



**A spirited
performance
that gave us
a new High!**



**Q1 Year FY2017
Earnings Presentation**

August 17, 2016

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.








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



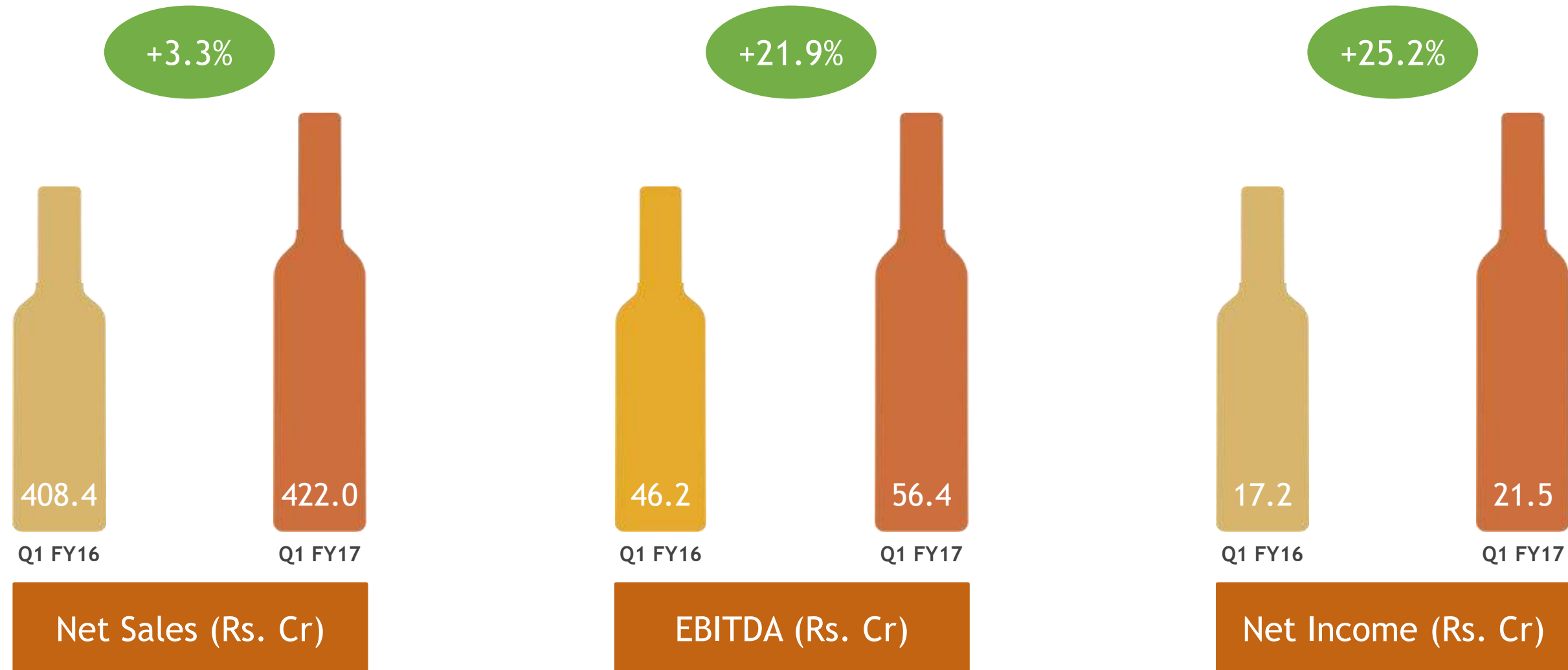
A spirited performance that gave us a new high!

-  Volume growth; strong Prestige & Above category growth; stable Regular & Others
-  Topline & profitability improvement
-  Continued deleveraging; strong cash flow generation
-  Price hike in Karnataka to start reflecting in the performance from Q2 FY17 onwards
-  Recent new launches, Electra and Regal Talons, off to a very good start



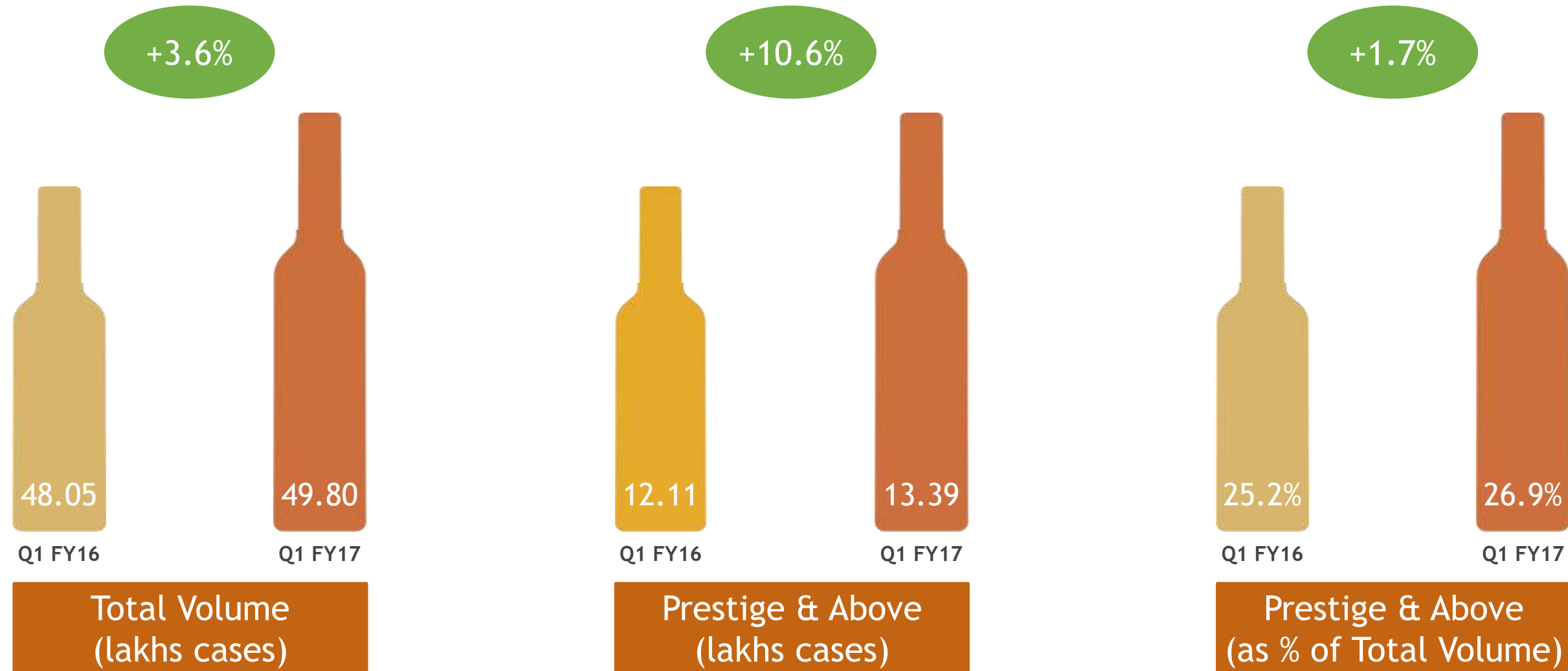
Performance Highlights

Improved all round financial performance on a y-o-y basis...



Performance Highlights

...Driven by a robust volume growth



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

“After a consolidating phase in FY2016, we started FY2017 on a very strong note with an encouraging all-round performance. While our volumes remained robust with increasing contribution from the Prestige & Above category brands, our top line and profitability showed consistent improvement. We are excited to see that the performance of our recent launches, Electra and Regal Talons, is already exceeding management expectations. Overall, a spirited performance that gave us a new high!”

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

“During Q1 FY2017, we reported 3.6% y-o-y volume growth driven by a robust 10.6% growth of the Prestige & Above category brands. Furthermore, excise duty reduction in the state of UP had a positive impact on our Regular & Others category brand volume which registered a modest 1.3% y-o-y growth. Our net sales grew 3.3% and EBITDA was significantly higher with a 21.9% y-o-y growth. Continuing upon the good work done by our teams last year, we launched Pluton Bay during the quarter, which is a rare exotic Rum under the premium category. We are confident that all the initiatives that we have taken are leading the Company into the right direction, a profitable growth and a promising future.”



Input costs experienced a stabilising trend;
Anticipated price increases across states to offset subdued volumes

- As per the latest release by the India Sugar Mills Association (ISMA), the overall sugarcane acreage in 2016-17 sugar season is estimated to be at 4.99 million hectares which is 5.5% lower compared with the season
- Sugar production based on preliminary estimates is expected to be around 23.2 million tonnes
- With an opening estimate of about 7.1 million tonnes, availability for the next season is 30.3 million tonnes. This is sufficient to meet the domestic sugar consumption requirement of 26.0 million tonnes
- CIABC (Confederation of Indian Alcoholic Beverage Companies), the industry association, is taking steps to understand the implications of GST on the industry and taking proactive measures to implement the required changes



Q1 FY2017 Financial Performance (Ind AS)

(Rs. Crore)	Q1		y-o-y
	FY2017	FY2016	Growth (%)
Gross Sales	1,204.6	1,089.2	10.6%
Net Sales	422.0	408.4	3.3%
EBITDA	56.4	46.2	21.9%
<i>EBITDA Margin (%)</i>	<i>13.4%</i>	<i>11.3%</i>	
Net Income	21.5	17.2	25.2%
<i>Net Income Margin (%)</i>	<i>5.1%</i>	<i>4.2%</i>	
Basic EPS (Rs.)	1.62	1.29	25.2%

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 Q1 FY2017 in accordance with the requirements of Indian Accounting Standards (Ind AS).

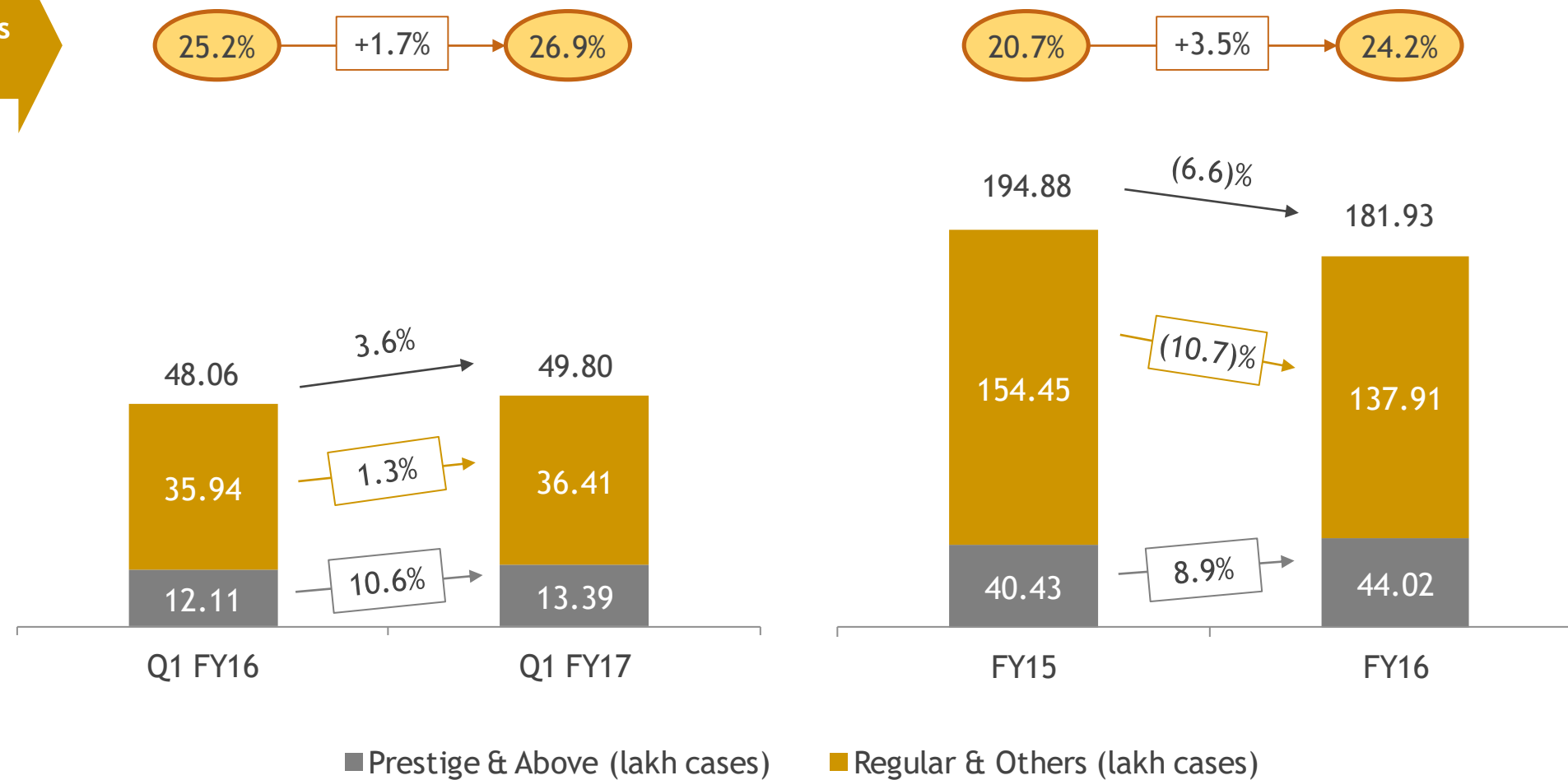
The results for Q1 FY2016, have also been restated by the Company as per the requirements of Ind AS.



Operational Performance

Pick up in the Regular & Others category volumes;
Continued increase in the share of Prestige & Above category volumes

Prestige & Above as
% of Total Volume



Q1 FY2017 Highlights (Y-o-Y)

Net Sales: Net Sales increased by 3.3% compared to Q1 FY2016. Total IMFL volume increased by 3.6% driven by the continued growth in the Prestige & Above category brands and a pick up in the Regular & Others category. Prestige & Above brands volume increased by 10.6%.

As a percentage of total IMFL volumes, these brands now contribute 26.9% compared to 25.2% in Q1 FY2016. Regular & Others category registered a modest 1.3% growth driven by an uptick in volumes in the state of UP after a reduction in the excise duty. The volume growth is after absorbing the impact of the prohibition in the state of Bihar.

EBITDA: EBITDA increased by 21.9% y-o-y and margins expanded by 203 basis points to 13.4% compared to Q1 FY2016. This was primarily due to better product mix and ongoing cost optimization efforts.

Balance Sheet: As of June 30, 2016, Total Debt was Rs. 830.0 Crore, Cash & Cash Equivalents were Rs. 19.1 Crore resulting in Net Debt of Rs. 810.9 Crore (vs. Rs. 840.9 Crore as of March 31, 2016).

Total Debt consists of Rs. 512.4 Crore of Working Capital loans and Rs. 317.6 Crore of Long Term loans, including Long Term loans maturing within 12 months of the balance sheet date.



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 total capacity of 150 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 45,000 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

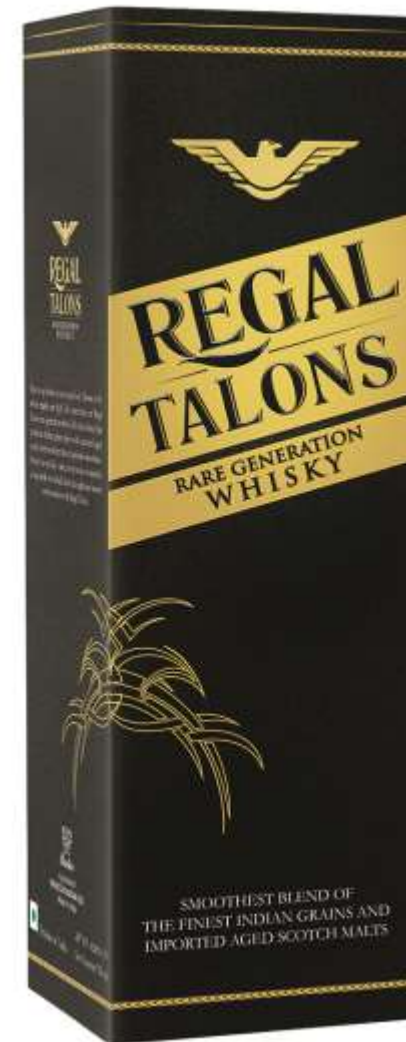


New Product Launch - Regal Talons Semi Premium Whisky

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

First Quarter Results for Fiscal Year 2017

No.	Particulars	(1) Quarter ended <u>30.06.2016</u> (Unaudited)	(2) Quarter ended <u>30.06.2015</u> (Unaudited) (Refer note 5)
1	Income from operations		
	(a) Gross Sales	120,462.85	108,916.49
	Less: Excise duty	78,261.88	68,079.47
	Net Sales / Income from Operations	42,200.97	40,837.02
	(b) Other Operating Income	838.53	888.20
	Total Income from operations (net)	43,039.50	41,725.22
2	Expenditure		
	(a) Cost of material consumed	23,324.93	22,470.56
	(b) Purchase of stock-in-trade	236.84	537.49
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	-686.37	-390.30
	(d) Employee benefits expense	3,713.32	3,083.01
	(e) Depreciation and amortisation expense	1,049.16	1,070.88
	(f) Selling & Distribution	4,206.96	4,116.50
	(g) Other expenditure	6,608.00	7,284.17
	Total expense	38,452.84	38,172.31

		Quarter ended <u>30.06.2016</u> (Unaudited)	Quarter ended <u>30.06.2015</u> (Unaudited) (Refer note 5)
3	Profit / (Loss) from Operations before Other Income, Finance costs & Exceptional Items (1-2)	4,586.66	3,552.91
4	Other Income	385.28	976.91
5	Profit / (Loss) from ordinary activities before finance cost and exceptional items (3+4)	4,971.94	4,529.82
6	Finance Costs	2,138.96	2,128.09
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	2,832.98	2,401.73
8	Exceptional items	0.00	0.00
9	Profit (+) / Loss (-) from Ordinary Activities before tax (7+8)	2,832.98	2,401.73
10	Tax Expense	680.00	682.34
11	Net Profit (+) / Loss (-) from Ordinary Activities after tax (9-10)	2,152.98	1,719.39
12	Extra ordinary items (net of tax expense)	0.00	0.00
13	Net Profit (+) / Loss (-) for the period (11-12)	2,152.98	1,719.39
14	Paid up equity share capital (of Rs. 2/- each)	2,660.78	2,660.78
15 (i)	Earning per share (before extra ordinary items) (of Rs.2/- each) not annualized		
	Basic	1.62	1.29
	Diluted	1.62	1.29
15 (ii)	Earning per share (after extra ordinary items) (of Rs.2/- each) not annualized		
	Basic	1.62	1.29
	Diluted	1.62	1.29

First Quarter Results for Fiscal Year 2017

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 August 17, 2016. 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 30.06.2016 and the review report has been approved by the Board.
2. The Company adopted Indian Accounting Standard ("Ind-AS") effective April 1, 2016 (transition date being April 1, 2015) and accordingly, the financial results for the quarter ended June 30, 2016 have been prepared in accordance with the recognition and measurement principles laid down in the Ind-AS 34 "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India. The financial results of the quarter ended June 30, 2015 have also been recast as per the recognition and measurement principles of Ind-AS 3
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. During the quarter the Company has fully provided for the foreign exchange translation variations in line with Para 46A of AS 11 and nothing is taken into Foreign Currency Monetary item translation difference account as it is no longer required as per Ind-AS.
5. The Ind-AS financial results and financial information for the quarter ended June 30, 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.
6. Reconciliation between financial results as previously reported (referred to as 'Previous Indian GAAP) and Ind-AS for quarter ended June 30, 2015 is as below:

Particulars	Amount (Rs. Lakhs)
Net profit as reported under Previous GAAP	1,809.27
Add/(Less):- Adjustment on account of :-	
Foreign currency loss on MTM of ECB as per Ind AS-21	(67.29)
Depreciation impact due to fair value as per Ind AS-16	(70.88)
Fair Valuation of Financial Assets/ Liabilities as per Ind AS 109	2.33
Deferred tax as per Ind AS-12	47.66
Others	(1.70)
Profit as per Ind-AS	1,719.39



First Quarter Results for Fiscal Year 2017

Notes:

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

New Delhi
17.08.2016





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