



## Radico Khaitan Ltd



### NSE RADICO

| Company snapshot  |           |
|-------------------|-----------|
| Mrkt cap (in Cr.) | ₹ 40,647  |
| CMP               | 3036      |
| Face value        | 2.00      |
| High/Low          | 3695/2310 |
| P/E               | 76.70x    |
| ROCE              | 16.00%    |
| ROE               | 13.30%    |
| Dividend yield    | 0.14%     |
| YTD return        | -10.67%   |
| 3-year CAGR       | 27.99%    |

### Executive summary

Radico Khaitan Ltd is one of India's leading spirits manufacturers, known for its strong presence in the premium and luxury segments. The company produces a wide range of Indian Made Foreign Liquor (IMFL), including whisky, vodka, rum, and gin, with flagship brands such as Magic Moments and 8PM Whisky driving consistent demand. Over recent years, Radico Khaitan has strategically shifted its focus toward premiumization, improving margins and brand perception while reducing dependence on lower-margin mass products.

Financially, the company has demonstrated steady revenue growth supported by strong volume expansion, better product mix, and increasing penetration in both domestic and international markets. Its improving operating margins reflect cost efficiencies and higher contribution from premium brands. However, the business remains exposed to regulatory challenges, high taxation, and state-level policy variations in the alcohol industry.

Overall, Radico Khaitan presents a solid growth story backed by brand strength, premiumization strategy, and expanding global footprint, making it a competitive player in India's evolving alcoholic beverages market.

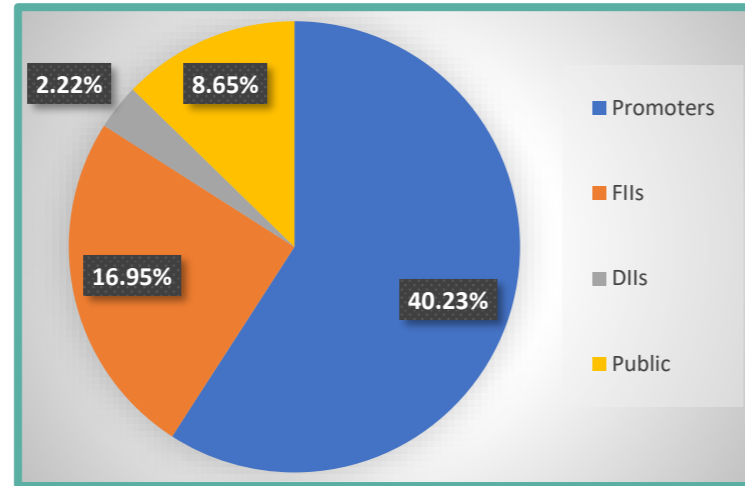
### About

Radico Khaitan Ltd., formerly known as Rampur Distillery Company, is one of India's largest and oldest liquor manufacturers, with a legacy dating back to 1943. Headquartered in Rampur, Uttar Pradesh, the company has evolved from being a bulk supplier of spirits to becoming a leading branded liquor player in both domestic and international markets. It offers a wide portfolio across categories, including whisky, rum, vodka, brandy, and gin, catering to diverse consumer preferences. Some of its flagship brands include 8PM Whisky, Magic Moments Vodka, Morena Rum, Old Admiral Brandy, and Rampur Indian Single Malt. Over the years, Radico Khaitan has expanded its reach to more than 85 countries, positioning itself as a strong global competitor in the alcoholic beverages industry. Its focus on premiumization and innovation has been instrumental in driving brand growth, especially in the premium whisky and craft spirits segments.

The company operates state-of-the-art distilleries with a strong emphasis on quality, sustainability, and innovation in product development. It has also invested in eco-friendly processes such as zero liquid discharge and renewable energy usage, aligning with evolving ESG priorities. Radico Khaitan has built a wide distribution network, covering both on-trade and off-trade channels, ensuring a strong presence across urban and semi-urban markets in India. Its strategy balances mass-market affordability with premium offerings to capture diverse consumer segments. Backed by consistent financial performance, expanding exports, and an increasing focus on high-margin premium products, Radico Khaitan continues to strengthen its reputation as a trusted and innovative player in the global spirits industry.

### Shareholding pattern

|                  |               |
|------------------|---------------|
| <b>Promoters</b> | <b>40.23%</b> |
| <b>FIIIs</b>     | <b>16.95%</b> |
| <b>DIIIs</b>     | <b>2.22%</b>  |
| <b>Public</b>    | <b>8.65%</b>  |



Radico Khaitan Ltd.'s future plans are centered on strengthening its premium and luxury spirits portfolio while maintaining leadership in mass-market segments. The company aims to scale up flagship premium brands like Rampur Indian Single Malt, Jaisalmer Indian Craft Gin, and Magic Moments Vodka to capture evolving consumer preferences for high-quality, aspirational products. Expansion into new international markets remains a priority, supported by brand positioning and marketing investments. Domestically, Radico Khaitan plans to deepen its distribution footprint across urban and semi-urban regions, ensuring wider availability. Additionally, the company is investing in sustainable manufacturing practices, renewable energy, and water conservation to align with ESG goals.

### Recent quarters key takeaways

| Particulars              | Q3FY25      | Q4FY25      | QoQ%           |
|--------------------------|-------------|-------------|----------------|
| <b>Sales</b>             | <b>1294</b> | <b>1304</b> | <b>0.77%</b>   |
| <b>Expenses</b>          | <b>1111</b> | <b>1127</b> | <b>1.4%</b>    |
| <b>Operating Profit</b>  | <b>183</b>  | <b>178</b>  | <b>-2.7%</b>   |
| <b>Other Income</b>      | <b>1</b>    | <b>3</b>    | <b>200.00%</b> |
| <b>Depreciation</b>      | <b>36</b>   | <b>36</b>   | <b>0.00%</b>   |
| <b>Interest</b>          | <b>20</b>   | <b>22</b>   | <b>10.00%</b>  |
| <b>Profit before tax</b> | <b>129</b>  | <b>123</b>  | <b>-4.7%</b>   |
| <b>Tax</b>               | <b>34</b>   | <b>31</b>   | <b>-8.8%</b>   |
| <b>Net profit</b>        | <b>95</b>   | <b>92</b>   | <b>-3.2%</b>   |

- Sales increased slightly by 0.77%, indicating stable demand but no strong growth momentum in Q4.
- Expenses grew faster (1.4%) than sales, suggesting rising input or operational costs, which put pressure on profitability.
- Operating profit fell by 2.7%, showing that the company's core business became less efficient despite higher revenue.
- Other income jumped 200%, but since the base is very small (₹1 to ₹3), it had minimal impact on overall profitability.
- Interest cost rose by 10%, indicating higher borrowings or increased finance costs, which negatively affected profits.
- Net profit decreased by 3.2%, mainly due to rising costs and interest, even though tax expenses reduced, slightly cushioning the fall.

### SWOT Analysis

| STRENGTH   | WEAKNESS   |
|--|--|
| <ul style="list-style-type: none"> <li>• Strong brand portfolio with mass to premium offerings.</li> <li>• Wide domestic and international distribution reach.</li> <li>• Consistent revenue stability despite market challenges.</li> </ul> | <ul style="list-style-type: none"> <li>• Marginal sales growth, showing limited topline momentum.</li> <li>• Rising expenses reducing operating efficiency.</li> <li>• Higher interest costs impacting profitability.</li> <li>• Dependence on raw material costs (volatile).</li> </ul> |
| OPPORTUNITIES  | THREATS  |
| <ul style="list-style-type: none"> <li>• Expanding premium and luxury spirits demand in India.</li> <li>• Increasing global footprint across new markets.</li> <li>• Rising urbanization and changing consumer lifestyles.</li> </ul>        | <ul style="list-style-type: none"> <li>• Intense competition from global liquor giants.</li> <li>• Regulatory restrictions and excise duties in India.</li> <li>• Raw material price volatility (grain, molasses).</li> <li>• Currency fluctuations impacting exports.</li> </ul>        |



### Crafting Spirits, Creating Legacy

Radico Khaitan Ltd.'s unique strength lies in its ability to seamlessly blend tradition with innovation. From iconic mass-market brands like 8PM Whisky to globally acclaimed premium offerings like Rampur Indian Single Malt and Jaisalmer Indian Craft Gin, the company caters to every consumer segment with authenticity and quality. Its strong distribution network across India and presence in over 85 countries reinforce its global standing. By focusing on premiumization, sustainable practices, and consistent brand building, Radico Khaitan has carved a niche in the highly competitive liquor industry. Its USP lies in offering aspirational, world-class spirits with an Indian soul.

### Peer Comparison

| Name                    | Mar Cap  | P/E    | ROCE % | ROE % |
|-------------------------|----------|--------|--------|-------|
| <b>United Spirits</b>   | ₹ 91,537 | 52.1x  | 26.50  | 19.74 |
| <b>Radico Khaitan</b>   | ₹ 40,647 | 76.8x  | 15.95  | 13.31 |
| <b>United Breweries</b> | ₹ 38,581 | 91.86x | 13.88  | 10.77 |
| <b>Allied Blenders</b>  | ₹ 15,075 | 56.23x | 21.08  | 19.96 |
| <b>Tilaknagar Inds.</b> | ₹ 11,023 | 39.0x  | 28.19  | 29.62 |

Among peers, United Spirits leads with strong efficiency (ROCE 26.5%, ROE 19.74%) at a moderate valuation. Radico Khaitan Ltd trades at a higher P/E (76.8x) despite lower returns, indicating premium expectations. United Breweries Ltd shows weaker profitability with the highest valuation, suggesting overpricing. Allied Blenders and Distillers Ltd offers balanced returns and valuation, while Tilaknagar Industries Ltd stands out with the highest ROE and efficient capital use at a relatively lower P/E.

## Income Statment

( Fig in Cr)

| Particulars            | Mar-21  | Mar-22  | Mar-23  | Mar-24  | Mar-25 | YOY%    |
|------------------------|---------|---------|---------|---------|--------|---------|
| Sales                  | 2374    | 2859    | 3133    | 4106    | 4843   | 17.9%   |
| cost of material consi | 1239    | 1579    | 1918    | 2421    | 2907   | 20.0%   |
| Change in Inventory    | -38     | -4      | -96     | -54     | -131   | 142%    |
| Gross Profit           | 1173    | 1284    | 1312    | 1739    | 2067   | 18.9%   |
| Gross Margin           | 49.43%  | 44.90%  | 41.87%  | 42.35%  | 0.00%  | -100.0% |
| S&G Expenses           | 1180    | 1416    | 1689    | 1982    | 2234   | 12.7%   |
| Other Expenses         | 630     | 747     | 788     | 1050    | 1187   | 13.0%   |
| Other Income           | 14      | 7       | 25      | 15      | 5      | -66.7%  |
| EBITDA                 | -623    | -872    | -1140   | -1278   | -1348  | 5.5%    |
| EBITDA Margin          | -26.24% | -30.51% | -36.38% | -31.13% | 0.00%  | -100.0% |
| Depreciation           | 54      | 65      | 71      | 114     | 140    | 22.8%   |
| Interest               | 22      | 13      | 22      | 60      | 74     | 23.3%   |
| Profit before tax      | 347     | 332     | 291     | 348     | 465    | 33.6%   |
| PBT Margin             | 14.62%  | 11.61%  | 9.29%   | 8.48%   | 0.00%  | -100.0% |
| Tax                    | 70      | 69      | 71      | 86      | 119    | 38%     |
| Net Profit             | 277     | 263     | 220     | 262     | 346    | 32.1%   |
| NPM Magin              | 11.67%  | 9.20%   | 7.02%   | 6.38%   | 0.00%  | -100.0% |

## Balance Sheet

( Fig in Cr)

| Particulars              | Mar-21 | Mar-22 | Mar-23 | Mar-24 | Mar-25 | YOY%   |
|--------------------------|--------|--------|--------|--------|--------|--------|
| Equity Share Capital     | 27     | 27     | 27     | 27     | 27     | 0.0%   |
| Reserves                 | 1766   | 2000   | 2181   | 2413   | 2727   | 13.0%  |
| Borrowings               | 288    | 202    | 754    | 818    | 750    | -8.3%  |
| Other Liabilities        | 543    | 555    | 762    | 846    | 1163   | 37.5%  |
| Total Liabilities        | 288    | 202    | 754    | 818    | 750    | -8.3%  |
| Non Current Assets       |        |        |        |        |        |        |
| Net Block                | 543    | 555    | 762    | 846    | 1163   | 37.5%  |
| Capital Work in Progress | 2624   | 2784   | 3724   | 4104   | 4668   | 13.7%  |
| Investments              | 810    | 821    | 1234   | 1700   | 1811   | 6.5%   |
| Other Assets             | 38     | 30     | 327    | 54     | 23     | -57.4% |
| Total Non Current Assets | 1802   | 1784   | 3225   | 3662   | 3867   | 5.6%   |
| Current Assets           |        |        |        |        |        |        |
| Receivables              | 1592   | 1757   | 1971   | 2152   | 2635   | 22.4%  |
| Inventory                | 491    | 539    | 720    | 789    | 1105   | 40.1%  |
| Cash & Bank              | 130    | 110    | 131    | 101    | 58     | -42.6% |
| Total Current Assets     | 2213   | 2406   | 2822   | 3042   | 3798   | 24.9%  |
| Total Assets             | 4015   | 4190   | 6047   | 6704   | 7665   | 14.3%  |

## Cash Flow statement

( Fig in Cr)

| Particulars                  | Mar-21 | Mar-22 | Mar-23 | Mar-24 | Mar-25 | YOY%     |
|------------------------------|--------|--------|--------|--------|--------|----------|
| Cash from Operating Activity | 370    | 222    | 239    | 166    | 363    | 119%     |
| Cash from Investing Activity | -76    | -108   | -705   | -226   | -171   | -24.3%   |
| Cash from Financing Activity | -183   | -134   | 487    | 24     | -237   | -1087.5% |
| Net Cash Flow                | 111    | -20    | 21     | -36    | -46    | 28%      |

## Ratios

| Particulars | Mar-21 | Mar-22 | Mar-23 | Mar-24 | Mar-25 |
|-------------|--------|--------|--------|--------|--------|
|-------------|--------|--------|--------|--------|--------|

### Profitability ratio

|               |         |         |         |         |         |
|---------------|---------|---------|---------|---------|---------|
| Sales Growth  | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Gross Margin  | 52.18%  | 55.24%  | 61.21%  | 58.97%  | 60.02%  |
| EBITDA Margin | -1.61%  | -0.14%  | -3.07%  | -1.32%  | -2.70%  |
| EBIT Margin   | 5.22%   | 4.93%   | 5.39%   | 4.77%   | 4.48%   |
| PBT Margin    | 29.99%  | 31.69%  | 35.46%  | 29.69%  | 28.41%  |
| PAT margin    | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| ROE           | 12.51%  | 10.98%  | 10.50%  | 10.55%  | 9.83%   |
| ROCE          | 26.56%  | 26.13%  | 25.14%  | 25.58%  | 24.50%  |
| ROA           | 0.59%   | 0.24%   | 0.80%   | 0.37%   | 0.10%   |

### Liquidity Ratio

|               |      |      |      |      |      |
|---------------|------|------|------|------|------|
| Current Ratio | 4.08 | 4.34 | 3.70 | 3.60 | 3.27 |
| Quick ratio   | 3.17 | 3.36 | 2.76 | 2.66 | 2.32 |
| Cash Ratio    | 0.24 | 0.20 | 0.17 | 0.12 | 0.05 |

### Solvency Ratio

|                    |        |        |        |        |        |
|--------------------|--------|--------|--------|--------|--------|
| Debt to Equity     | 0.16   | 0.10   | 0.34   | 0.34   | 0.27   |
| Debt to Capital    | 0.14   | 0.09   | 0.25   | 0.25   | 0.21   |
| Financial Leverage | 2.24   | 2.07   | 2.74   | 2.75   | 2.78   |
| Debt to EBITDA     | -0.46  | -0.23  | -0.66  | -0.64  | -0.56  |
| Interest Coverage  | -28.32 | -67.10 | -51.81 | -21.31 | -18.22 |
| Debt to Assets     | 0.07   | 0.05   | 0.12   | 0.12   | 0.10   |

### Efficiency Ratio

|                       |     |     |     |     |     |
|-----------------------|-----|-----|-----|-----|-----|
| Inventory Turnover    | 4.8 | 5.3 | 4.4 | 5.2 | 4.4 |
| Fixed Asset Turnover  | 4.4 | 5.2 | 4.1 | 4.9 | 4.2 |
| Total Assets Turnover | 0.6 | 0.7 | 0.5 | 0.6 | 0.6 |

## Conclusion

### Overall assessment

Radico Khaitan Ltd presents a mixed but promising investment profile. The company has successfully positioned itself in the premium and luxury IMFL segment, which supports long-term margin expansion and brand strength. Its consistent revenue growth and strong product portfolio, including well-recognized brands, indicate solid demand fundamentals.

However, compared to peers, Radico Khaitan's return ratios (ROCE and ROE) remain relatively moderate, while its valuation (high P/E) appears expensive. This suggests that the stock is pricing in future growth expectations, leaving limited margin of safety for investors. Additionally, recent quarterly performance shows pressure on operating margins and profitability due to rising costs and higher interest expenses.

Despite these concerns, the company's premiumization strategy, expanding distribution network, and growing international presence provide long-term growth potential. Overall, it is suitable for investors with a long-term horizon who are willing to accept short-term volatility and relatively high valuations.

### Recommendation

Radico Khaitan Ltd can be considered a selective long-term investment, but not an aggressive buy at current levels. The company's strong positioning in the premium and luxury IMFL segment, along with established brands like Magic Moments and 8PM Whisky, supports steady demand and future margin expansion. Its focus on premiumization and international growth provides a clear strategic direction for sustained value creation.

However, the stock is currently trading at a relatively high valuation (P/E) compared to peers, despite delivering moderate return ratios (ROCE and ROE). This indicates that much of the expected growth is already priced in, limiting upside potential in the short term. Additionally, recent quarterly trends show pressure on operating margins due to rising costs and increasing interest expenses, which could impact near-term profitability.

Investors should adopt a "Hold / Accumulate on Dips" strategy. Existing investors can continue holding for long-term growth, while new investors should wait for price corrections before entering. The stock is better suited for those with a long-term horizon and moderate risk appetite rather than short-term gains.

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