

Success : By invitation only.



Distinguished Snvitees...

Success is never a destination but a journey. Crossing milestones one after another. With speed and acceleration. A relentless pursuit of excellence. Propelled by the spirit of dynamism. And it gains a momentum. Scaling greater heights. To achieve the unique status of nestling in the elite circle. To reach the hearts of the connoisseurs. And continue to be there. Maintaining the enduring presence.

This ongoing endeavour reflects in our performance. Giving us more determination. To achieve more accolades. To accomplish our vision. And to reach the pinnacle of a journey called success. For which only a privileged few get invited.



Our Dision

"To become the leader in the Indian liquor industry, by building on the existing brands, acquiring brands, production facilities and adding new products. To be a profit-driven, profit-oriented company all the way."

Lalit Khaitan Chairman & Managing Director



Last year saw your company achieving remarkable performance in every sphere - be it marketing, manufacturing, finance or HR. Our commitment to achieve sustained commercial success with strategic investments, continued in this year too.

Your company's flagship brand 'Contessa' rum continued on its leadership path and is now the undisputed leader in the Indian CSD rum market. Your company expects to replicate Contessa Rum's success in the civil market also.

Last year your company acquired new brands like '**Black Cat** and 'Whitefield'. These brands have been given the required thrust in terms of marketing and packaging and also improvement in their quality.

The Company's confidence in creating blockbuster brands has prompted it to launch **Special Appointment** whisky in the semi-premium category this year. This would ensure the Company's presence in almost all the segments of its target whisky market .The company's 'Old Admiral' VSOP **Brandy** launched in the niche market of Kerala melted many a heart. Your company's **8PM** whisky continued to be popular in the markets all over the country and enjoyed a strong consumer pull. The company is also contemplating the launch of new categories such as "Ready to Drink" products like breezers and coolers at the upper end of its target segment.

Your company has always believed that the essence of any brand success is the quality of Extra Neutral Alcohol (ENA) used in the end product. For the first time in the Indian liquor history, your company has recently introduced "ENA Deluxe" - a branded ENA at 96.5% v/v alcoholic strength, which is comparable with the best in the world. Towards this end, your company went in for massive modernization of its facilities at Rampur in order to produce ENA with the highest degree of purity. Steps have been taken to increase the capacity of the plant, to meet the increasing demand and to improve operational efficiency.

The world-renowned ERP software SAP was introduced in your company in order to facilitate smoother business operations and to bring inventory and sales within the easy reach of a click of the button.

Efficient financial management continued to be one of our core strengths this year too. Your company continued to enjoy the highest rating of A1 + by ICRA for short term borrowings, thereby enabling the company to place commercial paper with banks for an amount of Rs. 150 million at an astonishing 6% to 7%. Significantly, your company has been able to bring down the cost of borrowing of working capital to below 9% p.a.

We have definitely scaled greater heights and defined the path for others to follow. And with your support, I am sure we will continue to dare and reach the pinnacle of our journey, called success.

3

eportiunction.com

With best regards,

Lalit Khaitan



**D**edication makes all the difference. One has got to have a passion. To create, preserve and enhance wealth, in terms of profitability and market share. The energy, insight and the drive to do things the right way. And succeed. Because, in today's scenario, you cannot wait for inspiration. You have to rely on hard work and dedication. And be passionate on your own behalf as basically, at the end of the day, you are working for yourself.

At Radico we believe in the need to focus. To reach a pyramid of excellence, built on customer satisfaction, cost effectiveness and technological competence. The ongoing strive for success has led to a wealth of initiatives and actions within the company. These are designed to satisfy the exacting requirements of the customers.

Radico continues to make strides in consolidating its position in the market. Aggressive market strategy and implementation thereof through a strong and dedicated work force have resulted in all round improvement in the operations and further consolidation of its brands in various segments.

The bedrock has been meticulous planning, which led to better performance, self-reliance and undisputed leadership.

The brands that had poor visibility earlier were given specific thrust to ring in sales volumes and profits. Niche sectors were identified and products were introduced, resulting in grabbing the upper crest of the consumer's mindset. Embracing modernity and adapting to changing times, your company stepped in to acquiring vertical as well as horizontal growth.

As for the HR front, your company couldn't be more concerned about the health of the actual wealth of the company - its people. Towards this end, a state of the art gym was installed at the company's Training Centre at Rampur and at its Corporate office at Delhi with a modern cafeteria where hygienic in house cooked food is served to employees, at subsidized rates.

Today, Radico, has metamorphosed into an enterprise that is a testimony to the triumph of human endeavour - a tribute to the sublime vision that has been realised into a glorious presence and a promising future.

I am sure with your unstinted support, as in the past, the company will maintain its pioneering status, in the years to come.

With best regards

Abhishek Khaitan

Our Mission

"To achieve sustained commercial success, with strategic investments. Meeting the aspirations of our customers with qualiproducts and services. Sharing with all stakeholders the wealth and opportunities generated, and by seeking business partners who share our values. Thereby, maximizing long-term shareholde value, while being socially responsible and progressive."



Our Halues

As we deliver on our Mission, our Company Values guide us in our relations with all those who have a direct

interest in the business.

- We conduct our business with integrity.
- We support mutually beneficial and enduring relationships with our stakeholders.
- We seek to be open and accurate in our dealings and communication.
- We respect the rights and dignity of individuals.
- We optimise the creation of wealth to provide fair reward and recognition for stakeholders.
- We meet the changing needs of our customers and consumers by providing consistently high quality brands and services.
  - We are a responsible corporate citizen.

Guiding Principles of our Business

# Towards our Shareholders

- -/ Radico is committed to increasing long-term shareholder value, exceeding that achieved on comparable investments.
- -/ Corporate Governance : Radico is committed to an open governance process, which protects the sustainable value and reputation of the company by managing the business effectively and in compliance with legal requirements and best practice in governance.
- -/ Return on investment : Radico seeks to maximise total shareholder return (TSR).
- -/ Communication with investors, lenders and analysts : Radico values the support of all its providers of capital and seeks to communicate with them regularly and openly, providing reliable and timely information about the company.

### Towards our Business Partners

- -/ Guided by its values, Radico seeks to build long-term relationships with its business partners to achieve mutual sustainable success.
- -/ Radico seeks to do business with those joint venture partners and Contract bottling units that share its company values.
- -/ Radico will meet its obligations towards providers of capital, bankers and financial institutions.

# Towards our Customers

- -/ Radico provides brands and services of consistent high quality and value, to meet the needs and standards of its consumers and industry customers worldwide.
- -/ Product safety : Radico is committed to providing products which are safe for their intended use.
- -/ Advertising and promotions : Radico advertises and promotes its products in an honest and ethical manner, which respects the values of its consumers' societies.
- -/ Innovation : Radico aims for continuous improvement at all levels by encouraging employees to be creative, innovative and open to new ideas.

### Towards our Suppliers

- -/ Radico engages its suppliers to achieve long-term mutually beneficial relationships.
- -/ Radico will endeavour to meet its legal and contractual obligations to suppliers including the timely settlement of accounts. We seek to work together to achieve consistently high standards in materials and services supplied.

# Towards our people, our Human Assets

- -/ Radico seeks to be a preferred employer.
- -/ Salary and benefits : Radico remunerates its employees fairly, according to skills and performance, by reference to competitive industry and country conditions and within a rewarding work environment.
- -/ Health and safety : Radico recognizes that productivity is directly related to the health, safety and welfare of its employees. Radico promotes continual improvement in health and safety performance, through the involvement of employees.
- -/ Employee development : Radico seeks to create an environment in which all individuals and teams may develop their full potential for the benefit of themselves and the company.
- -/ Fair employment practices : Radico is committed to fair treatment of employees: timely, honest and respectful communication, and freedom of expression.
- -/ Ethical behaviour : Radico promotes ethical behaviour and will not tolerate any illegal activity, including corruption.

Raising a toast to success "You cannot cross the sea merely by standing and staring at the water.

 ${f S}$ uccesses are built on strong foundations. It is this philosophy that has catapulted Radico Khaitan Ltd. (RKL), from a humble beginning to become one of India's largest distilleries. From an idea in 1943 to an International presence today.

From supplying unbranded spirit to earning some of the best-recognized brands in the country, partnering the best recognized in the world. Radico Khaitan Ltd. today is the third largest Liquor manufacturing giant of the country.

Over the last half a century, the company mastered the art of blending and production growing with a capacity utilization of over 100 percent, far ahead of the industry average.

> A holistic approach, involving both integration and modernisation, with a keen focus on customer needs. The company adopted this simple blueprint for adaptation - always ready to initiate change, rethink objectives, take radical action and become extremely inventive.

> > *While conceptualizing the vision towards providing* international quality product in most cost efficient manner, the company has successfully implemented its strategy while meeting its basic objectives to its best bench marked values vis a vis ultimate customer satisfaction.

Contessa Rum is now the undisputed leader (with a 21% market share) in the Indian CSD rum market, which is around one-third of the overall Indian rum

market and the company is poised to replicate Contessa Rum's success in the Civil rum market also. Contessa rum touched the 2 million cases mark in the year 2002-2003 thereby growing by 18% over the last year.



Your Company's flagship brand **8PM** whisky returned victorious yet another time and continued to be the first choice of consumers throughout the country. 8PM clocked impressive sales volume of 1.9 million cases, thereby registering a growth of 7% over the last year. In the staid regular whisky market, 8 PM whisky has clocked a growth rate of 33% over the past 4 years against the segment's 5%.

# Recent Brand launches arise out of a strategic roadmap:

The Company believes that over the next 2-3 years, the Government of India will increasingly bring down the import duties on foreign liquor brands as envisaged under the WTO guidelines. The Company believes that an immediate impact of this measure would be lower market shares of Indian companies in the super-premium segments of IMFL.