



**Quality Earnings  
&  
Superior Cash  
Flows**



**Q2 & Half Year FY2017  
Earnings Presentation**

November 4, 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.



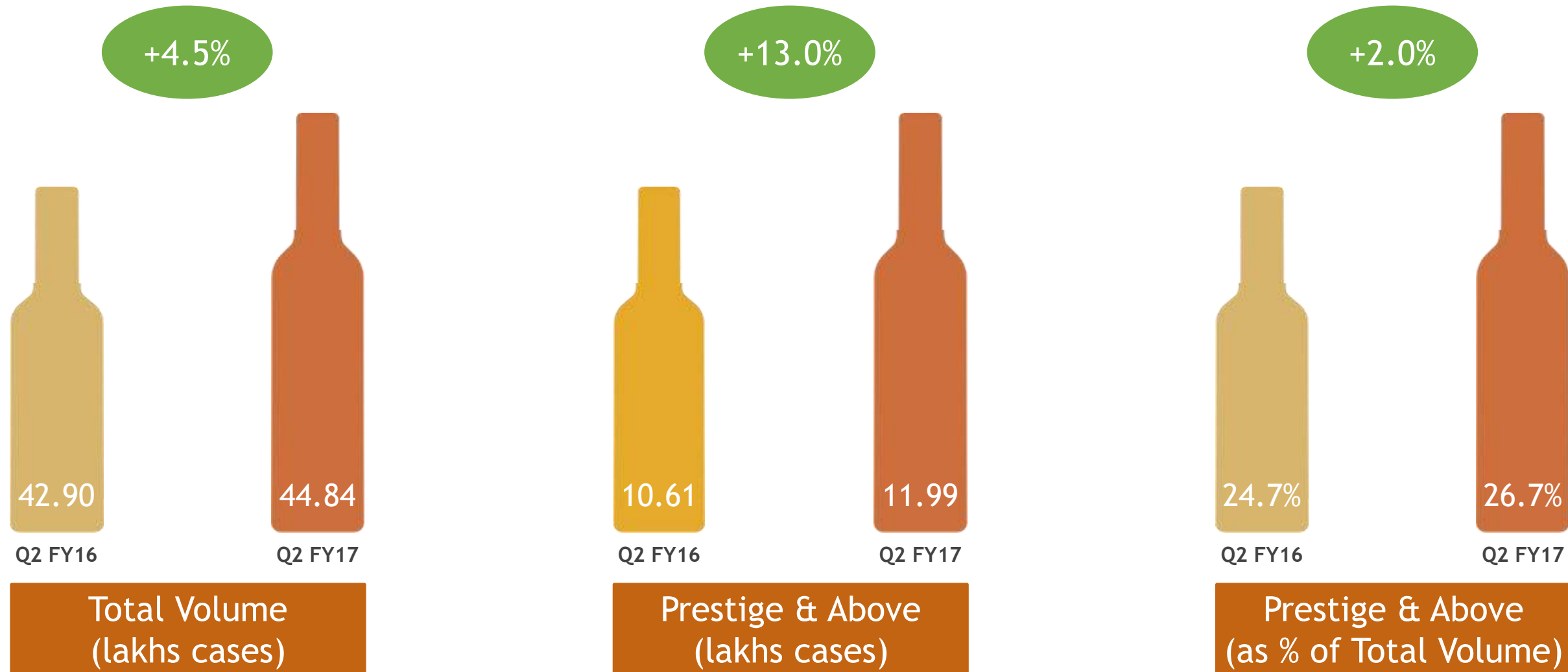
# Quality Earnings & Superior Cash Flows

-  Increasing total volumes driven by strong Prestige & Above category growth  
Total volume +4.5%; Prestige & Above +13.0%
-  Continued top-line growth and profitability improvement  
Net Sales +11.3%; Net Profit +27.4%
-  Strong cash flow generation and ongoing deleveraging  
Net Debt reduction of Rs. 100.8 crore compared to March 2016
-  Recent new launches starting to make a meaningful contribution  
Magic Moment ELECTRA benefits from increased consumer acceptability and gains traction

Note: All growth numbers above are for Q2 FY2017 and represent Y-o-Y

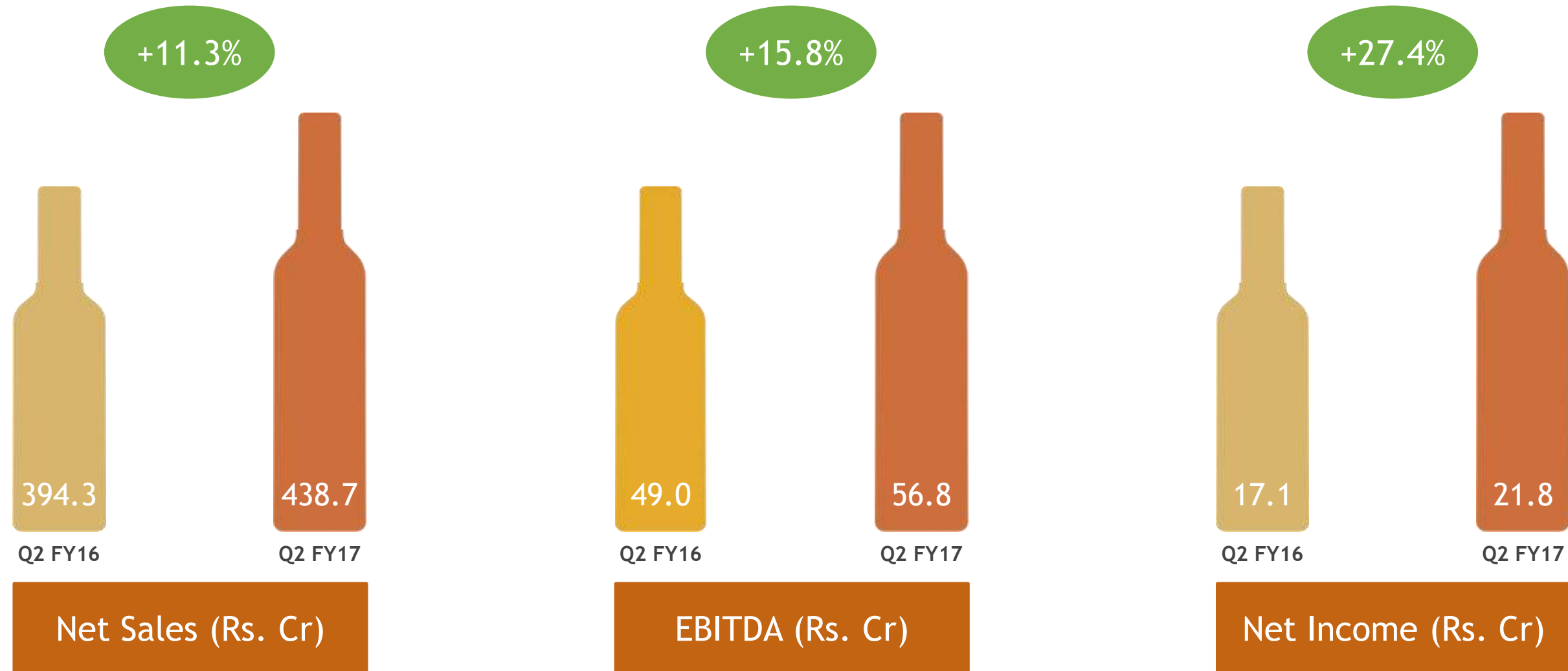
# Performance Highlights

Increasing total volume growth led by Prestige & Above category brands ...



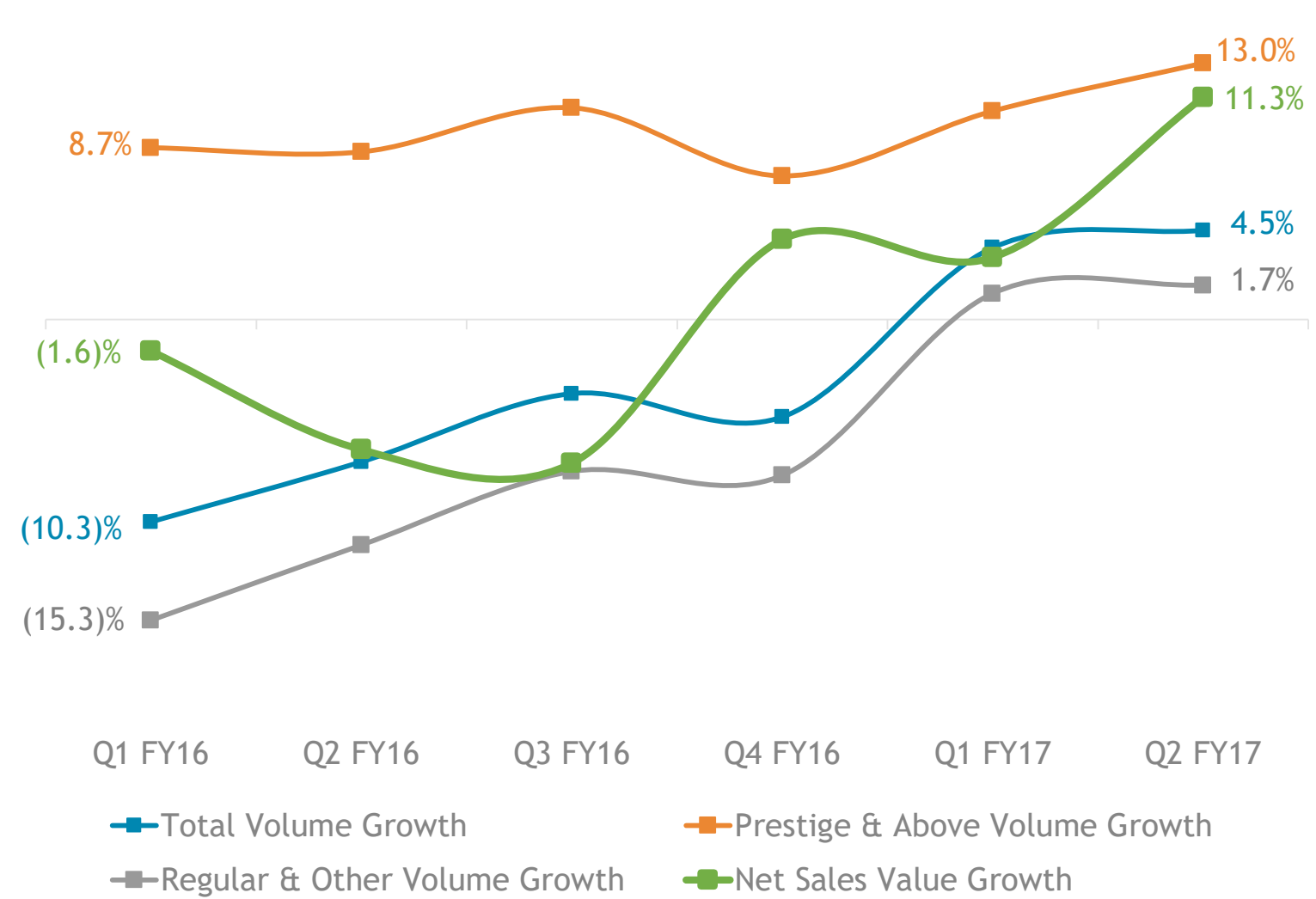
# Performance Highlights

... Driving all round financial performance



# Performance Highlights

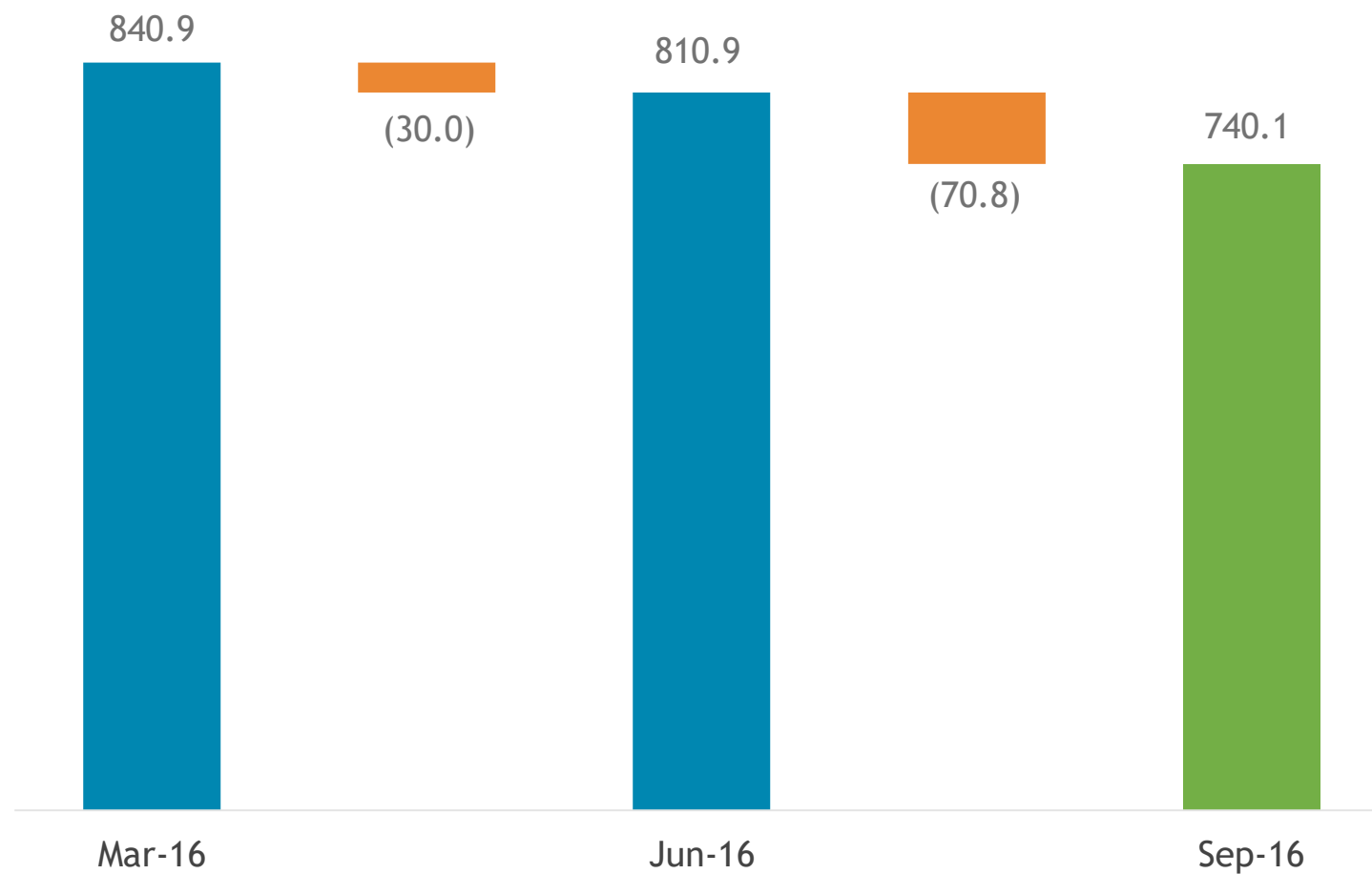
Overall strong top line performance leading to profitability improvement



- Continue to gain market share in the white spirits category (Magic Moments currently holds over 50% of the vodka market share)
- New launches (e.g. Magic Moments Electra) benefit from increased consumer acceptability and gain traction
- Select launches and brand development strategy to drive growth in the near term



## Ongoing deleveraging and cash flow generation



- Longstanding focus on premiumization coupled with cost optimization efforts resulted in improved profitability and cash flow generation
- This resulted in bringing the Net Debt down from Rs. 840.9 Cr in March 2016 to Rs. 740.1 Cr as at the end of September 2016
- Ongoing deleveraging expected to reduce the interest cost in the coming quarters

(Net Debt; Amount in Rs. Crore)

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

“After a strong start to the year, I am pleased to announce another quarter with a stellar performance. Our topline continued to improve driven by a robust Prestige & Above category volume growth. What is more heartening is the consistent improvement in our profitability. This has resulted in higher cash flow generation and the consequent reduction in the overall net debt. I would like to take this opportunity to congratulate the management team for their outstanding efforts that have resulted in the *Quality Earnings* and *Superior Cash Flows*.”

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

“Our topline increased by 11.3% y-o-y during Q2 FY2017 and Net Profit reported a strong 27.4% growth during the same period. This was led by our ongoing focus on the premium product portfolio. We continue to launch select brands to expand our product portfolio for the next stage of growth. While our established brands such as Magic Moments continue to gain market share and lead the category, our recent launches such as Electra continue to receive positive feedback from consumer and trade channels. Furthermore, our ongoing deleveraging strategy has started to show results. We remain optimistic about our performance and relentlessly focused on profitable growth in the coming quarters.”





- 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 last season
- Sugar production based on advanced estimates is expected to be around 23.4 million tonnes
- Together with a carrying stock of about 7.5 million tonnes, there will be sufficient sugar stock to meet the domestic sugar consumption requirement of 25.6 million tonnes
- Recently ethanol prices for supply to the public sector oil marketing companies (OMCs) under the Ethanol Blended Petrol (EBP) programme have been revised to a market driven pricing mechanism. This is expected to result in the diversion of supplies from OMCs to other sectors such as IMFL. With this backdrop, ENA prices are expected to follow a stable trend



## Q2 and Half Year FY2017 Financial Performance (Ind AS)

(Rs. Crore)	Q2		y-o-y	Half Year		y-o-y
	FY2017	FY2016	Growth (%)	FY2017	FY2016	Growth (%)
Gross Sales	1,202.8	1,012.0	18.9%	2,407.5	2,101.2	14.6%
Net Sales	438.7	394.3	11.3%	860.8	802.7	7.2%
EBITDA	56.8	49.0	15.8%	113.9	95.9	18.7%
<i>EBITDA Margin (%)</i>	12.9%	12.4%		13.2%	11.9%	
Net Income	21.8	17.1	27.4%	43.3	34.3	26.3%
<i>Net Income Margin (%)</i>	5.0%	4.3%		5.0%	4.3%	
Basic EPS (Rs.)	1.64	1.29	27.4%	3.26	2.58	26.3%

Net Sales excludes 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 Q2 and H1 FY2017 in accordance with the requirements of Indian Accounting Standards (Ind AS).

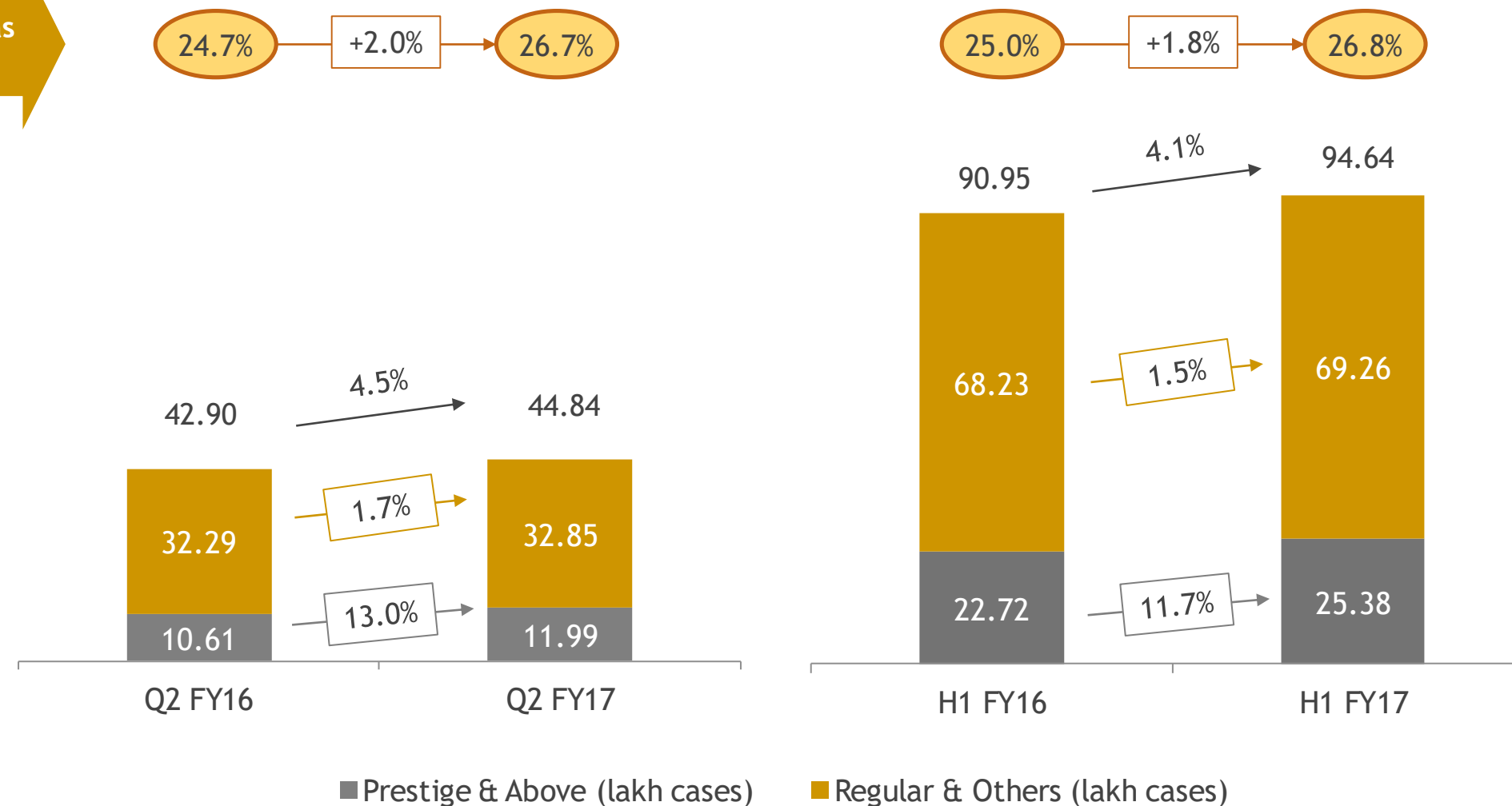
The results for Q2 and Half Year FY2016, have also been restated by the Company as per the requirements of Ind AS.



# 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



## Q2 FY2017 Highlights (Y-o-Y)

**Net Sales:** Net Sales increased by 11.3% compared to Q2 FY2016. Total IMFL volume increased by 4.5% driven by the continued growth in the Prestige & Above category brands and a pick up in the Regular & Others category. Prestige & Above brands volume registered a strong 13.0% growth. Recent new launches, in particular, Magic Moments Electra, continue to gain consumer acceptance and started to make a meaningful contribution to the volume growth.

As a percentage of total IMFL volumes, Prestige & Above brands now contribute 26.7% compared to 24.7% in Q2 FY2016. Regular & Others category registered a modest 1.7% growth driven by an improved demand in the state of Uttar Pradesh after a reduction in the excise duty. The volume growth performance is after the impact of the prohibition in the state of Bihar.

**EBITDA:** EBITDA increased by 15.8% y-o-y and margins expanded by 51 basis points to 12.9% compared to Q2 FY2016. This was primarily due to better product mix and ongoing cost optimization efforts. Margins were impacted to a certain extent by higher input cost prices.

**Balance Sheet:** As of September 30, 2016, Total Debt was Rs. 754.5 Crore, Cash & Cash Equivalents were Rs. 14.4 Crore resulting in Net Debt of Rs. 740.1 Crore (vs. Rs. 840.9 Crore as of March 31, 2016).

Total Debt consists of Rs. 482.7 Crore of Working Capital loans and Rs. 271.8 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 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 half year ended 30th September 2016

No.	Particulars	(1)	(2)	(3)	(4)	(5)
		Quarter ended 30.09.2016 (Unaudited)	Quarter ended 30.06.2016 (Unaudited)	Quarter ended 30.09.2015 (Unaudited)	Half year ended 30.09.2016 (Unaudited)	Half year ended 30.09.2015 (Unaudited)
<b>1</b>	<b>Income from operations</b>					
	(a) Gross Sales	120,284.20	120,462.85	101,201.99	240,747.05	210,118.48
	(b) Other Operating Income	850.96	838.53	835.11	1,689.49	1,723.31
	<b>Total Income from operations</b>	<b>121,135.16</b>	<b>121,301.38</b>	<b>102,037.10</b>	<b>242,436.54</b>	<b>211,841.79</b>
<b>2</b>	<b>Expenditure</b>					
	(a) Cost of material consumed	23,193.91	23,324.93	21,504.25	46,518.84	43,974.81
	(b) Purchase of stock-in-trade	512.53	236.84	620.29	749.37	1,157.78
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2,344.65	(686.37)	516.07	1,658.28	125.77
	(d) Excise duty expense	76,409.36	78,261.88	61,773.46	154,671.24	129,852.93
	(e) Employee benefits expense	3,417.80	3,638.75	3,275.98	7,056.55	6,294.50
	(f) Depreciation and amortisation expense	1,052.10	1,049.16	1,080.05	2,101.26	2,150.93
	(g) Selling & Distribution	5,831.19	4,206.96	4,319.29	10,038.15	8,435.79
	(h) Other expenditure	3,748.47	6,608.00	5,125.66	10,356.47	12,409.83
	<b>Total expense</b>	<b>116,510.01</b>	<b>116,640.15</b>	<b>98,215.05</b>	<b>233,150.16</b>	<b>204,402.34</b>

No.	Particulars	(Rs in Lakhs)				
		(1)	(2)	(3)	(4)	(5)
		Quarter ended 30.09.2016 (Unaudited)	Quarter ended 30.06.2016 (Unaudited)	Quarter ended 30.09.2015 (Unaudited)	Half year ended 30.09.2016 (Unaudited)	Half year ended 30.09.2015 (Unaudited)
<b>3</b>	Profit / (Loss) from Operations before Other Income, Finance costs & Exceptional Items (1-2)	4,625.15	4,661.23	3,822.05	9,286.38	7,439.45
<b>4</b>	Other Income	442.69	385.28	809.33	827.97	1,786.24
<b>5</b>	Profit / (Loss) from ordinary activities before finance cost and exceptional items (3+4)	5,067.84	5,046.51	4,631.38	10,114.35	9,225.69
<b>6</b>	Finance Costs	2,062.18	2,138.96	2,080.86	4,201.14	4,208.95
<b>7</b>	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	3,005.66	2,907.55	2,550.52	5,913.21	5,016.74
<b>8</b>	Exceptional items	0.00	0.00	0.00	0.00	0.00
<b>9</b>	Profit (+) / Loss (-) from Ordinary Activities before tax ( 7+8 )	3,005.66	2,907.55	2,550.52	5,913.21	5,016.74
<b>10</b>	Tax Expense	755.00	680.00	775.00	1,435.00	1,457.34
<b>11</b>	Net Profit (+) / Loss (-) from Ordinary Activities after tax ( 9-10 )	2,250.66	2,227.55	1,775.52	4,478.21	3,559.40
<b>12</b>	Other Comprehensive ( Income ) /Expenses (Net of Tax)	70.04	74.57	64.50	144.61	128.99
<b>13</b>	Total Comprehensive Income (11-12)	2,180.62	2,152.98	1,711.02	4,333.60	3,430.41
<b>14</b>	Paid up equity share capital (of Rs. 2/- each)	2,660.78	2,660.78	2,660.78	2,660.78	2,660.78
<b>15 (i)</b>	Earning per share (before extra ordinary items) (of Rs.2/- each) not annualized					
	Basic	1.64	1.62	1.29	3.26	2.58
	Diluted	1.64	1.62	1.29	3.26	2.58
<b>15 (ii)</b>	Earning per share (after extra ordinary items) (of Rs.2/- each) not annualized					
	Basic	1.64	1.62	1.29	3.26	2.58
	Diluted	1.64	1.62	1.29	3.26	2.58

# Statutory Results

## Statement of Assets & Liabilities under regulation 33 of the Listing Regulations

(Rs. In Lakhs)

No.	Particulars	Standalone Six Months Ended 30.09.2016 Unaudited	No.	Particulars	Standalone Six Months Ended 30.09.2016 Unaudited
<b>A</b>	<b>ASSETS</b>		<b>B</b>	<b>EQUITY AND LIABILITIES</b>	
(1)	<b>Non-current assets</b>		(1)	<b>Shareholders' funds</b>	
(a)	Property, plant, and equipment	68,857.14	(a)	Equity share capital	2,660.78
(b)	Capital work-in-progress (at cost)	593.14	(b)	Other Equity	97,643.45
(c)	Goodwill	182.35	(2)	<b>Liabilities</b>	
(d)	Other intangible assets	2,243.36		<b>Non-current liabilities</b>	
(e)	Investment in an associate and a joint venture		(a)	Financial liabilities	
(f)	Financial assets		(i)	Borrowings	12,420.88
(i)	Investments in a joint venture	15,538.52		Other financial liabilities (other than those specified	
(ii)	Investments in others	0.60	(ii)	in (b) below, to be specified)	113.59
(iii)	Loans	6,165.90	(b)	Provisions	717.72
(iv)	Others (deposit with banks)	178.63	(c)	Deferred tax liabilities (Net)	5,621.46
(g)	Other non-current assets	13,159.85	(d)	Other non current liabilities	2.33
(2)	<b>Current assets</b>			<b>Current liabilities</b>	
(a)	Inventories	24,512.99	(a)	Financial liabilities	
(b)	Financial assets		(i)	Borrowings	63,030.97
(i)	Investments	5,000.00	(ii)	Trade payables	19,500.39
(ii)	Trade receivables	43,075.39	(iii)	Other financial liabilities (other than those specified in	
(iii)	Cash and bank balances	1,441.74	(c)	(c) below, to be specified)	482.95
(iv)	Loans	8,319.57	(b)	Other current liabilities	9,503.62
(c)	Other current assets	25,298.49	(c)	Provisions	2,869.53
	<b>Total Assets</b>	<b>214,567.67</b>		<b>Total Equity and Liabilities</b>	<b>214,567.67</b>

## 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 November 04, 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 30.09.2016 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 six months ended September 30, 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 The Ind-AS financial results and financial information for the quarter ended September 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.



## Notes:

- 5 Reconciliation between financial results as previously reported (referred to as 'Previous Indian GAAP ) and Ind-AS for quarter ended September 30, 2015 is as below:

Particulars	(Rs. in Lakhs)	
	Six Months ended September 2015	Quarter
Net profit as reported under Previous GAAP	3,674.08	1,864.81
Add/ (Less):- Adjustment on account of:		
Remeasurement cost of net defined benefit liability (Including tax impact thereon)	84.35	42.18
Foreign currency loss on MTM of ECB as per Ind AS-21	(157.48)	(90.19)
Depreciation impact due to fair value as per Ind AS-16	(150.93)	(80.05)
Fair Valuation of Financial Assets/ Liabilities as per Ind AS 109	20.43	18.10
Deferred tax as per Ind AS-12	48.18	0.52
Others	(3.87)	(2.17)
<b>Net profit before OCI as per Ind AS</b>	<b>3,514.76</b>	<b>1,753.20</b>
Other Comprehensive ( Income ) /Expenses	84.35	42.18
<b>Net profit after OCI as per Ind AS</b>	<b>3,430.41</b>	<b>1,711.02</b>

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

For Radico Khaitan Ltd.

Dr. Lalit Khaitan  
Chairman & Managing Director

Place: New Delhi  
Date: 4th November 2016





## Radico Khaitan Limited

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