



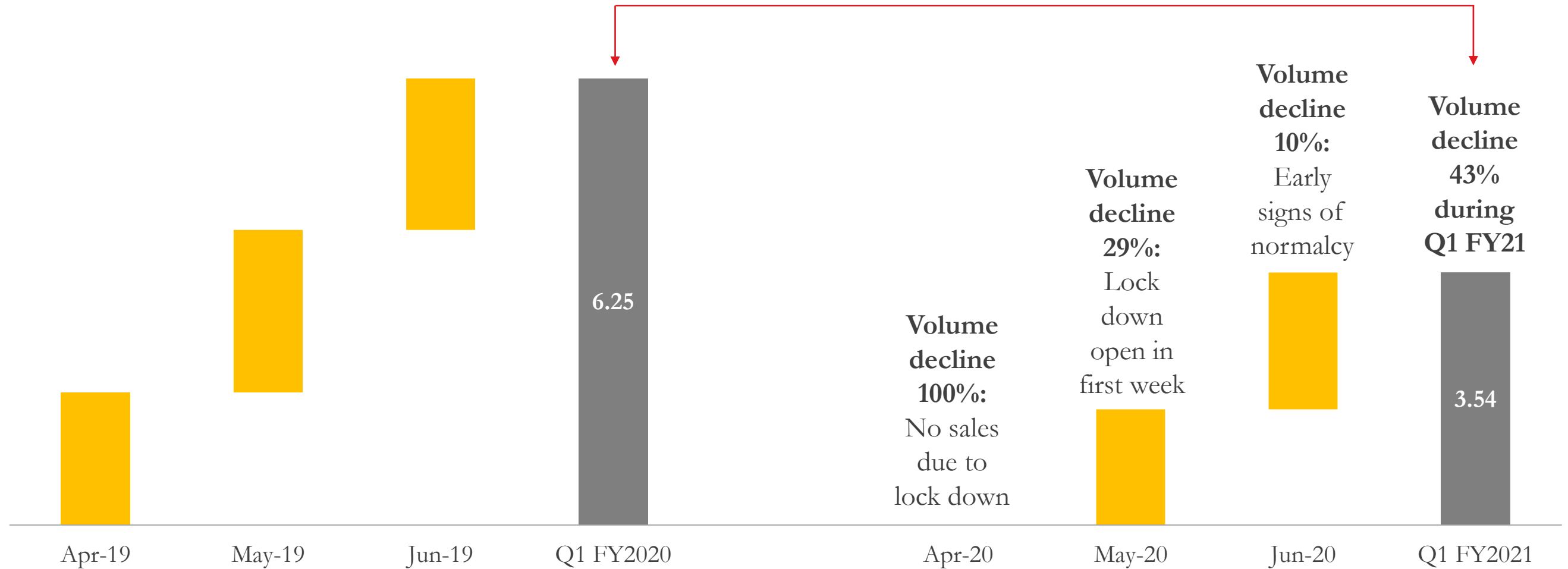
Radico Khaitan Ltd.
(BSE: 532497; NSE: RADICO)
Earnings Presentation
First Quarter FY2021

Q1 FY2021 Highlights

Robust performance in context of the current environment; Expect normalcy from H2 FY2021



IMFL volumes (million cases) : Y-o-Y performance

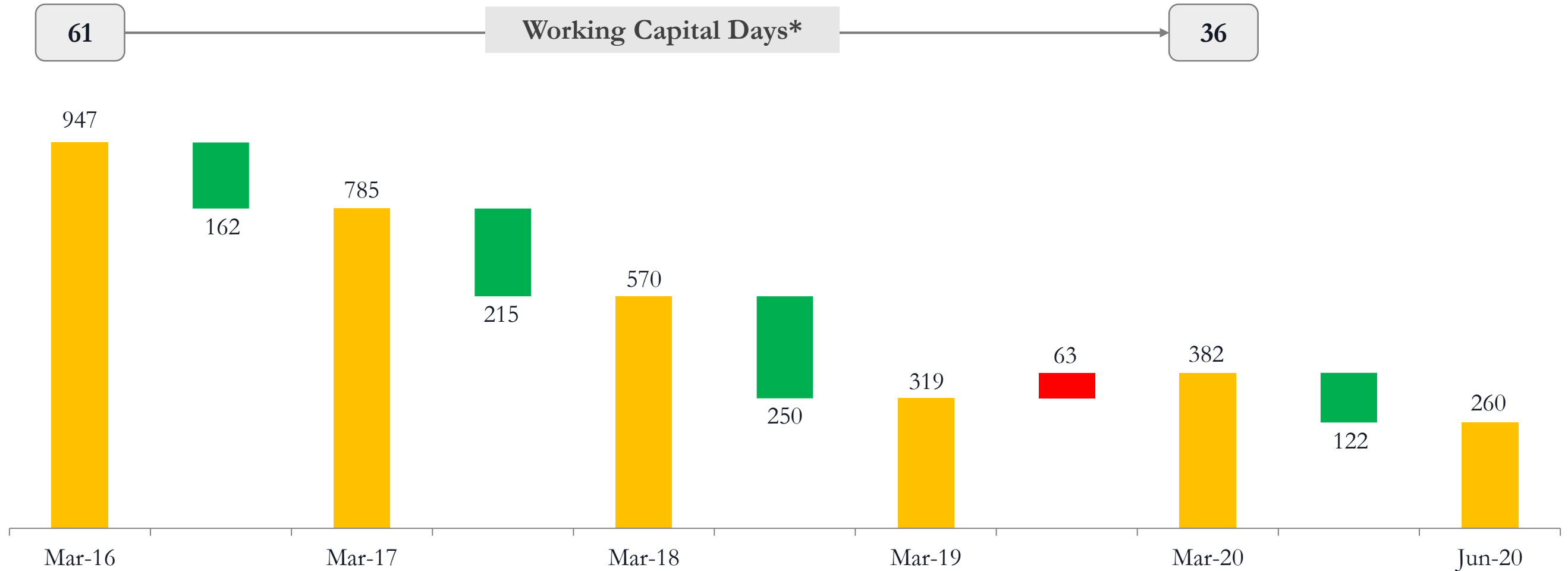


Q1 FY2021 Highlights

Strong cash flow generation and net debt reduction of over ₹ 122 Crore in Q1 FY2021



Cumulative net debt reduction of ₹ 687 Crore since FY2016 coupled with higher working capital efficiency



* Working Capital Days = (Trade Receivables + Inventories – Trade Payables) / Gross Revenue from Operations X 365



Management Perspectives

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

“When we stepped into the new fiscal year, the country was under a lock down and the economic activity was on a standstill. During this period, we prioritized the health & safety of our employees. We also focused on implementing measures that would help prepare the Company navigate through these challenging times and be future ready. These included review of the supply chain agility, cash flow and liquidity, and the optimization of cost structure to sustain our margins. In the process, we were not only able to strengthen our financial position but also enhance our market share. Our performance during Q1 FY2021 demonstrates the resilience of our operations and positions us strongly towards the path of a strong recovery during the second half of the year.”

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

“Our performance in Q1 FY2021 is a true testament to the strong foundation on which Radico Khaitan’s business model has been established. During this quarter, we continued to outperform the industry with encouraging operational results which coupled with a strong financial discipline led to robust cash flow generation. Month-on-month volumes indicate an improving trend and we are confident of a normalized performance in the coming quarters. Our profitability improved due to a better state & product mix and higher share of exports business. We recently received price increase in one of the key liquor consuming states in south India. This price increase also had a positive impact on our profitability. Radico Khaitan continues to focus on further strengthening its premium products portfolio through new launches and ongoing marketing investments.”

Performance Overview

	Q1		<i>y-o-y Growth (%)</i>
	FY2021	FY2020	
Operational Performance (Million Cases)			
Prestige & Above	1.05	1.99	(47.1)%
Regular & Others	2.48	4.27	(41.8)%
Total Volume	3.54	6.25	(43.5)%
<i>Prestige & Above as % of Total</i>	29.7%	31.8%	
Financial Performance (₹ Crore)			
Revenue from Operations (Gross)	1,774.66	2,677.08	(33.7)%
Revenue from Operations (Net)	409.15	623.58	(34.4)%
Gross Profit	223.53	299.17	(25.3)%
<i>Gross Margin (%)</i>	54.6%	48.0%	
EBITDA	75.23	100.12	(24.9)%
<i>EBITDA Margin (%)</i>	18.4%	16.1%	
Total Comprehensive Income	43.65	54.56	(20.0)%
<i>Total Comprehensive Income Margin (%)</i>	10.7%	8.8%	
Basic EPS (₹)	3.30	4.11	(19.6)%

Above financials are on Standalone basis

Performance Overview

(Rs. Crore)	Q1		y-o-y Growth (%)
	FY2021	FY2020	
Revenue from Operations (Gross)	1,774.66	2,677.08	(33.7)%
Revenue from Operations (Net)	409.15	623.58	(34.4)%
Other Income	1.87	3.32	(43.7)%
Income from Operations	411.02	626.90	(34.4)%
Cost of Goods Sold	185.62	324.41	(42.8)%
Employee Benefit	38.72	42.11	(8.1)%
Selling & Distribution	49.44	79.76	(38.0)%
Depreciation	12.88	12.82	0.4%
Interest	6.57	7.38	(11.0)%
Other Operating Expenses	59.58	76.86	(22.5)%
Total Expenses	352.80	543.34	(35.1)%
Profit Before Exceptional Item & Tax	58.22	83.56	(30.3)%
Exceptional Item	0.00	(1.19)	
Profit Before Tax	58.22	82.37	(29.3)%
Current Tax	15.06	30.88	
Deferred Tax	(0.91)	(3.27)	
Net Profit	44.07	54.77	(19.5)%
Net Income Margin (%)	10.8%	8.8%	
Other Comprehensive Expenses / (Income)	0.42	0.20	
Total Comprehensive Income	43.65	54.56	(20.0)%
Total Comprehensive Income Margin (%)	10.7%	8.8%	

Q1 FY2021 Highlights (Y-o-Y)

- **Revenue from Operations (Net)** during the quarter was impacted by the nationwide lock down. There was no IMFL sales during the month of April and it resumed only after the first week of May when the lock down was partially lifted. However, from June onwards, we are seeing very early signs of recovery. While total IMFL volumes decreased by 43.5% during the quarter, the decline was only 9.8% y-o-y in June 2020. IMFL sales accounted for 73.2% (vs. 80.0% in Q1 FY2020) of the Revenue from Operations (Net).
During the quarter, the Company also started manufacturing sanitizers to contribute to the nation's fight against COVID-19. We are supplying it to a limited number of states and will continue to monitor the demand scenario in the coming quarters. Currently, its contribution to the Company's financial performance is not material.
- **Gross Margin** expanded by 666 bps to 54.6%. This margin expansion was driven by a combination of factors including better price realization due to a favorable state & product mix, increased traction in the exports division and recently received price increase in one key state.
- **EBITDA Margin** expanded by 233 bps from 16.1% to 18.4% due to gross margin improvement. During Q1 FY2021, Advertising & Sales Promotion (A&SP) expenses declined by 47.9% to ₹ 19.64 Crore. As a percentage of IMFL sales, A&SP expenses were 6.6% compared to 7.1% for the full year FY2020. Given the COVID-19 scenario, A&SP expenses during the period were relatively lower than last year. The Company continues to make judicious marketing investment which has enabled us to continue market share expansion.
- **Finance Cost** decreased by 11.0% y-o-y from ₹ 7.38 Crore to ₹ 6.57 Crore. The Company's cost of borrowing has declined from 9.0% in Q1 FY2020 to 6.8% in Q1 FY2021 due to stable profitability, strong capital structure and improved liquidity position.
- **Balance Sheet:** As of June 30, 2020, Total Debt was ₹ 296.63 Crore, Cash & Bank Balances were ₹ 36.80 Crore resulting in Net Debt of ₹ 259.84 Crore (vs. ₹ 382.04 Crore as of March 31, 2020). Gross Debt consists of ₹ 295.46 Crore of Working Capital loans and ₹ 1.17 Crore of Long-Term loans. During this period, we saw strong overdue receivable collections resulting in net debt reduction of ₹ 122.20 Crore.

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; Malt capacity expansion completed
- Double Cask expression has been awarded with the 'Best World Whisky Gold Medal 2020' by The Fifty Best, New York



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
- Now available in select markets in India (e.g. Delhi and Goa)
- 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 over 58% in the super premium brandy category in India
- Launched in the state of Uttar Pradesh

Brand Performance



Magic Moments Vodka

- 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 62% 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 14 states
- 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 6.6% of IMFL Revenues in Q1 FY2021 (7.1% in FY2020)

Company overview

One of the largest spirits manufacturers in India



1943

Year of
Incorporation

Over 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

32

Bottling
units

Strategically limiting interstate taxes and transport costs. Five own and 27 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

29%

FY2020
Premium
volume share

Consistently increasing Prestige & Above brand contribution to total IMFL volumes; 49.5% in value terms

FY2020
Net Revenue

24.3

(₹ billion)

With EBITDA margin of 15.2%

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
- **New launches:** 8PM Premium Black whisky, Jaisalmer Indian Craft gin, Rampur Indian Single Malt, Morpheus Blue brandy, 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 12.5% volume growth since FY2016
- Prestige & Above category contribute to 29.0% of IMFL volumes and 49.5% of the IMFL value sales during FY2020

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 FY2022
- Improved profitability margins and return ratios

Consumer centric go-to-market strategy

Human resource development

Statement of Unaudited Standalone Financial Results for the quarter ended June 30, 2020

(Rs. In lakhs, except EPS)

No.	Particulars	(1)	(2)	(3)	(4)
		Quarter ended 30.06.2020 (Unaudited)	Quarter ended 31.03.2020 (Audited)	Quarter ended 30.06.2019 (Unaudited)	Year ended 31.03.2020 (Audited)
1	Income				
	(a) Revenue from Operations	177,465.81	220,911.34	267,707.70	941,789.14
	(b) Other Income	186.86	217.79	331.95	918.67
	Total Income	177,652.67	221,129.13	268,039.65	942,707.81
2	Expenditure				
	(a) Cost of material consumed	20,882.75	31,082.68	31,020.44	127,091.18
	(b) Purchase of stock-in-trade	197.51	66.85	145.64	358.90
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade (net of duty)	(2,518.40)	(1,792.81)	1,275.16	(2,630.99)
	(d) Excise duty on sales	136,550.69	162,375.74	205,349.34	699,085.12
	(e) Employee benefits expense	3,871.70	4,797.29	4,211.32	18,608.08
	(f) Finance Costs	657.00	845.52	737.96	3,161.46
	(g) Depreciation and amortisation expense	1,287.52	1,339.58	1,281.81	5,252.73
	(h) Selling & Distribution expenses	4,943.74	7,878.91	7,975.98	31,124.52
	(i) Other Expenses	5,958.26	8,273.85	7,686.12	30,971.52
	Total Expenditure	171,830.77	214,867.61	259,683.77	913,022.52
3	Profit before exceptional items & tax	5,821.90	6,261.52	8,355.88	29,685.29
4	Exceptional items	0.00	856.03	118.80	2,416.62
5	Profit before tax	5,821.90	5,405.49	8,237.08	27,268.67
6	Tax Expense				
	Current Tax	1,505.86	1,389.62	3,087.51	7,095.03
	Deferred Tax	(91.25)	171.18	(327.13)	(2,576.43)
7	Net Profit for the period	4,407.29	3,844.69	5,476.70	22,750.07
8	Other Comprehensive (Income)/ Expenses				
	(i) Items that will not be reclassified to profit or loss	56.51	267.63	31.25	361.38
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(14.22)	(67.35)	(10.92)	(90.95)
9	Total Comprehensive Income	4,365.00	3,644.41	5,456.37	22,479.64
10	Paid up equity share capital (Face value of Rs. 2/- each)	2,670.69	2,670.69	2,668.19	2,670.69
11	Other Equity (Excluding Revaluation Reserve)				149,382.18
12	Earning per share (Face value of Rs.2/- each) not annualized				
	Basic	3.30	2.89	4.11	17.05
	Diluted	3.30	2.88	4.11	17.04

Statement of Unaudited Standalone Financial Results for the quarter ended June 30, 2020

Notes:

1. The unaudited standalone financial results of the Company for the quarter ended June 30, 2020, have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on July 23, 2020. The statutory auditors have expressed an unmodified 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 COVID -19 pandemic is rapidly spreading throughout the world. Due to Nationwide lock down w.e.f. 24th March 2020 Radico's bottling facilities and offices were also under lockdown as per MHA guidelines. However, the bulk spirit manufacturing was partially operational. However, from May 04, 2020 onwards, entire operations including bottling facilities have become operational with necessary safety measures.

Due to lockdown, the volumes for the quarter ended June 30, 2020 was impacted partially, as there were no sales during the period April1, 2020 till May 04, 2020. The sales have resumed, post opening up of lockdown and has picked up in many states during June 20. The company has sufficient liquidity and demand for its products to continue its operations. The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these interim results and the Company will continue to closely monitor any material changes to future economic conditions.

5. Previous period figures, have been regrouped / rearranged, wherever considered necessary.

For Radico Khaitan Limited

Dr. Lalit Khaitan
Chairman & Managing Director
DIN: 00238222

Place: New Delhi
Date: June 23, 2020

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.

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Radico

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