



# The Promise of Health and Happiness

Quality From Farm To Table

Corporate Presentation

December 2024



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*“At Heritage, we are committed to sustainable growth by integrating Environmental, Social, and Governance (ESG) principles into our operations. We strive to create value for consumers while promoting a responsible future for both people and the planet.”*

**Mr. A V Girija Kumar, Chairperson**

# Heritage: Delivering across the Dairy Value Chain

Operating as a large FMCG company



## Winning Model

- ❑ Deep relation with 300,000+ farmers, built on immutable principles.
- ❑ Unique, federated supply chain model that gives a strong advantage of 'freshness'.
- ❑ Top brand in Southern metro cities, on brand recall and loyalty\*
- ❑ Strong professional leadership that thrive in this 'Great Place to work'.

\*Brand Health Track – internal study



## Operational Excellence

**3 Decades of Operations**

**2.4 MLPD** Chilling capacity

**2.78 MLPD**  
Processing Capacity

**18 Plants closer to the consumer**

**10 Mn consumers** serviced daily

\*As on 1H F25



## Business Metrics

**15% 3 years Revenue CAGR**  
(FY21-FY24)

**25.12% Gross margin**

**8.63% EBITDA Margin**

**0.16x Net Debt/Equity**

**16.2% ROCE**

\*As on 1H F25



## Balanced Full Stack Portfolio

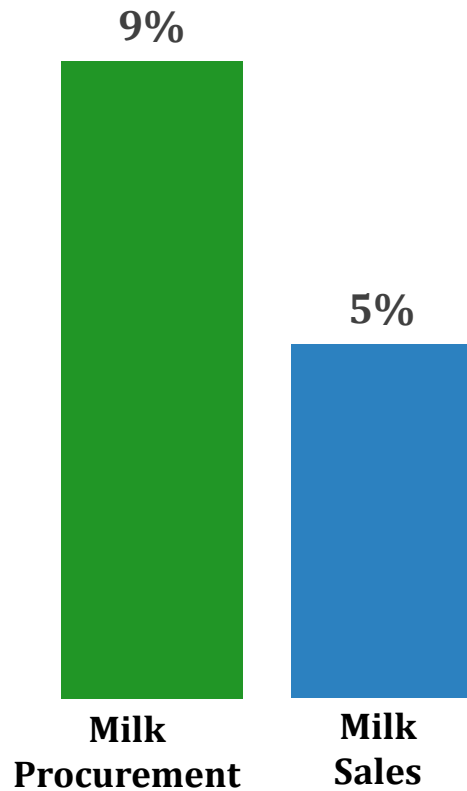


# Strong Volume Led Growth

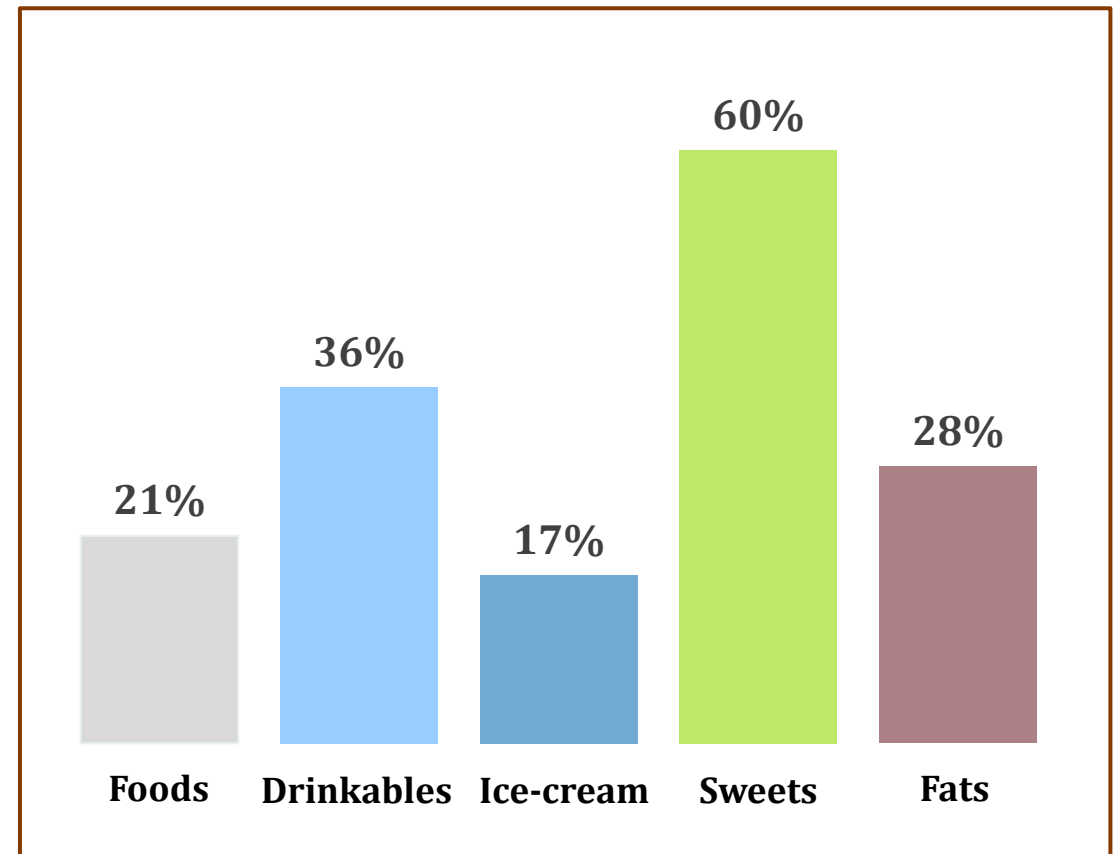
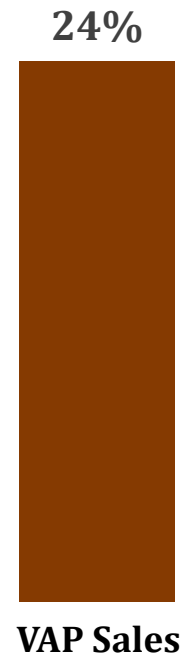


## 3 Year CAGR (FY21-FY24)

### Proven Expertise in Scaling Milk Procurement to Match Sales Growth



### Driving balanced growth across portfolio, ahead of competition





# From Dairy to Your Door: The Journey of Milk



## Milk Procurement



**300,000+**

Farmers across 12 states

**1.6 Mn Litres**

Procurement per day

**Zero**

Milk Holiday

## Chilling Centers



**199**

Chilling Centres/Bulk Coolers

**2.4 MLPD**

Chilling Capacity

## Processing Plant



**18**

State of the art Processing Plants

**Digitally Enabled**

## Pasteurization



Excess fat separated and converted to fat products

## Distribution Centers



**2000+**

Vehicles

**6900+**

Distributors

**180,000**

Retail Outlets

# A balanced portfolio that works in every season



## March-May



**Drinkables, Curd and Ice-creams lead the sales**

## Jun-Aug



**Milk and paneer sales boom with 'return to school'**

## Sep-Feb

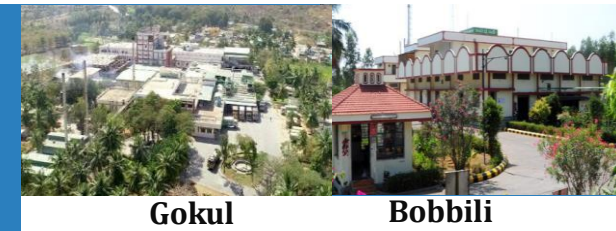
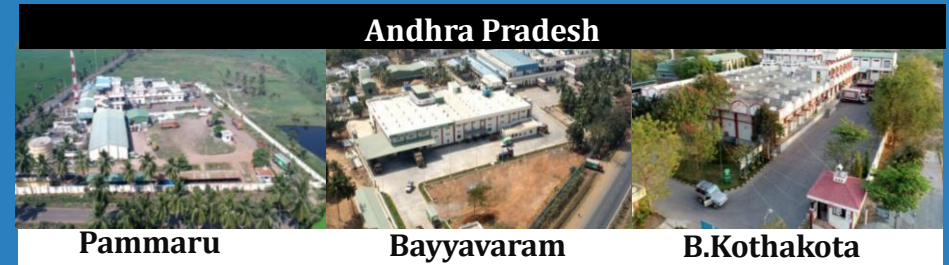
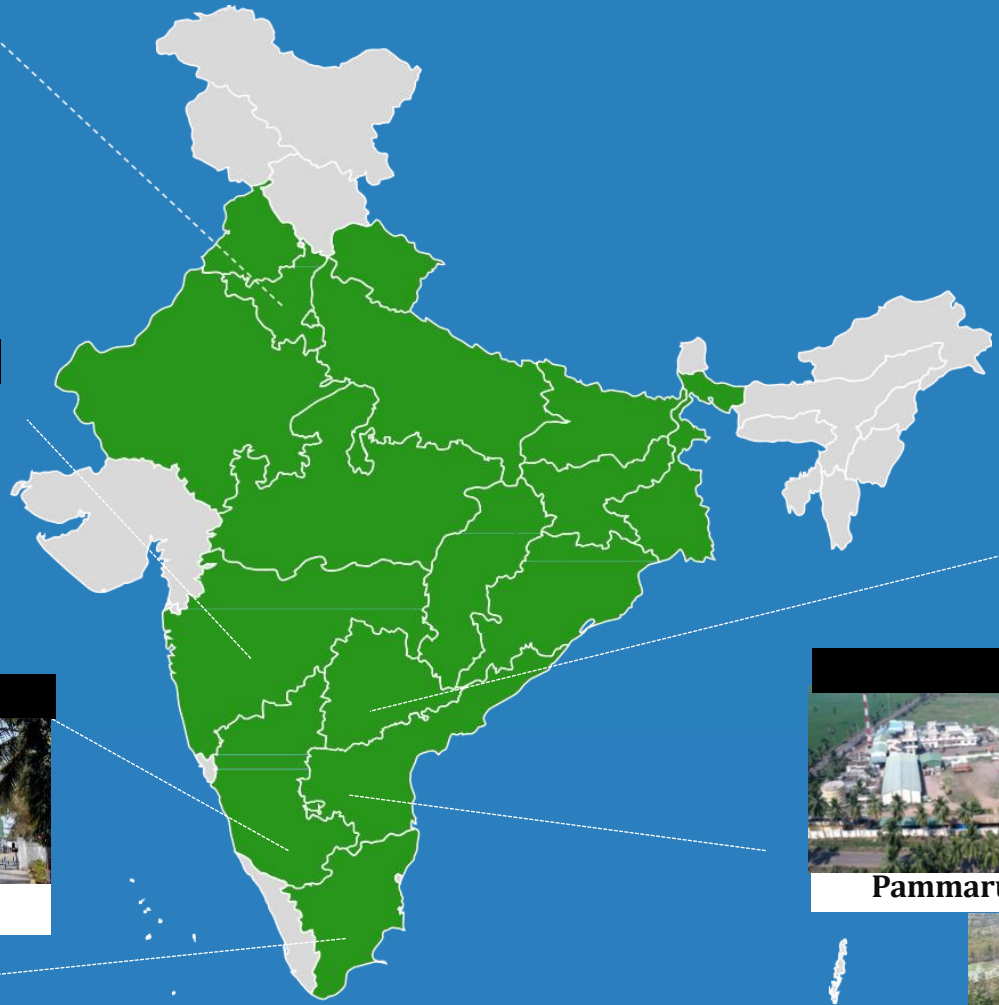


**Festive and winter period when Ghee, butter and Sweets sales lead**

# Geographical Footprint

## INDICATORS

-  Milk and Milk Products Sales - 17 States
-  Milk Procurement - 9 States







*“At Heritage, we drive sustainable shareholder value through innovation, operational efficiency, and environmental stewardship, ensuring long-term growth, market leadership, and prosperity for all stakeholders.”*

**Mrs. Nara Bhuvaneshwari**  
**Vice-Chairperson & Managing Director**

# Business Model Built on Multiple USPs

Federated Supply Chain

Strong relationship with farmers

Multiple fit-for-purpose Route to Market

Strong relationship with all major customers

Quality focus and operational excellence

R&D and Marketing Capabilities

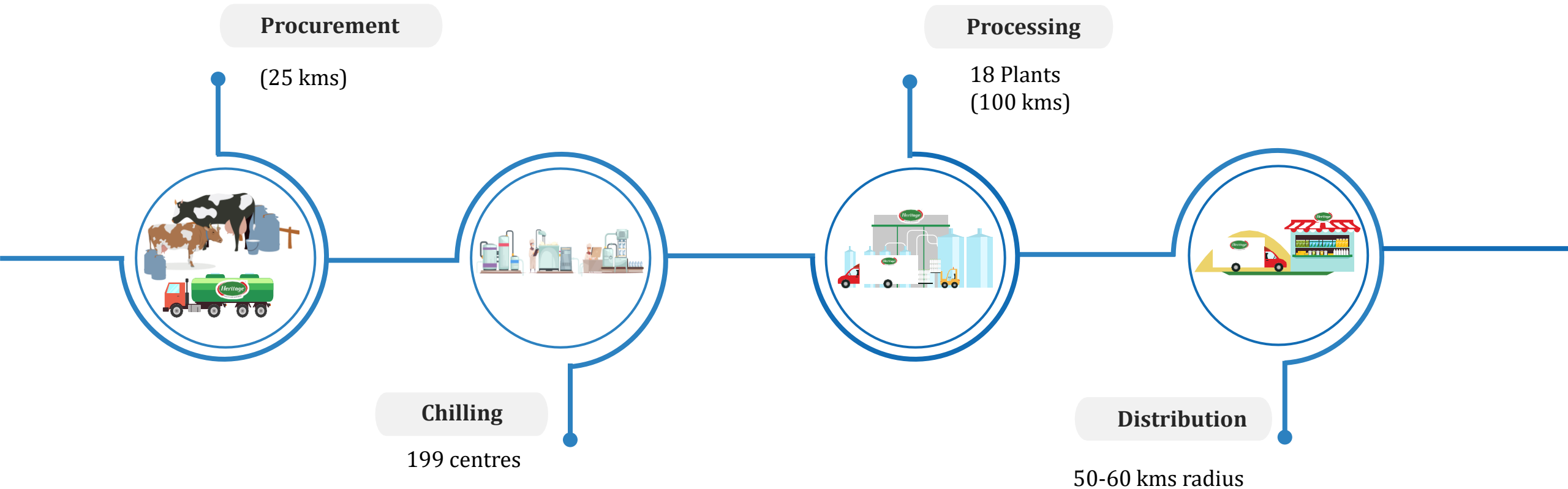
Building a High Margin Product Portfolio

Strategic Working Capital Management



# Federated Supply Chain

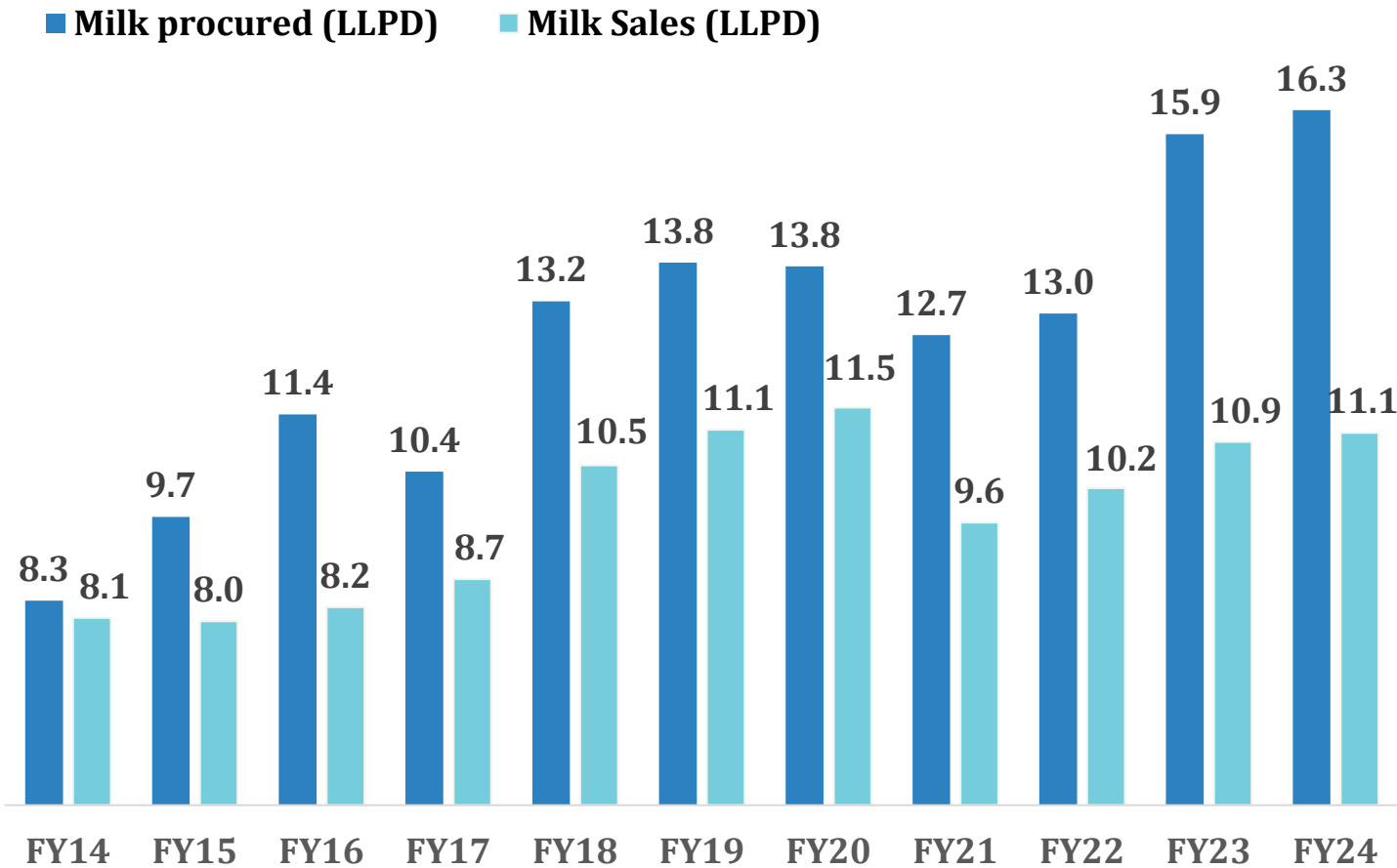
Operating as a large FMCG company



This reduces distance traveled by milk and maintains freshness

# Strong relationship with farmers

*Milk Procurement: Preferred Buyer*



- Transparency and accurate measurement
- Fair pricing based on measurement of solids (fat and SNF) delivered
- Faster and guaranteed cashflow to farmers - Thrice a month payment
- No Milk holiday in last 1000+ cycles



# Integrated Distribution Network

75% of pin codes in 17 states



**0.18 mn**  
Retail Outlets  
*(Retail Trade)*

**16**

E Commerce Websites  
*(Retail Trade)*

**859**

Heritage  
Parlors  
*(Owned Network)*

**BUILD CHANNEL  
AGNOSTICITY**

**342**

Happiness points  
*(Owned Network)*

**6900+**  
Distributors  
*(Retail Trade)*



❑ Happiness points revenue increased from 0% in FY21 to 5-6% in FY24.

❑ WhatsApp commerce has also been launched servicing ~500 neighbourhood households

# Building Strong Bonds Through Collaborative Business Planning

## Brick and Mortar



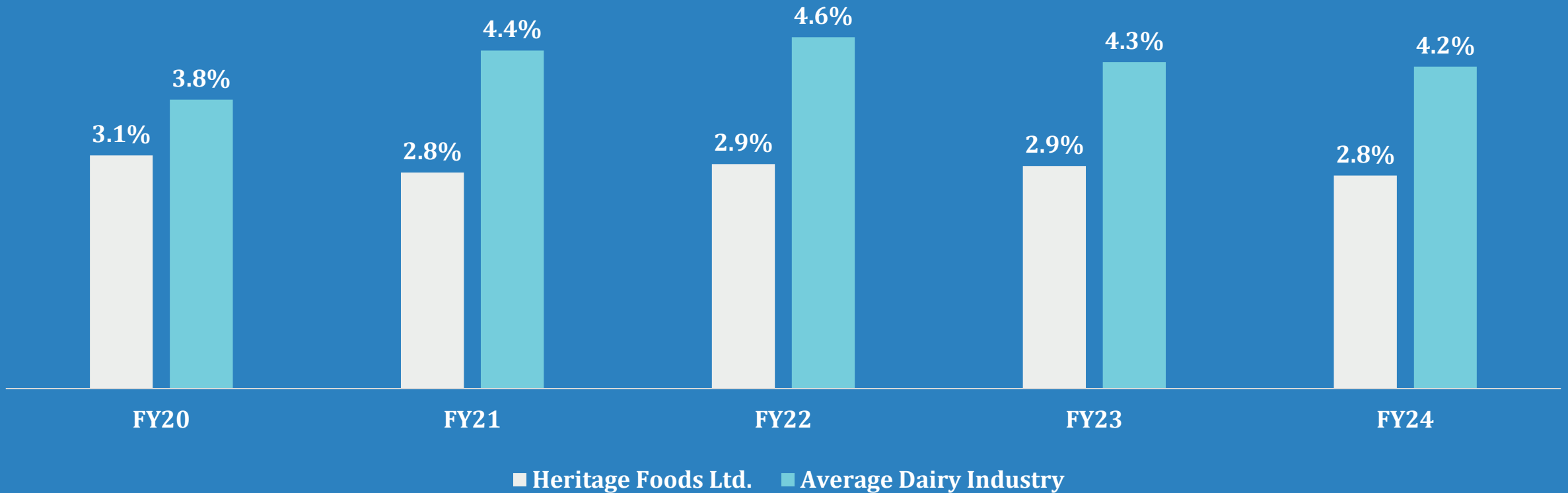
## Ecommerce



- ❑ Annual Strategic Business Planning with Channel Partners
- ❑ Fostering Long-Term Partnerships and Unmatched Customer Loyalty

# Focused on Logistics Efficiencies

Freight spends as a % of Revenue



*Management aims to reduce operational costs by ~1% by FY26 via operational efficiencies, lower freight and other costs*



# R&D and Marketing Capabilities

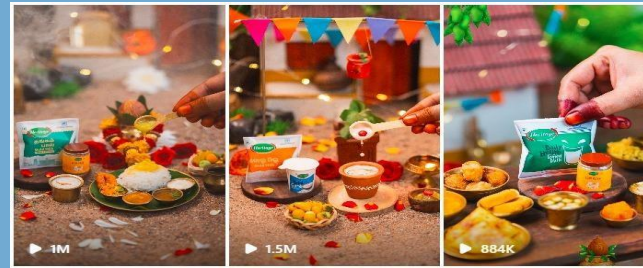


## New Product



## Campaigns

### Festive Digital campaign



### Promotional offers



### WB, Bihar and Jharkhand expansion



## Awards

- ❖ Gold for the “New Product Launch – FMCG”
- ❖ Silver for “Best use of Integrated Marketing - FMGC”
- ❖ Silver for “Best Branded Content – FMCG”
- ❖ Bronze for “Best use of Digital Marketing/Social Media”
- ❖ Bronze for “Best use of Omni Channel Marketing”
- ❖ Bronze Medal” at the “6th CII-FACE Kaizen Competition on Food Safety & Quality 2024

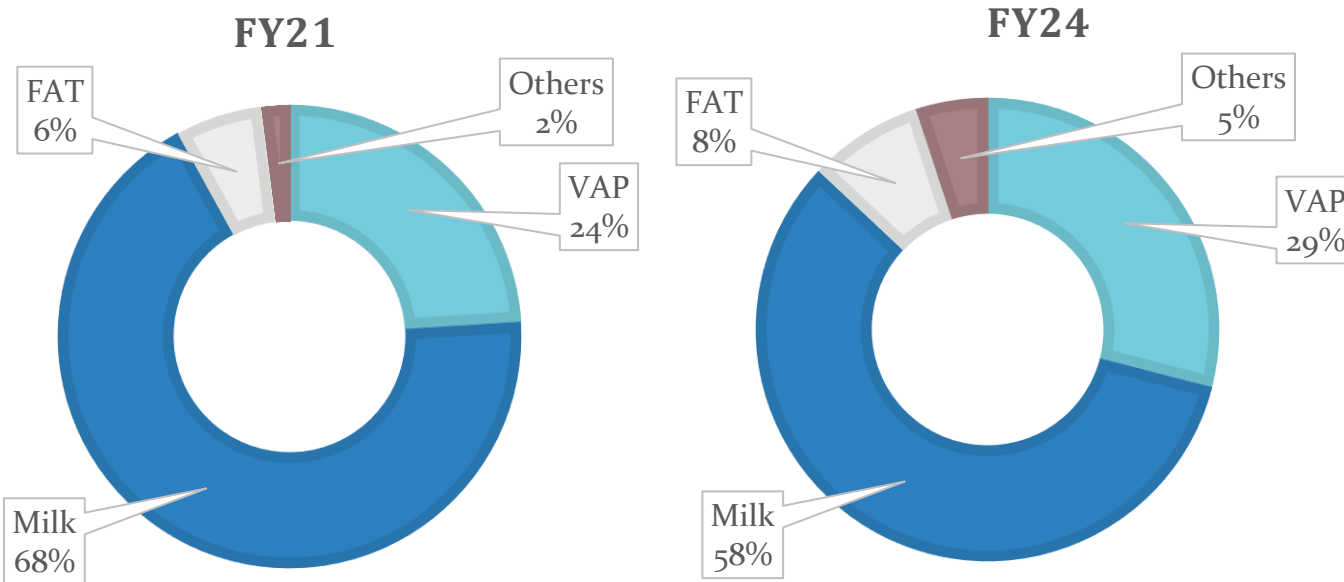




# Building a High Margin Product Portfolio

*Strongly Growing VAP Portfolio*

## Product Mix



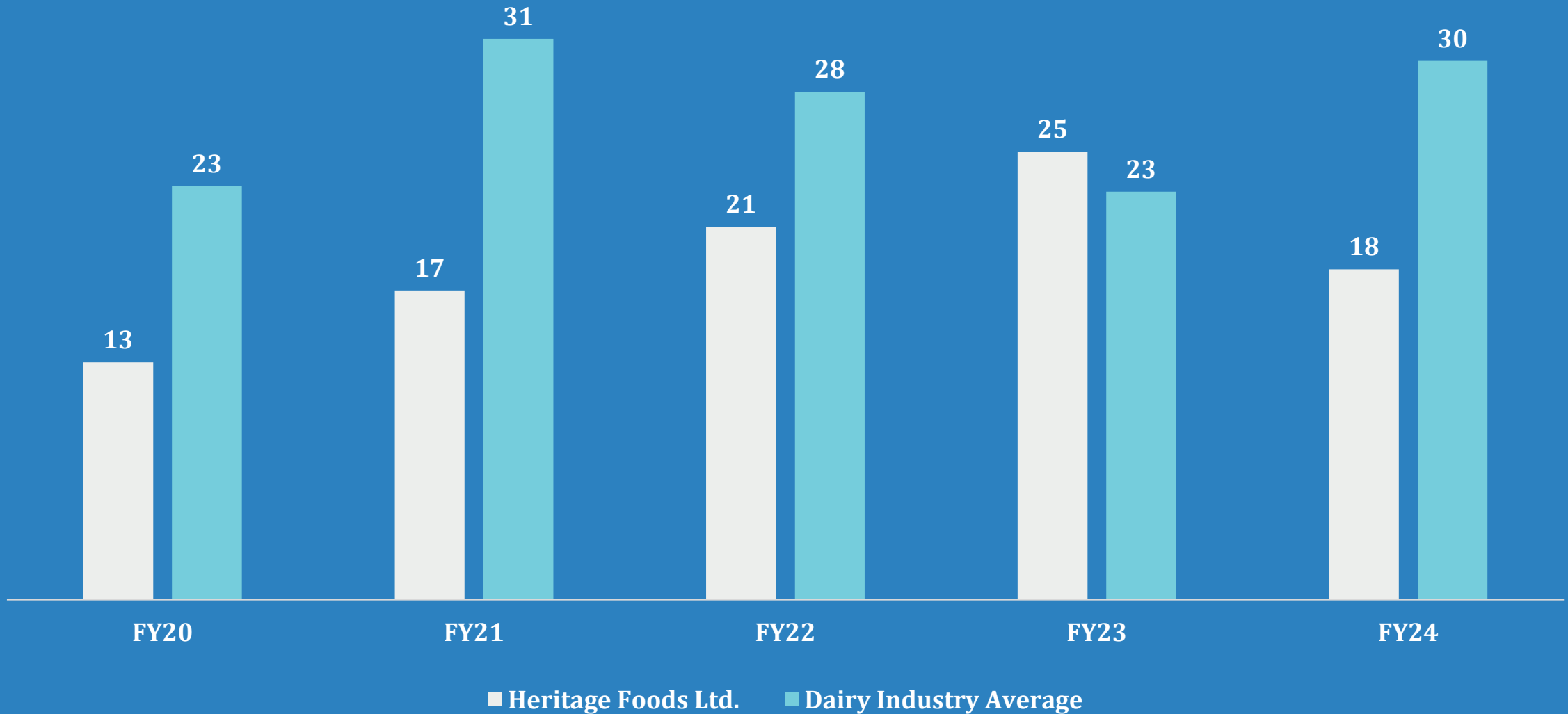
- ❑ Changing Dietary Preference of Indian Consumer
- ❑ Higher inclination towards branded, healthier and nutritious alternatives
- ❑ Organised market share of Curd, Paneer and Ghee continue to be lower than 20%

- ❑ Our strong R&D capability that enables us to offer a wide array of delicious and highly nutritious value-added portfolio.
- ❑ VAP products have higher shelf life, better margins and offer market differentiation

# Strategic Working Capital Management

*Significant Reduction over last one year*

## Working Capital Days



# Diversified and Growing Product Portfolio



TOTAL SKU's: 418



*“We create value by staying flexible, introducing innovative products, and expanding into high-growth markets to meet consumer needs and drive sustainable growth.”*

**Mrs . Nara Brahmani**  
**Executive Director**



# Clear Strategic Priorities to Drive Future Growth



**Synergy in  
Leadership**



**Margin  
Expansion**

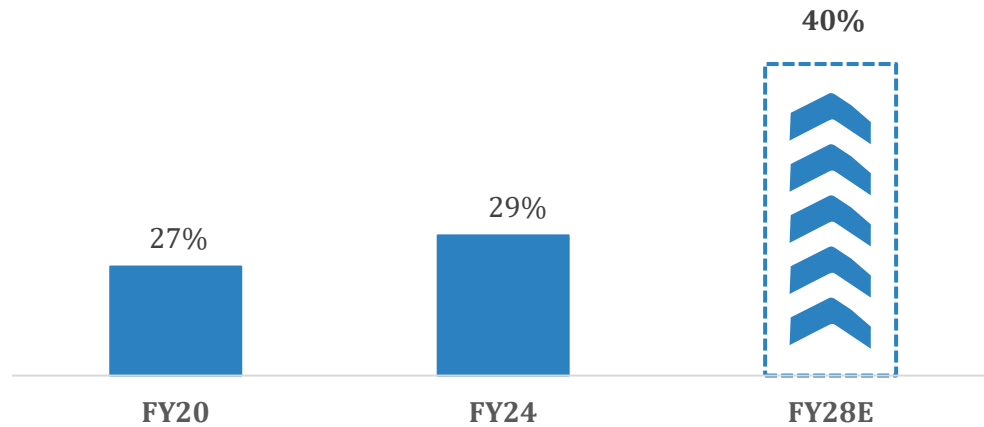


**Highly Tech  
Enabled**

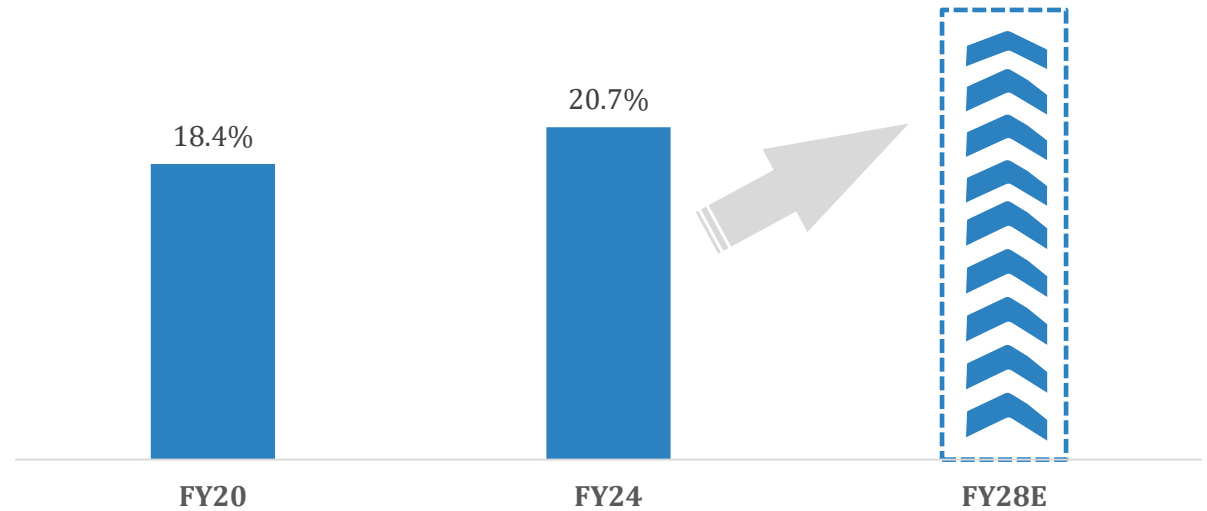
# VAP portfolio to Improve Margins



## Higher Contribution of VAP to Revenue



## Higher Projected Gross Margins



### Factors Driving VAP growth:

- ✓ **Urbanisation**
- ✓ **Unorganised to Organised shift in the sector**
- ✓ **Higher disposable income**

### Industry Growth potential (By Category):

Category	Organised Market Share	CAGR ( next 7 years)
ICE CREAM	40%	18-20%
CURD	14%	21-23%
PANEER	4%	14-16%
GHEE	18-19%	9-12%

# Digitally Enabled Operations

1



Customer Live Application helps streamline sales and costs attributable while creating a responsible and accountable support environment at Heritage DIGIT Centres

2

DMS

Distributor Management System helps streamlining the primary and secondary sales process from Agent level up to the counter sales level in an authentic manner

3



Heritage VET+ is a one-stop solution for milch animal management. It provides virtual primary veterinary care, nutrition and best practices in dairy management



*“We prioritize the highest standards of quality in every product we produce, ensuring that our consumers receive only the best, fresh, and nutritious dairy options.”*

**Dr. M. Sambasiva Rao**  
**President**

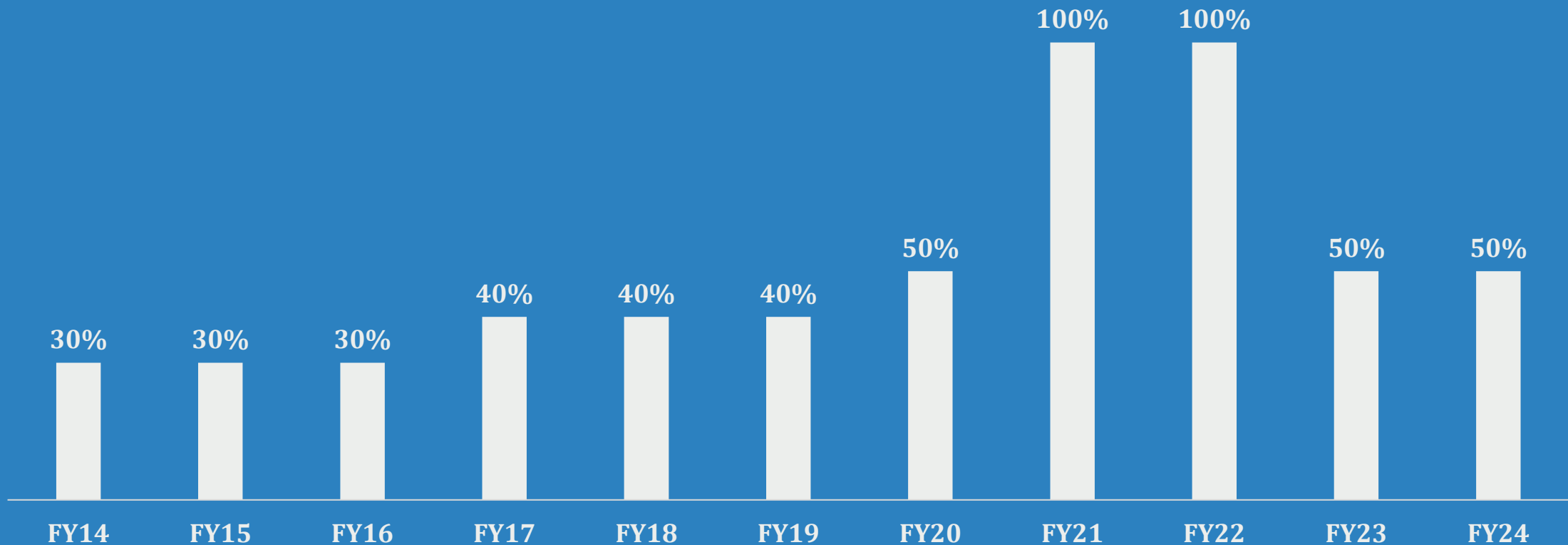


# Focussed on Shareholder Value Creation

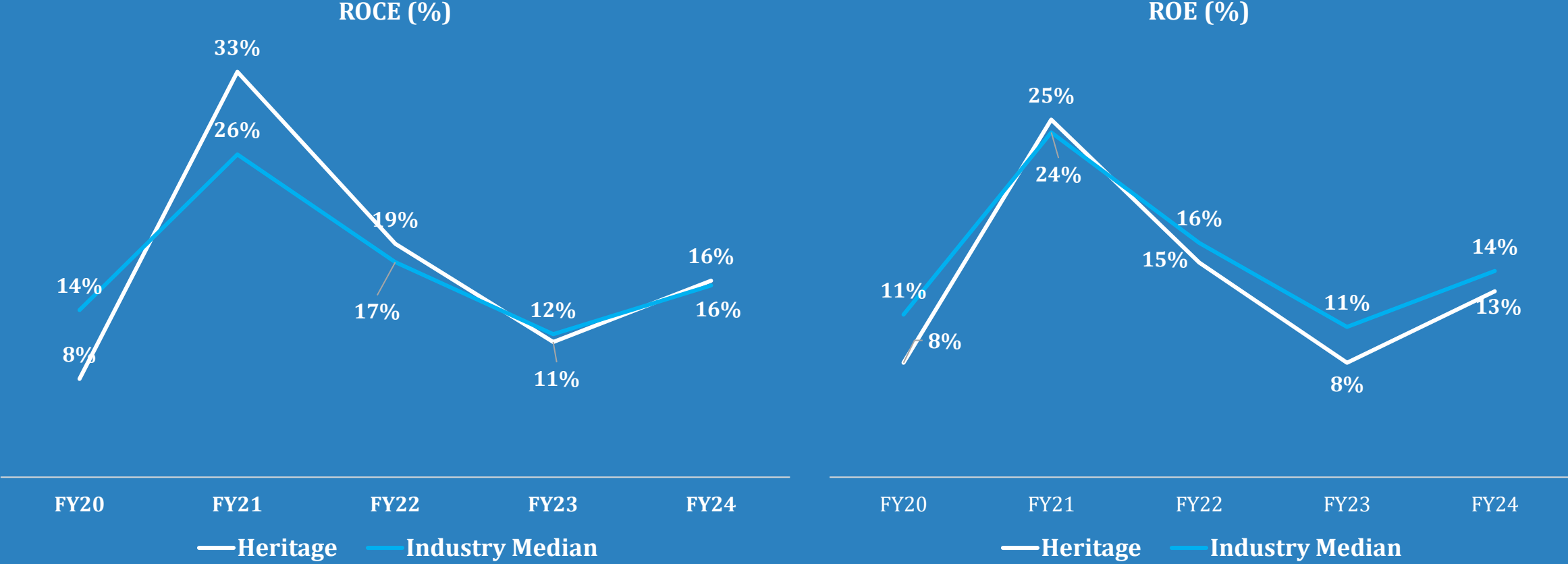
*Consistently Paying Dividend*

The company maintained its commitment to shareholders by continuing to pay dividends, even during the challenging COVID year.

## PERCENTAGE OF DIVIDEND OF FACE VALUE



# ROCE and ROE in line with Industry median



*Growth in sales Volumes and growing share of value-added portfolio to drive superior profitability*

# Heritage: Built on Trust



**Ryan Fernando**  
One of India's most loved nutritionist

## PROBLEM

70% of the immune system is linked to the GUT. When the GUT is imbalanced it affects Digestion, Skin, Mood and Immunity

## APPROACH

Probiotics are the good bacteria that help restore the balance and when fibrous food is added these bacteria grow and keep your GUT healthy

## SOLUTIONS

- While curd and yogurt have Probiotics, buttermilk is another great source
- Buttermilk, a natural probiotic, is packed with good bacteria that support digestion, reduce bloating, and enhance nutrient absorption

## RECOMMENDATION

- A healthy gut is the foundation of overall well-being.
- It not only aids digestion but also boosts immunity, supports mental clarity, and helps in detoxifying the body

## TESTIMONIAL

Heritage A-one Probiotic Buttermilk that has more Probiotics than home made options to support Digestion and balance



# Heritage: A Strong Brand Legacy built on Trust





*"At Heritage, we transcend the identity of a dairy company, embodying the essence of a progressive FMCG brand. Rooted in tradition yet driven by innovation, we craft products that enrich lives, inspire trust, and uphold uncompromising quality."*

**Srideep Kesavan**  
**CEO**



# Unlocking Convenience with a Dynamic FMCG-Inspired Range



Heritage Foods Limited



Heritage Nutrivet Limited (Wholly owned Subsidiary)



Heritage Novandie Foods Pvt Ltd (JV)

# Strong Growth Outlook



	FY24	Aspiration
<b>Milk Procurement</b>	<b>1.5 MLPD</b>	<b>FY26: 2 MLPD</b>
<b>Value-Added Product Portfolio</b>	<b>32% Of Revenue mix</b>	<b>40% of Revenue mix (next 3-4 years)</b>
<b>Geographical Expansion</b>	<b>17 states</b>	<b>Continuous expansion using E-commerce and Retail outlets</b>
<b>Farmer Empowerment and Capacity Building</b>	<b>300,000+</b>	<b>FY26 ~1,500 villages to be added</b>
<b>Operational Efficiency</b>	<b>EBITDA margin: 8%</b>	<b>Sustained EBITDA margins</b>

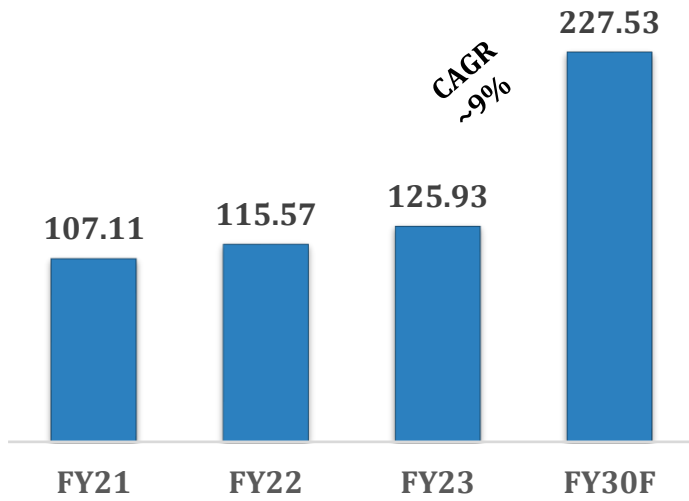
# APPENDIX



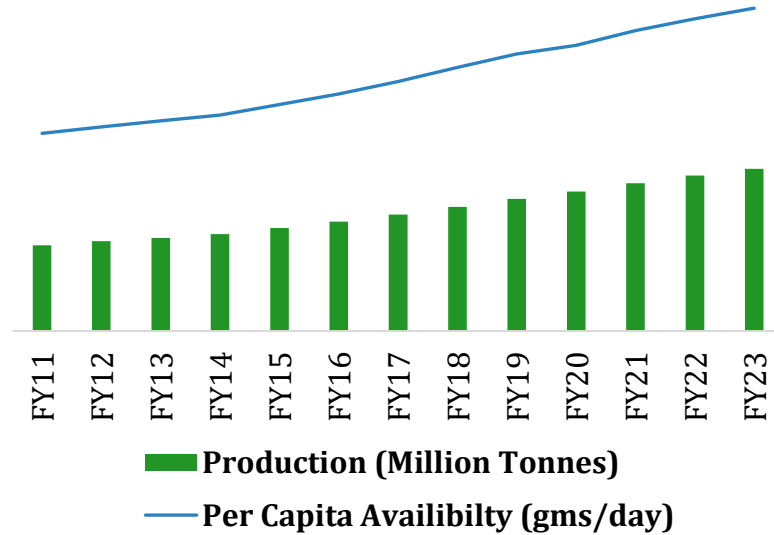
# India's Dairy Industry: Poised for Significant Growth



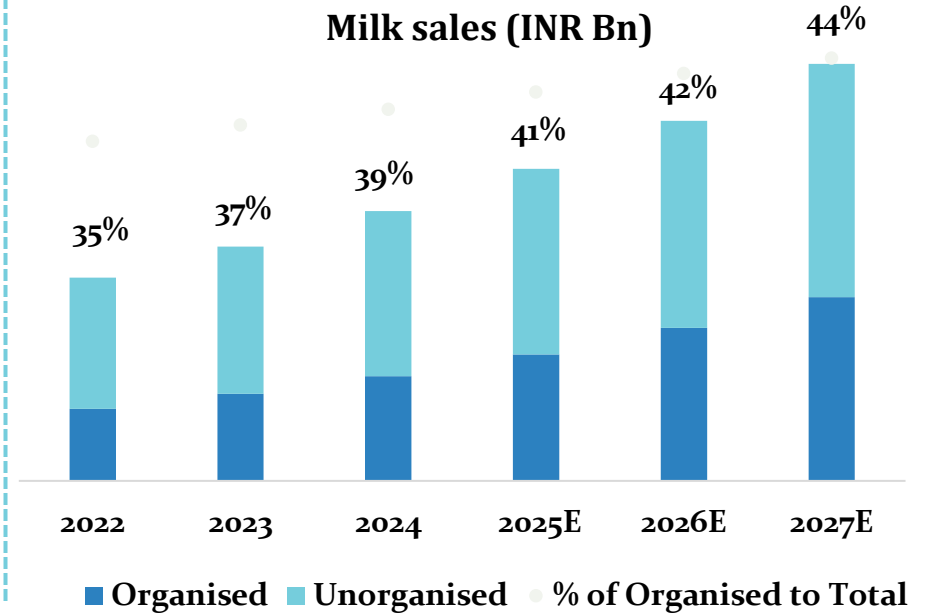
Indian Dairy market size (in Bn dollars)



Steady growth in milk production and per capita availability



Unorganized to Organised shift  
Milk sales (INR Bn)



- ❖ India the largest milk producer by contributing 23% of global milk production
- ❖ Huge availability of milk in the country boosts the production of value-added and processed products.
- ❖ Government impetus - National Action Plan for Dairy Development (NAPD), National Programme for Dairy Development (NPDD), Interest Subvention on Working Capital Loans for Dairy Sector.

- ❖ ~40% of milk sales are handled by the organized sector, while 60% is managed by the unorganized sector.
- ❖ In contrast, developed nations process around 90% of surplus milk through the organized sector.

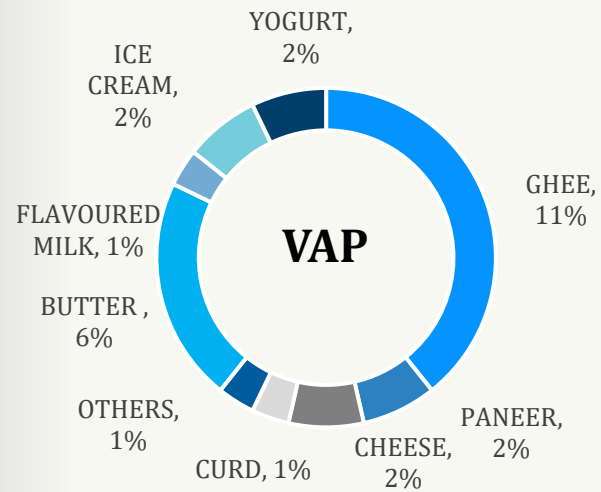
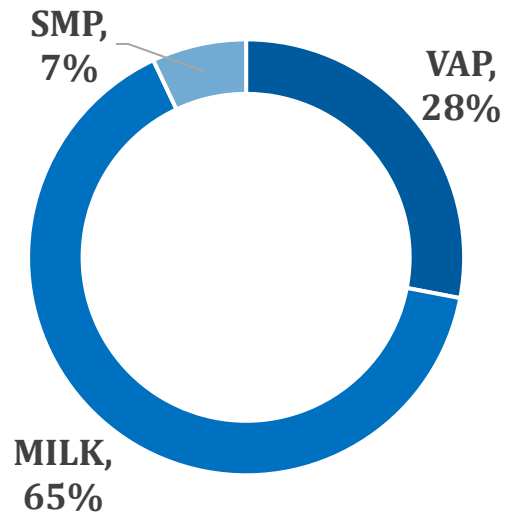


# Shifting Towards VAP: Unlocking New Growth Opportunities

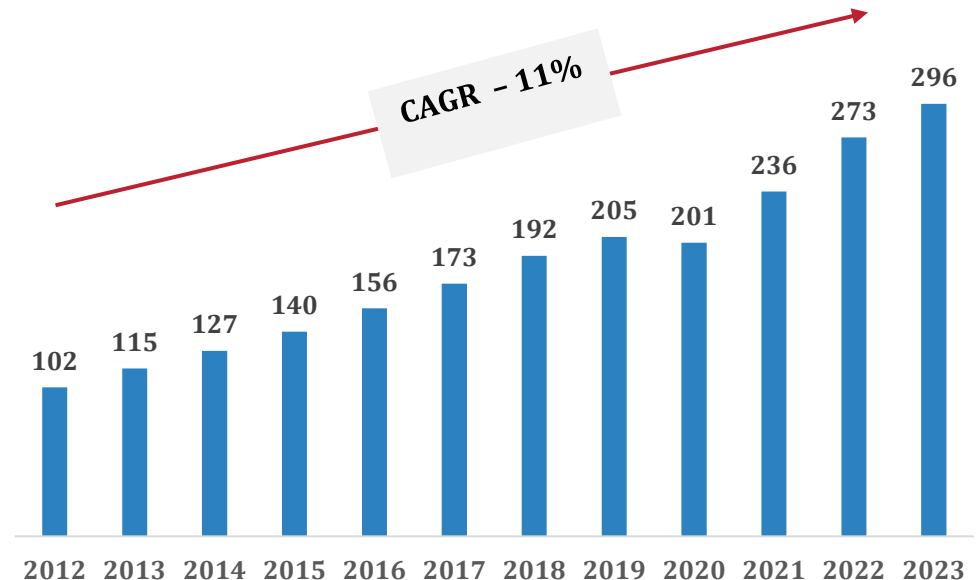


Says Mohit Makhija, Senior Director, CRISIL Ratings, “Amidst modest growth of 2-4% in realisation, the dairy industry’s revenues are seen rising on healthy 9-11% growth in volumes. VAP segment - 40% contributor to the industry revenues - will be the primary driver, fueled by rising income levels and consumer transition towards branded products. Rising sales of VAP and liquid milk in the hotels, restaurants and cafes (HORECA) segment will also support the revenue growth.”

## Product contribution to organised Dairy sector Revenue



## Disposable Personal Income in India (INR Mn)





# Experienced Leadership Team with Proven Expertise



**Dr. Sambasiva Rao**  
*President*

Dr. Rao, holding a Post Graduate and Doctorate in Zoology, has nearly two decades of experience in the Indian Administrative Services (IAS), including serving as Joint Secretary in the Ministry of Commerce and Industry. He now applies his expertise in governance and commerce to drive growth at Heritage Foods.



**Mr. Srideep Kesavan,**  
*CEO*

An MBA from XLRI and a B.Tech from CET, he brings 27 years of leadership experience in Sales, Marketing, P&L, and General Management across Beverages, Food, and Agribusiness. With a background at Coca-Cola, he leverages his expertise to drive growth and innovation at Heritage Foods.



**CA A. Prabhakara  
Naidu** *CFO*

A Fellow Member of the Institute of Chartered Accountants of India, he graduated with a university rank in Science from Sri Venkateswara University. With 36 years of experience in finance and accounts, he has been an integral part of Heritage Foods since its inception, contributing significantly to its growth and financial management.



**Mr. J Samba Murty,**  
*COO*

He holds an MBA in Marketing and a Bachelor's in Science. As the COO of Heritage Foods since 2007, he brings extensive experience in Sales & Marketing. He has previously held leadership roles at APDDCF Limited, Visakha Dairy, NDDB, and Reliance, with a strong focus on the dairy and agribusiness sectors.



**Mr. Umakanta Barik,**  
*Company Secretary*

He holds a Master's in Economics, LLB, FCS, and LIII. A Fellow Member of the Institute of Company Secretaries of India, New Delhi, and a Licentiate from the Insurance Institute of India, Mumbai, he has over 24 years of experience in Secretarial, Legal, Insurance, and Intellectual Property Rights domains.

# Board of Directors



## **Mr. Angara Venkata Girija Kumar**

### ***Chairperson, Non-Executive Independent Director***

Commerce Graduate, MBA, AIII and a Member of Financial Services Institutions Bureau under the Ministry of Finance, Govt. of India. Former Chairman and Managing Director of Oriental Insurance Co. Ltd and held various positions in insurance sectors in India and outside India, also served as Independent Director in conglomerates, having more than forty years of experience



## **Mrs. Aparna Surabhi**

### ***Non-Executive Independent Women Director***

A Fellow Member of the Institute of Chartered Accountants of India, with a Bachelor of Commerce and a Bachelor of Law from Bombay University. Practicing as a Chartered Accountant since 1991, with over 25 years of experience in audits and consulting for start-ups. Currently serving as CFO & CHRO at Caliber Technologies Private Limited



## **Mr. M P Vijay Kumar**

### ***Non-Executive Independent Director***

He is a Fellow Member of ICAI, ICMA, and ICSI, with over 30 years of experience. He is a Member of the IFRS Interpretation Committee and IFRS Advisory Council. Formerly, he served as a Council Member of ICAI (2016-2022), Chairman of the Accounting Standards Board, and Ex. Officio Member of NFRA. Awarded Business World CFO of the Year 2021 and recognized among India's 100 most influential CFOs by CIMA



## **Mr. Rakesh Thakur Ahuja**

### ***Non-Executive Independent Director***

A graduate in Production Engineering from Pune University and an alum of the prestigious Owner President Management Program at Harvard University. In 1993, he founded Silver Line Wire Products, pioneering the manufacturing of high-quality plastic-coated wire products for household use



## **Mrs. Bhuvaneshwari Nara**

### ***Vice Chairperson/Managing Director***

A Bachelor of Arts with extensive business experience, she has been a dynamic leader at Heritage Foods since 1994. Her visionary leadership has been instrumental in driving the company's growth and success in the dairy industry. She oversees and directs the overall operations, ensuring the continued innovation and excellence



## **Mrs. Brahmani Nara**

### ***Executive Director***

A graduate in Electrical Engineering (B.Sc.) from Santa Clara University, California, with an MBA from Stanford University, and a degree in Communication Engineering from Chaitanya Bharathi Institute of Technology, Hyderabad. She has been a valuable member of Heritage Foods since 2013, bringing a blend of technical expertise and strategic business acumen to drive innovation and growth in the dairy industry

# Historical Consolidated Income Statement



Particulars (INR Mn)	FY20	FY21	FY22	FY23	FY24
<b>Operating Income</b>	<b>27,259</b>	<b>24,731</b>	<b>26,813</b>	<b>32,407</b>	<b>37,939</b>
Expenses	25,974	22,062	24,906	31,024	35,844
<b>EBITDA</b>	<b>1,284</b>	<b>2,669</b>	<b>1,907</b>	<b>1,383</b>	<b>2,095</b>
<b>EBITDA Margins (%)</b>	<b>4.71%</b>	<b>10.79%</b>	<b>7.11%</b>	<b>4.27%</b>	<b>5.52%</b>
Depreciation	501	462	522	561	608
Finance Cost	226	192	40	39	91
Fair Value Loss on FVTPL Securities	5,116	48	-	-	-
Other Income	89	80	113	121	120
Gain due to changes in fair value of derivative liabilities	2,945	-	-	-	-
Share of Profit/(Loss) of an associate & Joint Venture	(9)	(22)	(60)	(85)	(65)
Exceptional Items	-	-	-91	-	-
<b>PBT from continuing operations</b>	<b>(1,534)</b>	<b>2,025</b>	<b>1,307</b>	<b>817</b>	<b>1,451</b>
Tax	153	535	342	238	385
PAT from continuing operations	(1,687)	1,490	965	580	1,065
Profit/(Loss) from discontinued operations	(7)	(7)	(4)	0	-
<b>Profit After Tax</b>	<b>(1,694)</b>	<b>1,483</b>	<b>961</b>	<b>580</b>	<b>1,065</b>
PAT Margins (%)	(6.21)%	6.00%	3.58%	1.79%	2.81%
Other Comprehensive Income	(1,712)	(21)	(1)	(3)	(11)
Total Comprehensive Income	(3,406)	1,462	960	578	1,065
<b>EPS Diluted (INR)*</b>	<b>(18.51)</b>	<b>16.21</b>	<b>10.55</b>	<b>6.33</b>	<b>11.48</b>

\*EPS adjusted due to rights issue

# Historical Consolidated Balance Sheet



Particulars (INR Mn)	FY22	FY23	FY24
<b>Equity And Liability</b>			
Equity Share Capital	232	464	464
Reserve and Surplus	6,344	6,795	7,618
Shareholders Fund	6,576	7,259	8,082
Minority Interest	0	0	0
<b>Total Equity</b>	<b>6,576</b>	<b>7,259</b>	<b>8,082</b>
Non-Current Liabilities			
Long-term Borrowings	127	332	1,095
Deferred tax liabilities (net)	239	247	261
Other long term liabilities and provisions	259	266	302
<b>Total non-current liabilities</b>	<b>624</b>	<b>846</b>	<b>1,659</b>
Current Liabilities			
Short-term Borrowings	66	1,348	226
Trade payables	519	770	1,450
Short Term Provisions	83	90	108
Other current liabilities	1,158	938	1,287
<b>Total current liabilities</b>	<b>1,826</b>	<b>3,146</b>	<b>3,071</b>
<b>Total Equity and Liability</b>	<b>9,026</b>	<b>11,250</b>	<b>12,811</b>

Particulars (INR Mn)	FY22	FY23	FY24
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5,705	6,133	6,968
Capital WIP	74	199	201
Intangible assets & investment property	95	84	76
Investment in Associate & Joint Venture	174	144	177
Financial assets	67	107	115
Other non-current assets	4	50	25
<b>Total non-current assets</b>	<b>6,118</b>	<b>6,717</b>	<b>7,561</b>
Current Assets			
Inventories	2,058	3,789	2,619
Investments	0	0	1,222
Trade Receivables	185	280	287
Cash & Bank Balances	356	192	838
Loans	1	0	0
Other Current Assets	307	271	283
<b>Total Current Assets</b>	<b>2,908</b>	<b>4,533</b>	<b>5,250</b>
<b>Total Assets</b>	<b>9,026</b>	<b>11,250</b>	<b>12,811</b>



# THANK YOU

## Company Contact

»» Mr. Umakanta Barik  
Company Secretary and Compliance Officer  
hfl@heritagefoods.in  
Contact: 040-23391221/22

## Investor Relations Contact

»» Garima Singla  
Go India Advisors  
[garima@GoIndiaAdvisors.com](mailto:garima@GoIndiaAdvisors.com)  
M:+91 9780042377

»» Sheetal Khanduja  
Go India Advisors  
[sheetal@GoIndiaAdvisors.com](mailto:sheetal@GoIndiaAdvisors.com)  
M:+91 97693 64166