Heritage Foods Limited Reports FY26 Revenue Growth Amid Challenging Dairy Market Conditions

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â??FY26 witnessed one of the toughest operating environments for the dairy industry in recent years, marked by severe milk shortages, elevated procurement inflation and weak flush season. Despite these challenges, Heritage Foods delivered resilient revenue growth of 9 per cent YoY to Rs45,260 million,â?• said Brahmani Nara as Heritage Foods Limited announced its financial results for the quarter and year ended March 31, 2026.

The company reported revenue growth of 10 per cent year-on-year to Rs11,576 million in Q4FY26, while full-year revenue rose 9 per cent YoY to Rs45,260 million, despite weak flush season conditions, milk shortages, and prolonged weather-related disruptions across key markets.

Heritage Foods said its consumer business continued to witness healthy momentum, supported by strong demand across value-added products (VAP), premium categories, and emerging distribution channels.

VAP revenue grew 18 per cent YoY to â?¹3,957 million in Q4FY26 and increased 13 per cent YoY to Rs 14,678 million during FY26. The contribution of VAP to overall revenue improved to 35.5 per cent in Q4FY26 from 32.5 per cent in the corresponding quarter last year, while FY26 contribution rose to 35.3 per cent from 32.0 per cent in FY25.

Including consumer-pack fats, VAP contribution stood at 41.9 per cent in Q4FY26 compared to 36.8 per cent in Q4FY25. For the full year, the contribution increased to 39.7 per cent from 36.7 per cent in FY25.

The company reported strong category-led growth across its portfolio, with paneer volumes rising 32 per cent YoY in Q4FY26 and 27 per cent during FY26. Curd volumes increased 11 per cent YoY during the quarter and 7per cent for the year, while ice cream volumes grew 26 per cent YoY in Q4FY26 and 15 per cent in FY26.

According to the company, recent product launches such as Livo Yoghurts, premium Sampurna A2 Curd, Nourish+ High Protein Paneer, and the Alpenvie ice cream range contributed significantly to growth momentum across premium categories.

However, elevated milk procurement costs continued to impact margins. Weak flush season conditions across key sourcing regions pushed average landed milk costs to Rs 46.7 per litre in Q4FY26, up 8 per cent YoY. As a result, EBITDA margins contracted by 311 basis points year-on-year to 4.5 per cent.

Despite supply-side constraints, Heritage Foods maintained procurement network expansion, although procurement volumes declined 7 per cent YoY to 16.38 LLPD during the quarter.

The company said calibrated pricing actions and premiumisation strategies partly offset the impact of raw milk inflation. Milk realisations increased 4 per cent YoY in both Q4FY26 and FY26, while VAP realisations improved 7 per cent YoY during the quarter and 9 per cent YoY for the year.

Milk sales volumes rose 1 per cent YoY to 11.73 LLPD in Q4FY26 and 2 per cent YoY to 11.83 LLPD in FY26.

Meanwhile, wholly owned subsidiary Heritage Nutrivet Limited delivered strong operational performance, recording a 33 per cent YoY increase in revenue to Rs 2,454 million in FY26. Profit before tax for the subsidiary rose to Rs 206 million.

Commenting on the companyâ??s long-term strategy, Nara said Heritage Foods remains focused on strengthening procurement infrastructure, expanding distribution reach, and scaling high-growth categories.

â??With continued investments in premiumisation, new capacities and value-added products, we remain well-positioned to drive sustainable long-term growth as industry conditions gradually normalise,â?• she added.