



**Ingredients  
for a  
Perfect  
Cocktail of  
Success**



**Q4 and Full Year FY2016  
Earnings Presentation**

**May 10, 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 - 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

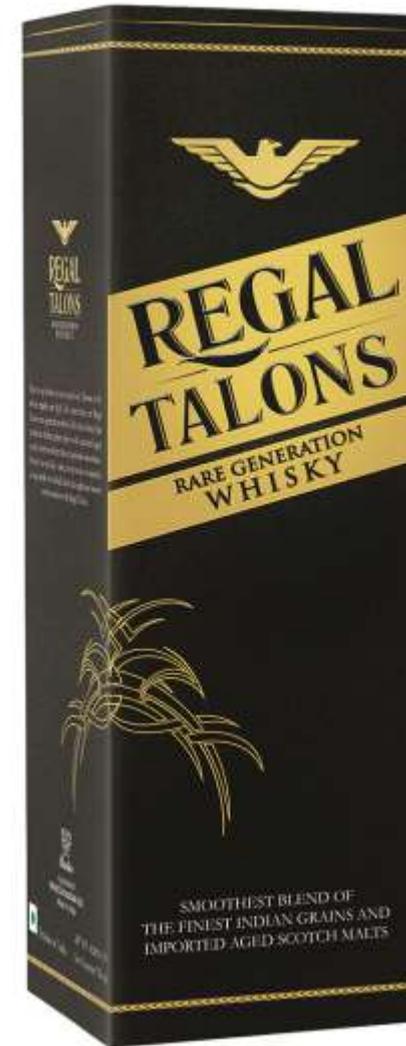


# New Product Launch - Regal Talons Semi Premium Whisky

## 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.



## Q4 FY2016 vs. Q4 FY2015

- Net Sales of Rs. 436.4 Crore
- Prestige & Above brands volume growth at 7.3%
- Prestige & Above brands contribution to the total IMFL volumes increased from 19.5% to 22.0%
- EBITDA of Rs. 38.8 Crore up 17.0%
- EBITDA margin improved by 98 bps
- Net Income of Rs. 14.8 Crore
- Monde Selection 2016 Grand Gold award for Magic Moments Remix Lemongrass & Ginger, and Magic Moments Remix Peach Flavoured Vodka; 10 Gold and 4 Silver awards for other brands

## FY2016 vs. FY2015

- Net Sales of Rs. 1,789.2 Crore
- Prestige & Above brands volume growth at 8.9%
- Prestige & Above brands contribution to the total IMFL volumes increased from 20.7% to 24.2%
- EBITDA of Rs. 194.6 Crore up 14.2%
- EBITDA margin improved by 165 bps
- Net Income of Rs. 76.9 Crore
- Dividend of 40% or Rs. 0.80 per share

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

“FY2016 was a year of consolidation at Radico Khaitan. We focused on our core strengths and delivered a sustained, profitable financial performance in an economic environment which was otherwise challenging and volatile. Our longstanding focus on premiumization coupled with cost optimization efforts resulted in improved profitability. We delivered strong EBITDA margin improvement of 165 bps and impressive free cash flow generation.

Premiumization and innovation are at the core of our growth strategy. It is our habit of innovation that has enabled us to create a strong brand identity in the spirits industry in India. Knowledge about the consumer’s choices and preferences has been our key strength. This has led to the success in our operations.

Recently, we launched Rampur Indian Single Malt and Regal Talons Semi Premium whiskies. Launch of a single malt whisky is a testament to our R&D strength and product development capabilities. Our aim is to create a memorable consumer experience, consistent with the Company’s brand equity. We are taking a leap into this exciting journey and adding a new step with Rampur Indian Single Malt. Regal Talons is targeted at filling the gap in our premium whisky portfolio and capturing the opportunities in the largest segment of the Indian spirits industry. Recent new launches, together with our existing strong portfolio, are expected to lead the way for profitable growth and a promising future for the Company.”



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

“Radico Khaitan’s revenue performance during FY2016 was a clear reflection of the prevailing industry trends and of our ongoing strategy of focusing on premium brands. Despite a 6.6% decline in our overall IMFL volumes, we were able to improve profitability. Our Prestige & Above category sales remained robust with a 8.9% growth.

Radico Khaitan believes in its strong values, rich heritage, commitment to consumer satisfaction and a culture of innovation. These remain the key pillars of our strength and foundation for future growth. Always striving to be the best, the Company has been able to build a highly reputable brand portfolio. We are proud to have recently launched a single malt whisky conceptualised and developed by our R&D team. Our passion to bring our brands' promise to life has always reaped us success and recognition globally.

Our recent launches such as ELECTRA have won substantial consumer confidence for us. The Company’s existing premium products such as Magic Moments vodka and Morpheus brandy continue to gain market share and lead the category in which they are placed. We are confident that our strong product portfolio will help us capitalise on the anticipated upturn in the spirits industry.”



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

- As per the India Sugar Mills Association (ISMA), sugar production in the current 2015-16 sugar season (SS) until April 2016 was 24.6 MT compared to 27.6 MT during the same period last year. This represents a 10.9% decline over the previous year. Total sugar production in the current season is expected to be 25.0 MT
- Overall, raw material prices, in particular ENA and glass bottle, have remained stable during Q4 FY2016 and are expected to remain at these levels in the near term
- With effect from April 1, 2016, the government of Uttar Pradesh has reduced the excise duty on IMFL by 20-25% resulting in a consequent decline in the MRP to consumers. This is expected to result in an increase in IMFL sales volume in the state from FY2017
- Karnataka government has given a price increase effective from July 1, 2016. It is one of the largest states in terms of IMFL volumes for the Company



## Q4 and Full Year FY2016 Financial Performance

(Rs. Crore)	Q4		y-o-y	Full Year		y-o-y
	FY2016	FY2015	Growth (%)	FY2016	FY2015	Growth (%)
Gross Sales	1,057.1	986.8	7.1%	4,502.8	4,397.5	2.4%
Net Sales	436.4	419.4	4.1%	1,789.2	1,846.5	(3.1)%
EBITDA	38.8	33.2	17.0%	194.6	170.4	14.2%
<i>EBITDA Margin (%)</i>	8.9%	7.9%		10.9%	9.2%	
Net Income	14.8	14.9	(0.8)%	76.9	67.6	13.7%
<i>Net Income Margin (%)</i>	3.4%	3.6%		4.3%	3.7%	
Basic EPS (Rs.)	1.11	1.12	(0.8)%	5.78	5.08	13.7%

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

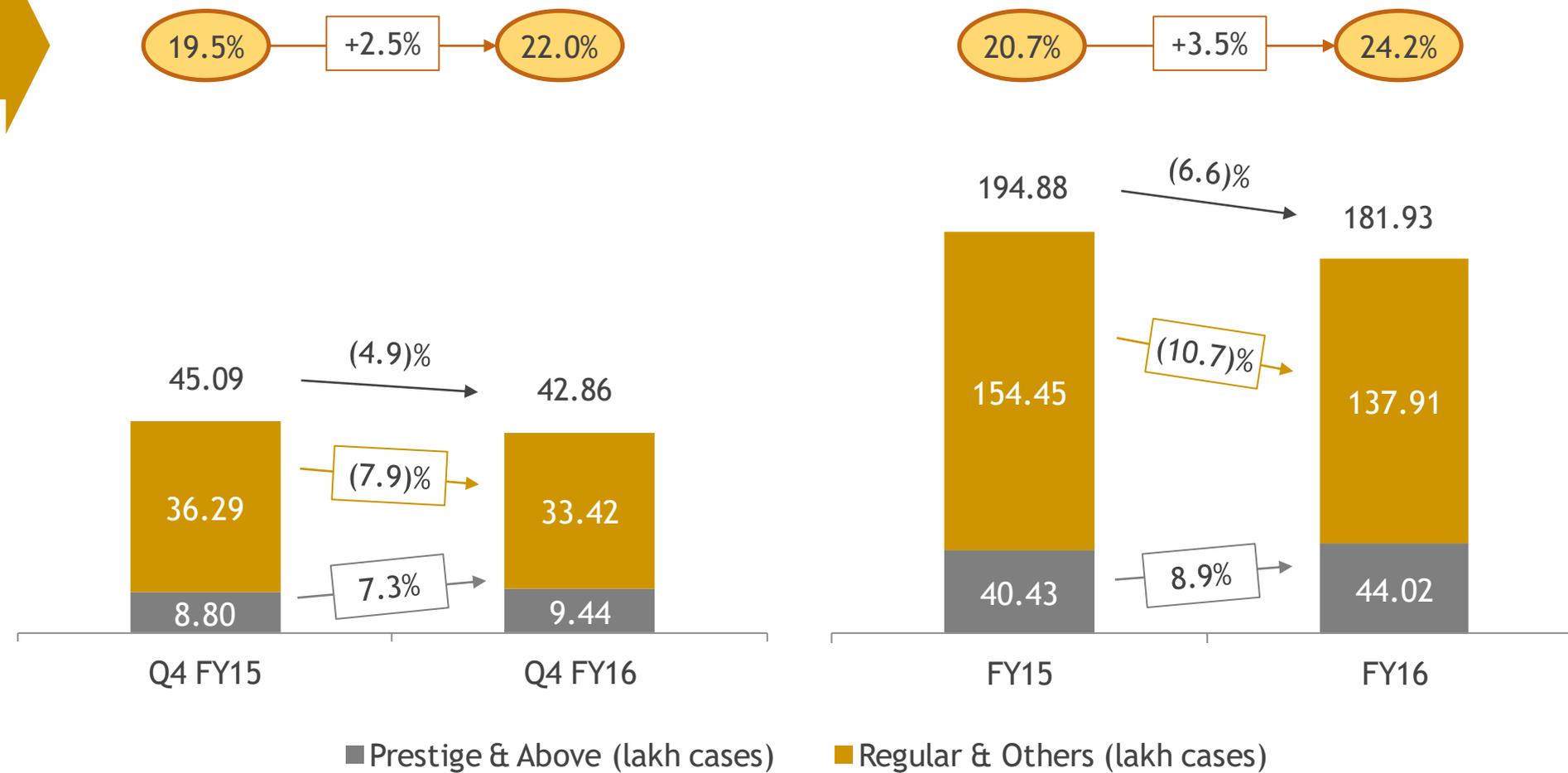
**Net Sales:** Gross Sales less Excise Duty



# Operational Performance

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

Prestige & Above as % of Total Volume



## Full Year FY2016 Highlights

**Net Sales:** Net Sales decreased by 3.1% compared to FY2015. Total IMFL volume declined by 6.6% primarily due to reduced focus on the low margin category brands in Tamil Nadu. However, the Prestige & Above brands volume continued its robust performance and increased by 8.9%. As a percentage of total IMFL volumes, these brands now contribute 24.2% compared to 20.7% last fiscal year.

**EBITDA:** EBITDA increased by 14.2% y-o-y and margins expanded by 165 basis points to 10.9% compared to FY2015. This was primarily due to better product mix and ongoing cost optimization efforts.

**Interest Expenses:** Interest Expenses declined from Rs. 89.9 Crore in FY2015 to 84.7 Crore FY2016 as a result of ongoing long term debt reduction.

**Net Income:** Net Income increased by 13.7% over FY2015. This growth is despite an increase in effective tax rate (ETR) from 22.4% in FY2015 to 28.6% in FY2016.

**Balance Sheet:** As of March 31, 2016, Total Debt was Rs. 851.4 Crore, Cash & Cash Equivalents were Rs. 10.6 Crore resulting in Net Debt of Rs. 840.9 Crore (vs. Rs. 838.9 Crore as of March 31, 2015).

Total Debt consists of Rs. 509.9 Crore of Working Capital loans and Rs. 341.5 Crore of Long Term loans, including Long Term loans maturing within 12 months of the balance sheet date. Total Debt includes a sum of Rs. 15.5 Crore being the notional impact of the depreciation of the rupee on foreign currency loans (ECB). During FY2016, the Company reduced the Long Term ECBs from \$53.2 million to \$41.4 million. Working Capital loans increased during the same period due to seasonality impact.



## 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



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

## Fourth Quarter and Full Year Ended Results for Fiscal Year 2016

(Figures Rs. in lakhs)

No.	Particulars	(1)	(2)	(3)	(4)	(5)
		Quarter ended <u>31.03.2016</u> (Audited) (Refer Note 3 below)	Quarter ended <u>31.12.2015</u> (Unaudited)	Quarter ended <u>31.03.2015</u> (Audited) (Refer Note 3 below)	Year ended <u>31.03.2016</u> (Audited)	Year ended <u>31.03.2015</u> (Audited)
<b>1</b>	<b>Income from operations</b>					
	(a) Gross Sales	83,787.72	96,926.47	72,364.98	356,816.47	316,867.14
	Less: Excise duty	47,070.81	57,670.83	39,114.53	206,077.85	172,416.95
	Net Sales / Income from Operations	36,716.91	39,255.64	33,250.45	150,738.62	144,450.19
	(b) Other Operating Income	1,047.17	832.18	1,088.54	3,570.90	4,389.09
	<b>Total Income from operations (net)</b>	<b>37,764.08</b>	<b>40,087.82</b>	<b>34,338.99</b>	<b>154,309.52</b>	<b>148,839.28</b>
<b>2</b>	<b>Expenditure</b>					
	(a) Cost of material consumed	17,580.25	19,107.57	15,930.87	70,986.72	67,078.19
	(b) Purchase of stock-in-trade	389.79	270.27	650.56	1,665.11	4,147.06
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	335.23	(1,433.60)	(928.98)	(590.57)	734.28
	(d) Employee benefits expense	3,378.97	3,399.38	3,048.37	13,102.23	11,951.05
	(e) Depreciation and amortisation expense	1,034.13	1,000.00	831.74	4,034.13	3,831.74
	(f) Selling & Distribution	6,480.30	7,137.12	6,709.35	27,283.13	28,360.95
	(g) Other expenditure	5,715.57	5,758.66	5,607.90	22,401.60	19,527.37
	<b>Total expense</b>	<b>34,914.24</b>	<b>35,239.40</b>	<b>31,849.81</b>	<b>138,882.35</b>	<b>135,630.64</b>



# Statutory Results

## Fourth Quarter and Full Year Ended Results for Fiscal Year 2016

No.	Particulars	(1) Quarter ended <u>31.03.2016</u> (Audited) (Refer Note 3 below)	(2) Quarter ended <u>31.12.2015</u> (Unaudited)	(3) Quarter ended <u>31.03.2015</u> (Audited) (Refer Note 3 below)	(4) Year ended <u>31.03.2016</u> (Audited)	(5) Year ended <u>31.03.2015</u> (Audited)
3	Profit / (Loss) from Operations before Other Income, finance costs and exceptional items (1-2)	2,849.84	4,848.42	2,489.18	15,427.17	13,208.64
4	Other Income	1,477.32	682.32	1,494.36	3,813.99	4,498.58
5	Profit (Loss) from ordinary activities before finance costs and exceptional items (3+4)	4,327.16	5,530.74	3,983.54	19,241.16	17,707.22
6	Finance Costs	2,298.81	1,968.31	2,169.29	8,471.30	8,994.49
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	2,028.35	3,562.43	1,814.25	10,769.86	8,712.73
8	Exceptional items	0.00	0.00	0.00	0.00	0.00
9	Profit (+) / Loss (-) from Ordinary Activities before tax ( 7+8 )	2,028.35	3,562.43	1,814.25	10,769.86	8,712.73
10	Tax Expense	551.00	1,025.00	324.21	3,081.00	1,949.21
11	Net Profit (+) / Loss (-) from Ordinary Activities after tax ( 9-10 )	1,477.35	2,537.43	1,490.04	7,688.86	6,763.52
12	Extra ordinary items (net of tax expense)	0.00	0.00	0.00	0.00	0.00
13	<b>Net Profit (+) / Loss (-) for the period (11-12)</b>	<b>1,477.35</b>	<b>2,537.43</b>	<b>1,490.04</b>	<b>7,688.86</b>	<b>6,763.52</b>
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	Reserves excluding revaluation reserve (as per Balance Sheet of previous accounting year)				86,944.21	79,396.87
16 (i)	Earning per share (before extra ordinary items) (of Rs.2/- each) not annualized					
	Basic	1.11	1.91	1.12	5.78	5.08
	Diluted	1.10	1.91	1.12	5.75	5.08
16 (ii)	Earning per share (after extra ordinary items) (of Rs.2/- each) not annualized					
	Basic	1.11	1.91	1.12	5.78	5.08
	Diluted	1.10	1.91	1.12	5.75	5.08



## Fourth Quarter and Full Year Ended 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 10th May 2016.
2. 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:

1	2	3	4	5
Quarter ended 31.03.2016 (Unaudited)	Quarter ended 31.12.2015 (Unaudited)	Quarter ended 31.03.2015 (Unaudited)	Year ended 31.03.2016 (Audited)	Year ended 31.03.2015 (Audited)
22646.22	23804.27	28442.22	99518.62	130315.22

The resultant income to Radico Khaitan Ltd. (RKL) from these operations is included hereinabove

3. The figures for the quarter ended 31st March 2016 and 31st March 2015 are the balancing figure between the audited figures in respect of the full financial year and the published year to date figures upto the 3rd quarter of the relevant financial year.
4. The Board of Directors have recommended for declaration, a dividend of Re.0.80 per share (40%) of the face value of Rs.2/- each for the financial year ended 31st March 2016 subject to the approval of the shareholders at the ensuing Annual General Meeting.
5. 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.
6. Consequent to the introduction of para 46A in AS-11 vide notification dated 29th December 2011, the Company has adjusted for the quarter a sum of Rs.236.38 lacs (credit) on account of foreign exchange translation variations in long term foreign currency borrowings.
7. Previous year / period figures have been regrouped / rearranged, wherever necessary to make them comparable with the current period figures.

for Radico Khaitan Limited

**Dr. Lalit Khaitan**  
Chairman & Managing Director

**New Delhi**  
**10.05.2016**



## Fourth Quarter and Full Year Ended Results for Fiscal Year 2016

### Statement of Liabilities and Assets

	Particulars	As at 31.03.2016	As at 31.03.2015
<b>A</b>	<b><u>EQUITY AND LIABILITIES</u></b>		
<b>1</b>	<b>Shareholders' funds</b>		
	(a) Share capital	2,660.78	2,660.78
	(b) Reserves and surplus	87,786.08	80,267.62
	<b>Sub-total - Shareholder's funds</b>	<b>90,446.86</b>	<b>82,928.40</b>
<b>2</b>	<b>Non-current liabilities</b>		
	(a) Long-term borrowings	19,758.46	32,601.53
	(b) Deferred tax liabilities (Net)	7,435.21	7,152.21
	(c) Other long term liabilities	113.61	70.61
	(d) Long-term provisions	717.72	588.70
	<b>Sub-total - Non-current liabilities</b>	<b>28,025.00</b>	<b>40,413.05</b>
<b>3</b>	<b>Current liabilities</b>		
	(a) Short-term borrowings	50,993.17	41,241.30
	(b) Trade payables	14,901.39	12,422.02
	(c) Other current liabilities	25,536.91	22,841.67
	(d) Short-term provisions	4,646.23	4,251.43
	<b>Sub-total - Current liabilities</b>	<b>96,077.70</b>	<b>80,756.42</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>214,549.56</b>	<b>204,097.87</b>

	Particulars	As at 31.03.2016	As at 31.03.2015
<b>B</b>	<b><u>ASSETS</u></b>		
<b>1</b>	<b>Non-current assets</b>		
	(a) Fixed assets		
	- Tangible assets	55,054.53	54,196.55
	- Intangible assets	2,653.07	3,077.92
	- Capital work-in-progress (at cost)	190.89	80.30
	(b) Non-current investments	4,806.34	4,806.34
	(d) Long-term loans and advances	22,422.59	14,386.00
	(e) Other non current assets	194.55	223.30
	<b>Sub-total - Non-current assets</b>	<b>85,321.97</b>	<b>76,770.41</b>
<b>2</b>	<b>Current assets</b>		
	(a) Current investments	5,000.00	5,000.00
	(b) Inventories	23,269.99	21,302.70
	(c) Trade receivables	54,893.54	43,182.76
	(d) Cash and cash equivalents	1,139.17	1,032.76
	(e) Short-term loans and advances	42,423.37	51,335.84
	(f) Other current assets	2,501.52	5,473.40
	<b>Sub-total - Current assets</b>	<b>129,227.59</b>	<b>127,327.46</b>
	<b>TOTAL ASSETS</b>	<b>214,549.56</b>	<b>204,097.87</b>



## Radico Khaitan Limited

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