RKL/SX/2026-27/80 November 3, 2026

BSE Limited
Phiroze Jeejeeboy Towers
Dalal Street
Mumbai- 400001
Scrip Code: 532497

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot no. C/1,
G Block, Bandra-Kurla Complex, Bandra (E)
Mumbai- 400051
Symbol: RADICO

Subject : Transcript of Earnings Conference Call.

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

Dear Sir/Madam,

In continuation of our letter no. RKL/SX/2026-27/69 dated October 14, 2026, and pursuant to Regulation 30 of the Listing Regulations, please find enclosed herewith the transcript of Earnings Conference Call held with Analysts and Investors on October 28, 2026, for the Unaudited Financial Results of the Company for the Quarter and Half Year ended September 30, 2026.

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

This is for your information and records.

Thanking You,
For Radico Khaitan Limited

Dinesh Kumar Gupta
Digitally signed by Dinesh Kumar Gupta
Date: 2026.11.03 10:37:28 +05'30'

Dinesh Kumar Gupta
Executive Vice President - Legal & Company Secretary

Encl.: as above
Email Id: investor@radico.co.in

Radico Khaitan Limited

(BSE: 532497; NSE: RADICO)

Second Quarter and Half Year FY2027

Earnings Conference call

October 28, 2026

Management Participants:

Mr. Abhishek Khaitan, Managing Director

Mr. Dilip Banthiya, Executive Director and CFO

Mr. Sanjeev Banga, President – International Business

Mr. Sudhir Upadhyay, Chief Sales Officer

Mr. Saket Somani, Deputy Chief Financial Officer

Presentation:

Moderator: Ladies and gentlemen, good day, and welcome to Radico Khaitan Limited Q2 FY27 Earnings Conference Call hosted by ICICI Securities 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 this conference call, please signal an operator by pressing star then zero on the touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashutosh Joytiraditya from ICICI Securities 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.

Ashutosh Joytiraditya: Thank you, Anam. Hello, and good afternoon, everyone, present on the call. On behalf of ICICI Securities, I welcome you to Radico Khaitan Limited's Q2 FY27 Earnings Call. I would like to thank the management for giving this opportunity of hosting the call.

From the management, we have Mr. Abhishek Khaitan – Managing Director, Mr. Dilip Banthiya – Executive Director & Chief Financial Officer, Mr. Sanjeev Banga - President, International Business, Mr. Sudhir Upadhyay - Chief Sales Officer, and Mr. Saket Somani, Deputy Chief Financial Officer.

I will now hand the call over to Mr. Abhishek for an opening remarks. Thank you, and over to you, sir.

Abhishek Khaitan: Good afternoon, ladies and gentlemen, and thank you for joining us on Radico Khaitan's Q2 FY27 Earnings Conference Call.

The second quarter of FY27 has been the strongest in our history with record volume, revenue and profitability. During the quarter, IMFL volume stood at over 10 million cases, revenue at Rs. 1,746 crores and EBITDA at Rs. 356 crores, with an EBITDA margin of 20.4%. Two quarters in, the consistency of this delivery gives us great confidence in the year ahead.

Premiumization remains at the heart of this performance. Our Prestige & Above portfolio grew 36% in volume during the quarter, well ahead of the industry and continues to enrich our mix with every passing quarter.

In vodka, the structural shift we have spoken about is gathering pace, with the category's share of IMFL reaching 6.3% in Q2. Flavours are driving this change, and Magic Moments is shaping it. In August, we launched Magic Moments Aam Panna, bringing a nostalgic flavour cherished in every Indian household into a contemporary format, supported by a digital-first campaign. Consumer response has been encouraging and tertiary offtake across the Magic Moments family remains healthy.

In whisky, After Dark's modern new look is resonating well in the largest segment of the market, and we are extending it to more states. 8PM Premium Black whisky continues to gain momentum and market share, while Royal Ranthambore continues to perform well across civil and CSD channels.

Our luxury portfolio, including Rampur Indian Single Malt, Jaisalmer Indian Craft Gin and Virasat Indian Single Malt continue to receive an exceptional response from connoisseurs in India and abroad and we are steadily taking Virasat to new states. Brand advocacy remains central to this effort. During the quarter, we continue to focus on advocacy sessions in the on-trade, supported by curated consumer experiences, key account partnership and premium shops in shop formats at retail.

The policy environment across key states continues to be progressive and supportive, and we see this as a meaningful tailwind for organized premium-led players like Radico in the years ahead.

Internationally, we also became the first Indian spirits company to be present across 4 major U.K. airports, a proud moment for the Indian whisky in the home of Scotch and we continue to progress towards our target of 100 travel retail outlets in the times to come.

At the same time, the global environment has turned increasingly volatile. We are seeing continued volatility in the raw material and packaging costs. We are managing this through sharper procurement, value engineering, our integrated manufacturing platform and a richer product mix. These levers give us the resilience to stay on the course.

Looking ahead, we have upgraded our Prestige & Above volume growth to 30% in FY27, and we remain confident of sustaining an EBITDA margin of around 20% for the year.

Before I close, an important update on our leadership. Effective today, Dilip Banthiya joins the Board as Executive Director and CFO, bringing his deep financial, capital allocations and alcobev industry experience to the Board. Saket Somani has been elevated to Deputy CFO with an expanded mandate across strategy, financial planning, Investor Relations and digital transformation. These elevations reflect our belief in nurturing talent from within.

As we enter the festive season, I would like to wish you all and your families a very happy and prosperous Diwali.

With that, I would now like to hand over the call to our Executive Director and CFO, Dilip Banthiya, for a detailed review of our financial and operational performance. Thank you.

Dilip Banthiya: Thank you, Abhishek. Thank you, everyone, for joining us on this call today. Before I begin, I would like to thank the Board for their confidence in me.

The momentum we built in the first quarter was sustained through Q2 with strong volume growth, higher profitability and improved returns. Our performance reflects the resilience of our business model, driven by premiumization, operating leverage and persistent focus on disciplined execution, even as the input cost environment has turned more volatile.

During Q2 FY27, we delivered a strong all-round performance, with total IMFL volumes of over 10 million cases, reflecting a 7% year-on-year growth. The Prestige & Above category continued its strong upward trajectory, recording highest ever volume of 5.28 million cases at 36% volume growth. This performance was supported by strong brand momentum and premiumization-led mix improvement. Regular volume degrowth was due to a higher base of Q2 FY26 after the change in the route-to-market in the state of Andhra Pradesh and the impact of the policy change in Maharashtra and Karnataka.

On the profitability front, Gross margin during the quarter is 48.0%, representing a 440 basis point expansion on year-on-year basis and 109 basis point compression on quarter-on-quarter basis. This

improvement on year-on-year basis is due to the ongoing premiumization. Product mix and premiumization added 510 basis points and the price increases added 85 basis points. This was offset to a certain extent by the recent volatility in the packaging material prices which resulted in approximately Rs. 27 crores of financial impact. Gross margin was impacted sequentially due to cyclical brand mix change and inflation in grain prices.

Despite an uncertain macro environment, we are confident of our margin trajectory in FY27. To mitigate the impact of increasing grain prices to a large extent, we had built up higher level of stocks, which has supported us through Q2 FY27.

EBITDA margin for the quarter stood at 20.4%, expanding by 462 bps on a year-on-year basis. This strong improvement reflects the success of premiumization strategy, better operating efficiencies, and continued cost discipline. It also highlights the benefit of our consistent investment in building a strong premium and luxury brand portfolio over the years.

Building on our strong financial performance, both ROE and ROCE improved during the quarter, supported by higher operating profit and better asset utilization. As the premium and luxury portfolio continue to expand, we expect our capital efficiency and return ratio to improve further.

During the quarter, we made a deliberate investment in working capital to support the strong growth in our premium portfolio, new launches and secure key raw material and packaging material amid price volatility. This is temporary build, and we expect it to normalize during the second half of this year. We remain disciplined in our approach to capital allocation, with capex directed towards maintenance, operational efficiencies and essential capacity optimization.

Looking ahead, our priorities remain very clear, driving profitable growth, maintaining a strong balance sheet, improving capital efficiency and creating a long-term shareholder value.

With this, we'll now open the line for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aditya Soman from CLSA.

Aditya Soman: So, 2 questions. Firstly, on this DRI investigation across the industry, can you explain a little bit more what the key issue here is, and how the various players potentially are impacted? And secondly, on the raw material impact, now we've seen obviously a significant increase in grain prices as well as packaging materials.

So, from a pricing perspective, what proportion of our portfolio would you say has pricing freedom? And typically, what would be the price lag or the lag between pricing and the input cost increases? Thanks.

Dilip Banthiya: So, thanks, Aditya. As far as the matter relating to the industry scrutiny is concerned, we are a compliant company. We have always complied with the regulatory requirements. The Scotches which we were importing from last 10 to 20 years, are in the same HSN code as 2208. And after 15th July also, we are importing it in the same code. So, we have not changed any of our code, neither the connotation or the narratives of the material coming here. This is an industry issue which DRI is studying and we don't know how far it , but we are confident that what we are doing is as per the current laws.

And to your second question, regarding the packaging material and raw material scenario. See, as we stated in the beginning and opening remark, MD also said that we continue to maintain our EBITDA margin guidance of 20% for this full year. This quarter also, there has been a negative impact of Rs. 27 crores, which is approximately 155 to 160 basis points on gross margin basis. However, we have been able to mitigate and we also see that in the new crop season, which is starting from November onwards, the prices should stabilize. At the same time, FCI allocation to this year's ethanol policy is also elevated at 72 lakh metric ton, which will also stabilize the scenario. So, from November onwards, we see this to play a very benign kind of role. At the same time, on packaging material, there has been an impact on account of the West Asia war, and particularly on the glass bottle and the PET resin prices and also some laminate prices. It is very unpredictable. But looking into the current unprecedented and volatile scenario, we continue to work on our premiumization, improve our product mix and we are confident that we can deliver 20% guidance, which we have given. So, I think we are confident about our business and portfolio.

Aditya Soman: Very clear and thanks a lot for that. So just to summarize, so with this whole DRI issue, no impact on Radico likely. And second, on the input cost as well, I think no change to the 20% margin guidance for the current year?

Dilip Banthiya: That's correct.

Moderator: The next question comes from the line of Abneesh Roy from Nuvama.

Abneesh Roy: My first question is on the U.K. FTA. So, are you seeing any increase in competition till now? And because costing is affordable for all players, is there more intensity within existing players? So how are you reading that part?

Second is a question to your international head. In terms of the 4 airports in U.K. and further expansion, what kind of opportunity long term you see in that market because of the FTA and now better presence on ground also?

Abhishek Khaitan: To answer your first question, the U.K. FTA, we are seeing about close to 8% to 10% reduction in the BIO. And if you see our portfolio, whether it's Rampur or Virasat, it's a single malt, and it is already priced higher than the existing BIO. So, I think it's more of a consumer preference. And as far as the other portfolio, whether it is After Dark or Magic

Moments, etc., that is way below the BIO cost. So as such, we don't see so much of a challenge in our portfolio at all.

Sanjeev Banga: Well, regarding the GTR, as you know, we've just got listed in 4 U.K. airports, that's Heathrow, Gatwick, Birmingham and Manchester. The response has been very positive and global travel retail remains a very important channel for us, especially for our luxury portfolio, both in terms of showcasing the products to a global audience as well as consumption for them, whether it is for their own consumption or for gifting purposes as well. We are currently in around 70 duty-free locations, and our objective is to get to 100. So, we will continue to focus on this channel and try to expand it in quick time.

Abneesh Roy: Sure. My second question is on the guidance. So, 2 quarters, 2 upgrades, overall macro versus 3 months back, 6 months back, entire country, entire world, more challenging. What is the specific reason, two, three if you can tell us? Is it because the shift towards vodka is higher than your initial expectation?

Or is it states like Karnataka or any specific state you can highlight? We don't know. The beer company said that Karnataka, they are growing 60%, for example. So, is it specific state which is working much better? Or is it just a plain market share gain?

Abhishek Khaitan: To answer your first question, if you see, there is a structural shift which is taking towards the white spirit, which is vodka. And globally also if you see about 28% of the liquor market is vodka. In India, it was very small. In 2025, it was 3.7%; in 2026, it became 4.5%; and this quarter Q2, it is 6.3%. So, we are seeing a lot of shift, especially with the Gen Z and the younger generation and the women coming in, their lighting is towards the whiter spirits because it is more easily mixable and plus it is much light and flavored vodka. So, I think that shift is helping us, number one.

Number two, to answer your question, Karnataka has led the way, and we have really seen after the reduction in the duties and free pricing. To give you an example, say Radico in the current quarter, we have grown more than 100% of our premium volumes there. So, Karnataka is helping us plus we are getting overall growth from everywhere. That is why, if you see, the P&A growth of Radico is 36% in the current quarter.

Abneesh Roy: Sure. One follow-up question I had was on your P&A volume growth and your vodka growth. If I dissect the numbers, it seems your non-vodka P&A has grown around 23% ballpark. It could be 1% or 2% here and there. Are you happy with this performance of non-vodka P&A?

And Karnataka, of course, has done quite well, which means non-Karnataka could have grown, say, much lower than that. Is it -- is Maharashtra dragging it down? Are you happy with this, say, 23% kind of growth performance in non-vodka P&A?

Abhishek Khaitan: I think we are more than happy because the industry itself has grown only 5.8% to 6% in P&A. We have a 20% non-vodka growth, I think it's a commendable achievement. And vodka, we have grown by about 49%. So, I think overall, the P&A, we are very, very happy with the portfolio. As far as Maharashtra goes, Maharashtra, our P&A, we have come back into growth in the current quarter.

Abneesh Roy: And what is the reason for that?

Abhishek Khaitan: Yes. Our P&A. So, from our side because, as I said, the flavor shift is happening towards the vodka, and now I think vodka is about close to 11% of the industry.

Abneesh Roy: Maharashtra...

Abhishek Khaitan: In Maharashtra, vodka has become 10% of the industry. So, there we are market leaders. So, our P&A has grown very fast in the current quarter there.

Saket Somani: And, Abneesh, to your other point about Karnataka, while Karnataka has grown very, very strongly, but our saliency from Karnataka is still 6%. So, while that has contributed, the other states are growing much faster and are contributing a lot more meaningfully.

Abneesh Roy: Sure. So, on Tamil Nadu, your media interview, you gave some insights. The beer company also said Tamil Nadu seems to be opening up well on the right track. So, if you could discuss medium, long-term opportunity, assuming some basic stuff here. And on Telangana, again, everyone says next quarter, the hike is happening. What is the current understanding on Telangana price hike?

Abhishek Khaitan: See, to answer your first question about Tamil Nadu. So, Tamil Nadu is the largest market in the country. And as far as Radico goes, our Morpheus is the largest selling premium brandy there and it's the

second largest market for vodka. So, what has happened in September, which is a very, very positive thing for the industry, is orders have started coming on tertiary basis. So even for us, our volumes are up 20%. And also, they are introducing a new thing that anything above INR1,000 would be paid digitally. So, I think new brands are allowing them to come. So, I think Tamil Nadu can be a very interesting and a good opportunity for the industry and especially for Radico. And as far as Telangana goes, we have represented to the government, but it all depends on the government about the price issue.

Moderator: The next question comes from the line of Harit Kapoor from Investec.

Harit Kapoor: So just one question on exports. I know P&A has done exceptionally well in the first half. Just wanted to get your sense on what's been the kind of exports growth for the first half of the year given the issues geopolitically. And how do you see this panning out over the next, say, 2, 3, 4 quarters? Do you see an easier situation, a slightly harder situation? Just trying to understand whether this piece has not grown at the pace you would have liked and hence, there are likely opportunities going forward over the next few quarters for growth to revive. That's my first question.

Sanjeev Banga: In terms of exports, yes, the geopolitical situation in West Asia did have an impact initially when the whole thing started in Feb and March. And for first couple of months, there was a problem, but then it's bounced back now and our shipments are going regularly into the Western Asia markets as well. The only issue is logistics. The freight rates have gone up tremendously. But otherwise, we've seen growth in all our export markets. So, there's no let down on our export business.

Harit Kapoor: So as of now, the issue is more a margin issue because of freight rates rather than a growth issue, which has rebounded already?

Sanjeev Banga: Yes, that's correct, the freight issue. So, part of the freight, we are absorbing -- part of the freight is being absorbed by the customer over there. And in some cases, there has been a little bit of increase in the consumer prices.

Harit Kapoor: And second question is, Abhishekji, I just wanted to get a sense from you, this is -- this doesn't look like a 1-year or 18-month phenomenon on vodka. These are typically trends, as you mentioned, globally, the shares are high of this category, and obviously, you may not see 40%,

50% growth rates. But do you expect this to become like a multiyear driver for you over the next maybe 3, 4, 5 years, where you may not see 40%, 50% growth, but the growth rates will be significantly elevated compared to other spirit subcategories? Is that the way that you are seeing the market? Just wanted to get your read on how you're thinking about this.

Abhishek Khaitan: Right now, so if you see, total vodka market share is 6.3% in the current quarter. And I think, globally, it is 28%. Even a 1% shift adds close to about 4 million to 4.5 million cases of vodka. So, what we see plus the normal industry growth. So, we see that, in the next 3 to 5 years, the vodka should outpace any of the category, especially the flavored vodka. Even in the last 5 years, if you see, the vodka has grown by 20% year-on-year. So, I think it's a trend which is there to stay now.

Harit Kapoor: Understood. Understood. And just last bit was -- if you could maybe just -- you made several kind of launches in the last, say, 12 months or so. If you could highlight which of those you think has seen a greater response. I know After Dark and Black have done well, and those are slightly earlier than 12 months back. But the recent ones in the super premium space, if you could just call out maybe 1 or 2 that you are most satisfied with in terms of traction, that would be helpful.

Abhishek Khaitan: So, I think among the new launches, which we are most excited about, I think the Virasat Indian Single Malt because we didn't have a malt in the affordable luxury that is about Rs. 3,500 to Rs. 4,000 a bottle. So, I think that is seeing a tremendous response from every state. So that we are very happy about. Second, we launched Jamun. Jamun has become a craze. Now, even Aam Panna what we have launched last month, the kind of tertiary and the kind of interest we are seeing is quite high on that. And After Dark is still not rolled out in its new avatar in many of the states. So, it has just started rolling out. So, I think that also should see good traction. And 8PM Black is back in growth after we changed the packaging and the entire look of it and the communication.

Moderator: The next question comes from the line of Dhiraj Mistry from Jefferies.

Dhiraj Mistry: Sir, my first question, historically what we have seen that second half is much better than the first half, and where in first half you have done 36% volume growth and looking at your guidance, definitely it has been upgraded, but our spread become 24%, 25%. And if I look at the base also, it's not that high. So, what's the reason for this conservative

guidance? Are you expecting any moderation and demand momentum? Or how do we think about it?

Abhishek Khaitan: I think guidance is something where you are sure of. And as far as the momentum goes, I think we are seeing great momentum, especially with the festive season on. So, I think the momentum is as strong as it was in the first half.

Dhiraj Mistry: And sir, going forward beyond FY27, would you like to guide something in terms of volume for FY28, '29 or medium-term basis for P&A brands?

Saket Somani: So as far as FY28, FY29 is concerned, we have already revised our guidance twice this year. So, we want to consolidate that growth. And there is no reason to believe that the momentum should come down, but we just don't want to ascribe a number to it at the moment. But the strong growth will continue.

Dhiraj Mistry: Got it. Sir, on luxury portfolio, how is the growth in this quarter? And are we on track to meet our guidance for FY27?

Abhishek Khaitan: See, we have done a turnover of Rs. 475 crores last year and we are well in course of meeting our guidance of 25% growth in terms of value.

Dhiraj Mistry: There is no change in that guidance?

Abhishek Khaitan: No.

Dhiraj Mistry: Okay. And sir, lastly, on margin front, what will be the margin of IMFL business and non-IMFL business during the quarter?

Dilip Banthiya: So, the IMFL business margins because of the luxury and the vodka being major share, it is approximately 24% plus, and non-IMFL business is around 9.5% to 10% for this quarter.

Moderator: The next question comes from the line of Rahul Agarwal from Ikigai Asset.

Rahul Agarwal: You commented on the non-vodka P&A growth. Just wanted some more color on how you look at the whisky and brandy portfolio growth over a bit more medium term, let's say, 2 years. If you have to break this, let's say, 30% volume growth which you have said for fiscal '27, what would be vodka versus whisky versus brandy? And more medium-term, what is the outlook here? I'm not asking for guidance, but just broad ranges will help.

Dilip Banthiya: See, as we have upgraded our guidance to 30% as overall portfolio of P&A, so we believe that vodka, as we already said, will grow much faster than other category as the industry is also growing. But on the whisky and brandy also, it is upward of 20%, which we expect as a portfolio. 8PM Premium Black, After Dark on the whisky side, and Royal Ranthambore. And the other side on brandy, the major brand is Morpheus.

Rahul Agarwal: And secondly, on the margin side, like clearly, this year is obviously a given that you are looking at maintaining this 20% range. But incrementally, if you have to look at additional levers, one is obviously the growth looks high, which is why you will have operating leverage benefits and plus the entire U.K. FTA has to play out. Could you highlight just a couple of top two, three points where margins could actually expand further in '28, '29? Like what could be the levers?

Saket Somani: See, like we said earlier, the faster-growing categories for us are vodka and luxury spirit, which have higher margins. So, while, this year, we have talked about 20% margin guidance, but the margin doesn't plateau at that level. It's just that given the current volatility in the global macro-led raw material and packaging materials, we are not putting a number to it, but we have always said that the margin expansion will continue. And maybe down the line, 1 quarter or towards the end of the year, we will look at what the guidance for the next year is, but margins shall continue to expand.

Rahul Agarwal: Got it, Saket. And lastly, Abhishek ji, just one question. We are getting into U.P. elections next year. Typically, when this happens, how does business behave? Should we be careful about -- should we be more concerned about, or the business grows normally as normal routine? Can you just comment on that, please?

Abhishek Khaitan: The liquor revenue in Uttar Pradesh is very high, close to about Rs. 60,000 crores, Rs. 65,000 crores. It's a very big business. So, I think, the system is very well set. So, I think the elections also, it's not a case of worry at all.

Rahul Agarwal: Okay. But typically, business grows. During election, doesn't it slow down?

Abhishek Khaitan: It does not slow down during election.

Moderator: The next question comes from the line of Nitin from HDFC Securities.

Nitin Gupta: My first question pertains to vodka where we believe the growth has been healthy and there will be increase in the competitive intensity. Just wanted to check on what is the salience of flavored vodka for us? And if you can highlight any future strategy around vodka?

Abhishek Khaitan: Yes. Our flavored vodka would be about close to 75%. And as we said, we have been innovators in making this category grow. And we launched our Flavours of India where we started with Mango, Jamun, now Aam Panna. So, there will be one, two more exciting flavors which will be added on. And I think the more the people come in, there's more noise for the vodka category, which will make the vodka category itself expand. So, I think that is very good for the vodka category because when you talk about the white spirit, that is how the category grows.

Nitin Gupta: Sure. And I just wanted to check, is there any example from the international market, like any further premiumization can happen in vodka? Anything beyond flavor we can do in vodka?

Sanjeev Banga: See, in terms of the international markets, we already have our flavored vodkas over there as well. But internationally, the flavored vodka is only about 25%. 75% is plain. So, it's very different than the Indian scenario. However, we're seeing a lot of traction for these Flavours of India in the international markets also. It's early days, but wherever there is an opportunity, we'll push that.

Nitin Gupta: But my question was pertaining to any leads from the international market, like international 28% of the volume is sitting in vodka. So, sort of any innovation or any idea we can get from the international market, which can work in India or just the flavored vodka is the strategy for near-term?

Saket Somani: See, there is a reason for why internationally it's 28%. India is also moving towards that, which is basically changing of the consumption occasions. Now, Indians are also consuming spirits in different shapes and form, whether cocktail, casual drinking, daytime drinking. So, India is also moving towards that.

And when that sort of trend happened, it moved towards lighter form of spirits, more versatile form of spirits. It's just that Indian palate is more suited towards flavors and internationally, it hasn't been the case. So, I think we are reading the market. Currently, it looks like flavored is the way forward.

Nitin Gupta: Sure. This is really helpful, explains the question. My last question pertains to After Dark with the new packaging and now authenticity with the Master Blender. I want to know how is the brand doing? And in how many states do we have the relaunched After Dark active at present?

Sudhir Upadhyay: So see, After Dark last year has grown by around 60%. And after that also, it has been very progressive wherever it has been launched. Now, after the new pack change, we have entered in 10 states as of now, and we are getting the positive traction of the brand.

The fact of the matter is that this is a huge segment altogether, and there's a huge headroom which is there. So, we are hopeful that it will further grow. So, we have a positive side from the side of consumers and the customer.

Moderator: The next question comes from the line of Karan Kamdar from Choice Institutional Equities.

Karan Kamdar: What I wanted to understand is that we've been growing from strength to strength. What challenges do we see in the current environment, specifically on regards to competition? And apart from innovation, how do we sort of see our strategy evolving going forward on specifically on marketing spends and advertising spends?

Sudhir Upadhyay: So, see, as far as we are considered, we are well placed in almost all of the segments. So, when we talk about malts, we are talking about Rampur, we are talking about Virasat Indian Single Malt and then Royal Ranthambore and Jaisalmer. So effectively, in all these segments, we are present there.

So, we'll keep on growing on that part because each of the segment is delivering results to us, and there is a large headroom. Vodka, as it has been mentioned by in the earlier statements also, will be continuing with growth because of the innovation of the flavors which we are doing.

Karan Kamdar: Sir, what is our salience across vodka, gin and whisky? If you can throw some color. If not, the exact number for -- especially for vodka?

Saket Somani: Vodka is 30% of our volume, whisky is about 40%, 45%, and rest is brandy and rum and gin is still very small because it's only at the extreme top end.

Karan Kamdar: Got it, sir. Sir, last question. What states do we see as tailwinds and what states do we see as headwinds for the next 6 months to 1 year?

Saket Somani: See, let's first talk about the tailwinds. It's basically the progressive policies of different states, any opening up in states like Tamil Nadu, etc, then the entire overall consumer shift towards more and more premium, considering alcohol as a lifestyle category. Then vodka, of course, is a big growth trajectory going forward. And in terms of headwinds, I think this macro environment is what is making the cost scenario a little volatile. But see, when you grow your premium products at 30%, 35%, then it becomes relatively less meaningful on the margin side. But yes, that is certainly, at the moment, one thing to watch out for.

Karan Kamdar: Got it, sir. And all the best, and congrats on the new appointments.

Moderator: The next question is from the line of Harsh Sheth from ICICI Securities.

Harsh Sheth: A couple of questions. So firstly, on pricing, P&A realization was up about 2% this quarter, and you had mentioned 75 basis points of price benefit in Q1. So for this quarter, how much of this realization growth is actual price increase versus mix? And going ahead, are there any state price revisions already approved for H2 that we should factor in?

Dilip Banthiya: So, as we said in our opening remarks that the pricing has improved by 85 basis points on an overall basis in this quarter. Whatever price increase we have got in 7, 8 states, right? And on quarter-on-quarter basis, the realization improved by 2.2%. On a year-on-year basis, the improvement is much higher, around 12%. And it is mainly because we have grown 36% on our P&A category and there is a degrowth of around 15% on our Regular category. Otherwise, in a normal state of affair, this difference of the product mix and all that is going to remain between 5% to 6%, which we expect in a normal circumstance and a price increase of 100 basis points to 125 basis points annually.

Harsh Sheth: Sure. Understood, sir. And secondly, on cost management, you had called out roughly Rs. 30 crores of packing material impact in Q1. So what is the number in Q2? And can you talk about the value engineering we have done since things shift to Hipster Packs, lightweighting of glass, PET, etc. Sir, just wanted to understand how much of gross margin resilience this quarter is from those interventions versus the mix? And also, what is the hipster share of volumes today versus, say, a year ago?

Dilip Banthiya: See, gross margin, as I said, first quarter was Rs. 30 crores, which was on account of the various packaging material. In quarter 2, it is packaging material around Rs. 27 crores, which is roughly 1.6% on a net sales basis. And as far as the value engineering is concerned, it is an ongoing exercise in the company. And wherever we find the opportunity to improve on our packaging or other things, then with better parameters, we look for it. So I can't say at this point of time, but yes, as the R&D keeps on happening on that. So, whatever is being done and it is being tested, then we try to implement it.

Harsh Sheth: Sure. Sir, just one last question. So, on Regular segment, H1 is down 1.5% and Q3 last year also had Andhra base effect. So, is the decline mainly a base issue that fades from Q4? Or is it a deliberate pullback from low-margin states that continues into next year? And what should we assume for Regular segment volumes going ahead?

Dilip Banthiya: At this point of time, the base impact from Maharashtra will be almost nullified from H2. However, keeping in view of the raw material prices and packaging material, we also keep taking views on the various states and SKUs. But you can take it as the benign kind of growth from here onwards, or 1% or 2% kind of growth on Regular category.

Harsh Sheth: All the best.

Moderator: The next question comes from the line of Aditya from Invesco.

Aditya: Congratulations on a good set of results. My question is actually along the lines of the previous participant. So, I just wanted to understand that, if we keep the product mix aside and the inflation that we have seen in the input prices across the board in the recent 6 months, I will say. So, the regulators and the individual companies would take some time before they analyze and approve price hikes on the portfolio, right? Or is that should come in the coming months or coming quarters? I just want to understand how this works.

Dilip Banthiya: So, as an industry body, this becomes an ongoing exercise, and this takes momentum before the new excise policy comes into effect. Most of the policies come in the month of February, then as an industry body, we consider all raw material and packaging material inflation and put up to the government excise department. Then we see that how much the price increase comes, but it is a normal practice. And at this point of time, it will start from November onwards in various excise by the industry representatives.

Aditya: So, is it fair to say that as of now, this inflation has been absorbed by the industry and maybe some relief is expected whenever the next revision happens by most states?

Saket Somani: That's right.

Aditya: Okay. Rest of my questions have been answered. And all the best.

Moderator: The next question comes from the line of Pankaj Kumar from Kotak Neo.

Pankaj Kumar: Most of the questions are answered. Sir, one question on the luxury side. We are targeting 25% kind of growth in the current financial year. And if you look at overall P&A category more than 30% growth we are expecting to continue in the second half as well. So I mean, what is your take on the long-term growth in the luxury category? Will it outpace the P&A? Or what is our strategy to grow it? And sir on this -- your brand, Spirit of Kashmyr, how it is doing in the luxury category?

Saket Somani: As far as luxury is concerned, the base for the industry is very small at the moment. And we believe the kind of consumption -- discretionary consumption that's happening in India, the higher-end lifestyle products, experiential products are doing extremely well. And we have seen how Indian single malt, gin and other categories have performed over the last few years. So, we believe that the strong momentum at the top end will continue. And as far as Spirit of Kashmyr is concerned, I would request Mr. Banthiya to comment.

Dilip Banthiya: Yes. So, I think the matter is subjudice in the court, and I don't want to comment on that at this point of time. We will disclose it at the appropriate time.

Moderator: The next question comes from the line of Anurag Jain, an Individual Investor.

Anurag Jain: My question is on the benefit from saving on Scotch import due to the duty reduction from 150% to 75%. Is there some new nuance now which was missed earlier, I'm asking this because the news report related to statutory investigation seems to imply that duty reduction is not applicable to bulk Scotch imports and is applicable only for the bottled-in origin segment?

Dilip Banthiya: I think the point is this is being studied by the Ministry of Commerce, which has done the FTA. And this is being studied by the government

department, and DRI is taking input from all stakeholders, all the companies who are importing bulk Scotches, and the inputs are also coming from Scotland. I think, at an appropriate time, they will clarify it. At this point in time, we can't speculate what will happen, what will not happen.

Anurag Jain: Recently on social media, there was a data point on the Indian liquor industry that the 5 Southern states consume liquor in value terms much more than the rest of the country. So, is this something which applies to target market of Radico also? And how is Radico placed in these 5 southern states?

Saket Somani: No, that is not correct. In the IMFL industry, South India accounts for about 60% of the industry because country liquor as a category or the local spirits are not there. While in North India and rest of the country, country liquor, IML, whatever you call it, that's a big segment, but it's not so unusually skewed towards South India as a whole.

Anurag Jain: All right. So what would be the correct picture for these if we look at the spirit industry altogether?

Saket Somani: So, spirit industry altogether would be equally split between 400+ million cases of IMFL, around 350 million to 400 million country liquor or local regional spirits and around a similar size in the beer space.

Anurag Jain: All right. So the market would not really be skewed so much in terms towards South India then, if we look at in totality?

Saket Somani: See, it would be not correct to look at it from an absolute number perspective. You have to look at each segment. Our play is on the premium end, and that's what we look at mostly. Especially in South India, there are a lot of categories at the lower end below the Regular category that we talk about where we are not even present. So, if we strip that out, the distribution would be fairly even across India.

Anurag Jain: Sir, if you can give at a high level for our target segment, North, South, East, and West, what would be the split like for the target market of Radico? How would be the four regions be split like?

Saket Somani: See, again, we would have to probably take that offline because it's split between whisky, vodka, brandy and different categories. For vodka, other than South, the rest of the India is very strong. In case of whisky, again, it's fairly diversified, but in certain South Indian states, not that strong. So it's complex that way.

Moderator: Thank you. Ladies and gentlemen, we will take this as the last question for today. I now hand over to the management for closing comments. Over to you, sir.

Saket Somani: To conclude, our performance this quarter reflects the continued success of our premiumization strategy, backed by disciplined financial management and consistent execution.

Looking ahead, expanding margins, improving return ratios and healthy operating cash generation reinforce the resilience of our business and give us confidence in sustaining profitable growth.

With a robust balance sheet and a growing premium portfolio, we are well-positioned to capitalize on the industry opportunities and create long-term value for all our stakeholders.

Thank you for joining us today and for your continued support. We wish you all a very happy festive season ahead.

Moderator: Thank you so much. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

***

Note: This transcript has been edited to improve readability.

For more information, please contact:
Saket Somani
Deputy Chief Financial Officer
somanis@radico.co.in
+91 11 4097 5403