

12th May 2025

Close* – ₹2449/-

View – Hold

Q4FY25 Performance

- Achieved an impressive 28% volume growth in Q4FY25, the highest quarterly growth in the past three years.
- The total IMFL volume of 9.15 mn cases, grew 27.9% YoY. Prestige and above category sales grew 22% YoY on account of 16.8% volume and increase in realisation.
- Prestige & above brands volume of 3.4mn cases (16.8% YoY) and its contribution to the total IMFL volumes stood at 39.1% (vs. 49.6%) and management expects continued double digit volume growth in P&A.
- Net sales increased by 20.9% to ₹1304crs. Gross profit grew 28.3% YoY to ₹566.9crs and margin expanded 220bps to 43.5% due to the ongoing premiumization in the IMFL business coupled with a relatively stable raw material scenario.
- EBITDA grew ~39% to ₹175crs with margin expanding to 13.4% (230bps).

Important Statistics

Nifty	24,008
Sensex	79,454
Close*(₹)	2449
M.CAP (₹ crs)	₹29,297
52 Week H/L (₹)	₹2637/1428
NSE Code	RADICO
BSE Code	532497
Bloomberg Code	RDCK:IN

Close* as on 9th May 2025

Shareholding pattern (%) Mar'25

Promoter	40.23
FII	16.95
DII	26.77
Public & Others	16.04

Key takeaways from Q4FY25 result

- For FY25, revenue grew 18% YoY and recorded highest-ever full-year EBITDA of ₹668cr—a testament to the success of long-term strategic initiatives.
- The momentum continued in the regular category in Q4FY25. This was due to a lower base coupled with a change in the route-to-market in Andhra Pradesh contributed to the regular volume growth. Prestige & above net revenue growth was 22.1% compared to Q4FY24. Non-IMFL revenue growth was muted due to lower bulk-alcohol sales.
- Focus on expanded backward integration, enhanced distribution capabilities, a strong innovation pipeline, and impactful consumer engagement has propelled growth. With the Indian spirits industry witnessing an increasing shift toward premium and luxury brands, Radico is well-positioned to capitalize on long-term opportunities in this evolving market
- **Operating efficiency:**
 - Employee benefit/ Selling & distribution expenses grew 11.4%/33.5% 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 Q4FY25, A&SP was 7.6% of IMFL sales compared to 7.4% in Q4FY24. On a quarterly basis, the amount may vary but expect to maintain 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 16.8% YoY. Finance cost was ₹21.5crs vs ₹16.7crs in Q4FY24. The company is optimistic that the pricing scenario for ENA and grains will remain stable going forward during FY26.
- **Net Debt:** Plans to substantially lower its debt in the next two years.

As of Mar,'25	₹ crs
Total Debt	630.7
Cash & Cash Equivalent	(57.1)
Net Debt	573.6

- The company introduced 8PM Premium Black in 1QFY26 with a new look, designed to enhance brand imagery. Q1FY26 will see the launch of two luxury brands.
- Management indicated that despite the expected reduction in bulk scotch import costs following the India-UK free trade agreement, the company does not plan to alter its pricing strategy, emphasizing that price reductions could adversely impact brand perception.

Financials

(₹ crs)		
Particulars	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	124.9	94.6

Relative Performance

Absolute Return (%)	1 Yr	3Yr	5 Yr
Radico Khaitan Ltd	51	222	695
Nifty 50	12	57	171
Sensex	12	55	169

Source: Company, Way2Wealth Research

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View – **Hold**

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.

View

Radico posted another quarter of a strong performance led by prestige and above category. Given the premiumization focus, Prestige & Above category brands account for 39.1% of IMFL sales volume and 63.4% of IMFL sales value in Q4FY25.

We are confident of the mid to long term potential of the Indian Alcobev sector and Radico Khaitan remains well positioned to capitalize on this opportunity whilst steering the short-term challenges. The company's growth momentum is expected to continue in FY26 as well, supported by new launches in luxury segment, favorable consumption trends, expected normal monsoon, better crop yield and incremental volumes from the recently set up Sitapur plant.

We feel Radico Khaitan is a good long-term play considering its consistent performance.

At its CMP of ₹2449/-, the stock trades at ~94.6 to its FY25EPS of ₹25.9.

Considering the track record of execution, the stock is currently trading at an expensive valuation. **We, therefore, recommend long-term investors to HOLD this stock.**

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View – Hold

Quarterly Performance

(₹ crs)

Particulars	Q4FY25	Q4FY24	VAR	Q3FY25	VAR	FY25	FY24	VAR
Gross Sales	4485.42	3894.64	15.2%	4440.9	1.0%	17098.53	15483.88	10.4%
Excise duty on Sales	3181.35	2815.96	13.0%	3146.66		12247.38	11365.36	%
Net Sales (Net of Excise Duty)	1304.07	1078.68	20.9%	1294.24	0.8%	4851.15	4118.52	17.8%
Total Operating Income	1304.1	1078.7	20.9%	1294.2	0.8%	4851.2	4118.5	17.8%
Other Income	1.38	2.24	-38.4%	1.08	27.8%	9.34	8.87	5.3%
TOTAL INCOME	1305.5	1080.9	20.8%	1295.3	0.8%	4860.5	4127.4	17.8%
Total Raw Material Cost	737.1	636.7	15.8%	737.3	0.0%	2768.3	2366.5	17.0%
Cost of Raw Material & Components Consumed	789.87	639.64	23.5%	794.69	-0.6%	2901.07	2421.34	19.8%
(Increase)/ Decrease in Inventories	-52.23	-2.42	2058.3%	-56.88	-8.2%	-131.3	-54.17	142.4%
Purchase of Traded Goods	-0.5	-0.56	-10.7%	-0.5	0.0%	-1.46	-0.67	117.9%
<i>Total Raw Material Cost % to Sales</i>	<i>56.5%</i>	<i>59.0%</i>		<i>57.0%</i>		<i>57.1%</i>	<i>57.5%</i>	
Employee Cost	52.31	46.95	11.4%	62.89	-16.8%	216.89	195.78	10.8%
<i>Employee Cost % to Sales</i>	<i>4.0%</i>	<i>4.4%</i>		<i>4.9%</i>		<i>4.5%</i>	<i>4.8%</i>	
Selling & Distribution Expenses	149.64	112.06	33.5%	121.78	22.9%	476.49	432.61	10.1%
<i>Selling & Distribution Expenses % of Sales</i>	<i>11.5%</i>	<i>10.4%</i>		<i>9.4%</i>		<i>9.8%</i>	<i>10.5%</i>	
Other Expenses	187.46	160.48	16.8%	188.23	-0.4%	715.74	617.57	15.9%
<i>Other Expenses % of Sales</i>	<i>14.4%</i>	<i>14.9%</i>		<i>14.5%</i>		<i>14.8%</i>	<i>15.0%</i>	
TOTAL EXPENDITURE	1126.6	956.2	17.8%	1110.2	1.5%	4177.4	3612.5	15.6%
EBIDTA	177.5	122.5	44.9%	184.0	-3.5%	673.7	506.1	33.1%
<i>EBIDTA Margin %</i>	<i>13.6%</i>	<i>11.4%</i>	<i>2.3%</i>	<i>14.2%</i>		<i>13.9%</i>	<i>12.3%</i>	<i>1.6%</i>
Finance Costs	21.5	16.68	28.9%	19.51	10.2%	78.29	59.13	32.4%
PBDT	157.4	108.1	45.6%	165.6	-5.0%	604.8	455.8	32.7%
Depreciation, Amortization & Impairment	35.98	31.52	14.1%	35.61	1.0%	140.13	113.76	23.2%
PBT before Exceptional Items	121.4	76.6	58.6%	130.0	-6.6%	464.6	342.0	35.8%
Exceptional Items			-		-	1.54	0	-
PBT after Exceptional Items	121.4	76.6	58.6%	130.0	-6.6%	463.1	342.0	35.4%
Tax	30.79	19.76		33.93	-	118.62	86.28	
<i>Tax Rate %</i>	<i>25.4%</i>	<i>25.8%</i>		<i>26.1%</i>		<i>25.6%</i>	<i>25.2%</i>	
Reported Profit before share in profit of joint venture	90.6	56.8	59.5%	96.1	-5.7%	344.5	255.8	34.7%
<i>PAT Margin %</i>	<i>6.9%</i>	<i>5.3%</i>		<i>7.4%</i>		<i>7.1%</i>	<i>6.2%</i>	
Share of net profit/(loss) in Associates and Joint Ventures using equity method	1.4	-2.9		-0.5		0.97	6.53	
Net profit for the period	92.1	53.9		95.6		345.5	262.3	
Other Comprehensive Income (net of tax)	-2.2	2.3		-0.6		-3.93	0.87	
Total Comprehensive Income	89.8	56.2	59.7%	95.0	-5.5%	341.5	263.2	29.8%
EPS	6.89	4.04	70.8%	7.15	-3.7%	25.86	19.63	31.7%
Equity	26.7	26.7	0.0%	26.7		26.7	26.7	0.0%
Face Value	2.0	2.0		2.0		2.0	2.0	

Source: Company, Way2wealth Research

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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
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