

04th August 2025

Close* – ₹2,839/-

View – Hold

Q1FY26 Performance: Highest ever quarterly performance on all metrics: Volume, Net Sales and EBITDA

- Achieved an impressive 37.5% total IMFL volume (9.72mn cases) growth in Q1FY26, led by 40.8% volume growth in the premium and above category and 52% volume growth in the regular category.
- Prestige and above category sales grew 43% YoY to ₹713crs on account of 40.8% volume and an increase in realisation.
- Prestige & above brands volume of 3.84mn cases and its contribution to the total IMFL volumes stood at 41.5% (vs. 43.4%) and management expects continued double digit volume growth in P&A.
- Net sales increased by 32.5% to ₹1506crs. Gross profit grew 38.8% YoY to ₹5648crs and margin expanded 200bps to 43% due to the ongoing premiumization in the IMFL business, coupled with a relatively stable raw material scenario.
- EBITDA grew ~56% to ₹175crs with margin expanding to 15.3% (230bps).

Important Statistics

Nifty	24,565
Sensex	80,599
Close* (₹)	2,839
M.CAP (₹ crs)	₹38,027
52 Week H/L (₹)	₹2940/1628
NSE Code	RADICO
BSE Code	532497
Bloomberg Code	RDCK:IN

Close* as on 1st Aug 2025

Shareholding pattern (%)	Jun'25
Promoter	40.23
FII	17.77
DII	25.96
Public & Others	16.03

Key takeaways from Q1FY26 result

- Building on the strong momentum from the second half of last year, Radico Khaitan delivered a standout performance in Q1FY26.
- The Indian alcohols industry is evolving into a lifestyle-led category, driven by rising affluence and shifting consumer preferences. In this dynamic environment, Radico Khaitan is well-positioned to lead the next phase of growth, supported by its diversified portfolio, strong innovation pipeline, and growing presence in premium and luxury segments.
- UK-India FTA:** The negotiations between the two governments have been finalized, and a comprehensive economic and trade agreement has been signed. In line with expectations, duty on bulk Scotch has been reduced from 150% to 75%. Radico has estimated their Scotch requirements valued at over ₹250crs in FY26. And expect significant cost advantages from this development. Thereafter, the duty will be reduced in nine equal installments to settle at 40% in the 10th year. In three years, Radico expects the import of Scotch Radico to cross. ₹400crs.
- In Q1, the company delivered its highest ever quarterly volumes. Net sales and profitability IMFL volumes grew by an impressive 37.5% led by strong demand for premium portfolio. A stable raw material environment and a favourable product mix supported healthy year-on-year margin expansion.
- One of the key highlights was the launch of Morpheus Super Premium Whiskey, which marks the company's foray into the fast-growing Super Premium Whiskey segment. This is a high-margin category and with this launch, Radico is not only leveraging the equity of the Morpheus brand but also broadening its presence in the upper end of the Whiskey category. Initial response has been very positive, with growing uptake and strong consumer feedback on both the product and its packaging and planning to launch in 10 states in the second half, which covers 70% of this industry.
- Another notable launch is the Spirit of Kashmir, a luxury vodka. It addresses a clear gap in the market by introducing a premium Indian offering in a segment traditionally dominated by imported brands. Distilled with exceptional purity and backed by a compelling brand story, the Spirit of Kashmir aspires to scale globally and position India on the world luxury vodka market. This launch reflects

Financials

Particulars	(₹ crs)	
	FY24	FY25
Net Revenue	4119	4851
EBITDA	507	674
EBITDA Margin	12%	13.9%
PAT	256	345
PAT Margin	6.2%	7.1%
EPS	19.6	25.9
PE	144.8	109.6

Relative Performance

Absolute Return (%)	1 Yr	3Yr	5 Yr
Radico Khaitan Ltd	66	208	636
Nifty 50	-2	41	119
Sensex	-2	39	112

Source: Company, Way2Wealth Research

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continued ambition to build world-class homegrown brands with international appeal. Broader premium portfolio continues to deliver strong results. Royal Ranthambore operating in the bottle in India, Scotch category has delivered an exceptional 90% growth. The brand continues to gain strong consumer acceptance with discerning whiskey enthusiasts increasingly choosing it for its craftsmanship, rich blade profile and premium packaging.

- Magic Moments flagship vodka brand, which crossed 7mn cases last year, posted another solid quarter with 20% volume growth. After Dark Whiskey entered a dynamic new phase in 2022 with the introduction of After Dark Blue, designed to resonate with a younger contemporary audience. Since then, the brand has maintained its strong upward trajectory. This brand sold 1.9 million cases last year and is on track to double that volume in this fiscal year. Luxury and semi-luxury brands delivered nearly 50% YoY value growth during the quarter.
- Luxury and semi-luxury brands delivered nearly 50% YoY value growth during the quarter and the company is on track to achieve guidance of ₹500crs revenue from luxury and semi-luxury brands in FY26.
- The Indian alcohol industry is undergoing a structural shift from traditional consumption patterns to a more lifestyle-driven category. With rising affluence, evolving preferences, and increasing demand for elevated experiences. Radico is well positioned to capitalize on this transformation given the strong growth momentum expected to deliver 20% plus overall volume growth in FY26 with robust contributions from the prestige and above category.
- **Operating efficiency:**
 - Employee benefit/ Selling & distribution expenses grew 9.6%/47.6% YoY. The company's strategy is to continue to make prudent marketing investments over existing core brands and new launches to sustain the growth and market share. During Q1FY26, A&SP was 5.8% of IMFL sales compared to 5.3% in Q1FY25. On a quarterly basis, the amount may vary but expect A&SP to spend around 6% to 8% of IMFL revenues to be able to drive the sales momentum in FY26.
 - Other expenses increased by 25.8% YoY. Finance cost was ₹15.9crs vs ₹16.4crs in Q1FY25. The company is optimistic that the pricing scenario for ENA and grains will remain stable going forward during FY26.

➤ Net Debt:

As of June,'25	₹ crs
Total Debt	492
Cash & Cash Equivalent	(82.1)
Net Debt	409.8

- Net Debt reduced by ₹164crs since Mar'25, mainly on account of profitability and working capital reduction, with limited CapEx going forward, management expects to be almost debt free by FY'27. Going forward, focus would remain on driving profitable growth, enhancing cash flow generation, and improving working capital efficiency, all of which will contribute to debt reduction.

Risks

- Inflation in raw material prices
- Any change in rules and regulations by the respective state governments with regard to IMFL industry can impact the business.

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View

Radico Khaitan delivered yet another robust quarterly performance, driven by its Prestige & Above category, which now contributes 41.5% to IMFL sales volume and 66.7% to IMFL sales value in Q1FY26, reflecting its ongoing premiumization strategy.

We remain positive on the mid-to-long-term prospects of the Indian Alcobev sector and believe Radico Khaitan is well-placed to leverage these opportunities despite near-term headwinds. The growth trajectory is expected to sustain in FY26, supported by premium product launches, favorable consumption trends, normal monsoon expectations, improved agricultural yields, and incremental volumes from the new Sitapur facility. We feel Radico Khaitan is a good long-term play considering its consistent performance.

While Radico Khaitan's consistent execution makes it a compelling long-term story, at the current market price of ₹2,839, the stock is trading at ~109.6x its FY25E EPS of ₹25.9, indicating rich valuations. Hence, we recommend a HOLD for long-term investors.

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Quarterly Performance

(₹ crs)

Particulars	Q1FY26	Q1FY25	VAR	Q4FY25	VAR	FY25
-Gross Sales	5313.52	4265.62	24.6%	4485.42	18.5%	17098.53
Excise duty on Sales	3807.48	3129.08	21.7%	3181.35		12247.38
-Net Sales (Net of Excise Duty)	1506.04	1136.54	32.5%	1304.07	15.5%	4851.15
-Total Operating Income	1506.0	1136.5	32.5%	1304.1	15.5%	4851.2
-Other Income	1.05	1.27	-17.3%	1.38	-23.9%	9.34
-TOTAL INCOME	1507.1	1137.8	32.5%	1305.5	15.4%	4860.5
- Total Raw Material Cost	858.4	670.0	28.1%	737.1	16.4%	2768.3
- Cost of Raw Material & Components Consumed	828.75	713.85	16.1%	789.87	4.9%	2901.07
- (Increase)/ Decrease in Inventories	28.25	-43.7	-164.6%	-52.23	-154.1%	-131.3
- Purchase of Traded Goods	1.35	-0.11	-1327.3%	-0.5	-370.0%	-1.46
- Total Raw Material Cost % to Sales	57.0%	59.0%		56.5%		57.1%
- Employee Cost	55.18	50.36	9.6%	52.31	5.5%	216.89
Employee Cost % to Sales	3.7%	4.4%		4.0%		4.5%
- Selling & Distribution Expenses	146.86	99.49	47.6%	149.64	-1.9%	476.49
Selling & Distribution Expenses % of Sales	9.8%	8.8%		11.5%		9.8%
- Other Expenses	213.48	169.65	25.8%	187.46	13.9%	715.74
Other Expenses % of Sales	14.2%	14.9%		14.4%		14.8%
-TOTAL EXPENDITURE	1273.9	989.5	28.7%	1126.6	13.1%	4177.4
-EBIDTA	232.2	147.0	57.9%	177.5	30.8%	673.7
-EBIDTA Margin %	15.4%	12.9%	2.5%	13.6%		13.9%
-Finance Costs	15.93	16.04	-0.7%	21.5	-25.9%	78.29
-PBDT	217.3	132.2	64.3%	157.4	38.0%	604.8
-Depreciation, Amortization & Impairment	36.26	32.85	10.4%	35.98	0.8%	140.13
-PBT before Exceptional Items	181.0	99.4	82.2%	121.4	49.1%	464.6
-Exceptional Items	6.99	-	-	-	-	1.54
-PBT after Exceptional Items	174.0	99.4	75.1%	121.4	43.3%	463.1
-Tax	44.28	24.24		30.79	-	118.62
-Tax Rate %	25.4%	24.4%		25.4%		25.6%
-Reported Profit before share in profit of joint venture	129.8	75.1	72.7%	90.6	43.2%	344.5
-PAT Margin %	8.6%	6.6%		6.9%		7.1%
Share of net profit/(loss) in Associates and Joint Ventures using equity method	0.8	1.1		1.4		0.97
Net profit for the period	130.5	76.2		92.1		345.5
Other Comprehensive Income (net of tax)	-1.1	-0.6		-2.2		-3.93
Total Comprehensive Income	129.4	75.6	71.1%	89.8	44.0%	341.5
-EPS	9.77	5.70	71.3%	6.89	41.8%	25.86
-Equity	26.7	26.7	0.0%	26.7		26.7
-Face Value	2.0	2.0		2.0		2.0

Source: Company, Way2wealth Research

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Disclosure of Interest Statement Radico Khaitan Ltd. (Radico) as on 4th August 2025

Name of the Security	Radico Khaitan Ltd. (Radico)
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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