Radico

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

Sub: Transcript of the Earnings call conducted on May 31, 2022

Dear Sirs/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed transcript of the Earnings call for the year ended March 31, 2022, conducted after the Board meeting held on Monday, May 30, 2022.

The same is also been uploaded on our website at www.radicokhaitan.com.

This is for your information and record.

Thanking You,

Yours faithfully,
For Radico Khaitan Limited

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

RADICO KHAITAN LTD. NEW DELHI

Email Id: investor@radico.co.in

Encl.: As Above

Radico Khaitan Limited

(BSE: 532497; NSE: RADICO)

Fourth Quarter and Full Year FY2022

Earnings Conference Call

May 31, 2022

Management Participants:

Mr. Abhishek Khaitan, Managing Director

Mr. Amar Sinha, Chief Operating Officer

Mr. Dilip Banthiya, Chief Financial Officer

Mr. Sanjeev Banga, President – International Business

Presentation:

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY22 Results Conference Call of Radico Khaitan Limited hosted by Emkay Global Financial Services.

As a reminder, all participants will be in a listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded.

I would now like to hand the conference over to Ms. Saaksha Mantoo, Emkay Global Financial Services. Thank you, and over to you, ma'am.

Before we begin our presentation, I would like to remind you that some of the statements made in today's conference call may be forward-looking in nature and may involve risks and uncertainties. Kindly refer to the last slide of our earnings presentation for the detailed disclaimer.

Saaksha Mantoo: Thank you. Good afternoon, everyone. I would like to welcome the management and thank them for this opportunity. We have with us today Mr. Abhishek Khaitan – Managing Director, Mr. Amar Sinha – COO, Mr. Dilip Banthiya – CFO and Mr. Sanjeev Banga – President, International Business. I shall now hand over the call to Mr. Abhishek Khaitan for his opening remarks. Over to you, sir.

Abhishek Khaitan: Good afternoon, ladies and gentlemen. Thank you for joining us on our fourth quarter FY22 results conference call. I hope you are all doing well and keeping safe.

Building upon the momentum from the first nine months of the year, we have delivered another quarter of a strong IMFL volume growth led by Prestige & Above category which increased by 28%. In volume as well as value terms, Q4 FY22 has been the highest ever reported by Radico Khaitan.

We have continued to outperform the industry for the sixth consecutive year with total volumes of 26.4 million cases in FY22 which is 18% y-o-y growth compared to an estimated industry growth of 13%. Our growth was broad-based across the portfolio and across states.

8PM Premium Black whisky which achieved a million case mark last year has crossed two million cases volume. It is now available across 20 states and will continue to contribute to our growth. Recently launched Royal Ranthambore Whisky and Magic Moments Vodka are now available across seven states and continue to gain consumer confidence. We are focusing on placement and expanding the width of distribution for these brands to take them to pan India level.

As we continue to make investments behind our core premium brands such as Magic Moments Vodka, Morpheus Brandy, 1965 Spirit of Victory Rum, etc. they are all gaining traction. Particularly in the post COVID period when the social activities have resumed, white spirits volumes have picked up the pace of growth. Magic Moments Vodka is seeing very strong volume traction which will be a key growth driver for FY23.

Jaisalmer Indian Craft Gin is making exciting progress as we continue to expand its distribution in India and it is available in 12 states now. We have recently launched an exclusive Gold Edition of Jaisalmer for the exports market.

Our long-standing brand strategy is delivering anticipated results as we continue to record robust performance. We have a diversified portfolio that will reinforce our future growth trajectory. We expect to maintain the volume expansion trajectory of 13% to 15% in FY23 with stronger Prestige & Above growth.

As you are aware that the cost of key raw material remains at multiyear highs which has impacted our profit from operations. In the near time, the situation is expected to remain volatile. During this period of uncertainty, we are focused on value engineering across the brand portfolio to minimize the impact of cost push. We have already received price increases in the states of Uttar Pradesh, Uttarakhand, Madhya Pradesh and Rajasthan and are also pursuing other states. This would help us to offset the input cost pressure to a large extent. This coupled with the backward integration benefit from our Rampur dual feed plant is expected to help in profitability improvement during the second half of FY23.

The impact of the cost push has been much severe in the non-IMFL business where we are expecting a price increase soon. On the IMFL portfolio, the inflation was offset to a large extent by the ongoing premiumization.

Both the Rampur dual feed and the Sitapur greenfield projects are progressing well and are ahead of the schedule. We have already placed fixed price orders for the key equipment with the leading global vendors. The civil construction is on full swing. We expect Rampur dual feed plant to be operational by Q3 FY23.

Our brands are very buoyant. Overall, we are happy with the growth trajectory of our P&A portfolio. Even the industry continues to be very resilient. There is, of course, inflation which is driven by global macro situation. We are doing everything that is in our control to deliver industry-leading growth while, at the same time, driving savings across input materials. We are seeing this as an opportunity where well-capitalized companies with strong brand portfolio and pan India presence like Radico Khaitan are likely to emerge stronger.

From FY24 onwards, we have multiple levers for profitability improvement. Both our Rampur and Sitapur plants will be operational. With UPML volume growth, our non-IMFL margins will also improve. We will have higher volume contribution from Rampur Indian Single Malt and Jaisalmer gin, which coupled with ongoing price increases, will help us get back to our historical EBITDA margin levels.

I would now like to hand over the call to our CFO for a detailed operational and financial review. Thank you, and over to you, Dilip.

Dilip Banthiya: Thank you, Abhishek. Thank you, everyone, for joining us on this call today.

During the fourth quarter, we reported IMFL volume of 7.29 million cases representing an increase of 16.3% on Y-o-Y basis. This was led by Prestige & Above category volume growth of 28.1%. In value terms, Prestige & Above category registered 30.5% growth. Prestige & Above category account for 31.1% of total IMFL volume compared to 28.2% in Q4 of FY21.

Net revenue from operation during Q4 was Rs. 813 crore representing an increase of 18% compared to Q4 FY21. During this period, IMFL sales value increased by 21%. As a percentage of total revenue, IMFL sales account for 81.7% of net revenue compared to 79.5% in Q4 last year.

Gross margin during the quarter was 42.7%. This was impacted due to the ongoing commodity inflation, particularly in non-IMFL business. On Y-o-Y basis, some of the key commodity prices have increased in the range of 30% to 50% during Q4.

Despite a significant increase in the raw material prices, the gross margin for the IMFL business was relatively less impacted owing to a favourable product mix. ENA prices have increased by 7% due to higher input raw material prices.

Going forward, we expect raw material prices situation to remain volatile. We have seen further inflation in packaging material in April 22. However, over the last few weeks, the trend of certain commodity globally seems to be stabilizing now, but it is difficult to comment on the way forward. Government has also taken a number of proactive measures to contain the inflation, which should help alleviate the situation.

The Company is taking all efforts to optimize cost and to mitigate any margin headwinds which along with recently received price increases shall help in offsetting the inflationary pressure. We are undertaking a company-wide, brand-wise value engineering exercise which will also add value over the longer term. In the long term, we expect to continue our margin expansion trajectory given our portfolio premiumization and backward integration.

Finance costs decreased by 51% on Y-o-Y basis from to Rs. 4.6 Crore to Rs. 2.3 Crore during Q4 FY22. The company's cost of borrowing is one of the lowest in the industry due to stable profitability, strong capital structure and improved liquidity position. We have further tightened our working capital resulting in a continued strong cash flow generation. During the year, we reduced our Net Debt by Rs. 82 Crore after Capex of Rs. 71 Crore on the new projects.

We have a strong financial position and a comfortable liquidity. During these times, we are taking all necessary steps to sustain our financial strength, maintain robust business model and grow consistently, competitively and profitably.

With this, we will now the lines on Q&A.

Question & Answers Session:

Moderator: The first question is from the line of Harit Kapoor from Investec Capital.

Harit Kapoor: Just had two or three questions. First was on the on the 13% to 15% growth that you are expecting going forward. Would that be at an overall level? Or are you saying for IMFL or for P&A? What's that guidance for?

Dilip Banthiya: So we are expecting this 13% to 15% growth on the overall IMFL, where the Prestige & Above category are going to grow at strong double digits.

Harit Kapoor: Second thing, you mentioned that you will get back to historical margin level, which is that 16%, 17% kind of a number which you had achieved in FY21. Would it be fair to assume that the full year FY24, given the benefits that you've got to get from the Capex as well as possible price hike, by then you can achieve, is that something that you'll be targeting to get back to?

Dilip Banthiya: So yes, we will be back to our expansion trajectory from H2 of current year. And by FY24, we will be back on 16-17% kind of margin with the ongoing premiumization, the price increase, non-IMFL again going back on profitability. Our production facilities will be on, so backward integration profits will also be derived. So all these factors and the value engineering which we are doing, which will be also customized, sustainable and consistent, so we will be going back on our margins as we have guided earlier.

Abhishek Khaitan: And plus also in FY24, we'll get extra production of Rampur [Single Malt]. So that will also help us a lot.

Harit Kapoor: And last thing was on the last call, Amar had also spoken about a separate distribution kind of that you're creating for the go-to market that has been created for the on-trade. So if you could just give us a little update on that, any targets for fiscal year '23, that will be very helpful.

Amar Sinha: Basically, we are very strong as far as the off-trade distribution is concerned. Now with the growth of the premium portfolio of Radico, which will be in fact, we'll be having products in almost every category of the premium segment and super premium segment. So we are strengthening our on-trade distribution structure. And that is very critical because now post-COVID, on-premise consumption has also started spiralling, showing a growth. So this will give us advantage in the coming year FY24.

Harit Kapoor: Yes. See that was my question. So what are the steps you are taking to kind of drive that on-trade? Because my sense is pre-COVID on-trade was 4-5% of the business. What are the kind of steps that you take to improve and now that you have the product portfolio in place, what does it take to kind of drive this?

Amar Sinha: So let me tell you. Earlier, we had a very thin team because the number of brands were also thin. Now that we are represented in vodka, whisky, brandy, in all the categories and gin, so we are basically expanding our structure to all the metro and Tier-1 cities where we are putting people in place to cater to these on-premise outlets. And at the same time, we are also now beginning to bring the visibility levels and these on-trade outlets to the next level. I think these two things put together will give us substantial trials and awareness for our products in the year ahead.

Moderator: The next question is from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas.

Kaustubh Pawaskar: Congrats for good volume growth number. So my question is on the price increases, which you have witnessed in some of the place. Can you just elaborate on the same? In which markets you have seen price hikes and the quantum of the price increases?

Abhishek Khaitan: We've got the price increase in the state of Uttar Pradesh. So that is overall in the range of about 8-10%. And then we've got in states like Uttarakhand which is in the range of about 10-15%. Rajasthan, we've got 6% price increase and MP also, we've got about 10% price increase. So overall blended, it comes to 300 basis points.

Kaustubh Pawaskar: Okay sir, so blended comes to 300 basis points. And plus there would be a mix improvement which will add on to your realization in FY23, right?

Abhishek Khaitan: Yes, absolutely. And we are also expecting price increases from other states where we are working very hard. So hopefully, we should be getting price increases in the coming months.

Kaustubh Pawaskar: Sir, my second question is, you have presence in some of these large markets. So can you just give some perspective on highlights of how was the performance in these markets in FY22? And what are your expectations considering the fact that you have been expanding your capacity?

Amar Sinha: It is very difficult to give you state-by-state performance, but I'll give you some very specific highlights. You see, like Abhishek began by saying that 8PM Premium Black achieved two million cases, Magic Moments is showing buoyancy and is on a very high growth trajectory. All power brands have grown in double digits in the year 2021-2022. Further, all flavors and categories have grown in double digit with overall growth of 18% and power brands growth at 24.5%. The P&A market share of Radico has grown by 1% point. So overall, if you see this year, we have shown growth in every product and every geography that we are represented in.

Dilip Banthiya: On the top of it, for the last six consecutive years, we have been outperforming the industry growth. So our market share across most of the large market is growing. Out of the top 11 markets, we have outperformed the industry in 7 markets. So it is a broad-based growth and broader base in category as well.

Kaustubh Pawaskar: And my third question is on the capital expenditure. So this year, how much would be our Capex considering that you are expanding your capacities and new facilities will be coming on. So for FY23, what would be your Capex?

Dilip Banthiya: So we have actually had these two projects. One is the greenfield project of Sitapur which along with our 350 KLPD grain-based distillery has malt maturation with a large capacity as well as there are some 10 million cases of the bottling capacity. The Capex has been envisaged at Rs. 550 crore. And for Rampur dual feed, it is Rs. 180 crore. So all put together, 80-85% of the Capex will be done. We have 10-15%, which is on performance-based and will be disbursed in the coming year 2023-2024.

Our projects are well on time, rather some are in advanced stage or earlier to what we have envisaged. All the orders have been given to the leading global vendors and is on a fixed price contract. So we are well on course for the Capex. Dual feed production for grain-based alcohol will start from Q3 onwards.

Moderator: The next question is from the line of Pritesh Chheda from Lucky Investment.

Pritesh Chheda: Sir, the Capex that just you mentioned is Rs. 180 crore plus Rs. 550 crore?

Dilip Banthiya: Yes.

Pritesh Chheda: Both will become operational this year or next year?

Dilip Banthiya: Rampur dual feed will come in operation from Q3 FY23 and Sitapur plant will come in operation at the end of Q4. So from the beginning of '2023-2024, this will be fully operational.

Pritesh Chheda: So this grain alcohol is meant for substituting what you purchased from outside or it is meant for the growth?

Dilip Banthiya: So yes, as we have earlier guided when we have announced this Capex and given a full background about the reason and rationale behind doing the Capex. The UP state government has created one category, which is a grain-based UPML. Earlier you see in Southern India, it is economy category IMFL. So the molasses-based UPCL firstly has been converted for 42.8% category [into grain based], which is around 25% to 30% of the overall industry volume. It's a large industry of 80 million cases overall of which 25% is UPML. We have a sizable market share. And in that, after our own grain alcohol, we will again be back in double-digit kind of EBITDA margin. So this was important for us, to cater this segment also. So the Capex has two parts- one is the part of UPML, and another is with our grain with our volume expansion, as we have grown last year also in P&A category by 24.5% and on overall 18%. Looking at India, the industry growth, we are chock-a-block for our grain-based alcohol. We are also actually sending this alcohol to other units, etc. for our premium products like Magic Magic, [Magic Moments] flavours, Morpheus, etc. This has also made us to think about that we should have our own grain-based alcohol. In three to four years' time, this 100% alcohol will be used for our own captive consumption.

Pritesh Chheda: Okay. Sir, my second question is, you mentioned in your opening comments that gross margin on IMFL has not been impacted. It is non-IMFL which brings down the gross margin. So if you could tell us what is the gross margin impact on account of non-IMFL or what is the EBITDA impact?

Dilip Banthiya: So gross margin on the non-IMFL used to be in the range of around double digits like over 10%-12% or so. In last quarter Q4, it has become negative and because of that, there is a two-third of the pressure on the operating margin is on account of non-IMFL and rest one-third is on account of the increase in the ENA and the grain price and the packaging material [in IMFL]. So my gross margin on the IMFL has just been impacted by 200 to 230 basis points, whereas it's largely impacted on account from a positive 10% to a negative. So the large impact has been on non-IMFL which we are very hopeful at the advanced stage of talks are on with the government and we are very hopeful to get our prices increase soon.

Pritesh Chheda: Okay. Understood, sir. And my last question is, sir, there's one observation that there is actually a drop in your realization per case in the year gone by. If you could share some light there.

Dilip Banthiya: Realization per case has rather improved because of improvement in P&A category because P&A growth has been overall 25% in the whole year. So actually, it has gone up. You will see that volume and value growth also has a traction of around 350 to 400 basis points. So gross realization per case, overall basis as well as in P&A category, because of the improvement in my product mix where we are also launching the brands like Royal Ranthambore, Magic Moments Dazzle as it has been rolled out in seven states and it is to be rolled out in this year in Pan-India basis. So we are expecting a continuous improvement in our per case realization on IMFL business.

Moderator: The next question is from the line of Nikhil Chowdhary from Kriis PMS.

Nikhil Chowdhary: Congratulations on a good set of numbers with strong double-digit growth. I wanted to understand, sir, our year-on-year growth has been really healthy on the volume trend, even on the regular and above. But in P&A, we saw 4% de-growth quarter-on-quarter. Any specific reason? Or in January Omicron was probably the thing that impacted it?

Dilip Banthiya: Quarter 3 from the seasonal point of view is the highest quarter for industry. However, but this is a marginal impact. It is consistently growing. And in this quarter again, overall volume growth has been 16%. And for the full year, we have grown 18%. Overall, the Prestige & Above has been 24.5%.

Nikhil Chowdhary: Understood sir. And second question was probably on the gross margin again. You have well explained like what was the impact. But if I probably refer to the market leader who reported the numbers recently, although we have a higher gross margin, like historically, regarding the market leader. But here, even the margins of the market, it has not impacted. Were they able to take price hike or something different that I'm not able to understand?

Dilip Banthiya: One is the business model is a little different. I don't want to have a detailed discussion, but there is some model where there is a large part of their revenue comes from royalty. And in our case, it is completely our own sales. So the top line apple-to-apple basis is different.

Nikhil Chowdhary: And the last question, sir, I wanted to understand probably, I have seen we have been doing a lot well with our new launches. Also we are doing very good with our 8PM, Magic Moments, Verve and all. Wanted to understand, few of the brands we don't speak about, 1965 and all, probably is there any strategy if they're not contributing, we'll try to defocus in years to come and then focus more on probably brands like Royal Ranthambore, Rampur Indian Single Malt, Jaisalmer Gin, Magic Moments and the brands that are doing really well for us, to be focused on strategy and focus on the power brands going forward?

Amar Sinha: So let me tell you, 1965 Rum is a power brand for us. We have at almost 10% market share in the defence services. This product was originally conceived for the defence supply. But seeing the great response in the defence, we are now selling it in the civil market and we are expanding distribution here. Rest all the products are extremely buoyant and they are doing pretty well. Even 1965 rum has shown a growth of 20% this year. So yes, we are focused on all of our brands and they are all buoyant.

Moderator: The next question is from the line of Sonaal Kohli from Bowhead Investment Advisors.

Sonaal Kohli: I had some questions regarding the EBITDA margin extrapolation which you have given. So when I look at your Capex which is coming up, is my understanding correct based on certain calculations we have done that you have at least 350 basis points addition in your EBITDA margins in FY24, based on the Capex you have done?

Dilip Banthiya: So Sonaal, the EBITDA margin overall for the year has been 14% vs last year 16.9%. As I said that two-third of our margin erosion in EBITDA as well as in gross largely is on account of non-IMFL.

Sonaal Kohli: I'm sorry. Let me repeat my question. I wasn't referring to this year, I'm talking about FY24. So you are doing the new Capex, right? The Capex will fully pay you off for the full financial year in FY24. It will partially pay you off in FY23. So when you take the benefit of this Capex, ENA which you are going to make from molasses, my understanding is the benefit would be conservatively 350 basis points if you were outsourcing it like you're doing now? Firstly, is that assumption correct or incorrect is what I'm trying to ask you.

Dilip Banthiya: You are talking about after my Capex is full in the stream in 2023-2024, the improvement in EBITDA margin will be?

Sonaal Kohli: Only because of that. Other things being constant.

Dilip Banthiya: No, it is partly because of the backward integration where we will have our own facility of grain and partly because of the product premiumization. So keeping these both points together, there are multiple levers. One is this backward integration, another is premiumization and third is also a big lever that we have a good quantity available of Rampur Indian Single Malt from 2023-2024 onwards. So this will also add to our gross margin as well as EBITDA margin. At the same time, the brands which we have launched in last year like Royal Ranthambore Whisky and Dazzle which is being taken to pan-India in the current year. So we are going to gain the momentum in all our premium portfolio. Also we are very confident that we will be again back to our margins which we were having and we were guiding about. So '2023-2024, our margin will be better than what we used to have.

Sonaal Kohli: Sir, my question, specifically to this Capex. Because I tell you why I'm asking this question. Based on several scenarios and based on our past discussions, it looks like that you will have at least 350 basis points expansion in margins because of your Capex, which is very reasonable assumption. Historically, walk through for is 2% less than your year margins.

Dilip Banthiya: Sonaal, the delta of the Capex still is continuing there. The delta we have calculated in the current cost structure also. The delta of Capex giving the return is still at the level which we envisaged because from both sides, the grain prices and all that have gone up. At the same time, the ultimate finished product, ENA price is also moving up.

Sonaal Kohli: Yes. So what I'm saying is the margin assumptions you are taking, my numbers are coming out to be much higher than what you are saying. So maybe you can discuss it off-line. But my assumption was coming out to the 350 basis points benefit on the account of this Capex, and you had a 15% hike in country liquor. So the benefits would be 270 basis points. Then you have delta of several things, so the margins are not adding up. I mean, but we can just discuss it off-line.

Sonaal Kohli: I had a second question, sir. What was the advertising spend and my call got disconnected. So did you say 13% top line growth for next two years? Or did I hear you correctly?

Abhishek Khaitan: We have told that our volume growth in the IMFL segment would be in the range of 13-15% for the current year. That is what we are envisaging. The value growth would be a little higher.

Sonaal Kohli: This quarter was concerned, the price hikes have happened back end of the quarter. So when you say 3%, you mean 3% blended average for the quarter? Or the entire price hike was 3% because you may have got a hike in different periods of quarter, so the full impact of that may or may not have come in the quarter. So can you explain when you say 3% what exactly you mean?

Dilip Banthiya: So this is the overall blended weighted average for full year basis. So the price hikes have come in the month of April or May. Like the UP have come from 1st April, rest have come in the middle of April or end of April. So overall, weighted average, we worked out on our net sales business is a 300 basis point, whatever price increase have happened. We are also envisaging a couple of states at an advanced stage pricing and during this year, we are seeing with the cost push and all that, the price hikes will happen in some of the large states. So let's see. But we are very confident and hopeful.

Sonaal Kohli: Last question. Your raw material cost inflation compared to Q4 vs Q1, is my understanding correct, there's another 100 basis points, 150 basis points inflation?

Dilip Banthiya: So on IMFL yes, it is 100 to 120 on a Q-on-Q basis. But in non-IMFL, it is much larger.

Moderator: The next question is from the line of Chetan Cholera from Pragya Equities Private Limited.

Chetan Cholera: What will be the debt outlook for the debt in another maybe two, three, four years down the line as we are doing a lot of Capex.

Dilip Banthiya: So as per our plan, our debt at this point of time on a net basis is Rs. 119 crore. With the current cash flow and internal accrual being deployed in the project expansion, our debt will be at March '23 in the range of Rs. 600 Crores to Rs. 610 Crores. And thereafter, we will have a free cash flow. In two years' time, we will be a debt-free company. So as per our plan by the year 2025, we'll be a debt-free with some surplus.

Chetan Cholera: And secondly, what's the vision for maybe five years down the line? Because since I'm a long-term investor, I'm an investor since last seven, eight years and so on. So vision for the company for next five years.

Dilip Banthiya: Actually, our vision over the next five years is that we would continue to drive our premiumization journey. There are brands in the luxury segment which we are taking to global level. So our vision is to make this as an Indian MNC with a global brand presence. In India, we are actually finding places and we are the leader in the white spirits segment and in the brown spirits segment also, we are the leading player in the brandy. We have the highest price point Rum in the country with 1965, having a market share of 10% plus in the defence category. And in whisky also, as you have seen, where we have launched the products like Royal Ranthambore which is the first time an Indian company launching a product at the scotch prices and above that.

And as you've seen that, we have also launched a couple of brands like for the international market, and we will add to that. I think, Jaisalmer gin, after opening of travel retail we are expanding our footprint in Europe, America and everywhere in the on-trade and on the restaurants and bars and hotels. So these are the areas we are working very hard. And for a new brand, which has been launched recently, just a month back, Jaisalmer gold edition, which is priced even higher than the Monkey 47 and this will be also be rolled out from July onwards. So we are working for making this an Indian MNC company.

Chetan Cholera: Any point of time you give thought on roping any strategic investors?

Abhishek Khaitan: We have reiterated this point at least five, seven times earlier also. We want to be a true Indian global MNC, number one. Number two, we have proven that even in the single malts, we have been able to create a brand where the demand is more than the supply. So I think with a debt-free balance sheet and with a strong track record of developing organically Indian brands, we are not looking for any strategic partner. In fact, we want to create luxury brands which will command in the global arena also.

Amar Sinha: Just one point to add is that in the next three years, with the way premium products are being cultivated in Radico, you will find that Radico will be the one company which will have the largest portfolio of premium and super premium and super-super premium products. And that you can therefore imagine where this company stands to be in the next three years.

Chetan Cholera: And any thoughts on entering other category of alcohol, like beer or something?

Abhishek Khaitan: No, we will be concentrating in liquor itself as it has so much of opportunity, and beer is a very Capex-oriented industry. So we have no plans of entering into beer. Our focus will be purely IMFL.

Moderator: Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to the Management for closing comments.

Dilip Banthiya: Thank you, everyone. We have continued to deliver upon our premiumization strategy which is reflected in the strong P&A volume growth during the quarter and the full year. All our core premium brands are registering a strong growth. The two new luxury brands are also doing very well and continue to receive positive consumer and trade feedback in the new markets that they are being rolled out. Next year, we will roll them out on pan India level. There has been near-term margin pressure due to commodity inflation but we are confident of maintaining our long-term margin expansion given the premiumization of our portfolio and backward integration.

We look forward to interacting with you all on our next earnings call. And in the meantime, if you have any query, please follow up with me or my colleague Saket Somani and we will be free to give you any reply. Thanks a lot and stay safe and healthy.

Moderator: Thank you. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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Note: This transcript has been edited to improve readability.

For more information, please contact:

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