



VADILAL INDUSTRIES LTD.

REGD. OFFICE : "VADILAL HOUSE"
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VISIT US ON : <http://www.vadilalgroup.com>

Date: 30th November, 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 Presentation-Revised

With reference to the captioned subject, please find enclosed herewith revised Corporate Presentation related to the Quarter – 2 (1-7-2017 to 30-09-2017); Financial Results of the Company; kindly ignore our earlier submission of today with same subject.

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

Q2 & H1FY18
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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Q2 & H1 FY18 Financial Performance



Chairman's Message



Commenting on Q2 & H1 FY18 performance, Mr. Rajesh Gandhi, Chairman and Managing Director, Vadilal Industries Limited (VIL) said:

"In H1FY18, we have reported 14% revenue growth, which we believe is encouraging in the backdrop of changes in the operating environment. Domestic business revenues are up about 5% as GST implementation created some short-term impact on consumption patterns. We had to absorb some immediate costs as the 18% GST rate exceeded previously applicable VAT rates in some states. In addition, margins were impacted as cost of inputs remained high for the past few months. Our international business, that reaches several million customers from the global Indian diaspora, expanded revenues by 131% during H1 – with strong contribution from robust ice cream demand in the US – and now contributes 13.0% of overall revenues compared to 6.5% last year.*

We continue to expand our distribution in India by increasing the proliferation of deep freezers in existing/new regions. We are also aggressively expanding our brand presence across the US and some other global geographies to cater to rising demand for our wide range of high quality ice creams and processed foods. We have also expanded our marketing and distribution infrastructure in the US, an investment that should deliver long-term benefits to the business in term of volumes, realizations and margins.

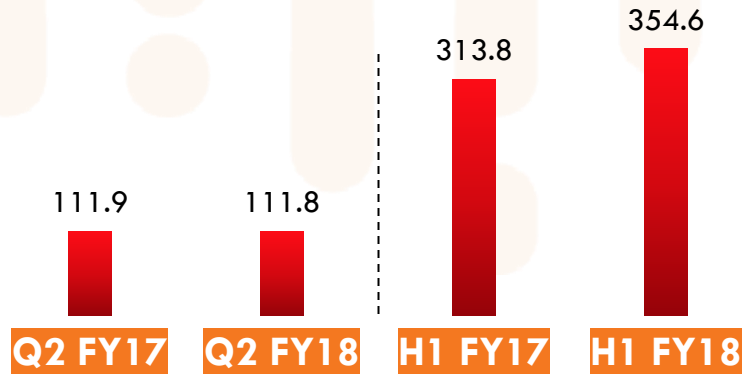
We have brought more cost discipline in our operations and all indirect expenses in India have remained largely stable during H1. We are focused on increasing process orientation within the business and are making cross-functional initiatives such as implementation of SAP in the distribution framework and the recent appointments of Deloitte and KPMG as statutory and internal auditors respectively. Leverage is expected to stay stable, however finance costs will go down due to improved credit ratings and induction of cheaper debt.

Currently, we see the consumption environment stabilizing, milk prices have also been more benign, which will help us as we initiate procurement for the next season. We continue to invest in upgrading manufacturing capabilities with focus on quality and efficiency parameters. We are confident on building a strong business supported by a renowned brand which is well-accepted by consumers both in India and targeted overseas markets."

*consolidated revenues, net of excise duties

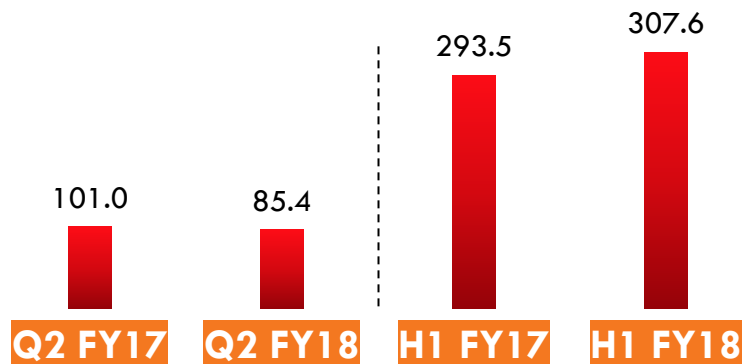
Financials – Q2 & H1 FY18 Performance

Revenue

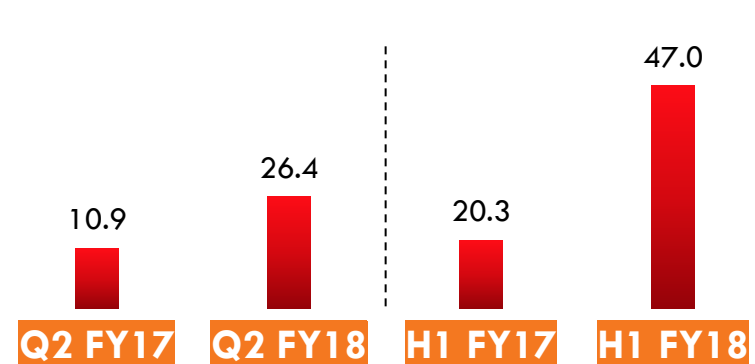


- In H1, VIL showed 13% y-o-y growth (14% net of excise duties) driven by 131% y-o-y higher revenues in exports business
- International business has seen robust demand as we continue to expand distribution and products focused on Indian diaspora in the US and other geographies

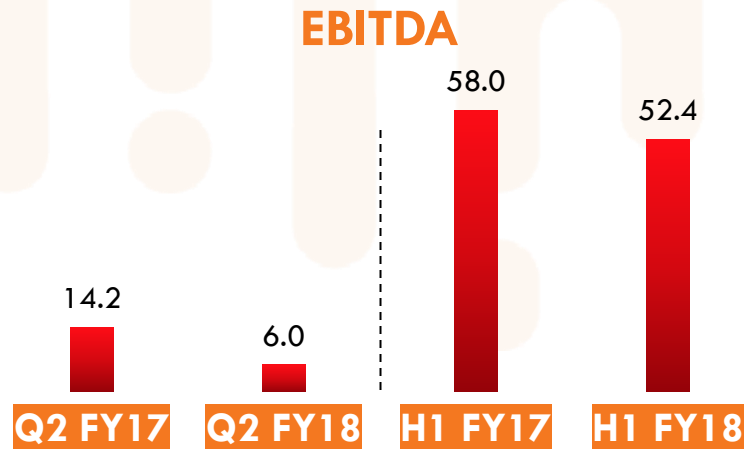
Domestic



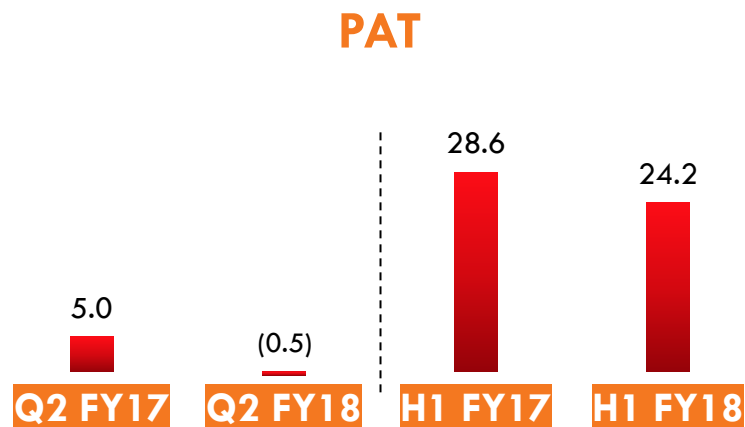
International



Financials – Q2 & H1 FY18 Performance



Note – Revenues considered, net of excise duties

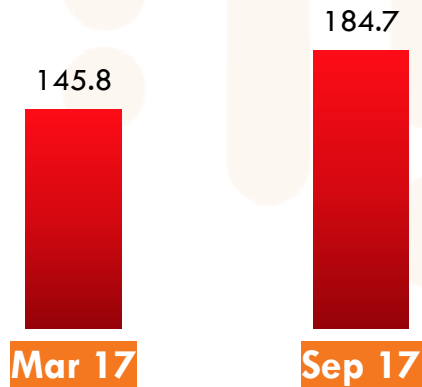


- EBITDA margin was impacted by absorption of GST-related increase in product costs in some states and elevated raw material costs. Further, expansion initiatives in India and US/other global markets have been accelerated.
- Continue to focus on debt rationalization:
 - Focus on reconstituting outstanding debt to expand long tenure loans and reducing cost of debt
 - Overall debt as on Sep 30th 2017 was at Rs. 101 crore as compared to Rs. 97 crore as on Sep 30th 2016
 - Finance costs in H1FY18 lower by 4% y-o-y at Rs. 7.2 crore versus Rs. 7.5 crore in H1FY17
- PAT stood at Rs.24.2 crore, lower by 15%, based on near-term operating impact and higher growth investments made by the company.

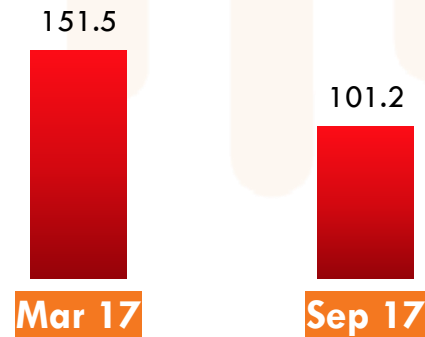
Financials Performance Trends – Balance Sheet

Liabilities

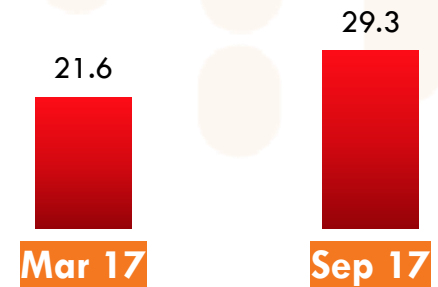
Networth



Debt

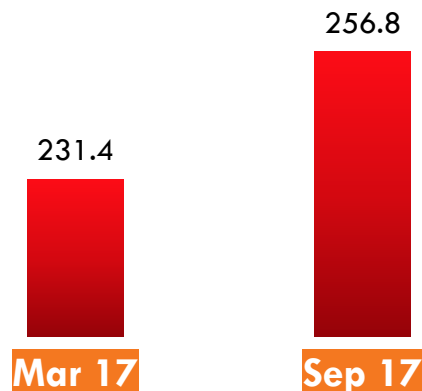


Other Non-Current Liabilities

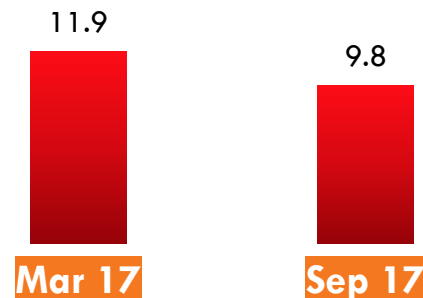


Assets

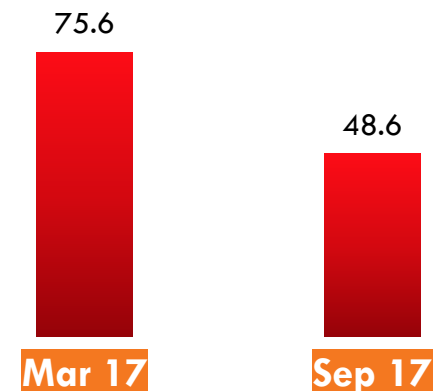
Net Fixed Assets



Other Non-Current Assets



Net Current Assets

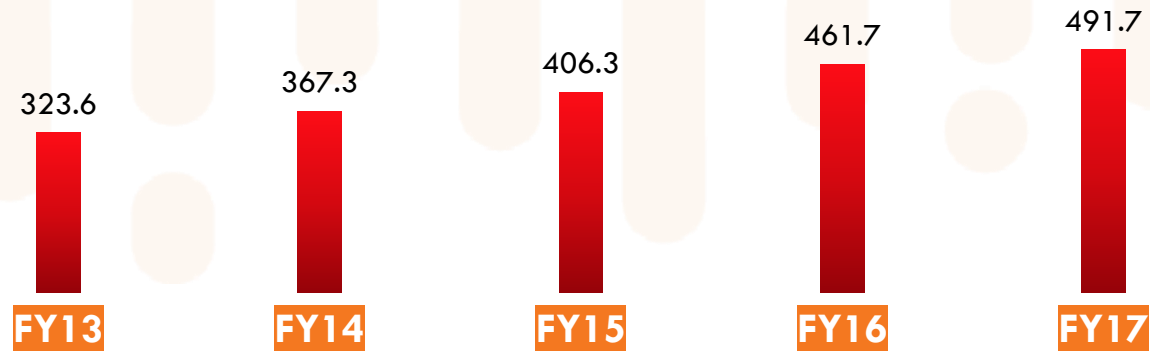


Financials Performance Trends

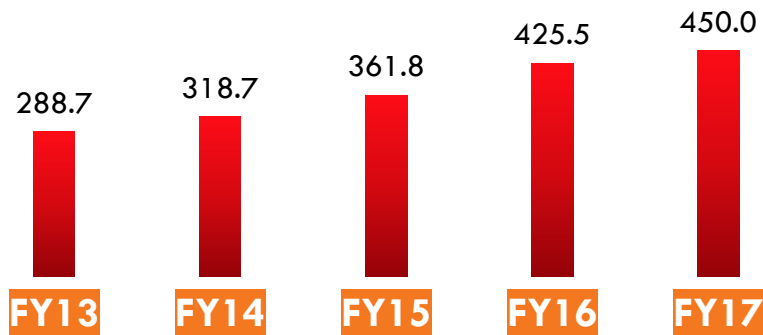


Financials Performance Trends

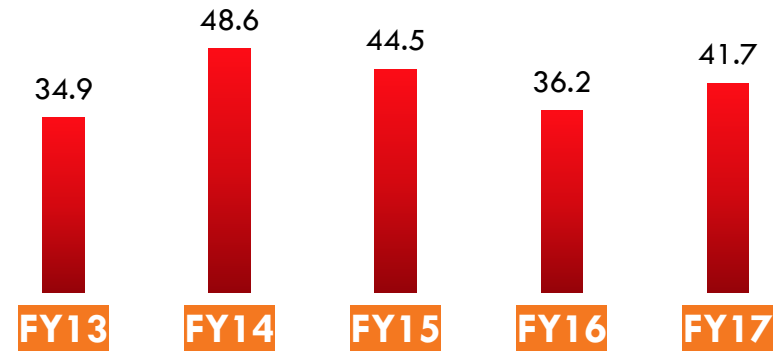
Revenue (Rs. cr)



Domestic

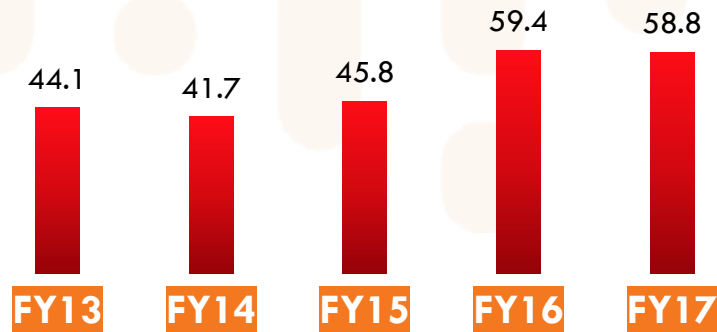


International

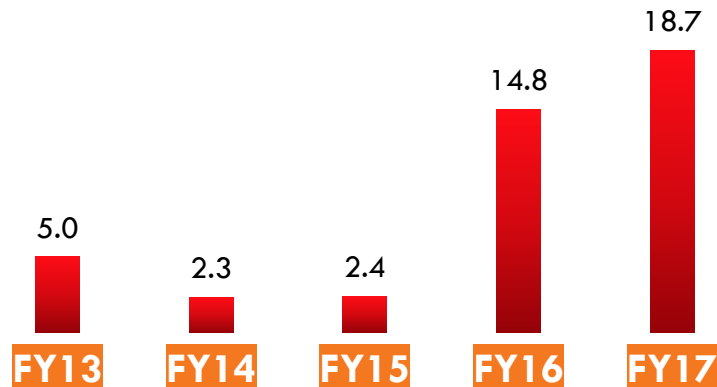


Financials Performance Trends

EBITDA



PAT

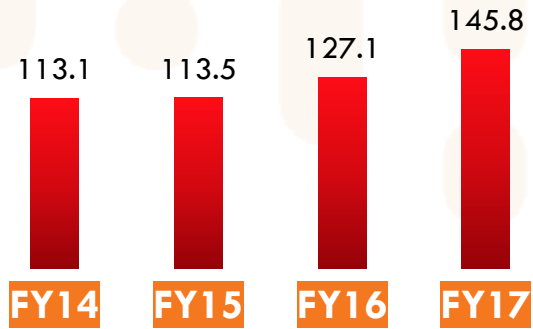


- Longer term, consumer behavior is transitioning with increasing acceptance for western desserts.
 - Domestic business growth temporarily impacted by recent changes in operating environment and consumption spending
 - Continued focus on developing domestic business and lower input costs expected to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

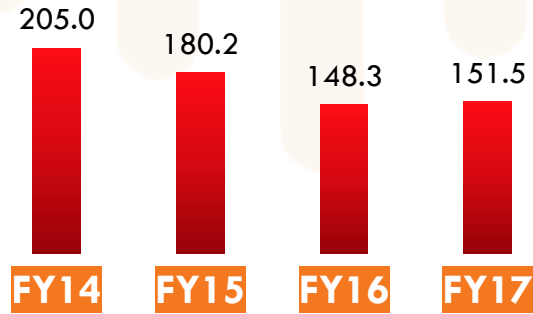
Financials Performance Trends – Balance Sheet

Liabilities

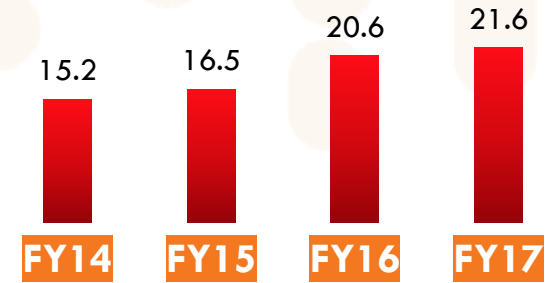
Networth



Debt

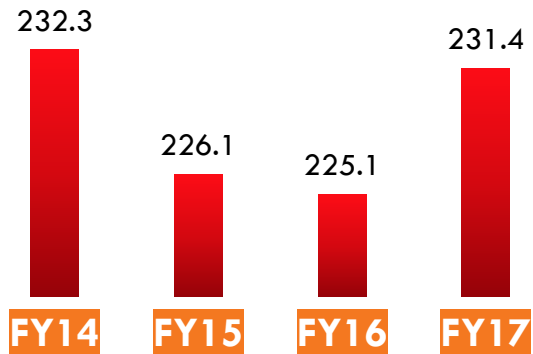


Other Non-Current Liabilities

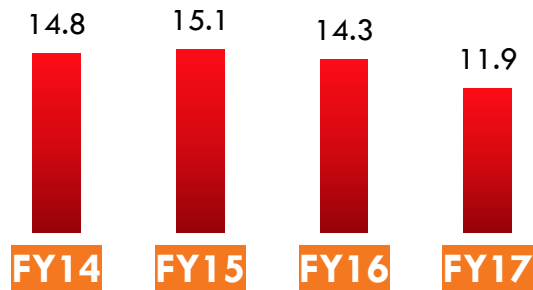


Assets

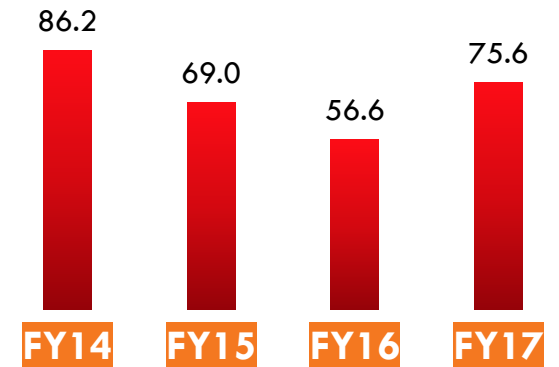
Net Fixed Assets



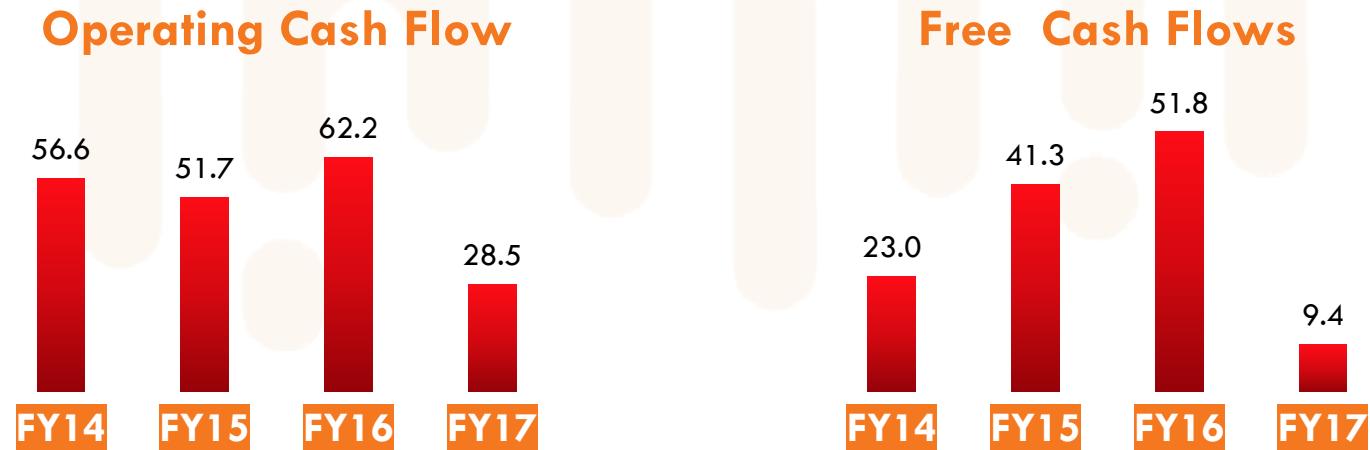
Other Non-Current Assets



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



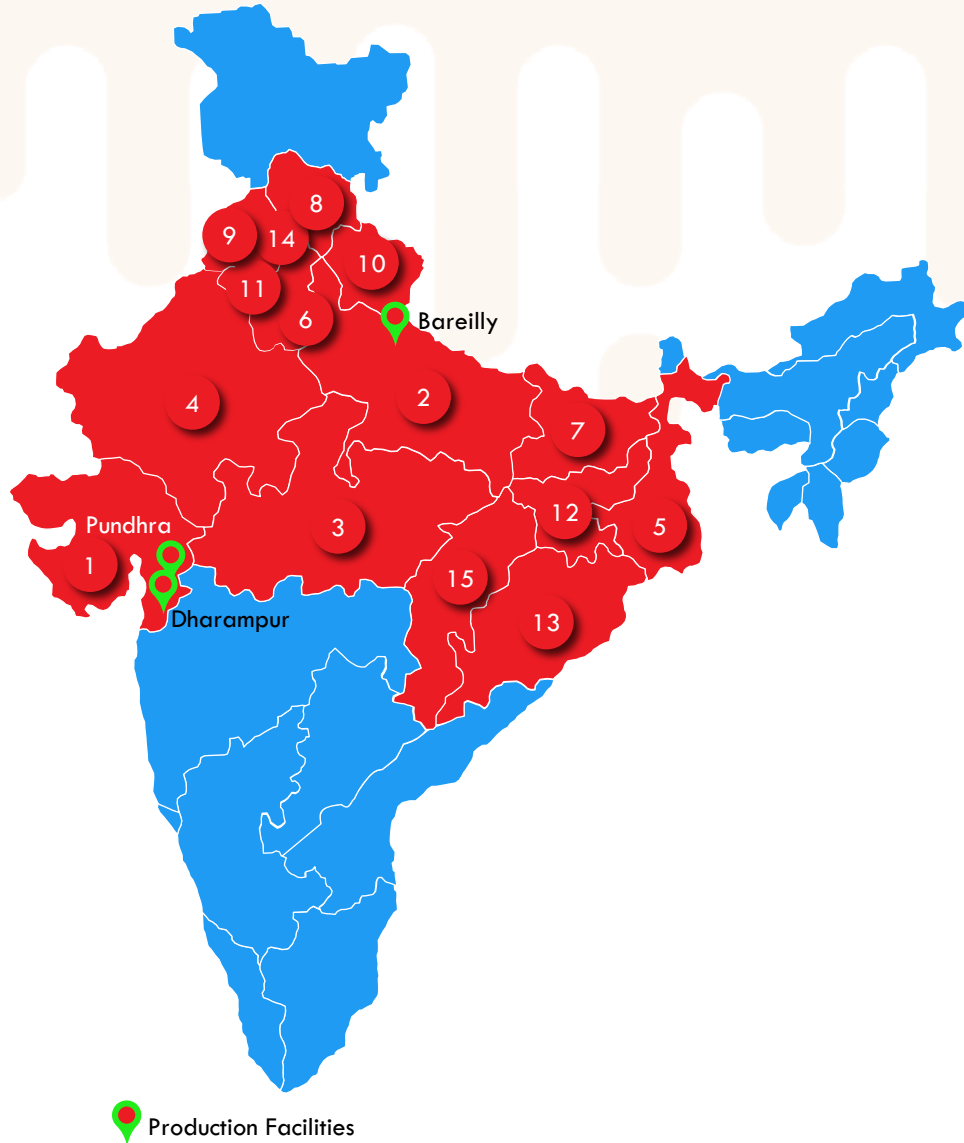
Production Facilities



- 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

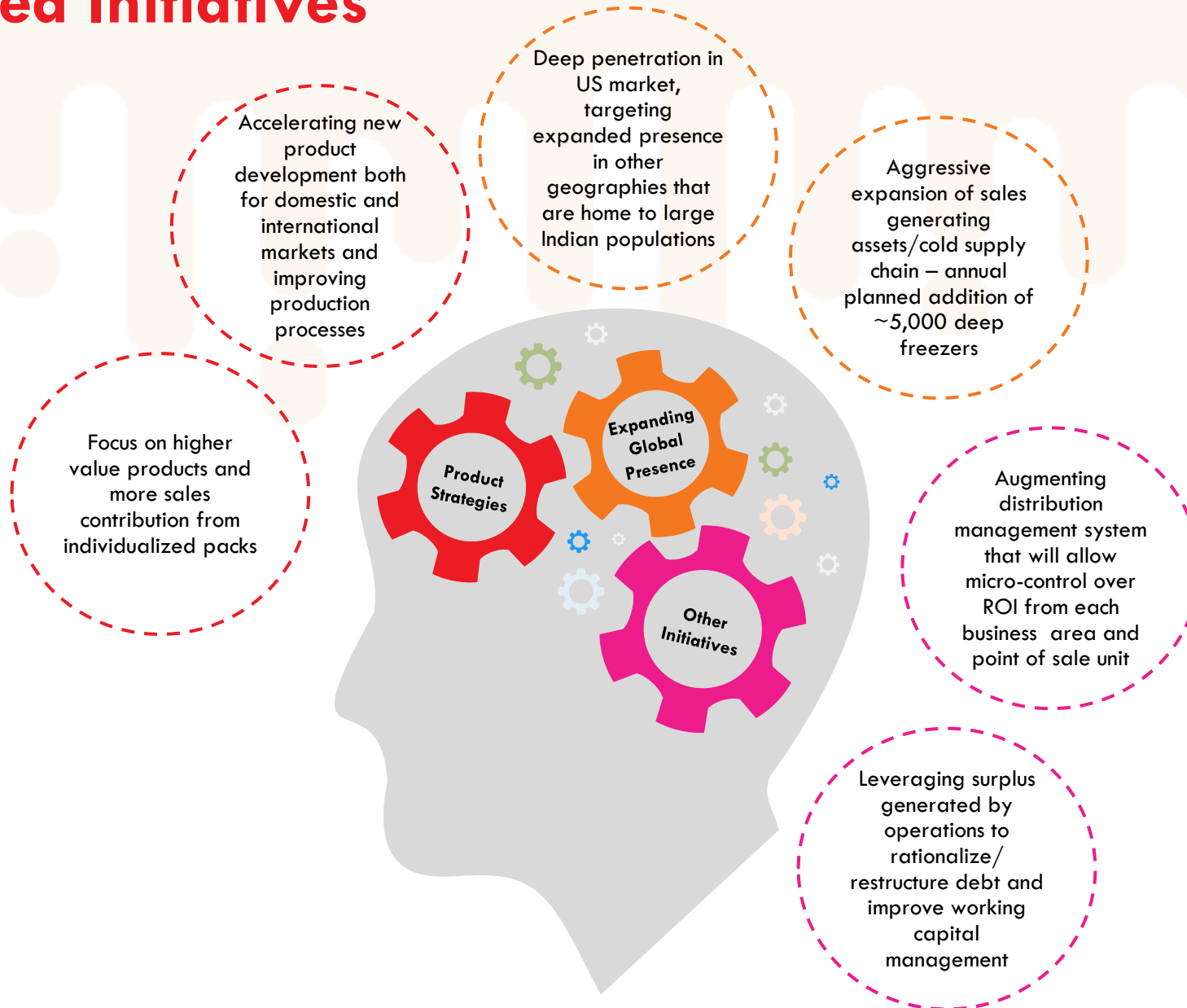


Voted As India's Most Trusted Brand In The Ice Cream Category By [Trust Research Advisory Board](#).

Outlook



Planned Initiatives



Contact Us

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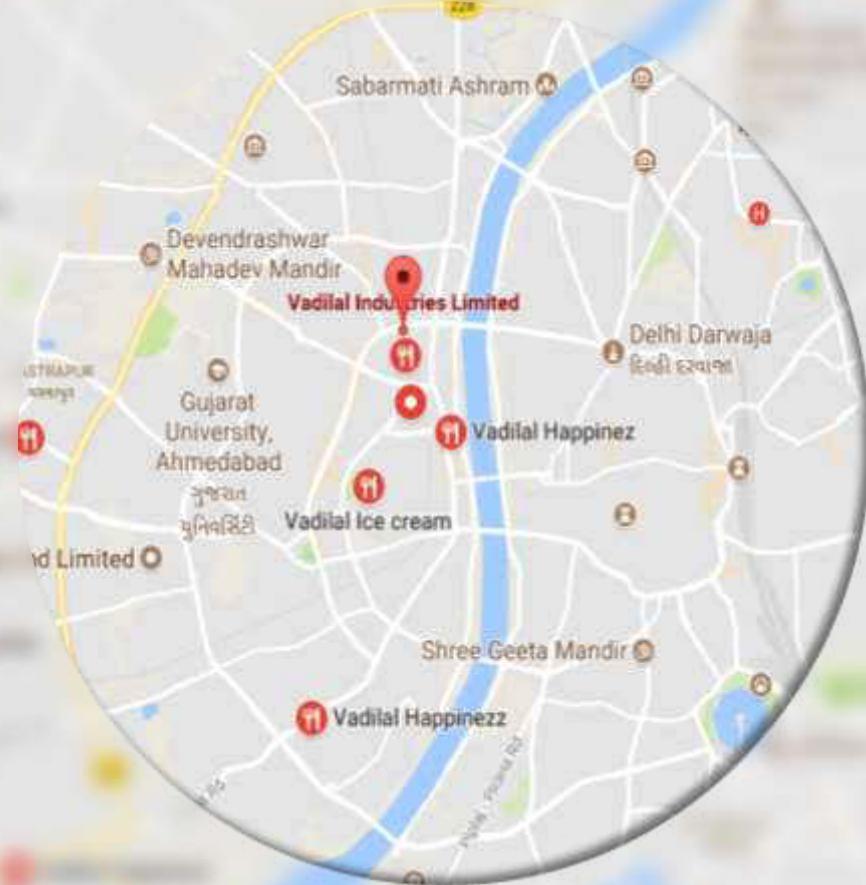
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karl@cdr-india.com



Thank You

