



RKL/SX/2021-22/ 85
February 03, 2022

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| Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street <u>Mumbai – 400 001.</u> | National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor Plot no. C/1, G Block Bandra-Kurla Complex, Bandra (E) <u>Mumbai – 400 051.</u> |
| Scrip Code: 532497 | Scrip Code: RADICO |

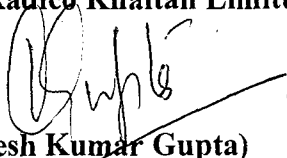
Sub: Investor's presentation

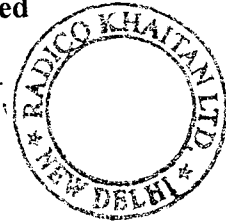
Dear Sir / Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulation 2015, we enclose herewith a copy of Investor's presentation for your reference and records.

Thanking you,

Yours faithfully,
for Radico Khaitan Limited


(Dinesh Kumar Gupta)
Vice President - Legal &
Company Secretary



Email Id: investor@radico.co.in

Encl.: As above.

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CIN No. L26941UP1983PLC027278

Radico Khaitan Ltd.

(BSE: 532497; NSE: RADICO)

Q3 FY22 Earnings Presentation





PRESENTING
MORPHEUS
CELEBRATION PACK

CELEBRATING A SPIRIT THAT MAKES US
DARE TO DREAM





Q3 FY2022 Performance Highlights

Continued strong operational performance amidst inflationary pressures



Q3 FY2022 vs. Q3 FY2021

- Total IMFL volume of 6.98 Million Cases (+7.4%)
- Prestige & Above brands volume of 2.36 Million Cases (+18.2%)
- Prestige & Above brands net sales of ₹349.89 Cr (+21.5%)
- Prestige & Above brands contribution to the total IMFL volumes of 33.8% (vs. 30.7%)
- Prestige & Above brands contribution to the total IMFL sales value of 55.6% (vs. 51.5%)
- Revenue from Operations (Net) of ₹765.99 Cr (+12.0%)
- Gross Profit of ₹353.98 Cr (+1.8%)
- EBITDA of ₹118.71 Cr at 15.5% margin
- Interest costs of ₹3.12 Cr (-42.0%)
- Total comprehensive income of ₹76.49 Cr

9M FY2022 vs. 9M FY2021

- Total IMFL volume of 19.06 Million Cases (+18.6%)
- Prestige & Above brands volume of 5.84 Million Cases (+23.1%)
- Prestige & Above brands net sales of ₹863.48 Cr (+26.8%)
- Prestige & Above brands contribution to the total IMFL volumes of 30.6% (vs. 29.5%)
- Prestige & Above brands contribution to the total IMFL sales value of 51.8% (vs. 50.1%)
- Revenue from Operations (Net) of ₹2,077.59 Cr (+20.6%)
- Gross Profit of ₹965.63 Cr (+9.8%)
- EBITDA of ₹321.47 Cr at 15.5% margin
- Interest costs of ₹10.81 Cr (-37.8%)
- Total comprehensive income of ₹204.98 Cr

Net debt reduction of over ₹ 62 Crore since March 2021 after capex on new projects of ₹ 24 Crore



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

“After a transformational journey over the years, we have seen our business model consolidate and become stronger, particularly during this period of the pandemic. We now have a very strong balance sheet and developed a portfolio of market leading premium brands. We are at an inflexion point and as we move forward into the next stage of growth, we are very excited to embark upon a judicious capex plan. This will enable us to expand our in-house capabilities to drive future momentum of the branded business along with securing raw material supplies. The investment that we are making is expected to be return accretive and will enhance value to all our stakeholders. We remain confident of the long term potential of the Indian alcobev sector and Radico Khaitan’s ability to deliver a sustainable profitable growth.”

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

“During Q3 FY2022, our Prestige & Above category brands continued the robust momentum and delivered a 18.2% volume growth. After a strong start with UP and Maharashtra, Royal Ranthambore Heritage Collection-Royal Crafted Whisky and Magic Moments Dazzle Vodka have now been rolled out in 3 more states – Delhi, Karnataka and Haryana – and have continued to receive promising consumer response. In the month of December 2021, 8PM Premium Black whisky crossed monthly run rate of 2 lakh cases and 8PM family crossed 11 lakh cases. This truly reflects the strong consumer franchise that our brands enjoy. I am very happy to report that in January 2022, we have received the first order from CSD for Rampur Indian Single Malt Whisky and Jaisalmer Indian Craft Gin. Despite the unprecedented inflationary pressure, overall we are very encouraged with our premium brand performance. In the near-term, the operating environment is expected to remain challenging. In this scenario, we will manage our business with agility, while continuing to grow our premium brand portfolio.”



Performance Trend



| | Q3 | | y-o-y | Q2 | q-o-q | Nine Month | | y-o-y |
|---|--------|--------|------------|--------|------------|------------|--------|------------|
| | FY2022 | FY2021 | Growth (%) | FY2022 | Growth (%) | FY2022 | FY2021 | Growth (%) |
| IMFL Volumes (Million Cases) | | | | | | | | |
| Prestige & Above | 2.36 | 2.00 | 18.2% | 1.99 | 18.4% | 5.84 | 4.74 | 23.1% |
| Regular & Others | 4.62 | 4.50 | 2.7% | 4.48 | 3.1% | 13.23 | 11.33 | 16.7% |
| Total Volume | 6.98 | 6.49 | 7.4% | 6.47 | 7.8% | 19.06 | 16.07 | 18.6% |
| <i>Prestige & Above as % of Total IMFL Volume</i> | 33.8% | 30.7% | | 30.8% | | 30.6% | 29.5% | |

| Revenue Break up (₹ Crore) | | | | | | | | |
|--|--------|--------|-------|--------|--------|----------|----------|-------|
| IMFL (A) | 629.12 | 559.18 | 12.5% | 568.24 | 10.7% | 1,665.45 | 1,359.35 | 22.5% |
| <i>Prestige & Above</i> | 349.89 | 288.05 | 21.5% | 294.34 | 18.9% | 863.48 | 681.02 | 26.8% |
| <i>Regular & Others</i> | 279.23 | 271.13 | 3.0% | 273.90 | 1.9% | 801.98 | 678.33 | 18.2% |
| Non IMFL (B) | 136.88 | 125.03 | 9.5% | 140.59 | (2.6)% | 412.13 | 364.06 | 13.2% |
| Revenue from Operations (Net) (A+B) | 765.99 | 684.21 | 12.0% | 708.83 | 8.1% | 2,077.59 | 1,723.41 | 20.6% |
| <i>Prestige & Above as % of Total IMFL Revenue</i> | 55.6% | 51.5% | | 51.8% | | 51.8% | 50.1% | |
| <i>IMFL as % of Total Revenue</i> | 82.1% | 81.7% | | 80.2% | | 80.2% | 78.9% | |

Above financials are on Standalone basis



Performance Trend



| | Q3 | | y-o-y | Q2 | | Nine Month | | y-o-y |
|--|----------|----------|------------|----------|------------|------------|----------|------------|
| | FY2022 | FY2021 | Growth (%) | FY2022 | Growth (%) | FY2022 | FY2021 | Growth (%) |
| Financial Performance (₹ Crore) | | | | | | | | |
| Revenue from Operations (Gross) | 3,306.67 | 3,037.91 | 8.8% | 3,077.19 | 7.5% | 9,268.15 | 7,571.44 | 22.4% |
| Revenue from Operations (Net) | 765.99 | 684.21 | 12.0% | 708.83 | 8.1% | 2,077.59 | 1,723.41 | 20.6% |
| Gross Profit | 353.98 | 347.57 | 1.8% | 325.05 | 8.9% | 965.63 | 879.34 | 9.8% |
| <i>Gross Margin (%)</i> | 46.2% | 50.8% | | 45.9% | | 46.5% | 51.0% | |
| EBITDA | 118.71 | 123.98 | (4.2)% | 111.04 | 6.9% | 321.47 | 305.86 | 5.1% |
| <i>EBITDA Margin (%)</i> | 15.5% | 18.1% | | 15.7% | | 15.5% | 17.7% | |
| Profit Before Tax | 100.64 | 108.17 | (7.0)% | 94.05 | 7.0% | 272.31 | 258.67 | 5.3% |
| Total Comprehensive Income | 76.49 | 80.10 | (4.5)% | 68.94 | 10.9% | 204.98 | 195.72 | 4.7% |
| <i>Total Comprehensive Income Margin (%)</i> | 10.0% | 11.7% | | 9.7% | | 9.9% | 11.4% | |
| Basic EPS (₹) | 5.74 | 6.03 | (4.8)% | 5.18 | 10.8% | 15.40 | 14.75 | 4.4% |

Above financials are on Standalone basis



Performance Trend



| (₹ Crore) | Q3 | | y-o-y | Q2 | | Nine Month | | y-o-y |
|--|----------|----------|------------|----------|------------|------------|----------|------------|
| | FY2022 | FY2021 | Growth (%) | FY2022 | Growth (%) | FY2022 | FY2021 | Growth (%) |
| Revenue from Operations (Gross) | 3,306.67 | 3,037.91 | 8.8% | 3,077.19 | 7.5% | 9,268.15 | 7,571.44 | 22.4% |
| Revenue from Operations (Net) | 765.99 | 684.21 | 12.0% | 708.83 | 8.1% | 2,077.59 | 1,723.41 | 20.6% |
| Other Income | 1.70 | 2.56 | (33.6)% | 1.81 | (6.0)% | 9.05 | 8.18 | 10.6% |
| Income from Operations | 767.69 | 686.77 | 11.8% | 710.64 | 8.0% | 2,086.63 | 1,731.59 | 20.5% |
| Cost of Goods Sold | 412.01 | 336.64 | 22.4% | 383.78 | 7.4% | 1,111.95 | 844.07 | 31.7% |
| Employee Benefit | 35.34 | 32.18 | 9.8% | 37.89 | (6.7)% | 103.84 | 91.38 | 13.6% |
| Selling & Distribution | 86.09 | 92.22 | (6.6)% | 75.10 | 14.6% | 237.28 | 221.95 | 6.9% |
| Depreciation | 16.94 | 13.55 | 25.0% | 16.17 | 4.8% | 48.49 | 39.70 | 22.1% |
| Interest | 3.12 | 5.39 | (42.0)% | 3.06 | 2.3% | 10.81 | 17.39 | (37.8)% |
| Other Operating Expenses | 113.53 | 98.62 | 15.1% | 100.60 | 12.8% | 301.95 | 258.43 | 16.8% |
| Total Expenses | 667.05 | 578.60 | 15.3% | 616.59 | 8.2% | 1,814.32 | 1,472.93 | 23.2% |
| Profit Before Tax | 100.64 | 108.17 | (7.0)% | 94.05 | | 272.31 | 258.67 | 5.3% |
| Current Tax | 24.25 | 25.93 | | 25.09 | | 69.46 | 64.49 | |
| Previous Year Adjustments | 0.00 | 0.00 | | 0.00 | | (0.65) | (3.78) | |
| Deferred Tax | (0.32) | 1.71 | | (0.31) | | (2.30) | 0.94 | |
| Net Profit | 76.71 | 80.53 | (4.7)% | 69.26 | 10.8% | 205.80 | 197.01 | 4.5% |
| <i>Net Income Margin (%)</i> | 10.0% | 11.8% | | 9.8% | | 9.9% | 11.4% | |
| Other Comprehensive Expenses / (Income) | 0.22 | 0.43 | | 0.32 | | 0.82 | 1.29 | |
| Total Comprehensive Income | 76.49 | 80.10 | (4.5)% | 68.94 | 10.9% | 204.98 | 195.72 | 4.7% |
| <i>Total Comprehensive Income Margin (%)</i> | 10.0% | 11.7% | | 9.7% | | 9.9% | 11.4% | |



Q3 FY2022 Highlights

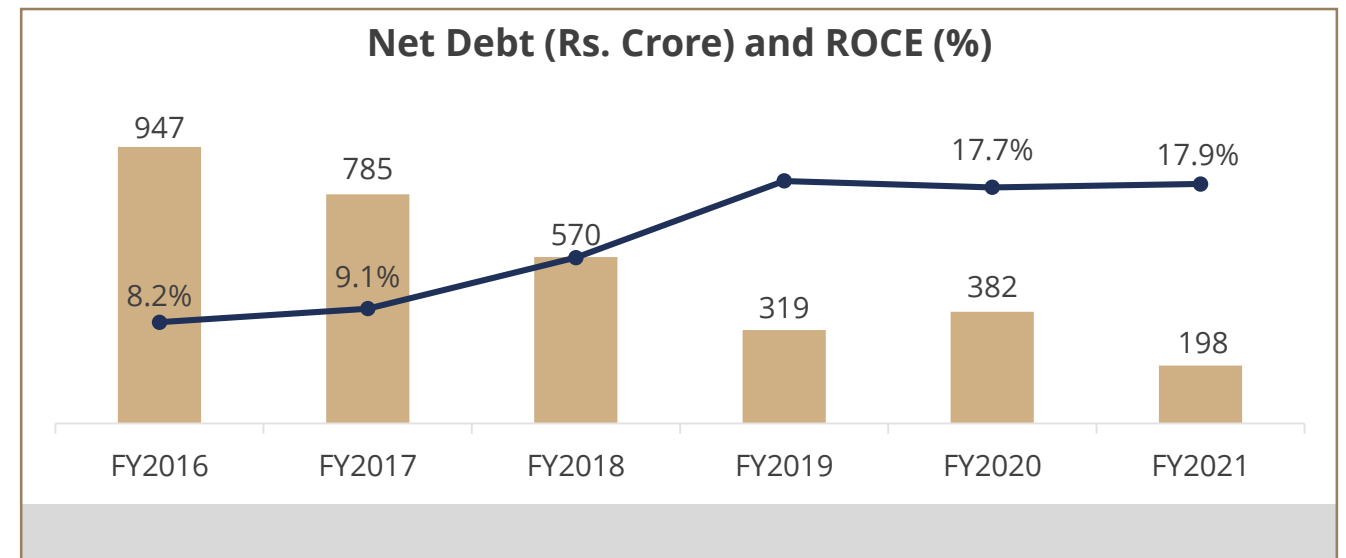
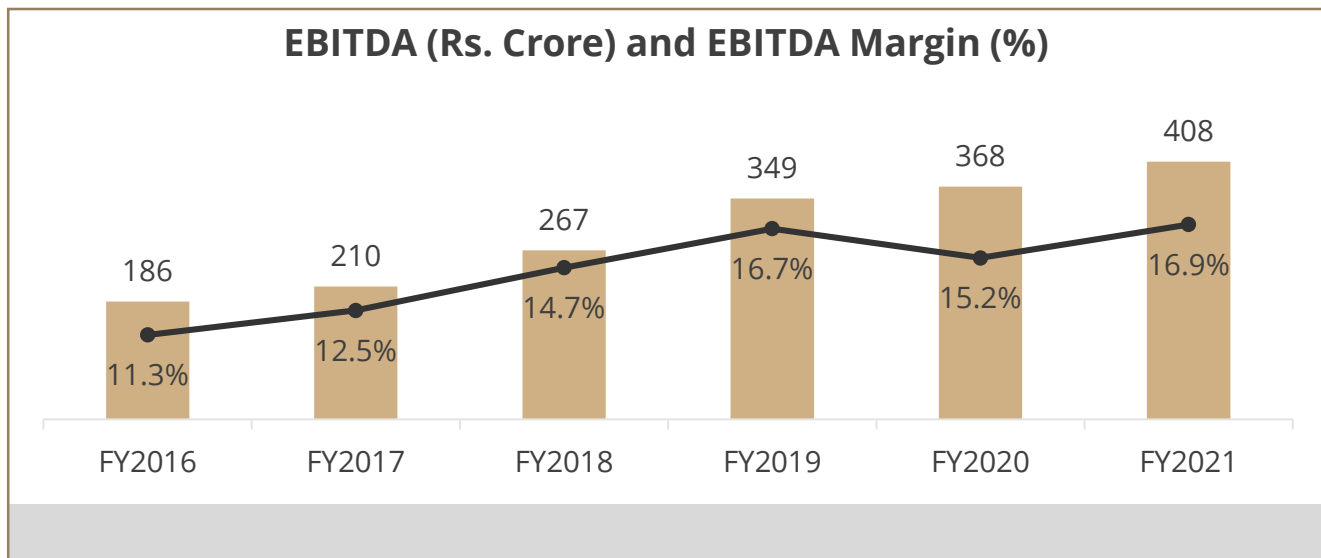
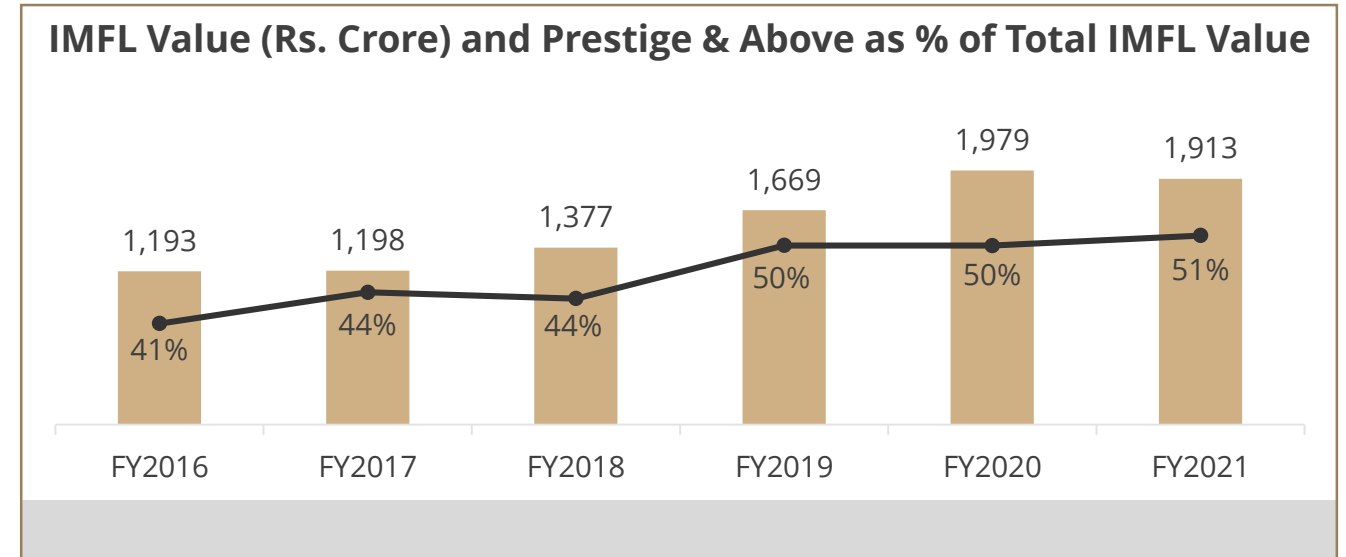
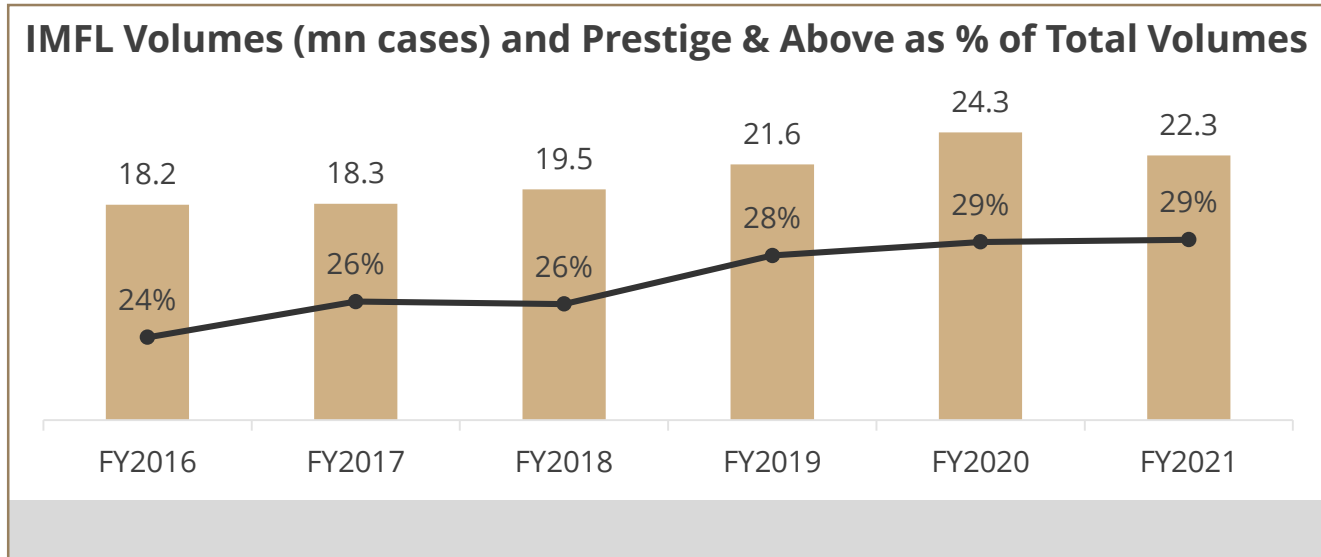
- Revenue from Operations (Net) grew by 12.0% y-o-y during the quarter. Total IMFL volume growth was 7.4% y-o-y led by Prestige & Above category volume growth of 18.2%. Prestige & Above net revenue growth was 21.5% compared to Q3 FY2021. IMFL sales value accounted for 82.1% (vs. 81.7% in Q3 FY2021) of the Revenue from Operations (Net).
- Gross Margin during the quarter was 46.2%. This was impacted due to commodity inflation, particularly in the non-IMFL business. Despite a significant increase in raw material prices, gross margin for the IMFL business were impacted moderately owing to a favorable premium product mix. Gross Margin has stayed stable on Q-o-Q basis.
- The Company's strategy is to continue to make prudent marketing investments over existing core brands and new launches to sustain the growth and market share. On a quarterly basis, the amount may vary but we expect to maintain A&SP to be around 7-8% of our IMFL revenues to be able to drive the sales momentum. In the P&A segment, we expect this to be double digit.
- Finance Cost decreased by 42.0% y-o-y from ₹ 5.39 Crore to ₹ 3.12 Crore. The Company's cost of borrowing is one of the lowest in the industry due to a lower interest environment, stable profitability, strong capital structure and improved liquidity position.

| As of December 31, 2021 | ₹ Crore | Comment |
|-------------------------|---------------|---|
| Total Debt | 197.70 | Long Term ₹ 0.05 Crore, Short Term (including current maturities) ₹ 197.65 Crore |
| Cash & Cash Equivalents | (62.36) | |
| Net Debt | 135.35 | Reduction of ₹ 62.19 Crore since March 2021 after Capex on new projects of ₹ 23.90 Crore |



Business Consolidation

Strengthened the balance sheet and achieved a scale along with profitability...





Business Consolidation

Created a portfolio of market leading premium brands across categories



| MRP | Whisky | Rum | Brandy | Vodka | Gin |
|---|---------|-------------|--------|---------|-----|
| Luxury > Rs. 4,000 | | | | | |
| Semi Luxury Rs. 1,000 – 2,000 | | | | | |
| Super Premium Rs. 700 – 1,000 | | | | | |
| Semi-Premium / Premium Rs. 500 – 700 | MS: 5% | | | MS: 90% | |
| Deluxe Rs. 400 – 500 | | CSD MS: 10% | | | |
| Regular Rs. 300 – 400 | MS: 20% | CSD MS: 22% | | | |



Capex Plan

Capitalizes on the future growth opportunities in the branded business along with securing raw material supplies



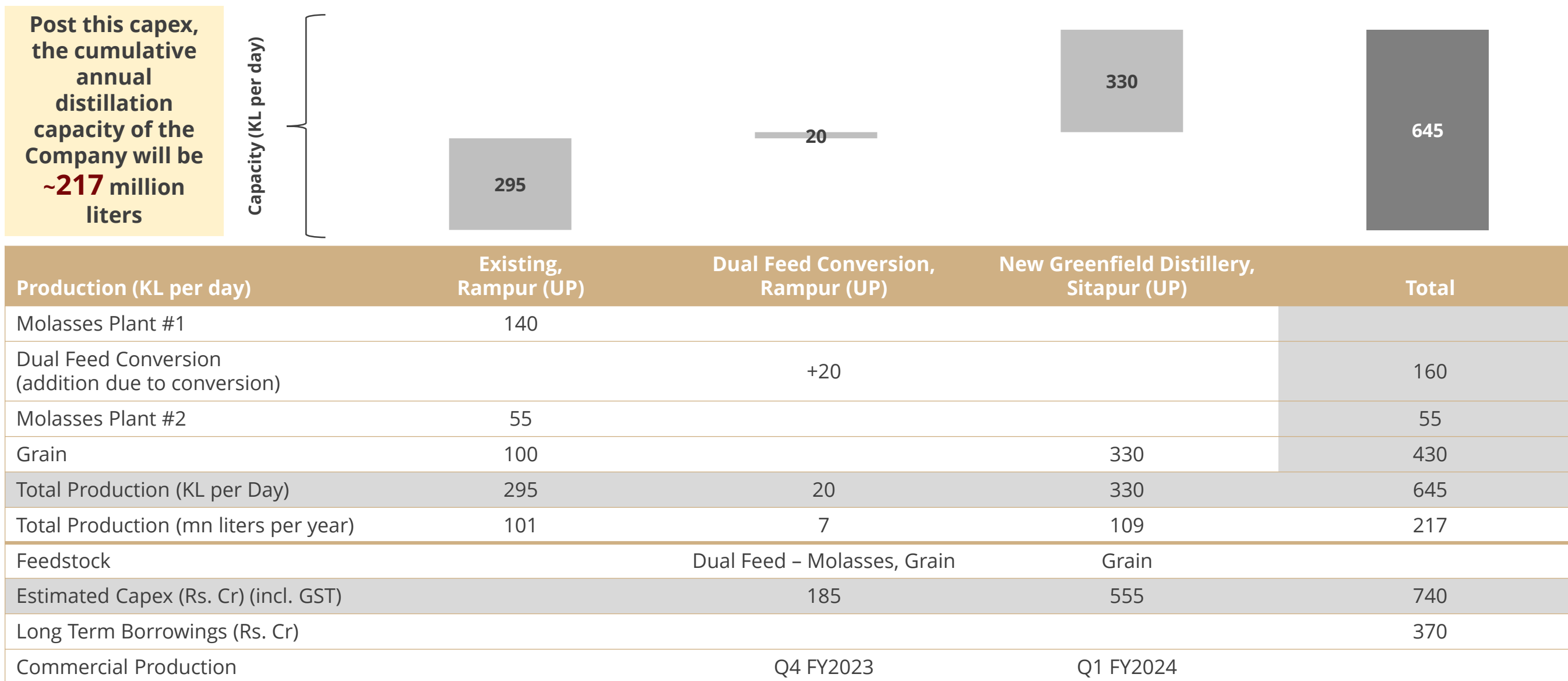
- Given the ethanol blending program of the central government, it is **critical to ensure quality ENA supplies for the branded business**
- The **recent excise policy of Uttar Pradesh promotes the use of grain based alcohol** both in IMFL and Country Liquor (CL)
 - All IMFL to be produced from grain ENA (except Rum)
 - Country Liquor with 42.8% strength (25% of the industry) to be produced from grain ENA
- In addition to the conversion of Rampur existing 140 KLPD molasses plant into dual feed, the Company will also install DDGS dryer for the existing 100 KLPD grain plant
 - Post conversion, **grain ENA production at the Rampur campus will increase from 100 KLPD to ~260 KLPD**
 - The conversion will result in **de-bottlenecking and efficiency improvement** of the existing facilities
 - This will make the entire **Rampur campus 100% self sufficient on its power requirements** using bio fuels (from 71% currently)
- Spread over 100 acres, the new greenfield distillery will **not only add to the growth of the Company's branded business but also secure ENA supplies** to the local manufacturing as well as supplies to the contract bottling units
 - It will be **based on state of the art technologies and sustainable manufacturing practices**
 - Sitapur campus will be **100% self sufficient on its power requirements** using bio fuels from the inception
 - In addition to producing 350 KLPD of ENA, Sitapur campus will also have the following facilities:
 - **Bottling capacity of 10 million cases each** of IMFL and CL to be set up in phased manner
 - **Malt maturation hall** keeping in view the future growth potential of Rampur Indian Single Malt
 - Given the ample land, this campus **will have a scope to double its capacity in the future**, including additional malt distillation and craft gin plant

} **Targeted commencement: Q3 FY2023**



Capex Plan

Both these projects are expected to be return accretive with average ROCE in the range of 20-23% and payback period of 3.5 - 4.0 years



Peak total debt to equity ratio is expected to be in the range of 0.30 – 0.40x and we expect to be debt free again by FY2025



Rampur Indian Single Malt Whisky

Continues to win accolades globally



After creating its presence in the international markets, Rampur Indian Single Malt is now being rolled out in select Indian market including the canteen stores department. We expanded our malt distillation and storage capacities few years back which will start to bear fruits from FY2024 onwards when much larger quantities of the single malt will be made available.



Rampur Indian Single Malt featured in Jim Murray's Whisky Bible 2022



Rampur Asava won the Gold Medal at The Fifty Best awards in 2021



Rampur Asava ranked 7th in the top 20 Whiskies of 2021 by the Whisky Advocate



Rampur Double Cask received the Gold rating at the Whiskies of the World, 2021



Rampur Double Cask was rated amongst Top 100 Best Spirits of 2021 by Wine Enthusiast (94 pts)



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.

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Q3 FY2022 Earnings Call Details

Date: Friday, February 4, 2022 | Time: 12:30 PM IST

Universal Access: +91 22 6280 1325, +91 22 7115 8226

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