



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 span of 3 decades, Heritage Foods has not only stayed true 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 FY24).....

- **Milk: (58%):** 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 (32%):** 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 (2%):** 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.....

- Rich Legacy of 32 Years.
- Established and Reputed Brand along with Strong Corporate Governance Standards.
- Wide Presence Across 12 States of India & 1.5 Mn Households Served Daily.
- Long-lasting relationships with 300,000+ dairy farmers for milk procurement.
- 18 State-of-the-art processing facilities with a total processing capacity of 2.78 MLPD along with 203 Chilling Centers having chilling capacity of 2.36 MLPD.
- Strong Distribution Network with 6000+ milk and fresh product distributors, 237 Happiness Points, 300+ value added product distributors, 850+ parlours, all reaching nearly 180,000 retail outlets in the General Trade Outlets.
- Technology integrated network enabled by 11,300+ Milk Representatives to 2,100+ distribution vehicles across 12 states on the back of 6,900+ 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
FY24	37,939	2,095	5.52%	1,065	2.81%	11.48

Key Data

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

Market Data (INR) As on 31st March, 2024

Face Value	5.0
CMP	336.9
52 Week H/L	354.3 / 144.1
MCAP (Mn)	31,267.6
Shares O/S (Mn)	92.8

Performance As on 31st March, 2024

	3M	6M	12M
Heritage Foods	10.93%	47.72%	133.91%
SENSEX	1.98%	11.91%	24.56%
BSE MIDCAP	6.22%	21.43%	62.87%

Shareholding Pattern As on 31st March, 2024

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.

FUTURE GROWTH STRATEGY.....

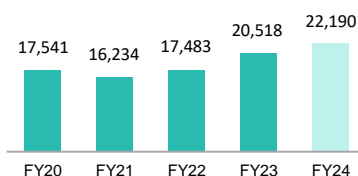
- **Increase the share of Value Added Products:** Based on increasing disposable income, demand for convenient products and growing consumer preference for branded healthier & nutritious alternatives.
- **Increase Milk Procurement:** By investing prudently in village level milk collection infrastructure, 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.
- **Create Value for Stakeholders:** By optimizing operations and efficiencies across the value chain.

KEY INDUSTRY GROWTH DRIVERS.....

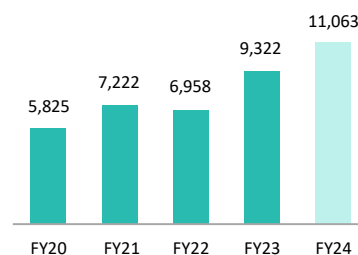
- **Livestock:** India's livestock sector is regarded as one of the largest in the world with a bovine population of 299.90 Mn, which comprises of cows and buffaloes. The growth of the Indian dairy and milk processing market is ensured by the steady supply of milk which is the primary raw material for 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

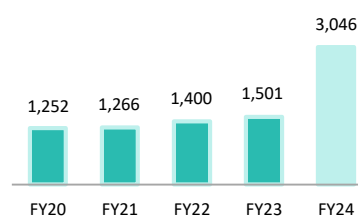
Milk Revenue (INR Mn)



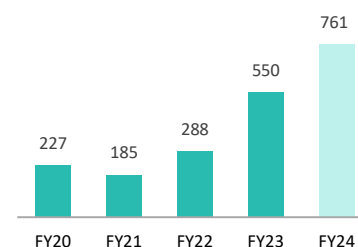
Value Added Products (INR Mn)



Fat Products (INR Mn)



Ice Creams (INR Mn)



Company	Operating Income	Operating EBITDA	Operating EBITDA%	PAT	PAT%	Market Cap
Heritage Foods	37,939	2,095	5.52%	1,065	2.81%	31,268
Parag Milk Foods	31,387	1,971	6.28%	906	2.89%	24,836
Hatsun Agro Product	79,904	8,990	11.25%	2,673	3.35%	2,24,530
Dodla Dairy	31,255	2,888	9.24%	1,667	5.33%	47,698
Nestle India	1,95,633	47,243	24.15%	31,962	16.3%	25,29,273

INCOME STATEMENT (CONSOLIDATED)

PARTICULARS (INR Mn)	FY21	FY22	FY23	FY24
Operational Income	24,731	26,813	32,407	37,939
Expenses	22,062	24,905	31,024	35,844
EBITDA	2,669	1,908	1,383	2,095
EBITDA Margins (%)	10.79%	7.12%	4.27%	5.52%
Depreciation	462	522	562	608
Finance Cost	192	40	39	91
Fair Value Loss on FVTPL Securities	48	-	-	-
Other Income	80	112	120	120
Share of Profit/(Loss) of an associate & Joint Venture	(22)	(60)	(85)	(65)
Exceptional Items	-	(91)	-	-
PBT from Continuing Operations	2,025	1,307	817	1,451
Tax	535	342	237	386
PAT from Continuing Operations	1,490	965	580	1,065
Profit/(Loss) from Discontinued Operations	(7)	(4)	-	-
Profit After Tax	1,483	961	580	1,065
PAT Margins (%)	6.00%	3.58%	1.79%	2.81%
Other Comprehensive Income	(21)	(1)	(3)	(10)
Total Comprehensive Income	1,462	960	577	1,055
Diluted EPS	16.21	10.55	6.33	11.48

BALANCE SHEET (CONSOLIDATED)

PARTICULARS (INR Mn)	FY22	FY23	FY24	PARTICULARS (INR Mn)	FY22	FY23	FY24
EQUITIES AND LIABILITIES				Assets			
Total Equity				Non-Current Assets			
(A) Equity Share Capital	232	464	464	Property, Plant and Equipment	5,705	6,133	6,968
(B) Other Equity	6,344	6,795	7,618	Capital WIP	74	199	201
(c) Non Controlling Interest	0	-	-	Investment Property	44	43	42
Total Non-Current Liabilities	624	846	1,659	Other intangible assets	44	40	34
(A) Borrowings	80	45	751	Intangible assets under development	6	1	-
(B) Other Long Term Liabilities	305	554	647	Investment in Associate & Joint Venture	174	144	177
(C) Deferred tax liabilities (net)	239	247	261	Financial assets	67	107	115
Total Current Liabilities	1,826	3,145	3,070	Other non-current assets	4	50	24
i) Borrowings	38	1,299	177	Total non-current assets	6,118	6,717	7,561
ii) Trade Payables	519	770	1,450	Current Assets			
iii) Other financial liabilities	1,035	709	1,034	Inventories	2,058	3,789	2,619
iv) Other current liabilities	234	367	409	Investments	0	0	1,222
TOTAL LIABILITIES	2,450	3,991	4,729	Trade Receivables	185	280	287
GRAND TOTAL - EQUITY AND LIABILITIES	9,026	11,250	12,811	Cash & Bank Balances	356	192	838
				Loans	1	0	0
				Other Financial Assets	46	106	127
				Other Current Assets	262	166	157
				Total Current Assets	2,908	4,533	5,250
				Total Assets	9,026	11,250	12,811

INVESTOR RELATIONS TEAM AT VALOREM ADVISORS

Name	Designation	Email	Phone
Anuj Sonpal	CEO	anuj@valoremadvisors.com	+91-22-4903-9500
Sumeet Singhaniya	Vice President	sumeet@valoremadvisors.com	+91-22-4903-9500

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