Radico Khaitan Ltd

Strong Q3; momentum here to stay

Reco/View: **BUY**	CMP: **Rs. 2,960**	Price Target: **Rs. 3,840**

Quick Snapshot

- RKL's Q3FY26 numbers beat estimates on all fronts, with a volume-led 20% y-o-y revenue growth and OPM rising 306 bps y-o-y to 17.3%, leading to a 69% y-o-y growth in the adjusted PAT.
- Focus on premiumization, scale-up of recent launches, rising share of on-trade channel, favourable raw material prices and strong industry tailwinds to support growth ahead.
- Net debt fell by Rs. 209 crore versus March-25, led by improved profitability and working capital efficiencies. Management aims to be net debt-free by FY27.
- Stock trades at 70x/53x/43x its FY26E/FY27E/FY28E earnings, respectively. We retain a Buy with an unchanged PT of Rs. 3,840.

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Consumer Goods

COMPANY DETAILS

Market cap:	Rs. 39,630 cr
52-week high/low:	Rs. 3,695/1,846
NSE volume: (No of shares)	3.8 lakh
BSE code:	532497
NSE code:	RADICO
Free float: (No of shares)	8.0 cr

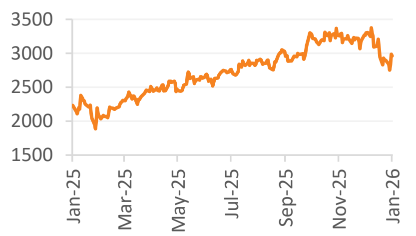
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters*	40.2
FII	20.5
DII	24.0
Others	15.3

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-9.3	-9.8	7.2	32.7
Relative to Sensex	-4.7	-6.2	8.7	26.2

Source: Mirae Asset Sharekhan Research, Bloomberg

Result overview

- Strong performance of semi-luxury and luxury portfolio (premiumisation), benign raw material prices and operating leverage are key drivers of Q3 performance.
- Prestige & Above (P&A)/Regular & Others categories posted volume growth of 25.9%/32.7% y-o-y, respectively.
- Non-IMFL revenues grew by 1.5% y-o-y due to lower Bulk alcohol sales.
- Gross margin and OPM rose 348 bps and 306 bps y-o-y to 46.5% and 17.3%, respectively, on stable raw material prices, improved mix and better operating leverage.
- Operating profit growth of 45.2% y-o-y coupled with lower interest cost led to 69% y-o-y growth in the adjusted PAT to Rs. 162 crore.
- In 9MFY26, net revenue grew by 28.2% y-o-y to Rs. 4,547 crore, OPM grew 228 bps y-o-y to 16.2% and adjusted PAT rose by 72.7% y-o-y to Rs. 436 crore.

Our Call

Retain Buy with an unchanged PT of Rs. 3,840: RKL is well-positioned for growth and market share gains through its focus on premium/luxury segment across both brown and white spirits. This strategy, combined with a favourable raw material prices, better product mix, operational efficiencies, and supply chain investments will drive margin expansion going ahead. Stock trades at 70x/53x/43x its FY26E/FY27E/FY28E EPS, respectively. We retain a Buy on the stock with an unchanged PT of Rs. 3,840.

Key Risks

Any change in liquor policies in key states, increase in excise rate on liquor or volatility in raw material prices would act as a key risk to our earnings estimates.

Valuation (Consolidated) Rs cr

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	4,119	4,851	6,153	7,006	8,051
OPM (%)	12.3	13.9	15.4	16.7	17.3
Adjusted PAT	256	345	568	748	923
Adjusted EPS (Rs.)	19.6	25.8	42.5	56.0	69.0
P/E (x)	-	-	69.7	52.9	42.9
P/B (x)	16.2	14.4	12.1	10.0	8.2
EV/EBIDTA (x)	79.5	59.7	41.7	33.5	27.7
RoNW (%)	10.5	12.5	17.3	18.8	19.0
RoCE (%)	12.0	14.9	21.1	23.5	24.7

Source: Company; Mirae Asset Sharekhan estimates

Concall highlights

- **Key brands' performance in Q3 -**
    - Royal Ranthambore Whiskey delivered over 50% growth in Q3 driven by strong demand across both civil and CSD channels.
    - Magic Moments Vodka continued its strong growth trajectory with 18% volume growth in Q3 and crossed Rs. 1,050 crore sales in 9MFY26 mainly led by the recent flavor innovations.
    - After Dark Whiskey continued to deliver strong performance recording 40% y-o-y growth in Q3 and crossed 2.4 million cases volume in 9MFY26.
    - 8PM Premium Black has started gaining strong momentum and is expected to be a key driver of premium volumes going forward.
- Regular category posted 33% y-o-y volume growth driven by change in route to the market (RTM) in Andhra Pradesh supported by agile execution and strengthened brand availability.
- Management stated that Andhra Pradesh, Uttar Pradesh, Telangana, Rajasthan, Madhya Pradesh and Haryana were the high growth states for RKL.
- RKL's market share in Andhra Pradesh rose from 15% in Q3FY25 to 26% in Q3FY26, making RKL a leading player in the state. The state is expected to perform well going ahead as well.
- Maharashtra has introduced – Maharashtra-Made Liquor (MML) which can be catered by only the local companies who have a Maharashtrian as a partner or ownership origin. RKL is planning to launch its own MML this month through its joint venture Radico NV Distilleries Maharashtra Ltd (RNV), to be available in a few months.
- Management highlighted that the on-trade channel is a strategic priority for RKL. As consumption is increasingly shifting towards experiences and brand led choices, the company is deepening its partnership with key outlets and influencers. Strong brand advocacy in the on-trade channel is improving visibility, accelerating trials and strengthening long term consumer franchise across premium segments. Contribution of on trade is likely at 6%-7% of total sales at present.
- Management expects ENA and grain prices to remain stable in the near term and support margin expansion going ahead. Management has maintained guidance of 125 bps margin expansion for the next two years led by improved mix (premiumization).
- Net debt reduced by Rs. 62 crore q-o-q and Rs. 209 crore versus March-25 largely aided by improved profitability. Management has maintained guidance of becoming debt-free by FY27.
- In line with its strategy of investing in malt capabilities, the Board has approved setting up a wholly-owned subsidiary in Scotland. RKL is one of the largest importer of blended malt spirit and this step is toward securing access to the matured malt supply chain for distillation and maturation in the cost effective manner.

Results (Consolidated) **Rs cr**

Particulars	Q3FY26	Q3FY25	Y-o-Y (%)	Q2FY26	Q-o-Q (%)
Gross Sales	5,423.8	4,440.9	22.1	5,056.7	7.3
Excise duty	3,877.1	3,146.7	23.2	3,562.8	8.8
Net Sales	**1,546.7**	**1,294.2**	**19.5**	**1,493.9**	**3.5**
Raw material cost	827.4	737.4	12.2	841.9	-1.7
Employee cost	69.7	62.9	10.8	58.5	19.0
Advertisement & Publicity	175.8	121.8	44.4	154.3	14.0
Other expenses	206.7	188.2	9.8	201.5	2.5
Total operating expenses	1,279.6	1,110.3	15.2	1,256.3	1.9
Operating profit	**267.2**	**184.0**	**45.2**	**237.6**	**12.4**
Other income	2.6	1.1	-	2.4	10.2
Interest expense	16.4	19.5	-15.8	16.3	0.9
Depreciation	37.2	35.6	4.4	37.4	-0.5
Profit before tax	**216.2**	**129.9**	**66.4**	**186.3**	**16.0**
Tax	54.0	33.9	59.1	47.4	13.9
Adjusted PAT (before MI)	**162.2**	**96.0**	**69.0**	**139.0**	**16.7**
Extraordinary item	7.1	0.0	-	0.0	-
Minority interest (MI)	-0.2	-0.5	-66.2	0.6	-
Reported PAT	**154.9**	**95.5**	**62.2**	**139.6**	**11.0**
EPS (Rs.)	12.1	7.2	69.0	10.4	16.7
			bps		**bps**
GPM (%)	46.5	43.0	348	43.6	287
OPM (%)	17.3	14.2	306	15.9	137
NPM (%)	10.5	7.4	307	9.3	118
Tax rate (%)	25.0	26.1	-115	25.4	-45

Source: Company; Mirae Asset Sharekhan Research

Segment-wise performance Rs cr

Particulars	Q3FY26	Q3FY25	Y-o-Y (%)	Q2FY26	Q-o-Q (%)
IMFL Volumes (Million cases)					
Prestige & Above (P&A)	4.62	3.67	25.9	3.89	18.8
Regular & Others	4.70	3.54	32.8	5.04	-6.7
Total own volume	**9.32**	**7.21**	**29.3**	**8.93**	**4.4**
P&A as % of Total own IMFL Volume	*49.6*	*50.9*		*43.6*	
Royalty brands	0.43	1.15	-62.6	0.42	2.4
Total volume	9.75	8.36	16.6	9.35	4.3
Revenue Break up (Rs. crore)					
IMFL (A)	1139.7	893.1	27.6	1047.4	8.8
-Prestige & Above	838.3	647.9	29.4	718.4	16.7
-Regular & Others	295.2	229.4	28.7	322.8	-8.6
-Others	6.2	15.8	-60.8	6.2	0.0
Non IMFL (B)	407.0	401.1	1.5	446.5	-8.8
Revenue from Operations (Net) (A+B)	**1,546.7**	**1,294.2**	**19.5**	**1,493.9**	**3.5**
P&A as % of Total IMFL Revenue	*73.6*	*72.5*		*68.6*	
IMFL as % of Total Revenue	*73.7*	*69.0*		*70.1*	

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Nippon Life India Asset Management Ltd.	3.35
2	Kotak Mahindra Asset Management Co. Ltd.	2.95
3	Vanguard Group Inc.	2.23
4	Classic Fintrex Pvt. Ltd.	1.92
5	Aditya Birla Sun Life AMC Ltd.	1.77
6	Tata Asset Management Pvt. Ltd.	1.76
7	TIMF Holdings	1.65
8	Tata AIA Life Insurance Co. Ltd.	1.46
9	L&T Mutual Fund Trustee Ltd.	1.38
10	Investor Education & Protectn FD	1.31

Source: Bloomberg

Key management personnel

Name	Designation
Lalit Kumar Khaitan	Chairman-Managing Director
Abhishek Khaitan	Managing Director
Dilip K. Banthiya	Chief Financial Officer
Dinesh Kumar Gupta	Vice President - Legal, Company Secretary and Compliance Officer

Source: Company Website

SOMIL RAMESH MEHTA

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Date: 2026.01.23 19:38:44 +05'30'

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