

EQUITY RESEARCH REPORT

RADICO KHAITAN





Rating
Business
Financials
Valuation
Management

Company : Radico Khaitan Limited. Sector : Breweries & Distilleries

Buy Range : ₹ 2700-2720	Target- 1 : ₹2980	Target- 2 : ₹3300	Potential Upside: 22.00%	Research Report
Stock Info				
Market Cap (₹ in cr)	36235.07			
52-Weeks High/Low	2,786.90/1,429.85			
Avg Volume	2,32,877			
No. of eq shares (cr)	13.38			
Face Value	2.00			
Bse Code	532497			
Nse Code	RADICO			
Free Float (cr)	21112.78			
Source : NSE/BSE				
Particulars	2024	2025		
Gross Margin	42.54%	42.82%		
Operating Margin	12.29%	13.89%		
Net Margin	6.37%	7.12%		
Financial Leverage	0.34	0.40		
Equity/Assets	0.60	0.59		
Debt/EBITDA	1.59	1.63		
ROE	11.28%	13.31%		
ROA	6.71%	7.91%		
ROCE	14.26%	17.85%		
Source : Company				
Particulars	2024	2025		
Promoters	40.23%	40.23%		
Mutual Funds/AIF	18.70%	19.81%		
Insurance co.	3.80%	4.74%		
Other DIIs	2.21%	2.23%		
FII	18.58%	16.94%		
Retails and Others	16.45%	16.04%		
Total	100.00%	100.00%		
Source : NSE/BSE				
Particulars	TTM			
P/E	104.88			
P/B	14.84			
EV/EBITDA	54.93			
P/S	7.47			
EPS	25.82			
P/CF	99.86			
Source : Company				
1000%	— Radico Price Performance			
800%	— Nifty MidCap 100 Performance			
600%				
400%				
200%				
0%				
06-2020	06-2021	06-2022	06-2023	06-2024

Radico Khaitan Limited: Radico Khaitan Ltd, established in 1943 as Rampur Distillery, is a leading Indian IMFL company. It began with bottling for other brands and the defence canteen network, later launching its own labels in 1997 with 8PM Whisky. Its portfolio includes popular brands like Magic Moments Vodka, Morpheus Brandy, and Contessa Rum. The company operates distilleries in Uttar Pradesh and Maharashtra, producing ENA from both molasses and grain, with most revenue coming from the domestic market.

Key Highlights:

- ❑ In Q4 FY2025, the company reported consolidated net revenue of ₹4,485 crore, marking a year-on-year (YoY) growth of approximately 15%. Net profit stood at ₹92.1 crore (₹920.7 million), reflecting a sharp increase of 71% YoY, driven by robust demand in the premium segment. The fourth-quarter operating margin (EBITDA margin) expanded by around 225 basis points YoY to approximately 13.6%. Additionally, the company recorded its highest-ever quarterly sales volume, with IMFL sales reaching 9.15 million cases—an impressive 28% YoY growth.
- ❑ Margins and profitability showed notable improvement in FY25. Gross margin for Q4 stood at approximately 43.5%, up from 41% in the same quarter last year, as per management commentary. The operating (EBITDA) margin for FY25 expanded by around 150 basis points year-on-year, with further expansion of about 100 basis points guided for FY26. This improvement is expected to be driven by a better product mix, ongoing backward integration efforts, and easing raw material costs.
- ❑ Radico Khaitan is intensifying its premiumization strategy, with plans to launch two luxury brands in H1 FY2026 after two years of development. In mid-2025, it introduced Morpheus Super Premium Whisky and Trikal single malt, expanding its Rampur franchise. The 8PM whisky range was also upgraded with new premium variants. The company targets ₹500 crore in luxury sales in FY2026 (~30% CAGR).
- ❑ India is among the fastest-growing global markets, contributing ~33% of global beverage-alcohol volume growth in 2021–22, driven by spirits and consumer up-trading. Pernod Ricard India's MD highlights that rising incomes and a younger demographic are fueling premiumization, with consumers opting for better-quality products despite drinking less. Radico is leveraging this trend through offerings like single malts and craft gin.
- ❑ Radico's standalone net debt stood at ~₹600 crore and is expected to decline by 35–40% in FY26, with a target of near-zero debt by FY27, driven by internal cash flows and working capital optimization. MD Khaitan confirmed that major capex is complete, including ~₹750 crore invested in the new Sitapur distillery and Rampur expansion, taking total capacity to ~320 million litres. The focus now shifts to optimizing operations of these assets.

INDIA-U.K FTA

- ❑ In the context of the India-UK FTA, CFO Dilip Banthiya stated that Radico expects 6–8% cost savings on imported malts due to duty cuts. However, the company will retain premium pricing to uphold brand aspiration. While states may raise local duties, Banthiya warned that steep hikes could impact sales. Radico plans to maintain MRPs, safeguard margins, and continue focusing on premiumization.
- ❑ Radico Khaitan continues to strengthen its distribution footprint, supplying to over 100 countries and scaling up presence in global travel retail (duty-free) and CSD (Defence canteens), where it holds a ~26–27% market share. Recent policy changes, such as the liberalization of private retail in Andhra Pradesh, have further expanded its retail outlet reach. To support growing demand across these channels, the company is also ramping up capacity through ongoing capex initiatives.

Key Risk :

- ❑ Alcohol in India is heavily state-regulated. The India-UK FTA will reduce Scotch and gin import duties from 150% to 75%, and eventually to 40% over 10 years, making imports more affordable. Pernod Ricard anticipates price drops across several states, which may pressure domestic players if states respond with higher excise duties. Radico expects cost savings from cheaper bulk whisky imports but cautions that tax hikes could negatively impact volumes.
- ❑ In the premium spirits segment, Radico competes with both domestic players like Amrut, Paul John, and Globus Spirits, as well as global brands. According to the MD, Radico's single malts now outperform many international malts in taste and pricing. In the mass segment, it faces competition from established IMFL players. Radico's focus on building aspirational brands in categories like gin and vodka, along with a strong distribution network, is central to its strategy to maintain a competitive edge.

RATING SCALE: DEFINITION OF RATINGS

- BUY – We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- ACCUMULATE – We expect the stock to deliver 5% - 12% returns over the next 9 months.
- REDUCE – We expect the stock to deliver 0% - 5% returns over the next 9 months.
- SELL – We expect the stock to deliver negative returns over the next 9 months.
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- NOTE – Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

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Fin2Research Investment Advisor Pvt Ltd (FIA)

CIN: U70200DL2023PTC413207IA

Registration No: INA000018425

Registered Office: Plot No A 2nd Floor, Street New Bungalow Road, Malka Ganj, Delhi North Delhi, 110007 Delhi

Phone no: 9711885801

Email id: customercare@fin2research.com

Website: www.fin2research.com

For Research Query- researchdesk@fin2research.com