Ref: SECT: STOC: 21 – 14

27th May, 2014

To
The Secretary,
The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

To
The Manager,
Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, C-1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051

Dear Sir / Madam,

Sub: Submission of Soft copy of quarterly updates - reg

Ref: 1) Stock Code: **519552 / HERITGFOOD**

With reference to the above mentioned subject, we are forwarding a soft copy of the quarterly updates which covers the miles stones achieved by the company and intended to achieved during the Quarter/ year ended 31st March, 2014 in the future apart from that there are certain other information which is required to be know by our existing shareholders as well as prospective investors of the company.

Therefore we will request you to display in the website of the stock exchanges to the benefit of the investor community.

This is for your information and record.

Thanking you,

Yours Faithfully,
For **HERITAGE FOODS LIMITED**

UMAKANTA BARIK
Company Secretary

Encls: a/a

HERITAGE FOODS LIMITED
(Formerly Known as M/s. Heritage Foods (India) Limited)

Quarterly Update Q4FY14

Bring Home Health & Happiness

Disclaimer

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.

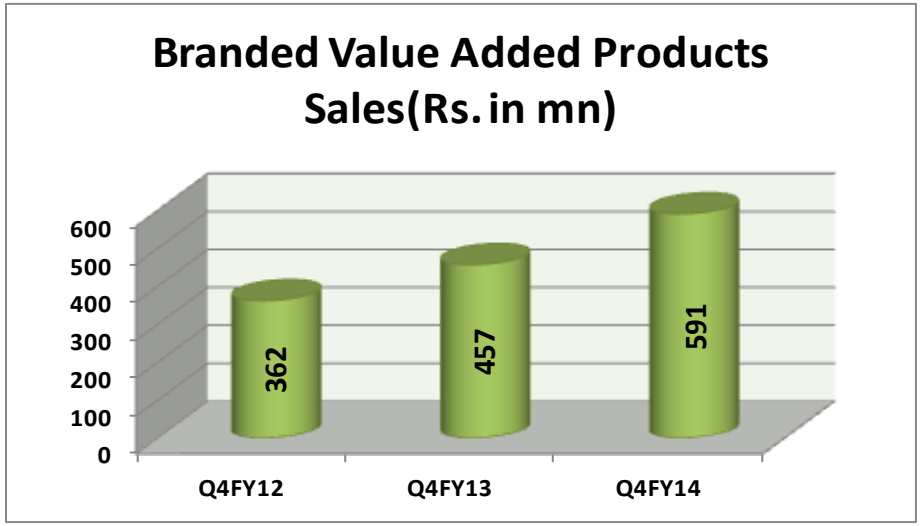
Key metrics - Dairy

	Q4FY14	Q4FY13	YOY %
Liquid milk sales (llpd)	7.96	8.09	-2%
Liquid milk price real. (Rs/l)	34.01	30.53	11%
Milk Procurement (llpd)	8.04	8.66	-7%
Milk procurement price (Rs/l)	30.09	25.42	18%
Branded Value added Products sales (Rs mn)	591	457	29%
No. of Parlours	1222	1176	

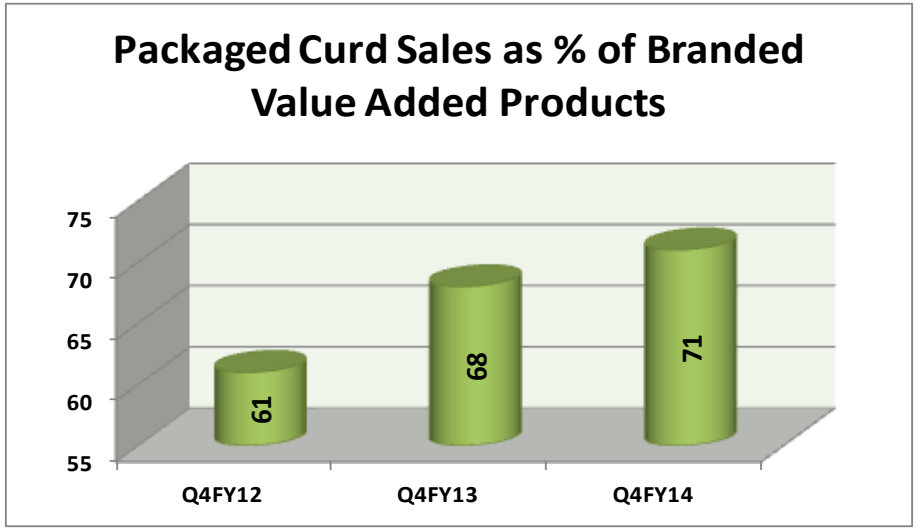
llpd: lakh liters per day

Key metrics - Dairy (Branded Value Added Products)

Branded Value Added Products	
Year	Sales(Rs. in mn)
Q4FY12	362
Q4FY13	457
Q4FY14	591



Packaged Curd Sales	
Year	As % of Branded Value Added Products
Q4FY12	61
Q4FY13	68
Q4FY14	71



4QFY14 Key Highlights - Dairy

- 9% yoy growth in turnover to Rs 3,336mn
  - (2%) yoy de-growth in Milk sales to 7.96LLPD (lakh litres per day)
- 29% yoy growth achieved in Branded Value Added Products sales
  - 37% yoy growth in Packaged Curd sales (accounts for approx. 71% of Branded Value added products sales)
- (7%) yoy de-growth in milk procurement to 8.04LLPD (lakh litres per day)
- EBITDA of Rs 219mn (EBITDA margin of 6.58%) as against Rs 324mn(EBITDA margin of 10.62%) in Q4FY13
- Dairy Parlors as on 31.03.2014 are 1,222 Nos.
- Export Turnover during Q4FY14 was Rs 8mn

FY2014 Key Highlights - Dairy

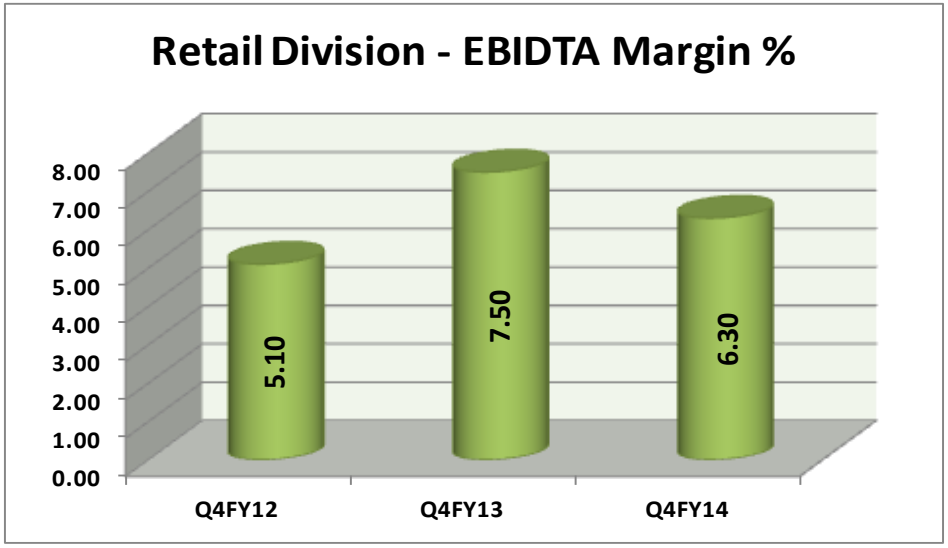
- 5% yoy growth in turnover to Rs 13,282mn
  - (2%) yoy growth in Milk volume sales to 8.05LLPD (lakh litres per day)
- 31% yoy growth achieved in Branded Value Added Products sales
  - 32% yoy volume and 39% yoy value growth in Packaged Curd sales (accounts for approx. 71% of Branded Value added products sales)
- (7%) yoy growth achieved in milk procurement to 8.33LLPD (lakh litres per day)
- EBITDA of Rs 1137mn (EBITDA margin of 8.56%) as against Rs 1,219mn (EBITDA margin of 9.61%) in FY13

Key metrics - Retail

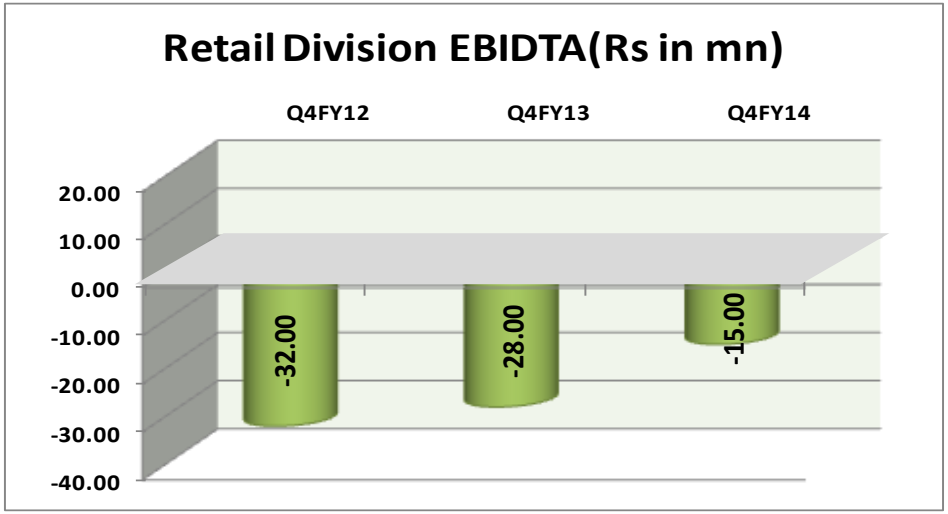
Particulars	Q4FY14	Q4FY13	YOY %	FY2014	FY2013	YOY %
No. of stores	74	67		74	67	
Total carpet area('000 sq ft)	256	212	17%	256	212	17%
Effective Carpet Area(sq ft)	248	208	16%	223	205	8%
Avg store sales(Rs/ sq ft/month)	**1169**	**1146**	**2%**	**1195**	**1101**	**8%**
Heritage Fresh Stores	870	715		3198	2708	
Institutional, General Trade & Others	56	98	-75%	320	350	-9%
Other Operating Income	74	81	-9%	269	222	17%
Total Revenue	**1000**	**894**	**11%**	**3787**	**3280**	**13%**
Total Gross Profit	**204**	**182**	**11%**	**739**	**650**	**12%**
Gross margin(%)	20.36%	20.35%		19.50%	19.82%	
Gross margin Heritage Fresh(%)	21.88%	23.00%		21.11%	21.70%	
EBITDA at store level(Rs mn)	**63**	**67**	**-6%**	**220**	**180**	**18%**
EBITDA margin(%)	6.32%	7.49%		5.80%	5.50%	
Regional & Corporate Overheads	78	95		358	353	
EBITDA(Rs mn)	**-15**	**-28**		**-138**	**-173**	

Key metrics - Retail

Retail Division	
Year	EBIDTA Margin%
Q4FY12	5.10
Q4FY13	7.50
Q4FY14	6.30



Retail Division	
Year	EBIDTA(Rs in mn)
Q4FY12	-32
Q4FY13	-28
Q4FY14	-15



4QFY14 Key Highlights - Retail

- SSS (considering 64 comparable stores) stood at 8% in FY2014
- NOBs have grown by 9% and ABV is decreased by 1%
- 2% productivity growth in FY2014 on account of 0.44 lakhs sq ft increase
- Store Gross margin decreased by 112 bps to21.88% and overall gross margin increased by 1bps
- Store fixed cost Increased by Rs 6/sqft/month to Rs 174 in FY2014
- Regional and Corporate overheads decreased by Rs 47/sq ft.
- 3 stores were closed during the quarter, 5 new stores were opened in 4QFY14.

Trend of Key Operational & Financial Metrics

Particulars	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
No of stores	70	75	75	75	73	67	74
Total carpet area ('000 sq ft)	149	159	158	166	217	212	256
effective carpet area ('000 sq ft)	90	158	158	160	200	205	223
Avg stores sales (Rs/sq ft/month)	**943**	**974**	**968**	**1113**	**1040**	**1101**	1195
YOY %	**29%**	**3%**	**-1%**	**15%**	**-6.50%**	**6.00%**	**8.00%**
Heritage Fresh Stores	1012	1849	1836	2145	2503	2708	3198
Instituional, General Trade & Others	59	215	155	146	329	350	320
Other Operating Income	17	30	77	129	172	222	269
Total Revenue	**1089**	**2093**	**2068**	**2420**	**3004**	**3280**	**3787**
Growth (%)	**1527%**	**92%**	**-1%**	**15%**	**24%**	**9%**	**15%**
Total Gross Profit	**185**	**286**	**330**	**462**	**585**	**650**	**739**
Gross Margin (%)	**17.00%**	**13.60%**	**15.90%**	**19.10%**	**19.50%**	**19.90%**	**19.50%**
Gross Margin Heritage Fresh (%)	-	-	-	**19.25 %**	**20.5%**	**21.72%**	**21.11%**
EBITDA at store level (Rs mn)	**-77**	**-97**	**-24**	**90**	**118**	**180**	**220**
EBITDA margin (%)	-	-	-	**3.10%**	**3.93%**	**5.48%**	**5.80%**
Regional & Corporate Overheads	369	371	251	261	287	353	358
EBITDA (Rs mn)	**-445**	**-468**	**-275**	**-171**	**-169**	**-173**	**-138**

FY2014 Key Highlights - Retail

- SSS (considering 64 comparable stores) stood at 14% in FY2014
- NOBs have grown by 7% and ABV is increased by 7%
- 8% productivity growth in FY2014 on account of 0.44 lakhs sq ft increase in total area
- Store Gross margin decreased by 59bps to 21.11% and overall gross margin decreased by 32bps
- Store fixed cost increased by Rs 6/sqft/month to Rs 179 in FY2014
- Regional and Corporate overheads Decreased by Rs 10/sq ft
- Three stores were closed during the year, Nine new stores were opened in FY14

Key metrics - Renewable Energy

- 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 Q4FY14 was Rs. 5.42mn.
- Capital Employed for Renewable Energy division Rs 167.50mn.

Financial results

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2014 (₹ in Lakhs)										
PARTICULARS	STANDALONE					CONSOLIDATED				
	Quarter Ended			Year Ended		Quarter Ended			Year Ended	
	31-Mar-14	30-Dec-13	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	30-Dec-13	31-Mar-13	31-Mar-14	31-Mar-13
	Unaudited	Unaudited	Unaudited	Audited	Audited	Unaudited	Unaudited	Unaudited	Audited	Audited
1) Income from operations										
Net Sales/Income from Operations	**43064.35**	**41910.42**	**38720.07**	**169506.35**	**158030.01**	**43064.35**	**41910.41**	**38720.07**	**169506.35**	**158030.01**
Other Operating Income	710.62	466.15	724.09	2697.64	2151.28	710.62	466.15	724.09	2697.64	2151.28
Total income from operations	**43774.97**	**42376.57**	**39444.16**	**172203.99**	**160181.29**	**43774.97**	**42376.57**	**39444.16**	**172203.99**	**160181.29**
2) Expenses										
Cost of materials consumed	27893.38	25479.24	22611.21	103058.18	93973.45	27893.38	25479.24	22611.21	103058.18	93973.45
Purchase of stock in trade	8141.23	7448.44	7247.62	32210.89	26274.64	8141.23	7448.44	7247.62	32210.89	26274.64
Changes in inventories of finished goods, work-in-progress and stock in trade	-896.83	-410.13	-5.00	-888.39	3441.50	-896.83	-410.13	-5.00	-888.39	3441.50
Employees benefit expense	2192.98	2716.61	2503.58	10009.46	8718.25	2192.98	2716.61	2503.58	10009.46	8718.25
Depreciation and Amortisation expense	645.48	691.47	561.18	2500.23	2202.03	645.48	691.47	561.18	2500.23	2202.03
Other expenses	4616.43	4457.01	4384.73	18315.72	17664.49	4616.93	4457.01	4385.79	18316.21	17665.55
Total Expenses	**42592.66**	**40382.64**	**37303.32**	**165206.08**	**152274.36**	**42593.16**	**40382.64**	**37304.37**	**165206.58**	**152275.42**
3) Profit / (Loss) from operations before other income, finance costs & exceptional items(1-2)	**1182.31**	**1993.93**	**2140.84**	**6997.91**	**7906.93**	**1181.81**	**1993.92**	**2139.79**	**6997.41**	**7905.87**
4) Other income	230.77	69.15	223.37	495.40	419.95	230.77	69.15	223.37	495.40	419.95
5) Profit/(Loss) from ordinary activities before finance cost and exceptional items (3+4)	**1413.08**	**2063.08**	**2364.21**	**7493.31**	**8326.88**	**1412.58**	**2063.07**	**2363.15**	**7492.81**	**8325.82**
6) Finance cost	368.41	296.55	344.06	1322.11	1670.20	368.41	296.55	2019.10	1322.11	6655.62
7) Profit/(Loss) from ordinary activities after finance cost and before exceptional items (5+6)	**1044.67**	**1766.53**	**2020.15**	**6171.20**	**6656.68**	**1044.17**	**1766.52**	**2019.10**	**6170.70**	**6655.62**
8) Exceptional items	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00
9) Profit/(Loss) from ordinary activities before tax (7-8)	**1044.67**	**1766.53**	**2020.15**	**6171.20**	**6656.68**	**1044.17**	**1766.52**	**2019.10**	**6170.70**	**6655.62**
10) Tax expense										
Current Tax/MAT	220.40	369.00	408.39	1303.55	1334.09	220.40	369.00	408.39	1303.55	1334.09
Prior period tax	0.00	0.00	0.00	-0.46	-44.39	0.00	0.00	0.00	-0.46	-44.39
Deferred Tax Charge/(Credit)	131.94	42.55	124.14	299.38	137.76	131.94	42.55	124.14	299.38	137.76
11) Profit/(Loss) from ordinary activities after tax (9-10)	**692.33**	**1354.98**	**1487.62**	4568.73	**5229.21**	**691.83**	**1354.98**	**1486.57**	4568.73	**5228.16**
12) Extraordinary Items	0.00	0.00	0.00	37.50	233.05	0.00	0.00	0.00	37.50	233.05
13) Net Profit/(Loss) (11-12)	**692.33**	**1354.98**	**1487.62**	**4531.23**	**4996.16**	**691.83**	**1354.98**	**1486.57**	**4530.73**	**4995.11**
14) Share of profit / (loss) of associates	0.00	0.00	0.00	0.00	0.00	-0.06	-0.01	-0.05	-0.79	-0.25
15) Minority interest	0.00	0.00	0.00	0.00	0.00	-0.05	0.00	-0.13	-0.05	-0.13
16) Net Profit/ (Loss) after taxes, minority interest and share of profit / (loss) of associates (13+14-15)	**692.33**	**1354.98**	**1487.62**	**4531.23**	**4996.16**	**691.82**	**1354.97**	**1486.64**	**4529.99**	**4994.98**
Paid-up Equity Share Capital	2319.90	2319.90	1159.95	2319.90	1159.95	2319.90	2319.90	1159.95	2319.90	1159.95
Reserves (excluding revaluation reserve)	0.00	0.00	0.00	15579.43	13028.66	0.00	0.00	0.00	15555.98	13006.45
Earning Per Share before Extra Ordinary Items										
Basic (₹)	2.98	5.84	6.41	19.69	45.81	2.98	5.84	12.84	19.69	45.80
Diluted (₹)	2.98	5.84	6.41	19.69	45.81	2.98	5.84	12.84	19.69	45.80
Earning Per Share After Extra Ordinary Items										
Basic (₹)	2.98	5.84	6.41	19.53	43.28	2.98	5.84	12.84	19.53	43.27
Diluted (₹)	2.98	5.84	6.41	19.53	43.28	2.98	5.84	12.84	19.53	43.27
Public Share Holding										
Number of shares	13,913,154	13,913,454	6,956,827	13,913,154	6,956,827	13,913,154	13,913,454	6,956,827	13,913,154	6,956,827
Percentage of Public shareholding	59.97	59.97	59.98	59.97	59.98	59.97	59.97	59.98	59.97	59.98

Financial results-Segmental

SEGMENT REPORTING FOR THE QUARTER AND YEAR ENDED MARCH 31, 2014 (₹ in Lakhs)	STANDALONE					CONSOLIDATED				
PARTICULARS	Quarter Ended			Year Ended		Quarter Ended			Year Ended	
	31-Mar-14	31-Dec-13	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Dec-13	31-Mar-13	31-Mar-14	31-Mar-13
	Unaudited	Unaudited	Unaudited	Audited	Audited	Unaudited	Unaudited	Unaudited	Audited	Audited
1. Segment Revenue										
a. Dairy	33361.43	33042.02	30481.62	132819.16	126862.15	33361.43	33042.02	30481.62	132819.16	126862.15
b. Retail	9950.19	8786.46	8847.47	37792.56	32657.46	9950.19	8786.46	8847.47	37792.56	32657.46
c. Agri	1713.22	1823.11	912.21	6783.33	3993.67	1713.22	1823.11	912.21	6783.33	3993.67
d. Bakery	105.29	90.51	105.72	366.77	405.62	105.29	90.51	105.72	366.27	405.62
e. Renewable Energy	54.24	23.11	-	77.35	-	54.24	23.11	-	77.35	-
f. HFRL	-	-	-	-	-	-	-	-	-	-
g. Heritage Conpro Ltd	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue	**45184.36**	**43765.22**	**40347.01**	**177838.67**	**163918.90**	**45184.36**	**43765.22**	**40347.01**	**177838.67**	**163918.90**
Less: Inter Segment Revenue	1409.39	1388.65	902.85	5634.67	3737.61	1409.39	1388.65	902.85	5634.67	3737.61
Net Sales / Income from Operations	**43774.97**	**42376.57**	**39444.16**	**172203.99**	**160181.29**	**43774.97**	**42376.57**	**39444.16**	**172203.99**	**160181.29**
2. Segment Results										
(Profit (+) / (Loss) (-) before finance costs and tax)										
a. Dairy	1811.52	2845.87	2889.97	9869.18	10889.79	1811.52	2845.87	2889.97	9869.18	10889.79
b. Retail	-305.63	-678.65	-405.58	-1992.16	-2198.59	-305.63	-678.65	-405.58	-1992.16	-2198.59
c. Agri	-84.02	-75.18	-91.53	-298.70	-257.27	-84.02	-75.18	-91.53	-298.70	-257.27
d. Bakery	-17.22	-24.71	-48.02	-102.13	-153.16	-17.22	-24.71	-48.02	-102.13	-153.16
e. Renewable Energy	-1.17	-8.94	-	-11.54	-	-1.17	-8.94	-	-11.54	-
f. HFRL	-	-	-	-	-	-0.28	-	-0.53	-0.28	-0.53
g. Heritage Conpro Ltd	-	-	-	-	-	-0.22	-	-0.53	-0.22	-0.53
Total Segment Results	**1403.49**	**2058.39**	**2344.84**	**7464.64**	**8280.76**	**1402.99**	**2058.39**	**2343.78**	**7464.14**	**8279.70**
Less: i. Finance costs	368.41	296.55	344.06	1322.11	1670.20	368.41	296.55	344.06	1322.11	1670.20
ii. Other un-allocable Expenditure net off	15.17	-	-	15.17	-	15.17	-	-	15.17	-
Add: i. Interest Income	24.72	4.68	19.37	43.70	44.25	24.72	4.68	19.37	43.70	44.25
ii. Other un-allocable Income	0.04	-	-	0.14	1.86	0.04	-	-	0.14	1.86
Total Profit before Tax	**1044.67**	**1766.52**	**2020.16**	**6171.20**	**6656.67**	**1044.17**	**1766.52**	**2019.10**	**6170.70**	**6655.61**
3. Capital Employed										
Segment Assets -Segment Liabilities)										
a. Dairy	17611.21	13159.03	14837.28	17611.21	14837.28	17611.21	13159.03	14837.28	17611.21	14837.28
b. Retail	6460.95	6310.48	5851.02	6460.95	5851.02	6460.95	6310.48	5851.02	6460.95	5851.02
c. Agri	3368.09	3558.28	3404.07	3368.09	3404.07	3368.09	3558.28	3404.07	3368.09	3404.07
d. Bakery	1119.33	1135.75	1124.35	1119.33	1124.35	1119.33	1135.75	1124.35	1119.33	1124.35
e. Renewable Energy	1675.05	1626.35	-	1675.05	-	1675.05	1626.35	-	1675.05	-
f. HFRL	-	-	-	-	-	-0.39	-0.12	-0.42	-0.39	-0.42
g. Heritage Conpro Ltd	-	-	-	-	-	-0.39	-0.17	-0.42	-0.39	-0.42
h. Unallocated	143.85	291.93	396.73	143.85	396.73	143.85	291.93	396.73	143.85	396.73
Total	**30378.50**	**26081.82**	**25613.46**	**30378.50**	**25613.46**	**30377.71**	**26081.53**	**25612.62**	**30377.71**	**25612.62**

Current Share holding pattern

As on March 2014

	mn shares	% holding
Promoters	9.28	40.03
FIIs	0.62	2.66
Domestic Institutions	0.16	0.69
Others	13.13	56.62
Total	**23.19**	**100**

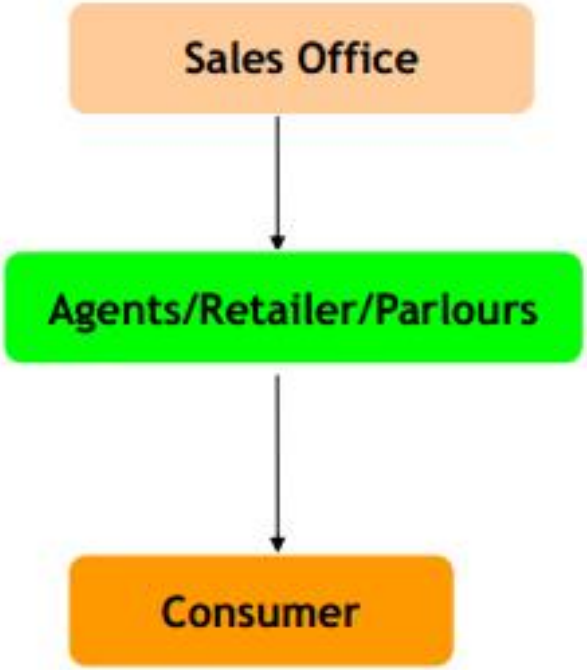
Dairy - Spread of Operations

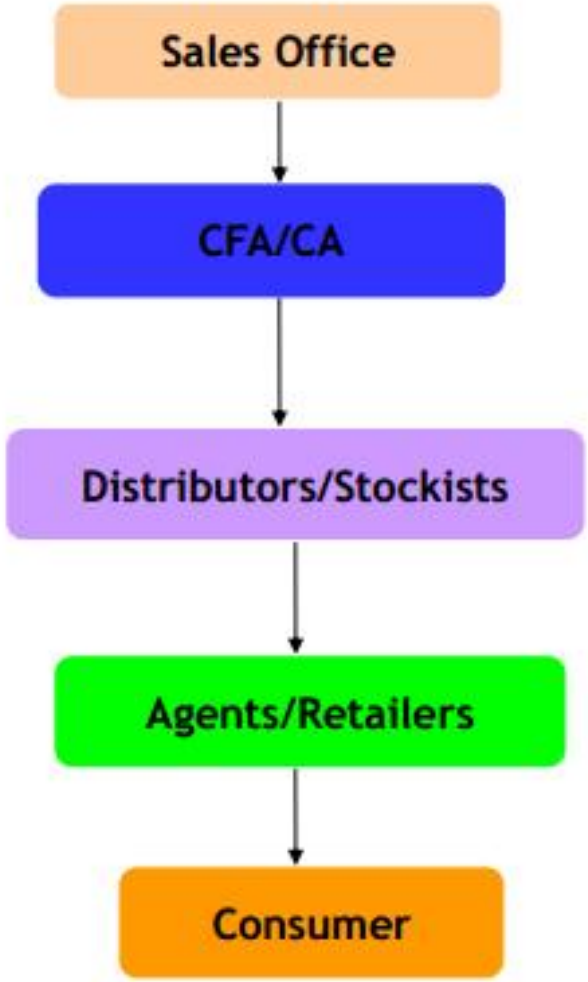
- Widest regional footprint in India among privately held dairy companies. Spread across 6 states
  - Andhra Pradesh
  - Tamil Nadu
  - Karnataka
  - Maharashtra
  - Kerala
  - Orissa
- Present in the highest milk producing states in India
- One of the Top 3 private sector dairy companies in India in sales and volumes

Particulars	Andhra Pradesh	Tamil Nadu	Karnataka	Maharashtra	Kerala	Orissa	Delhi	Total
Procurement of Milk LPD	579,529	119,765	18,411	110,782	0	0	5,133	833,620
No. of Chilling Plants	112	12	0	5	0	0	0	129
Chilling Capacity LPD as on 31.03.2014	1,180,000	247,000	50,000	87,000	0	0	0	1,564,000
No. of processing and Packing Plants	10	1	1	1	0	0	0	13
Packing Capacity LPD as on 31.03.2014	1,130,000	50,000	150,000	50,000	0	0	0	1,380,000
Liquid Milk Sales LPD	445,410	182,415	108,909	40,467	11,080	6,497	10,150	804,928
Curd Kgs/ Day	67,349	27,509	11,747	6	628	2,301	--	109,540
Ice Cream LPD	5,005	1,251	657	5	--	202	--	7,120

*LPD:liters per day

Distribution Network Structure





- No of Sales offices **26**
- No of Distributors/Agents - **5,100**
- No of outlets - **90,000**
- No of Households serviced on daily basis: **10,50,000**
- No of vehicles (trucks/tankers/puff vehicles) servicing Heritage everyday: **1,000** (employing ~ **3,000** people)

Range of Products

Milk

UHT Milk & Fresh Cream

Flavoured Milk

Tetra Packs & Bottles

Curd

Fruit n Curd

Lassi

Butter Milk

Sweets

PT Butter & Cheese

Cooking Butter

Range of Products

Buffalo Ghee

Cow Ghee

Paneer

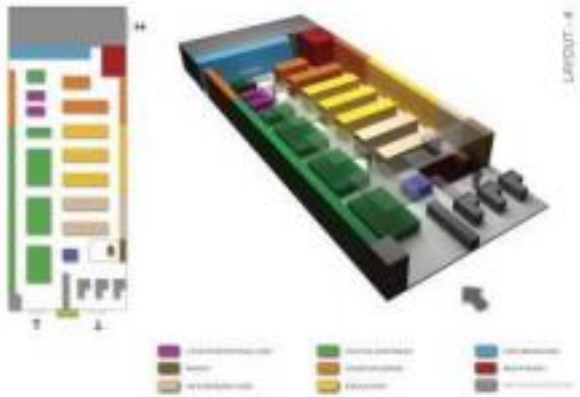
Dairy Whitener

Skim Milk Powder

Ice Cream

Business Profile - Retail Division

- Started in 2006 as a logical extension to dairy division to benefit from the food and grocery retail boom in India
- Average store area is ~3,000 sft and contains over 6,000 SKUs
- A typical store is on 9 years lease
- International concepts/standards in branding, layout, design and display
- Layout, ambience, and cleanliness standards have become a benchmark in the industry. All stores are air-conditioned, owned, operated, and maintained by the company
- Rated the highest in Customer Satisfaction among Food & Grocery chains in South India by WPP group



All Stores are in prime retail/residential locations and are on the ground flood with an average frontage of 40ft

Quality & FRESHness

- FRESH is not just a part of our name
  - It is the essence of the relationship we have built with our customer
  - It stands for the freshness of the products we sell
  - It's also about the originality of our business model
- Direct procurement of fruits & vegetables from farmers/Heritage Agri and FMCG & grocery products from manufacturers
- Dedicated bakery facility to cater to select stores by offering a wide range of fresh bakery products

Company's value proposition is high quality fresh produce, grocery & FMCG products at competitive prices coupled with high level of service & convenience

Pack Houses Infrastructure

Economic Activity - Manpower

S.No	Division	Regular Jobs	Part Timers / Casuals Jobs	Total
1	Dairy	1908	1946	3854
2	Retail	1875	252	2127
3	Agri	91	89	180
4	Bakery	36	40	76
Grand Total		**3910**	**2327**	**6237**

HEALTH

Heritage

HAPPINESS

Thank You

Bring Home Health & Happiness