



**To go to the
depth of the
consumer's heart
and be his friend
forever**



**Q3 & Nine Months FY2017
Earnings Presentation**

February 10, 2017

Important Notice

This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Radico Khaitan’s future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

Radico Khaitan undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.



Q3 FY2017 vs. Q3 FY2016

- Net Sales of Rs. 415.2 Crore
- Prestige & Above brands volume growth at 0.3%
- Prestige & Above brands contribution to the total IMFL volumes increased from 24.6% to 26.5%
- EBITDA of Rs. 51.4 Crore at 12.4% margin
- Net Comprehensive Income of Rs. 19.3 Crore

9M FY2017 vs. 9M FY2016

- Net Sales of Rs. 1,292.8 Crore
- Prestige & Above brands volume growth at 7.8%
- Prestige & Above brands contribution to the total IMFL volumes increased from 24.9% to 26.7%
- EBITDA of Rs. 165.3 Crore at 12.8% margin
- Net Comprehensive Income of Rs. 62.6 Crore

Continue to delever the balance sheet with a debt reduction of about Rs. 30 Crore during the quarter

Commenting on the results and performance, Dr. Lalit Khaitan, Chairman & Managing Director said:

“Q3 FY2017 performance was a testament to the inherent strength of our business model and brand portfolio. While demonetization had a temporary impact on our volumes and sales growth, we were able to quickly adjust to the challenging environment. Our financial results during the quarter demonstrated the resilience of the core Prestige & Above product portfolio. As consumer cash spending starts to recover now, we expect our sales to normalize by the end Q4 FY2017. Our unwavering focus on delivering a differentiated consumer brand experience will continue to drive our growth in the years to come.”

Commenting on the results and performance, Mr. Abhishek Khaitan, Managing Director said:

“While overall IMFL volumes declined by (6.7)%, our topline decreased by only (3.5)% y-o-y during Q3 FY2017 as the contribution from our Prestige & Above brands continued to increase. This subdued volume and topline performance was due to the demonetization led decline in consumer spending. Our EBITDA margins were impacted due to a combination of lower sales and an increase in ENA prices. We believe that this is a temporary phenomenon and the focus on our core strategy of driving profitable growth coupled with strong cash flow generation remains unchanged. Performance of our new brands such as Regal Talon whisky and Magic Moments ELECTRA continue to be encouraging with higher levels of consumer acceptance. Together with our core brands, Radico Khaitan’s future growth trajectory continues to be reinforced.”



- As per the latest release, India Sugar Mills Association (ISMA) has revised the estimated sugar production downwards to 21.3 million tonnes in the 2016-17 season. It was expected to be around 23.4 million tonnes as per their September 2016 estimates
- This downward revision is primarily due to decreased sugarcane availability as well as lower yield per hectare in the states of Maharashtra and Karnataka, two of the largest sugar producing states
- However, considering these estimates along with the opening sugar stocks of 7.8 million tons, there will be a sufficient sugar stock to meet the estimated domestic sugar consumption requirement of 24.2 million tonnes
- Since November 2016, consumer cash spending has been temporarily impacted by the Indian government's demonetization policy. The resulting lower levels of discretionary consumer spending have impacted many sectors including alcoholic beverages. Encouragingly, consumer confidence has improved now and started to revert to normal levels



Q3 and Nine Months FY2017 Financial Performance (Ind AS)

(Rs. Crore)	Q3		y-o-y	Nine Month		y-o-y
	FY2017	FY2016	Growth (%)	FY2017	FY2016	Growth (%)
Gross Sales	1,239.7	1,146.9	8.1%	3,664.0	3,265.3	12.2%
Net Sales	415.2	430.2	(3.5)%	1,292.8	1,250.1	3.4%
EBITDA	51.4	57.5	(10.6)%	165.3	153.4	7.7%
<i>EBITDA Margin (%)</i>	12.4%	13.4%		12.8%	12.3%	
Net Comprehensive Income	19.3	23.8	(19.2)%	62.6	58.2	7.7%
<i>Net Comprehensive Income Margin (%)</i>	4.6%	5.5%		4.8%	4.7%	
Basic EPS (Rs.)	1.45	1.79	(19.2)%	4.71	4.37	7.7%

Net Sales includes Other Operating Income

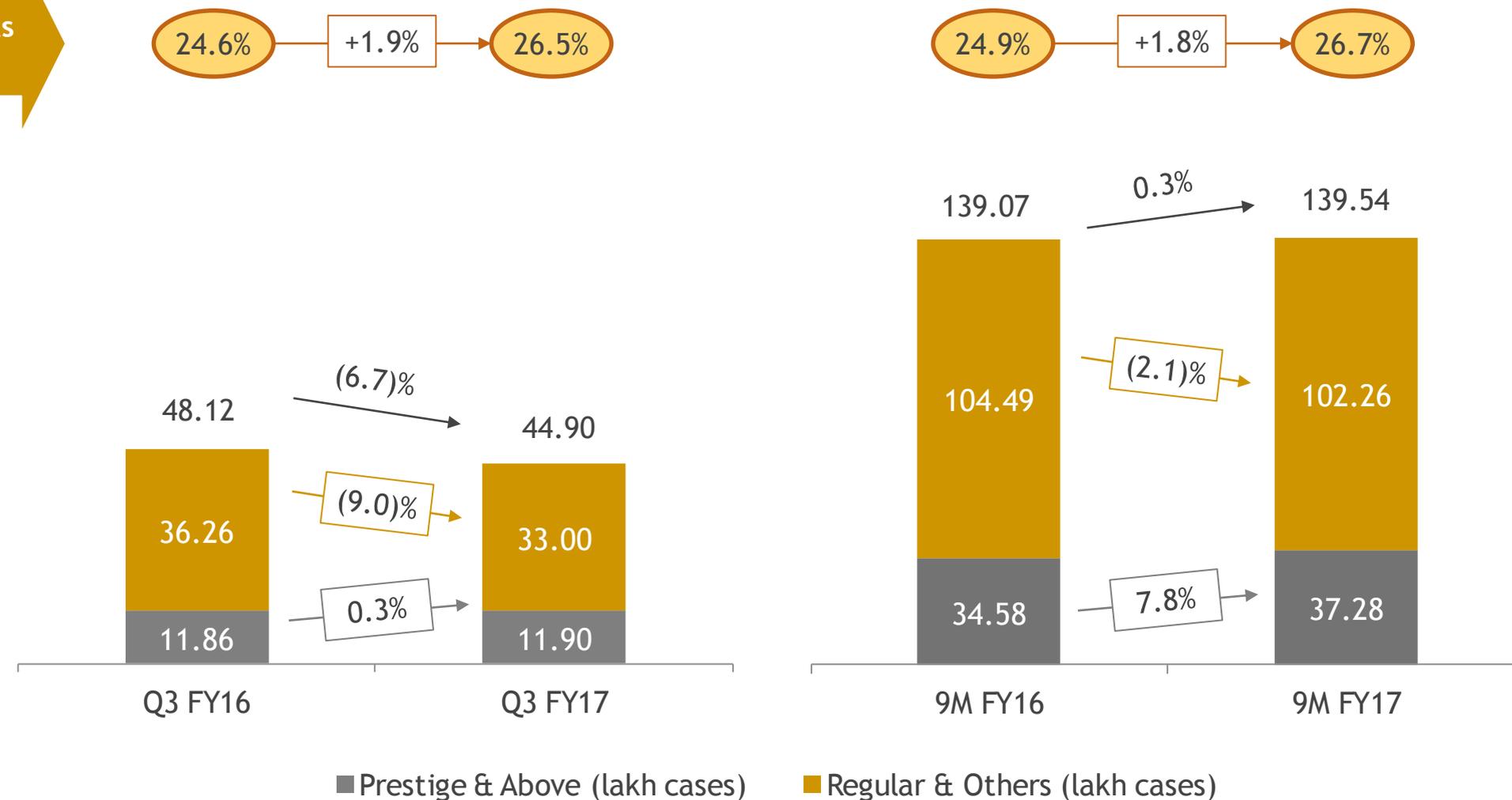
Pursuant to the Companies (Indian Accounting Standards) Rules 2015 (Ind AS) issued by the Ministry of Corporate Affairs, the Company has prepared the financial results for Q3 and 9M FY2017 in accordance with the requirements of Indian Accounting Standards (Ind AS).

The results for Q3 and 9M FY2016, have also been restated by the Company as per the requirements of Ind AS.

Operational Performance

Volumes impacted due to demonetization, in particular the Regular & Other category
Continued increase in the share of Prestige & Above category volumes

Prestige & Above as
% of Total Volume



Q3 FY2017 Highlights (Y-o-Y)

Net Sales: Net Sales during the quarter decreased by (3.5)% compared to Q3 FY2016. This decline was primarily due to impact of the recent demonetization initiative of the Indian government. Although total IMFL volumes decreased by (6.7)%, the Prestige & Above category brand volumes increased marginally (+0.3%). As a percentage of total IMFL volumes, Prestige & Above brands now contribute 26.5% compared to 24.6% in Q3 FY2016. The demonetization drive temporarily impacted consumer cash flows resulting in lower sales volumes. There are early signs of normalisation and the volumes are expected to recover by the end of Q4 FY2017.

Radico Khaitan continues to make investments in the sales and promotion of its premium brand portfolio which will drive profitable volume growth in the future. The Company is planning to launch media initiatives to raise consumer awareness of the high growth vodka segment. This will continue to drive momentum for Magic Moments vodka which already has a leading market share.

EBITDA: EBITDA decreased by (10.6)% y-o-y with 12.4% margins in the quarter. This decline in EBITDA was primarily due to lower sales coupled with an increase in ENA prices. ENA prices during the quarter increased by 6.6% and 7.6% during the 9M period of FY2017. EBITDA during the quarter was also impacted by a Rs. 3.8 Crore (Rs. 1.8 Crore in Q3 FY2016) non-cash charge on account of foreign exchange fluctuation loss related to ECBs. Adjusting for this non-cash ECB charge, the EBITDA decline would have been (6.9)%. Increase in Other Expenses is primarily due to duty paid on finished goods inventory and foreign exchange fluctuation loss on account of repayment of ECBs.

Deleveraging: Radico Khaitan reduced the total debt by about Rs. 30 Crore which is inline with the Company's ongoing deleveraging strategy. This is in addition to the Rs. 100.8 Crore reduction during H1 FY2017.

Radico Khaitan is one of the leading players in the premium spirits segment

Radico Khaitan Overview

- One of the largest players in the Indian spirits industry
- Operates three distilleries and one JV with a total capacity of 157 million litres
- 33 bottling units spread across the country limit interstate taxes and transport costs
- One of the largest providers of branded IMFL to the Canteen Stores Department (CSD), which has significant entry barriers
- Pan-India manufacturing and distribution network covering over 90% of retail outlets
- Sale through over 55,000 retail and 5,000 on-premise outlets
- Alcoholic beverages industry value is expected to grow at 2016-20 CAGR of 5.8%
- Low per capita alcohol consumption in India provides room for significant growth

Market Leading Premium Brands



- Launched in 2005, Magic Moments is the market leader in India in the premium vodka category
- Premium vodka industry in India has grown at a 5 year volume CAGR of 15%



- Launched in 2009, Morpheus Brandy is the market leader in the super premium brandy category



- Launched in 2011, After Dark is well positioned in the fast growing premium whisky segment in India



- Capitalizing on the success of Magic Moments, the Company launched Verve super premium vodka in 2012



- Launched ELECTRA in June 2015 to capture the opportunity in the RTD segment and capitalize on the success on Magic Moments

New Product Launch - Rampur Indian Single Malt

A salute to the royal heritage

- Takes forward the rich heritage of Rampur, a princely state of British India and the 75 years of distillation expertise of Radico Khaitan, the pioneers of legendary spirits in India
- Aged in the foothills of the Himalayas, Rampur is the Kohinoor of Single Malts
- The Rampur Indian Single Malt is presented in a distinguished canister packaging. Treasured in a robust stout bottle with a thick base, the overall appearance is of under-stated luxury
- The Rampur Indian Single Malt experience is enhanced with the addition of a cork with sleeve and a hand crafted silk pouch imparting a royal touch
- This product is currently launched in the international markets only



New Product Launch - Rampur Indian Single Malt

A leap into the journey of creating super premium products and brands

Tasting Notes

- Aroma: Rich fruity top note, toffee in the background, floral, honey, dried fruits and hint of spice
- Appearance: Golden amber
- Palate: All round balanced taste with malty & creamy vanilla. Hint of fruits like apricot & apple with sweet & winey taste
- Finish: Rich & long finish



New Product Launch - Pluton Bay Premium Rum

Rare Exotic Rum. The Spirit of Adventure

- **Product:** A unique experience, with a perfect blend of international design and world-class packaging. Rare and smooth taste, offering a premium blend
- **Packaging:** A key differentiator from the existing competition having a unique sleeve (one of its kind), a compass depicting the brand journey, an experience to remember. International packaging with the design depicting a lighthouse and deep seas capturing the spirit of exploration in a unique bottle
- **Positioning:** The Spirit of Adventure
- **Taste:** A rich, full and spicy dark rum. Caramel and spice on the nose. Palate: Smooth and medium-bodied rum. A suitable and fine mixing rum if ever there was one
- Launched in April 2016

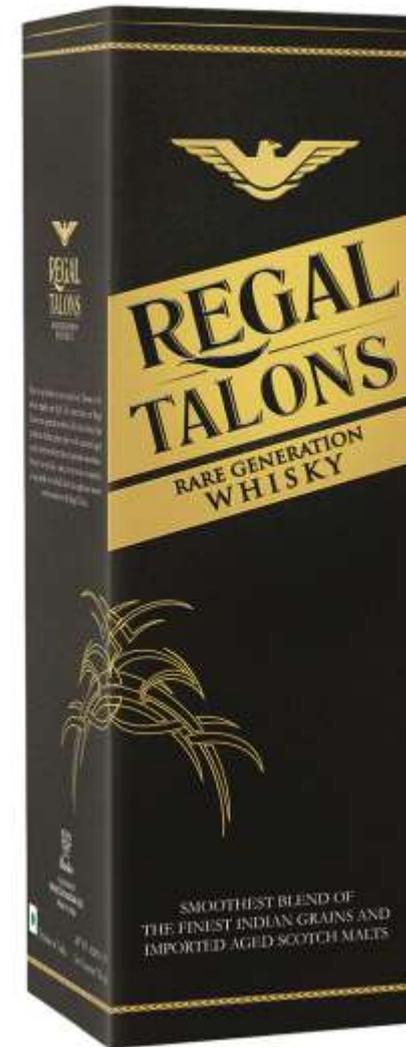


New Product Launch - Regal Talons Semi Premium Whisky

Rare generation whisky

Brand Positioning

- The finest blend that combines Indian grain spirits with imported aged scotch malts to deliver an exceptional smoothness
- Regal Talons has been especially made for those who believe in conquering and always emerge as champions at every step with their unbeatable spirit
- The fine taste of Regal Talons sets free the spirit of passion & perfection and takes one to a new level of supremacy
- The smoothness of this whisky rolls on the tongue like silk and lets one savour it effortlessly, enjoying the finest things in life



New Product Launch - Magic Moment ELECTRA

A premium ready-to-drink (RTD) product

- ELECTRA has been positioned to capture the significant market opportunity in the RTD segment
- Launched in three unique flavours after extensive research:
 - *Cosmopolitan*: Cranberry Base with the hint of lime
 - *Appletini*: Apple Flavour
 - *Agent Orange*: Orange base with carrot as a combination
- ELECTRA is triple distilled and triple filtered with carbon/ silver/ platinum
- Available in a premium packaging and a ring pull cap (first time ever introduced in a RTD product in India)
- Within a few months of the June 2015 launch in the North and North Eastern states of India, ELECTRA has gained significant traction; received positive feedback from the consumers and trade channels



Cosmopolitan



Appletini



Agent Orange



New Product Launch - Magic Moment ELECTRA

Premium Chocolate & Coffee Flavour - marketing campaign

Starry Night Martini

Premium Chocolate & Coffee Flavour

If you are ready to play, then the blend is energy and sin. That's what coffee and chocolate brings to the new flavour of ELECTRA which is set to provoke your best move. Give in to an unstoppable urge for a smooth and refreshing experience of Starry Night Martini, ELECTRA.



Statutory Results

Statement of Standalone Unaudited Financial Results for the quarter and nine months ended 31st December, 2016

Rs. In lakhs

No.	Particulars	(1) Quarter ended 31.12.2016 (Unaudited)	(2) Quarter ended 30.09.2016 (Unaudited)	(3) Quarter ended 31.12.2015 (Unaudited)	(4) Nine months ended 31.12.2016 (Unaudited)	(5) Nine months ended 31.12.2015 (Unaudited)
1	Income from operations					
	(a) Gross Sales	123,041.98	120,284.20	113,845.99	363,789.03	323,964.47
	(b) Other Operating Income	926.33	850.96	843.54	2,615.82	2,566.85
	Total Income from operations	123,968.31	121,135.16	114,689.53	366,404.85	326,531.32
2	Expenditure					
	(a) Cost of material consumed	23,053.48	23,193.91	24,032.52	69,572.32	68,007.33
	(b) Purchase of stock-in-trade	508.92	512.53	200.84	1,258.29	1,358.62
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,680.28)	2,344.65	(1,466.61)	(1,022.00)	(1,340.84)
	(d) Excise duty expense	82,452.56	76,409.36	71,666.32	237,123.80	201,519.25
	(e) Employee benefits expense	3,488.43	3,417.80	3,384.32	10,544.98	9,678.82
	(f) Depreciation and amortisation expense	1,048.43	1,052.10	1,090.59	3,149.69	3,241.52
	(g) Selling & Distribution	4,865.67	5,831.19	4,505.96	14,903.82	12,941.75
	(h) Other expenditure	7,141.02	3,748.47	6,616.11	17,497.49	19,025.94
	Total expense	119,878.23	116,510.01	110,030.05	353,028.39	314,432.39

No.	Particulars	(1) Quarter ended 31.12.2016 (Unaudited)	(2) Quarter ended 30.09.2016 (Unaudited)	(3) Quarter ended 31.12.2015 (Unaudited)	(4) Nine months ended 31.12.2016 (Unaudited)	(5) Nine months ended 31.12.2015 (Unaudited)
3	Profit / (Loss) from Operations before Other Income, Finance costs & Exceptional Items (1-2)	4,090.08	4,625.15	4,659.48	13,376.46	12,098.93
4	Other Income	595.77	442.69	850.23	1,423.74	2,636.47
5	Profit / (Loss) from ordinary activities before finance cost and exceptional items (3+4)	4,685.85	5,067.84	5,509.71	14,800.20	14,735.40
6	Finance Costs	1,953.59	2,062.18	1,967.69	6,154.73	6,176.64
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	2,732.26	3,005.66	3,542.02	8,645.47	8,558.76
8	Exceptional items	0.00	0.00	0.00	0.00	0.00
9	Profit (+) / Loss (-) from Ordinary Activities before tax (7+8)	2,732.26	3,005.66	3,542.02	8,645.47	8,558.76
10	Tax Expense	762.25	779.24	1,114.98	2,247.30	2,616.96
11	Net Profit (+) / Loss (-) from Ordinary Activities after tax (9-10)	1,970.01	2,226.42	2,427.04	6,398.17	5,941.80
12	Other Comprehensive (Income) /Expenses (Net of Tax)	43.29	45.80	42.18	137.85	126.53
13	Total Comprehensive Income (11-12)	1,926.72	2,180.62	2,384.86	6,260.32	5,815.27
14	Paid up equity share capital (of Rs. 2/- each)	2,660.78	2,660.78	2,660.78	2,660.78	2,660.78
15	Earning per share (of Rs.2/- each) not annualized)					
	Basic	1.45	1.64	1.79	4.71	4.37
	Diluted	1.45	1.64	1.79	4.71	4.37

Notes:

- 1 The above unaudited results were reviewed by the Audit Committee and were approved and taken on record by the Board of Directors in their meeting held on February 10, 2017. Further, in accordance with the requirements under Regulation 33 of the Listing Regulations with the Stock Exchange, the Statutory Auditors have carried out Limited Review for the quarter ended 31.12.2016 and the review report has been approved by the Board.
- 2 This Statement of Standalone Unaudited Results of Radico Khaitan Limited ("The Company") for the quarter and nine months ended December 31, 2016 (the Statement of Results) has been prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Companies act, 2013 read with Rule 3 of the Companies (Indian Accounting Standard) Rules 2015, as amended (Ind AS).
- 3 As the Company's business activity falls within a single primary business segment, namely Alcohol and Alcoholic Beverages, the disclosure requirements as per Ind-AS 108 "operating segments' are not applicable.
- 4 Other expenditure includes an impact of Increase / (Decrease) of excise duty on finished goods under column nos (1) 1,559.06 (2) (1,325.31) (3) 468.72 (4) 1,430.66 (5) 569.35. The corresponding impact thereof is considered in the changes in inventories of finished goods, work-in-progress and stock-in-trade.
- 5 The Ind-AS financial results and financial information for the quarter ended December 31, 2015 have been compiled by the management after making necessary adjustments to give a true and fair view of the results in accordance with Ind-AS. This information has not been subject to any limited review or audit.



Notes:

- 6 Reconciliation between financial results as previously reported (referred to as 'Previous Indian GAAP) and Ind-AS for quarter ended December 31, 2015 is as below:

Particulars	(Rs. in Lakhs)	
	Nine Months	Quarter
	ended December 15	
Net profit as reported under Previous GAAP	6,211.51	2,537.43
Add/(Less):- Adjustment on account of :-		
Remeasurement cost of net defined benefit liability (Including tax impact thereon)	126.53	42.18
Foreign currency loss on MTM of ECB as per Ind AS-21	99.60	257.08
Depreciation impact due to fair value as per Ind AS-16	(241.52)	(90.59)
Fair Valuation of Financial Assets/ Liabilities as per Ind AS 109	24.86	4.43
Provision for expected credit loss (ECL)	(257.00)	(257.00)
Deferred tax as per Ind AS-12	(20.00)	(68.18)
Others	(2.18)	1.69
Net profit before OCI as per Ind AS	5,941.80	2,427.04
Other Comprehensive (Income) /Expenses	126.53	42.18
Net profit after OCI as per Ind AS	5,815.27	2,384.86

- 7 In terms of Regulation 33(3) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted the option of submitting un-audited quarterly financial results only on standalone basis.
- 8 Provision for taxation includes current tax and deferred tax.
- 9 The previous period figures have been regrouped / reclassified, wherever considered necessary.

For Radico Khaitan Limited

Dr. Lalit Khaitan
Chairman & Managing Director

Place: New Delhi
Date: 10th February, 2017





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