Radico Khaitan | BUY

Exceptional transformation; revenue outperformance to sustain

Radico is an impressive story that showcases how one can emerge a winner through agility in identifying white spaces and capitalising on it through disproportionate focus on innovation and well-integrated manufacturing capabilities. Radico has been at the forefront in capturing the premiumisation wave to emerge as one of the fastest-growing players in the P&A segment, outperforming industry as well as large MNC players (UNSP/Pernod Ricard). Radico's dominance in the fast-growing vodka segment and initial success in the P&A whisky segment provides confidence on sustainability of revenue outperformance (sales CAGR of 18%) vs. peers over FY25-28E. Faster growth in the high-margin P&A segment, stable input costs, UK FTA benefit and scale leverage will drive gains in EBITDA margin. Improving profitability, working capital and lower capex intensity will aid RoCE, drive higher free cash and strengthen the balance sheet. With faster earnings growth (c.36% CAGR over FY25-28E) within the alcoholic beverage space, we expect premium valuations to sustain. Hence, we initiate coverage with a BUY rating and a Sep'26 TP of INR 3,515/share (60x Sep'27E).

- **Exceptional transformation crafted by visionary leadership:** Innovation, blend, packaging and well-integrated supply chain infrastructure are critical aspects for success in the IMFL industry. A large part of Radico's success can be attributed to the promoters' ability to spot opportunities early (for e.g.: premiumisation in vodka, scaling up presence in the luxury whisky segment) and extensive focus on innovation. Impressive execution is visible from a) it being one of the fastest-growing players in the P&A segment, b) dominant market share of 60% in the fast-growing vodka segment and c) initial success in the premium whisky segment.
- **Enough runway for growth, revenue outperformance to continue:** We see Radico's revenue outperformance continuing, led by – a) Scope for market share gains in the overall IMFL segment and the P&A segment, where its share is still in high single digits, b) favourable regulatory environment in its key markets of UP and AP (c.40% of its IMFL volume), c) high-teens growth in its largest brand 'Magic Moments' (c.50% of P&A sales) thereby capitalising on the fast-growing white spirit segment and d) acceleration in the whisky segment (led by recovery in 8 PM premium black, strong traction in After Dark and acceleration in the luxury portfolio) where it is under-indexed (c.38% of Radico's sales vs. c.60% for industry).
- **Improved profitability and working capital to strengthen balance sheet and drive healthy cash generation:** After steep margin pressure in FY22/23, Radico's margin has seen some recovery over FY24/25. We expect the pace of margin expansion to increase led by a) premiumisation – increase in salience of P&A and higher growth in the mid-premium/luxury portfolio within P&A, b) improved profitability in the non-IMFL segment, c) benefit of UK FTA, and d) stable input costs. Uptick in margins and better working capital will aid RoCE, which, along with lower capex intensity, will enable healthy FCF generation and ensure debt reduction (net cash by FY27E).

Mehul Desai
mehul.desai@jmfl.com | Tel: (91 22) 66303065

Gaurav Jogani
gaurav.jogani@jmfl.com | Tel: (91 22) 66303085

Pooja Kubadia
pooja.kubadia@jmfl.com | Tel: (91 22) 66303074

Sumanyu Saraf
sumanyu.saraf@jmfl.com | Tel: (91 22) 66303077

Rajat Gupta
rajat.gupta@jmfl.com | Tel: (91 22) 66303077

Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	NA
Current Price Target (12M)	3,515
Upside/(Downside)	16.8%
Previous Price Target	NA
Change	NA

Key Data – RDCK IN	
Current Market Price	INR3,011
Market cap (bn)	INR403.0/US$4.6
Free Float	55%
Shares in issue (mn)	133.5
Diluted share (mn)	133.5
3-mon avg daily val (mn)	INR837.9/US$9.5
52-week range	3,036/1,846
Sensex/Nifty	83,014/25,424
INR/US$	88.1

Price Performance			
%	1M	6M	12M
Absolute	5.6	33.9	33.5
Relative*	3.8	21.7	33.8

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	40,982	48,096	58,729	67,817	78,168
Sales Growth (%)	32.0	17.4	22.1	15.5	15.3
EBITDA	5,061	6,737	8,957	11,023	13,401
EBITDA Margin (%)	12.3	13.9	15.1	16.1	17.0
Adjusted Net Profit	2,558	3,452	5,168	6,804	8,735
Diluted EPS (INR)	19.2	25.9	38.7	51.0	65.4
Diluted EPS Growth (%)	25.1	35.0	49.7	31.6	28.4
ROIC (%)	10.7	13.2	17.0	19.9	22.9
ROE (%)	11.3	13.6	17.8	19.9	21.5
P/E (x)	157.2	116.4	77.8	59.1	46.0
P/B (x)	16.9	14.9	12.9	10.9	9.0
EV/EBITDA (x)	80.4	60.3	45.2	36.4	29.6
Dividend Yield (%)	0.1	0.1	0.2	0.3	0.3

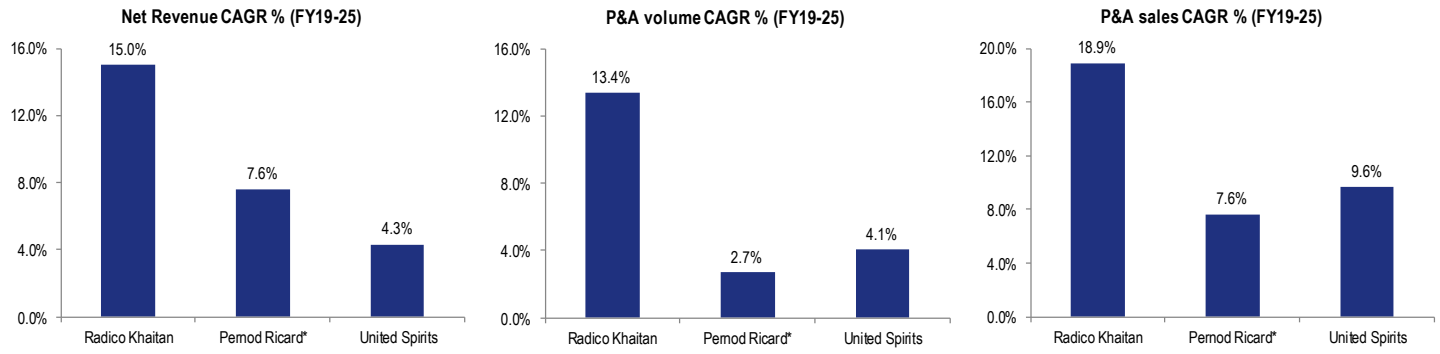
Source: Company data, JM Financial. Note: Valuations as of 18/Sep/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

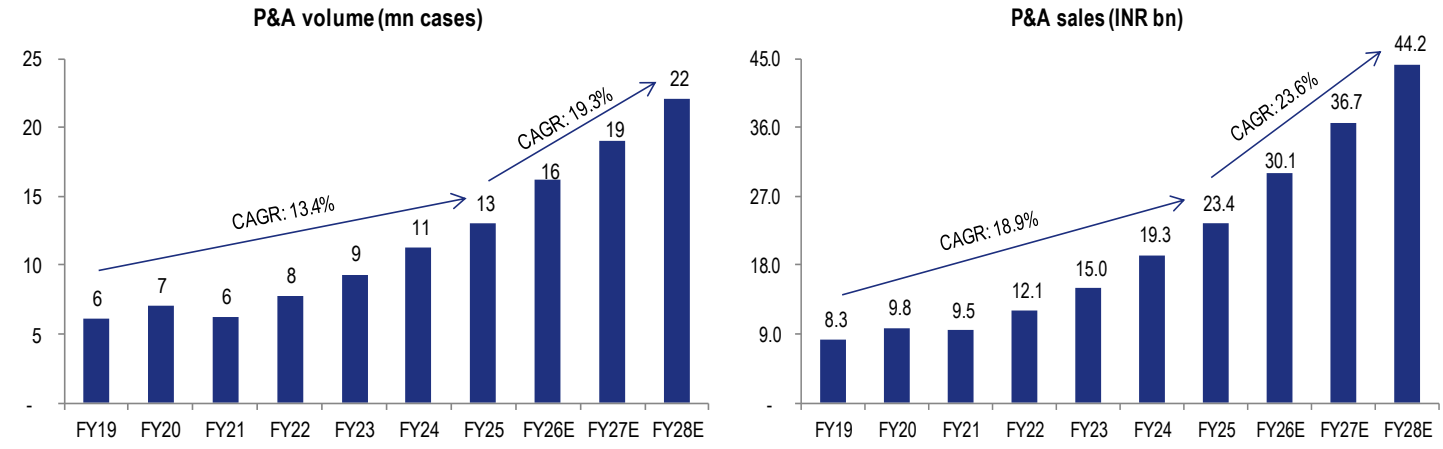
Focus charts

Exhibit 1. Radico has significantly outperformed United Spirits and Pernod Ricard, supported by strong growth in its P&A segment



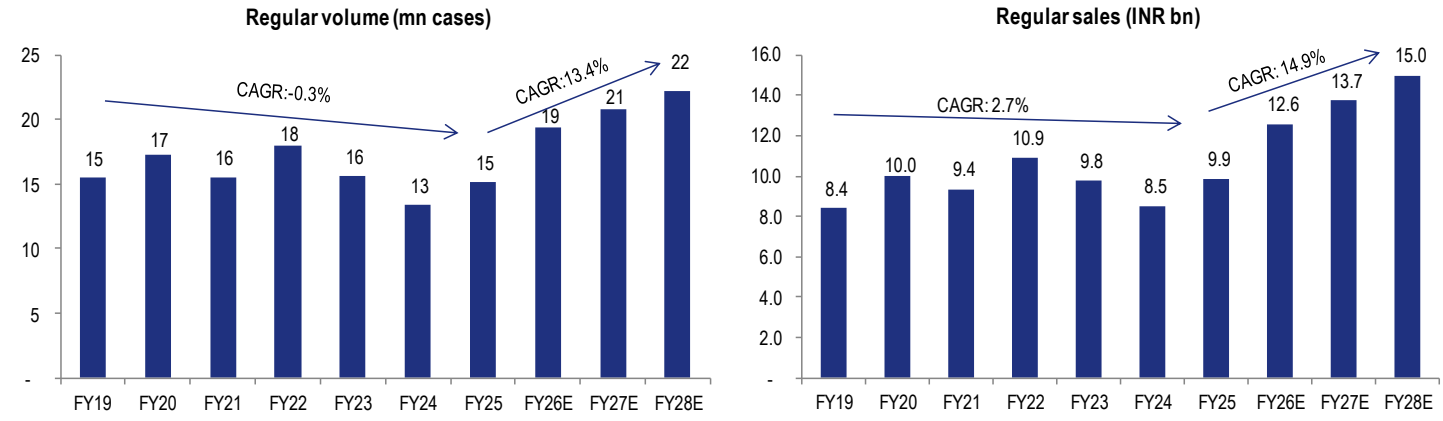
Source: Company, JM Financial. Note: Net revenue is net-off excise duty and including other operating income.
*Data of Pernod Ricard for FY25 is as per internal estimate.

Exhibit 2. We expect P&A trajectory to remain strong with c.19% volume and c.24% sales CAGR over FY25-28E



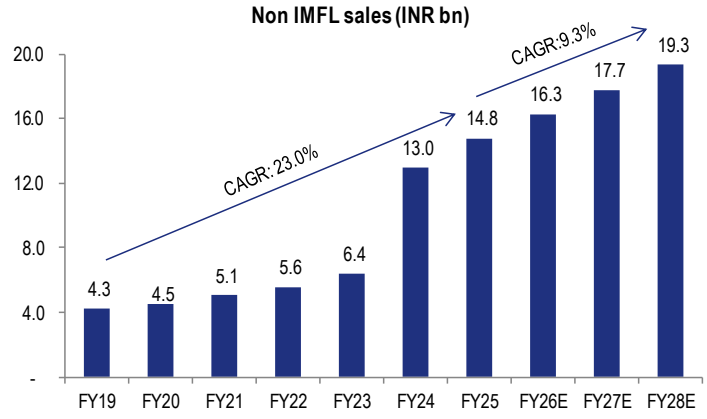
Source: Company, JM Financial

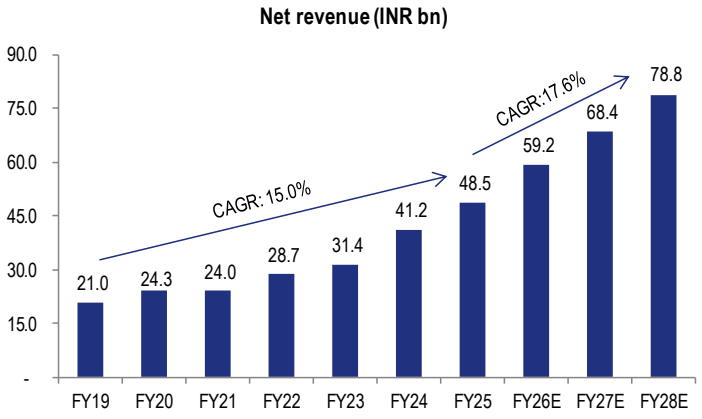
Exhibit 3. We expect volume-led recovery (CAGR c.13%) in regular segment to drive overall segment growth (CAGR c.15%) over FY25-28E



Source: Company, JM Financial

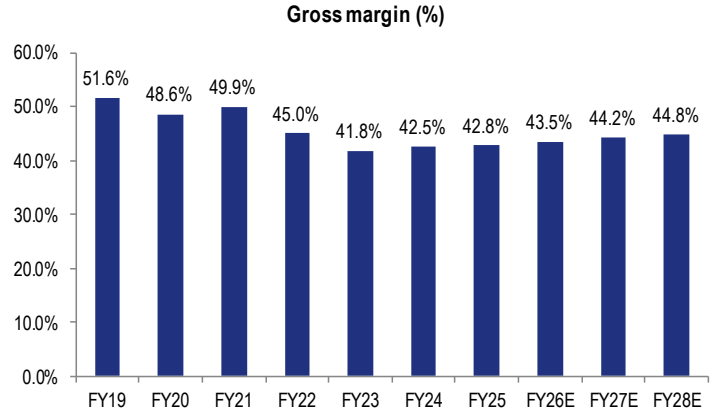
Exhibit 4. Net revenue to grow at CAGR of c.18% predominantly led by P&A segment with Regular and non-IMFL segment growing at CAGR of 9-15% over FY25-28E

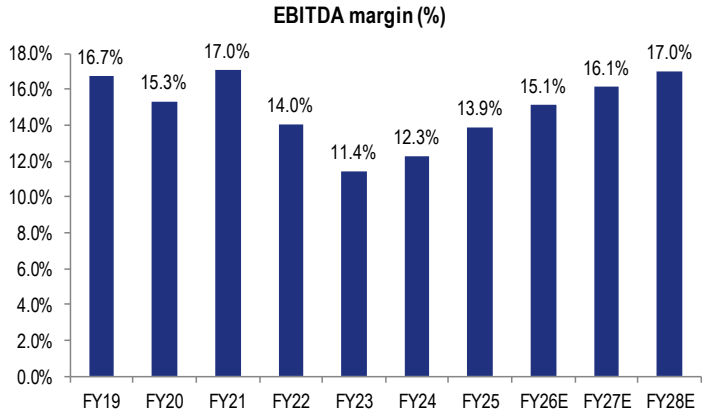




Source: Company, JM Financial. Note: Revenue is net-off excise duty but includes other operating income.

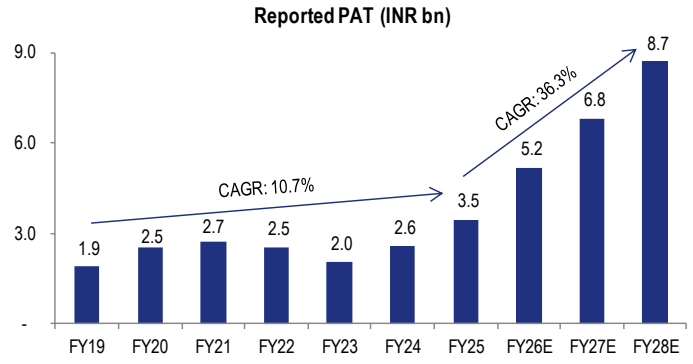
Exhibit 5. With stable to benign RM environment, GM is expected to improve gradually, which, along with benefits from backward integration, UK-FTA and scale leverage will boost EBITDA margin (expansion of c.310bps) over FY25-28E





Source: Company, JM Financial. Note: Gross margin is calculated on net revenue (including other operating income).

Exhibit 6. Improving profitability and debt reduction to drive strong earnings growth



Source: Company, JM Financial

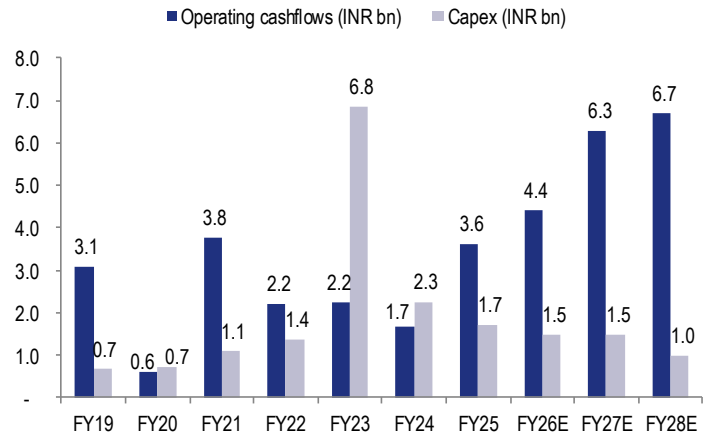
Exhibit 7. Net working capital to stabilise at 38-39 days

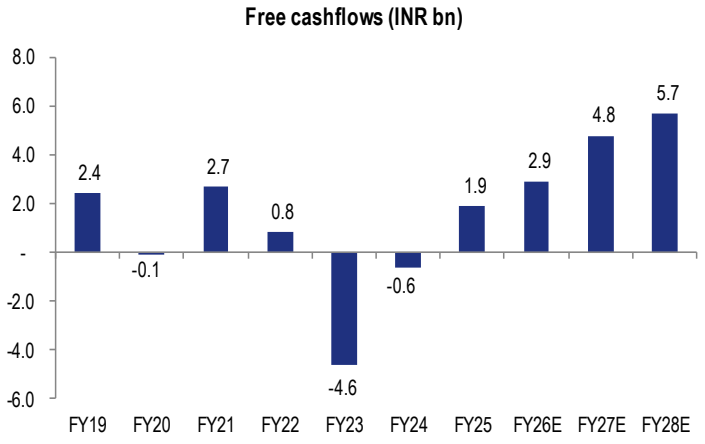
Net working capital days (on gross sales)	FY19	FY20	FY21	FY22	FY23
Inventory days	16	15	17	16	21
Debtors days	29	32	24	22	24
Creditors days	11	10	9	7	8
Net working capital days	**34**	**36**	**32**	**31**	**36**

Net working capital days (on gross sales)	FY24	FY25	FY26E	FY27E	FY28E
Inventory days	18	23	22	21	21
Debtors days	23	25	24	24	24
Creditors days	6	7	7	7	7
Net working capital days	**35**	**42**	**39**	**38**	**38**

Source: Company, JM Financial

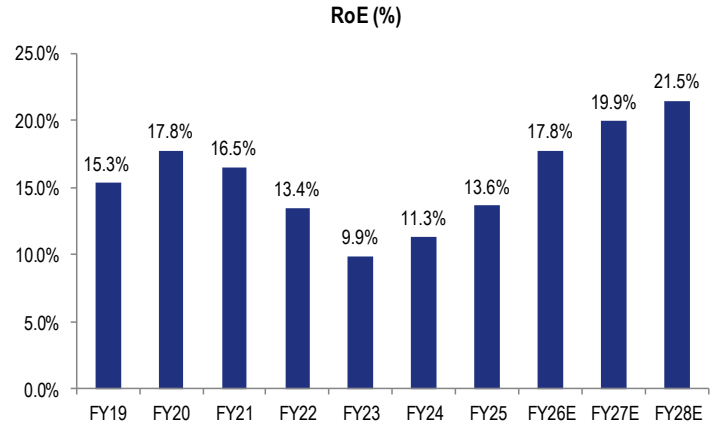
Exhibit 8. Healthy operating cash flows and lower capex intensity to drive strong FCF generation

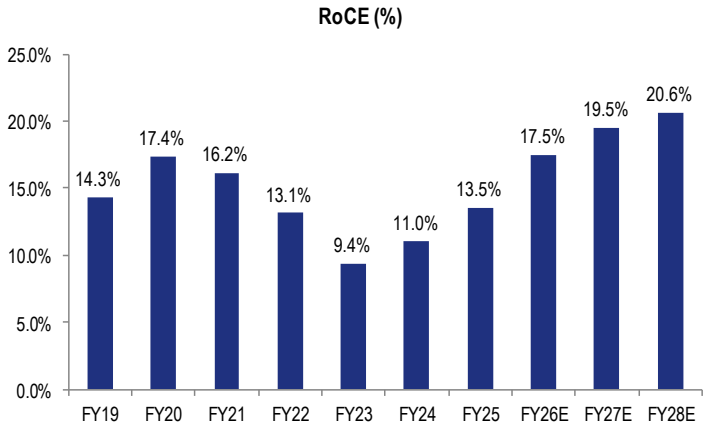




Source: Company, JM Financial

Exhibit 9. Improving profitability and working capital to aid uptick in return ratios over FY25-28E





Source: Company, JM Financial. Note: RoCE calculation is on post-tax basis.

Investment thesis

- **Exceptional transformation from B2B supplier to one of the fastest-growing IMFL/P&A segment players:** The IMFL (Indian Made Foreign Liquor) industry in India is dominated by MNC (multinational corporation) players like Diageo and Pernod Ricard, especially in the P&A (Prestige and Above) segment, while the regular segment has presence of several regional players. Considering the presence of strong brands and high entry barriers, Radico's transformation from a bulk spirit supplier to a branded IMFL player with a well-diversified portfolio across sub-segments in IMFL is quite exceptional. In alcoholic beverages, brand, blend and packaging are critical for success. In our view, a lot of Radico's success, especially in the P&A segment, is due to the promoters' (Mr Lalit Khaitan (CMD) and Mr Abhishek Khaitan (MD)) ability to spot the white spaces in terms of offerings and price points, and drive innovation around it. Moreover, they also invested in creating a well-integrated manufacturing infrastructure that ensures consistent supply/quality of ENA (Extra Neutral Alcohol, which is 96.4% pure ethanol). Today, Radico is one of the fastest-growing IMFL/P&A segment players with a portfolio that comprises 20+ organically developed brands and 8 millionaire brands spread across sub-segments.
- **Building a key long-term value driver through strong execution in premiumisation:** Another key pillar for Radico's success story has been its superior execution on premiumisation. The P&A segment in IMFL accounts for c.45-50% of the industry volumes with strong presence of global majors like Diageo and Pernod Ricard. After gaining strength in the regular segment, Radico made its entry into P&A as part of its premiumisation strategy by launching Magic Moments in the vodka segment. It was quick to identify white space in the mid-premium segment where competition was not quite focused, and backed it up with flavour-based innovations and premium offerings. Today, Radico has dominant market share of c.60% in the domestic vodka market (fastest-growing category in IMFL) and c.80% market share in the relevant (semi-premium+super premium) segment. We see Radico replicating the premiumisation playbook across other sub-segments of IMFL like whisky and brandy, and stepping up its efforts in the luxury and semi-luxury segment to create a long-term value driver. The initial results are promising, with the luxury and semi-luxury segment portfolio accounting for 10% of its overall IMFL sales value in FY25, translating into a revenue size of ~INR 3.4bn. The target is to achieve INR 5bn sales in FY26.
- **Well-integrated manufacturing capabilities help strengthen position in the IMFL segment:** Apart from getting the product and pricing right, another key strength that Radico has built over the years is its integrated supply chain infrastructure. Over 2019-25, it has more than doubled its distillation capacity (one of the largest in India) to 321mn litres. Strong backward integration is critical to ensure long-term security and consistency of key raw materials, especially high-quality grain-based ENA, which is essential for maintaining quality standards in the P&A portfolio. Further, it has pan-India bottling infrastructure with 44 units and an extensive footprint with presence in 1lakh retail outlets and 10,000 on-premises outlets.
- **Revenue outperformance to continue…:** Radico Khaitan's sales have grown at a CAGR of 15% over FY19-25, much higher vs. listed peers in the alcoholic beverage segment (UB/UNSP sales have grown at a CAGR of 4-5% over the same period). With strong momentum in the P&A segment expected to sustain (c.24% sales CAGR over FY25-28E), we expect Radico's sales outperformance vs. peers to continue.
- **…which along with steady margin expansion to drive overall earnings growth:** While execution on top line and premiumisation has been stellar, Radico's delivery on margin has lagged expectation largely on account of steep inflation in input costs. However, going ahead, we expect margin pressure to ease with the raw material (RM) basket remaining stable to benign. This apart, there are other margin levers in terms of a) premiumisation (P&A portfolio to grow much faster than regular), b) likely benefit of UK FTA (INR 700mn-750mn), c) savings in packaging costs due to adoption of PET bottles and stopping usage of mono-cartons and d) scale leverage, leading to better absorption of fixed costs. Over FY25-28E, we expect c.310bps expansion in EBITDA margin, resulting in EBITDA/PAT CAGR of 26/36%, the highest among companies in our alcoholic beverage coverage universe.

Exhibit 10. Key Assumptions

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total IMFL volumes - mn cases	**28**	**29**	**31**	**37**	**42**	**46**
YoY	7.1%	1.8%	9.2%	19.4%	11.3%	11.1%
- P&A volumes	9	11	13	16	19	22
YoY	19.7%	20.4%	15.5%	25.0%	17.0%	16.0%
- Regular volumes	16	13	15	19	21	22
YoY	-13.3%	-14.1%	13.3%	27.5%	7.0%	7.0%
- Royalty volumes	3	4	3	2	2	2
YoY		24.2%	-22.0%	-43.0%	7.0%	7.0%
Total IMFL realisation per case	**886**	**982**	**1,075**	**1,147**	**1,215**	**1,285**
YoY	1.2%	10.8%	9.4%	6.8%	5.9%	5.7%
- P&A realisation per case	1,600	1,716	1,800	1,854	1,928	2,005
YoY	3.5%	7.2%	4.9%	3.0%	4.0%	4.0%
- Regular realisation per case	626	634	648	648	661	675
YoY	3.3%	1.3%	2.3%	0.0%	2.0%	2.0%
- Royalty realisation per case	84	94	143	143	144	146
YoY		12.6%	51.7%	0.0%	1.0%	1.0%
P&A Sales	**14,962**	**19,324**	**23,402**	**30,130**	**36,662**	**44,229**
YoY	23.9%	29.2%	21.1%	28.8%	21.7%	20.6%
Regular Sales	**9,780**	**8,509**	**9,863**	**12,575**	**13,725**	**14,979**
YoY	-10.4%	-13.0%	15.9%	27.5%	9.1%	9.1%
IMFL sales	**25,015**	**28,215**	**33,717**	**42,963**	**50,665**	**59,509**
YoY	8.4%	12.8%	19.5%	27.4%	17.9%	17.5%
Non IMFL sales	6,414	12,971	14,794	16,273	17,738	19,334
YoY	14.6%	102.2%	14.1%	10.0%	9.0%	9.0%
Total sales	**31,428**	**41,185**	**48,512**	**59,236**	**68,403**	**78,844**
YoY	9.6%	31.0%	17.8%	22.1%	15.5%	15.3%
Gross profit	**13,149**	**17,520**	**20,773**	**25,768**	**30,234**	**35,322**
Gross profit margin	**41.8%**	**42.5%**	**42.8%**	**43.5%**	**44.2%**	**44.8%**
EBITDA	**3,584**	**5,061**	**6,737**	**8,957**	**11,023**	**13,401**
YoY	-10.9%	41.2%	33.1%	32.9%	23.1%	21.6%
EBITDA margin	**11.4%**	**12.3%**	**13.9%**	**15.1%**	**16.1%**	**17.0%**

Source: Company, JM Financial
Note: Gross profit margin is calculated on net revenue (including other operating income).

Valuation: Earnings outperformance to sustain, initiate with a BUY

- Radico's IMFL volume/revenue have grown at a CAGR of 6/12% over FY19-25, with faster growth in the P&A segment (volume/sales CAGR of 13/19%), thereby outperforming MNC peers as well as overall industry growth. Leadership position in the fast-growing vodka segment and recent success in the whisky segment (especially in premium and luxury segments) highlights its innovation capabilities to accelerate growth. This provides confidence on runway for future sales growth, and we expect revenue outperformance vs. peers to continue over FY25-28E. We are factoring in c.18% revenue CAGR over FY25-28E. Margin trajectory has been improving over FY23-25, with 1QFY26 EBITDA margin at c.15%, and we see levers for further expansion, which should result in 26%/36% EBITDA/PAT CAGR over FY25-28E.
- With superior execution over the last 5 years, Radico has seen a strong rerating, thereby bridging the valuation gap vs. listed MNC peers like UNSP. We expect premium valuations (NTM PE at 68x) to sustain, considering strong promoter capabilities, proven track record along with healthy earnings visibility, and improving cash generation/RoCEs. Hence, we initiate coverage with a BUY rating and a Sep'26 TP of INR 3,515/share (60x Sep'27E).

Exhibit 11. Radico's 5yr avg. PE band



Source: Bloomberg, Company, JM Financial. Note: Valuation as on 18th Sep'25

Exhibit 12. Radico's 10yr avg. PE band



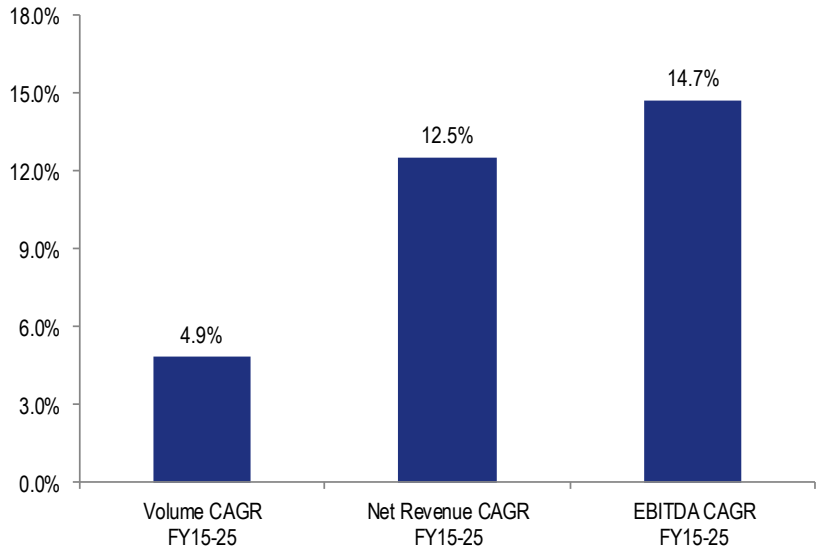
Source: Bloomberg, Company, JM Financial. Note: Valuation as on 18th Sep'25

Business analysis

Exceptional transformation crafted by visionary founders

- **Successful transformation from bulk spirit supplier to a branded IMFL player...:** Formerly known as Rampur Distillery, Radico commenced operations in 1943 as a bulk spirit supplier. Over the years, under the leadership of Mr Lalit Khaitan (CMD) and Mr Abhishek Khaitan (MD) it has successfully transformed into a formidable IMFL (Indian Made Foreign Liquor) player with a portfolio of strong brands catering to various sub-segments and price points within the spirit segment.
- **...crafted by visionary leadership:** Mr Abhishek Khaitan joined the business in 1996-97, when Rampur Distillery had sales of INR 700mn and high liabilities too. Till then, the company largely operated in bulk spirits/country liquor, and that's when he decided that in order to gain scale and improve profitability it was essential to pivot towards branded play. In order to drive this transformation, he appointed a sales team of young people, outsourced bottling operations and launched the company's first branded product '8 PM whisky' followed by 'Contessa Select Rum' in 1998. This marked Radico's entry into the branded IMFL segment within the economy segment. Product strength was visible with Contessa crossing 1mn cases within a year of launch and Magic Moments achieving the same milestone by the third year. By 2006, Radico achieved a milestone of INR 10bn in sales with IMFL volume of 12mn cases. The next step was to expand and drive premiumisation in its IMFL portfolio. As a part of this strategy, Radico made a foray into the Prestige & Above segment through the launch of Magic Moments Vodka (triple distilled grain based) in 2005-06. A combination of superior blend, brand investments and packaging resulted in Magic Moments becoming an instant success.
- **Impressive execution clearly highlights strong promoter capabilities:** Over the last 2 decades, Radico has significantly transformed itself from a bulk spirit to economy segment player to a credible player in the P&A segment (accounts for c.70% of its IMFL sales). Today, its IMFL portfolio comprises 20+ organically developed brands, and 8 millionaire brands spread across sub-segments of IMFL. Moreover, it has built a well-integrated supply chain with one of the largest spirits distillation capacities (321mn ltrs), 44 bottling units and presence in 1 lakh+ retail outlets/10,000 on-premises outlets. Over FY15-25, Radico's revenue has grown at a CAGR of 12.5% (volume CAGR of 4.9%) while EBITDA has seen a CAGR of 14.7%. Debt reduction resulted in PAT CAGR being higher at 17.7% over the same period. This clearly highlights that Radico, through its internal capabilities, has been able to differentiate and achieve success in the IMFL industry. We expect this outperformance to continue, going ahead, and delve in detail about Radico's capabilities and earnings drivers in subsequent sections.

Exhibit 13. Impressive execution over the past decade



Source: Company, JM Financial. Note: Net Revenue is net-off excise duty and including other operating income

Exhibit 14. Radico's increased focus on P&A strengthened its position as branded IMFL player

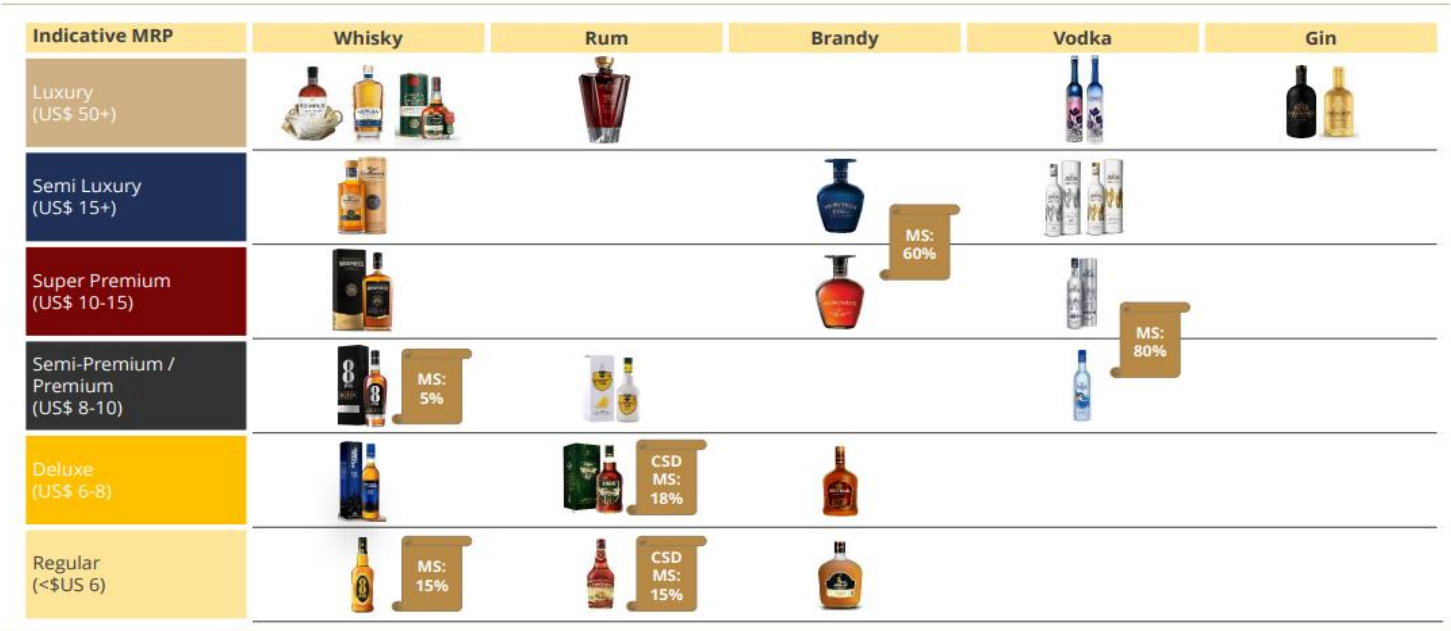
Particulars	FY15	FY25
Salience of P&A to IMFL volumes (%)	21%	41%
Salience of P&A to overall sales (%)	38%	69%
Salience of P&A to overall sales (%)	26%	48%
Manufacturing capacity (mn litres)	150*	321
No. of Millionaire brands	4*	8

Source: Company, JM Financial.
*Data for Manufacturing capacity and millionaire brands pertains to FY16

Well-diversified portfolio comprising strong brands

- As highlighted earlier, over the last 2 decades, Radico has stepped up its efforts on innovation, thereby significantly expanding its IMFL portfolio (comprises 20+ organically developed brands, 8 millionaire brands) with a presence across all sub-segments and price points within IMFL.
- A wide portfolio offering also enabled it to diversify its geographic presence to various other states especially in the South/West vs. its earlier presence in the North (especially Uttar Pradesh).

Exhibit 15. Radico's product portfolio spans across categories and price segments within IMFL segment…



Source: Company, JM Financial

Exhibit 16. …comprising 8 millionaire brands with formidable positions in respective segments



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

Source: Company, JM Financial

Superior execution on innovation visible through its premiumisation journey

- **One of the fastest-growing P&A players in India:** Within the IMFL industry, premiumisation has picked up pace and is one of the structural shifts with consumers seeking differentiated and premium offerings. Radico started its premiumisation journey in 2006 with the launch of Magic Moments in the vodka segment. Over FY16-25, Radico's IMFL volume/sales have grown at a CAGR of 6.2/12.2%. Within that, P&A segment volume/sales have grown much faster at a CAGR of 12.8/19.0%.
- **Proven track record:** The strength of its execution capabilities in premiumisation is visible from a) 5 millionaire brands in the P&A segment, b) strong traction in luxury brands (MRP> USD 50/bottle) which is a key value driver for Radico, c) dominant market share in premium vodka and premium brandy segments, d) volume/value salience for P&A segment has increased from 24.2%/41.0% in FY16 to 41.4%/69.4% in FY25, e) Faster growth in P&A segment vs. UNSP's P&A portfolio both in volume and value terms.

Exhibit 17. Key innovations and product launches by Radico over CY09-25

Year	Innovation
2009	• Morpheus Premium Brandy
2011	• After Dark Fine Grain Whisky
2012	• Magic Moments Verve
2014	• Magic Moments Verve (Green apple and Orange)
2016	• Rampur Indian Single Malt Select • Regal Talons Semi-Deluxe Whisky • Magic Moments Electra (RTD) • Magic Moments Remix
2017	• 1965 The Spirit of Victory Premium XXX Rum • Pluton Bay Premium Rum
2018	• Rampur Indian Single Malt Double Signature Reserve • Rampur Indian Single Malt Double Cask • Jaisalmer Indian Craft Gin • Morpheus XO Blue Super Premium Brandy • 8PM Premium Black Whisky • Magic Moments Verve Super Premium Vodka
2020	• Rampur Indian Single Malt Asava
2021	• Royal Ranthambore Heritage Collection Whisky • Magic Moments Dazzle Vodka
2022	• Rampur Indian Single Malt Trigun Whisky • Rampur Indian Single Malt Jugalbandi #1 & #2 • After Dark Blue Whisky • Magic Moments Vodka Cocktail • 1965 Lemon Dash Rum
2023	• Sangam World Malt Whisky • Magic Moments Pink Vodka • Happiness in a bottle
2024	• Rampur Indian Single Malt Jugalbandi #3, #4, #5 & #6 • Rampur Indian Single Malt Barrel Blush • Spirit of Victory 1999 Pure Malt Whisky • The Kohinoor Reserve Indian Dark Rum • 8PM Premium Black Whisky pocket pack • Magic Moments Vodka pocket pack
2025	• Morpheus Rare Luxury Whisky • The Spirit of KASHMYR • Ankahi Zaffran Spiced Liqueur

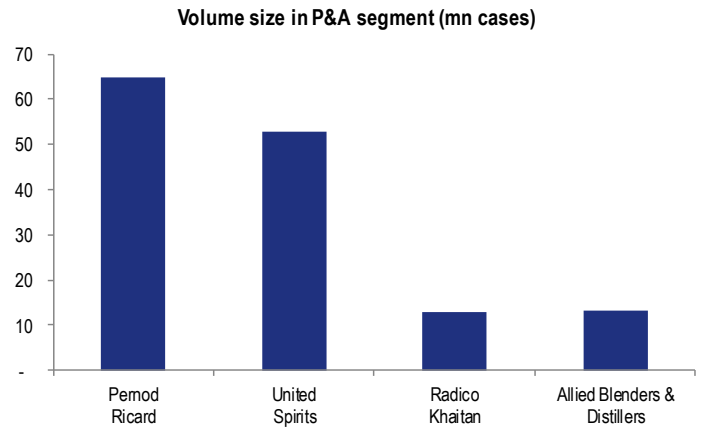
Source: Company, JM Financial

Exhibit 18. Improving saliency and performance of P&A segment both in value and volume terms in overall IMFL portfolio

P&A segment	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Volume mix	24.2%	26.0%	25.9%	28.3%	29.0%	28.2%	29.6%	33.1%	39.2%	41.4%
Value mix	41.0%	44.0%	43.7%	49.7%	49.5%	50.2%	52.3%	59.8%	68.5%	69.4%

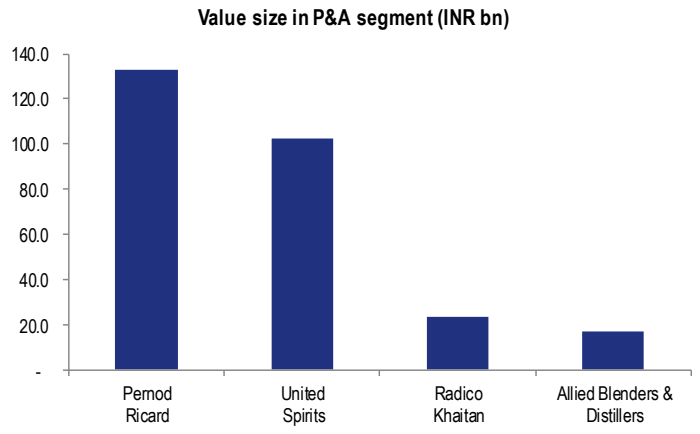
Source: Company, JM Financial

Exhibit 19. Volume size of key players in P&A segment…



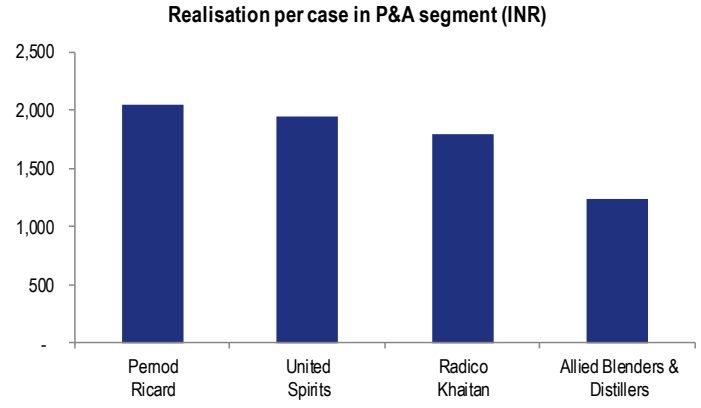
Source: Company, JM Financial. Note: Data of Pernod Ricard for FY25 is as per internal estimates

Exhibit 20. …and revenue size for FY25



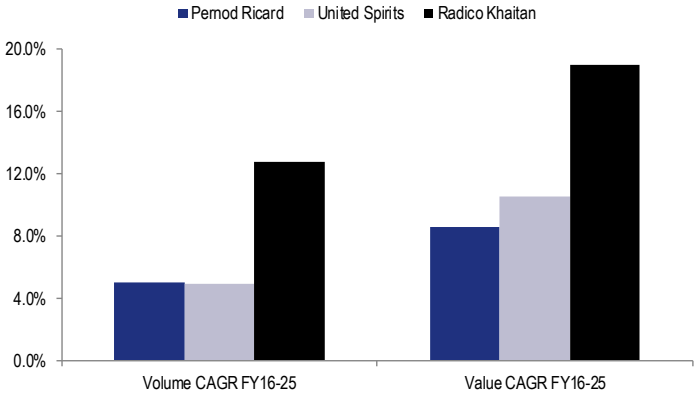
Source: Company, JM Financial. Note: Data of Pernod Ricard for FY25 is as per internal estimates

Exhibit 21. Realisation per case of key players in P&A segment



Source: Company, JM Financial. Note: Data of Pernod Ricard for FY25 is as per internal estimates

Exhibit 22. In terms of CAGR within P&A segment, Radico has significantly outperformed Pernod Ricard & United Spirits



Source: Company, JM Financial. Note: Data of Pernod Ricard for FY25 is as per internal estimates

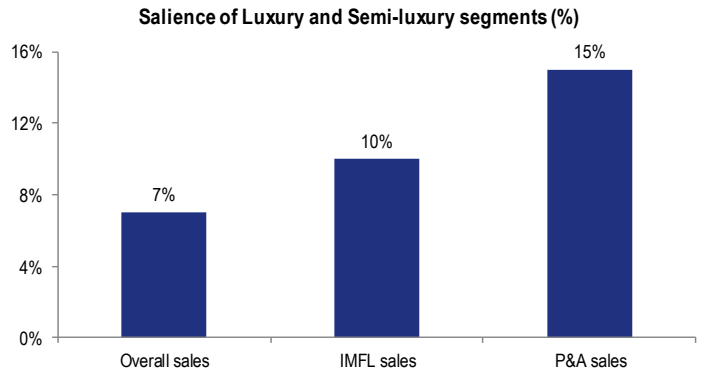
- **Premiumisation playbook in place, strategy is to replicate it across sub-segments like whisky, brandy:** Radico's premiumisation journey has not been about creating a 'me-too' offering at a particular price point. The strategy always has been to identify white space and provide a superior quality product. The company's large manufacturing infrastructure/backward integration allows it to provide the finest quality of grain-based ENA, which ensures consistency of the premium quality standards that are critical for success in the P&A segment. With success seen in Magic Moments, Radico plans to similarly premiumise within other sub-segments of IMFL and fortify its presence in the P&A segment.
- **Strengthening presence in luxury/semi-luxury IMFL segment:** Within the P&A segment, Radico has been stepping up its efforts in the luxury and semi-luxury segment. The company's luxury and semi-luxury portfolio continues to gain strong traction (delivered strong double-digit growth), contributing approximately 10% of its overall IMFL sales value in FY25, translating to a revenue size of around INR 3.4bn. The target is to achieve INR 5bn sales in FY26.

Exhibit 23. Radico's brand portfolio in luxury and semi-luxury segment

Segment	Whisky	Rum	Brandy	Vodka	Gin
Luxury	• Rampur Indian Single Malt • Spirit of Victory 1999 Pure Malt Whisky • Sangam World Malt Whisky	• The Kohinoor Reserve Indian Dark Rum		• The Spirit of KASHMYR	• Jaisalmer Indian Craft Gin
Semi-luxury	• Royal Ranthambore Heritage Collection Whisky		• Morpheus XO Blue Super Premium Brandy	• Magic Moments Dazzle Vodka	

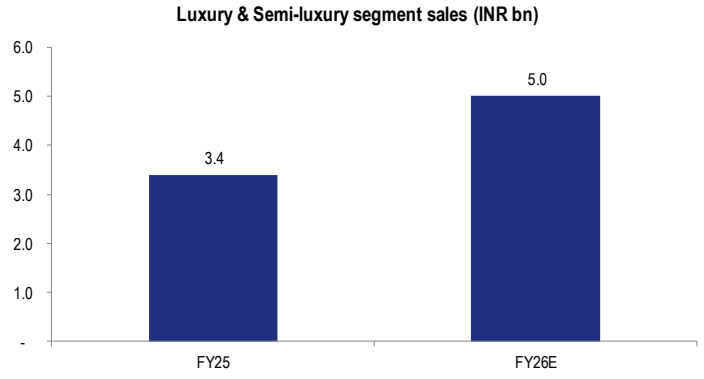
Source: Company, JM Financial

Exhibit 24. Saliency of Luxury and semi-luxury segments (FY25)



Source: Company, JM Financial

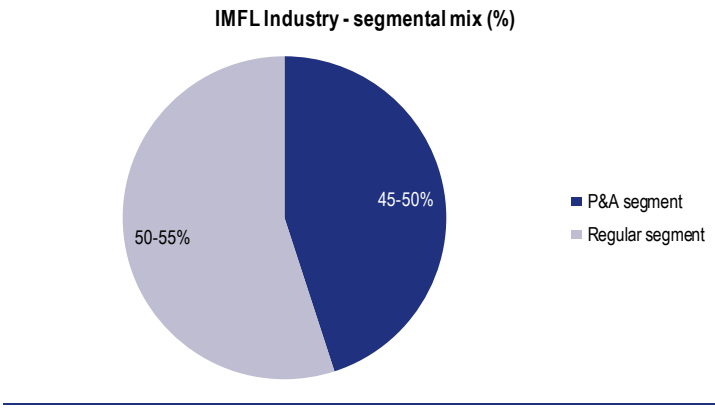
Exhibit 25. Revenue contribution from these segments



Source: Company, JM Financial

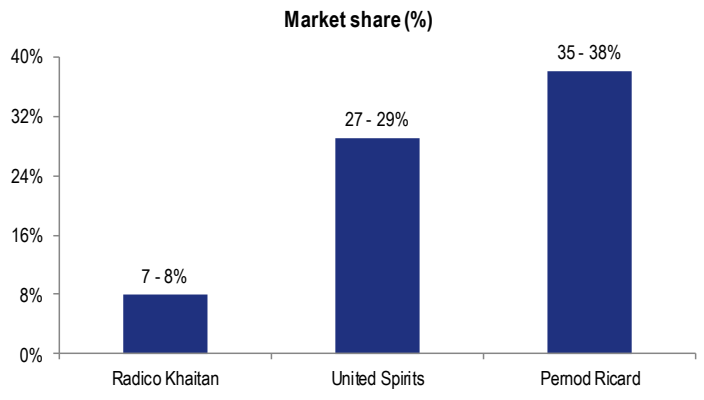
- **Enough headroom to gain market share in P&A segment:** As per our industry checks, the P&A segment accounts for c.45-50% (c.180mn cases) of overall IMFL volume. With a volume of c.14mn-15mn cases, Radico's market share in the P&A segment of c.7-8% is still low and provides enough headroom to scale up presence. We expect mid-high teen volume growth for most of its P&A brands while the luxury segment will be the value driver. Overall, we expect high-teen sales CAGR for the P&A segment over FY25-28E, led by mid-teens volume CAGR.

Exhibit 26. IMFL industry segmental volume mix



Source: Company, JM Financial

Exhibit 27. Market share of key players in P&A segment

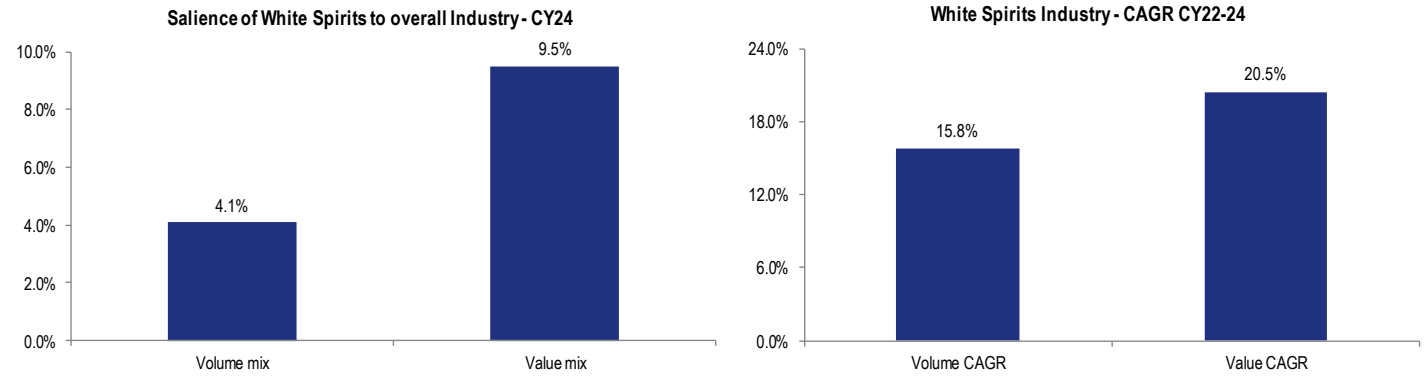


Source: Media reports, Company, JM Financial

White spirits a large, fast-growing segment; Radico's leadership position makes it well placed to tap compelling opportunity

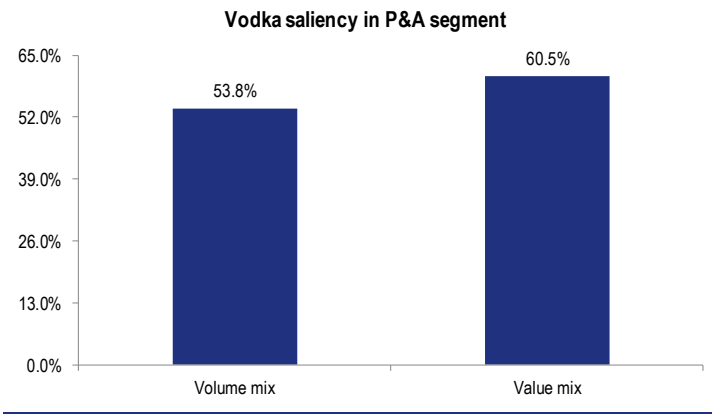
- **White spirits – fastest-growing sub-segment within the IMFL segment:** The Indian IMFL industry is currently dominated by the whisky segment, which accounts for 64%/69% of the industry in volume/value terms. White spirits (vodka, gin) currently accounts for 4%/10% of the industry in volume/value terms. If we take vodka alone, it is just mid-single digit of the domestic market in volume terms vs. a salience of c.25% globally. However, the white spirits category is gaining momentum in India led by favourable demographics, increasing urban consumption, and a growing preference for flavoured beverages and cocktail culture. As a result, it is the fastest-growing sub-segment within the overall IMFL segment. The segment is forecast to grow at CAGR of 8.7% in volume and 11.5% in value between CY2025 and CY2029E, outperforming the overall IMFL industry.
- **Radico identified the white space correctly and was agile enough to grab the opportunity in vodka:** Radico started its premiumisation journey by entering into the vodka segment with the launch of Magic moments in 2006. It was quick to identify the gap in the semi-premium segment in vodka (between Romanov & White Mischief at the lower end and Smirnoff at the premium end) where competition was not present or was low. Also unlike whisky segment where cheap/popular segment is large too, Vodka is predominantly a premium category within IMFL. Apart from getting the price point right, Radico's innovation on flavours (e.g.: Green Apple, Cranberry) and quality of ENA due to backward integration and packaging have been critical elements for the success it has seen in the vodka segment. Over the years, the company expanded its portfolio by premiumising within the vodka segment through the launch of brand extensions – Magic Moments Verve (in the super premium category), and Magic Moments Dazzle (in the semi-luxury segment) – and it very recently launched The Spirit of KASHMYR (in the luxury segment).
- **Vodka is the largest segment within Radico's P&A portfolio:** Currently, Radico's vodka portfolio accounts for c.56%/61% of its P&A volumes/sales; it enjoys a dominant market share of c.60% in the domestic vodka market and c.80% market share in the relevant (semi-premium + super-premium) segment. As highlighted earlier, vodka is one of the fastest-growing categories, which is also visible in the performance of Magic Moments over FY23-25E (volume has grown at a CAGR of c.18%). We expect this momentum to continue and bake in mid to high-teens growth for the Magic Moments portfolio over the medium term.

Exhibit 28. White spirits segment accounts for a small share in the IMFL industry, though it remains the fastest-growing sub-segment in volume and value terms



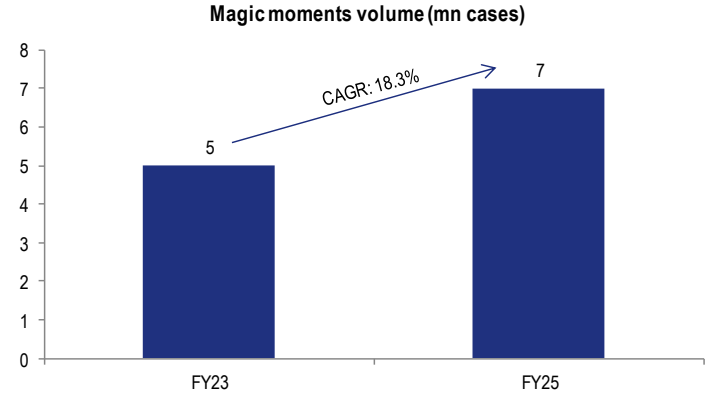
Source: Euromonitor International, Company, JM Financial

Exhibit 29. Vodka is the largest segment for Radico in its P&A portfolio…



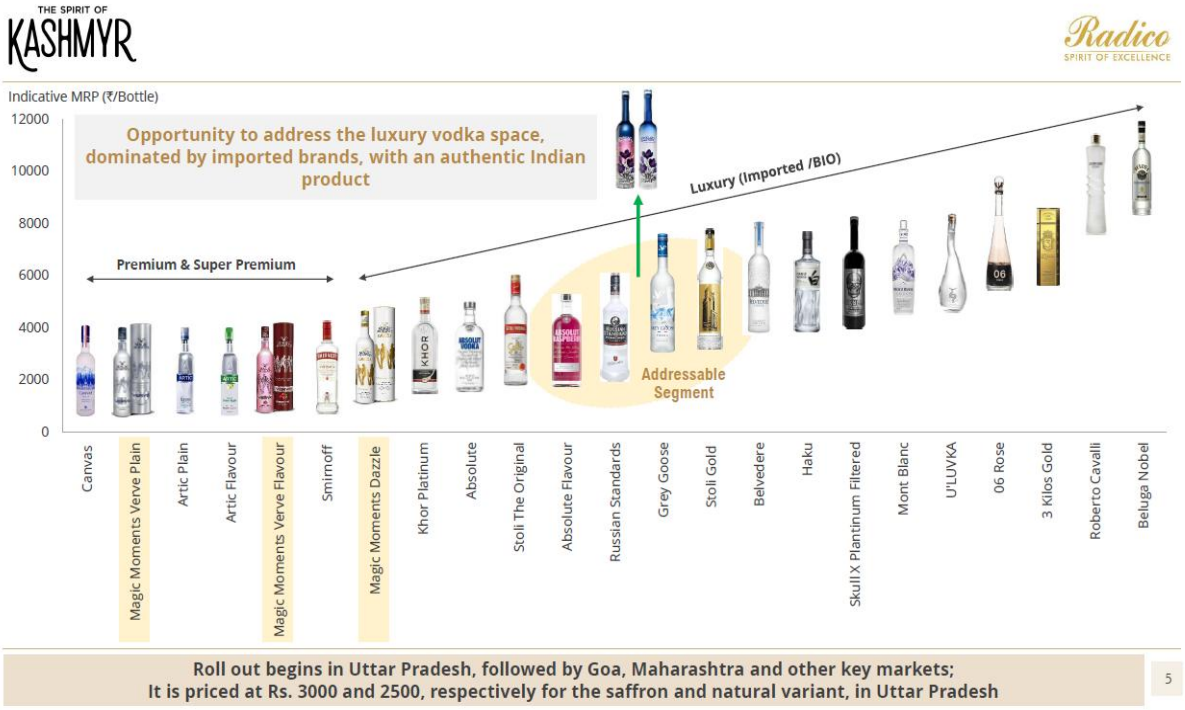
Source: Company, JM Financial estimate

Exhibit 30. …and it is also a fast-growing one



Source: Company, JM Financial estimate

Exhibit 31. Radico's recent launch in the luxury segment for vodka further highlights its ability to identify gaps & drive premiumisation



Source: Company, JM Financial

Exhibit 32. Radico's premiumisation play in vodka

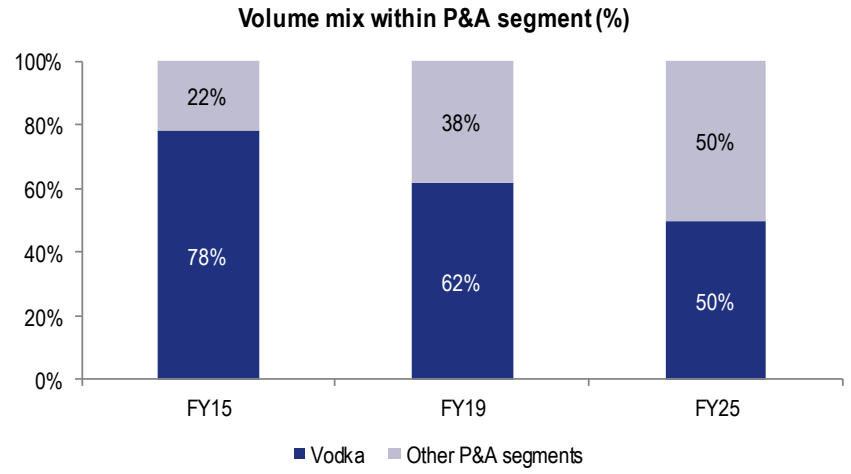
Year of launch	2025	2021	2012,2014,2018	2006
Brand picture				
Brand name	The Spirit of KASHMYR	Magic Moments Dazzle - Gold and Silver	Magic Moments Verve	Magic Moments - base variant
Price segment	Luxury (US$ 50+)	Semi-luxury (US$ 15+)	Super-premium (US$ 10-15)	Semi-premium/Premium (US$ 8-10)

Source: Company, JM Financial

Diversifying P&A portfolio by scaling up presence in whisky

- **De-risking P&A portfolio with widening presence across IMFL sub-segments:** With the premiumisation playbook in place (visible from success in the vodka segment), Radico is looking to replicate the same in the whisky segment, which is the largest sub-segment in the IMFL industry and seeing strong premiumisation trends. Over the last 10 years, we have seen Radico enhancing its premium portfolio in the whisky segment. It started with entry into the luxury single malt segment with the launch of Rampur Single malt in 2016 (and launches of premium extensions of the same subsequently), 8PM premium black in 2018, Royal Ranthambore, Sangam World malt and Morpheous Rare luxury whisky in 2025.

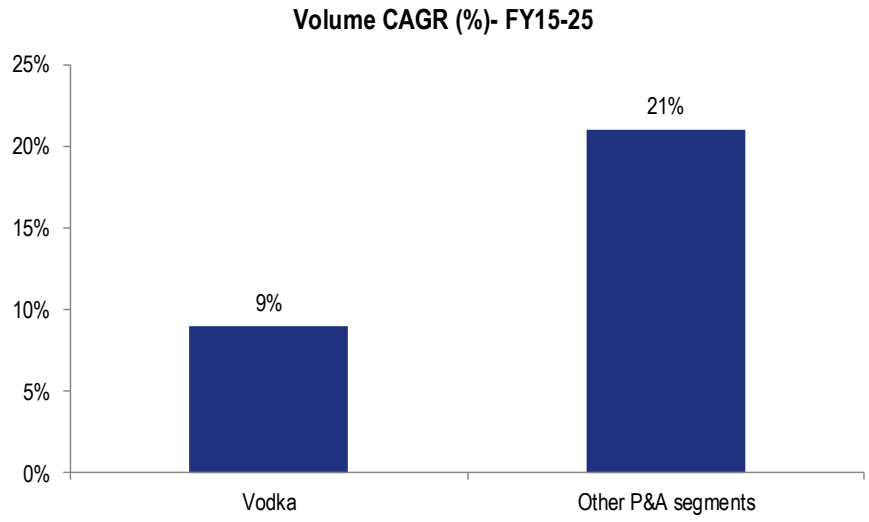
Exhibit 33. Radico extends premium playbook beyond vodka and taps into other P&A segments



Source: Company, JM Financial estimate

- **Non-vodka P&A portfolio seeing strong growth:** As per our estimates, the non-vodka P&A portfolio has grown at a CAGR of early 20s over the last 10 years and mid-teens CAGR in last 5 years, faster vs. the vodka portfolio. Post-Covid, vodka as a segment has seen strong growth, which is also reflected in Radico's portfolio with Magic Moments volume growing at c.20%; the remaining P&A portfolio also saw c.15% CAGR growth over FY23-25.

Exhibit 34. Non-vodka portfolio has seen strong growth over last decade



Source: Company, JM Financial estimate

- **Ramping up luxury segment – a key value driver:** Initial traction has been strong with the company's luxury and semi-luxury portfolio seeing strong double-digit growth. The portfolio now contributes approximately 10% of overall IMFL sales value (in FY25), translating into a revenue size of around INR 3.4bn. The target is to achieve INR 5bn sales in FY26E.

Exhibit 35. Radico's premium whisky portfolio



Source: Company, JM Financial

Exhibit 36. Radico's impressive premiumisation play with Rampur Single Malt Indian whisky



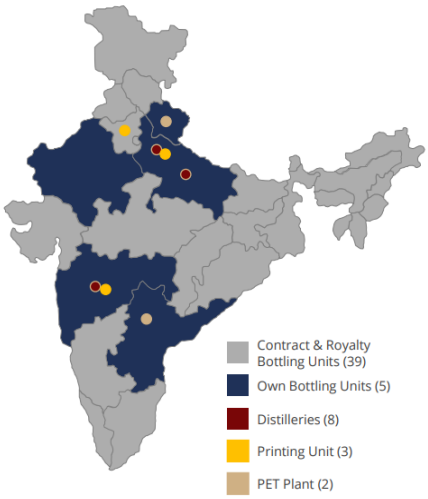
Source: Company, JM Financial

Well-integrated supply chain infrastructure

- **One of the largest distillation capacities in India:** Apart from getting the product and pricing right, another key strength that Radico has built over the years is its integrated supply chain infrastructure. Over 2019-25, it has more than doubled its distillation capacity (one of the largest in India) to 321mn litres. It has five state-of-the-art distilleries in Uttar Pradesh — four in Rampur and one in Sitapur — and a JV facility in Aurangabad.
- **Ensures quality and consistency of ENA:** Radico announced a major capacity expansion (with an outlay of INR 7.4bn, which involved increasing grain-based ENA capacity, malt maturation hall, gin distillation and bottling plant) in 2022. The rationale was to ensure quality ENA supply for branded business. Strong backward integration is critical to ensure long-term security and consistency of key raw materials, especially high-quality grain-based ENA, which is essential for maintaining quality standards in the P&A portfolio. The large manufacturing base is further supported by pan-India bottling infrastructure with 44 units. Overall, a major capex cycle for Radico is now complete, which will now enable it to focus on its next phase of growth as well as improve cash flow generation, going ahead.

Exhibit 37. Radico's current manufacturing and distribution network with strong backward integration

Pan India manufacturing platform to cater to customer needs



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
Total	**8**	**61.3**	**257.4**	**2.6**	**321.3**

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

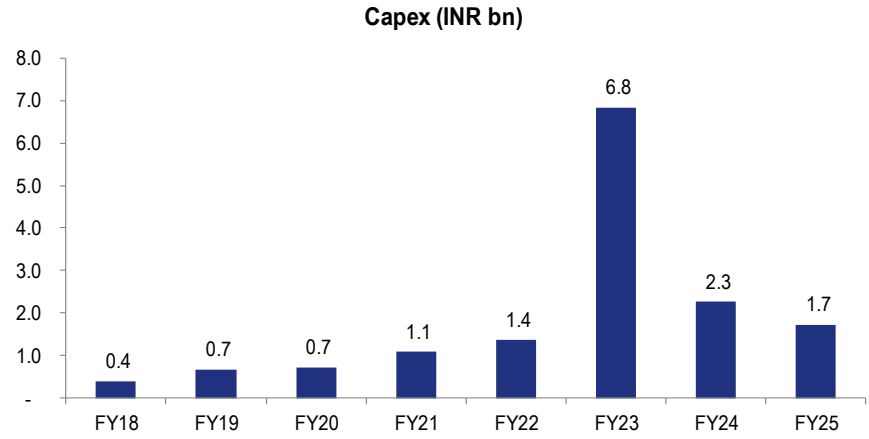
Source: Company, JM Financial

Exhibit 38. Radico has strengthened its manufacturing and distribution network over time

Particulars	FY11	FY16	FY19	FY23	FY25
Capacity (mn ltrs)	**150**	**150**	**157**	**217**	**321**
No. of Retail outlets	**NA**	**45,000**	**75,000+**	**75,000+**	**100,000+**
No. of bottling units (own)	5	5	5	5	5
No. of bottling units (contract)	28	28	23	28	33
No. of bottling units (royalty)	NA	NA	NA	8	6
Total bottling units	**33**	**33**	**28**	**41**	**44**
No. of distilleries	**2**	**NA**	**5**	**6**	**8**

Source: Company, JM Financial

Exhibit 39. Significant capital expenditure phase completed

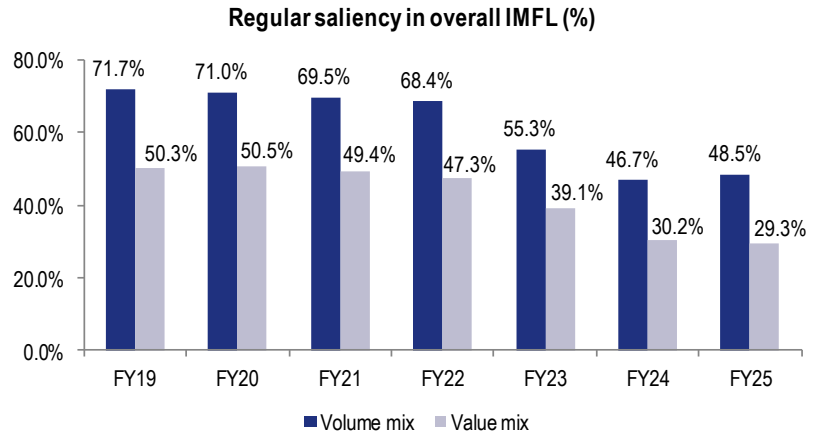


Source: Company, JM Financial

Regular and Non-IMFL segment

- **Regular IMFL segment (c.20% of sales):** While the P&A segment remains Radico's core focus area, it also has a formidable presence in the regular segment through flagship brands like 8PM (whisky), Contessa (rum) and Old Admiral (brandy). All three are millionaire case brands with 8PM being the largest (accounting for more than 50% of regular volume), followed by Old Admiral. With c.15mn cases and revenue size of INR 9.9bn, the regular segment accounts for c.48%/29% of Radico's overall IMFL volume/value. Over the last 3 years, the regular segment's performance was under pressure (especially in FY23/24), during which volume declined by c.13-14%. This was on account of strategic rationalisation by the company to mitigate input cost pressure and certain state-specific headwinds (route to market changes in Delhi, Punjab, duty hike in Karnataka, volume rationalisation in Kerala, elections in Andhra Pradesh, downtrading to UPML in Uttar Pradesh). However, stabilisation of state-specific issues coupled with route to market change in Andhra Pradesh (from government retailing to private retailing) resulted in a sharp rebound in volume from 2HFY25. We expect healthy growth in FY26 with the opening up of Andhra Pradesh, recovery in 8PM and the soft base, post which we bake in high-single-digit sales growth for the company's regular segment portfolio.

Exhibit 40. Radico has significantly reduced its exposure to regular segment



Source: Company, JM Financial

Exhibit 41. Radico's regular segment portfolio

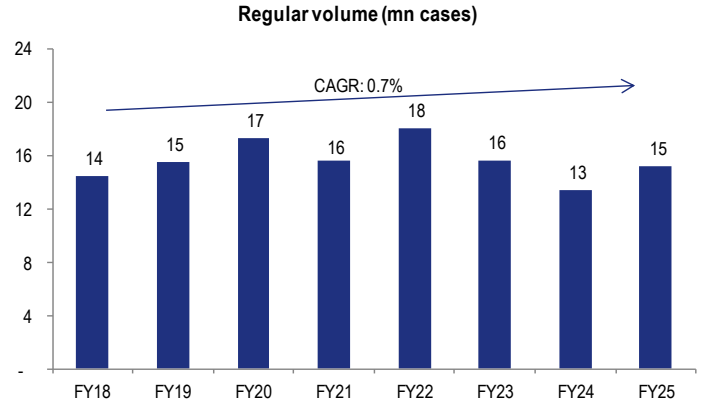


Source: Company, JM Financial

- **Non-IMFL segment (c.30% of overall sales), large but low margin business:** Apart from IMFL, Radico also has a presence in the Country Liquor/UPML (Uttar Pradesh Made Liquor) segment in Uttar Pradesh (UP). Country liquor is a large segment in UP (market size of 100mn cases) and Radico has close to c.25% market share in the state. Over FY19-25, non-IMFL (Country Liquor + bulk spirit) sales have grown at a CAGR of 23%. Sharp growth in FY24 was driven by capacity additions (in Sitapur) and price hike in country

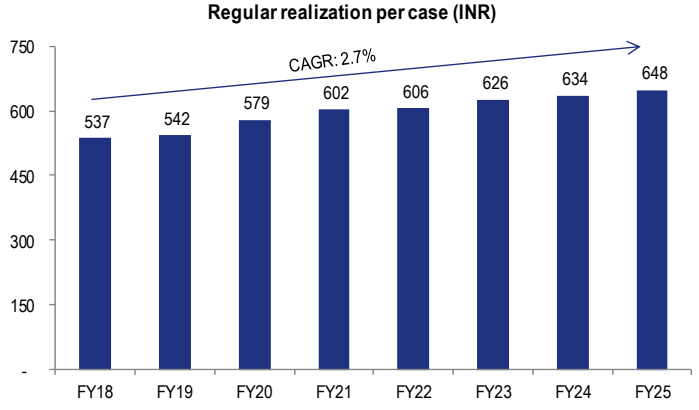
liquor (c.15%). We are baking in a conservative low-double-digit sales CAGR over FY25-28E. Also, with stable input costs and price hikes, the segment is profitable vs. losses seen during FY23.

Exhibit 42. Regular segment's volume trend



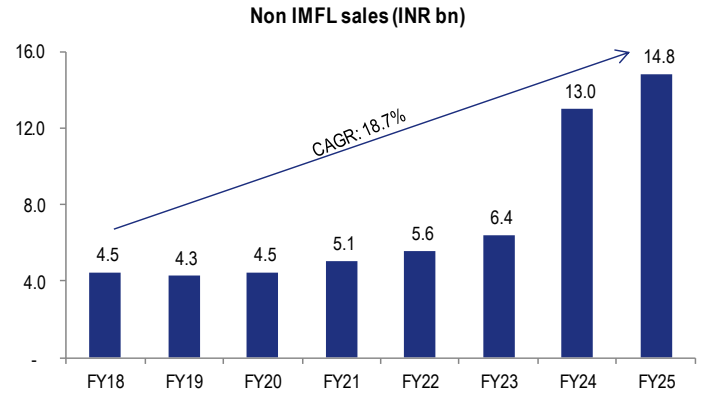
Source: Company, JM Financial

Exhibit 43. Realisation per case has been largely stable



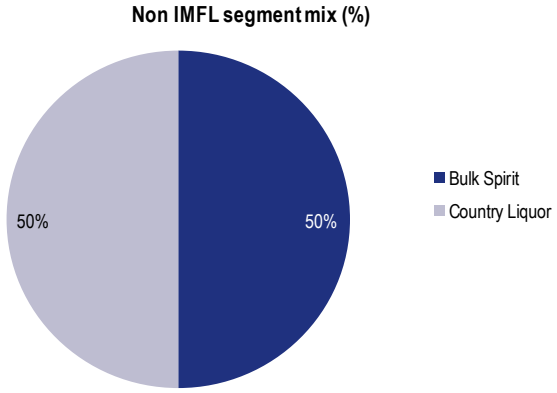
Source: Company, JM Financial

Exhibit 44. Non-IMFL sales growth has seen strong growth in last 2-3 years aided by sale of bulk spirit & price hikes in country liquor



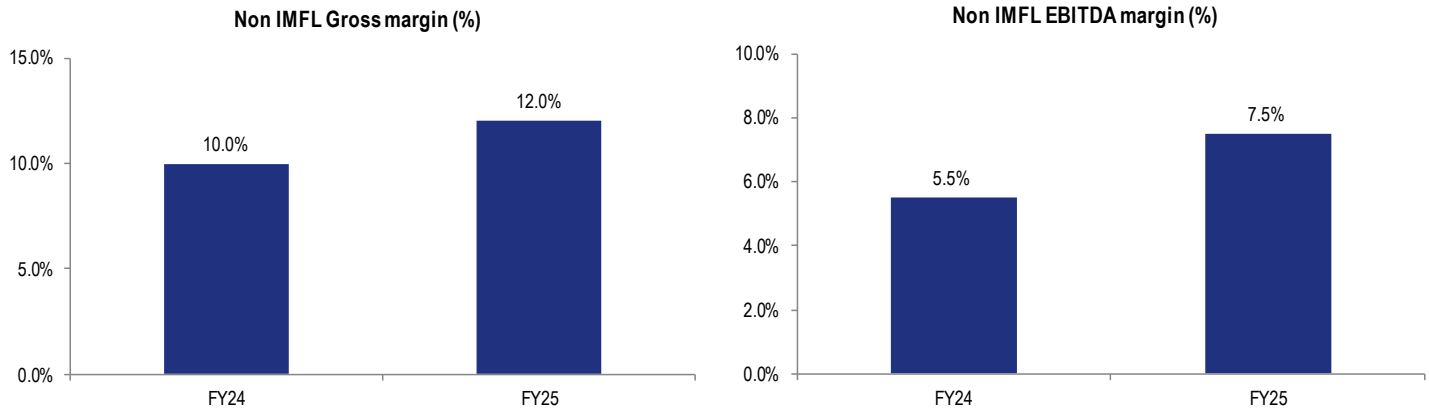
Source: Company, JM Financial

Exhibit 45. Non-IMFL segmental mix



Source: Company, JM Financial

Exhibit 46. Margin improvement is seen due to capacity-led growth along with stable input costs and price hikes

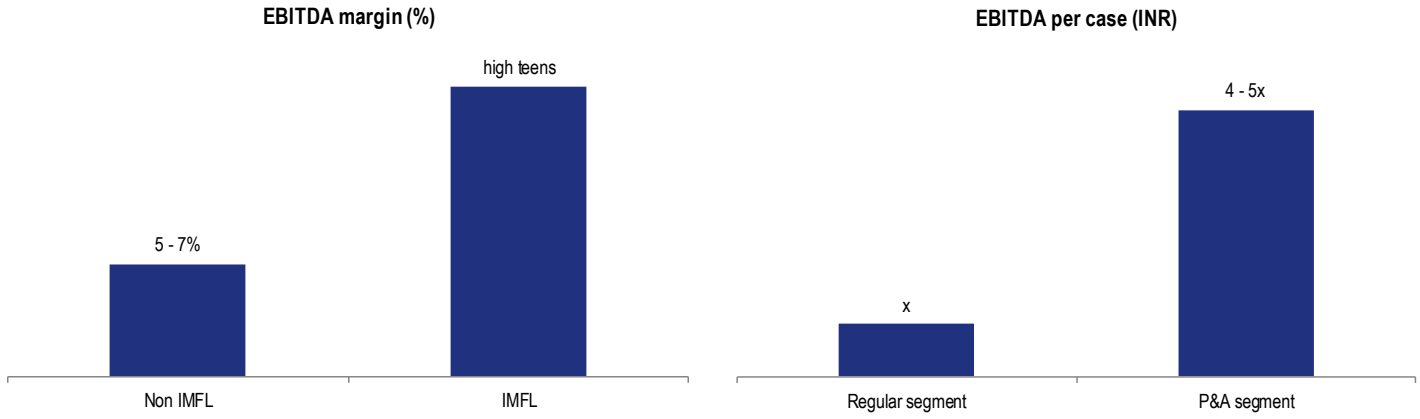


Source: JM Financial estimate
Note: Gross margin is calculated on net revenue (including other operating income).

Margin levers in place; pace of expansion to remain strong

- **Steep inflation in key RMs impacted profitability over FY21-23, higher P&A growth helped partially offset the impact:** Despite a strong uptick in salience of the P&A portfolio over the last decade, Radico's gross margin (GM) has seen a compression of c.500bps from an average of c.48% pre-Covid (FY16-19) to c.43% in FY25. In fact, major compression was seen over FY21-24 (from c.50% in FY21 to c.42% in FY23/24). This can be pre-dominantly attributed to a) steep increase in input costs (ENA prices were up c.25%, grain prices were up c.70%+, glass prices were up c.50% over FY21-24), which resulted in higher cost of manufacturing ENA and b) lack of commensurate price hikes (especially in the non-IMFL segment, where inflation was steep).

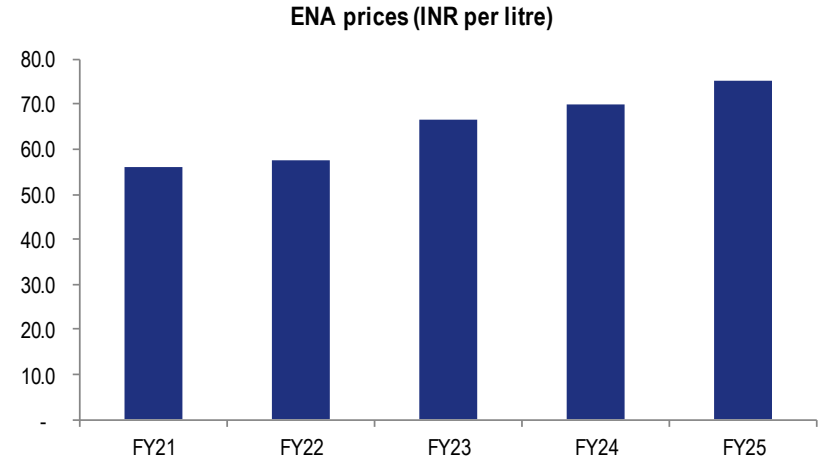
Exhibit 47. P&A segment serves as a key margin lever with superior margins and EBITDA per case



Source: Company, JM Financial

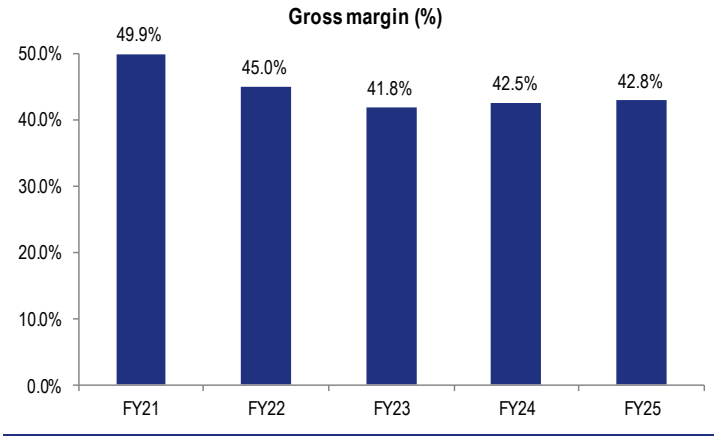
- **Margin pressure saw some easing from FY24, led by price hikes and improving mix**: We reckon that raw material (RM) inflation-led cost push was much higher, and it was partially offset by pricing (price hikes in IMFL and a much-needed hike was awarded in country liquor in 1QFY24) and mix-led improvement (due to higher growth in the P&A segment). Gross margin bottomed out in FY23 and expansion started from FY24. Further, with rationalisation of A&P spends, EBITDA margin compression was lower at c.560bps over FY21-23. With uptick in gross margin from FY24 and scale-led benefits, EBITDA margin improved by c.250bps over FY23-25.

Exhibit 48. ENA exhibited inflationary trend over FY21-25



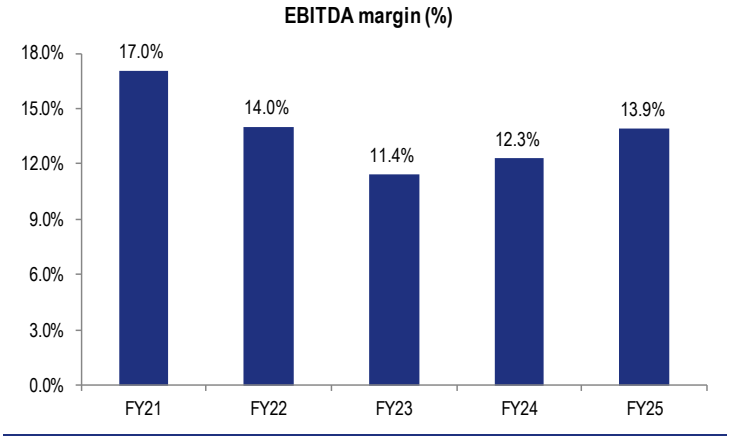
Source: Company, JM Financial

Exhibit 49. Input cost pressure led to steep gross margin compression (c.700bps) over FY21-25…



Source: Company, JM Financial. Note: Gross margin is calculated on net revenue (including other operating income).

Exhibit 50. …which was partially offset by extracting efficiencies on A&P and staff cost, thereby restricting EBITDA margin compression



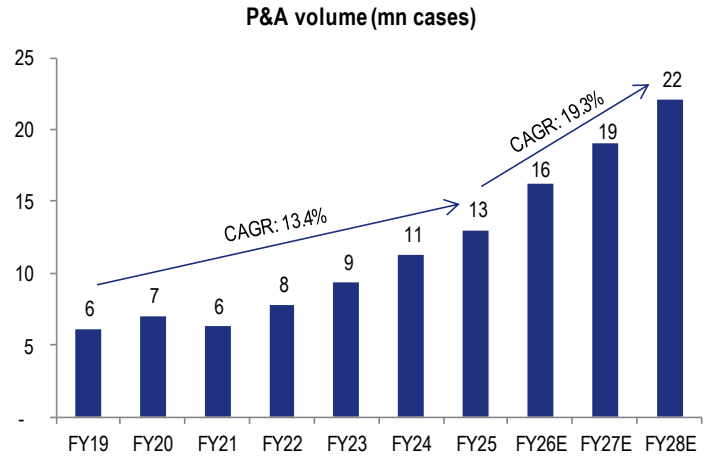
Source: Company, JM Financial

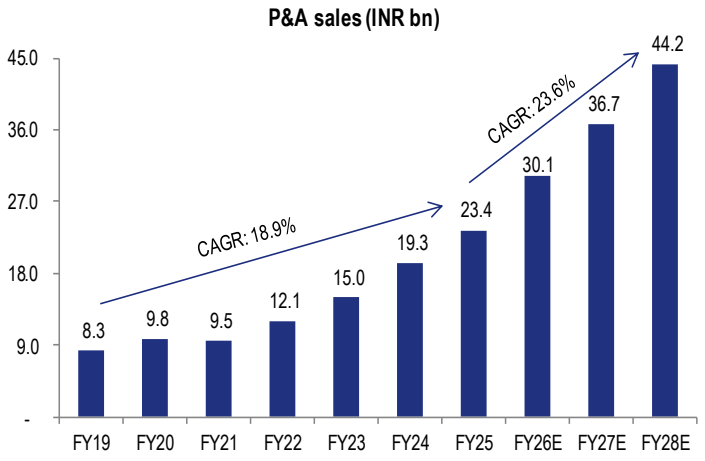
- **With adequate levers in place, pace of margin expansion to remain strong over FY25-28E:** We expect margin trajectory to further improve and bake in c.310bps expansion in EBITDA margin over FY25-28E (management guidance is higher at c.125-150bps per annum), led by:
  - **Premiumisation:** We expect share of IMFL in overall sales to improve to c.75% in FY28 (vs. 69.5%) vs. low-margin non-IMFL salience coming down to c.25% vs. c.30% in FY25. Further, within IMFL, we expect the P&A segment to grow faster with salience increasing to 56% vs. 48% in FY25.
  - **Stable to easing input costs and backward integration should support gross margin**: With prices of grain being stable to benign, the delta between making ENA and buying ENA from outside is stabilising at INR 8/ltr vs. 3-4/ltr seen during inflationary years.
  - **Savings from UK FTA:** Radico's scotch requirement/imports in FY25 was to the tune of INR 1.8bn; this is expected to increase to INR 2.5bn in FY26E and cross INR 4bn over 3 years. With duty reduction from 150% to 75%, it will lead to savings of INR 750mn, which should largely be seen from FY27E.
  - **Operating leverage:** Better fixed cost absorption with improving scale.

Financial overview

- **Strong revenue growth led by sustained momentum in the P&A segment:** Radico Khaitan's sales have grown at a CAGR of 15.0% over FY19-25. FY26 has started on strong note with sales growth of 32.5% (volume growth of 37.5%, P&A/regular segment sales growth of c.43/48%). We expect strong momentum/industry outperformance to continue as we bake in net sales CAGR of c.18% over FY25-28E. Growth will be predominantly driven by the P&A segment, where we expect sales CAGR of 24% with volume CAGR of 19%. Regular segment and non-IMFL sales are expected to grow at a CAGR of c.9-15% over FY25-28E.

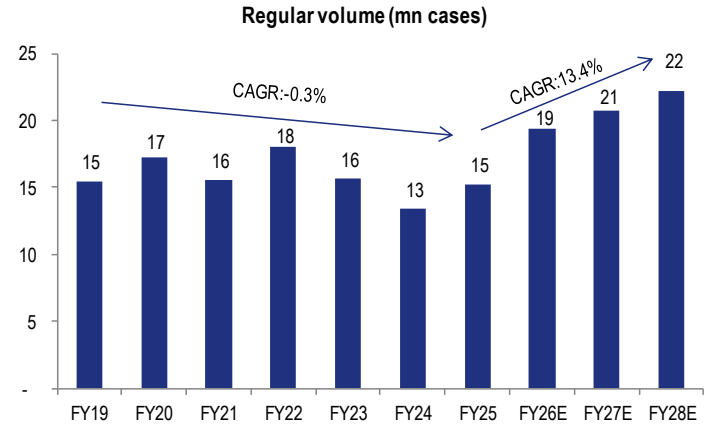
Exhibit 51. We expect P&A segment's sales to grow at a CAGR of c.24% led by high-teen volume growth

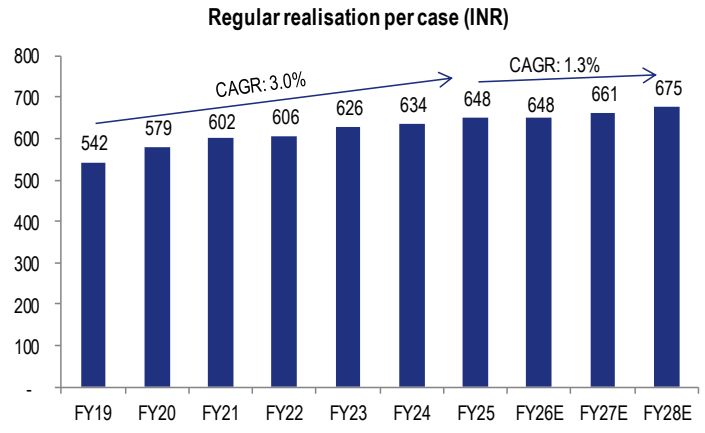




Source: Company, JM Financial

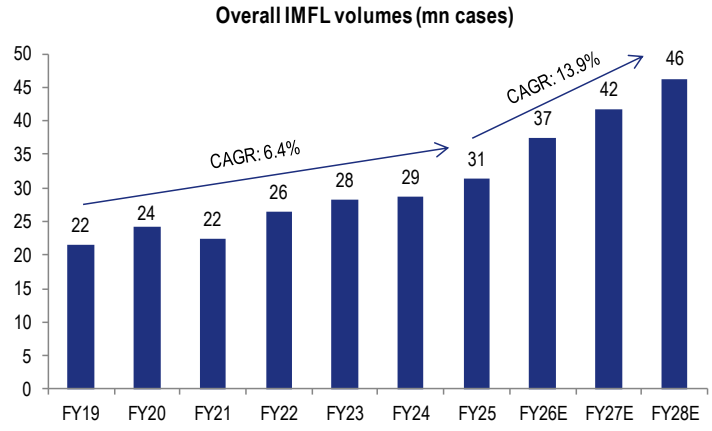
Exhibit 52. With opening up of AP, we expect low-double-digit sales CAGR in regular segment albeit on low base

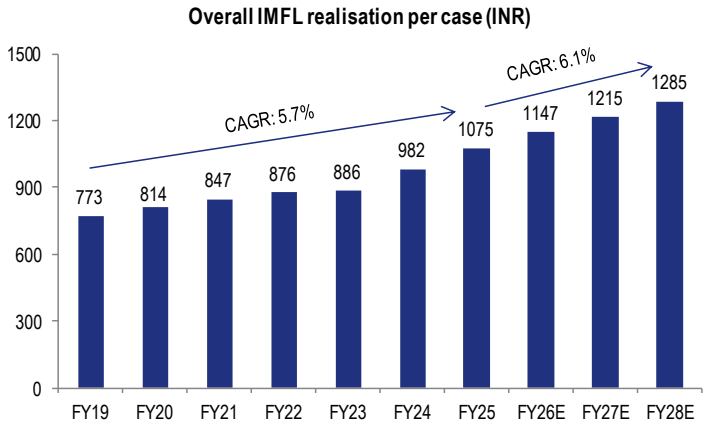




Source: Company, JM Financial

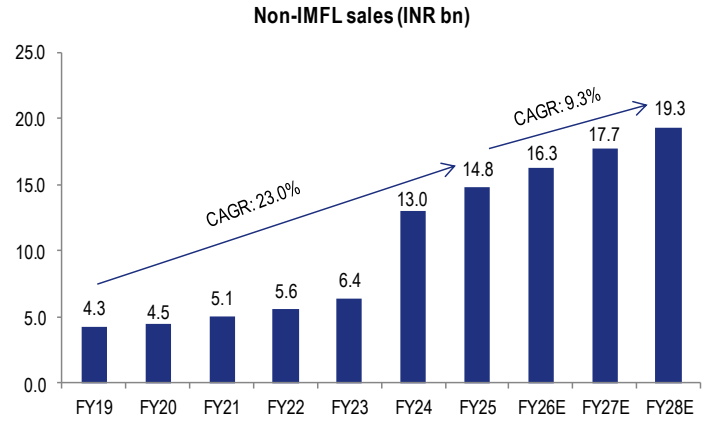
Exhibit 53. Overall IMFL sales to grow at CAGR of 20% over FY25-28E…





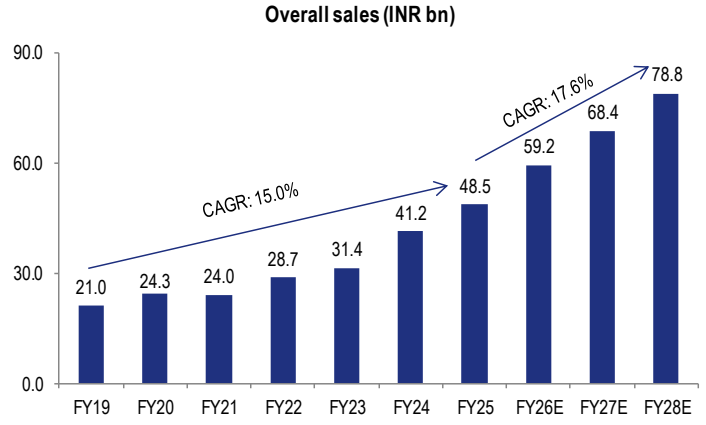
Source: Company, JM Financial

Exhibit 54. …which along with c.9% sales CAGR in non-IMFL…



Source: Company, JM Financial

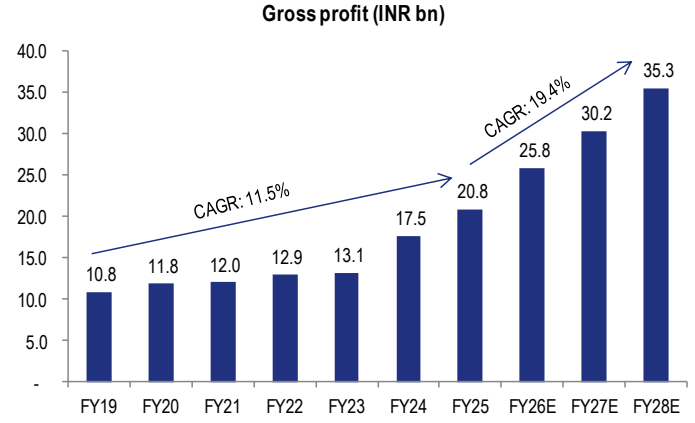
Exhibit 55. …could aid high-teens sales growth over FY25-28E

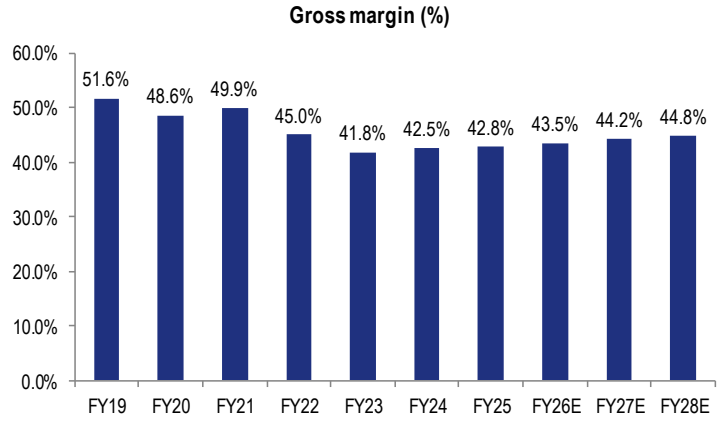


Source: Company, JM Financial. Note: Revenue is net-off excise duty but includes other operating income

- **Pace of margin expansion to improve, resulting in higher earnings growth:** Radico's gross margin has, over the last few years, moderated sharply on account of higher input cost inflation (especially in the non-IMFL segment). We believe margin weakness is now largely behind. With input cost pressure easing, coupled with continued improvement in salience of the P&A segment, we expect gross margin to improve by c.200 bps over FY25-28E. This, along with operating leverage, should result in EBITDA increasing by 26% CAGR over FY25-28E, with a margin expansion of c.310bps.

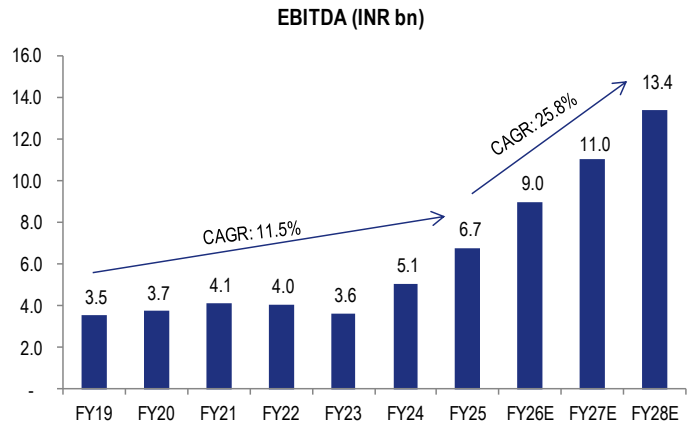
Exhibit 56. With easing RM and improving product mix, we expect gross margin expansion of c.200bps…

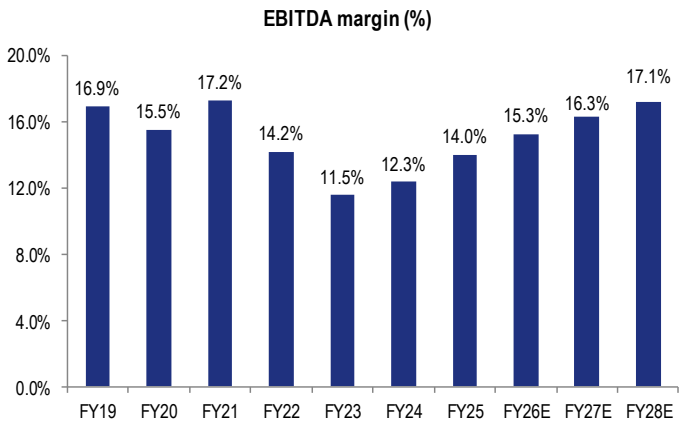




Source: Company, JM Financial. Note: Gross margin is calculated on net revenue (including other operating income).

Exhibit 57. …which, along with scale-led efficiencies could drive EBITDA margin expansion of c.310bps over FY25-28E





Source: Company, JM Financial

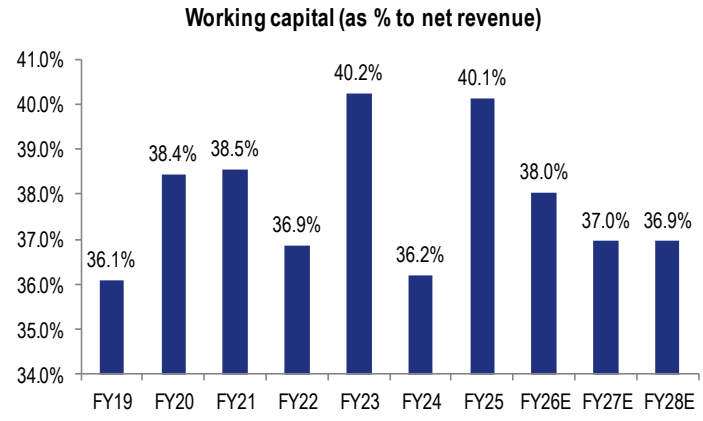
- **Improving profitability, better working capital and lower capex intensity to aid healthy cash generation and improve return profile**. With uptick in profitability (we estimate c.310bps uptick in EBITDA margin) as well as improving working capital, we expect OCF to improve, which should allow the company to fund its higher capex requirements, generate FCF and improve overall RoE/RoCE profile over FY25-28E.

Exhibit 58. Working capital days

Net working capital days (on gross sales)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Inventory days	16	15	17	16	21	18	23	22	21	21
Debtors days	29	32	24	22	24	23	25	24	24	24
Creditors days	11	10	9	7	8	6	7	7	7	7
Net working capital days	**34**	**36**	**32**	**31**	**36**	**35**	**42**	**39**	**38**	**38**

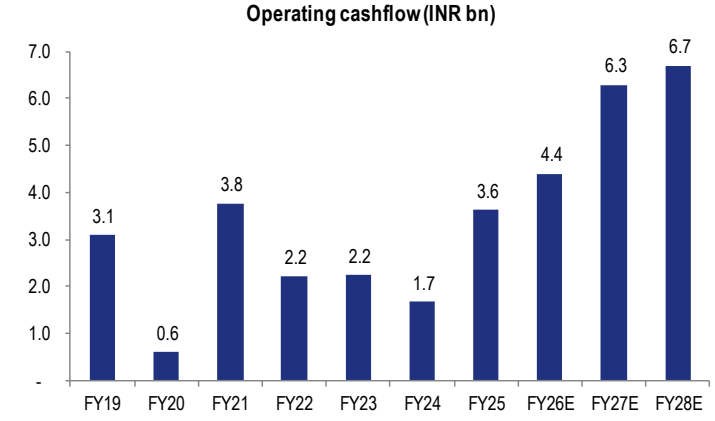
Source: Company, JM Financial

Exhibit 59. Improved profitability and working capital…



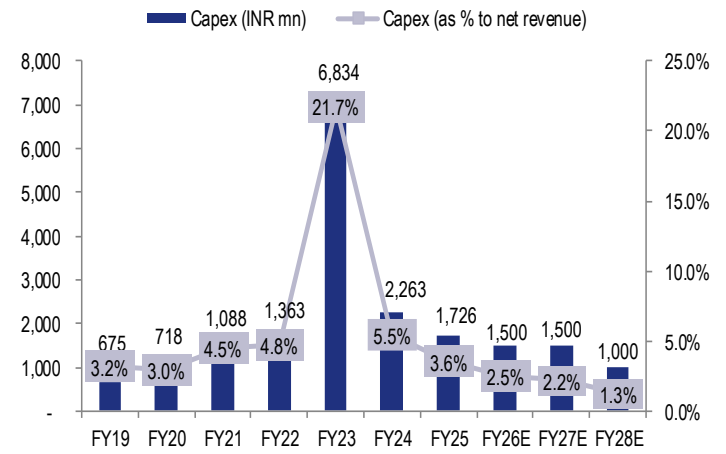
Source: Company, JM Financial. Note: Net revenue is net-off excise duty and including other operating income.

Exhibit 60. …to boost operating cash flows…



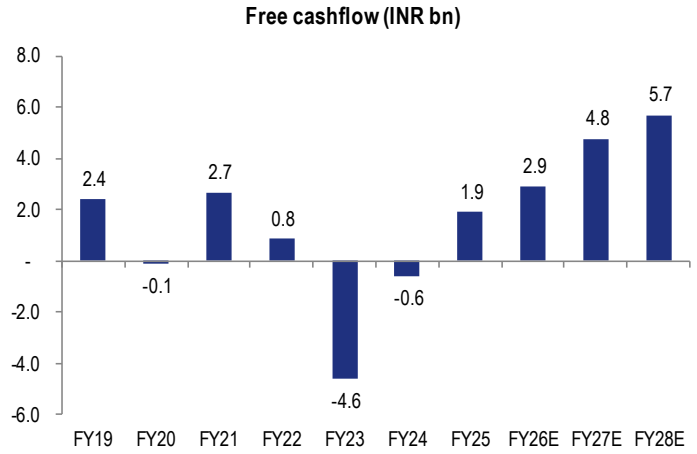
Source: Company, JM Financial

Exhibit 61. …which, along with lower capex intensity…



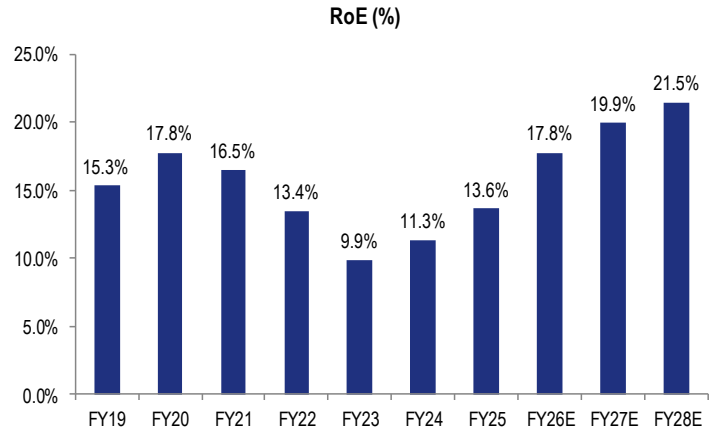
Source: Company, JM Financial

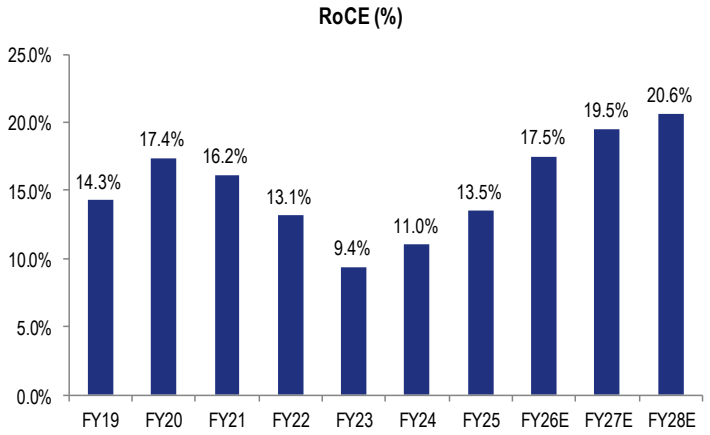
Exhibit 62. …will aid healthy FCF generation over FY25-28E



Source: Company, JM Financial

Exhibit 63. RoE/RoCE profiles to see steady uptick over FY25-28E





Source: Company, JM Financial. Note: RoCE calculation is on post-tax basis.

Management background

Exhibit 64. Key Management Team

Name	Designation	Qualification & experience
Mr. Lalit Khaitan	Chairman & Managing Director	He has been the Chairman and Managing Director of the company since 2003. A veteran with over 50 years of experience and one of the pioneers in the Indian spirits industry. He has succeeded in transforming Radico Khaitan from a bottler to a leading IMFL player in India. He also serves as the Chairman, U.P. Committee of PHD Chamber of Commerce and Industry, senior member, managing committee of ASSOCHAM, and member of the managing committee of All India as well as U.P. Distillers Association.
Mr. Abhishek Khaitan	Managing Director	He holds a Bachelor degree of Engineering from BMS college of Engineering, Bangalore and has completed a Managerial Finance & Accounting course from Harvard, USA. He is the brain behind Radico's foray into the branded business. As the Managing Director with over 2 decades of industry experience, he has been instrumental in launching over 15 successful brands of which 7 feature in the millionaires club.
Mr. Dilip Banthiya	Chief Financial Officer	He is a fellow member of the Institute of Chartered Accountants of India. 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.
Mr. Amar Sinha	Chief Operating Officer	He is a sales & marketing expert having a distinguished professional career spanning across more than 30 years with a diverse range of fast moving consumer goods. Prior to Radico Khaitan, he was the Executive Director at the Wave Group. During his professional career, he has served 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 (U.B.Group) and Smithkline Beecham.
Mr. Sanjeev Banga	President - International Business	He is a Commerce and MBA graduate from UBS, Chandigarh. He has been spearheading the global reach for Radico Khaitan 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, JM Financial

Key risks

- **Adverse regulatory changes in key market like Uttar Pradesh:** The spirits Industry in India operates in a highly regulated environment, marked by diverse regional laws including varying production levies, complex tax structures, advertising restrictions and multiple licensing requirements for manufacturing, storage, and distribution. Any changes in state-specific regulations or lapses in compliance could disrupt operations, delay product movement and adversely impact the company's business operations and profitability
- **Volatility in Input costs:** Radico's key raw materials includes grain, extra-neutral alcohol (ENA) and packaging materials like glass. Price volatility in these inputs driven by global commodity cycles, supply-demand imbalances or geopolitical factors could lead to higher production costs. Since, the company operates in a highly regulated environment where price flexibility is negligible, cost escalations may adversely affect it and potentially result in margin compression.
- **Intense competitive landscape:** The IMFL industry in India is highly competitive with many existing incumbents penetrating the market with diverse and differentiated offerings across whisky, brandy, rum and white spirits. Further, country liquor players are also diversifying and upgrading its portfolio with entry-level IMFL products further increasing the competitive intensity.
- **Shift in consumer preference and decrease in population consuming alco-beverages:** Globally, there is an emerging consumption trend wherein consumers are becoming more health conscious and are shifting towards non-alcoholic and/or low-alcohol drinks due to the impact of alcohol on health. In the event where such a shift in consumer demand (especially younger generation) towards zero or low-alcohol alternatives is seen in India, there could be a reduction in demand for Radico's products and impact it negatively.

Financial Tables (Standalone)

Income Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	40,982	48,096	58,729	67,817	78,168
Sales Growth	32.0%	17.4%	22.1%	15.5%	15.3%
Other Operating Income	203	416	508	586	676
Total Revenue	**41,185**	**48,512**	**59,236**	**68,403**	**78,844**
Cost of Goods Sold/Op. Exp	23,665	27,739	33,468	38,169	43,522
Personnel Cost	1,958	2,169	2,494	2,781	3,101
Other Expenses	10,502	11,867	14,317	16,430	18,820
EBITDA	**5,061**	**6,737**	**8,957**	**11,023**	**13,401**
EBITDA Margin	12.3%	13.9%	15.1%	16.1%	17.0%
EBITDA Growth	41.2%	33.1%	32.9%	23.1%	21.6%
Depn. & Amort.	1,138	1,401	1,502	1,594	1,672
EBIT	3,923	5,336	7,455	9,429	11,729
Other Income	89	49	105	162	255
Finance Cost	591	738	623	458	258
PBT before Excep. & Forex	3,420	4,646	6,937	9,133	11,725
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	3,420	4,646	6,937	9,133	11,725
Taxes	863	1,194	1,769	2,329	2,990
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	2,558	3,452	5,168	6,804	8,735
Adjusted Net Profit	**2,558**	**3,452**	**5,168**	**6,804**	**8,735**
Net Margin	6.2%	7.1%	8.7%	9.9%	11.1%
Diluted Share Cap. (mn)	133.5	133.5	133.5	133.5	133.5
Diluted EPS (INR)	**19.2**	**25.9**	**38.7**	**51.0**	**65.4**
Diluted EPS Growth	25.1%	35.0%	49.7%	31.6%	28.4%
Total Dividend + Tax	400	534	799	1,052	1,351
Dividend Per Share (INR)	3.0	4.0	6.0	7.9	10.1

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	23,774	26,910	31,279	37,030	44,414
Share Capital	267	268	268	268	268
Reserves & Surplus	23,506	26,643	31,011	36,763	44,147
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	7,371	6,307	5,107	2,607	607
Def. Tax Liab. / Assets (-)	919	985	985	985	985
Total - Equity & Liab.	**32,064**	**34,202**	**37,371**	**40,622**	**46,006**
Net Fixed Assets	17,112	17,900	18,151	18,335	17,968
Gross Fixed Assets	18,775	20,554	22,054	23,554	24,554
Intangible Assets	315	330	330	330	330
Less: Depn. & Amort.	4,066	5,272	6,586	7,992	9,474
Capital WIP	2,089	2,288	2,353	2,443	2,558
Investments	1,354	1,354	1,354	1,354	1,354
Current Assets	21,861	26,508	30,748	35,055	41,933
Inventories	7,797	10,768	12,550	13,935	16,051
Sundry Debtors	9,782	11,822	13,837	15,793	18,203
Cash & Bank Balances	1,000	571	913	1,777	4,022
Loans & Advances	0	0	0	0	0
Other Current Assets	3,283	3,346	3,447	3,550	3,657
Current Liab. & Prov.	8,263	11,560	12,882	14,122	15,249
Current Liabilities	3,483	4,004	4,754	5,377	6,084
Provisions & Others	4,780	7,556	8,128	8,744	9,166
Net Current Assets	13,598	14,948	17,866	20,933	26,684
Total – Assets	**32,064**	**34,202**	**37,371**	**40,622**	**46,006**

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	3,420	4,646	6,937	9,133	11,725
Depn. & Amort.	1,138	1,401	1,314	1,406	1,482
Net Interest Exp. / Inc. (-)	591	738	623	458	258
Inc (-) / Dec in WCap.	-2,835	-2,274	-2,602	-2,231	-3,533
Others	72	13	-105	-162	-255
Taxes Paid	-726	-904	-1,769	-2,329	-2,990
Operating Cash Flow	**1,661**	**3,621**	**4,398**	**6,275**	**6,687**
Capex	-2,263	-1,726	-1,500	-1,500	-1,000
Free Cash Flow	-602	1,895	2,898	4,775	5,687
Inc (-) / Dec in Investments	-76	-18	0	0	0
Others	81	38	40	72	140
Investing Cash Flow	**-2,258**	**-1,706**	**-1,460**	**-1,428**	**-860**
Inc / Dec (-) in Capital	37	90	0	0	0
Dividend + Tax thereon	-401	-401	-799	-1,052	-1,351
Inc / Dec (-) in Loans	1,339	-1,064	-1,200	-2,500	-2,000
Others	-737	-999	-596	-431	-231
Financing Cash Flow	**237**	**-2,374**	**-2,596**	**-3,984**	**-3,582**
Inc / Dec (-) in Cash	**-360**	**-460**	**342**	**863**	**2,245**
Opening Cash Balance	1,359	1,031	571	913	1,777
Closing Cash Balance	1,000	571	913	1,777	4,022

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	6.2%	7.1%	8.7%	9.9%	11.1%
Asset Turnover (x)	1.3	1.4	1.6	1.7	1.8
Leverage Factor (x)	1.4	1.3	1.3	1.2	1.1
RoE	11.3%	13.6%	17.8%	19.9%	21.5%

Key Ratios

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	178.1	201.6	234.3	277.4	332.7
ROIC	10.7%	13.2%	17.0%	19.9%	22.9%
ROE	11.3%	13.6%	17.8%	19.9%	21.5%
Net Debt/Equity (x)	0.3	0.2	0.1	0.0	-0.1
P/E (x)	157.2	116.4	77.8	59.1	46.0
P/B (x)	16.9	14.9	12.9	10.9	9.0
EV/EBITDA (x)	80.4	60.3	45.2	36.4	29.6
EV/Sales (x)	9.9	8.4	6.8	5.9	5.0
Debtor days	87	89	85	84	84
Inventory days	69	81	77	74	74
Creditor days	27	27	28	28	29

Source: Company, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081
Member of BSE Ltd. and National Stock Exchange of India Ltd.
SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610
Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.
Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com
Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.com
Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:
All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and
No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 27th Floor, Office No. 2715, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.