



## VADILAL INDUSTRIES LTD.

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VISIT US ON : <http://www.vadilalgroup.com>

Date: 20<sup>th</sup> September, 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 Announcement.**

With reference to the captioned subject, please find enclosed herewith a Corporate Presentation related to the Quarter – 1 (1-4-2017 to 30-6-2017) Results 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

Q1 FY18 Results Presentation



*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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**Q1 FY18  
Performance**



*Commenting on Q1FY18 performance, Mr. Rajesh Gandhi, Chairman and Managing Director, Vadilal Industries Limited (VIL) said:*

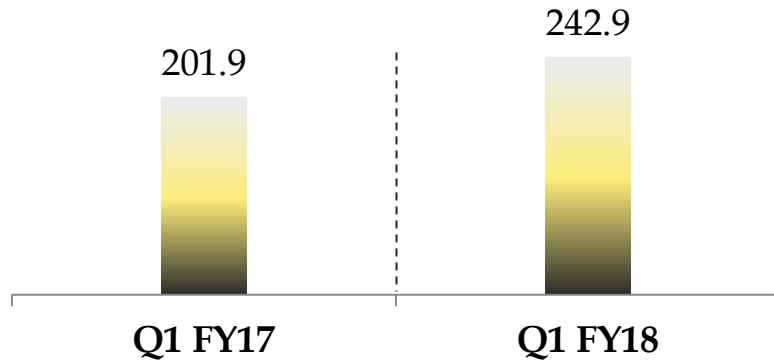
*"During Q1, we have reported revenue growth of 20%. This includes one time additional, GST-related shipments to Vadilal Enterprises Limited at the end of the quarter. Net of these shipments, the business delivered about 10% growth. Domestic business trajectory was normal, bearing some impact of slower consumption growth trend seen over the past year. Revenue contribution from exports – that expanded from 7.2% to 9.5% in 2016-17 – further witnessed y-on-y growth of 56% in Q1. Exports growth was driven by 308% increase in US subsidiary sales to \$1.7 million in Q1. We are leveraging existing ice cream manufacturing facilities and retailer relationships, initially established for packaged foods business, to create this growth opportunity. We see US sales make a much larger contribution to the business over the next few years as the Indian diaspora, an affluent community of over three million people, shows strong acceptance of our high quality products.*

*Going forward, we will continue to drive growth initiatives across markets; raw material prices that have remained at higher levels this year may be expected to rationalize; and margin expansion will be driven by our continued focus on personalized ice cream packs and higher contribution from ice cream exports."*

# Financials – Q1 FY18 Performance

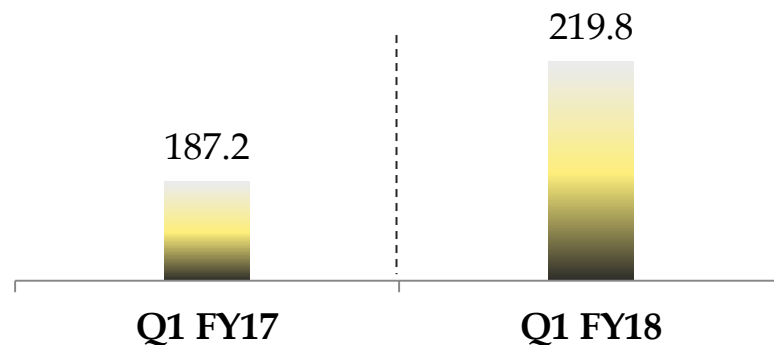


## Revenue

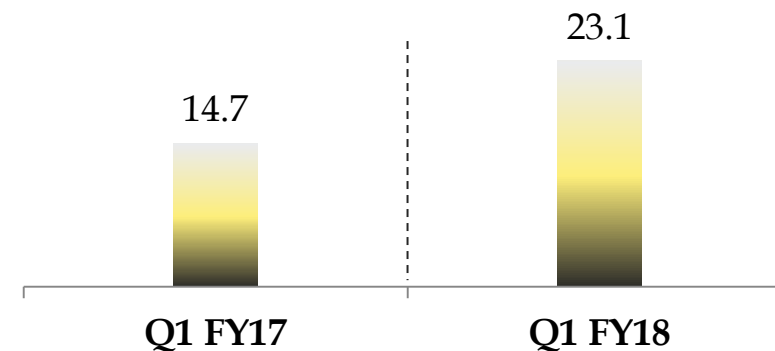


- In Q1FY18, Revenues have improved by 20.3% y-o-y growth on account of 56% y-o-y higher revenues in Export business driven by 300% ice cream volume growth.
- Revenues also include, GST-related shipments to Vadilal Enterprises at the end of the quarter.

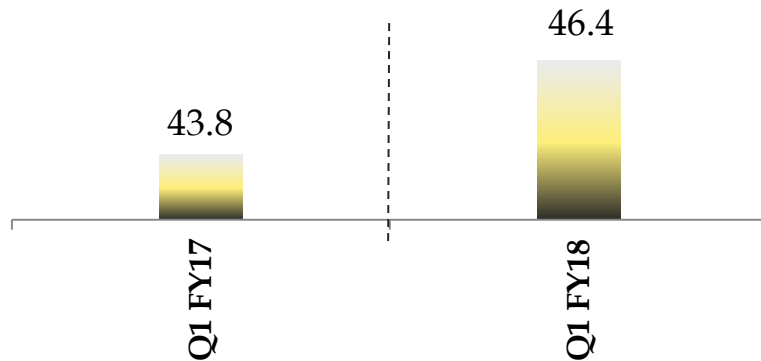
## Domestic



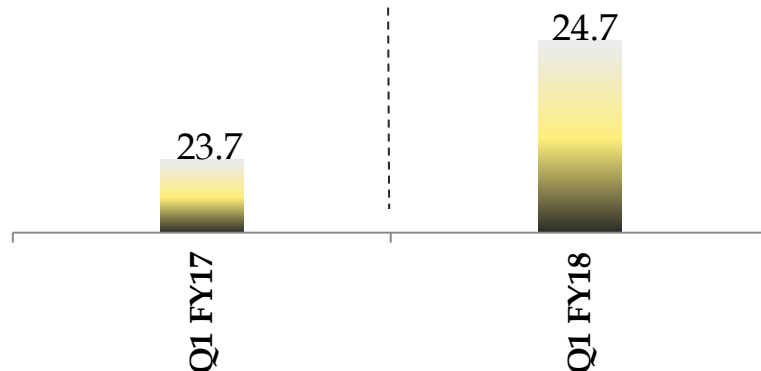
## Exports + USA



## EBITDA



## PAT



- Operating margins for the quarter were impacted by higher input costs.
  - Input costs based on milk prices are expected to increase based on the recent uptrend.
  - Undertook an 3.5% price increase in the domestic market to counter increasing costs
  - Building and expanding distribution channel across the lucrative export markets.
- Continue to focus on debt rationalization. Overall debt as on June 30<sup>th</sup> 2017 was at Rs. 102.8 crore as compared to 153.4 crore at March 31<sup>st</sup> 2017
- PAT for FY17 increased by 4.6% y-o-y on account higher contribution from the Export market.



# 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.



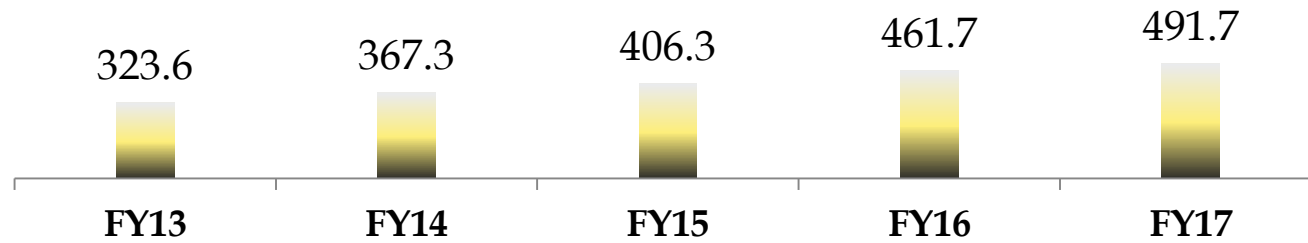
**melt** *in*



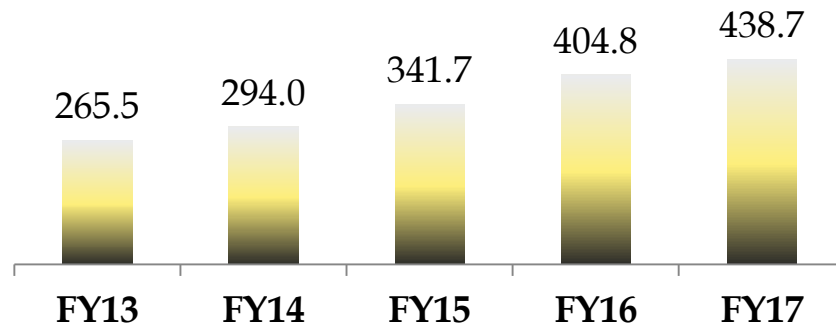
**Financials  
Performance  
Trends**



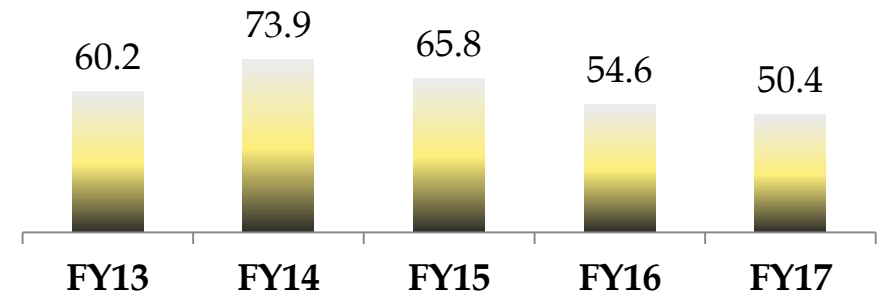
## Revenue



## Ice Cream



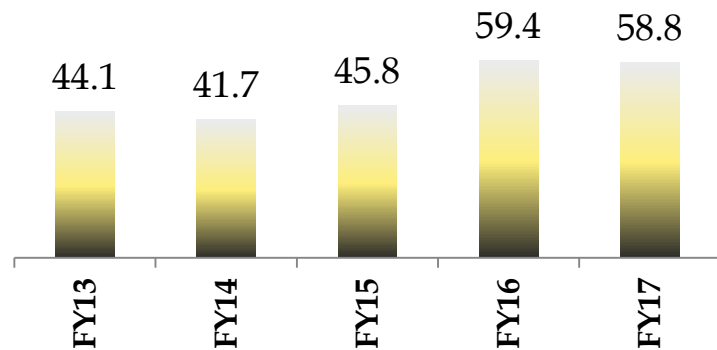
## Processed Foods



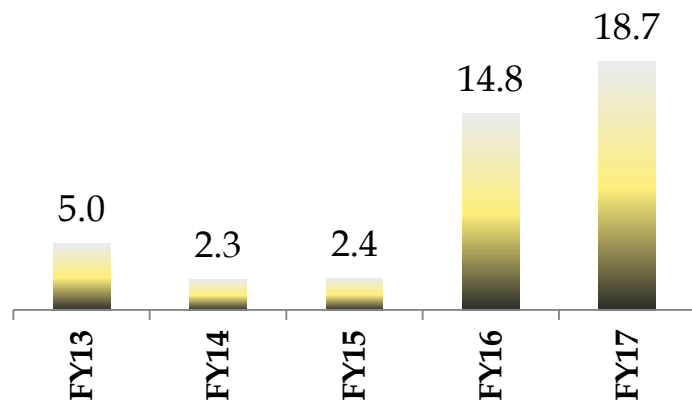
# Financials Performance Trends



## EBITDA



## PAT



Consumer behavior is transitioning with increasing acceptance for western desserts. With improving consumer sentiment and stable input costs VIL is likely to maintain its growth trajectory.

VIL is now reaping benefits of substantial investments in capacity, technology, brand and distribution.

As volumes enhance, existing capacity gets utilized more efficiently and margins which were depressed in the past are improving.

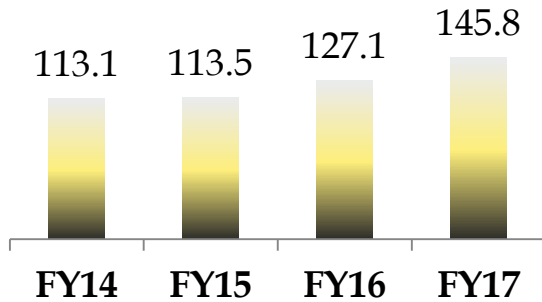


# Financials Performance Trends – Balance Sheet

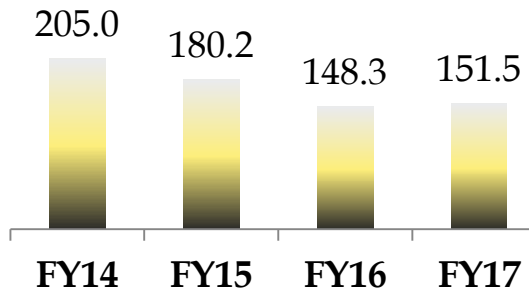


Liabilities

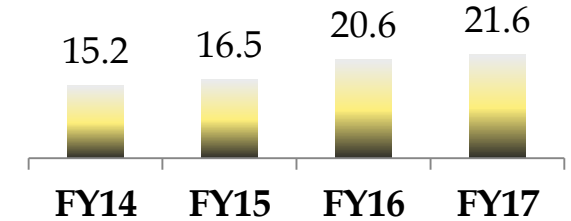
## Networth



## Debt

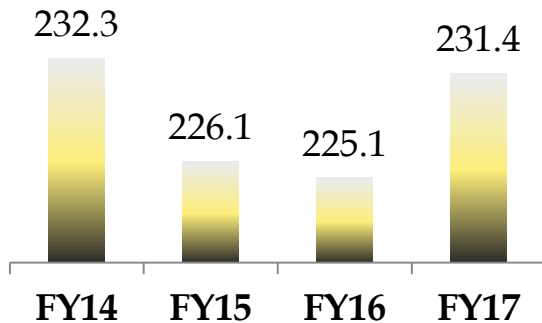


## Other Non-Current Liabilities

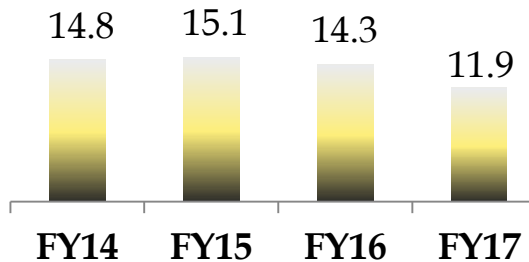


Assets

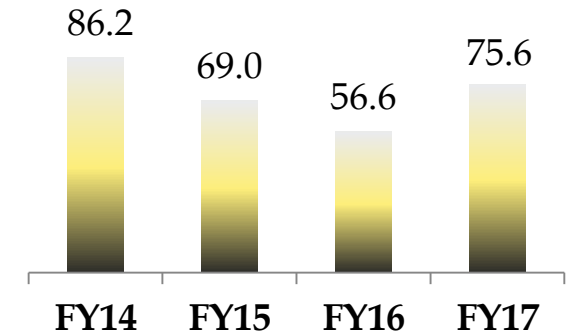
## Net Fixed Assets



## Other Non-Current Assets



## Net Current Assets

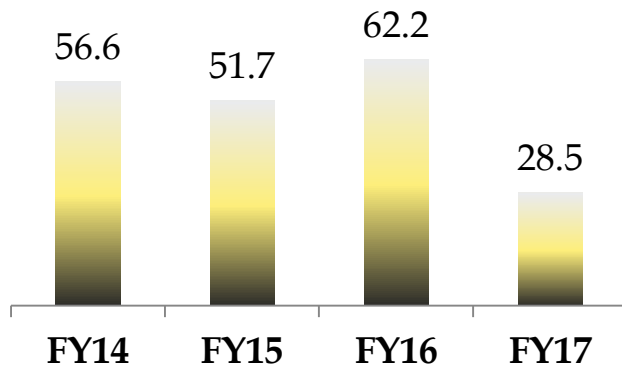




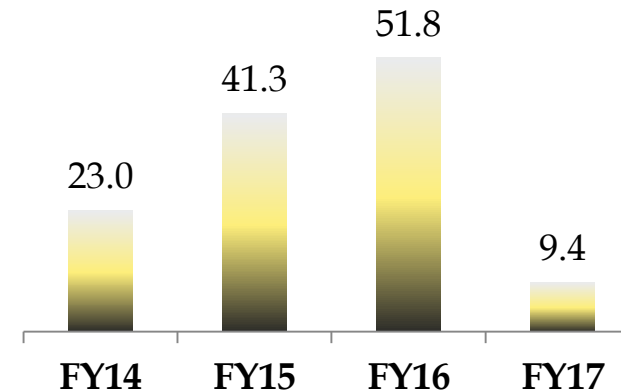
# Financials Performance Trends – Cash Flows



## Operating Cash flow



## Free Cash Flow



- Inventory up by Rs.30 crore
- Interest down by Rs.5 crore to Rs. 15.5 crore in FY17
- Capex up by Rs.10 crore y-o-y



# Vadilal Industries Overview



## 110-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, 61 CNF's, over 1200 distributors, 290 distribution vehicles, 45,000 +retail outlets

## Expanding global business presence

- Products reach 45 countries across four continents
- 50% contribution from exports in processed foods segment

# Indian Ice Cream Market



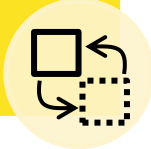
Ice cream is transitioning from periphery to mainstream, from occasional indulgence to snacking option

Evolving perceptions



Transition from seasonal to year-long consumption

Changing demand patterns



Increased disposable incomes and discretionary spending driving secular demand growth

Growing affordability



Consumers receptive to spending on high quality products that meet their rising aspirations

Premiumization trends



Shift from limited portfolios of traditional products to innovative, global-standard offerings

Innovative product development



Local brands competing with international players, leading to market expansion

Expanding customer choices



India's current annual per capita consumption of 400 ml vs 2.3 liters world average, Chinese consumption is 20X India's

Significant headroom for growth



Rapid expansion of retail network leading to product availability and convenience

Nationwide retail expansion







# Ice Creams - Brands Portfolio



- 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 300+ 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 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



Vegetables



Breads



Curries



Snacks

# 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
- Focus on branded portfolio in Processed Foods Business
- No major capital expenditure anticipated on capacity enhancement for FY18

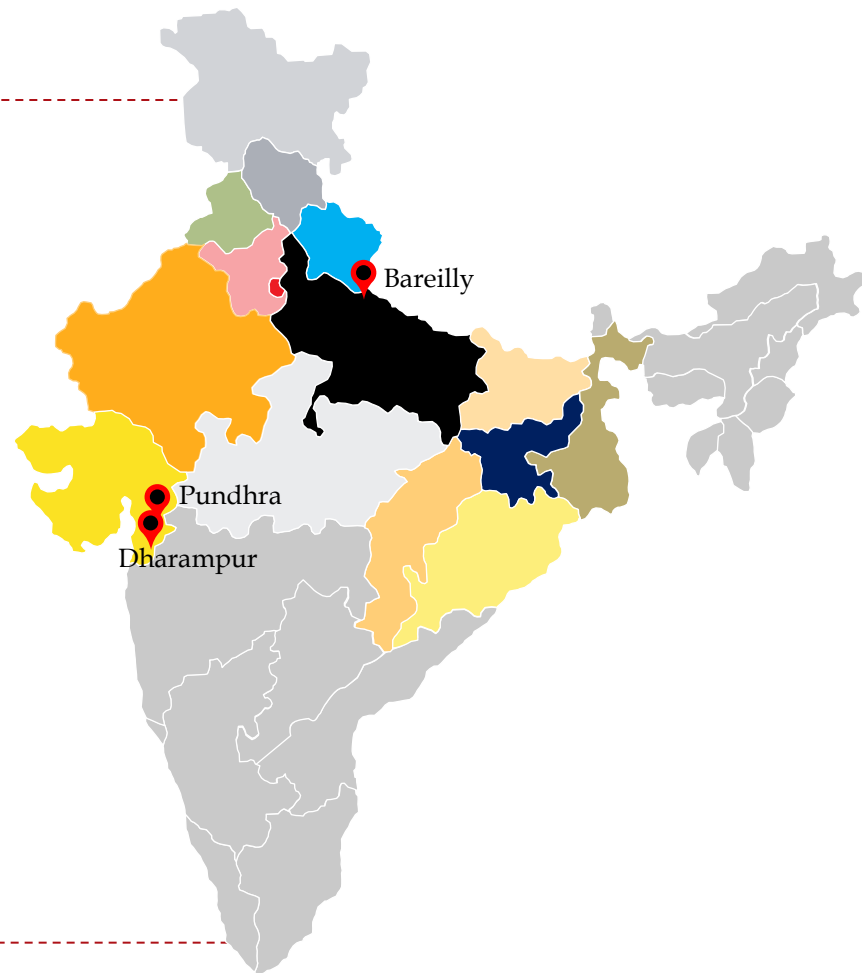


Facilities	Capacity	Production	Certification
Bareilly	150,000 liters per day	Ice cream	ISO-22000:2005
Dharampur	33,000 kgs per day	Processed foods	ISO-22000:2005 and BRC : Issue 6
Pundhra	230,000 liters per day	Ice cream	ISO-22000:2005 and BRC : Issue 6

# Distribution Presence



Gujarat	200
Uttar Pradesh	185
Madhya Pradesh	150
Rajasthan	138
West Bengal	89
Delhi	63
Himachal Pradesh	58
Bihar	58
Punjab	51
Uttarakhand	48
Haryana	44
Jharkhand	41
Orissa	37
Chandigarh	36
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

Production Facilities



# 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

## Expanding Presence

Presence across 16 states, 61 CNF's, over 1,000+ distributors, 250 distribution vehicles, over 45,000 retail outlets

Increasing penetration - moving from passive to aggressive business strategy to derive benefit from improving consumer behavior

## Product Strategies

Focus on higher value products and targeting optimal margins - higher sales of individualized packs and stable input and distribution costs

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

*Over the last six years, ~Rs. 200 crore has been invested to expand capacity and related infrastructure, planned initiatives to further leverage this investments*

# Contact Us



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**THANK YOU**