Heritage™
HEALTH AND HAPPINESS

25 YEARS OF HERITAGE

Ref: SECT: STOC: 12 – 18

7th February, 2018

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: 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 ended 31st December, 2017 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
M. No. FCS-6317

Encl: a/a

Heritage™
HEALTH AND HAPPINESS

Heritage Foods Limited

Financial Results – Q3FY18

Hyderabad, 06th February 2018

Stock Code: BSE: 519552 NSE: HERITGFOOD

Quarterly Update

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.

Vision, Mission, & Core Values

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

Vision for Heritage Foods Limited

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 2022

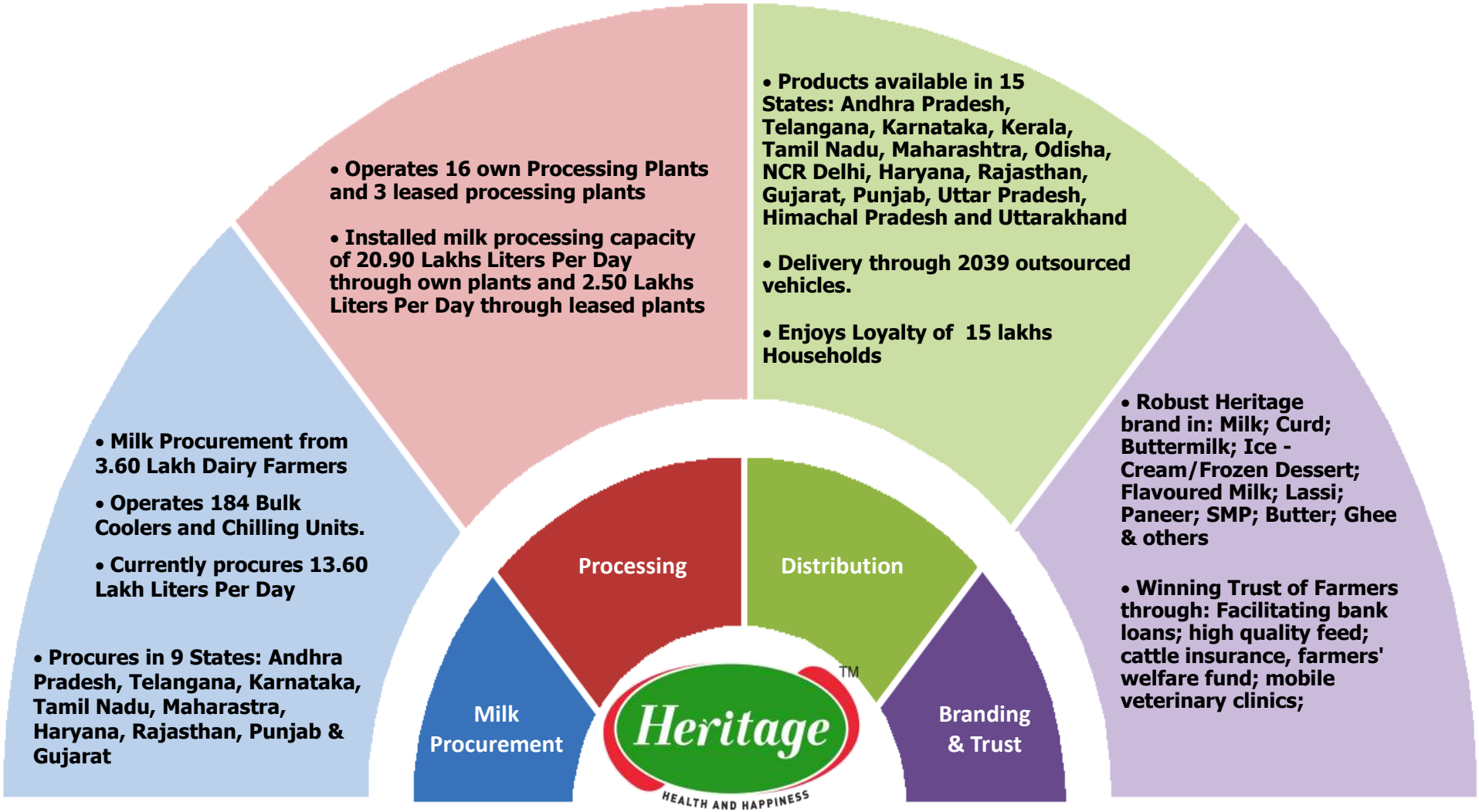
We anticipate, understand and respond to our customers' needs by creating high quality products and making them available through innovative and convenient channels.

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.

Integrated B to C Business - Strong Relationships with Dairy Farmers and Consumers



Heritage Foods won the Prestigious National Energy Conservation Awards (NECA – 2017) in Dairy Sector for the year 2017…

Heritage Foods Limited, won 2nd prize for **National Energy Conservation Award** in Dairy Sector for the year 2017 instituted by the Ministry of Power, Government of India for the effective energy conservation methods adopted in our Gokul Dairy Plant, Tirupathi, Andhra Pradesh.

The above award was received by Smt. N Brahmani, Executive Director of the Company from Union Minister of State (Independent Charge) for Power and New & Renewable Energy, Shri Raj Kumar Singh in the presence of Hon'b1e President of India Shri Ram Nath Kovind attended as Chief Guest for National Energy Conservation Day Celebrations organized by Bureau of Energy Efficiency (BEE), Ministry of Power in Vigyan Bhavan, at Delhi on today 14 December, 2017.

Expressing her views on this great occasion, Smt. N. Brahmani, Executive Directors of the Company said that 'Heritage Foods is a 25 year old company and we are taking lot of initiatives to improve efficiencies of the company. Renewable energy is the major focus area in the last ten years. We have more than 10 MW of solar and wind power for captive consumption. We are continuously investing in latest technologies and efficiencies to conserve energy. As a result, we could save about 14.5% and 10% when it comes to electrical units and thermal units respectively. These are the initiatives we have taken which helped us win this award".

Q3FY18 Key Highlights

Turnover	✓ Total Turnover growth by 26.97% at Rs 5715 mn. ✓ Dairy Revenue is higher by 24.31% at Rs 5714 mn. ✓ Branded Value Added Products in Dairy surged forward by 13.70% at Rs 1055 mn. ✓ Branded Value Added products contribution in Dairy is at 18.46%
EBITDA	✓ Dairy EBITDA is at Rs 359 mn.
Employee Strength	✓ Dairy Employee Strength is 2501.

Q3FY18 Key metrics - Dairy

	Q3FY18	Q3FY17	Growth %
Liquid Milk Sales (llpd)	10.53	8.63	22.02%
Liquid Milk Price Real. (Rs/l)	38.91	37.27	4.40%
Milk Procurement (llpd)	13.60	10.55	28.91%
Milk Procurement Price (Rs/l)	33.90	32.64	3.86%
Branded Value Added Products Sales (Rs mn)	1055	928	13.70%
No. of Parlours	1313	1624	-----

llpd: lakh liters per day

Q3FY18 Key metrics - Dairy (Branded Value Added Products)

Branded Value Added Products	
Year	Sales(Rs. in mn)
Q3FY18	1055
Q3FY17	928
Q3FY16	785

Packaged Curd Sales	
Year	As % of Branded Value Added Products
Q3FY18	82
Q3FY17	80
Q3FY16	80

Q3FY18 Key Highlights - Dairy

- 24.31 % growth in Turnover to Rs 5714 mn
- 22.02 % growth in Milk volume Sales to 10.53 LLPD (Lakh Liters Per Day)
- 13.70 % growth achieved in Branded Value Added Products Sales
- 15.67 % growth in Packaged Curd sales (accounts for approx. 82% of Branded Value Added Products Sales)
- 28.91 % growth in Milk Procurement to 13.60 LLPD (Lakh Liters Per Day)
- EBITDA of Rs 359 mn (EBITDA margin of 6.28 %) as against Rs 369 mn (EBITDA margin of 8.03 %) in Q3FY17
- Dairy Parlors as on 31.12.2017 are 1313 Nos.
- Export Turnover during Q3FY18 of Rs 20.34 mn
- Capital Employed for Dairy Rs.2768 mn

Q3FY18 Key Highlights – Renewable Energy

- **The Company has commissioned its 3rd Wind Power Plant 2.1MW capacity at Beluguppa, Ananthapur Dist, A.P adding to its existing 4.20MW Wind Power capacity thereby increasing its Renewable Energy Capacity to 10.3MW including 4.06MW Solar Power in the states of Andhra Pradesh, Telangana, Maharashtra, Tamil Nadu and Karnataka for the captive consumption of its Dairy plants.**

- **Turnover in Q3FY18 was Rs 12.60 mn.**

Q3FY18 Financial Results - Standalone

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2017

(Rs. In lakhs)

Sl. No	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2017 (Unaudited)	30.09.2017 (Unaudited)	31.12.2016 (Unaudited)	31.12.2017 (Unaudited)	31.12.2016 (Unaudited)	31.03.2017 (Unaudited)
1	**Revenue:**						
	a. Revenue from operations	57,152.33	60,800.73	45,010.63	178,890.22	135,663.98	183,383.94
	b. Revenue from transaction with discontinued operations	-	-	970.97	-	2,632.27	3,759.63
	c. Other income	117.83	151.03	59.04	406.01	194.77	360.68
	d. Fair value gain on FVTPL equity securities	-	21,027.15	-	34,620.16	-	24,681.01
	e. Fair value gain on derivative liabilities	281.08	-	-	-	-	-
	Total income (a+b+c+d+e)	**57,551.24**	**81,978.91**	**46,040.64**	**213,916.39**	**138,491.02**	**212,185.26**
2	**Expenses:**						
	a. Cost of materials consumed	44,595.96	45,773.38	34,112.38	135,098.02	98,551.01	135,056.02
	b. Excise duty	-	-	15.02	33.26	64.69	87.23
	c. Purchases transactions with discontinued operations	-	-	1,079.02	-	2,861.75	3,913.54
	d. Purchases of stock-in-trade	2,016.66	2,200.09	208.08	11,022.19	722.26	3,053.10
	e. Changes in inventories of finished goods, stock-in-trade and work-in-progress	(1,693.85)	1,882.80	(29.80)	(1,726.81)	4,690.48	3,342.25
	f. Power and fuel	-	-	-	-	-	-
	f. Employee benefits expense	3,002.56	3,024.56	2,540.92	9,085.59	7,300.76	9,791.22
	g. Finance costs	450.28	378.23	227.63	1,208.90	592.82	963.24
	h. Depreciation and amortization expense	934.11	903.26	637.15	2,689.21	1,842.68	2,487.07
	i. Impairment losses	-	-	-	-	2.29	84.88
	j. Other expenses	5,589.18	5,676.68	4,329.78	17,092.35	12,715.54	17,220.48
	k. Loss due to changes in fair value of derivative liabilities	-	21,027.15	-	33,786.95	-	3,854.87
	l. Fair value loss on FVTPL equity securities	281.08	-	-	-	-	-
	Total expenses (2)	**55,175.98**	**80,866.15**	**43,120.18**	**208,289.66**	**129,344.28**	**179,853.90**
3	Profit before share of loss of an associate and exceptional items from continuing operations (1-2)	2,375.26	1,112.76	2,920.46	5,626.73	9,146.74	32,331.36
4	Share of loss of an associate						
	5. Profit/(loss) before tax and exceptional items from continuing operations (3-4)	2,375.26	1,112.76	2,920.46	5,626.73	9,146.74	32,331.36
	6. Exceptional Items	-	-	-	-	-	-
3	**Profit before tax (1-2)**	**2,375.26**	**1,112.76**	**2,920.46**	**5,626.73**	**9,146.74**	**32,331.36**
4	**Tax expense:**						
	a. Current tax	715.39	459.00	646.50	1,910.39	2,015.07	2,600.07
	b. Prior period tax	-	-	-	-	-	-
	b. Deferred tax expense/(benefit), net	158.25	(233.86)	118.44	(270.58)	260.16	473.66
5	**Profit for the period/year from continuing operations (3-4)**	**1,501.63**	**887.62**	**2,155.52**	**3,986.92**	**6,871.51**	**29,257.63**
6	**Discontinued operations:**						
	a. Loss before tax for the period/year from discontinued operations	-	-	(175.79)	-	(1,674.27)	(1,772.30)
	b. Tax income of discontinued operations	-	-	(2.48)	-	(9.27)	(17.57)
7	**Loss for the period/year after tax from discontinued operations (a-b)**	**-**	**-**	**(173.31)**	**-**	**(1,665.00)**	**(1,754.73)**
8	**Profit for the period/year (5+7)**	**1,501.63**	**887.62**	**1,982.21**	**3,986.92**	**5,206.51**	**27,502.90**
9	**Other comprehensive income, net of income tax:**						
	(a) Items that will not be reclassified to profit or loss						
	(i) Re-measurement gains on defined benefit plans	-	-	-	-	-	7.17
	Income tax effect	-	-	-	-	-	(2.48)
	(ii) Net (loss)/gain on FVTOCI equity securities	(48.72)	7,010.74	(0.25)	11,587.88	0.14	8,229.95
	Income tax effect	-	-	-	-	-	
	Total (a)	-	-	-	-	-	-
	(b) Items that will be reclassified to profit or loss	-	-	-	-	-	-
10	**Total Comprehensive Income for the period/year (8+9)**	**1,452.91**	**7,898.36**	**1,981.96**	**15,574.80**	**5,206.65**	**35,737.54**
	(Comprising profit and other comprehensive income for the period/year)						
11	Paid up Equity Share Capital (face value of Rs.5/-each)	2,319.90	2,319.90	2,319.90	2,319.90	2,319.90	2,319.90
12	Other equity	-	-	-	-	-	57,002.43
13	**Earnings per equity share("EPES") of Rs.5/- each for continuing operations**						
	(1) Basic (Not annualised) (in absolute Rs. terms)	3.24	1.91	4.65	8.59	14.81	63.06
	(2) Diluted (Not annualised) (in absolute Rs. terms)	3.24	1.91	4.65	8.59	14.81	63.06
14	**EPES of Rs.5/- each for discontinued operations**						
	(1) Basic (Not annualised) (in absolute Rs. terms)	-	-	(0.37)	-	(3.59)	(3.78)
	(2) Diluted (Not annualised) (in absolute Rs. terms)	-	-	(0.37)	-	(3.59)	(3.78)
15	**EPES of Rs.5/- each for discontinued and continuing operations**						
	(1) Basic (Not annualised) (in absolute Rs. terms)	3.24	1.91	4.27	8.59	11.22	59.28
	(2) Diluted (Not annualised) (in absolute Rs. terms)	3.24	1.91	4.27	8.59	11.22	59.28

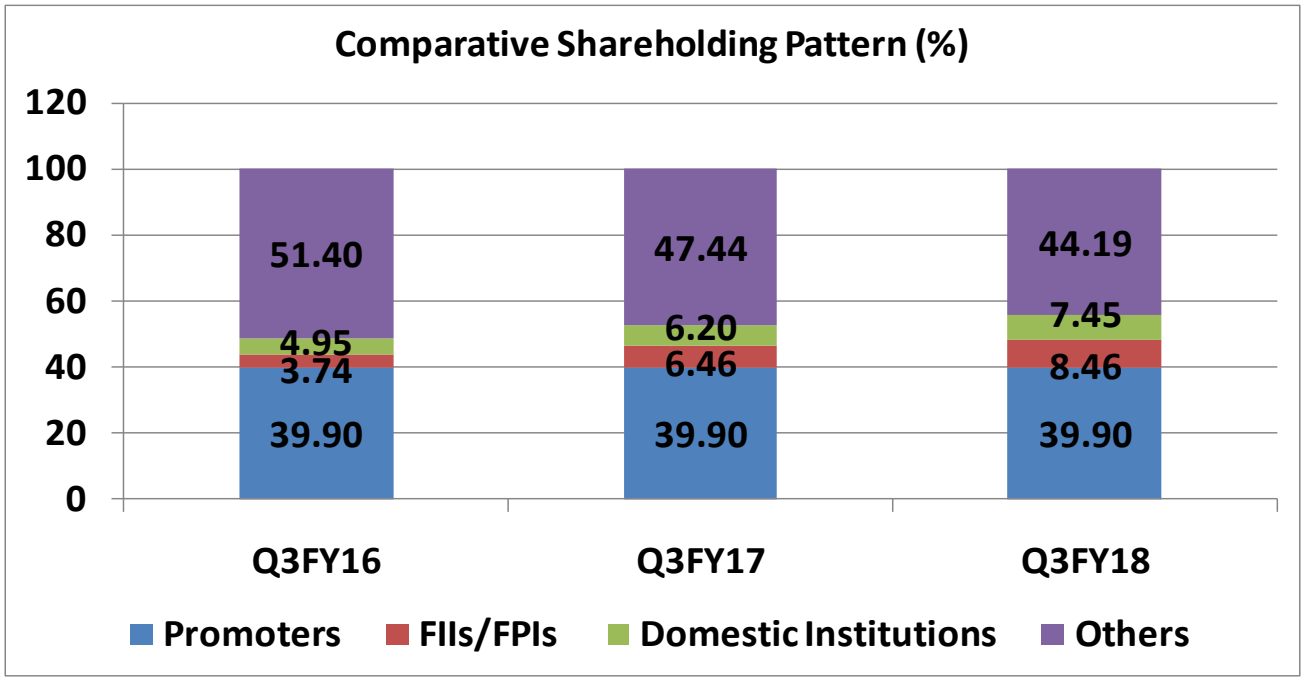
Q3FY18 Financial Results - Consolidated

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2017 (Rs in lakhs)

Sl. No	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2017 (Unaudited)	30.09.2017 (Unaudited)	31.12.2016 (Unaudited)	31.12.2017 (Unaudited)	31.12.2016 (Unaudited)	31.03.2017 (Unaudited)
1	**Revenue:**						
	a. Revenue from operations	57,893.20	61,608.35	45,605.52	181,179.24	137,499.63	185,699.12
	b. Revenue from transaction with discontinued operations	-	-	970.97	-	2,632.27	3,759.63
	c. Other income	111.87	172.91	71.80	434.51	237.17	416.40
	d. Fair value gain on FVTPL equity securities	-	21,027.15	-	34,620.16	-	24,681.01
	e. Fair value gain on derivative liabilities	281.08	-	-	-	-	-
	Total income (a+b+c+d+e)	**58,286.15**	**82,808.41**	**46,648.29**	**216,233.91**	**140,369.07**	**214,556.16**
2	**Expenses:**						
	a. Cost of materials consumed	45,429.52	46,690.97	34,112.44	137,698.34	98,553.93	135,127.29
	b. Excise duty	-	-	15.02	33.26	64.70	87.23
	c. Purchases transactions with discontinued operations	-	-	96.75	-	335.43	468.09
	d. Purchases of stock-in-trade	1,514.38	1,679.13	1,578.94	9,626.61	4,570.14	8,141.71
	e. Changes in inventories of finished goods, stock-in-trade and work-in-progress	(1,708.71)	1,967.66	(26.65)	(1,747.83)	4,682.97	3,302.35
	f. Employee benefits expense	3,104.51	3,130.34	2,586.31	9,388.68	7,438.80	9,973.26
	g. Finance costs	477.19	396.39	228.48	1,269.14	598.22	970.50
	h. Depreciation and amortization expense	955.02	924.48	639.22	2,750.81	1,848.34	2,497.16
	i. Impairment losses	-	-	-	-	2.29	348.99
	j. Other expenses	5,793.32	6,027.75	4,365.97	17,618.64	12,809.51	17,444.70
	k. Loss due to changes in fair value of derivative liabilities	-	21,027.15	-	33,786.95	-	3,854.87
	l. Fair value loss on FVTPL equity securities	281.08	-	-	-	-	-
	Total expenses (2)	**55,846.31**	**81,843.87**	**43,596.48**	**210,424.60**	**130,904.33**	**182,216.15**
3	**Profit before share of loss of an associate and a Joint venture from continuing operations (1-2)**	**2,439.84**	**964.54**	**3,051.81**	**5,809.31**	**9,464.74**	**32,340.01**
4	Share of loss of an associate and a joint venture	1.15	0.01	0.03	1.16	0.06	0.09
5	**Profit before tax (3-4)**	**2,438.69**	**964.53**	**3,051.78**	**5,808.15**	**9,464.68**	**32,339.92**
6	**Tax expense:**						
	a. Current tax	680.44	455.00	646.50	1,875.44	2,015.07	2,701.54
	b. Deferred tax expense/(benefit), net	86.77	(232.75)	117.80	(347.93)	257.97	544.02
7	**Profit for the period/year from continuing operations (5-6)**	**1,671.48**	**742.28**	**2,287.48**	**4,280.64**	**7,191.64**	**29,094.36**
8	**Discontinued operations:**						
	a. Profit/(loss) before tax for the period/year from discontinued operations	4.03	5.07	(218.08)	12.72	(1,763.76)	(1,416.26)
	b. Tax (income)/ expense of discontinued operations	-	5.72	(1.84)	5.72	(5.34)	(98.83)
9	**Profit/(loss) for the period/year after tax from discontinued operations (a-b)**	**4.03**	**(0.65)**	**(216.24)**	**7.00**	**(1,758.42)**	**(1,317.43)**
10	**Profit for the period/year (7+9)**	**1,675.51**	**741.63**	**2,071.24**	**4,287.64**	**5,433.22**	**27,776.93**
11	**Other comprehensive income, net of income tax:**						
	(a) Items that will not be reclassified to profit or loss						
	(i) Re-measurement gains on defined benefit plans	-	-	-	-	-	0.98
	Income tax effect	-	-	-	-	-	(0.34)
	(ii) Net (loss)/gain on FVTOCI equity securities	(48.72)	7,010.74	(0.25)	11,587.88	0.14	8,229.95
	Income tax effect	-	-	-	-	-	-
	(b) Items that will be reclassified to profit or loss	-	-	-	-	-	-
12	**Total comprehensive income for the period/year**	**1,626.79**	**7,752.37**	**2,070.99**	**15,875.52**	**5,433.36**	**36,007.52**
	(Comprising profit and other comprehensive income for the period/year) (10+11)						
13	**Profit for the period/year from continuing operation attributable to:**						
	- Owners of the parent	1,630.85	730.33	2,247.50	4,214.45	7,026.66	28,910.44
	- Non-controlling interest	40.63	11.95	39.98	66.18	164.98	183.92
14	**Profit for the period/year from discontinued operation attributable to:**						
	- Owners of the parent	-	-	(237.70)	-	(1,821.00)	(1,401.36)
	- Non-controlling interest	4.03	(0.65)	21.46	7.00	62.58	83.93
15	**Total Profit for the period/year attributable to:**						
	- Owners of the parent	1,630.85	730.33	2,009.80	4,214.45	5,205.66	27,509.08
	- Non-controlling interest	44.66	11.30	61.44	73.19	227.56	267.85
16	**Other comprehensive income/(expense) attributable to:**						
	- Owners of the parent	(48.72)	7,010.74	(0.25)	11,587.88	0.14	8,230.59
	- Non-controlling interest	-	-	-	-	-	-
17	**Total comprehensive income for the period/year attributable to:**						
	- Owners of the parent	1,582.13	7,741.07	2,009.55	15,802.33	5,205.80	35,739.68
	- Non-controlling interest	44.66	11.30	61.44	73.19	227.56	267.84
18	Paid-up Equity Share Capital (face value of Rs.5/-each)	2,319.90	2,319.90	2,319.90	2,319.90	2,319.90	2,319.90
19	Other equity (attributable to the owners of the parent)	-	-	-	-	-	56,724.79
20	**Earnings per equity share("EPES") of Rs.5/- each for continuing operations**						
	(1) Basic (Not annualised) (in absolute Rs. terms)	3.51	1.57	4.84	9.08	15.14	62.31
	(2) Diluted (Not annualised) (in absolute Rs. terms)	3.51	1.57	4.84	9.08	15.14	62.31
21	**EPES of Rs.5/- each for discontinued operations**						
	(1) Basic (Not annualised) (in absolute Rs. terms)	-	-	(0.51)	-	(3.92)	(3.02)
	(2) Diluted (Not annualised) (in absolute Rs. terms)	-	-	(0.51)	-	(3.92)	(3.02)
22	**EPES of Rs.5/- each for discontinued and continuing operations**						
	(1) Basic (Not annualised) (in absolute Rs. terms)	3.51	1.57	4.33	9.08	11.22	59.29
	(2) Diluted (Not annualised) (in absolute Rs. terms)	3.51	1.57	4.33	9.08	11.22	59.29

Q3FY18 Shareholding Pattern

As on December, 2017	shares held	% holding
Promoters	18,513,292	39.90
FPIs / FIIs	3,924,786	8.46
Domestic Institutions	3,456,441	7.45
Others	20,503,481	44.19
Total	**46,398,000**	**100**



Q3FY18 Dairy - Spread of Operations

Widest regional footprint in India among privately held dairy companies. Spread across 15 states:

Andhra Pradesh	Kerala	Gujarat
Telangana	Maharashtra	Punjab
Karnataka	Himachal Pradesh	Uttar Pradesh
Tamil Nadu	Rajasthan	Uttarakhand
Odisha	Haryana	NCR Delhi

Q3FY18 Distribution Network Structure

One Level

86 % sales

Sales Office → Agents/Retailer/Parlours → Consumer

Two Level

12 % sales

Sales Office → Distributors/Stockists → Agents/Retailers → Consumer

Three Level

2 % sales

Sales Office → SS/CFA → Distributors/Stockists → Agents/Retailers → Consumer

Range of Products

Way Forward

To look for additional capacities in procurement, processing and packing. Given mandate to E&Y.

To achieve a topline of Rs 6000 crore.

To improve revenue contribution from VAP to 40%.

To set up Yogurt plant during 2018.

To scout for newer VAPs.

To emerge as Pan India player.

Prime Movers

Areas of Strategic Focus

Growth in North India

- Milk collection gaining ground.
- Selective advertising on cards.

Maharashtra

- Milk procurement crossed one lakh liters per day.

Value Added Products

- Curd to remain a thurst area.
- Curd growing at 15.67% YoY.

Existing Markets

- Entering tier 2 and tier 3 towns.

Yogurt Plant

- Set up during 2018

Heritage

HEALTH AND HAPPINESS

Thank You