ADD (Maintain)

CMP: **INR 2,987** Target Price: **INR 3,400 (INR 3,300)** ▲ 14%

ICICI Securities

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22 January 2026

India | Equity Research | Results update

Radico Khaitan

Consumer Staples & Discretionary

Sector-leading performance driven by strong P&A growth

Radico Khaitan (RDCK) continued to deliver sector-leading performance, posting its best quarterly results in terms of P&A volumes, sales and EBITDA. Performance was driven by strong growth in P&A brands, with volumes/value up 25.9%/29.4%. Regular brands sustained their recovery, registering 32.8% volume growth, aided by the route-to-market (RTM) change in Andhra Pradesh. Profitability surprised positively, supported by benign raw material prices (225bps margin expansion) and an improved revenue mix. RDCK reduced debt by INR 2.1bn YTD–FY26, taking net debt to INR 3.65bn, and remains on track to become net-debt-free by FY27, backed by healthy OCF and FCF generation. We remain constructive on RDCK given its strong execution and consistent success in launching and scaling P&A brands. Maintain **ADD**.

P&A volume grows 26% YoY

RDCK's Q3FY26 revenue grew 19.5% YoY to INR 15.5bn, led by strong momentum across both P&A and Regular portfolios. IMFL revenue grew 29.2% YoY, also driven by both P&A brands and Regular brands. The sharp recovery in Regular volumes was aided by the RTM change in Andhra Pradesh and steady traction across mass brands. Total IMFL volumes grew 29.3% YoY to 9.3mn cases, with P&A volumes up 25.9% YoY to 4.6mn cases. Regular brands' volume grew 32.8% YoY. P&A's realisation improved 2.8% YoY, while Regular's realisation declined 3.1% YoY. P&A contribution to IMFL stood at 74% by value and 50% by volume (vs. 73% and 51%, respectively, last year), reflecting a mix-led dilution. Non-IMFL revenue grew 1% YoY, helped by higher bulk alcohol sales.

Highest-ever quarterly EBITDA; benign RM aids margins

Gross margin remained improved by 348bps YoY/287bps QoQ to 46.5% amid a stable raw material environment and steady ENA pricing. Benign raw material prices resulted in 225bps of gross margin expansion during the quarter. EBITDA grew 45.2% YoY to INR 2.7bn, with margin expanding 306bps YoY to 17.3%, driven by operating leverage and controlled overheads. A&SP stood at 6.9% of IMFL sales (vs 5.5% last year), with management guiding for 6–8% levels to sustain brand visibility. PAT grew 71.6% YoY to INR 1.6bn, with net margin improving 320bps YoY to 10.6%.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	48,512	60,519	68,868	77,532
EBITDA	6,737	9,815	11,372	13,143
EBITDA Margin (%)	13.9	16.2	16.5	17.0
Net Profit	3,452	5,824	7,260	8,774
EPS (INR)	25.8	43.6	54.4	65.7
EPS % Chg YoY	35.0	68.7	24.7	20.9
P/E (x)	115.6	68.5	54.9	45.5
EV/EBITDA (x)	59.9	40.9	34.9	29.7
RoCE (%)	12.3	18.0	19.1	19.2
RoE (%)	13.6	19.7	20.5	20.5

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Market Data

Market Cap (INR)	400bn
Market Cap (USD)	4,365mn
Bloomberg Code	RDCK IN
Reuters Code	RADC.BO
52-week Range (INR)	3,695 /1,846
Free Float (%)	58.0
ADTV-3M (mn) (USD)	16.0

Price Performance (%)	3m	6m	12m
Absolute	(9.5)	8.3	35.1
Relative to Sensex	(7.0)	8.1	27.4

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	FY28E
Revenue	(0.8)	(0.5)	(0.2)
EBITDA	5.3	5.2	5.6
EPS	5.4	4.8	5.7

Previous Reports

30-10-2025: Q2FY26 results review

23-06-2025: Company update

Debt payment remains on track; net debt free in FY27E

Net debt declined by INR 2.1bn in YTD–FY26 to INR 3.65bn, underscoring strong cash generation and continued balance sheet discipline. We expect RDCK to become net debt free in FY27. Input costs remained stable through the quarter, and management expects this trend to sustain in the near term while maintaining focus on profitable premiumisation. The company continues to strengthen its premium portfolio across both domestic and international markets.

Valuation and risk

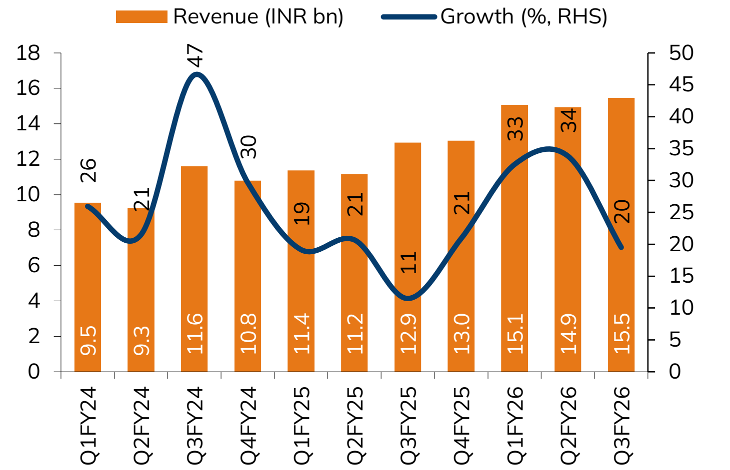
We maintain our **ADD** recommendation and a revise our DCF-based target price of INR 3,400 (previously INR 3,300). We are optimistic about the RDCK's execution capabilities and ability to identify and launch brands in white spaces, which warrants premium valuation. We increase our earnings estimates by 5%/5%/6% for FY26/27/28. We expect revenue/EBITDA/earnings CAGRs of 17%/25%/36% with 19%/22% volume/value growth in P&A brands. **Key risks**: Slowdown in P&A volume growth; volatility in raw material prices; and changes in regulations.

Exhibit 1: Standalone financial performance

INR mn	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue	**15,467**	**12,942**	**19.5**	**14,939**	**3.5**	**45,467**	**35,471**	**28.2**
Expenditure	**12,796**	**11,103**	15.2	**12,563**	1.9	**38,097**	**30,510**	24.9
Gross Profit	7,194	5,568	29.2	6,520	10.3	20,190	15,158	33.2
Gross margin (%)	*46.5*	*43.0*	*348 bps*	*43.6*	*287 bps*	*44.4*	*42.7*	*167 bps*
Employee Cost	697	629	10.8	585	19.0	1,834	1,646	11.4
% of net sales	*4.5*	*4.9*	*-35 bps*	*3.9*	*59 bps*	*4.0*	*4.6*	*-61 bps*
Selling & Distribution expenses	1,758	1,218	44.4	1,543	14.0	4,769	3,269	45.9
% of net sales	*11.4*	*9.4*	*196 bps*	*10.3*	*104 bps*	*10.5*	*9.2*	*128 bps*
Other expenditure	2,067	1,882	9.8	2,015	2.5	6,217	5,283	17.7
% of net sales	*13.4*	*14.5*	*-118 bps*	*13.5*	*-13 bps*	*13.7*	*14.9*	*-122 bps*
EBITDA	**2,672**	**1,840**	**45.2**	**2,376**	**12.4**	**7,370**	**4,961**	**48.6**
EBITDA Margin	***17.3***	***14.2***	***306 bps***	***15.9***	***137 bps***	***16.2***	***14.0***	***222 bps***
Depreciation	372	356	4.4	374	(0.5)	1,108	1,042	6.4
EBIT	**2,300**	**1,483**	55.0	**2,002**	14.9	**6,261**	**3,919**	59.8
Other Income	26	11	141.1	24	10.2	96	80	20.9
Interest	164	195	(15.8)	163	0.9	486	568	(14.4)
PBT	**2,162**	**1,299**	66.4	**1,863**	16.0	**5,871**	**3,431**	71.1
Total Tax	515	339	51.8	474	8.8	1,432	886	61.5
PAT	**1,647**	**960**	**71.6**	**1,390**	**18.5**	**4,439**	**2,545**	**74.4**
Exceptional Items	(96)	-		-		**(166)**	**-**	
Reported PAT	**1,551**	**960**	61.6	**1,390**	11.6	**4,605**	**2,545**	81.0
Adjusted EPS	**11.6**	**7.2**	61.6	**10.4**	11.6	**17.1**	**16.2**	5.0
Segment-wise								
Volume (mn cases)								
P&A	4.6	3.7	25.9	3.9	18.8	12.4	9.6	28.6
Regular	4.7	3.5	32.8	5.0	(6.7)	15.2	9.9	52.8
Total	9.3	7.2	29.3	8.9	4.4	27.5	19.5	40.9
IMFL Value (INR mn)								
P&A	8,383	6,479	29.4	7,184	16.7	22,699	17,254	31.6
Regular	2,952	2,294	28.7	3,228	(8.6)	9,679	6,423	50.7
Total	11,335	8,773	29.2	10,412	8.9	32,378	23,677	36.7
Realization (INR per case)								
P&A	1,815	1,765	2.8	1,847	(1.7)	1,838	1,797	2.3
Regular	628	648	(3.1)	640	(1.9)	638	647	(1.4)
Total	1,216	1,217	(0.0)	1,166	4.3	1,177	1,213	(3.0)

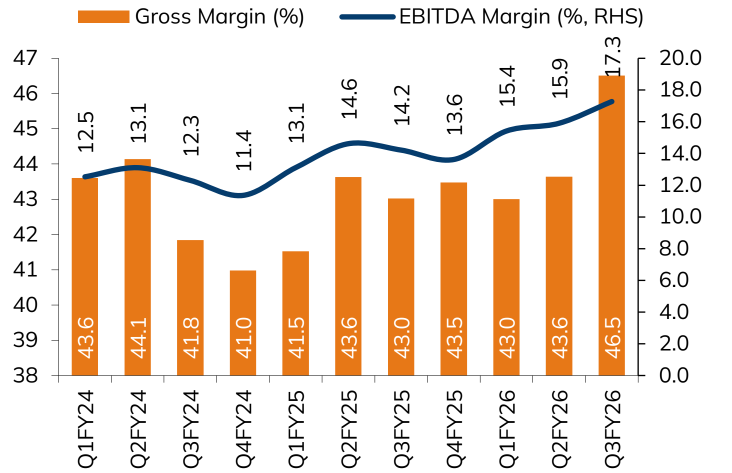
Source: Company data, I-Sec research

Exhibit 2: Revenue trend



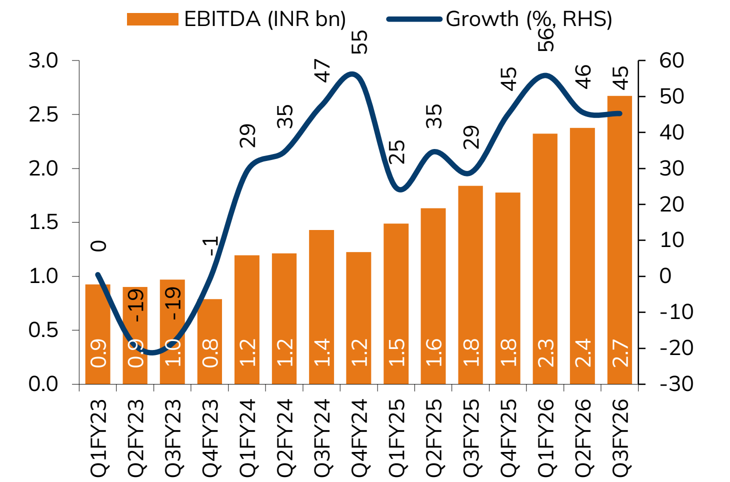
Source: Company data, I-Sec research

Exhibit 3: Gross and EBITDA margin trend



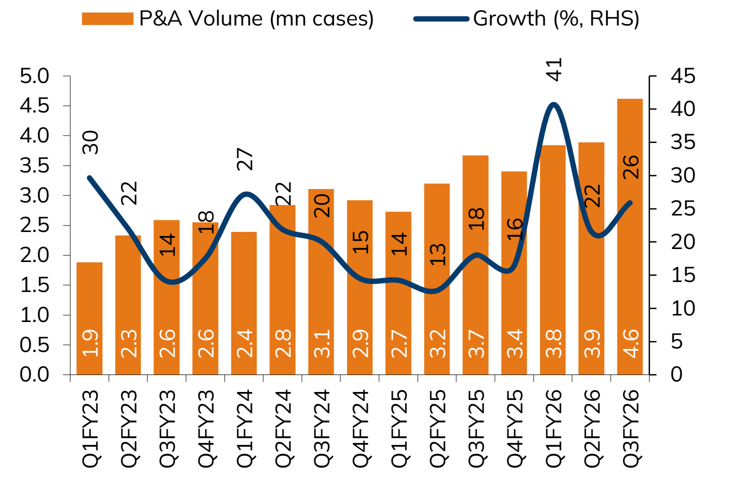
Source: Company data, I-Sec research

Exhibit 4: EBITDA trend



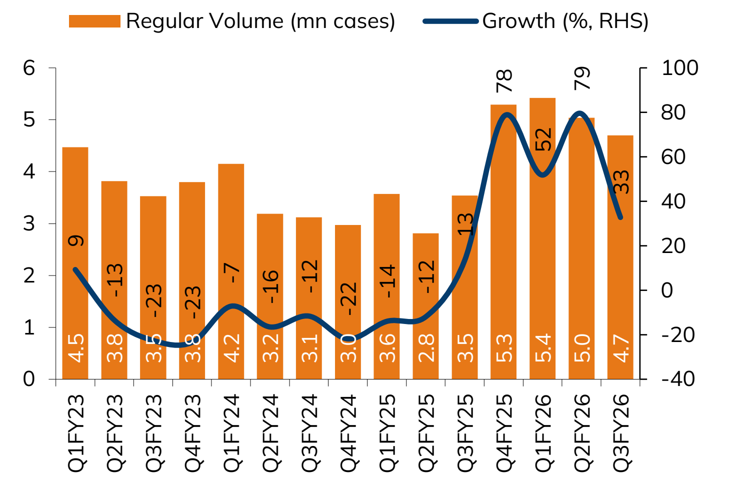
Source: Company data, I-Sec research

Exhibit 5: P&A volume trend



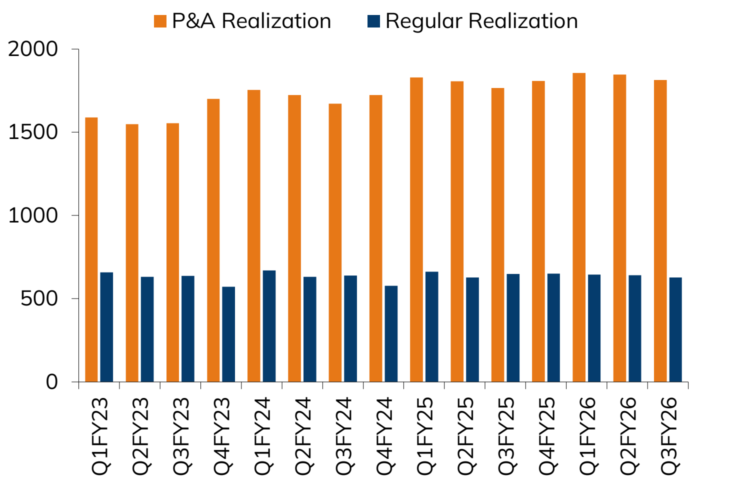
Source: Company data, I-Sec research

Exhibit 6: Regular volume trend



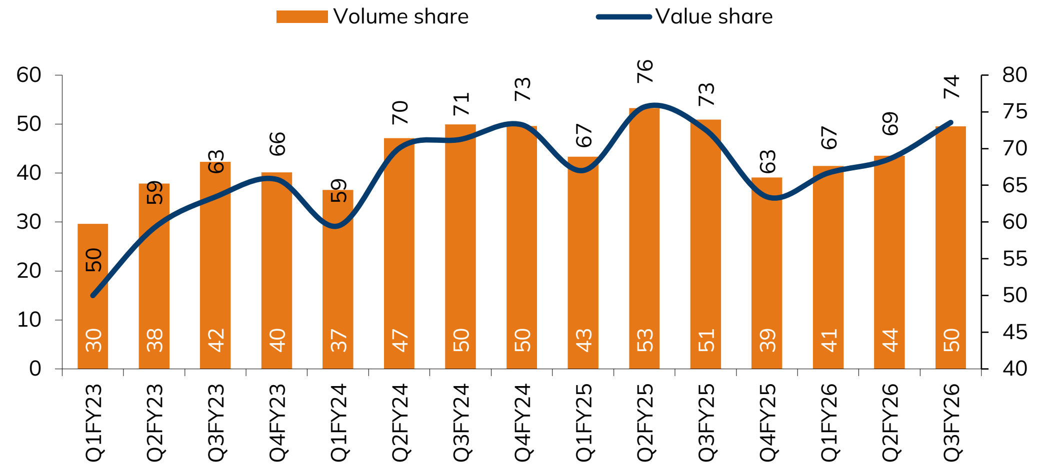
Source: Company data, I-Sec research

Exhibit 7: Realisation trend



Source: Company data, I-Sec research

Exhibit 8: P&A volume & value contribution trend



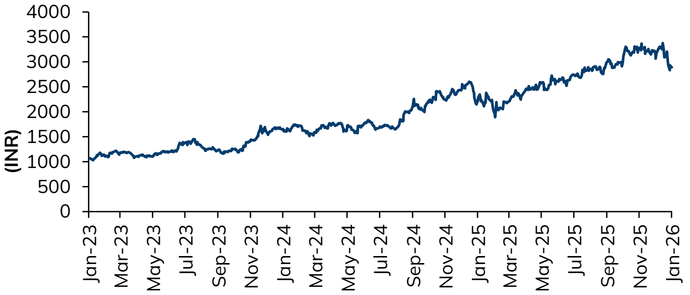
Source: Company data, I-Sec research

Exhibit 9: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	40.2	40.2	40.2
Institutional investors	43.8	43.9	43.9
MFs and other	19.6	20.0	18.8
Banks/ FIs	0.0	0.0	1.9
Insurance Cos.	4.5	4.0	3.3
FIIs	19.7	19.9	19.8
Others	16.0	15.9	16.0

Source: Bloomberg, I-Sec research

Exhibit 10: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 11: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	48,512	60,519	68,868	77,532
Operating Expenses	**41,774**	**50,704**	**57,496**	**64,389**
EBITDA	6,737	9,815	11,372	13,143
EBITDA Margin (%)	**13.9**	**16.2**	**16.5**	**17.0**
Depreciation & Amortization	1,401	1,492	1,522	1,576
EBIT	5,336	8,323	9,850	11,567
Interest expenditure	738	657	394	272
Other Non-operating Income	49	120	250	435
Recurring PBT	4,646	7,786	9,706	11,730
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	**1,194**	**1,962**	**2,446**	**2,956**
PAT	3,452	5,824	7,260	8,774
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	3,452	5,824	7,260	8,774
Net Income (Adjusted)	**3,452**	**5,824**	**7,260**	**8,774**

Source Company data, I-Sec research

Exhibit 12: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	25,238	31,046	38,996	48,624
of which cash & cash eqv.	571	274	3,979	9,201
Total Current Liabilities & Provisions	10,361	12,925	14,709	16,559
Net Current Assets	**14,877**	**18,121**	**24,287**	**32,065**
Investments	1,354	1,354	1,354	1,354
Net Fixed Assets	17,666	17,074	16,452	15,776
ROU Assets	-	-	-	-
Capital Work-in-Progress	235	235	235	235
Total Intangible Assets	-	-	-	-
Long Term Loans & Advances	238	262	288	317
Deferred Tax assets	28	28	28	28
Total Assets	**35,401**	**38,177**	**43,859**	**51,110**
Liabilities				
Borrowings	**6,307**	**3,807**	**2,764**	**1,764**
Deferred Tax Liability	**985**	**985**	**985**	**985**
Provisions	-	-	-	-
Other Liabilities	1,199	1,319	1,451	1,596
Equity Share Capital	268	268	268	268
Reserves & Surplus	26,643	31,798	38,391	46,497
Total Net Worth	**26,910**	**32,066**	**38,658**	**46,765**
Minority Interest	-	-	-	-
Total Liabilities	**35,401**	**38,177**	**43,859**	**51,110**

Source Company data, I-Sec research

Exhibit 13: Quarterly trend

(INR mn, year ending March)

	Mar 25	Jun 25	Sep 25	Dec 25
Net Sales	13,041	15,060	14,939	15,467
% growth (YOY)	20.9	32.5	33.8	19.5
EBITDA	1,776	2,322	2,376	2,672
Margin %	13.6	15.4	15.9	17.3
Other Income	14	47	24	26
Extraordinaries	-	(70)	-	(96)
Adjusted Net Profit	907	1,333	1,390	1,551

Source Company data, I-Sec research

Exhibit 14: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	**3,621**	**4,428**	**6,709**	**8,062**
Working Capital Changes	(2,260)	(3,545)	(2,467)	(2,560)
Capital Commitments	(1,726)	(900)	(900)	(900)
Free Cashflow	**1,895**	**3,528**	**5,809**	**7,162**
Other investing cashflow	**52**	-	-	-
Cashflow from Investing Activities	(1,674)	(900)	(900)	(900)
Issue of Share Capital	0	-	-	-
Interest Cost	(738)	(657)	(394)	(272)
Inc (Dec) in Borrowings	(1,064)	(2,500)	(1,043)	(1,000)
Dividend paid	(534)	(668)	(668)	(668)
Others	(38)	-	-	-
Cash flow from Financing Activities	(2,374)	(3,825)	(2,105)	(1,940)
Chg. in Cash & Bank balance	**(428)**	**(297)**	**3,704**	**5,222**
Closing cash & balance	572	274	3,979	9,201

Source Company data, I-Sec research

Exhibit 15: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	25.8	43.6	54.4	65.7
Adjusted EPS (Diluted)	25.8	43.6	54.4	65.7
Cash EPS	36.3	54.8	65.7	77.5
Dividend per share (DPS)	4.0	5.0	5.0	5.0
Book Value per share (BV)	201.5	240.1	289.4	350.1
Dividend Payout (%)	15.5	11.5	9.2	7.6
Growth (%)				
Net Sales	17.8	24.8	13.8	12.6
EBITDA	33.1	45.7	15.9	15.6
EPS (INR)	35.0	68.7	24.7	20.9
Valuation Ratios (x)				
P/E	115.6	68.5	54.9	45.5
P/CEPS	82.2	54.5	45.4	38.5
P/BV	14.8	12.4	10.3	8.5
EV / EBITDA	59.9	40.9	34.9	29.7
P / Sales	8.2	6.6	5.8	5.1
Dividend Yield (%)	0.1	0.2	0.2	0.2
Operating Ratios				
Gross Profit Margins (%)	42.8	44.7	44.8	44.9
EBITDA Margins (%)	13.9	16.2	16.5	17.0
Effective Tax Rate (%)	25.7	25.2	25.2	25.2
Net Profit Margins (%)	7.1	9.6	10.5	11.3
Net Debt / Equity (x)	0.2	0.1	(0.1)	(0.2)
Net Debt / EBITDA (x)	0.7	0.2	(0.2)	(0.7)
Fixed Asset Turnover (x)	2.1	2.5	2.7	3.0
Working Capital Days	129	130	125	121
Inventory Turnover Days	88	90	86	86
Receivables Days	96	99	95	94
Payables Days	25	26	25	25
Profitability Ratios				
RoCE (%)	12.3	18.0	19.1	19.2
RoE (%)	13.6	19.7	20.5	20.5
RoIC (%)	12.4	18.3	19.5	20.0

Source Company data, I-Sec research

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