

Radico Khaitan

Strategic thrust continues to reward

We maintain BUY on Radico Khaitan, supported by its superior execution, with a Sep-27 TP of INR5,300, on 55x P/E (~10% premium to its 5Y avg. fwd. P/E). In our meeting, management endorsed its guidance of 25% P&A volume growth (we continue to see 33% growth) and remains confident on 20% EBITDA margin for FY27E. While overall industry spirits volumes are growing at mid-single digits in FY27, the vodka segment continues to outpace the industry by wide margin, driven by flavoured offerings. Radico, through *Magic Moments*, holds a 60% share in vodka and is witnessing accelerated growth. With vodka accounting for ~60% of P&A volumes (in Q1), we estimate ~300bps of sustained margin uplift from the mix. Overall margins are likely to remain above 20%, with management not expecting meaningful pressure from raw-material or packaging inflation and retaining a positive view on H2 margin benefits from the UK-FTA.

- **Category tailwinds leveraged through stronger execution:** Radico benefits from a favorable state-mix, which has kept it relatively insulated from broader industry headwinds. As peers attempt to enter the deluxe vodka segment, Radico is further strengthening *Magic Moments* through industry-leading initiatives. We expect ~40% volume growth in FY27, reaching ~12mn cases for *Magic Moments*. To enhance traction in *After Dark*, the company has relaunched the brand and is steadily replacing the base variant. With upgraded packaging and master-blender endorsement, *After Dark* now carries greater authenticity for consumers. Management maintains its 25% volume growth aspiration for FY27. Near-term focus remains on reinforcing vodka leadership through new flavors and extending participation into the tequila segment under D'YAVOL. From a market standpoint, they remain hopeful about Tamil Nadu opening up to national brands, where Radico intends to leverage opportunities, supported by existing repeat traction in *Rampur*, *Jaisalmer*, and *Royal Ranthambore*.
- **Improving sales mix continues to support margin:** Radico has steadily lifted its OPM profile to above 20% in Q1 and aims to sustain this drive in FY27E. The improvement is led by a stronger sales mix, realization, and favorable ENA costs. While spot ENA prices have risen in Q2, Radico continues to benefit from lower consumption prices. With grain inflation narrowing the make-or-buy gap to INR7 vs INR12 in Mar-26, management remains confident of avoiding major negative surprises on ENA, expecting grain prices to ease after Nov arrivals. Glass bottle prices are also expected to soften in H2FY27E. Management views premiumization as the primary lever to offset cost pressures. The company is looking to capitalize on opportunities in Karnataka following the mid-Jun change in tax structure. Additionally, the UK-FTA is likely to further enhance margins in H2FY27E.
- **Strong execution and premiumization to aid healthy earnings:** Radico is well-placed to steadily premiumize and leverage both category and regulatory tailwinds. Its recent show, along with our ground checks, reinforces confidence in Radico's execution and earnings path. Our earnings are 9-10% above consensus, which reflects our confidence on the margin.

Annual financial summary

YE Mar (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	41,185	48,512	60,504	70,670	81,562	91,879
EBITDA	5,061	6,736	10,215	14,534	17,383	20,100
APAT	2,622	3,456	6,210	9,544	11,823	13,852
Adj. EPS (INR)	19.6	25.8	46.4	71.3	88.3	103.4
P/E (x)	216	164	91	59	48	41
EV / EBITDA (x)	113	85	56	39	32	27
RoE (%)	11.3	13.3	20.5	25.8	26.1	24.9

Source: Company, HSIE Research

BUY

CMP (as on 05 Oct 2026) INR 4,289

Target Price INR 5,300

NIFTY 22,556

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 5,300	INR 5,300
EPS %	FY27E	FY28E
	+0%	+0%

KEY STOCK DATA

Bloomberg code	RDCK IN
No. of Shares (mn)	134
MCap (INR bn) / (\$ mn)	575/5,968
6m avg traded value (INR mn)	1,618
52 Week high / low	INR 4,748/2,500

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	10.2	63.5	45.0
Relative (%)	17.1	64.8	55.9

SHAREHOLDING PATTERN (%)

	Mar-26	Jun-26
Promoters	40.2	40.2
FIs & Local MFs	27.4	28.1
FPIs	17.6	18.2
Public & Others	14.8	13.5
Pledged Shares	-	-

Source : NSE

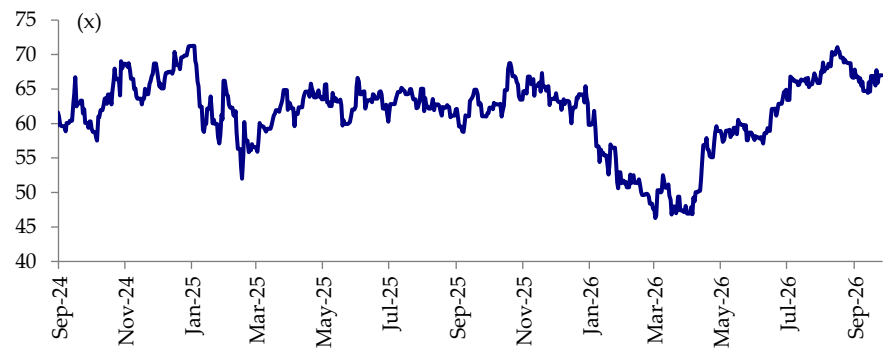
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Exhibit 1: Radico Khaitan's one-year forward P/E



Source: Bloomberg, Company, HSIE Research

Exhibit 2: HSIE estimates vs consensus estimates

(INR mn)	HSIE estimates			Consensus estimates			HSIE vs Consensus estimates		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	70,670	81,562	91,879	69,030	79,099	88,135	2%	3%	4%
growth (%)	17%	15%	13%	14%	15%	11%			
EBITDA	14,534	17,383	20,100	13,494	15,982	18,291	8%	9%	10%
growth (%)	42%	20%	16%	32%	18%	14%			
EBITDA margin (%)	21%	21%	22%	20%	20%	21%			
Adj. PAT	9,544	11,823	13,852	8,700	10,609	12,283	10%	11%	13%
growth (%)	54%	24%	17%	40%	22%	16%			
Adj. EPS (INR/Share)	71.3	88.3	103.4	65.3	80.1	93.8	9%	10%	10%

Source: Bloomberg, HSIE Research

Exhibit 3: Key assumptions

	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue assumptions							
P&A volume (mn cases)	9.4	11.3	13.0	16.7	22.2	26.7	30.7
Popular volume (mn cases)	15.6	13.4	15.2	19.9	18.7	19.1	19.5
IMFL volume (mn cases)	25.0	24.7	28.2	36.6	40.9	45.8	50.1
IMFL revenue (INR mn)	24,742	27,833	33,265	43,262	52,904	62,477	71,557
Growth	7%	12%	20%	30%	22%	18%	15%
Non IMFL revenue (INR mn)	6,687	13,353	15,246	17,243	17,766	19,085	20,322
As a % of revenue							
Gross margin	42%	43%	43%	45%	49%	49%	50%
Employee costs	5%	5%	4%	4%	4%	4%	4%
Marketing spends	10%	11%	10%	11%	11%	11%	11%
Administrative expenses	15%	15%	15%	14%	13%	13%	13%
EBITDA margin	11%	12%	14%	17%	21%	21%	22%
Balance sheet assumptions							
Capex (INR mn)	7045	2391	1735	2385	1051	1700	1800
Inventory days	83	69	81	70	70	70	70
Receivable days	96	87	89	72	70	70	70
Creditor days	32	22	24	20	22	22	22
ROE	10%	11%	13%	20%	26%	26%	25%
ROCE	11%	12%	15%	23%	31%	32%	31%

Source: Company, HSIE Research

Income Statement (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	28,680	31,428	41,185	48,512	60,504	70,670	81,562	91,879
<i>Growth (%)</i>		9.6	31.0	17.8	24.7	16.8	15.4	12.6
Material Expenses	15,774	18,279	23,665	27,739	33,095	36,395	41,597	46,399
Employee Expense	1,413	1,689	1,958	2,169	2,440	2,745	3,020	3,322
Other Expenses	7,471	7,876	10,502	11,868	14,754	16,996	19,563	22,058
EBITDA	4,022	3,583	5,061	6,736	10,215	14,534	17,383	20,100
<i>EBITDA Growth (%)</i>		(10.9)	41.2	33.1	51.6	42.3	19.6	15.6
EBITDA Margin (%)	14.0	11.4	12.3	13.9	16.9	20.6	21.3	21.9
Depreciation	649	709	1,138	1,401	1,530	1,650	1,694	1,798
EBIT	3,373	2,874	3,923	5,335	8,685	12,884	15,689	18,302
Other Income (Including EO Items)	257	254	153	53	174	209	274	384
Interest	131	221	591	738	640	355	180	193
PBT before extraordinary items	3,499	2,907	3,485	4,650	8,218	12,738	15,783	18,493
Extraordinary items	-	-	-	-	(166)	-	-	-
Total Tax	831	704	863	1,194	2,008	3,195	3,960	4,642
RPAT after MI	2,668	2,204	2,622	3,456	6,045	9,544	11,823	13,852
Adjusted PAT	2,668	2,204	2,622	3,456	6,210	9,544	11,823	13,852
<i>APAT Growth (%)</i>		(17.4)	19.0	31.8	79.7	53.7	23.9	17.2
EPS	20.0	16.5	19.6	25.8	46.4	71.3	88.3	103.4
<i>EPS Growth (%)</i>		(17.4)	19.0	31.7	79.6	53.7	23.9	17.2

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	267	267	267	268	268	268	268	268
Other Equity	20,001	21,812	24,129	27,269	32,890	40,425	49,770	60,810
Total Shareholders' Funds	20,269	22,079	24,396	27,537	33,157	40,692	50,038	61,078
Total Debt	2,855	8,320	8,904	8,172	6,191	3,273	2,873	2,873
TOTAL CAPITAL EMPLOYED	23,123	30,399	33,301	35,710	39,349	43,966	52,911	63,951
APPLICATION OF FUNDS								
Tangible Assets	8,112	12,262	16,935	18,038	19,019	19,069	19,075	19,077
Intangible Assets	107	93	82	70	89	89	89	89
CWIP	290	3,256	527	233	749	100	100	100
Other Non-Current Assets	1,431	857	819	821	1,524	1,524	1,524	1,524
Total Non-current Assets	9,940	16,467	18,364	19,162	21,382	20,782	20,789	20,791
Current Investments	1,755	1,914	1,978	1,983	2,399	2,399	2,399	2,399
Inventories	5,369	7,154	7,797	10,768	11,656	13,553	15,642	17,621
Debtors	7,558	8,241	9,782	11,822	11,896	13,553	15,642	17,621
Cash & Equivalents	1,101	1,313	1,006	577	883	4,229	10,397	18,924
Other Current Assets	2,089	2,102	2,024	2,078	1,500	1,500	1,500	1,500
Total Current Assets	17,872	20,723	22,586	27,228	28,334	35,235	45,580	58,065
Creditors	2,355	2,749	2,480	3,125	3,257	4,260	4,916	5,538
Other Current Liabilities & Provns	2,334	4,043	5,169	7,555	7,110	7,792	8,542	9,367
Total Current Liabilities	4,689	6,792	7,649	10,680	10,367	12,051	13,458	14,905
Net Current Assets	13,183	13,932	14,937	16,548	17,967	23,183	32,122	43,160
TOTAL APPLICATION OF FUNDS	23,123	30,399	33,301	35,710	39,349	43,966	52,911	63,951

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	3,316	2,747	3,485	4,650	8,052	12,678	15,716	18,420
Depreciation	649	709	1,138	1,401	1,530	1,650	1,694	1,798
Working Capital Change	(984)	(612)	(2,667)	(2,265)	(1,031)	(2,171)	(3,102)	(2,874)
Tax Paid	(912)	(719)	(726)	(904)	(1,796)	(3,195)	(3,960)	(4,642)
Interest/Dividend received	87	189	522	700	561	355	180	193
Other items	13	28	51	35	37	-	-	-
Extraordinary items	51	44	26	11	72	61	67	74
OPERATING CASH FLOW (a)	2,220	2,386	1,829	3,629	7,426	9,378	10,594	12,969
Capex	(1,363)	(7,045)	(2,391)	(1,735)	(2,385)	(1,051)	(1,700)	(1,800)
Free Cash Flow (FCF)	857	(4,659)	(562)	1,894	5,042	8,327	8,894	11,169
Others	283	(7)	(33)	20	(279)	-	-	-
INVESTING CASH FLOW (b)	(1,081)	(7,052)	(2,424)	(1,715)	(2,664)	(1,051)	(1,700)	(1,800)
Debt Issuance/(Repaid)	(906)	5,463	1,145	(1,383)	(3,474)	(2,918)	(400)	-
Interest Expenses	(123)	(188)	(543)	(680)	(540)	(355)	(180)	(193)
FCFE	75	992	1,126	1,190	2,108	5,764	8,674	11,362
Change in net worth	12	-	37	90	88	-	-	-
Dividend	(321)	(401)	(401)	(401)	(535)	(2,008)	(2,477)	(2,812)
FINANCING CASH FLOW (c)	(1,338)	4,874	237	(2,374)	(4,462)	(5,281)	(3,057)	(3,005)
NET CASH FLOW (a+b+c)	(199)	208	(358)	(461)	301	3,046	5,837	8,164
Add: Beginning balance	1,211	1,012	1,221	862	402	703	3,748	9,585
Closing Cash & Equivalents	1,012	1,221	862	402	703	3,748	9,585	17,749

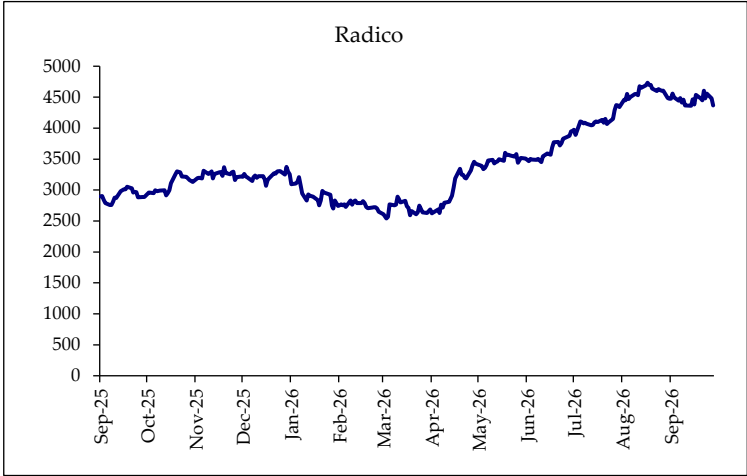
Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	45.0	41.8	42.5	42.8	45.3	48.5	49.0	49.5
EBITDA Margin (%)	14.0	11.4	12.3	13.9	16.9	20.6	21.3	21.9
EBIT Margin	11.8	9.1	9.5	11.0	14.4	18.2	19.2	19.9
PBT Margin	12.2	9.3	8.5	9.6	13.6	18.0	19.4	20.1
APAT Margin	9.3	7.0	6.4	7.1	10.3	13.5	14.5	15.1
RoE	13.2	10.4	11.3	13.3	20.5	25.8	26.1	24.9
RoIC (or Core RoCE)	12.7	9.2	10.3	12.5	19.0	26.3	30.3	33.1
RoCE	14.6	10.7	12.3	15.5	23.1	30.9	32.4	31.3
EFFICIENCY								
Tax Rate (%)	23.7	24.2	24.8	25.7	24.4	25.1	25.1	25.1
Fixed Asset Turnover (x)	2.6	2.0	2.0	2.1	2.3	2.6	2.8	3.0
Inventory (days)	68	83	69	81	70	70	70	70
Debtors (days)	96	96	87	89	72	70	70	70
Other Current Assets (days)	27	24	18	16	9	8	7	6
Payables (days)	30	32	22	24	20	22	22	22
Other Current Liab & Provns (days)	30	47	46	57	43	40	38	37
Cash Conversion Cycle (days)	131	124	106	105	89	86	86	87
Net D/E (x)	0.1	0.3	0.3	0.3	0.2	(0.0)	(0.2)	(0.3)
Interest Coverage (x)	25.7	13.0	6.6	7.2	13.6	36.3	87.1	94.8
PER SHARE DATA (INR)								
EPS	20.0	16.5	19.6	25.8	46.4	71.3	88.3	103.4
CEPS	24.8	21.8	28.1	36.3	57.8	83.6	100.9	116.9
Dividend	3.0	3.0	3.0	4.0	9.0	15.0	18.5	21.0
Book Value	151.6	165.2	182.4	205.8	247.6	303.9	373.7	456.1
VALUATION								
P/E (x)	212.2	257.0	216.1	164.0	91.4	59.4	48.0	41.0
P/BV (x)	27.9	25.7	23.2	20.6	17.1	13.9	11.3	9.3
EV/EBITDA (x)	140.8	159.5	113.1	85.0	55.8	38.8	32.1	27.3
EV/Revenues (x)	19.7	18.2	13.9	11.8	9.4	8.0	6.8	6.0
OCF/EV (%)	0.4	0.4	0.3	0.6	1.3	1.7	1.9	2.4
FCF/EV (%)	0.2	(0.8)	(0.1)	0.3	0.9	1.5	1.6	2.0
FCFE/Mkt Cap (%)	0.0	0.2	0.2	0.2	0.4	1.0	1.5	2.0
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.2	0.4	0.4	0.5

Source: Company, HSIE Research

Price History



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: >10% Downside return potential

Disclosure:

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