



TM

08 October 2025

## Radico Khaitan

**Building long term value through innovation, premium offerings and strategic debt reduction**

### INITIATING COVERAGE

**Sector:** Alco Beverages **Rating:** BUY

**CMP:** Rs 2,992 **Target Price:** Rs 3,473

#### Stock Info

Sensex/Nifty	81,927 / 25,108
Bloomberg	RDCK IN
Equity shares (mn)	134
52-wk High/Low	Rs 3,088 / 1,846
Face value	2
M-cap	Rs.400bn/USD 4.5bn
3m avg turnover	USD 9.1mn

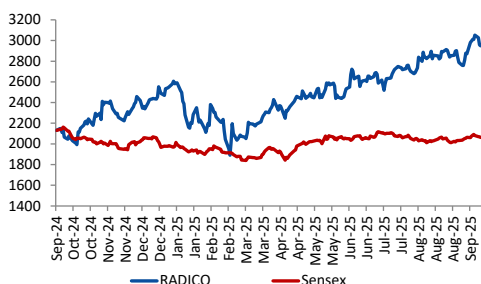
#### Financial Snapshot (Rs mn)

Y/E Mar	FY26E	FY27E	FY28E
Sales	59,050	68,341	78,813
PAT	5,209	7,108	8,911
EPS (Rs)	38.9	53.1	66.6
PE (x)	76.8	56.3	44.9
EV/EBITDA (x)	45.2	35.8	29.4
P/BV (x)	12.4	10.3	8.5
EV/Sales	6.8	5.8	5.0
RoE (%)	17.4	20.0	20.7
RoCE (%)	20.4	23.3	24.4
NWC (days)	33	33	33
Net gearing (x)	0.1	0.0	-0.1

#### Shareholding Pattern (%)

	Jun 25	Mar 25	Dec 24
Promoter	40.2	40.2	40.2
–Pledged	-	-	-
FII	17.8	17.0	17.7
DII	26.0	26.8	25.6
Others	16.0	16.1	16.5

#### Stock Performance (1-year)



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Radico Khaitan (RDCK IN) has successfully transitioned from a volume-driven liquor player into a brand-led premiumization story, underpinned by its a) deep backward integration in ENA, b) diversified portfolio spanning multiple categories, and c) consistent innovation in underpenetrated white spaces. RDCK is strategically placed to capture the structural shift in consumer demand towards premium spirits, backed by a) eight of its millionaire brands driving scale, b) expanding presence across key states, c) growing international footprint, and d) rising share of P&A brands. Financially, the company is entering a phase of strong operating leverage, with margin expansion, healthy cash flows, and a visible path to debt reduction by FY27. We estimate 17.6%/ 25.8%/ 37.1% CAGR in revenue/ EBITDA/ adjusted PAT over FY25-FY28E, respectively. We initiate coverage on RDCK with a BUY rating and target price of Rs 3,473, valuing it at 58x Sep 2027E EPS.

**Strong backward integration secures growth:** Backward integration into grain-based ENA ensures consistent quality, supply stability, and long-term raw material security for RDCK. ENA capacity expansions at Rampur and Sitapur to 321mn litres in FY24 from 217mn litres in FY23 provide growth visibility for next 6–7 years. The increased debt to fund this capex has already moderated, with net debt as of June 2025 at Rs 4.1bn; the company is on track to turn nearly debt free by FY27.

**Premiumization drives growth:** RDCK has strategically shifted towards P&A brands, increasing its share from 24%/41% of IMFL volumes/value in FY16 to 41%/69% in FY25; the same is projected at 50%/74% by FY28E. Dependence on *Magic Moments* vodka has eased to ~54% of P&A volumes as whisky, gin, and malt gain traction. Its presence across 100,000+ outlets reinforce its strong execution capabilities.

**Diverse portfolio with strong premium and luxury presence:** RDCK operates a broad portfolio spanning mass to luxury segments, from *8PM whisky* to *Rampur Single Malt* and *Royal Ranthambore*. It leads vodka with 60%+ market share, while *Jaisalmer* gin dominates luxury gin and *Morpheus* brandy holds 64% of the super-premium brandy segment. Semi-luxury and luxury brands generated ~Rs 3.4bn in FY25 (~10% of revenue) and are expected to surpass Rs 5 bn in FY26E.

**Strong regional leadership with expanding domestic and global reach:** RDCK's is strongly placed in its core market, Uttar Pradesh, while it is rapidly expanding in Andhra Pradesh, Karnataka, Telangana, and West Bengal. Exports to over 100 countries now contribute 9% of revenue, and the CSD channel, accounting for 11–12%, provides a solid platform for its premium brands.

**Record performance with strong growth and margin expansion outlook:** FY25 was a record year for RDCK, with revenue of Rs 48.5bn, EBITDA of Rs 6.7bn, and PAT of Rs 3.4bn, driven by IMFL volumes of 31.4mn cases (+9% YoY) and P&A volumes of 13mn cases (+16% YoY). EBITDA margin improved to 13.9%, supported by premiumization, lower glass costs, and selective price hikes. Over FY25–28E, we expect revenue to grow at ~17.6% CAGR, with EBITDA margin likely to expand by ~300 bps to ~17%, driven by moderation in raw material costs, richer product mix, higher contribution from the high-margin P&A segment, operational efficiency and benefits from the India-UK FTA.

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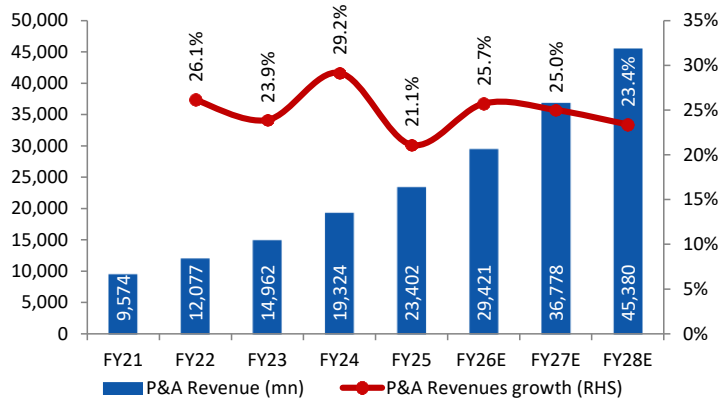
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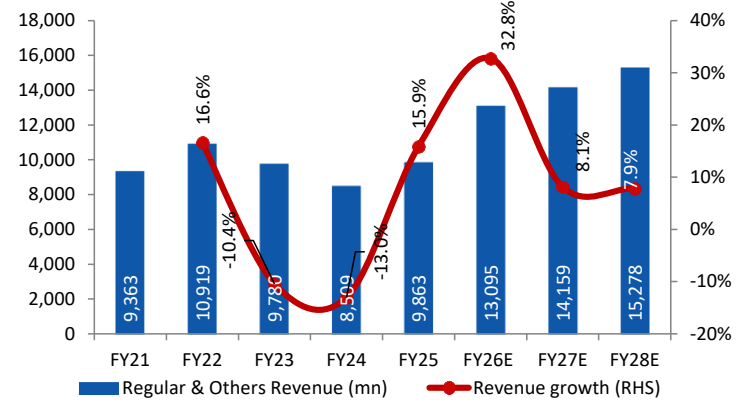
## Story in Charts

**Exhibit 1: P&A – 24.7% revenue CAGR over FY25-28E**



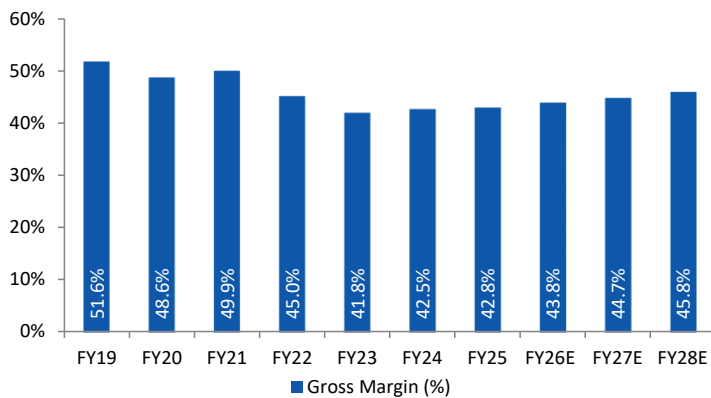
Source: Company, Systematix Institutional Research

**Exhibit 2: Regular & Others 15.7% revenue CAGR over FY25-28E**



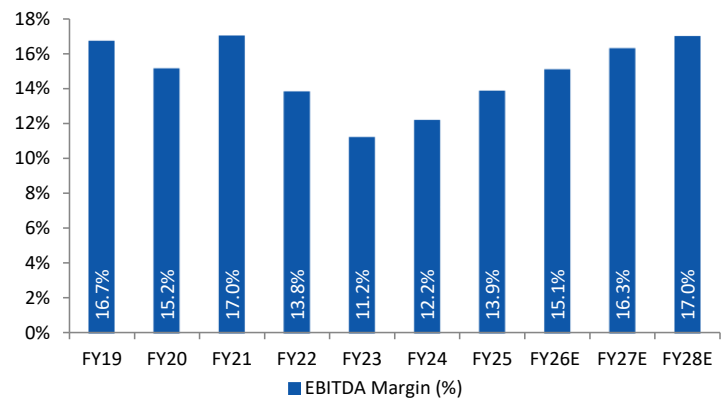
Source: Company, Systematix Institutional Research

**Exhibit 3: Gross margin – 45.8% by FY28E**



Source: Company, Systematix Institutional Research

**Exhibit 4: EBITDA margin – 17% by FY28E**



Source: Company, Systematix Institutional Research

**Exhibit 5: RDCK's eight millionaire brands**



Source: Company, Systematix Institutional Research

## Investment Thesis

### Backward integration to secure quality long term raw material supply

RDCK's ability to launch products in the premium and luxury segments of Indian Made Foreign Liquor (IMFL) stems from its long-standing expertise in manufacturing Extra Neutral Alcohol (ENA). The company incurred a capital expenditure (capex) of Rs 7.4bn to expand its grain-based ENA capacity. Backward integration in ENA provides RDCK with superior control over alcohol quality and ensures a stable and high-grade supply of this critical input. A large share of the ENA used in the P&A segment is grain-based, where RDCK has undertaken meaningful capacity expansion to support the rising demand. This shift has been further reinforced by changes in Uttar Pradesh's excise policy mandating grain-based alcohol for select categories. The company's strategic pivot towards grain-based distilleries not only aligns with consumer preferences for higher-quality spirits but also mitigates risks from potential shortages in molasses, arising from ethanol-blending policies mandated by the government.

**Rampur plant conversion:** The company converted its existing 140 Kilo Litres per day (KLPD) of molasses-based capacity at the Rampur plant to a dual-feed plant (capable of processing both molasses and grain feedstock). This project was completed by the end of FY23 at a cost of Rs 1.85 bn.

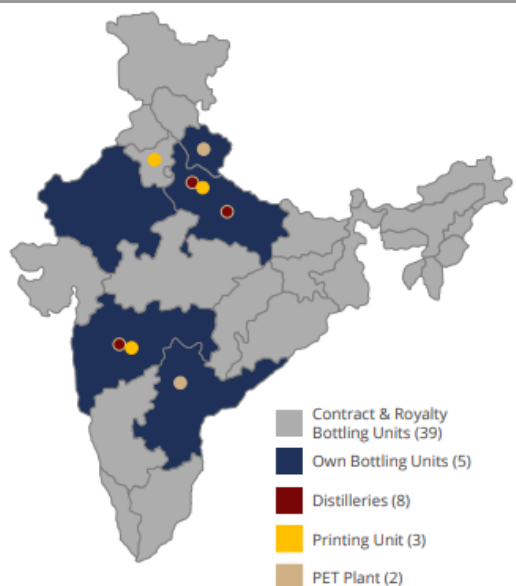
**Sitapur distillery commissioning:** In FY24, RDCK completed the commissioning of its greenfield 350 KLPD grain-based ENA distillery at Sitapur its facility at a capex of Rs 5.5bn. This facility has an enhanced bottling capacity of 10mn cases each for IMFL and country liquor. RDCK has also set up malt maturation facility at Sitapur for Rampur Indian Single Malt and a craft gin plant to support the growth of Jaisalmer Indian Craft gin.

**Overall capacity:** These expansions have enabled RDCK to increase its total ENA distillery production capacity to 321mn litres in FY24 versus 217mn litres in FY23. Management believes the output at its Sitapur plant, combined with the production from Rampur would support growth in its branded business over the next six to seven years.

**Operates eight distilleries in India:** Of its eight distilleries, four are in Rampur (Uttar Pradesh), one is in Sitapur (Uttar Pradesh), and three are in Aurangabad (Maharashtra), which is part of a 36% joint venture.

RDCK's production capacity encompasses an extensive network of 44 bottling units across the country, which include 5 company-owned facilities, 6 operating under royalty agreements, and 33 under contract. Plus, the company maintains consistency and high quality through its dedicated printing units at 3 locations that support the branding and packaging of its products.

RDCK funded the capacity expansions through a combination of internal accruals and external borrowings, resulting in its gross debt rising from Rs 1.9bn in FY22 to Rs 7.4bn in FY24. However, the company managed to moderate the debt to Rs 6.3bn by FY25. Although steep inflation in ENA and glass prices initially impacted profitability, causing gross margins to contract, management expects debt levels to decline gradually and generate steady free cash flows (FCF). The company intends to turn almost debt free by FY27.

**Exhibit 6: Radico Khaitan's pan-India manufacturing presence**

Location	Distilleries	Molasses	Grain	Malt	Total
Capacity (million litres)					
Rampur	4	19.3	82.5*	2.6	104.4
Sitapur	1	NA	108.9	NA	108.9
Aurangabad (Joint Venture)	3	42.0	66.0	NA	108.0
<b>Total</b>	<b>8</b>	<b>61.3</b>	<b>257.4</b>	<b>2.6</b>	<b>321.3</b>

\* Dual feed plant which can operate both on molasses and grain

Source: Company, Systematix Institutional Research

**Exhibit 7: Manufacturing and distribution strength**

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Capacity (mn litres)	157	157	157	157	157	160	160	217	321	321
No. of retail outlets	45,000+	45,000+	75,000+	75,000+	75,000+	75,000+	75,000+	75,000+	1,00,000+	1,00,000+
No. of on-premise outlets	5000	5000	8000	8000	8000	8000	8000	8000	10,000	10,000
No. of bottling units (own)	5	5	5	5	5	5	5	5	6	5
No. of bottling units (contract)	28	23	23	23	28	28	28	28	28	33
No. of bottling units (royalty)	NA	NA	NA	NA	NA	NA	NA	8	9	6
Total bottling units	33	28	28	28	33	33	33	41	43	44
No. of distilleries	4	4	5	5	5	5	5	6	7	8

Source: Company, Systematix Institutional Research

**Extensive product range**

RDCK's robust and strategic approach to product launches emphasizes innovation, premiumization, and capturing niche market segments. This strategy has enabled the company to organically develop its entire brand portfolio using in-house capabilities and successfully create eight 'millionaire' brands over 25 years, despite intense competition in the Indian Made Foreign Liquor (IMFL) industry.

**Strategic approach to product launches**

- **Innovation-led success:** We attribute RDCK's robust performance to its ability to launch products in niche categories often overlooked by larger players and differentiate its offerings, especially in the growing Indian single malt market. The company regularly conducts market research to identify opportunities and build new luxury products, constantly aiming for higher price points and categories.
- **Premiumization agenda:** A core aspect of RDCK's strategy is aggressive expansion into the premium and luxury segments, driven by consumer demand for new and innovative products and increasing disposable incomes. The surge in volume and value contribution from P&A brands from 24%/41% in FY16 to 41.4%/69.5% in FY25 is testimony to this spurt; we expect the contribution from P&A to further rise to 50%/74% by FY28E, respectively. The shift towards grain-based distilleries also aligns with consumer preferences for higher-quality spirits.
- **Filling white spaces:** RDCK identifies and scales brands in market 'white spaces' (segments with limited competition or unmet consumer demand). This strategy

was notably successful with *Magic Moments* vodka and is now being replicated across other categories, particularly whisky.

- **Reduced dependency on vodka:** The success of newer brands has helped the company in diversifying its P&A portfolio and reducing dependency on *Magic Moments* (within the P&A segment). Its reliance on *Magic Moments* volumes reduced from ~75% to ~54% over FY18-25 in the P&A segment.
- **Differentiated positioning and superior quality:** The company emphasizes differentiated positioning and superior product quality, greatly aided by its strong backward integration in ENA manufacturing. This control over raw material quality helps it to produce high-quality spirits that resonates with consumers.
- **Enhanced distribution and execution:** New product launches are supported by a strong distribution network and effective execution, crucial in gaining market share in key states.

### Key product launches and portfolio expansion

RDCK's wide product range across whisky, vodka, gin, rum, and brandy covers a broad consumer base.

- **Whisky portfolio**
  - o **8PM whisky (regular segment):** This is RDCK's first own-label brand that it launched in 1998. The brand has already achieved 'millionaire' status (sold 1mn cases in the very first year) and remains a key volume driver.
  - o **8PM Premium Black:** The brand was launched in 2018 and achieved over 3mn cases in volumes in FY24. RDCK recently gave it a bold new look to enhance the product's brand imagery.
  - o **After Dark Blue whisky:** Re-launched in FY23 in a refreshed format, this brand achieved 1.9mn cases in FY25 and joined the 'Millionaire Club'. Its growth was driven by the launch of a trendy 180ml pocket pack. RDCK expects to double volumes here in FY26.
  - o **Rampur Indian Single Malt whisky:** RDCK launched its first luxury brand in 2016 with eight expressions (*Select, PX Sherry, Signature Reserve, Double Cask, Asava, Trigun, Jugalbandi, Barrel Blush*). Its wide availability in ~50 countries and 35 travel retail locations has strengthened RDCK's brand equity and margin profile.
  - o **Royal Ranthambore Heritage collection whisky:** This mid-luxury segment brand launched in 2021 is crafted from bespoke blended malt scotch and grain from Scotland. The brand tripled volumes to 200,000 cases in FY25. Endorsed by Mr. Saif Ali Khan (Bollywood actor), it is available in 22 states and recently rolled out in CSD in 4QFY25.
  - o **Spirit of Victory 1999 Pure Malt whisky:** Launched in FY24, this blended malt from various single malts is distilled twice in pot stills and matured in oak barrels to be finally as an Indian single malt. It is available in 9 states.
  - o **Sangam World Malt whisky:** Launched in 2023, this brand is a fusion of premium malts from Europe and the New World. Available in ~40 countries and 10 states in India.
  - o **Ankahi Zaffran Spiced liqueur:** The brand was launched in 4QFY25 as the first offering in the Ankahi Liqueur series, blending Indian heritage with liqueur-making.



- o **Morpheus Super Premium whisky:** This was launched as a super-premium whisky in UP in 1QFY26. The company plans to launch it in 10 states in 2HFY26.
- **Vodka portfolio**
  - o **Magic Moments vodka:** Launched in 2006, it strategically targeted the mid-premium segment, which was overlooked by larger players. RDCK now holds over 60% market share in India's vodka market and crossed 7mn case sales in FY25. This includes all variants (including Verve).
  - o **Magic Moments Verve:** The brand was launched in 2012 in the super-premium segment to compete with brands like *Smirnoff*.
  - o **Magic Moments Dazzle:** Launched to bridge the gap between premium and luxury Bottled In Origin (BIO) vodkas.
  - o **Flavored vodka:** RDCK launched flavored *Verve* vodka in 2014, and *Magic Moments Remix Pink* vodka in FY24 (Nov 2023), to keep the category active and attract young consumers.
  - o **Luxury vodka:** Launched *The Spirit of Kashmir* brand in two exquisite variants - Indian Natural vodka and Indian Saffron vodka.
- **Gin portfolio**
  - o **Jaisalmer Indian Craft gin:** Launched in 2018 to cater to the rapidly growing gin category. RDCK holds ~50% market share in the Indian luxury gin segment. It contains 11 botanicals, of which seven are from India, and are available in ~40 countries and 22 states. The company trebled its gin distillation capacity to meet the surging demand.
  - o **Jaisalmer Gold Edition:** A higher-priced variant launched in India in FY25 (June 2024), featuring 18 botanicals, including saffron.
  - o **Happiness in a Bottle:** A premium/super-luxury gin collection was test marketed in FY24 across four states.
- **Brandy portfolio**
  - o **Morpheus Super Premium brandy:** Launched in 2009, it holds a market-leading share of 60%+ (64% as of FY24) in the super-premium brandy category. The company sold 1.2mn case volumes of this brand in FY25. RDCK launched *Morpheus Blue XO Premium* brandy in 2013.
  - o **Old Admiral brandy:** Achieved 'millionaire' status.
  - o **Whytehall:** Available in select markets in South India.
- **Rum portfolio**
  - o **1965 The Spirit of Victory Premium rum:** Launched in 2017 and achieved 1mn cases in FY23, reinforcing RDCK's leadership in the premium rum category.
  - o **Pluten Bay (Premium Rum):** Launched in 2017.
  - o **Contessa rum:** A legacy brand with strong presence in the popular segment, also a 'millionaire' brand. Market leader in CSD.
  - o **The Kohinoor Reserve Indian Dark rum:** Launched in April 2024 (FY25) in the luxury rum segment, targeting global markets.
- **Tequila portfolio**
  - o Plans to launch **luxury D'YAVOL Anejo** tequila





**Exhibit 8: Radico Khaitan's product portfolio**

Product name	Category	Segment	Launch date
8PM Whisky	Whisky	Regular / Popular	1998
Old Admiral Brandy	Brandy	Popular	2002
Magic Moments Vodka	Vodka	Mid-Premium / Semi-Premium	2006
Magic Moments Vodka Flavors	Vodka	Mid-Premium / Flavored	2008
Morpheus Super Premium Brandy	Brandy	Super Premium	2009
After Dark Whisky	Whisky	Entry-level P&A / Deluxe / Lower & Mid-Prestige	2011
Magic Moments Verve	Vodka	Super-Premium / Premium	2012
Morpheus Blue XO Premium Brandy	Brandy	Luxury	2013
Flavored Verve Vodka	Vodka	Premium / Flavored	2014
Rampur Indian Single Malt Whisky	Whisky	Luxury / Ultra-Premium	2016
Regal Talons	Whisky	Semi Deluxe	2017
1965 The Spirit of Victory Premium Rum	Rum	Premium	2017
Jaisalmer Indian Craft Gin	Gin	Luxury Craft	2018
8PM Premium Black Whisky	Whisky	Lower & Mid-Prestige / Semi-Premium	2018 (Re-launched June 2025)
Rampur Asava	Whisky (Single Malt)	Luxury / Ultra-Premium	2020
Rampur Indian Single Malt Double Cask	Whisky (Single Malt)	Luxury	2020
Royal Ranthambore Heritage Collection Whisky	Whisky (Blended Scotch)	Mid-Luxury / Super-Premium	2021
Magic Moments Dazzle	Vodka	Super-Premium / Luxury	2021
Magic Moments Ready-to-Drink (RTD) Vodka Cocktails	Vodka	Low-Alcohol Beverage	2022
Rampur Indian Single Malt Jugalbandi	Whisky (Single Malt)	Luxury	2022
Sangam World Malt Whisky	Whisky (Blended Malt)	Luxury	2023
1965 Lemon Dash Rum	Rum	Premium	2023
Rampur Indian Single Malt Trigun Cask Whisky	Whisky (Single Malt)	Luxury	2022
Happiness in a Bottle Craft Gin	Gin	Premium / Super-Luxury	2023
Spirit of Victory 1999 Pure Malt Whisky	Whisky (Pure Malt)	Luxury	2024
The Kohinoor Reserve Indian Dark Rum	Rum	Luxury	2024
Magic Moments Remix Pink Vodka	Vodka	Premium / Flavored	2023
Jaisalmer Gold Edition Gin	Gin	Luxury Craft	2024
Rampur Indian Single Malt Barrel Blush	Whisky (Single Malt)	Luxury	2024
Ankahi Zaffran Spiced Liqueur	Liqueur	New Series	Q4FY2025
Morpheus rare luxury whisky	Whiskey	Super Premium	1QFY26
The Spirit of Kashmyr	Vodka	Luxury	2QFY26
D'YAVOL Anejo Tequila	Tequila	Luxury	2QFY26

Source: Company, Systematix Institutional Research



**Exhibit 9: Consumers have a broad spectrum to choose, with focus on premium brands**

Indicative MRP	Whisky	Rum	Brandy	Vodka	Gin
Luxury (US\$ 50+)					
Semi Luxury (US\$ 15+)					
Super Premium (US\$ 10-15)					
Semi-Premium / Premium (US\$ 8-10)	 MS: 5%			 MS: 80%	
Deluxe (US\$ 6-8)		 CSD MS: 18%			
Regular (<US\$ 6)	 MS: 15%	 CSD MS: 15%			

Source: Company, Systematix Institutional Research

**Exhibit 10: Millionaire brands of Radico Khaitan**

							
<b>Magic Moments Vodka</b>	<b>8PM Premium Black Whisky</b>	<b>Morpheus Brandy</b>	<b>After Dark Whisky</b>	<b>1965 Spirit of Victory Rum</b>	<b>8PM Whisky</b>	<b>Contessa Rum</b>	<b>Old Admiral Brandy</b>
<b>6<sup>th</sup> Largest Vodka</b>	<b>13<sup>th</sup> Largest Indian Whisky</b>	<b>4<sup>th</sup> Fastest growing Brandy</b> <b>10<sup>th</sup> Largest Brandy</b>	<b>3<sup>rd</sup> Fastest growing Brand</b>	<b>1<sup>st</sup> Fastest growing Rum</b> <b>7<sup>th</sup> Largest Rum</b>	<b>7<sup>th</sup> Largest Indian Whisky</b>	<b>9<sup>th</sup> Largest Rum</b>	<b>3<sup>rd</sup> Fastest growing Brandy</b> <b>4<sup>th</sup> Largest Brandy</b>

Source: Company, Systematix Institutional Research

**Expanding vodka offerings**

RDCK has aggressively expanded its vodka offerings to strengthen its leadership in this category. It has strategically created a niche for itself in the highly competitive IMFL industry, by launching products in the mid-premium vodka segment, largely overlooked by major players.

- Market leadership and flagship brand**

- o RDCK's brand *Magic Moments* has achieved >60% market share in the vodka category.

- o *Magic Moments* has been instrumental in the company's success, becoming a 'millionaire' brand ). In FY24, the *Magic Moments* brand family sold 6.3mn cases and exceeded Rs 10bn in revenue, with strong 25% value growth. By FY25, *Magic Moments* crossed 7mn case sales. *Magic Moments* constitutes 23% of RDCK's overall volumes and ~54% of its P&A volumes.
- o Strategic partnerships, such as Kriti Sanon as its brand ambassador to elevate its image, has further boosted the brand.
- o Within India's spirit industry, vodka contributes ~3% in volume and 8% in value terms, while globally its contribution is around 35% in value terms, indicating significant growth potential in India.
- **Premium variants and innovation**
  - o To fortify its leadership, RDCK launched premium variants like *Verve* and *Dazzle*.
  - o *Magic Moments Verve* was launched in the super-premium segment to compete with brands like *Smirnoff*. Its success in North India enabled the brand's expansion into other key states. In 2014, the company introduced *Flavored Verve* vodka, which boosted its on-trade consumption.
  - o *Magic Moments Dazzle* was launched to bridge the gap between premium and luxury Bottled In Origin (BIO) vodka.
  - o RDCK also recently announced the launch of *The Spirit of Kashmyr*, a true luxury vodka. The roll out began in Uttar Pradesh, and would be followed by Goa, Maharashtra and other key markets across the country.
  - o RDCK has actively extended the vodka franchise through flavored variants to retain the momentum in the category and attract younger consumers. In 2022, through *Magic Moments* RDCK Ready-to-Drink (RTD) vodka cocktails in the low-alcohol beverage segment and in FY24, it launched *Magic Moments Remix Pink Vodka* to cater to the surging demand for colored and flavored beverages.
  - o RDCK's constant innovation in the P&A space has led to a spurt in volume and value contributions from these brands.
- **Strategic positioning and quality control**
  - o *Magic Moments* was initially positioned in the mid-prestige segment to differentiate itself from existing offerings like *Smirnoff*, *Absolute*, *Grey Goose*, and *Romanov*.
  - o The superior quality and taste of *Magic Moments*, particularly due to RDCK's backward integration in manufacturing ENA were seen as key advantages. Backward integration has enabled the company to not only gain control over alcohol quality but also secure long-term ENA supplies for future growth opportunities.
- **Market trends and future outlook**
  - o Vodka and other white spirits are considered more premium than whisky, as these are often used for cocktails and mixers, driving on-trade consumption.
  - o The demand for premium and super-premium vodka is expected to accelerate due to higher disposable incomes and increased offerings in the segment. Before COVID-19 (2014-2019), premium and super-premium vodka segments

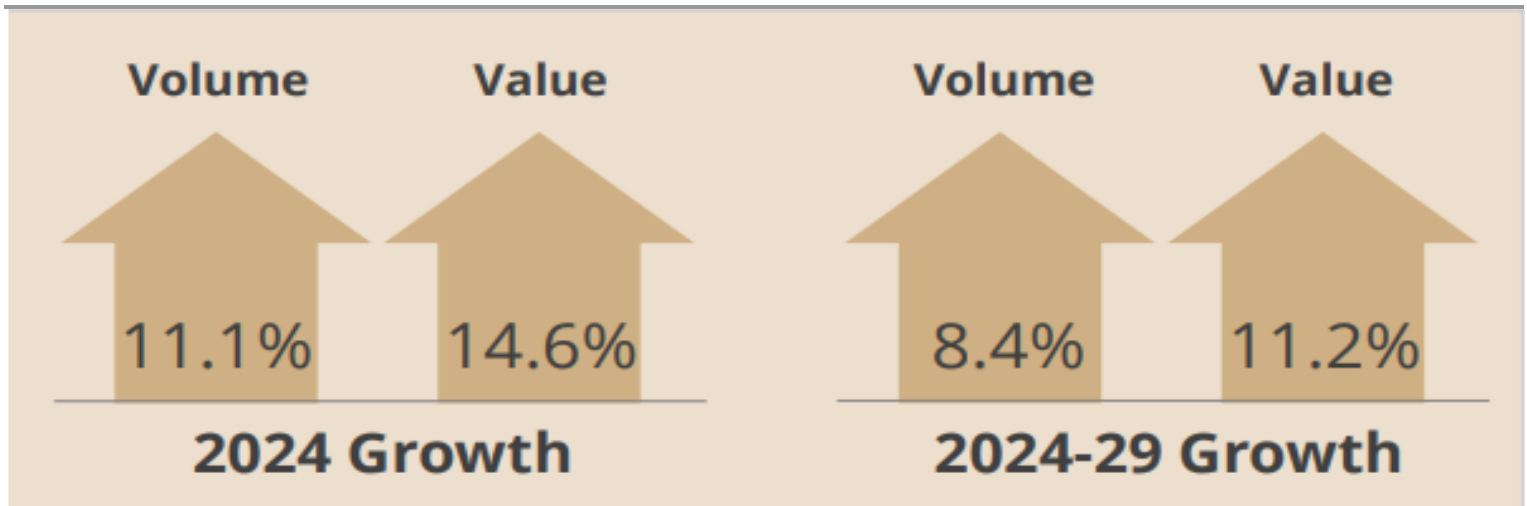
grew at 5.1% and 7.8% CAGR, respectively, compared with the overall vodka category expanding at 4.1%. This differential caused their market share to rise from 60% to 66%.

- o Post COVID-19, gin and vodka were identified as significant growth drivers in the P&A segment.
- **Operational enhancements**
  - o To support growth in its vodka portfolio, RDCK has invested in its infrastructure, including a new PET plant in South India and a state-of-the-art glass bottle printing facility in Maharashtra. The aim is to improve supply chain efficiency, reduce costs, and ensure rapid product availability across the nation.

**Exhibit 11: RDCK's dominant position in the Vodka category**



Source: Company, Systematix Institutional Research

**Exhibit 12: Vodka industry - Growth indicates a strong premiumization trend**

Source: Company, Systematix Institutional Research

**Strategic expansion into the luxury gin segment**

RDCK has strategically forayed into the gin category to capitalize on the rapid growth, particularly in the white spirits segment.

**RDCK's expansion to gin**

- **Initial entry and flagship brand**

- o RDCK launched *Jaisalmer Indian Craft* gin in 2018 as part of its strategy to introduce products in niche categories, a segment overlooked by larger players.
- o *Jaisalmer Indian Craft* gin quickly gained traction, securing ~50% share in the Indian luxury gin market. It has also available in around 40 countries in over 30 travel retail locations and 22 states in India.
- o The gin is characterized by its use of 11 botanicals/herbs, with seven of these being sourced from various parts of India.

- **Product diversification and innovation**

- o Building on the success of *Jaisalmer Indian Craft* gin, RDCK introduced the *Jaisalmer Gold Edition* in FY25 (June 2024). This higher-priced variant features 18 botanicals, including saffron, and is currently available in seven states.
- o In FY24, RDCK also launched *Happiness in a Bottle*, a premium/super-luxury gin collection, which includes three variants a) *Joy of Juniper*, b) *Joy of Citrus*, and c) *Joy of Pink*, marking the company's entry into the pink gin segment. It was initially introduced in four states, with plans for broader expansion across India in FY25.

- **Strategic rationale and growth potential**

- o Gin, alongside vodka, was been identified as a major growth driver in the P&A segment post COVID-19.
- o The company's expansion into gin aligns with its broader strategy of focusing on premiumization and launching products that fill 'white spaces' in the market, where there is less competition or untapped potential. This strategy



has been successful in attracting new consumer segments with higher volumes.

- o White spirits, including gin, are increasingly preferred by younger consumers due to their versatility in cocktails, driving on-trade consumption.

- **Operational support and capacity**

- o To meet the growing demand for *Jaisalmer Indian Craft* gin, RDCK has trebled its gin distillation capacity.
- o RDCK is also setting up a craft gin plant at the new 350 KLPD grain-ENA distillery in Sitapur, UP, to support the growth of *Jaisalmer Indian Craft* gin. This investment is a part of RDCK's broader backward integration strategy to improve control over alcohol quality and secure long-term ENA supplies for future growth.

#### Exhibit 13: Strong brand reputation in the Gin category



Source: Company, Systematix Institutional Research

#### Single malts drive growth in the luxury segment

RDCK has built a strong franchise in the single malt whisky category, led by its flagship **Rampur Indian Single Malt** brand, supplemented by other premium single malt launches.

#### Market growth and position

India's single malt market is expected to witness strong growth over the next 5 years.

RDCK is able to differentiate products in the growing Indian single malt market.

RDCK has aggressively expanded in the premium/luxury segment, which includes Indian single malt.

### ***Rampur Indian Single Malt***

**Launch and recognition:** RDCK launched its first luxury brand, *Rampur Indian Single Malt* in 2016.

**Production and legacy:** *Rampur Indian Single Malt* is crafted from bespoke malt scotches and blended scotch grain to harmonize Indian single malt with Scottish traditions. It leverages whisky-making expertise and blends it with a fusion of premium malts sourced from Europe and the New World. It is made from single malts distilled twice in traditional pot stills and matured in oak barrels, each contributing a distinct flavor profile. Rampur Distillery is described as the "oldest Indian single malt distillery".

#### **Variants and offerings:**

- *Rampur Indian Single Malt* was initially priced at Rs 12,500 for a 750ml bottle.
- In 2020, RDCK launched *Rampur Indian Single Malt Double Cask*, which was made available in 16 states in India at a price of \$100 for a 750ml bottle.
- *Rampur Indian Single Malt Asava* (world's first whisky finished in Indian red wine casks) was launched in 2020 and priced at \$110 for a bottle.
- *Rampur Indian Single Malt Jugalbandi* and *Trigun* were launched in 2022. *Jugalbandi* was priced at \$300 for 750ml bottle, and *Trigun* (single malt) at \$200 for a 750ml bottle.

**Availability:** *Rampur Indian Single Malt Double Cask* is available in 16 states and *Rampur Indian Single Malt Asava* in 10 Indian states.

**Pricing:** Prices of *Rampur Indian Single Malt* products vary significantly, based on the variant, ranging from \$100 to \$300, stretching to \$6,000 for certain limited editions like *Reserve*.

### ***Sangam World Malt Whisky***

**Launch:** Launched in 2023.

**Characteristics:** *Sangam* is a blend of eastern tradition and western whisky-making expertise. It is available in 10 Indian states and the company aims to expand its distribution reach. It is available in 8 states in canteen stores department (CSD) channels and has plans to roll it out in two additional states in 4QFY25.

Cumulatively, the semi luxury and luxury segments contributed Rs 3.4bn to RDCK's topline in FY25 and is expected to cross Rs 5bn in FY26. Currently, the category contributes 10% of RDCK's overall portfolio.

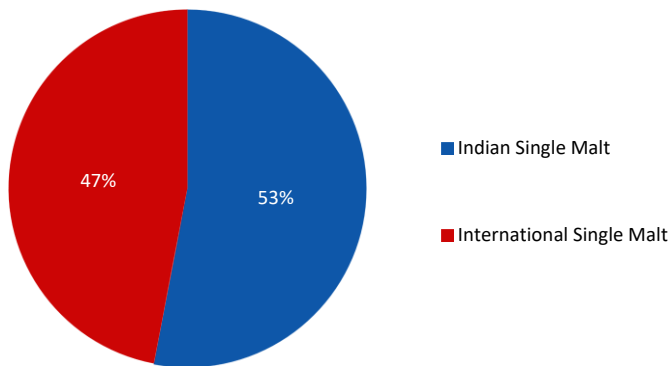


Exhibit 14: Rampur Indian Single Malt pricing ladder



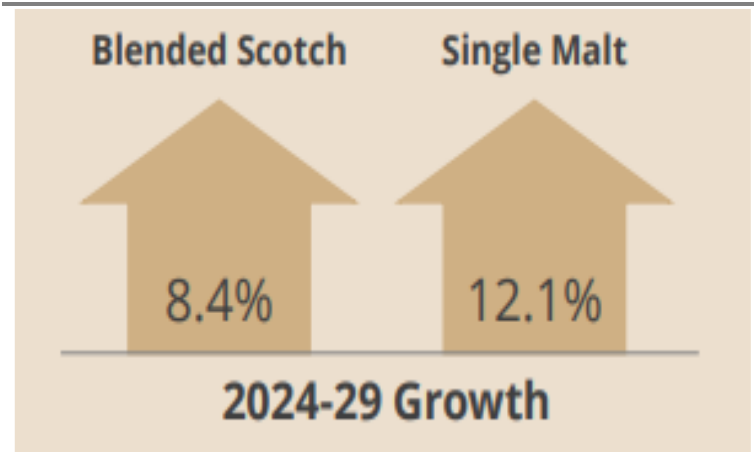
Source: Company, Systematix Institutional Research

Exhibit 15: Single malt market size in India in 2023 - 6.8 lakh cases



Source: Company, Systematix Institutional Research

Exhibit 16: Indian single malt market to witness strong growth



Source: Company, Systematix Institutional Research

### Non IMFL contribution to moderate

RDCK's non-IMFL operations are concentrated entirely in Uttar Pradesh (UP). This business is spread across three components a) traditional molasses-based country liquor franchise, b) recently introduced UP Manufactured Liquor (UPML) segment based on grain spirits, and c) sales of bulk ENA from its distilleries. The UPML category was rolled out by the state government in FY23 to encourage a shift from conventional country liquor toward more affordable grain-based options.

This business has never been a strategic growth driver for RDCK and has typically delivered steady but unremarkable performance. We attribute the sharp increase in FY24 revenue to incremental ENA availability, following the commissioning of the Sitapur facility, rather than structural growth in the category.

Margins in both, country liquor and UPML, remain thin, with profitability capped in the mid-single-digit range. Since pricing is government-controlled, earnings were

squeezed in FY22–FY23, amid elevated raw material costs and delays in regulatory price adjustments but improved in FY24 once revisions were approved.

Although the segment contributes over 30% of RDCK's topline, it accounts for less than 15% of EBITDA. With a growing share of ENA output expected to be consumed internally, revenue momentum is likely to moderate in mid-single digit.

## Geographical expansion

### New FY26 excise policy to boost RDCK's traditional presence in UP

UP has traditionally been a dominant market for RDCK, generating with over 25% of its volume originating from the state. The company also holds approximately 24% market share in UP's country liquor market. Since 2016, RDCK has significantly benefited from the liberalization of policies, reduction in taxes, and formalization/expansion of trade channels in UP since 2016, leading to rapid growth in its IMFL volumes. The company also gained from United Spirits reducing its focus and franchising out its popular segment in UP to concentrate on the P&A segment. During 4QFY25, RDCK's P&A segment recorded 37% growth in UP, with the market share of this segment improving from 26% to 29%. RDCK holds 8% share in this segment at the pan-India level.

The new FY26 excise policy in UP is expected to support growth, with composite shops expanding their universe of outlets by almost 40%. Additionally, with wholesalers now paying excise duty for IMFL, working capital requirements of the industry have come off and benefited established players like RDCK, enabling them to rotate cash faster.

### Expanding into key growth states

RDCK has been expanding into select markets such as Maharashtra, Karnataka, Telangana, West Bengal, and Assam. These markets are experiencing sturdy growth in the premium and luxury IMFL segments.

**Andhra Pradesh (AP):** Favorable policy changes in AP catapulted RDCK's market share in the state from ~10% in 1HFY25 (23% in 4QFY25) to 28% in 1QFY26. The company thus became the largest player in the industry, with its position further accentuated by policy tailwinds, which favored large national players. RDCK is exploring a return to in-house manufacturing in AP, which could boost its margin profile.

**Karnataka:** While the premium segment is seeing robust growth following an excise duty cut, the value segment remains impacted by high taxes.

**Telangana and Maharashtra:** These states are emerging as strong growth drivers, particularly for the premium category, given their preference for premium spirits. The government has started to release Telangana's outstanding dues, with prevailing supplies being paid within the specified credit period, as a result of which, RDCK has the lowest overdue (below Rs 1bn) among the old outstanding dues in the industry.

Maharashtra on the other hand as seen a recent sharp hike in tax (40-50% increase in MRP), which could impact sales. However, RDCK is unlikely to get affected significantly, as it generates only 4-5% of its volumes from the state.

### Extensive distribution network

RDCK possesses an extensive distribution network across India, covering over 100,000 retail outlets and 10,000 on-premise locations. This widespread reach allows it to scale new and existing brands effectively to meet the surging consumer demand for premium spirits.

The company has a sales force count of ~300 personnel, structured into four zones. Each of these zones is led by a regional profit center head that ensures the company has a robust national sales and distribution presence.

RDCK also has dedicated printing units at three locations that support the growth of *Magic Moments* vodka, ensuring consistency and high quality.

On-trade (bars, restaurants) is a key focus area that grew at 45% YoY during 4QFY25 in the company's core markets of Delhi, Mumbai, Bengaluru, Kolkata, and Hyderabad. RDCK is increasing its brand mix ratio to include luxury and semi-luxury portfolios in these locations through promotions, events, collaborations (e.g., with golf, polo, fashion, music, and luxury brands), while expanding availability in high-end clubs, hotels, and restaurants.

### An established international business

RDCK has established a significant international footprint and exports its alcoholic beverages to over 100 countries across six continents. These include, the US, Canada, Europe, Africa, Southeast Asia, Australia, New Zealand, and the Middle East.

Brands like *Rampur Indian Single Malt* whisky and *Jaisalmer Indian Craft* gin were launched with a global audience in mind and have gained strong traction.

In FY25, the export segment contributed ~9% to the company's revenue and ~5% to its volume.

### Exhibit 17: International presence – Key accounts



Source: Company, Systematix Institutional Research

**CSD market – A key channel to scale up RDCK's super-premium and luxury portfolio**

RDCK is a key supplier to CSD, a government enterprise providing goods to military personnel at concessional rates.

The CSD channel is significant, due to substantial tax exemptions and creates a price disparity compared to the open market.

Currently, 11-12% of RDCK's revenue and 9% of its volume come from CSD sales.

RDCK has strategically leveraged this channel to scale up its super-premium and luxury portfolio, including brands like *Royal Ranthambore* whisky.

The 2020 ban on imported liquor in CSD outlets provided an opportunity for domestic brands like RDCK to introduce premium products that gained traction there, before expanding into the broader civil market.

**Sustained debt reduction strategy**

**Current debt position:** As of 30 June 2025, RDCK's total debt stood at Rs 4.92bn (including term loans of Rs 2.56bn), with cash and equivalents of Rs 821mn, translating into net debt of Rs 4.1bn. This marks an improvement over 31 March 2025, when net debt was Rs 5.73bn on total debt of Rs 6.3bn (including term loans of Rs 2.9bn) and cash of Rs 570mn. Overall, net debt declined by Rs 1.72bn since March 2024, while gross debt moderated to Rs 6.3bn in FY25 from Rs 7.3bn in FY24.

**Historical debt trend and drivers:** Over FY16-FY22, RDCK significantly reduced its gross debt from Rs 8.2bn to Rs 1.9bn. This reduction was primarily driven by strong free cash flow (FCF) generation, efficient working capital management and improved profitability and execution, especially with the increasing contribution of the P&A segment and expansion into profitable states.

In FY23, RDCK undertook substantial capex of Rs 7.35bn, causing its gross debt to rise to Rs 7.4bn in FY24. While the investment was expected to pay off in 3–4 years, volatility in raw material prices (ENA and glass) and limited price hikes from state governments impacted profitability, causing a delay in debt repayment and leading to a contraction of over 250 basis points in gross margin.

**Outlook on debt:** RDCK management is focused on driving profitable growth, cash flow generation, and more efficient working capital management to reduce debt. The company expects debt levels to decline gradually, supported by steady FCF generation, with the benefits of capacity expansion materializing over the next 2-3 years. RDCK aims to become almost debt-free by FY27. For FY26, the company expects to reduce its debt by 35%-40%.

Improved profitability, driven by a rising P&A mix, moderating raw material prices, and price hikes in select states are anticipated to strengthen return ratios and support in accelerating debt repayment.

## Key risks/ concerns

### Volatility in raw material prices

Steep inflation in ENA and glass prices (key raw materials) have historically impacted RDCK's profitability. For instance, margins were affected by such inflation during FY22–24. While moderation in glass price inflation and a stable raw material scenario have partly enabled margin recovery in FY25, any kind of price spurt in future could be detrimental to the company's operating performance.

Despite significant premiumization and backward integration, gross margin contracted from 51.4% in FY19 to 42.8% in FY25 due to these external headwinds, according to management.

### Changes in regulatory environment and excise duty

The liquor industry in India is highly susceptible to regulatory risks as it is a state subject, implying states have autonomy over taxation, pricing, and distribution.

This includes the risk of adverse rulings from courts and changes in regulations concerning pricing, licensing, operating facilities, manufacturing processes, marketing, advertising, and distribution.

Given the financial pressures on state governments, there exists a likelihood of states raising excise duties, which could have a bearing on the company's profitability and pricing. As a fallout, if the company raises prices of its products beyond a point, it could adversely impact its brands. The variability in excise policies across different Indian states creates operational and pricing challenges for RDCK.

### Competition intensifying

The IMFL industry is highly competitive, with major players like United Spirits, Pernod Ricard, and Allied Blenders & Distillers dominating the market. RDCK has faced difficulties in scaling its brands in highly competitive segments like whisky in the past.

While a significant portion of RDCK's revenue comes from niche segments like vodka (*Magic Moments*) and super-premium brandy (*Morpheus*), where competition from leading multinational corporations is currently limited, any increase in competitive activity in these specific areas could hamper the company's brands.

The presence of global and local players with aggressive premiumization and marketing strategies could weigh on pressure RDCK's market share. Management expects the India-UK Free Trade Agreement (FTA) to be margin-accretive through cost savings. However, with foreign brands unlikely to significantly cut prices or dilute their premium image, broader consumer choices could intensify competition.

### Slowdown in P&A volume growth

A slowdown in the volume growth of its P&A segment is a key risk. The company's strategy for revenue and earnings growth heavily relies on its premiumization journey and the expansion of its P&A portfolio.

### Debt repayment delays

Despite efforts to reduce debt, profitability challenges, partly due to raw material volatility and limited price hikes from state governments, have previously resulted in delays in debt repayment. Even though the company aims to turn nearly debt free by FY27, interest costs have risen in 4QFY25 due to higher working capital utilization.



## Financials and Valuation

### Premiumization and robust volumes drive record growth in FY25 performance

RDCK's robust upward trajectory in its topline and profitability in recent years can be gauged from its highest-ever annual net revenue of Rs 48.51bn, EBITDA of Rs 6.68bn and PAT of Rs 3.41bn in FY25. This was the best year in the company's history across all key financial metrics.

Total IMFL volumes rose by 9.2% to 31.36mn cases during this period, with the Prestige & Above (P&A) brands reporting 15.5% volume growth at 13mn cases. The contribution of P&A to IMFL volumes slightly increased to 46.1% from 45.6% in FY24. In terms of value, P&A contributed 69.4% to total IMFL sales in FY25, up from 68.5% in FY24, demonstrating the company's successful premiumization strategy.

During FY19-FY25, RDCK reported CAGR of 15% in revenue, 11.5% in EBITDA and 10.1% in adjusted PAT. The company's strong 1QFY26 results reinforced its growth trajectory for the remainder of FY26.

We believe premiumization strategy and expansion in high-growth categories would primarily drive RDCK's growth, with revenue estimated to register 17.6% CAGR over FY25-28E, primarily fueled by the P&A segment. Overall volumes are slated to expand at 15.8% CAGR, largely driven by robust ~20% CAGR in the P&A segment and moderate 14% CAGR in the regular segment.

### Margins to improve

The company recorded stable gross profit margin of 42.8% in FY25 versus 42.5% in FY24. EBITDA margin improved to 13.9% from 12.3% during the same period. Premiumization, moderation in glass-price inflation, and price hikes in key states led to the margin recovery, pointing to a relatively stable raw material scenario.

The company's gross margin had previously contracted from 51.4% in FY19 to 42.8% in FY25 due to steep inflation in ENA and glass (key raw materials) prices.

We anticipate ~300 bps margin improvement to ~17% over FY25-28E on the back of moderating raw material costs, richer product mix and increasing contribution from the high-margin P&A category (P&A volumes could rise from 46.1% in FY25 to 50% by FY28E). Operational efficiencies from backward integration and the commissioning of the Sitapur plant would also boost margins.

Company to sustain marketing spend at 6-8% of IMFL revenue.

The India-UK Free Trade Agreement (FTA), which phases down customs duties on whisky, raw scotch and gin from 150% to 75% immediately and further to 40% over 10 years, is seen as a net positive for RDCK. The company expects substantial cost savings on imported scotch for blending (projected to exceed Rs 2.5 bn in FY26), with the import of raw scotch to exceed Rs 4bn over the next three years. Management does not plan to alter its premium pricing strategy, as foreign brands are unlikely to pursue material price cuts, as it could dilute their premium image.

### Looking to turn almost debt free by FY27

RDCK's debt profile has seen fluctuations, marked by significant reduction in debt and increase in strategic investments. Historically, the company successfully reduced its gross debt from ~Rs 8.2bn in FY16 to ~Rs 1.9bn in FY22, primarily on strong FCF generation and improved working capital management. However, the company entered into a substantial capex cycle of ~Rs 7.4bn in FY23 to expand capacity, which



included the conversion into a dual-feed plant and a new grain-ENA distillery in Sitapur. These investments led to its gross debt rising to ~Rs 7.3bn in FY24 and subsequently moderating to ~Rs 6.3bn in FY25. As of 31 March 2025, RDCK had a total debt of Rs 6.3bn and net debt at Rs 5.74bn, implying a reduction of Rs 1.72bn since 31 March 2024, aided by inventory liquidation and debtor realization in 4QFY25. As of 30 June 2025 the company had total debt of ~Rs 4.92bn and net debt of ~Rs 4.09bn. Despite some previous delays in repaying debt due to raw material volatility and limited price hikes, the RDCK management is optimistic and projects a 35%-40% reduction in gross debt during FY26, with the aim of turning almost debt free by FY27. This projected reduction is expected to be driven by improved profitability from premiumization, stable raw material prices, and continued focus on efficient working capital management and healthy free cash flow generation.

### Capex

The company has indicated an average annual run rate of ~Rs 1.5-1.6bn in capex for the next two years. This includes Rs 200-250mn for malt capacity.

### Financial and operational prudence to enhance return ratios

Historically, RDCK has been focusing on improving return ratios through enhanced profitability and operational execution. It expects RoE/RoCE to improve from 11.3%/12.8% and 13.3%/15.8% in FY24/FY25 to 20.7%/24.4% by FY28E, respectively. Overall, a combination of premiumization, stable raw material costs, and disciplined financial management are expected to underpin these robust return ratios.

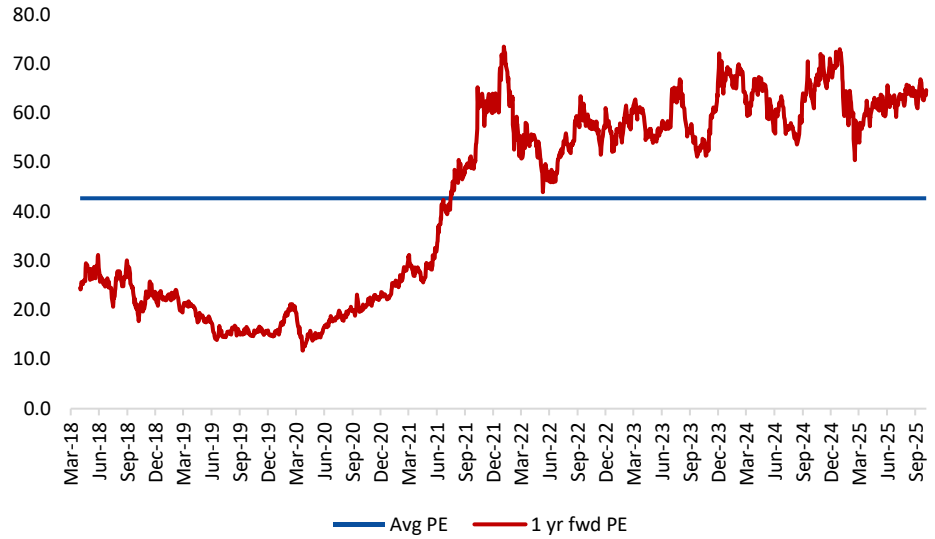
### Valuations

We estimate revenue/EBITDA/adjusted PAT CAGR of 17.6%/25.8%/37.1% over FY25-FY28E, respectively. We initiate coverage on RDCK with a BUY rating and target price of Rs 3,473, based on a PE of 58x Sep 2027E EPS.

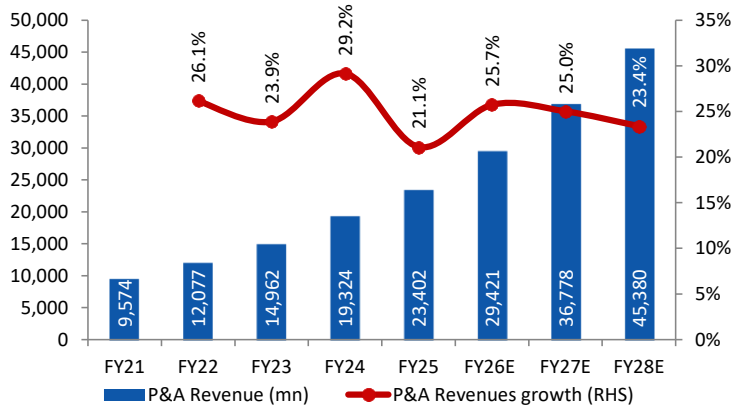
### Exhibit 18: Peer comparison

Companies	Market Cap. Rs.	PE (x)			EV / EBITDA (x)			ROE (%)			FY25-FY28E CAGR (%)		
		FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	Revenue	EBITDA	PAT
Radico Khaitan	400bn	76.8	56.3	44.9	45.3	35.9	29.4	17.4	20.0	20.7	17.6%	25.8%	37.1%
Allied Blenders	155bn	59.8	47.7	36.9	29.8	24.5	20.0	15.4	17.8	20.9	14.5%	21.8%	27.8%
Tilaknagar Industries	98bn	45.3	39.2	32.5	32.9	27.1	22.4	20.7	19.9	20.1	16.5%	15.0%	6.9%
United Spirits *	991bn	55.8	48.0	42.4	39.0	34.0	30.6	20.1	21.1	21.2	9.7%	11.7%	13.2%
United Breweries *	476bn	76.4	58.3	45.5	45.5	35.1	28.2	13.3	16.9	19.7	12.5%	25.8%	31.1%
Sula Vineyards *	22bn	33.8	25.1	23.0	16.5	14.1	12.5	10.8	12.9	13.5	7.7%	10.8%	11.3%

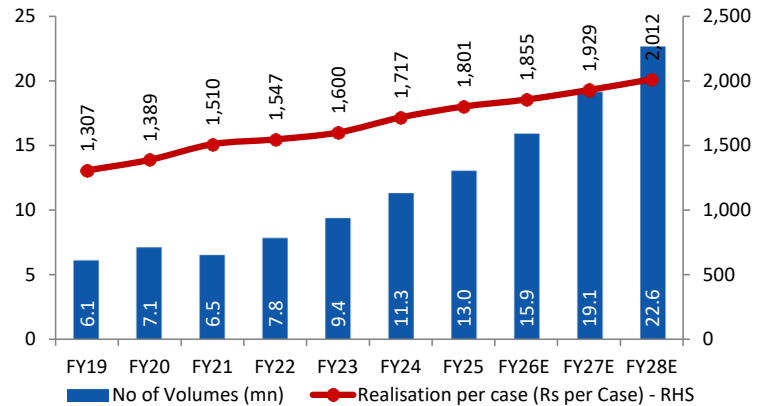
Source: Company, Systematix Institutional Research, Note: \*Bloomberg consensus estimates

**Exhibit 19: Radico Khaitan currently trades at 64.7x one year forward PE**

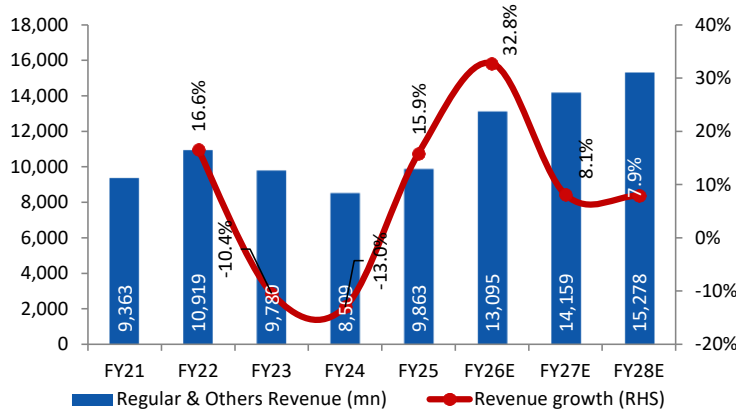
Source: Company, Systematix Institutional Research

**Exhibit 20: P&A revenue CAGR of 24.7% over FY25-FY28E**

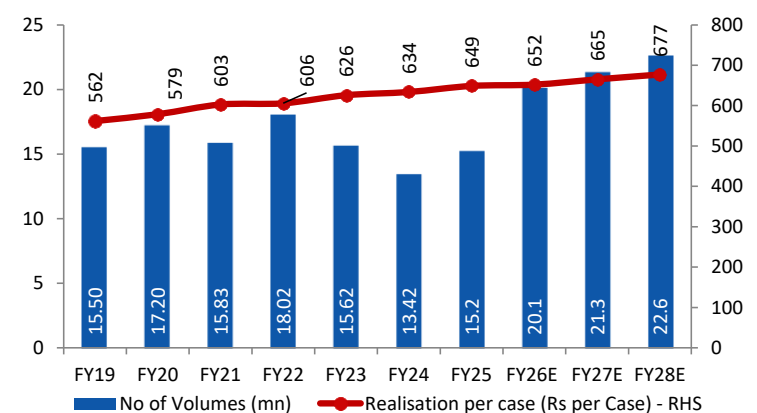
Source: Company, Systematix Institutional Research

**Exhibit 21: P&A volume/ realization per case CAGR of 20.2%/ 3.8% over FY25-FY28E**

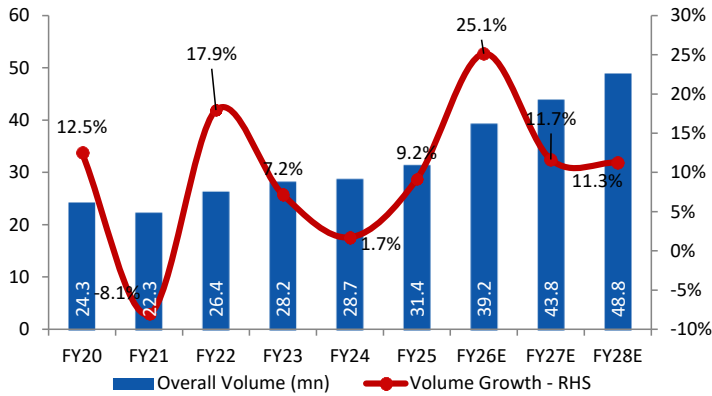
Source: Company, Systematix Institutional Research

**Exhibit 22: Regular & Others - revenue CAGR of 15.7% over FY25-FY28E**

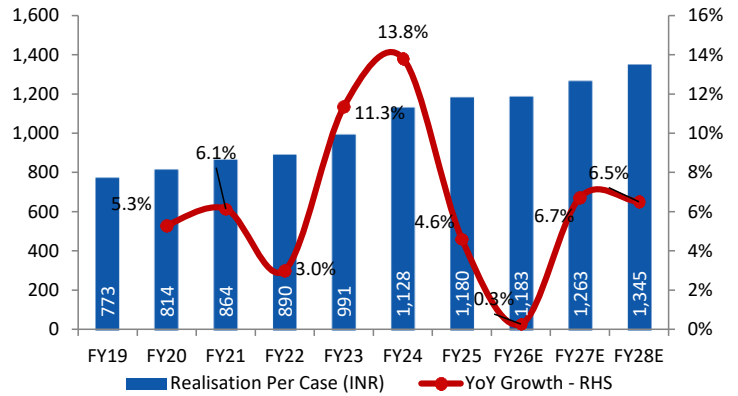
Source: Company, Systematix Institutional Research

**Exhibit 23: Regular & Others - volume/ realization per case CAGR of 14%/ 1.4% over FY25-FY28E**

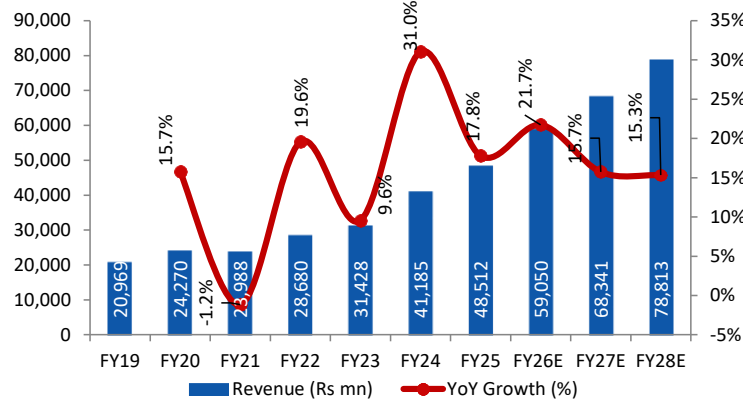
Source: Company, Systematix Institutional Research

**Exhibit 24: Overall volume CAGR of 15.8% over FY25-FY28E**

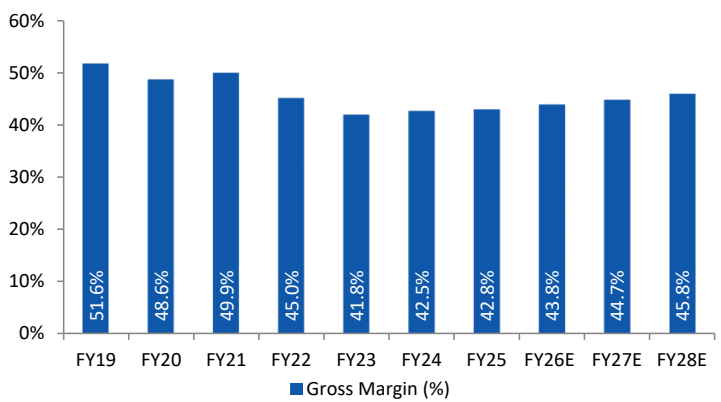
Source: Company, Systematix Institutional Research

**Exhibit 25: Overall realization CAGR of 4.4% over FY25-FY28E**

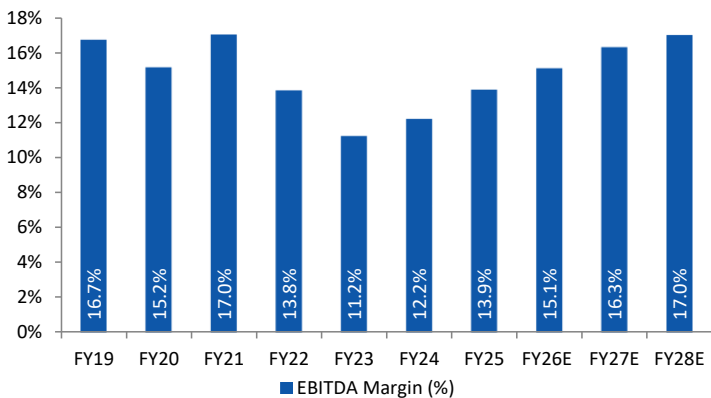
Source: Company, Systematix Institutional Research

**Exhibit 26: Revenue CAGR of 17.6% over FY25-FY28E**

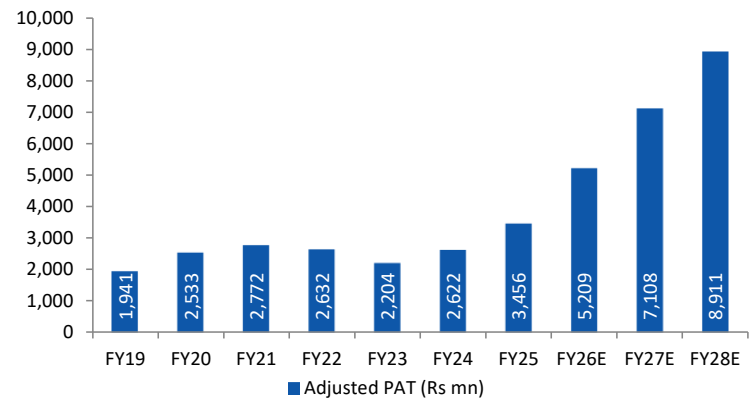
Source: Company, Systematix Institutional Research

**Exhibit 27: Gross margin of 45.8% by FY28E**

Source: Company, Systematix Institutional Research

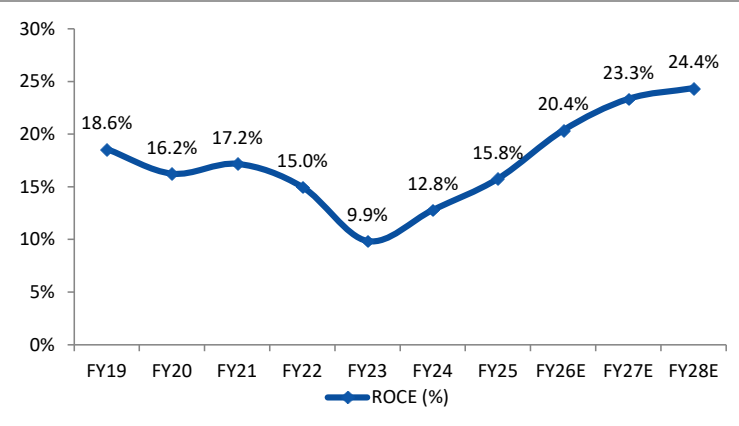
**Exhibit 28: EBITDA margin of 17% by FY28E**

Source: Company, Systematix Institutional Research

**Exhibit 29: PAT CAGR of 37.1% over FY25-FY28E**

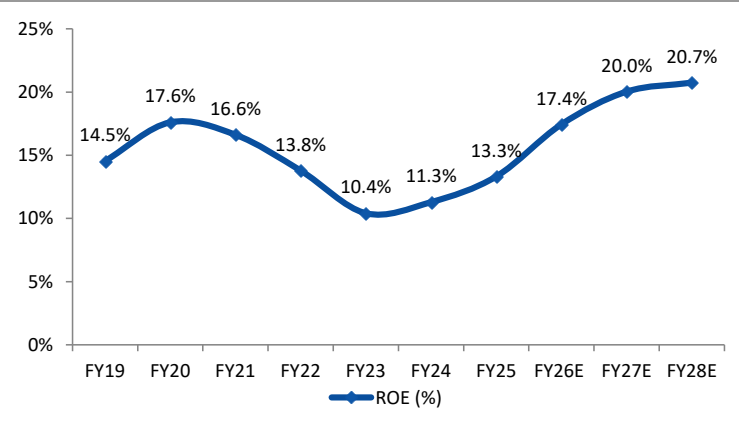
Source: Company, Systematix Institutional Research

Exhibit 30: RoCE – 24.4% by FY28E



Source: Company, Systematix Institutional Research

Exhibit 31: RoE – 20.7% by FY28E



Source: Company, Systematix Institutional Research

## About the company

Radico Khaitan Limited (RDCK IN) was formerly known as Rampur Distillery & Co. The company has been engaged in liquor manufacturing since 1943 and is promoted and managed by the Khaitan family. In 1998, the company forayed into the branded liquor segment through its flagship product, 8PM Whisky. Since then, RDCK has successfully built a strong portfolio of brands across multiple price points, spanning the luxury, semi-luxury, super-premium, premium, deluxe, and regular segments.

RDCK is currently among the top rated players in India's liquor industry, with eight millionaire brands in its portfolio. Its flagship brand, *Magic Moments Vodka*, has been consistently registering double-digit growth, reaffirming its strong positioning in the premium segment. Other prominent brands include, *Rampur Indian Single Malt*, *Jaisalmer Indian Craft Gin*, *Sangam*, *Royal Ranthambore Whisky*, *8PM Black*, *Morpheus*, *1965 Spirit of Victory*, *After Dark*, *Old Admiral*, and *Contessa*. Focusing on innovation, RDCK continues to expand its portfolio annually, having recently introduced *Morpheus Super Premium Whisky*, marking its entry into the super-premium whisky segment.

On the manufacturing front, the company operates three distilleries in Rampur (Uttar Pradesh), three distilleries in Aurangabad (Maharashtra) through a 36% joint venture, and a newly commissioned distillery in Sitapur (Uttar Pradesh). The Sitapur facility nearly doubled RDCK's standalone capacity from 104.9 million litres in FY23 to 213.3 million litres in FY24. As of 31 March 2025, the company operated on a total capacity of 321.2 million litres, excluding its JV operations.

RDCK's strong pan-India distribution network is supported by 43 bottling units that ensures widespread availability of its products across >100,000 retail outlets and >10,000 on-premise locations. Even though Uttar Pradesh is its core market, its share of overall revenue has been gradually declining, reflecting increasing geographical diversification. The company's robust distribution system and evolving go-to-market strategies have enabled it to deliver products efficiently and adapt effectively to the changing market dynamics.

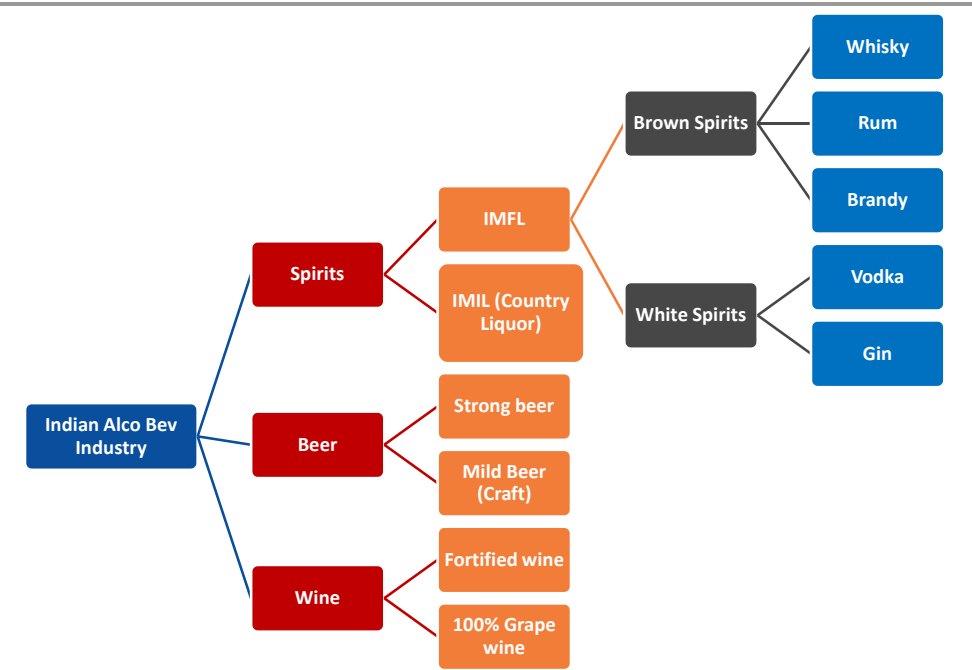
### Exhibit 32: Key Managerial Personnel

Name	Designation	Description
<b>Mr. Lalit Khaitan</b>	Chairman & Managing Director (CMD)	He has been the company's CMD since 2003. A veteran with over 50 years of experience, he is one of the pioneers in India's spirit industry. He has succeeded in transforming RDCK from a bottler to a leading IMFL player in India. He also serves as the Chairman of UP Committee of PHD Chamber of Commerce and Industry, as a senior member of the managing committee of ASSOCHAM, and is a member of the managing committee of All India as well as UP Distillers Association.
<b>Mr. Abhishek Khaitan</b>	Managing Director	He holds a Bachelor's degree of Engineering from BMS college of Engineering, Bangalore and has completed a course in Managerial Finance & Accounting from Harvard, USA. He is the brain behind RDCK's foray into the branded business. As the Managing Director with over two decades of industry experience, he has been instrumental in launching over 15 successful brands, of which, seven feature in the millionaires club.
<b>Mr. Dilip Banthiya</b>	Chief Financial Officer	He is a fellow member of the Institute of Chartered Accountants of India (ICAI). He has over 30 years of experience in corporate finance, treasury, international finance and corporate mergers and acquisitions. He was invited to the CFO100 Roll of Honour 2012 in recognition of excellence and has been associated with various professional bodies and committees.
<b>Mr. Amar Sinha</b>	Chief Operating Officer	He is a sales & marketing expert and has a distinguished professional career spanning more than 30 years with a range of FMCG. Prior to joining RDCK, he served as the Executive Director of the Wave Group. During his professional career, he has held distinguished positions as the MD of Whyte & Mackay India, Executive Director & CEO of Allied Blenders & Distillers Ltd, Director & CEO of Golden Tobacco Ltd., MD of Playwin (Zee Group), besides working in senior positions with Herbertsons Ltd (UB Group) and Smithkline Beecham.
<b>Mr. Sanjeev Banga</b>	President - International Business	He is a Commerce and MBA graduate from UBS, Chandigarh. He has been spearheading the global reach for RDCK since 2008. He is an international business veteran with over 30 years of experience in FMCG companies such as Godfrey Philips, Nestle, Seagram/Pernod Ricard, Kohinoor Foods.

Source: Company, Systematix Institutional Research

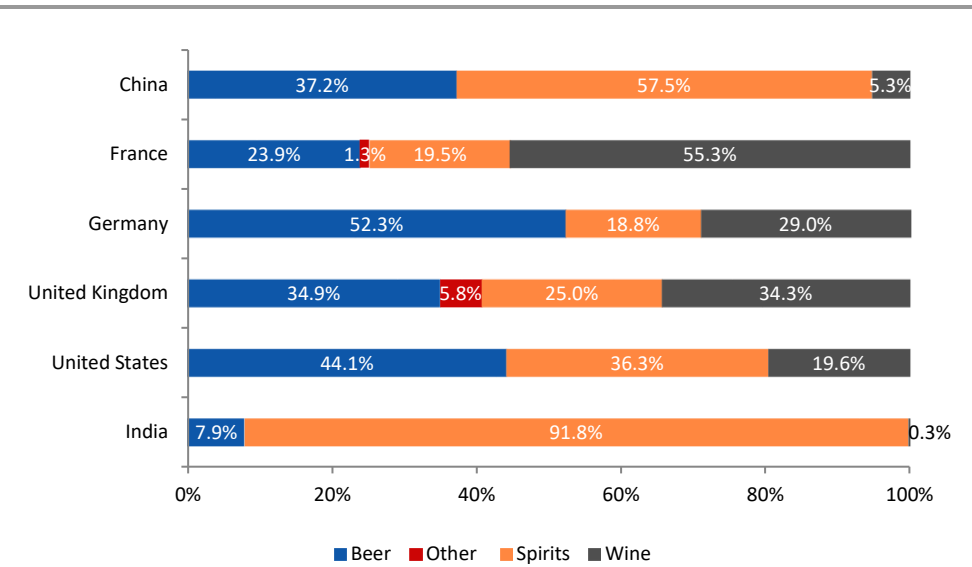
Alcohol Beverage Industry

Exhibit 33: Categorization of India’s alcobev industry



Source: Company, Systematix Institutional Research

Exhibit 34: India dominates the spirits market with >90% consumption (2023)



Source: Technopak Analysis, Systematix Institutional Research

Exhibit 35: Per capita alcobev consumption as per alcohol concentration in 2023 (in litres)

Country	Spirit	Beer	Wine	Others	Total
Germany	5.2	112.2	25.8	0	143.2
France	5.9	50	53.2	3.5	112.6
USA	8.6	77.9	14.4	0	100.9
United Kingdom	5.9	69.9	28.9	11.7	116.4
China	7.9	34.3	1.8	1	45
India	7	5.2	0	0	12.2

Source: Technopak Analysis, Systematix Institutional Research



### India - Alcobeve market surpasses 1bn cases annually, predominantly led by spirits

In FY23, India's alcobeve market exceeded 1bn cases. A breakdown by volume reveals that the market is nearly evenly split among country liquor, IMFL and beer, with wine constituting a miniscule share. The industry is anticipated to grow to 1,451mn cases in volume terms by FY28. India's per capita alcohol consumption is considerably lower than global average. The relatively low per capita consumption, combined with favorable demographic trends and addition of over 13mn individuals each year to the legal drinking age positions India as an enticing market for alcoholic beverages (alcobeve), which holds substantial growth potential for India.

IMFL represents the largest portion of India's alcobeve market, both in volume and value terms. The IMFL market witnessed a rebound to 395mn cases in FY23 from 355mn cases during pre-COVID in FY20. IMFL sales volumes are expected to rise to 520mn cases by FY28F. Sales value for FY23 is estimated at Rs 2,207bn and is projected to reach Rs 3,713bn by FY28F. Between FY23 and FY28F, IMFL sales value and volume are forecast to expand at 9% and 5.7% CAGR, respectively.

#### Exhibit 36: Alcobeve consumption in India (in million cases)

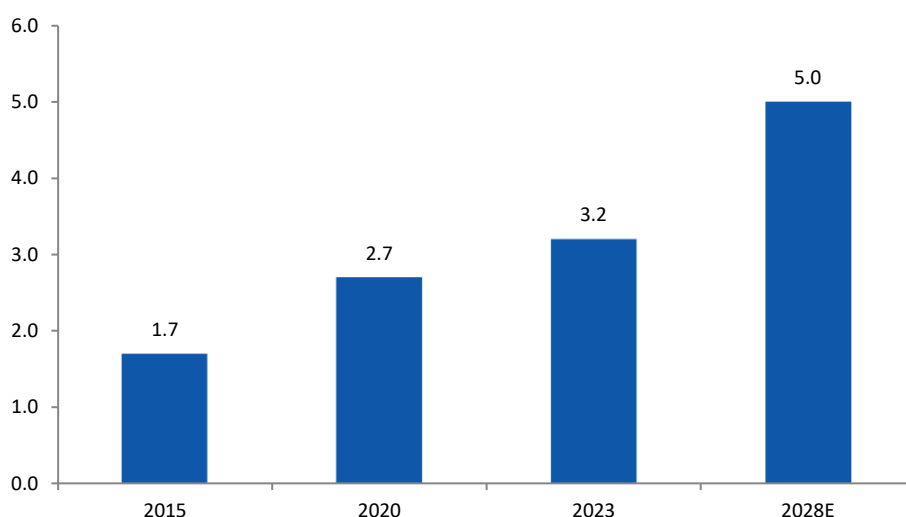
Segment	2015	2020	2023	2028E	FY15-20 CAGR	FY20-23 CAGR	FY23-28E CAGR
Beer	300	320	330	480	1.3%	1.0%	0.8%
Country Liquor	330	340	350	445	0.6%	1.0%	4.9%
IMFL	325	355	395	520	1.8%	3.6%	5.7%
Wine	2.2	2.5	3	5.9	2.6%	6.3%	14.5%
<b>Total (mn cases)</b>	<b>960</b>	<b>1,018</b>	<b>1,078</b>	<b>1,451</b>	<b>1.2%</b>	<b>1.6%</b>	<b>6.9%</b>

Source: Technopak Analysis, Systematix Institutional Research

### India's alcobeve sector expected to touch Rs 5 trn by 2028e

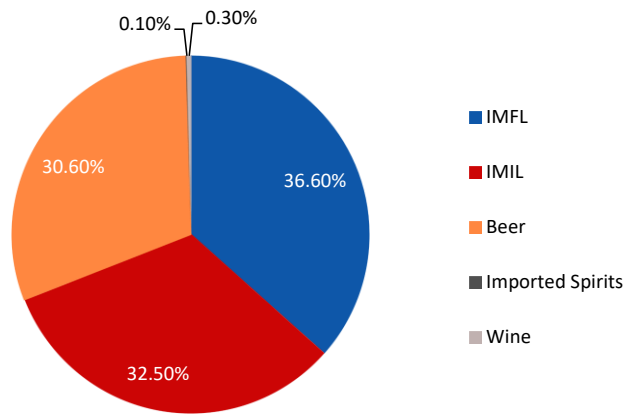
India ranks as the third-largest alcobeve market in the world, followed by China and Russia, and the second-largest markets for spirits. India's alcobeve market is expected to post ~11.3% growth in value terms and ~6.1% in volume terms during FY23-FY28F. IMFL primarily drove the market in FY23 and is anticipated to touch ~69% of the total market value.

#### Exhibit 37: Indian alcobeve market size (Rs trn)



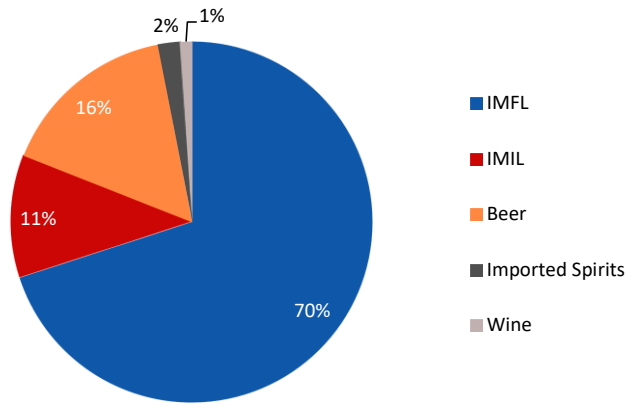
Source: Technopak Analysis, Systematix Institutional Research

Exhibit 38: India alcobev industry volume share (2023)



Source: Technopak Analysis, Systematix Institutional Research

Exhibit 39: India alcobev industry value share (2023)

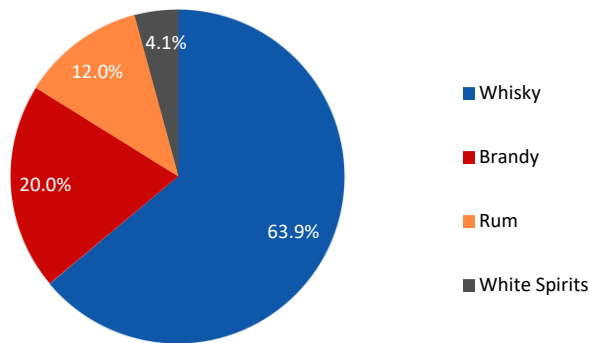


Source: Technopak Analysis, Systematix Institutional Research

**Brown spirits mainly characterize IMFL but global markets favor white spirits**

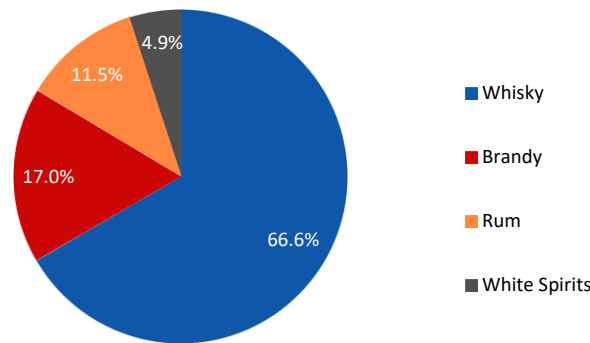
The IMFL sector mainly consists of brown spirits such as whisky, rum, and brandy, alongside a minor segment of white spirits like vodka and gin. This is in contrast to the trend in international markets in which white spirits dominate. Between FY23 and FY28, the market share of white spirits in India rose from 7.8% to a robust 8.6% in value terms compared to brown spirits like whisky.

Exhibit 40: IMFL sales trend in volume - 400mn cases in CY24



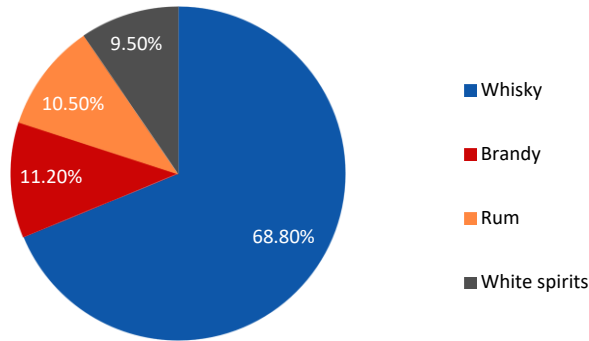
Source: Company, Systematix Institutional Research

Exhibit 41: IMFL sales trend in volume - 512mn cases in CY29



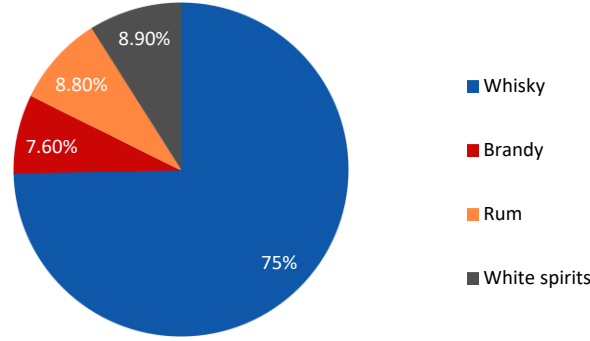
Source: Company, Systematix Institutional Research

Exhibit 42: IMFL sales trend in value - Rs 2,962bn in CY24



Source: Company, Systematix Institutional Research

Exhibit 43: IMFL sales trend in value - Rs 5,548bn in CY29

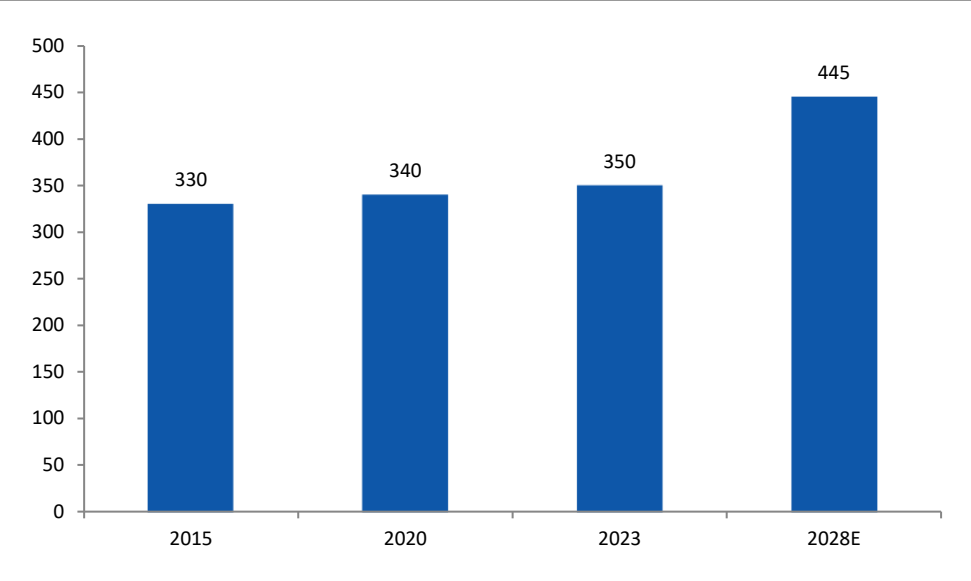


Source: Company, Systematix Institutional Research

Low-income consumers are the intended audience for IMFL

Flavored local alcoholic drinks, commonly referred to as country liquor or Indian Made Indian Liquor (IMIL), represented about one-third of the total alcoholic beverage market by volume in FY23. IMIL is a flavored alcoholic beverage shaped by regional taste preferences, with popular varieties including fruit and masala flavors. It is aimed at India’s price-sensitive low-income groups and is immensely popular in the rural regions. IMIL is produced from rectified spirits, typically containing an alcohol content of 30%-37%. Purity level of rectified spirits is comparatively lower than ENA used in IMFL. However, in recent times, country liquor manufacturers have begun using ENA as an ingredient.

Exhibit 44: IMIL market in India (volume in million cases; FY)



Source: Technopak Analysis, Systematix Institutional Research

Price and segment constitution of India’s alcobev market

India’s alcobev market has historically been price sensitive. The mass premium segment primarily drove volumes in this category during the first 15 years of the century. During 2000 to 2015 highest per capita increase was seen in alcohol consumption, with the number of people turning eligible to drink alcohol too rising. However, the premiumization trend in recent years has resulted in higher-priced segments experiencing quicker growth versus their lower-priced counterparts.

Exhibit 45: Industry split by price range and segments

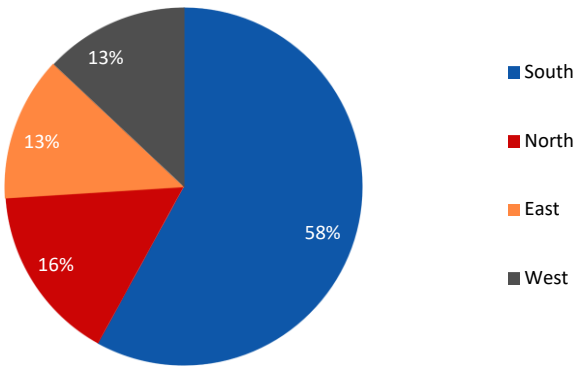
AlcobeV	Sub segment	Segment name	Price range (Rs)
Spirits	IMIL	Cheap/ Local or unbranded	100-200
		Popular	Up to 350
	IMFL	Prestige	350-850
		Premium	850-1750
		Bottled in India (BII)	850-1750
	Bottled in Origin (BIO)	Luxury	1,750 and above
Beer	Beer	Popular	Up to 160
		Premium	160 and above
Wines	Wine	Popular	Up to 400
		Economy	400-700
		Premium	700-950
		Elite	950 and above

Source: Technopak Analysis, Systematix Institutional Research

Regional and state-wise split of alcobeV consumption

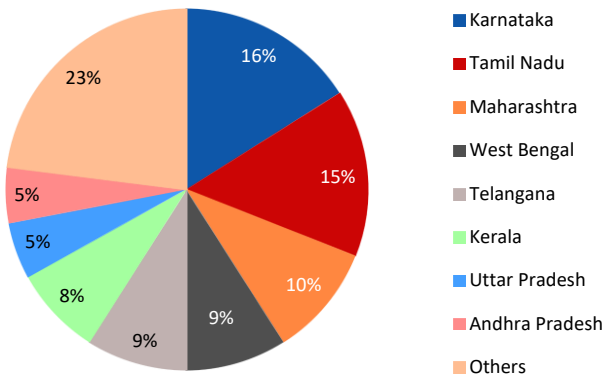
Southern states, which collectively account for nearly half of the total market volume, mainly lead India’s alcobeV market. These five southern states heavily influence India’s IMFL and beer markets, with Tamil Nadu and Karnataka ranking among the top two in the southern region. India’s southern market shows greater emphasis on the popular segment, while the northern and western regions are more focused on the prestige and premium segments. The five southern states have a huge number of alcohol drinkers in the IMFL category, as country liquor is prohibited; in contrast, country liquor is available in north India, typically produced from grain ENA. In the north, the prestige and premium price segments make up a larger portion of the market, as consumer prices are generally lower in regions like Delhi and Haryana compared to other areas of the country.

Exhibit 46: Region-wise IMFL market split (FY23)



Source: Technopak Analysis, Systematix Institutional Research

Exhibit 47: State-wise IMFL market split (FY23)

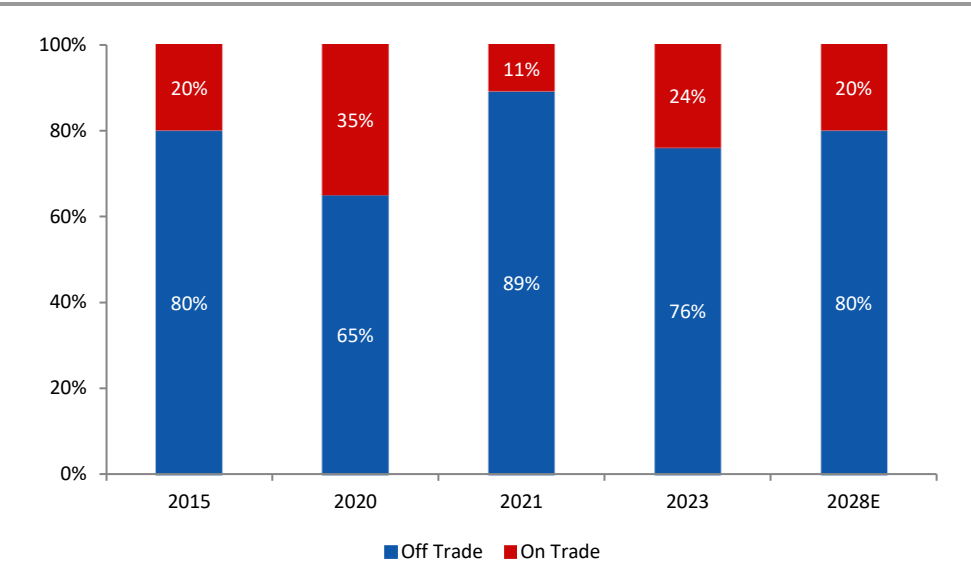


Source: Technopak Analysis, Systematix Institutional Research

Prominence in on-trade channel to drive sales growth in the off-trade channel

On-trade sales in the alcobev sector pertain to consumption taking place in hotels, restaurants, and catering services ('HoReCa'). This segment plays a crucial role in India's alcobev industry, reflecting the industry's shift towards emphasis on experience over mere intoxication. In FY21, on-trade sales experienced a significant decline, as many establishments were closed during the initial half of the fiscal year, but by FY23, a full rebound was seen.

Exhibit 48: India's alcobev market - On-trade and off-trade sales



Source: Technopak Analysis, Systematix Institutional Research

Distribution and pricing framework – Primarily government controlled

State governments utilize regulated distribution as a means to manage alcobev sales. Since each state has a unique distribution model, various systems are in place across the country, ranging from complete control of the distribution network by state-run wholesaling and retailing to scenarios where either wholesaling or retailing, or sometimes both, are overseen by the state. Conversely, in certain states, distribution is managed entirely by private entities, who control both, wholesale and retail. Additionally, states regulate distribution by prohibiting the establishment of new outlets within their jurisdiction. Any transfer of alcobev from manufacturing facilities is sanctioned by government officials.

**Exhibit 49: Distribution models in the alcobev industry**

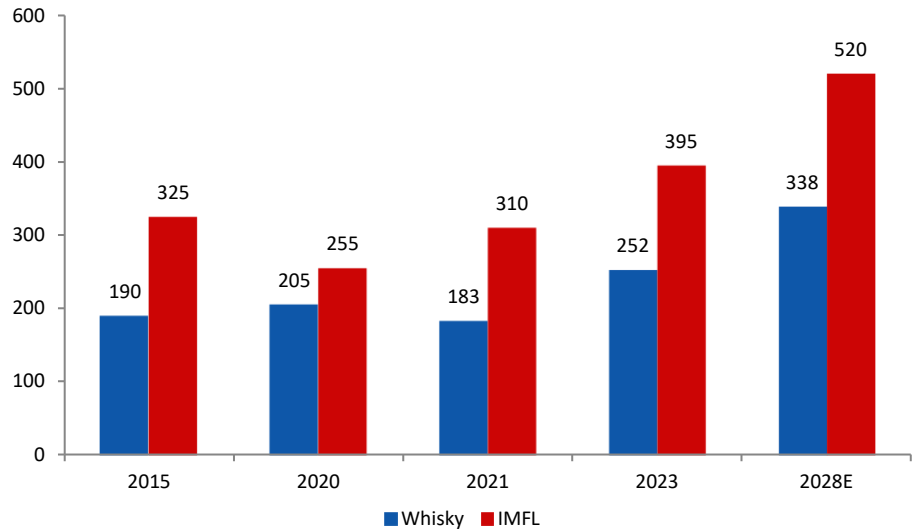
Distribution Channel	Sub-Type	Examples of States	Differentiating details
Distributor model			
Company -> Distributor -> Retail	Type 1	Maharashtra, Goa, Assam	Retail Private
			Distributor Private
Corporation model			
Company - >Corporation ->Retail	Type 1	Rajasthan, Karnataka	Retail Private
			Corporation buys from the company and sells it to the retailer
	Type 2	Madhya Pradesh	Retail Private
			Corporation warehouses hold company stocks; Retailer lifts stocks from the corporation and then invoices are raised based on retail lifting
	Type 3	Tamil Nadu	Retail is also owned by corporation
	Wholesale model		
Company ->Wholesale - > Retail	Type 1	Haryana, Delhi NCR	Retail private
			Wholesale private
			Multiple competing businesses control chunks of wholesale and retail
	Type 2	Sikkim	Retail private
			Wholesale private
			De facto monopoly of one group in wholesale

Source: Technopak Analysis, Systematix Institutional Research

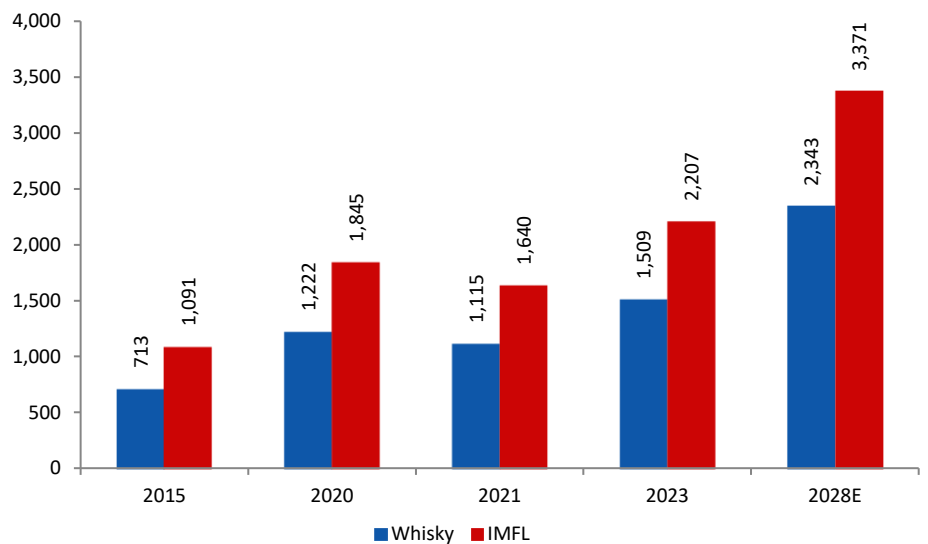
**Indian whisky – A USD 28.5bn market by FY28F; capitalizing on demographic trends, new consumers, and a move towards premium offerings**

Valued at Rs 1,509bn in FY23, India's whisky market is estimated to expand to Rs 2,343bn by FY28. The market is poised for value growth, driven by strong trends toward premiumization, resulting in up-trading within the category, along with rising preference for high-value products across various price ranges. Since FY13, volume growth in alcoholic beverages, including whisky, has slowed to single digit due to regulatory concerns and overarching economic conditions. Factors such as increasing income levels, urbanization, and a growing appreciation for western tastes and trends are fueling premiumization. Consumption of whisky is shifting from its traditional use as a stimulant to recreation and social interaction. The industry is set to harness the premiumization trend to propel value growth.



**Exhibit 50: Indian whisky market trend (volume in million cases; FY)**

Source: Technopak Analysis, Systematix Institutional Research

**Exhibit 51: Indian whisky market trend (value in Rs bn)**

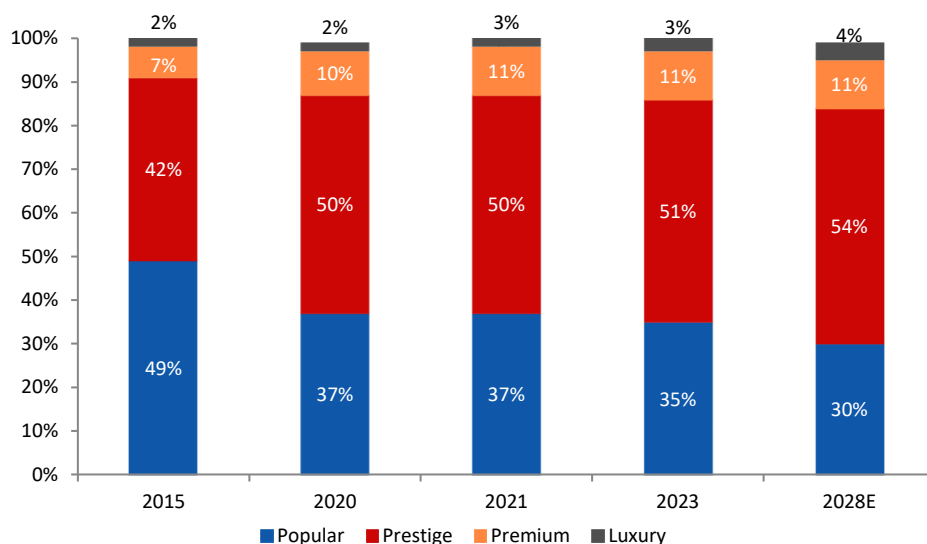
Source: Technopak Analysis, Systematix Institutional Research

### Indian whisky - traditionally price sensitive; value segment central to the category

The whisky market in India can be classified into four distinct segments - popular, prestige, premium, and luxury. The value segment, which includes popular and prestige categories, accounted for nearly 86% of India's total whisky volumes in FY23. A notable trend in the whisky market is the movement of consumers from IMIL to popular brands and from popular to prestige brands. The prestige segment, often referred to as the deluxe segment, is the largest within the whisky market, making up 51% of the market volume in India, with 124mn cases sold in FY23. This segment has shown steady growth over the years and is expected to touch 192mn cases, constituting 54% of the market by FY28F. It is anticipated to contribute sizable number of cases to the overall whisky market in India. The popular segment, also known as the mass premium segment, will likely continue to be vital too in the price-sensitive market, particularly in rural areas and among IMIL consumers. The popular

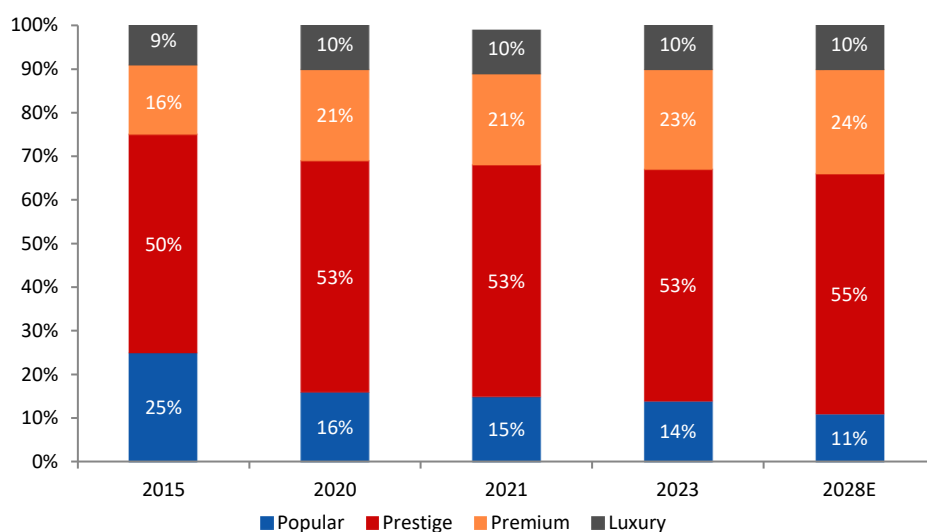
segment, or mass premium segment, with sales of 67mn cases in FY21, represented 37% of India's total whisky volumes. This number is forecast at 83mn cases by FY25. The premium segment is expected to experience the fastest growth among all segments, driven by trends toward premiumization, urbanization, increased income levels, and a younger, informed customer base. The luxury segment is characterized by high-end imported whiskies, including both blended and single malt varieties, available as bottled in India ("BII") and bottled in origin ("BIO") products, with strong presence in the on-trade sector, particularly the hospitality industry.

**Exhibit 52: Segment-wise split of whisky sales volume (FY)**



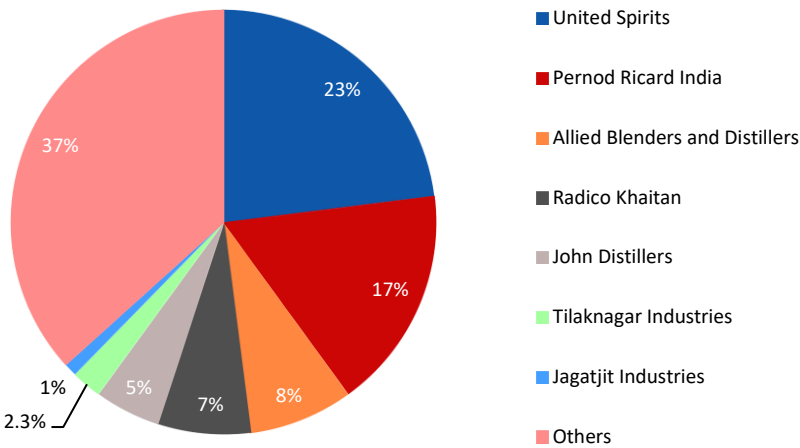
Source: Technopak Analysis, Systematix Institutional Research

**Exhibit 53: Segment-wise split of whisky sales value**



Source: Technopak Analysis, Systematix Institutional Research

Exhibit 54: Indian IMFL market - Volume share of alcobev players (%)



Source: Technopak Analysis, Systematix Institutional Research

Exhibit 55: Key players and their presence across categories

Company	Year of establishment	Whisky	Rum	Brandy	Vodka	Gin	Wine	Country Liquor
Allied Blenders and Distillers	1988	✓	✓	✓	✓	✓		
Jagatjit Industries	1944	✓	✓	✓	✓			
John Distilleries	1992	✓	✓	✓	✓	✓	✓	
Pernod Ricard India	1993	✓	✓	✓	✓	✓	✓	
Radico Khaitan	1943	✓	✓	✓	✓	✓		✓
Tilaknagar Industries	1933	✓	✓	✓		✓	✓	
United Spirits	1826	✓	✓	✓	✓	✓		
Globus Spirits	1993	✓	✓	✓		✓		✓

Source: Technopak Analysis, Systematix Institutional Research

Exhibit 56: Key players and their presence in whisky across segments

Company	Popular	Prestige	Premium	Luxury
Allied Blenders and Distillers	✓	✓	✓	✓
Jagatjit Industries	✓		✓	
John Distilleries	✓		✓	✓
Pernod Ricard India		✓	✓	✓
Radico Khaitan	✓	✓	✓	✓
Tilaknagar Industries	✓	✓	✓	✓
United Spirits	✓	✓	✓	✓
Globus Spirits	✓	✓		

Source: Technopak Analysis, Systematix Institutional Research

## FINANCIALS (CONSOLIDATED)

### Profit & Loss Statement

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	41,185	48,512	59,050	68,341	78,813
Gross profit	17,520	20,773	25,864	30,548	36,096
GP margin (%)	42.5%	42.8%	43.8%	44.7%	45.8%
Operating profit (EBITDA)	5,029	6,736	8,917	11,140	13,398
OP margin (%)	12.2%	13.9%	15.1%	16.3%	17.0%
Depreciation	1,138	1,401	1,463	1,536	1,623
EBIT	3,892	5,335	7,453	9,604	11,776
Interest expense	597	738	587	286	154
Other income	125	49	58	157	273
Profit before tax	3,420	4,646	6,925	9,474	11,895
Taxes	863	1,194	1,766	2,416	3,033
Tax rate (%)	25%	25.7%	25.5%	25.5%	25.5%
Share of Profit/Loss of JV & Associates	64	5	50	50	50
Minority Interest	0	0	0	0	0
Adj. PAT	2,622	3,456	5,209	7,108	8,911
Exceptional loss & Discontinued operations	-	-	-	-	-
Reported Net profit	2,622	3,456	5,209	7,108	8,911
Adj EPS	19.6	25.8	38.9	53.1	66.6
No of Shares	133.7	133.8	133.8	133.8	133.8

Source: Company, Systematix Institutional Research

### Cash Flow

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBIT	3,420	4,646	6,925	9,474	11,895
Depreciation	1,138	1,401	1,463	1,536	1,623
Tax paid	(726)	(904)	(1,766)	(2,416)	(3,033)
Working capital Δ	(2,667)	(2,265)	(1,448)	(2,474)	(3,022)
Other operating items	663	751	587	286	154
Operating cashflow	1,829	3,629	5,760	6,406	7,616
Capital expenditure	(2,522)	(1,809)	(1,573)	(1,648)	(1,560)
Free cash flow	(693)	1,819	4,187	4,758	6,055
Equity raised	37	90	-	-	-
Investments	(114)	0	-	-	-
Debt financing/disposal	1,339	(1,064)	(1,900)	(2,043)	(1,200)
Interest Paid	(587)	(746)	(587)	(286)	(154)
Dividends paid	(401)	(401)	(535)	(535)	(535)
Other items	61	(159)	-	-	-
Net Δ in cash	(358)	(461)	1,165	1,894	4,167

Source: Company, Systematix Institutional Research

### Balance Sheet

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	335	268	268	268	268
Reserves	24,061	27,269	31,943	38,517	46,893
Debt	6,014	6,307	4,407	2,364	1,164
Deferred tax liab (net)	919	985	985	985	985
Other non current liabilities	614	881	881	881	881
<b>Total liabilities</b>	<b>31,943</b>	<b>35,710</b>	<b>38,483</b>	<b>43,014</b>	<b>50,190</b>
Fixed Asset	17,544	18,341	18,451	18,563	18,501
Investments	1,978	1,983	1,983	1,983	1,983
Other Non-current Assets	638	821	871	921	971
<b>Inventories</b>	<b>7,797</b>	<b>10,768</b>	<b>11,648</b>	<b>13,481</b>	<b>15,547</b>
Sundry debtors	9,782	11,822	13,396	15,503	17,879
<b>Cash &amp; equivalents</b>	<b>1,006</b>	<b>577</b>	<b>1,743</b>	<b>3,636</b>	<b>7,803</b>
Loans and Advances	1,432	113	113	113	113
Other current Assets	774	1,966	1,747	2,022	2,332
Sundry creditors	2,670	6,647	5,824	6,740	7,773
Other current liabilities	6,336	4,033	5,643	6,468	7,164
<b>Total Assets</b>	<b>31,943</b>	<b>35,710</b>	<b>38,483</b>	<b>43,014</b>	<b>50,190</b>

Source: Company, Systematix Institutional Research

### Ratios

YE: Mar	FY24	FY25	FY26E	FY27E	FY28E
Revenue growth (%)	31.0	17.8	21.7	15.7	15.3
Op profit growth (%)	42.5	33.9	32.4	24.9	20.3
Adj Net profit growth (%)	19.0	31.8	50.7	36.5	25.4
OPM (%)	12.2	13.9	15.1	16.3	17.0
Net profit margin (%)	6.4	7.1	8.8	10.4	11.3
RoCE (%)	12.8	15.8	20.4	23.3	24.4
RoNW (%)	11.3	13.3	17.4	20.0	20.7
EPS Adj (Rs)	19.6	25.8	38.9	53.1	66.6
DPS (Rs)	3.0	4.0	4.0	4.0	4.0
BVPS (Rs)	182.5	205.9	240.8	290.0	352.6
Debtor days	21	23	23	23	23
Inventory days	18	20	20	20	20
Creditor days	6	10	10	10	10
P/E (x)	152.6	115.8	76.8	56.3	44.9
P/B (x)	16.4	14.5	12.4	10.3	8.5
EV/EBITDA (x)	80.5	60.3	45.2	35.8	29.4

Source: Company, Systematix Institutional Research

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## I. ANALYST CERTIFICATION

I, **Chetan Mahadik, Vijay Jangir**; hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

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- The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
- Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

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2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

- There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

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**BUY (B):** The stock's total return is expected to exceed 15% over the next 12 months.

**HOLD (H):** The stock's total return is expected to be within -15% to +15% over the next 12 months.

**SELL (S):** The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

**NOT RATED (NR):** The analyst has no recommendation on the stock under review.

**INDUSTRY VIEWS**

**ATTRACTIVE (AT):** Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

**NEUTRAL (NL):** Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

**CAUTIOUS (CS):** Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

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