

Making it large on premiumisation.....

About the stock: Radico Khaitan (RKL) is one of the recognised IMFL company in India with portfolio of 8 millionaire brands. It has one of the largest liquor manufacturers in India with a capacity of 321 litres p.a. Prestige & Above contribution has gone up to 67% in Q1FY26 due to strong traction to products.

Investment Rationale:

- **Strong portfolio of brands; scaling up well on strong traction:** Radico Khaitan has strong portfolio of 8 millionaire brands and various luxury and premium offering across various categories and segments (Regular to Luxury). Magic Moments Vodka leads the Indian Vodka market with 60% market share. With strong traction across segments, Magic moment vodka sales volume reached 7mn cases in FY25 from 5mn cases in FY23. In the whisky space, 8 PM has crossed 10mn cases sales volume achieving market share of 5% in the Indian whisky market. After dark whisky was latest entrant in the millionaires' club, clocking a sales volume of 1.9mn cases (grew by 100%yoy). In the semi-luxury segment, Royal Ranthambore Heritage Collection Whisky, a premium whisky, is growing at 50%+ (in volume terms) expanding its market presence.
- **Premiumisation remains core of growth strategy:** Premiumisation is the core of RKL's long-term growth strategy. Prestige & Above (P&A) registered a strong performance with revenues growing by 21% YoY to Rs.2,340crore (driven by 15% volume growth to 13mn cases). Since FY19, the P&A portfolio has grown at a CAGR of 13% reflecting the sustained momentum of the company's premiumisation strategy, which is ahead of the industry growth. P&A sales volume contribution improved to 46% in FY25 from 29% in FY21. Some of the new launches in under luxury segment achieved strong traction aiding the segment to grow by 32% YoY to Rs.340crore in FY25. The company is confident of luxury portfolio achieving Rs.500cr+ revenues in FY26. Rising acceptance of premium products and strong scale-up in the luxury portfolio will help, P&A segment volumes and revenues to grow at CAGR of 19% and 21% over FY25-28E.
- **EBIDTA margins will consistently improve; likely debt free by FY28:** RKL's EBIDTA margins improved by 160bps YoY to 13.9% in FY25 driven by improved mix and accrued benefits of Backward integration. Management expects EBIDTA margins to improve 100bps in FY26. UK-India FTA will lead to reduction in the imported bulk scotch cost, which will lead to incremental margin benefit. We expect EBIDTA margins to cross 16% in FY28. Strong profitability improvement, stable working capital and no major capex would result in consolidated debt substantially reducing by FY28. RoE & RoCE to improve to 18% and 23% by FY28E.

Rating and Target Price: Premiumisation and benefits from UK-India FTA deal will boost liquor companies' earnings growth in the medium term. RKL's revenues and PAT are expected to grow at CAGR of 17% and 35% over FY25-28E. **We recommend Buy with a price target of Rs.3,540 (valuing at 62x average FY27-28E earnings).**

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Revenues	3142.8	4118.5	4851.2	24.2	5844.5	6780.1	7779.1	17.0
EBIDTA	358.3	506.1	673.6	37.1	875.6	1075.9	1297.8	24.4
EBIDTA Margins(%)	11.4	12.3	13.9		15.0	15.9	16.7	
Adjusted PAT	204.4	255.7	345.1	30.0	528.9	681.3	854.3	35.3
EPS (Rs.)	20.7	19.7	16.5		19.6	25.8	39.6	
PE (x)	179.9	151.2	114.7		74.9	58.2	46.4	
EV to EBIDTA (x)	112.3	80.2	60.4		46.1	37.2	30.5	
RoE (%)	9.3	10.5	12.5		16.3	17.6	18.3	
RoCE (%)	9.8	11.3	13.6		18.0	20.2	23.2	

Source: Company, ICICI Direct Research



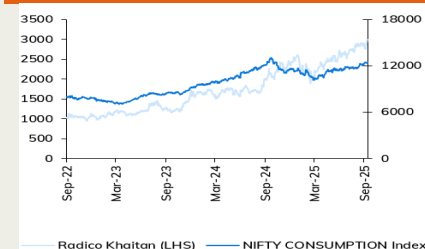
Particulars

Particular	Amount
Market Capitalisation (₹ crore)	39660.5
Debt (FY25) - ₹ crore	1102.7
Cash (FY25) - ₹ crore	57.7
EV (₹ crore)	40705.6
52 week H/L (₹)	3070 / 1846
Equity capital (₹ crore)	26.8
Face value (₹)	2

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	40.2	40.2	40.2	40.2
FII	18.6	17.7	17.0	17.8
DII	24.7	25.6	26.8	26.0
Others	16.5	16.5	16.1	16.0

Price Chart



Radico Khaitan (LHS) NIFTY CONSUMPTION Index

Key risks

- Changes in State Liquor Policy would lead to impact on revenues.
- Volatility in input prices

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Luxury portfolio to cross Rs.500crore in FY26E

Rising disposable income and improving demographics led to growing traction in the premium and luxury liquor segment. RKL's luxury spirit brands are growing at 50%+ due to strong acceptance to the new launches. In FY25, the company expanded its luxury portfolio in India with the launch of three standout offerings — Rampur Asava, Sangam World Malt, and the Jaisalmer Indian Craft Gin – Gold Edition. These brands have been currently rolled out in select domestic markets. Luxury portfolio is increasingly showcased across premier international travel retail channels, reinforcing the global resonance of Indian craftsmanship. This expanding presence reflects the company's commitment to building globally recognised Indian brands and cementing Radico Khaitan's stature in the world of luxury spirits. Luxury segment contributed Rs.350cr of revenues in FY25, which is expected to increase to Rs.500cr by FY26.

Exhibit 1: RKL's product portfolio

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, ICICI Direct Research

Exhibit 2: Breaking the Price Barrier



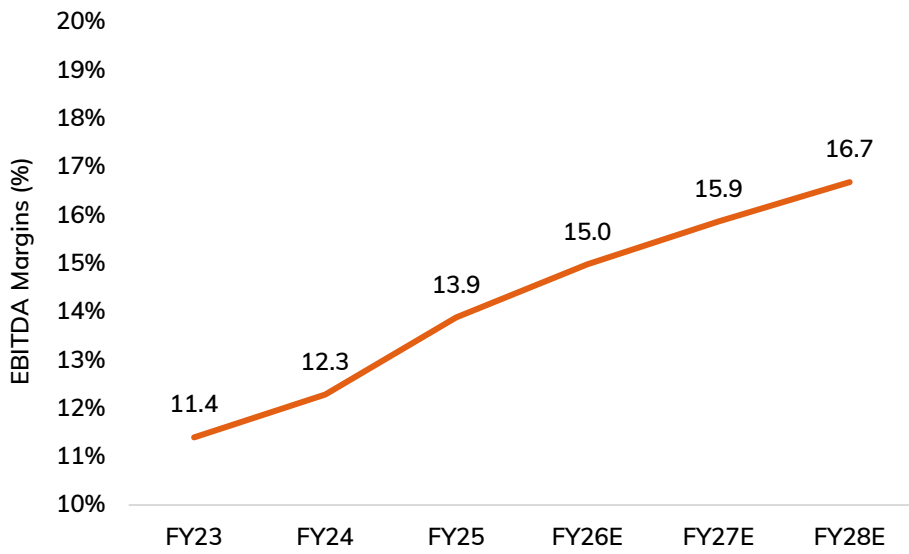
Source: Company, ICICI Direct Research

Backward integration investment would drive consistent margin improvement

RKL has undertaken significant capital investments to expand and modernise our distillation infrastructure, most notably the 350 KLPD grain-based distillery in Sitapur. This facility is operating at optimal efficiency, securing long-term ENA supply and reinforcing backward integration strategy. Further the company has also strengthened its packaging and production capabilities with a dedicated Magic Moments printing facility in Aurangabad and expanded PET bottle capacity in South India. With the completion of this major capex cycle, RKL is now well positioned for the next phase of growth with a focus on premiumisation, stronger margins,

and sustained cash flow generation. The commissioning of a new bottle printing facility in Aurangabad for Magic Moments vodka supported by a local glass supplier has reduced lead times and logistics costs across Maharashtra and nearby states. Capacity expansion at the PET facility in Telangana supports the efficient production of PET bottles for supply in South India. The grain-based ENA distillery in Sitapur significantly reduces dependency on external suppliers and enhances supply security. The company's EBITDA improved by 250bps over FY23-25 to 13.9% in FY25. Premiumisation and operating efficiencies through backward integration will help EBITDA margins to reach 16% by FY27E and close to 17% by FY28E.

Exhibit 3: Consistent improvement in the EBITDA margins



Source: Company, ICICI Direct Research

Exhibit 4: Key Assumptions

Particulars	FY24	FY25	FY26E	FY27E	FY27E
Sales volume (mn cases)					
Prestige & Above (P&A)	11.3	13.0	15.9	18.6	21.6
Contribution %	45.6	46.1	45.7	47.6	49.5
Growth % (YoY)	20.6%	15.5%	22.1%	17.0%	16.4%
Regular & Others	13.4	15.2	18.9	20.4	22.0
Contribution %	54.4	53.9	54.3	52.4	50.5
Growth % (YoY)	-14.0%	13.3%	24.2%	8.0%	8.0%
Royalty Brands	4.1	3.2	3.0	3.2	3.4
Growth % (YoY)	23.9%	-22.2%	-4.6%	6.7%	6.7%
Total Sales volume	28.7	31.4	37.8	42.2	47.1
y-o-y%	1.8	9.1	20.4	11.7	11.6
Realisation (Rs. Per case)					
Prestige & Above (P&A)	1716	1800	1828	1883	1930
Growth % (YoY)	7.1%	4.9%	1.6%	3.0%	2.5%
Regular & Others	634	648	644	659	672
Growth % (YoY)	1.2%	2.3%	-0.6%	2.3%	2.0%
Blended	1128	1075	1140	1197	1256
Growth % (YoY)	13.8%	-4.7%	6.0%	5.0%	5.0%
Revenue (Rs. In cr)					
IMFL - Prestige & Above (P&A)	1932	2340	2901	3497	4170
Contribution %	68.5%	69.4%	69.8%	71.5%	73.2%
Growth % (YoY)	29.2%	21.1%	24.0%	20.5%	19.3%
IMFL - Regular & Others	851	986	1217	1345	1482
Contribution %	30.2%	29.3%	29.3%	27.5%	26.0%
Growth % (YoY)	-13.0%	15.9%	23.4%	10.5%	10.2%
Others	38	45	0	48	48
Growth % (YoY)	39.6%	18.4%	-	-	-
Total IMFL	2821.4	3371.6	4156.7	4889.7	5699.7
Growth % (YoY)	12.8%	19.5%	23.3%	17.6%	16.6%
Total Non-IMFL	1297.1	1479.3	1687.8	1890.4	2079.4
Growth % (YoY)	102.2%	14.0%	14.1%	12.0%	10.0%
Total Revenues	4118.5	4851.2	5844.5	6780.1	7779.1
Growth % (YoY)	31.0%	17.8%	20.5%	16.0%	14.7%

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 5: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Total Operating Income	4118.5	4851.2	5844.5	6780.1	7779.1
Growth (%)	31.0	17.8	20.5	16.0	14.7
Raw Material Expenses	2366.5	2773.9	3302.2	3773.1	4282.4
Gross Profit	1752.0	2077.3	2542.4	3007.0	3496.7
Gross Profit Margins (%)	42.5	42.8	43.5	44.4	45.0
Employee Expenses	195.8	216.9	249.4	286.9	324.1
Other Expenditure	1050.2	1186.8	1417.3	1644.2	1874.8
Total Operating Expenditure	3612.5	4177.5	4968.9	5704.1	6481.3
EBITDA	506.1	673.6	875.6	1075.9	1297.8
Growth (%)	41.2	33.1	30.0	22.9	20.6
Interest	59.1	73.8	49.6	40.8	25.0
Depreciation	113.8	140.1	124.6	130.9	138.2
Other Income	8.9	4.9	5.6	6.5	7.6
PBT	342.0	464.6	707.1	910.8	1142.1
Less Tax	86.3	119.4	178.2	229.5	287.8
Adjusted PAT	255.7	345.1	528.9	681.3	854.3
Growth (%)	25.1	35.0	53.2	28.8	25.4
Share of Profits	6.4	0.5	0.0	0.0	0.0
Reported PAT	262.2	345.6	528.9	681.3	854.3
Growth (%)	19.0	-	53.0	28.8	25.4
EPS (Adjusted)	19.7	16.5	19.6	25.8	39.6

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY27E
Profit/(Loss) after taxation	246.9	340.3	523.3	674.7	846.8
Add: Depreciation & Amort.	113.8	140.1	124.6	130.9	138.2
Add: Other income	8.9	4.9	5.6	6.5	7.6
Net Increase in Current Assets	-219.4	-497.7	-339.0	-486.7	-490.7
less: 'Net Increase in Current Liabilities	147.0	-151.4	-140.8	-212.3	-148.2
CF from Operating activities	3.1	138.9	455.3	537.8	650.1
Investments & Bank bal	1.0	-12.7	-89.0	-181.4	14.0
(Purchase)/Sale of Fixed Assets	-308.2	-219.7	-85.0	-155.0	-125.0
Intangible assets	1.1	-0.1	0.0	0.0	0.0
Others					
CF from Investing activities	-306.1	-232.5	-174.0	-336.4	-111.0
(inc)/Dec in Loan	276.9	71.9	-222.6	-130.0	-500.0
Change in equity & reserves	16.1	22.5	0.0	0.0	0.0
Dividend paid	-40.1	-53.5	-46.8	-46.8	-46.8
Deferred Tax Liability	14.2	6.6	0.0	0.0	0.0
CF from Financing activities	267.1	47.5	(269.4)	(176.8)	(546.8)
Net Cash Flow	-35.8	-46.1	11.9	24.5	-7.7
Cash and Cash Equivalent	122.1	86.3	40.2	52.1	76.6
Cash	86.3	40.2	52.1	76.6	68.8
Free Cash Flow	-305.1	-80.8	370.3	382.8	525.1

Source: Company, ICICI Direct Research

Exhibit 7: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY27E
Equity Capital	26.7	26.8	26.8	26.8	26.8
Reserve and Surplus	2412.9	2726.9	3209.0	3843.4	4650.9
Non-Controlling Interest					
Total Shareholders funds	2439.6	2753.7	3235.8	3870.2	4677.7
Total Debt	1030.8	1102.7	880.2	750.2	250.2
Deferred Tax Liability	91.9	98.5	98.5	98.5	98.5
Total Liabilities	3562.4	3955.0	4214.5	4718.9	5026.4
Gross Block - Fixed Assets	2109.6	2352.1	2440.4	2595.4	2720.4
Accumulated Depreciation	416.0	548.3	672.9	803.9	942.1
Net Block	1693.5	1803.8	1767.5	1791.5	1778.3
Capital WIP	54.0	23.3	20.0	20.0	20.0
Fixed Assets	1747.6	1827.1	1787.5	1811.5	1798.3
Investments	270.8	280.4	236.9	268.3	304.3
Goodwill & Other intangible ass	6.9	7.0	7.0	7.0	7.0
Inventory	779.7	1076.8	1172.1	1383.5	1595.5
Debtors	978.2	1182.2	1406.6	1660.2	1914.6
Other Current Assets	161.2	118.2	124.1	130.3	136.8
Loans & Advances	50.1	89.6	103.1	118.5	136.3
Cash	86.3	40.2	52.1	76.6	68.8
Bank balance	14.4	17.5	150.0	300.0	250.0
Total Current Assets	2069.7	2524.5	3007.9	3669.1	4102.1
Creditors	248.0	312.5	366.3	518.8	598.3
Provisions	20.2	25.0	60.0	60.0	60.0
Other Current Liabilities	264.4	346.5	398.5	458.2	527.0
Total Current Liabilities	532.6	684.0	824.8	1037.1	1185.3
Net Current Assets	1537.1	1840.5	2183.1	2632.1	2916.8
Application of Funds	3562.4	3955.0	4214.5	4718.9	5026.4

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY27E
Per share data (₹)					
Adjusted EPS	19.6	25.8	39.6	50.9	63.9
Cash EPS	27.6	36.3	48.8	60.7	74.2
BV per share	182.4	205.9	242.0	289.4	349.8
Operating Ratios (%)					
Gross Profit Margins	42.5	42.8	43.5	44.4	45.0
OPM	12.3	13.9	15.0	15.9	16.7
PAT Margins	6.2	7.1	9.0	10.0	11.0
Asset Turnover (x)					
Return Ratios (%)					
RoE	10.5	12.5	16.3	17.6	18.3
RoCE	11.3	13.6	18.0	20.2	23.2
Valuation Ratios (x)					
P/E	151.2	114.7	74.9	58.2	46.4
EV / EBITDA	80.2	60.4	46.1	37.2	30.5
EV / Net Sales	9.8	8.4	6.9	5.9	5.1
Market Cap / Sales	9.6	8.2	6.8	5.8	5.1
Price to Book Value	16.2	14.4	12.2	10.2	8.5
Solvency Ratios					
Debt / EBITDA	2.0	1.6	1.0	0.7	0.2
Debt / Equity	0.4	0.4	0.3	0.2	0.1
Inventory days	78	88	80	80	80
Debtor days	98	96	96	96	96
Creditor days	25	25	25	30	30
WC Days	152	158	151	146	146

Source: Company, ICICI Direct Research

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