

Vadilal

Date: 13th September, 2019

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,
BSE Limited,
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai - 400 001.

Scrip Code No. VADILALIND-EQ

Scrip Code : 519156

Subject: Earning Presentation of the Company for Full Financial Year 2018-2019 and First Quarter of Financial Year 2019-2020

With reference to the captioned subject, please find enclosed herewith Earning Presentation of the Company for the Full Financial Year 2018-2019 and first quarter of Financial Year 2019-2020

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For VADILAL INDUSTRIES LIMITED


Rashmi Bhatt
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.vadilallicecreams.com / www.vadilalgroup.com CIN No. : L91110GJ1982PLC005169



VADILAL INDUSTRIES

FY19 & Q1FY20
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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FY19 & Q1FY20 Financial Performance



Management's Message

Commenting on the performance, Mr. Rajesh Gandhi, Director, Vadilal Industries Limited



“During FY19, we have delivered 3% growth in reported revenues. However, adjusted for changes in billing methodology in domestic sales, consolidated revenue growth is 13%. Domestic revenues declined by 7% on reported basis but increased by 3% on adjusted, like-to-like comparison basis. Domestic business saw weakness in Q4 due to exceptionally severe weather conditions that extended the winter till the end of March this year and impacted the consumption of ice cream in many of our core markets. International revenues continued to deliver encouraging expansion to cross the \$ 20 million milestone, on the back of 54% revenue growth during FY19. International business is now over 25% of revenues and growth is driven by strong demand for our high quality ice creams and other products within the sizeable Indian diaspora community in the U.S. and some other geographies. We have already committed distribution investments in multiple locations in the U.S. that allow us widespread access to the sizeable Indian diaspora in key target markets. Gross margin expanded by over 600 basis points last year on the back of volume growth, benign raw material prices and larger contribution from international operations, where realizations are significantly higher. Cost of people resources increased significantly last year, with a large contribution from U.S. operations that now have a base of over 50 employees. However, we have kept a tight control on other operating expenses that remained almost unchanged. As a result, EBITDA margin increased by almost 400 basis points and profit after tax more than doubled.

We have started FY20 with double digit growth in the summer season and 25% revenue expansion in international business. Based on our raw material purchase and inventory position, we have visibility of stable costs covered till Q2. As milk prices are at higher levels now, we will look to increasing prices in the second half of the year. We continue to incur regular capital expenditure and expect to spend Rs. 30-35 crore during the year. We also expect to deliver double digit growth with higher contribution from international business leading to margin expansion.”

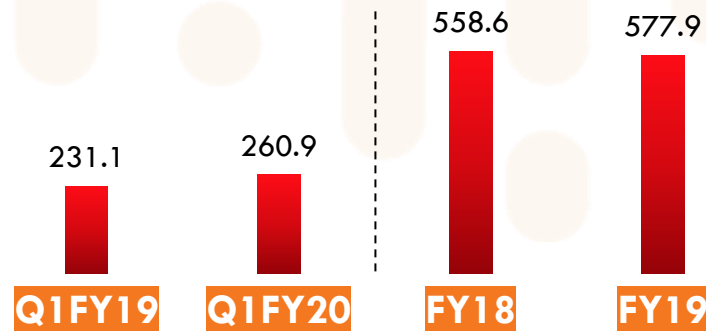
Abridged Profit and Loss Statement

Consolidated	Q1FY20	Q1FY19		Q4FY19	Q4FY18		FY19	FY18	
Revenue	260.9	231.1	13%	114.7	127.1	-10%	577.9	558.6	3%
Gross Profit	127.5	111.3	15%	53.1	58.8	-10%	282.9	246.0	15%
EBITDA	67.8	57.6	18%	-0.02	9.5	-100.2%	82.8	59.3	39.8%
EBITDA Margins	26.0%	24.9%	+105 BPS	-0.01%	7.4%		14.3%	10.6%	+372 BPS
Depreciation	6.0	4.3	38%	4.4	3.5	27%	16.9	16.1	5%
Interest	4.2	3.5	22%	4.3	4.8	-11%	14.1	15.3	-8%
PBT	57.6	49.8	16%	-6.5	3.1	-313%	51.9	27.8	86%
PAT	37.7	32.4	16%	-6.4	0.8	-893%	33.4	15.7	113%

Consolidated financials in Rs. Crore

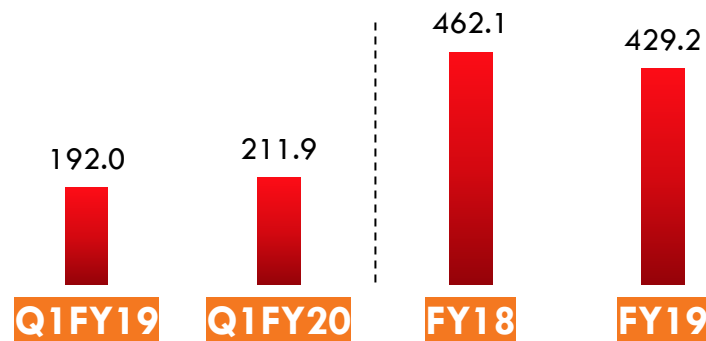
Financials – FY19 & Q1FY20 Performance

Revenue

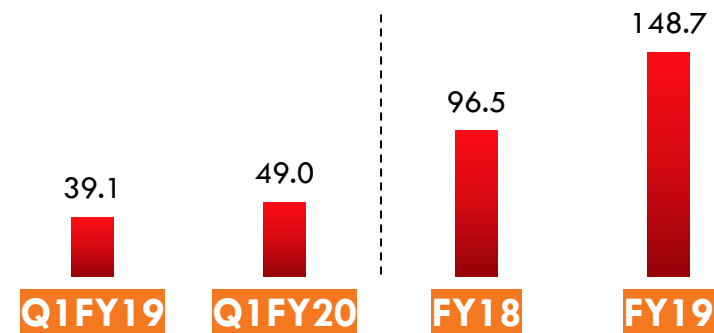


- In FY19 VIL revenues grew by 3% y-o-y and in Q1FY20 it grew by 13% y-o-y
 - In FY19 Domestic business declined by 7% y-o-y owing due to severe weather conditions/extended winter towards the end of the year; Domestic business increased by 3% on adjusted, like-to-like comparison basis. International business revenues grew by 54% y-o-y
 - In Q1FY20 revenues from Domestic business grew by 10% y-o-y and International grew by 25% y-o-y

Domestic

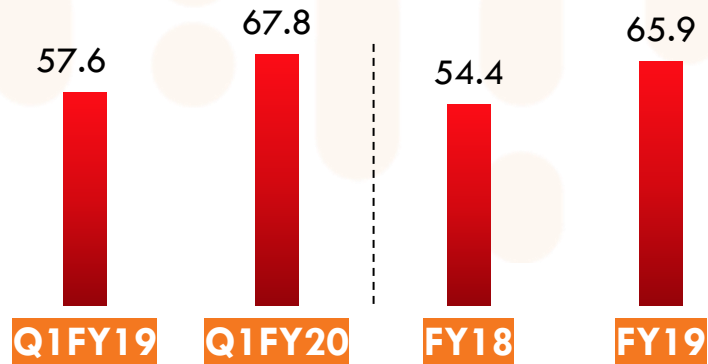


International



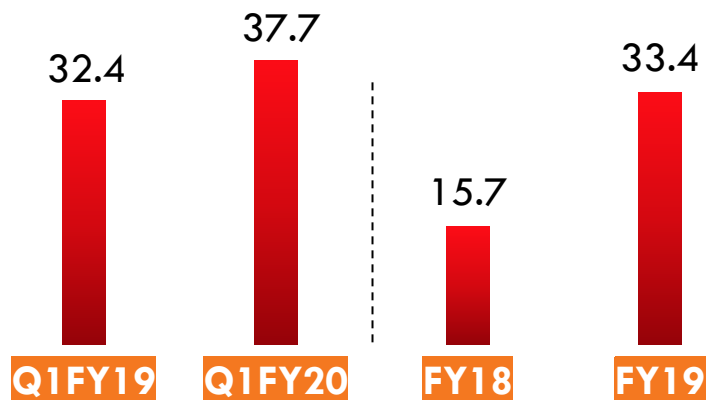
Financials – FY19 & Q1FY20 Performance

EBITDA



Note – Revenues considered, net of excise duties

PAT



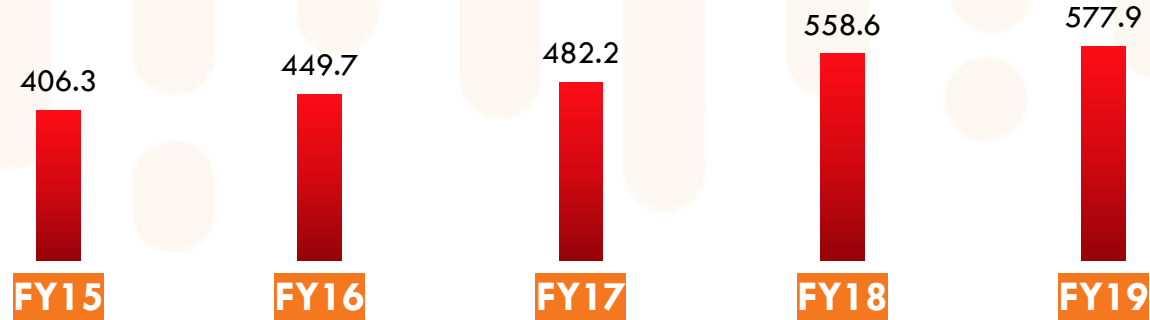
- EBITDA margin in FY19 increased by ~400 basis and in Q1FY20 it increased by ~105 bps on account of tight control on operating expenses and focus on efficiency
- Continue to focus on rationalization of debt:
 - Reconstituted outstanding debt to increase long tenure loans and reduced cost of debt
 - Overall debt as on March 31st 2019 was stable at Rs. 160.1 crore as against Rs. 161.8 crore on March 31st 2018
 - Finance costs in FY19 declined by 8% but in Q1FY20 it increased by 22% y-o-y due to impact from Ind AS 116
- PAT in FY19 more than doubled at 113% and in Q1FY20 it grew by 16% y-o-y

Financials Performance Trends

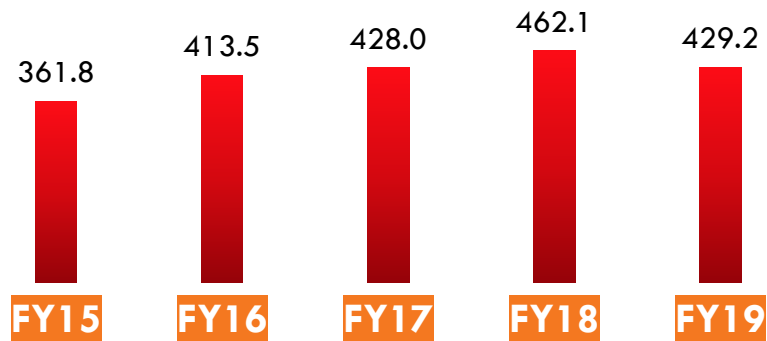


Financials Performance Trends

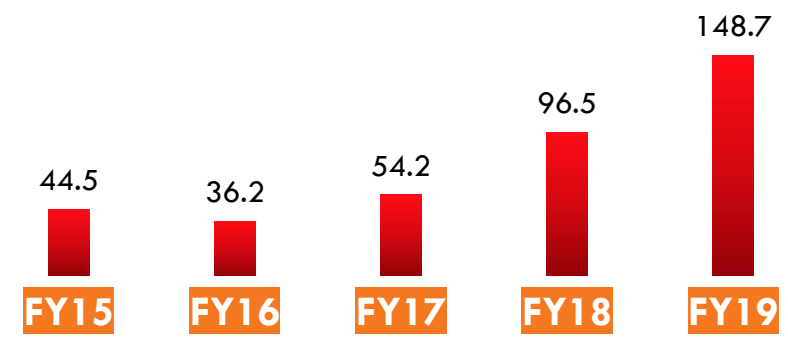
Revenue (Rs. cr)



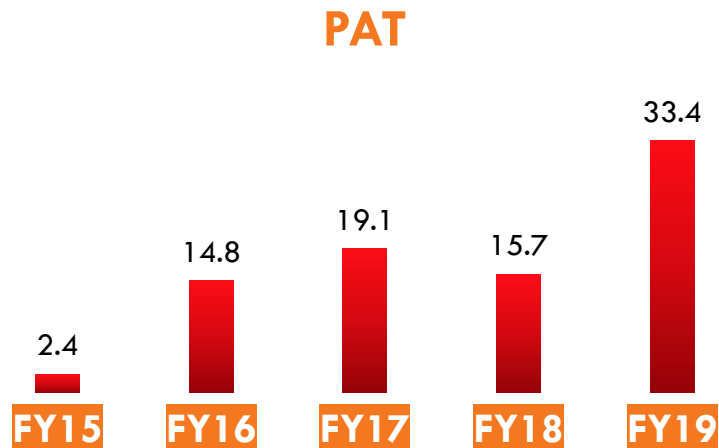
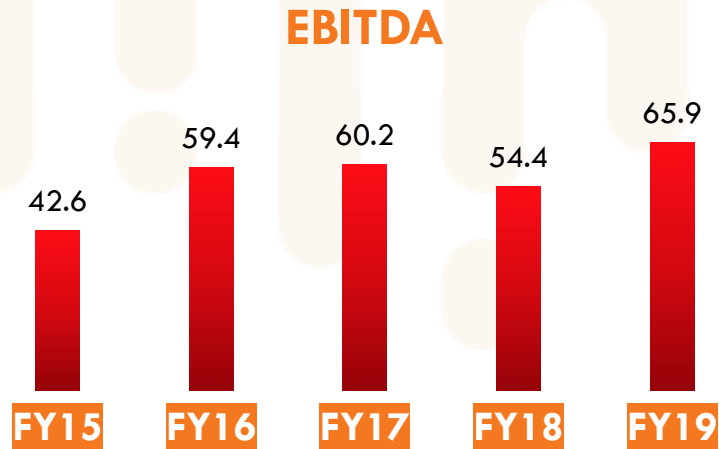
Domestic



International



Financials Performance Trends

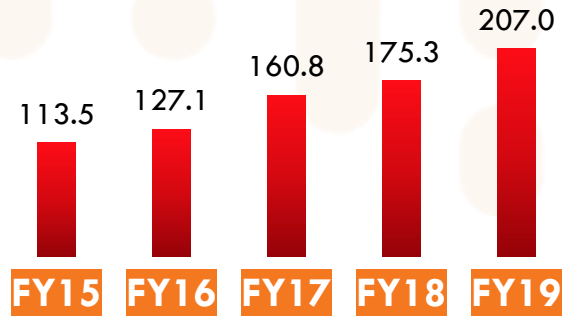


- Longer term, consumer behavior is transitioning with increasing acceptance for western desserts.
 - Domestic business growth, temporarily impacted by recent changes in operating environment and consumption spending, is now reverting to historical trends
 - Continued focus on developing domestic business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

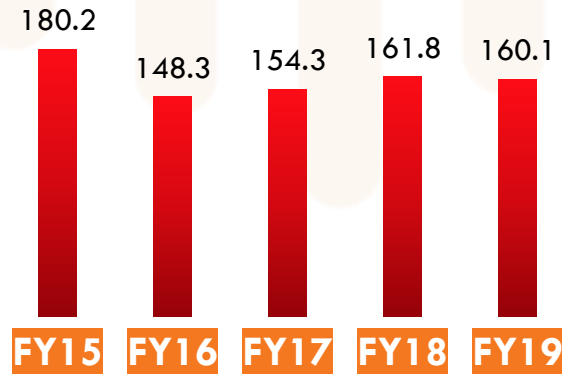
Financials Performance Trends – Balance Sheet

Liabilities

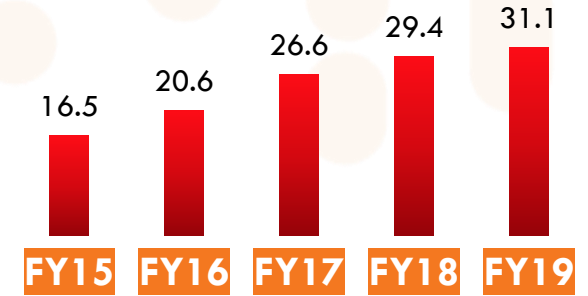
Networth



Debt

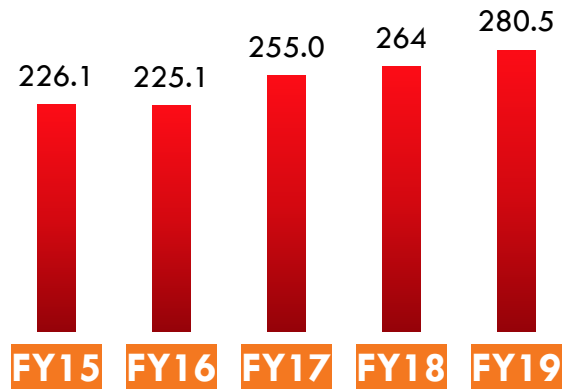


Other Non-Current Liabilities

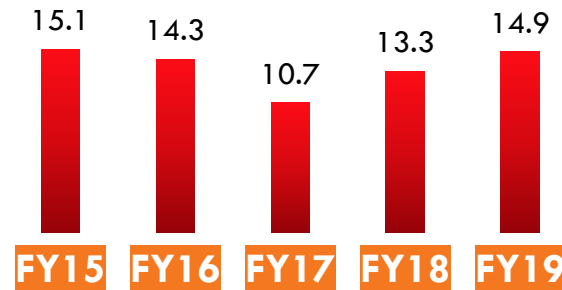


Assets

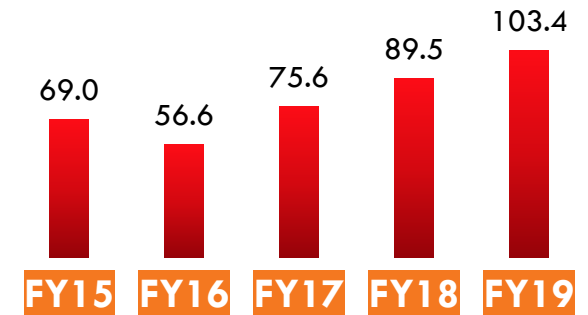
Net Fixed Assets



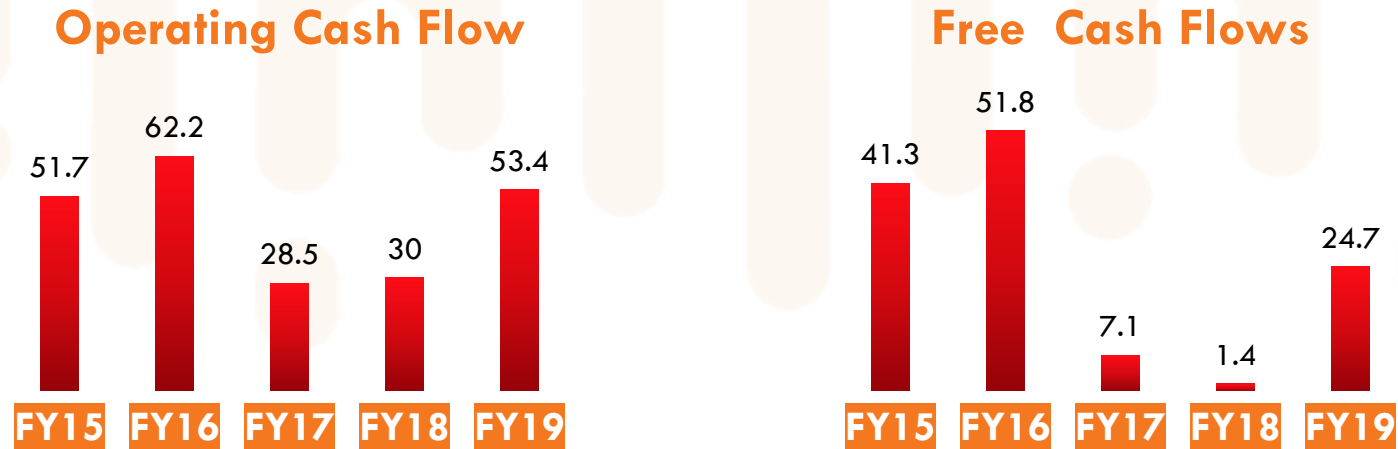
Other Non-Current Assets



Net Current Assets



Financials Performance Trends – Cash Flows



➤ Estimated capex for FY 20 at ~ Rs. 30 crore

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, 50,000 + 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 FY20
- 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

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
- 50-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, launched new categories such as Indian Mithai and Paneer



International Product Portfolio



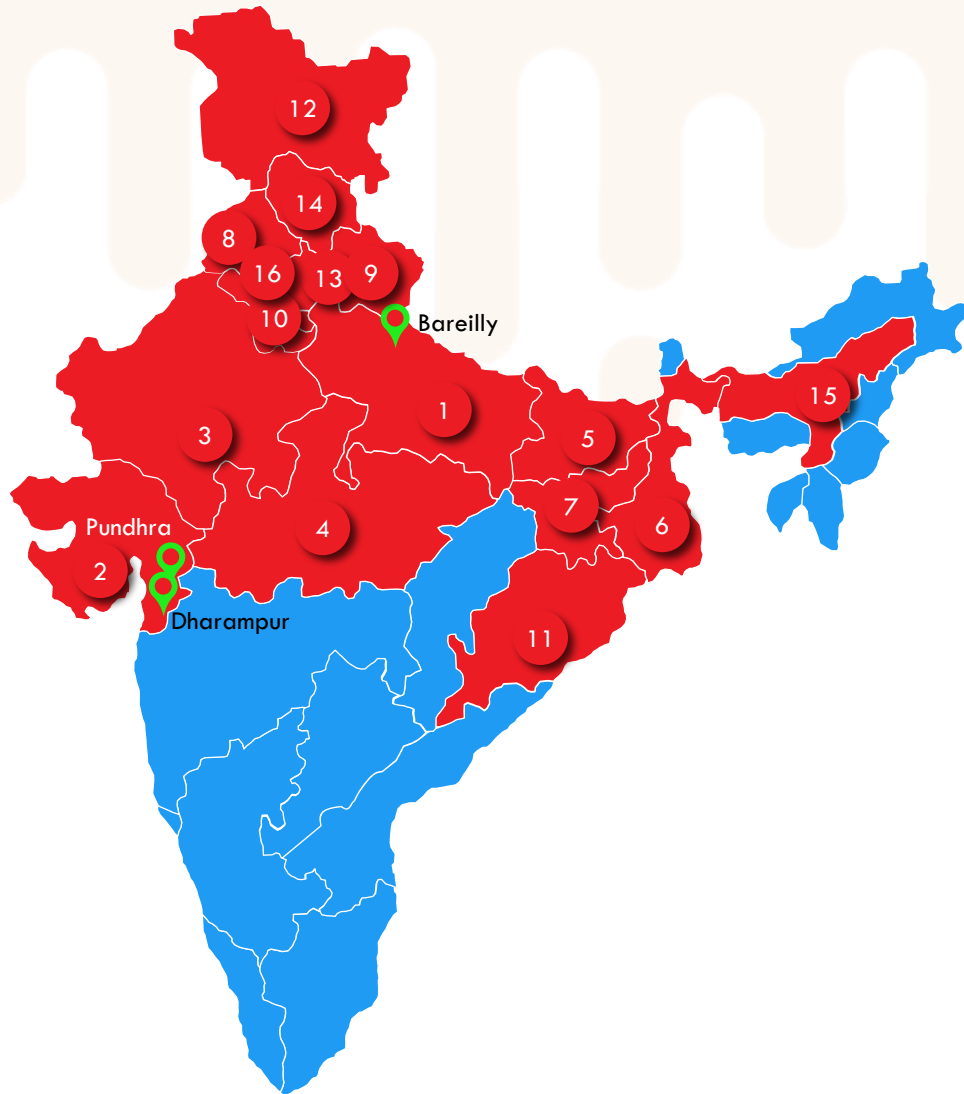
Production Facilities



- 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, Uttar Pradesh	150,000 liters per day	Ice cream	ISO-22000:2005
Dharampur, Gujarat	33,000 kgs per day	Processed foods	ISO-22000:2005 and BRC : Issue 6
Pundhra, Gujarat	230,000 liters per day	Ice cream	ISO-22000:2005 and BRC : Issue 6

Deep Domestic Distribution Presence



Production Facilities

	States	Distributor
1	Uttar Pradesh	252
2	Gujarat	169
3	Rajasthan	163
4	Madhya Pradesh	122
5	Bihar	77
6	West Bengal	66
7	Jharkhand	63
8	Punjab	55
9	Uttarakhand	49
10	Haryana	46
11	Orissa	46
12	Jammu & Kashmir	36
13	Delhi	34
14	Himachal Pradesh	32
15	Assam	13
16	Chandigarh	7

Distribution network comprises of over **55,000** retailers, over **1,240** large distributors, **63** 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

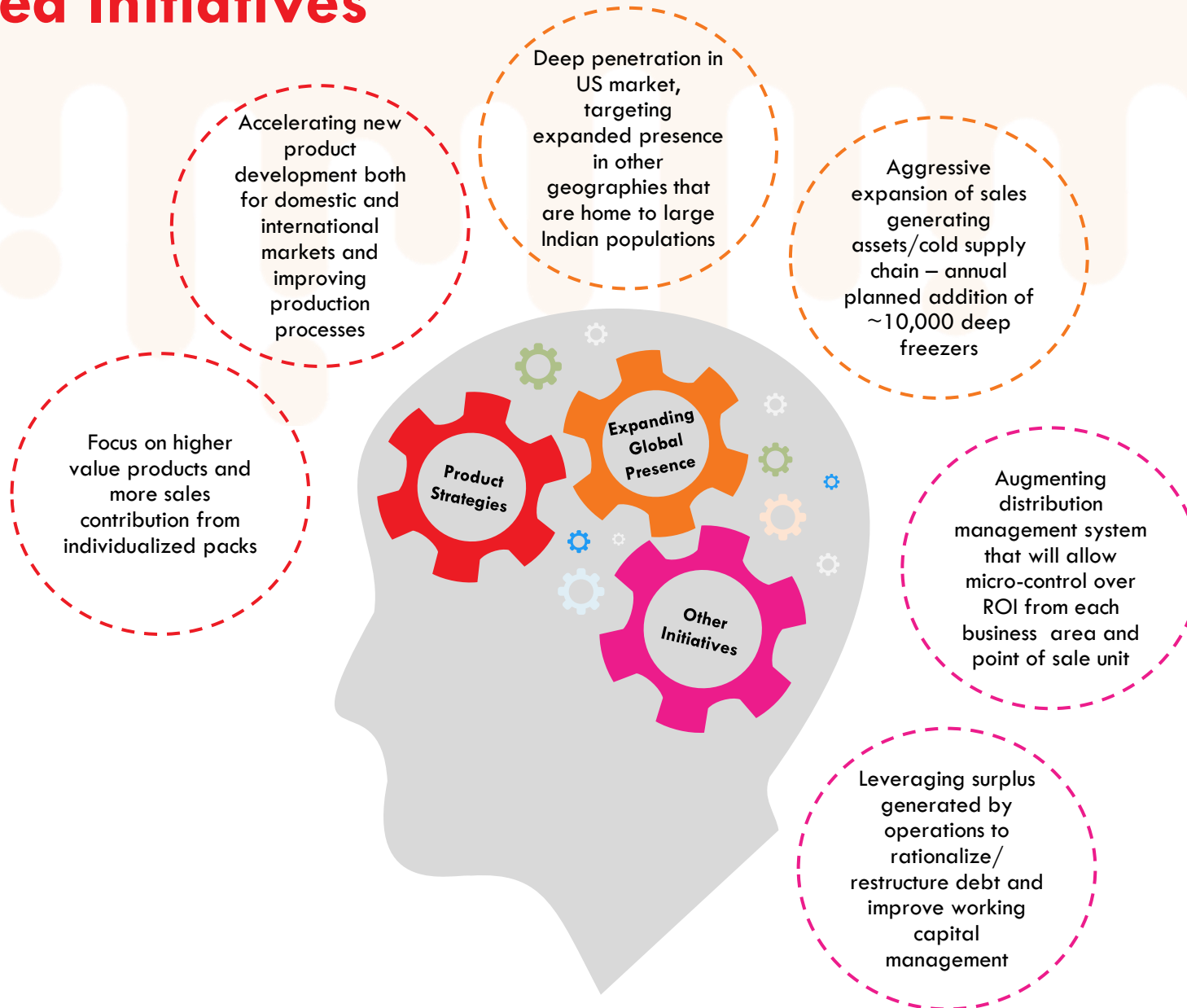


Voted As India's Most Trusted Brand In The Ice Cream Category By [Trust Research Advisory Board](#)

Outlook



Planned Initiatives



Contact Us

Kalpiti Gandhi

Vadilal Industries Ltd

Tel: +79-30921200

Email: kalpit@vadilalgroup.com

Shiv Muttoo / Karl Kolah

CDR India

Tel: 98335 57572 / +91 22 6645 1220

Email: shiv@cdr-india.com

karl@cdr-india.com



Thank You

