



VADILAL INDUSTRIES LTD.

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CIN No: L91110GJ1982PLC005169

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Email: shareslogs@vadilalgroup.com

10th August, 2016

To,
The National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051.

To
Department of Corporate Services,
Bombay Stock Exchange Limited,
1st Floor, Rotunda Building,
Dalal Street, Fort,
Mumbai - 400 001.

Scrip Code No. VADILALIND-EQ

Scrip Code : 519156

Dear Sir,

Sub : **Corporate Announcement.**

With reference to the captioned subject, please find enclosed herewith a Corporate Presentation related to the Quarter – 1 (01-04-2016 to 30-06-2016) Financial Results of the Company.

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For **VADILAL INDUSTRIES LIMITED**


RUCHITA GURJAR
Company Secretary &
Compliance Officer

Encl : As above

VADILAL INDUSTRIES

Q1 FY17 Results Presentation



Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties, like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Vadilal Industries will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances.

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Q1 FY17 Performance

Chairman's Message



Commenting on Q1 FY17 performance, Mr. Rajesh Gandhi, Chairman and Managing Director, Vadilal Industries Limited (VIL) said:

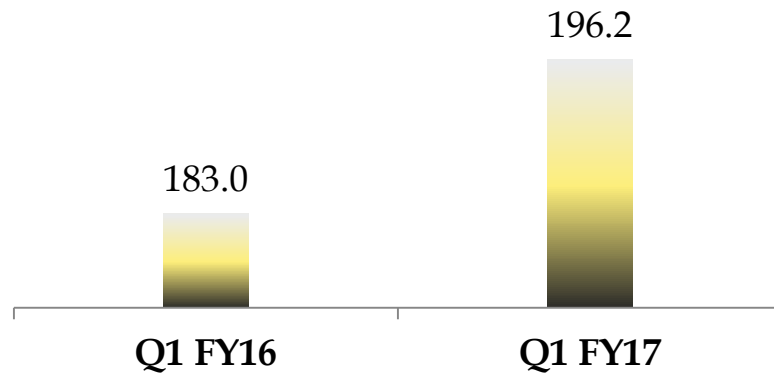
"I am glad to announce a positive financial and operating performance for the quarter under review. The ice cream business grew 9.3% on account of improved volumes while we maintained steady realizations as cost of raw material and inputs remained stable. Q1 being the summer months, is the peak ice cream season for us, and we operated at close to full capacity levels. In addition, we saw encouraging demand for our ice creams from the Indian diaspora in overseas markets. However, there were fewer weddings during the quarter and we hope to see this segment contributing to a larger extent through the rest of the year. In processed foods, we continue to focus on branded products and are looking to further expand volumes domestically and in target key export markets to deliver improved performance. Our processed foods distribution channels are also being successfully used to sell dairy products in key global geographies.

In the current financial year, we plan to further enhance our capacities for individualized packs to 270,000 pieces per hour from the current 210,000 pieces by adding additional lines within existing facilities. These investments will allow us to align resources with emerging demand patterns and they are part of the planned capex of Rs. 25 crore in FY17. With expanding distribution, increased penetration and pickup in demand for individualized packs, the additional capacity is likely to be fully utilized over the next three years. This combined with macro factors such as greater affordability, preference for ice creams, changing weather patterns and improving power situation will further increase consumption of our products. We will prudently deploy capex, continue on the path of stringent working capital discipline and use operating cash flows to further reduce debt. We believe these initiatives will enhance value of all our stakeholders."

Financials – Q1 FY17 Performance

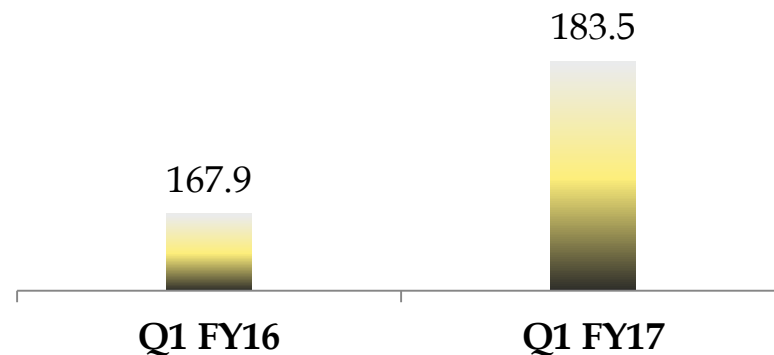


Revenue

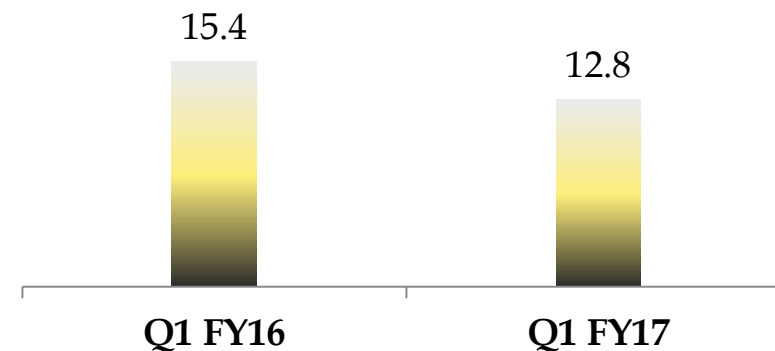


- In Q1, VIL delivered 7.2% y-o-y growth driven by 9.3% y-o-y higher revenues in ice cream business and volume expansion across focused segments.
- Revenues from processed foods division was subdued on account of discontinuation of unbranded businesses.

Ice Cream



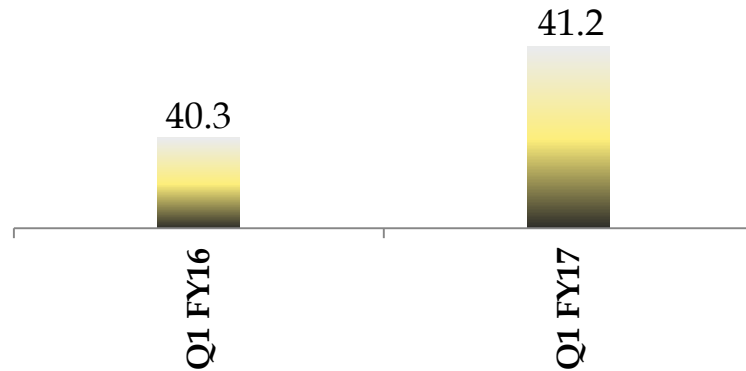
Processed Foods



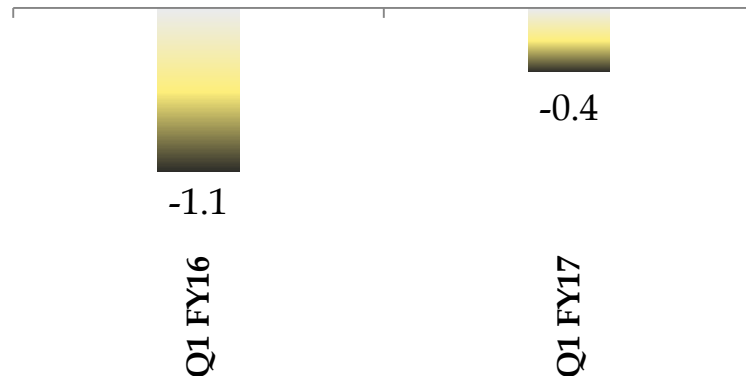
Financials – Q1 FY17 Performance



Ice Cream - PBIT

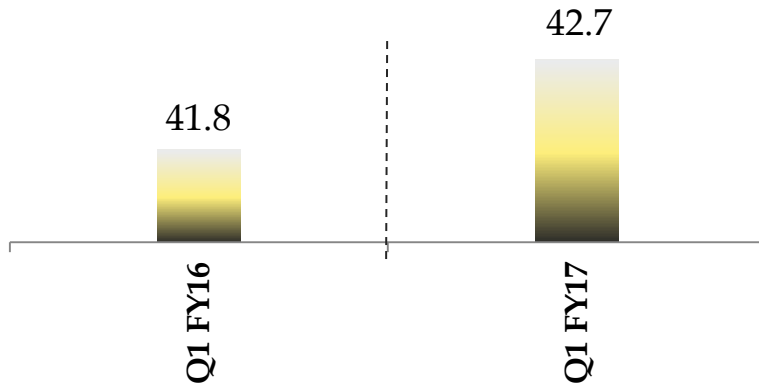


Processed Foods - PBIT

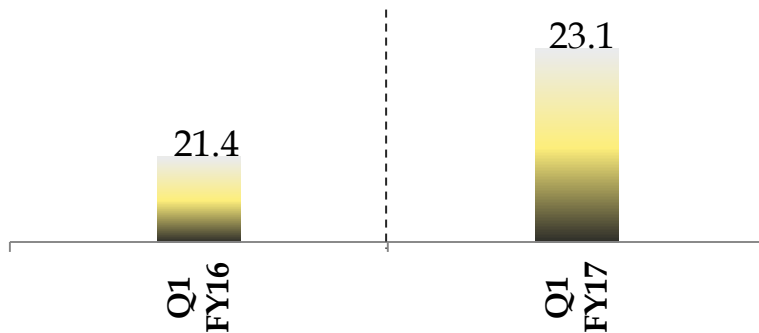


- Expanded volumes in the ice cream segment have increased utilization levels. Input costs have remained largely unchanged yoy.
- Distribution expansion and brand visibility initiatives have been accelerated to support growth prospects.
- Processed foods profitability improvement following discontinuation of unbranded products. Growing ice cream exports also utilize this channel.
- Expect further improvement in profitability of process foods business as volumes expand.

EBITDA



PAT



- While core product margins have been maintained, Q1 EBITDA growth was impacted by higher allocation of management remuneration which should even out during the course of the year.
- In Q1, more aggressive provisioning has been made for sales incentives and distribution costs.
- Margins get the benefit of the focus on individually packaged ice creams which contribute about two-thirds by value in the ice creams segment.
- Focused working capital and debt reduction/rebalancing initiatives are also expected to support profitability.

Marketing initiatives – Thrust towards Premiumization



- Parineeti Chopra has been appointed brand ambassador for Vadilal over three years.
- Unveiled new products endorsed by the brand ambassador, with the expanded range being evaluated on an ongoing basis.



meltⁱⁿ

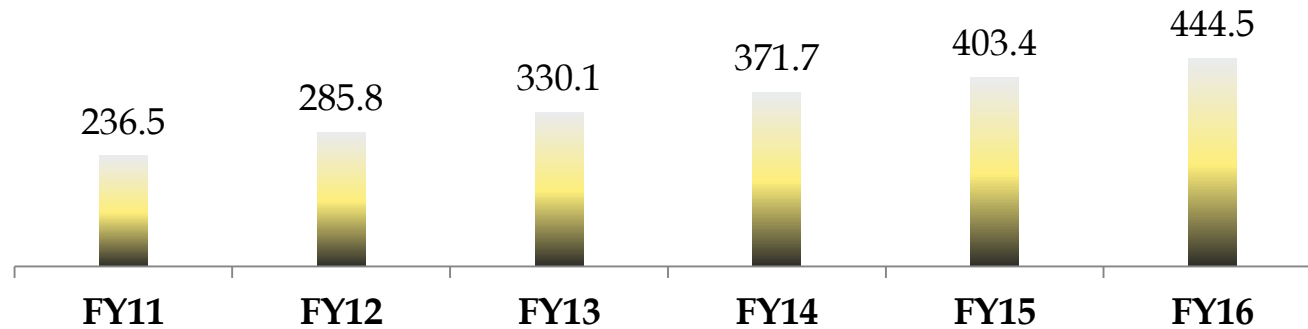


**Financials
Performance
Trends**

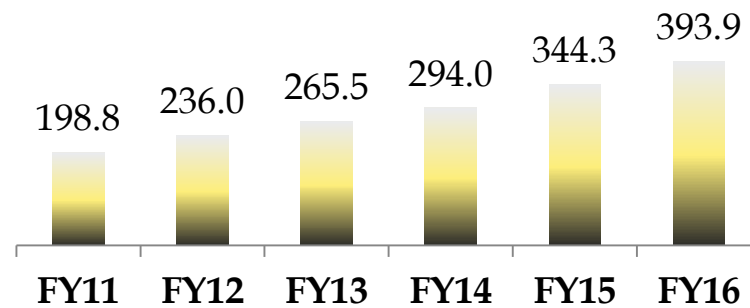
Financials Performance Trends



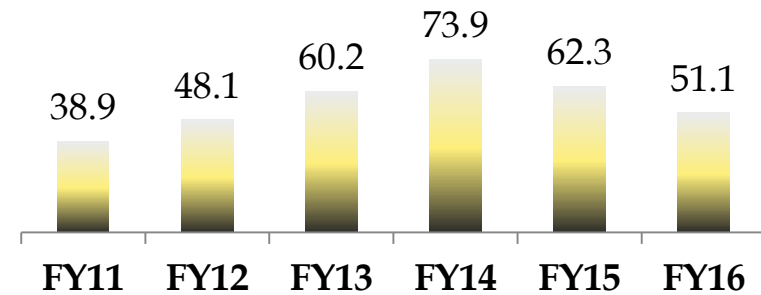
Revenue



Ice Cream



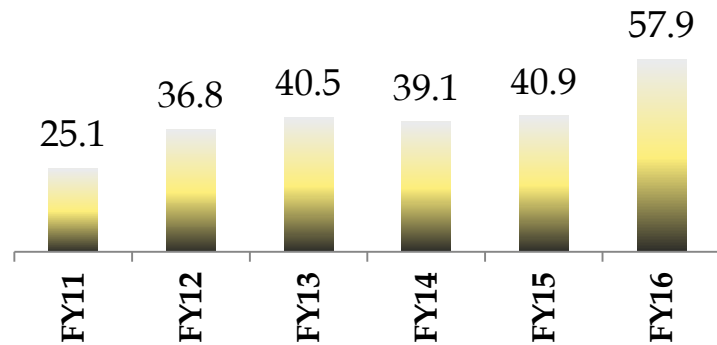
Processed Foods



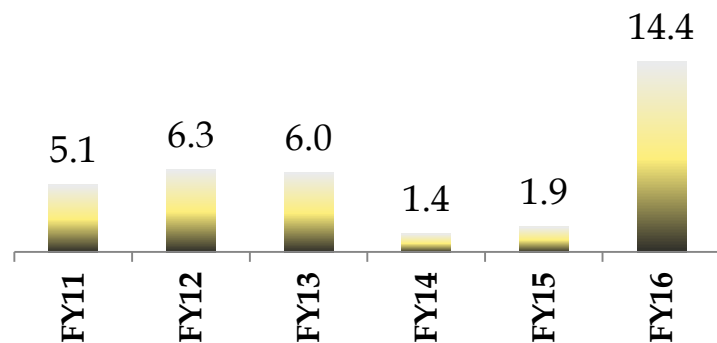
Financials Performance Trends



EBITDA



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Consumer behavior is transitioning with increasing acceptance for western desserts. With improving consumer sentiment and stable input costs VIL is likely to maintain its growth trajectory.

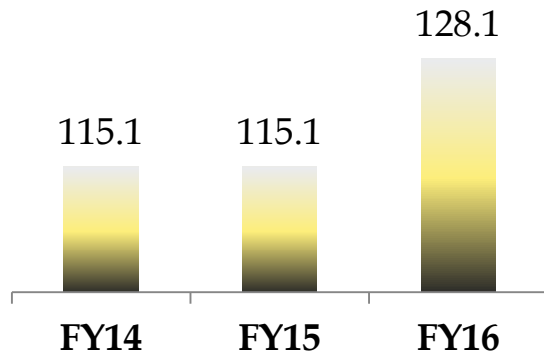
VIL is now reaping benefits of substantial investments in capacity, technology, brand and distribution.

As volumes enhance, existing capacity gets utilized more efficiently and margins which were depressed in the past are improving.

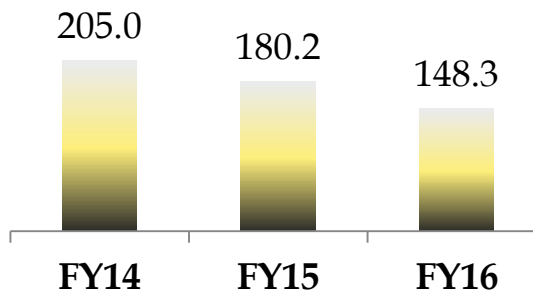
Financials Performance Trends – Balance Sheet



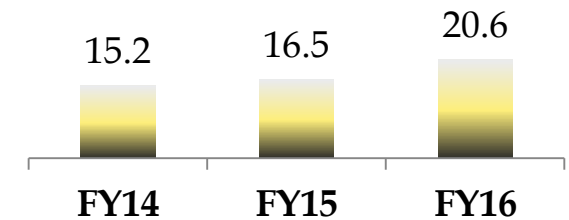
Networth



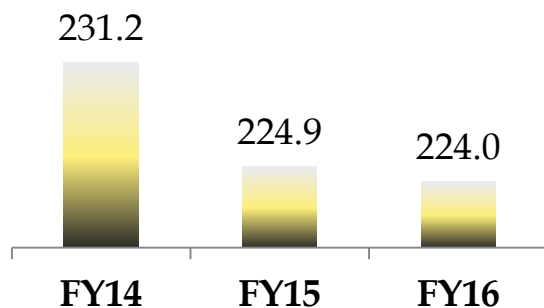
Debt



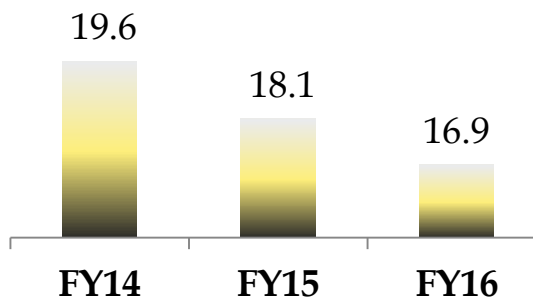
Other Non-Current Liabilities



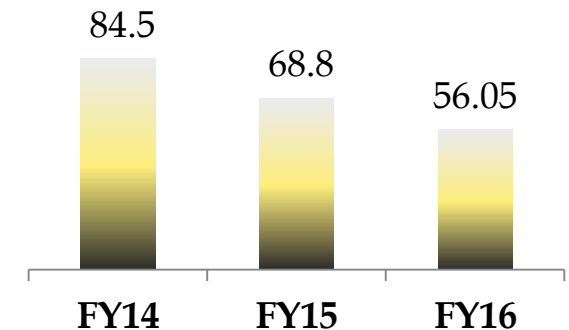
Net Fixed Assets



Other Non-Current Assets



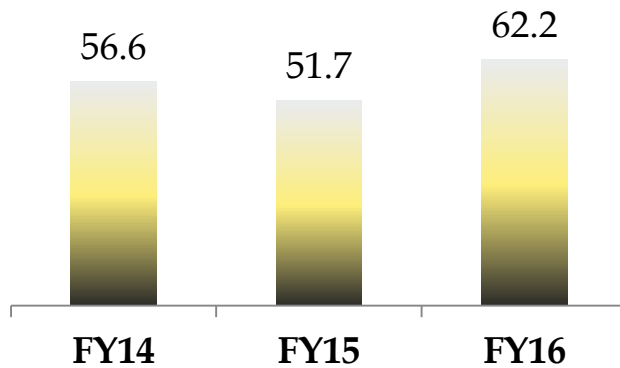
Net Current Assets



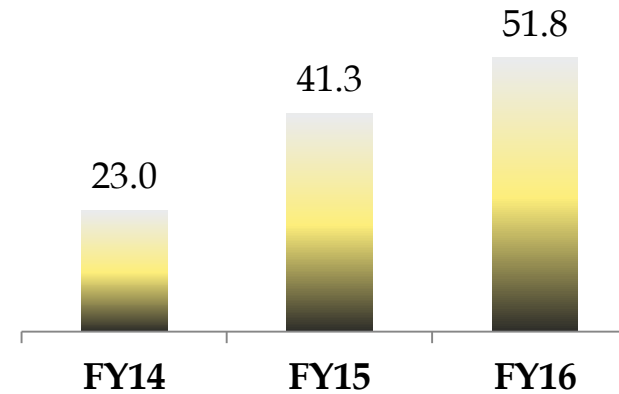
Financials Performance Trends – Cash Flows



Operating Cash flow



Free Cash Flow





Vadilal Industries Overview

109-year old, established ice cream brand

- Currently managed by fourth generation promoter family
- Selected India's most trusted ice cream brand in 2013 and 2014 by the Brand Trust Report

Largest range of ice creams of any company in India

- Top 3 ice-cream brand in the country, 150+ flavors
- 300 SKU's of cones, candies, bars, ice lollies, cups, family packs, economy packs

Second largest ice cream manufacturer in India by volume

- Leadership in Gujarat, Rajasthan, UP, Uttarakhand, Haryana and Chandigarh

Strong distribution network in North, West and East India

- 16 states, 61 CNF's, over 800 distributors, 250 distribution vehicles, 55,000 retail outlets

Expanding global business presence

- Products reach 45 countries across four continents
- 80% contribution from exports in processed foods segment

Indian Ice Cream Market



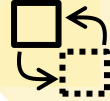
- Ice cream is transitioning from periphery to mainstream, from occasional indulgence to snacking option

Evolving perceptions



- Transition from seasonal to year-long consumption

Changing demand patterns



- Increased disposable incomes and discretionary spending driving secular demand growth

Growing affordability



- Consumers receptive to spending on high quality products that meet their rising aspirations

Premiumization trends



- Shift from limited portfolios of traditional products to innovative, global-standard offerings

Innovative product development



- Local brands competing with international players, leading to market expansion

Expanding customer choices



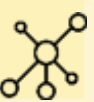
- India's current annual per capita consumption of 400 ml vs 2.3 liters world average, Chinese consumption is 20X India's

Significant headroom for growth



- Rapid expansion of retail network leading to product availability and convenience

Nationwide retail expansion



Vadilal: Growth Strategies



Ice Creams - Brands Portfolio



Processed Foods Business



- Global business selling to 45 countries in four continents
- Strong distribution to Indian diaspora, being further developed with new product launches
- Expanded export markets from 12 SKU's supplied to seven countries in 1991 to 100+ SKU's to 45 countries currently
- Expanded domestic market from 18 SKU's sold in Gujarat in 2000 to 75+ SKU's available in five Indian states currently
 - Vadilal Quick Treat brand has expanded presence to Maharashtra/Mumbai
- Aggressively expanding frozen food line, exited from low margin, mango pulp business



Processed Foods - Brands Portfolio



- Processed foods products are marketed under the brand name 'Quick Treat'
- Portfolio includes frozen vegetables, ready-to-eat/ready-to-serve frozen snacks, Indian breads and curries
- Positioned to assist Indian kitchens with traditional home cooking



Production Facilities

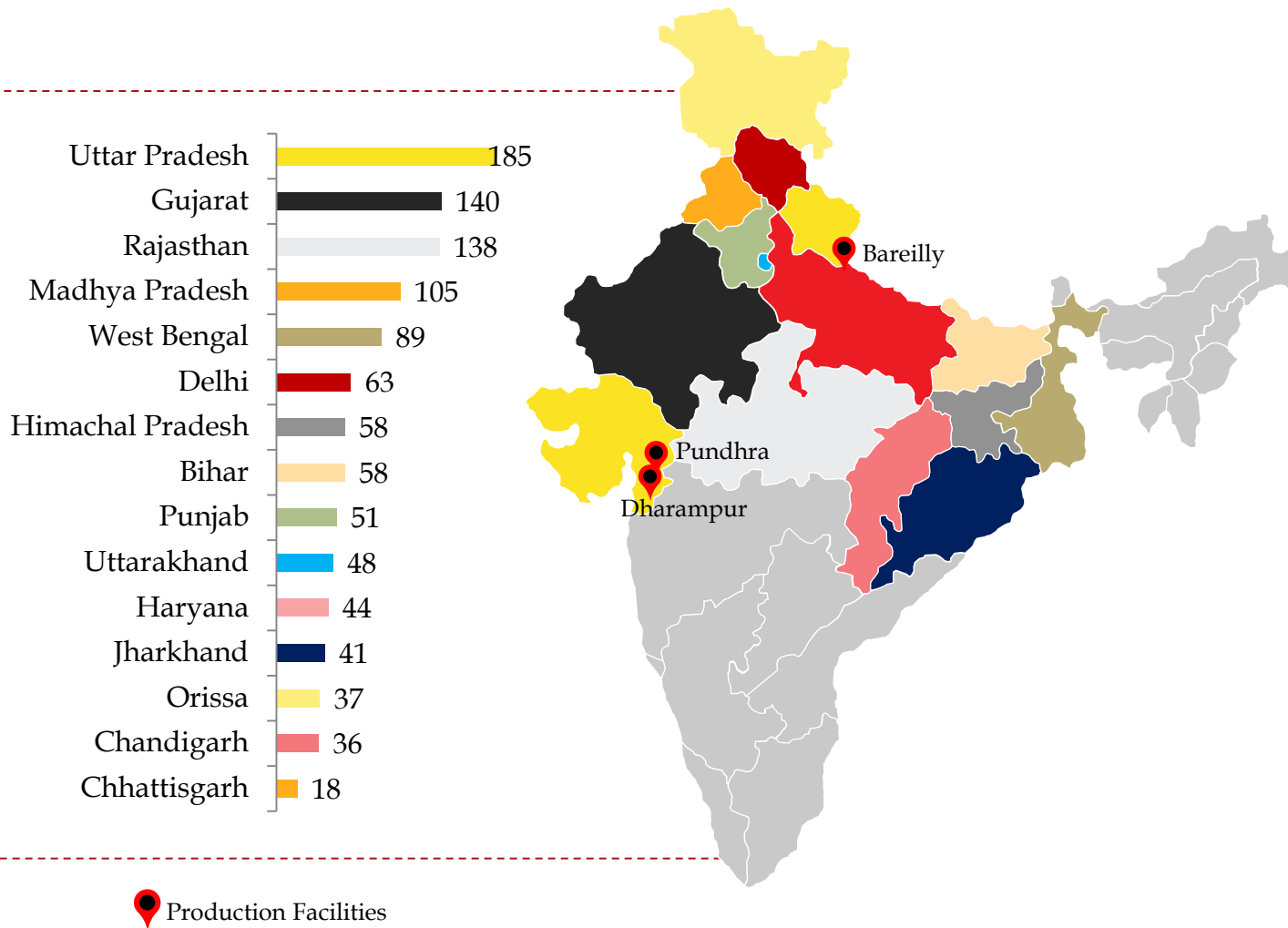


- Capacity expanded from 175,000 liters per day to 230,000 liters per day over the past one year
- Current production on automated processes “untouched by hand”, manual intervention only at packaging stage
- Focus on branded portfolio in Processed Foods Business
- No further capital expenditure anticipated on capacity enhancement over the next three years



Facilities	Capacity	Production	Certification
Bareilly	230,000 liters per day	Ice cream	ISO-22000:2005
Dharampur	33,000 kgs per day	Processed foods	ISO-22000:2005 and BRC : Issue 6
Pundhra	230,000 liters per day	Ice cream	ISO-22000:2005 and BRC : Issue 6

Distribution Presence



Distribution network comprises of over **55,000** retailers, over **1,000** distributors, **61** CNFs, **250** distribution vehicles and almost **300** SKUs.

Adopted franchisee route to further increase market penetration and established **250 ice cream parlors** under 'HAPPINEZZ' brand name

Access to the **largest fleet** of refrigerated vehicles in India, backed by an expanding distribution network

Awards and Accreditations



27 Awards Over 4 Consecutive Years At "The Great Indian Ice Cream Contest"



Ranked No. 18th In The Food Products Category By The Economic Times , 2013



Vadilal Industry Certification
ISO 9001: 2000


Certified by (Bureau Veritas
Certification International - Denmark)
ISO 9001:2000 and
HACCP supported Food Safety
Management System (ISO 22000:2005)
British Retailing Consortium (UK)

Vadilal Quick Treats Unit Is
Certified With BRC, ISO
9001:2008, ISO 22000:2005



Voted As India's Most Trusted
Brand In The Ice Cream
Category By [Trust Research
Advisory Board](#).



Outlook

Expanding Presence

Presence across 16 states, 61 CNF's, over 1,000 distributors, 250 distribution vehicles, over 55,000 retail outlets

Increasing penetration – moving from passive to aggressive business strategy to derive benefit from improving consumer behavior

Product Strategies

Focus on higher value products and targeting optimal margins – higher sales of individualized packs and stable input and distribution costs

Sales & Marketing push – accelerating new product development and increasing spend on promotional activities

Supply Chain Initiatives

Aggressive expansion of sales generating assets/cold supply chain – annual planned addition of ~15,000 deep freezers

Augmenting distribution management system that will allow micro-control over ROI from each business area and point of sale unit

Over the last five years, Rs. 175 crore has been invested to expand capacity and related infrastructure, planned initiatives to further leverage this investments

Contact Us



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THANK YOU