

Shubh Nivesh



CMP: ₹4,550

Target ₹ 5,550 (22%)

Target Period: 12 months

BUY

October 12, 2026

Premiumisation to power the growth ahead...

About the stock: Radico Khaitan (RKL) is one of the recognised IMFL company in India with portfolio of 8 millionaire brands. It has one of the largest liquor manufacturers in India with a capacity of 323mn litres p.a.

Investment Rationale:

- **Premiumisation remains core of the growth strategy:** RKL's growth strategy is centred on premiumisation, with rising consumer preference for premium spirits and a growing cocktail culture. The company has been strengthening its portfolio through brand building, innovation and new launches like tequila recently, enabling it to capitalise on the shift towards premium offerings. RKL's P&A portfolio has grown at a CAGR of 27% to Rs. 3063cr over FY23-26 driven by strong volume growth of 21% CAGR to 16.7mn cases over the same period, reflecting the sustained momentum of the company's premiumisation strategy. Magic Moments Vodka exemplifies this strategy, with 60% market share and sales of over 8mn cases in FY26 vs 7.1mn cases in FY25. The brand recorded its highest-ever quarterly volumes of ~3.3mn cases, accounting for ~41% of FY26 volumes in just Q1FY27, supported by flavour-led innovation and increasing category adoption. With increase in vodka's share in the Indian spirits market to 6% from 4.6% over the past year, Magic Moments Vodka remains a key growth driver for RKL. Further, luxury portfolio revenue reached ~Rs.475cr in FY26 and the company has guided for ~25% growth in FY27 led by Rampur, Royal Ranthambore, Jaisalmer Gin and Sangam World Malt. RKL's presence across 65+ global duty-free locations, targeted to exceed 100, along with recent expansion into four major UK airports, should further support growth in its luxury portfolio. With strong momentum across premium and luxury brands, the management raised its FY27 P&A volume growth guidance to 25% from 20%, which should continue to support revenue growth and drive margin expansion ahead. We expect revenue to grow at a CAGR of 16% over FY26-29E.
- **Premium portfolio-mix to unlock structural margin expansion:** RKL's EBITDA margin has improved to 17% in FY26 from 11.4% in FY23 led by the increasing salience of P&A segment (45.6% in FY26 vs 37.4% in FY23), operating leverage and disciplined cost management. The increasing contribution of higher-margin P&A and luxury products is likely to support margin expansion, with management targeting 20% margin in FY27. Additionally, the India-UK FTA is expected to provide an additional lever for margin expansion ahead as lower scotch prices should reduce input costs for IMFL manufacturers. We expect ~500bps expansion in EBITDA margins over FY26-29E to 22% in FY29E.
- **Deleveraging and improved capital efficiency to pave way for higher return ratios:** RKL continues to strengthen its balance sheet, having repaid Rs.138cr of debt in Q1FY27, it expects to be net debt free by Q2FY27. With no major capacity expansion planned, annual capex is expected to remain limited to maintenance capex of Rs.150-170cr, resulting in healthy free cash flow generation. We believe a debt-free balance sheet, lower capital employed and improving profitability will drive higher return ratios while creating opportunity for enhanced shareholder returns and higher dividend payouts. We expect RoE & RoCE to improve to 23% and 29% by FY29E.

Rating and Target Price: RKL is well positioned to capitalise on the structural shift in consumer preferences towards premium spirits. **We recommend Buy with a price target of Rs5,550(rolling it forward to FY28-29E average EPS of Rs95.6; valuing it at 58x).**

Key Financial Summary

Key Financials (₹ Crore)	FY24	FY25	FY26	2-year CAGR (FY24-26)	FY27E	FY28E	FY29E	3-year CAGR (FY26-29E)
Revenues	4118.5	4851.2	6050.4	21.2	6975.5	8132.5	9361.9	15.7
EBIDTA	506.1	673.6	1021.5	42.1	1365.6	1710.4	2053.6	26.2
EBIDTA Margins (%)	12.3	13.9	16.9		19.6	21.0	21.9	
Adjusted PAT	262.2	345.6	618.5	53.6	882.7	1145.0	1413.1	31.7
EPS (Rs.)	19.6	25.8	46.2		66.0	85.6	105.6	
PE (x)	232.1	176.0	98.4		69.0	53.2	43.1	
EV to EBIDTA (x)	122.2	92.0	60.3		44.9	35.5	29.2	
RoE (%)	10.5	12.5	18.5		21.5	22.8	22.7	
RoCE (%)	11.3	13.6	20.6		24.2	29.4	29.1	

Source: Company, ICICI Direct Research

Radico
SPIRIT OF EXCELLENCE

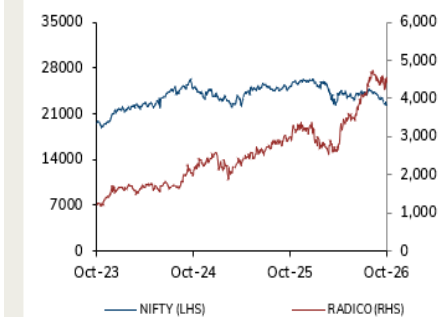
Particulars

Particular	Amount
Market Capitalisation (Rs crore)	60923.6
Debt (FY26) - Rs crore	798.8
Cash (FY26) - Rs crore	88.3
EV (Rs crore)	61634
52-week H/L (Rs)	4747 /2500
Equity capital (Rs crore)	26.8
Face value (Rs)	2

Shareholding pattern

	Dec-25	Mar-26	Jun-26	Sep-26
Promoters	40.2	40.2	40.2	40.2
FII	19.8	17.6	18.2	19.4
DII	24.0	27.4	28.1	27.2
Others	15.9	14.8	13.5	13.2

Price Chart



Key risks

- Changes in State Liquor Policy would lead to impact on revenues.
- Volatility in input prices.

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Reduce: -15% to -5%;

Sell: <-15%

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