Radico
RADICO KHAITAN LTD.

RADICO KHAITAN LIMITED

ANNUAL REPORT
2018-19

SPIRIT OF THE
S E N S E S

A TOAST TO *EXCELLENCE*

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Highlights FY2019

21.61 Million Cases
Total IMFL volume
10.8% y-o-y growth

6.12 Million Cases
Prestige and above volume
21.3% y-o-y growth

15.48 Million Cases
Regular and others volume
7.1% y-o-y growth

₹2,096.95 Crore
Revenue from operations (Net)
15.0% y-o-y growth

₹349.23 Crore
EBITDA
0.6% y-o-y growth
200 bps margin expansion

₹250.34 Crore
Net debt reduction during FY2019
(Net debt ₹319.35 Crore)

~₹6,000 Crore
Excise duty paid

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 realised, 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 materialise, 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.

Spirit of the senses.
A toast to excellence.

Our performance in FY2019 evidences the underlying strength of Radico Khaitan's premium brand portfolio and strong brand equity, each product enhancing the experience of its discerning consumers.

Our unwavering focus on premiumisation ensures that every single brand at Radico Khaitan is developed to perfection with care and served as a differentiated product, and a chosen spirit that stimulates the senses. With the world's 11th fastest growing whisky brand, 8PM and 7th fastest selling vodka brand, Magic Moments, we take pride in our spirits being at par with the best in the world. The choice of global consumers, our products are a true toast to excellence!

Our rich legacy

Today, with a strong portfolio of market leading premium brands across categories and presence in over 85 countries, our rich legacy of over 75 years continues to inspire us while shaping our goals for tomorrow.

Radico Khaitan Limited (Radico Khaitan) is among the oldest and largest manufacturers of Indian Made Foreign Liquor (IMFL) in India. Earlier known as Rampur Distillery Company, we commenced our operations in 1943 and over the years, emerged as a major bulk spirits supplier and bottler to other spirit manufacturers. In 1997, we started our own label with the introduction of 8PM whisky, which became a millionaire brand within a year of its launch.

Our brand portfolio is distinguished by its completely organic growth, which is a testament to our research and development prowess and strong understanding of consumer preferences. Of the 12 brands launched in the last decade, 11 were in the premium category including Morpheus and Morpheus Blue brandy, After Dark whisky, Magic Moments Verve and Electra vodka, 1965 rum, Rampur Indian single malt whisky, Jaisalmer Indian craft gin, 8PM Premium Black whisky, Pluton Bay rum and Regal Talons whisky.

Our manufacturing capabilities

We have three distilleries in Rampur (Uttar Pradesh) and two operating as joint ventures with Radico NV Distilleries (RNV) in Aurangabad (Maharashtra) in which we own 36% equity. These have a total capacity of 157 Million litres.

23
Contract bottling units

5
Own bottling units

5
Distilleries

Our Rampur distillery

Our green plant in Rampur, with a capacity of over 100 Million litres, manufactures IMFL and country liquor. It is strategically located in Uttar Pradesh, one of the largest sugarcane producing states in the country and is one of the largest distilleries in Asia.

The plant is self-sufficient in meeting the fuel and power requirements through backward integration, utilising its effluents for generating bio-gas which, in turn, is used to generate the steam and power for its captive requirement. The distillery complies with zero discharge requirements of the Central Pollution Control Board (CPCB).

Keeping the spirit alive through 75 years

Having celebrated our platinum jubilee last year, we take a moment to look back at the exciting journey of growth over the years and the future that beckons.

First phase (1943-1996)
From volume to value

The Rampur Distillery Company was established when it was a part of Khaitan family with a focus on distilling and bottling. We manufactured high quality spirit for branded players and the armed forces' canteen stores

Gained significant experience as manufacturer of spirits and bottler for other companies

Mr. Abhishek Khaitan, our present Managing Director (MD) joined the family business and instilled the idea of creating our own brands

Second phase (1997-2006)
Established platform for the branded journey

Started the branded IMFL division and launched our first brand, 8PM whisky, becoming a millionaire brand within the first year of its launch

Launched Old Admiral brandy in the regular category, became one of the leading brands in Canteen Stores Department (CSD)

Achieved sales volume of 10 million cases

Made investment at the Rampur facility for creating a strong manufacturing platform for IMFL

Developed a pan-India distribution and sales setup

Third phase (2006-Present)

Growth to premiumisation

After creating brands in the high-volume regular categories, launched the first product in the premium category, Magic Moments vodka

Launched Morpheus super premium brandy; Magic Moments became a millionaire brand

Launched After Dark, a premium category whisky

Launched Magic Moments Verve, a super-premium vodka followed by flavours of Verve

Launched Electra, a premium ready-to-drink vodka-based cocktail

Launched 1965-The Spirit of Victory premium rum, exclusively in CSD, commemorating India's victory in the 1965 war; it built an emotional connect with the soldiers and the armed forces

Launched Rampur Indian single malt luxury whisky

Launched Regal Talons semi-deluxe whisky

Launched Pluton Bay Premium rum

Launched Jaisalmer, a luxury Indian craft gin, 8PM Premium Black whisky, and Morpheus Blue super premium brandy

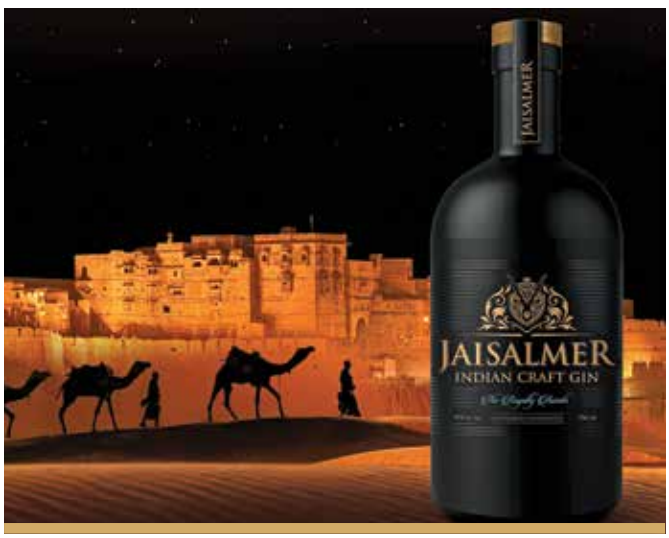
Launched newer expressions of Rampur Indian Single Malt – Rampur Sherry PX Finish and Rampur Double Cask

Toasting our brands

Our brand strategy is synonymous with premiumisation. Our four millionaire brands – 8PM whisky, Contessa rum, Old Admiral brandy and Magic Moments vodka sell more than a million cases each year.

In addition to the brands mentioned above, our robust brand portfolio includes Rampur Indian Single Malt whisky, Jaisalmer Indian craft gin, Morpheus Blue XO premium brandy, Morpheus XO brandy, Magic Moments Verve vodka, Magic Moments vodka, After Dark whisky, 8PM Premium Black whisky, Pluton Bay rum, Regal Talons whisky, Whytehall brandy, 1965 – The Spirit of Victory Premium XXX rum.

Radico Khaitan is one of the largest suppliers of branded IMFL to the Canteen Stores Department (CSD).



Jaisalmer Indian Craft Gin

The Royalty Awaits

This gin is made using time-honoured recipe enhanced with the ancient wisdom of Indian herbs and handpicked botanicals. It is a triple-distilled neutral, grain spirit, redistilled in a traditional copper pot, and handcrafted to perfection. It is available in over 20 countries worldwide and has piqued consumers' interest globally.

Rated as the Best Gin produced out of Asia in 2019 at The Gin Guide Awards, the most respected honour for Gin in the world

Rampur Indian Single Malt Whisky

Decades of Perfection

With footprint in over 30 countries, Rampur Select-Indian Single Malt Whisky was made available in Delhi, India, for the very first time at select retails and the top 5-star properties. Rampur is a luxury brand that is manufactured at our plant in Rampur (UP). It is aged to perfection in the foothills of the Himalayas and is called the Kohinoor of single malts. Packaged in a stout bottle with a thick base, the bottle exhibits a regal look as it comes in a hand-crafted silk pouch. It has drawn global recognition for its smoothness, taste, and quality within a very short time, since its launch in FY2017, with expressions priced between US $70 and US $100. Its success is an affirmation of our R&D expertise. We are investing in malt capacity expansion to cater to the demand for this product.

In FY2019, we launched its newer expressions:

- Rampur Sherry PX Finish: Limited 48 cask batch, from where American Oak was handpicked and transferred to PX Sherry Butts from Jerez, Spain
- Rampur Double Cask: Matured in American Bourbon barrels and European Oak Sherry casks

Won double Gold Medal at the San Francisco World Spirits Competition in 2017

Whisky Advocate Magazine ranked it among the Top 20 Whiskies of the World at 5th position

Magic Moments Vodka

Make Every Moment a Magic Moment

This millionaire brand of premium vodka undergoes triple distilling process and is a mark of absolute purity. It gained significant traction when it entered the flavoured category under the name Magic Moments Remix. Remix is available in eight different flavours - Orange, Green Apple, Lemon, Lemongrass & Ginger, Raspberry, Chocolate, Grapefruit & Watermelon, and Cucumber & Wildgreen Lemon. Remix Green Apple and Orange are the most popular ones owing to the growing cocktail trend in the Indian markets.

The spirit of Magic Moments can be celebrated with various tempting flavours that take the experience up a notch.

56% market share in the vodka category

Ranked as the 11th largest vodka by volume globally, by Drinks International, Millionaires' Club, 2018 rankings

Ranked the 7th fastest growing vodka in the world by IWSR Top 100 rankings

Magic Moments Verve

The Smooth Blend of Sophistication

Verve is a super-premium vodka launched in 2012. Using a five-staged slow filtration process with silver and platinum filters, this vodka is unique, with distinct flavours that have made it a hit among consumers. A new premium canister packaging of Verve was launched in FY2018.

20% market share in the premium vodka category

Won Gold in six calendar years - 2013, 2014, 2015, 2016, 2017, and 2019 at the Global Monde Selection Awards

Two Verve flavours – Orange and Green Apple – won Gold at the Global Monde Selection Awards in the calendar year 2019

Magic Moments Electra

Party Charger

Electra is a ready-to-drink (RTD) premium vodka-based cocktail and a first of its kind in the industry. It is available in two different variants based on the strength of the liquor - Electra 8 and 4.8. The brand is targeted at our young and lively consumers, helping us carve a niche in the RTD segment.

Toasting our brands

Morpheus Brandy

Dare to Dream

Crafted by our master blenders to challenge traditional brandy tenets, Morpheus embodies the 'Dare to Dream' spirit. Its fruity and floral top notes combine with sweet and heavy-bodied traces of matured wood, vanilla, and raisin to leave consumers with a truly exquisite aftertaste.

India is a brown spirits drinking country and particularly in the South Indian states, Morpheus brandy is consumed in large quantities. It is India's first premium brandy with a leading market share in this category.

56% market share in the premium brandy category

Won Gold five times at the Global Monde Selection Awards in the calendar years – 2011, 2015, 2016, 2017 and 2018

Morpheus Blue

XO Premium Brandy – Dare to Dream

It takes one sip of Morpheus Blue to understand that not all brandies are created equal. Crafted by our master blenders, Morpheus Blue is perfection in a bottle, packed for the most deserving of dreamers.

Launched recently, this is an aged brandy and leads the super premium brandy segment. Named after the Greek God of Dreams, it provides an exotic experience to the premium brandy lovers. Its goblet packaging and brand positioning have helped create a niche as a spirit that is intense and sophisticated.

Won Gold at the Global Monde Selection Awards in the calendar year 2019