

Date: 4th June, 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: EARNING PRESENTATION OF THE COMPANY FOR THE FOURTH QUARTER AND FULL FINANCIAL YEAR 2017-2018

With reference to the captioned subject, please find enclosed herewith Earning Presentation of the Company for the Fourth Quarter and Full Financial Year (01-04-2017 to 31-03-2018).

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For **VADILAL INDUSTRIES LIMITED**

For, S. Ravat

Ruchita Gurjar
Company Secretary & Compliance Officer



Encl : As above



VADILAL INDUSTRIES

Q4 & FY18
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.



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Q4 & FY18 Financial Performance



Chairman's Message

Commenting on Q4 & FY18 performance, Mr. Rajesh Gandhi, Chairman and Managing Director, Vadilal Industries Limited (VIL) said:



“During FY18, we reported 14% growth in consolidated revenues, including about 10% volume-driven growth in the standalone revenues and three times expansion in our US subsidiary that closed the year at about \$ 8.4 million. Also, it is pertinent to reiterate that following GST implementation, VIL has been booking revenues on ex-factory basis, not bearing cost of transportation/storage till C&F locations – this impacts both revenues and costs. Such business growth has been achieved in the face of aggressive price competition from a few local players in some of our key domestic markets.

Gross margins during the year were impacted by higher raw material costs based on last season's purchases. We also had to absorb the 18% GST rate on ice creams, which exceeded VAT rates in many Indian states. In the US operations, which represent most of our ice cream exports, product realizations and margins are strong on the back of solid brand connect with the Indian diaspora and our portfolio of premium products developed for that market.

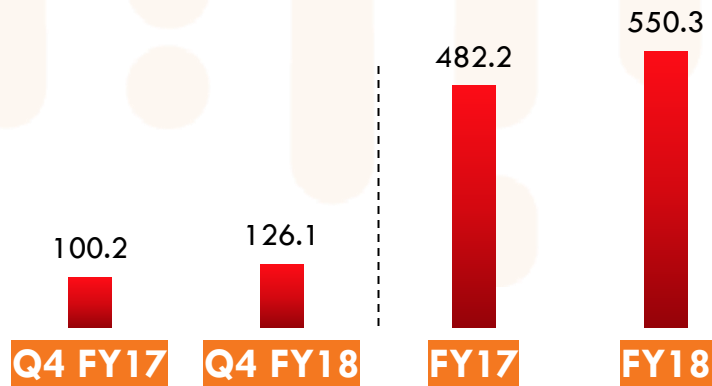
We are expanding our distribution network in key markets – in India, we have installed ~10,000 deep freezers last year and are in the final stages of implementing our secondary sales tracking software; in the US, we now have deeper reach through three strategically-located warehouses backed by people and transport infrastructure. Over time, we see strong returns on these investments as business expands.

Maintaining cost discipline, we have operated on an almost stable opex structure this year. We have also reorganized corporate debt – end of year debt reflects higher long-term debt, in line with our capital structure, whereas working capital loans have been paid down. Interest costs include some transition-related fees paid out during the year. The balance sheet in its current structure provides the platform for our growth initiatives.

Going forward, we see resumption of domestic demand as the environment shifts progressively to organized players that focus on bringing a wide range of quality products to customers. Revenues in FY19 should also be bolstered by positive visibility of growth in the US. We see some improvement in profitability based on our continued focus on personalized packs and lower procurement prices for raw material. Overall, we see 8-10% growth in India and continued strong demand momentum in overseas markets.”

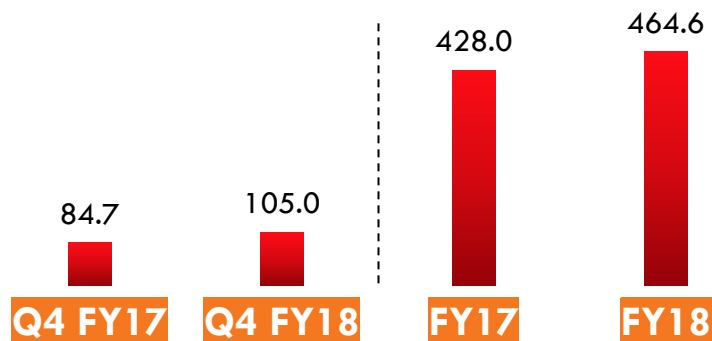
Financials – Q4 & FY18 Performance

Revenue

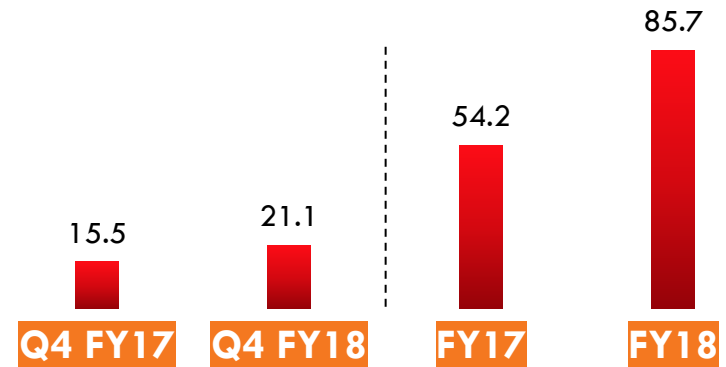


- VIL showed 14.1% y-o-y growth driven by higher revenues in the International business and enhanced performance from the Domestic business in Q4 on account of improved local volumes
- International business continues to see robust demand and grew 58% in FY18 on account of increased distribution and products focused on Indian diaspora in the US and other geographies

Domestic



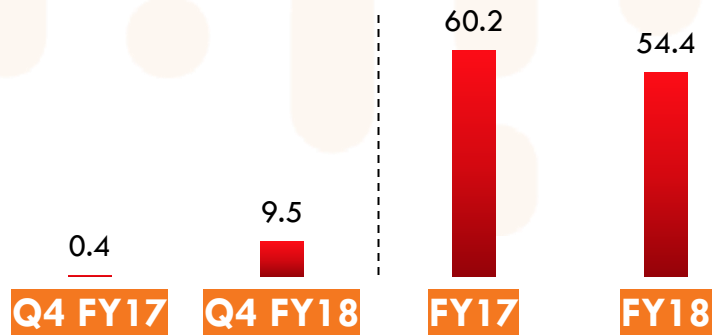
International



International segment includes Vadilal Industries (USA) Inc.

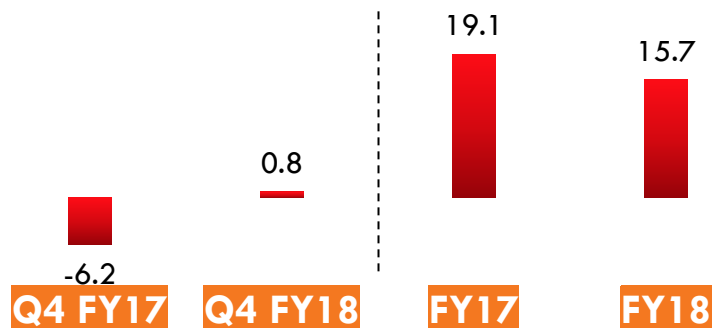
Financials – Q4 & FY18 Performance

EBITDA



Note – Revenues considered, net of excise duties

PAT



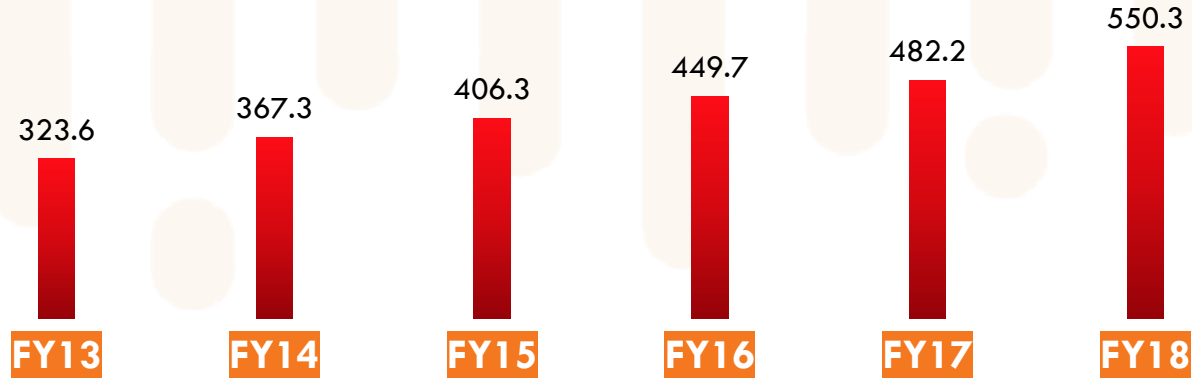
- In FY18, VIL started billing ex-factory, not bearing cost of transportation/storage till C&F locations, which reduced pricing and costs for the same products
- EBITDA margin for FY18 impacted by higher input costs and absorption of GST-related increase in product costs in some states
 - Input costs since have stabilized for current season
- 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 March 31st 2018 was at Rs. 160 crore as compared to Rs. 155 crore on March 31st 2017
 - Finance costs in FY18 lower by 4% y-o-y at Rs. 15.3 crore versus Rs. 16.0 crore in FY17
- PAT stood at Rs.15.7 crore for FY18

Financials Performance Trends

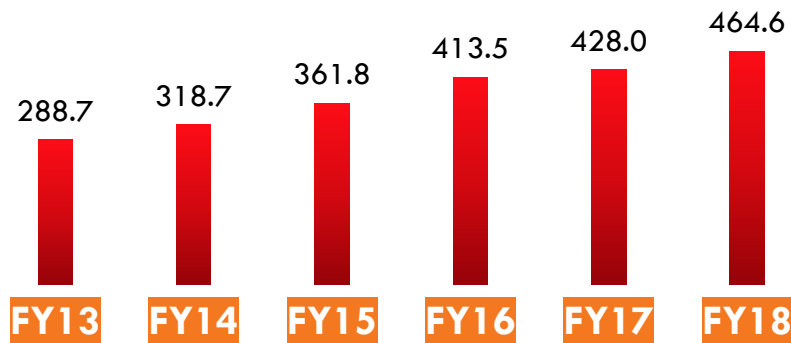


Financials Performance Trends

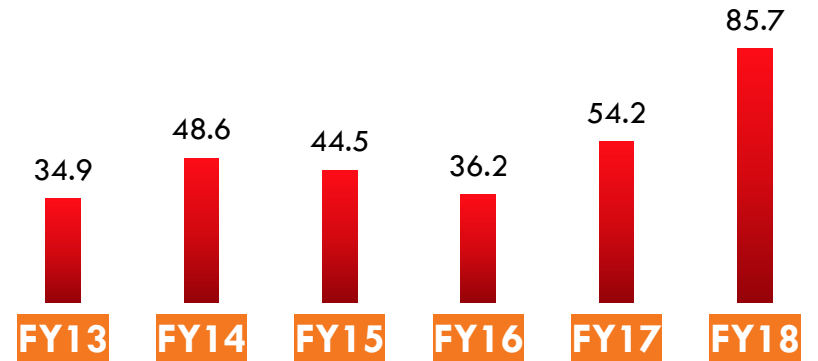
Revenue (Rs. cr)



Domestic

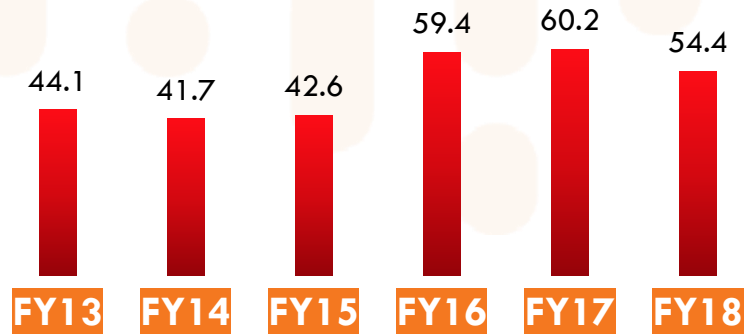


International

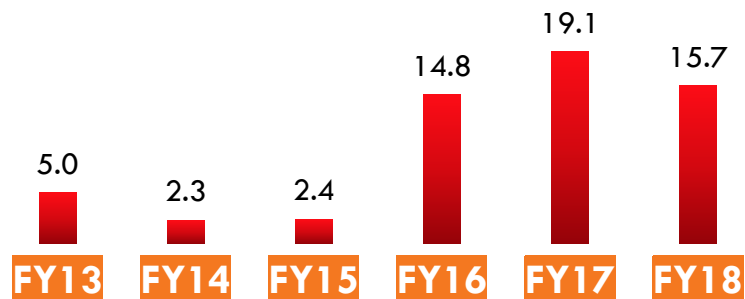


Financials Performance Trends

EBITDA



PAT

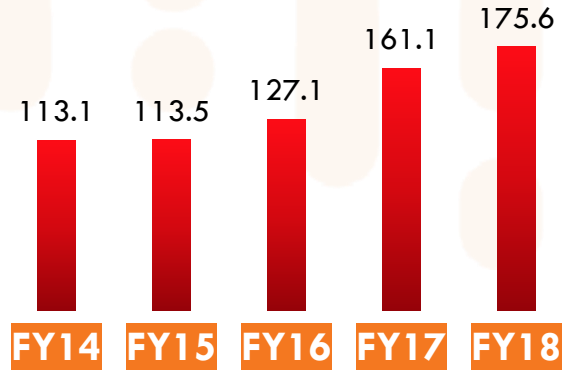


- Longer term, consumer behavior is transitioning with increasing acceptance for western desserts.
 - Domestic business growth temporarily impacted by recent changes in operating environment and consumption spending
 - Continued focus on developing domestic business and lower input costs expected to 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

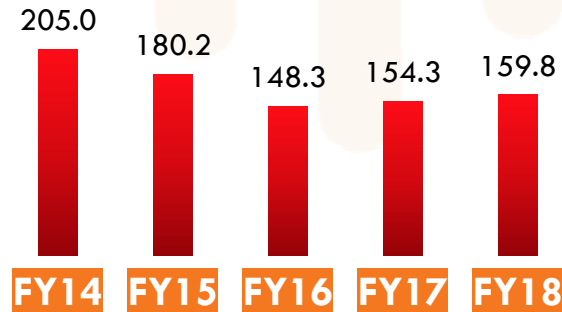
Financials Performance Trends – Balance Sheet

Liabilities

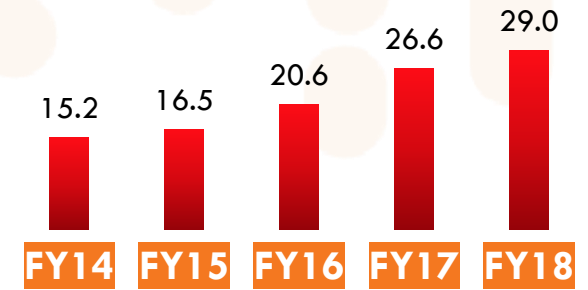
Networth



Debt

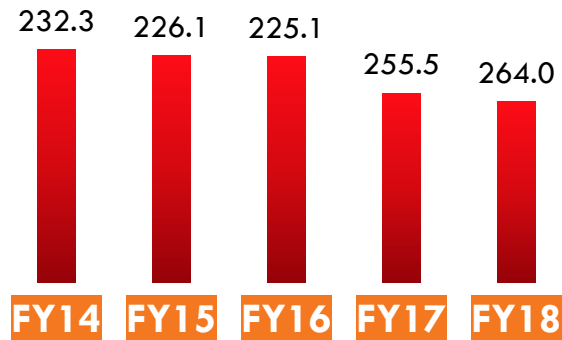


Other Non-Current Liabilities

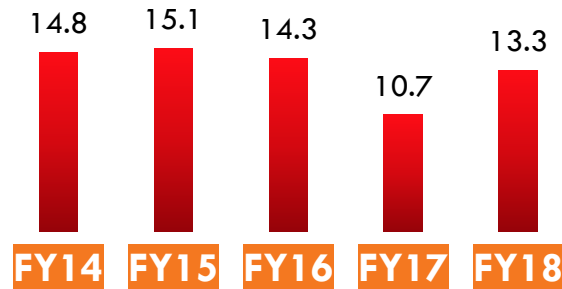


Assets

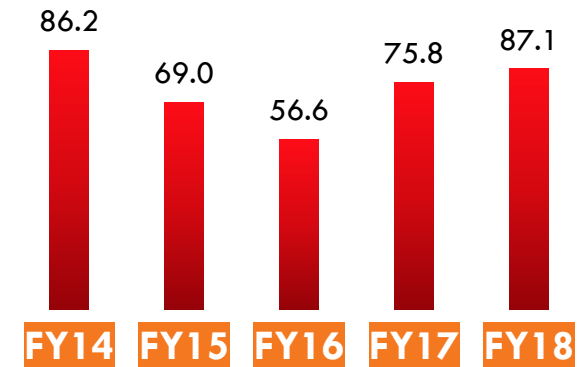
Net Fixed Assets



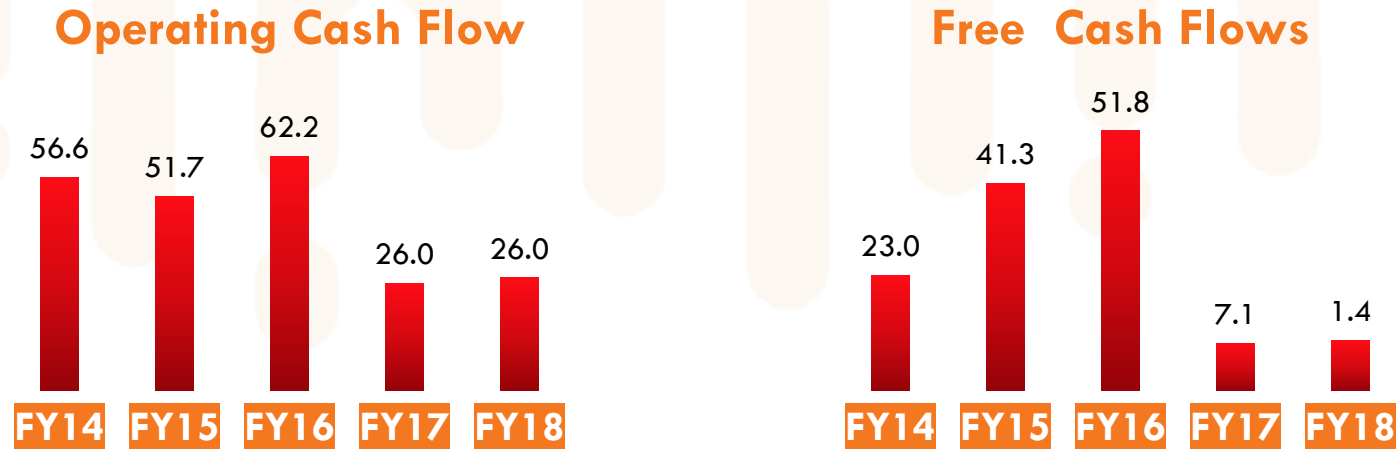
Other Non-Current Assets



Net Current Assets



Financials Performance Trends – Cash Flows



- Capex for the year was at Rs. 24.6 crore
- Finance costs in FY18 lower by 4% y-o-y at Rs. 15.3 crore versus Rs. 16.0 crore in FY17

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 FY19
- 100 more distributors expected to be added in FY19
- 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



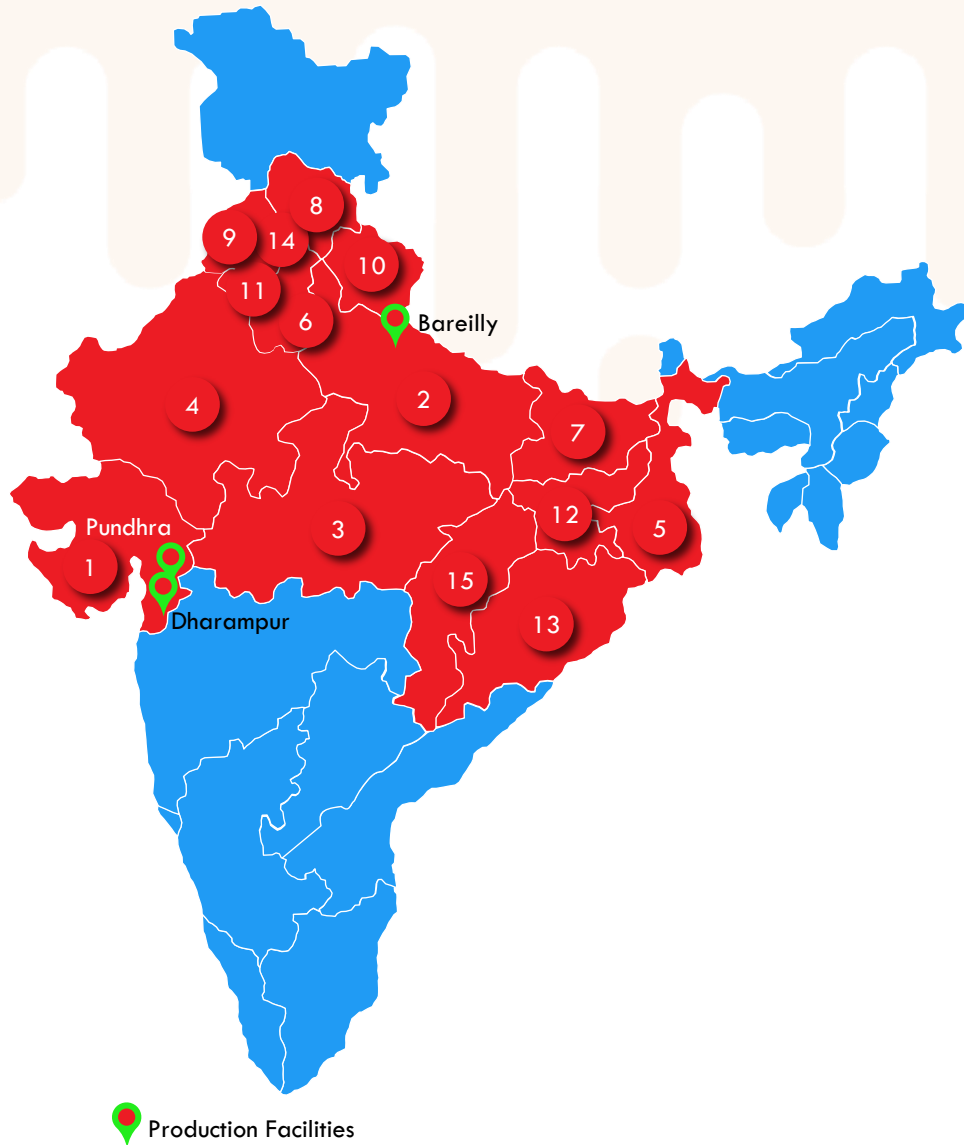
Production Facilities



- 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

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, **290** 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

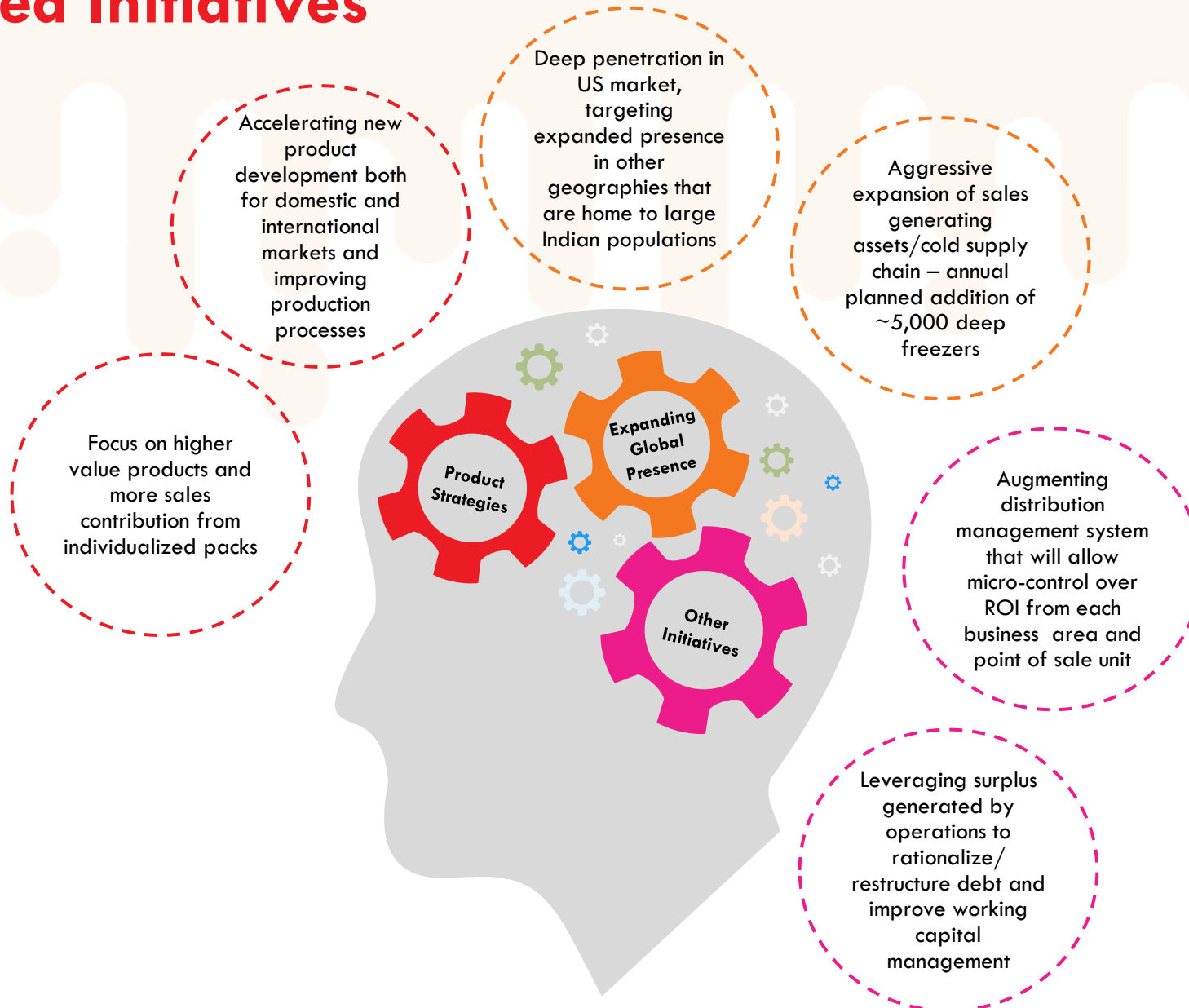


Voted As India's Most Trusted Brand In The Ice Cream Category By [Trust Research Advisory Board](#).

Outlook



Planned Initiatives



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Thank You

