



Radico Khaitan Limited

(NSE: RADICO, BSE: 532497)

Unaudited First Quarter Results for FY2013

July 31, 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, July 31, 2012 – Radico Khaitan Limited, one of the largest spirits companies in India (referred to as “Radico Khaitan” or the “Company”), announces its Unaudited First Quarter Results for FY2013, in accordance with Indian GAAP.

Performance Highlights: Q1 FY2013 vs. Q1 FY2012

- Premium Brands volume growth of 21.0%
- Morpheus Premium Brandy volume growth of 50.0%
- Magic Moments Vodka volume growth of 17.7%
- Net Sales increased by 8.5%
- EBITDA increased by 21.7% and margin by 135 bps to 12.4%
- Adjusted Net Profit increased by 20.4% and margin by 59 bps
- Price increases received in the state of Kerala
- Launched Florence, a super premium brandy, in Tamil Nadu

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

“Radico Khaitan is pleased to report another quarter with a strong top-line performance led by our premium brands. The Company had secured price increases in some of its key markets during the course of last year which has now translated into margin expansion in the current quarter. We continue to focus on building upon our strong brand portfolio and enhance profitability through operational efficiencies and cost optimization. The recent price increases in Kerala coupled with stabilizing ENA costs will result in further margin expansion.”

Financial Highlights

(₹ Crore)	Q1		y-o-y	Q4	
	FY2013	FY2012	Growth (%)	FY2012	Growth (%)
Net Sales	421.5	388.4	8.5%	382.5	10.2%
EBITDA	52.4	43.1	21.7%	40.2	30.4%
EBITDA Margin (%)	12.4%	11.1%		10.5%	
Net Income	21.1	20.7	1.8%	4.5	372.9%
Net Income Margin (%)	5.0%	5.3%		1.2%	
Adjusted Net Income	25.3	21.0	20.4%	17.4	44.9%
Adjusted Net Income Margin (%)	6.0%	5.4%		4.6%	
Adjusted Basic EPS (₹)	1.90	1.58	20.3%	1.31	44.9%

Adjusted Net Income: Q1 FY2013 Net Income has been adjusted for a ₹4.14 Crore exceptional loss on account of foreign exchange fluctuations.

Economic Environment

The actual sugar production in the current 2011-12 season, up to end June 2012 was 25.7 million tonnes. The Indian Sugar Mills Association (ISMA) maintained its forecast of 26 million tonnes for 2011-12. It expects further production of 0.3 million tonnes during the next three months, mainly in Karnataka and Tamil Nadu. ISMA expects sugar exports to be 3.5 million tonnes by the end of September and that the country will have a satisfactory opening balance for 2012-13. It expects the country to remain a net exporter of sugar next year. ENA prices during the quarter remained flat as compared to Q1 FY2012. As per preliminary estimates, the sugarcane production in the sugar season 2012-13 is expected to be higher by 10% due to higher cane acreage in the state of Uttar Pradesh.

Operational Highlights

Brands Performance

(lakh cases)	Q1		y-o-y	Q4	
	FY2013	FY2012	Growth (%)	FY2012	Growth (%)
Magic Moments Vodka	7.30	6.20	17.7%	5.11	43.0%
Morpheus Brandy	1.05	0.70	50.0%	0.89	17.7%
Premium Brands (A)	8.35	6.90	21.0%	6.00	39.2%
Other Main Line Brands (B)	29.92	27.72	7.9%	24.52	22.0%
Total Main Line Brands (A+B)	38.27	34.62	10.5%	30.52	25.4%
Other Brands (C)	13.26	13.00	2.0%	11.93	11.1%
Total (A+B+C)	51.53	47.62	8.2%	42.46	21.4%
<i>Premium Brands as a % of Total</i>	<i>16.2%</i>	<i>14.5%</i>		<i>14.1%</i>	

Q1 FY2013 Financial Highlights

Q1 FY2013 Net Sales increased by 8.5% compared to the same period last year. The sales growth was impacted by an one-off 18.5% y-o-y decline in the bulk spirits sales. Excluding this decline, Net Sales would have been up 12.5% y-o-y. This growth was driven by the Company's premium brands, Magic Moments and Morpheus. Premium brands as a percentage of total IMFL sales increased from 14.5% in Q1 FY2012 to 16.2% in the current quarter which is a clear reflection of the success of Radico Khaitan's premiumization strategy.

Radico Khaitan's volumes in Tamil Nadu declined by 17% as the Company strategically limited the sale of other miscellaneous brands in the state. The Company launched Florence, a super premium brandy in Tamil Nadu. This latest brand is showing good traction with both the trade channels as well as the consumers. The launch of Florence reinforces the Company's premiumization strategy. During Q1 FY2013, IMFL sales value increased by 14.3% and IMFL sales volume increased by 8.2% as compared to last year.

Q1 FY2013 EBITDA increased by 21.7% and EBITDA margins increased by 135 bps to 12.4% as compared to last year. Gross margins improved from 38.4% in Q1 FY2012 to 41.8% in Q1 FY2013.

This was primarily due to the price increases received in H2 FY2012 and the Company's focus on premiumization. This margin expansion was achieved after offsetting the 8% increase in glass bottle prices experienced in February 2012. ENA prices during the quarter remained relatively flat compared to Q1 FY2012. The Company has a sizable inventory of molasses which insulates it against short and medium term fluctuations in molasses prices.

Q1 FY2013 Adjusted Net Profit increased by 20.4% and margins increased by 59 bps compared with same period last year. Net Interest expense (net of exceptional foreign exchange fluctuation losses and interest income) increased from Rs. 8.0 Crore in Q1 FY2012 to Rs. 11.0 Crore in Q1 FY2013 due to an increase in working capital requirement, higher interest rates and capex required for branded business. Net Interest expenses remained at similar levels compared to Q4 FY2012.

Corporate Developments

During the quarter, Radico Khaitan received Board approval to invest upto \$10 million in a wholly owned subsidiary in Mauritius. This entity is being established to promote the Company's international business including exports and investments in joint venture companies in Africa.

In May 2012, the Company launched Florence, a super premium brandy, in the state of Tamil Nadu. With a price point in excess of the Morpheus premium brandy, this brand further strengthens the premium portfolio.

Performance Outlook

Radico Khaitan continues to be focused on its premiumization strategy. Its premium brands, Magic Moments and Morpheus, continue to show robust growth. The newly launched Florence super premium brandy has been received well and registered encouraging sales volumes. After Dark whisky launched last year has continued to receive favourable feedback from end consumers as well as the trade channels. The brand has also won bronze medal at the prestigious International Spirits Challenge 2012, United Kingdom for blend and quality. With its established brand portfolio and market leadership, the Company is well positioned to take advantage of the growth in the Indian liquor industry.

In line with its premiumization strategy, the Company intends to roll out a premium version of its Magic Moments vodka. This new version will improve margins and also attract consumers from premium vodka category.

Radico Khaitan had received price increases in some of the key liquor consuming states in H2 FY2012 and most recently in the state of Kerala. Price increase is also expected in one of the largest liquor consuming states during the second quarter. This will further add to the overall revenue growth and profitability of the Company in the coming quarters.



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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 June 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 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 ~ ₹1,420 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

Radico Khaitan Limited

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 June 2012

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

PART - 1

Sl. No.	Particulars	(1) Quarter ended 30.06.2012 (Unaudited)	(2) Quarter ended 31.03.2012 (Unaudited)	(3) Quarter ended 30.06.2011 (Unaudited)	(4) Year ended 31.03.2012 (Audited)
1	Income from operations				
	Gross Sales	52,107.64	48,800.61	47,185.35	193,528.79
	Less: Excise duty	23,022.75	21,485.33	18,691.13	83,751.87
	(a) Net Sales / Income from Operations	29,084.89	27,315.28	28,494.22	109,776.92
	(b) Other Operating Income	1,297.89	1,062.34	1,270.03	4,609.75
	Total Income from operations	30,382.78	28,377.62	29,764.25	114,386.67
2	Expenditure				
	(a) Cost of material consumed	10,945.36	12,163.21	10,825.96	46,867.08
	(b) Purchase of stock-in-trade	1,382.22	1,167.37	3,407.38	9,441.27
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	416.26	(1,690.57)	629.18	(1,695.96)
	(d) Employee benefits expense	1,863.44	1,804.11	1,677.31	7,063.55
	(e) Depreciation and amortisation expense	900.00	1,033.94	725.00	3,283.94
	(f) Selling & Distribution	6,851.79	5,855.67	5,324.53	20,499.10
	(g) Other expenditure	3,679.99	5,057.58	3,615.39	15,006.86
	Total	26,039.06	25,391.31	26,204.75	100,465.84
3	Profit / (Loss) from Operations before Other Income, Finance costs and Exceptional Items (1-2)	4,343.72	2,986.31	3,559.50	13,920.83
4	Other Income	616.21	761.13	308.65	2,137.15
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	4,959.93	3,747.44	3,868.15	16,057.98
6	Finance Costs	2,098.07	1,870.97	1,093.99	6,112.09
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional Items (5-6)	2,861.86	1,876.47	2,774.16	9,945.89
8	Exceptional items	0.00	(1,249.89)	0.00	(1,249.89)
9	Profit (+) / Loss (-) from Ordinary Activities before tax (7+8)	2,861.86	626.58	2,774.16	8,696.00
10	Tax Expense	750.00	180.00	700.00	2,330.00
11	Net Profit (+) / Loss (-) from Ordinary Activities after tax (9-10)	2,111.86	446.58	2,074.16	6,366.00
12	Extra ordinary items (net of tax expense Rs.in lakhs)	0.00	0.00	0.00	0.00
13	Net Profit (+) / Loss (-) for the period (11-12)	2,111.86	446.58	2,074.16	6,366.00
14	Paid up equity share capital (of Rs. 2/- each)	2,654.18	2,654.08	2,651.48	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	1.59	0.34	1.56	4.80
	Diluted	1.58	0.32	1.56	4.76
16(ii)	Earning per share (after extraordinary items) (of Rs.2/- each) (not annualised)				
	(a) Basic	1.59	0.34	1.56	4.80
	(b) Diluted	1.58	0.32	1.56	4.76



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Unaudited Financial Results for the Quarter Ended 30th June 2012

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

PART - II

A	Particulars of Shareholding				
	Public shareholding				
	(a) No. of Shares	79165897	79160647	79594973	79160647
	(b) Percentage of Shareholding	59.65	59.65	60.04	59.65
	Promoters and promoter group Shareholding				
	(a) Pledged / Encumbered				
	- Number of shares	23316833	24364333	21720404	24364333
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	43.55	45.50	41.00	45.50
	- Percentage of shares (as a % of the total share capital of the Company)	17.57	18.36	16.38	18.36
	(b) Non-encumbered				
	- Number of shares	30226399	29178899	31258827	29178899
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	56.45	54.50	59.00	54.50
	- Percentage of shares (as a % of the total share capital of the Company)	22.78	21.99	23.58	21.99
B	Investor Complaints	Quarter ended 30.6.2012			
	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			

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 31st July 2012.
2. The Statutory Auditors have carried out a limited review of the financial results for the quarter ended 30th June 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) 37602.79 (2) 29844.57 (3) 25485.43 (4) 113539.63 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 in the current quarter a sum of Rs.413.99 lacs on account of foreign exchange translation variations in long term foreign currency borrowings.
6. During the quarter, the Company has allotted 5,250 equity shares on 30.5.2012 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

New Delhi
31.7.2012

Dr. Lalit Khaitan
Chairman & Managing Director