PRIVATE CLIENT GROUP | kotak Securities

Dated: 31 Oct 2025

Radico Khaitan (RKL) – ADD

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs. 3,145	Rs. 3,325

Rationale:

- RKL delivered a strong Q2FY26 performance, surpassing estimates, aided by robust volume growth across segments.
- The company remains confident of exceeding 20% volume growth in FY26.
- Management anticipates a 100–125 bps annual improvement in EBITDA margin, reaching the high-teens by FY28.
- Seen significant re-rating on strong premiumization trend & industry leading growth.
- We upgrade in our earnings estimates for FY26-27 by 4-5%.
- Add stays with revised FV of Rs3325 (VsRs2990) valued at ~45x FY28E earnings.

Positives:

- Standalone net sales, EBITDA, and PAT grew 33.8%, 45.6%, and 69.1% yoy, respectively.
- Volumes rose 37.8% yoy to 93.4 lakh cases, driven by 21.7% growth in P&A and 79.6% in the regular category.
- Gross margin stood at 43.6% (flat yoy, +60 bps qoq), 30 bps above estimates, reflecting strong premiumization and stable input costs.
- Significant launches like Morpheus Whisky and The Spirit of Kashmyr in the luxury vodka continues to strengthen its position.

Negatives:

- As the Andhra Pradesh RTM benefit normalizes, H2 volumes may moderate compared to the strong H1 performance.

(EBITDA: Earnings before interest, depreciation, amortization and tax, RTM: Route to market, PAT: Profit after tax)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

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.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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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.

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