



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



**Q1 FY2016 Earnings Presentation  
August 10, 2015**

# 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.



## Q1 FY2016 vs. Q1 FY2015

- Net Sales of Rs. 459.7 Crore
- Prestige & Above brands volume growth at 8.7%
- Prestige & Above brands contribution to the total IMFL volumes increased from 20.8% to 25.2%
- Operational EBITDA of Rs. 51.2 Crore
- Operational EBITDA margin improved 39 bps to 11.1%
- Reduction in interest costs
- Operational Net Income of Rs. 22.1 Crore up 20.3%



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

“We are pleased to start the new fiscal year on a positive note. Despite the overall subdued volume growth, we reported a sustained top-line performance with improved profitability during the quarter. With the anticipated recovery in the operating environment, we expect this trend to continue for the rest of the year. In line with management’s strategy, we continued our focus on free cash flow generation and sustained debt reduction. This will further strengthen our balance sheet for future growth opportunities.”

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

“During Q1 FY2016, our Prestige & Above brands continued their robust performance with 8.7% y-o-y volume growth. These brands now contribute to over 25% of the total IMFL volumes. Despite relatively flat revenues, we reported operational Net Income growth of over 20% reflecting our improved margins and cash flow generation. Ongoing innovation and R&D to match consumer’s changing preferences has been at the heart of the Company. In line with this strategy, we recently launched Electra, a ready to drink product targeted at the younger generation. We are in the initial stages of test marketing it in select states and have received encouraging consumer feedback.”



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 2015-16 sugar season is estimated to be almost flat at 5.36 million hectares compared with the last year
- Sugar production based on preliminary estimates is expected to be around 28.0 million tonnes which is 0.3 million tonnes less than the 2014-15 season
- However, given the consumption estimates of 25.2 million tonnes, next sugar season is expected to start with a significant balance of 10.2 million tonnes
- Raw material prices have remained stable during Q1 FY2016 and are expected to remain at these levels in the near term



## Q1 FY2016 Financial Performance

(Rs. Crore)	Q1		y-o-y	Full Year		y-o-y
	FY2016	FY2015	Growth (%)	FY2015	FY2014	Growth (%)
Gross Sales	1,177.3	1,145.1	2.8%	4,397.5	4,337.4	1.4%
Net Sales	459.7	467.1	(1.6)%	1,846.5	1,857.2	(0.6)%
Operational EBITDA	51.2	50.1	2.0%	180.7	208.2	(13.2)%
<i>Operational EBITDA Margin (%)</i>	<i>11.1%</i>	<i>10.7%</i>		<i>9.8%</i>	<i>11.2%</i>	
Net Income	18.1	16.6	9.3%	67.6	71.3	(5.1)%
Operational Net Income	22.1	18.4	20.3%	78.0	86.0	(9.3)%
Operational Basic EPS (Rs.)	1.66	1.38	20.3%	5.86	6.46	(9.3)%

**Net Sales:** Includes sale from tie-up units net of royalty income

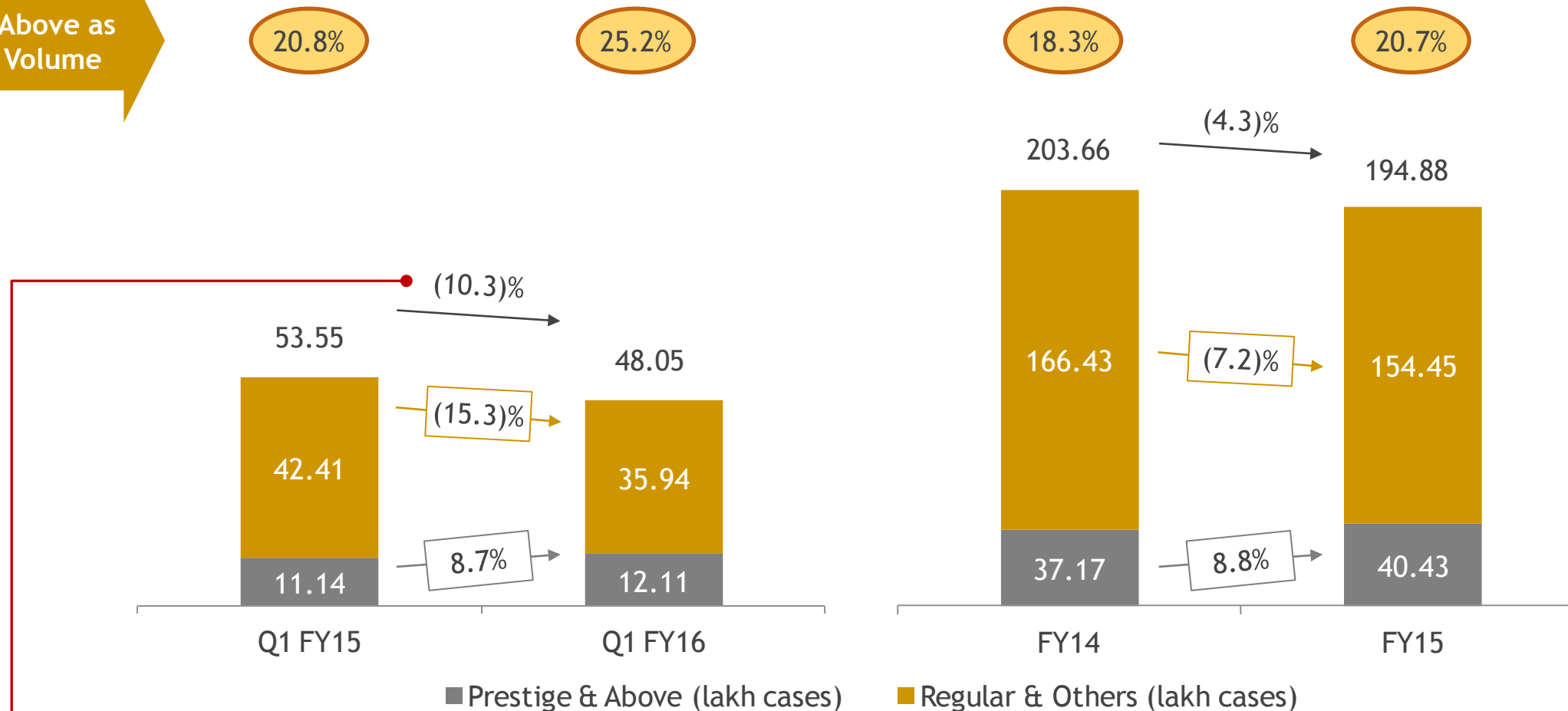
**Operational Net Income:** Net Income has been adjusted for foreign exchange fluctuation loss / (gain) of Rs. 4.1 Crore in Q1 FY2016 compared with Rs. 1.9 Crore in Q1 FY2015 and Rs. 10.3 Crore in full year FY2015 compared with Rs. 14.7 Crore in full year FY2014. This is as per para 46A of Accounting Standard 11. This foreign exchange fluctuation loss is related to ECBs and is a non cash item in the Other Expenditure of the statutory financial statements



# Operational Performance

Prestige & Above category continues to be a key contributor and driver of future growth

Prestige & Above as % of Total Volume



Radico Khaitan strategically defocused the sale of low margin category brands in the state of Tamil Nadu. This resulted in a decline of volumes in Tamil Nadu from 6.50 lakh cases in Q1 FY2015 to 2.13 lakh cases in Q1 FY2016. Excluding this impact, the Company's overall volumes would have declined by (2.4)% compared to (10.3)%

## Q1 FY2016 Highlights

**Net Sales:** Net Sales declined marginally by (1.6)% compared to the same period last year. IMFL volume declined by (10.3)% primarily due to the strategic defocus on the low margin category brands in Tamil Nadu. However, the Prestige & Above brands volume increased by 8.7%. As a percentage of total IMFL volumes, these brands now contribute 25.2% compared to 20.8% last year.

**EBITDA:** Operational EBITDA increased by 2.0% and margins expanded by 39 basis points to 11.1% compared to the same period last year. EBITDA growth was impacted to a certain extent by an increase in the Other Expenses.

**Other Expense:** Other Expense during the quarter of Rs. 69.8 Crore include a sum of Rs. 12.3 Crore on account of excise duty on finished good valuation in accordance with AS-2. The corresponding credit has also been considered in the valuation of finished goods inventory.

**Interest Expense:** Interest Expense declined during the quarter as a result of the Company's ongoing focus on free cash flow generation and long term debt repayment.





## 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 2015-19 CAGR of 5.9%
- 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

# Statutory Results

## First Quarter Results for Fiscal Year 2016

PART - I		(Figures Rs. In lakhs)			
Sl. No.	Particulars	(1)	(2)	(3)	(4)
		Quarter ended 30.06.2015 (Unaudited)	Quarter ended 31.03.2015 (Audited)	Quarter ended 30.06.2014 (Unaudited)	Year ended 31.03.2015 (Audited)
<b>1</b>	<b>Income from operations</b>				
	(a) Gross Sales	92,055.71	72,364.98	79,092.18	316,867.14
	Less: Excise duty	53,452.13	39,114.53	43,008.98	172,416.95
	Net Sales / Income from Operations	38,603.58	33,250.45	36,083.20	144,450.19
	(b) Other Operating Income	871.13	1,088.54	909.18	4,389.09
	<b>Total Income from Operations (net)</b>	<b>39,474.71</b>	<b>34,338.99</b>	<b>36,992.38</b>	<b>148,839.28</b>
<b>2</b>	<b>Expenditure</b>				
	(a) Cost of material consumed	17,625.61	15,930.87	16,878.49	67,078.19
	(b) Purchase of stock-in-trade	422.19	505.42	407.74	3,921.10
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(177.97)	(928.98)	413.86	734.28
	(d) Employee benefits expense	2,684.05	2,771.62	2,413.13	10,725.19
	(e) Depreciation and amortisation expense	1,000.00	831.74	1,050.00	3,831.74
	(f) Selling & Distribution	7,225.47	6,709.35	7,382.83	28,360.95
	(g) Other expenditure	6,984.22	6,029.79	4,667.05	20,979.19
	<b>Total expenses</b>	<b>35,763.57</b>	<b>31,849.81</b>	<b>33,213.10</b>	<b>135,630.64</b>
<b>3</b>	Profit / (Loss) from Operations before Other Income, Finance costs & Exceptional Items (1-2)	3,711.14	2,489.18	3,779.28	13,208.64
<b>4</b>	Other Income	953.83	1,494.36	932.60	4,498.58
<b>5</b>	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	4,664.97	3,983.54	4,711.88	17,707.22
<b>6</b>	Finance Cost	2,125.70	2,169.29	2,256.85	8,994.49
<b>7</b>	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	2,539.27	1,814.25	2,455.03	8,712.73
<b>8</b>	Exceptional items	0.00	0.00	0.00	0.00
<b>9</b>	Profit (+) / Loss (-) from Ordinary Activities before tax ( 7+8 )	2,539.27	1,814.25	2,455.03	8,712.73
<b>10</b>	Tax Expense	730.00	324.21	800.00	1,949.21
<b>11</b>	Net Profit (+) / Loss (-) from Ordinary Activities after tax ( 9-10 )	1,809.27	1,490.04	1,655.03	6,763.52
<b>12</b>	Extra ordinary items (net of tax expense Rs. in lakhs)	0.00	0.00	0.00	0.00
<b>13</b>	Net Profit (+) / Loss (-) for the period (11-12)	1,809.27	1,490.04	1,655.03	6,763.52
<b>14</b>	Paid up equity share capital (of Rs. 2/- each)	2,660.78	2,660.78	2,660.78	2,660.78
<b>15</b>	Reserves excluding revaluation reserve				79,396.87
<b>16 (i)</b>	Earning per share (before extra ordinary items) (of Rs.2/- each) not annualized				
	Basic	1.36	1.12	1.24	5.08
	Diluted	1.36	1.12	1.24	5.08
<b>16(ii)</b>	Earning per share (after extra ordinary items) (of Rs.2/- each) not annualized				
	Basic	1.36	1.12	1.24	5.08
	Diluted	1.36	1.12	1.24	5.08

PART - II					
A	Particulars of Shareholding				
<b>1</b>	<b>Public shareholding</b>				
	(a) No. of Shares	79208947	79208947	79208947	79208947
	(b) Percentage of Shareholding	59.54	59.54	59.54	59.54
<b>2</b>	<b>Promoters and promoter group Shareholding</b>				
	(a) Pledged / Encumbered				
	- Number of shares	10566429	10566429	12081429	10566429
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	19.63	19.63	22.44	19.63
	- Percentage of shares (as a % of the total share capital of the Company)	7.94	7.94	9.08	7.94
	(b) Non-encumbered				
	- Number of shares	43263389	43263389	41748389	43263389
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	80.37	80.37	77.56	80.37
	- Percentage of shares (as a % of the total share capital of the Company)	32.52	32.52	31.38	32.52
<b>B</b>	<b>Investor Complaints</b>	Quarter ended 30.06.2015			
	Pending at the beginning of the quarter	NIL			
	Received during the quarter	NIL			
	Disposed off during the quarter	NIL			
	Remaining unresolved at the end of the quarter	NIL			

# Statutory Results

## First Quarter Results for Fiscal Year 2016

### Notes:

1. The above financial results were reviewed by the Audit Committee and taken on record by the Board of Directors in their meeting held on 10<sup>th</sup> August 2015.
2. The Statutory Auditors have carried out a limited review of the financial results for the quarter ended 30<sup>th</sup> June 2015.
3. The Company also gets its products manufactured under various arrangements with other distilleries / bottling units spread all over the country. The Gross Sales for the company's products through these operations not included in the above sales figures are:-
4. The resultant income to Radico Khaitan Ltd. (RKL) from these operations is included hereinabove.

1	2	3	4
Quarter ended 30.06.2015 (Unaudited)	Quarter ended 31.03.2015 (Audited)	Quarter ended 30.06.2014 (Unaudited)	Year ended 31.03.2015 (Audited)
27,849.06	28,442.22	37,686.89	1,30,315.22

The Company has one major operational business segment viz. liquor and related products, which accounts for more than 90% of the total turnover of the Company.

5. Consequent to the application of para 46A in AS -11 vide notification dated 29<sup>th</sup> December 2011, the Company has written off a sum of Rs.405.40 lacs on account of foreign exchange translation variations in long term foreign currency borrowings.
6. The figures of the quarter ended 31<sup>st</sup> March 2015 are the balancing figures between the audited figures in respect of the full financial year and published year to date figures upto nine months of the relevant financial year.
7. Previous year / period figures have been regrouped / rearranged, wherever necessary to make them comparable with the current period figures.

Place: New Delhi  
Date: 10.08.2015

For Radico Khaitan  
Dr. Lalit Khaitan  
Chairman & Managing Director





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