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May 14, 2026

To
The Secretary
BSE Limited
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

Scrip Code: 519552

Scrip Code: HERITGFOOD

Sub: Transcript of Conference Call held on May 12, 2026 - reg.

Dear Sir / Madam,

In Continuation of our letter dated April 28, 2026 the Company had organized a conference call with the Investors/Analysts on Tuesday, May 12, 2026 at 11.00 AM (IST). A copy of Transcript of conference call held with the Investors/Analysts is enclosed herewith and the same has also been available on the Company's Website at www.heritagefoods.in.

Kindly take the same on record and display the same on the website of your exchange.

Thanks & Regards

For **HERITAGE FOODS LIMITED**

UMAKANTA BARIK
Company Secretary & Compliance Officer
M. No: FCS-6317

Encl: a/a

HERITAGE FOODS LIMITED

CIN : L15209TG1992PLC014332

AN ISO: 22000 CERTIFIED COMPANY

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HERITAGE FOODS LIMITED

Q4 & FY'26 Earnings Conference Call

May 12, 2026



MANAGEMENT:

Mrs. N Brahmani – Executive Director

Dr. M Sambasiva Rao – Whole Time Director

Mr. Srideep Kesavan – Chief Executive Officer

Mr. A Prabhakara Naidu – Chief Financial Officer

Mr. J Samba Murthy – Chief Operating Officer

Dr. Brij Mohan – Chief Executive Officer - Heritage Nutrivet Limited

Mr. Umakanta Barik – Company Secretary & Compliance Officer

INVESTOR RELATIONS REPRESENTATIVE:

Ms. Garima Singla – GO India Advisors



Moderator: Ladies and Gentlemen, Good Day and Welcome to the Heritage Foods Q4 & FY26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “star” then “zero” on your touchtone phone. Please note, that this call is being recorded.

I would now like to hand the conference over to Ms. Garima Singla. Thank you and over to you.

Garima Singla: Thank you. Good morning, everyone. I am Garima Singla and it is my pleasure to welcome you on behalf of Heritage Foods Limited. Thank you for joining us today for Q4 & FY26 Earnings Conference Call. This call is being hosted by Go India Advisors.

Please note that today’s discussion may include certain forward-looking statements. Therefore, they must be viewed in conjunction with the risks that the company faces.

Today, on the call, we are joined by Mrs. Brahmani Nara - Executive Director; Dr. M. Sambasiva Rao - Whole-Time Director; Mr. Srideep N Kesavan - CEO; Mr. A. Prabhakara Naidu - CFO; Mr. J. Samba Murthy - COO; Dr. Brij Mohan - CEO Heritage Nutrivet Limited; and Mr. Umakanta Barik - Company Secretary & Compliance Officer.

I now invite Dr. Rao to Present the Company’s Business Outlook and Performance, after which we will open the floor for the “Q&A.” Thank you, and over to you, sir.

Dr. M Sambasiva Rao: Thank you, Garima, for the introduction. Good morning to everyone on the call and thank you all for joining us today.

At the outset, on behalf of the entire Management Team at Heritage Foods, I would like to sincerely thank our farmers, employees, distribution partners, customers, consumers, shareholders and all stakeholders for their continued trust and support through what has been one of the most challenging years the dairy industry has witnessed in recent times. As we close FY26, we do so with deep gratitude, resilience and optimism for the future ahead.

Now turning to Quarter 4 and the Overall Performance of Financial Year 2026.



The final quarter of the year was shaped by an exceptionally tight milk supply environment, elevated procurement inflation and sustained volatility in dairy commodity markets.

What made this period particularly unprecedented was that the industry experienced supply shortages, not only during the lean season, but even through periods where availability is traditionally expected to improve. This created significant pressure across procurement, input costs and operating margins for the entire dairy sector.

Despite these difficult external conditions, Heritage Foods demonstrated resilience, stability and execution strength across the value chain.

Our teams on the ground remain deeply committed to supporting farmers, ensuring uninterrupted supply, maintaining product quality and serving consumers consistently across markets.

Despite one of the toughest operating environments witnessed by the dairy industry in recent years, Heritage Foods delivered resilient revenue performance in Q4 of FY26.

Consolidated revenue for the quarter grew 10% year-on-year to INR 11,576 million while full-year revenue crossed the significant milestone of INR 45,000 million, reaching INR 45,260 million. This performance reflects the strength of our brand, resilient consumer demand and sustained momentum across value-added products.

During the quarter EBITDA stood at INR 522 million, with an EBITDA margin of 4.5%, while profit after tax stood at INR 230 million with a PAT margin of 2.1%. Profitability remained under pressure due to unprecedented procurement inflation. However, disciplined pricing actions, improving product mix and continued operational efficiencies helped partially mitigate the impact.

Milk procurement during the quarter declined 7% year-on-year to 16.38 lakh liters per day, reflecting persistent supply-side constraints across industry. Average milk procurement prices increased sharply by 8% year-on-year to INR 46.67 paisa per liter in Quarter 4, while for the full year the procurement prices increased 7% year-on-year to INR 44.72 per liter amid industry-wide milk inflation.



Despite these pressures, we remain committed to our farmer-first philosophy, continuing to prioritize timely farmer payments, cattle feed support, veterinary assistance and direct engagement programs, reinforcing long-term trust and supply continuity.

On the consumer side, demand remained healthy and encouraging. Milk sale volumes grew 1% year-on-year to 11.73 lakh liters per day during Quarter 4 and 2% year-on-year to 11.83 lakh liters per day for FY26.

Average milk selling prices improved 4% year-on-year to INR 57.80 per liter in Quarter 4 and to INR 57.13 per liter for FY26, supported by calibrated pricing actions, sustained brand strength and stable consumer demand.

Value-added products once again emerged as a key growth driver for the company. Categories such as curd, paneer, ghee, ice creams, drinkables and other high-margin products delivered strong growth, reflecting improving brand preference, deeper market penetration and sustained consumer engagement.

Importantly, the quality of growth continues to improve. Value-added products remained central to our long-term strategy, with VAP revenues growing 18% year-on-year during Q4.

In Q4FY26 Contributions from value-added products increased to 35.5% of overall revenues compared to 32.5% in the corresponding period last year, reflecting sustained premiumization and improving revenue mix. This transformation not only strengthens our profitability profile over the long-term, but also improves the resilience and quality of the business.

From an operational perspective:

Our teams continue to focus sharply on efficiencies across procurement, logistics, chilling and digital interventions. These initiatives helped partially offset inflationary pressures and improve execution agility during a volatile environment.

Even amidst industry headwinds, Heritage Foods continued investing confidently behind the future. Our Hyderabad ice-cream facility has now moved into production phase, while the flavoured milk plant is also nearing operationalisation fully. These capacities will strengthen our presence in high-growth categories and position us well for the next phase of expansion.



FY26 was not an easy year for the dairy industry. From erratic weather patterns and weak flush season to unprecedented butter shortages and elevated procurement costs, the sector faced several challenges. At what stands out for Heritage Foods is the resilience of our business model, the dedication of our teams and the trust of millions of consumers and farmers associated with us.

As we look ahead, while near-term cost pressures may persist for a while, improving milk availability, normalization in commodity dynamics, stronger value-added products contribution to revenue and benefits from ongoing capacity expansion give us confidence about the future trajectory of our business.

We enter FY27 with cautious optimism, stronger capabilities and renewed determination. Our focus remains clear on strengthening farmer relationships, driving premiumization, improving efficiencies and creating sustainable long-term value for all stakeholders.

With this, I would like to conclude my remarks and open the floor for interaction. Thank you very much.

Moderator: We will now begin the question-and-answer session. We will take our first question from the line of Sameer Gupta from IIFL Capital. Please go ahead.

Sameer Gupta: Hi, sir. Good morning and thanks for taking my question. Sir, first question and it has two sub-questions. So, the outlook on milk prices. Now, last quarter we had mentioned that milk prices would remain firm till the advent of cow flush in May. And so, here we are in May and are we seeing any signs of moderation? And a sub-question to this is, last year was a good year in terms of rainfall, which generally is seen as a positive for next year's milk production given reservoir levels are healthy, and there is ample availability of feed, etc., But this year also has an expectation of below-normal rainfall and now we are seeing inflationary pressures because of the West Asia crisis. So, does it change the outlook for milk production in the upcoming months, your thoughts?

Srideep N Kesavan: Good morning, Sameer. First of all, I would like to break down the problem into two, right? One is the volume availability or milk availability itself and number two is the pricing. Usually, whenever there is surplus milk availability is when the prices softened significantly. We saw in Quarter 3 as well as in Quarter 4, both impacted in terms of surplus milk availability, especially in the regions where we operate, there was a

constraint which impacted the prices as well. As we speak now, we are already seeing supply side improved in regions of dominant cow milk availability. So, you can say that the cow milk flush has started and we are seeing the volumes being increasingly available. But it has yet to reach a place where there is sufficient surplus that the prices will start softening. So, on the one hand, it is a positive signal which we are all very happy about, but it has still not reached a place where it has started reducing the procurement prices. That is the first part. The second is, yes, you are right. Last year, we had excessive rainfalls, but what we should also note is that rainfall happened at a time when rain should not have happened. So, like summer was totally washed out, whereas, during the monsoon, there were several areas which had a deficit of rainfall. So, the headline here is actually climatic vagaries, the unpredictability of weather. And this, in the last quarterly call also, our CEO of Heritage Nutrivet explained that it results in animal stress, usually hormones and all get impacted. And that is what results in production declining or animal productivity falling. We just hope, and again, like you rightly said, there is news of El Nino and all, and we are also witnessing on the same side, there is good news, there is a good summer happening right now. But then, what we need is a balanced year. At this point in time, we are hoping that this is a normal year, there would be monsoon as it should be, there is summer as it should be, and things will normalize, but it is still too early to say.

Sameer Gupta:

Just a follow up here, sir. So, let us say, hypothetically, this is a below normal monsoon. Will it have implications this year itself on the cow or buffalo flush or it would not matter or, that is not a factor to look at?

Srideep N Kesavan:

We should not speculate, first of all. See, this as a country, India is the largest producer of milk in the world. We have 8 crores dairy producing households. The numbers are just too many. And the regions are so, India is also a very large country with many geo-climatic regions. It is very difficult to predict exactly how this will go. But then, we should also understand there are multiple factors. One factor is the climatic impact on the animal productivity. But the other factor is pricing. The farm level prices have never ever reached the level that it is right now. I said in the last quarterly call also, that we feel at this price level, farmers are profitable. And with this, we expect more and more dairy farmers or more and more farmers to enter into dairy, and usually, this results in production gradually increasing. And despite all other adverse factors, it should result in production going up and prices softening. This has to happen. This is a fundamental basis of every commodity cycle, right? But the thing is, we should not speculate on the

timing of this. At this point in time, I can only report that the cow flush has started well, and we are seeing volumes coming in.

Sameer Gupta: Got it, sir. This is very helpful. Second question is on the CAPEX this year. So, we have seen a INR 380 crores CAPEX. Can you give a rough split of where exactly this has gone? Normally, we do a INR 150 crores to INR 200 crores kind of a CAPEX. And what would be the guidance for the upcoming year?

Srideep N Kesavan: So, the bulk of the CAPEX has actually gone in plant production capacity expansion. Sameer, roughly around INR 300 crores has gone into plant production capacity expansion. The largest proportion of this or large percentage of this has gone into our Greenfield ice cream facility, which we inaugurated in Hyderabad. We also inaugurated a flavored milk line. That is also a Greenfield facility, this is in Tirupati. These are the two main areas where the CAPEX has gone in. We have also expanded our curd production capacity by another 50 tons per day. This is as per requirement of the season. So, all investment and some small increase in buttermilk, etc., So, all value-added products capacities that we have invested. We also invested close to about INR 20 crores in milk procurement or chilling center capacity addition, that is in line with our year-on-year expansion. And the others are all minor CAPEX.

In terms of going forward, we have a couple of projects that is work-in progress. We are in the process of expanding our paneer capacity, which is growing at upwards of 30% in terms of CAGR in volume terms, which means that every two years we will have to almost double our capacity. So, there is a project on paneer, there is a project on ghee. Consumer ghee is actually doing very well for us. This year, again, in terms of revenue, we have grown upwards of 50%. So, there is a project that is undergoing in this. Apart from that, we have only regular CAPEX in the pipeline.

Sameer Gupta: So, INR 200 crores should suffice, or do you expect another year of more than INR 200 crores?

Srideep N Kesavan: No, I think it will be around that amount is what we should look at.

Sameer Gupta: Got it, sir. So, just a bookkeeping number. Bulk fat sales during the quarter and during the year?



- Srideep N Kesavan:** Generally, I can say that there was no bulk fat sale, but I think CFO will give the exact number.
- A Prabhakara Naidu:** Bulk fat sale for this quarter is nothing actually, only INR 2.55 crores. For the full year, INR 37.56 crores.
- Sameer Gupta:** Got it, sir. That is all for me. Thanks for taking all the questions, and I will come back in the queue for any follow-ups.
- Moderator:** Next question is from the line of Abhishek Mathur from Systematix. Please go ahead.
- Abhishek Mathur:** Yes, hi. Good morning, sir. Thank you for the opportunity. Just wanted to check, Srideep, sir, do you feel that due to the milk supply constraints or shortages, the growth for us was held back or is currently being held back in any way versus what we could have done for the quarter or for the current quarter? That is my first question.
- Srideep N Kesavan:** Volume-wise, there was no constraint. We managed the volumes, right, but in terms of pricing, we had taken up pricing a little more aggressively, which might have muted the growth a little bit in terms of volumes, especially on the milk. In the milk, actually, our volume growth was only about 1.2%. That was because of aggressive repeated price increases that we had to do to manage the raw milk price inflation. But otherwise, supply-side, it did not constraint our growth.
- Abhishek Mathur:** Right. A follow-up on that, sir. The pricing that we took, what was the quantum of that for the previous quarter and currently anything that we are planning on this side?
- Srideep N Kesavan:** I think this is indicated in our investor note.
- Abhishek Mathur:** Anything further planned, sir, in the current quarter?
- Srideep N Kesavan:** Yes, so we increased our milk prices by about 3.96% or 4% you could say for the quarter. And across value-added products, we had increased prices everywhere, like curd prices increased. There is again a mixed change also is there because different regions might have had different impact. Even paneer, we took up prices by 5%. Ice cream prices went up by about 13%, etc., so as we speak now, we have again increased prices selectively in several markets as in the month of April, and we are continuing to review this in May also, we are taking up some more prices. Good news is that the demand is strong. And despite price increases, we have been able to grow business. So, that is good



news. So, we are rather than picking pricing up in one shot, we are staggering it and we are taking it by different packs and different regions.

Abhishek Mathur: Right. And sir, can you quantify the price increase that you have taken in April and now in May?

Srideep N Kesavan: I would not be able to tell you about the prices in the current quarter. But, I can tell you that we are actively looking at price increases. We have done price increases as well.

Abhishek Mathur: Right. And secondly, I just wanted to check what is the salience of cow milk for our production and which are the regions where we are indicating that there has been a cow flush and therefore there is a recovery in supply?

Srideep N Kesavan: We have about 80% cow milk in our mix. And predominantly, it is the south of India, which is southern and coastal Andhra, as well as Tamil Nadu and Maharashtra. These are main regions for us.

Abhishek Mathur: All right. Great. Thanks and all the best.

Moderator: Next question is from Nirmam from Unique PMS. Please go ahead.

Nirmam: Yes, thank you for the opportunity. Just to follow up on the previous participant's question, sir, you mentioned that milk volumes were muted due to the price hike that we have taken, but volumes have been poor for quite some time now. So, what are the challenges that we are facing for growing our milk sales, especially volumes?

Srideep N Kesavan: Yes, I think the first and foremost as far as milk is concerned, as a company, we are focused on delivering a balanced growth, which means that we need to sustain growth momentum in milk, at the same time driving aggressive growth in value-added products. And it is a fact that as a company, we have sustained aggressive growth in value-added products. In Quarter that went by our value-added products have grown at 22.5%, and this is value-added products, including ghee. And if I remove the ghee also, value-added products have grown at 18%, right? But milk growth has been about 6%, and out of which roughly around 1%-1.2% is volume growth, and the rest is price-led growth. There are two factors happening. The first is that in most of our markets, actually what is driving aggressive growth for us in value-added products is curd. And we are seeing that households previously that used to buy milk and convert part of the milk to curd, are now buying curd as well in package form, which is great news. Because the penetration

of curd in households, even now, in south of India is only at around 20%-25%, which means that 75%-80% of people are still making curd at home. This is fast changing, especially with the aggressive category building work that we have done in the last four or five years. And this is helping us put ourselves in a leadership position. So, this is one factor. So, the quantity required for the household is now breaking up into milk and curd, and curd is coming home directly, and hence the milk requirement is falling a bit. This is one reason. The second reason is increasing competition. And I do not think that I can shy away from this. Like Heritage is now available in North India and West India and all of that in Mumbai, Delhi, and all the same way, some of the national brands are also coming to our markets, right? So, there is increased competition in all markets. And that is also another reason why the market is getting more and more fragmented. But see, as far as we are concerned, there are two things that are most important for us. Number one is that we hold our franchise and we sustain the momentum, which means that we need to continue to grow. And that is what we have delivered. I do not think in any other quarter we have declared that we have de-grown in volumes. We have never. So, we are growing. Secondly, what is important for us is that we are aggressively driving growth in value-added products to overcompensate for the limited growth in milk. And these two have worked reasonably well for us.

Nirmam: So, earlier we were expecting about 4% of volume growth in milk volumes. So, does that number change going forward in a normal situation when the supply constraints are not there?

Srideep N Kesavan: There is no supply constraint. But I am saying, yes, that is still our North Star. See, the industry is expected to grow at between 3% to 4% as far as milk is concerned. And so it is our aim to grow at that rate. But, this is a combination of many factors. It is a combination of, like I said, consumer basket shrinking. It is also a function of markets fragmenting, channels fragmenting. It is also a function of various regions. It is not like while our numbers are 1% growth, region-wise there are variances also. So, our aim is still to try and aim and reach that 4% growth target that we have for ourselves.

Nirmam: Got it, sir. Thank you and all the best.

Moderator: We will take our next question from the line of Resham Jain from VVD Asset Managers. Please go ahead.



- Resham Jain:** Yes, hi. Good morning. So, I have two questions. So, first one is, in the current situation, how are you seeing co-operatives behaving, especially in Andhra, Karnataka and Maharashtra -- is it similar or are you seeing any difference? And are they also taking price hike?
- M Sambasiva Rao:** We do not have their reported numbers. But all must be going through the same situation in all the regions, except in Karnataka where Nandini has reported in the news that they have achieved good volume of milk in the last month. Not many people procure milk in Karnataka as there is a price discrepancy. But, other states must be in the same boat, but no numbers are announced by any of them.
- Resham Jain:** So, no price hikes by co-operative as well, like you took 4% price increase?
- J Samba Muthy:** Yes, basically, some co-operatives have increased the prices and some other co-operatives have not increased the prices in this particularly southern region. Like Kerala and Karnataka not increased, AP co-operatives increased it and Telangana co-operatives increased, Tamil Nadu and Kerala went through elections recently, may be we can expect after the government has formed.
- Resham Jain:** Understood. Sir, the second question is with respect to your North and Mumbai geography. What is the contribution now coming from both these regions for you in terms of revenue?
- Srideep N Kesavan:** It is still less than 10%.
- Resham Jain:** And profitability, because these regions were still in the ramping up stage and profitability was low, are you seeing improvement there?
- Srideep N Kesavan:** These regions are still not profitable for us. We are working towards improving the profitability. Maybe this current financial year FY27 could be a year where we will see some improvement and we get closer to breakeven at least in one of the regions.
- Resham Jain:** Okay. Understood. Great, sir. Thank you. All the best.
- Moderator:** We will take our next question from the line of Rehan Saiyyed from Trinetra Asset Managers. Please go ahead.



Rehan Saiyyed: Good morning to the team. I have a couple of questions. My first question is on your ice cream facility in Shamirpet ramp-up. So, I just wanted to understand, could management elaborate on the expected utilization ramp-up for the Shamirpet ice cream facility?

Srideep N Kesavan: Yes, sir, so, in the first year, we are expecting the utilization to be around 35% to 40%. And we had mentioned that it will take us about six to seven years to utilize this facility completely. That is assuming that we are able to grow year-on-year at upwards of 20%, 25%.

Rehan Saiyyed: Yes. So, management added INR 500 crores ice cream revenue by FY30, so, which implies a sharp scale-up. So, what gives you confidence in achieving this target given the highly competitive nature of the category?

Srideep N Kesavan: See, there are many things here, right, to way to look at it. First and foremost is that this is a very, very fragmented category, but it requires an ice cream freezer to sell the ice cream, which means if you place an ice cream freezer, only you are selling. You must be seeing it in your own residential area wherever you stay. I do not know where you stay, but wherever you stay, there will be only one brand available and that brand sells. An ice cream is an impulse product. And if you are in a shop and the product that you get is X or a brand that you get is X, then X is what you consume. You are not going to walk half a kilometer to buy another brand, right? So, that is one. So, we have our strength and in those areas of strength or regions of strength, we are adding more freezers and that is what is driving our growth. And if you have seen our ice cream business in the last four or five years, it is nearly quadruple. That is the reason why we have added the ice cream facility, right? Otherwise, we would not have added. We are continuing to see that momentum in our market, right? Second thing that we also need to remember is that very recently we acquired majority stake in Peanutbutter and Jelly Private Limited. It is one of the fastest growing new-age ice cream brand and it is available all over India. They sell high protein, zero sugar ice creams. They are doing exceedingly well. We are co-manufacturing for that as well. So, that is also being made in our factory. That is also helping us utilize the plant better.

Rehan Saiyyed: Okay, fair enough. And my second question is around your receivables that has increased significantly during FY26. So, could you please state the key reason behind this - is it increasing to higher dependence on modern trade and e-commerce channels where collections cycles are structurally longer?



A. Prabhakara Naidu: Receivables, previous year it was actually INR 37.52 crores. Now, it has gone up to actually INR 64.81 crores. Mainly in MRF, actually, it has gone up by INR 26 crores. Subsequently they have cleared the payment after 31st March.

In the month of April, it has come down. But as on 30th April, it came down to INR 51.67 crores.

Srideep N Kesavan: March is a transitory number. In April, that has significantly come down. But even if I take INR 51 crores and compare it with, let us say, previous financial year closing of INR 35 crores, it has gone up, and primarily, it is because of the reason that you mentioned, which is our salience of organised trade is increasing. And organised trade, there is receivables. But these are all large listed entities that we are working with. You know most of the customers, right? In all the large organizations. We do not see any risk. And in terms of number of days, these debtors is not more than three weeks. There is nothing which is at risk at this point.

Rehan Saiyyed: Okay. And my last question is I just want an understanding about that how Heritage is transforming into a full FMCG company. So, what are the biggest operational changes underway to support this transition, because despite a strong brand positioning, a large part of revenues comes from liquid milk, so, which remains a relatively lower margin category, so, over that, what timeframe can the business generally start assembling an accessibility-style marketing profile?

Brahmani Nara: Thanks for the question. I think we are very much thinking in the line of the vision that we have for 2030, which is to be the most admired dairy nutrition company, and we are working strongly towards that. I think, I cannot give you exact numbers, but Q1 itself is looking very interesting for us, because our value-added product performance is improving significantly given good weather, and given the fact that we are working with channels which are also new-age in nature. So, I think we are working positively in that direction. And we aim to increase our value-added product contribution towards that overall revenue by 2%-2.5% year-on-year going forward. We are also happy, as mentioned earlier, to say that some of our nutritious products are growing really fast in the market. We are seeing very good traction in paneer, which is very nutritious by itself, north of 30% in terms of growth as of last financial year. Even SKUs such as high-protein paneer are doing well in the market, especially through new-age channels. We are also happy to share that our yogurts are doing well in the market; we did about 100 tons of sales of our high-protein yogurts over Q4, which is good traction over what it



was previously. We are also seeing good traction in probiotic buttermilk, which is sold in 500ml packs and which is north of about 25,000-30,000 liters per day in terms of sales. So, we are really committed to our vision of being not just growing in value-added products and improving value for all stakeholders, but also growing in nutritious products and differentiating ourselves. And another step in that direction has been the partnership for the acquisition of majority shareholding in Peanutbutter and Jelly or Get-A-Way ice cream. On the other hand, we are also very committed to our purpose, which is doubling farmers' incomes every couple of years. And I believe that this is a strong relationship that we have with farmers that is helping us secure our procurement going forward, as well as share more and more of the benefits with them across our geographies.

Rehan Saiyyed: Okay, that is great and thank you for answering my questions and good luck for the upcoming quarters.

Moderator: We will take our next question from the line of Shazad Shroff from Demeter Advisors. Please go ahead.

Shazad Shroff: Yes, thank you for the opportunity. A couple of questions. One is, when I look at the milk WPI chart, milk WPI is up from 186 to 192 over the last year, which is like a 3%, 3.5% increase versus our procurement prices have gone up by 8%. So I want to understand why is the difference there?

Srideep N Kesavan: See, the WPI is something that we have put on the charts as reported from a particular source. It may not be the exact number that is happening in the market actually. It is a country with various representations. We will have to look at exactly the weighted average for the regions where we are operating, #1. And #2, the wholesale price index is one way to look at it. But another way to look at it is actually the commodities and commodity prices. So, if you look at whether it is SMP or butter and all of that, the inflation which you can look at the NCDFI traded values, you will see that the inflation is roughly in the range of 8%. The raw milk prices for us is a reality and that is something that is not just reported by Heritage, but also by media in general. You can look at dairy news sources, which will give you a better perspective. But you cannot compare a national average with the regions where we are operating.

Shazad Shroff: All right, that is helpful. And my second question was, can we say that margins have bottomed out in this quarter, because you are seeing better supplies for cow milk that

you stated earlier, you should see a ramp up on ice cream, which is a higher margin business, and you have taken price hikes and planning to take more price hikes as well?

Brahmani Nara: So, margins are a function of two things, right, -- Increase in growth, especially in value-added products for our industry, as well as procurement prices. When it comes to the farmer, we are seeing very good traction already in this summer unlike the previous summer where it was a washout and there were incessant rains. It is hot across our core markets, and we are seeing really good traction in terms of volumes. When it comes to value-added products across the board, it would be curd, it would be buttermilk, it would be some other drinkables, and not just that, even in other products, which are value-added in nature. So, typically speaking, volumes should improve during this point in time given a good peak season, but we are just at the beginning of the season, so we need to wait and watch how things pan out both on the external conditions side and on the procurement side.

Shazad Shroff: Okay, got it. Thank you and all the best.

Moderator: We will take our next question from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: So, firstly, we wanted to understand about the balance sheet. We can see some goodwill, other intangible asset, intangible asset under development, which were not there last year, so, if you could just tell us that what are these regarding?

A Prabhakara Naidu: In the month of actually January, we have invested in PBJL Company. So, in that regard, actually, there is a purchase price allocation, whatever the price that we have paid, actually INR 9 crores. Then there is an agreement between these two parties to acquire actually additional 20%. So, that is a potential acquisition. Both together in the first or second quarter, it is going to be around 71% of the acquisition. In this regard, actually, whatever the assets for purchase price allocation, we have engaged a consultant to the value the business. Then tangible assets are INR 1.2 crores and intangible assets, I will tell you the broader numbers actually.

Keshav Garg: Understood. Sir, my second question was that when do you foresee our value-added products contribution exceeding 50% of our revenue? And let us say for the next three to five years, what kind of volume CAGR we are looking at? What is the aspiration for the EBITDA margin at what level in a normal year, not very good, not very bad, what is the



steady state kind of EBITDA margin that you have in mind? And how will that for every, let us say, 5%-point increase in value-added product contribution to our revenue mix? How much does our operating margin moves up, everything else remaining the same? And sir, lastly, sir, is there any advantage or disadvantage of being in, let us say, Punjab, which is not continuous to our South Indian geography, where we are in all the adjoining states? And since the revenue is very marginal, is there any gain in exiting those operations, or is the aspiration to become a pan-Indian player?

Srideep N Kesavan:

Yes. Okay. Thank you, sir. You asked a lot of questions. So, I hope I remember and answer you all the questions. So, the first is with respect to value-added products. I think our executive director already mentioned this in her comment earlier, that we are looking at expanding value-added products between 2% to 2.5% every year. 2% is what we have delivered in the last four years. And last quarter, actually, in fact, in Q4FY26, we have expanded our value-added product contribution by about 3%, So, that is an exceptionally good year as far as value-added products is concerned. But, I think on an average, you can take about 2.5%. So, if I take value-added products inclusive of ghee, which currently stands at around 40% roughly, it will take another four years or so for us to reach about 50%... maybe maximum five years. But I think we should be able to get there in four years' time. This is the first question. Second is with respect to EBITDA, what you mentioned. So, if you recall, last year, our EBITDA was about 8%, and this year is about 5.9%. So, we had roughly 2%, 2.1% shrinkage of EBITDA, right? Now, we know that in the milk business, there is a cyclical of plus or minus 2%. We have seen this. Actually, you are all analysts, so you can do the analysis yourself. If you take long-term, last two decades, you will see that it goes up plus 2%, minus 2%. This cyclical is something which is very difficult to get away from this business. Now, our median EBITDA is roughly around 7%. So, in a good year, we go to about 8% or 9% EBITDA and in a bad year, we are going down to about 5% EBITDA. Now, what is to be noted here is that we have the fundamentals of the business have improved, which is the reason why I know that this is not a result which you all would have expected or actually will agree to. But actually, if the business fundamentals had not improved with this much of inflation, we would not have been able to deliver 5.9% EBITDA. So, actually, we have improved. So, the way I look at it, it is about 90 basis points better than our usual delivery actually. So, which means at this point in time, if I look at a positive swing, this can go to about 9.8% also, right? But the key point that we are looking at is that the median EBITDA that we have in a normal year of 7%. Every year, we are trying to improve it. So, I can say that in the last couple of years, we must have

moved it close to 100 bps, so, now our median is probably around 8%. We are trying to push our median upwards. Our objective is to take the median towards a high single digit, which is about 9%. So, that in a bad year like this, our EBITDA will be around 6.5%-7%, and in a good year, we will even cross 10% or 11%. That is our effort, right? And you will see this happening significantly year-on-year. You will see this happening primarily due to two levers, lever number one is value added product contribution increasing and lever number two is operating leverage. Now, operating leverage is not just with our factories capacity utilization going up, but it is also improving performances in the weaker regions like Maharashtra and North of India. Now, I will come to the last question that you asked, which is why are we present in Punjab? See, our presence in Punjab is limited to Chandigarh Tricity. And Chandigarh Tricity is a good market for us. We are selling our products there. See, our strategy is not to spread thin. Wherever we are present, we go deep. So, in Haryana, for example, we are there in Hisar, but we are not there in Rohtak. So, if you go there, actually you see, you will not find Heritage in Rohtak, but you will find us in Hisar. We are there in Ambala, but we are not in Kurukshetra. So, there are cities where we are present, but wherever we are present, we are present very, very strongly. We are either number two or number three player. So, there is salience in the business. That is the reason why we are there, and we are building our strength over a period in time. I hope I have been able to answer.

Keshav Garg: Sure. Sir, so is the aspiration to become a Pan-Indian player or a strong regional player?

Srideep N Kesavan: At this point in time, we are going deeper and deeper and deeper in the regions where we are present. We are taking very strong positions in certain value-added product categories, for example, we are already nationally top five players in curd, buttermilk, paneer, yogurts, ice cream. These are all products where we are betting and we are building our strength. Ghee also, now we have become a nationally top-ten player, as is our milk. Milk also, we are among the national top-ten players. So, there are products, bets that we have taken, and in these bets, we want to get strong. Similarly, in the regions or locations where we are, we want to become extremely strong. And that is the way we work. We do not believe in spreading thin. So, even in Maharashtra, you would not find us in Nagpur, but we are there in Thane. But in Thane, you will find us more and more. So, there are regions where we go deeper.

Moderator: We will take our next question from the line of Rajat Setiya from iThought PMS. Please go ahead.



Rajat Setiya: Hi, thanks for the opportunity. Sir, two questions. One is, what is the reason for the lower fat sales in this year? And secondly, on the milk volumes, you said volumes are coming in. And if you can comment on the raw material milk pricing, that would be great as well? Thanks.

Srideep N Kesavan: Yes. So, see, the fats actually is lower because of bulk fat decrease. I am giving a full year picture, right? So the bulk fats have declined by about 70%. So, we used to have INR 125 crores of revenue in bulk fats. This year, the bulk fat revenue, I think CFO read it out earlier, is only INR 38 crores, whereas our consumer fats, revenue is touching close to INR 300 crores, it has grown at 48%, which is ghee and salted butter, right? So, that is actually good news for us. So, consumer business has grown at 48%, the bulk business or commodity business has declined by 70%. Overall, if I add both, then the fats have declined by 11%. But otherwise, it is actually a strong positive response.

Rajat Setiya: So, one small follow-up here. So, the reason why bulk fat sales have come down is because of the rising consumer sales or some other reason as well?

Srideep N Kesavan: There are two reasons. One is actually bulk butter prices were very high last year. So, if I had surplus butter, I would have actually sold in bulk butter and would have been even profitable. There could be others who would be doing the same. Because we had milk constraint... and somebody asked this question, "Did you have enough milk for your sales?" So, we prioritize consumer business because that is what is repeatable, it will keep happening next year, the year after next, and forever it will come, right? So, we prioritize consumer business or branded business. And because we did that, we did not go for the opportunistic sale of bulk butter, where we could have actually booked some sale and booked some profit also. We rather focused on driving our consumer ghee and consumer butter sale, right? That is the reality.

Rajat Setiya: Got it. Thank you. And so on the milk procurement prices, what is the scenario right now?

Srideep N Kesavan: Procurement prices for the last year, same quarter was INR 43.20, this quarter, it is INR 46.67. And please note, the way we report our procurement prices is landed to our chilling centre. The way you should understand is that farm gate price given to farmers, plus the operator commission, which is actually the village level collection centre expenses, plus the inward freight is added to it, right? So, that stands at INR 46.67, which is an increase of INR 3.47 or 8%.



- Rajat Setiya:** For the quarter?
- Srideep N Kesavan:** For the quarter. And for the full year, it stood at INR 44.72 versus previous year full year price of INR 41.92, which is an increase of INR 2.80, and in percentage, it is 6.7% increase.
- Moderator:** Next question is from the line of Hitaindra Pradhan from Maximal Capital. Please go ahead.
- Hitaindra Pradhan:** So, a follow up to previous discussion, I just wanted to understand the procurement prices. If you can explain what it is linked to? I mean, what you indicated is, it is basically we procure from farmers, farmer network and all, but it is not directly, like linked to the WPI index or national prices, and it is kind of regional. So, if you can talk about that, because in last two years, it has increased by INR 5, whereas our milk sale price has increased by INR 3? So, I just wanted to understand on the procurement side, what it is benchmarked with?
- Srideep N Kesavan:** At the end of the day, in each village, there is a supply/demand economics playing, right? It is a simple math. If I do not pay that price, then the milk goes somewhere else. So, it is not like you are the only operator there. In each region, we have different competition. So, like Tamil Nadu is one of our largest procurement regions. There we compete with the large private dairy companies like Hatsun Agro, Milky Mist, etc., as well as the co-operative Aavin. So, in each region, there is a price discovery happens because of the different prices offered by the different companies. Same is the case with Maharashtra. Wherever we are operating, there are multiple players. So, price discovery happens at the village level. And we have algorithms which tell us when we are having shrinkage of volumes and all of that, and then to sustain the volume, we have to give the price so that the milk keeps flowing, right? And of course, even though it is a very large industry, it is a small world. Everybody knows everybody's price. It is not a secret. So, we know the prices of all the players who are operating in our region.
- Hitaindra Pradhan:** Got it. So, that the price discovery is faster and there is like competition?
- Srideep N Kesavan:** Yes. Because the moment anybody increases price, the price circular is circulated. It comes in WhatsApp. Everybody can see the prices.
- Moderator:** Next question is from the line of Kiran from Green Investors. Please go ahead.

Kiran: Thanks for the opportunity. Firstly, thanks for the opportunity and congratulations on the INR 4,500 crores revenue mark. So, I just have a couple of questions. One, what is the share of our conventional GT business whether is the new trend of E-Com and Quick Com? And what is the delta margin between these two channels or markets, what do you call it?

Srideep N Kesavan: Yes, so our general trade contributes about 80% of our revenue and Modern Trade and E-Commerce, Quick Commerce contribute about 20% of the revenue. And in terms of margins, they are comparable. Of course, the right number to look at it is product-to-product, region-to-region, because the mix actually makes a lot of difference. For example, even as we speak now, fats for us make loss; we make about 6% loss in fats. And the contribution of sale of fats through organized trade is much higher, because of which the weighted average margins come down. Or for that matter, Quick Commerce, a large percentage of sale is still milk, which milk has got lower profitability compared to value-added products. So, all these mix being kept aside, the margins are comparable.

Moderator: Next question is from the line of Abhishek Mathur from Systematix. Please go ahead.

Abhishek Mathur: Yes, thank you for the opportunity. What is the trend that you are seeing on the fodder cost for the farmers -- do you see the fodder cost for the farmers inflating or how is the trend you are seeing now? That is it.

Dr Brij Mohan: Yes, the fodder cost if you remember the last time when I shared three months ago, during the summer, the fodder availability gets weaker. The second input which I would like to share with everybody is that we have fortunately a good surplus on energy crops like corn, the maize what we have, and we do not have much of exports as on today. Prices are relatively helpful to us. That means the farmer is having energy surplus forage. But, at the same time, the difficulty is coming from the protein side, the fodder, which is having a similar availability, but the prices are on the higher side. So, overall, to conclude on your question is, fodder side plus the feed side, we are in a very good situation. Only the prices are a little towards the higher side since November 2025 and continuing until today. But we are expecting to have some reduction, possibly by next month itself.

Moderator: Next question is from the line of Resham Jain from VVD Asset Managers. Please go ahead.



Resham Jain: Yes, you mentioned that your paneer sales is seeing a very good growth, but while manufacturing paneer, you get whey as a byproduct. So, what are you doing with whey and any plans to enter into whey protein, or is it too small right now to get into it?

Srideep N Kesavan: It is something that we are considering. At this point in time, we are using our whey for various things, including we also have a certain drinkable that we sell in the market, such as Gluco Shakti. Even though it is very, very small at this point in time, but we are doing some products. But of course, yes, let us say whey powder and all are things that we are looking at, at this point in time. I think a gentleman asked in the beginning about our CAPEX philosophy. Our CAPEX philosophy, we take balanced and measured risks. And so we balance our CAPEX with projects which have got short gestation, such as curd, paneer, etc., Very short gestation because the ROCE of curd is very similar to milk, right, and it generates quick free cash flow. And we match that with long gestation projects such as ice cream, etc., So, there is a plan that we have in the long range, and you will see these things coming up. Timing is what we will have to look for.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand the conference over to Dr. Rao for closing comments. Over to you, sir.

Dr. M. Sambasiva Rao: Thank you all for your continued interest in Heritage Foods and looking forward to interact with you in the course of the coming months. Thank you. Good day.

Moderator: Thank you. On behalf of Heritage Foods Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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