

23 June 2025

India | Equity Research | Management meet update

Radico Khaitan

Consumer Staples & Discretionary

CXO 1x1: Dilip Banthiya, CFO

We met Dilip Banthiya, CFO and Saket Somani, SVP - Finance & Strategy. Takeaways: 1) Confident of reporting strong double-digit volume growth in P&A brands driven by expanding product offerings and widening distribution network. 2) Vodka market leadership to be maintained with continuous product innovation (flavoured vodka – now contributing to 65% of brand volume), which also contributes to higher profitability. 3) Radico is gaining share in premium and luxury whisky through new launches such as Royal Ranthambore, Jaisalmer, Sangam, and Morpheus Brandy. Royal Ranthambore's volume grew 50% in FY25. Radico Khaitan's (RDCK) recent entry into the premium whisky segment with Morpheus Super Premium Whisky could be a major volume and profitability driver. 4) Margin to improve 100bps every year driven by premiumisation and operating leverage. UK-India FTA trade could further boost profitability. Maintain **BUY**.

Confident of delivering double-digit growth in P&A brands

Over the last four years (FY21–25), RDCK has delivered a 19% volume CAGR driven by strong performance in core brands (Magic Moments Vodka, After Dark, 8PM Premium Black) and the scaling up of new launches in premium and luxury brands (especially Royal Ranthambore, Jaisalmer Gin, Rampur, Morpheus Brandy, etc.). RDCK is witnessing strong volume growth in After Dark (Deluxe category). The company added After Dark Whisky in millionaire club (its eighth brand in the millionaire club) during the year. Since its relaunch two years ago, After Dark's volume has grown at a 63% CAGR. In FY25, After Dark achieved 1.9mn case volumes, representing over 100% YoY growth. For the premium and luxury portfolio, RDCK is launching products and expanding its reach in metro cities and key states that have shown strong results. Strong growth in core brands and scaling up of new brands could help in strong double-digit growth over the medium term.

Over FY21–25, the volume/value saliency of P&A brands has increased to 41%/70%, from 29%/51% of the IMFL business. In our view, P&A brands would continue to grow at 15%/ 21% volume/value CAGRs over FY25–27E; further increasing its saliency to 49%/79% of IMFL business.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	41,185	48,512	55,132	63,293
EBITDA	5,061	6,737	8,175	10,103
EBITDA Margin (%)	12.3	13.9	14.8	16.0
Net Profit	2,558	3,452	4,784	6,448
EPS (INR)	19.1	25.8	35.8	48.3
EPS % Chg YoY	25.1	35.0	38.6	34.8
P/E (x)	137.5	101.9	73.5	54.5
EV/EBITDA (x)	70.5	52.9	43.2	34.6
RoCE (%)	9.8	12.3	14.8	17.4
RoE (%)	11.3	13.6	16.5	19.0

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Market Data

Market Cap (INR)	352bn
Market Cap (USD)	4,068mn
Bloomberg Code	RDCK IN
Reuters Code	RADC.BO
52-week Range (INR)	2,790 /1,628
Free Float (%)	58.0
ADTV-3M (mn) (USD)	7.6

Price Performance (%)	3m	6m	12m
Absolute	15.2	5.8	47.4
Relative to Sensex	7.2	0.2	41.0

ESG Score	2023	2024	Change
ESG score	66.5	62.6	(3.9)
Environment	45.2	45.8	0.6
Social	69.0	66.5	(2.5)
Governance	78.7	74.4	(4.3)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	0.0	0.0
EBITDA	0.7	0.6
EPS	0.9	0.7

Previous Reports

08-05-2025: [Q4FY25 results review](#)

03-05-2025: [Initiating coverage](#)

Consolidating vodka market leadership through innovation

RDCK's flagship brand Magic Moments Vodka has crossed the milestone of 7mn cases during FY25. Magic Moments Vodka continues to gain market share in vodka segments and now accounts for 60% of the overall market share. RDCK has kept consumers engaged with the brand by continuously launching products in flavoured vodka. Flavours such as cranberry and green apple have witnessed strong demand. As per our understanding, flavoured vodka contributes ~60% of Magic Moments' brand volume. Moreover, the realisation of flavoured vodka is also higher than base Magic Moments vodka, resulting in better profitability. Recently, RDCK has launched Magic Moments Remix Pink Vodka.

Expanding offering in whisky segment in premium & luxury segment

Despite being a late starter in the premium and luxury whisky segment, RDCK has delivered a strong performance on the back of new and innovative product launches. Over the last decade, RDCK has launched numerous products in this segment – Rampur (Indian single malt whisky), Royal Ranthambore (blended scotch), Morpheus (super premium whisky), Sangam (blended malt whisky). Royal Ranthambore, in particular, is witnessing strong growth in the semi-luxury segment, and is gaining market share. Royal Ranthambore witnessed 50% growth in FY25 on the back of expanding distribution width (now available in 22 states), which should continue. Royal Ranthambore is being rolled out in CSD in Q4FY25, which could support the growth momentum. Recently, RDCK launched Morpheus Super Premium Whisky, which is priced between INR 1,200 and 1,500 in the premium portfolio to compete with United Spirits' Antiquity and Signature Reserve and Pernod Ricard's Blenders' Pride Reserve.

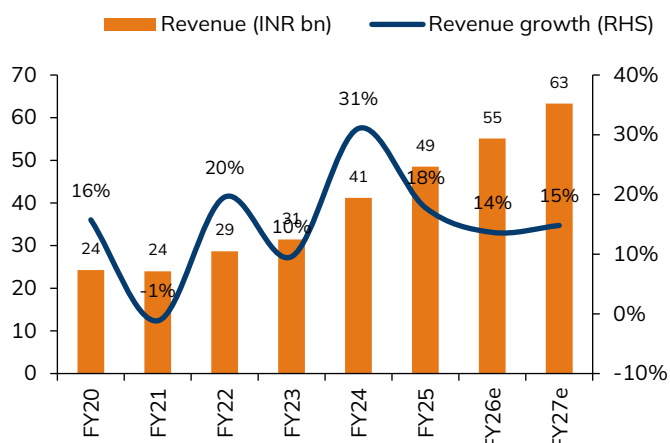
Premiumisation and UK-India FTA trade to drive margin expansion

In FY25, gross margin improved by 39bps YoY while EBITDA margin improved by 160bps YoY due to lower overheads growth. Radico's net debt, as of FY25, stood at INR 5.7bn, declining INR 1.72bn since Mar'24. Management is confident paring debt further and aims to become debt free in the near term driven by strong internal accruals. Premiumisation of portfolio, driving higher saliency from P&A brands and operating leverage, should help the company improve its EBITDA margin by 100bps every year. Moreover, the UK-India FTA should help the company improve profitability further. RDCK is expected to import INR 2.5bn worth of bulk scotch in FY26. The reduction in import duty could lead to an upward revision in our margin estimates.

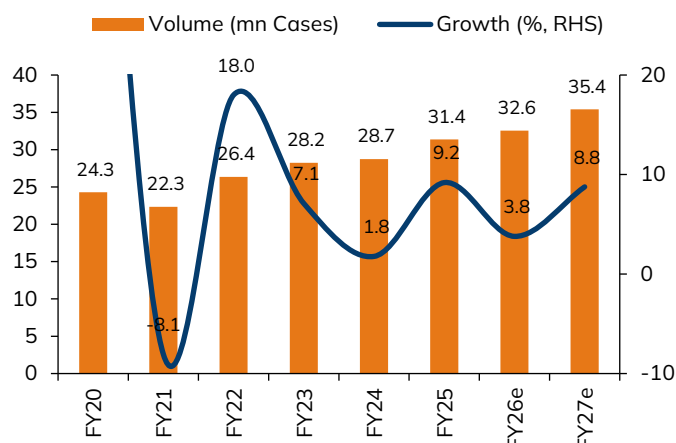
Valuation and risk

We marginally increase our margin estimates driving 1% increase in our EPS estimates. We maintain our **BUY** recommendation and a DCF-based revised target price of INR 3,050 (previously INR 2,900). We are optimistic about RDCK's execution capabilities and its ability to identify and launch brands in white spaces, which warrants premium valuation. We expect revenue/earnings CAGRs of 14%/36% with 15%/3% volume growth in P&A/popular brands.

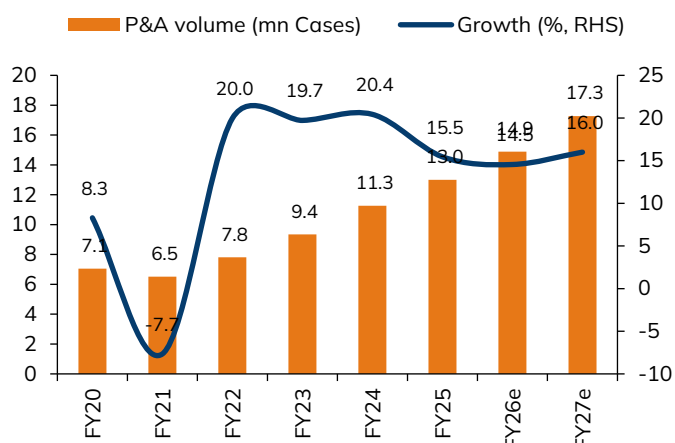
Key risks: Slowdown in P&A volume growth; volatility in raw material prices; and changes in regulations.

Exhibit 1: 14% revenue CAGR expected over FY25–27E

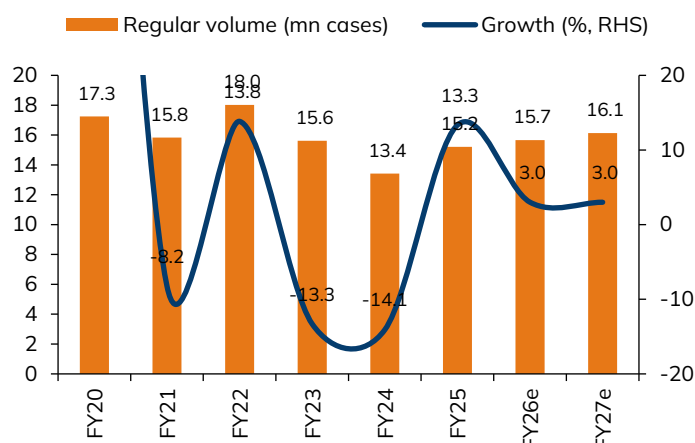
Source: I-Sec research, Company data

Exhibit 2: Revenue performance to be driven by 6% volume CAGR over FY25–27E

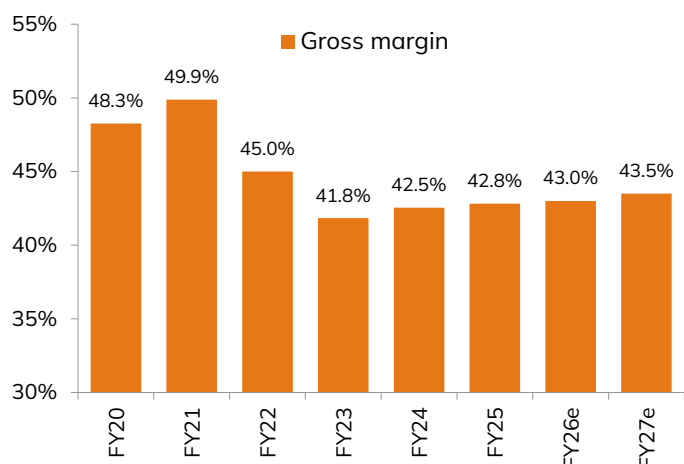
Source: I-Sec research, Company data

Exhibit 3: P&A volume to register strong 15% CAGR over FY25–27E

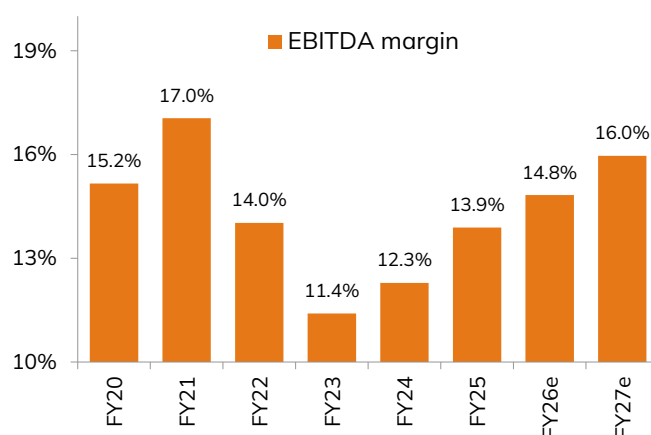
Source: I-Sec research, Company data

Exhibit 4: Regular volume to witness recovery to 3% CAGR over FY25–27E

Source: I-Sec research, Company data

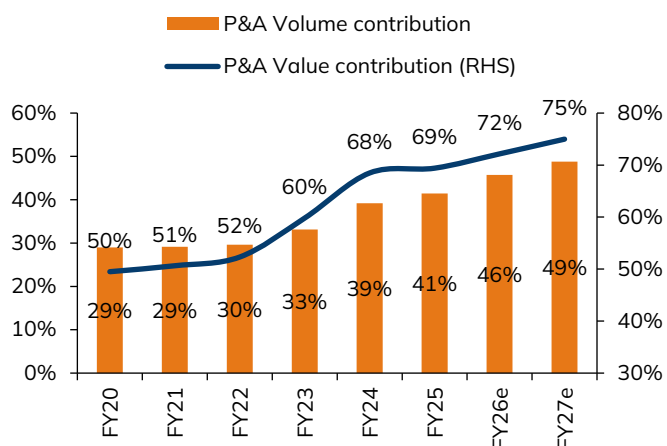
Exhibit 5: Gross margin to improve gradually with premiumisation of portfolio

Source: I-Sec research, Company data

Exhibit 6: EBITDA margin expansion to be driven by premiumisation and operating leverage

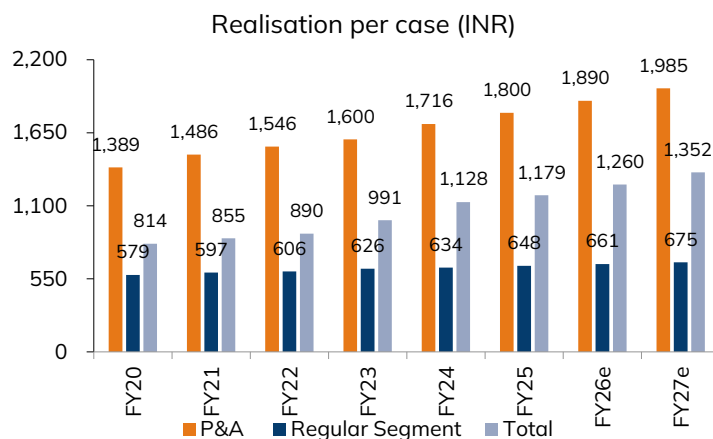
Source: I-Sec research, Company data

Exhibit 7: P&A value/volume contribution



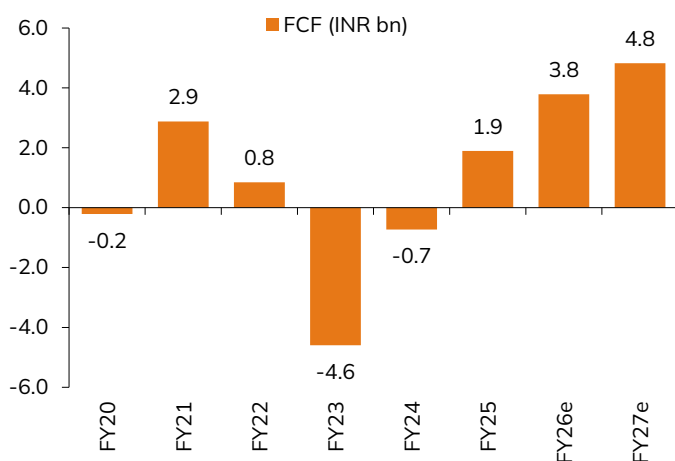
Source: I-Sec research, Company data

Exhibit 8: Realisation to improve with premiumisation



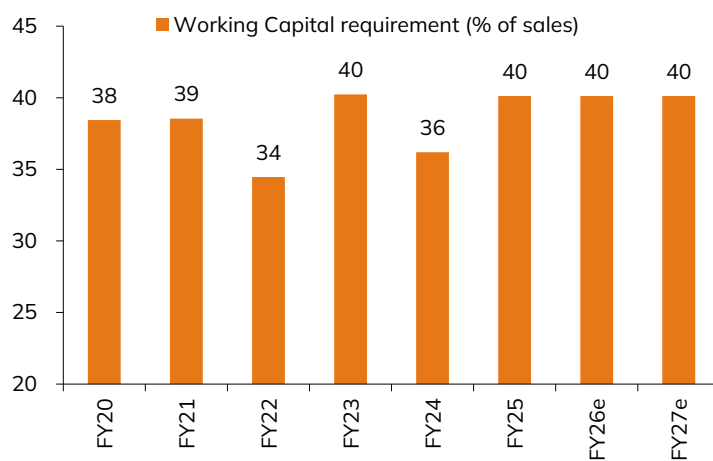
Source: I-Sec research, Company data

Exhibit 9: FCF generation to remain healthy



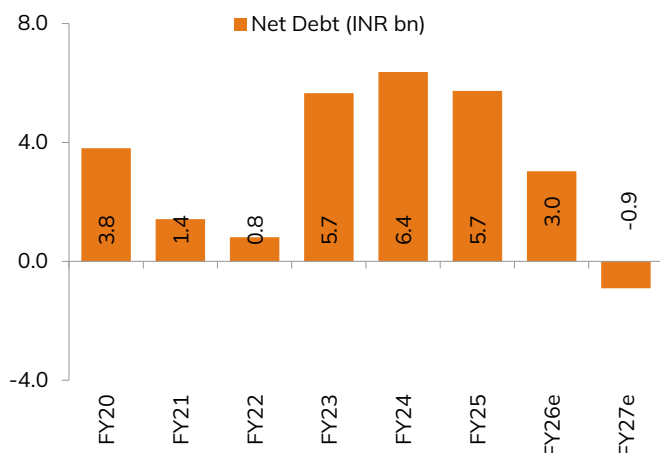
Source: I-Sec research, Company data

Exhibit 10: Working capital requirement to remain stable



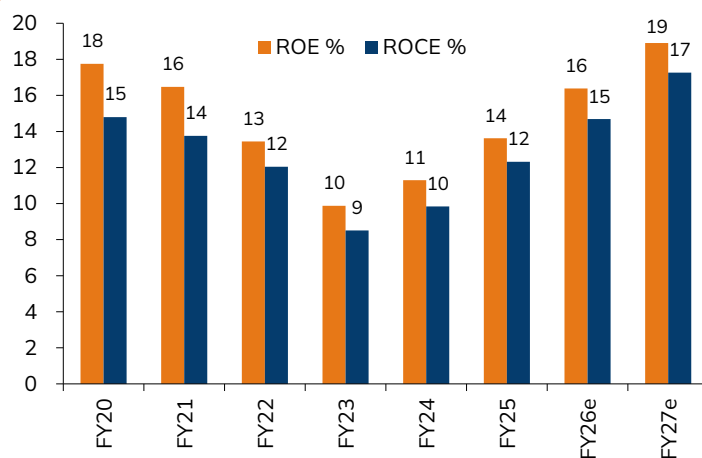
Source: I-Sec research, Company data

Exhibit 11: RDCK aims to become net debt free in FY27E on back on healthy cash flow generation



Source: I-Sec research, Company data

Exhibit 12: RoE and RoCE to improve on strong performance



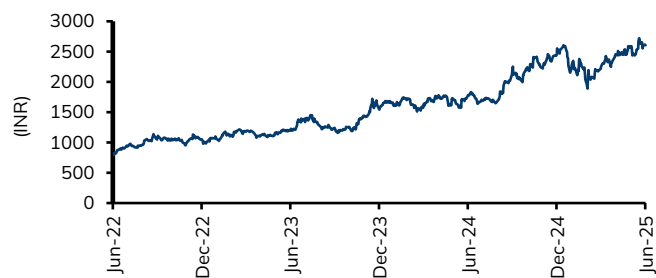
Source: I-Sec research, Company data

Exhibit 13: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	40.2	40.2	40.2
Institutional investors	43.3	43.3	43.3
MFs and other	18.1	18.8	19.8
Banks/ FIs	2.0	2.1	2.2
Insurance Cos.	4.6	4.7	4.7
FII	18.6	17.7	16.9
Others	16.5	16.5	16.5

Source: Bloomberg, I-Sec research

Exhibit 14: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 15: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	41,185	48,512	55,132	63,293
Operating Expenses	36,124	41,774	46,957	53,190
EBITDA	5,061	6,737	8,175	10,103
EBITDA Margin (%)	12.3	13.9	14.8	16.0
Depreciation & Amortization	1,138	1,401	1,443	1,471
EBIT	3,923	5,336	6,731	8,633
Interest expenditure	591	738	455	263
Other Non-operating Income	89	49	120	250
Recurring PBT	3,420	4,646	6,396	8,620
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	863	1,194	1,612	2,172
PAT	2,558	3,452	4,784	6,448
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	2,558	3,452	4,784	6,448
Net Income (Adjusted)	2,558	3,452	4,784	6,448

Source Company data, I-Sec research

Exhibit 16: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	20,782	25,238	28,808	35,854
of which cash & cash eqv.	1,000	571	775	3,671
Total Current Liabilities & Provisions	7,448	10,361	11,775	13,518
Net Current Assets	13,334	14,877	17,033	22,336
Investments	1,354	1,354	1,354	1,354
Net Fixed Assets	16,570	17,666	17,122	16,552
ROU Assets	-	-	-	-
Capital Work-in-Progress	542	235	235	235
Total Intangible Assets	-	-	-	-
Long Term Loans & Advances	375	238	262	288
Deferred Tax assets	89	28	28	28
Total Assets	32,878	35,401	37,138	42,007
Liabilities				
Borrowings	7,371	6,307	3,807	2,764
Deferred Tax Liability	919	985	985	985
Provisions	-	-	-	-
Other Liabilities	814	1,199	1,319	1,451
Equity Share Capital	267	268	268	268
Reserves & Surplus	23,506	26,643	30,759	36,539
Total Net Worth	23,774	26,910	31,027	36,806
Minority Interest	-	-	-	-
Total Liabilities	32,878	35,401	37,138	42,007

Source Company data, I-Sec research

Exhibit 17: Quarterly trend

(INR mn, year ending March)

	Jun 24	Sep 24	Dec 24	Mar 25
Net Sales	11,365	11,163	12,942	13,041
% growth (YOY)	19.1	20.7	11.5	20.9
EBITDA	1,490	1,632	1,840	1,776
Margin %	13.1	14.6	14.2	13.6
Other Income	37	32	11	14
Extraordinaries	-	-	-	-
Adjusted Net Profit	763	822	960	907

Source Company data, I-Sec research

Exhibit 18: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	1,661	3,621	4,726	5,770
Working Capital Changes	(2,763)	(2,260)	(1,957)	(2,411)
Capital Commitments	(2,392)	(1,726)	(900)	(900)
Free Cashflow	(731)	1,895	3,826	4,870
Other investing cashflow	187	52	-	-
Cashflow from Investing Activities	(2,206)	(1,674)	(900)	(900)
Issue of Share Capital	0	0	-	-
Interest Cost	(591)	(738)	(455)	(263)
Inc (Dec) in Borrowings	403	(1,064)	(2,500)	(1,043)
Dividend paid	(401)	(534)	(668)	(668)
Others	826	(38)	-	-
Cash flow from Financing Activities	237	(2,374)	(3,623)	(1,974)
Chg. in Cash & Bank balance	(308)	(428)	203	2,896
Closing cash & balance	1,000	572	775	3,671

Source Company data, I-Sec research

Exhibit 19: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	19.1	25.8	35.8	48.3
Adjusted EPS (Diluted)	19.1	25.8	35.8	48.3
Cash EPS	27.7	36.3	46.6	59.3
Dividend per share (DPS)	3.0	4.0	5.0	5.0
Book Value per share (BV)	178.0	201.5	232.3	275.6
Dividend Payout (%)	15.7	15.5	14.0	10.4
Growth (%)				
Net Sales	31.0	17.8	13.6	14.8
EBITDA	41.2	33.1	21.3	23.6
EPS (INR)	25.1	35.0	38.6	34.8
Valuation Ratios (x)				
P/E	137.5	101.9	73.5	54.5
P/CEPS	95.2	72.5	56.5	44.4
P/BV	14.8	13.1	11.3	9.6
EV / EBITDA	70.5	52.9	43.2	34.6
P / Sales	8.5	7.2	6.4	5.6
Dividend Yield (%)	0.1	0.2	0.2	0.2
Operating Ratios				
Gross Profit Margins (%)	42.5	42.8	43.0	43.5
EBITDA Margins (%)	12.3	13.9	14.8	16.0
Effective Tax Rate (%)	25.2	25.7	25.2	25.2
Net Profit Margins (%)	6.2	7.1	8.7	10.2
Net Debt / Equity (x)	0.2	0.2	0.1	(0.1)
Net Debt / EBITDA (x)	1.0	0.7	0.2	(0.2)
Fixed Asset Turnover (x)	2.2	2.1	2.3	2.5
Working Capital Days	133	129	123	122
Inventory Turnover Days	78	88	86	87
Receivables Days	98	96	95	95
Payables Days	27	25	25	25
Profitability Ratios				
RoCE (%)	9.8	12.3	14.8	17.4
RoE (%)	11.3	13.6	16.5	19.0
RoIC (%)	10.1	12.4	15.1	17.9

Source Company data, I-Sec research

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