



RKL/SX/2021-22/63  
November 02, 2021

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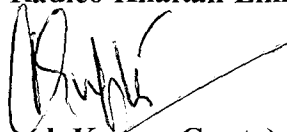
**Sub: Investor's presentation**

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.

**Radico Khaitan Limited**

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**Radico Khaitan Ltd.**

(BSE: 532497; NSE: RADICO)

**Q2 FY22 Earnings Presentation**

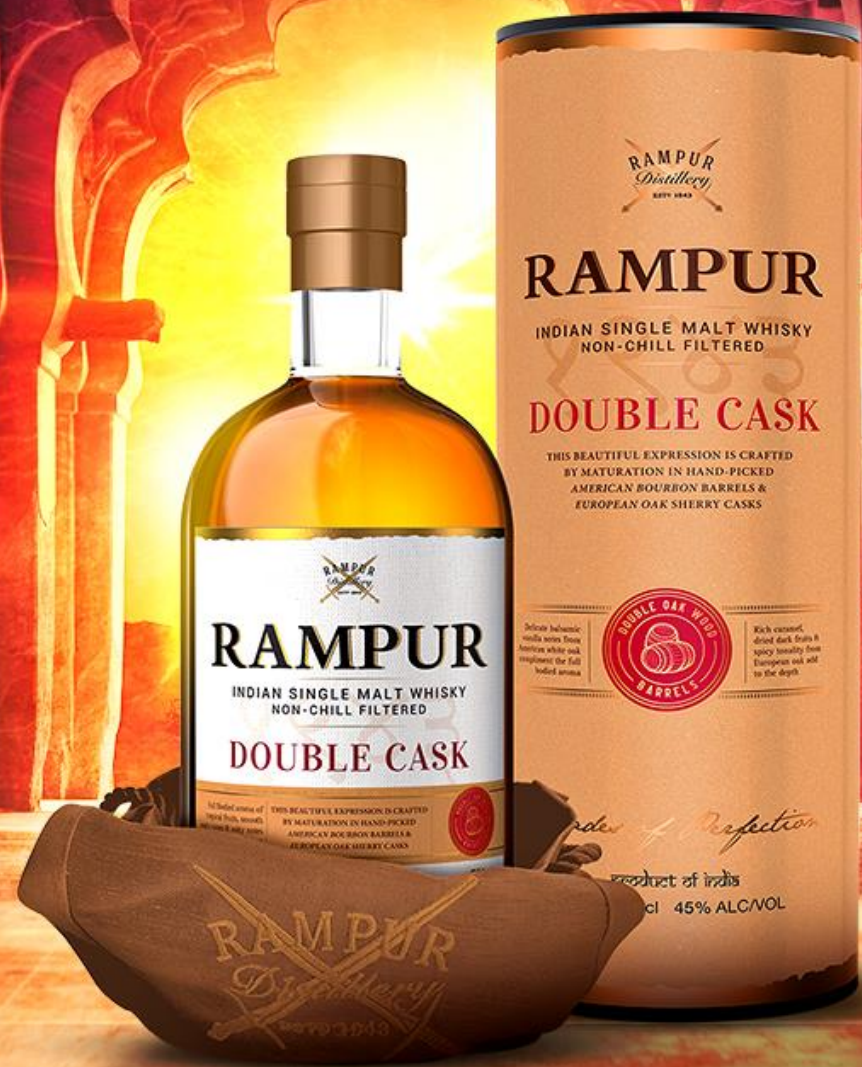




FOR THE  
CONNOISSEURS OF

*Royalty*

# Spirit of the Maharajas



RAMPUR  
Distillery  
ESTD 1943

**RAMPUR**  
INDIAN SINGLE MALT WHISKY  
NON-CHILL FILTERED

**DOUBLE CASK**

THIS BEAUTIFUL EXPRESSION IS CRAFTED  
BY MATURATION IN HAND-PICKED  
AMERICAN BOURBON BARRELS &  
EUROPEAN OAK SHERRY CASKS



Delicate balsamic  
vanilla notes from  
American white oak  
complement the full  
bodied aroma

Rich, elegant,  
dried dark fruits &  
spicy tanginess from  
European oak add  
nu to the depth

RAMPUR  
Distillery  
ESTD 1943

**RAMPUR**  
INDIAN SINGLE MALT WHISKY  
NON-CHILL FILTERED

**DOUBLE CASK**

Product of India  
45% ALC/VOL





# Q2 FY2022 Performance Highlights

Strong operational performance amidst inflationary pressures



## Q2 FY2022 vs. Q2 FY2021

- Total IMFL volume of 6.47 Million Cases (+7.1%)
- Prestige & Above brands volume of 1.99 Million Cases (+17.7%)
- Prestige & Above brands net sales of ₹294.34 Cr (+22.1%)
- Prestige & Above brands contribution to the total IMFL volumes of 30.8% (vs. 28.0%)
- Revenue from Operations (Net) of ₹708.83 Cr (+12.5%)
- Gross Profit of ₹325.05 Cr (+5.5%)
- EBITDA of ₹111.04 Cr (+4.1%) at 15.7% margin
- Reduction in interest costs from ₹5.44 Cr to ₹3.06 Cr
- Profit before Tax of ₹94.05 Cr (+1.9%)
- Total comprehensive income of ₹68.94 Cr

## H1 FY2022 vs. H1 FY2021

- Total IMFL volume of 12.09 Million Cases (+26.2%)
- Prestige & Above brands volume of 3.48 Million Cases (+26.7%)
- Prestige & Above brands net sales of ₹513.59 Cr (+30.7%)
- Prestige & Above brands contribution to the total IMFL volumes of 28.8% (vs. 28.7%)
- Revenue from Operations (Net) of ₹1,311.59 Cr (+26.2%)
- Gross Profit of ₹611.66 Cr (+15.0%)
- EBITDA of ₹ 202.76 Cr (+11.5%) at 15.5% margin
- Reduction in interest costs from ₹12.01 Cr to ₹7.69 Cr
- Profit before Tax of ₹171.67 Cr (+14.1%)
- Total comprehensive income of ₹128.49 Cr

**Strong cash flow generation and net debt reduction of over ₹ 79 Crore since March 2021**

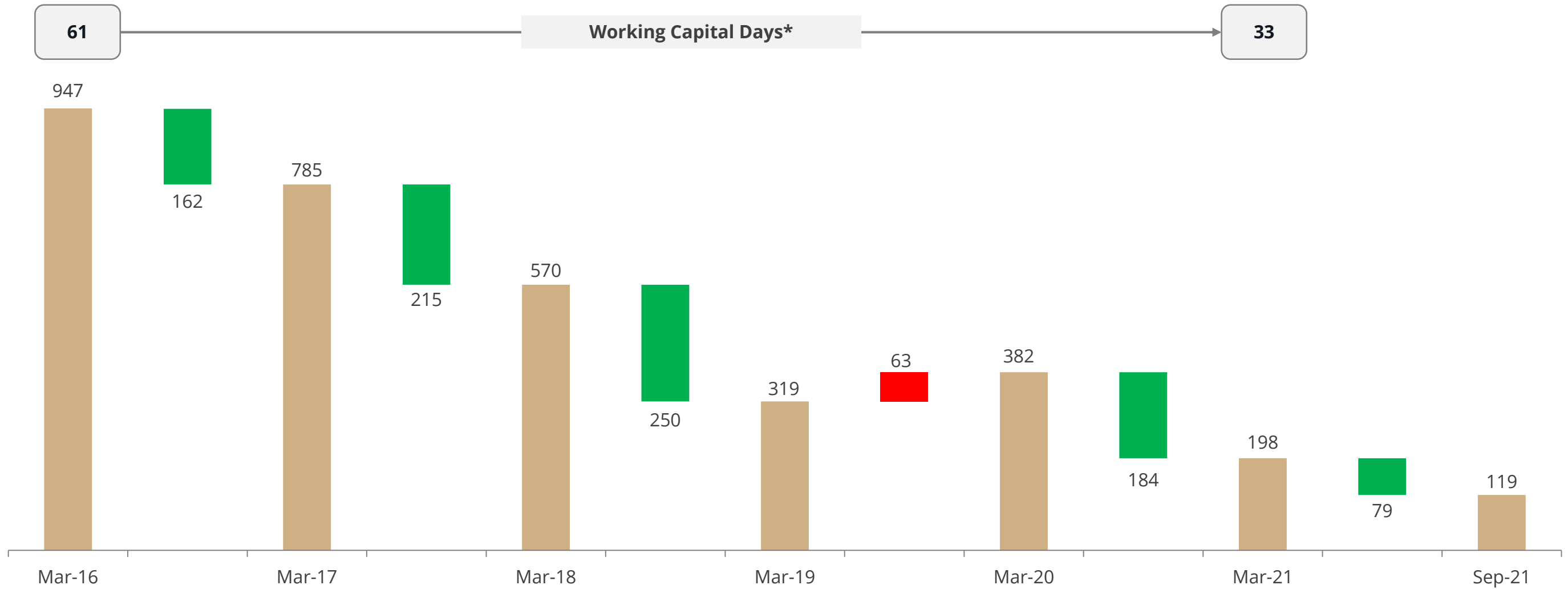


# Q2 FY2022 Performance Highlights

Strong cash flow generation and net debt reduction of over ₹ 79 Crore since March 2021



Cumulative net debt reduction of ₹ 828 Crore since FY2016 coupled with higher working capital efficiency



\* Working Capital Days = (Trade Receivables + Inventories - Trade Payables) / Last Twelve Month Gross Revenue from Operations X 365



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

“These are exciting times at Radico Khaitan as we have launched two of the most awaited super premium brands. During October 2021, we unveiled Royal Ranthambore Heritage Collection-Royal Crafted Whisky and two variants of Magic Moments Dazzle Vodka. Both these brands have received very strong feedback from consumers as well as trade channels for its exclusive blend, exciting packaging and unique market positioning. We are making firm progress on our strategy of creating a stronger premium brand portfolio. We can see the gradual fruition of a long, nurturing process. I am very optimistic about the future and confident that we have an established platform and the right strategy that will deliver long term sustainable value to all our stakeholders in the future.”

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

“During Q2 FY2022, we delivered a robust volume growth led by Prestige & Above category brands. Our new brand launches are expected to accentuate the premium volumes in the coming years. Although, the operating environment has improved significantly on a quarter on quarter basis, we have seen unprecedented levels input cost inflation which has impacted the profit margins, particularly for our non-IMFL business. We strongly believe that this is a temporary phenomenon and given our focus on premiumization, margins trajectory shall improve. During this period of uncertainty, we continue to focus on sustainable, premium volume growth and work alongside the supply chain to minimize the impact of input cost increases.”



# Performance Trend



	Q2		y-o-y	Q1	q-o-q	Half Year		y-o-y
	FY2022	FY2021	Growth (%)	FY2022	Growth (%)	FY2022	FY2021	Growth (%)
<b>IMFL Volumes (Million Cases)</b>								
Prestige & Above	1.99	1.69	17.7%	1.48	34.3%	3.48	2.74	26.7%
Regular & Others	4.48	4.35	3.0%	4.13	8.5%	8.61	6.84	25.9%
Total Volume	6.47	6.04	7.1%	5.61	15.3%	12.09	9.58	26.2%
<i>Prestige &amp; Above as % of Total IMFL Volume</i>	30.8%	28.0%		26.4%		28.8%	28.7%	

<b>Revenue Break up (₹ Crore)</b>								
IMFL (A)	568.24	500.76	13.5%	468.09	21.4%	1,036.33	800.17	29.5%
<i>Prestige &amp; Above</i>	294.34	241.02	22.1%	219.25	34.3%	513.59	392.97	30.7%
<i>Regular &amp; Others</i>	273.90	259.75	5.4%	248.84	10.1%	522.75	407.21	28.4%
Non IMFL (B)	140.59	129.29	8.7%	134.67	4.4%	275.26	239.03	15.2%
Revenue from Operations (Net) (A+B)	708.83	630.05	12.5%	602.76	17.6%	1,311.59	1,039.20	26.2%
<i>Prestige &amp; Above as % of Total IMFL Revenue</i>	51.8%	48.1%		46.8%		49.6%	49.1%	
<i>IMFL as % of Total Revenue</i>	80.2%	79.5%		77.7%		79.0%	77.0%	

Above financials are on Standalone basis



# Performance Trend



	Q2		y-o-y	Q1		Half Year		y-o-y
	FY2022	FY2021	Growth (%)	FY2022	Growth (%)	FY2022	FY2021	Growth (%)
<b>Financial Performance (₹ Crore)</b>								
Revenue from Operations (Gross)	3,077.19	2,752.99	11.8%	2,884.29	6.7%	5,961.48	4,533.54	31.5%
Revenue from Operations (Net)	708.83	630.05	12.5%	602.76	17.6%	1,311.59	1,039.20	26.2%
Gross Profit	325.05	308.24	5.5%	286.60	13.4%	611.66	531.77	15.0%
<i>Gross Margin (%)</i>	45.9%	48.9%	(306) bps	47.5%	(169) bps	46.6%	51.2%	(454) bps
EBITDA	111.04	106.65	4.1%	91.72	21.1%	202.76	181.88	11.5%
<i>EBITDA Margin (%)</i>	15.7%	16.9%	(126) bps	15.2%	45 bps	15.5%	17.5%	(204) bps
Profit Before Tax	94.05	92.28	1.9%	77.62	21.2%	171.67	150.49	14.1%
Total Comprehensive Income	68.94	71.97	(4.2)%	59.55	15.8%	128.49	115.62	11.1%
<i>Total Comprehensive Income Margin (%)</i>	9.7%	11.4%	(170) bps	9.9%	(15) bps	9.8%	11.1%	(133) bps
Basic EPS (₹)	5.18	5.42	(4.4)%	4.48	15.7%	9.66	8.73	10.6%

Above financials are on Standalone basis





# Performance Trend



(₹ Crore)	Q2		y-o-y	Q1		Half Year		y-o-y
	FY2022	FY2021	Growth (%)	FY2022	Growth (%)	FY2022	FY2021	Growth (%)
Revenue from Operations (Gross)	3,077.19	2,752.99	11.8%	2,884.29	6.7%	5,961.48	4,533.54	31.5%
Revenue from Operations (Net)	708.83	630.05	12.5%	602.76	17.6%	1,311.59	1,039.20	26.2%
Other Income	1.81	3.75	(51.8)%	5.54	(67.3)%	7.35	5.62	30.8%
Income from Operations	710.64	633.80	12.1%	608.30	16.8%	1,318.94	1,044.82	26.2%
Cost of Goods Sold	383.78	321.81	19.3%	316.16	21.4%	699.94	507.43	37.9%
Employee Benefit	37.89	30.25	25.2%	30.61	23.8%	68.49	59.20	15.7%
Selling & Distribution	75.10	80.29	(6.5)%	76.09	(1.3)%	151.19	129.73	16.5%
Depreciation	16.17	13.27	21.8%	15.38	5.2%	31.55	26.15	20.6%
Interest	3.06	5.44	(43.8)%	4.63	(34.1)%	7.69	12.01	(36.0)%
Other Operating Expenses	100.60	90.46	11.2%	87.81	14.6%	188.42	159.81	17.9%
Total Expenses	616.59	541.53	13.9%	530.68	16.2%	1,147.27	894.33	28.3%
Profit Before Tax	94.05	92.28	1.9%	77.62		171.67	150.49	14.1%
Current Tax	25.09	23.49		20.12		45.21	38.55	
Previous Year Adjustments	0.00	(3.78)		(0.65)		(0.65)	(3.78)	
Deferred Tax	(0.31)	0.15		(1.68)		(1.98)	(0.77)	
Net Profit	69.26	72.41	(4.3)%	59.83	15.8%	129.09	116.48	10.8%
<i>Net Income Margin (%)</i>	9.8%	11.5%		9.9%		9.8%	11.2%	
Other Comprehensive Expenses / (Income)	0.32	0.44		0.28		0.60	0.86	
Total Comprehensive Income	68.94	71.97	(4.2)%	59.55	15.8%	128.49	115.62	11.1%
<i>Total Comprehensive Income Margin (%)</i>	9.7%	11.4%		9.9%		9.8%	11.1%	



## Q2 FY2022 Highlights

- Revenue from Operations (Net) grew by 12.5% y-o-y during the quarter. Total IMFL volume growth was 7.1% y-o-y led by Prestige & Above category volume growth of 17.7%. Prestige & Above net revenue growth was 22.1% compared to Q2 FY2021. IMFL sales value accounted for 80.2% (vs. 79.5% in Q2 FY2021) of the Revenue from Operations (Net).
- Gross Margin during the quarter was 45.9%. This was impacted due to commodity inflation, particularly in the non-IMFL business. Despite a significant increase in the prices of packaging materials (dry goods), gross margin for the IMFL business remained broadly stable owing to a favorable premium product mix.
- Employee benefit expenses increased by 25.2% y-o-y to ₹ 37.89 Cr on a lower base of last year. In FY2021, there was no salary hike or variable pay due to COVID related uncertainties. Q2 FY2022 includes the full impact of the variable pay as well as salary increments.
- The Company's strategy is to continue to make judicious 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 43.8% y-o-y from ₹ 5.44 Crore to ₹ 3.06 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 September 30, 2021	₹ Crore	Comment
Total Debt	191.02	Long Term ₹ 0.12 Crore, Short Term (including current maturities) ₹ 190.90 Crore
Cash & Cash Equivalents	(72.08)	
<b>Net Debt</b>	<b>118.94</b>	<b>Reduction of ₹ 78.59 Crore since March 2021</b>



# Environment Stewardship

Creating value and sustainable growth keeping in mind commitment to environment and society











<p><b>Recycled Glass</b></p>	<p>Increased the usage of recycled glass from 4.5% to <b>14.1%</b> in the past two years for key large brands</p>	 
<p><b>Bottle Weight Optimization</b></p>	<p>On an average, reduced about <b>10%</b> of the bottle weight across all SKUs over the last two years resulting in significant savings of glass and plastic (PET)</p>	 
<p><b>Energy Consumption</b></p>	<p>About <b>70%</b> of the power consumed in our Rampur distillery is from renewable energy sources and around 47% of the renewable power was through biogas generated through waste produced during the alcohol manufacturing process. By FY2025, Rampur plant will be <b>100%</b> self power sufficient</p>	  
<p><b>Water Consumption</b></p>	<p>Through technology upgrade throughout the manufacturing process, water consumption has come down by <b>48%</b> in case of Molasses based and <b>40%</b> in case of Grain based distillery since FY2018. We now use 6.2-6.3 liters of water per bulk liter of alcohol production</p>	  
<p><b>Water Recharging</b></p>	<p>Currently, we are able to recharge <b>~300%</b> of total water we draw from the ground, giving back more to the ecosystem. Ground water level has improved by about <b>1 meter</b> and reached a stable level</p>	  
<p><b>Water Conservation</b></p>	<p>Joined hands with 'Vyakti Vikas Kendra India' (The Art of Living) and the government for a large water conservation project. A total of <b>451</b> villages have been considered, out of 1,163 villages of Rampur district. This project will benefit over 9 million people which is <b>40%</b> of the total population of Rampur district. The project will also provide employment to a large number of youth. As part of the project, individuals will be trained and prepared to create awareness about the water resources. Hand in hand, water literacy training programs will also be conducted across the area to educate farmers about more effective and sustainable irrigation techniques</p>	    



# Social Commitments

Creating value and sustainable growth keeping in mind commitment to environment and society



<p><b>Response to COVID</b></p>	<ul style="list-style-type: none"> <li>• In addition to cash donations, manufactured and supplied sanitizers free of cost to government and private institutions</li> <li>• Installed six oxygen generators across different cities in UP</li> <li>• Deployed Turbo Mist Sanitization machine in Rampur</li> <li>• Allowed work from home and flexible working hours for the employees</li> <li>• Organized motivational and training programs for employees and their families</li> <li>• Arranging for teleconsultation, medicines, oxygen concentrators and vaccinations for employees</li> <li>• No head count or salary reduction during the uncertain COVID period</li> <li>• Initiated an employee family welfare scheme in an unfortunate event of death of an employee to provide support to the bereaved family for a period of up to three years</li> </ul>	 
<p><b>Education</b></p>	<ul style="list-style-type: none"> <li>• Provided equipment and full fledged labs for students pursuing practical sciences in higher secondary in Rampur district</li> <li>• Felicitated meritorious students with scholarships and laptops to support their higher education</li> </ul>	
<p><b>Skill Development</b></p>	<ul style="list-style-type: none"> <li>• Free professional training to youth in computer sciences, rail management, fire and safety, etc.</li> </ul>	 
<p><b>Women Empowerment</b></p>	<ul style="list-style-type: none"> <li>• Free training courses to enable them to become self dependent as beauticians and seamstresses</li> </ul>	  



**Radico Khaitan**

**Unveiled New Brands in Line with its  
Premiumization Strategy**

**Magic Moments Dazzle Vodka  
and Royal Ranthambore Heritage  
Collection-Royal Crafted Whisky**



# History Innovation and Brand Building

Fourteen brands launched in the last fifteen years, thirteen are in premium categories



Started the branded IMFL division and launched its first brand **8 PM Whisky**; Became a millionaire brand in first year of launch

After creating brands in high volume regular categories, launched the first product in the semi premium category, **Magic Moments Vodka**

Launched **After Dark**, a premium category whisky

Launched two new flavors of **Magic Moments Verve Vodka**

Launched **Rampur Indian Single Malt** luxury whisky and **Regal Talons Semi Deluxe** whisky

Launched **Jaisalmer**, a luxury Indian craft gin, **8PM Premium Black** whisky and **Morpheus Blue** super premium brandy



Launched **Old Admiral Brandy** in the regular category; Became one of the leading brands in CSD

Launched **Morpheus Super Premium Brandy**; **Magic Moments** became a millionaire brand

Launched **Magic Moments Verve**, a super premium vodka followed by flavors of Verve

Launched **ELECTRA**, a premium ready to drink product

Launched **Pluton Bay Premium Rum** and **1965 The Spirit of Victory Premium Rum**

Launched **Magic Moments Dazzle Vodka** and **Royal Ranthambore Heritage Collection-Royal Crafted Whisky**

One of the few companies in India to have developed its entire brand portfolio organically with in house capabilities

Five millionaire brands – 8 PM Whisky, Contessa Rum, Old Admiral Brandy, Magic Moments Vodka and 8 PM Premium Black Whisky



# Brand Portfolio

Broad choice for consumers with focus on premium brands



MRP	Whisky	Rum	Brandy	Vodka	Gin
Luxury > Rs. 4,000					
Semi Luxury Rs. 1,000 – 2,000			 MS: 58%		
Super Premium Rs. 700 – 1,000				 MS: 90%	
Semi-Premium / Premium Rs. 500 – 700	 MS: 5%				
Deluxe Rs. 400 – 500		 CSD MS: 10%			
Regular Rs. 300 – 400	 MS: 20%	 CSD MS: 22%			



# New Brand Launch – Magic Moments Dazzle

## Special Edition – Premium Grain and Vanilla Flavored vodka



### The 7 stage filtration process Single Grain Rice Vodka

Gold	Silver
<ul style="list-style-type: none"> <li>Filters: Carbon, Silver, Platinum and Gold</li> </ul>	<ul style="list-style-type: none"> <li>Filters: Carbon, Silver and Platinum</li> </ul>
<ul style="list-style-type: none"> <li>A delightful blend infused with crispy textures and a hint of peppery notes</li> <li>Giving an ultra smooth, fresh, and luxurious taste in every sip</li> </ul>	<ul style="list-style-type: none"> <li>An exquisite blend of rich, creamy vanilla mixed with the complex notes of floral, butterscotch, and a hint of white chocolate</li> <li>Giving it a well-balanced flavor of sweetness and sophistication</li> </ul>
<ul style="list-style-type: none"> <li>The tall, white glossy bottle lends elegance and richness to the product with the metallic dancing figurines</li> <li>It's recognizable brand mascot – the dancing figurines</li> <li>The two-color tone of the canister accentuates the sophistication and modishness this product reflects</li> <li>The unique metallic cap of Dazzle has a tamper-evident ring</li> </ul>	





# New Brand Launch – Magic Moments Dazzle

## Special Edition – Premium Grain and Vanilla Flavored vodka



Regular



Semi Premium



Premium



**Magic Moments Dazzle is uniquely positioned to fill this gap**



Bottled In Origin (Entry Level)



Bottled In Origin (Super Premium)

- Global trends indicate an increase in flavored, limited time offerings. The consumer’s desire for new experiences is driving innovation and experimentation within the vodka category. The market is moving towards premiumization and consumers are keen to pay higher prices for better experiences
- Flavored vodka market is focused on sophistication and products that sell consumers a lifestyle choice different from their own. The new age of vodka will be infusing more natural and interesting flavors for changing palates



# New Brand Launch – Royal Ranthambore

## Heritage Collection-Royal Crafted Whisky



- **Blended Malt Scotch & Scotch Grain from Malted Barley:** Crafted from different bespoke Blended Malt Scotch from various regions of Scotland. Scotch grain is also blended to harmonize the Whisky. Though by definition it's a Scotch Grain, however this Scotch Grain is made from 100% Malted Barley
- **Oak Infused Grain Neutral Spirit:** We take pride to introduce a unique oak infusion process for the very first time in India to the Grain Neutral Spirit, which literally transform the fresh and dry grain neutral spirit to a subtle and mild oak tonality
- **A Beautiful Whisky Making Craft called Blending:** A complex whisky, i.e., six Blended Malt Scotches, one Scotch Grain from Malted Barley and Oak Infused Grain Neutral Spirit, reserved for a specific time to assimilate the blend

**India's finest blend...**



# New Brand Launch – Royal Ranthambore

## Heritage Collection-Royal Crafted Whisky



### Tasting Notes:

**Visual/Colour:** Golden hue complemented by tint of amber

**Nose/Aroma:** Warm and intense malty aromas make their presence felt followed by sweet floral notes and hints of citrus. At the end subtle forest honey and spicy dried fruits leaves a lasting trail

**Palate/Taste:** Once you allow a sip to linger in the palate it reveals many delicate attributes and holding it long in the mouth, the warmth of the palate entices out a flurry of rich flavours like English muffins, melted butter, plum cake, apple pie, cocoa and a hints of spicy peaty smoke in the background

**Finish:** A long finish that smoothens out with time



# New Brand Launch – Royal Ranthambore

## Heritage Collection-Royal Crafted Whisky



Segment	Competing Brands	Price Points (Rs./750 ml)	Rationale
Premium	Golfer's Shot Blenders Pride Rare Premium Peter Scot Rockford Classic Signature Rare Aged Sterling Reserve B10	700 – 950	<ul style="list-style-type: none"> <li>Consumers of the premium/super premium segment would 'trade up' for a better blend at a higher price premium due to the nature of conspicuous consumption</li> <li>Consumers of the Bottled-in-India scotch segment would also like to try out new experience and switch to the best Indian blend</li> </ul>
Super Premium	Signature Premier Grain Blenders Pride Reserve Rockford Reserve Antiquity Blue		
Scotch (Entry Level)	Old Smuggler VAT 69 100 Pipers Deluxe Teacher's Highland Cream William Lawson's Black Dog Centenary	1300 - 1700	
Scotch (Bottled in India)	Black & White Cutty Sark Dewar's While Label Jim Beam 100 Pipers 12YO Black Dog Gold Teacher's 50		



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:*

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## Q2 FY2022 Earnings Call Details

Date: Wednesday, November 3, 2021 | Time: 12:30 PM IST

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

[Pre-Register to avoid wait time and Express Join with Diamond Pass](#)





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