

## Radico Khaitan Ltd (RKL) - ADD

### Q4FY26 Result Update

Current Market Price (CMP) <b>Rs. 3407</b>	Fair Value (FV) <b>Rs.3600</b>
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### Rationale:

- Radico Khaitan continued with stellar show in Q4FY26.
- Growth and profitability remain elevated driven by strong premiumization trends, market share gain and supportive input cost environment.
- Confident of 20% growth in P&A volume with 120-125 bps EBITDA margin improvement.
- Well positioned to deliver consistent, profitable growth while strengthening its position as a strong premium and luxury spirits player.
- We have raised our margin estimates resulting in 4% revision in FY28E EPS.
- We maintain ADD with revised FV of Rs3600 (VsRs3395), valued at 46x FY28E EPS.

### 👍 Positives:

- Standalone net sales, EBITDA, and PAT grew 15.3%, 60.2%, and 93.1% yoy, respectively.
- Gross margin stood at 48% (+450 bps yoy, +150 bps qoq), 100 bps above estimates.
- EBITDA margin at 18.9% (+530 bps yoy, +160 bps qoq), 110 bps higher than estimates.
- Improved cash flows helped the company in reducing net debt by Rs329.5cr and adopting policy of minimum payout ratio of 20%.
- Company highlighted strong global traction for Indian single malt whisky, particularly for Rampur.

### 👎 Negatives:

- 10% yoy decline with the regular category due to high base and policy changes in Maharashtra and Karnataka.
- Glass bottle prices have risen nearly 15% recently.

(EBITDA: Earnings before Interest, tax, Depreciation and Amortization, PAT: Profit after tax, IMFL: Indian Made Foreign Liquor, P&A: Prestige and Above, EPS: Earnings Per Share)



The content of this document has been derived from Kotak Securities PCG research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL** – We expect the stock to deliver < -5% returns over the next 12 months
- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

### FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

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**Shrikant Chouhan**  
Head of Research  
shrikant.chouhan@kotak.com  
+91 22 6218 5408

**Arun Agarwal**  
Auto/Auto Ancillary, Building Material  
Cement, Consumer Durable  
arun.agarwal@kotak.com  
+91 22 6218 6443

**Amit Agarwal, CFA**  
Transportation, Paints, FMCG  
agarwal.amit@kotak.com  
+91 22 6218 6439

**Rini Mehta**  
Research Associate  
rini.mehta@kotak.com  
+91 22 6218 6433

**Sumit Pokharna**  
Oil and Gas, Information Tech  
sumit.pokharna@kotak.com  
+91 22 6218 6438

**Veer Trivedi**  
BFSI  
veer.trivedi@kotak.com  
+91 22 6218 6432

**Pankaj Kumar**  
Construction, Capital Goods & Midcaps  
pankajr.kumar@kotak.com  
+91 22 6218 6434

**Amarjeet Maurya**  
Internet Software & Services  
amarjeet.maurya@kotak.com  
+91 22 6218 6427

**Gaurav Bhandari**  
Research Analyst  
bhandari.gaurav@Kotak.com  
+91 22 6218 6440

### TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

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**Shrikant Chouhan**  
shrikant.chouhan@kotak.com  
+91 22 6218 5408

**Amol Athawale**  
amol.athawale@kotak.com  
+91 20 6620 3350

**Sayed Haider**  
sayed.haider@kotak.com  
+91 22 62185458

### DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

---

**Sahaj Agrawal**  
sahaj.agrawal@kotak.com  
+91 79 66041701

**Prasenjit Biswas, CMT, CFTE**  
prasenjit.biswas@kotak.com  
+91 33 6638 8331

**Karan Kulkarni**  
karan.kulkarni@kotak.com  
+91 20 66203350

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