



VADILAL INDUSTRIES LTD.

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CIN No: L91110GJ1982PLC005169

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

13th February, 2017

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 – 3 (1-10-2016 to 31-12-2016) 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

E-mail: shareslogs@vadilalgroup.com

VADILAL INDUSTRIES

Q3 & 9M 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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**Q3 & 9M FY17
Performance**



Commenting on Q3 & 9M FY17 performance, Mr. Rajesh Gandhi, Chairman and Managing Director, Vadilal Industries Limited (VIL) said:

"We have delivered another steady performance during Q3, a period impacted by demonetization and weakness in consumption spending across the board. Revenues expanded 5% in Q3 and 9M FY17. Margins were higher and profit after tax increased by 34% YoY in the first nine months.

We saw domestic volumes decline significantly in November but subsequently we are delivering stable growth. In addition, our exports business is seeing strong traction in some key markets and we see revenues doubling this year as our products continue to get a positive response from the Indian diaspora. Some of this growth and margins is captured in our subsidiaries and will be visible in consolidated reporting for the full financial year. We continue to see faster growth in consumption of personalized packs and contribution to ice cream volumes is now about 65%. During the quarter, the normal wedding season demand was more subdued than previous years. We remain focused on improving average realizations by using our capacities for aggressively expanding volumes of personalized packs that retail in the Rs. 5 to Rs. 20 range, we are target to grow our capacity from 2,10,000 pieces per hour to 2,70,000 pieces per hour.

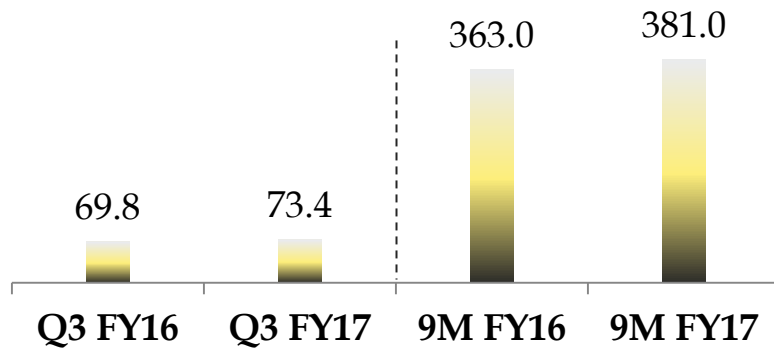
We have been buying raw material inventory for the next season and, given the recent increase in milk prices, will look to pass on this rise by increasing product pricing significantly after a gap of 2 years. We have also initiated production for the summer and look forward to seeing strong demand for our range of ice creams. We are supporting brand visibility by ongoing marketing and advertising initiatives that have seen us spend Rs. 25 crore or 5.5% of revenues in the first nine months this fiscal year compared to Rs. 20 crore in the same period last year. We also continue to invest in expanding the distribution network – in FY17 we plan to reach 40,000 POS refrigerators at ice cream retail outlets to take our network to 50,000 across 17 Indian states. In addition, our export initiatives are supported by a growing base of distribution that is partly owned by the company.

Going forward, in addition to market expansion and value addition in the product profile, we will continue to focus on improving our debt leverage and cash flow generation. We remain focused on building a respected brand that is preferred by consumers in India and targeted overseas markets to deliver value."

Financials – Q3 & 9M FY17 Performance

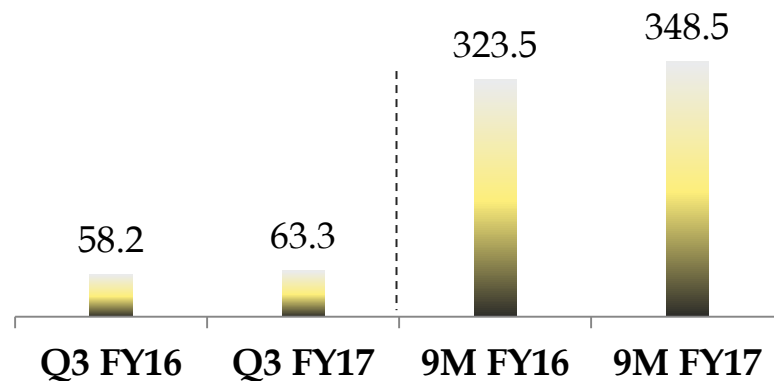


Revenue

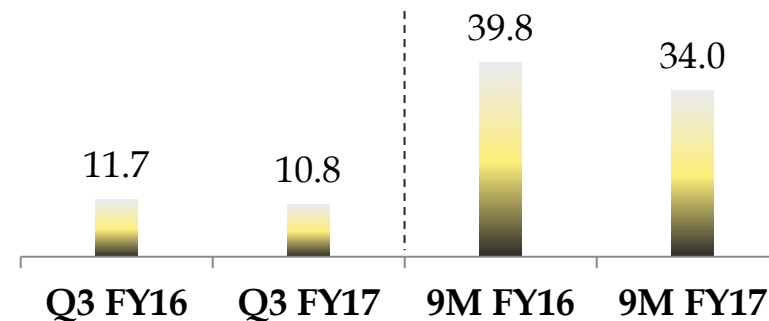


- In 9M FY17, Revenues have improved by 4.9% y-o-y growth driven by 7.7% y-o-y higher revenues in Ice Cream business.
- Realizations improved based on higher contribution from impulse purchasing.
- Revenues from Processed Foods division were subdued due to discontinuation of some lower margin products.

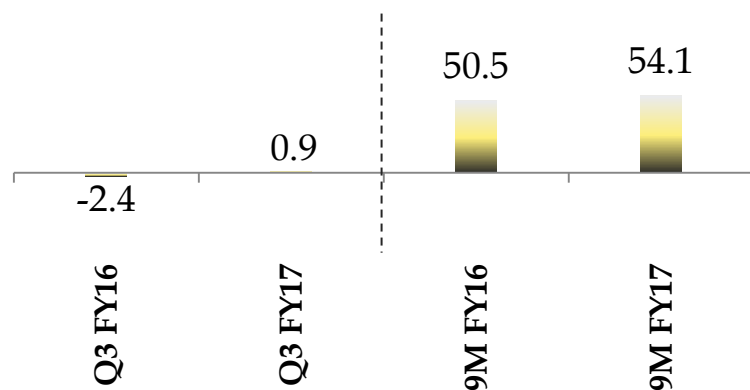
Ice Cream



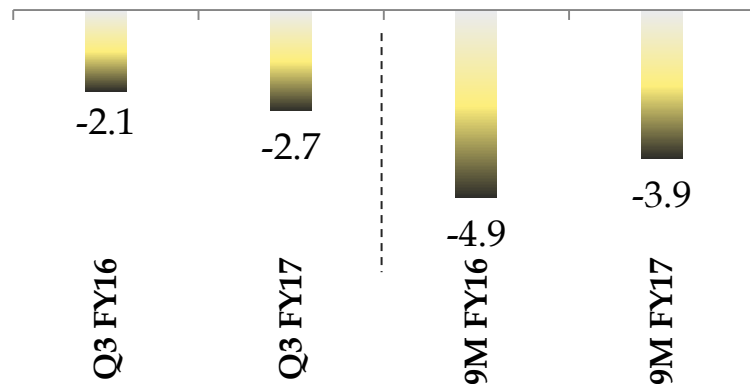
Processed Foods



Ice Cream - PBIT



Processed Foods - PBIT

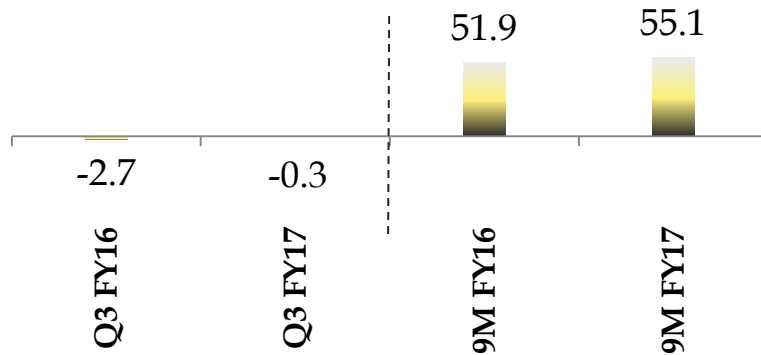


- PBIT of Ice Cream business in Q3FY17 showed a positive contribution in a seasonally weak quarter as against a loss last year.
- Input costs based on milk prices are expected to increase based on the recent uptrend. We may look to pass on the rise to customers in a judicious manner.
- Focus on expanding distribution across the country and lucrative export markets are being developed to support growth prospects.
- Losses in Processed Foods have been lower this year following discontinuation of unprofitable/unbranded products.
- Ice cream exports, which have been receiving encouraging demand also utilize the common channel developed for foods business.

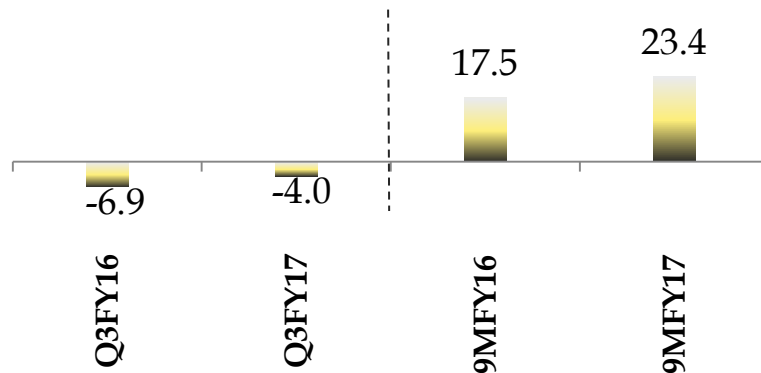
Financials – Q3 & 9M FY17 Performance



EBITDA



PAT



- Operating margins have improved in 9M as:
 - Higher contribution from impulse purchases and individualized packs in Ice Creams division which contribute over 72% by value.
 - Discontinued some low margin/unprofitable product lines in Processed Food Division.
- Continue to focus on debt reduction. Overall debt as on Dec 31st 2016 lower at Rs. 103 crore when compared Rs. 141 crore as on Dec 31st 2015.
- Finance costs in 9MFY17 lower by 32.8% y-o-y at Rs. 10.7 crore as compared to Rs. 15.9 crore in 9MFY16.
- PAT for 9MFY17 increased by 33.8% y-o-y on account higher Ice Cream sales leading to better utilization levels, improved product mix and lower finance costs.

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.



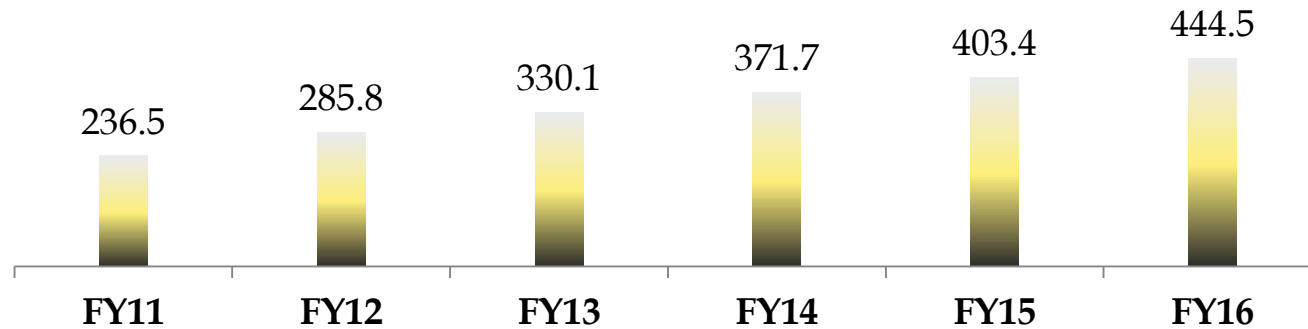
melt *in*



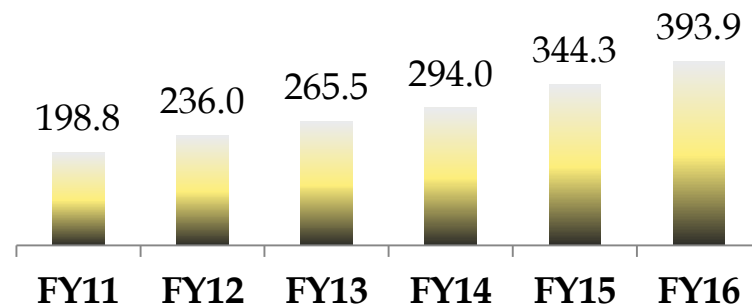
**Financials
Performance
Trends**



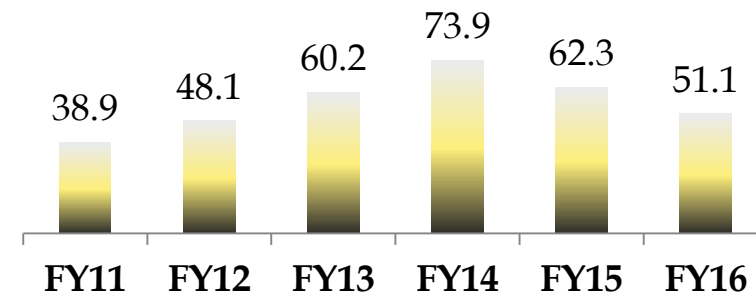
Revenue



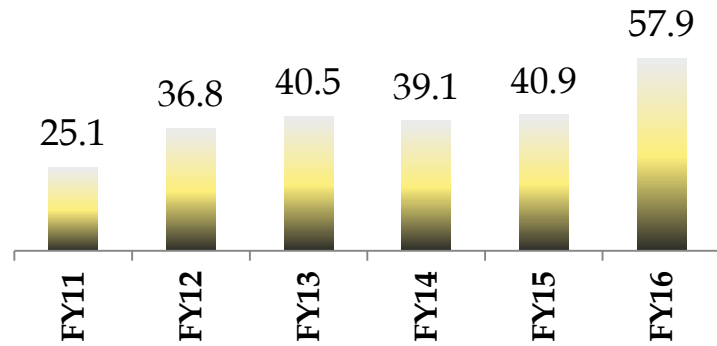
Ice Cream



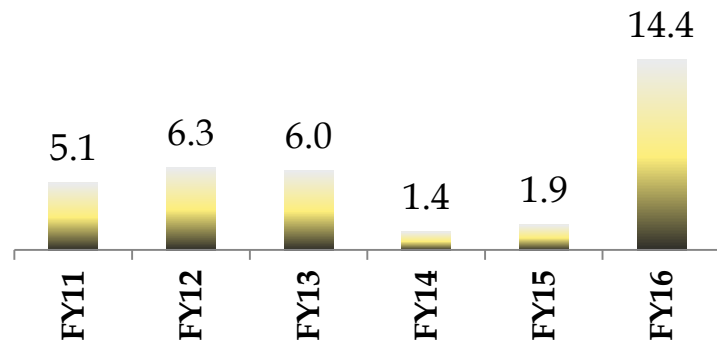
Processed Foods



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.

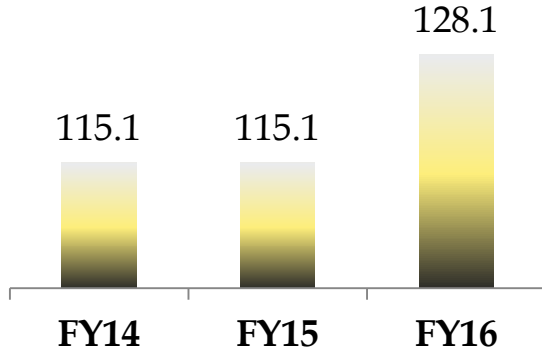
As volumes enhance, existing capacity gets utilized more efficiently and margins which were depressed in the past are improving.

Financials Performance Trends – Balance Sheet

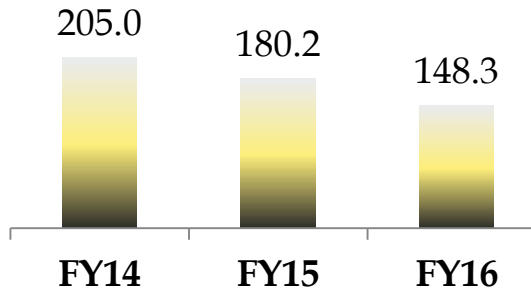


Liabilities

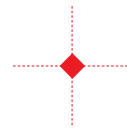
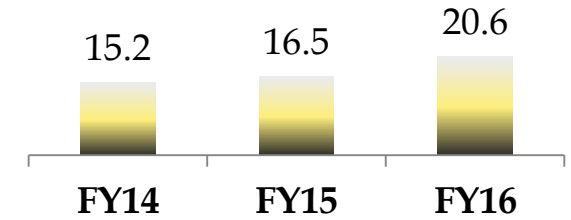
Networth



Debt

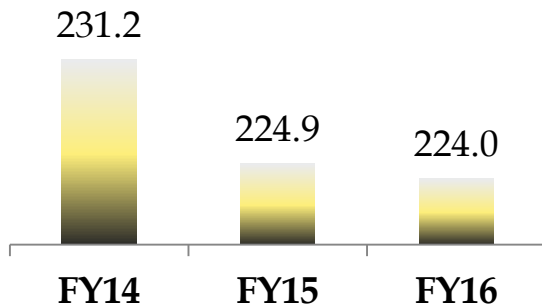


Other Non-Current Liabilities

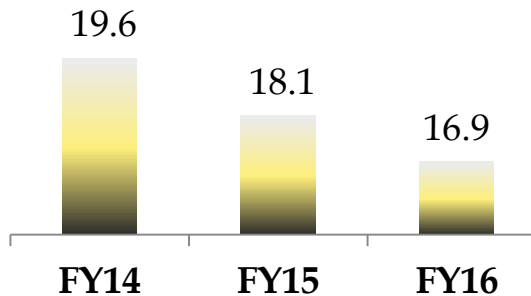


Assets

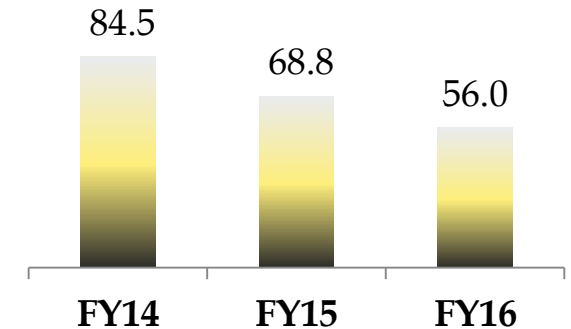
Net Fixed Assets



Other Non-Current Assets



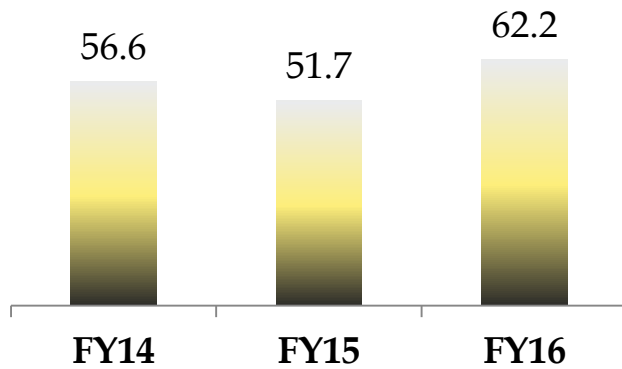
Net Current Assets



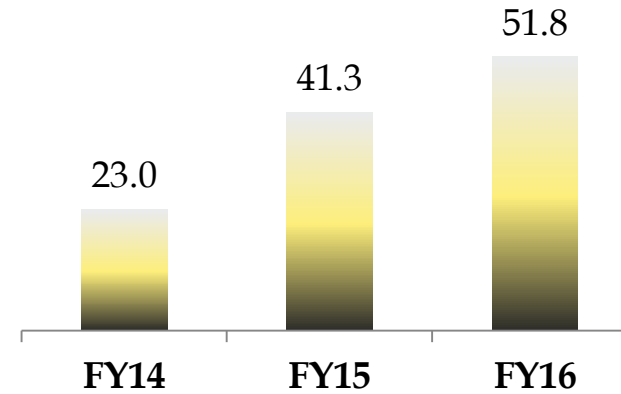
Financials Performance Trends - Cash Flows



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 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

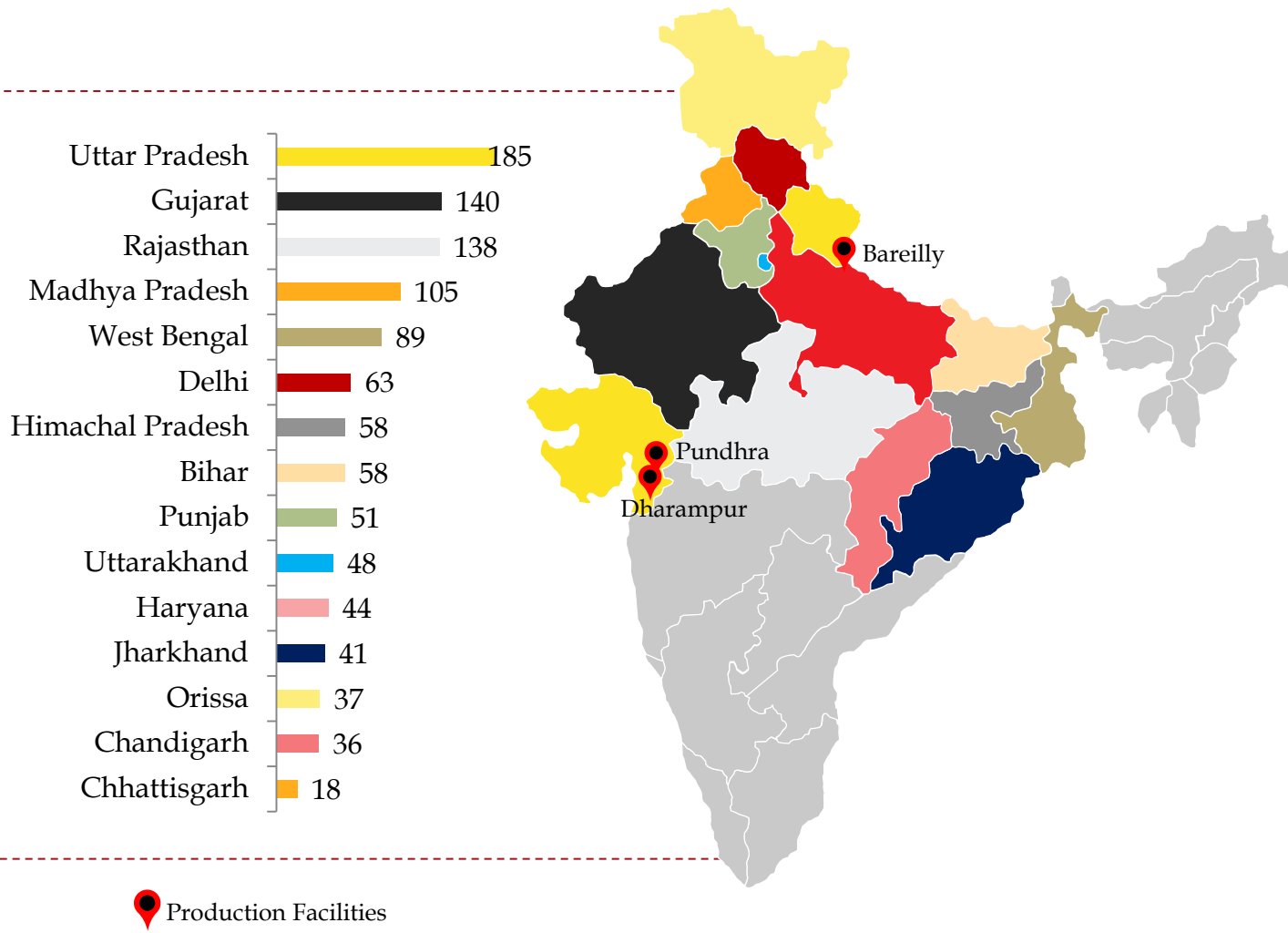


- Capacity expanded from 175,000 liters per day to 230,000 liters per day over the past one year
- Current production on automated processes “untouched by hand”, manual intervention only at packaging stage
- Focus on branded portfolio in Processed Foods Business
- No further capital expenditure anticipated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