Ref: SECT: STOC: 26 – 13

31st May, 2013

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, 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.

This is for your information and record.

Thanking you,

Yours Faithfully,
For **HERITAGE FOODS (INDIA) LTD**

UMAKANTA BARIK
Company Secretary

Quarterly Update 4QFY13

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

	4QFY13	4QFY12	YOY %	FY13	FY12	YOY %
Liquid milk sales (llpd)	8.1	8.0	2%	8.2	7.9	4%
Liquid milk price real. (Rs/l)	30.5	29.2	5%	30.2	27.9	8%
Milk Procurement (llpd)	8.7	9.6	-10%	9.0	8.8	2%
Milk procurement price (Rs/l)	25.4	26.6	-5%	25.5	25.2	1%
Branded Value added Products sales (Rs mn)	471	382	23%	1806	1355	33%
No. of Parlours	**1176**	**1032**		**1176**	**1032**	

4QFY13 Key Highlights - Dairy

- 6% yoy growth in turnover to Rs3048mn
  - 2% yoy growth in Milk volume sales to 8.1LLPD (lakh litres per day)

- 23% yoy growth achieved in Branded Value Added Products sales
  - 43% yoy volume & 40% yoy value growth in Packaged Curd sales (accounts for approx. 66% of Branded Value added products sales)
  - Added new Ice Cream packs in Products Portfolio

- (10)% yoy de growth in milk procurement to 8.7 LLPD (lakh litres per day)

- EBITDA of Rs324mn (EBITDA margin of 10.6%) as against Rs183mn (EBITDA margin of 6.3%) in 4QFY12

- Opened 48 new Dairy Parlors and closed as many during 4QFY13. Total number of Parlors at 1176

FY2013 Key Highlights - Dairy

- 16% yoy growth in turnover to Rs12686mn
  - 4% yoy growth in Milk volume sales to 8.2LLPD (lakh litres per day)

- 33% yoy growth achieved in Branded Value Added Products sales
  - 49% yoy volume and 55% yoy value growth in Packaged Curd sales (accounts for approx. 64% of Branded Value added products sales)
  - Added new Ice Cream packs in Products Portfolio

- 1.6% yoy growth achieved in milk procurement to 8.9 LLPD (lakh litres per day)

- EBITDA of Rs1219mn (EBITDA margin of 9.6%) as against Rs724mn (EBITDA margin of 6.6%) in FY12

- Opened 213 new Dairy Parlors and closed 69 parlors during FY2013 taking the total number to 1176

Key Metrics Retail

Retail

Rs mn	4QFY13	4QFY12	YOY %	FY2013	FY2012	YOY %
No. of stores	67	73		67	73	
Total carpet area ('000 sq ft)	212	212	0%	212	217	-2%
Effective Carpet Area (sq ft)	208	212	-2%	205	200	2%
Avg store sales (Rs/ sq ft/month)	**1146**	**961**	**19%**	**1101**	**1040**	**6%**
Heritage Fresh Stores	715	611	17%	2708	2503	8%
Institutional, General Trade & Others	98	70	41%	350	329	6%
Other Operating Income	81	66	22%	222	172	29%
Total Revenue	**894**	**748**	**20%**	**3280**	**3004**	**9%**
Total Gross Profit	**182**	**157**	**16%**	**650**	**585**	**11%**
Gross margin (%)	**20.4%**	**21.0%**		**19.8%**	**19.5%**	
Gross margin Heritage Fresh (%)	**23.0%**	**22.4%**		**21.7%**	**20.5%**	
EBITDA at store level (Rs mn)	**67**	**38**	**75%**	**180**	**118**	**53%**
EBITDA margin (%)	7.5%	5.1%		5.5%	3.9%	
Regional & Corporate Overheads	95	70		353	296	
EBITDA (Rs mn)	**(28)**	**(32)**		**(173)**	**(178)**	

4QFY13 Key Highlights - Retail

- SSS(considering 65 comparable stores) stood at 16.6%.
- 19% yoy Productivity Growth delivered is the highest ever
- Average Bill Value (ABV) increased by 15.1% yoy to Rs234 (Rs203 in 4QFY12) for comparable stores
- No. of Bills (NOB) increased by 1.5% yoy to 3.1mn (3.0mn in 4QFY12) for comparable stores
- Store Gross margin improved strongly by 60 bps to 23%
- Store fixed cost was at Rs168/sq. ft. /month, similar to 4QFY12
- Store level EBITDA improved by 75% to Rs67mn (Rs38mn in 4QFY12)
- Regional & Corporate Overheads higher by Rs 42 /sq ft/month partly on account of (1) One time expenditure of Rs2.1mn (2) Loading of Rs12mn of expense for the first time on account of statute or management discretion (due to nascent stage of business these expenses were not loaded earlier)
- Store opening/closing : 1 new store opened during the quarter

Trend of key operational & financial metrics

Rs mn	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
No of store	15	70	75	75	75	73	67
Total carpet area ('000 sq ft)	42	149	159	158	166	217	212
effective carpet area ('000 sq ft)	8	90	158	158	160	200	205
Avg stores sales (Rs/sq ft/month)	**731**	**943**	**974**	**968**	**1113**	**1040**	**1101**
YOY %		**29%**	**3%**	**-1%**	**15%**	**-7%**	**6%**
Heritage Fresh Stores	67	1012	1849	1836	2145	2503	2708
Instituional, General Trade & Others		59	215	155	146	329	350
Other Operating Income		17	30	77	129	172	222
Total Revenue	**67**	**1089**	**2093**	**2068**	**2420**	**3004**	**3280**
Growth (%)		**1527%**	**92%**	**-1%**	**17%**	**24%**	**9%**
Total Gross Profit		**185**	**286**	**330**	**462**	**585**	**650**
Gross Margin (%)		**17.0%**	**13.6%**	**15.9%**	**19.1%**	**19.5%**	**19.9%**
Gross Margin Heritage Fresh (%)					**19.3%**	**20.5%**	**21.7%**
EBITDA at store level (Rs mn)		**(77)**	**(97)**	**(24)**	**90**	**118**	**180**
EBITDA margin (%)					3.7%	3.9%	5.5%
Regional & Corporate Overheads		369	371	251	261	287	353
EBITDA (Rs mn)		**(446)**	**(468)**	**(275)**	**(171)**	**(169)**	**(173)**

FY2013 Key Highlights - Retail

- SSS (considering 58 comparable stores) stood at 12.6% in FY2013.
- NOBs have de grown by 3% and ABV is increased by 15.6%
- 6% productivity growth in FY2013 on account of 22000 sq ft (approx. 10% of total area) addition at first floor level in 6 stores. Productivity tends to be lower on first floor. The growth was lower in some cases of store size enhancements
- Store Gross margin improved strongly by 78 bps to 21.7% and overall gross margin up by 33 bps
- Store fixed cost remained at Rs172/sq ft about the same level as in FY12
- Store level EBIDTA increased by 52% to Rs180mn from Rs118mn largely due to sale and margin improvement
- Regional and Corporate overheads increased by Rs20/sq ft mainly on account of (1) One time expenditure of Rs17mn (2) Loading of Rs33mn of expense for the first time on account of statute or management discretion (due to nascent stage of business these expenses were not loaded earlier)
- 8 stores were closed during the year, 2 new stores of larger size were opened last year

Financial Results

Particulars	STANDALONE					CONSOLIDATED				
	Quarter Ended			Year Ended		Quarter Ended			Year Ended	
	31.03.2013 (Unaudited)	31.12.2012 (Unaudited)	31.03.2012 (Unaudited)	31.03.2013 Audited	31.03.2012 Audited	31.03.2013 (Unaudited)	31.12.2012 (Unaudited)	31.03.2012 (Unaudited)	31.03.2013 Audited	31.03.2012 Audited
1. Income from operations										
a) Net Sales / Income from Operations (Net of excise duty)	38720.07	38748.17	35952.46	158030.01	137685.10	38720.07	38748.17	35952.46	158030.01	137685.10
(b) Other Operating Income	724.09	371.74	611.68	2151.28	1655.47	724.09	371.74	611.68	2151.28	1655.47
Total income from operations	39444.16	39119.91	36564.14	160181.29	139340.57	39444.16	39119.91	36564.14	160181.29	139340.57
2. Expenses										
(a) Cost of materials consumed	22611.21	23705.60	25349.47	93973.45	93735.69	22611.21	23705.60	25349.47	93973.45	93735.69
(b) Purchase of stock-in-trade	7247.62	6143.16	6059.84	26274.64	22932.32	7247.62	6143.16	6059.84	26274.64	22932.32
(c) Changes in inventories of finished goods,work-in-progress and stock-in-trade	(5.00)	(138.74)	(2035.65)	3441.50	(4761.96)	(5.00)	(138.74)	(2035.65)	3441.50	(4761.96)
(d) Employees benefits expense	2503.58	2188.97	1574.88	8718.25	6916.28	2503.58	2188.97	1574.88	8718.25	6916.28
(e) Depreciation and amortisation expense	561.18	584.40	536.74	2202.03	2118.65	561.18	584.40	536.74	2202.03	2118.65
(f) Other expenses	4384.73	4540.88	4152.91	17664.49	15385.37	4385.79	4540.88	4166.95	17665.55	15400.23
Total expenses	37303.32	37024.27	35638.21	152274.36	136326.35	37304.37	37024.28	35652.24	152275.42	136341.22
3. Profit / (Loss) from operations before other income, finance costs & exceptional items (1-2)	2140.84	2095.63	925.93	7906.93	3014.22	2139.79	2095.63	911.90	7905.87	2999.35
4. Other Income	223.37	63.61	119.21	419.95	320.73	223.37	63.61	119.21	419.95	320.73
5. Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	2364.21	2159.25	1045.15	8326.88	3334.94	2363.15	2159.24	1031.11	8325.82	3320.08
6. Finance costs	344.06	343.51	550.16	1670.20	1977.28	344.06	343.51	550.16	1670.20	1977.28
7. Profit /(Loss) from ordinary activities after finance costs and before exceptional items (5+6)	2020.15	1815.73	494.99	6656.68	1357.67	2019.10	1815.73	480.95	6655.62	1342.80
8. Exceptional Items	---	---	---	---	---	---	---	---	---	---
9. Profit / (Loss) from ordinary activities before tax (7-8)	2020.15	1815.73	494.99	6656.68	1357.67	2019.10	1815.73	480.95	6655.62	1342.80
10. Tax expense										
Current Tax (MAT)	408.39	362.93	105.94	1334.09	290.00	408.39	362.93	105.94	1334.09	290.00
Prior period tax	0.00	(1.19)	(0.08)	(44.39)	(0.80)	0.00	(1.19)	(0.08)	(44.39)	(0.80)
Deferred Tax Charge / (Credit)	124.14	5.31	82.73	137.76	135.04	124.14	5.31	82.73	137.76	135.04
11.Net Profit/ (Loss) from ordinary activities after tax (9 -10)	1487.62	1448.68	306.40	5229.21	933.42	1486.57	1448.67	292.37	5228.16	918.56
12.Extraordinary Items (net of tax expense of Rs. 58.29 lakhs)	(0.00)	233.05	---	233.05	---	0.00	233.05	---	233.05	---
13.Net Profit/(Loss) for the period (11-12)	1487.62	1215.63	306.40	4996.16	933.42	1486.57	1215.63	292.37	4995.11	918.56
14.Share of profit / (loss) of associates	---	---	---	---	---	(0.06)	(0.06)	(0.25)	(0.25)	(0.25)
15. Minority interest	---	---	---	---	---	(0.13)	0.00	(0.76)	(0.13)	(0.92)
16. Net Profit/ (Loss) after taxes, minority interest and share of profit / (loss) of associates (13+14-15)	---	---	---	---	---	1486.63	1215.56	292.87	4994.98	919.22
17. Paid-up equity share capital	1159.95	1152.95	1152.95	1159.95	1152.95	1159.95	1152.95	1152.95	1159.95	1152.95
Face value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
18. Reserves excluding revaluation reserves as per Balance Sheet of previous Accounting year	----	----	----	13028.66	8159.63	----	----	----	13006.45	8124.12
19. Earnings per share (Rs.)										
a)EPS before Extraordinary items for the period, for the year to date and for the previous year (not annualized) :										
i. Basic	12.84	12.56	2.66	45.81	8.10	12.84	10.54	2.54	45.80	7.97
ii. Diluted	12.84	12.56	2.66	45.81	8.10	12.84	10.54	2.54	45.80	7.97
b)EPS after Extraordinary items for the period, for the year to date and for the previous year (not annualized):										
i. Basic	12.84	10.54	2.66	43.28	8.10	12.84	10.54	2.54	43.27	7.97
ii. Diluted	12.84	10.54	2.66	43.28	8.10	12.84	10.54	2.54	43.27	7.97
20.Particulars of shareholding										
Public shareholding										
- Number of shares	6956827	7004427	6259253	6956827	6259253	6956827	7004427	6259253	6956827	6259253
- Percentage of shareholding	59.98	60.75	54.29	59.98	54.29	59.98	60.75	54.29	59.98	54.29

Financial Results-Segmental

SEGMENT REPORTING FOR THE QUARTER AND YEAR ENDED MARCH 31, 2013										
Particulars	STANDALONE					CONSOLIDATED				
	Quarter Ended			Year Ended		Quarter Ended			Year Ended	
	31.03.2013	31.12.2012	31.03.2012	**31.03.2013**	31.03.2012	**31.03.2013**	31.12.2012	31.03.2012	**31.03.2013**	31.03.2012
	(Unaudited)	(Unaudited)	(Unaudited)	**(Audited)**	(Audited)	**(Unaudited)**	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
1. Segment Revenue										
a. Dairy	**30481.62**	31329.33	28788.40	**126862.15**	109397.20	**30481.62**	31329.33	28788.40	**126862.15**	109397.20
b. Retail	**8847.47**	7691.72	7704.16	**32657.46**	29901.03	**8847.47**	7691.72	7704.16	**32657.46**	29901.03
c. Agri	**912.21**	946.11	805.57	**3993.67**	3258.35	**912.21**	946.11	805.57	**3993.67**	3258.35
d. Bakery	**105.72**	116.87	69.17	**405.62**	315.22	**105.72**	116.87	69.17	**405.62**	315.22
e. HFRL	-	-	-	-	-	-	-	-	-	-
f. Power SPV	-	-	-	-	-	-	-	-	-	-
g. Heritage Conpro Ltd	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue	**40347.01**	40084.03	**37367.29**	**163918.90**	142871.80	**40347.01**	40084.03	37367.29	**163918.90**	142871.80
Less: Inter Segment Revenue	**902.85**	964.12	**803.15**	**3737.61**	3531.23	**902.85**	964.12	803.15	**3737.61**	3531.23
Net Sales / Income from Operations	**39444.16**	39119.91	**36564.14**	**160181.29**	139340.57	**39444.16**	39119.91	36564.14	**160181.29**	139340.57
2. Segment Results										
(Profit (+) / (Loss) (-) before finance costs and tax)										
a. Dairy	**2906.50**	2951.04	1552.02	**10927.45**	6073.18	**2906.50**	2951.04	1552.02	**10927.45**	6073.18
b. Retail	**(404.62)**	(669.62)	(416.24)	**(2194.51)**	(2305.24)	**(404.62)**	(669.62)	(416.24)	**(2194.51)**	(2305.24)
c. Agri	**(89.65)**	(84.42)	(63.97)	**(254.77)**	(306.19)	**(89.65)**	(84.42)	(63.97)	**(254.77)**	(306.19)
d. Bakery	**(48.02)**	(37.75)	(26.65)	**(153.16)**	(128.69)	**(48.02)**	(37.75)	(26.65)	**(153.16)**	(128.69)
e. HFRL	----	----	----	----	----	**(0.53)**	0.00	(0.38)	**(0.53)**	(0.66)
f. Power SPV	----	----	----	----	----	**0.00**	0.00	(6.29)	**0.00**	(6.53)
g. Heritage Conpro Ltd	----	----	----	----	----	**(0.53)**	0.00	(0.38)	**(0.53)**	(0.69)
Total Segment Results	**2364.21**	2159.25	1045.15	**8325.02**	3333.06	**2363.15**	2159.25	1038.10	**8323.96**	3325.18
Less: I. finance costs	**344.06**	343.51	550.16	**1670.20**	1977.28	**344.06**	343.51	550.16	**1670.20**	1977.28
ii. Other un-allocable expenses net off	----	----	----	----	----	----	----	6.98	**0.00**	6.98
Add: iii. Other un-allocable income	**0.00**	0.00	0.00	**1.86**	1.88	**0.00**	0.00	0.00	**1.86**	1.88
Total Profit before Tax	**2020.15**	1815.73	494.99	**6656.68**	1357.67	**2019.10**	1815.73	480.95	**6655.62**	1342.80
3. Capital Employed										
(Segment Assets - Segment Liabilities)										
a. Dairy	**14837.28**	11533.05	14202.59	**14837.28**	14202.59	**14837.28**	11533.05	14202.59	**14837.28**	14202.59
b. Retail	**5851.02**	5871.52	6071.70	**5851.02**	6071.70	**5851.02**	5871.52	6071.70	**5851.02**	6071.70
c. Agri	**3404.07**	3507.75	3671.62	**3404.07**	3671.62	**3404.07**	3507.75	3671.62	**3404.07**	3671.62
d. Bakery	**1124.35**	1135.10	1166.17	**1124.35**	1166.17	**1124.35**	1135.10	1166.17	**1124.35**	1166.17
e. HFRL	----	----	----	----	----	**(0.42)**	(0.07)	(0.34)	**(0.42)**	(0.34)
f. Power SPV	----	----	----	----	----	----	----	23.11	----	23.11
g. Heritage Conpro Ltd	----	----	----	----	----	**(0.42)**	(0.07)	(0.34)	**(0.42)**	(0.34)
h. Unallocated	**396.73**	422.65	379.87	**396.73**	379.87	**396.73**	422.65	379.87	**396.73**	379.87
Total	**25613.46**	22470.08	25491.95	**25613.46**	25491.95	**25612.62**	22469.94	25514.39	**25612.62**	25514.39

Current Share Holding Pattern

As on 31 March2013

Particulars	mn shares	% holding
Promoters	4.6	40%
FIIs	0.2	2%
Domestic Institutions	2.5	22%
Others	4.2	37%
Total	**11.5**	

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	TamilNadu	Karnatakata	Maharastra	Kerala	Orrisa	Delhi	Gujarat	Total
Procurement of Milk LPD	664474	90543	7506	103998	0	0	0	0	866520
No. of Chilling Plants	94	9	0	4	0	0	0	0	107
Chilling Capacity LPD	1107000	201000	50000	62000	0	0	0	0	1420000
No. of processing and Packing Plants	10	1	1	1	0	0	0	0	13
Packing Capacity LPD	1000000	50000	150000	50000	0	0	0	0	1250000
Liquid Milk Sales LPD	443400	192300	109600	36160	11500	6500	8750	0	808210

*LPD: Liters per day

Distribution Network Structure

One Level

87% sales

Sales Office → Agents/Retailer/Parlours → Consumer

Two Level

11% sales

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

Three Level

2% sales

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

- No of Sales offices 24
- No of Distributors/Agents - 4250
- No of outlets - 85,000
- No of Households serviced on daily basis: 10,00,000
- 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

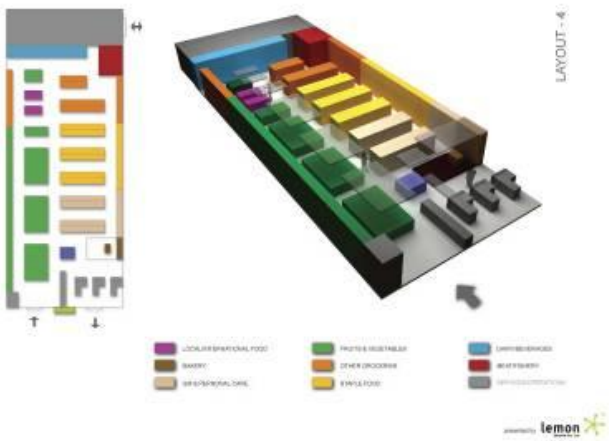
Dairy Whitener

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



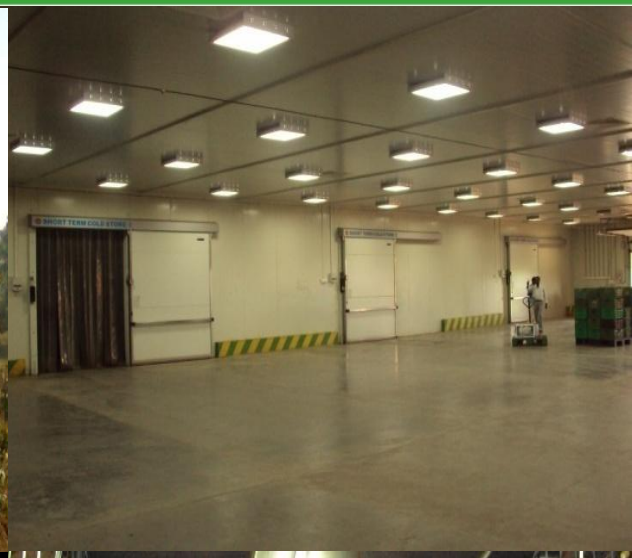
All Stores are in prime retail/residential locations and are on the ground flood with an average frontage of 40ft

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	1809	1678	3487
2	Retail	1843	265	2108
3	Agri	82	78	160
4	Bakery	43	50	93
	Grand Total	3777	2071	5848

Thank You

Bring Home Health & Happiness