VADILAL INDUSTRIES LTD.
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31st May, 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.

Scrip Code No. VADILALIND-EQ

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

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**

RUCHITA GURJAR
Company Secretary &
Compliance Officer

Encl : As above

VADILAL INDUSTRIES

Q4 & FY16 Results Presentation

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 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.

Table of Contents

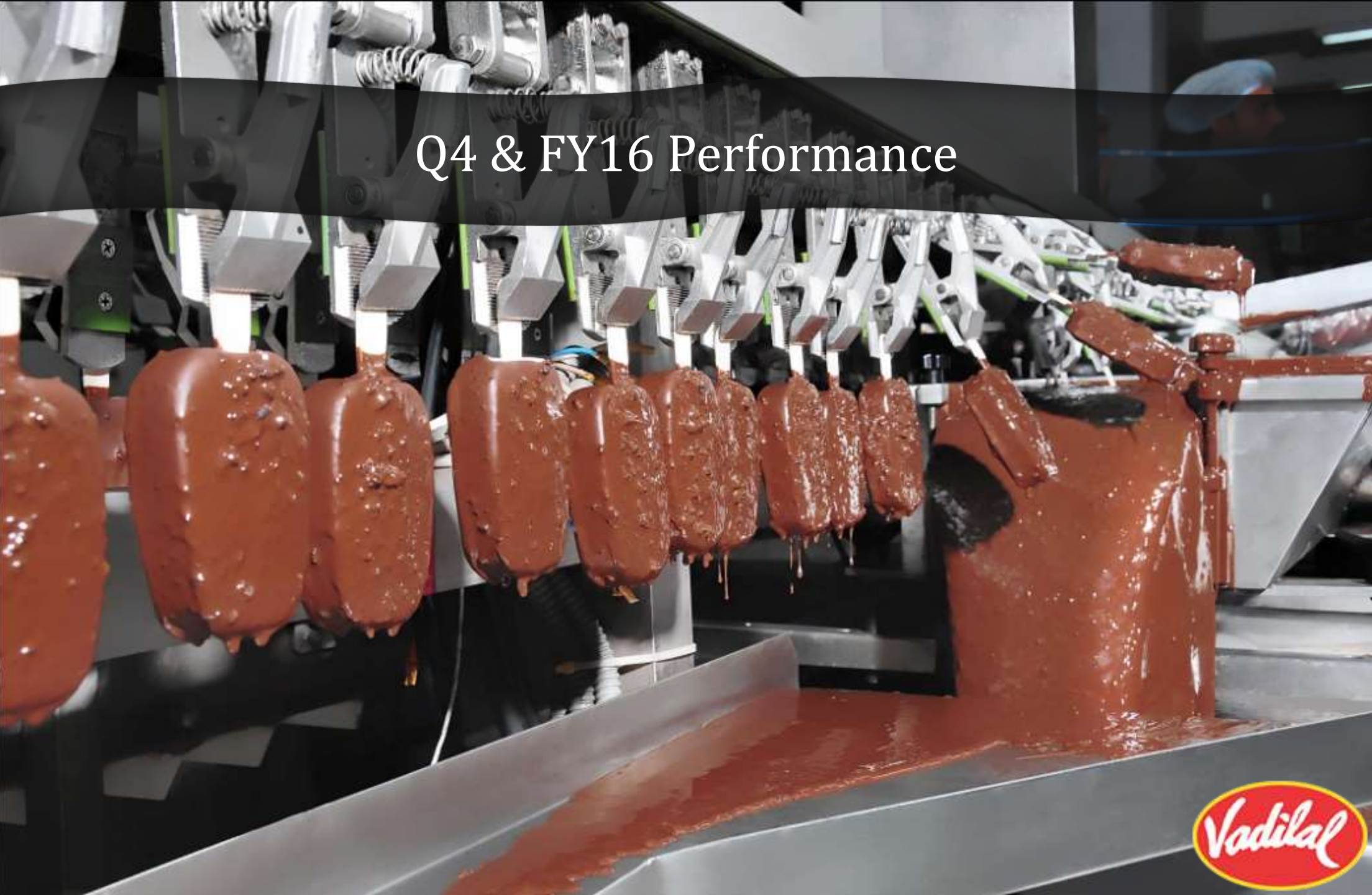
Q4 & FY16 Financial Performance

Financial Performance Trends

Vadilal Industries Overview

Outlook

Q4 & FY16 Performance



Chairman's Message

Commenting on Q4 & FY16 performance, Mr. Rajesh Gandhi, Chairman and Managing Director, Vadilal Industries Limited (VIL) said:

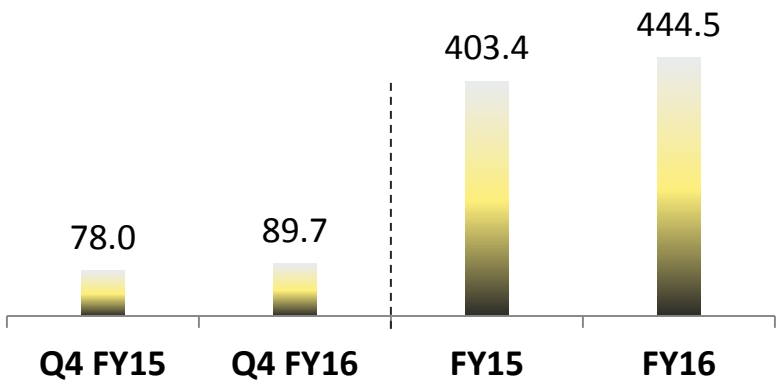
"We have delivered 15% revenue growth in Q4. The ice cream business grew 21% while processed foods has focused on branded products and exports. Margins have continued to expand based on volume growth, focus on personalized packs and lower cost of raw materials/packaging/transportation. However, we have taken provisions pertaining to previous years in the now discontinued unbranded processed foods business. These relate to inventory, receivables and other costs amounting to about Rs. 1 crore in Q4 and of Rs. 3 crore in FY16. Despite these one-time provisions, we have delivered substantial growth in standalone margins during FY16. In addition, our US subsidiary that markets both ice cream and processed foods has turned around during the year.

The Vadilal brand is increasingly gaining traction in our focus markets. We recently launched an ad campaign with our new brand ambassador, actress Pareeniti Chopra. Processed foods is also gaining critical scale in key export markets and volume expansion can improve margins.

In the current year, we see continuation of last year's growth momentum. Volumes will aid greater utilization of current capacities, working capital discipline will be maintained and operating cash flows will be used to reduce debt further. Overall, we see factors such as greater affordability, preference for ice creams, changing weather patterns and improving power situation increase consumption in India. In addition, strong visibility for our brand, deep penetration from a substantial distribution network, focused product development and a stronger balance sheet allow us to penetrate the markets and deliver market outperformance."

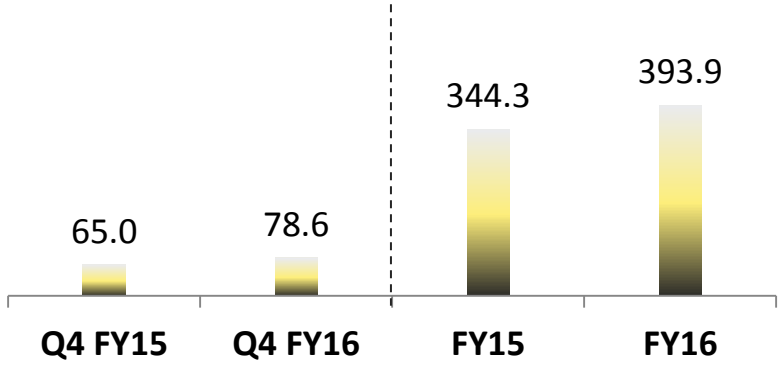
Financials – Q4 & FY16 Performance

Revenue

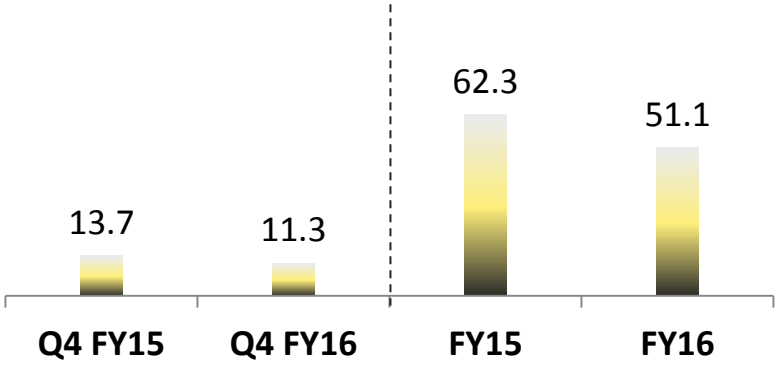


- In Q4, VIL delivered 15% y-o-y growth driven by 21% y-o-y higher revenues in ice cream business. Revenue growth of 14% in ice cream during FY16 was driven by 11% volume and 3% value.
- In FY16, revenues from processed foods division was subdued on account of discontinuation of unbranded businesses.

Ice Cream

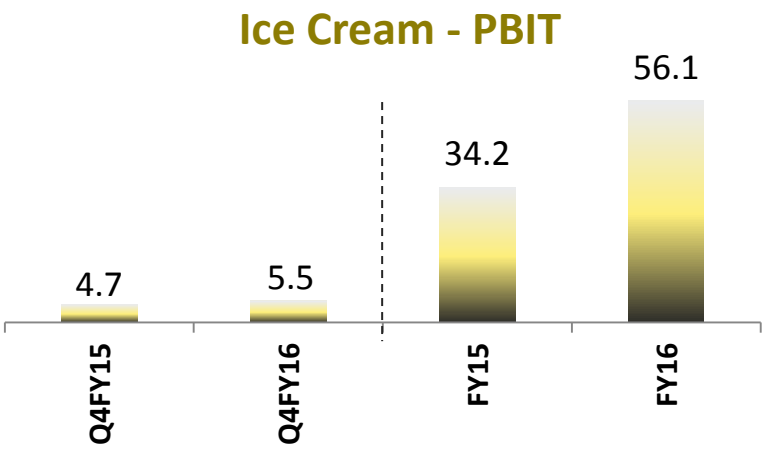


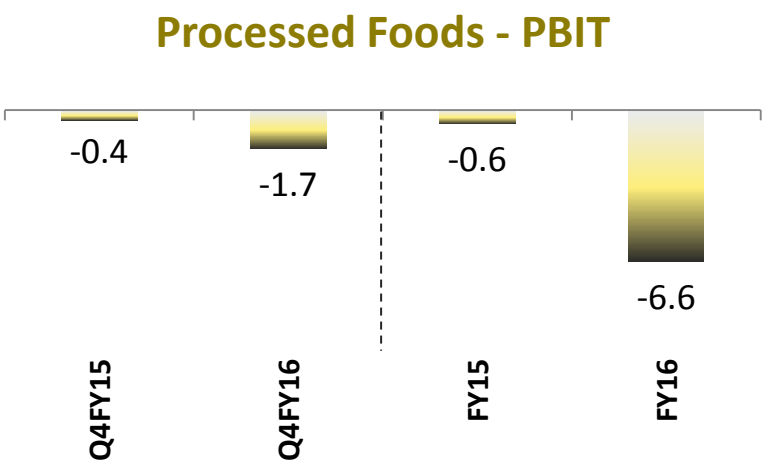
Processed Foods



Standalone financials in Rs. cr

Financials – Q4 & FY16 Performance

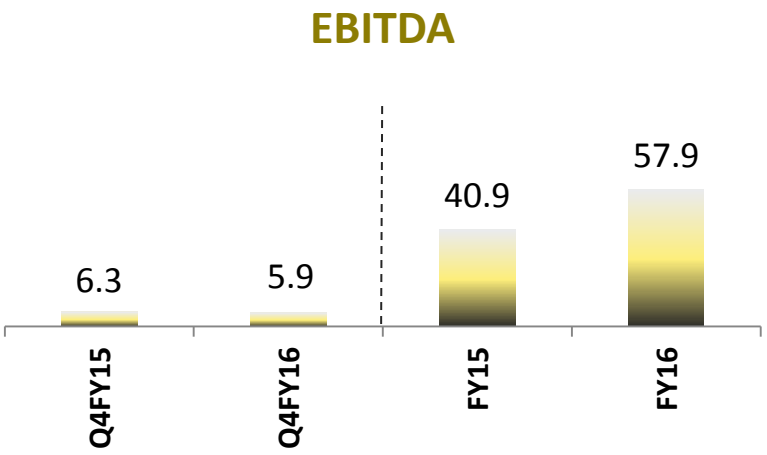


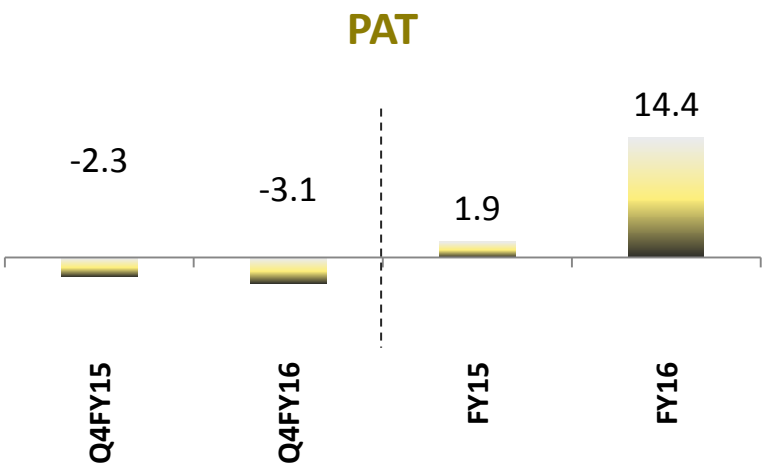


- Expanded volumes in the ice cream segment helped increase utilization levels. This combined with lower input costs enhanced performance.
- Continue to focus on branding/advertising to improve visibility and augment penetration into existing markets, appointed Pareeniti Chopra as new brand ambassador.
- In processed foods division, the aim is to target key export markets to aid volumes with enhanced margins.
- Processed Foods business performance adversely impacted due to one offs relating to discontinued unbranded business.

Standalone financials in Rs. cr

Financials – Q4 & FY16 Performance





- In FY16, EBIDTA grew 42% y-o-y leading to margin expansion of 310 bps as the company gained from weak dairy commodity prices, lower packaging and transportation costs.
- Gross margin expansion of over 500 bps in FY16 also reflects benefits accrued from our focus on selling individually packaged ice creams apart from stable input costs.
- In FY16, PAT grew by 644% as expanding margins, focused working capital initiatives and lower debt have created operating efficiencies and substantially improved profits.

Standalone financials in Rs. cr

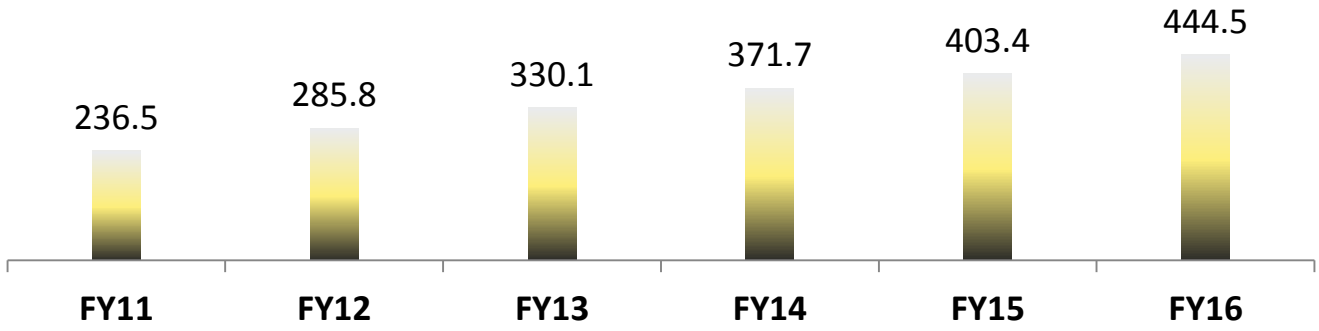
Marketing initiatives – Thrust towards Premiumization

- Parineeti Chopra was recently announced brand ambassador for Vadilal.
- Vadilal also unveiled three new ice creams – a Belgian chocolate-based bar branded Badabite Select; a new premium variety of Flingo centre filled cones; and new variants of Gourmet super premium ice cream tubs.

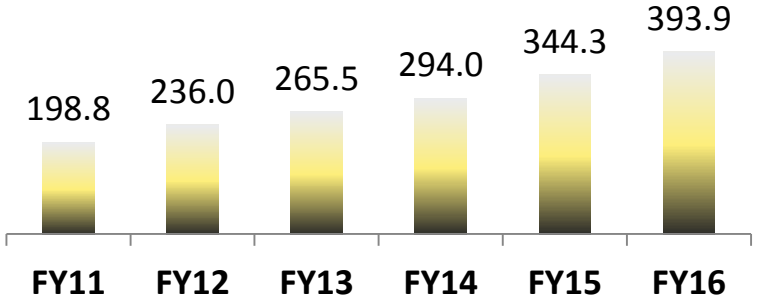
Financials Performance Trends

Financials Performance Trends

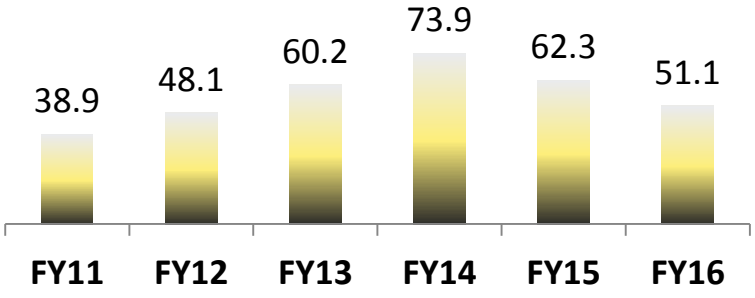
Revenue



Ice Cream



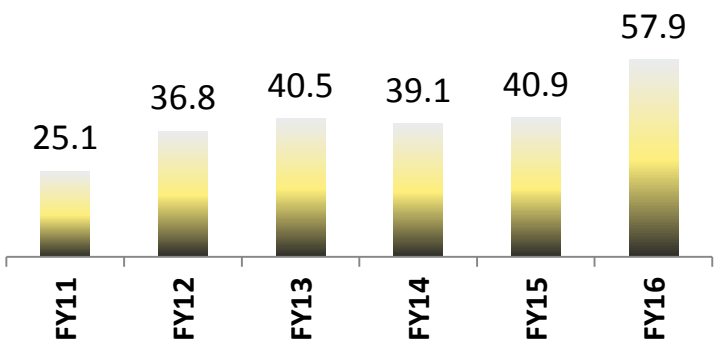
Processed Foods



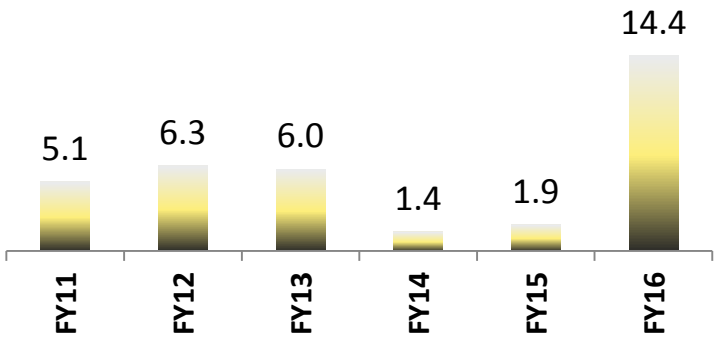
Standalone financials in Rs. cr

Financials Performance Trends

EBITDA



PAT



In the past, consumer behavior was largely subdued. With improving consumer sentiment and stable input costs VIL is likely to maintain the growth trajectory in the coming years.

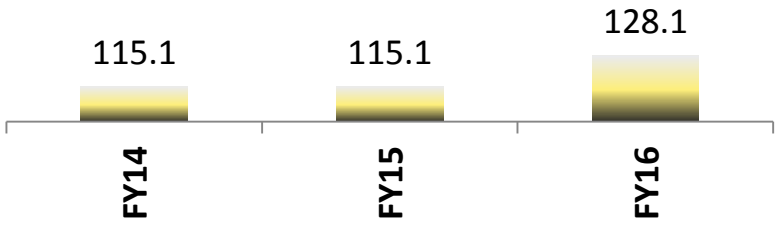
VIL is now reaping benefits of substantial investments in adopting technology across various aspects of the business.

As volumes enhance, existing capacity gets utilized more efficiently and margins which were depressed in the past are likely to improve, aiding overall financial performance.

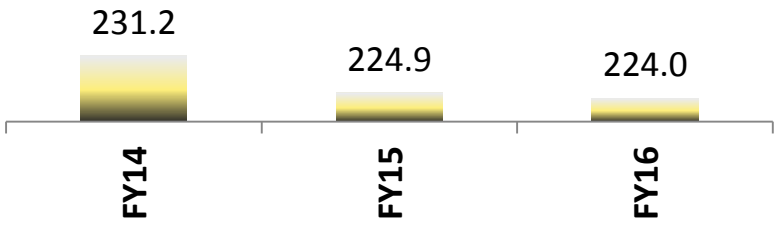
Standalone financials in Rs. cr

Financials Performance Trends – Balance Sheet

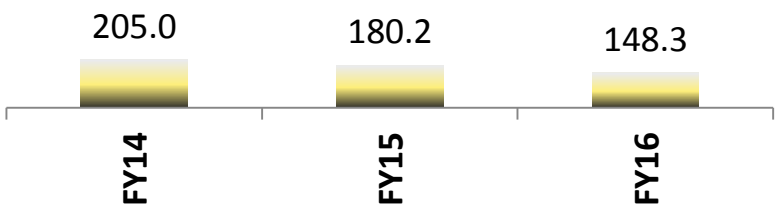
Networth



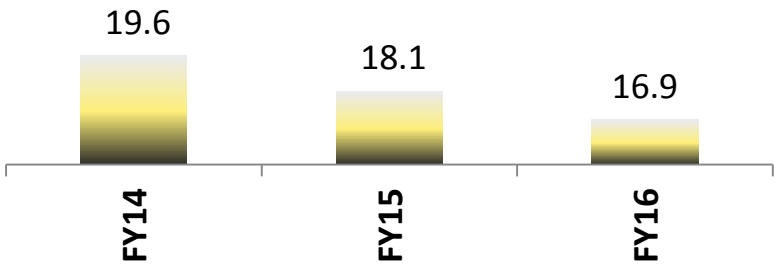
Net Fixed Assets



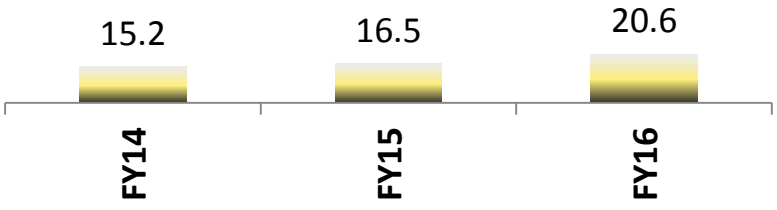
Debt



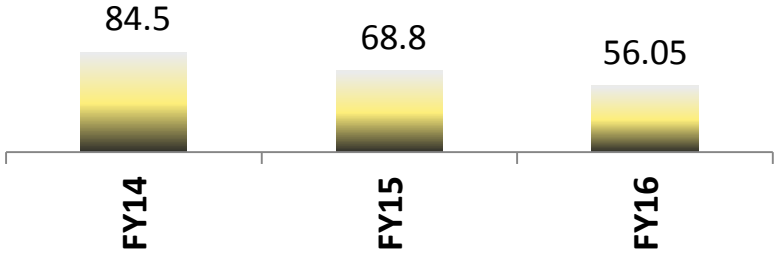
Other Non-Current Assets



Other Non-Current Liabilities



Net Current Assets



Standalone financials in Rs. cr

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

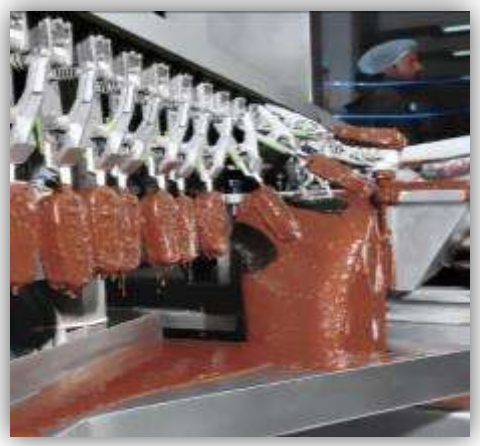
- Global business selling to 45 countries in four continents
- Strong distribution to Indian diaspora, being further developed with new product launches
- Expanded export markets from 12 SKU's supplied to seven countries in 1991 to 100+ SKU's to 45 countries currently
- Expanded domestic market from 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

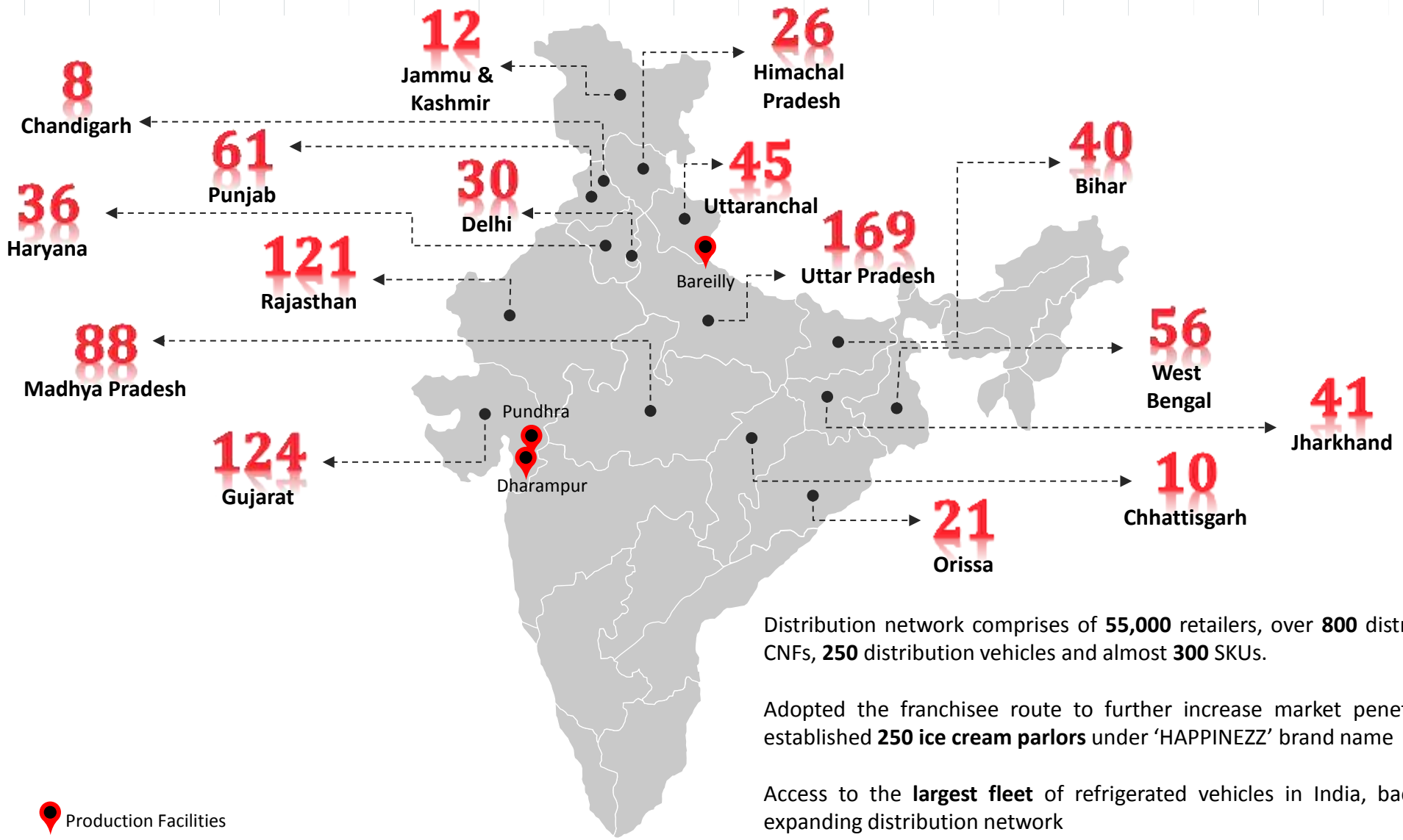
Production Facilities

- 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	Ice 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	Ice 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

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

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

- Presence across 16 states, 50 CNF's, over 800 distributors, 250 distribution vehicles, 55,000 retail outlets
- 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 sales generating assets/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

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THANK YOU