	<i>2.92%</i>	<i>196 Bps</i>	<i>9.70%</i>	<i>(482) Bps</i>
Depreciation	138	134	3.0%	130	6.2%
Finance Cost	3	7	(57.1)%	9	(66.7)%
Other Income	29	26	11.5%	29	NA
Share of Profit/(Loss) of an associate & Joint Venture	(23)	(19)	21.1%	(14)	64.3%
Exceptional Items	-	-	-	(91)	NA
PBT from continuing operations	263	106	148.1%	435	(39.5)%
Tax	73	33	121.2%	107	(31.8)%
PAT from continuing operations	190	73	160.3%	328	(42.1)%
Profit/(Loss) from discontinued operations	-	-	-	(1)	NA
Profit After Tax	190	73	160.3%	327	(41.9)%
<i>PAT Margins (%)</i>	<i>2.33%</i>	<i>0.89%</i>	<i>144 Bps</i>	<i>4.88%</i>	<i>(255) Bps</i>
Other Comprehensive Income	0	0	-	(1)	NA
Total Comprehensive Income	190	73	160.3%	326	(41.7)%
EPS Diluted (INR)	4.10	1.57	161.1%	7.06	(41.9)%

Half Yearly Consolidated Financial Performance

Particulars (INR Mn)	H1-FY23	H1-FY22	Y-o-Y
Operating Income	16,371	13,184	24.2%
Expenses	15,733	12,000	31.1%
EBIDTA	638	1,184	(46.1)%
<i>EBIDTA Margins (%)</i>	<i>3.90%</i>	<i>8.98%</i>	<i>(508) Bps</i>
Depreciation	273	258	5.8%
Finance Cost	10	23	(56.5)%
Other Income	55	57	(3.5)%
Share of Profit/(Loss) of an associate & Joint Venture	(41)	(27)	51.9%
Exceptional Items	-	(91)	NA
PBT from continuing operations	369	842	(56.2)%
Tax	106	211	(49.8)%
PAT from continuing operations	263	631	(58.3)%
Profit/(Loss) from discontinued operations	0	(1)	NA
Profit After Tax	263	630	(58.3)%
<i>PAT Margins (%)</i>	<i>1.61%</i>	<i>4.78%</i>	<i>(317) Bps</i>
Other Comprehensive Income	0	(2)	NA
Total Comprehensive Income	263	628	(58.1)%
EPS Diluted (INR)	5.67	13.59	(58.3)%

Historical Financial Overview



Historical Consolidated Income Statement



Particulars (INR Mn)	FY19	FY20	FY21	FY22	H1-FY23
Operating Income	25,148	27,259	24,731	26,813	16,371
Expenses	23,298	25,974	22,062	24,906	15,733
EBIDTA	1,850	1,284	2,669	1,907	638
EBIDTA Margins (%)	7.36%	4.71%	10.79%	7.11%	3.90%
Depreciation	446	501	462	522	273
Finance Cost	215	226	192	40	10
Fair Value Loss on FVTPL Securities	1,311	5,116	48	-	-
Other Income	90	89	80	113	55
Gain due to changes in fair value of derivative liabilities	1,311	2,945	-	-	-
Share of Profit/(Loss) of an associate & Joint Venture	(4)	(9)	(22)	(60)	(41)
Exceptional Items	-	-	-	(91)	-
PBT from continuing operations	1,275	(1,534)	2,025	1,307	369
Tax	447	153	535	342	106
PAT from continuing operations	828	(1,687)	1,490	965	263
Profit/(Loss) from discontinued operations	2	(7)	(7)	(4)	0
Profit After Tax	826	(1,694)	1,483	961	263
PAT Margins (%)	3.28%	(6.21)%	6.00%	3.58%	1.61%
Other Comprehensive Income	454	(1,712)	(21)	1	0
Total Comprehensive Income	372	(3,406)	1,462	960	263
EPS Diluted (INR)	17.55	(34.55)	32.32	20.81	5.67

Historical Consolidated Balance Sheet

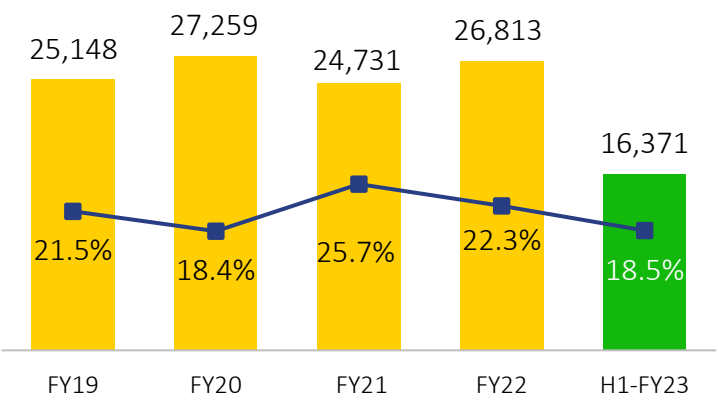


Particulars (INR Mn)	FY21	FY22	H1-FY23
Equity And Liability			
Equity Share Capital	232	232	232
Reserve and Surplus	5,726	6,344	6,491
Shareholders Fund	5,958	6,576	6,723
Minority Interest	5	0	0
Total Equity	5,963	6,576	6,723
Non-Current Liabilities			
Long-term Borrowings	340	80	59
Deferred tax liabilities (net)	241	239	236
Other long term liabilities	162	305	329
Total non-current liabilities	743	624	624
Current Liabilities			
Short-term Borrowings	299	38	36
Trade payables	355	519	781
Other financial liabilities	1,194	1,035	1,089
Other current liabilities	231	234	275
Total current liabilities	2,079	1,826	2,181
Total Equity and Liability	8,785	9,026	9,528

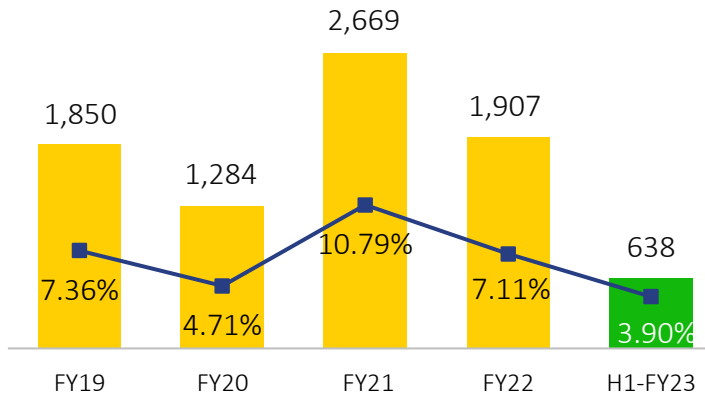
Particulars (INR Mn)	FY21	FY22	H1-FY23
Assets			
Non-Current Assets			
Property, Plant and Equipment	5,714	5,705	5,670
Capital WIP	157	74	175
Investment Property	45	44	44
Other intangible assets	39	44	38
Intangible assets under development	26	6	5
Investment in Associate & Joint Venture	129	174	133
Financial assets	58	67	82
Other non-current assets	22	4	25
Total non-current assets	6,191	6,118	6,172
Current Assets			
Inventories	1,983	2,058	1,144
Investments	0	0	807
Trade Receivables	152	185	380
Cash & Bank Balances	236	356	767
Loans	9	1	2
Other Financial Assets	32	37	35
Other Current Assets	184	271	221
Total Current Assets	2,595	2,908	3,356
Total Assets	8,785	9,026	9,528

Historical Consolidated Financial Performance

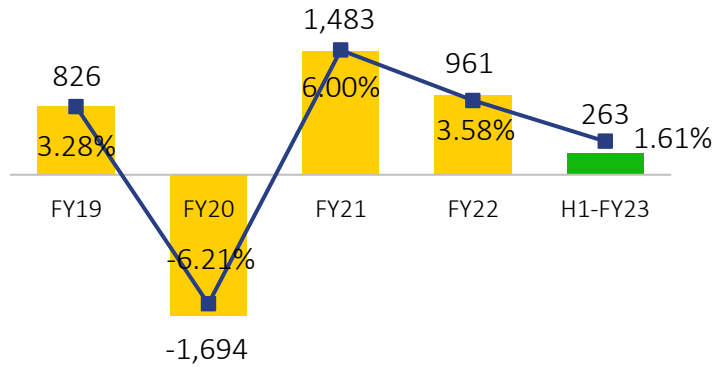
Revenue (INR Mn) & Gross Margins (%)



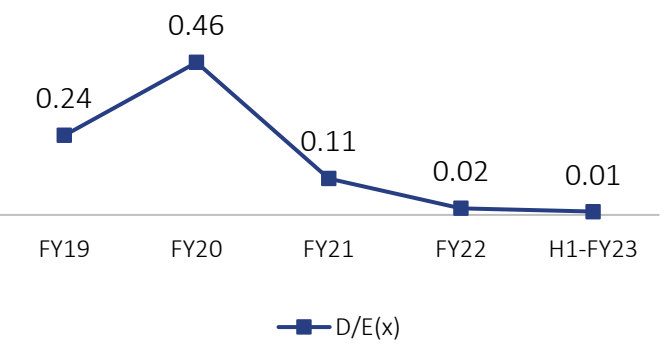
EBITDA (INR Mn) & Margins (%)



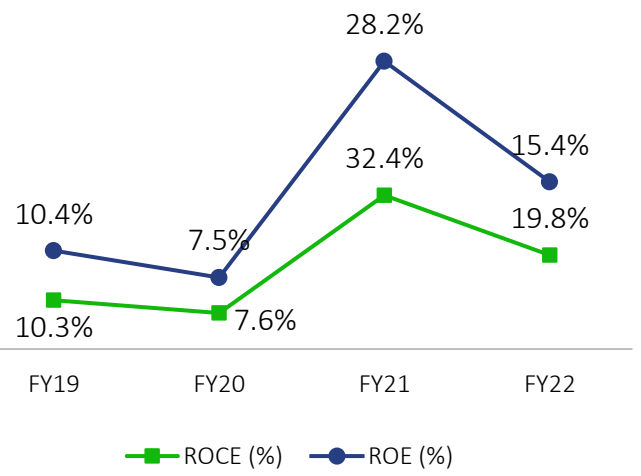
PAT (INR Mn) & Margins (%)



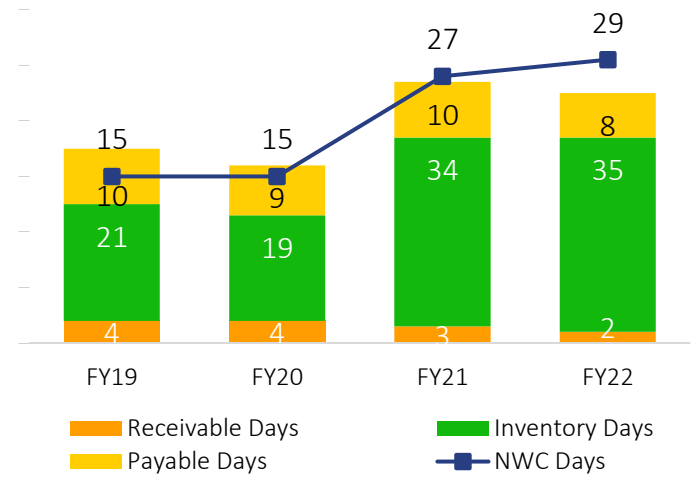
Leverage Ratio (x)



ROE & RoCE (%)



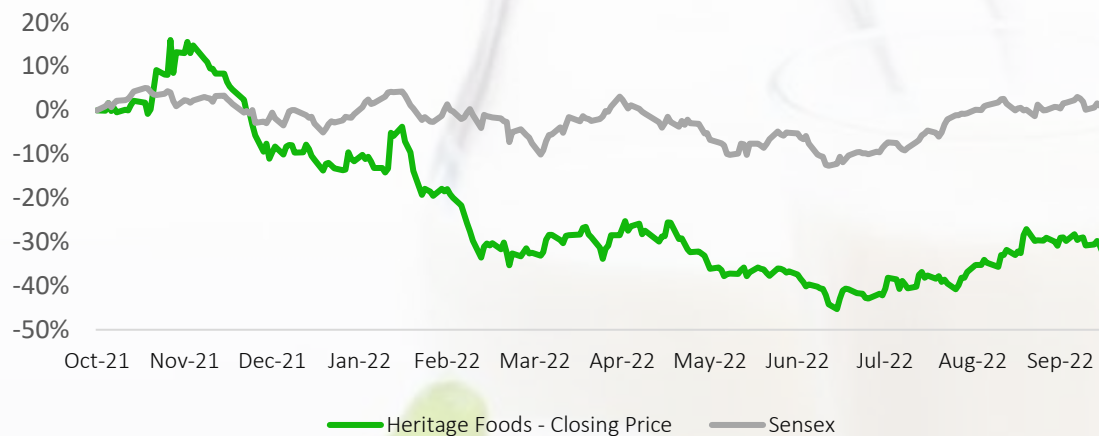
Working Capital Analysis



Capital Market Data



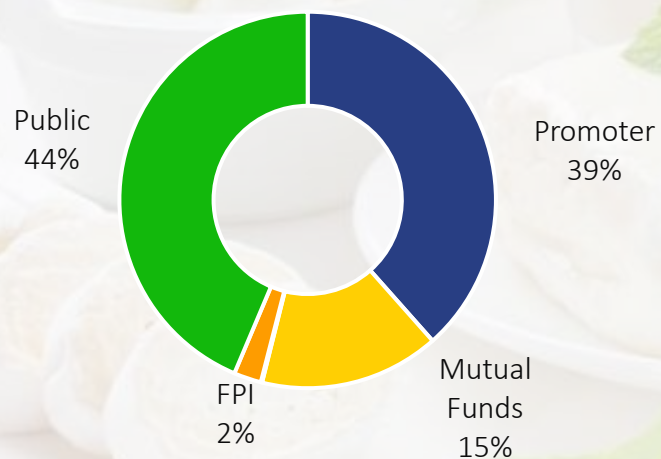
1 Year Stock Performance up to 30th September, 2022



Market Data as on 30th September, 2022

Shareholder	% Shareholding
Face Value	5.0
CMP	335.80
52 Week H/L	565 / 250.3
Market Capitalization (Mn)	15,580.4
Shares O/S (Mn)	46.4

Shareholding Pattern as on 30th September, 2022



Top Marquee Shareholders as on 30th September, 2022

Shareholder	% Shareholding
Kotak Mutual Funds	4.78%
DSP Mutual Fund	3.45%
UTI Mutual Funds	2.76%
L&T Mutual Funds	1.43%
Aditya Birla Sun Life Mutual Funds	1.38%

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Thank You