

Radico Khaitan Ltd

24 January 2026

RESULT UPDATE

Sector: Alco-Beverages Rating: **BUY**
CMP: Rs 2,960 Target Price: **Rs 3,654**

Stock Info

Sensex/Nifty	81,537 / 25,048
Bloomberg	RDCK IN
Equity shares (mn)	134
52-wk High/Low	Rs 3,552 / 1,846
Face value	2
M-Cap	Rs.396 bn/US\$4.3bn
3-m Avg Turnover	US\$ 15.9mn

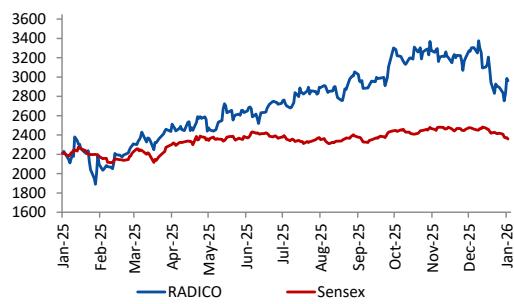
Financial Snapshot (Rs mn)

Y/E Mar	FY26E	FY27E	FY28E
Sales	60,516	70,343	81,196
Adj. PAT	5,706	7,224	9,023
Adj. EPS (Rs)	42.7	54.0	67.5
PE (x)	69.4	54.8	43.9
EV/EBITDA (x)	41.6	34.3	28.1
P/BV (x)	12.1	10.0	8.3
EV/Sales	6.6	5.6	4.8
RoE (%)	18.9	20.0	20.7
RoCE (%)	21.8	23.6	24.5
NWC (days)	115	113	113
Net gearing (x)	0.1	-0.1	-0.2

Shareholding Pattern (%)

	Dec 25	Sept 25	Jun 25
Promoter	40.2	40.2	40.2
-Pledged	-	-	-
FII	19.8	18.0	17.8
DII	24.0	25.5	26.0
Others	15.9	16.3	16.0

Stock Performance(1-year)



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Investors are advised to refer disclosures made at the end of the research report.

Conference call takeaways

Financial and operational highlights

- Margin: Gross margin reached 46.9%, expanding by 350 bps YoY, driven by a benign raw material environment (specifically ENA and grain prices) and an improved product mix through premiumization.
- Debt reduction: Net debt decreased by Rs 2.09 bn since March 2025. The management stated the company is on track to become debt-free by FY2027.
- Future guidance: Management targets an annual EBITDA margin improvement of 125 bps over the next two years.

Brand performance and innovation

- Luxury and premium growth: The luxury portfolio is expected to reach a revenue of approximately Rs 5 bn this year, up from Rs 3.4 bn the previous year.
- **Key brand metrics:**
 - Magic Moments Vodka: Grew by 18% in volume during Q3 and surpassed Rs 15 bn in sales for the 9 month period.
 - Royal Ranthambore Whiskey: Delivered outstanding growth of over 50% in the quarter.
 - After Dark Whiskey: Recorded 40% YoY growth in Q3, with 80% growth for the full year so far.
 - 8 PM Premium Black: Following a packaging change, the brand saw a 40% growth trajectory in the last quarter.
- Rampur Indian Single Malt: This brand is now the only Indian spirit served on Air India's first and business class international flights. The company also launched Rampur 1943 Virat, a new luxury benchmark in the category.
- Morpheus Whiskey: Currently in the seeding stage across 8 states, this brand is priced higher than leading competitors to maintain a premium position.

Market and regional trends

- Andhra Pradesh (AP): This state was a standout performer, with company's market share jumping from 15% to 26% now. This was primarily attributed to route-to-market changes and agile execution, making Radico the leading player in the state. Management noted that while brandy remains strong, the premium portfolio has begun to gain significant traction in the last few months.
- Maharashtra: The market faced challenges due to a new excise policy that introduced "Maharashtra Made Liquor" (MML), which favored local companies. This led to a 20% decline in the overall industry volume in the state during Q3. To counter this, Radico is launching its own MML through a joint venture this month to regain market position.
- Telangana: The state saw high single-digit growth (5-6%) in Q3. While October and November were slow, the December lottery led to bumper sales. Importantly, management reported that long-standing collection issues are being resolved, with old outstanding payments expected to be cleared within a month.

- Uttar Pradesh (UP): Radico continues to hold the highest volume and market share in the country liquor segment in UP. The state is growing faster than the company's overall average.
- Other high-growth states: Management identified Rajasthan, Madhya Pradesh (MP), and Haryana as key regions where the company is outperforming industry averages and gaining market share.

Strategic initiatives

- Scotland subsidiary: The Board approved a 100% subsidiary in Scotland to secure access to the matured malt supply chain. As a large importer of blended malt, this move allows Radico to engage in cost-effective distillation and maturation in the UK. Management noted a price decline and oversupply of scotch in Scotland due to slowdowns in China, the US, and Europe.
- Shift in malt perception: There is a global trend where Indian and Japanese malts are becoming as respected—and sometimes more expensive—than traditional Scottish malts. Radico's Rampur Indian Single Malt is a key player in this shift, recently becoming the only Indian spirit served on Air India's international first and business class flights
- Tequila entry: Radico is entering the tequila category via a joint venture (holding a 47.5% stake) with Shah Rukh Khan and his associates and Nikhil Kamath. The product will be organically created and bottled in Mexico.
- On-Trade channel: The "on-trade" channel (bars, clubs, and airports) now accounts for 6% to 7% of total sales. When combined with the banqueting segment (weddings and corporate events), the contribution is approximately 7% to 8%. This channel is a strategic priority for building luxury brand imagery and facilitating consumer sampling.
- Export strategy: Exports contribute ~10% of total revenue/ 6% of volumes, with 80% of the export portfolio consisting of Prestige & Above (P&A) brands.

Exhibit 1: Quarterly performance

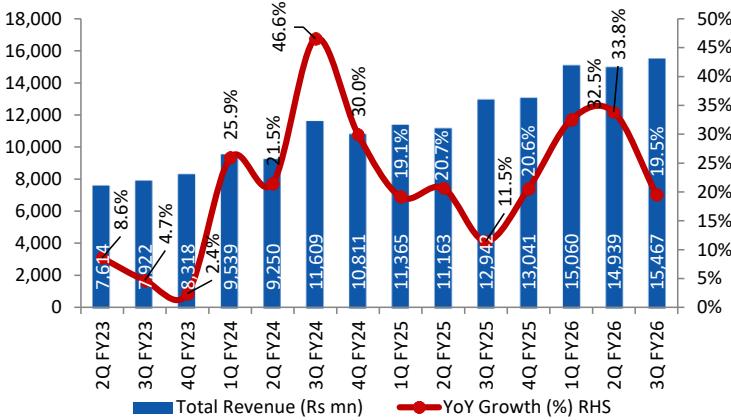
YE March (Rs mn)	3Q26	3Q25	2Q26	YoY (%)	QoQ (%)
Net Revenues	15,467	12,942	14,939	19.5	3.5
Total COGS	8,274	7,374	8,419	12.2	(1.7)
(% of sales)	53.5	57.0	56.4	-348 bps	-287 bps
Gross Profit	7,194	5,568	6,520	29.2	10.3
Gross margin	46.5%	43.0%	43.6%	348 bps	287 bps
Employee cost	697	629	585	10.8	19.0
(% of sales)	4.5	4.9	3.9		
Other operating exp	3,825	3,100	3,558	23.4	7.5
(% of sales)	24.7	24.0	23.8		
EBITDA	2,672	1,839	2,376	45.3	12.4
EBITDA margin	17.3%	14.2%	15.9%	306 bps	137 bps
Other income	26	11	24	141.2	10.2
PBIT	2,698	1,850	2,400	45.8	12.4
Depreciation	372	356	374	4.4	(0.5)
Finance cost	164	195	163	(15.8)	0.9
PBT	2,162	1,299	1,863	66.4	16.0
Tax	515	339	474	51.9	8.8
Effective Tax Rate	23.8%	26.1%	25.4%	-229 bps	-159 bps
Shares of Associates	(2)	(5)	6	(66.3)	(126.2)
Minority Interest	0	0	0		
Adjusted PAT	1,645	955	1,396	72.3	17.9
PATAMI margin	10.6%	7.4%	9.3%	326 bps	129 bps
Exceptional item	(96)	0	0		
Reported PAT	1,549	955	1,396	62.3	11.0
No. of shares (mn)	134	134	134		
Adj EPS (Rs)	12.29	7.14	10.42	72.1	17.9

Source: Company, Systematix Research

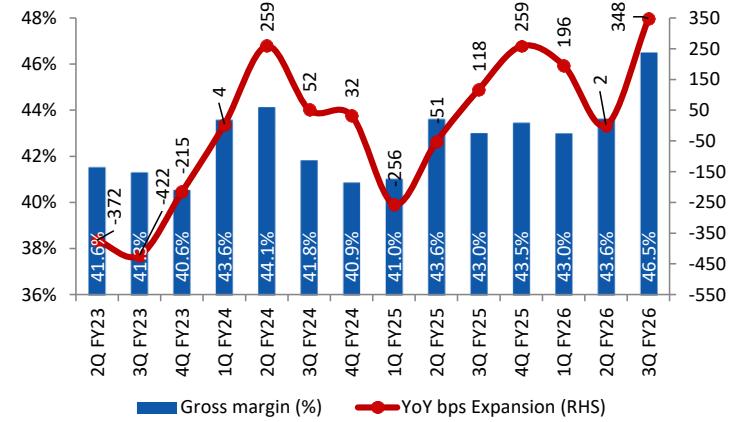
Exhibit 2: Change in Estimates

(Rs mn)	New estimates			Old estimates			Variance		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	60,516	70,343	81,196	59,567	68,891	79,396	1.6%	2.1%	2.3%
EBITDA	9,562	11,466	13,803	9,114	11,229	13,497	4.9%	2.1%	2.3%
EBITDA Margin	15.8%	16.3%	17.0%	15.3%	16.3%	17.0%			
EPS	5,706	7,224	9,023	5,356	7,215	9,014	6.5%	0.1%	0.1%

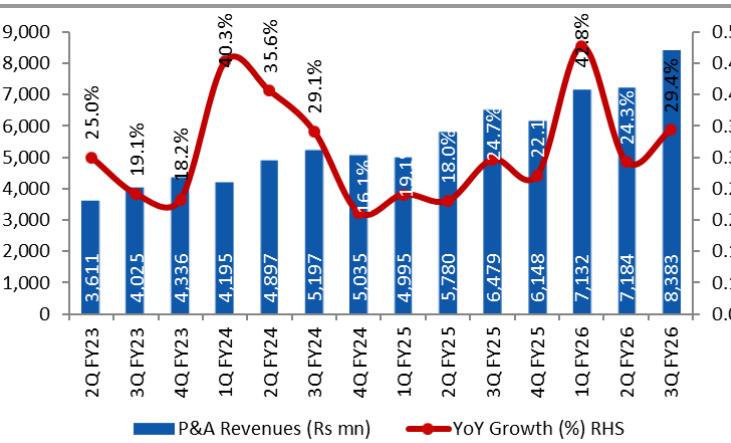
Source: Company, Systematix Research

Exhibit 3: Total Revenue grew by 19.5% YoY

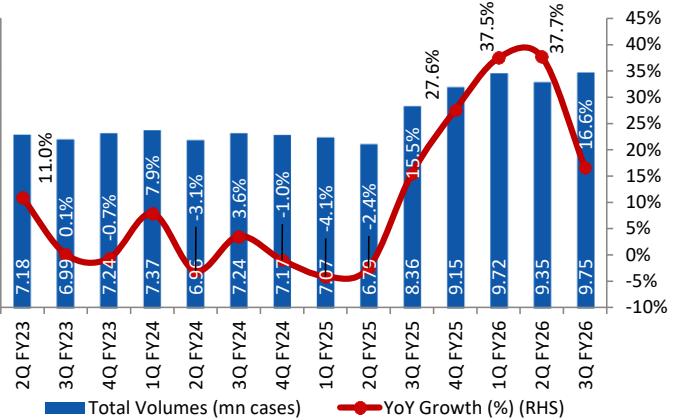
Source: Company, Systematix Research

Exhibit 5: Gross margin expanded by 348bps YoY

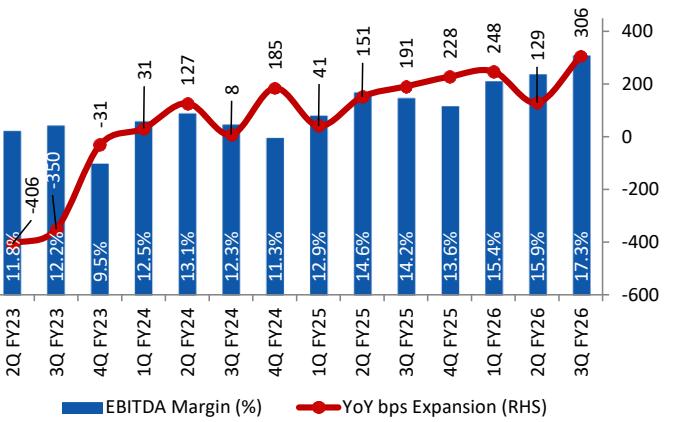
Source: Company, Systematix Research

Exhibit 7: P&A revenue grew by 29.4% YoY

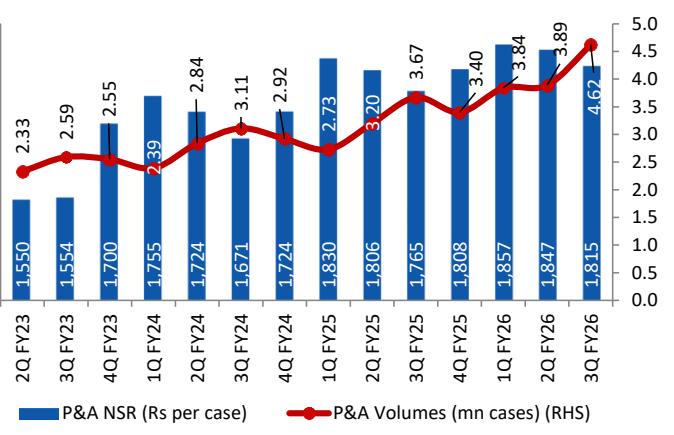
Source: Company, Systematix Research

Exhibit 4: Overall volumes grew by 16.6% YoY

Source: Company, Systematix Research

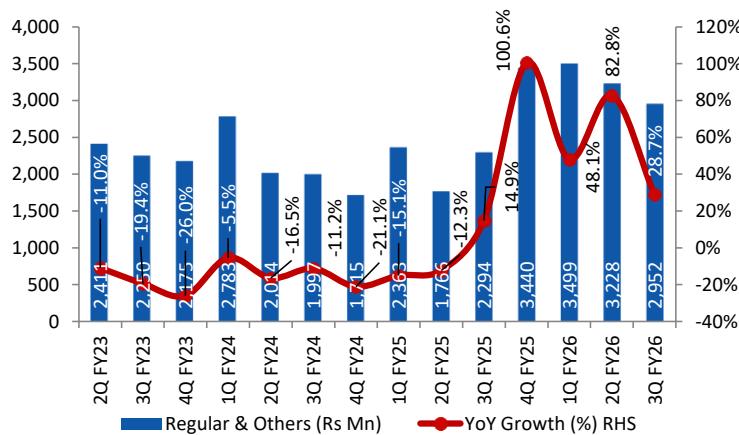
Exhibit 6: EBITDA margin expanded by 306 bps YoY

Source: Company, Systematix Research

Exhibit 8: P&A volume stood at 4.62mn cases, Realization per case Rs 1,815

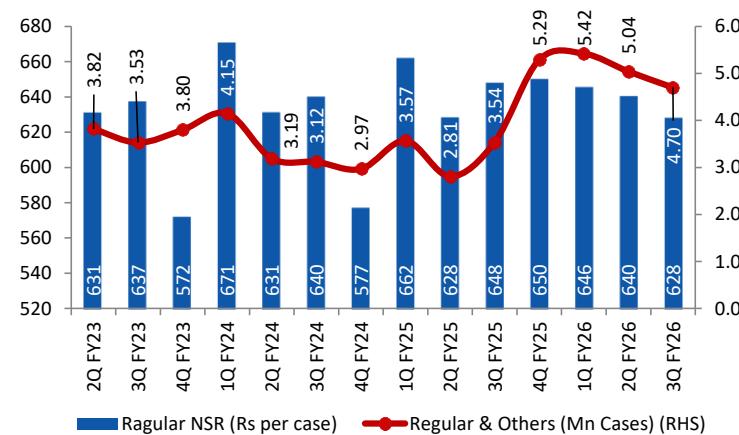
Source: Company, Systematix Research

Exhibit 9: Regular & Others revenue grew by 28.7% YoY



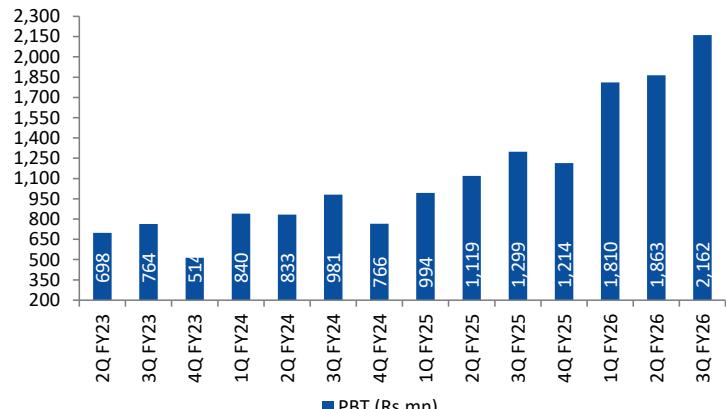
Source: Company, Systematix Research

Exhibit 10: Regular & Others volume stood at 4.7mn cases, Realization per case Rs 628



Source: Company, Systematix Research

Exhibit 11: PBT at Rs 2,162 mn



Source: Company, Systematix Research

Exhibit 12: PAT at Rs 1,645 mn



Source: Company, Systematix Research

FINANCIALS (CONSOLIDATED)

Profit & Loss Statement

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	41,185	48,512	60,516	70,343	81,196
Gross profit	17,520	20,773	26,930	31,654	37,106
GP margin (%)	42.5%	42.8%	44.5%	45.0%	45.7%
Operating profit (EBITDA)	5,029	6,736	9,562	11,466	13,803
OP margin (%)	12.2%	13.9%	15.8%	16.3%	17.0%
Depreciation	1,138	1,401	1,487	1,614	1,776
EBIT	3,892	5,335	8,075	9,852	12,027
Interest expense	597	738	618	308	130
Other income	125	49	75	112	147
Profit before tax	3,420	4,646	7,532	9,656	12,044
Taxes	863	1,194	1,845	2,462	3,071
Tax rate (%)	25%	25.7%	24.5%	25.5%	25.5%
Share of Profit/Loss of JV & Associates	64	5	20	30	50
Minority Interest	0	0	0	0	0
Adj. PAT	2,622	3,456	5,706	7,224	9,023
Exceptional loss & Discontinued operations	-	-	-	-	-
Reported Net profit	2,622	3,456	5,706	7,224	9,023
Adj EPS	19.6	25.8	42.7	54.0	67.5
No of Shares	133.7	133.8	133.8	133.8	133.8

Source: Company, Systematix Research

Cash Flow

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBIT	3,420	4,646	7,532	9,656	12,044
Depreciation	1,138	1,401	1,487	1,614	1,776
Tax paid	(726)	(904)	(1,845)	(2,462)	(3,071)
Working capital Δ	(2,667)	(2,265)	(1,209)	(2,129)	(2,958)
Other operating items	663	751	618	308	130
Operating cashflow	1,829	3,629	6,583	6,987	7,921
Capital expenditure	(2,522)	(1,809)	(1,612)	(1,697)	(1,608)
Free cash flow	(693)	1,819	4,970	5,290	6,313
Equity raised	37	90	-	-	-
Investments	(114)	0	-	-	-
Debt financing/disposal	1,339	(1,064)	(1,900)	(2,043)	(1,200)
Interest Paid	(587)	(746)	(618)	(308)	(130)
Dividends paid	(401)	(401)	(535)	(535)	(535)
Other items	61	(159)	-	-	-
Net Δ in cash	(358)	(461)	1,917	2,404	4,448

Source: Company, Systematix Research

Balance Sheet

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	335	268	268	268	268
Reserves	24,061	27,269	32,441	39,130	47,608
Debt	6,014	6,307	4,407	2,364	1,164
Deferred tax liab (net)	919	985	985	985	985
Other non current liabilities	614	881	881	881	881
Total liabilities	31,943	35,710	38,981	43,627	50,905
Fixed Asset	17,544	18,341	18,466	18,549	18,381
Investments	1,978	1,983	1,983	1,983	1,983
Other Non-current Assets	638	821	841	871	911
Inventories	7,797	10,768	11,440	13,105	15,127
Sundry debtors	9,782	11,822	13,264	15,225	17,574
Cash & equivalents	1,006	577	2,494	4,898	9,346
Loans and Advances	1,432	113	113	113	113
Other current Assets	774	1,966	1,791	2,081	2,403
Sundry creditors	2,670	6,647	5,637	6,552	7,563
Other current liabilities	6,336	4,033	5,773	6,645	7,368
Total Assets	31,943	35,710	38,981	43,627	50,905

Source: Company, Systematix Research

Ratios

YE: Mar	FY24	FY25	FY26E	FY27E	FY28E
Revenue growth (%)	31.0	17.8	24.7	16.2	15.4
Op profit growth (%)	42.5	33.9	41.9	19.9	20.4
Adj Net profit growth (%)	19.0	31.8	65.1	26.6	24.9
OPM (%)	12.2	13.9	15.8	16.3	17.0
Net profit margin (%)	6.4	7.1	9.4	10.3	11.1
RoCE (%)	12.8	15.8	21.8	23.6	24.5
RoNW (%)	11.3	13.3	18.9	20.0	20.7
EPS Adj (Rs)	19.6	25.8	42.7	54.0	67.5
DPS (Rs)	3.0	4.0	4.0	4.0	4.0
BVPS (Rs)	182.5	205.9	244.5	294.6	357.9
Debtor days	80	81	80	79	79
Inventory days	66	70	69	68	68
Creditor days	24	35	34	34	34
P/E (x)	150.9	114.6	69.4	54.8	43.9
P/B (x)	16.2	14.4	12.1	10.0	8.3
EV/EBITDA (x)	79.7	59.6	41.6	34.3	28.1

Source: Company, Systematix Research

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Served as an officer, director or employee	No

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

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

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