



Radico Khaitan Limited

(NSE: RADICO, BSE: 532497)

Fourth Quarter and Full Year Audited Results for FY2013

May 28, 2013

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.

Key Highlights

New Delhi, India, May 28, 2013 – Radico Khaitan Limited, one of the largest spirits companies in India (referred to as “Radico Khaitan” or the “Company”), announces its Fourth Quarter and Audited Full Year Results for FY2013, in accordance with Indian GAAP.

Performance Highlights: FY2013 vs. FY2012

- Prestige & Above Brands volume growth of 19.2%; overall volume growth of 7.4%
- Prestige & Above Brands as a % of total IMFL volumes increased from 14.6% to 16.2%
- Net Sales increased by 11.9% to Rs. 1,716 Crore
- EBITDA increased by 11.6% to Rs. 192 Crore and margin at 11.2%
- Adjusted Net Profit increased by 7.4% to Rs. 85 Crore
- Dividend of 40% or Rs. 0.80 per share

Performance Highlights: Q4 FY2013 vs. Q4 FY2012

- Prestige & Above Brands volume growth of 16.0%
- Net Sales increased by 15.0% to Rs. 440 Crore
- Launched flavoured edition of Verve super premium vodka
- Monde Selection 2013 Grand Gold award for Magic Moments Lemon Grass & Ginger and Lemon flavoured vodka; and 8 Gold awards for other brands

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

“It has been an exciting year for Radico Khaitan as we continue to selectively launch premium brands and strengthen our overall portfolio. In addition to the positive feedback from consumers and our trade partners, I am personally delighted with the recognition that our brands received at the Monde Selection 2013. In particular, it was an achievement for our Verve vodka to receive a Gold award in the first year of its launch.

Our financial performance was underpinned by the strong growth of our premium brands and increasing market penetration. The industry landscape is evolving rapidly with profitability driven growth being a priority. Management has been ahead of the curve with our premiumization strategy over the years and are well positioned looking forward. Radico Khaitan is also pleased to announce a dividend of 40% as our continuous commitment to our valued shareholders.”

Financial Overview

(₹ Crore)	Q4		y-o-y	Full Year		y-o-y
	FY2013	FY2012	Growth (%)	FY2013	FY2012	Growth (%)
Net Sales	439.9	382.5	15.0%	1,716.3	1,533.2	11.9%
EBITDA	40.3	40.2	0.3%	192.0	172.0	11.6%
EBITDA Margin (%)	9.2%	10.5%		11.2%	11.2%	
Net Income	15.7	4.5	252.0%	77.3	63.7	21.4%
Net Income Margin (%)	3.6%	1.2%		4.5%	4.2%	
Adjusted Net Income	16.7	17.4	(4.1)%	85.0	79.1	7.4%
Adjusted Net Income Margin (%)	3.8%	4.6%		5.0%	5.2%	
Adjusted Basic EPS (₹)	1.26	1.31	(4.2)%	6.40	5.96	7.3%

Adjusted Net Income: Net Income has been adjusted for other income and a foreign exchange fluctuation loss of ₹1.2 Crore in Q4 FY2013 and ₹7.7 Crore for full year FY2013, 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.

Economic Environment

As of April 2013, sugar production in the current season was 24.5 million tonnes compared to 25.1 million tonnes in the same period last year. This production decline of approximately 3% was primarily due to lower cane acreage of only 4.03 million hectares, significantly less than the government's target of 5.25 million hectares for the year. The government has issued notification to make 5% ethanol blending with gasoline mandatory across the country by June 2013. The decline in sugar production coupled with this competing demand for ethanol has put upward pressure on ENA prices during the quarter.

Operational Performance

Brands Performance

(lakh cases)	Q4		y-o-y	Full Year		y-o-y
	FY2013	FY2012	Growth (%)	FY2013	FY2012	Growth (%)
Prestige & Above	6.96	6.00	16.0%	30.80	25.83	19.2%
Regular	26.55	24.52	8.3%	109.98	102.48	7.3%
Others	11.99	11.93	0.5%	49.31	48.63	1.4%
Total	45.50	42.45	7.2%	190.09	176.94	7.4%
<i>Prestige & Above as a % of Total</i>	<i>15.3%</i>	<i>14.1%</i>		<i>16.2%</i>	<i>14.6%</i>	

FY2013 Financial Highlights

FY2013 Net Sales increased by 11.9% compared to the same period last year. Over the last couple of years, the Company has been focused on enhancing its premium portfolio in line with its strategy. As a result the Prestige & Above category brands registered a strong 19.2% y-o-y growth in FY2013. Furthermore, Prestige & Above category brands as a percentage of total IMFL sales increased from 14.6% in FY2012 to 16.2% in FY2013. The newly introduced brands in the premium categories such



as After Dark whisky, Florence brandy, Morpheus brandy and Verve vodka continue to gain positive traction with consumers and in line management's expectations. FY2013 EBITDA increased by 11.6% and EBITDA margin remained relatively flat at 11.2% as compared with the last year.

Q4 FY2013 Financial Highlights

Q4 FY2013 Net Sales increased by 15.0% compared to Q4 FY2012. EBITDA remained relatively flat at Rs. 40.3 Crore with margins at 9.2%. During the quarter, the distillery at Rampur (Uttar Pradesh) was operating below optimal utilization levels for approximately 2 months due to the Kumbh Mela (the largest Hindu pilgrimage which happens once in every 12 years). Adjusting for this exceptional event, EBITDA would have been higher by Rs. 3.5 Crore. ENA costs increased by Rs. 3.94 per litre (or Rs. 15.76 per case) resulting in a negative impact of Rs. 7.2 Crore. This was offset to a certain extent by price increases received by the Company during the quarter in the states of Karnataka and Andhra Pradesh.

Balance Sheet

As of March 31, 2013, the Company had Total Debt of Rs. 768.3 Crore, Cash and Cash Equivalents of Rs. 16.0 Crore and Net Debt of Rs. 752.3 Crore. Total Debt consists of Rs. 462.9 Crore of Working Capital loans and Rs. 305.4 Crore of Long Term loans. This includes Rs. 48.9 Crore of Long Term loans maturing within 12 months of the balance sheet date and shown under current liabilities. Total Debt also increased by Rs. 20.8 Crore due to the impact of the depreciation of the rupee on foreign currency loans. The Company has \$65 million, 7-year External Commercial Borrowings (ECB) with repayments starting from Q1 FY2014.

Corporate Developments

Awards: Radico Khaitan received the Monde Selection's (International Institute for Quality Selection) Grand Gold Award 2013 for two of Magic Moments Remix flavours: Lemon Grass & Ginger and Lemon. The Company also received Gold Awards for five flavours in the Magic Moments range, Morpheus brandy and for the recently launched Verve vodka. The After Dark premium whisky received a Silver Award.

Brand Launches: Radico Khaitan's brand launch strategy is focused on developing the Company's premium portfolio. This is in line with changing consumption patterns in India towards higher end products. At the start of the financial year, the Company successfully launched Florence, a super premium brandy. This was followed in October 2012 by the launch of Verve, a super premium vodka, in North India. Building on the continuing success of these brand launches across categories, a flavoured edition of Verve vodka was launched in March 2013. The overall success of the Verve vodka brand was acknowledged by its Monde Selection 2013 Gold Award.

Performance Outlook

With the recent corporate developments in the sector, the overall industry is increasingly focused on premiumization including consumer awareness towards higher end brands. Although sales volume is a key driver, profitability at a brand level is also a high priority. With this changing environment, Radico Khaitan's longstanding and successful premiumization strategy will improve the Company's revenue and profitability in the near term. Prestige & Above brands sales revenue for Radico Khaitan already account for 35% of total IMFL sales in FY2013 compared to 31% in FY2012. The newly launched premium brands have been well received with encouraging feedback from consumers and trade channels. Further price increases are expected in other key liquor consuming states. ENA costs are anticipated to remain flat and glass bottle prices to moderate as a result of excess capacity in the glass industry.

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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; 132.90 million shares as of March 31, 2013; 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 480 wholesalers covering more than 41,000 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 FY2013, launched super premium brands – Florence brandy; Verve and Verve flavoured vodka - 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 ~ ₹1,700 Crore with FY2013 revenues of ₹1,716 Crore - FY2009-13 Revenue and EBITDA CAGR of 16.5% and 43.2%, respectively - 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

Fourth Quarter and Full Year Results for FY2013 (All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

PART - 1

Sl. No.	Particulars	(1) Quarter ended 31.03.2013 (Unaudited)	(2) Quarter ended 31.12.2012 (Unaudited)	(3) Quarter ended 31.03.2012 (Unaudited)	(4) Year ended 31.03.2013 (Audited)	(5) Year ended 31.03.2012 (Audited)
1	Income from operations					
	Gross Sales	66,315.74	70,850.71	48,800.61	244,779.96	193,528.79
	Less: Excise duty	34,240.54	39,092.14	21,485.33	123,051.69	83,751.87
	(a) Net Sales / Income from Operations	32,075.20	31,758.57	27,315.28	121,728.27	109,776.92
	(b) Other Operating Income	1,073.64	845.18	1,062.34	4,110.66	4,609.75
	Total Income from operations (net)	33,148.84	32,603.75	28,377.62	125,838.93	114,386.67
2	Expenditure					
	(a) Cost of material consumed	15,240.16	14,244.20	12,163.21	51,442.10	46,867.08
	(b) Purchase of stock-in-trade	2,126.50	1,550.64	1,167.37	6,181.26	9,441.27
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,280.17)	417.63	(1,690.57)	877.29	(1,695.96)
	(d) Employee benefits expense	2,007.96	2,038.46	1,804.11	7,872.98	7,063.55
	(e) Depreciation and amortisation expense	881.11	900.00	1,033.94	3,531.11	3,283.94
	(f) Selling & Distribution	5,745.65	5,593.09	5,855.67	23,464.37	20,499.10
	(g) Other expenditure	5,374.35	4,141.09	5,103.97	17,577.46	15,303.72
	Total expenses	30,095.56	28,885.11	25,437.70	110,946.57	100,762.70
3	Profit / (Loss) from Operations before Other Income, Finance costs and Exceptional Items (1-2)	3,053.28	3,718.64	2,939.92	14,892.36	13,623.97
4	Other Income	739.42	847.61	761.13	3,041.46	2,137.15
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	3,792.70	4,566.25	3,701.05	17,933.82	15,761.12
6	Finance Cost	1,820.75	1,777.86	1,824.58	7,005.58	5,815.23
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	1,971.95	2,788.39	1,876.47	10,928.24	9,945.89
8	Exceptional items	-	-	(1,249.89)	-	(1,249.89)
9	Profit (+) / Loss (-) from Ordinary Activities before tax (7+8)	1,971.95	2,788.39	626.58	10,928.24	8,696.00
10	Tax Expense	400.00	950.00	180.00	3,200.00	2,330.00
11	Net Profit (+) / Loss (-) from Ordinary Activities after tax (9-10)	1,571.95	1,838.39	446.58	7,728.24	6,366.00
12	Extra ordinary items (net of tax expense Rs.in lakhs)	-	-	-	-	-
13	Net Profit (+) / Loss (-) for the period (11-12)	1,571.95	1,838.39	446.58	7,728.24	6,366.00
14	Paid up equity share capital (of Rs. 2/- each)	2,654.08	2,656.88	2,654.08	2,658.01	2,654.08
15	Reserves excluding revaluation reserve				69,245.66	63,265.27
16 (i)	Earning per share (before extraordinary items) (of Rs.2/- each) (not annualized)					
	Basic	1.18	1.38	0.34	5.82	4.80
	Diluted	1.24	1.38	0.32	5.81	4.76
16 (ii)	Earning per share (after extraordinary items) (of Rs.2/- each) (not annualized)					
	Basic	1.18	1.38	0.34	5.82	4.80
	Diluted	1.24	1.38	0.32	5.81	4.76



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Part II

A	Particulars of Shareholding					
	Public shareholding					
	(a) No. of Shares	79070562	79013937	79160647	79070562	79160647
	(b) Percentage of Shareholding	59.50	59.48	59.65	59.50	59.65
	Promoters and promoter group Shareholding					
	(a) Pledged / Encumbered					
	- Number of shares	15926819	23682223	24364333	15926819	24364333
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	29.59	43.99	45.50	29.59	45.50
	- Percentage of shares (as a % of the total share capital of the Company)	11.98	17.83	18.36	11.98	18.36
	(b) Non-encumbered					
	- Number of shares	37902999	30147595	29178899	37902999	29178899
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	70.41	56.01	54.50	70.41	54.50
	- Percentage of shares (as a % of the total share capital of the Company)	28.52	22.69	21.99	28.52	21.99
B	Investor Complaints	Quarter ended 31.03.2013				
	Pending at the beginning of the quarter	NIL				
	Received during the quarter	8				
	Disposed of during the quarter	8				
	Remaining unresolved at the end of the quarter	NIL				

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Statement of Assets and Liabilities

	Particulars	As at 31.03.2013	As at 31.03.2012
A	<u>EQUITY AND LIABILITIES</u>		
1	Shareholders' funds		
	(a) Share capital	2,658.01	2,654.08
	(b) Reserves and surplus	70,161.24	64,187.21
	Sub-total - Shareholder's funds	72,819.25	66,841.29
2	Share application money pending allotment	0.00	1.61
3	Non-current liabilities		
	(a) Long-term borrowings	41,397.62	33,835.48
	(b) Deferred tax liabilities (Net)	5,883.00	5,633.00
	(c) Other long term liabilities	4.17	182.68
	(d) Long-term provisions	433.58	402.10
	Sub-total - Non-current liabilities	47,718.37	40,053.26
4	Current liabilities		
	(a) Short-term borrowings	30,542.97	27,770.79
	(b) Trade payables	11,724.85	11,737.61
	(c) Other current liabilities	15,400.33	15,296.45
	(d) Short-term provisions	2,099.00	1,528.33
	Sub-total - Current liabilities	59,767.15	56,333.18
	TOTAL - EQUITY AND LIABILITIES	180,304.77	163,229.34
B	<u>ASSETS</u>		
1	Non-current assets		
	(a) Fixed assets		
	- Tangible assets	48,659.56	45,803.30
	- Intangible assets	4,283.52	4,418.38
	- Capital work-in-progress (at cost)	532.74	484.38
	(b) Non-current investments	5,836.79	5,838.09
	(d) Long-term loans and advances	8,898.24	8,540.12
	(e) Other non current assets - deposits with banks	149.07	71.79
	Sub-total - Non-current assets	68,359.92	65,156.06
2	Current assets		
	(a) Current investments	5,022.05	5,295.66
	(b) Inventories	18,494.97	17,744.56
	(c) Trade receivables	43,538.09	34,779.21
	(d) Cash and cash equivalents	1,599.68	2,103.85
	(e) Short-term loans and advances	39,926.12	34,726.81
	(f) Other current assets	3,363.94	3,423.19
	Sub-total - Current assets	111,944.85	98,073.28
	TOTAL ASSETS	180,304.77	163,229.34



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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 28th May 2013.
2. The figures for the quarter ended 31st March 2013 and 31st March 2012 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) 33481.76 (2) 37170.39 (3) 29844.57 (4) 141177.02 (5) 113539.63 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 Rs.0.80 per share (40%) of the face value of Rs.2/- each for the financial year ended 31st March 2013 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 written off a sum of Rs.771.81 lacs on account of foreign exchange translation variations in long term foreign currency borrowings.
7. During the quarter, the Company has allotted 56,625 equity shares on 8.2.2013 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 Limited

New Delhi
28.5.2013

Dr. Lalit Khaitan
Chairman & Managing Director