



Radico Khaitan Limited

(NSE: RADICO, BSE: 532497)

Unaudited Second Quarter Results for FY2013

November 7, 2012

Safe Harbour:

This release 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 Delhi, India, November 7, 2012 – Radico Khaitan Limited, one of the largest spirits companies in India (referred to as “Radico Khaitan” or the “Company”), announces its Unaudited Second Quarter Results for FY2013, in accordance with Indian GAAP.

Performance Highlights: Q2 FY2013 vs. Q2 FY2012

- Premium Brands volume growth of 19.6%
- Morpheus Premium Brandy volume growth of 36.3%
- Magic Moments Vodka volume growth of 16.7%
- Net Sales increased by 13.6%
- EBITDA increased by 10.7% and margin at 12.2%
- Launched Verve, a super premium Vodka, in the key liquor consuming states in North India

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

“Radico Khaitan demonstrated strong growth during a seasonally slow quarter, driven by its premium brands. We are excited about the addition of Verve vodka to our premium portfolio. This also further strengthens the Company’s positioning in the Vodka industry in India. We believe that the Company has very strong brands, a clear marketing strategy and a distribution platform to capitalize on the growth of the Indian liquor industry.”

Financial Highlights

(₹ Crore)	Q2		y-o-y	Half Year		y-o-y
	FY2013	FY2012	Growth (%)	FY2013	FY2012	Growth (%)
Net Sales	401.9	353.7	13.6%	823.4	742.1	11.0%
EBITDA	49.1	44.4	10.7%	101.6	87.2	16.5%
EBITDA Margin (%)	12.2%	12.5%		12.3%	11.8%	
Net Income	22.1	14.8	49.1%	43.2	35.5	21.5%
Net Income Margin (%)	5.5%	4.2%		5.2%	4.8%	
Adjusted Net Income	20.8	20.2	3.0%	46.0	41.1	11.9%
Adjusted Net Income Margin (%)	5.2%	5.7%		5.6%	5.5%	
Adjusted Basic EPS (₹)	1.57	1.52	2.9%	3.47	3.10	11.8%

Adjusted Net Income: Q2 FY2013 Net Income has been adjusted for a ₹1.3 Crore exceptional gain on account of foreign exchange fluctuations.

Economic Environment

According to the Indian Sugar Mills Association (ISMA), sugar production in the 2011-12 season was around 26 million tonnes. Considering domestic consumption of 22 million tonnes and sugar exports of around 3.5 million tonnes during the season, the opening balance of sugar for the 2012-13 season is expected to be around 6 million tonnes. As per the first advance estimates of Ministry of Agriculture, the area under sugarcane for the 2012-13 sugar season increased by 4% to 52.88 lakh hectares. Considering a surplus sugar production next year due to increased sugarcane acreage, we expect a stable molasses supply and pricing scenario.

Operational Highlights

Brands Performance

(lakh cases)	Q2		y-o-y	Half Year		y-o-y
	FY2013	FY2012	Growth (%)	FY2013	FY2012	Growth (%)
Magic Moments Vodka	6.01	5.15	16.7%	13.31	11.35	17.3%
Morpheus Brandy	1.24	0.91	36.3%	2.29	1.61	42.2%
Premium Brands (A)	7.25	6.06	19.6%	15.60	12.96	20.4%
Other Main Line Brands (B)	26.15	24.50	6.7%	56.07	52.22	7.4%
Other Brands (C)	11.51	11.09	3.8%	24.77	24.09	2.8%
Total (A+B+C)	44.91	41.65	7.8%	96.44	89.27	8.0%
<i>Premium Brands as a % of Total</i>	<i>16.1%</i>	<i>14.5%</i>		<i>16.2%</i>	<i>14.5%</i>	

Q2 FY2013 Financial Highlights

Q2 FY2013 Net Sales increased by 13.6% compared to the same period last year. Premium brands as a percentage of total IMFL sales increased from 14.5% in Q2 FY2012 to 16.1% in the current quarter.

Q2 FY2013 EBITDA increased by 10.7% and EBITDA margins declined slightly by 32 bps to 12.2% as compared to last year. EBITDA margins during the first half of FY2013 increased by 58 bps. Despite the increase in the ENA costs, gross margins improved from 38.2% in Q2 FY2012 to 40.3% in Q2 FY2013. This was primarily due to the price increases received in H2 FY2012 and Q1 FY2013, and strong growth in the premium brands. Margins during the quarter were marginally impacted by the increase in ENA prices and Advertising & Sales Promotion (A&SP) expenses. A&SP expenses increased from 6.8% of sales in Q2 FY2012 to 7.2% of sales in Q2 FY2013.

Q2 FY2013 Adjusted Net Profit increased by 3.0% and margins declined by 53 bps compared with same period last year. Net Interest expense increased from ₹8.7 Crore in Q2 FY2012 to ₹9.5 Crore in Q2 FY2013 due to an increase in working capital requirement and higher interest rates. During the quarter, the Company was subject to regular tax rates as compared to MAT which was applicable in Q2 FY2012, due to reduction in benefits of tax holidays in Uttaranchal.



Corporate Developments

In October 2012, Radico Khaitan launched Verve, a super premium vodka, in the key liquor consuming states in North India including Delhi, Chandigarh, Haryana, Uttar Pradesh, Rajasthan and Uttaranchal. The brand, with a price point of ₹550 to ₹650, optimally positions the Company to capitalize on the fast growing vodka industry in India with a super premium product.

Performance Outlook

The recent launch of Verve vodka in the super premium category reinforces the Company's ongoing premiumization strategy. Verve is a premium version of Radico Khaitan's successful Magic Moments vodka, which has a 29% market share in the country's vodka market. This brand was initially launched in select states in North India and received very encouraging feedback from the consumers as well as trade channels. This further strengthens the Company's premium brand portfolio and its positioning in the fast growing vodka industry in India. Radico Khaitan's existing premium brands – Magic Moments and Morpheus, continue to perform in line with expectations.

With a strong portfolio of premium brands coupled with a focused marketing strategy, Radico Khaitan is optimally placed to capitalize on the changing dynamics of India liquor industry.

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For further information on Radico Khaitan Limited see www.radicokhaitan.com

Accounting Notes:

1. Net Sales: Includes sale from tie-up units net of royalty income
2. EBITDA: Earnings before interest, taxes and depreciation; excludes other income and exceptional items and includes tie-up units
3. All margins have been calculated based on Net Sales
4. Adjusted Basic EPS: Each share face value of ₹2.00; 132.7 million shares as of September 30, 2012; calculated based on adjusted Net Income

Radico Khaitan: At a Glance

Business Overview	- One of the oldest and largest players in the Indian liquor industry - Established in 1943 as Rampur Distillery, Radico Khaitan entered the IMFL market in 1999 with the introduction of 8PM Whisky - Other millionaire brands include Contessa Rum, Old Admiral Brandy and Magic Moments Vodka - Has a strong presence in the CSD market and has registrations with lifetime validity
Operations	- Pan-India manufacturing and distribution network covering over 90% of retail outlets - Operates three distilleries and one JV with total capacity of 150 million litres - Sells through over 450 wholesalers covering more than 36,000 retail and 5,000 on-premise outlets - Currently has 33 bottling units of which 5 are owned and rest are contract bottling units
Strategic Initiatives	- In Q1 FY2013, launched a super premium brandy, Florence and Verve vodka in October 2012 - In May 2012, acquired 2 whisky brands to strengthen position in South India - Signed an agreement with Suntory (Japan) to market and distribute two of its super premium brands - Yamazaki 12 YO and Hibiki 17 YO, in India - In Q3 FY2011, the Company announced nationwide launch of After Dark premium whisky - In 2009, launched Morpheus Brandy, a premium range brandy with the highest maximum retail price and the first and only Indian product in its category - Acquired Whytehall Whisky from Bacardi Martini India in 2004 and Brihans range of brands from Brihans, Maharashtra in 2005 - Other collaboration with international players include Ernest & Julio Gallo (California) as a distribution partner in India for premium wines
Strong Financials	- Market cap of ~ ₹1,560 Crore with FY2012 revenues of ₹1,533 Crore - FY2008-12 Revenue and EBITDA CAGR of 16% and 22%, respectively - Significantly improved Return on Equity from 3% in FY 2009 to 12% in FY 2012 - Ongoing volume growth in high margin premium liquor space

Brand	Key Highlights
 8PM Whisky	A “Millionaire” Brand in one year of Launch: Launched in 1998, it achieved sales of 1 mn cases in its very first year in what is the largest segment of the Indian whisky market in terms of sale volume
 Magic Moments	Award Winning Vodka: Launched in 2006, Radico Khaitan’s fastest growing brand with 78% volume CAGR to date. It has a 25% industry market share and 85% semi-premium market share
 Contessa Rum	Market Leading Rum in CSD: A millionaire brand with total sales volume of 2.4 mn cases in FY2012. Radico Khaitan’s flagship rum brand and a leader in the Indian CSD rum market
 Morpheus Brandy	Innovation in Packaging: Launched in May 2009 as a premium brand with the highest price point in the brandy segment. Now approved with After Dark for supply to CSD
 After Dark Whisky	New Brand Launch: Launched in June 2010 in select markets and on a pan India basis in Q3 FY2011. Now approved with Morpheus for supply to CSD
 Verve Vodka	New Brand Launch: Launched in October 2012 in North Indian markets. A premium version of Magic Moments

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Plot No. J-I, Block B-I, Mohan Co-operative Industrial Area, Mathura Road, New Delhi-110 044

Unaudited Financial Results for the Quarter Ended 30th September 2012

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

PART -1							
Sl. No.	Particulars	(1) Quarter ended 30.09.2012 (Unaudited)	(2) Quarter ended 30.06.2012 (Unaudited)	(3) Quarter ended 30.09.2011 (Unaudited)	(4) Half year ended 30.09.2012 (Unaudited)	(5) Half year ended 30.09.2011 (Unaudited)	(6) Year ended 31.03.2012 (Audited)
1	Income from operations						
	Gross Sales	55,505.87	52,107.64	44,291.82	107,613.51	91,477.17	193,528.79
	Less: Excise duty	26,696.26	23,022.75	19,364.92	49,719.01	38,056.05	83,751.87
	(a) Net Sales / Income from Operations	28,809.61	29,084.89	24,926.90	57,894.50	53,421.12	109,776.92
	(b) Other Operating Income	893.95	1,297.89	1,147.00	2,191.84	2,417.03	4,609.75
	Total Income from operations (net)	29,703.56	30,382.78	26,073.90	60,086.34	55,838.15	114,386.67
2	Expenditure						
	(a) Cost of material consumed	11,012.38	10,945.36	11,324.99	21,957.74	22,150.95	46,867.08
	(b) Purchase of stock-in-trade	1,121.90	1,382.22	1,701.28	2,504.12	5,108.66	9,441.27
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,323.57	416.26	(408.16)	1,739.83	221.02	(1,695.96)
	(d) Employee benefits expense	1,963.12	1,863.44	1,768.27	3,826.56	3,445.58	7,063.55
	(e) Depreciation and amortisation expense	850.00	900.00	750.00	1,750.00	1,475.00	3,283.94
	(f) Selling & Distribution	5,273.84	6,851.79	3,989.54	12,125.63	9,314.07	20,499.10
	(g) Other expenditure	4,096.51	3,679.99	3,262.04	7,776.50	6,877.43	15,006.86
	Total expenses	25,641.32	26,039.06	22,387.96	51,680.38	48,592.71	100,465.84
3	Profit / (Loss) from Operations before Other Income, Finance costs and Exceptional Items (1-2)	4,062.24	4,343.72	3,685.94	8,405.96	7,245.44	13,920.83
4	Other Income	838.22	616.21	528.71	1,454.43	837.36	2,137.15
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	4,900.46	4,959.93	4,214.65	9,860.39	8,082.80	16,057.98
6	Finance Costs	1,594.42	2,098.07	1,958.55	3,692.49	3,052.54	6,112.09
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	3,306.04	2,861.86	2,256.10	6,167.90	5,030.26	9,945.89
8	Exceptional items	-	-	-	-	-	(1,249.89)
9	Profit (+) / Loss (-) from Ordinary Activities before tax (7+8)	3,306.04	2,861.86	2,256.10	6,167.90	5,030.26	8,696.00
10	Tax Expense	1,100.00	750.00	777.00	1,850.00	1,477.00	2,330.00
11	Net Profit (+) / Loss (-) from Ordinary Activities after tax (9-10)	2,206.04	2,111.86	1,479.10	4,317.90	3,553.26	6,366.00
12	Extra ordinary items (net of tax expense Rs.in lakhs)	-	-	-	-	-	-
13	Net Profit (+) / Loss (-) for the period (11-12)	2,206.04	2,111.86	1,479.10	4,317.90	3,553.26	6,366.00
14	Paid up equity share capital (of Rs. 2/- each)	2,654.89	2,654.18	2,652.96	2,654.89	2,652.96	2,654.08
15	Reserves excluding revaluation reserve						65,949.92
16 (i)	Earning per share (before extraordinary items) (of Rs.2/- each) (not annualised)						
	Basic	1.66	1.59	1.12	3.25	2.68	4.80
	Diluted	1.65	1.58	1.12	3.24	2.68	4.76
16 (i)	Earning per share (after extraordinary items) (of Rs.2/- each) (not annualised)						
	Basic	1.66	1.59	1.12	3.25	2.68	4.80
	Diluted	1.65	1.58	1.12	3.24	2.68	4.76

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Unaudited Financial Results for the Quarter Ended 30th September 2012

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Sl. No.	Particulars	(1) Quarter ended <u>30.09.2012</u> (Unaudited)	(2) Quarter ended <u>30.06.2012</u> (Unaudited)	(3) Quarter ended <u>30.09.2011</u> (Unaudited)	(4) Half year ended <u>30.09.2012</u> (Unaudited)	(5) Half year ended <u>30.09.2011</u> (Unaudited)	(6) Year ended <u>31.03.2012</u> (Audited)
PART - II							
A	Particulars of Shareholding						
	Public shareholding						
	(a) No. of Shares	78914561	79165897	79668723	78914561	79668723	79160647
	(b) Percentage of Shareholding	59.45	59.65	60.06	59.45	60.06	59.65
	Promoters and promoter group Shareholding						
	(a) Pledged / Encumbered						
	- Number of shares	27576755	23316833	22450404	27576755	22450404	24364333
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	51.23	43.55	42.38	51.23	42.38	45.50
	- Percentage of shares (as a % of the total share capital of the Company)	20.77	17.57	16.92	20.77	16.92	18.36
	(b) Non-encumbered						
	- Number of shares	26253063	30226399	30528827	26253063	30528827	29178899
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	48.77	56.45	57.62	48.77	57.62	54.50
	- Percentage of shares (as a % of the total share capital of the Company)	19.78	22.78	23.02	19.78	23.02	21.99
B	Investor Complaints	Quarter ended 30.9.2012					
	Pending at the beginning of the quarter	NIL					
	Received during the quarter	NIL					
	Disposed of during the quarter	NIL					
	Remaining unresolved at the end of the quarter	NIL					

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Unaudited Financial Results for the Quarter Ended 30th September 2012

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Particulars	As at 30.09.2012	As at 31.03.2012
A	<u>EQUITY AND LIABILITIES</u>		
1	Shareholders' funds		
	(a) Share capital	2,654.89	2,654.08
	(b) Reserves and surplus	71,213.34	66,871.86
	Sub-total - Shareholder's funds	73,868.23	69,525.94
2	Share application money pending allotment	0.00	1.61
3	Non-current liabilities		
	(a) Long-term borrowings	38,600.40	33,835.48
	(b) Deferred tax liabilities (Net)	6,233.00	5,633.00
	(c) Other long term liabilities	63.58	182.68
	(d) Long-term provisions	402.10	402.10
	Sub-total - Non-current liabilities	45,299.08	40,053.26
4	Current liabilities		
	(a) Short-term borrowings	32,469.27	27,770.79
	(b) Trade payables	9,770.43	11,872.69
	(c) Other current liabilities	6,695.41	15,161.37
	(d) Short-term provisions	645.07	1,528.33
	Sub-total - Current liabilities	49,580.18	56,333.18
	TOTAL - EQUITY AND LIABILITIES	168,747.49	165,913.99
B	<u>ASSETS</u>		
1	Non-current assets		
	(a) Fixed assets		
	- Tangible assets	44,847.20	45,803.30
	- Intangible assets	4,316.64	4,418.38
	- Capital work-in-progress (at cost)	3,348.98	484.38
	(b) Non-current investments	5,836.79	5,838.09
	(c) Foreign currency monetary item translation difference account	3,035.93	2,684.65
	(d) Long-term loans and advances	7,936.62	8,540.12
	(e) Other non current assets - deposits with banks	129.84	71.79
	Sub-total - Non-current assets	69,452.00	67,840.71
2	Current assets		
	(a) Current investments	5,172.05	5,295.66
	(b) Inventories	13,582.24	17,744.56
	(c) Trade receivables	29,594.98	34,779.21
	(d) Cash and cash equivalents	2,429.81	2,103.85
	(e) Short-term loans and advances	45,663.95	34,726.81
	(f) Other current assets	2,852.46	3,423.19
	Sub-total - Current assets	99,295.49	98,073.28
	TOTAL ASSETS	168,747.49	165,913.99



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Unaudited Financial Results for the Quarter Ended 30th September 2012

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

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 7th November 2012.
2. The Statutory Auditors have carried out a limited review of the financial results for the quarter ended 30th September 2012.
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) 32,922.08 (2) 37,602.79 (3) 27,155.98 (4) 70,524.87 (5) 52,641.41 (6) 113,539.63 column-wise respectively. 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 introduction of para 46A in AS-11 vide notification dated 29th December 2011, the Company has written off / written back a sum of Rs.128.46 lacs (gain) and Rs.285.53 lacs (loss) in the current quarter and half year respectively on account of foreign exchange translation variations in long term foreign currency borrowings.
6. During the quarter, the Company has allotted 35,250 equity shares on 31.7.2012 on exercise of Employees Stock Option by the eligible employees, as per the ESOP Scheme 2006.
7. Previous year figures have been regrouped / rearranged to make them comparable with the current year figures, wherever necessary.

For Radico Khaitan Limited

Place: New Delhi

Date: 7.11.2012

Dr. Lalit Khaitan
Chairman & Managing Director