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Radice

C O R P O R A T E S T A T E M E N T 2 0 0 1 . 2 0 0 2



he winning stroke continues

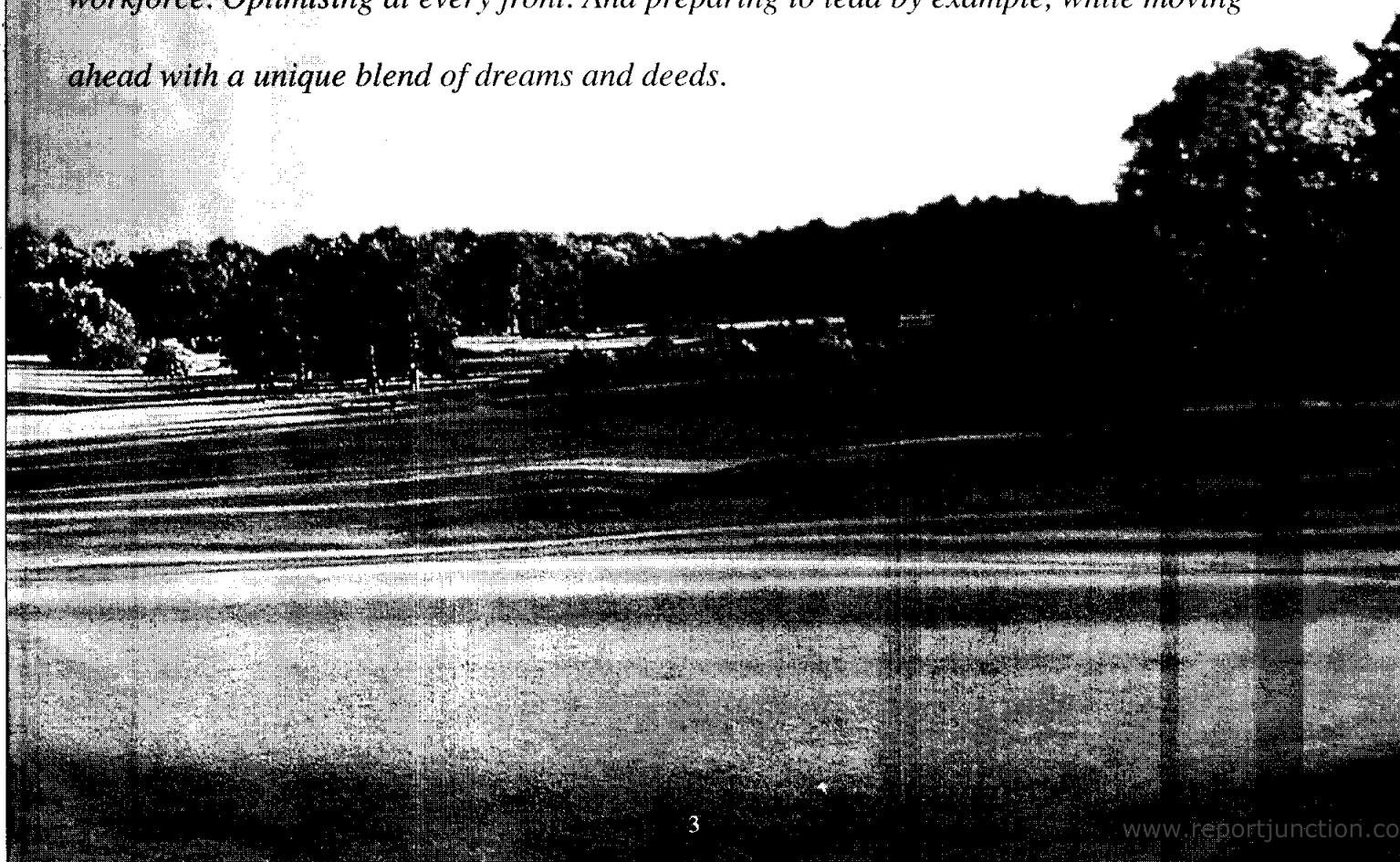
" Surely a company's image is a powerful marketing tool. It is the 'image' that can influence consumer choice, enhance sales, establish brands and add value to the company in the minds of the public. But make sure. You can never create the best image unless you work hard to be the real best in everything you do.....

LET US MAKE THIS RESOLVE. LET US CHANGE FOR THE BEST."

....Such was the mind speak of Mr. Abhishek Khaitan, when the ambitious, Harvard - educated lad from the reputed Khaitan family took over as the ED of Radico and urged everyone to see Radico with a new eye.



True to the core spirit of the 'head' the whole work force of Radico joined hands and hearts. And worked hard. With speed and accuracy to bring that much desired change on an emergency footing. And yes. The result followed. Today, the company stands vastly transformed. From a spirit manufacturer of local fame to a many super selling brands owner in the nation's liquor industry, all set to score big in the global game. Today, preparing vastly to emerge as a powerful world player the company understands and analyses the economic situations and its 'clock time'- the speed with which it operates. And trying to operate matchingly in terms of distillation and blending processes, business transactions, communication flows, the speed with which laboratory knowledge is translated to commercial products, lead time for delivery of strategic decisions and so on... All this goes on, while the company is busy establishing new direction and focus. Restructuring and redefining the operation and the markets. Harnessing the power of creative imagination and innovations. Enhancing the all round effectiveness of its workforce. Optimising at every front. And preparing to lead by example, while moving ahead with a unique blend of dreams and deeds.





Traditional strength and

*"Be a functionally excellent
organisation that will keep our
share holders smiling."*

*Mr. Lalit Khaitan,
Chairman & MD*



modern approach

Dear Shareholders,

The year 2001-2002 has been an eventful one for your company and I am glad to inform that your company has certainly reached a significant milestone towards achieving its goals.

This achievement has been made possible by outlining the vision, setting goals, focussing on key objectives, supporting total quality management initiatives on all fronts, constantly discovering and improving managerial capabilities and moving ahead with an unbeatable performance culture and value creation.

Your company's brands like 8 PM whisky and Contessa rum continued to be popular in the markets all over the country. Both the brands have strong consumer pull. The company has also been able to create a portfolio of very successful and valuable brands by acquiring new brands like "Whitefield" and "Black Cat". The values attached are the hidden assets of the company not reflected in the Balance Sheet.

Your company is today associated with international names like E&J Gallo of California, the largest global wine producers and Interbrew, Belgium, owners of brands like "Becks" beer to market their products in India.

The emphasis of the company continues to be to provide discerning consumer value for money. We are expanding and modernizing the facilities further at Rampur so as to make the plants still more efficient and cost effective.

I am also pleased to inform you that your company's distillery unit has become the first distillery in the country to attain ISO-9001:2000 certification from Det Norske Veritas of Netherlands w.e.f. 1.12.2001 further strengthening our commitment to quality. This would also result in the improvement of work practices in the company, as we would have to adhere to the procedures laid down by this institution, thereby conforming to the international standards.

Not just in the field of business goals and profits, your company also made all attempts to leave mark as a socially responsible corporate citizen. It has taken all meaningful measures to enrich the environment and living standards of the people in an around Rampur where the distillery unit is situated.

Today, emerging as a global player with the strength of its glorious past and vibrant present, your company is all set to reach a future that will make all of you feel so proud and so satisfied.

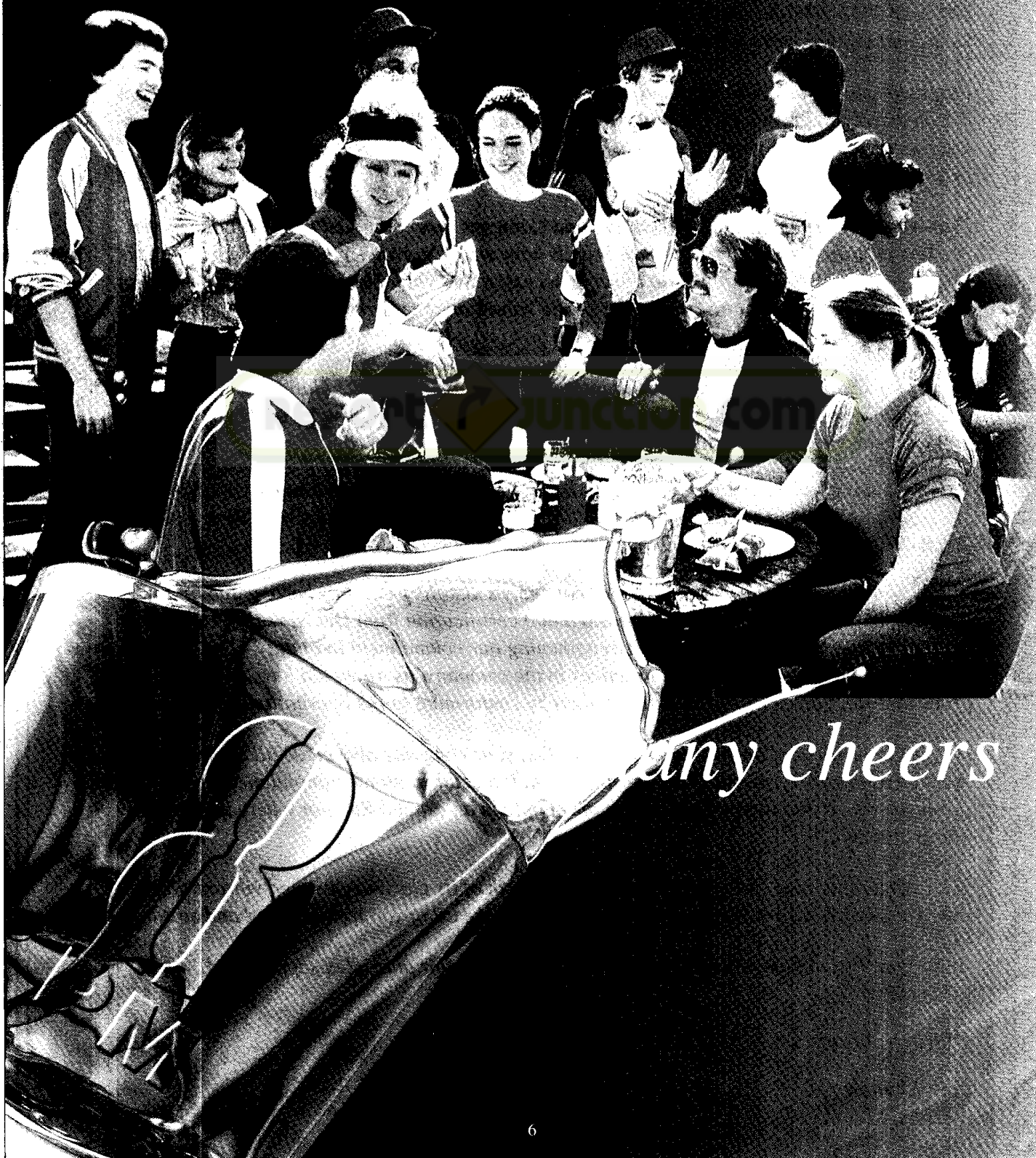
At the end, I would like to thank you all once again for your unbridled support and cooperation.

With best regards.

Lalit Khaitan



The winners spread

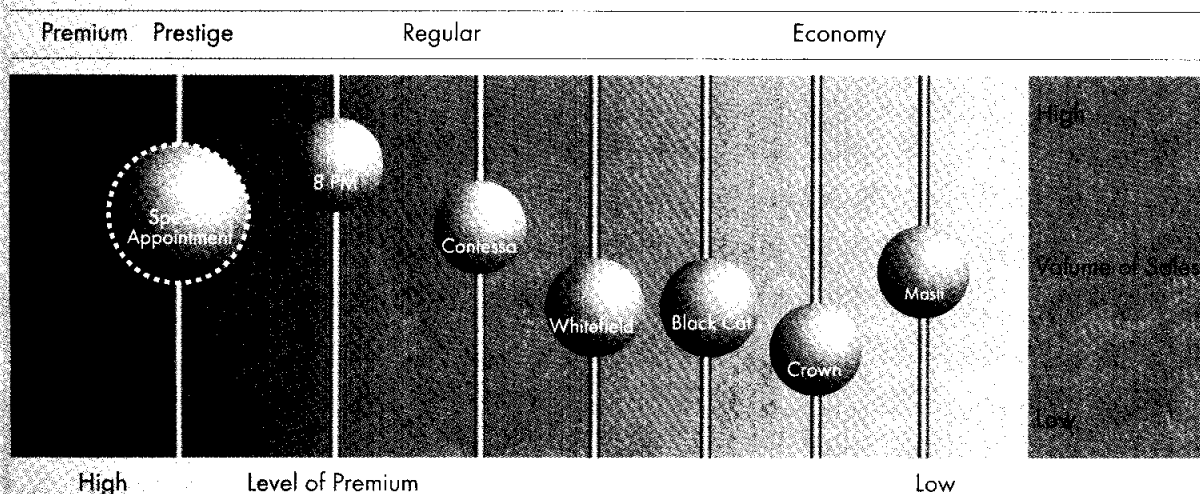


any cheers

Our achievements in 2001-2002

- Highest ever growth of 96% (annualised) in sales and other income including that of the Tie up units i.e. from Rs. 2504 million in the last financial year to Rs. 6150 million this year.
- Highest net profit of Rs.154 million in the history of the Company, up from Rs. 98 million recorded last year. An increase of 26% (annualised).
- Company's distillery unit became the first distillery in the country to attain ISO: 9001:2000 series certification of Quality Management Standard from DNV of Netherlands.
- Sale of 8 PM whisky surpassed 2 million cases mark.
- 8 PM whisky found entry with Canteen Stores Department (CSD), of the Ministry of Defence, Government of India.
- Contessa Rum became the largest selling brand of rum in the CSD.
- "Whitefield" and "Black Cat" brands of whisky, brandy, rum, gin and vodka were acquired.
- Existing bottling lines at the company's distillery at Rampur were further automated to gear up for larger production volumes without compromise on quality.
- Tie-up with Ernest & Julio Gallo of California, U.S.A., the most reputed wine maker in world for distribution of their wines in India.
- Tie up with Interbrew of Belgium for distribution of "Beck's" beer in India.
- Strategic tie-up with Bacardi International Ltd. in its joint venture company Whytehall (India) Ltd. (formerly known as Whyte & Mackay (India) Ltd.).

Staddling the Market



..... And with all that the company moves ahead. Introducing more and more products capturing more and more markets. Expanding. Growing. Raising turnover. And spreading cheers amongst customers and shareholders.

Our 8 PM whisky made a startling impact in the market. With a blend of excellence "n" economy the brand recorded 1 million packs sold in the very first year. An achievement that the Limca Book of Records preserved as market history. 8 PM whisky has continued on its winning spree and recorded sales of over 2 million cases in the financial year 2001-2002. Recently 8 PM whisky has made an entry in the CSD sector also.



Our Contessa rum is doing fine in the defence segment and has emerged as the largest selling rum in the CSD by recording a sales volume of 1.7 million cases in the financial year 2001-2002. Also its classic quality is finding instant appreciation and broad market base in the global zone.

Radico also acquired "Whitefield" and "Black Cat" range of liquors this year. Both the brands are available in the CSD and will be further developed in terms of packaging and quality to expand their markets beyond CSD. The company will soon hit the market with its premium "Special Appointment" whisky. In order to have an all India presence, the company has entered into tie up with eleven bottling units across the country in order to broad base its production and market.

Local fame to Global game

Tuned to the change in the market scenario that the liberalization of the Indian economy and the removal of Quantitative Restrictions (QRs) have brought in and understanding the potential challenges to satisfy the new breed of "local-global" customers with their choice set preferences, Radico created its International Brands Division (IBD) for providing good "value for money" imported alcoholic beverages like wine and beer.

Keen to play its emerging leadership and using its experience and market analysis, company's IBD will cater to the growing alcoholic beverage segment of wine and beer. The IBD shall also make full use of the company's strengths like strong distribution network throughout the country, experienced and energetic sales staff of more than 450 executives and sound financial muscle. Towards this end it has already entered into an exclusive distribution tie-up with one of the worlds most reputed wine maker i.e. Ernest & Julio Gallo Wines, of California, U.S.A. Such a tie-up with Interbrew, Belgium for distributing Beck's beer is also in place. This apart, more tie-ups are in the offing.

The idea is to make use of the best global opportunities and to offer the company's growing base of discerning customers, quality products built around the core proposition of "value for money".





Technology and Ecology



the unique punch

Understanding the importance of Technology of compatibility with feed back on constant innovation at the world front, the company makes continuous efforts to upgrade and be the latest at techno front.

It's Rampur distillery though the oldest and largest, is also the most modern 'plant' in India. With due stress on ecological sanity while making economic advancement, the company takes all the extra care to remain eco friendly.

During the previous year 3 fully automatic state-of-art, high speed bottling lines with hologram applicators were installed in the company's Rampur distillery. All existing bottling lines were upgraded to be fully automatic and to ensure trouble free operation.