

## Heritage Foods

### Performance Highlights

Y/E March (₹ cr)	4QFY14	3QFY14	% chg (qoq)	4QFY13	% chg (yoy)
<b>Total operating income</b>	<b>438</b>	<b>424</b>	<b>3.3</b>	<b>394</b>	<b>11.0</b>
EBITDA	18.3	26.9	(31.9)	27.0	(32.3)
EBITDA Margin (%)	4.2	6.3	(216)bp	6.9	(267)bp
<b>Adj. PAT</b>	<b>7</b>	<b>14</b>	<b>(48.7)</b>	<b>15</b>	<b>(53.4)</b>

Source: Company, Angel Research

Heritage Foods Ltd (HFL) reported a disappointing operational performance for 4QFY2014, dragged by the dairy segment. Its top-line surged by 11.0% yoy to ₹438cr, in line with our expectation. However, the EBITDA plunged by 32.3% yoy to ₹18cr, which is way lower than our estimate of ₹25cr. The EBITDA margin dipped by 267bp yoy to 4.2%, which is attributable mainly to a rise of 458bp yoy in the raw material cost as a percentage of sales. The interest cost increased by 7.0% yoy. The bottom-line for the quarter dipped by 53.4% yoy to ₹7cr against our estimate of ₹13cr.

**Geographical expansion to aid dairy growth:** The dairy segment, which contributes ~74% to the total revenue, has ~92.5% of its revenue sourced from Andhra Pradesh, Tamil Nadu and Karnataka. Hence, in order to increase its contribution from other geographies and further gain from the boom in the dairy industry; HFL has recently acquired a dairy plant in Haryana to source milk supply for Delhi (operational by July'14) from which it drives mere 0.4% of its revenue. Also, in efforts to have strong foothold in Mumbai, HFL has tie-ups with local dairies like "Prabhat dairy" for co-packing of milk.

**Outlook and Valuation:** Considering the growth opportunities in the dairy industry, we expect the top-line and EBITDA of the company to grow at a CAGR of 11.8% and 18.8% respectively over FY2014-16E while PAT is expected to grow at a CAGR of 27.8% (due to low base) over the same period. Currently the stock is trading at a PE of 9.5x for FY2016E earnings. **We maintain our Buy recommendation on the company with a target price of ₹350 based on target PE of 11x for FY2016E, considering return ratios at a stable level, ROE and ROIC of above 20%.**

#### Key Financials

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015E	FY2016E
<b>Net sales</b>	<b>1,393</b>	<b>1,602</b>	<b>1,722</b>	<b>1,910</b>	<b>2,153</b>
% chg	27.1	14.9	7.5	10.9	12.8
<b>Adj. net profit</b>	<b>10</b>	<b>50</b>	<b>45</b>	<b>50</b>	<b>74</b>
% chg	669.7	391.6	(9.6)	10.1	48.4
<b>EBITDA Margin (%)</b>	<b>3.8</b>	<b>6.3</b>	<b>5.5</b>	<b>5.2</b>	<b>6.2</b>
EPS (₹)	4.4	21.5	19.5	21.4	31.8
P/E (x)	68.7	14.0	15.5	14.0	9.5
P/BV (x)	7.5	4.9	3.9	3.2	2.4
RoE (%)	10.9	35.3	25.2	22.5	25.8
RoCE (%)	12.8	38.0	26.3	23.7	31.1
EV/Sales (x)	0.6	0.5	0.4	0.4	0.3
EV/EBITDA (x)	15.7	7.4	8.0	7.6	5.4

Source: Company, Angel Research; Note: CMP as of June 30, 2014

## BUY

CMP	₹302
Target Price	₹350

Investment Period	12 Months
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#### Stock Info

Sector	FMCG
Market Cap (₹ cr)	698
Net Debt	64.4
Beta	0.9
52 Week High / Low	364 / 169
Avg. Daily Volume	11,420
Face Value (₹)	10
BSE Sensex	25,414
Nifty	7,611
Reuters Code	HEFI.BO
Bloomberg Code	HTFL.IN

#### Shareholding Pattern (%)

Promoters	40.0
MF / Banks / Indian Fls	21.4
FII / NRIs / OCBs	3.8
Indian Public / Others	34.8

Abs.(%)	3m	1yr	3yr
Sensex	13.5	29.8	35.4
Heritage Foods	50.8	33.0	215.5

**Twinkle Gosar**

Tel: 022- 3935 7800 Ext: 6848

Gosar.twinkle@angelbroking.com

**Exhibit 1: 4QFY2014 performance**

Y/E March (₹ cr)	4QFY14	3QFY14	% chg (qoq)	4QFY13	% chg (yoy)	FY2014	FY2013	% chg
<b>Total operating income</b>	<b>438</b>	<b>424</b>	<b>3.3</b>	<b>394</b>	<b>11.0</b>	<b>1,722</b>	<b>1,602</b>	<b>7.5</b>
Net raw material	351	325	8.1	299	17.7	1,344	1,237	8.7
(% of Sales)	80.3	76.7		75.7		78.0	77.2	
Employee cost	22	27	(19.3)	25	(12.5)	100	87	14.8
(% of Sales)	5.0	6.4		6.3		5.8	5.4	
Other Expenses	46	45	3.6	44	5.3	183	177	3.7
(% of Sales)	10.5	10.5		11.1		10.6	11.0	
Total expenditure	419	397	5.7	367	14.2	1,627	1,501	8.4
<b>EBITDA</b>	<b>18</b>	<b>27</b>	<b>(31.9)</b>	<b>27</b>	<b>(32.3)</b>	<b>95</b>	<b>101</b>	<b>(6.2)</b>
EBITDA Margin (%)	4.2	6.3	(216)bp	6.9	(267)bp	5.5	6.3	(80)bp
Interest	4	3	23.9	3	7.0	13	17	(20.8)
Depreciation	6	7	(6.7)	6	15.0	25	22	13.5
Other income	2	1	234.8	2	3.6	5	4	17.9
<b>PBT (excl. Extr. Items)</b>	<b>10</b>	<b>18</b>	<b>(40.8)</b>	<b>20</b>	<b>(48.2)</b>	<b>62</b>	<b>67</b>	<b>(7.5)</b>
Extr. Income/(Expense)	0	0		0		0	2	
<b>PBT (incl. Extr. Items)</b>	<b>10</b>	<b>18</b>		<b>20</b>		<b>62</b>	<b>69</b>	
(% of Sales)	2.4	4.2		5.1		3.6	4.3	
Tax	4	4	(14.6)	5	(33.8)	16	14	12.2
(% of PBT)	33.7	23.3		26.3		25.9	20.7	
<b>Adjusted PAT</b>	<b>7</b>	<b>14</b>	<b>(48.7)</b>	<b>15</b>	<b>(53.4)</b>	<b>45</b>	<b>50</b>	<b>(9.6)</b>
PATM (%)	1.6	3.2		3.8		2.6	3.1	

Source: Company, Angel Research

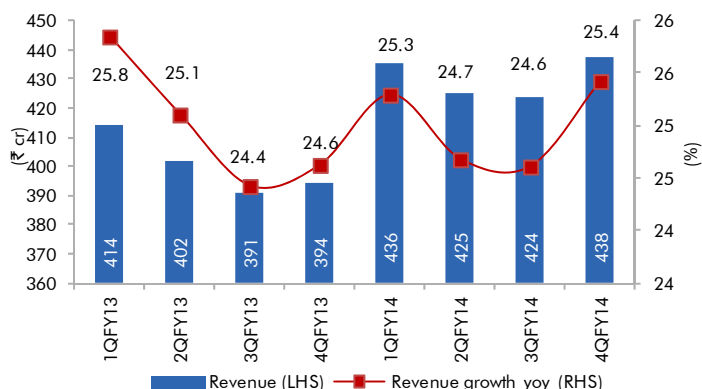
**Top-line in-line, profits disappoint**

For 4QFY2014, HFL's top-line surged by 11.0% yoy to ₹438cr, which is in line with our expectation. However, the EBITDA plunged by 32.3% yoy to ₹18cr, way lower than our estimate of ₹25cr. The EBITDA margin dipped by 267bp yoy to 4.2% which is attributable mainly to a 458bp yoy rise in raw material cost as a percentage of sales. The interest cost rose by 7.0% yoy. The bottom-line dipped by 53.4% yoy to ₹7cr against our estimate of ₹13cr.

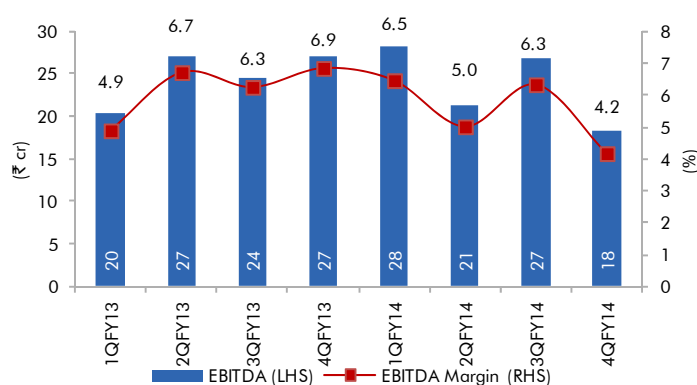
**Exhibit 2: Actual v/s Angel Estimates**

Particulars	Actual (₹ cr)	Estimate (₹ cr)	% variation
<b>Total Income</b>	<b>438</b>	<b>425</b>	<b>3.0</b>
EBITDA	18	25	(27.6)
EBITDA Margin	4.2	5.9	(177)bp
<b>Adjusted PAT</b>	<b>7</b>	<b>13</b>	<b>(48.2)</b>

Source: Company

**Exhibit 3: Robust revenue growth momentum continues**


Source: Company, Angel Research

**Exhibit 4: High RM cost dents EBITDA margin**


Source: Company, Angel Research

### Disappointment across segments

The company's dairy segment, which contributes 73.4% to total sales, grew by 9.4% yoy to ₹334cr in 4QFY2014. However, the EBIT margin for the segment dipped by 411bp yoy to 5.4%, mainly on account of raised procurement prices of milk by the government as a part of pre-election campaign without any parallel rise in the selling price; thereby denting margins.

The retail segment registered a growth of 12.5% yoy to ₹100cr (22.0% of total sales) and posted an EBIT loss of ₹3.1cr, lower by 24.7% yoy contributing ~3.1% of total retail sales vis-à-vis loss of 4.6% in same quarter previous year.

The agri segment registered a robust growth of 87.8% yoy to ₹17cr while the bakery segment remained flat yoy at ₹1.1cr. Both the segments posted losses during the quarter amounting to a total of ₹1cr as against a loss of ₹1.4cr in 4QFY2013.

**Exhibit 5: Segment-wise performance**

Y/E Mar (₹ cr)	4QFY14	3QFY14	4QFY13	% chg (qoq)	% chg (yoy)
<b>Total Revenue</b>					
A) Dairy	334	330	305	1.0	9.4
B) Retail	99	88	88	13.2	12.5
C) Agri	17	18	9	(6.0)	87.8
D) Bakery	1	1	1	15.4	(0.9)
<b>Total</b>	<b>451</b>	<b>437</b>	<b>403</b>	<b>3.2</b>	<b>11.9</b>
<b>EBIT Margin (%)</b>					
<i>(bp change)</i>					
A) Dairy	5.4	9.4	9.5	(399)	(411)
B) Retail	(3.1)	(8.7)	(4.6)	564	151
C) Agri	(4.9)	(8.9)	(9.9)	398	496
D) Bakery	(17.1)	(32.5)	(45.3)	1,534	2,814

Source: Company, Angel Research

## Investment Arguments

### Burgeoning dairy consumption- key driver

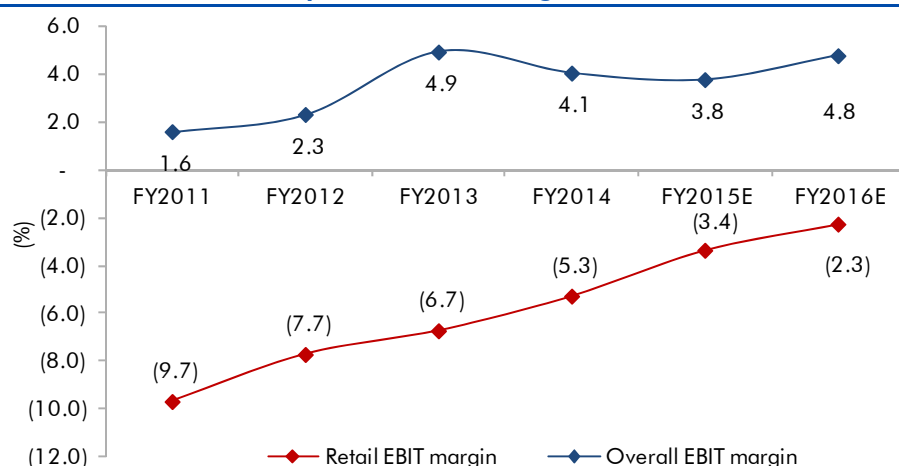
India is the world's largest consumer of dairy products, consuming almost 100% of its milk produce (17% of world's production). For the last few years, production growth of milk has been ~4% (CAGR) while consumption growth has been ~11%. Going forward, according to industry reports, the current market size of US\$10bn of the Indian dairy industry is expected to grow at a CAGR of 13-15% till FY2020. Robust growth is expected on the back of various reasons- A) Milk considered as an inevitable part of Indian diet B) Rising health consciousness C) Heightened consumer interest in protein diets; all coupled with D) Rising disposable incomes.

According to the Indian Dairy Association (IDA), the organised sector (co-operatives, producer companies and private players) handles 30% of the marketable milk surplus. However in interest of both producers and consumers, it is necessary to increase the share of the organised sector. Hence, the National Dairy Plan (NDP) has set a target to increase this share to 65% by 2030. Consequently, efforts towards increasing the organised sector's share are expected to benefit HFL and drive its future growth.

### Retail segment losses to be contained post FY2015

The total revenue contribution from the retail segment is ~20% (23% of capital employed). However, on the EBIT front, the retail segment has been consistently registering losses since inception, thereby dragging the overall performance of the company. However, as per the Management, the segment is nearing its break-even and is expected to turnaround by FY2016E. However, adopting a conservative approach, we expect the losses to reduce significantly by FY2016E, thereby adding directly to the overall margins of the company.

#### Exhibit 6: Break-even expected in Retail segment

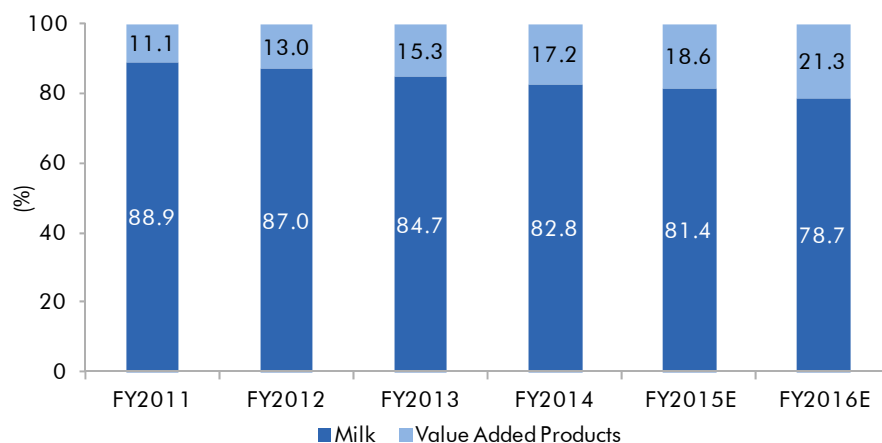


Source: Company, Angel Research

### Increased contribution from VADP to boost margins

Of the total milk distributed jointly by the organized and the unorganized sector, about 46% is consumed in fluid form, while the rest (54%) is streamed towards production of value added dairy products (VADP) like yogurt, butter, milk powder etc. Besides, with rising urbanization, introduction of pro-biotic and other fortified products, growth in the VADP industry is expected to be at 20-25%. Also, the margins in the liquid milk business are at 4-5% while in VADP segment they elevate to ~10-11%. HFL is gradually increasing its contribution from VADP from 15.3% of total dairy sales in FY2013 to a targeted 21.3% in FY2016. Increasing contribution is expected to lead to expansion in the overall margins of the company, gradually.

#### Exhibit 7: Dairy's segmental contribution



Source: Company, Angel Research

### Expanding boundaries to aid growth

HFL, which is an established brand with a strong foothold in south India, has ~77% of its revenue streamed in from its dairy division. It receives around 92.5% of its revenue mainly from three states- Andhra Pradesh (AP), Tamil Nadu and Karnataka. HFL has 4.4% of its revenue sourced from Maharashtra and 0.7% from Delhi. In order to increase its contribution from these geographies and further gain from the boom in the dairy industry; HFL has recently acquired a dairy plant in Haryana in order to source milk supply for Delhi. The plant is expected to commence operations by July 2014. In Mumbai, the company has tie-ups with local dairies like "Prabhat dairy" for co-packing of milk.

## Financials

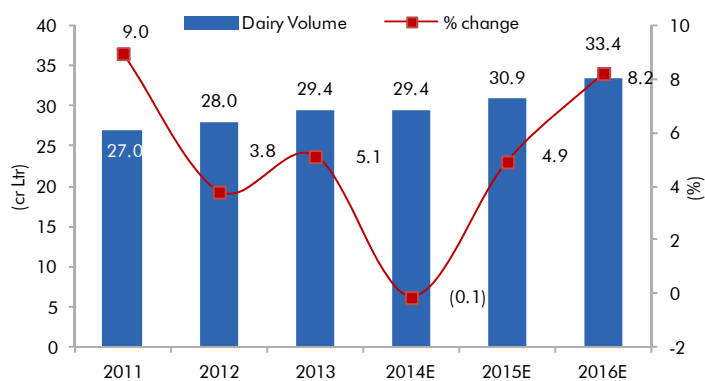
### Exhibit 8: Key Assumptions

Particulars- Growth (%)	FY2013	FY2014	FY2015E	FY2016E
<b>Total Revenue</b>	<b>14.9</b>	<b>7.6</b>	<b>10.9</b>	<b>12.8</b>
Liquid milk volume	5.1	(0.1)	4.9	8.2
Milk Prices	12.6	0.0	3.0	3.0
VADP	28.2	10.0	28.0	28.0
Retail	-	13.3	6.0	6.0

Source: Company, Angel Research

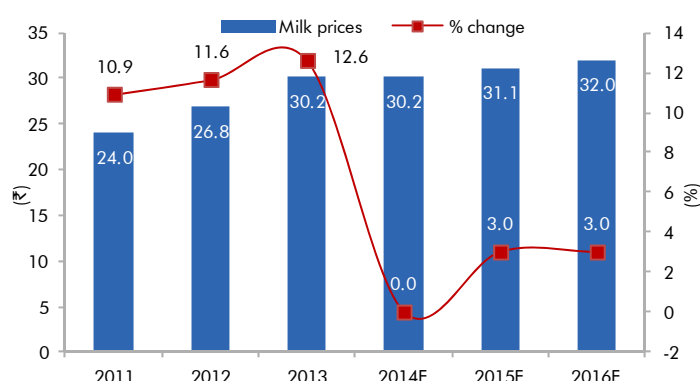
Currently, despite current concentration of revenue from three states, which have optimum level of milk supply, on-going efforts of the company to expand the boundaries are expected to aid growth in liquid milk volumes (at 4.9% and 8.2% in FY2015E and FY2016E) while milk prices are to grow at 3.0%. VADP are expected to post a strong growth of 28.0%. The retail segment, however, has no expansion plans as of now, and is expected to post flat growth of 6.0% for FY2015E and FY2016E.

### Exhibit 9: Volume Growth- Dairy industry



Source: Company, Angel Research

### Exhibit 10: Milk Prices trend



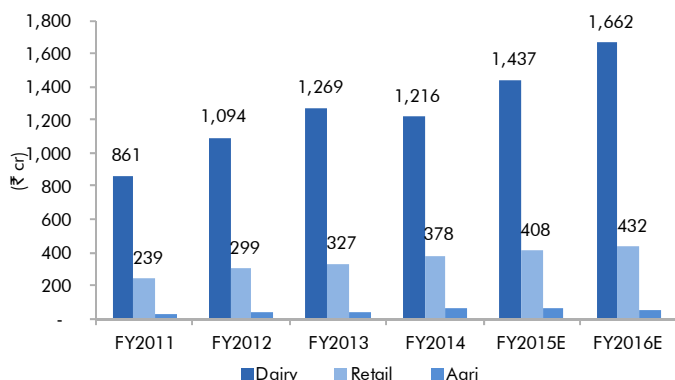
Source: Company, Angel Research

### Top-line to post CAGR of 11.8% over FY2014-16E

For FY2014, the company's top-line registered a marginal growth of 7.5% to ₹1,722cr. The dairy segment which contributes ~74% to total revenues, however, grew by a mere 3.4% due to supply constraints of liquid milk owing to export incentives to milk powder producers.

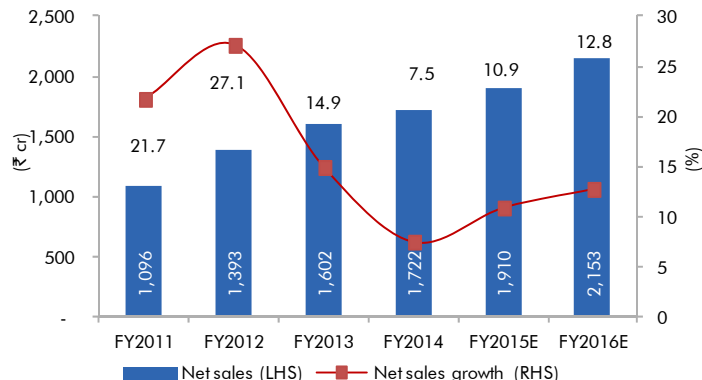
Considering robust growth in the Indian dairy industry which is expected to be at 13-15% coupled with geographical expansion plans of the company, we expect HFL to register a top-line growth of 11.8% (CAGR) over FY2014-16E to ₹2,153cr in FY2016E. We expect the contribution from the overall dairy segment to rise from ~74% to 77% and contribution of VADP in dairy segment to increase from 11.8% in FY2014 to 15.5% in FY2016E, subsequently reducing the share of liquid milk sales.

**Exhibit 11: Segmental Contribution**



Source: Company, Angel Research

**Exhibit 12: Net sales to move upwards gradually**



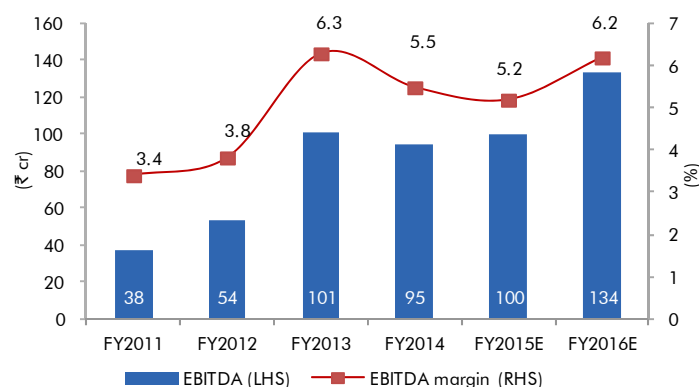
Source: Company, Angel Research

### EBITDA to grow at a CAGR of 18.8% over FY2014-16E

HFL's EBITDA for FY2014 dipped by 6.2% to ₹95cr while margins at 5.5%, were 80bp lower, mainly due to increased raw material and employee costs. The EBIT margin of the dairy segment dipped by 112bp to 7.8% while all the other three segments reported losses, though relatively lower vis-à-vis FY2013.

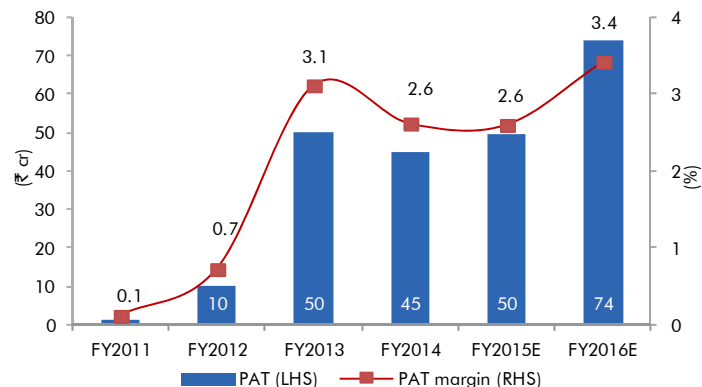
Going ahead, on the back of a robust estimated top-line growth of 11.8% (CAGR), the company's EBITDA is expected to grow at a CAGR of 18.8% over FY2014-16E, from ₹95cr in FY2014 to ₹134cr in FY2016E. Besides, with increasing contribution of VADP in the dairy segment, the overall EBITDA margin is expected to maintain its 6.2% level in FY2016E. Also, the retail segment, nearing its break-even, is expected to directly add on to the bottom-line of the company.

**Exhibit 13: EBITDA Margin to bounce back to current levels**



Source: Company, Angel Research

**Exhibit 14: PAT margins gradually trending higher**



Source: Company, Angel Research

### Net profit to grow at a CAGR of 27.8% over FY2014-16E

For FY2014, poor operating performance led to a 9.6% dip in the net profit to ₹45cr. However, going forward, with a robust top-line growth coupled with efficient EBITDA level performance, HFL's PAT is expected to grow at a CAGR of 27.8% to ₹74cr in FY2016E while PAT margins are expected to rise from 2.6% in FY2014 to 3.4% in FY2016E.

## Risks

**Geographical concentration:** HFL has its major milk sales concentrated in three states- AP, Tamil Nadu and Karnataka, contributing 93% to the revenue. Also, the unrest owing to separation of Telangana as an independent state can hinder the inter-state milk supply (a perishable commodity) and thereby affect the company's sales.

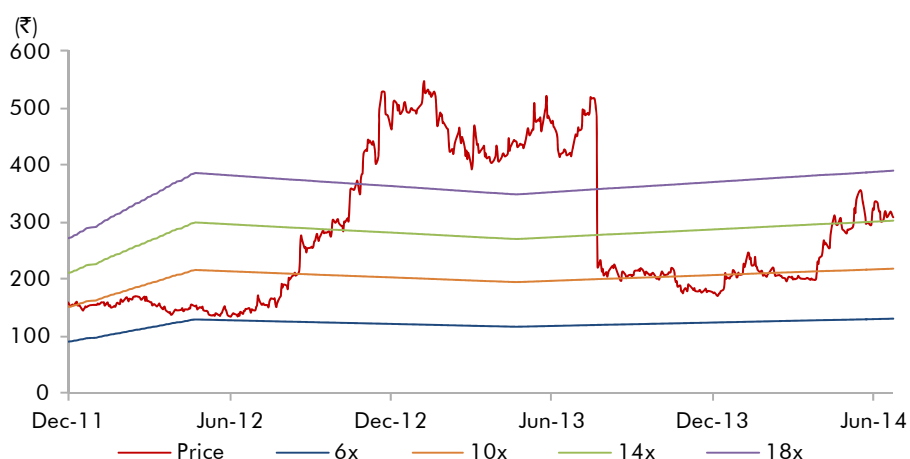
**Margins under pressure:** It has become inevitable for HFL to expand the boundaries owing to the milk surplus in AP state, which is the third largest milk producing state in India, accounting for 10% of the total milk produced in India. Barring to expand the boundaries might have an impact on the margins of the company eventually.

**Retail sale failure to continue to dent performance-** A delay in the retail sale plan owing to unavailability of suitable opportunity could continue to dent the overall performance of the company.

## Outlook and Valuation

Considering the growth opportunities in the dairy industry, we expect the top-line for the company to grow at a CAGR of 11.8% over FY2014-16E to ₹2,153cr in FY2016E. The EBITDA is expected to grow at a CAGR of 18.8%, while the EBITDA margin is expected to rebound to 6.2% in FY2016E. PAT CAGR growth is expected to be at 27.8% over FY2014-16 due to a low base. **We maintain our Buy recommendation on the company with a target price of ₹350 based on target PE of 11x for FY2016E, considering return ratios at a stable level, ROE and ROIC of above 20%.**

### Exhibit 15: One-year forward PE



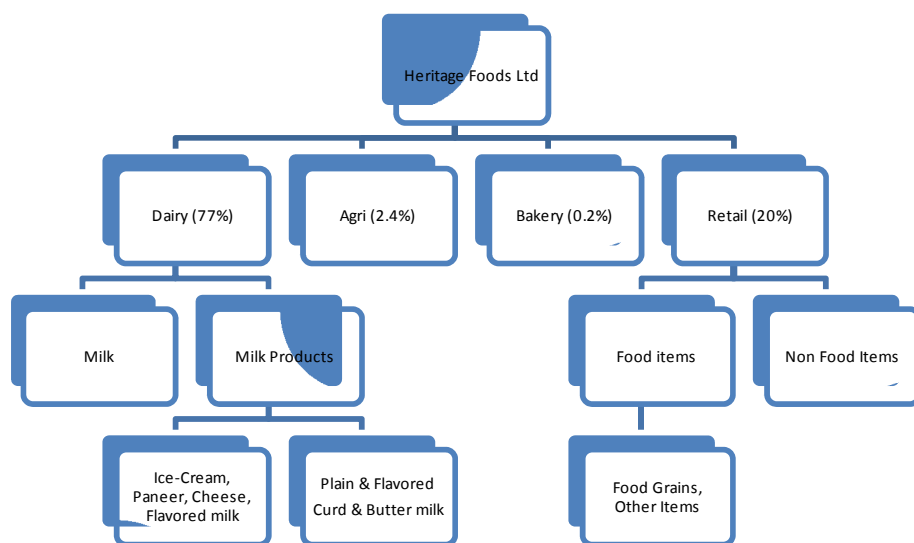
Source: Company, Angel Research



### About Heritage Foods

Heritage Foods, based in Hyderabad, is a leading corporate in the food and retail business. The company operates through four divisions- A) Dairy B) Retail C) Agri and D) Bakery. During FY2013, the company commissioned 21 units (including bulk coolers, chilling units and franchise units) in the dairy segment to increase milk procurement, which has resulted in the current capacity standing at 72,000 LPD. Heritage Foods being in the highest milk producing state (AP), has 55% of its milk consumption from AP while ~92% from AP, Tamilnadu and Karnataka.

### Exhibit 16: Segmental Contribution



Source: Company

**Profit and loss statement (Standalone)**

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015E	FY2016E
<b>Total operating income</b>	<b>1,393</b>	<b>1,602</b>	<b>1,722</b>	<b>1,910</b>	<b>2,153</b>
% chg	27.1	14.9	7.5	10.9	12.8
Net Raw Material	1,082	1,237	1,344	1,497	1,677
% chg	29.0	14.3	8.7	11.4	12.0
Other Manufacturing cost	90	85	86	97	110
% chg	18.4	(6.0)	1.3	13.1	12.8
Personnel	69	87	100	109	121
% chg	16.1	26.0	14.8	8.7	10.8
Other	98	92	97	107	112
% chg	16.9	(6.8)	5.9	10.2	4.7
Total Expenditure	1,340	1,501	1,627	1,810	2,019
<b>EBITDA</b>	<b>54</b>	<b>101</b>	<b>95</b>	<b>100</b>	<b>134</b>
% chg	42.7	88.6	(6.2)	5.0	34.4
(% of Net Sales)	3.8	6.3	5.5	5.2	6.2
Depreciation & Amortization	21	22	25	27	31
<b>EBIT</b>	<b>32</b>	<b>79</b>	<b>70</b>	<b>72</b>	<b>103</b>
% chg	84.0	144.1	(11.7)	3.4	42.6
(% of Net Sales)	2.3	4.9	4.1	3.8	4.8
Interest & other charges	22	17	13	13	12
Other Income	3	4	5	5	5
(% of Net Sales)	0.2	0.3	0.3	0.3	0.2
<b>PBT (reported)</b>	<b>14</b>	<b>67</b>	<b>62</b>	<b>65</b>	<b>96</b>
Tax	4	14	16	15	22
(% of PBT)	31.2	21.4	23.0	23.0	23.0
<b>PAT (reported)</b>	<b>9</b>	<b>52</b>	<b>46</b>	<b>50</b>	<b>74</b>
Extraordinary Expense/(Inc.)	(1)	2	0	-	-
<b>ADJ. PAT</b>	<b>10</b>	<b>50</b>	<b>45</b>	<b>50</b>	<b>74</b>
% chg	669.7	391.6	(9.6)	10.1	48.4
(% of Net Sales)	0.7	3.1	2.6	2.6	3.4
<b>Basic EPS (₹)</b>	<b>4.4</b>	<b>21.5</b>	<b>19.5</b>	<b>21.4</b>	<b>31.8</b>
<b>Fully Diluted EPS (₹)</b>	<b>4.4</b>	<b>21.5</b>	<b>19.5</b>	<b>21.4</b>	<b>31.8</b>
% chg	669.7	391.6	(9.6)	10.1	48.4

**Balance Sheet (Standalone)**

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015E	FY2016E
<b>SOURCES OF FUNDS</b>					
Equity Share Capital	12	12	23	23	23
Reserves & Surplus	82	130	156	198	263
<b>Shareholders' Funds</b>	<b>93</b>	<b>142</b>	<b>179</b>	<b>221</b>	<b>286</b>
Total Loans	174	98	127	105	105
Other long term liabilities	7	8	10	8	8
Net Deferred Tax Liability	18	20	23	23	23
<b>Total Liabilities</b>	<b>293</b>	<b>268</b>	<b>339</b>	<b>357</b>	<b>423</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	346	363	426	466	526
Less: Acc. Depreciation	116	127	152	179	210
<b>Net Block</b>	<b>230</b>	<b>237</b>	<b>274</b>	<b>287</b>	<b>316</b>
Capital Work-in-Progress	9	8	11	8	8
Lease adjustment	-	-	-	-	-
Goodwill	-	-	-	-	-
Investments	1	1	1	1	1
Other non-current assets	19	0	1	1	1
<b>Current Assets</b>	<b>150</b>	<b>164</b>	<b>205</b>	<b>219</b>	<b>254</b>
Cash	30	50	62	44	82
Loans & Advances	15	17	18	67	86
Inventory	93	82	109	93	68
Debtor	11	15	17	16	18
Current liabilities	117	143	153	159	157
<b>Net Current Assets</b>	<b>33</b>	<b>21</b>	<b>52</b>	<b>60</b>	<b>97</b>
Misc. Exp. not written off	-	-	-	-	-
<b>Total Assets</b>	<b>293</b>	<b>268</b>	<b>339</b>	<b>357</b>	<b>423</b>

**Cash flow statement (Standalone)**

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015E	FY2016E
Profit Before Tax	14	67	62	65	96
Depreciation	21	22	25	27	31
Other Income	(3)	(4)	(5)	(5)	(5)
Change in WC	12	35	(19)	(26)	2
Direct taxes paid	(4)	(14)	(16)	(15)	(22)
<b>Cash Flow from Operations</b>	<b>39</b>	<b>105</b>	<b>47</b>	<b>46</b>	<b>102</b>
(Inc.)/ Dec. in Fixed Assets	(28)	2	(66)	(37)	(60)
(Inc.)/Dec. In Investments	(0)	0	0	0	0
Other Income	3	4	5	5	5
<b>Cash Flow from Investing</b>	<b>(25)</b>	<b>6</b>	<b>(60)</b>	<b>(32)</b>	<b>(55)</b>
Issue of Equity/Preference	0	0	12	0	0
Inc./(Dec.) in Debt	(10)	(73)	34	(24)	0
Dividend Paid (Incl. Tax)	(2)	(3)	(8)	(8)	(8)
Others	(1.8)	(13.7)	(12.0)	-	-
<b>Cash Flow from Financing</b>	<b>(14)</b>	<b>(90)</b>	<b>26</b>	<b>(32)</b>	<b>(8)</b>
Inc./(Dec.) In Cash	1	20	12	(18)	39
<b>Opening Cash balance</b>	<b>29</b>	<b>30</b>	<b>50</b>	<b>62</b>	<b>44</b>
<b>Closing cash balance</b>	<b>30</b>	<b>50</b>	<b>62</b>	<b>44</b>	<b>82</b>

**Key ratios**

Y/E March	FY2012	FY2013	FY2014	FY2015E	FY2016E
<b>Valuation Ratio (x)</b>					
P/E (on FDEPS)	68.7	14.0	15.5	14.0	9.5
P/CEPS	22.3	9.7	10.0	9.1	6.7
P/BV	7.5	4.9	3.9	3.2	2.4
Dividend yield (%)	0.3	0.5	0.5	0.5	0.5
EV/Net sales	0.6	0.5	0.4	0.4	0.3
EV/EBITDA	15.7	7.4	8.0	7.6	5.4
EV / Total Assets	2.9	2.8	2.2	2.1	1.7
<b>Per Share Data (₹)</b>					
EPS (Basic)	4.4	21.5	19.5	21.4	31.8
EPS (fully diluted)	4.4	21.5	19.5	21.4	31.8
Cash EPS	13.5	31.0	30.2	33.2	45.1
DPS	0.4	0.6	3.0	3.0	3.0
Book Value	40.1	61.1	77.2	95.2	123.5
<b>DuPont Analysis</b>					
EBIT margin	2.3	4.9	4.1	3.8	4.8
Tax retention ratio	0.7	0.8	0.8	0.8	0.8
Asset turnover (x)	5.5	7.7	6.5	6.3	6.5
ROIC (Post-tax)	8.8	29.8	20.3	18.3	23.9
Cost of Debt (Post Tax)	8.7	13.4	8.0	9.2	8.9
Leverage (x)	1.5	0.3	0.4	0.3	0.1
Operating ROE	9.0	35.3	24.7	20.8	25.1
<b>Returns (%)</b>					
ROCE (Pre-tax)	11.1	29.5	20.6	20.2	24.4
Angel ROIC (Pre-tax)	12.8	38.0	26.3	23.7	31.1
ROE	10.9	35.3	25.2	22.5	25.8
<b>Turnover ratios (x)</b>					
Asset TO (Gross Block)	4.0	4.4	4.0	4.1	4.1
Inventory / Net sales (days)	21	20	20	19	14
Receivables (days)	3	3	3	3	3
Payables (days)	31	30	31	30	31
WC cycle (ex-cash) (days)	9	(7)	(2)	3	2
<b>Solvency ratios (x)</b>					
Net debt to Equity	1.5	0.3	0.4	0.3	0.1
Net debt to EBITDA	2.7	0.5	0.7	0.6	0.2
Int. Coverage (EBIT/ Int.)	1.5	4.7	5.3	5.7	8.5

Research Team Tel: 022 - 39357800

E-mail: research@angelbroking.com

Website: www.angelbroking.com

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### Disclosure of Interest Statement

	Heritage Foods
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors.

<b>Ratings (Returns):</b>	Buy (> 15%) Reduce (-5% to -15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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