



16th February, 2018

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 Corporate Presentation of Financial Results of the Company in respect of Quarter – 3 and Nine Months ended on 31st December, 2017.

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For **VADILAL INDUSTRIES LIMITED**

For, [Signature]

RUCHITA GURJAR
Company Secretary &
Compliance Officer

Encl : As above

VADILAL INDUSTRIES LIMITED

Reg. Office : Vadilal House, 53, Shrimali Society, Nr. Navrangpura Railway Crossing, Navrangpura, Ahmedabad - 380009.

Ph. No. : 079-26564019-24. Email id : info@vadilalgroup.com

Website : www.vadilalicecreams.com / www.vadilalgroup.com CIN No. : L91110GJ1982PLC005169



VADILAL INDUSTRIES

Q3 & 9MFY18
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

1

**Q3 & 9M FY18
Financial
Performance**

3

**Vadilal
Industries
Overview**

2

**Financial
Performance
Trends**

4

Outlook

Q3 & 9M FY18 Financial Performance



Chairman's Message

Commenting on Q3 & 9M FY18 performance, Mr. Rajesh Gandhi, Chairman and Managing Director, Vadilal Industries Limited (VIL) said:



"In 9MFY18, we reported 10% growth in consolidated revenues, while reported Q3 topline was lower by 2.5%. On a like-to-like comparison, current year revenues were impacted due to two reasons – 1) excise duty is no longer included in topline this year and 2) VIL is billing ex-factory, not bearing cost of transportation/storage till C&F locations, which reduces pricing and costs for the same products. Underlying these numbers is 2% volume growth in the domestic ice cream business during Q3 and strong pick up in international business – both ice creams and processed foods. This, we believe, is encouraging in the backdrop of consumption weakness in domestic markets over the last year and the business improvements we are instituting in VIL.

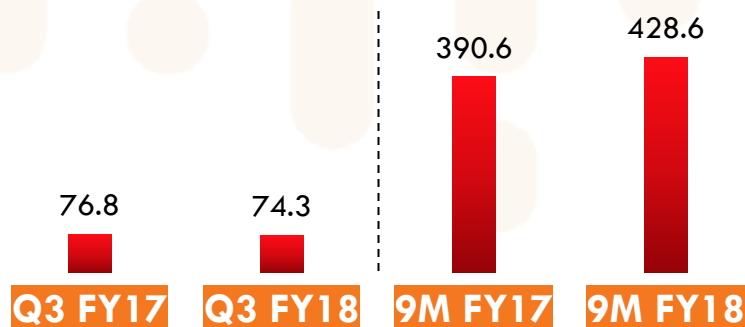
Gross margins have been impacted by higher cost of inputs during the season and the need to absorb 18% GST, which exceeded VAT rates previously applicable in many Indian states. Within the international business, we have expanded the US distribution network to support the strong growth – and fixed costs have increased accordingly. Over time, we see strong returns on these investments as international volumes expand. We are also expanding our distribution within India.

Maintaining cost discipline, we have ensured that indirect expenses in India remain stable this year. We have also focused on restructuring corporate debt, with focus on more long-term loans in line with the balance sheet requirement. In this regard, we have received a tranche of Rs. 20 crore long-term debt and expect to get another Rs. 40 crore in the near future.

As we move into the next summer season, we see progressive shift in the domestic demand environment with commensurate volume growth in our business. There should be some improvement in profitability based on our plan to marginally increase prices even as raw material costs will be lower based on our procurement for the season. In the international business, larger volumes on the expanded network will drive margins. Overall, we look forward to building on our strengths to deliver positive business momentum."

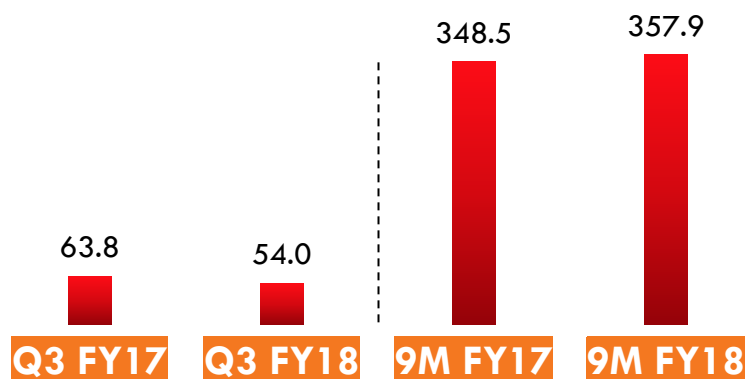
Financials – Q3 & 9M FY18 Performance

Revenue

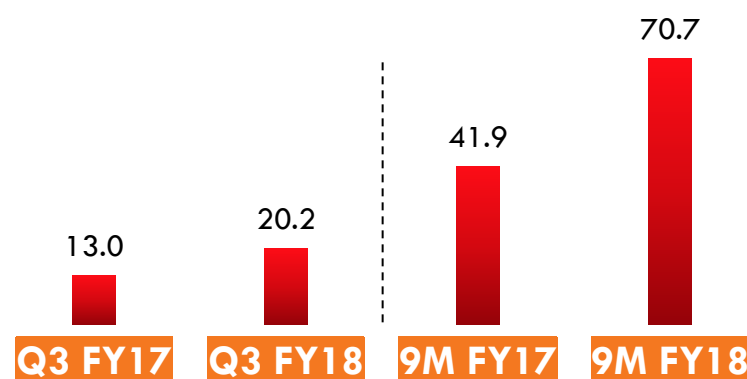


- In 9M, VIL showed 10% y-o-y growth driven by 69% y-o-y higher revenues in the International business and stable performance from the Domestic business
- International business continues to see robust demand as we expand distribution and sell products focused on Indian diaspora in the US and other geographies

Domestic

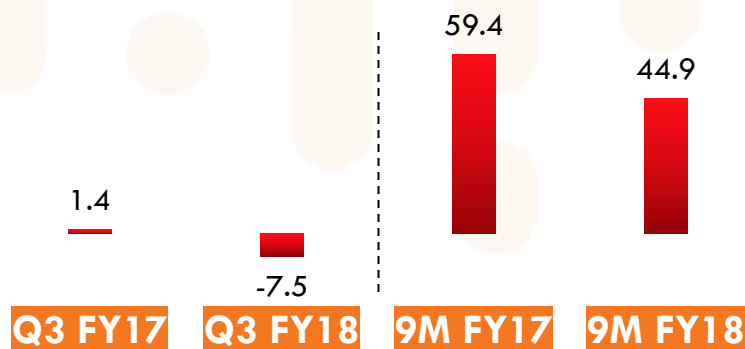


International



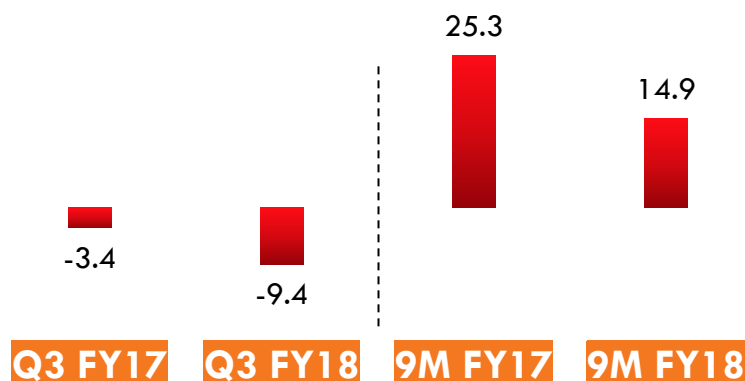
Financials – Q3 & 9M FY18 Performance

EBITDA



Note – Revenues considered, net of excise duties

PAT



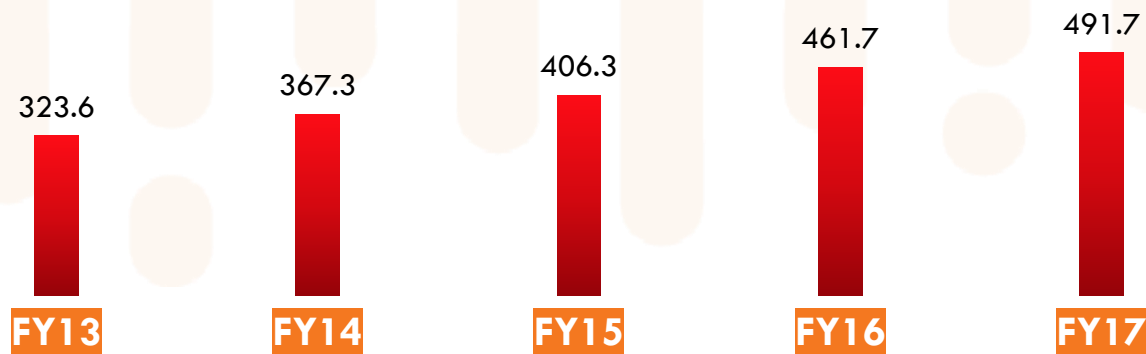
- EBITDA margin was impacted by higher input costs and absorption of GST-related increase in product costs in some states. In addition VIL is billing ex-factory, not bearing cost of transportation/storage till C&F locations, which reduces pricing and costs for the same products
- Undertook expansion initiatives such as increasing warehouse locations/capacity in the US to cater to increasing demand
- Continue to focus on debt rationalization:
 - VIL continues to focus on reconstituting outstanding debt to expand long tenure loans and reducing cost of debt
 - Overall debt as on Dec 31st 2017 was at Rs. 128 crore as against Rs.108 crore on Dec 31st 2016
 - Finance costs in 9MFY18 lower by 3% y-o-y at Rs. 10.5 crore versus Rs. 10.8 crore in 9MFY17
- PAT stood at Rs.15 crore for 9MFY18

Financials Performance Trends

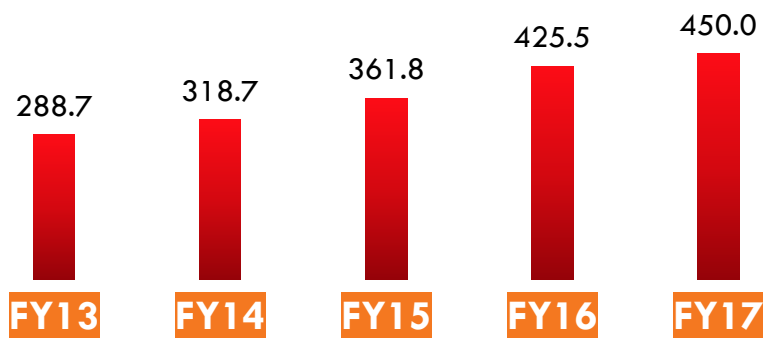


Financials Performance Trends

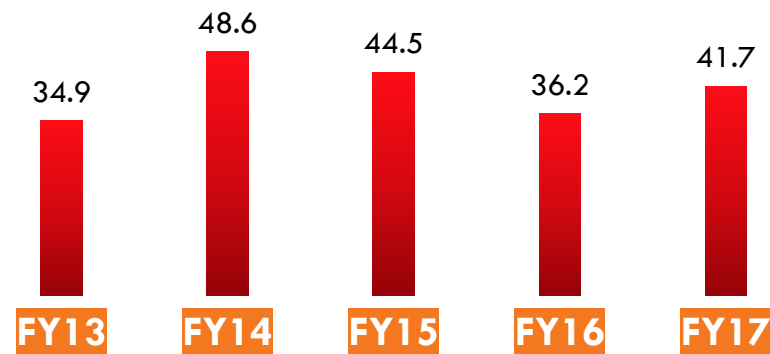
Revenue (Rs. cr)



Domestic

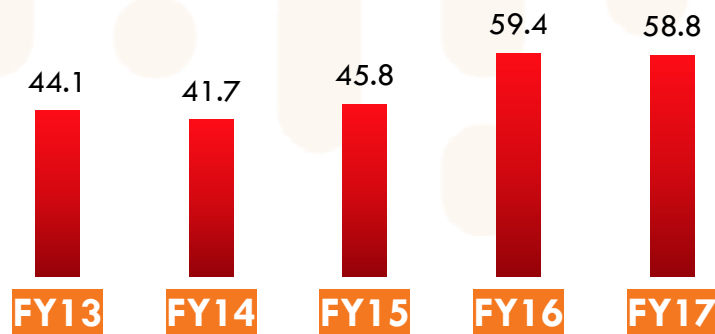


International

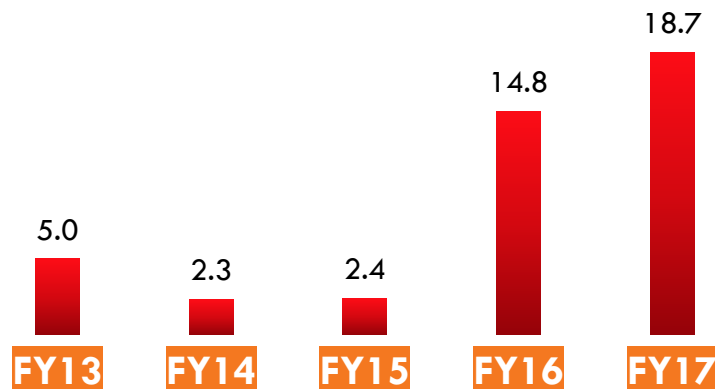


Financials Performance Trends

EBITDA



PAT

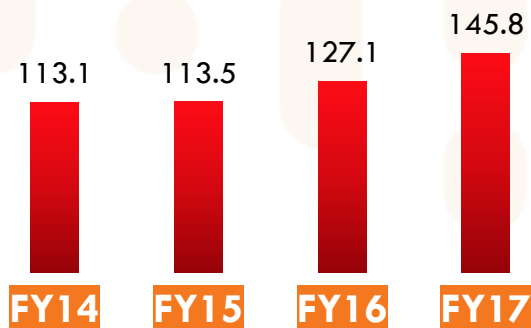


- Longer term, consumer behavior is transitioning with increasing acceptance for western desserts.
 - Domestic business growth temporarily impacted by recent changes in operating environment and consumption spending
 - Continued focus on developing domestic business and lower input costs expected to drive growth
- Will continue to invest in production capacity, technology, brand and distribution.
- As volumes enhance, existing capacity gets utilized more efficiently and margins, which were depressed in the past, are improving.

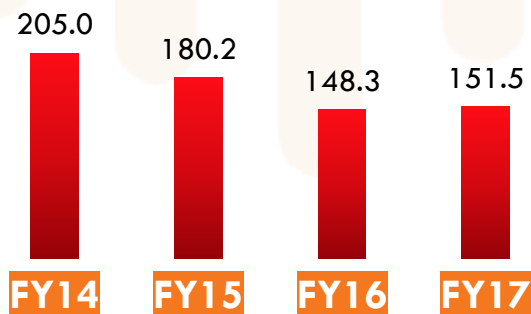
Financials Performance Trends – Balance Sheet

Liabilities

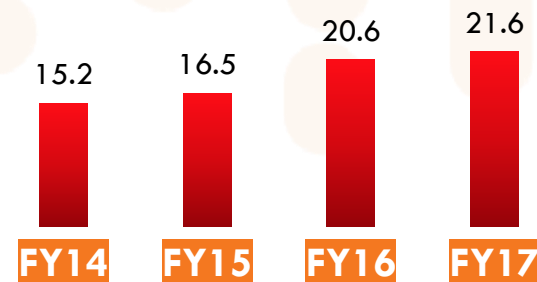
Networth



Debt

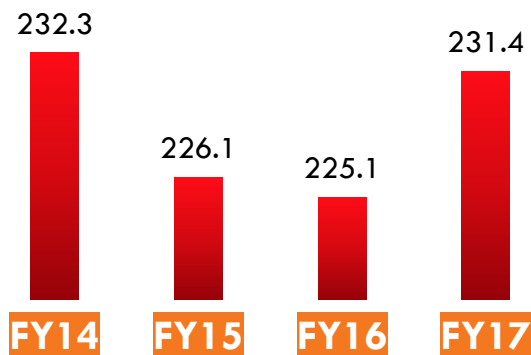


Other Non-Current Liabilities

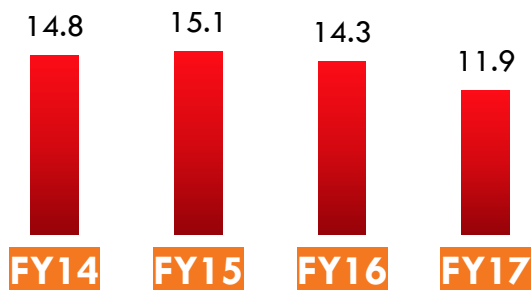


Assets

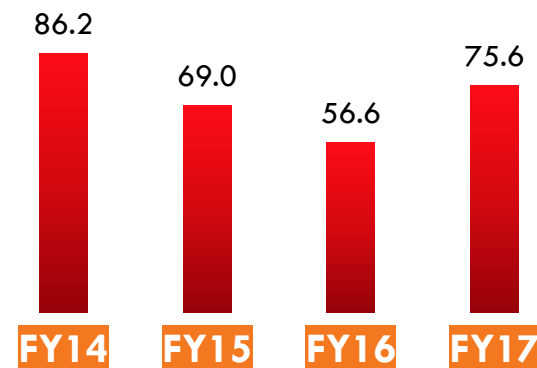
Net Fixed Assets



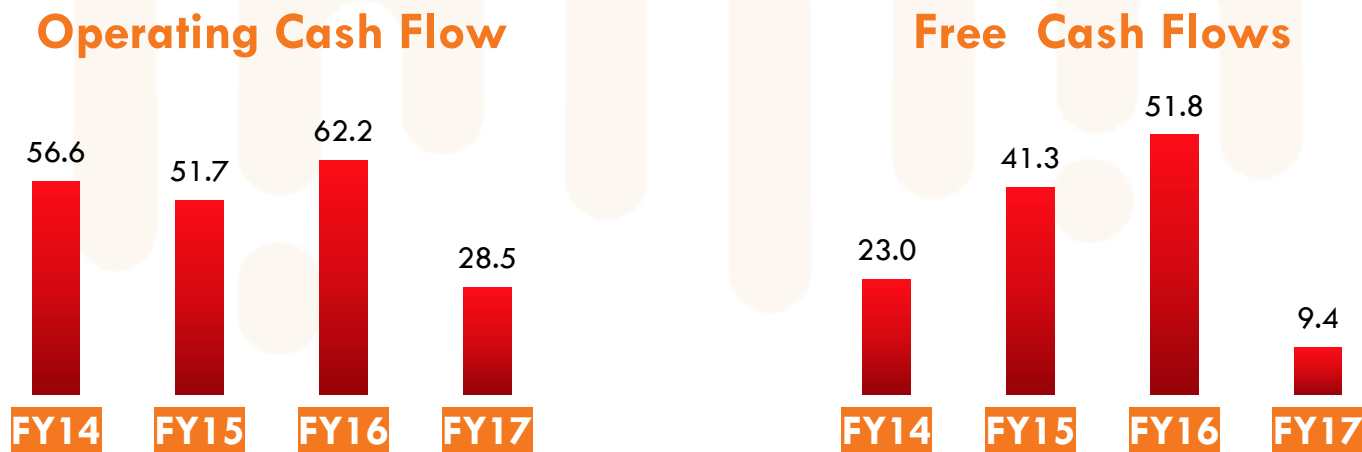
Other Non-Current Assets



Net Current Assets



Financials Performance Trends – Cash Flows



- Inventories increased by ~Rs. 30 crore in FY17 based on production for summer season demand
- Interest down by Rs.5 crore to Rs. 15.5 crore in FY17
- Capex increased by Rs.10 crore y-o-y

Vadilal Industries Overview



Overview

**111-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 key
markets – Gujarat,
Rajasthan, UP,
Uttarakhand,
Haryana and
Chandigarh

**Strong
distribution
network in
North, West
and East India**

16 states, 61
CNF's, over 1200
distributors, 290
distribution
vehicles, 45,000
+ retail outlets

**Expanding
global
business
presence**

Products reach 45
countries across four
continents – key
markets include US,
Canada, UK, Middle
East, Australia and
New Zealand

Exporting processed
food products, ice-
creams and frozen
desserts

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



Retail Investments

- 10,000 new sales outlets planned in FY18
- 100 more distributors expected to be added in FY18
- Investments in new technologies



New Product Development

- Constantly innovating to roll out new products in domestic and global markets
- Targeting expansion of market share in premium/super-premium segment



Brand Building Initiatives

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



Global Expansion

- Leveraging frozen foods channels to expand ice cream exports globally
- Strong distribution to Indian diaspora who have displayed affinity for the brand and differentiated products offerings

Ice Creams - Brands Portfolio



- Largest range of ice creams of any company in India
- 300 SKU's of cones, candies, bars, ice lollies, cups, family packs, economy packs
- Constantly innovating to roll out new products in ice cream 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 and improved availability of power leading further expanding demand

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.



Growing International Presence



- Exporting ice-creams, frozen desserts and processed food products
- Key markets – US, Canada, UK, Kuwait, Qatar, Bahrain, UAE, Singapore, Australia, New Zealand
- Focused on Indian diaspora globally and adhering to international food standards
- Two decades of experience selling frozen foods globally being leveraged to expand ice cream exports



Robust Expansion in U.S. market



- Latent demand for quality Indian products driving strong volume growth in US ice cream sales
- 35-member team reaching 40 plus US states and ~70% of local Indian diaspora
- Deriving significant benefit from the existing processed foods distribution network in the US
- Expanding product base within existing categories, launching new categories such as Indian Mithai and Paneer



International Product Portfolio



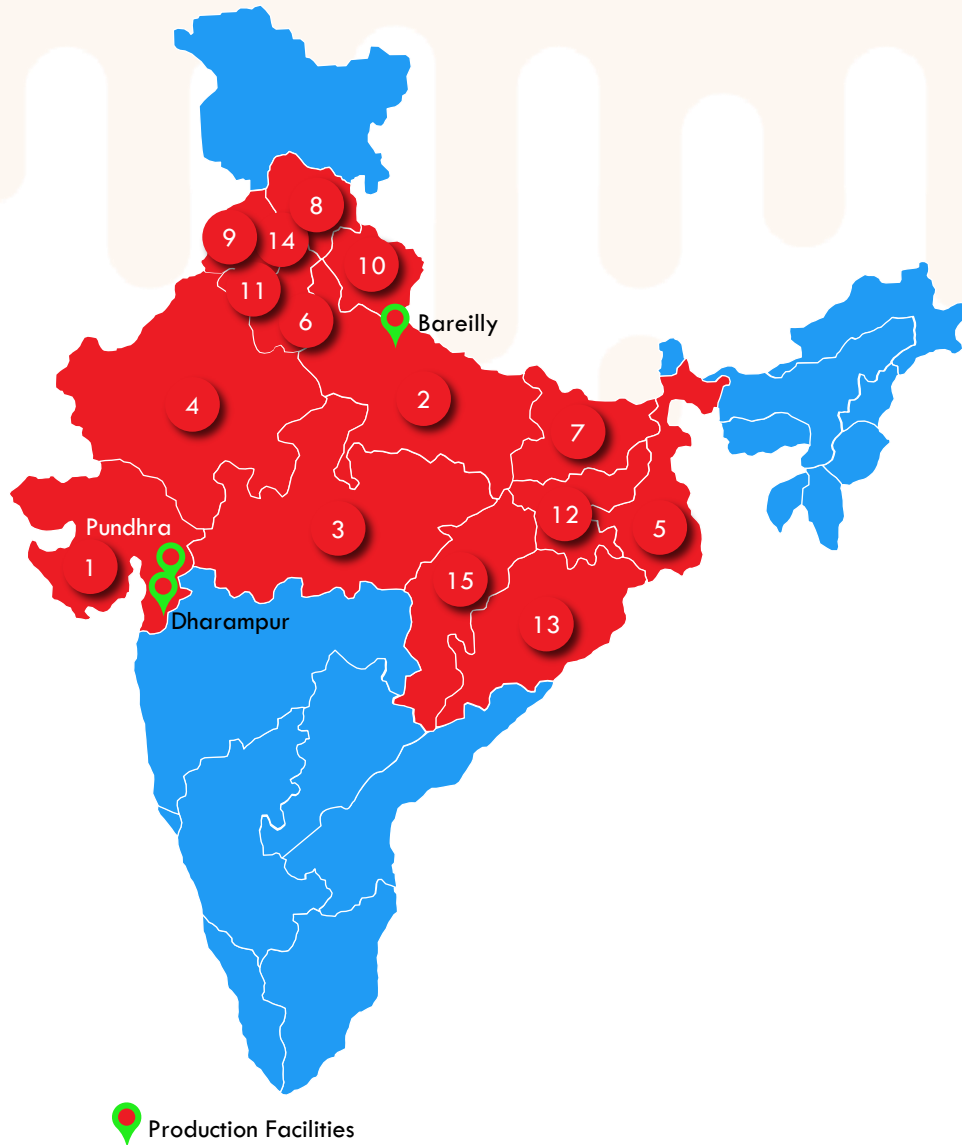
Production Facilities



- Capacity expanded from 270,000 liters per day to 380,000 liters per day over the past few years
- Current production on automated processes “untouched by hand”, manual intervention only at packaging stage
- Focused production lines for international standard manufacturing for exports
- No major capital expenditure anticipated on capacity enhancement for FY18

Facilities	Capacity	Production	Certification
Bareilly	150,000 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

Deep Domestic Distribution Presence



	States	Distributor
1	Gujarat	200
2	Uttar Pradesh	185
3	Madhya Pradesh	150
4	Rajasthan	138
5	West Bengal	89
6	Delhi	63
7	Bihar	58
8	Himachal Pradesh	58
9	Punjab	51
10	Uttarakhand	48
11	Haryana	44
12	Jharkhand	41
13	Orissa	37
14	Chandigarh	36
15	Chhattisgarh	18

Distribution network comprises of over **45,000** retailers, over **1,200** large distributors, **61** CNFs, **250** distribution vehicles and almost **300** SKUs.

Adopted franchisee route to further increase market penetration and established **85 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



Vadilal Quick Treats Unit Is Certified With BRC, ISO 9001:2008, ISO 22000:2005



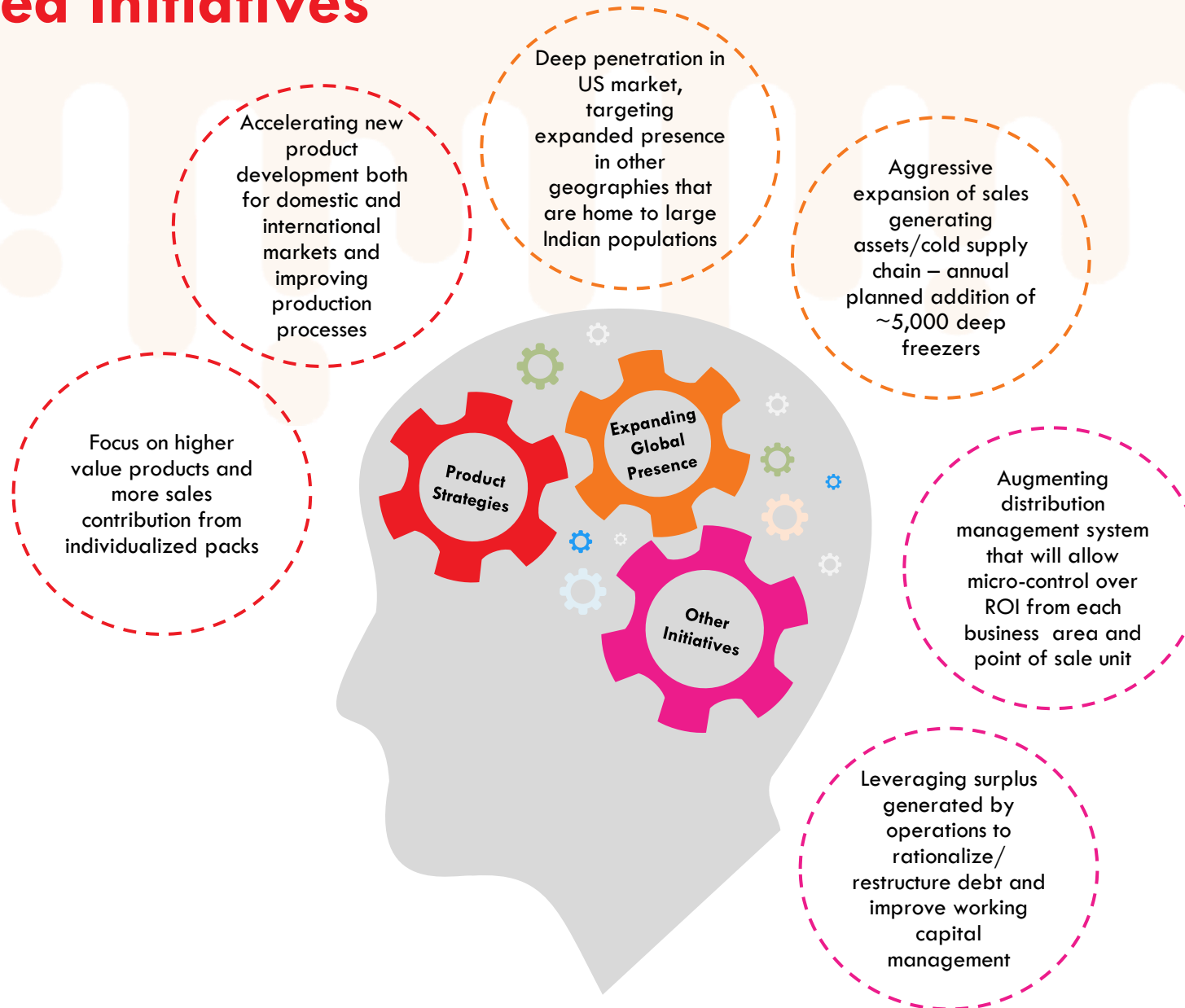
Voted As India's Most Trusted Brand In The Ice Cream Category By [Trust Research Advisory Board](#).



Outlook



Planned Initiatives



Contact Us

Kalpiti Gandhi

Vadilal Industries Ltd

Tel: +91 79 3015 3126

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

