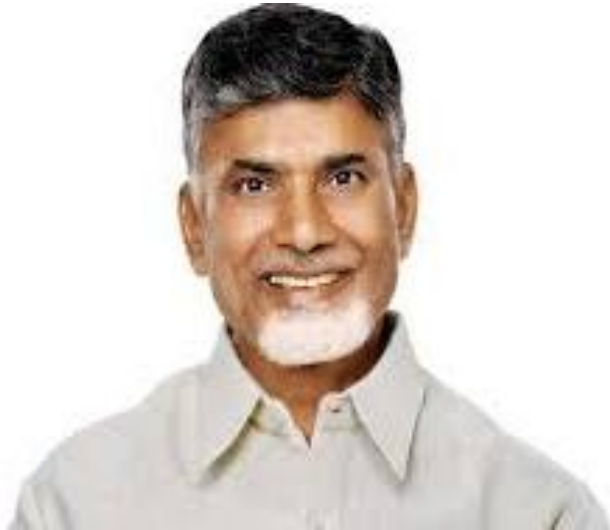




Investor Presentation FY2015

Bring Home Health & Happiness



- Heritage was founded by Mr. Nara Chandrababu Naidu in 1992 with an objective to assure remunerative prices to milk producers, who needed better marketing opportunities.
- Mr. Nara Chandrababu Naidu is currently the Chief Minister of Andhra Pradesh. He holds the record of being the longest served Chief Minister of Andhra Pradesh.



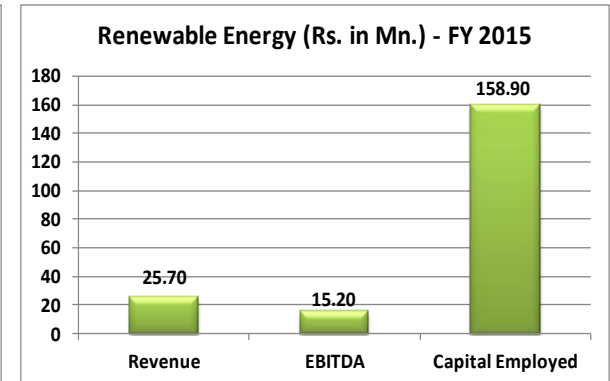
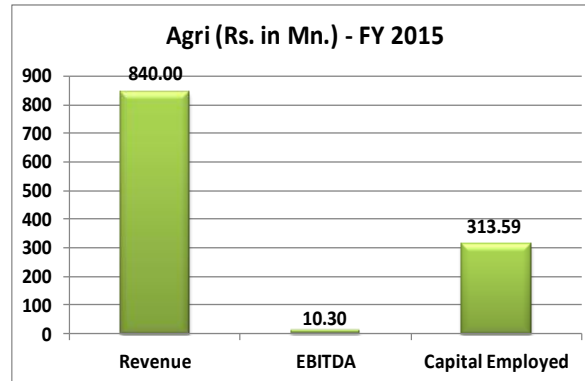
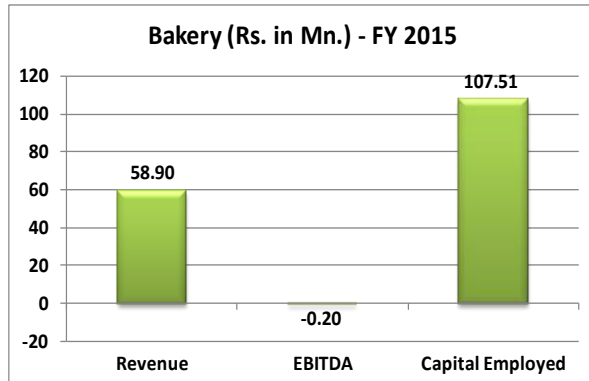
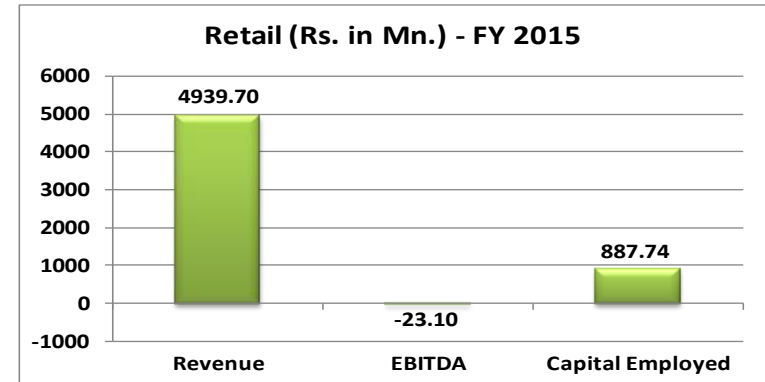
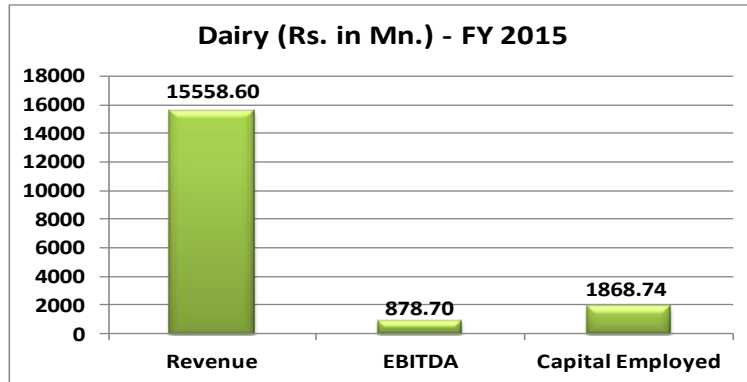
The release contains forward-looking statements, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' and so on. All statements that address expectations or projections about the future, but not limited to the Company's strategy for growth, 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.

- ✓ Crossed Rs 2000 crore mark in FY15 by grossing a Revenue of Rs. 2073 crores.
- ✓ Value Added Products, which enjoys 2X EBITDA margins as against Liquid Milk, notched 20% of Dairy revenue.
- ✓ Set up 14th Processing & Packing plant at Sonapat near Delhi.
- ✓ Achieved EBITDA profits in Q4FY15 in Retail Business Vertical.
- ✓ Crossed 3 Lakh Sq.ft mark in Retail Business Vertical by notching 3.38 Lakh Sq.ft trading area.
- ✓ Bagged 2 prominent Awards in Retail space and 1 in Dairy business.

Overview of Business Verticals



- Heritage Foods Limited (“Heritage”) is a leading corporate based out of Hyderabad and operates in the high-growth Food and Retail business segments
- Five reporting divisions - Dairy, Retail, Agri, Bakery and Renewable Energy



- One of the few private sector companies in India with a true Farm to Fork solution in dairy and retail



➤ Heritage Foods Limited has bagged the 1st prize in "National Energy Conservation Awards" in Dairy Sector for the year 2014 from Ministry of Power, Government of India.

➤ "Images Most Admired Retailer" of the year in the Food & Grocery category was awarded to Heritage Foods Limited for the year 2014.



➤ Heritage Foods has bagged "Coca Cola Golden Spoon Award" ,2015 for its Retail business division.





Vision for Heritage Foods Limited

Heritage Foods Ltd. has engaged KPMG and finalized its Vision and Mission statement-2020. The Board of Directors have approved on 30 January, 2015.



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 2020

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.



Core Values of Heritage Foods

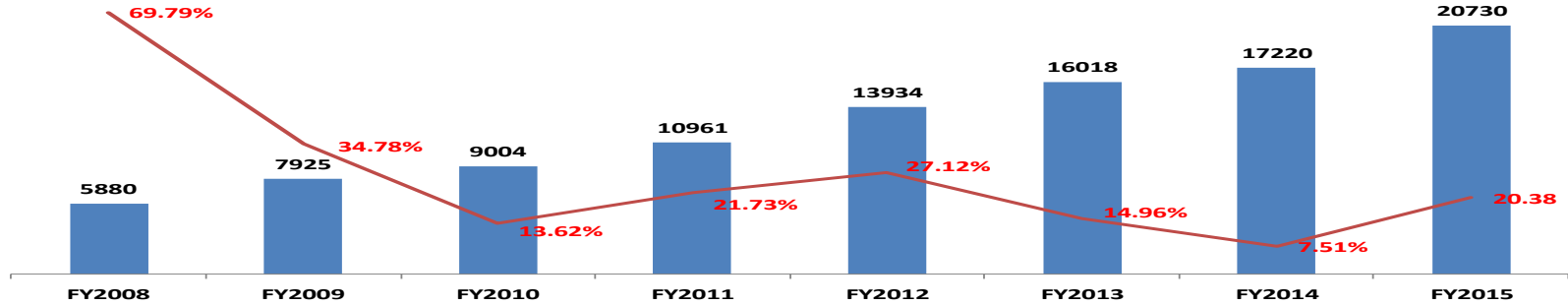
Values for S.U.C.C.E.S.S.

- 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

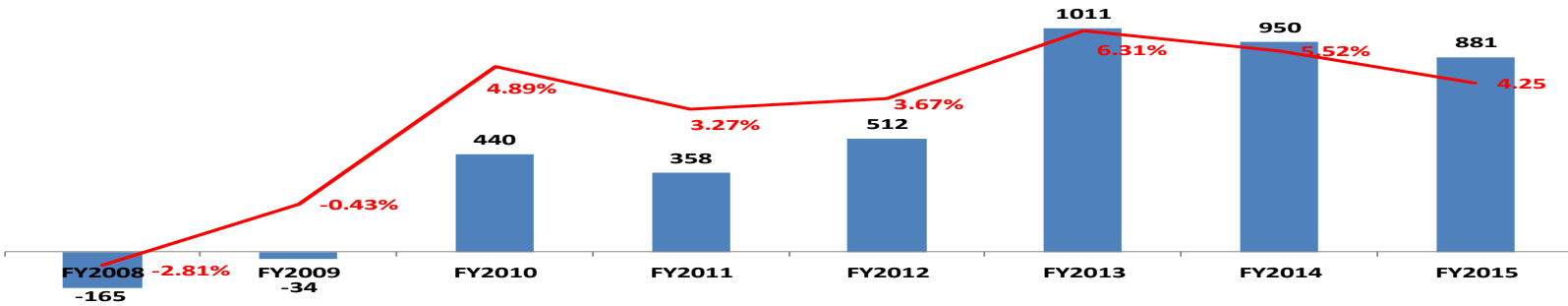
Consolidated Financial Overview



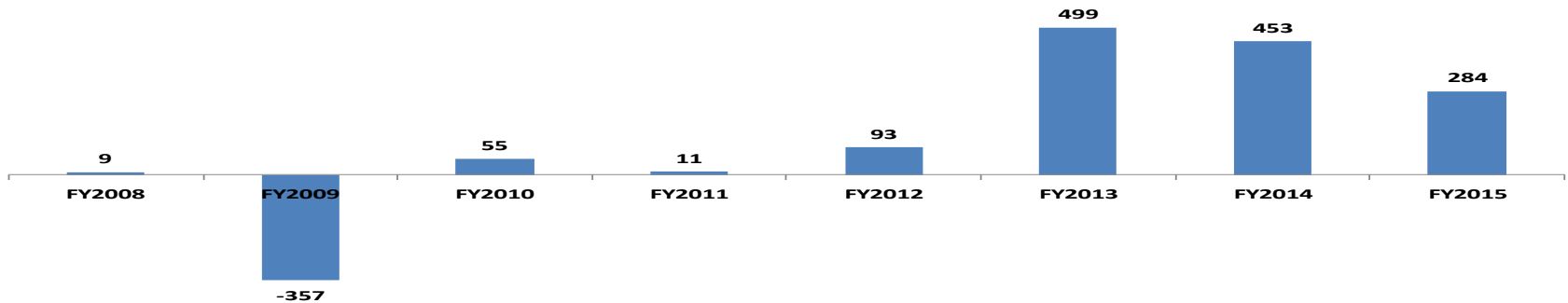
Net Sales (Rs. in Mn.) & Growth %



EBITDA (Rs. in Mn.) & EBITDA %

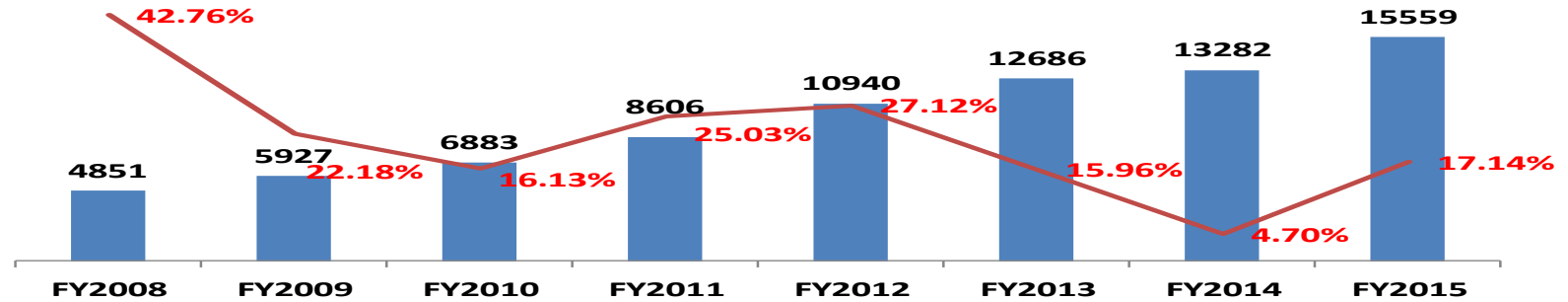


PAT (Rs. in Mn.)

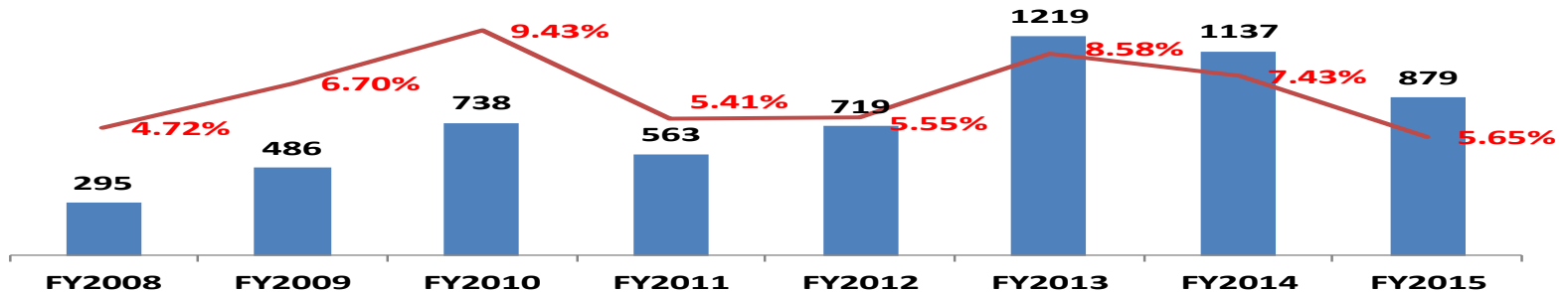




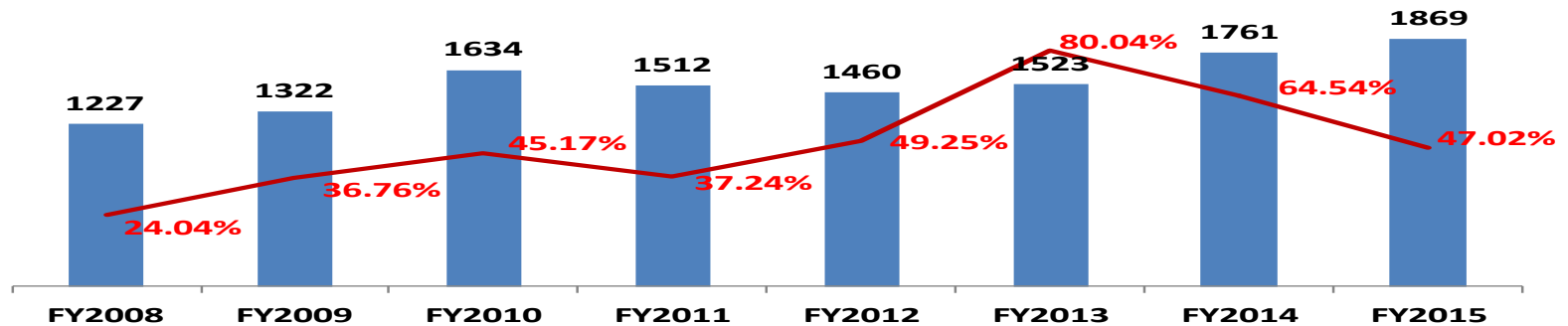
Net Sales (Rs. in Mn.) & Growth %



EBITDA (Rs. in Mn.) & EBITDA %



Capital Employed (Rs. in Mn.) & ROCE %



Dairy : Liquid Milk



- In 1997 - 20,000 liters per day was milk collection.
- In 2015 – 965,176 liters per day is milk collection.
- Average procurement cost is at Rs. 31.79 per liter
- Average selling price is at Rs. 37.21 per liter

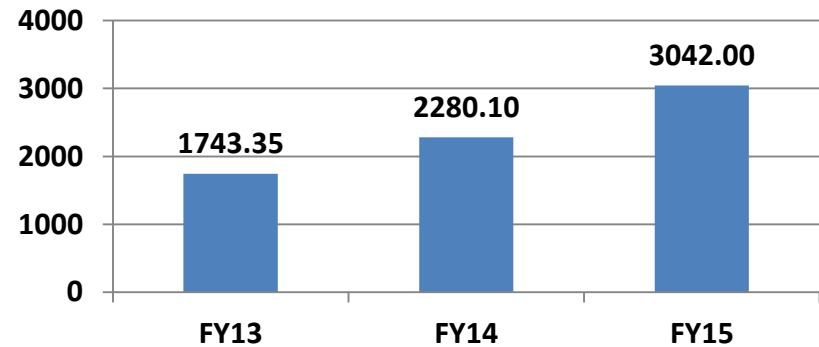
States	Milk Procurement LPD	Milk Sales LPD	Ice Cream LPD	Curd Kgs/day
Andhra Pradesh	498,142	174,163	2,030	65,348
Telangana	94,147	271,891	3,531	24,994
TamilNadu	165,293	176,982	1,145	25,799
Karnataka	15,447	106,620	569	15,264
Maharashtra	180,327	38,422	449	86
Kerala	-	11,449	-	711
Odisha	-	6,553	232	1,734
Haryana	-	-	-	-
Rajasthan	11,821	-	-	-
Delhi	-	6,881	-	88
Total	965,176	792,961	7,956	134,024

Dairy : Branded/Value Added Products

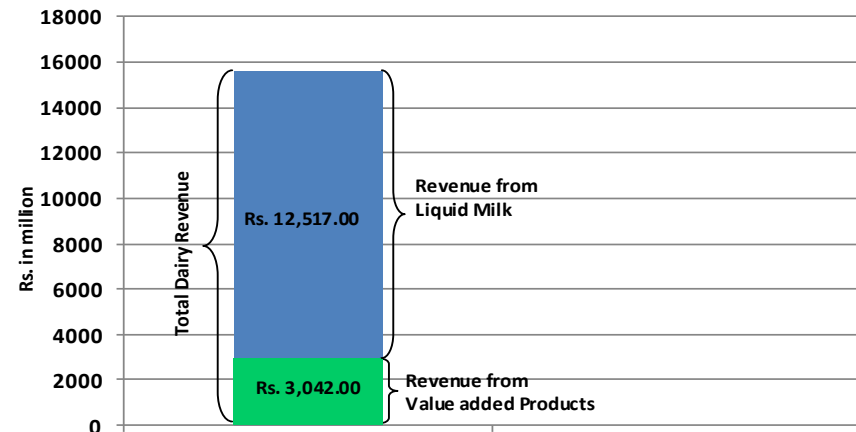


- Forayed into value added products in 2007
- Turnover for FY13-Rs. 1743.35 mn, FY14-Rs. 2280.10 mn, FY15-Rs. 3042.00 mn

Turnover (Rs. in Mn.)



- Products portfolio: Curd (around 75%), rest are in the following order: Ice Cream, Paneer, Flavored Milk, Sweets.
- The Contribution of value added products in the total dairy revenue is 20% amounting to Rs 3042.00 mn in 2014-15.





- Facilitating loan for the purchase of cattle through commercial banks;
- Facilitating cattle insurance;
- Conducting health camps for animals through mobile veterinary clinics at frequent intervals;
- Supply of subsidized high quality cattle feed and fodder seeds;
- Helping to source good productive animals to farmers;
- Supply of milk analyzers at subsidized price.
- Conducting 18 months certificate course in dairying (Heritage Institute of Milk Sciences Certificate program) to the children's of farmers & milk representatives by providing stipend for the said course. And also educating milk producers on clean milk production, good housekeeping, care taking through audio visuals and on entrepreneur skill development.
- And ensuring punctual payment to farmers.

Parlours as Brand Outlets



- Heritage Parlor is a Modern “Kirana” incubated and pioneered by Heritage
- Currently there are 1274 parlors with an average shop area of 200 sq.ft
- Vision is to nurture entrepreneurship and to enhance inclusive growth opportunities-Owned and managed by franchisees
- Selling only Heritage range of products and authorized products/services
- Only organized chain of parlors to be selling non-dairy products also
- Milk & Milk Products, Ice Cream, Bread, Baked Products, FMCG Products, Staples, Fruits & Vegetables, Eggs, Public Telephone, and Mobile recharge coupons

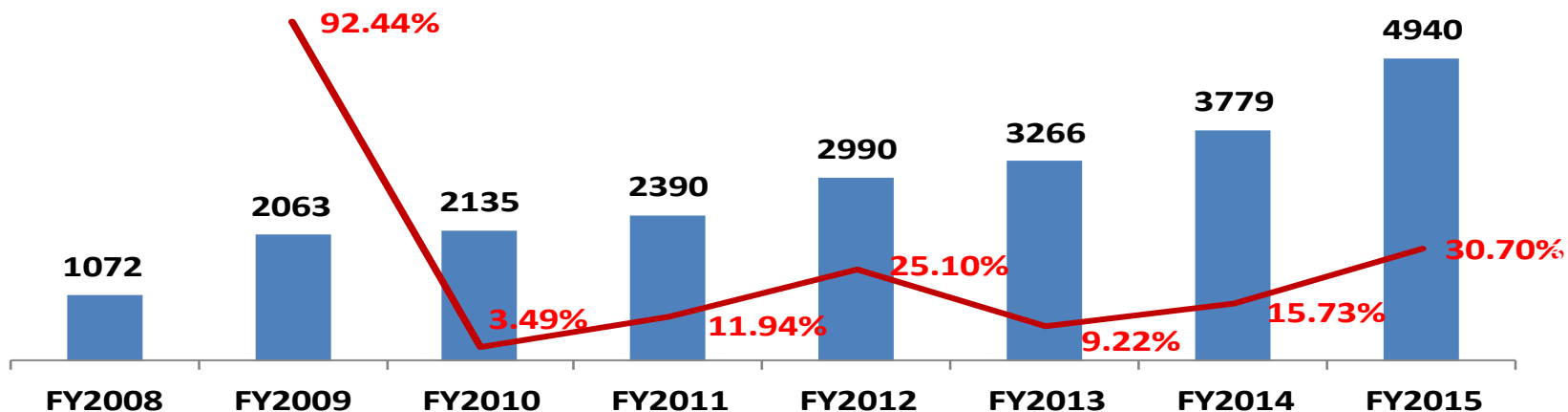




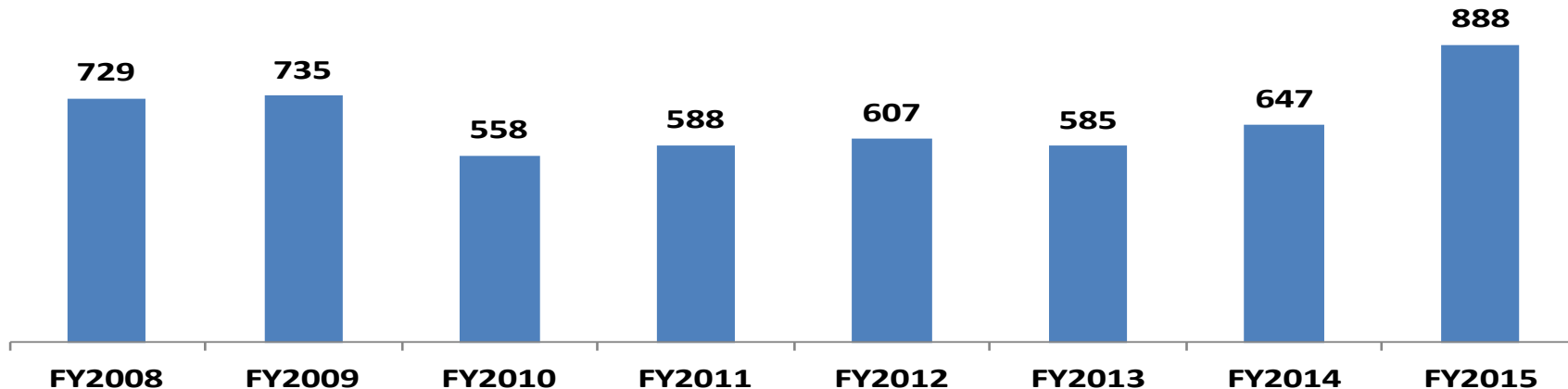
- Focus on own brand value added products
 - Curd
 - Butter milk
 - Frozen Dessert/Ice cream
- Consolidation in existing markets
- Expansion to new markets
 - o Maharashtra
 - o Delhi



Net Sales (Rs. in Mn.) & Growth %



Capital Employed (Rs. in Mn.)



Retail : Highlights



- Same Store Growth (considering 60 comparable stores) stood at 3.93% in FY2015.
- Number of Bills have grown by 1.62% and Average Bill Value is increased by 2.31%
- (1.2%) productivity de-growth in FY2015 from Rs 1178/sq ft to Rs 1163/sq ft.
- Store gross margin increased by 13 bps to 21.24% and overall gross margin increased by 31 bps to 19.84%.
- Store fixed cost decreased by Rs 20/sq ft/month to Rs 158/sq ft/month(Rs 179/sq ft/month in FY2014).
- Store level EBIDTA increased by 60.99% to Rs 353.70 mn from Rs 219.70 mn largely due to sale and margin improvement.
- Regional and Corporate overheads decreased by Rs 30/sq ft/month to Rs 103/sq ft/month(Rs 134/sq ft/month in FY2014).
- 22 new stores were opened and 4 stores were closed during the year 2015.

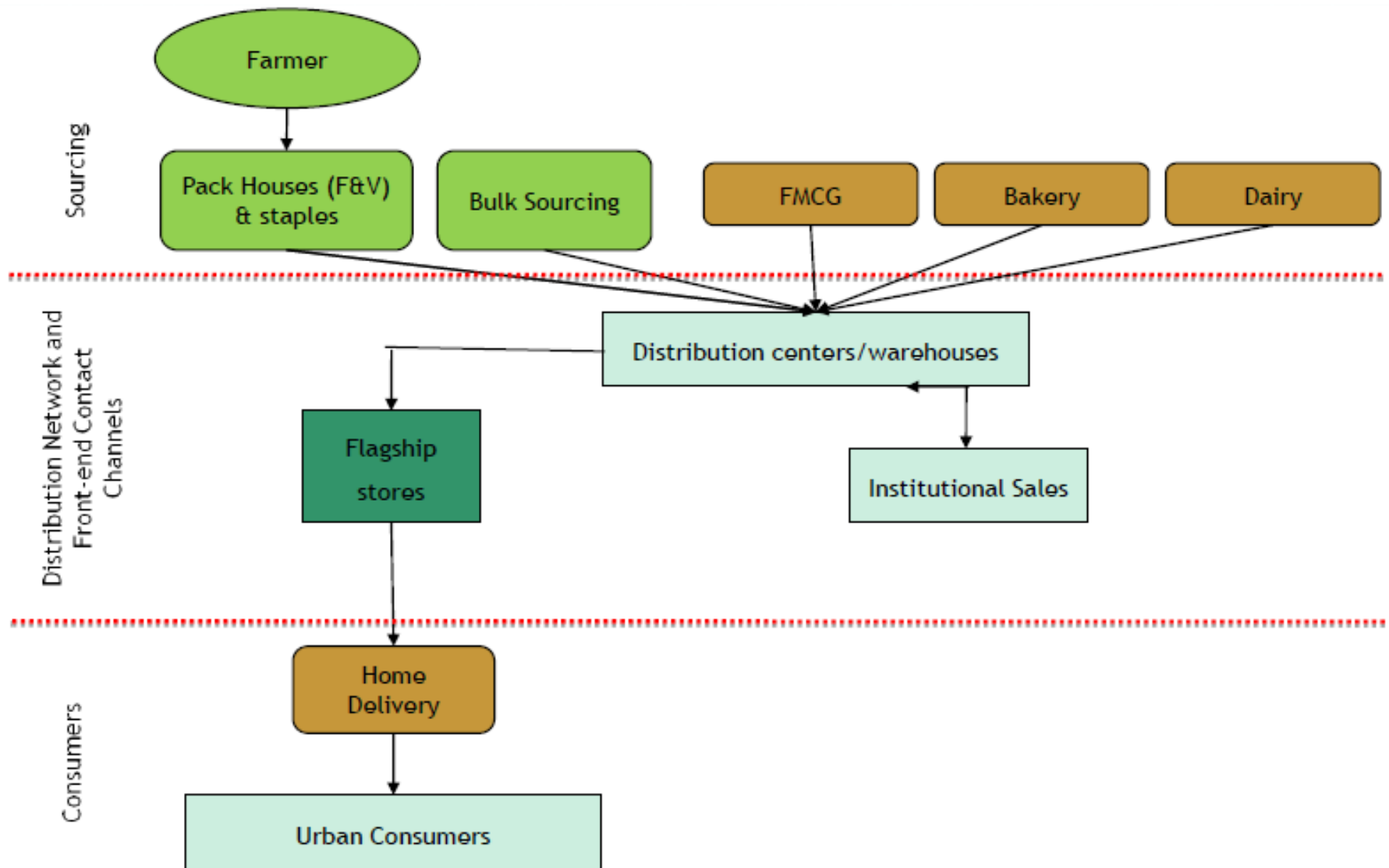


Retail : Operational & Financial Metrics



Particulars	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
No. of stores	70	75	75	75	73	67	74	92
Total carpet area('000 sqft)	149	159	158	166	217	212	256	338
Effective carpet area('000 sqft)	90	158	158	160	200	205	223	304
Avg stores sales (Rs/sq ft/month)	943	974	968	1113	1040	1101	1195	1160
YOY %	29.00%	3.30%	-0.70%	15.00%	-6.50%	6.00%	8.00%	-2.90%
Revenue Break-up(Rs mn):								
Heritage Fresh Stores	1012	1849	1836	2145	2503	2708	3198	4232
Institutional, General Trade & Others	59	215	155	146	329	350	320	324
Other Operating Income	17	30	77	129	172	222	269	396
Total Revenue(Rs mn)	1089	2093	2068	2420	3004	3280	3787	4951
Growth (%)	1527%	92%	-1%	17%	24%	9%	15%	30.74%
Total Gross Profit(Rs mn)	185	286	330	462	585	650	739	979
Gross Margin (%)	17.00%	13.60%	15.90%	19.10%	19.50%	19.90%	19.50%	19.81%
EBITDA at store level(Rs mn)	(77)	(97)	(24)	90	118	180	220	354
EBITDA margin (%)				3.70%	3.90%	5.48%	5.80%	7.20%
Regional & Corporate Overheads	369	371	251	261	287	353	358	377
EBITDA (Rs mn)	(446)	(468)	(275)	(171)	(169)	(173)	(138)	(23)

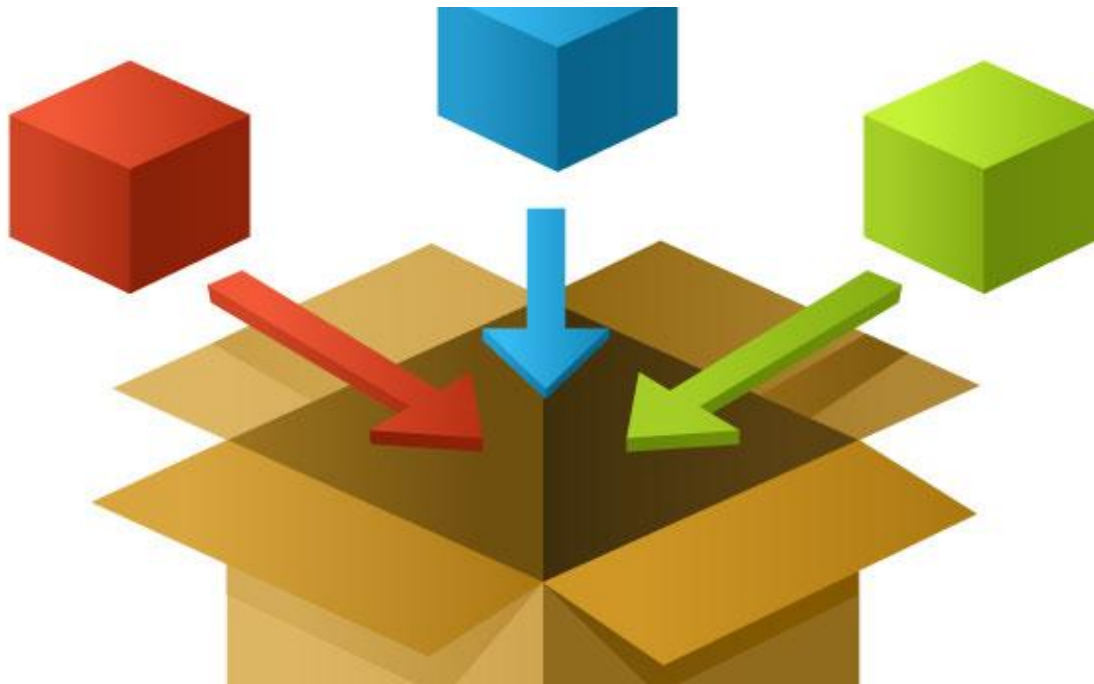
Retail : Business Integration



Retail : Consolidation

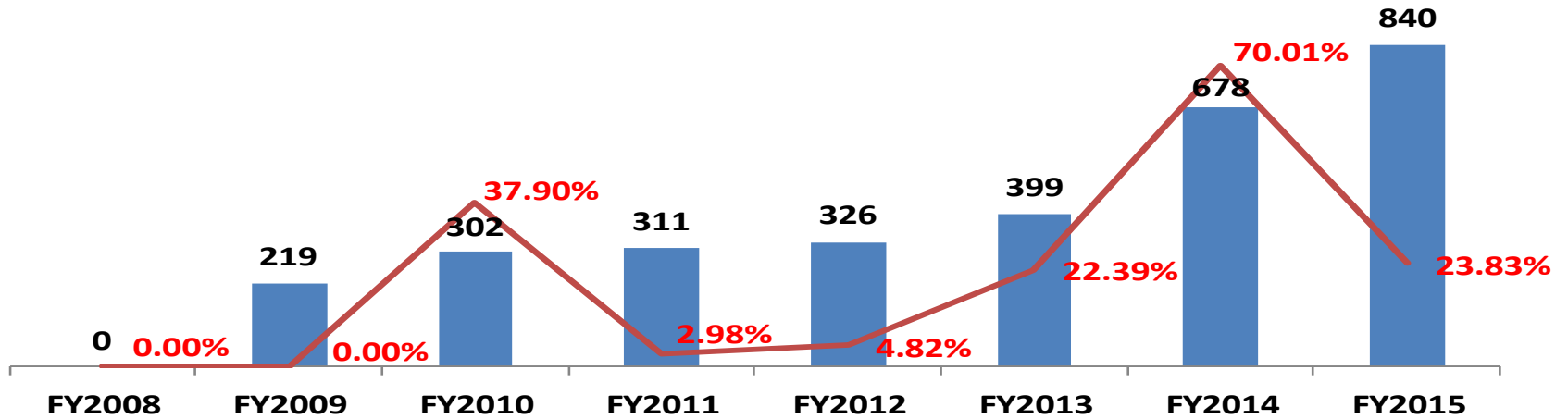


- o 92 stores in Hyderabad, Chennai, and Bangalore
- o Total square feet size 3.38 lakh
- o Expected to achieve PAT breakeven after crossing 5 lakh square feet mark
- o Expected to turn into profits from FY18 onwards

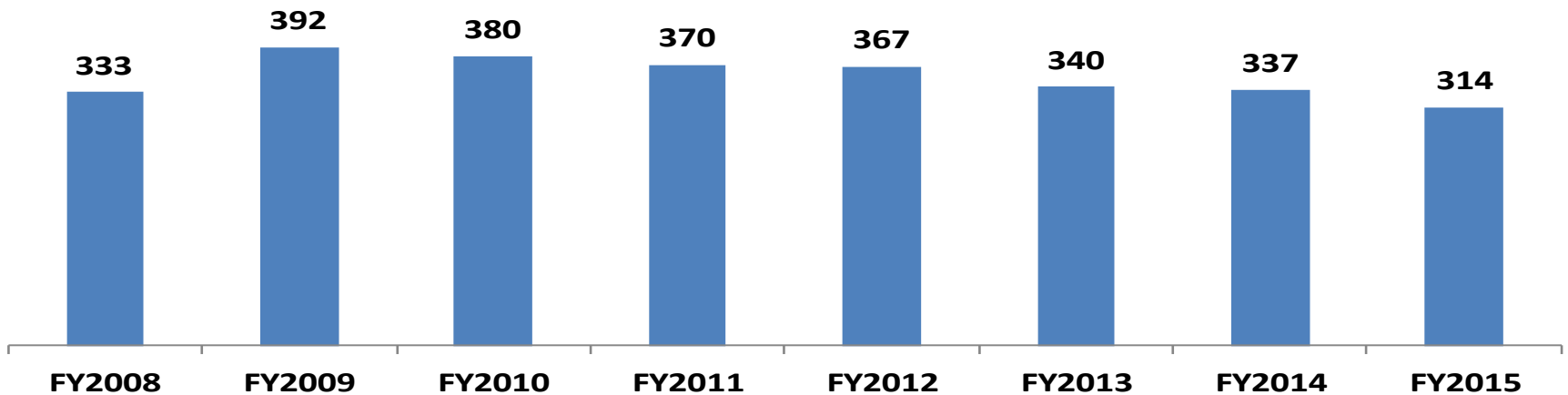




Net Sales (Rs. in Mn.) & Growth %



Capital Employed (Rs. in Mn.)



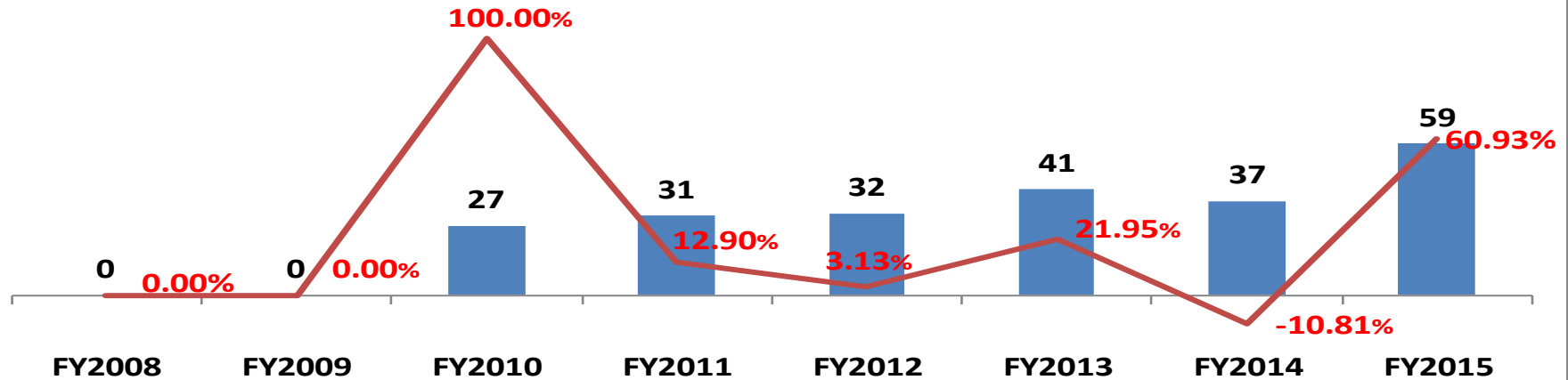
Agri : Highlights

- Pioneers in — “Custom Farming” in retail industry. Working closely with farmers and providing assistance regarding
 - Good Agricultural Practices
 - Annual crop calendar
 - Integrated Pest management
 - Credit linkage
 - Input supply
 - Pre/post harvest management
- Commercial sales of 19 MT /day
- Vet Ca sales turnover Rs 476.60 mn
- FY2015 revenue of Rs. 840.02 mn

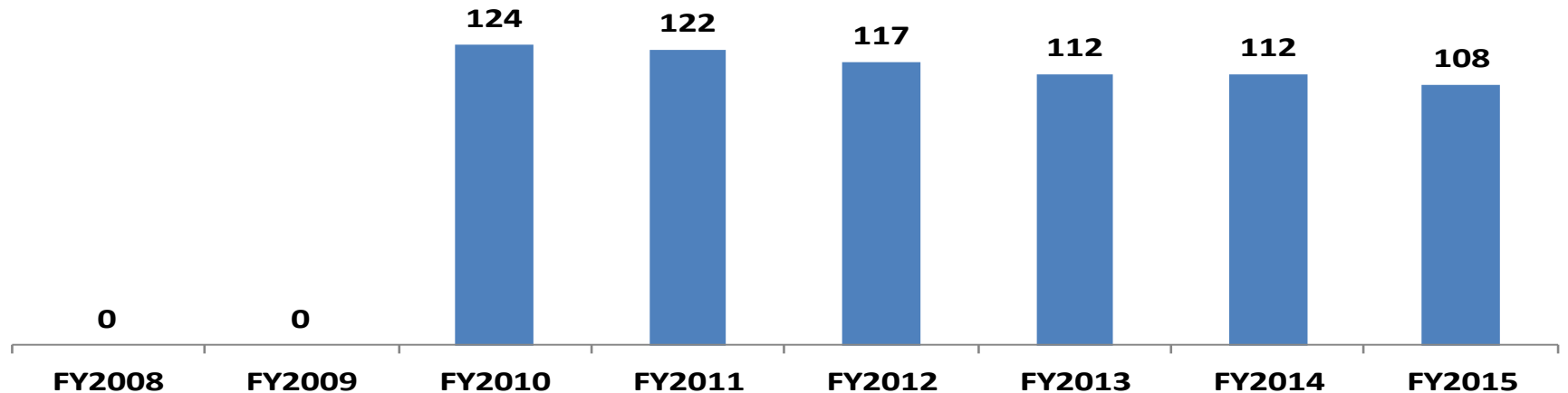




Net Sales (Rs. in Mn.) & Growth %



Capital Employed (Rs. in Mn.)



Bakery : Highlights



- State-of-the-art bakery production facility
- Provides backend production services for Heritage Fresh and Private Label
- Manufactures a range of breads, puffs, pastries, puddings and custards
- European equipment - spiral mixers, digitally controlled laminated dough lines, breadlines, blast freezers, and other infrastructure.
- Delivers the highest standards of hygiene and food safety
- FY2015 revenue of Rs. 58.89 mn



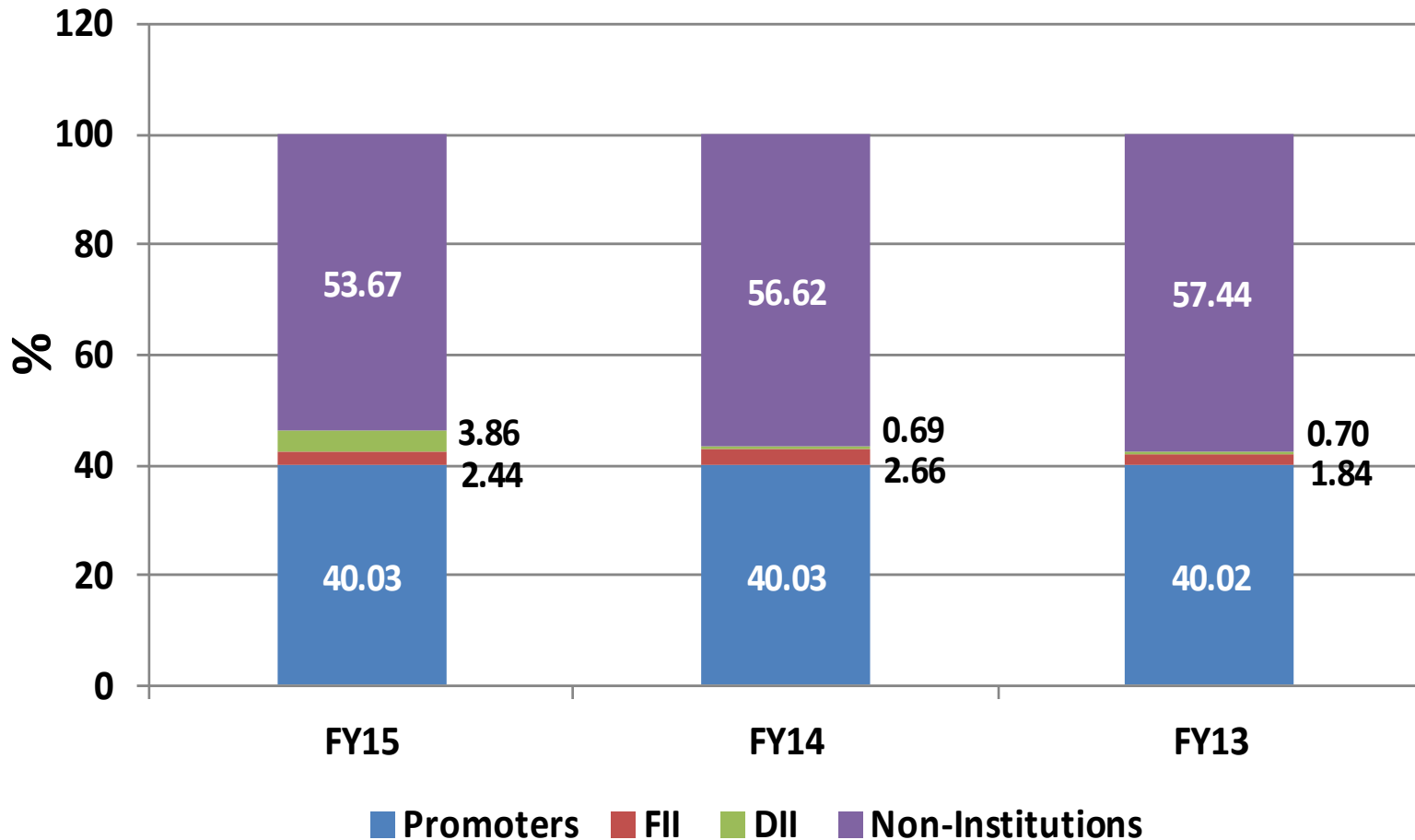
- Heritage Foods Ltd has in association with Mahindra EPC Services Private Limited has commissioned a 2.34 MWP Solar Power Project at IPH, Masjid Adavi Village, Mulugu Mandal, in Medak district near Hyderabad on September 29, 2013, under REC mechanism and to meet for the captive energy requirement.
- Turnover in FY2015 was Rs. 25.70 mn.
- Capital Employed for Renewable Energy division Rs. 158.90 mn.



Comparative Shareholding Pattern



Shareholding pattern as on March ,2015; March, 2014 & March, 2013





Division	Regular Jobs
Dairy	1898
Retail	2218
Agri	96
Bakery	32
Total	4244

Thank you

