



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



**Q4 & Full Year FY2017
Earnings Presentation**

May 23, 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.



12M FY2017 vs. 12M FY2016

- Net Sales of Rs. 1,679.9 Crore
- Prestige & Above brands volume growth at 7.9%
- Prestige & Above brands contribution to the total IMFL volumes increased from 24.2% to 26.0%
- EBITDA of Rs. 210.8 Crore, up 13.3%
- EBITDA margin at 12.5%, up 128 bps
- Total Comprehensive Income of Rs. 79.3 Crore
- Dividend of 40% or Rs. 0.80 per share

Q4 FY2017 vs. Q4 FY2016

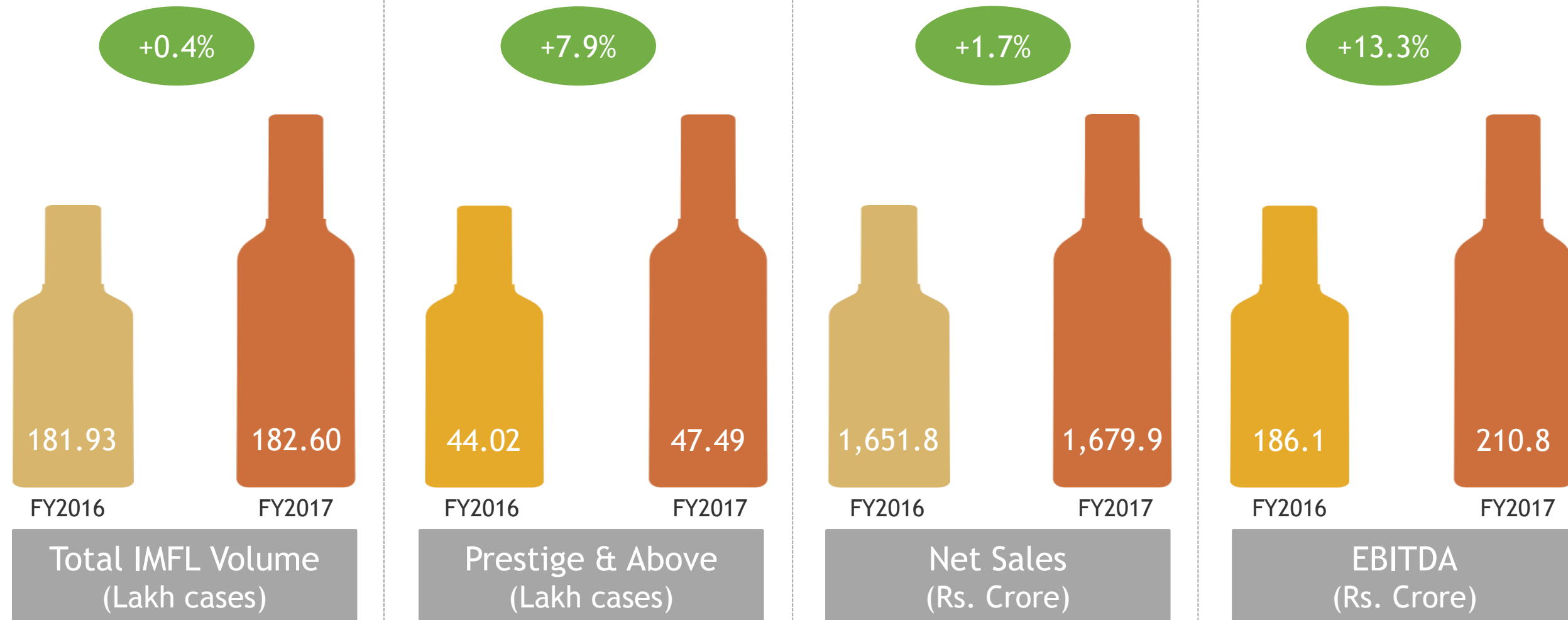
- Net Sales of Rs. 393.0 Crore
- Prestige & Above brands volume growth at 8.2%
- Prestige & Above brands contribution to the total IMFL volumes increased from 22.0% to 23.7%
- EBITDA of Rs. 46.9 Crore, up 38.0%
- EBITDA margin at 11.9%, up 359 bps
- Total Comprehensive Income of Rs. 16.7 Crore

Strong free cashflow generation with a net debt reduction of Rs. 162 Crore during the year



FY2017 Performance Highlights

Robust Prestige & Above segment volumes; Sustained top line and improved profitability

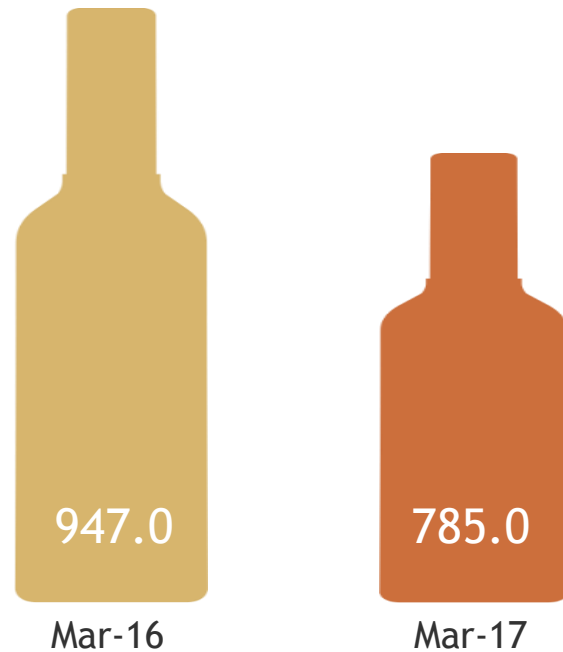


FY2017 Performance Highlights

Reduced leverage and improved capital structure ratios

Net debt reduction

162.0
(Rs. Cr.)



Net Debt
(Rs. Crore)

Leverage ratio improvement

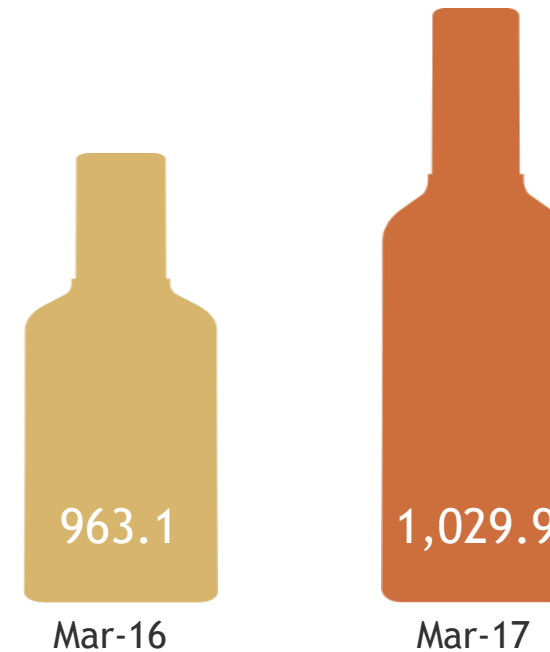
1.36 x



Net Debt / EBITDA
(x)

Total Equity strengthened

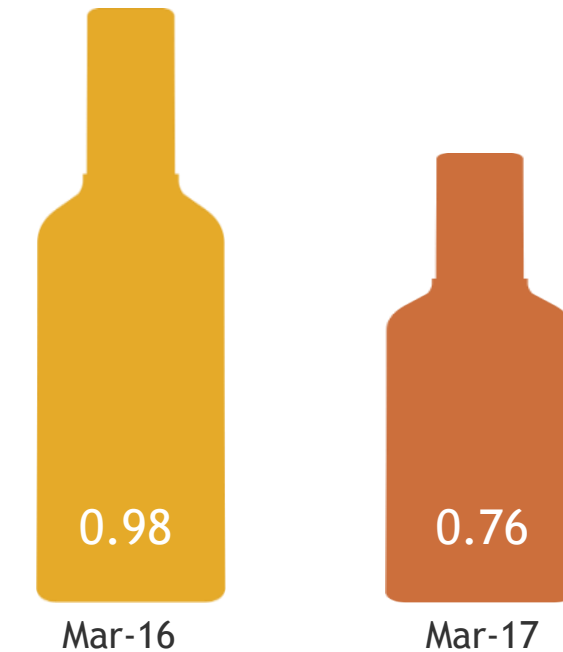
+6.9 %



Total Equity
(Rs. Crore)

Net Debt/Equity improvement

0.22 x



Net Debt / Equity
(x)

Dividend of 40% or Rs. 0.80 per share

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

“FY2017 was a difficult year marked by a number of industry related challenges and uncertainties. I am pleased to report an encouraging financial performance despite the current volatile operating environment. We believe that the long term industry dynamics remain intact and we have a strong platform to capitalise on the consumption growth in India. Radico Khaitan continued to focus on generating strong cash flows and deleveraging the balance sheet. As we move into the new financial year, the Company has a stronger capital structure to enable us to transition into the next growth trajectory.”

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

“Radico Khaitan closed the year with a stable topline and volume performance which was supported by a robust underlying portfolio of Prestige & above category products. From demonetization, liquor prohibition in certain states to the highway liquor ban, our industry faced a number of challenges during the course of the year. However, Radico Khaitan did not waver from its long term vision of driving profitable growth and creating sustainable long term shareholder value. During the year, we reduced net debt by Rs. 162 Crore and expect this trend to continue in FY2018. We expect to repay all of our long term borrowings by FY2019. Radico Khaitan’s core brands such as Magic Moments and Morpheus continue to achieve new volume landmarks every year. Furthermore, our recently launched brands such as Regal Talon and ELECTRA have gained strong footholds in the markets where they have been launched. A strong premium product portfolio coupled with our enhanced cash flow generation places us optimally to capitalise on future growth opportunities.”



Q4 and Full Year FY2017 Financial Performance (Ind AS)

(Rs. Crore)	Q4		y-o-y	Full Year		y-o-y
	FY2017	FY2016	Growth (%)	FY2017	FY2016	Growth (%)
Gross Sales	1,209.8	1,011.2	19.6%	4,868.0	4,271.1	14.0%
Net Sales	393.0	407.2	(3.5)%	1,679.9	1,651.8	1.7%
EBITDA	46.9	34.0	38.0%	210.8	186.1	13.3%
<i>EBITDA Margin (%)</i>	<i>11.9%</i>	<i>8.3%</i>		<i>12.5%</i>	<i>11.3%</i>	
Total Comprehensive Income	16.7	13.7	21.9%	79.3	71.8	10.4%
<i>Total Comprehensive Income Margin (%)</i>	<i>4.2%</i>	<i>3.4%</i>		<i>4.7%</i>	<i>4.3%</i>	
Basic EPS (Rs.)	1.25	1.05	18.5%	6.06	5.52	9.8%

Net Sales includes Other Operating Income; EBITDA includes Other Comprehensive Income

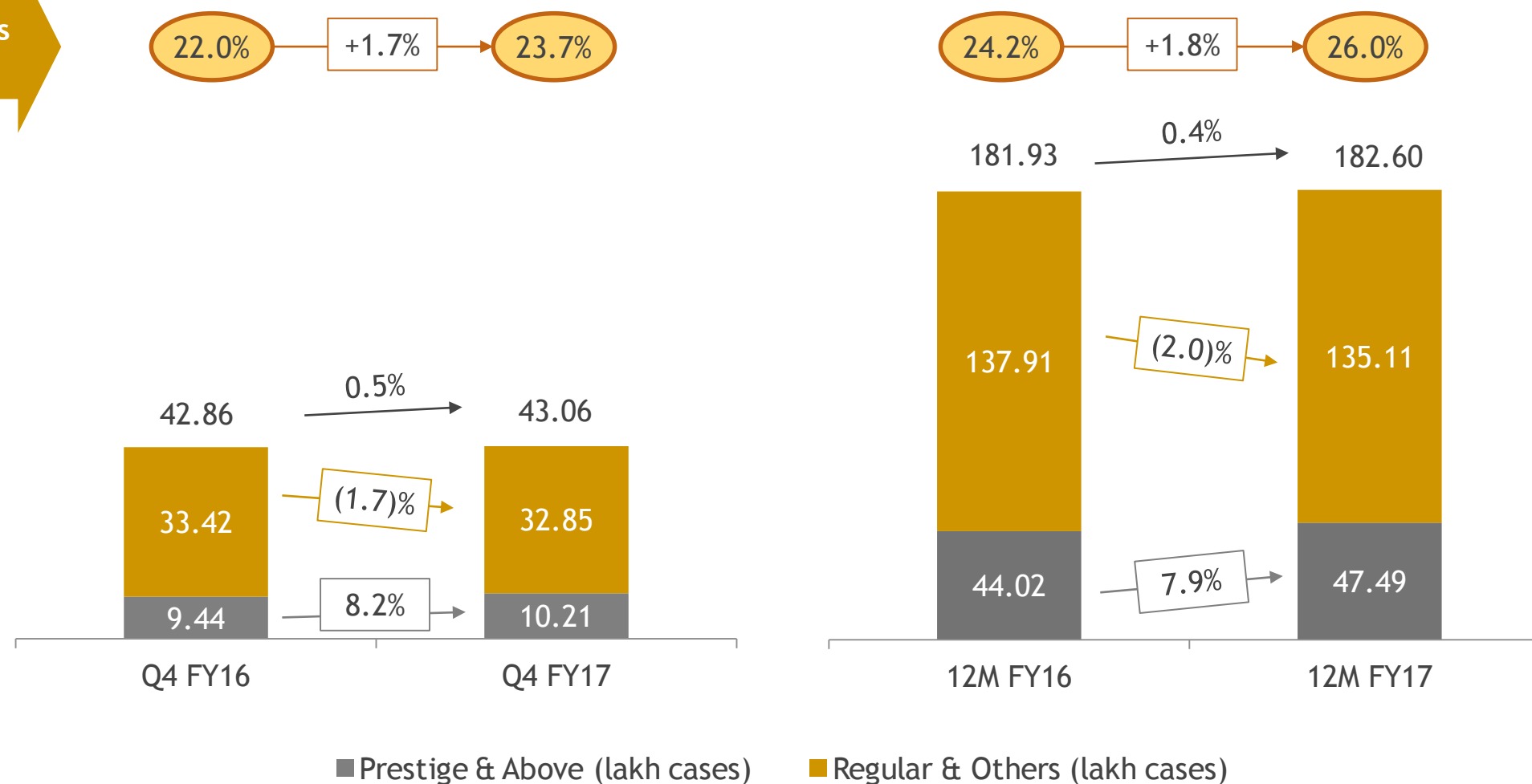
Pursuant to the Companies (Indian Accounting Standards) Rules 2015 (Ind AS) issued by the Ministry of Corporate Affairs, the Company has prepared the financial results for Q4 and 12M FY2017 in accordance with the requirements of Indian Accounting Standards (Ind AS).

The results for Q4 and 12M FY2016, have also been restated by the Company as per the requirements of Ind AS.

Operational Performance

Overall volumes maintained despite ongoing industry volatility
 Regular & Other category most impacted by recent regulatory changes
 However, continued increase in the share of Prestige & Above category volumes

Prestige & Above as % of Total Volume



FY2017 Highlights (Y-o-Y)

Net Sales: Net Sales during FY2017 increased by 1.7% compared to FY2016. Total IMFL volumes increased by 0.4% compared to the last year primarily driven by robust performance of the Prestige & Above category brands which grew by 7.9% y-o-y. As a percentage of total IMFL volumes, Prestige & Above brands contributed 26.0% compared to 24.2% in FY2016.

EBITDA: EBITDA increased by 13.3% y-o-y with margins of 12.5%. This increase in EBITDA was after absorbing a 6.9% y-o-y increase in the ENA costs during the year. However, given a favourable monsoon forecast ENA prices are expected to stabilise in the near term. EBITDA during FY2017 included a non-cash profit of Rs. 0.8 Crore on account of foreign exchange fluctuation related to ECBs (compared to a non-cash charge of Rs. 19.8 Crore in FY2016).

Finance Cost: Finance cost during the year declined by 5.2% to Rs. 80.4 Crore on account of reduced borrowings.

Deleveraging: Radico Khaitan reduced the net debt by Rs. 162 Crore during the year which is inline with the Company's ongoing deleveraging strategy. As of March 31, 2017, Total Debt was Rs. 799.0 Crore, Cash & Cash Equivalents were Rs. 14.1 Crore resulting in Net Debt of Rs. 785.0 Crore (vs. Rs. 947.0 Crore as of March 31, 2016). Total Debt consists of Rs. 550.9 Crore of Working Capital loans and Rs. 248.1 Crore of Long Term loans. During FY2017, the Company reduced the Long Term ECBs from \$41.4 million to \$25.2 million.



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 2017-21 CAGR of 8.4%
- 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

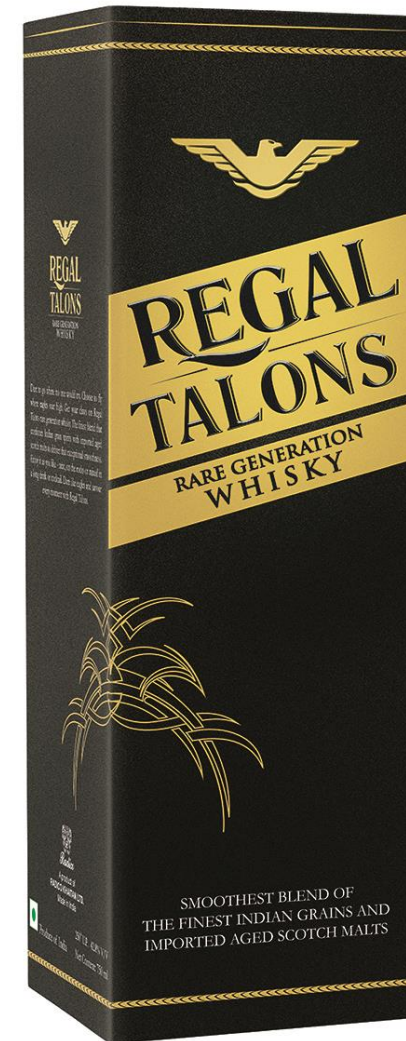
- **Product:** A unique experience, with a perfect blend of international design and world-class packaging. Rare and smooth taste, offering a premium blend
- **Packaging:** A key differentiator from the existing competition having a unique sleeve (one of its kind), a compass depicting the brand journey, 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



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

Fourth Quarter and Full Year Ended Results for Fiscal Year 2017

Rs. In lakhs

Sl. No.	Particulars	(1)	(2)	(3)	(4)	(5)
		Quarter ended 31.03.2017 (Audited)	Quarter ended 31.12.2016 (Unaudited)	Quarter ended 31.03.2016 (Audited)	Year ended 31.03.2017 (Audited)	Year ended 31.03.2016 (Audited)
1	Income from operations					
	(a) Revenue from Operations	120,983.39	123,757.47	101,124.98	486,795.45	427,108.93
	(b) Other Income	540.91	595.77	1,250.18	1,964.65	3,886.65
	Total Income from operations	121,524.30	124,353.24	102,375.16	488,760.10	430,995.58
2	Expenditure					
	(a) Cost of material consumed	21,266.12	22,842.64	20,676.35	90,245.65	88,136.31
	(b) Purchase of stock-in-trade	194.39	508.92	306.49	1,452.68	1,665.11
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	33.41	(1,121.22)	352.29	442.07	(419.20)
	(d) Excise duty on sales	81,681.52	82,452.56	60,407.33	318,805.32	261,926.58
	(e) Employee benefits expense	3,489.29	3,488.43	3,155.35	14,034.27	12,834.17
	(g) Finance Costs	1,883.67	1,953.59	2,298.33	8,038.40	8,474.97
	(f) Depreciation and amortisation expense	1,020.63	1,048.43	1,071.53	4,170.32	4,313.05
	(h) Selling & Distribution	4,883.26	4,865.67	4,778.69	19,787.08	17,720.44
	(i) Other expenditure	4,749.41	5,581.96	8,015.56	20,816.24	26,472.15
	Total expense	119,201.70	121,620.98	101,061.92	477,792.03	421,123.58

Sl. No.	Particulars	(1)	(2)	(3)	(4)	(5)
		Quarter ended 31.03.2017 (Audited)	Quarter ended 31.12.2016 (Unaudited)	Quarter ended 31.03.2016 (Audited)	Year ended 31.03.2017 (Audited)	Year ended 31.03.2016 (Audited)
3	Profit / (Loss) before Exceptional Items & tax (1-2) from continuing operations	2,322.60	2,732.26	1,313.24	10,968.07	9,872.00
4	Exceptional items	-	-	-	-	-
5	Profit (+) / Loss (-) before tax (3-4) from continuing operations	2,322.60	2,732.26	1,313.24	10,968.07	9,872.00
6	Tax Expense	659.52	762.25	(89.69)	2,906.82	2,527.27
7	Net Profit (+) / Loss (-) after tax (5-6) from continuing operations	1,663.08	1,970.01	1,402.93	8,061.25	7,344.73
8	Other Comprehensive (Income) /Expenses (Net of Tax)	(4.65)	43.29	34.49	133.20	161.02
9	Total Comprehensive Income (7-8)	1,667.73	1,926.72	1,368.44	7,928.05	7,183.71
10	Paid up equity share capital (of Rs. 2/- each)	2,660.78	2,660.78	2,660.78	2,660.78	2,660.78
11	Earning per share (of Rs.2/- each) not					
	Basic	1.25	1.48	1.05	6.06	5.52
	Diluted	1.24	1.47	1.04	6.05	5.50



Statutory Results

Fourth Quarter and Full Year Ended Results for Fiscal Year 2017

Rs. In lakhs

	Particulars	As at 31.03.2017	As at 31.03.2016
A	ASSETS	(Audited)	(Audited)
1	Non-current assets		
	Property, plant and equipment	68,287.20	70,449.67
	Capital work-in-progress	220.13	190.89
	Intangible assets	2,094.81	2,488.95
	Financial assets		
	Investment in a joint venture	15,538.53	15,538.53
	Investment in others	0.60	0.60
	Loans	6,330.19	5,616.42
	Others	91.81	194.55
	Other non-current assets	4,739.24	5,556.27
	Sub-Total - Non-Current Assets	97,302.51	100,035.88
2	Current assets		
	Inventories	29,303.32	27,409.34
	Financial assets		
	Investments	5,000.00	5,000.00
	Trade receivables	62,401.07	61,092.56
	Cash and bank balances	1,406.78	1,270.25
	Loans	15,365.92	16,824.97
	Others	810.31	936.83
	Current Tax assets(Net)	413.51	308.44
	Other current assets	10,014.67	18,220.89
	Sub-Total - Current Assets	124,715.58	131,063.28
	Total - Assets	222,018.09	231,099.16

	Particulars	As at 31.03.2017	As at 31.03.2016
B	EQUITY AND LIABILITIES		
1	Equity		
	Equity share capital	2,660.78	2,660.78
	Other Equity	100,327.89	93,651.42
	Sub-Total - Equity	102,988.67	96,312.20
2	Non-current liabilities		
	Financial liabilities		
	Borrowings	10,330.77	19,573.35
	Other	60.00	113.59
	Provisions	837.13	717.72
	Deferred tax liabilities (Net)	6,928.16	5,498.16
	Other non current liabilities	19.05	2.40
	Sub-Total - Non-Current Liabilities	18,175.11	25,905.22
3	Current liabilities		
	Financial liabilities		
	Borrowings	55,090.67	62,005.82
	Trade payables		
	Total outstanding dues of micro enterprises and small enterprises	-	-
	Other Enterprises	18,532.34	17,601.02
	Other	15,538.51	15,359.61
	Other current liabilities	7,670.76	10,550.04
	Provisions	4,022.03	3,365.25
	Sub-Total - Current Liabilities	100,854.31	108,881.74
	Total - Equity and Liabilities	222,018.09	231,099.16

Statutory Results

Notes:

- 1 The above results were reviewed by the Audit Committee and were approved and taken on record by the Board of Directors in their meeting held on 23rd May 2017.
- 2 First time Ind-AS adoption - The Company has adopted Indian Accounting Standard (Ind-AS) from 1st April 2016, accordingly the financials have been prepared considering the recognition and measurement principles laid therein.

Results for the quarter / year ended 31st March, 2017 are in compliance with the Indian Accounting Standard (Ind-AS) notified by Ministry of Corporate Affairs. Consequently, results for the quarter and previous year ended 31st March 2016 have been restated to comply with Ind-AS to make them comparable.

- 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 Reconciliation between financial results as previously reported (referred to as 'Previous Indian GAAP') and Ind-AS for quarter and year ended 31st March 2016 is as below:

(Rs. in Lakhs)

Particulars	Quarter ended March 2016	Year ended March 2016
Net profit as reported under Previous GAAP	1,477.35	7,688.86
Add/ (Less): Adjustment on account of:		
Re-measurement cost of net defined benefit liability (including tax impact thereon)	34.49	161.02
Foreign currency loss on MTM of ECB as per Ind AS-21	431.56	531.16
Depreciation impact due to fair value as per Ind AS-16	(37.40)	(278.92)
Fair Valuation of Financial Assets / Liabilities as per Ind AS 109	(85.92)	(61.06)
Provision for expected credit loss (ECL)	(707.00)	(964.00)
Deferred tax as per Ind AS-12	658.95	638.95
Dividend on preference shares	(400.00)	(400.00)
Others	30.90	28.72
Net profit before OCI as per IND-AS	1,402.93	7,344.73
Other Comprehensive (Income) / Expenses	34.49	161.02
Net profit after OCI as per Ind AS	1,368.44	7,183.71



Notes:

5 Reconciliation of Equity as previously reported under previous Indian GAAP to Ind AS for the year ended March 31, 2016 is as under:

Particulars	(Rs. in Lakhs)
	Ended March 2016
Equity as per previous GAAP	90,446.86
Effect of measuring Financials Instruments at Fair value	(12,995.93)
Adjustment for Proposed Dividend (Including Tax)	1,280.98
Deferred taxes	1,784.05
Reassessment of Depreciation and fair value of PPE/ Intangible Assets	15,796.24
	96,312.20

- 6 The Board of Directors has recommended dividend on equity shares @0.80 per equity share face value of Rs.2/- of the Company amounting to Rs.1064.31 lakhs (excluding dividend distribution tax), for approval of the shareholders at their ensuing Annual General Meeting
- 7 Provision for taxation includes current tax and deferred tax
- 8 During the quarter ended 31st March 2017, the Company has granted 1,00,000 ESOP options under the Employees Stock Options Scheme 2006, which will vest over a period of 4 years
- 9 The figures for the quarter ended 31st March 2017 and 31st March 2016 are the balancing figure between the audited figures in respect of the full financial year and the published year to date figures upto the IIIrd quarter of the relevant financial years
- 10 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: 23rd May, 2017





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