

Future Retail Consolidates Retail Business of Heritage Foods

124 Store Chain to Become Part of Future Retail's Network

7th November 2016, Hyderabad: Future Retail Limited today announced that its Board of Directors have approved a proposed consolidation of the retail and allied businesses of Heritage Foods Limited. The retail business of Heritage Foods includes the popular Heritage store chain of 124 stores in the three key southern cities of Hyderabad, Bangalore and Chennai.

Heritage stores have emerged among the most popular retail brands in Southern India, serving over 24 million customers annually. With store sizes ranging between 2000 square feet to 8000 square feet, these small format stores are located within key neighbourhoods of Hyderabad, Bangalore and Chennai and compliment well with Future Retail's existing network of 379 small format EasyDay stores in northern cities of India. In addition, Future Retail also operates 232 large format Big Bazaar stores across the country, along with other chains, such as fbb, Foodhall, eZone and Home Town.

Heritage Foods founded in the year 1992 is among the fastest growing private sector enterprises in India, with six verticals viz., Dairy, Retail, Agri, Bakery, Renewable Energy and VetCa. Heritage Dairy has market presence across 10 states with 1,13,500 outlets for the same. Heritage started Retail operations in 2006. The stores are operated under the brand "Heritage Fresh", now a well-recognized chain of small format stores in Hyderabad, Bangalore and Chennai with 124 stores covering 4.28 lakh sft of trading area. The stores sell a wide range of household items, FMCG products, staples and fresh fruits and vegetables. Heritage also has integrated agri pack houses in Chittoor, Andhra Pradesh and Medak, Telangana forming the fruits and vegetables supply chain for the Retail stores. The company also has a bakery production facility in Hyderabad which markets baked products through the retail stores apart from being a supplier to major QSRs. Under the Renewable Energy vertical, the company has one solar (2.34 MW) and two wind (4.2 MW) power projects for captive consumption of its dairy factories.

The retail and allied businesses of Heritage Foods posted revenues of Rs 629.70 crore during financial year ended 2015-16. On closure of the transaction, Heritage Foods Limited will own 3.65% of shareholding in Future Retail Limited, through fresh issuance of shares by the Company. As part of the scheme of arrangement for the acquisition, Heritage Foods Limited will spin off its retail, bakery, agri-sourcing and veterinary care business in a fully owned subsidiary. Subsequently, all these businesses, except veterinary care, will then be merged with Future Retail Limited. The Scheme shall be subject to approvals from relevant regulatory authorities and shareholders of the companies.

Commenting on the consolidation, Mr. Kishore Biyani, Chairman & Managing Director, Future Retail Limited said, “The consolidation of Heritage small format stores brings us closer to the homes of customers in the three key metros in Southern India. Scale plays an important role in retail and this forms part of our strategy of aggressively expanding our small stores network to around 3000 stores nationally by 2021, to service daily and weekly needs of customers, even as Big Bazaar focusses on delivering value and catering to the monthly consumption basket of urban India.”

Ms. N Brahmani, Executive Director, Heritage Foods Limited further added, “We are happy to have found a partner in Future Group to expand our retail business, as Heritage Foods continues to focus and expand its dairy and renewables energy business. Heritage stores are now part of a larger retail network and will benefit from economies of scale and supplier relationships that are critical in modern retailing.”

Apart from expanding its large-format hypermarket network through Big Bazaar, Future Group has been growing its small format network through organic and inorganic expansion. In May 2015, the group announced the merger of the EasyDay network operated by Bharti Retail. In November 2014, the group had acquired the Nilgiris chain and in March 2008 it had acquired the Aadhaar chain from the Godrej Group. The group has also recently took over the leases of the ‘Sabka Bazaar’ store chain and also services over 5000 Annapurna Bhandaar stores, which were the fair price shops, operated in the state of Rajasthan. Future Group’s portfolio of brands in basic foods, dairy, processed foods, beauty and home care categories are distributed through these chains as well as other modern retail chains.

Future Group also operates other retail chains such as fbb, Central, Brand Factory, eZone, Home Town and online portals ezoneonline.in and fabfurnish.com. Cumulatively, these retail chains are spread over 20 million square feet of retail space in over 250 cities and towns across India and attract close to 400 million customer visits annually.

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