

Corporate Statement 2005-2006

CELEBRATIONS

Report

Yes, once again the power of passion, commitment,

zeal and ceaseless endeavour has brought in results.

The company has moved far and further once again.

New brands launched, new associations established,

newer frontiers explored, new markets occupied, new

customers won, and above all a new goal achieved in

terms of manufacturing, turnover and profit. True, a

history of performance, growth and remarkable

achievement that has everything in it for celebration.





India once shunned for its hapless protectionism, suffocating bureaucracy and all-round commercial torpor – can no longer be ignored. The country's growth rate is now approaching that of Asia's other economic juggernaut, China. India is being remade, as it is increasingly integrated with global economy. The world has witnessed Asia's economic tigers and dragon. Enter the elephant.

The question is no longer whether India can fly, but how high ! India now boasts robust economic growth. Figures published recently showed annual GDP growth over the past three years averaging 8.1%. Growth should be faster still if India is able to cash in its "demographic

dividends". Its young population will add 71m people to its workforce in the next five years, or nearly a quarter of the world's extra workers.

Businesses, today, are less fettered than they were when liberalization began 15 years ago although it is true that some parts of the economy remain subject to the old restrictions.

Uttar Pradesh (U.P.) where we operate would make it No.6 in the world with 170 million plus people if it were a separate country. However, here we have achieved remarkable success in adding to our production and manufacturing facilities, installing state of the art plants and contributing to the prosperity, all around.

The company also surged ahead in the global markets as the exports of the company's quality products saw a phenomenal growth. We are currently exporting our products to more than 30 countries all over the world.

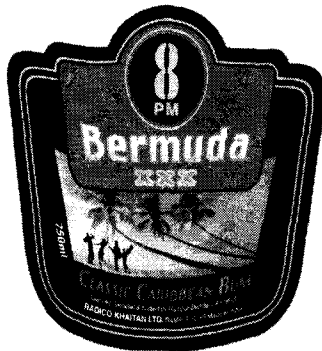
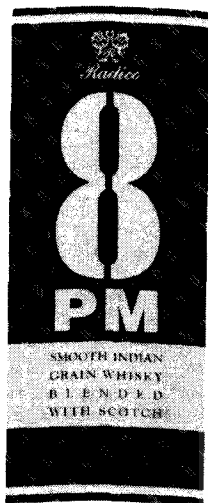
In the surging economy of the country, we are making our contribution and see a very bright future for our business all around. With the robust growth in the demand of our products, we see a very happy future for the company, its employees and the stake holders.



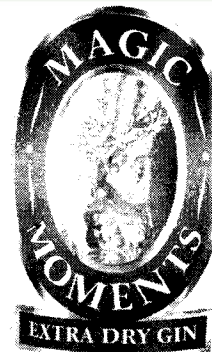
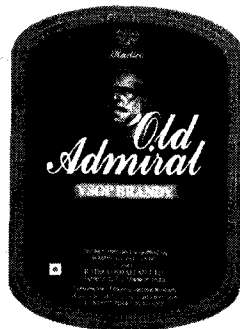
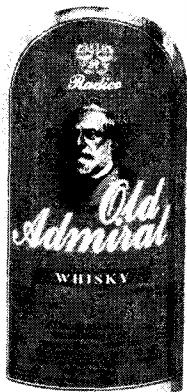
Dr. Lalit Khaitan

Abhishek Khaitan
www.reportjunction.com

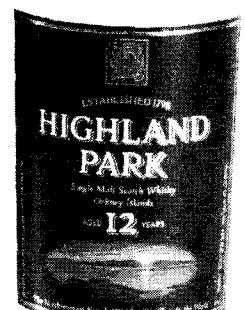
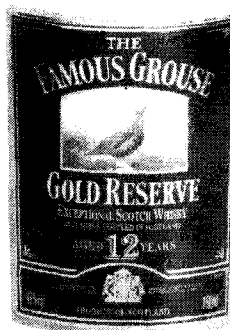
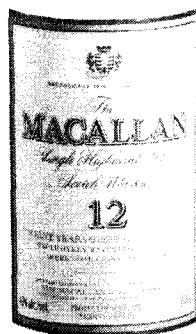
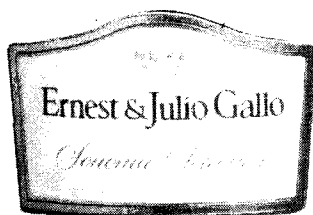
Our Brands Our Pride Our Strength



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Our Partners



Quality. Uniqueness. Value.

The attributes of our corporate character that well define our brands. Each one of them is a reflection of our spirit to serve our customers the best. A fine blend of excellence and economy, our brands, throughout these years, have added to our strength, taken our pride places and our image higher, thus making us what we are today, both on local and global scale. All our brands have received remarkable acceptance in new markets.

Our 8 PM whisky and Old Admiral brandy became the fastest growing brands in their category.

Truly, our record breaking growth year after year, has been possible because of our Brands, their quality and their value. And that surely adds strength to our today's size, shape and also, to our future form.





Five years Financial Highlights

(Rs. in million)

	2001-2002*	2002-2003	2003-2004	2004-2005	2005-2006
Equity capital	154	193	193	193	193
Sales (including sales from arrangements with other distilleries/bottling units)	4765	6185	7269	9736	11354
EBITDA	274	384	415	635	873
EBITDA Margin (%)	9.4	10.4	10.1	10.5	12.8
Net Profit after tax	118	186	257	359	452
Dividend (%)	16	18	20	22	25
Earning per share (in Rs.)**	1.55	2.17	2.66	3.72	4.68
Book value per share (in Rs.)**	7	8.4	9.8	12.4	16
Shareholders' Funds (excluding Revaluation Reserves)	535	812	943	1191	1552
Return on Equity (%)	22	23	27	30	29
Debt Equity ratio	1.66	1.24	1.44	1.80	2.20

*Annualised **Face value Rs. 2 per share

ur milestones

2002-03

- Contessa rum crosses the 2 million cases per annum sales mark
- Contessa rum becomes undisputed leader in Indian CSD market
- Old Admiral brandy launched in Kerala and becomes a run away success.
- Special Appointment whisky launched and won the India Star 2002 award for Best packaging by Indian Institute of Packaging (a GOI undertaking)
- Black Cat rum acquired from Sikkim Distilleries Ltd.
- Whitefield whisky and Whitefield brandy acquired in 2001-2002 given thrust resulting in increase volumes.
- Rampur Distillery upgraded to produce world class Extra Neutral Alcohol with highest purity.

2003-04

- 8 PM crosses 2 million cases per annum sales mark
- 8 PM Bermuda XXX rum and 8 PM Royale whisky launched.
- Alcohol manufacturing capacity of the Distillery enhanced from 46 million litres p.a. to 60 million litres p.a.
- Own state of the art bottling unit set up in Rajasthan.

2004-05

- Surpassed the 10 million cases per annum milestone for IMFL sales.
- 8 PM crosses the 3 million cases per annum sales mark.
- Old Admiral whisky crosses the 1 million cases per annum sales mark.
- Drinks International, a prestigious magazine in the liquor industry worldwide declares 8 PM whisky & Old Admiral brandy as the fastest growing regional brands in the world in their respective segments.
- New brands launched - 8 PM Bermuda white rum, 8 PM Excellency, Old Admiral whisky, Old Admiral rum & Magic Moments gin.
- The Monde Selection, Brussels awards silver medals to 8 PM Bermuda XXX rum, 8 PM Bermuda white rum, Old Admiral VSOP brandy and Contessa rum on the criteria of quality.
- Whytehall India Ltd. and Anabeshahi Wines and Distilleries Pvt. Ltd. acquired and merged into Radico.
- Bottling unit set up in Uttaranchal.
- Tie up with The Edrington Group, Scotland for the sale of Scotches like Famous Grouse, Highland Park and Macallan in India.

2005-06

- The Company's total sales cross Rs.1000 crores mark.
- IMFL sales touch 12 million cases per annum mark.
- 8 PM crosses 4 million cases per annum sales mark.
- Magic Moments vodka launched - foray into the white spirit segment.
- Brihans Premium Whisky, Brihans Napoleon brandy, Brihans Grape whisky, Lord Nelson rum, Red Russian vodka and other key brands, having national presence and registration with the CSD, acquired from Brihan Maharashtra Sugar Syndicate Ltd.
- Grain based distillery with a capacity of 27 million litres per annum set up.
- Global operations launched - wholly owned subsidiary viz. Radico Global Ltd. set up in Dubai for making future acquisitions and Joint Ventures outside India.

DIRECTORS' REPORT FOR 2005-06

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Your Directors are pleased to present their 22nd Annual Report together with the audited statement of accounts of the company for the year ended 31st March, 2006.

OPERATIONS:

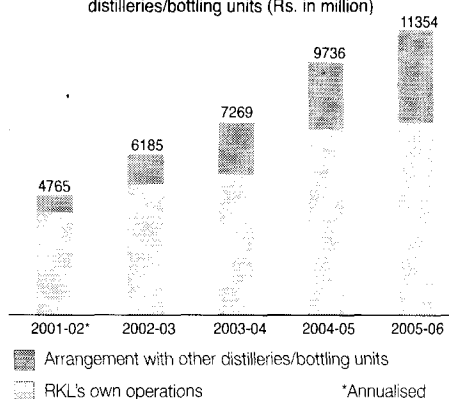
Your company completed a highly successful and eventful year of operations in 2005-2006 and continued to make strides in consolidating its position in the market.

FINANCIAL RESULTS:

(Rs. in Million)

	2005-2006	2004-2005
Sales (including sales from arrangements with other Distilleries/ bottling units)	11353.98	9735.91
Gross Profit (before depreciation and tax)	635.89	470.03
Profit before tax	523.26	385.06
Profit after tax	451.66	358.56
Prior period adjustments	(49.38)	(62.92)
Surplus brought forward from last year	134.48	137.34
Profit available for appropriation	536.76	432.97
Transfer to General Reserve	185.20	250.00
Proposed Dividend and tax thereon	54.99	48.39
Balance carried forward	296.57	134.48

Sales including sales from arrangement with other distilleries/bottling units (Rs. in million)



The company clocked overall gross sales of Rs.11353.98 million from its operations; Rs.7674.44 million own operations (excluding income from arrangements with other distilleries / bottling units) plus Rs.3679.54 million through such arrangements in the year 2005-2006 against Rs.9735.91 million (Rs.6998.93 million from own operations plus Rs.2736.98 million through such arrangements) achieved in 2004-2005,