

VADILAL INDUSTRIES LTD.

REGD. OFFICE: "VADILAL HOUSE"

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16th November, 2015

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

Kind Attn.: Mr. Gopalkrishnan, General Manager

Dear Sir,

Sub: Corporate Announcement Ref: Security Code No. 519156

With reference to the captioned subject, please find enclosed herewith a Corporate Presentation related to the Quarter – 2 (1-7-2015 to 30-9-2015) Financial Results of the Company.

Kindly take the same on your record.

Thanking you,

Yours faithfully, For VADILAL INDUSTRIES LIMITED

(NIKHIL PATEL)
Company Secretary &
Compliance Officer

Encl : As above



Disclaimer



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 forwardlooking 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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Chairman's Message



Commenting on Q2 & H1 FY16 performance, Mr. Rajesh Gandhi, Chairman and Managing Director, Vadilal Industries Limited (VIL) said:



"Vadilal Industries has demonstrated robust financial and operating performance in a subdued economic environment. We are witnessing healthy growth on the back of improved volumes and higher capacity utilization. Our investments in technology and market penetration as well as focus on individually packaged ice cream is creating more demand in existing markets in India.

We continue to launch innovative products to suit customers' evolving tastes. We are also focused on expanding our product distribution footprint nationwide and also in some key global geographies targeting the Indian diaspora. Our growth is based on higher utilization of committed capacities while cash flows from operations have been used to reduce debt on the balance sheet. We believe these initiatives will prove to be value accretive to all our stakeholders."

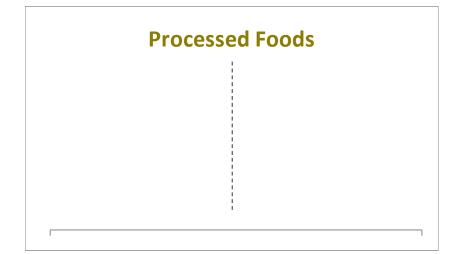
Financials – Q2 & H1 FY16 Performance





Vadilal Industries Limited (VIL) delivered 13% y-o-y growth in Q2, driven by expanding volumes. The ice cream business grew 22% y-o-y during the quarter, aided by warmer than usual weather. Processed foods revenues declined following the discontinuation of VIL's mango pulp business, which comprised unbranded exports.

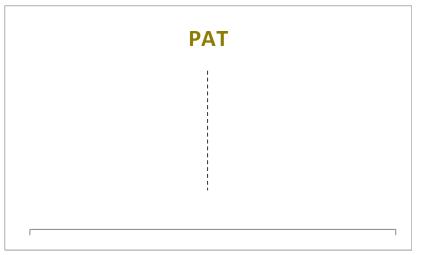




Financials – Q2 & H1 FY16 Performance







- In Q2, EBITDA margin expanded to 12.4% from 10.9%, underlying which was strong gross margins of 45.0% up from 41.6% on y-o-y basis.
- Gross margin expansion reflects benefit accruing from success in individually packaged ice creams and weak dairy commodity prices.
- The initiatives undertaken in the recent past are creating operating efficiencies, which may be expected to deliver financial upsides over the next few years.
- In H1, VIL has delivered revenue growth of 10.2% y-o-y, EBITDA margin expansion of 357 bps and 14.8% reduction in interest cost. Operating cash flows thus generated have been used to reduce Long Term debt by Rs. 20.83 crore.

Financials – Balance Sheet Performance



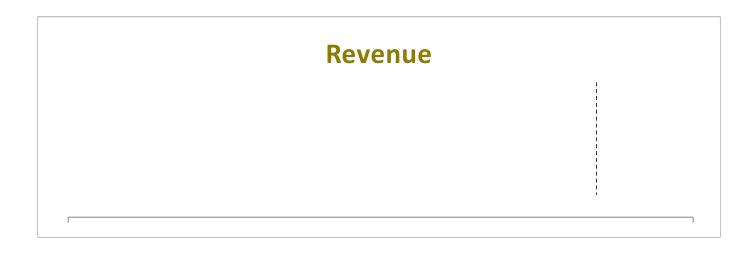
Particulars	As on 30-09-2015 (Unaudited)	As on 30-09-2014 (Unaudited)
EQUITY AND LIABIALITIES		
SHAREHOLDERS' FUND:		
(a) Share Capital	7.2	7.2
(b) Reserves and Surplus	132.0	121.0
Sub-total - Shareholders fund	139.2	128.2
DEFERRED GOVERNMENT GRANT	0.2	0.2
NON-CURRENT LIABILITIES		
(a) Long-term borrowings	51.4	72.2
(b) Deferred tax liabilities (net)	17.1	15.0
(c) Long-term provisions	1.5	1.3
Sub-total – Non-current liabilities	70.0	88.5
CURRENT LIABILITIES		
(a) Short-term borrowings	41.6	49.3
(b) Trade Payables	37.7	30.4
(c) Others current liabilities	40.3	41.0
(d) Short-term Provisions	7.1	6.0
Sub-total – Current liabilities	126.7	126.8
TOTAL – EQUITY & LIABILITIES	336.1	343.7

Particulars	As on 30-09-2015 (Unaudited)	As on 30-09-2014 (Unaudited)
ASSETS		
NON-CURRENT ASSETS:		
(a) Fixed Assets	221.7	228.3
(b) Non-current Investments	1.5	1.5
(c) Long-term loans and advances	12.9	14.3
(d) Other non-current assets	0.8	0.5
Sub-total – Non current Assets	236.8	244.6
CURRENT ASSETS:		
(a) Current Investments	7.0	0.01
(b) Inventories	60.9	65.6
(c) Trade receivable	15.8	18.3
(d) Cash and cash equivalents	6.7	4.9
(e) Short-term loans and advances	5.8	8.0
(f) Other current assets	3.1	2.3
Sub-total – Current Assets	99.3	99.1
TOTAL – ASSETS	336.1	343.7



Financials Performance Trends





Ice Cream

Processed Foods

Pro-forma financial numbers aggregating the performance of Vadilal Industries Limited (manufacturing company) and Vadilal Enterprises
Limited (marketing and distribution company) that are slated to be merged

Financials Performance Trends



EBITDA

PAT

Over the last three years, consumer behavior has remained largely subdued. In this period, VIL has delivered about 14% growth from its expanded manufacturing capacities.

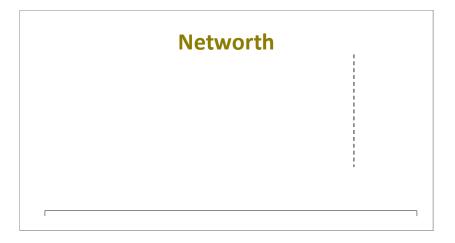
The Company has also made substantial investments in adopting technology across various aspects of the business. This includes automating manufacturing processes, food safety standards and enhancing the supply chain.

Margins have remained subdued as a consequence. These investments are now expected to fructify into improving financial performance.

Pro-forma financial numbers aggregating the performance of Vadilal Industries Limited (manufacturing company) and Vadilal Enterprises
Limited (marketing and distribution company) that are slated to be merged

Financials Performance Trends - (Balance Sheet)







Non Current Liabilities



Pro-forma financial numbers aggregating the performance of Vadilal Industries Limited (manufacturing company) and Vadilal Enterprises
Limited (marketing and distribution company) that are slated to be merged

Vadilal Industries Overview







Overview



108-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, 50 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



Evolving perceptions

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

Changing demand patterns

Transition from seasonal to year-long consumption

Growing affordability

· Increased disposable incomes and discretionary spending driving secular demand growth

Premiumization trends

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

Innovative product development

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

Expanding customer choices

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

Significant headroom for growth

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

Nationwide retail expansion

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

Vadilal: Growth Strategies



Geographical Expansion

- Expanding footprint in North and East regions of India
- New production facility expected in East India
- Expanding
 distribution footprint
 in tier 3/4 cities and
 rural markets

Brand Building Initiatives

- Seen as one of the most trusted ice cream and leading food brand in India
- Undertaken
 campaigns to
 strengthen social
 media presence
- Rural marketing initiatives

New Product Development

- Constantly innovating to roll out new products in ice cream segment
- Targeting expansion of market share in premium/super-premium segment

Retail Investments

- 5,000 new sales outlets planned in FY16
- 50 new branded ice cream parlors and 50 more distributors expected to be added in FY16
- Investments in new technologies

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 across production facilities over the last three years,
- Current production on automated processes "untouched by hand", manual intervention only at packaging stage
- Discontinuing production of non-branded canned pulp products to focus on branded portfolio
- No further capital expenditure anticipated on capacity enhancement over the next three years

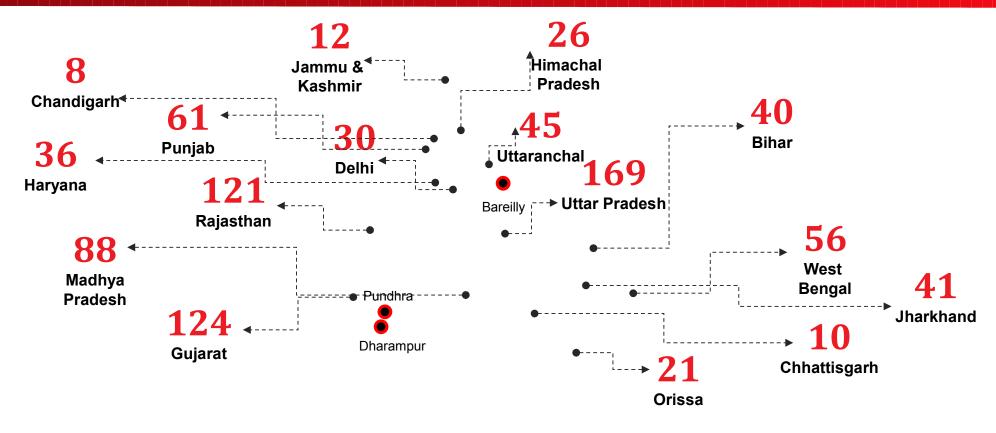
Facilities	Capacity	Production	Certification
Bareilly	175,000 liters per day	lce cream	ISO-22000:2005
Dharampur	33,000 kgs per day	Processed foods	ISO-22000:2005 and BRC : Issue 6
Pundhra	175,000 liters per day	lce cream	ISO-22000:2005 and BRC : Issue 6





Distribution Presence

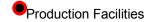




Distribution network comprises of **55,000** retailers, over **800** distributors, **50** CNFs, **250** distribution vehicles and almost **300** SKUs.

Adopted the 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





Cream Contest"







Vadilal Industry Certification ISO 9001: 2000



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 <u>Trust Research</u> Advisory Board.



Planned Initiatives



Corporate Transition

Discontinuation of non-branded/ bulk processed foods to aid debt reduction Planned merger of Vadilal Industries (manufacturing entity) and Vadilal Enterprises (distribution entity)

Expanding Presence

Production facility planned in Eastern India – evaluating asset light model

Increasing penetration into 24 states in India – moving from passive to aggressive business strategy to derive benefit from improving consumer behavior

Product Strategies

Focus on higher value products and margin expansion – targeting 5% pricing improvement in the backdrop of weak cost of inputs and distribution

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

Supply Chain Initiatives

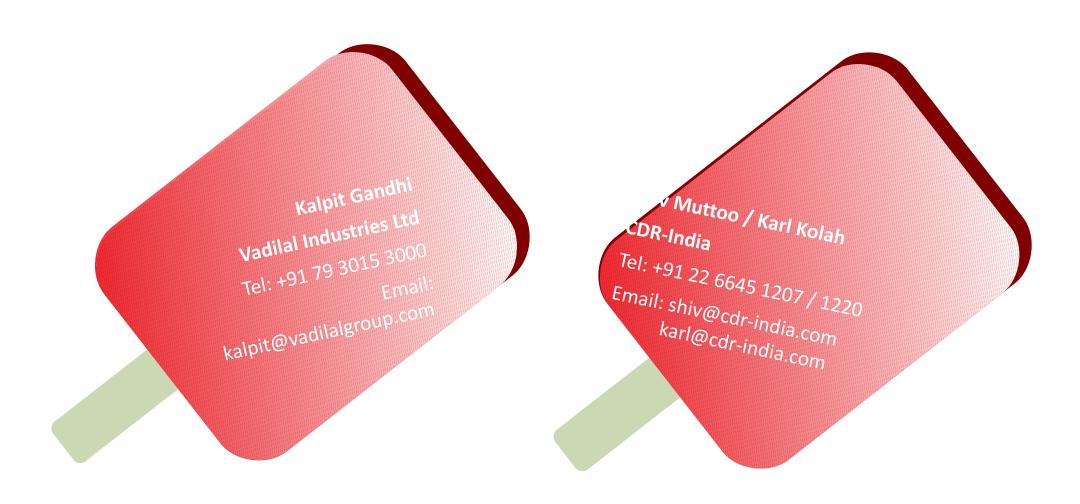
Aggressive expansion of distribution infrastructure/cold supply chain – annual planned addition of 5,000+ deep freezers

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

Rs. 175 crore has been invested over last three years to expand capacity and related infrastructure, currently planned initiatives will further leverage this investment

Contact Us









Thank You