



## **India Value Fund Advisors partners with VKL Seasoning**

Mumbai, India, July 2, 2013: India Value Fund Advisors (IVFA) has partnered with VKL Seasoning (VKL) to build the largest food ingredients company in India and finance its next phase of growth. As part of the deal, IVFA has committed to invest up to US\$40 million in VKL.

VKL commenced operations in 1935 as whole spice dealer and later expanded into private label and food ingredients businesses. In 2011, it decided to exit from the bulk spices and private label businesses via a sale to a global spice major and focus on the valued-added food ingredients space. Currently, VKL is a leading manufacturer of food ingredients and flavouring solutions in India and the Middle-East with a strong focus on the quick service restaurants (QSR) and processed food industries.

IVFA was established in 1999 with a focus on investing in and transforming mid-sized profitable businesses into world-class industry leading businesses, built on a strong foundation of IVFA values. This investment is an endorsement of VKL's impressive track record and growth potential.

Mr. Vishal Nevatia, Managing Partner, IVFA said "We have been closely tracking the food industry in India and are very excited about this partnership. This deal complements well the IVFA investment philosophy of going beyond infusing needed capital by bringing in high quality talent, professional management practices and systems that can transform the business. VKL has an impressive customer base, a strong knowledge of the local palate and we strongly believe it is well positioned to benefit from a robust growth in the underlying QSR and processed foods industries".

Mr. Ajay Mariwala, Managing Director, VKL said, "VKL has developed a marquee client base over the last few years with high quality product innovation skills and service delivery standards. Our clients are our best ambassadors. Our goal is to enhance our product offerings substantially over the next few years in related food segments with the growth coming from a combination of organic and inorganic initiatives. This funding will help us grow our domestic capacities and expand business development efforts in the Middle East & Africa. Given our track record of growth and the strong backing of IVFA, we are confident of scaling up rapidly".

Through this investment, Mr. Haresh Chawla and Mr. Vikram Nirula, Partners at IVFA have joined VKL's Board of Directors.

Aventus Capital and DSK Legal were the advisors on the deal.

## **About the Industry**

As per a report of India Brand Equity Foundation (IBEF), Indian consumers are increasingly spending large sums, eating out with family and friends on weekends and holidays, churning up a huge appetite for the global QSR business. Young and old Indians can be seen devouring billions of dollars' worth of fast food and packaged foods at shopping malls, multiplex complexes, metro stations, highway eateries and even in office blocks, as the 'eating out' culture spreads across urban India and even Tier-2 and Tier-3 cities. According to individual reports published by Rabobank and by Assocham India, the QSR segment is worth \$600 million and is expected to grow at an annual rate of 30 percent until 2015, while the packaged food industry growing about 15 to 20 percent annually is likely to touch \$30 billion by 2015, respectively

The fast food, or QSR, format took off in India about 15 years ago with the arrival of multinational players such as McDonalds, KFC, Domino's and Pizza Hut. These players initially had a tough time understanding the Indian consumer, as their home-market tastes and palates provided by global international vendors did not work well in India. Over the last decade, though, many of these players have got their act together by developing local tastes and tying up with Indian partners like VKL who have a strong understanding of the "Indianized" menus. Knowledge of the local palate, spices and cuisines is a creative strength. It is demonstrated world over that these global majors partner with local players to gain this "creative" knowledge and acquire the relationships and recipes that are locked in with them. Globally, there have been more than 50 such deals in last 10 years in the food ingredients space.

## **About India Value Fund Advisors**

India Value Fund Advisors (IVFA) was established in 1999 with a focus on investing in and transforming mid-sized profitable businesses into world-class industry leading businesses, built on a strong foundation of IVFA values. Steered since its inception by Vishal Nevatia, IVFA has over the years built deep knowledge and skills in the Indian markets and has successfully launched four separate investment funds with a combined corpus of over US\$ 1.2 billion. For more information, please visit [www.ivfa.com](http://www.ivfa.com).

## **About VKL Seasoning**

VKL Seasoning is a leading manufacturer of seasonings and flavors with a long heritage in the spice industry. Its range of ingredient solutions is designed for a wide spectrum of applications focused on the food industry. It has operations primarily in India and partly in Middle East & Africa with a leadership position in the Quick Service Restaurants (QSR) segment. Over the years it has built a strong reputation for its product development capabilities, knowledge of local palate and spice heritage. For more information, please visit [www.vklspices.com](http://www.vklspices.com).