

THE THRIVING  
**Legacy**



O F  
**Heritage**

Empowering  
**farmers**

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Nutrition to  
**the nation**

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Creating value  
**sustainably**

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### Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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## Key Highlights FY 21-22

### (Standalone)

26,429	1,873	6,605
₹ in Mn	₹ in Mn	₹ in Mn
Revenue	EBITDA	Net worth
1,353		1,015
₹ in Mn		₹ in Mn
PBT		PAT



# 30 Years

## IS A LONG JOURNEY

30 years span generations, evolving lifestyles and food habits.

A journey that involves foresight, fortitude and unwavering focus to grow and create value for all.

We, at Heritage Foods, are proud to have completed an immensely rewarding and fruitful journey of three decades in 2022, with the support of our farmers, consumers and all other stakeholders.

By maintaining close relationships with farmers and staying closer to the milk production centres, we have always fulfilled our promise of delivering fresh and nutritious value-added dairy products and delighting our consumers.

But we never deviated from the founding principle of serving our farmers, with the highest level of integrity in these 30 years.

We have built a very strong legacy and brand reputation in a traditional industry by modernising the outlook to business with a unique spectrum of innovations across the breadth of our value chain. Our consumer-centric approach led to the creation of several of our product introductions.

As we step into the fourth decade of our journey, the spirit of innovation continues with greater vigour, supported by tech-enabled operations. Our strong commitment to dairy technology and engineering have helped us create some of the most energy-efficient dairy operations in the country. We also educate and support farmers about cattle wellbeing, breeding and nutrition to increase their yield and enhance their income.

While serving responsibly our farmers and consumers, we have also gained reputation as a responsible corporate citizen. As a part of our sustainability initiatives, we are steadily reducing our carbon footprint, expanding greenbelt around our plants, and adopting green energy to power our plant operations.

Although we have traversed three decades, serving value-added products to over 1.5 million households in 11 states, and upholding the spirit of ethical and transparent business practices, we believe that our journey has just begun.

The legacy and strength of the last three decades gives us the courage to dream bigger, perform better and be bolder. We are confident of becoming India's leading science-based dairy products company, constantly rolling out breakthrough innovations to delight our consumers, empowering our farmers, providing nutrition to the nation and creating value for all stakeholders.

**FY 21-22 saw us take several steps to widen our procurement network, improve our operating efficiencies and aggressively building a more profitable and value-added portfolio in our core markets.**

Notwithstanding short-term challenges in the operating scenario, we are marching towards our immediate mission of becoming a ₹ 6,000 crore company and be a force for good for all stakeholders.



# About US

One of the fastest growing private sector companies, Heritage Foods Limited (HFL) today serves more than 1.5 million households daily.



Founded by Sri. Nara Chandrababu Naidu, in 1992, Heritage's milk and milk products continue to have strong market presence in Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, NCR Delhi, Haryana, Uttarakhand & Uttar Pradesh.

Over the years we have expanded our portfolio to milk and value-added products including curd, ice cream/frozen dessert, paneer, butter milk, flavoured milk, lassi, milk powders and sweets etc. We remain committed to maintain consistent value and nutrients of milk across the variety of products, across our diverse markets, with our integrated business model.



Delighting every home with Fresh & Healthy products and empowering the farmers

### Heritage in numbers



#### Manufacturing Capital

18

State-of-the-art milk processing facilities

187

Bulk Coolers, Mini Chilling & Chilling Centres

2.09 mlpd\*

Milk chilling capacity

1.66 mlpd\*

Milk packaging capacity

2.65 mlpd\*

Processing capacity

742 mtpd\*

Curd Packaging Capacity

\*MLPD: Million Litres Per Day | \*MTPD: Metric Ton Per Day



#### Intellectual Capital

8

New products introduced in FY 21-22

1

Ultra-modern UHT milk processing unit

490

Team members in quality assurance and product development (QA & PD)

65

Heritage Distribution Centres

+0.3

Dairy farmers (in million)



#### Social and relationship capital

+1.5 Mn

Serving Households

859

Heritage Parlours

29.35 Mn

Spent of CSR

21,452

Farmers benefited through community development activities



#### Human Capital

3,009

Employees

3,178

People provided indirect employment



#### Natural Capital

6.30 MW


Wind power

4.20 MW

Solar power

# Our journey over three decades

Consumers



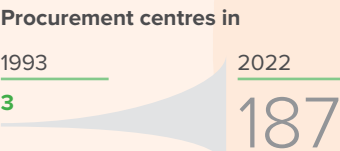
We continue to improve nutritional value within our products and promote healthy balanced food habit




Farmers



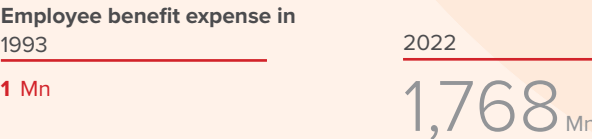
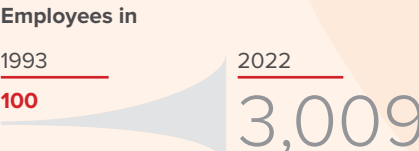
Empowering farmers with daily procurement of milk and assisting them with ancillary support as well



Employees



Provide a safe, healthy and rewarding workplace for our employees

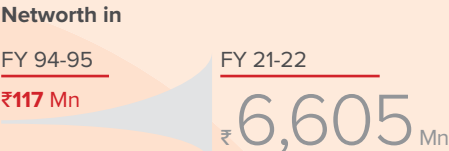
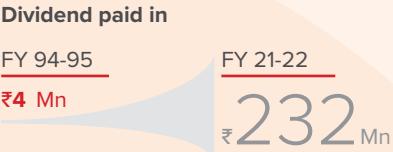


\*mlpd = Million litres per day

# 30 YEARS OF HERITAGE

Aspiring to produce products with consistent quality and nutritional value, our dairy products bring value to lives of millions of our customers. In three decades, we have adopted an innovation strategy to introduce new products aligned to changing consumer behaviour, creating value for stakeholders at large.

Provide sustainable returns via earnings per share and dividends paid



Comply with regulatory requirements of food safety, milk price and environment footprint



Endeavour continuously to reduce our carbon footprint and make necessary contribution to lives of under-privileged



Investors



Government & Regulators

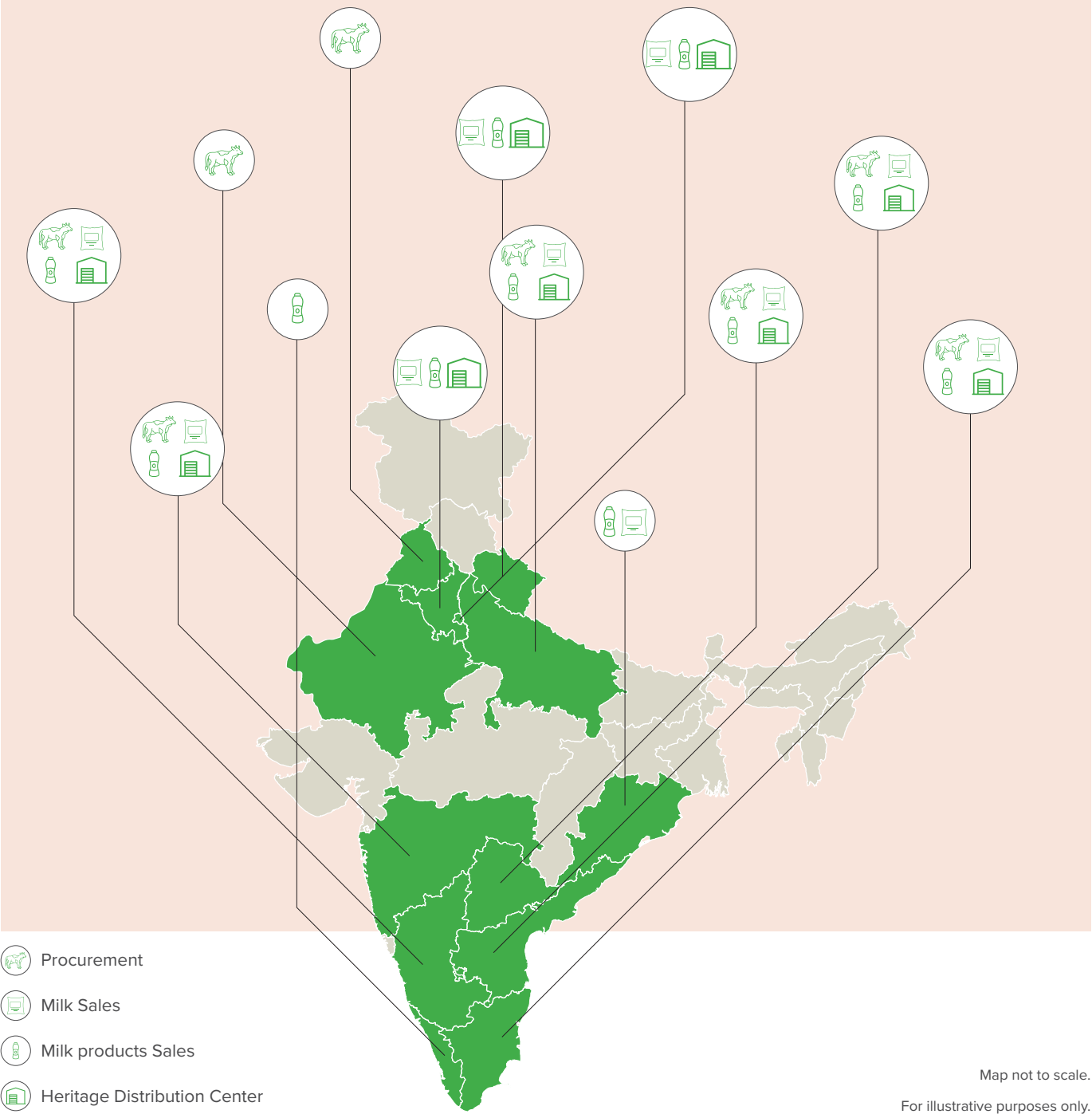


Community





# Our presence





# Vice-Chairperson & Managing Director's Message



N. Bhuvaneswari  
Vice-Chairperson & Managing Director



Dear Shareholders,

As I write this letter, I cannot help but recall how Heritage Foods Limited was created with a vision to empower dairy farmers. In the three decades of its existence, it has lived up to its vision of strengthening the dairy value chain to become one of the leading private sector dairy brands in the country.



Over the years, we have endeavoured to maintain high standards of quality in our offerings. Now, we are working towards transforming into a prominent health and nutrition player through our value added products (VAP).

In the year under review, the strength and agility of our business model helped us meet our targets and rise above the challenges to start the new financial year on a strong footing.

Macroeconomic review

The FY 21-22 turned out to be significantly more volatile than expected. While the global economy rebounded faster than projected and demand for dairy products remained strong, the pandemic's repeated waves left a lasting impact. Supply chain disruptions, escalating prices and runaway inflation, induced by geopolitical upheavals, had widespread ramifications on businesses globally.

In India, after the debilitating impact of Covid-19 in 2020-21, the dairy sector rebounded significantly owing to the strong demand revival for milk and value-added products. The demand is likely to increase with the rising population, higher disposable income and higher per-capita consumption.

Transforming into a prominent health and nutrition player

India, being the world's largest milk producer, we are seizing every opportunity to capitalise on the growing dairy demand by constantly evaluating our products, distribution channels and supply chain. I am confident our efforts will increase the scalability as well as profitability of our business in the near term, creating value for our stakeholders.

Over the years, we have endeavoured to maintain high standards of quality in our offerings. Now, we are working towards transforming into a prominent health and nutrition player through our value added products (VAP).

Foraying into new segments

In the year under review, we continued to enhance our portfolio of value-added products (VAP), and I am happy to inform that we forayed into new 'Ready To Eat' and 'Heat-n-Eat' segments and strengthened our VAP proposition by launching spiced butter and cup curd as well as Kesar Shrikhand and Amrakhand in its main markets.

Heritage Novandie forayed into yogurt production in Maharashtra and introduced Mamie Yova branded 'French Yogurt' along with 'Yo Pop', a drinkable yoghurt.

We have also focussed on pushing our brand recall higher through franchisee operated parlours and distribution centres, besides an omni-channel network.

Financial performance (Standalone)

We registered a net revenue of ₹26,429 million compared to ₹24,070 million in the previous financial year.

Our EBITDA and PAT stood at ₹1,873 million and ₹1,015 at 7.09 % and 3.84 % margins, respectively.

For Heritage Nutrivet Limited, wholly-owned subsidiary company registered a revenue of ₹946 million. EBITDA stood at ₹47 million and PAT stood at ₹11 million.

Scaling new heights

New-age consumers prefer healthier and more responsibly produced food. To cater to these evolving demands, we are striving to deliver healthy products with superior taste.

Even as we strengthen the brand, we facilitate financial support for cattle purchase, resulting in rising milk production and employment for farmers.

With strong foundations, a diverse portfolio, omni-channel presence and deep social commitments, we remain determined to create sustainable value for all our stakeholders.

We aspire to be a nationally recognised brand with a focus on efficient capital management and maximising shareholders' value.

I take this opportunity to thank our team for their dedicated efforts. I will also like to thank our customers and our shareholders for their unwavering belief in us. Together with your support, we will scale newer heights.

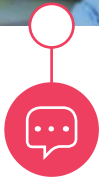
N. Bhuvaneswari  
Vice-Chairperson & Managing Director



# Executive Director's Message



N. Brahmani  
Executive Director



Dear Shareholders,

On behalf of the Board, I am delighted to present our Annual Report for the financial year 21-22.

Dairy being one of nature's complete foods and a major component of our everyday lives.



Our value added products have been the primary driver of growth for us, not just in our core markets but the ones we have recently ventured in. I am pleased that the strategies that we have put in place for driving growth has paid rich dividends.

Consistent with our financially prudent approach, we have strengthened our balance sheet by achieving debt-free status backed by a healthy cash balance. Our strategies have proven to be effective in the face of unforeseen macroeconomic challenges. As we continue to focus on diversifying our product portfolio, we are looking ahead with confidence.

We believe in the future of dairy and in our capabilities of delivering sustained value to our customers as well as our stakeholders.

To conclude, I would like to thank our dedicated employees, farmers, distributors and customers for their unwavering faith in us. I would like to thank our team for their untiring contributions in a challenging year. I would also like to thank you, our shareholders, for your continued commitment and support over the years.

N. Brahmani  
Executive Director

We at Heritage Foods offer dairy in innovative forms, promoting nutritional wellness with taste.

In the year under review we have employed new ways of bringing nutritional values in dairy, while launching a series of products to delight our customers. Our contribution to the value added product portfolio and foray into 'Ready-to-Eat' and 'Heat-n-Eat' segments helped us expand our offerings further.

For value added products, we have been focusing on three areas to drive growth. First, a focused approach on priority products that gives us a competitive edge. Second, a consumer-centric approach in our innovations and marketing strategies. Third, developing an omni-channel strategy to make our products accessible to all our consumers. We are looking at new commerce and distribution models to increase our visibility and accessibility.

Our value added products have been the primary driver of growth for us, not just in our core markets but the ones we have recently ventured in. I am pleased that the strategies that we have put in place for driving growth has paid rich dividends.

We have entrenched our presence in five southern states, and made inroads into Maharashtra, Odisha, Delhi, Haryana, Uttarakhand and Uttar Pradesh. Our strategy for expansion is to deepen our penetration into Tier II and Tier III cities in the same states.







# Our products

## Milk



### Toned Milk

Processed, pasteurized and homogenized toned milk nurtures a healthy body and a healthy mind.



### Standardized milk

Fresh & pure milk is procured from our farmers and processed, pasteurized, homogenized and packed at state-of-the-art processing plants with utmost care to ensure goodness.



### Double Toned Milk

Low in fat, yet retaining milk's other benefits, double-toned homogenized milk is best for those seeking calcium



### UHT milk

Procured from farmers, processed, pasteurized at ultra-high temperature to ensure each particle is free from bacteria and packed at plant to ensure goodness. Available in multi-layered oxygen barrier poly packs.



### Cow Milk

This fresh and pure milk is procured, processed, pasteurized, homogenized and packed at processing plants to ensure goodness.



### Full cream milk

Processed at state-of-the-art plants, this rich in fat and pure milk is suitable for those with low BMI.



### A2 Full cream milk

100% buffalo milk rich in A2 protein; Specially procured from nearest farms, helps build immunity and easy to digest.



## Value Added Products



### Curd

A value-added product with a selected culture of beneficial bacteria to impart thick, creamy, rich and glossy texture.



### Butter milk

Prepared from fresh and pure curd in processing plants with utmost care. There are different variants available like plain, salted, spicy and jeera flavour.



### Flavoured milk

Prepared from fresh and pure double-toned milk in various flavours and colours, this is a delicious and refreshing dairy drink available in glass bottles and PET bottles



### Sweet Lassi

Made with pasteurized, homogenized curd, the fermented drink contains healthy bacteria. It is thick and rich with a natural Elaichi flavour.



### Sabja Lassi

Sabja Lassi is rich in calcium.



### Milk shakes

Heritage Milk Shake is made with high quality raw material to cater to the delicious desire of every single consumer. It is a natural source of milk protein and is rich in calcium.



### Cold Coffee

Heritage Coffee is made from fresh toned milk with high quality coffee. It is a sterilized product and packed in tin. It is free from added preservatives. It is free from bacteria, rich in calcium and protein and coffee flavour that refreshes the consumer immediately with goodness of milk.



### Immunity milk

Heritage Immunity Milk contains anti-inflammatory properties which help in maintaining a healthy life. Now available in 4 flavours: Turmeric, Ginger, Tulsi and Ashwagandha.



### Paneer

Fresh and pure milk is procured, and used for paneer which comes in a pleasing white appearance, and a soft and compact texture. Paneer is vacuum packed in multi-layered film to maintain freshness



### Cheese

Heritage Mozzarella Cheese and Processed Cheese is made from 100% Pure Cow Milk and has a delicious taste, rich aroma and smooth body



### Sweets

Doodh Peda is made from pure, fresh and highest quality of Milk and Ghee, which is soft, rich in taste and melts in the mouth. It has the right amount of sucrose and is rich in taste and is granular in texture. Milk Cake is made from the highest quality skimmed milk powder and pure ghee, and has a smooth texture and is rich in taste.