



Heritage Foods Limited

COMPANY BACKGROUND.....

- Founded in 1992 with the objective to serve the impoverished farming community in India, Heritage Foods is India’s leading Dairy company.
- Over the last 3 decades, Heritage Foods has not only stayed true to its value 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, eminent & independent board of directors.

BUSINESS MIX (AS OF 9M-FY24).....

- **Milk: (60%):** Fresh milk is the most consumed dairy product in India. It is also the most trusted source for essential nutrients for health. With the increasing population the consumption of milk is also on the rise.
- **Value Added Products (29%):** Value added products are produced by some modification or enhancement via addition or segregation of liquid wholesome milk. Value-added products include cheese, paneer, ghee, yoghurt and probiotic drinks etc.
- **Fat Products (8%):** The company provides various fat products such as ghee, butter and fresh cream which are widely used in the preparation of various dishes, desserts and beverages.
- **Feed & Others (3%):** The Company endeavored to provide cattle feed to milch animals and take care of overall health and immunity to improve livestock milk yields and their reproductive ability and entered into a JV with French Partner, Andros group Novandie Brands to foray into the Yogurt segment. Also the company processes various flavors as well as categories such as cones, bars, kulfis, cups, tubs and family packs.

KEY STRENGTHS.....

- HFL has a rich Legacy of 31 Years
- Established and Reputed Brand along with Strong Corporate Governance Standards.
- Wide Presence Across 11 States of India & 1.5 Mn Households Served Daily.
- Long-lasting relationships with 300,000+ dairy farmers for milk procurement.
- 17 State-of-the-art processing facilities with a total processing capacity of 2.68 MLPD along with 197 Chilling Centers having chilling capacity of 2.28 MLPD.
- Strong Distribution Network with Omni Channel Presence
- Technology integrated network enabled by 11,300+ Milk Representatives to 2,100+ distribution vehicles across 11 states on the back of 6,500+ distributors.

FINANCIAL PERFORMANCE (CONSOLIDATED).....

(INR Mn)	OP. INCOME	EBITDA	EBITDA%	PAT	PAT%	EPS
FY21	24,731	2,669	10.79%	1,490	6.00%	16.21
FY22	26,813	1,908	7.12%	965	3.58%	10.55
FY23	32,407	1,383	4.27%	580	1.79%	6.33
9M-FY24	28,433	1,394	4.90%	661	2.32%	7.12

Key Data

BSE Code	519552
NSE Code	HERITGFOOD
Reuters	HEFI.NS
Bloomberg	HTFL:IN

Market Data (INR)

As on 31st December, 2023

Face Value	5.0
CMP	303.7
52 Week H/L	303.7 / 137.0
MCAP (Mn)	28,182.1
Shares O/S (Mn)	92.8
1 yr. Avg. Vol.('000)	446.9

Performance

As on 31st December, 2023

	3M	6M	12M
Heritage Foods	33.1%	44.6%	69.2%
SENSEX	9.8%	11.4%	18.7%
BSE MIDCAP	12.4%	25.9%	40.4%

Shareholding Pattern

As on 31st December, 2023

Promoters	41.30%
Public	44.99%
FPI	1.74%
Mutual Funds	11.78%

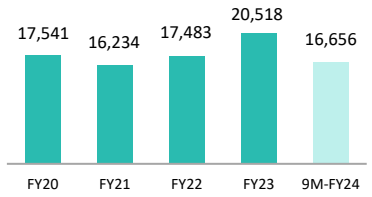
BUSINESS MODEL.....

Heritage’s integrated business model enables to provide end-to-end capabilities from procurement till distribution and marketing in a cost-efficient manner.

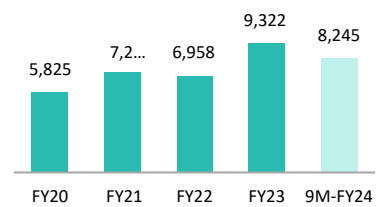
The key components of the integrated business model are:

- **Milk Procurement:** Raw milk is procured through the procurement operations spread across the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka and Maharashtra and consist of procurement of an average of 1.43 MLPD of raw milk from approximately 3,00,000 farmers.
- **Chilling Centers:** The raw milk is then transported to the nearest processing plant through tankers for onward processing into retail milk packages or to manufacture dairy based value added products.
- **Processing Plant:** The processing operations are spread across 18 processing plants located in multiple states in India with an aggregate installed capacity of 2.65 MLPD of raw milk. The company has introduced fully automated processing lines with the processing infrastructure designed to ensure efficient operations and high product quality standards.
- **Marketing:** The products are then sold to consumers under the “Heritage” brand which is distributed through retail and modern trade channels.

MILK REVENUE (INR MN)



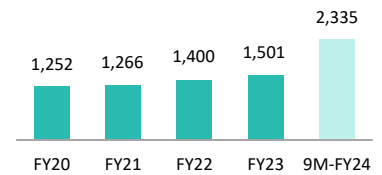
VALUE ADDED PRODUCTS (INR MN)



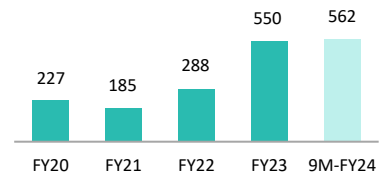
FUTURE GROWTH STRATEGY.....

- **Increase the share of Value Added Products:** Based on increasing disposable income, demand for convenient products and growing consumer preference for branded healthier & nutritious alternatives.
- **Increase Milk Procurement:** By investing prudently in village level milk collection infrastructure, bulk coolers, chilling centers and processing capacity.
- **Penetrate New Geographies:** By leveraging the strong distribution network for entering in new geographies and strengthen the existing ones through brand building initiatives.
- **Expand the Product Portfolio:** By continuously innovating and expanding the product portfolio and delight customers through agile and flexible supply chain.
- **Aspire to be Nationally recognized brand:** For healthy & fresh products while focusing on efficient capital management.
- **Expand milk processing capabilities:** With state-of-the-art machinery while maintaining stringent quality control and product innovation.
- **Empowering farmers:** Through direct procurement of milk from farmers, assisting and equipping farmers to improve milch animals' yield to increase the income of farmers and enhance the socio-economic lives of farmers.

FAT PRODUCTS (INR MN)



ICE CREAMS (INR MN)



GROWTH DRIVERS.....

- **Livestock:** India’s livestock sector is regarded as one of the largest in the world with a bovine population of 299.90 Mn, which comprises of cows and buffaloes. The growth of the Indian dairy and milk processing market is ensured by the steady supply of milk which is the primary raw material for this industry.
- **Increasing Demand for Milk and Value-Added Products:** With an increase in the spending power of the population, the demand for milk and other value-added dairy products is expected to increase in the coming years. In order to meet the rising demand, there needs to be a marked shift from the unorganized to the organized sector.
- **Government Initiatives:** Government is progressively taking initiatives to promote the dairy industry in India, in which inclination towards cattle breeding, clean milk production, dairy development and feed fodder management are included. The Department of Animal Husbandry, NDDDB, and other government affiliated institutions manage these initiatives in a constructive way. Utilizing the available resources for dairy industry to their full extent is the main objective behind these initiatives.

PEER COMPARISON (TRAILING 12 MONTHS) INR MN

Company (INR Mn)	Operating Income	Operating EBITDA	Operating EBITDA%	PAT	PAT%	Market Cap
Heritage Foods	36,610	1,813	4.95%	839	2.29%	28,182
Parag Milk Foods	31,496	1,935	6.14%	1,032	3.28%	27,266
Hatsun Agro Product	77,330	8,258	10.68%	2,402	3.11%	2,53,420
Dodla Dairy	30,623	2,470	8.07%	1,424	4.65%	52,235
Nestle India	1,91,262	44,710	23.38%	29,986	15.68%	25,64,224

INCOME STATEMENT (CONSOLIDATED)

PARTICULARS (INR Mn)	FY21	FY22	FY23	9M-FY24
Operational Income	24,731	26,813	32,407	28,433
Expenses	22,062	24,905	31,024	27,039
EBITDA	2,669	1,908	1,383	1,394
EBITDA Margins (%)	10.79%	7.12%	4.27%	4.90%
Depreciation	462	522	562	452
Finance Cost	192	40	39	64
Fair Value Loss on FVTPL Securities	48	-	-	-
Other Income	80	112	120	74
Share of Profit/(Loss) of an associate & Joint Venture	(22)	(60)	(85)	(49)
Exceptional Items	-	(91)	-	-
PBT from Continuing Operations	2,025	1,307	817	903
Tax	535	342	237	242
PAT from Continuing Operations	1,490	965	580	661
Profit/(Loss) from Discontinued Operations	(7)	(4)	-	-
Profit After Tax	1,483	961	580	661
PAT Margins (%)	6.00%	3.58%	1.79%	2.32%
Other Comprehensive Income	(21)	(1)	(3)	(2)
Total Comprehensive Income	1,462	960	577	658
Diluted EPS	16.21	10.55	6.33	7.12

BALANCE SHEET (CONSOLIDATED)

PARTICULARS (INR Mn)	FY22	FY23	H1-FY24	PARTICULARS (INR Mn)	FY22	FY23	H1-FY24
EQUITIES AND LIABILITIES				ASSETS			
Total Equity	6,576	7,259	7,417	Total Non-Current Assets	6,118	6,717	6,940
(A) Equity Share Capital	232	464	464	(A) Property, plant and equipment	5,705	6,133	6,274
(B) Other Equity	6,344	6,795	6,953	(B) Capital work-in-progress	74	199	154
(c) Non Controlling Interest	0	-	-	(C) Investment Property	44	43	43
Total Non-Current Liabilities	624	846	1,010	(D) Other Intangible Assets	44	40	35
(A) Borrowings	80	45	187	(E) Intangible Assets UD	6	1	-
(B) Other Long Term Liabilities	305	554	576	(F) Investments in Associate	174	144	209
(C) Deferred tax liabilities (net)	239	247	247	(G) Financial Assets	67	107	116
Total Current Liabilities	1,826	3,145	2,192	(H) Other non-current assets	4	50	109
i) Borrowings	38	1,299	49	Total Current Assets	2,908	4,533	3,679
ii) Trade Payables	519	449	672	(A) Inventories	2,058	3,789	1,930
iii) Other financial liabilities	1,035	1,031	1,052	(B) Financial Assets			
iv) Other current liabilities	234	366	419	i) Investments	0	0	703
TOTAL LIABILITIES	2,450	3,991	3,202	ii) Trade Receivables	185	280	309
GRAND TOTAL - EQUITY AND LIABILITIES	9,026	11,250	10,619	iii) Cash and Cash Equivalents	331	163	420
				iv) Bank balances other than above	25	28	38
				v) Loans	1	0	0
				vi) Other financial assets	46	56	62
				(C) Other current assets	257	216	217
				GRAND TOTAL - ASSETS	9,026	11,250	10,619

INVESTOR RELATIONS TEAM AT VALOREM ADVISORS

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