

RADICO KHAITAN

CMP:Rs.1942



The Company

Radico Khaitan is one of the country's oldest and largest manufacturers of IMFL. Its Magic Moments Vodka has a 58 per cent market share, and Morpheus Brands leads the market by a 56 per cent share. The Company launched three new products recently - Rampur Asava Indian single malt Whisky, Sangam World Malt Whiskey, and Jaisalmer Craft Gin "Gold Edition" to cater for the premium segment. It is also the leading exporter of Beverage Alcohol to 85 countries, including travel retail. The company supplies 21 products to the Canteen Stores Department of Defence Services. Its strong focus is on premiumisation, with medium- to long-term growth potential in the Indian IMFL sector.

Financials

The company's net revenue was Rs.1136.5 crore, up 19.1 per cent during the Q1 FY 2025. The total IMFL volume declined by 4 per cent. All the Prestige

and Above category volumes grew by 14.3 per cent. The company is expected to achieve double-digit growth in premium volume in FY 2025. The Operating Profit is Rs.149 crore and the OPM stands at Rs.13 per cent. Profit Before Tax is Rs.101 crore. The Net Profit is Rs.76 crore. The EPS is Rs.5.71. The Return on Equity is decently at 11 per cent.



Rationale - Technical

The stock has broken out of a 38-week consolidation. The highest volume was recorded after the first week of July, which validates the breakout. Its Relative Price Strength (RS) is above the prior high. And Stan Weinstein's Relative Strength line is moved above the 21EMA, showing a strong outperformance compared to the broader market. The weekly RSI has shifted its range into the strong bullish zone, and the bearish divergence was negated. The Weekly MACD has given a fresh, bullish signal. All the long and short-term moving averages are in the uptrend. The Number of institutions invested in the company has increased by 6.50 per cent to 213, and their stake increased by 0.03 per cent in the recent quarter.

The Recommendation

Buy Zone: Rs.1900-1950

Stop Loss: Rs.1810

Risk: 5 per cent

Target: Rs.2058 (Less than 3 months)

Short-term Reward: 8.32 per cent

Target 2: RS.2260 (6 months)

Medium-Term Reward: 18.95 per cent

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