



VADILAL INDUSTRIES LTD.

REGD. OFFICE : "VADILAL HOUSE"

53, SHRIMALI SOCIETY, NR. NAVRANGPURA RLY. CROSSING, NAVRANGPURA, AHMEDABAD - 380009.

TELE. NO. : (91) (79) 26564019-24 FAX : (91) (79) 26564027

CIN No: L91110GJ1982PLC005169

VISIT US ON : <http://www.vadilalgroup.com>

Email: shareslogs@vadilalgroup.com

17th November, 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 Company to the Institutional Investors of the Company.

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For **VADILAL INDUSTRIES LIMITED**

For (Nikhita)

RUCHITA GURJAR
Company Secretary &
Compliance Officer

Encl : As above

VADILAL INDUSTRIES

Q2 & H1 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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Q2 & H1 FY17 Performance

Chairman's Message



Commenting on Q2 & H1 FY17 performance, Mr. Rajesh Gandhi, Chairman and Managing Director, Vadilal Industries Limited (VIL) said:

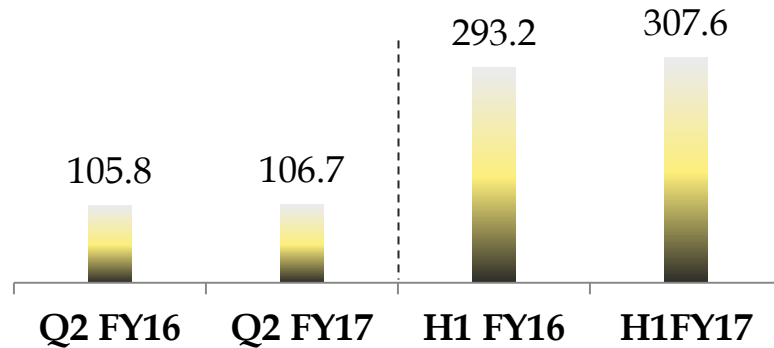
"We have delivered a steady performance during the quarter and half year under review. This period has seen some changing patterns in consumption, we have made some initiatives to expand our markets while our financial position continues to improve from continuing strong cash flow generation. Overall, growth has been lower than the historical trajectory. We have seen lower institutional sales from weddings and other social occasions based on a shift in dates assigned to such events. We are also seeing a transition from larger volume take home/party packs to impulse-based individualized packs, a segment in which we are well-positioned to participate with the largest variety of ice cream SKU's in the country. Ice cream revenues grew by 6.5% in H1 with some improvement in average realizations. Ice cream margins factor in additional marketing and advertising spends being incurred to strengthen the brand across our target markets in India and overseas. Apart from expanding distribution reach in India, we are developing overseas markets for our ice creams with focus on the Indian diaspora. Revenues for processed foods have declined this year based on our decision to focus on higher margin products. Here again, we are present both in India and in overseas markets with some overlaps in distribution channels.

We have seen strong operating cash flow delivered by the business, from summer season sales and greater control on working capital, that has allowed us to reduce debt by more than Rs. 50 crore in H1. Lower debt levels and enhanced credit rating are already resulting in a reduction in finance costs. In H2, we expect higher capital expenditure on our planned enhancement of capacities for individualized packs to 270,000 pieces per hour by installing additional lines. We also expect some impact on short-term consumer behavior due to the recently announced de-monetization initiatives which should bode well for the country over time. Overall, we will remain focused on building a strong consumer brand and delivering long-term value to our stakeholders as a consequence."

Financials – Q2 & H1 FY17 Performance

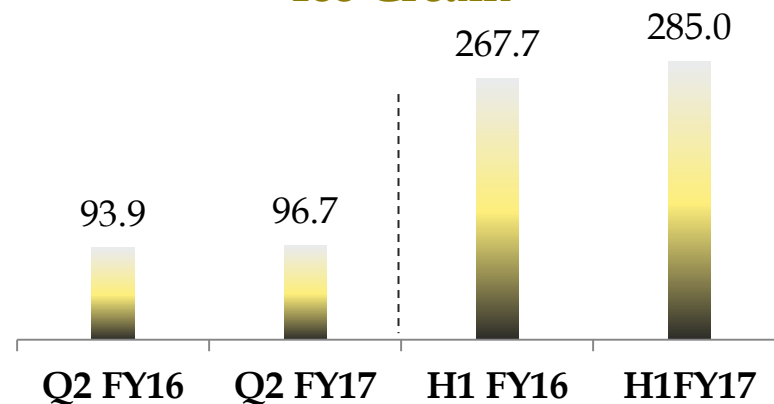


Revenue

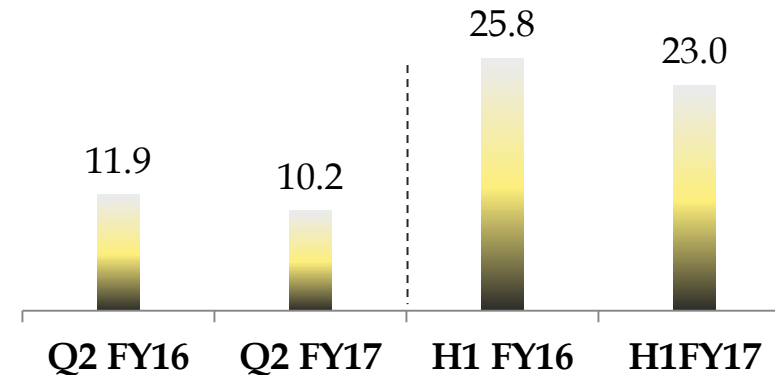


- In H1, VIL showed a 4.9% y-o-y growth driven by 6.5% y-o-y higher revenues in Ice Cream business.
- Realizations have improved based on higher contribution from impulse purchasing.
- Revenues from Processed Foods division was subdued on account of discontinuation of some lower margin products.

Ice Cream



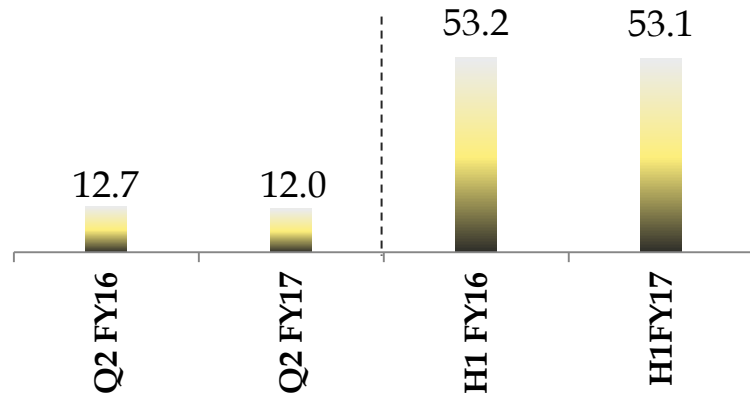
Processed Foods



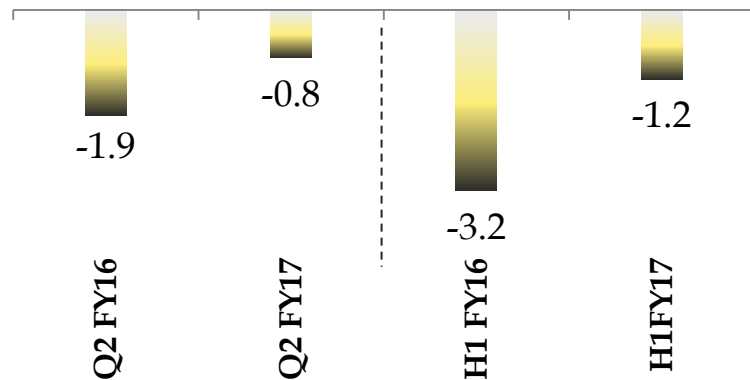
Financials – Q2 & H1 FY17 Performance



Ice Cream - PBIT

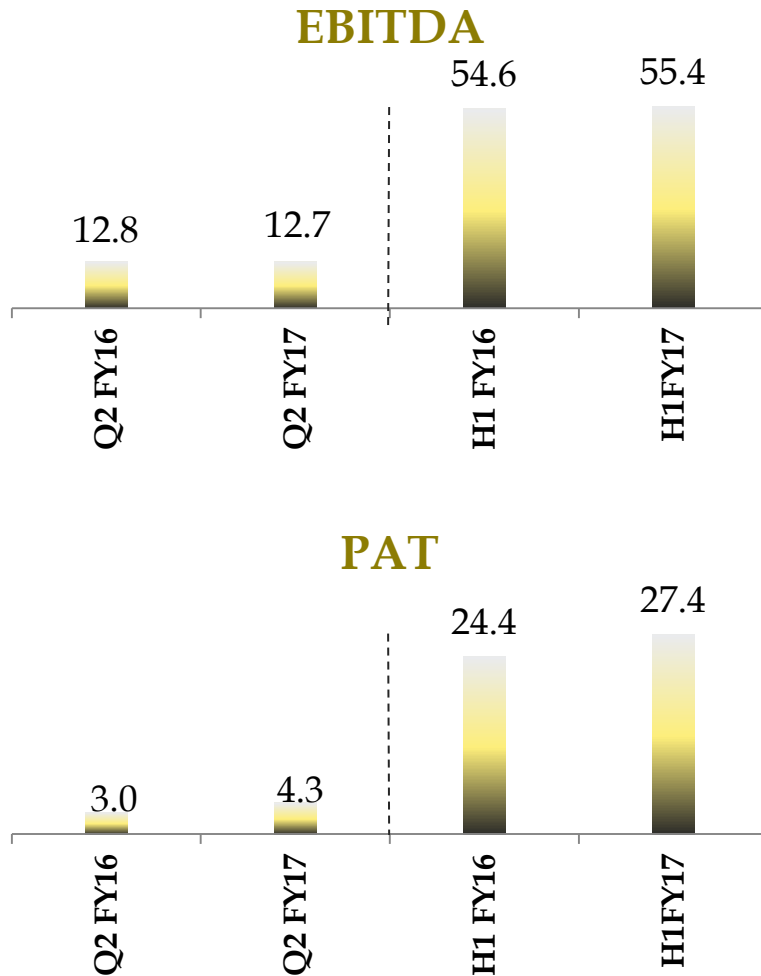


Processed Foods - PBIT



- Ice Cream margins include accelerated marketing spends on building the Vadilal brand in targeted markets. Input costs have remained largely unchanged.
- Distribution continues to expand across the country and export markets are being developed to support growth prospects.
- Processed Foods profitability improvement following discontinuation of unprofitable/unbranded products. Growing ice cream exports also utilize the common channel developed for foods business.

Financials – Q2 & H1 FY17 Performance



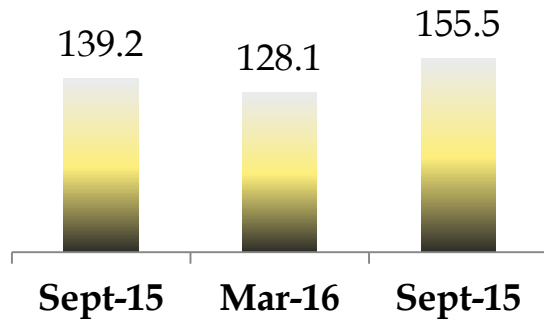
- Gross margins have improved in H1 as:
 - Ice Cream revenues have higher contribution from impulse purchases and individualized packs which contribute over 60% by value.
 - Processed Foods has discontinued some low margin/unprofitable product lines.
- Credit Analysis & Research Ltd. (CARE) has revised the rating of its long term bank facilities to CARE BBB (Triple B) from CARE BBB- (Triple B Minus) and the rating of its short term bank facilities to CARE A3+ (A Three Plus) from CARE A3 (A Three).
 - Revision in rating is based on VIL's improving operational and financial performance
- Focused working capital and debt reduction/rebalancing initiatives are also supporting lower finance costs and stronger cash flows.

Financials Performance – Balance Sheet

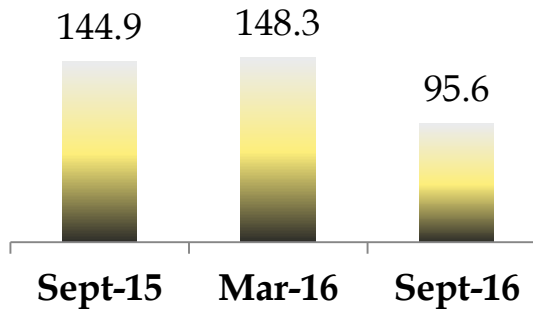


Liabilities

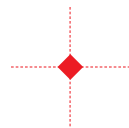
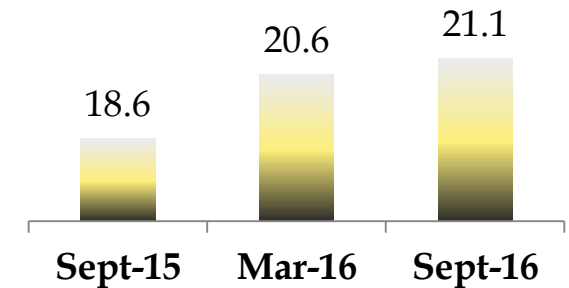
Networth



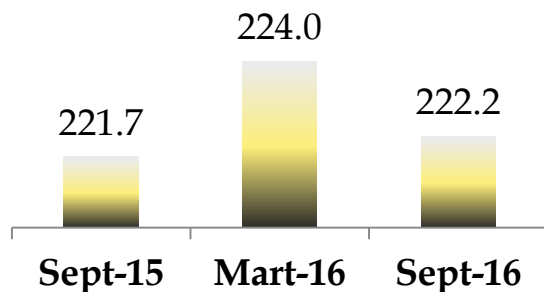
Debt



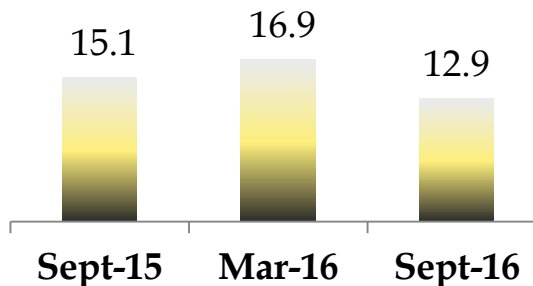
Other Non-Current Liabilities



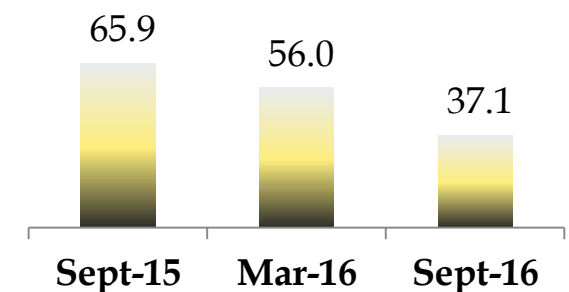
Net Fixed Assets



Other Non-Current Assets



Net Current Assets



Assets

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

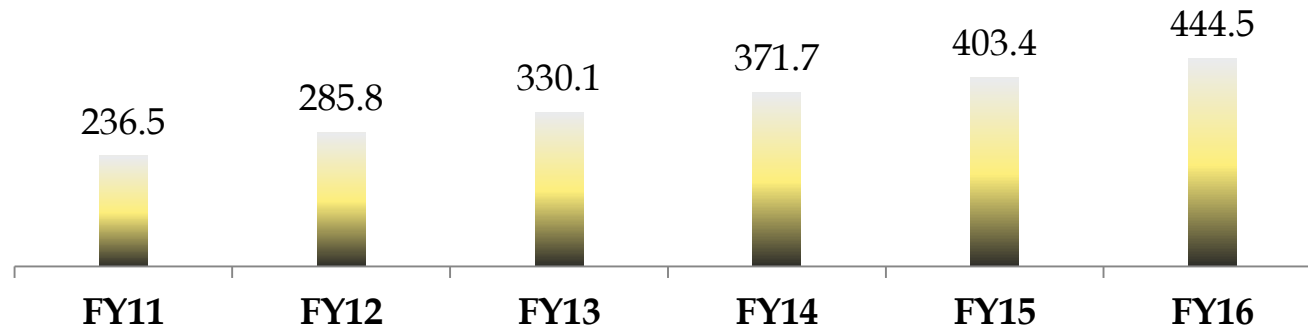


**Financials
Performance
Trends**

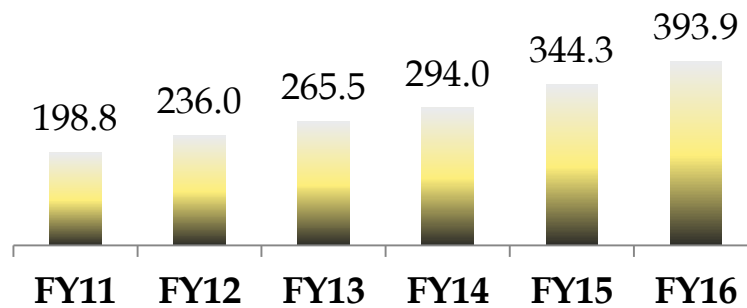
Financials Performance Trends



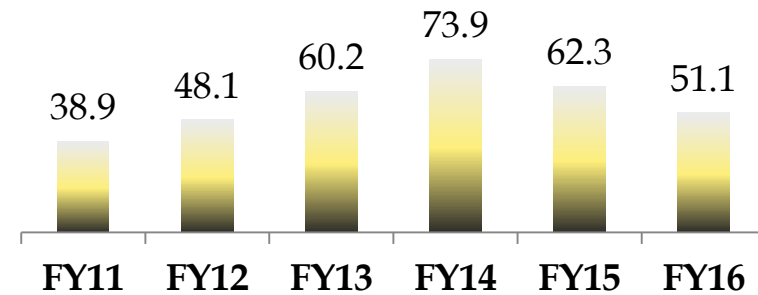
Revenue



Ice Cream



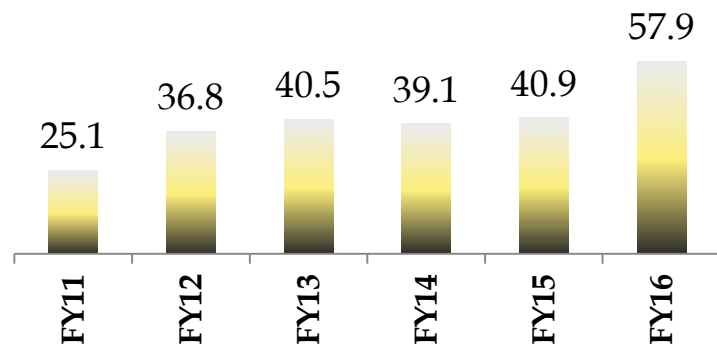
Processed Foods



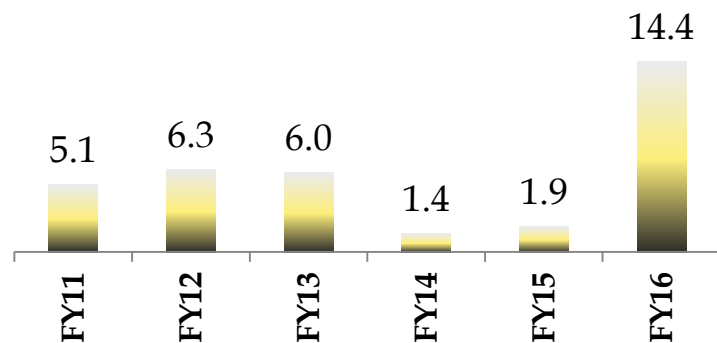
Financials Performance Trends



EBITDA



PAT



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.

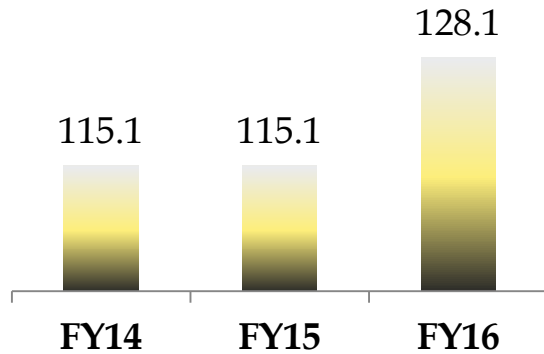
As volumes enhance, existing capacity gets utilized more efficiently and margins which were depressed in the past are improving.

Financials Performance Trends – Balance Sheet

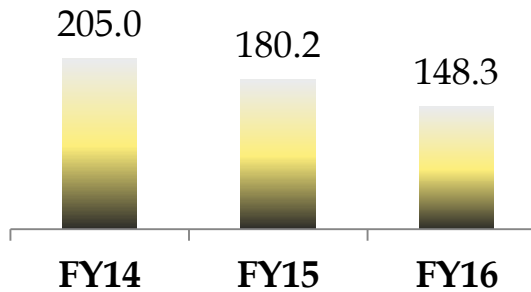


Liabilities

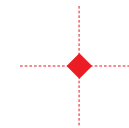
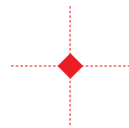
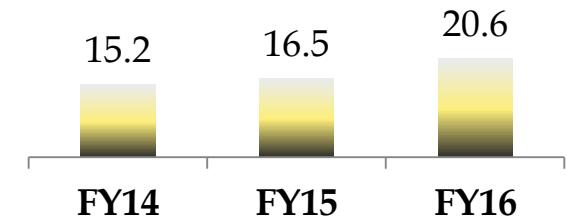
Networth



Debt

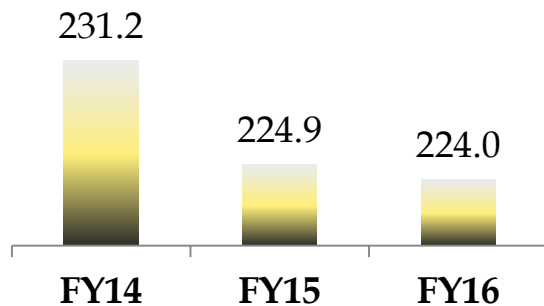


Other Non-Current Liabilities

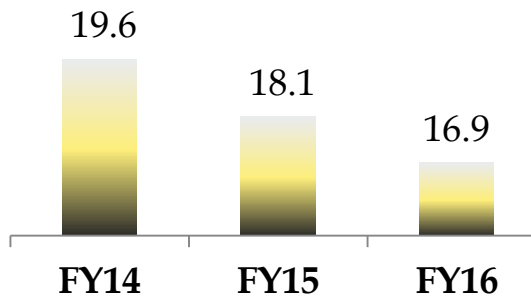


Assets

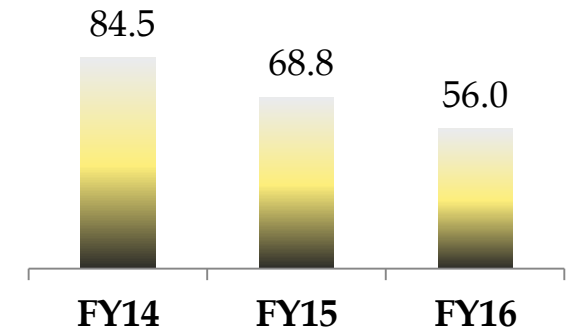
Net Fixed Assets



Other Non-Current Assets



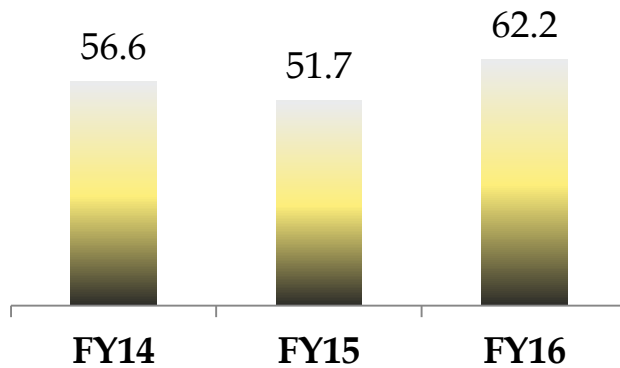
Net Current Assets



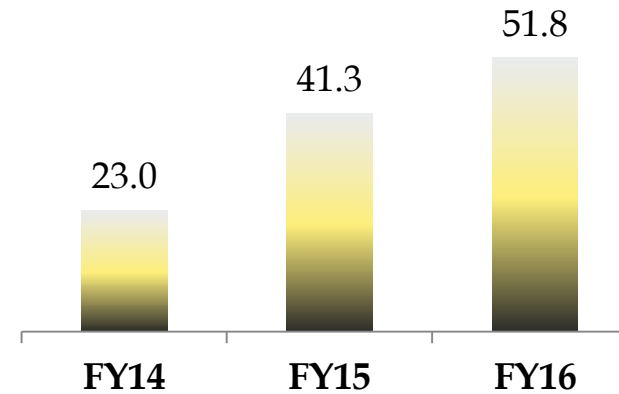
Financials Performance Trends – Cash Flows



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



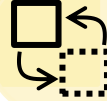
Ice cream is transitioning from periphery to mainstream, from occasional indulgence to snacking option

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





Ice Creams - Brands Portfolio



- 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



Vegetables



Breads



Curries



Snacks

Production Facilities

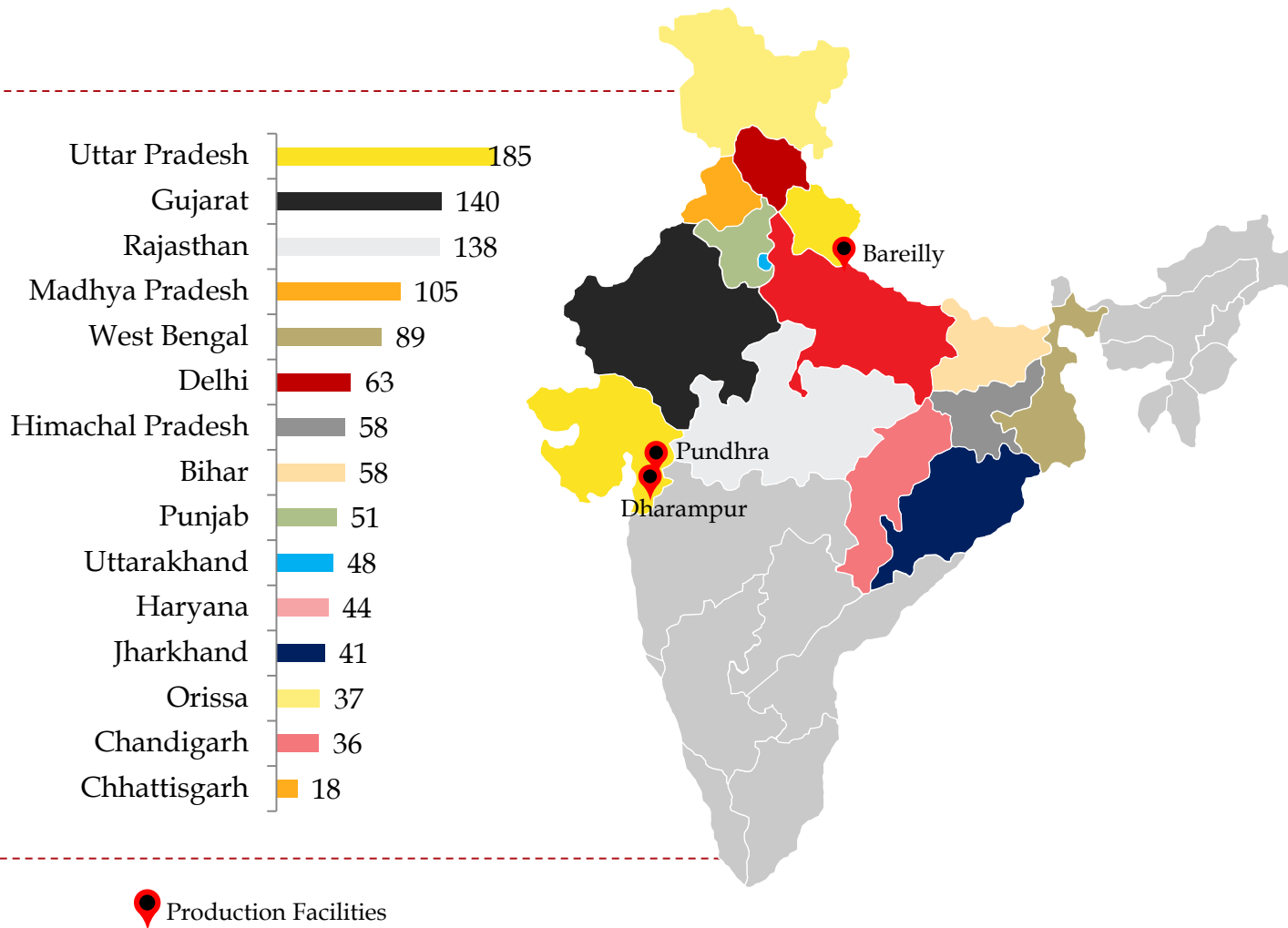


- Capacity expanded from 175,000 liters per day to 230,000 liters per day over the past one year
- Current production on automated processes “untouched by hand”, manual intervention only at packaging stage
- Focus on branded portfolio in Processed Foods Business
- No further capital expenditure anticipated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



Kalpiti Gandhi
Vadilal Industries Ltd
Tel: +91 79 3015 3000
Email:
kalpit@vadilalgroup.com

Shiv Muttou / Karl Kolah
CDR India
Tel: +91 22 6645 1207 / 1220
Email: shiv@cdr-india.com
karl@cdr-india.com



THANK YOU