



Radico

RADICO KHAITAN LTD.



Radico Khaitan Ltd.

(BSE: 532497; NSE: RADICO)


Earnings Presentation

Q1 FY2020

Q1 FY2020 Performance Highlights

Continued strong top line growth

Total IMFL Volume

Increased
12.0% 
to 6.25 Million Cases


Prestige & Above Volume

Increased
16.0% 
to 1.99 Million Cases


Prestige & Above as % of Total Volume

Increased from
30.7% to 
31.8%


Regular & Others Volume

Increased
10.2% 
to 4.27 Million Cases


Revenue from Operations (Net)

Increased
20.8% 
to ₹ 623.58 Crore


Gross Profit

Increased
12.6% 
to ₹ 294.59 Crore

EBITDA

Increased
9.3% 
to ₹ 98.94 Crore

Total Comprehensive Income

Increased
16.2% 
to ₹ 54.56 Crore

Note: All numbers above are for Q1 FY2020 and Y-o-Y comparison

Q1 FY2020 Performance Highlights

Continued strong top line growth

Q1 FY2020 vs. Q1 FY2019

- Total IMFL volume of 6.25 Million Cases (+12.0%)
- Prestige & Above brands volume of 1.99 Million Cases (+16.0%)
- Prestige & Above brands contribution to the total IMFL volumes of 31.8% (vs. 30.7% last year)
- Revenue from Operations (Net) of ₹ 623.58 Cr (+20.8%)
- Gross Margin declined from 50.7% to 47.2% due to the ongoing input cost pressures
- EBITDA of ₹ 98.94 Cr (+9.3%)
- EBITDA margin declined from 17.5% to 15.9%
- Reduction in interest costs from ₹ 10.96 Cr to ₹ 7.38 Cr
- Total Comprehensive Income of ₹ 54.56 Cr (+16.2%)



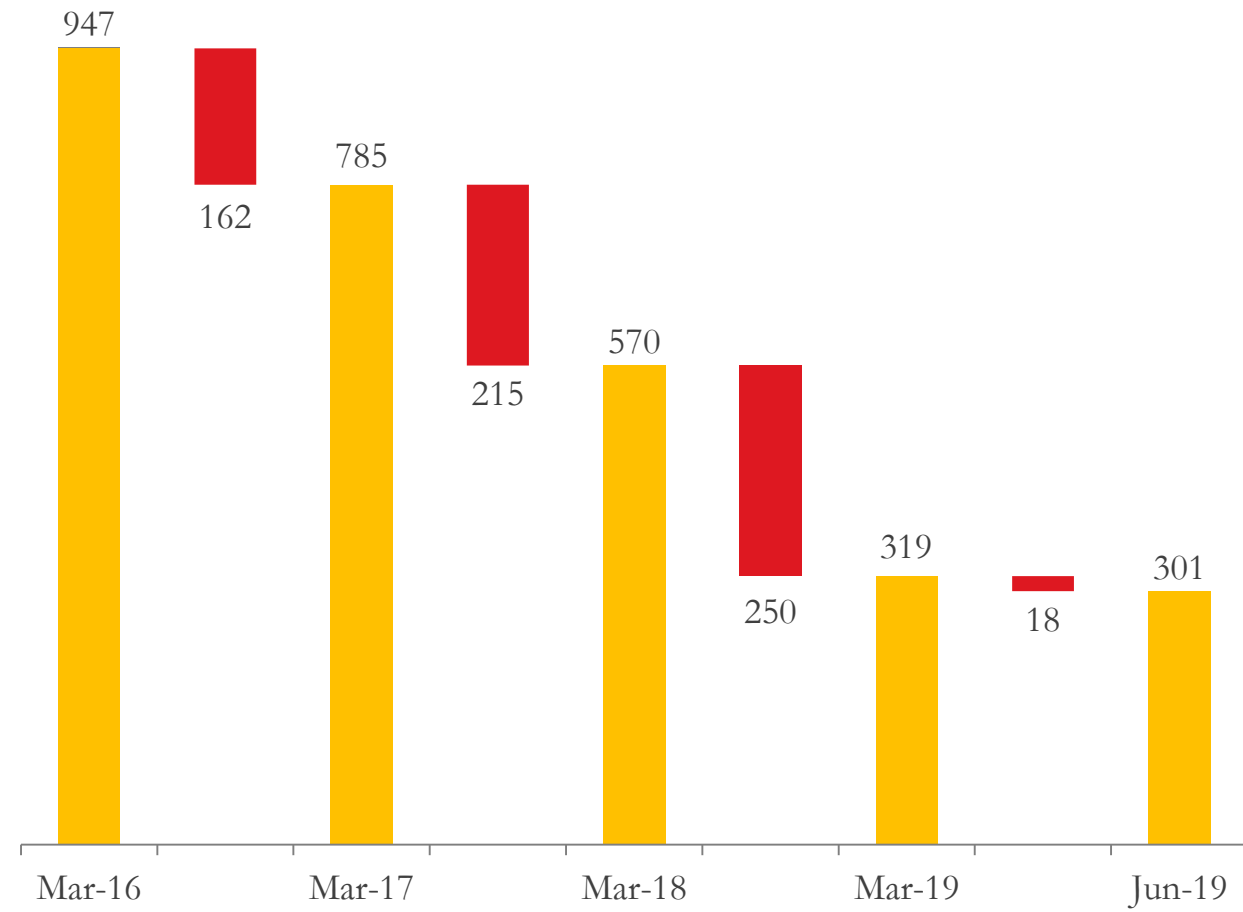
Q1 FY2020 Performance Highlights

Deleveraging and interest cost reduction

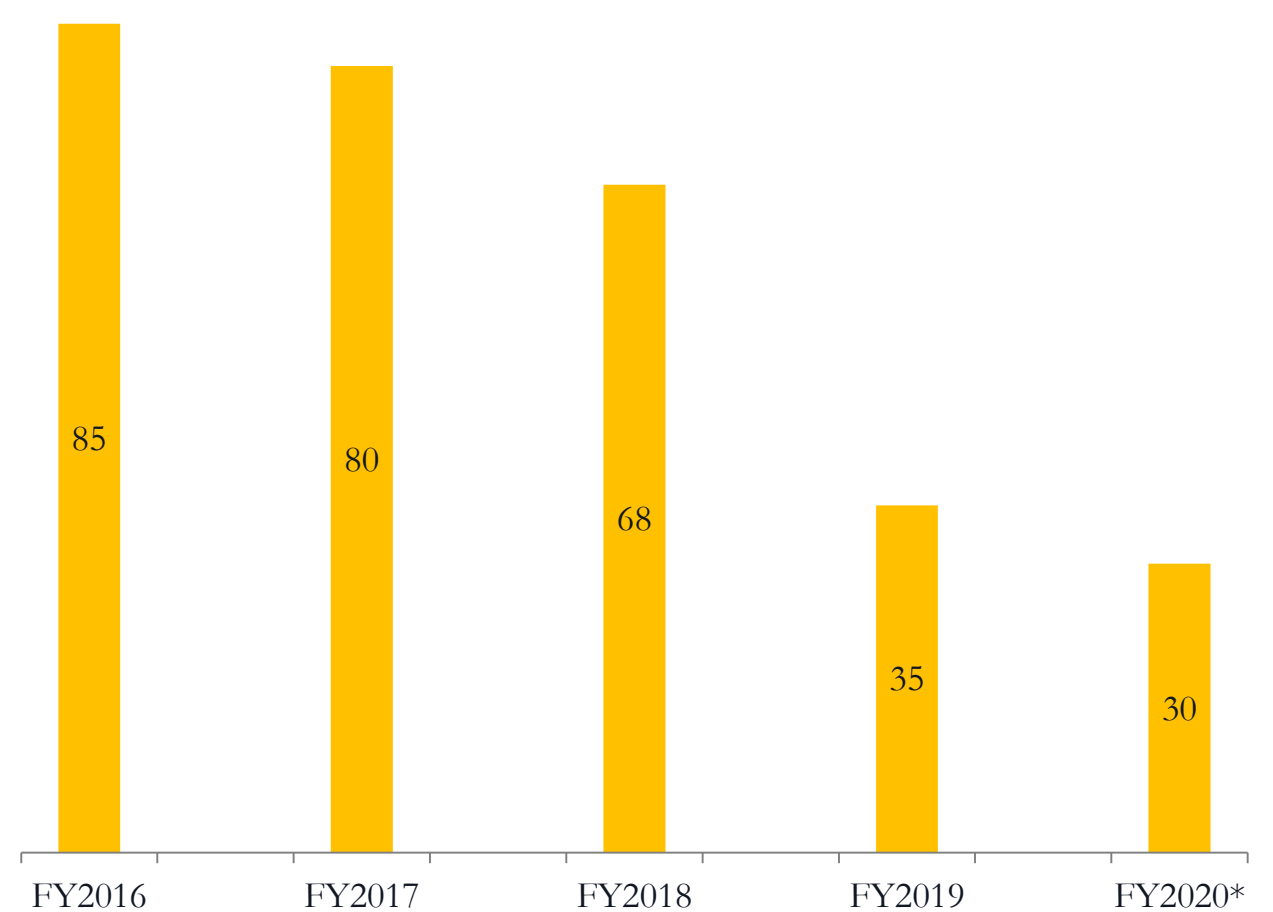
Cumulative Net Debt reduction of ₹ 646 Cr since March 2016...

...Resulted in annualized interest cost saving of 65%

Net Debt Position (₹ Crore)



Annual Interest Cost (₹ Crore)



* Q1 FY2020 Interest Cost is annualised to represent full year FY2020

Management Perspectives

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

“It is heartening to note that after a strong performance in FY2019, Radico Khaitan has continued to build upon the momentum in Q1 FY2020 as well. Despite an overall slowdown in the economy, we delivered strong growth across all key brands and geographic regions. In the short term, we have faced raw material price pressure but that does not impact our long-term growth and margin trajectory. We remain focused on investing in our core premium brand portfolio which will enable us to deliver long-term sustainable value creation for all stakeholders.”

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

“We reported a strong operational performance in Q1 FY2020 with top line growth of 20.8% compared to Q1 FY2019. This growth was driven by a strong Prestige & Above category volume growth of 16.0%. While our existing brands such as 8PM whisky, Magic Moments vodka and Morpheus super premium brandy continued to perform well, the recently launched 8PM Premium Black whisky and 1965 premium rum made increasingly meaningful contribution. Over the last few quarters, we have seen significant raw material price pressure, but with the ongoing price increases and premiumisation, we are confident of sustaining our profitability margins during the year.”

Performance Overview

	Q1		y-o-y	12 Months		y-o-y
	FY2020	FY2019	Growth (%)	FY2019	FY2018	Growth (%)
Operational Performance (Million Cases)						
Prestige & Above	1.99	1.71	16.0%	6.12	5.05	21.3%
Regular & Others	4.27	3.87	10.2%	15.48	14.45	7.1%
Total Volume	6.25	5.59	12.0%	21.61	19.50	10.8%
<i>Prestige & Above as % of Total</i>	<i>31.8%</i>	<i>30.7%</i>		<i>28.3%</i>	<i>25.9%</i>	
Financial Performance (₹ Crore)						
Revenue from Operations (Gross)	2,677.08	2,115.28	26.6%	8,058.00	6,270.36	28.5%
Revenue from Operations (Net)	623.58	516.38	20.8%	2,096.95	1,822.77	15.0%
Gross Profit	294.59	261.60	12.6%	1,082.62	870.56	24.4%
<i>Gross Margin (%)</i>	<i>47.2%</i>	<i>50.7%</i>		<i>51.6%</i>	<i>47.8%</i>	
EBITDA	98.94	90.56	9.3%	349.23	267.43	30.6%
<i>EBITDA Margin (%)</i>	<i>15.9%</i>	<i>17.5%</i>		<i>16.7%</i>	<i>14.7%</i>	
Total Comprehensive Income	54.56	46.97	16.2%	187.35	121.94	53.6%
<i>Total Comprehensive Income Margin (%)</i>	<i>8.8%</i>	<i>9.1%</i>		<i>8.9%</i>	<i>6.7%</i>	
Basic EPS (₹)	4.11	3.55	15.5%	14.10	9.26	52.2%

Revenue from Operations includes Other Operating Income

Performance Overview

₹ Crore)	Q1		y-o-y	12 Months		y-o-y
	FY2020	FY2019	Growth (%)	FY2019	FY2018	Growth (%)
Gross Sales	2,677.08	2,115.28	26.6%	8,058.00	6,270.36	28.5%
Revenue from Operations	623.58	516.38	20.8%	2,096.95	1,822.77	15.0%
Other Income	3.32	2.73	21.4%	13.29	26.67	(50.2)%
Income from Operations	626.90	519.12	20.8%	2,110.23	1,849.44	14.1%
Raw Materials Consumed	328.99	254.78	29.1%	1,014.33	952.21	6.5%
Employee Benefit	42.11	36.51	15.3%	171.38	154.97	10.6%
Interest	7.38	10.96	(32.6)%	35.48	68.24	(48.0)%
Depreciation	12.82	10.14	26.4%	42.44	40.90	3.8%
Selling & Distribution	79.76	71.46	11.6%	297.23	215.87	37.7%
Other Operating Expenses	73.47	62.44	17.7%	263.67	229.97	14.7%
Total Expenses	544.53	446.30	22.0%	1,824.52	1,662.16	9.8%
Profit Before Tax	82.37	72.82	13.1%	285.71	187.28	52.6%
Provision for Tax	27.60	25.45		97.64	63.83	
Net Profit	54.77	47.37	15.6%	188.06	123.45	52.3%
Net Income Margin (%)	8.8%	9.2%		9.0%	6.8%	
Other Comprehensive Expenses / (Income)	0.20	0.41		0.72	1.52	
Total Comprehensive Income	54.56	46.97	16.2%	187.35	121.94	53.6%
Total Comprehensive Income Margin (%)	8.8%	9.1%		8.9%	6.7%	
Basic EPS (₹)	4.11	3.55	15.5%	14.10	9.26	52.2%
EBITDA	98.94	90.56	9.3%	349.23	267.43	30.6%
EBITDA Margin (%)	15.9%	17.5%		16.7%	14.7%	

Q1 FY2020 Highlights (Y-o-Y)

- **Revenue from Operations (Net)** grew by 20.8%. Total IMFL volumes increased by 12.0%. This volume growth was led by a strong Prestige & Above category volume increase of 16.0%. Volume growth was broad based across key states and key IMFL brands primarily driven by the recent price increases and improved operating environment. Our recently launched brands such as 8PM Premium Black whisky and 1965 – Spirit of Victory rum made meaningful contribution to the overall volumes.
- **Gross Margin** decreased by 342 bps y-o-y to 47.2%. Margin compression was primarily due to a combination of recent increase in raw material prices (ENA and packaging material) and purchase of alcohol for the production of Country Liquor. During the quarter, Rampur plant operated at restricted capacity as per the directives of the Central Pollution Control Board (CPCB). In their order dated 6th August, 2019, CPCB has allowed the Company to restore the operating capacity of its molasses plant from 77 KLD to 200 KLD (which is our full capacity).
- **EBITDA** increased by 9.3% y-o-y with margins of 15.9% (down 167 bps y-o-y). Selling & Distribution expenses have been higher during Q1 FY2020 compared to Q1 FY2019 as the Company has been progressively making marketing investments. Advertising & Sales Promotion expenses increased by 5.1% y-o-y to ₹ 37.70 Crore. Higher A&SP spend has enabled the Company to sustain the growth momentum. Due to the implementation of Ind AS 116 on operating leases, the Company has recognized interest expense on lease liabilities of ₹ 0.32 Crore and depreciation on right-of-use assets of ₹ 1.34 Crore against the lease rent of ₹ 1.85 Crore which would have been charged had Ind AS 116 not been implemented. Adjusted for this, Q1 FY2020 EBITDA would be ₹ 97.09 Crore (at 15.6% margin).
- **Finance Cost** for Q1 FY2020 declined by (35.6)% y-o-y from ₹ 10.96 Crore to ₹ 7.38 Crore. This is including ₹ 0.32 Crore impact of IAS 116 on Q1 FY2020 numbers.
- **Balance Sheet:** As of June 30, 2019, Total Debt was ₹ 338.64 Crore, Cash & Bank Balances were ₹ 37.19 Crore resulting in Net Debt of ₹ 301.45 Crore (vs. ₹ 319.35 Crore as of March 31, 2019). Gross Debt consists of ₹ 306.65 Crore of Working Capital loans and ₹ 31.99 Crore of Long-Term loans.

Brand Performance



Rampur Indian Single Malt

- Launched select variants:
 - Rampur PX Sherry: Limited 48 cask batch where American Oak were handpicked and transferred to PX Sherry Butts from Jerez, Spain
 - Rampur Double Cask: Matured in hand-picked American Bourbon barrels and European Oak Sherry casks
- Now also available in select stores in New Delhi
- Investing in malt capacity expansion



Jaisalmer Indian Craft Gin

- A triple-distilled neutral grain spirit, re-distilled in a traditional copper pot still; the recipe is handcrafted in a time-honoured way
- Derived from the ancient Indian knowledge on herbs, the botanicals beautifully release pine notes from Juniper
- Launched in key European markets at the duty-free stores
- Rated as the Best Gin produced out of Asia in 2019 at The Gin Guide Awards, the most respected Awards for Gin in the world



Morpheus Super Premium Brandy

- Launched a semi luxury variant – Morpheus Blue
- Market leading share of 56% in the super premium brandy category in India

Brand Performance



Magic Moments Vodka

- Sales volumes crossed 4 million case mark
- Launched Magic Moments Verve in a new premium canister packaging
- Marketing campaign with Bollywood stars Kartik Aryan and Jacqueline Fernandez
- Continues to gain market share with Magic Moments now accounting for 56% of the overall vodka market share and Verve accounting for 20% market share of the premium vodka category



8PM Premium Black Whisky

- Launched a premium variant of 8PM whisky
- Strong initial traction and consumer response
- Currently available in 11 states. Four more states planned in the coming quarter
- Signed endorsement deal with Bollywood youth icon, Tiger Shroff

Endorsement deals with Bollywood stars for Magic Moments vodka and 8PM Premium Black whisky

A&SP accounts for 6.0% of Total Net Revenue in Q1 FY2020 (6.6% in FY2019)

Leading market positioning

The Millionaires' Club 2018 global rankings



4th

Fastest growing
whisky in the
world

11th

Largest whisky
in the world by
volume

11th

Largest vodka
in the world by
volume

7th

Largest rum in
the world by
volume

5th

Largest brandy
in the world by
volume



Company overview

One of the largest spirits manufacturers in India



1943

Year of
Incorporation

75 years of experience in spirits making. One of the most recognized IMFL brands in India

157

Million litres

One of the largest spirits manufacturers. Operates three distilleries and one joint venture

28

Bottling
units

Strategically limiting interstate taxes and transport costs. Five own and 23 contract bottling units spread across the country

75,000

Retailers

Strong distribution network. Sale through over 75,000 retail and 8,000 on premise outlets

28%

FY2019
Premium
volume share

Consistently increasing Prestige & Above brand contribution to total IMFL volumes; 49% in value terms

FY2019
Net Revenue

21.0

(₹ billion)

With EBITDA margin of 16.7%

Clearly defined strategic roadmap

Focus on building brands and driving a profitable growth

Innovation and brand building

- **Established track record:** Magic Moments vodka, Morpheus brandy
- **Recent launches:** 8PM Premium Black whisky, Jaisalmer Indian Craft gin, Rampur Indian Single Malt, 1965 rum, Electra ready to drink, Pluton Bay rum, Regal Talon whisky

Premium growth

- Growth driven by Prestige & Above category brands
- Strong premiumization focus with over 13% volume growth since FY2014
- Prestige & Above category contribute to 28.3% of IMFL volumes and 49.5% of the IMFL value sales during FY2019

Strong cash flow generation and deleveraging

- Focused on a profitable growth driven by Prestige & Above category brands
- Ongoing debt reduction
- Target to have no borrowings by end of FY2021
- Improved profitability margins and return ratios

Consumer centric go-to-market strategy

Human resource development

Product portfolio

Jaisalmer Indian craft gin



AN ODE TO

Magnificence

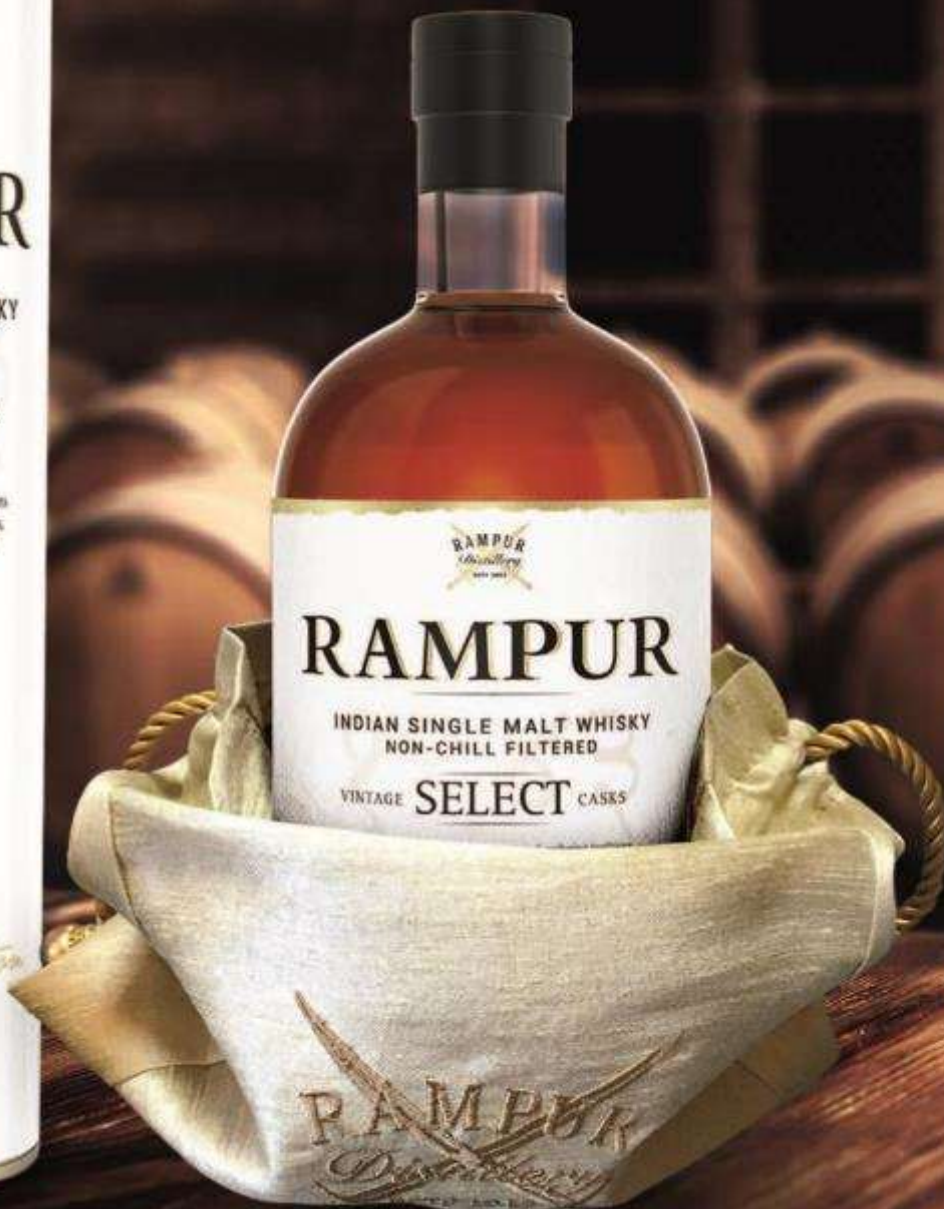
*"The air swells up with paeans of valour
Of heroic feats, and protecting honour"*

Dedicated to this spectacular way of life, the new Jaisalmer Indian Craft Gin harks back to imperial age of Maharajas and their leisure moments. Befitting a state with many fascinating stories, Jaisalmer Indian Craft Gin is a worthy experience with a chequered past that lives on in a new incarnation today.



Product portfolio

Rampur Indian single malt



Rampur Indian Single Malt Whisky: Decades of Perfection

Takes forward the rich heritage of Rampur, a princely state of British India and the 75 years of distillation expertise of Radico Khaitan, the pioneers of legendary spirits in India. Aged in the foothills of the Himalayas, Rampur is the Kohinoor of Single Malts. The Rampur Indian Single Malt is presented in a distinguished canister packaging. Treasured in a robust stout bottle with a thick base, the overall appearance is of under-stated luxury. The Rampur Indian Single Malt experience is enhanced with the addition of a cork with sleeve and a hand crafted silk pouch imparting a royal touch.

Product portfolio

Magic Moments vodka and Magic Moments Verve



Magic Moments Vodka: Zing up Life

A rage overnight, the enthralling taste of Magic Moments not only set towns buzzing but also unleashing the thirst of making every moment grand.

Produced from finest grains, its triple distilled process is a mark of absolute purity that simply zings up life. The spirit of Magic Moments can be celebrated with various tantalizing flavors that take excellence a notch up!



Verve Super Premium Vodka: High on Verve

Using a 5 stage filtration process with silver and platinum filters, this vodka possesses the ability to send you in trance. The tantalizing aroma of its flavor and its crisp taste enabled the success of Verve

Product portfolio

Electra ready-to-drink



Exploring the wilderness within, the quest to conquer the usual and zest to go beyond limits, is what drives non conformists. To kick the boring out of their lives we have introduced a gush of raw adrenalin for them – Electra.

Electra is triple distilled and triple filtered with carbon and platinum filter. Keeping the spirit of innovation alive, this 8% vodka infused drink comes with a premium ring pull cap.

Product portfolio

Morpheus Blue super premium brandy



HOW DO
YOU SAY SPELL-BINDING
IN FRENCH?

“

”



Product portfolio

Morpheus super premium brandy

The
spirit of France,
captured in a goblet.




Radico
RADICO KHAITAN LTD.

Product portfolio

1965 premium rum



IN AN INITIATIVE UNDERTAKEN BY RADICO KHAITAN,
1965 – THE SPIRIT OF VICTORY,
PREMIUM XXX RUM, WAS LAUNCHED THIS YEAR.

WITH THIS ENDEAVOUR, WE WISH TO SALUTE THE GALLANT TASK
UNDERTAKEN BY OUR BRAVE SOLDIERS IN THE 1965 INDO-PAK WAR.

MARKETED EXCLUSIVELY TO THE INDIAN DEFENCE FORCE PERSONNEL,
IT IS AVAILABLE AT CANTEEN STORES DEPARTMENT.

THE PRODUCT WAS CREATED TO CATER TO PREMIUM RUM DRINKERS, WITH
RICH FLAVOURS LIKE DRIED FRUITS, CHOCOLATE, OAK AND HONEY.
THE PRODUCT IS NOMINALLY PRICED AND IS A SHINY
NEW FEATHER IN RADICO KHAITAN'S CAP.



Product portfolio

Regal Talon whisky



Regal Talons Rare Generation Whisky: Unbeatable Spirit

The finest blend that combines Indian grain spirits with imported aged scotch malts to deliver an exceptional smoothness. Regal Talons has been especially made for those who believe in conquering and always emerge as champions at every step with their unbeatable spirit.

The fine taste of Regal Talons sets free the spirit of passion & perfection and takes one to a new level of supremacy. The smoothness of this whisky rolls on the tongue like silk and lets one savour it effortlessly, enjoying the finest things in life

Product portfolio

Pluton Bay rum



Pluton Bay Rare Exotic Rum: Spirit of Adventure

A unique experience, with a perfect blend of international design and world-class packaging. Rare and smooth taste, offering a premium blend. A rich, full and spicy dark rum with caramel and spice on the nose. Smooth and medium-bodied rum. A suitable and fine mixing rum if ever there was one.

Product portfolio

After Dark premium whisky



After Dark Fine grain whisky: One life, many passions. Why wait?

Night has different connotations for different people, it unfolds differently and brings a unique world of desire, adventure and excitement.

It's where fun and action begins and party never stop.

Product portfolio

8PM whisky



Product portfolio

Contessa rum

Contessa XXX rum: For the Man of Courage

Another millionaire brand from Radico Khaitan's straddle. This brand has surpassed expectations and has garnered strong foothold in the Indian market. This rum truly reflects the real meaning of courage and the taste simply touches the right cords and reflects true essence of bravery.



Product portfolio

Old Admiral brandy



Old Admiral Brandy: For Real Men Only

Made specially for the men with pride, honour and courage. The splendid taste of this spectacular brandy celebrates the greatness achieved and passion for all good things in life. The classic taste perfectly blended with rich sensation & enthralling aroma ensures that it is savoured the way it is desired and truly deserved.

Statutory Results

Statement of Unaudited Standalone IND AS Financial Results for the quarter ended June 30, 2019

(Rs. In lakhs, except EPS)

No.	Particulars	(1) Quarter ended 30.06.2019 (Unaudited)	(2) Quarter ended 31.03.2019 (Refer Note 4)	(3) Quarter ended 30.06.2018 (Unaudited)	(4) Year ended 31.03.2019 (Audited)
1	Income				
	(a) Revenue from Operations	267,707.70	197,826.12	211,527.61	805,800.25
	(b) Other Income	331.95	359.30	273.42	1,328.77
	Total Income	268,039.65	198,185.42	211,801.03	807,129.02
2	Expenditure				
	(a) Cost of material consumed	31,020.44	26,719.25	25,015.18	104,486.34
	(b) Purchase of stock-in-trade	145.64	424.73	168.19	1,116.53
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,732.98	(3,609.63)	294.31	(4,169.89)
	(d) Excise duty on sales	205,349.34	146,827.74	159,889.53	596,105.71
	(e) Employee benefits expense	4,211.32	4,513.98	3,651.25	17,138.07
	(f) Finance Costs	737.96	772.62	1,095.54	3,547.98
	(g) Depreciation and amortisation expense	1,281.81	1,086.30	1,014.38	4,243.58
	(h) Selling & Distribution expenses	7,975.98	7,991.18	7,146.46	29,722.75
	(i) Other Expenses	7,347.10	7,793.46	6,244.39	26,367.02
	Total Expenditure	259,802.57	192,519.63	204,519.23	778,558.09
3	Profit / (Loss) before Exceptional Items & tax (1-2)	8,237.08	5,665.79	7,281.80	28,570.93
4	Exceptional items	0.00	0.00	0.00	0.00
5	Profit (+) / Loss (-) before tax (3-4)	8,237.08	5,665.79	7,281.80	28,570.93
6	Tax Expense	2,760.38	1,760.50	2,544.54	9,764.47
7	Net Profit (+) / Loss (-) after tax (5-6) from continuing operations	5,476.70	3,905.29	4,737.26	18,806.46
8	Other Comprehensive (Income)/ Expenses				
	(i) Items that will not be reclassified to profit or loss	31.25	(95.72)	62.50	110.53
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(10.92)	33.45	(21.84)	(38.62)
9	Total Comprehensive Income (7-8)	5,456.37	3,967.56	4,696.60	18,734.55
10	Paid up equity share capital (Face value of Rs. 2/- each)	2,668.19	2,668.19	2,666.15	2,668.19
11	Earning per share (Face value of Rs.2/- each) not annualized				
	Basic	4.11	2.93	3.55	14.10
	Diluted	4.11	2.93	3.55	14.08

Statement of Unaudited Standalone IND AS Financial Results for the quarter ended June 30, 2019

Notes:

1. The unaudited standalone financial results of the Company for the quarter ended June 30, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 08, 2019. The statutory auditors have expressed an unmodified audit opinion on these results.
2. This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules 2015 (Ind AS) prescribed under Section 133 of the Act, 2013 and other recognised accounting practices and policies to the extent applicable.
3. As the Company's business activity falls within a single primary business segment, namely Alcohol and Alcoholic Beverages, the disclosure requirements as per Ind-AS 108 "operating segments" are not applicable.
4. The figures for the quarter ended March 31, 2019 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the 3rd quarter of the relevant Financial Year.
5. The Company adopted Ind AS 116 - Leases on April 1, 2019 by using modified retrospective approach and accordingly comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. Consequently, the Company has not restated the comparative figures and the cumulative effect of initially applying this Standard has been recognized as an adjustment to opening balance of retained earnings as on April 1, 2019.
6. In the reporting quarter, the expense in respect of "Operating Leases" has changed from lease rent in previous periods to depreciation cost for the right-of-use asset and finance cost on lease liability. Accordingly, the Company has recognized interest expense (Finance Cost) on lease liabilities amounting to Rs. 32.26 Lakhs and depreciation on right-of-use assets amounting to Rs. 134.44 Lakhs against the lease rent of Rs. 184.56 Lakhs which would have been recognised under the erstwhile Standard. Owing to adoption of Ind AS 116 profit after tax is increased by Rs. 17.86 Lakhs.
7. The Central Pollution Control Board (CPCB) vide its letter dated 6th August, 2019 pursuant to Company's representation and their subsequent inspection has allowed the Company to restore capacity of its molasses plant from 77 KLD to 200 KLD. However, the CPCB has levied an additional Environmental Compensation of Rs. 5.83 Crores apart from Rs. 1.46 Crores already paid by the Company.
8. Tax expenses includes current tax and deferred tax.
9. The previous period figures have been regrouped / reclassified, wherever considered necessary.

For Radico Khaitan Ltd.

New Delhi
August 8, 2019

Dr. Lalit Khaitan
Chairman & Managing Director
DIN No. 00238222

Contact information



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.

For further information, please contact:

Dilip Kumar Banthiya
Chief Financial Officer

banthiyadk@radico.co.in
+91 11 4167 6218

Bijay Sharma / Saket Somani
Churchgate Partners

radico@churchgatepartners.com
+91 22 6169 5988

Mukesh Agrawal
Head – Investor Relations

agrawalm@radico.co.in
+91 11 4097 5423



Radico

RADICO KHAITAN LTD.

Radico Khaitan Limited

(CIN: L26941UP1983PLC027278)

J-I, Block B-I, Mohan Co-operative Industrial Area,
Mathura Road, New Delhi-110044

Ph.: +91-11-4097 5400/5500

Fax: +91-11-4167 8841/42

www.radicokhaitan.com