



**Consistent
Performance
Blended
with
Spirited
Endeavours**



Q2 FY2016 Earnings Presentation

November 9, 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.



Q2 FY2016 vs. Q2 FY2015

- Net Sales of Rs. 432.5 Crore
- Prestige & Above brands volume growth at 8.5%
- Prestige & Above brands contribution to the total IMFL volumes increased from 21.2% to 24.7%
- Operational EBITDA of Rs. 53.7 Crore up 13.1%
- Operational EBITDA margin improved 216 bps to 12.4%
- Operational Net Income of Rs. 22.2 Crore up 13.6%
- Net debt of Rs. 802.5 Crore; repayment of Rs. 44.2 Crore during the first half of the year

H1 FY2016 vs. H1 FY2015

- Net Sales of Rs. 892.2 Crore
- Prestige & Above brands volume growth at 8.6%
- Prestige & Above brands contribution to the total IMFL volumes increased from 21.0% to 25.0%
- Operational EBITDA of Rs. 104.9 Crore up 7.4%
- Operational EBITDA margin improved 126 bps to 11.8%
- Operational Net Income of Rs. 44.3 Crore up 16.9%

Strong free cash flow generation; Continued reduction in Net Debt



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

“Radico Khaitan reported another quarter with consistent and profitable growth driven by our focused approach. Strong cash flow generation and profitable growth led by premium volumes remains the core of our strategy in the medium term. We are very optimistic about the future as we see our strategy start to deliver expected results. Management is confident that we have an established platform and the right strategy that will take Radico Khaitan to the next orbit of growth in the years to come.”

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

“Our Q2 FY2016 top-line performance is a reflection of the current industry trend. However, our Prestige & Above brands continued their robust performance with 8.5% y-o-y volume growth. Despite a decline in revenues, we reported operational EBITDA growth of over 13% with a 216 bps margin improvement. We also continued to generate strong free cash flow and reduce debt. The performance of our premium brands such as Magic Moments and Morpheus remains robust, our newly launched RTD product Electra made an impressive start, and our overall profitability continues to improve. We have all the building blocks in place to deliver a much stronger performance and return to shareholders in the coming quarters.”



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 the 2015-16 sugar season is estimated to be 5.28 million hectares, a marginal decline of 0.4% compared with the last year. Sugar production based on preliminary estimates is expected to be around 27.0 million tonnes in 2015-16
- In the current sugar season 2014-15, sugar mills are estimated to have produced 28.8 million tonnes of sugar. Given the consumption estimates of 25.2 million tonnes, the next sugar season is expected to start with a significant balance of 9.6 million tonnes
- Overall, raw material prices, in particular ENA and glass bottle, have remained stable during Q2 FY2016 and are expected to remain at these levels in the near term



Q2 and Half Year FY2016 Financial Performance

(Rs. Crore)	Q2		y-o-y	Half Year		y-o-y
	FY2016	FY2015	Growth (%)	FY2016	FY2015	Growth (%)
Gross Sales	1,075.4	1,100.6	(2.3)%	2,252.7	2,245.6	0.3%
Net Sales	432.5	463.2	(6.6)%	892.2	930.2	(4.1)%
Operational EBITDA	53.7	47.5	13.1%	104.9	97.7	7.4%
<i>Operational EBITDA Margin (%)</i>	12.4%	10.3%		11.8%	10.5%	
Net Income	18.6	14.9	25.0%	36.7	31.5	16.8%
Operational Net Income	22.2	19.5	13.6%	44.3	37.9	16.9%
Operational Basic EPS (Rs.)	1.67	1.47	13.6%	3.33	2.85	16.9%

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

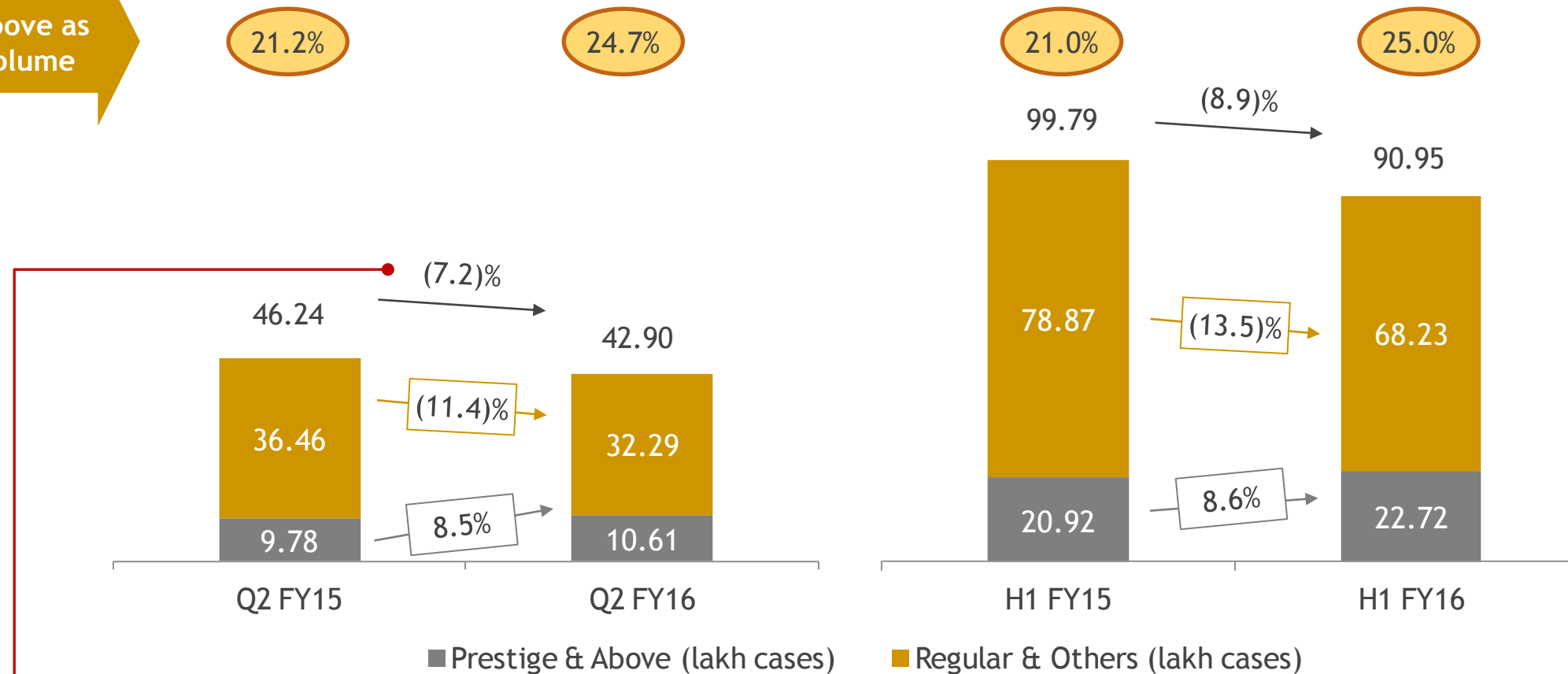
Operational Net Income: Net Income has been adjusted for foreign exchange fluctuation loss / (gain) of Rs. 3.6 Crore in Q2 FY2016 compared with Rs. 4.6 Crore in Q2 FY2015 and Rs. 7.6 Crore in H1 FY2016 compared with Rs. 6.5 Crore in H1 FY2015. This is as per para 46A of Accounting Standard 11. This foreign exchange fluctuation loss is related to ECBs and is a non cash item in the Other Expenditure of the statutory financial statements



Operational Performance

Higher margin 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 3.47 lakh cases in Q2 FY2015 to just 4,000 cases in Q2 FY2016. Excluding this impact, the Company's overall volumes would have remained flat (+0.2%) compared to a decline of 7.2%.



Q2 FY2016 Highlights

Net Sales: Net Sales declined by (6.6)% compared to the same period last year. Total IMFL volume declined by (7.2)% primarily due to the strategic defocus on the low margin category brands in Tamil Nadu. However, the Prestige & Above brands volume increased by 8.5%. As a percentage of total IMFL volumes, these brands now contribute 24.7% compared to 21.2% last year.

Gross Margin: Gross margin during the quarter improved from 42.8% to 44.5% on a y-o-y basis. This 166 bps improvement was due to a combination of stabilising raw material prices and increased share of Prestige & Above category brands.

EBITDA: Operational EBITDA increased by 13.1% and margins expanded by 216 basis points to 12.4% compared to the same period last year. This was primarily due to improved Gross Margin.

Balance Sheet: As of September 30, 2015, Total Debt was Rs. 820.3 Crore, Cash & Cash Equivalents were Rs. 17.7 Crore resulting in Net Debt of Rs. 802.5 Crore (vs. Rs. 838.9 Crore as of March 31, 2015).

Total Debt consists of Rs. 425.1 Crore of Working Capital loans and Rs. 395.2 Crore of Long Term loans, including Long Term loans maturing within 12 months of the balance sheet date. Total Debt also includes a non-cash impact of Rs. 15.3 Crore on foreign currency loans due to depreciation of the Indian Rupee during the first half of the year.

During the first half of FY2016, the Company reduced debt to the extent of Rs. 44.2 Crore. This includes the above non-cash impact of Rs. 15.3 Crore.

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 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 - marketing campaign



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

Second Quarter and Half Year Results for Fiscal Year 2016

PART- I (Figures Rs. In lakhs)

Sl. No.	Particulars	(1) Quarter ended 30.09.2015 (Unaudited)	(2) Quarter ended 30.06.2015 (Unaudited)	(3) Quarter ended 30.09.2014 (Unaudited)	(4) Half year ended 30.09.2015 (Unaudited)	(5) Half year ended 30.09.2014 (Unaudited)	(6) Year ended 31.03.2015 (Audited)
1	Income from operations						
	(a) Gross Sales	84,046.57	92,055.71	75,794.33	176,102.28	154,886.51	316,867.14
	Less: Excise duty	47,884.08	53,452.13	40,633.41	101,336.21	83,642.39	172,416.95
	Net Sales / Income from Operations	36,162.49	38,603.58	35,160.92	74,766.07	71,244.12	144,450.19
	(b) Other Operating Income	820.42	871.13	1,095.26	1,691.55	2,004.44	4,389.09
	Total Income from operations (net)	36,982.91	39,474.71	36,256.18	76,457.62	73,248.56	148,839.28
2	Expenditure						
	(a) Cost of material consumed	16,673.29	17,625.61	16,129.13	34,298.90	33,007.62	67,078.19
	(b) Purchase of stock-in-trade	373.48	422.19	195.09	795.67	602.83	3,921.10
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	685.77	(177.97)	85.91	507.80	499.77	734.28
	(d) Employee benefits expense	2,891.29	2,684.05	2,567.60	5,575.34	4,980.73	10,725.19
	(e) Depreciation and amortisation expense	1,000.00	1,000.00	1,050.00	2,000.00	2,100.00	3,831.74
	(f) Selling & Distribution	6,440.24	7,225.47	6,599.04	13,665.71	13,981.87	28,360.95
	(g) Other expenditure	4,901.07	6,984.22	6,388.96	11,885.29	11,056.01	20,979.19
	Total expenses	32,965.14	35,763.57	33,015.73	68,728.71	66,228.83	135,630.64
3	Profit / (Loss) from Operations before Other Income, Finance costs & Exceptional Items (1-2)	4,017.77	3,711.14	3,240.45	7,728.91	7,019.73	13,208.64
4	Other Income	700.52	953.83	1,044.65	1,654.35	1,977.25	4,498.58
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	4,718.29	4,664.97	4,285.10	9,383.26	8,996.98	17,707.22
6	Finance Cost	2,078.48	2,125.70	2,268.65	4,204.18	4,525.50	8,994.49
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	2,639.81	2,539.27	2,016.45	5,179.08	4,471.48	8,712.73
8	Exceptional items	-	-	-	-	-	-
9	Profit (+) / Loss (-) from Ordinary Activities before tax (7+8)	2,639.81	2,539.27	2,016.45	5,179.08	4,471.48	8,712.73
10	Tax Expense	775.00	730.00	525.00	1,505.00	1,325.00	1,949.21
11	Net Profit (+) / Loss (-) from Ordinary Activities after tax (9-10)	1,864.81	1,809.27	1,491.45	3,674.08	3,146.48	6,763.52
12	Extra ordinary items (net of tax expense Rs.in lakhs)	-	-	-	-	-	-
13	Net Profit (+) / Loss (-) for the period (11-12)	1,864.81	1,809.27	1,491.45	3,674.08	3,146.48	6,763.52
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	2,660.78
15	Reserves excluding revaluation reserve	-	-	-	-	-	79,396.87
16(i)	Earning per share (before extra ordinary items) (of Rs.2/- each) not annualized						
	Basic	1.40	1.36	1.12	2.76	2.37	5.08
	Diluted	1.40	1.36	1.12	2.76	2.37	5.08
16(ii)	Earning per share (after extra ordinary items) (of Rs.2/- each) not annualized						
	Basic	1.40	1.36	1.12	2.76	2.37	5.08
	Diluted	1.40	1.36	1.12	2.76	2.37	5.08

Second Quarter and Half Year Results for Fiscal Year 2016

PART - II							
A	Particulars of Shareholding						
1	Public shareholding						
	(a) No. of Shares	79208947	79208947	79208947	79208947	79208947	79208947
	(b) Percentage of Shareholding	59.54	59.54	59.54	59.54	59.54	59.54
2	Promoters and promoter group Shareholding						
	(a) Pledged / Encumbered						
	- Number of shares	7930000	10566429	15081429	7930000	15081429	10566429
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	14.73	19.63	28.02	14.73	28.02	19.63
	- Percentage of shares (as a % of the total share capital of the Company)	5.96	7.94	11.34	5.96	11.34	7.94
	(b) Non-encumbered						
	- Number of shares	45899818	43263389	38748389	45899818	38748389	43263389
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	85.27	80.37	71.98	85.27	71.98	80.37
	- Percentage of shares (as a % of the total share capital of the Company)	34.50	32.52	29.12	34.50	29.12	32.52
B	Investor Complaints	Quarter ended 30.09.2015					
	Pending at the beginning of the quarter	NIL					
	Received during the quarter	1					
	Disposed off during the quarter	1					
	Remaining unresolved at the end of the quarter	NIL					



Statutory Results

Second Quarter and Half Year Results for Fiscal Year 2016

Figures in Rs. Lakhs

	Particulars	As at 30.09.2015	As at 31.03.2015		Particulars	As at 30.09.2015	As at 31.03.2015
A	<u>EQUITY AND LIABILITIES</u>			B	<u>ASSETS</u>		
1	Shareholders' funds			1	Non-current assets		
	(a) Share capital	2,660.78	2,660.78	(a)	Fixed assets		
	(b) Reserves and surplus	84,241.07	80,267.62		- Tangible assets	53,040.95	54,196.55
	Sub-total - Shareholder's funds	86,901.85	82,928.40		- Intangible assets	2,827.17	3,077.92
2	Non-current liabilities				- Capital work-in-progress (at cost)	1,194.13	80.30
	(a) Long-term borrowings	26,886.50	32,601.53	(b)	Non-current investments	4,806.34	4,806.34
	(b) Deferred tax liabilities (Net)	7,114.21	7,152.21	(c)	Long-term loans and advances	21,125.52	14,386.00
	(c) Other long term liabilities	112.39	70.61	(d)	Other non current assets - deposits with banks	125.88	223.30
	(d) Long-term provisions	588.70	588.70		Sub-total - Non-current assets	83,119.99	76,770.41
	Sub-total - Non-current liabilities	34,701.80	40,413.05	2	Current assets		
3	Current liabilities			(a)	Current investments	5,000.00	5,000.00
	(a) Short-term borrowings	42,508.49	41,241.30	(b)	Inventories	19,337.37	21,302.70
	(b) Trade payables	12,041.43	12,553.90	(c)	Trade receivables	51,757.56	47,780.87
	(c) Other current liabilities	31,787.43	27,439.78	(d)	Cash and cash equivalents	1,786.44	1,032.76
	(d) Short-term provisions	3,388.02	4,192.50	(e)	Short-term loans and advances	45,454.29	51,408.79
	Sub-total - Current liabilities	89,725.37	85,427.48	(f)	Other current assets	4,873.37	5,473.40
					Sub-total - Current assets	128,209.03	131,998.52
	TOTAL - EQUITY AND LIABILITIES	211,329.02	208,768.93		TOTAL ASSETS	211,329.02	208,768.93

Second Quarter and Half Year 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 9th November 2015.
2. The Statutory Auditors have carried out a limited review of the financial results for the quarter ended 30th September 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 (Rs. in lacs):

1	2	3	4	5	6
Quarter ended 30.09.2015 (Unaudited)	Quarter ended 30.06.2015 (Unaudited)	Quarter ended 30.09.2014 (Unaudited)	Half Year ended 30.09.2015 (Unaudited)	Half Year ended 30.09.2014 (Unaudited)	Year ended 31.03.2015 (Audited)
25,219.07	27,849.06	36,151.29	53,068.13	73,838.18	130,315.22

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

4. 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 29th December 2011, the Company has written off a sum of Rs.355.21 lacs on account of foreign exchange translation variations in long term foreign currency borrowings.
6. Previous year / period figures have been regrouped / rearranged, wherever necessary to make them comparable with the current period figures.

Place: New Delhi
Date: 9.11.2015

For Radico Khaitan
Dr. Lalit Khaitan
Chairman & Managing Director





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