



28th January, 2021

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

Dear Sir, Madam,


Please find enclosed herewith a copy of Earning Presentation incorporating financial results for the nine months ended 31st December, 2020, as approved in the meeting of the Board of Directors held on Thursday, 28th January, 2021 at 12.00 Noon through Video Conferencing.

Further the said earning presentation will be uploaded on the Company's website i.e. www.radicokhaitan.com

Kindly take the same on record.

Thanking you,

Yours faithfully,
for Radico Khaitan Limited


Amit Manchanda
Vice President – Legal &
Company Secretary
Membership No. FCS 6615

Encl.: As above.

Radico Khaitan Limited

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CIN No. L26941UP1983PLC027278



Radico

RADICO KHAITAN LTD.



Radico Khaitan Ltd.

(BSE: 532497; NSE: RADICO)

Earnings Presentation

Q3 and Nine Month FY2021



Q3 FY2021 Highlights

An all round performance with improved profitability



Q3 FY2021 vs. Q3 FY2020

- Total IMFL volume of 6.49 Million Cases (+0.7%)
- Prestige & Above brands volume of 2.00 Million Cases (+5.3%)
- Prestige & Above brands contribution to the total IMFL volumes of 30.7% (vs. 29.4%)
- Revenue from Operations (Net) of ₹684.21 Cr (+5.6%)
- Gross Margin expanded from 48.5% to 50.8%
- EBITDA* of ₹ 123.98 Cr (+21.3%)
- EBITDA* margin expanded from 15.8% to 18.1%
- Reduction in interest costs from ₹8.10 Cr to ₹5.39 Cr
- Profit before Tax of ₹108.17 Cr (+45.1%)
- Total comprehensive income of ₹80.10 Cr (+44.4%)

9M FY2021 vs. 9M FY2020

- Total IMFL volume of 16.07 Million Cases (-13.0%)
- Prestige & Above brands volume of 4.74 Million Cases (-14.1%)
- Prestige & Above brands contribution to the total IMFL volumes of 29.5% (vs. 29.9%)
- Revenue from Operations (Net) of ₹1,723.41 Cr (-6.4%)
- Gross Margin expanded from 48.2% to 51.0%
- EBITDA* of ₹ 305.86 Cr (+6.0%)
- EBITDA* margin expanded from 15.7% to 17.7%
- Reduction in interest costs from ₹23.16 Cr to ₹17.39 Cr
- Profit before Tax of ₹258.67 Cr (+18.3%)
- Total comprehensive income** of ₹195.72 Cr (+3.9%)

Highest ever monthly sales volume in December 2020

* EBITDA for 9M FY2020 adjusted for ₹15.61 Crore pertaining to exceptional items: Environmental Compensation of ₹7.02 Crore paid during H1 FY2020 and ₹ 8.59 Crore paid under the SV Scheme during Q3 FY2020. SV Scheme is Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 which became effective from September 2019 as per the Finance Act, 2019

** Tax provision last year included ₹ 27.48 Crore of Deferred Tax benefit

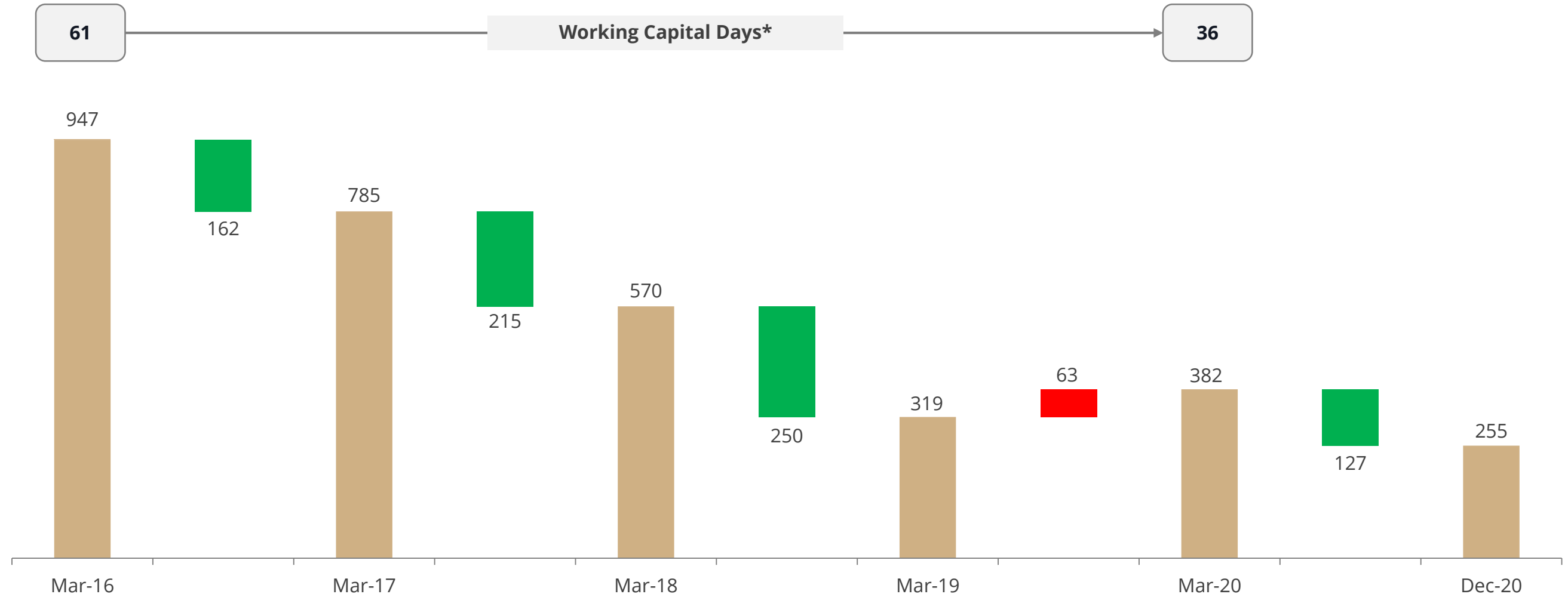


Q3 FY2021 Highlights

Strong cash flow generation and net debt reduction of over ₹ 127 Crore since March 2020



Cumulative net debt reduction of ₹ 692 Crore since FY2016 coupled with higher working capital efficiency



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



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

“Radico Khaitan delivered yet another quarter with IMFL volume growth despite a volatile industry performance. While most of our top markets have returned to growth in Q3 FY2021, industry performance is dispersed with a few large states still under pressure. We have seen month-on-month improvement in the industry performance during the last quarter and reported our highest ever monthly volumes during December 2020. It is a true testament to our robust brand portfolio and resilient business model. In a bid to make India ‘Aamirbhar’, government has banned BIO products in the defense markets. Given our market leadership position in CSD, this gives us an additional future opportunity for our premium brands. Raw material pricing scenario has remained broadly stable with no significant movement on Q-o-Q basis. However, compared to last year, raw material prices have been softer. Overall, we believe that the worst is behind us and we have stepped into CY2021 in high spirit and look forward to a better year ahead.”

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

“During Q3 FY2021, we reported Prestige & Above category volume growth of 5.3% led by our key brands such as 8PM Premium Black whisky and 1965, Spirit of Victory rum. As we continue our premiumization journey, we expanded our markets for 8PM Premium Black with launch in two more states. The Company also extended the Verve premium vodka portfolio with two new flavors - Lemon Lush and Cranberry Tease. To increase our market penetration for Jaisalmer Indian Craft Gin, it is now made available in three more metro cities - Hyderabad, Bangalore and Mumbai. The investment that we made in the expansion of our malt distillation and maturation capacities will start to bear fruits over the next couple of years with more quantities of Rampur Indian Single Malt being made available for the domestic market. We continue to make investments behind our premium brand portfolio which will drive the future growth. Our revenue grew by 5.6% y-o-y and EBITDA by 21.3% during Q3 FY2021. In the coming quarters, we will continue to focus on new product development and increasing market share.”



Performance Trend



	Q3		y-o-y	Q2		Nine Month		y-o-y
	FY2021	FY2020	Growth (%)	FY2021	q-o-q Growth (%)	FY2021	FY2020	Growth (%)
Operational Performance (Million Cases)								
Prestige & Above	2.00	1.90	5.3%	1.69	17.9%	4.74	5.52	(14.1)%
Regular & Others	4.50	4.55	(1.2)%	4.35	3.3%	11.33	12.96	(12.6)%
Total Volume	6.49	6.45	0.7%	6.04	7.4%	16.07	18.48	(13.0)%
<i>Prestige & Above as % of Total</i>	30.7%	29.4%		28.0%		29.5%	29.9%	
Financial Performance (₹ Crore)								
Revenue from Operations (Gross)	2,971.18	2,524.84	17.7%	2,740.32	8.4%	7,486.16	7,208.78	3.8%
Revenue from Operations (Net)	684.21	647.93	5.6%	630.05	8.6%	1,723.41	1,841.68	(6.4)%
Gross Profit	347.57	314.12	10.7%	308.24	12.8%	879.34	887.06	(0.9)%
<i>Gross Margin (%)</i>	50.8%	48.5%		48.9%		51.0%	48.2%	
EBITDA *	123.98	102.19	21.3%	106.65	16.2%	305.86	288.58	6.0%
<i>EBITDA Margin (%)</i>	18.1%	15.8%		16.9%		17.7%	15.7%	
Profit Before Tax	108.17	74.54	45.1%	92.28	17.2%	258.67	218.63	18.3%
Total Comprehensive Income **	80.10	55.47	44.4%	71.97	11.3%	195.72	188.35	3.9%
<i>Total Comprehensive Income Margin (%)</i>	11.7%	8.6%		11.4%		11.4%	10.2%	
Basic EPS (₹)	6.03	4.17	44.5%	5.42	11.2%	14.75	14.16	4.2%

Above financials are on Standalone basis

* EBITDA for 9M FY2020 adjusted for ₹15.61 Crore pertaining to exceptional items: Environmental Compensation of ₹7.02 Crore paid during H1 FY2020 and ₹ 8.59 Crore paid under the SV Scheme during Q3 FY2020. SV Scheme is Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 which became effective from September 2019 as per the Finance Act, 2019

** Tax provision last year included ₹ 27.48 Crore of Deferred Tax benefit



Performance Trend



(₹ Crore)	Q3		y-o-y	Q2		Nine Month		y-o-y
	FY2021	FY2020	Growth (%)	FY2021	Growth (%)	FY2021	FY2020	Growth (%)
Revenue from Operations (Gross)	2,971.18	2,524.84	17.7%	2,740.32	8.4%	7,486.16	7,208.78	3.8%
Revenue from Operations (Net)	684.21	647.93	5.6%	630.05	8.6%	1,723.41	1,841.68	(6.4)%
Other Income	2.56	1.82	40.9%	3.75	(31.8)%	8.18	7.01	16.7%
Income from Operations	686.77	649.74	5.7%	633.80	8.4%	1,731.59	1,848.69	(6.3)%
Cost of Goods Sold	336.64	333.81	0.8%	321.81	4.6%	844.07	954.62	(11.6)%
Employee Benefit	47.21	49.56	(4.7)%	43.31	9.0%	129.24	138.11	(6.4)%
Selling & Distribution	92.22	78.18	18.0%	80.29	14.9%	221.95	232.46	(4.5)%
Depreciation	13.55	13.09	3.5%	13.27	2.1%	39.70	39.13	1.5%
Interest	5.39	8.10	(33.5)%	5.44	(0.9)%	17.39	23.16	(24.9)%
Other Operating Expenses	83.58	83.87	(0.3)%	77.40	8.0%	220.56	226.98	(2.8)%
Total Expenses	578.60	566.61	2.1%	541.53	6.8%	1,472.93	1,614.46	(8.8)%
Profit Before Exceptional Item & Tax	108.17	83.13	30.1%	92.28	17.2%	258.67	234.24	10.4%
Exceptional Item	0.00	(8.59)		0.00		0.00	(15.61)	
Profit Before Tax	108.17	74.54	45.1%	92.28		258.67	218.63	18.3%
Current Tax	25.93	16.43		23.49		64.49	57.05	
Previous Year Adjustments	0.00	0.00		(3.78)		(3.78)	0.00	
Deferred Tax	1.71	2.42		0.15		0.94	(27.48)	
Net Profit	80.53	55.70	44.6%	72.41	11.2%	197.01	189.05	4.2%
Net Income Margin (%)	11.8%	8.6%		11.5%		11.4%	10.3%	
Other Comprehensive Expenses / (Income)	0.43	0.23		0.44		1.29	0.70	
Total Comprehensive Income	80.10	55.47	44.4%	71.97	11.3%	195.72	188.35	3.9%
Total Comprehensive Income Margin (%)	11.7%	8.6%		11.4%		11.4%	10.2%	



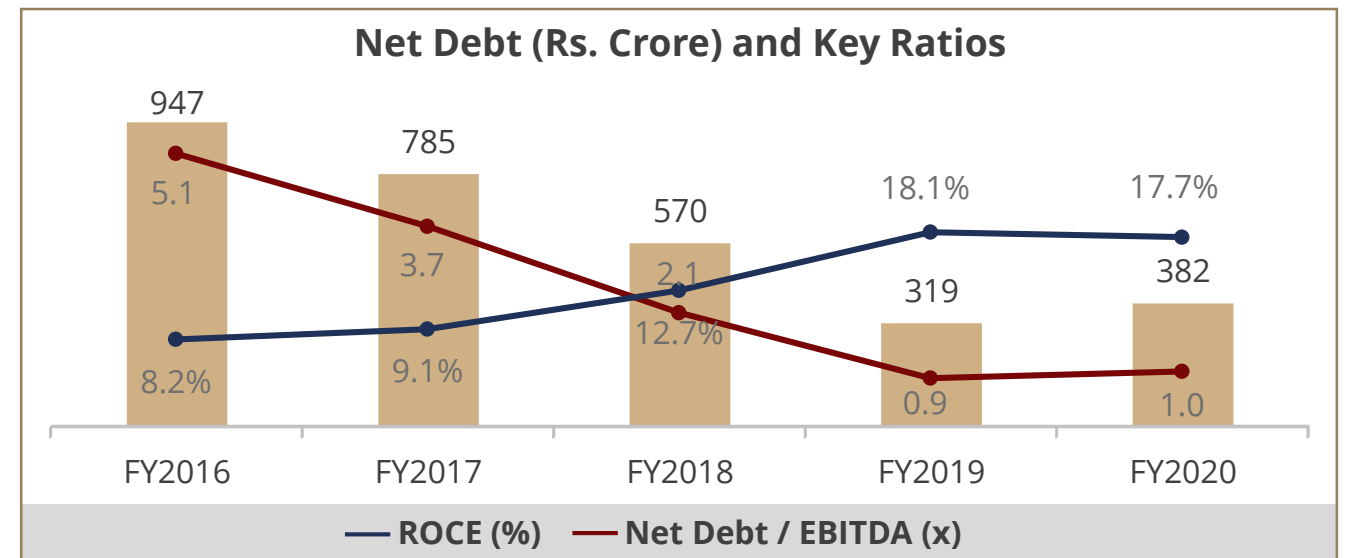
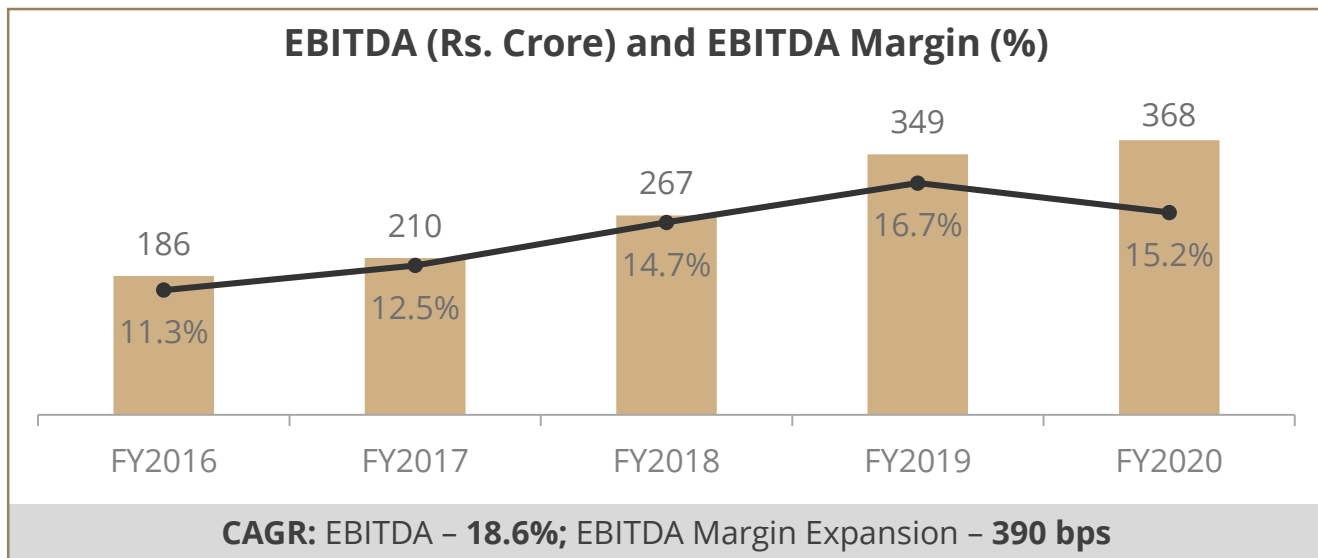
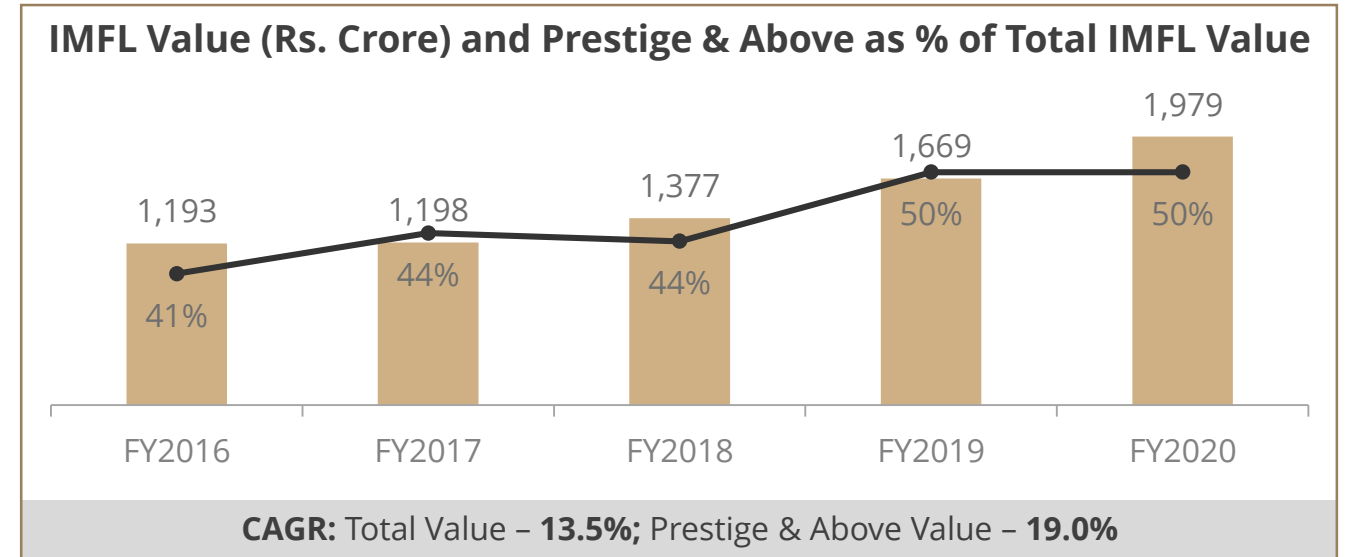
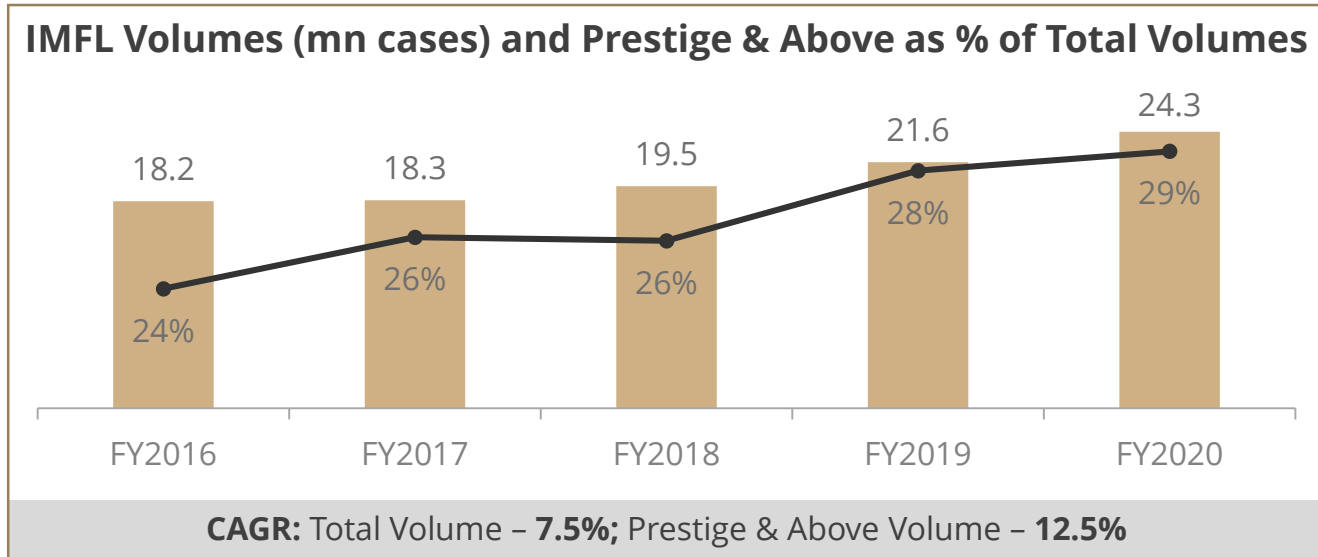
Q3 FY2021 Highlights (Y-o-Y)

- **Revenue from Operations (Net)** grew by 5.6% during the quarter. Total IMFL volume growth was 0.7% led by Prestige & Above category which increased by 5.3%. IMFL value growth was 4.9%. During December 2020, the Company reported highest ever monthly IMFL sales volumes. IMFL sales value accounted for 81.7% of the Revenue from Operations (Net).
- **Gross Margin** expanded by 232 bps from 48.5% in Q3 FY20 to 50.8% in Q3 FY21 and 286 bps from 48.2% to 51.0% during the nine months of FY21. Margin expansion during the period was due to a stable raw material pricing scenario and improved realization. Price realization improved due to a better product mix, strong exports and price increases. During the quarter, we received price increase in the state of Kerala (w.e.f. February 1, 2021) which is expected to have a 30 bps impact on our realization.
- **EBITDA Margin** expanded by 235 bps from 15.8% to 18.1% due to gross margin improvement and cost rationalization. During Q3 FY2021, Advertising & Sales Promotion (A&SP) expenses increased by 36.7% to ₹ 44.37 Crore. As a percentage of IMFL sales, A&SP expenses were 7.9% in Q3 FY21 compared to 7.1% for the full year FY2020. The Company continues to make judicious marketing investment which has enabled us to continue market share expansion.
- **Finance Cost** decreased by 33.5% y-o-y from ₹ 8.10 Crore to ₹ 5.39 Crore. The Company's cost of borrowing has declined from 7.9% in December last year to 5.3% in December 2020 due to a lower interest environment, stable profitability, strong capital structure and improved liquidity position.
- **Balance Sheet:** As of December 31, 2020, Net Debt was ₹ 254.73 Crore (vs. ₹ 382.04 Crore as of March 31, 2020).



Business Transformation

Significant improvement across operational and financial metrics





Business Transformation

Key growth drivers over the last five years



Management undertook a detailed review of the long term strategy and implemented certain strategic steps for long term sustainable growth of the business

- Developed an incentive scheme for all employees (till the grass root level) focused on value growth rather than volumes
- Let go off unprofitable volumes in certain markets
- Premiumization drive started to bear results
- Focused on free cash flow generation and deleveraging
- Successful premium brand launches such as Rampur Indian Single Malt Whisky, Jaisalmer Indian Craft Gin, 8PM Premium Black Whisky, 1965 Spirit of Victory Rum
- Enhanced premium brand portfolio (particularly with Rampur Indian Single Malt Whisky, Jaisalmer Indian Craft Gin) led to significantly improved market positioning in the exports markets
- Strengthened the sales and marketing vertical with the appointment of Mr. Amar Sinha, an industry veteran with over 35 years of experience in the FMCG and Alcobev space. He was earlier part of the Radico Khaitan team which launched the first IMFL brand of the Company, 8PM whisky
- Change in the UP excise policy to move from the monopolistic distribution to a free market benefited the Company as Radico Khaitan enjoys a strong positioning in the state



Rampur Indian Single Malt



- Select variants:
 - Rampur Asāva: World's first whisky finished in Indian red wine casks; matured in American Bourbon Barrels and finished in Indian Cabernet Sauvignon Casks
 - Rampur Double Cask: Matured in hand-picked American Bourbon barrels and European Oak Sherry casks
 - Rampur PX Sherry: Limited 48 cask batch where American Oak were handpicked and transferred to PX Sherry Butts from Jerez, Spain
- Double Cask is 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, Goa, **Hyderabad, Bangalore and Mumbai**)
- 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

- A semi luxury variant – Morpheus Blue
- Market leading share of over 58% in the super premium brandy category in India



Magic Moments Vodka

- 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 ~60% of the overall vodka market share and Verve accounting for 20% market share of the premium vodka category
- **Two new flavours launched – Lemon Lush and Cranberry Tease**



8PM Premium Black Whisky

- A premium variant of 8PM whisky
- Strong initial traction and consumer response
- Signed endorsement deal with Bollywood youth icon, Tiger Shroff
- **Launched in two more states during the quarter. Currently available in 16 states**

A&SP accounts for 7.9% of IMFL Revenues in Q3 FY2021 and 6.9% in YTD FY2021 (7.1% in FY2020)



Brand Performance



Outdoor Advertising - T2 Mumbai and T3 Delhi



In Store Advertising



Awards & Recognitions





Statutory Results



RADICO KHAITAN LTD.

Statement of Standalone IND AS Financial Results for the quarter and nine months ended December 31, 2020

Sl. No.	Particulars	(1)	(2)	(3)	(4)	(5)	(6)
		Quarter ended 31.12.2020 (Unaudited)	Quarter ended 30.09.2020 (Unaudited)	Quarter ended 31.12.2019 (Unaudited)	Nine Months ended 31.12.2020 (Unaudited)	Nine Months ended 31.12.2019 (Unaudited)	Year ended 31.03.2020 (Audited)
1	Income						
	(a) Revenue from Operations	297,118.13	274,032.34	252,484.04	748,616.28	720,877.80	941,789.14
	(b) Other Income	255.83	375.10	181.59	817.79	700.88	918.67
	Total Income	297,373.96	274,407.44	252,665.63	749,434.07	721,578.68	942,707.81
2	Expenditure						
	(a) Cost of material consumed	33,412.06	32,556.36	34,280.41	86,851.17	96,008.50	127,091.18
	(b) Purchase of stock-in-trade	(42.65)	(32.66)	155.90	122.20	292.05	358.90
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade (net of excise duty)	294.59	(342.35)	(1,055.17)	(2,566.16)	(838.18)	(2,630.99)
	(d) Excise duty on sales	228,697.09	211,027.21	187,691.33	576,274.99	536,709.38	699,085.12
	(e) Employee benefits expense	4,721.13	4,331.27	4,956.30	12,924.10	13,810.79	18,608.08
	(f) Finance Costs	538.55	543.64	810.00	1,739.19	2,315.94	3,161.46
	(g) Depreciation and amortisation expense	1,355.38	1,327.42	1,309.00	3,970.32	3,913.15	5,252.73
	(h) Selling & Distribution expenses	9,222.34	8,029.27	7,818.17	22,195.35	23,245.61	31,124.52
	(i) Other Expenses	8,358.38	7,739.77	8,386.66	22,056.41	22,697.67	30,971.52
	Total Expenditure	286,556.87	265,179.93	244,352.60	723,567.57	698,154.91	913,022.52
3	Profit before exceptional items & tax	10,817.09	9,227.51	8,313.03	25,866.50	23,423.77	29,685.29
4	Exceptional items	-	-	858.59	-	1,560.59	2,416.62
5	Profit before tax	10,817.09	9,227.51	7,454.44	25,866.50	21,863.18	27,268.67
6	Tax Expense						
	Current Tax	2,593.46	2,349.32	1,642.62	6,448.64	5,705.41	7,095.03
	Prior Period adjustment	-	(377.50)	-	(377.50)	-	-
	Deferred Tax	170.66	14.56	241.76	93.97	(2,747.61)	(2,576.43)
7	Net Profit for the period	8,052.97	7,241.13	5,570.06	19,701.39	18,905.38	22,750.07
8	Other Comprehensive (Income)/ Expenses						
	(i) Items that will not be reclassified to profit or loss	57.50	58.49	31.25	172.50	93.75	361.38
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(14.47)	(14.72)	(7.87)	(43.41)	(23.60)	(90.95)
9	Total Comprehensive Income	8,009.94	7,197.36	5,546.68	19,572.30	18,835.23	22,479.64
10	Paid up equity share capital (Face value of Rs. 2/- each)	2,670.85	2,670.85	2,669.95	2,670.85	2,669.95	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	6.03	5.42	4.17	14.75	14.16	17.05
	Diluted	6.02	5.42	4.15	14.74	14.14	17.04



Notes:

1. The unaudited Standalone financial results of the Company, for the quarter and nine month ended December 31, 2020, have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on January 28, 2021. 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 Companies 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. Nationwide lockdown imposed by the Government of India, w.e.f. 24th March 2020 due to the COVID -19 pandemic, has been lifted in a phased manner, as per the MHA guidelines. Accordingly, the Company's entire operations including bottling facilities have become operational with necessary safety measures.
The impact of COVID-19 in Q3 FY 2021 financial results have marginalised. The Company is having sufficient liquidity and demand for its products to continue its operations. However, the Company will continue to closely monitor, any material changes, looking at future economic conditions.
5. Previous period figures have been regrouped / rearranged, wherever considered necessary. Amount of gross sale and excise duty for quarter ended December 31, 2019 (corresponding quarter) have been restated to make these comparable with the quarter ended December 31, 2020 (current quarter). However, such adjustment has no impact on net sales or profitability for the quarter ended December 31, 2019 and has no impact on results for the nine months ended December 31, 2019.

For Radico Khaitan Limited

Place: New Delhi
Date: January 28, 2021

Dr Lalit Khaitan
Chairman & Managing Director
DIN: 00238222



Disclaimer



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:

Saket Somani

Vice President, Finance & Investor Relations

somanis@radico.co.in

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Q3 FY2021 Earnings Call Details

Date: Friday, January 29, 2021 | Time: 12:30 PM IST

Universal Access: +91 22 6280 1325 / +91 22 7115 8226 | Local Access: +91 70 4567 1221

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





Radico

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