

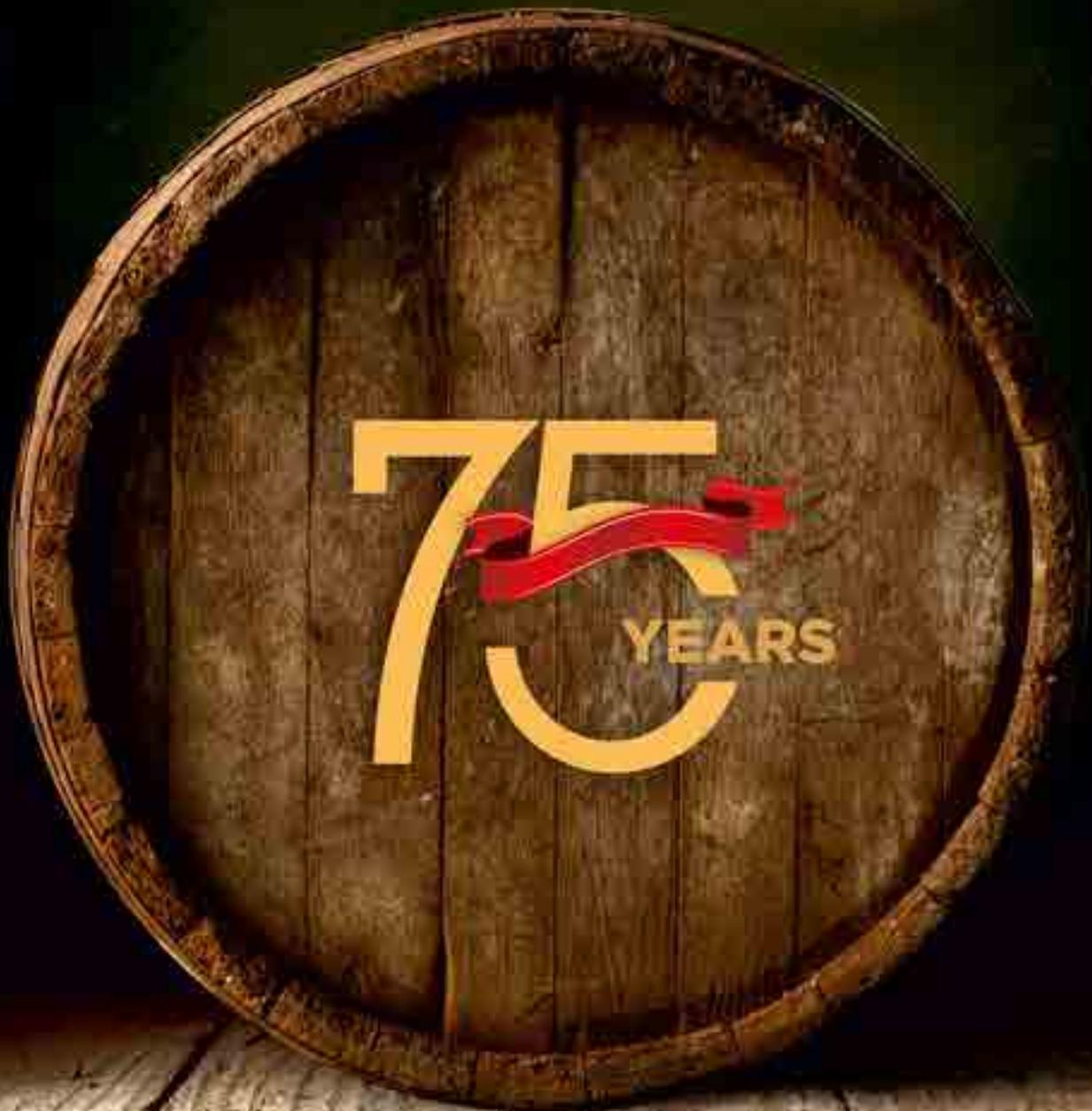


Radico

RADICO KHAITAN LTD.

Annual Report 2017-18

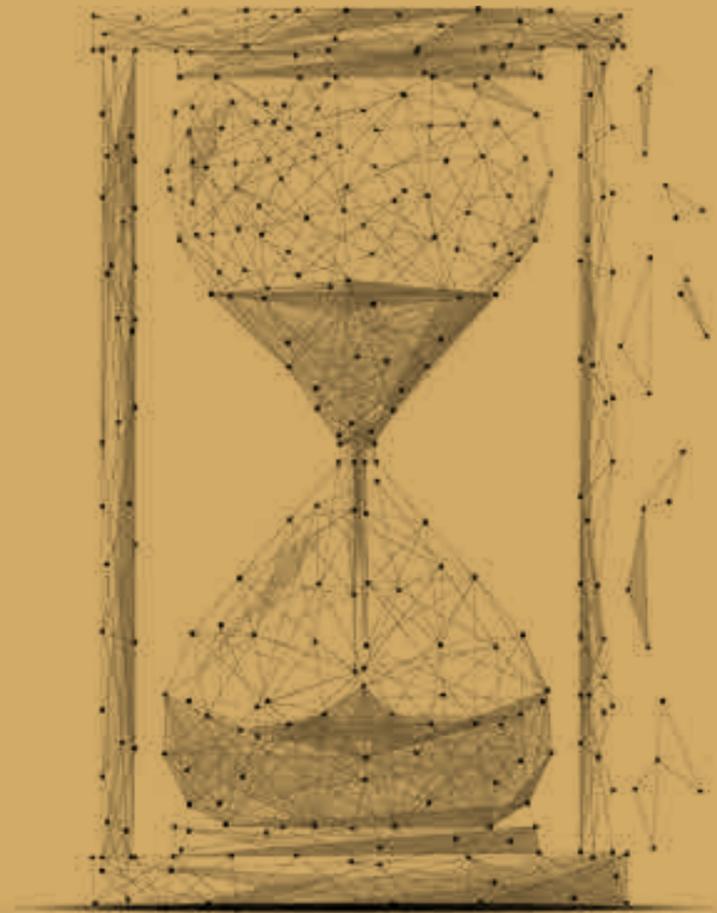
Inspired by Past.
Motivated by Present.
Driven by Future.



A TOAST
TO A SPIRITED
EFFORT



INSPIRED BY PAST.
MOTIVATED BY PRESENT.
DRIVEN BY FUTURE.



Inspired by Past.

Radico Khaitan has come a long way in its exceptional journey of growth and brand creation to become one of the most admired liquor companies across India. Our rich history of 75 years continues to set the pace for today and shape the business outlook for tomorrow.

Our journey to establish an exemplary spirits company is inspired by the vision of the promoters. In 1998, the Company started its own label with the introduction of 8PM Whisky. Within a year of its launch, 8PM Whisky became a millionaire brand which is a record yet to be reckoned with for any other brand in India.

Radico Khaitan is one of the few companies in India to have developed its entire brand portfolio organically. This is

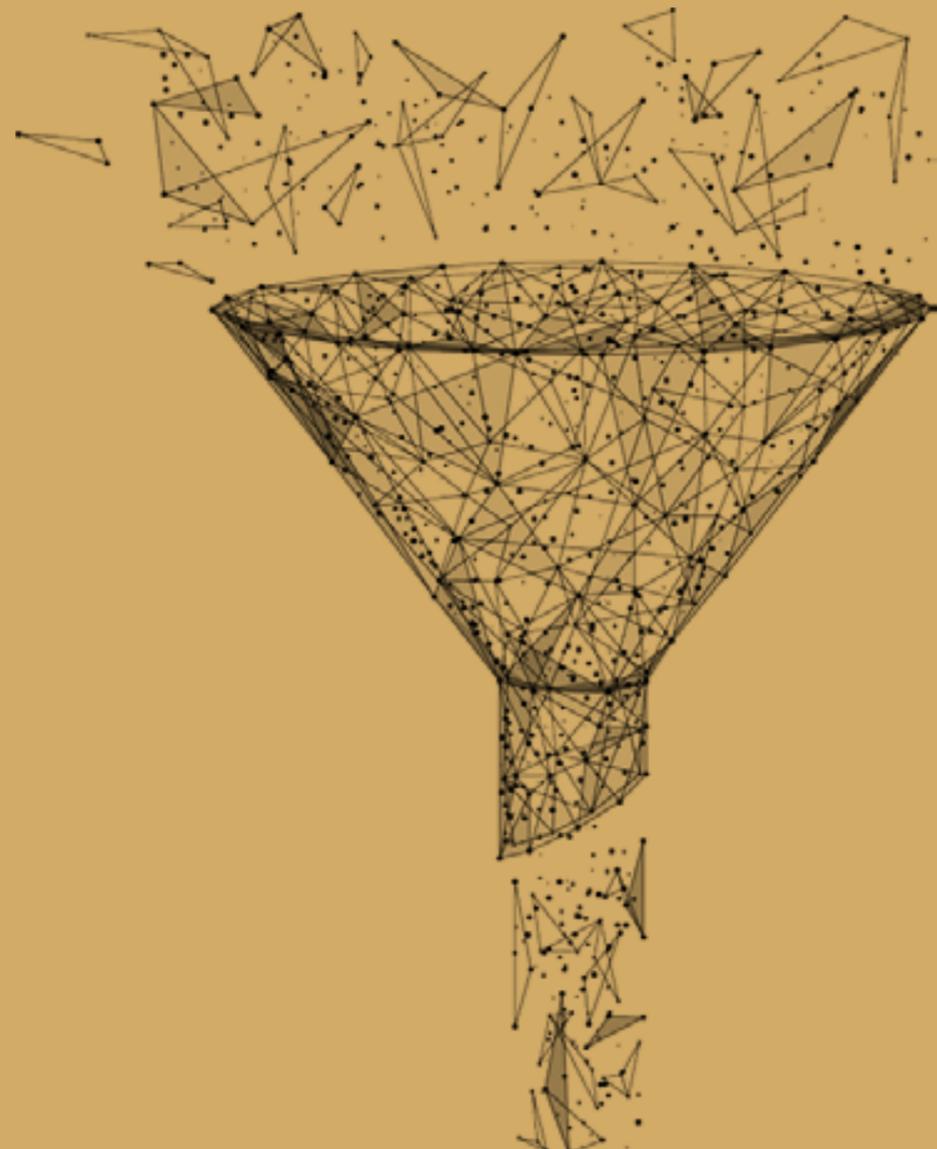
a true testament to the Company's R&D strength and understanding of customer preferences. The Company launched ten new brands over the past decade. Of these new brands, nine brands are in the premium category.

The Company's robust brand portfolio includes After Dark Whisky, Contessa Rum, Jaisalmer Indian Craft Gin, Magic Moments and Magic Moments Verve Vodka, Morpheus and Morpheus Blue Brandy, Old Admiral Brandy, Pluton Bay Rum, Rampur Indian Single Malt Whisky, Regal Talon Whisky, Whytehall Brandy, 1965 - The Spirit of Victory Rum, 8PM and 8PM Premium Black Whisky. Currently, the Company has four millionaire brands which are 8PM Whisky, Contessa Rum, Old Admiral Brandy and Magic Moments Vodka.



Over the past two decades, Radico Khaitan has been serving discerning consumers with differentiated products creating enriching and enduring experiences.

Motivated by Present.



Radico Khaitan has created a cohesive and differentiated brands portfolio coupled with comprehensive supply & distribution platform to take the Company to next level of growth.

A key differentiator in present times has been our ability to think beyond the obvious. Our innovation led culture offers a clear proposition to stakeholders, built around following key strategic priorities:



Investing for market share growth

Radico Khaitan's Magic Moments Vodka has a market leading share of over 50% across the vodka industry in India. The Company's Morpheus Brandy leads the super-premium segment with over 60% market share.

We continue to innovate and achieve strong performance that can deliver sustainable long-term growth.



Value creation supported by innovation

The Company continues to delight its consumers and strengthen its brand portfolio through the launch of some of finest IMFL products over the years. Radico Khaitan recently launched Rampur Indian Single Malt and Jaisalmer Indian Craft Gin. Both these brands are testament to our R&D and product development capabilities.

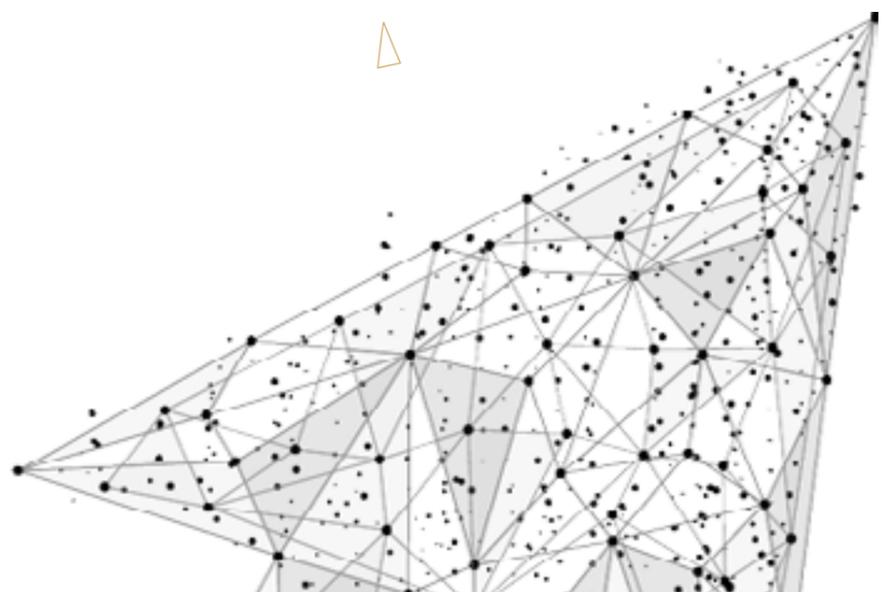
The Company's strategy has been to drive growth that is led by premium products and is profitable, sustainable and responsible.



Strong cash flow generation

Over the past few years, one of the core strategic priorities of the Company has been to enhance free cash flow generation.

The Company has been able to deleverage thus making our balance sheet stronger enabling investment in growth.



Driven by Future



A diversified and premium brand portfolio coupled with a strong balance sheet enables Radico Khaitan to strongly capitalise on upcoming business opportunities across the spirits industry in India.

Rapid urbanization, rising affluence and changing consumption patterns towards higher quality and lifestyle products are the key growth drivers for the growth in the Indian consumer market.

India has a young demographic profile with a median age of 28 years and around 67% of the population is within the legal drinking age. These two demographic indicators represent significant growth opportunities for the spirits industry.



TABLE OF CONTENTS

Company Overview 01-34

Brand Portfolio 01

Awards & Accolades 23

Manufacturing Facility 27

Financial Highlights 29

CMD's Message 31

MD's Message 33

Statutory Reports 35-98

Directors' Report 35

Annexures to Directors' Report 43

Management Discussion and Analysis 64

Report on Corporate Governance 73

Business Responsibility Report 88

Financial Reports 99-212

Independent Auditor's Report on
Standalone Financial Statements 99

Standalone Financial Statements 105

Independent Auditor's Report on
Consolidated Financial Statements 155

Consolidated Financial Statements 159

Company Information 211

Disclaimer

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

SHAKE THE WORLD WITH MAGIC



**MAGIC
MOMENTS**
VODKA



SHAKE THE WORLD WITH MAGIC

Launched in 2005, the brand became a rage overnight. The enthralling taste of Magic Moments not only set the town buzzing, but also unleashed the thirst for making every moment grand! Commanding over 50% market share across price points in Vodka category, it has reached the level of being the undisputed leader and a category driver for the industry.

Produced from the finest grains, its triple distilling process is a mark of absolute purity. This premium vodka is smooth and perfectly blends with your senses, giving an enriched taste. The spirit of Magic Moments can be celebrated with various tantalizing flavours that take excellence a notch up! No wonder, this remarkable vodka is a millionaire brand of Radico Khaitan. Magic Moments is ranked as the world's 11th largest selling vodka by the Drinks International, 'Millionaires' Club 2018 rankings. It has also won many coveted awards including nine Gold Medals in last ten years at the Monde Selection. Magic Moments Remix Flavoured Vodka has also carved out its leadership with Lemongrass and Ginger Flavour winning six consecutive Grand Gold Awards and Green Apple Flavour winning five consecutive Gold Awards in the Monde Selection respectively.



**EXPERIENCE
THE SUBLIME ALLURE OF
MORPHEUS BLUE**

The true embodiment of understated perfection. Named after the Greek God of dreams. Its intense flavour leaves you with an epic aroma and rich aftertaste.



**KICK
THE
BORING**

Exploring the wilderness within, the quest to conquer the unusual and the zest to go beyond the limits is what drives non-conformists. To kick the boring out of their lives, we have introduced a gush of raw adrenaline for them - Electra, that brings to the table the best mixed cocktails like Cosmopolitan, Agent Orange, Appletini, Starry Night Martini and Mojito to savour.

Electra is a vodka based cocktail, triple-distilled and triple-filtered with carbon and platinum filters. Keeping the spirit of innovation alive, this 8% vodka infused drink comes with a premium ring pull-off cap, that kicks the boredom out and lets one embark on an expedition to find one's inner glory and stun the world.





SPIRIT OF FRANCE CAPTURED IN A GOBLET

The essence of a French chateau, the lush green yards and the exoticness are superbly captured in the bottle of this premium brandy. It rolls on the tongue smoothly, awakening your senses and making the taste irresistible.

After achieving four consecutive Gold Medals at the prestigious Monde Selection, the world has taken note of its treasured legacy and trademark excellence. Morpheus, now a leader in its segment, proudly basks in the glory of its finesse and perfection with which it has been processed. The pure bliss attained with each sip is a truly remarkable experience.





HIGH ON VERVE

Using a five staged slow filtration process with silver and platinum filters, this unique vodka possesses the ability to send you in a trance. The tantalizing aroma of its flavour and its crisp taste have enabled Verve to attain a significant market share in the premium segment.

Verve has also been felicitated with Monde Selection Gold Award for five years for its exemplary quality and distinctive flavours – Verve Green Apple and Verve Orange, that have carved a niche in the category. Verve Green Apple has the crunchy taste of freshly plucked Green Apples, whereas Verve Orange has a citrusy and tangy aroma of fresh and ripe oranges with a sweet taste that lingers on.



PLUTON BAY

RARE EXOTIC RUM

SPIRIT OF ADVENTURE

The journey of Pluton Bay is one of passion, a sense of adventure and a pursuit of excellence. It is a toast to the spirit of exploration, as one sea captain said - "The spirits are now smoother to the tongue and have acquired a gold colour during the voyage."

Pluton Bay, a rare blend of aged cane juice and finest neutral spirits was launched in the premium rum category. The bottle has an international tear-off sleeve and a pilfer-proof cap making it a unique rum drinking experience.

Pluton Bay is a spicy, dark brown exotic rum, smoother than any other. It is a promise of a million cheers for true lovers of quality rum.

Pluton Bay was the winner of Silver Award at the Monde Selection for two consecutive years.

