Radico
SPIRIT OF EXCELLENCE

RKL/SX/2024-25/124 February 04, 2025

BSE Ltd.
Phiroze Jeejeeboy Towers
Dalal Street
Mumbai – 400001
Scrip Code: 532497

National Stock Exchange of India Ltd.
Exchange Plaza, 5^{th} Floor, Plot no. C/1,
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Mumbai – 400051
Scrip code: RADICO

Subject: Transcript of Earnings Conference Call

Ref: Disclosure under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Dear Sir/Madam,

In continuation to our letter no. RKL/SX/2024-25/117 dated January 21, 2025 and pursuant to Regulation 30 of the Listing Regulations, please find enclosed herewith the Transcript of Earnings Conference Call for Analysts and Investors held on January 30, 2025 for Quarter and nine months ended December 31, 2024.

The transcript is also being disseminated on the Company's website at http://www.radicokhaitan.com/investor-relations/

This is for your information and records.

Thanking You,
For **Radico Khaitan Limited**

Dinesh Kumar Gupta
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Date: 2025.02.04 21:24:21 +05'30'

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Radico Khaitan Limited

(BSE: 532497; NSE: RADICO)

Third Quarter and Nine Month FY2025

Earnings Conference call

January 30, 2025

Management Participants:

Mr. Abhishek Khaitan, Managing Director

Mr. Dilip Banthiya, Chief Financial Officer

Mr. Amar Sinha, Chief Operating Officer

Mr. Sanjeev Banga, President – International Business

Presentation:

Moderator: Ladies and gentlemen, good day, and welcome to the Radico Khaitan Q3 FY25 Earnings Conference Call, hosted by Dolat Capital Markets Private Limited.

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

I now hand the conference over to Mr. Himanshu Shah from Dolat Capital Markets Private Limited. Thank you, and over to you, sir.

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.

Himanshu Shah: Thank you, Lizen. Good afternoon, everyone. At this moment, we would like to thank Radico Khaitan Management for providing Dolat Capital with the opportunity to host the Q3 FY25 Earnings Call. We have with us the senior Leadership Team from Radico Khaitan, represented by Mr. Abhishek Khaitan – MD and CEO, Mr. Amar Sinha – Chief Operating Officer, Mr. Dilip Banthiya – Chief Financial Officer, and Mr. Sanjeev Banga – President, International Business.

I will 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 Q3 FY25 Results Conference Call.

Building on the strong momentum from the first half, Radico Khaitan achieved industry-leading IMFL volume growth of 15.3% year-on-year in Q3 FY25. We anticipate this strong growth momentum to continue in the near term. The Prestige & Above category volume saw a 17.7% increase.

Our Luxury Portfolio, including Rampur Indian Single Malt Whisky, Sangam World Malt, and Jaisalmer Indian Craft Gin continues to deliver strong growth as we focus on increasing distribution, both off trade and on trade. After the launch of Rampur Indian Single Malt Asava, Sangam World Malt and Jaisalmer Gold Gin earlier this year, we continue to expand the rollout in more states. Asava is now available in 10 states, Sangam in 8 states, and Jaisalmer Gold in 6 states.

We have seen Luxury & Semi-Luxury brands cross net sales value of Rs. 100 crores in Q3 FY25 and Rs. 250 crores in the 9 months FY25. Given the exceptional demand in the domestic as well as international market, we expect this to cross Rs. 500 crores net sales mark in FY26.

Royal Ranthambore Whisky recorded a strong 55% growth during Q3. We recently launched a celebrity campaign with a Bollywood star, Saif Ali Khan, which resonated well with the brand ethos and connected with the consumers. Royal Ranthambore has seen unprecedented success in civil markets and the volume run rate is increasing month-on-month across geography. We are very happy to report that in Q4 FY25, it will be introduced to the CSD channel, which is a very large market. We believe it will drive further growth.

All other core brands continue to report strong momentum, such as Magic Moments vodka, After Dark Blue whisky and 1965 Spirit of Victory Premium Rum. Magic Moments vodka recorded 1.8 million cases sales during the quarter. We launched a Limited-Edition Celebration pack for Magic Moments vodka, blending premium quality with festive vibrance. During the 9 months of FY25, vodka industry has grown more than 15%, where we have a strong 60% market share. With that continued innovation, we remain confident of driving the industry growth.

During quarter 3, After Dark Whisky became the eighth brand to join the millionaires' club. Launched in 2011, this brand story took an exciting turn in 2022 with the launch of After Dark Blue Whisky, designed to captivate the younger generation. In the first 9 months of FY25, After Dark achieved 1.34 million cases sales volume, representing over 100% growth compared to 9 months of FY24. It is positioned very strongly in the largest segment of the premium whisky industry.

Going forward, I remain optimistic about the growth prospects in the Indian alcoholic beverage sector. We are progressing well on our strategic road map and are confident in delivering results in line with our goals.

Our new product development pipeline remains robust, and we are committed to delivering superior performance across our portfolio. Our strategic priorities remain focused on brand building, sustained profitable growth and long-term value creation for our stakeholders.

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

Dilip Banthiya: Thank you, Abhishek. Thank you, everyone, for joining us on this call today. During Quarter 3 of FY25, we reported a total IMFL volume of 8.4 million cases, representing a growth of 15.3% on a year-on-year basis. The Prestige & Above category volume grew by 18%. In value-terms, the Prestige & Above category registered 24.7% growth. IMFL realization increased by 5.5% on a year-on-year basis.

Prestige & Above category accounts for 51% of the IMFL volume, compared to 50% in Quarter 3 of last year. Regular category volume, which were impacted due to certain state specific industry-related issues, and ongoing strategic rationalization of portfolio, have now returned to a sharp growth trajectory. This was due to the lower base coupled with the normalization of state-specific industry issues.

The change in the route-to-market in Andhra Pradesh contributed 800 basis points to our overall volume growth. As regards the P&A segment, excluding Andhra Pradesh, the growth has been higher.

The recent RTM change in Andhra Pradesh has progressed well, promoting stability, predictability and regulatory environment. As a result, we have seen strong growth traction for our brand portfolio and gained market share from 10% in the first half to over 15% in Quarter 3. We quickly adapted to the changing environment and created capacities to capitalize on industry opportunity.

Gross margin during the quarter was 43% as compared to 41.8% in quarter 3 of FY24, and 43.6% in sequential quarter 2. Gross margin was improved on a year-on-year basis due to the ongoing premiumization in the IMFL business, coupled with a relatively stable raw material scenario. Gross margin declined by 60 basis points on quarter-on-quarter basis due to foodgrain inflation. While we are optimistic about the inflationary scenario for ENA and grain to improve going forward, we continue to cautiously monitor the trends.

Employee benefit expenditure were higher sequentially due to the annual appraisal and incentive payments during the quarter.

Interest costs increased sequentially due to higher working capital utilization during the quarter, primarily led by cyclical building of the grain inventory and higher receivable in certain states. This is temporary phenomenon, and inventories will be liquidated by March end.

Going forward, our focus will be driving profitable growth along with cash flow generation and more efficient working capital management, resulting in debt reduction.

With this, we now open the line for Q&A. Thank you.

Question & Answer:

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. Anyone wishing to ask a question, may please press "*" and 1 on your touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" and 2. Participants are requested to use handsets while asking a question.

Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, if you wish to ask a question, you may please press "*"and 1.

The first question is from the line of Abneesh Roy from Nuvama. Please go ahead.

Abneesh Roy: Yes. Thanks. My first question is about the Andhra market. So, you have done well, and you have gained market share. Even the national players have gained market share. So, if you could tell us are the local players now all largely out of the market?

And second is in the previous cycle, when a similar regime, similar government was there, then what was your market share? And as a percentage of pan-India, when do you see full normalization and what will be that number in terms of Andhra contribution to your sales?

Amar Sinha: So, as far as the Andhra market is concerned, it's a 30 lakh cases market right now. It's a growing market. As the regulatory environment stabilizes and the policies become more stable, the market is continuing to show buoyancy. We have a 15% to 17% market share in that state. Most of our brands that we have introduced are showing traction. The route-to-market changed on 16th of October 2024. Since then, there is a balance between secondary and tertiary sales. So, as far as Radico is concerned, the movement for all our brands introduced in Andhra is sound and shows good signs.

As far as the local players are concerned, they still exist, and they are largely operating in the lower-price segments, which I think will continue for some time, till the national brands gain attraction. This has also started to happen. Most national companies are now getting good volumes, and it will benefit orgainsed players like us.

Abneesh Roy: So, my second and last question is on the demand side. You also sounded positive and pan-India and national side is also positive. So, my question is in terms of the marriage demand, how much is the benefit coming from there? And ex of Andhra, what will be your expectation of growth because Andhra clearly is helping. And would you see Q4 Andhra contribution being a bit lower because first quarter, generally, the inventory pileup is there, which helps in a larger number. So, would you say that Q4, the contribution to sales from Andhra, that could be a bit lower and then it starts going up again?

Amar Sinha: No, I think as I told you, there is a balance between secondary and tertiary sales for all our brands. So, as far as we are concerned, we see that the momentum will continue, and we will continue to perform equally well in quarter 4 and thereafter.

Abneesh Roy: And in terms of the pan-India demand, what is driving the optimism? Because almost every other form of consumption, they are clearly saying there is a slowdown in the urban segment. I do understand some of the base is a bit favorable for the industry, may not be for you but marriage demand clearly is there for the next 2 quarters also. So, would you say marriage demand is what is helping in terms of optimism versus say, other forms of the FMCG consumption or, say, any other discretionary consumption also QSR? Everything is weak. In terms of apparel also, it is weak. So, what is the difference for the liquor industry versus other forms of consumption in the urban segment currently?

Amar Sinha: So, let me say first that as you see in Q3, the growth has been across significant categories. The regular segment has also recovered, and the Prestige & Other segment has also shown great traction, strong double-digit growth.

We have seen traction across our brands. And that's why you see this number of P&A, growing by 17% in volume. And as far as overall volume is concerned, it stretches across premium and regular brands, and that's how you get 15%. This phenomenon is visible clearly in the liquor industry and it is not because of weddings and festivities. The industry itself is buoyant. And that's why we feel that the next quarter and thereafter, demand will be encouraging.

One more point that we want to stress here is that 3 years back, the entire market segments for brands above the inter segment was only 25% of the IMFL industry. Today, it has reached 42%, which means the brands in the premium segment are gaining traction and Radico is driving this growth as well as part of an industry player.

We today have market leadership positions in gin, rum, brandy and vodka. And now we are growing steadily in the whisky segment as well. All brands that we have launched in the past 2 years have done exceedingly well and are positioned well in all the markets across geographies.

Abneesh Roy: Sure. Thanks, sir. I'm done sir. Thanks a lot. All the best.

Moderator: Thank you. A reminder to the participants, anyone wishing to ask a question, may please press "*" and 1. The next question is from the line of Harik Kapoor from Investec. Please go ahead.

Harik Kapoor: Good evening. So, I just had 2 questions. One was on you mentioned that you expect that your Luxury & Semi-Luxury portfolio to cross Rs. 500 crores. Could you just give us a sense of what will drive growth next year? Do you think it's more getting into markets where you weren't present? Or it's just strong market share gain or just throughput growth that you are seeing? And within this, if you could just give even a qualitative flavor of what's growing faster, etc. I know the portfolio, but if you could just give a sense of what's going faster, what's driving this growth? So, just a little bit more comments on this portfolio, which will be Rs. 500 crore Business for you next year.

Amar Sinha: As Mr. Abhishek Khaitan had also mentioned in his opening remarks, our Luxury & Semi-Luxury sales was approximately Rs. 100 crores, and shown a growth in value terms of 45%. As far as volume is concerned, we have shown equally strong volume by growing at 54%.

As far as the ratio of sales of Luxury & Semi-Luxury brands are concerned, we have grown to a level of 12% in Q3 as against 9% in the previous year. Now having said that, I must tell you that all the brands that we have launched today have shown great attraction and acceptance at the consumer level and Radico has always pioneered the price positioning of all brands in different categories and segments. Our prices are well accepted, and people see by virtue of a higher price position that we not only offer in stature, but we are also giving an equally good quality commensurate to the price that we offer.

Now today, these brands, despite the attraction and sales growth, we feel are still at a nascent stage, and there is a good way to go in terms of creating market shares. And that's the reason we feel that the coming years will show a much better result.

Not only that, we will also expand across geography. Radico has a national presence. We are one of the strongest distribution companies in the country today. We are the largest player in the IMFL segment from India. And we are in the process of expanding our distribution of Luxury & Semi-Luxury products, and that will also give us expansion in volumes and profitability both.

Harik Kapoor: Got it. So, just on this, would a significant portion of this, say Rs. 500 crores next year or whatever of the Rs. 250 crores for the 9 months, be export? Or maybe it what would that ratio look like?

Dilip Banthiya: Yes, the exports in volume terms si approximately 5.5%. In the domestic market, the luxury and semi-luxury growth rate is better than export.

Amar Sinha: It will continue to be so at least for the next 3 years, because the market is huge. It is growing very fast. So, we need to exploit that situation.

Abhishek Khaitan: Also, if you see the single malt industry in the domestic market has overtaken the international malts also. So, I think the investments of what we had done in our malt capacity about 4-5 years back, so the next 3 years, our malt availability should double in the next 3 years. Royal Ranthambore has entered the Armed Forces, CSD which is one of the largest markets. So, I think, overall, the entire space is quite buoyant.

Harik Kapoor: Got it, sir. The second part was on the cost side. So, you've seen on one side, you have the possibility of some increase likely in ethanol at some point in terms of government pricing. But on the other side, you also have the grain prices, which seem to now be coming into a more favorable trajectory over the next 1 or 2 quarters and going forward. So, if you could just help us understand how do we see this kind of confluence of factors playing out in ENA pricing over the next say, 3, 6, 9 months, if one had to guess? Yes, that's my question. Thanks.

Abhishek Khaitan: Actually, if you see our industry the kind of headwinds that we have faced as the grain prices from Rs. 17,000 / Ton, touched about Rs. 28,000. The primary reason was the ethanol supply and the stoppage of the FCI rice which happened about 1.5 years back. Only now for the first time the government, which we were expecting long back, because huge pile of about 500 lakh tonnes of grains lying in the FCI godown, so they have just announced where ethanol can be produced from FCI. So, that [FCI Rice] is at Rs. 22500 / tonne. So, I think it all depends on the government policy, but if it continues, surely there will be easing of the raw material.

Harik Kapoor: Got it, sir. That's all from me. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Dhiraj Mistry from Antique Stockbroking. Please go ahead.

Dhiraj Mistry: Thank you for the opportunity. And congratulations on the good set of numbers. Sir, my question is first on demand where one of the Company said that there is a slowdown in the premium and luxury end of the segment, whereas you have been saying that your growth has been very much far superior. What gives you confidence that this kind of mid-teens kind of volume growth can be continued in P&A segment? And also, the regular segment, after, let's say, 12 to 13 quarters afterwards, we are seeing positive volume growth. And what can we expect in terms of volume growth in regular segment going ahead?

Amar Sinha: So, let me answer the regular segment first. See, it's true that it is quite some time later that the market has started responding as far as the regular segment is concerned. There are a couple of reasons for it. But we have, in our earlier conferences, also stated that we have rationalized our regular volume, because of cost escalation, raw material pressures and contribution loss. So, wherever we thought it was economical and profitable, we used to sell regular, and not rationalize the volumes.

Having said that, as far as the current growth rate in the regular segment that we have seen of 13.4% and a value growth of 15%, that's primarily because of 2 reasons. One, Andhra has offered an opportunity to sell brands below the P&A segment at a lucrative price, and the contributions are healthy. That's what we are doing.

And going forward, we also feel this trend could continue because Kerala, which is a huge market of more than 20 lakh cases a month, has given a 6% to 7% price increase. And therefore, we see that this will also benefit the industry, including Radico. So, we are optimistic about the regular segment recovery in the months ahead.

Dhiraj Mistry: Yes. So, just on regular segment.

Amar Sinha: And the growth will also be maintained in the mid-single-digit rate.

Dhiraj Mistry: Okay. But if I want to strip out Andhra Pradesh from the regular segment, what would have been growth excluding Andhra Pradesh then in this quarter?

Dilip Banthiya: See as I said in my opening remark ex-Andhra, our overall growth is 7%, 7.5% ex-Andhra. And in the P&A category it is higher or better than the Company average. So, the point is that excluding Andhra, as Amar said, there are certain improvements in the state regulatory environment, the Defence has given the price increases last year which has brought back the volume. In export also, there is some improvement in the volumes of the regular segment. So, in fact, as we already said, that mid-single-digit improvement on that for next year, we can very well achieve that.

Dhiraj Mistry: Got it. And sir, your comments on P&A segment volume growth?

Amar Sinha: We don't want to comment on what others feel about the slowdown or the fast pace, but as far as Radico is concerned, all our brands are buoyant. They are responding very well. We have great plans, marketing plans going ahead and other growth momentum of giving a P&A growth of 15% plus in the times ahead will continue.

Dhiraj Mistry: Got it. And sir, the second question is related to our debt. Thereafter our CAPEX, we have not seen any decline or let's say, a reduction in debt. Part of this is also attributed to the Telangana Government not paying the dues. Where are we standing in terms of, due from Telangana government, and when can we expect or, let's say, by what year we can become a debt-free Company?

Dilip Banthiya: So, as we have said that in a couple of months the issue with Telangana which will get sorted out soon, the interaction with the industry is on. Secondly, we build grain inventory in the season. That will also be partly liquidated by the year-end and from Q4 onwards, you will see a declining trend in our debt scenario, and as we guided, by '26, '27, middle, our debt will be negligible. With the kind of cash flow coming from internal accrual, we are very confident of achieving the debt-free kind of situation by '26, '27.

Amar Sinha: I want to add one very important point that Radico's old dues in Telangana are not very high. And subsequently now, Radico is being paid with other companies in 45 days as per the policy. So, that's not so much of a deterrent. But yes, the dues whatever our overdue will get cleared in Q4.

Dhiraj Mistry: And sir, lastly, on margin front. You clearly highlighted that Luxury segment has been growing very fast. So, sir, can you comment a bit on in terms of profitability of Luxury segment versus other P&A segment versus regular segment for us?

Dilip Banthiya: So, we talk about our margin. And actually, in the last several quarters, we have been guiding about, that we have improved on our margin by less 150 basis points year-on-year. This year over the last year, we have improved 140 basis points to 9 months, and we will continue to do that. With the kind of product profiling and portfolio and the luxury growing much faster, we expect our margins to grow 100 to 125 basis points every year for the next 3 years, thereby growing on the 15% kind of margin in next year. So, we expect that the business model that should be achievable.

Dhiraj Mistry: Okay. That's helpful. Thank you very much.

Dilip Banthiya: Thank you.

Moderator: The next question is from the line of Rohit Kumar from Niveshaay. Please go ahead.

Rohit Kumar: How much margins do you make in per ml pack, from 90 ml pack to 750 per ml packs? So, for example, from 90 ml pack to 750 ml pack, how much margins do you make? In EBITDA-wise, in terms of EBITDA?

Dilip Banthiya: Again, if you can repeat your question.

Rohit Kumar: How much margin do you make from 90 ml pack to 750 ml pack? Is the margin similar in terms of EBITDA-wise?

Dilip Banthiya: The question actually, it is the margins are at the price point. And basically, whether it is 90 ml or 180 ml or 750 ml, depending on the price point of that segment and the margin, EBITDA the cost decision has been made.

Rohit Kumar: So, each segment has different margin side. So, can you give us the margins on the blended wise? How much blended margin do you make in the 90 ml pack or 180 ml pack or 750 ml pack?

Dilip Banthiya: As I said, Rohit, it is actually not 90, 180 ml. We say in our SKUs. When we launch any products or we market any product, the price segment, where we are offering all the segments 180, 750, 375, this is a composite basket of margin we're seeing on the contribution level. So, we can't distinguish between 90 ml margin versus 750 ml margin.

Rohit Kumar: Okay, sir. Thank you, sir. That's from my side.

Moderator: The next question is from the line of Pankaj Kumar from Kotak Securities. Please go ahead.

Pankaj Kumar: Thanks for taking my question. Most of the questions are answered. Just wanted to have 1 clarification that ex AP and the P&A category, what was the growth in this quarter?

Dilip Banthiya: In P&A category?

Pankaj Kumar: Ex-Andhra Pradesh.

Abhishek Khaitan: See our P&A category has grown by 17.7% in the quarter. And as far as P&A category goes, excluding Andhra also our growth has been higher than 17.7%.

Amar Sinha: Because our growth is broad base, across geographies.

Pankaj Kumar: And sir, you have guided for Rs. 500 crores from Semi-Luxury & Luxury segment. So, what kind of margins that this category can generate, any estimate you can give?

Abhishek Khaitan: We do not quantify what margin is in the segments, but definitely, in the Luxury and Semi-Luxury segment, that's Royal Ranthambore and Above, the margin is much, much higher than the P&A category.

Pankaj Kumar: So, like you are saying, to get to 125 bps, the margin improvement that you are looking at every year. So, what portion would be driven by your mix changes versus your raw material advantage?

Abhishek Khaitan: See, raw material advantage, the grain prices had gone up in October, December quarter, I think it was the highest. So, we are at a disadvantage, so this all margin is contributed because of the product mix and optimization.

Pankaj Kumar: And sir, CAPEX, what kind of CAPEX that we are looking this year and the next year?

Dilip Banthiya: We have done with all our major CAPEXs and our CAPEX run rate will be Rs. 100 crores to Rs. 125 crores every year for the next 2 to 3 years. This is after both our large projects are over.

Pankaj Kumar: Okay, sir. Thank you.

Moderator: A reminder to the participants, anyone wishing to ask a question, may please press "*" and 1. The next question is from the line of Rohan Patel from Turtle Capital. Please go ahead.

Rohan Patel Hello. Am I audible?

Dilip Banthiya: Yes.

Rohan Patel Yes. Yes, thanks for this opportunity. I have a question regarding our Country Liquor business and non-IMFL business. Seeing your financials for FY24, we did somewhere around Rs. 1,300 crores in non-IMFL segment, and roughly 50% of that comes from Country Liquor. But when we look at our margins in non-IMFL segment, they are near to mid-single digit. And when we see some of our peers in Country Liquor in UP market, they are currently doing a healthy double-digit margin of 14% to 17%. So, can you explain the difference in this? Like why are margins so low? And in '23, we were negative EBITDA.

Dilip Banthiya: So, the question is that our Country Liquor business is only in one state, it is in the Utter Pradesh. As far as the other players, they might be doing in 2-3 more states. So, we are talking about only UP, where the margin in the Country Liquor are in the mid-single digits. And as you say, the rest of the Non-IMFL business is the alcohol sales, where also the margin has been squeezed, because of the high inflation in grain prices. There also the margin has squeezed to a mid-single-digit kind of number. So, seeing what we have feel that FCI has opened up and all that, it's all a question of how the market behaves and declining trends, then we can see some improvement in that segment also.

Rohan Patel Okay, but seeing your close competitor who operates Country Liquor in 1 state and that too in UP who is having a market share of say, 25% to 27% and does 200 million-liter in Country Liquor in UP, so they have fairly healthy EBITDA compared to us, mostly twice than ours. So, is it due to geographies that you cater to within a state district-wise?

Dilip Banthiya: I think we are talking about Uttar Pradesh, and somebody doing it. So, Uttar Pradesh we have a mix of grain-based Country Liquor as well as molasses-based Country Liquor. I'm giving you the mid-single-digit margin mix of UPML and Country Liquor being sold.

Amar Sinha: Let me explain this to you. There are 2 large players in UP, including us. The margins for Country Liquor remain more or less the same. There is no difference, because the SKUs that both the companies sell are the same. The strengths that the other player sell is also the same. So, the EBITDA margins cannot be different unless you include some other businesses in it.

Rohan Patel Okay. And what we have seen is that this is towards the IMFL business and in P&A segment, what we have observed is that lot of competition is coming in, a lot of brands are coming in. But we are seeing that Millionaires' portfolio of companies that are doing over 1 million cases have been coming from well-established legacy brands like Radico, USL or Allied. So, what advantage does a company like Radico has over a new entrant or new brands that are coming up, celebrity brands, which are coming up lately?

Dilip Banthiya: Actually, the industry is surrogate and there is a complete blackout of the brand being positioned and brand not being shown, so definitely incumbent has better chances.

Amar Sinha: National players like Radico have had the benefit of distribution and marketing strength. And with this scale of operation, there is a definite advantage for new brands produced by national companies as against smaller players. It's very difficult for new entrants to sustain today, because the cost of entry and the cost of sustenance is very, very high.

Rohan Patel: Okay. That fairly answers my questions. Thank you for this opportunity.

Moderator: Thank you. A reminder to the participants, anyone wishing to ask a question, may please press "*" and 1. Participants, if you wish to ask a question, you may please press "*" and 1. As there are no further questions, I now hand the conference over to the Management for the closing comments.

Dilip Banthiya: Yes. So, moving forward, we will continue to deliver a strong Prestige and Above volume growth, driven by our diverse brand portfolio. Secondly, we will further develop our luxury brand portfolio which we see a major contributor to our profitability. Furthermore, we are focused on ensuring that our investment operates as efficiently as possible. This will enable us to generate cash, repay debt and return cash to the shareholders.

We look forward to interacting with you in all our next earnings call. In the meanwhile, if you have any queries or follow-up, please feel free to write to us. Thanks a lot.

Moderator: Thank you, members of the Management team.

Ladies and gentlemen, on behalf of Dolat Capital Markets Private Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: This transcript has been edited to improve readability.

For more information, please contact:
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