3 November, 2025

RESULT UPDATE - 2QFY26

Radico Khaitan

Nifty: 25,722 **CMP: Rs. 3,162** **Target Price: Rs. 3,395**

ARETE SECURITIES LTD.

WHERE ADVISORY MEETS EXCELLENCE

Breweries & Distilleries

Radico Khaitan (RDCK) delivered a strong set of Q2 FY26 results where revenue grew 33.8% YoY to Rs. 1494 Crs and Gross margin remained stable at 43.6%, with sequential improvement from 43% in Q1 FY26, driven by sustained growth in its Prestige & Above (P&A) segment, robust recovery in regular brands, and healthy operating leverage benefits. EBITDA margin expanded 129 bps YoY to 15.9% and PAT grew 73% YoY to Rs. 139 Crs. The company continues to strengthen its brand-led premiumization strategy while leveraging its backward integration and wide geographic reach. With favourable raw material trends and supportive state policies, RDCK remains on track to deliver consistent earnings growth and margin expansion over the medium term.

Premium Portfolio Strength - P&A Growth Momentum:

- The P&A portfolio recorded 22% YoY volume growth and achieved its highest-ever quarterly volume, driven by premium consumption trends across states. Realization per case improved 2.1% YoY to Rs. 1,847, supported by a richer product mix and steady pricing discipline, this segment now contributes 44% of overall volumes and 68% of total branded business value,
- The growth came from flagship brands such as Magic Moments Vodka, Royal Ranthambore, After Dark Whisky, and Morpheus Super Premium Whisky, each expanding distribution footprints and category share. The luxury portfolio (Rampur, Sangam, Jaisalmer) is expected to generate Rs. 500 Crs in FY26, up from 340 Crs in FY25

Regular Portfolio Rebound:

- The Regular & Others segment registered 80% YoY volume growth, showing a sharp turnaround after several quarters of subdued performance. This was driven by strong traction in Andhra Pradesh post-retail privatization and sustained demand from semi-urban and rural consumers.
- Management expects this segment to maintain healthy momentum through H2 FY26, aided by improved distribution efficiency, higher off-take in newly privatized markets, and stable realization trends. The recovery in the regular category complements RDCK's premiumization drive, supporting operating leverage and fixed cost absorption.

Andhra Pradesh - Market Inflection:

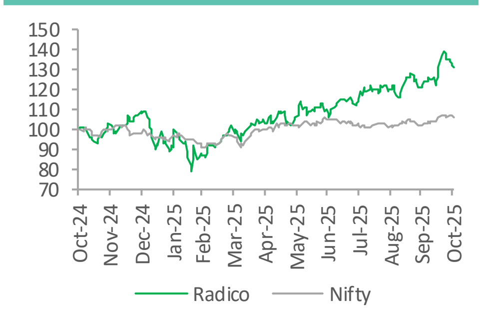
- Policy reforms in Andhra Pradesh's route-to-market structure have proven transformative for RDCK, driving its market share from 10% to now at 30% YoY and positioning it as the state's market leader. The shift towards retail privatization improved shelf availability, consumer access, and brand visibility across key districts.
- The company sees Delhi and Bihar as potential catalysts for future growth, given ongoing discussions around market reforms and distribution structure. Both states represent large-volume markets with under-penetrated premium segments.
- Bihar, historically a 10-12 mn case market with strong vodka consumption, could emerge as a key growth geography for RDCK's Magic Moments and white spirits portfolio once regulatory clarity improves. These reforms can structurally expand RDCK's addressable market and support its premium brand strategy.

Outlook & Valuation:

- Management expects 150 bps EBITDA margin expansion in FY26, followed by another 125 bps per annum improvement over the next two years, targeting late-teen margin levels by FY28 through efficiency gains and premium mix improvement.
- They are also confident of exceeding 20% full-year volume growth, and remains focused on profitable growth with healthy cash flows.
- We value RDCK at 63x 2027E EPS, and maintain our BUY rating with a revised target price of Rs. 3,395 implying a 7% upside from current levels.

Shareholding (%)	Mar-25
Promoters	40.21
Mutual Funds	25.48
FII	18.00
Retail and Others	16.31

Relative Price Performance



Key Data	
NSE Symbol	RADICO
Bloomberg Code	RDCK
Shares Outstanding (In Cr)	13.4
Face Value	2
Mcap (In cr)	42,300
52 week H/L	3,423 / 1,846

(INR Crs)	FY24	FY25	FY26E	FY27E
Net Revenue	**4,118.50**	**4,851.20**	**5,956.70**	**6,889.10**
Growth (%)	31.03%	17.79%	22.79%	15.65%
EBITDA	**502.9**	**673.6**	**911.4**	**1122.9**
EBITDA Margin (%)	12.21%	13.89%	15.30%	16.30%
PAT	**262.2**	**345.6**	**535.6**	**721.5**
PAT Margin (%)	6.37%	7.12%	8.99%	10.47%
P/E (x)	**160.2**	**121.6**	**78.5**	**58.2**

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Quarterly Financials

Particulars (INR Crs)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Net Revenues	**1493.9**	**1116.3**	**33.8%**	**1506**	**-0.8%**
Total COGS	841.9	629.3	33.8%	858.3	-1.9%
Gross Profit	**652**	**487**	**33.9%**	**647.7**	**0.7%**
GP margin	43.6%	43.6%	2 bps	43.0%	62 bps
Employee cost	58.5	51.3	14.1%	55.2	6.1%
(% of sales)	3.9%	4.6%		3.7%	
Other operating & Mfg Exp	355.8	272.5	30.6%	360.3	-1.3%
(% of sales)	23.8%	24.4%		23.9%	
EBITDA	**237.6**	**163.2**	**45.6%**	**232.2**	**2.4%**
EBITDA margin	15.9%	14.6%	129 bps	15.4%	-80 bps
Other income	2.4	3.2	-26.0%	1.1	124.9%
PBIDT	240	166.4	44.2%	233.2	2.9%
Depreciation	37.4	35.7	4.7%	36.3	3.1%
Finance cost	16.3	18.8	-13.5%	15.9	2.2%
PBT	**186.3**	**111.9**	**66.6%**	**181**	**2.9%**
Tax	47.4	29.7	59.8%	44.3	7.0%
Effective Tax Rate	25.4%	26.5%	-109 bps	24.5%	205 bps
Reported PAT	**139.6**	**80.7**	**73.0%**	**130.5**	**6.9%**
PAT margin	9.3%	7.2%	212 bps	9.1%	-191 bps
EPS (Rs)	10.42	6.03	72.9%	10.28	1.4%

Financials

Income Statement

Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
Revenue	**4,118.5**	**4,851.2**	**5,956.7**	**6,889.1**
Gross profit	1,752.0	2,077.3	2,609.0	3,079.4
GP margin (%)	42.5%	42.8%	43.8%	44.7%
EBITDA	**502.9**	**673.6**	**911.4**	**1,122.9**
OP margin (%)	12.2%	13.9%	15.3%	16.3%
Depreciation	113.8	140.1	146.3	153.6
EBIT	389.2	533.5	765.0	969.3
Interest expense	59.7	73.8	58.7	26.4
Other income	12.5	4.9	5.8	18.9
Profit before tax	**342.0**	**464.6**	**712.2**	**961.7**
Taxes	86.3	119.4	181.6	245.2
Tax rate (%)	25.0%	25.7%	25.5%	25.5%
Net Profit	**262.2**	**345.6**	**535.6**	**721.5**
EPS	20	26	40	54

Balance Sheet

Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
Equity capital	26.8	26.8	26.8	26.8
Reserves	2,406.1	2,726.9	3,209.0	3,877.0
Debt	601.4	630.7	440.7	236.4
Deferred tax liab (net)	91.9	98.5	98.5	98.5
Other non current liabilities	61.4	88.1	88.1	88.1
Total liabilities	**3,194.3**	**3,571.0**	**3,863.0**	**4,326.7**
Fixed Asset	1,754.4	1,834.1	1,846.4	1,859.0
Investments	197.8	198.3	198.3	198.3
Other Non-current Assets	63.8	82.1	87.1	92.1
Inventories	779.7	1,076.8	1,126.1	1,283.5
Sundry debtors	978.2	1,182.2	1,305.6	1,491.1
Cash & equivalents	100.6	57.7	235.8	481.1
Loans and Advances	143.2	11.3	11.3	11.3
Other current Assets	77.4	196.6	176.3	203.8
Sundry creditors	267.0	664.7	554.9	641.7
Other current liabilities	633.6	403.3	568.9	651.6
Total Assets	**3,194.3**	**3,571.0**	**3,863.0**	**4,326.7**

Key Ratios

Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
Margin Ratios				
EBITDA Margin (%)	12.2%	13.9%	15.3%	16.3%
EBIT Margin (%)	9.5%	11.0%	12.8%	14.1%
PAT Margin (%)	6.4%	7.1%	9.0%	10.5%
Valuation Ratios				
P/E (x)	160.2	121.6	78.5	58.2
P/BV (x)	17.2	15.3	13	10.8
EV/EBITDA (x)	84.5	63.2	46.3	37.2
Financial Ratios				
ROE (%)	11.3	13.3	17.9	20.2
ROCE (%)	12.8	15.8	20.8	23.4

Cash Flow Statement

Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
PBIT	**342.0**	**464.6**	**712.2**	**961.7**
Depreciation	113.8	140.1	146.3	153.6
Tax paid	(72.6)	(90.4)	(181.6)	(245.2)
Working capital changes	(266.7)	(226.5)	(96.6)	(200.9)
Other operating items	66.3	75.1	58.7	26.4
Operating cashflow	**182.9**	**362.9**	**639.0**	**695.7**
Capital expenditure	(252.2)	(180.9)	(158.7)	(166.2)
Free cash flow	(69.3)	181.9	480.3	529.5
Equity raised	3.7	9.0	-	-
Investments	**(11.4)**	**0.0**	-	-
Debt financing/disposal	133.9	(106.4)	(190.0)	(204.3)
Interest Paid	(58.7)	(74.6)	(58.7)	(26.4)
Dividends paid	(40.1)	(40.1)	(53.5)	(53.5)
Other items	6.1	(15.9)	-	-
Net change in cash	**(35.8)**	**(46.1)**	**178.1**	**245.3**

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