



Radico Khaitan Limited

(NSE: RADICO; BSE: 532497)

Q4 and Full Year FY2014 Earnings Presentation

May 30, 2014



Important Notice



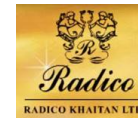
This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Radico Khaitan’s future business developments and economic performance.

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.

Financial Highlights



FY2014 vs. FY2013

- Net Sales increased by 8.2% to Rs. 1,857.2 Crore
- Prestige & Above brands 20.7% volume growth
- Prestige & Above brands increased from 16.2% to 18.3% of total IMFL volumes
- Strong operating performance in exports
- Operational EBITDA increased by 10.7% to Rs. 212.6 Crore with margins of 11.4%
- Operational Net Income increased by 6.3% to Rs. 90.4 Crore
- Dividend of 40% or Rs. 0.80 per share

Q4 FY2014 vs. Q4 FY2013

- Net Sales increased to Rs. 449.8 Crore
- Prestige & Above brands 17.2% volume growth
- Prestige & Above brands increased from 15.3% to 17.3% of total IMFL volumes
- Operational EBITDA maintained at Rs. 40.1 Crore
- Operational Net Income of Rs. 9.1 Crore

Continued strong volume growth in high margin Prestige & Above brands

Management Perspectives



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

“Radico Khaitan’s financial performance during this fiscal year was pleasing overall, especially in the context of a generally higher operating cost environment. The management team’s relentless focus on delivering its premiumization strategy has been a key success factor. Our Prestige & Above brands continue to expand market share and encouragingly exports are gaining momentum. The board of directors is delighted to recommend a dividend of Rs. 0.80 per share, equivalent to 40% of the face value. As we enter the next financial year, Radico Khaitan is extremely well positioned to capitalize on the shifting market trend from volume to value growth.”

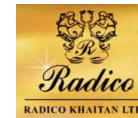
Commenting on the results and performance, Mr. Abhishek Khaitan, Managing Director said:

“We are very excited to report another successful year where our Prestige & Above brands have outperformed. With robust volume growth in excess of 20%, we would expect this category to continue to drive the underlying quality of our revenues. Although ENA costs increased during the year, management was able to preserve operating margins. Investing for the future, in particular through highly targeted advertising and promotions, is a key part of our brand development strategy. In this context, we launched new brands during the year and also expect to benefit from the increasing reach of our existing brand portfolio.”

Premiumization and price increases to offset ENA cost pressures going forward

- The sugarcane crushing season in India has almost ended, except for production at 20 sugar mills in Tamil Nadu and South Karnataka
- As per the Indian Sugar Mills Association (ISMA), total sugar production as of May 2014 decreased from 24.7 million tonnes last year to 23.9 million tonnes in the current year
- Overall strong demand for molasses across user industries has resulted in ENA price increases during the year
- However, capacity increases for grain based molasses is likely to ease pricing pressure in the medium term
- Glass prices remained stable during the year
- As consumer confidence starts to improve, IMFL sales are expected to increase particularly in premium segment

Financial Overview



Q4 and Full Year FY2014 Financial Performance

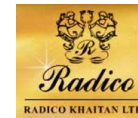
(Rs. Crore)	Q4		y-o-y	Full Year		y-o-y
	FY2014	FY2013	Growth (%)	FY2014	FY2013	Growth (%)
Net Sales	449.8	439.9	2.3%	1,857.2	1,716.3	8.2%
Operational EBITDA	40.1	40.3	(0.7)%	212.6	192.0	10.7%
<i>Operational EBITDA Margin (%)</i>	8.9%	9.2%		11.4%	11.2%	
Net Income	9.9	15.7	(37.0)%	71.3	77.3	(7.8)%
<i>Net Income Margin (%)</i>	2.2%	3.6%		3.8%	4.5%	
Operational Net Income	9.1	16.7	(45.3)%	90.4	85.0	6.3%
<i>Operational Net Income Margin (%)</i>	2.0%	3.8%		4.9%	5.0%	
Operational Basic EPS (Rs.)	0.69	1.26	(45.4)%	6.79	6.40	6.2%

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

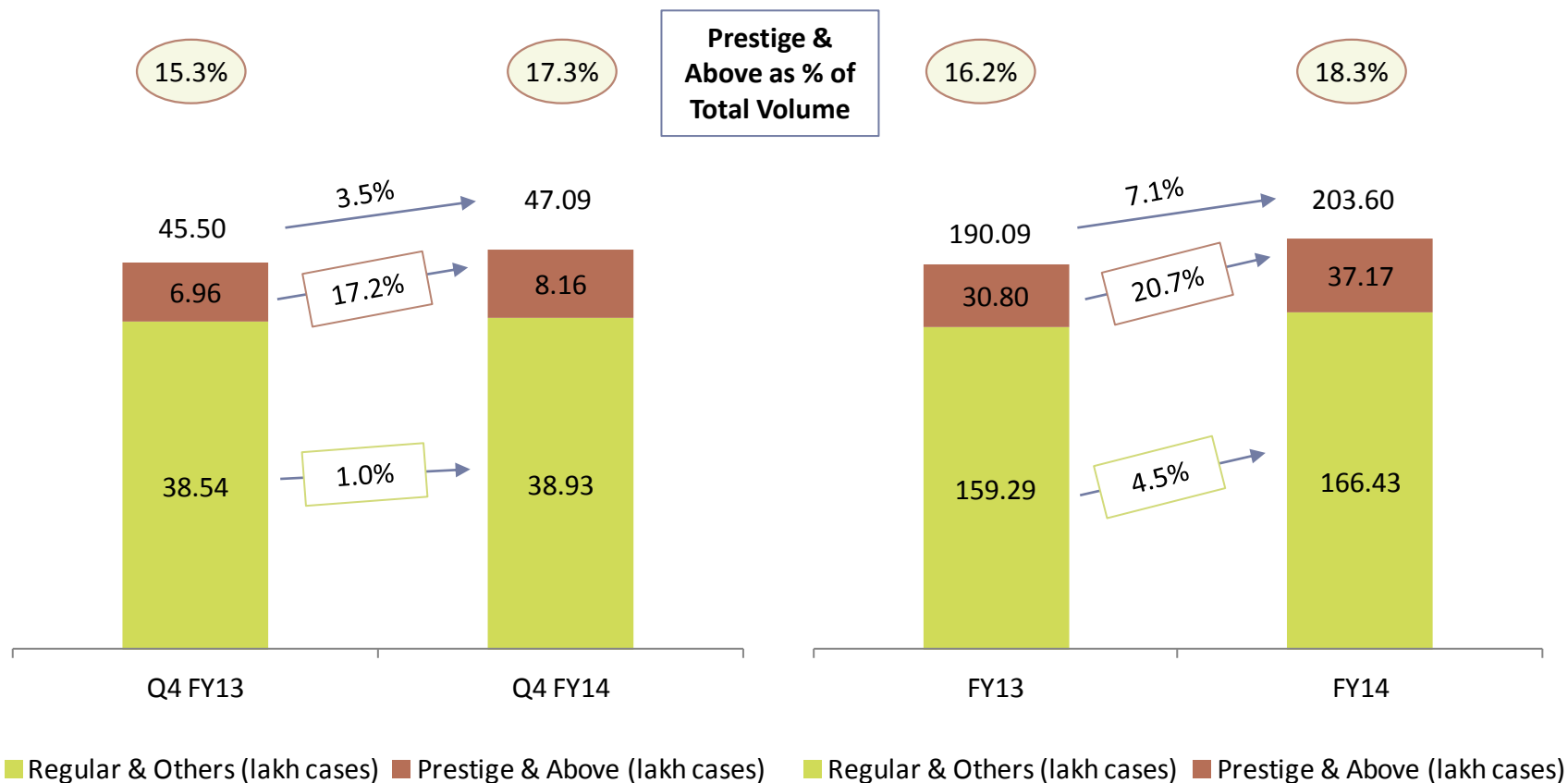
Operational EBITDA: Aggregate charge of Rs. 4.4 Crore for the UP Government levy during Q2 FY2014. Other expenses includes additional charge of Rs. 23.5 Crore towards state excise duty as per new provisions under Accounting Standard 2 of ICAI for valuation of finished goods stocks. The corresponding credit has been considered in the finished goods valuations in Q4 FY2014

Operational Net Income: Net Income has been adjusted for foreign exchange fluctuation loss / (gain) of Rs. (0.8) Crore in Q4 FY2014 compared with Rs. 1.0 Crore in Q4 FY2013 and Rs. 14.7 Crore FY2014 compared with Rs. 7.7 Crore FY2013. 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

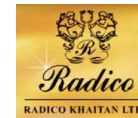
Operational Performance



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



Performance Discussion



FY2014 Financial Highlights

Net Sales: Net Sales increased by 8.2% compared to the same period last year driven by a robust performance of Prestige & Above brands. IMFL sales contributed in excess of 75% of total sales with volume growth of 7.1% and sales value growth of 14.7% during the year.

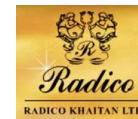
Prestige & Above brands delivered strong growth of 20.7% compared to FY2013. As a percentage of total IMFL volumes, these brands now contribute 18.3% compared to 16.2% last year. This performance is a reflection of the ongoing success of Company's premiumization strategy.

EBITDA: Operational EBITDA increased by 10.7% and margins improved by 26 basis points to 11.4% compared to the previous year. Margin expansion was constrained by higher ENA costs that increased by Rs. 17.6 Crore, 5.1% compared to FY2013. Advertising & Promotion expenses increased to Rs. 128.4 crore compared to Rs. 116.4 Crore last year. These marketing campaigns reflect continued investment in both new product launches and the existing brand portfolio.

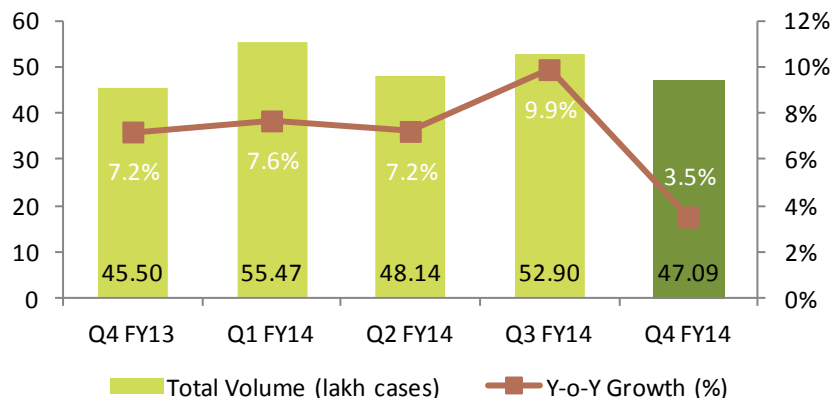
Net Profit: Operational Net Profit increased by 6.3% compared with same period last year. Net Interest expense increased from Rs. 41.8 Crore in FY2013 to Rs. 50.0 Crore in FY2014.

Balance Sheet: As of March 31, 2014, Total Debt was Rs. 903.8 Crore, Cash and Cash Equivalents were Rs. 15.3 Crore resulting in Net Debt of Rs. 888.5 Crore. Total Debt consists of Rs. 405.6 Crore of Working Capital loans and Rs. 498.3 Crore of Long Term loans, including Long Term loans maturing within 12 months of the balance sheet date.

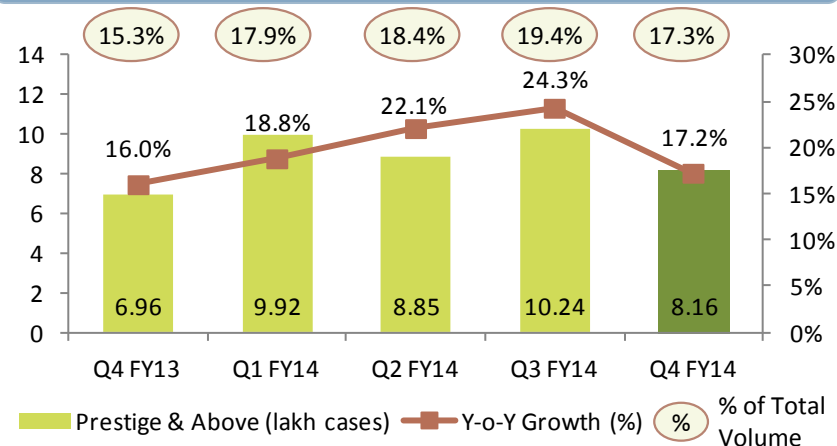
Quarterly Performance Trends



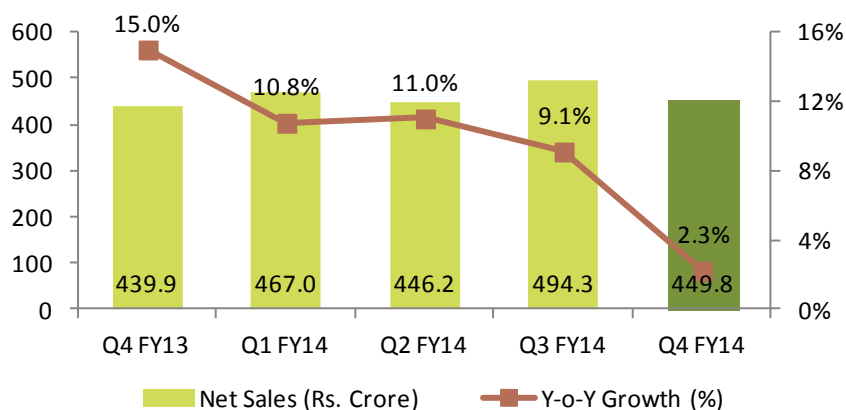
Total IMFL Volume



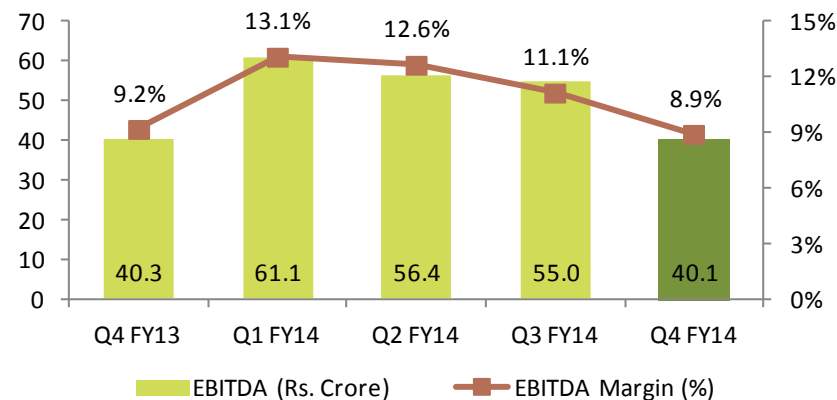
Prestige & Above Category Volume



Net Sales



Operational EBITDA



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

Key Developments and Outlook



FY2014 Corporate Developments

New Launches: Launched Morpheus Blue, an upgraded version of the super premium Morpheus Brandy. Expanded the vodka portfolio with the launch of two additional flavours of the Verve Magic Moments vodka. These new flavours, Verve Magic Moments Green Apple and Verve Magic Moments Orange, were initially launched in the first phase in North India and selected other states.

Awards: Dr. Lalit Khaitan received the 'Legend of the Industry' award at Spiritz 2014, in addition to Radico Khaitan receiving the 'Brand Premiumisation Award' and 'Excellence in Marketing Award'. Mr. Abhishek Khaitan received the Indspirit 2014 'Young Entrepreneur of the Year' Award

Magic Moments vodka received the Indspirit 2014 'Popular Product of the Year' Award. In addition Magic Moments, Magic Moments Remix Flavoured, M2 Verve Magic Moments Super Premium and Morpheus Blended Premium Brandy all received Monde Selection Gold / Grand Gold awards at 2014 World Quality Selections.

Performance Outlook

Radico Khaitan's approach to premiumization remains a core part of the strategy and continues to deliver shareholder value. High profile awards for the Company's market leading brands reflect its success in anticipating consumer trends and preferences. New product launches and continued investment through advertisement and promotion will drive market share in the Premium & Above category going forward.

Although operating cost control remains a priority, any price increases will translate into enhanced operating margins. Overall, Radico Khaitan is confident that its premium product portfolio will continue to gain further market traction and deliver a profitable growth trajectory.

Company Overview



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 2014-18 CAGR of 7.9%
- 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 the premium Vodka category in India
- Market share of about 37%
- Vodka industry in India has grown at a 5 year volume CAGR of 20%



- Launched in 2009, Morpheus Brandy is the market leader in the super premium brandy category

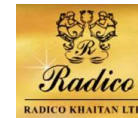


- Capitalizing on the success of Morpheus, the Company launched Florence brandy in 2013



- Launched in 2011, After Dark is well positioned in the fast growing premium whisky segment in India

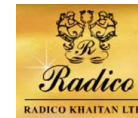
Statutory Results



Fourth Quarter and Full Year Results for FY2014

PART-I		(Figures Rs. in lakhs)				
Sl. No.	Particulars	(1)	(2)	(3)	(4)	(5)
		Quarter ended 31.03.2014 (Audited)	Quarter ended 31.12.2013 (Unaudited)	Quarter ended 31.03.2013 (Audited)	Year ended 31.03.2014 (Audited)	Year ended 31.03.2013 (Audited)
1	Income from operations					
	(a) Gross Sales	70,342.94	80,963.90	66,315.74	300,559.53	244,779.96
	Less: Excise duty	36,076.64	43,020.87	34,240.54	159,340.56	123,051.69
	Net Sales / Income from Operations	34,266.30	37,943.03	32,075.20	141,218.97	121,728.27
	(b) Other Operating Income	874.17	1,144.42	1,073.64	3,951.26	4,110.66
	Total Income from operations (net)	35,140.47	39,087.45	33,148.84	145,170.23	125,838.93
2	Expenditure					
	(a) Cost of material consumed	17,505.48	17,394.95	15,240.16	66,652.34	51,442.10
	(b) Purchase of stock-in-trade	228.18	522.77	2,126.50	2,204.59	6,181.26
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(4,155.91)	405.14	(1,280.17)	(3,546.81)	877.29
	(d) Employee benefits expense	2,367.43	2,584.36	2,007.96	9,317.97	7,872.98
	(e) Depreciation and amortisation expense	975.34	985.00	881.11	3,875.34	3,531.11
	(f) Selling & Distribution	7,063.51	7,777.88	5,745.65	28,618.93	23,464.37
	(g) Other expenditure	8,049.50	5,006.21	5,374.35	22,574.27	17,577.46
	Total expenses	32,033.53	34,676.31	30,095.56	129,696.63	110,946.57
3	Profit / (Loss) from Operations before Other income, Finance Costs and Exceptional Items (1-2)	3,106.94	4,411.14	3,053.28	15,473.60	14,892.36
4	Other Income	1,011.49	904.33	739.42	3,648.30	3,041.46
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	4,118.43	5,315.47	3,792.70	19,121.90	17,933.82
6	Finance Cost	2,235.05	2,220.40	1,820.75	8,480.95	7,005.58
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	1,883.38	3,095.07	1,971.95	10,640.95	10,928.24
8	Exceptional items	0.00	-	0.00	0.00	0.00
9	Profit (+) / Loss (-) from Ordinary Activities before tax (7+8)	1,883.38	3,095.07	1,971.95	10,640.95	10,928.24
10	Tax Expense	893.00	943.00	400.00	3,515.00	3,200.00
11	Net Profit (+) / Loss (-) from Ordinary Activities after tax (9-10)	990.38	2,152.07	1,571.95	7,125.95	7,728.24
12	Extra ordinary items (net of tax expense Rs.in lakhs)	-	-	-	-	-
13	Net Profit (+) / Loss (-) for the period (11-12)	990.38	2,152.07	1,571.95	7,125.95	7,728.24
14	Paid up equity share capital (of Rs. 2/- each)	2,660.78	2,659.96	2,658.01	2,660.78	2,658.01
15	Reserves excluding revaluation reserve				74,536.73	69,245.66
16 (i)	Earning per share (before extra ordinary items) (of Rs. 2/- each) not annualized					
	Basic	0.74	1.62	1.18	5.36	5.82
	Diluted	0.75	1.61	1.24	5.35	5.81
16(ii)	Earning per share (after extra ordinary items) (of Rs. 2/- each) not annualized					
	Basic	0.74	1.62	1.18	5.36	5.82
	Diluted	0.75	1.61	1.24	5.35	5.81

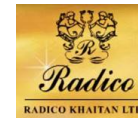
Statutory Results



Fourth Quarter and Full Year Results for FY2014

PART - II						
A	Particulars of Shareholding					
	Public shareholding					
	(a) No. of Shares	79208947	79168322	79070562	79208947	79070562
	(b) Percentage of Shareholding	59.54	59.52	59.50	59.54	59.50
	Promoters and promoter group Shareholding					
	(a) Pledged / Encumbered					
	- Number of shares	11781429	13081429	15926819	11781429	15926819
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	21.89	24.30	29.59	21.89	29.59
	- Percentage of shares (as a % of the total share capital of the Company)	8.86	9.84	11.98	8.86	11.98
	(b) Non-encumbered					
	- Number of shares	42048389	40748389	37902999	42048389	37902999
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	78.11	75.70	70.41	78.11	70.41
	- Percentage of shares (as a % of the total share capital of the Company)	31.60	30.64	28.52	31.60	28.52
B	Investor Complaints	Quarter ended 31.03.2014				
	Pending at the beginning of the quarter	1				
	Received during the quarter	3				
	Disposed of during the quarter	4				
	Remaining unresolved at the end of the quarter	NIL				

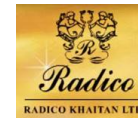
Statutory Results



Fourth Quarter and Full Year Results for FY2014

Statement of Assets and Liabilities		
Particulars	Figures Rs. in lakhs	
	As at 31.03.2014 (Audited)	As at 31.03.2013 (Audited)
<u>EQUITY AND LIABILITIES</u>		
Shareholders' funds		
(a) Share capital	2,660.78	2,658.01
(b) Reserves and surplus	75,445.95	70,161.24
Sub-total - Shareholder's funds	78,106.73	72,819.25
Non-current liabilities		
(a) Long-term borrowings	42,358.35	41,397.62
(b) Deferred tax liabilities (Net)	6,953.00	5,883.00
(c) Other long term liabilities	122.24	4.17
(d) Long-term provisions	521.84	433.58
Sub-total - Non-current liabilities	49,955.43	47,718.37
Current liabilities		
(a) Short-term borrowings	40,555.02	30,542.97
(b) Trade payables	12,755.55	11,724.85
(c) Other current liabilities	16,334.42	15,400.33
(d) Short-term provisions	3,864.07	2,099.00
Sub-total - Current liabilities	73,509.06	59,767.15
TOTAL - EQUITY AND LIABILITIES	201,571.22	180,304.77
<u>ASSETS</u>		
Non-current assets		
(a) Fixed assets		
- Tangible assets	53,067.82	48,659.56
- Intangible assets	3,982.20	4,283.52
- Capital work-in-progress (at cost)	812.06	532.74
(b) Non-current investments	5,836.79	5,836.79
(c) Long-term loans and advances	13,652.31	20,798.24
(d) Other non current assets - deposits with banks	201.90	149.07
Sub-total - Non-current assets	77,553.08	80,259.92
Current assets		
(a) Current investments	5,000.00	5,022.05
(b) Inventories	21,031.25	18,494.97
(c) Trade receivables	52,331.67	43,538.09
(d) Cash and cash equivalents	1,528.51	1,599.68
(e) Short-term loans and advances	40,347.54	28,026.12
(f) Other current assets	3,779.17	3,363.94
Sub-total - Current assets	124,018.14	100,044.85
TOTAL ASSETS	201,571.22	180,304.77

Statutory Results



Fourth Quarter and Full Year Results for FY2014

Notes:

1. The above financial results were reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 30th May 2014.
2. The figures for the quarter ended 31st March 2014 and 31st March 2013 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.
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) 37428.00 (2) 37460.00 (3) 33481.76 (4) 142292.37 (5) 141177.02 column-wise respectively. The resultant income to Radico Khaitan Ltd. (RKL) from these operations is included hereinabove.
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 2014 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.76.84 lacs (credit) on account of foreign exchange translation variations in long term foreign currency borrowings.
7. During the quarter, the Company has allotted 40625 equity shares on 12.2.2014 on exercise of Employees Stock Option by the eligible employees, as per the ESOP Scheme 2006.
8. Previous year / period figures have been regrouped / rearranged, wherever necessary to make them comparable with the current period figures.

For Radico Khaitan

**New Delhi
30.5.2014**

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



Contact Details:

Radico Khaitan Limited

(CIN: L26941UP1983PLC027278)

B-1/J-1, Mohan Co-operative Industrial Area
Main Mathura Road, New Delhi – 110044

Phone: +91 11 409 75 400 / 500

Fax: +91-11-41678841/42

www.radicokhaitan.com

Dilip Kumar Banthiya
Chief Financial Officer

banthiyadk@radico.co.in
+91 11 4167 6218

Mukesh Agrawal
Head – Investor Relations

agrawalm@radico.co.in
+91 11 4097 5423

Saket Somani
Churchgate Partners

saket@churchgatepartnersindia.com
+91 22 3953 7444

