



Ref: SECT: STOC: 08 – 14

22nd January, 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 Third Quarter ended 31st December, 2013 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.

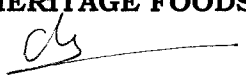
Therefore we will request you to display in the website of the stock exchanges to the benefit of the investor community.

Kindly take note of the same on record.

Thanking you,

Yours Faithfully,

For **HERITAGE FOODS LIMITED**


UMAKANTA BARIK

Company Secretary

Encls: a/a



Quarterly Update Q3FY14

Bring Home Health & Happiness

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



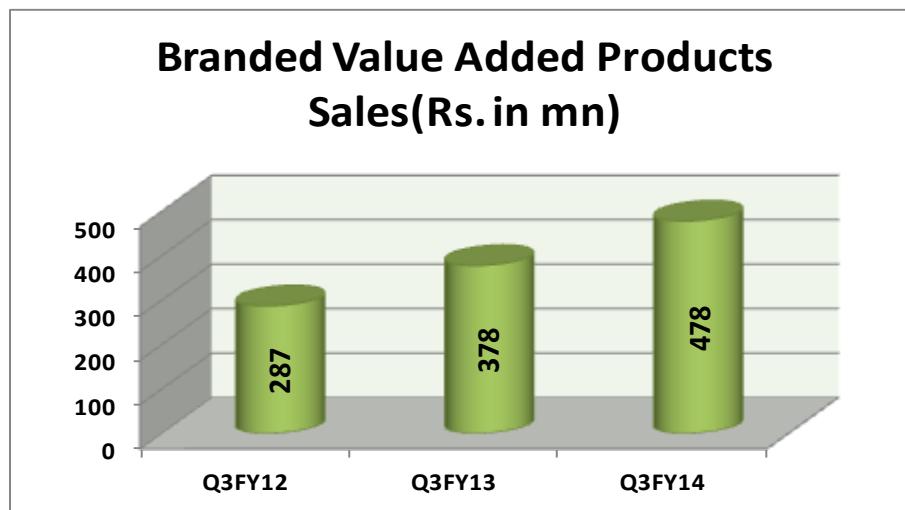
	Q3FY14	Q3FY13	YOY %
Liquid milk sales (llpd)	7.87	8.04	-2.11
Liquid milk price real. (Rs/l)	32.77	30.37	7.90
Milk Procurement (llpd)	8.74	9.26	-5.62
Milk procurement price (Rs/l)	27.44	25.22	8.80
Branded Value added Products sales (Rs mn)	478	378	26.46
No. of Parlours	1222	1176	3.91

llpd: lakh liters per day

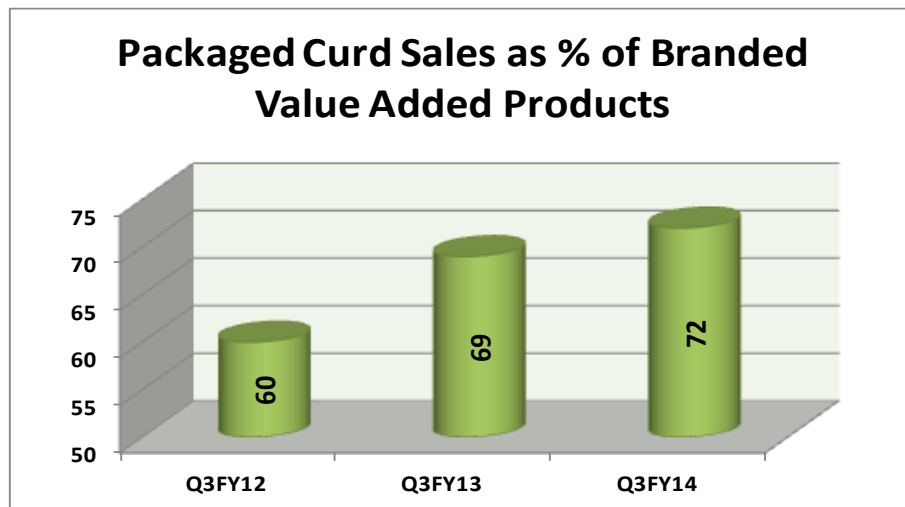
Key metrics - Dairy (Branded Value Added Products)



Branded Value Added Products	
Year	Sales(Rs. in mn)
Q3FY12	287
Q3FY13	378
Q3FY14	478



Packaged Curd Sales	
Year	As % of Branded Value Added Products
Q3FY12	60
Q3FY13	69
Q3FY14	72



Key Highlights - Dairy



- **5.5% yoy growth in turnover to Rs 3,304mn**
 - ❖ **(2%) yoy de-growth in Milk sales to 7.87LLPD (lakh litres per day)**
- **26% yoy growth achieved in Branded Value Added Products sales**
 - ❖ **32% yoy growth in Packaged Curd sales (accounts for approx. 72% of Branded Value added products sales)**
- **(6%) yoy de-growth in milk procurement to 8.74LLPD (lakh litres per day)**
- **EBITDA of Rs 325mn (EBITDA margin of 9.82%) as against Rs 306mn(EBITDA margin of 9.76%) in Q3FY14**
- **Dairy Parlors as on 31.12.2013 are 1222 Nos.**
- **Export Turnover during Q3FY14 was Rs 5.6mn**

Key metrics - Retail

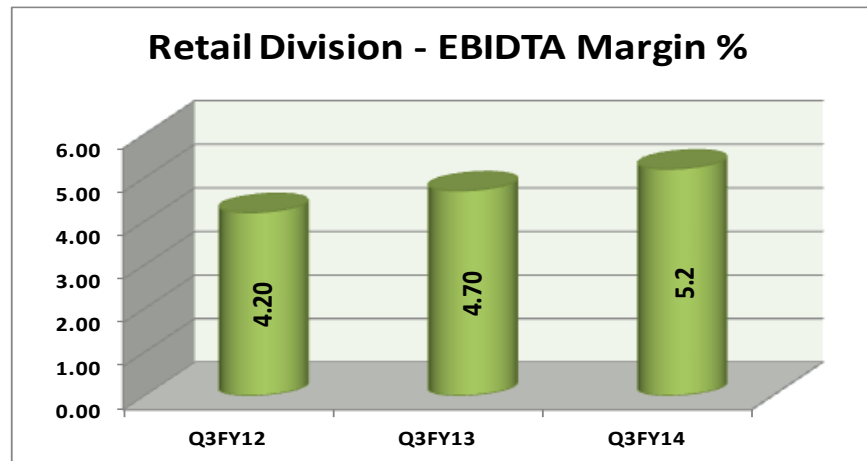


Particulars	Q3FY14	Q3FY13	YOY %
No. of stores	71	66	7.58
Total carpet area('000 sq ft)	228	202	12.87
Effective Carpet Area(sq ft)	224	202	10.89
Avg. store sales(Rs/ sq ft/month)	1175	1101	6.72
Heritage Fresh Stores	790	667	18.44
Institutional, General Trade & Others	45	67	-32.84
Other Operating Income(Rs mn)	45	36	25.00
Total Revenue(Rs mn)	879	770	14.16
Total Gross Profit(Rs mn)	172	151	13.91
Gross margin(%)	19.59	19.70	-0.56
Gross margin Heritage Fresh(%)	20.39	20.90	-2.44
EBITDA at store level(Rs mn)	46	36	27.78
EBITDA margin(%)	5.21	4.70	10.85
Regional & Corporate Overheads(Rs mn)	95	86	10.47
EBITDA(Rs mn)	-49	-50	-2.00

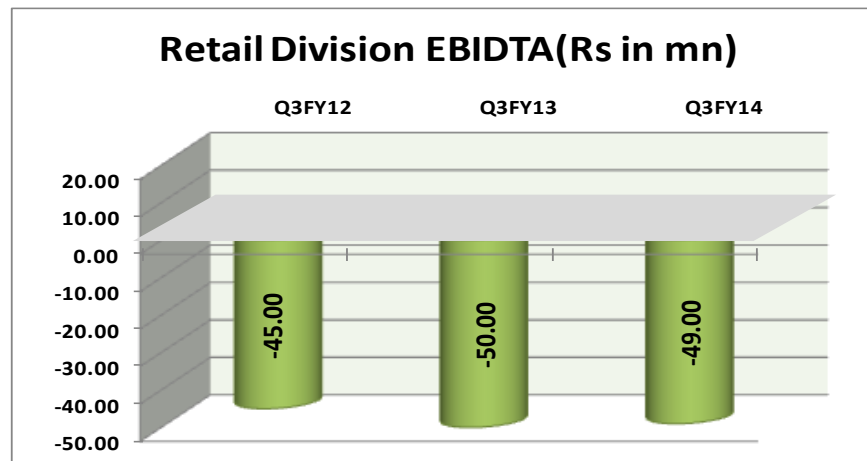
Key metrics - Retail



Retail Division	
Year	EBIDTA Margin%
Q3FY12	4.2
Q3FY13	4.7
Q3FY14	5.2



Retail Division	
Year	EBIDTA(Rs in mn)
Q3FY12	-45
Q3FY13	-50
Q3FY14	-49



Key Highlights - Retail



- SSS (considering 66 comparable stores) stood at 8.56%
- 6.75% yoy productivity growth on account increase of 0.022 mn sqft trading space
- Average Bill Value (ABV) remained static at Rs 239 in 3QFY14
- No. of Bills (NOB) fell by 0.60% yoy to 3.29mn in 3QFY 14
- Store Gross margin decreased by 51bps to 20.39% and overall gross margin decreased by 11bps
- Store fixed cost decreased by Rs 2/sqft/month to Rs 175 in 3QFY14
- Regional & Corporate Overheads decreased by Rs 1/- per sqft/month to Rs 141 in Q3FY14
- Store opening / closing: 2 stores opened during the quarter

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 Q3FY14 was Rs. 2.30 mn.
- Capital Employed for Renewable Energy division Rs 162.63mn.

Financial results



UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2013 (₹ in Lakhs)

PARTICULARS	STANDALONE						CONSOLIDATED					
	Quarter Ended			Nine Months Ended		Year Ended	Quarter Ended			Nine Months Ended		Year Ended
	31-Dec-13	30-Sep-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Mar-13	31-Dec-13	30-Sep-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Mar-13
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1) Income from operations												
Net Sales/Income from Operations	41910.42	41792.28	38748.17	126442.00	119309.93	158030.01	41910.41	41792.28	38748.17	126442.00	119309.93	158030.01
Other Operating Income	466.15	703.06	371.74	1987.02	1427.19	2151.28	466.15	703.06	371.74	1987.02	1427.19	2151.28
Total income from operations	42376.57	42495.34	39119.91	128429.02	120737.12	160181.29	42376.57	42495.34	39119.91	128429.02	120737.12	160181.29
2) Expenses												
Cost of materials consumed	25479.24	24942.00	23705.57	75164.80	71362.20	93973.45	25479.24	24942.00	23705.57	75164.80	71362.20	93973.45
Purchase of stock in trade	7448.44	7957.86	6143.16	24069.66	19027.02	26274.64	7448.44	7957.86	6143.16	24069.66	19027.02	26274.64
Changes in inventories of finished goods, work-in-progress and stock in trade	-410.13	129.38	-138.74	8.44	3446.51	3441.50	-410.13	129.38	-138.74	8.44	3446.51	3441.50
Employees benefit expense	2716.61	2667.77	2189.06	7816.49	6214.99	8718.25	2716.61	2667.77	2189.06	7816.49	6214.99	8718.25
Depreciation and Amortisation expense	691.47	596.58	584.40	1854.75	1640.85	2202.03	691.47	596.58	584.40	1854.75	1640.85	2202.03
Other expenses	4457.01	4666.33	4540.83	13699.29	13279.48	17664.49	4457.01	4666.33	4540.83	13699.29	13279.48	17665.55
Total Expenses	40382.64	40959.92	37024.28	122613.43	114971.05	152274.36	40382.64	40959.92	37024.28	122613.42	114971.04	152275.42
3) Profit / (Loss) from operations before other income, finance costs & exceptional items(1-2)	1993.93	1535.42	2095.63	5815.59	5766.07	7906.93	1993.92	1535.42	2095.63	5815.60	5766.08	7905.87
4) Other income	69.15	126.13	63.61	264.63	196.58	419.95	69.15	126.13	63.61	264.63	196.58	419.95
5) Profit/(Loss) from ordinary activities before finance cost and exceptional items (3+4)	2063.08	1661.55	2159.24	6080.22	5962.65	8326.88	2063.07	1661.55	2159.24	6080.23	5962.66	8325.82
6) Finance cost	296.55	317.07	343.51	953.70	1326.14	1670.20	296.55	317.07	343.51	953.70	1326.14	1670.20
7) Profit/(Loss) from ordinary activities after finance cost and before exceptional items (5+6)	1766.53	1344.48	1815.73	5126.52	4636.51	6656.68	1766.52	1344.48	1815.73	5126.53	4636.52	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	0.00	0.00
9) Profit/(Loss) from ordinary activities before tax (7-8)	1766.53	1344.48	1815.73	5126.52	4636.51	6656.68	1766.52	1344.48	1815.73	5126.53	4636.52	6655.62
10) Tax expense	411.55	328.73	367.05	1250.13	894.92	1427.46	411.55	328.73	367.05	1250.13	894.92	1427.45
Current Tax/MAT	369.00	195.05	362.93	1083.15	925.69	1334.09	369.00	195.05	362.93	1083.15	925.69	1334.08
Prior period tax	0.00	0.46	1.19	0.46	44.39	44.39	0.00	0.46	1.19	0.46	44.39	44.39
Deferred Tax Charge/(Credit)	42.55	134.14	5.31	167.44	13.62	137.76	42.55	134.14	5.31	167.44	13.62	137.76
11) Profit/(Loss) from ordinary activities after tax (9-10)	1354.98	1015.75	1448.68	3876.39	3741.59	5229.21	1354.98	1015.75	1448.68	3876.40	3741.59	5228.16
12) Extraordinary Items	0.00	0.00	233.05	37.50	233.05	233.05	0.00	0.00	233.05	37.50	233.05	233.05
13) Net Profit/(Loss) (11-12)	1354.98	1015.75	1215.63	3838.89	3508.54	4996.16	1354.98	1015.75	1215.63	3838.90	3508.54	4995.11
14) Share of profit / (loss) of associates	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.06	-0.35	-0.73	-0.20	-0.25
15) Minority interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.13
16) Net Profit/(Loss) after taxes, minority interest and share of profit / (loss) of associates (13+14-15)	1354.98	1015.75	1215.63	3838.89	3508.54	4996.16	1354.97	1015.81	1215.27	3838.17	3508.34	4994.98
Paid-up Equity Share Capital	2319.90	2319.90	1152.95	2319.90	1152.95	1159.95	2319.90	2319.90	1152.95	2319.90	1152.95	1159.95
Reserves (excluding revaluation reserve)	0.00	0.00	0.00	0.00	0.00	13028.65	0.00	0.00	0.00	0.00	0.00	13028.65
Earning Per Share before Extra Ordinary Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Basic (₹)	5.84	4.38	6.28	16.71	16.23	22.60	5.84	4.38	6.28	16.71	16.23	22.59
Diluted (₹)	5.84	4.38	6.28	16.71	16.23	22.60	5.84	4.38	6.28	16.71	16.23	22.59
Earning Per Share After Extra Ordinary Items												
Basic (₹)	5.84	4.38	5.27	16.55	15.22	21.59	5.84	4.38	5.27	16.54	15.21	21.58
Diluted (₹)	5.84	4.38	5.27	16.55	15.22	21.59	5.84	4.38	5.27	16.54	15.21	21.58
Public Share Holding												
Number of shares	13,913,454	13,913,654	7,004,427	13,913,454	7,004,427	6,956,827	13,913,454	13,913,654	7,004,427	13,913,454	7,004,427	6,956,827
Percentage of Public shareholding	59.97	59.98	60.75	59.97	60.75	59.98	59.97	59.98	60.75	59.97	60.75	59.98

Financial results-Segmental



SEGMENT REPORTING FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2013 (in Lakhs)												
PARTICULARS	STANDALONE						CONSOLIDATED					
	Quarter Ended			Nine Months Ended		Year Ended	Quarter Ended			Nine Months Ended		Year Ended
	31-Dec-13	30-Sep-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Mar-13	31-Dec-13	30-Sep-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Mar-13
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue												
a. Dairy	33042.02	32749.25	31329.33	99457.72	96380.53	126862.15	33042.02	32749.25	31329.33	99457.72	96380.53	126862.15
b. Retail	8786.46	9386.30	7691.71	27842.37	23809.99	32657.46	8786.46	9386.30	7691.71	27842.37	23809.99	32657.46
c. Agri	1823.11	1698.90	946.11	5070.12	3081.46	3993.67	1823.11	1698.90	946.11	5070.12	3081.46	3993.67
d. Bakery	90.51	76.41	116.87	260.98	299.60	405.62	90.51	76.41	116.87	260.98	299.90	405.62
e. Renewable Energy	23.11	-	-	23.11	-	-	23.11	-	-	23.11	-	-
f. HFRL	-	-	-	-	-	-	-	-	-	-	-	-
g. Heritage Conpro Ltd	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue	43765.22	43910.85	40084.02	132654.30	123571.88	163918.90	43765.22	43910.85	40084.02	132654.30	123571.88	163918.90
Less: Inter Segment Revenue	1388.65	1415.51	964.12	4225.28	2834.76	3737.61	1388.65	1415.51	964.12	4225.28	2834.76	3737.61
Net Sales / Income from Operations	42376.57	42495.34	39119.90	128429.02	120737.12	160181.29	42376.57	42495.34	39119.90	128429.02	120737.12	160181.29
2. Segment Results												
(Profit +) / (Loss) (-) before finance costs and tax)												
a. Dairy	2849.57	2255.23	2951.03	8072.97	8020.94	10927.45	2849.57	2255.23	2951.03	8072.97	8020.94	10927.45
b. Retail	-677.84	-480.11	-669.62	-1683.52	-1789.89	-2194.51	-677.84	-480.11	-669.62	-1683.52	-1789.89	-2194.51
c. Agri	-75.01	-80.85	-84.42	-214.02	-165.12	-254.77	-75.01	-80.85	-84.42	-214.02	-165.12	-254.77
d. Bakery	-24.71	-31.38	-37.75	-84.92	-105.14	-153.16	-24.71	-31.38	-37.75	-84.92	-105.14	-153.16
e. Renewable Energy	-8.94	-1.44	-	-10.38	-	-	-8.94	-1.44	0.00	-10.38	0.00	-
f. HFRL	-	-	-	-	-	-	-	0.00	0.00	0.00	0.00	-0.53
g. Heritage Conpro Ltd	-	-	-	-	-	-	-	0.00	0.00	0.00	0.00	-0.53
Total Segment Results	2063.07	1661.45	2159.24	6080.14	596.80	8325.02	2063.07	1661.45	2159.24	6080.14	596.80	8323.96
Less: i. Finance costs	296.55	317.07	343.51	953.70	1326.14	1670.20	296.55	317.07	343.51	953.70	1326.14	1670.20
ii. Other un-allocable Expenditure net off	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Add: iii. Other un-allocable Income	-	0.09	0.00	0.09	1.86	1.86	-	-	0.00	0.09	1.86	1.86
Total Profit before Tax	1766.52	1344.48	1815.73	5126.53	4636.52	6656.68	1766.52	1344.48	1815.73	5126.53	4636.52	6655.62
3. Capital Employed												
Segment Assets -Segment Liabilities)												
a. Dairy	13159.03	12856.62	11533.05	13159.03	11533.05	14837.28	13159.03	12856.62	11533.05	13159.03	11533.05	14837.28
b. Retail	6310.48	6040.95	5871.52	6310.48	5871.52	5851.02	6310.48	6040.95	5871.52	6310.48	5871.52	5851.02
c. Agri	3558.28	2964.57	3507.75	3558.28	3507.75	3404.07	3558.28	2964.57	3507.75	3558.28	3507.75	3404.07
d. Bakery	1135.75	1137.63	1135.10	1135.75	1135.10	1124.35	1135.75	1137.63	1135.10	1135.75	1135.10	1124.35
e. Renewable Energy	1626.35	1511.06	-	1626.35	-	-	1626.35	1511.06	-	1626.35	-	-
f. HFRL	-	-	-	-	-	-	-0.12	-0.11	-0.07	-0.12	-0.07	-0.42
g. Heritage Conpro Ltd	-	-	-	-	-	-	-0.17	-0.17	-0.07	-0.17	-0.07	-0.42
h. Unallocated	291.93	327.67	422.65	291.93	422.65	396.73	291.93	327.67	422.65	291.93	422.65	396.73
Total	26081.82	24838.50	22470.08	26081.82	22470.08	25613.46	26081.53	24838.22	22469.94	26081.53	22469.94	25612.62

As on December 2013

	mn shares	% holding
Promoters	9.28	40.03
FII's	0.43	1.86
Domestic Institutions	0.19	0.80
Others	13.29	57.31
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	647,407	139,661	24,676	68,939	0	0	8,716	889,400
No. of Chilling Plants	107	11	0	6	0	0	0	124
Chilling Capacity LPD as on 31.12.2013	1,131,000	236,000	50,000	90,000	0	0	0	1,507,000
No. of processing and Packing Plants	10	1	1	1	0	0	0	13
Packing Capacity LPD as on 30.09.2013	1,010,000	50,000	150,000	50,000	0	0	0	1,260,000
Liquid Milk Sales LPD	447,244	182,414	108,433	40,686	0	0	7,974	786,751
Curd Kgs/ Day	56,004	23,637	11,648	19	0	0	0	91,308
Ice Cream LPD	3,527	879	541	0	0	0	0	4,947

*LPD:liters per day

Distribution Network Structure



One Level

87 % sales

Sales Office

Agents/Retailer/Parlours

Consumer

- 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)

Two Level

11 % sales

Sales Office

Distributors/Stockists

Agents/Retailers

Consumer

Three Level

2% sales

Sales Office

CFA/CA

Distributors/Stockists

Agents/Retailers

Consumer

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



Bring Home Health & Happiness

Range of Products



Buffalo Ghee



Cow Ghee



Paneer



Dairy Whitener



Skim Milk Powder



Ice Cream



Bring Home Health & Happiness

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 floor 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



Bring Home Health & Happiness

Economic Activity - Manpower



S.No	Division	Regular Jobs	Part Timers / Casuals Jobs	Total
1	Dairy	1928	1872	3800
2	Retail	1886	275	2161
3	Agri	90	70	160
4	Bakery	39	49	88
Grand Total		3943	2266	6209



Thank You

Bring Home Health & Happiness