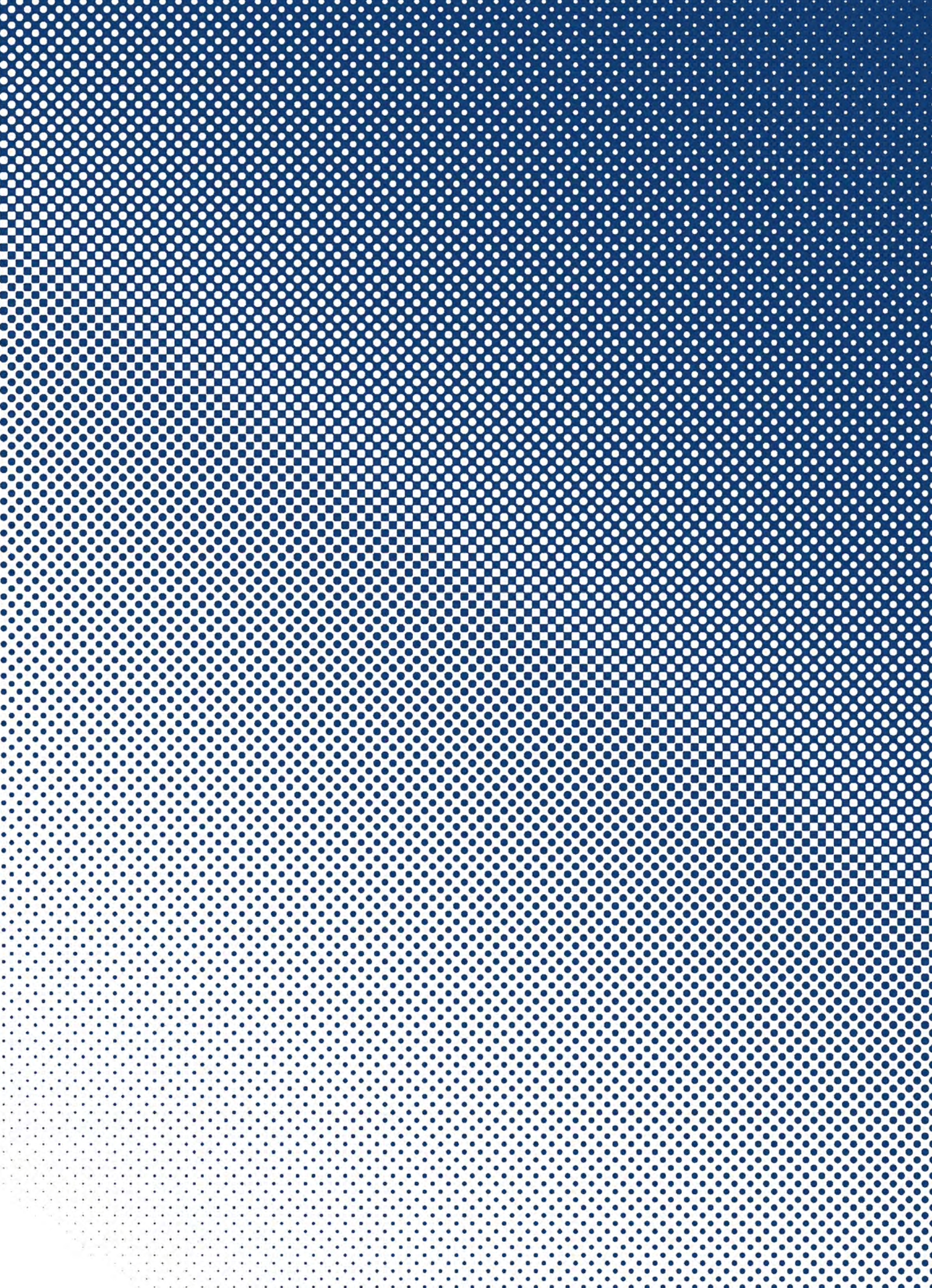


ANNUAL REPORT 2009-2010  
GLOBUS SPIRITS LIMITED











Globeus Spirits

# Corporate Information

## Board of Directors

### CHAIRMAN

Mr. Gautam Premnath Khandelwal  
(Non Executive & Independent Director)

### MANAGING DIRECTOR

Mr. Ajay Kumar Swarup

### EXECUTIVE DIRECTORS

Mr. Manik Lal Dutta  
Dr. Bhaskar Roy (Director-Finance)

### WHOLETIME DIRECTORS & OCCUPIER

Mr. Rajesh Kumar Malik  
Mr. Rameshwar Dayal Aggarwal

### NON-EXECUTIVE & INDEPENDENT DIRECTORS

Mr. Joginder Singh Dhamija.  
Mr. Santosh Kumar Bishwal

**Auditors** : M/s B.M. Chatrath & Co.  
Chartered Accountants,  
D-26, SECTOR-3, NOIDA-201301 (U.P.)

**Bankers** : State Bank of India  
Industrial Finance Branch  
14<sup>th</sup> Floor, 1, Tolstoy Marg, Jawahar  
Vyapar Bhawan, New Delhi

**Registered office** : A-46, Friends Colony (East), New Delhi - 110065

**Corporate office** : D-26, Sector-3, NOIDA – 201301 (U.P.)

**Registrar & Share** : Link Intime India Private Limited

**Transfer Agents** : A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area  
Phase-II, Near Batra Banquet Hall, New Delhi-110028

**Stock Exchanges** : 1) Bombay Stock Exchange  
**where the Company** 2) National Stock Exchange  
**is listed**

**Website** : [www.globusspirits.com](http://www.globusspirits.com)

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# Our vision

To create & nurture alcobev brands of choice for progressive young Indians; and be a leading player in the emerging IMFL segment with > 10% segment share by 2012.

# Our values

To achieve the vision with the following sets of values that will guide the GSL journey:

## **Innovation**

We look for new ways of doing business and achieving results.

### **Underlying beliefs that support this objective:**

GSL has a heritage of excellence and believes in adopting new methods of doing business

We explore new opportunities and un-chartered territories

## **Profitability**

To achieve sufficient profit to finance our company growth, create value for our shareholders and provide for the resources that are required to achieve our other corporate objectives.

### **Underlying beliefs that support this objective:**

Profit is the responsibility of all in GSL

Profit allows us to re-invest in emerging business opportunities

Profit enables the achievement of our other corporate objectives

# Corporate Highlights

- ◆ Manufacture & Sale of IMFL, Industrial Alcohol & Country Liquor since 1993
- ◆ “Supplier of Choice” to National & International Brands for over a decade
- ◆ IDV (Diageo), Herbertsons (United Spirits Ltd.), Allied Blenders & Distilleries Pvt. Ltd. & Jagatjit Industries Ltd.
- ◆ Supplier of Bulk Spirits (ENA)  
United Spirits Ltd., Allied Blenders & Distilleries Pvt. Ltd. & Jagatjit Industries Ltd, Seagram India (P) Ltd.
- ◆ Present in 6 States in North India and 3 States in South India.
- ◆ Combined installed capacity of 28.8 Million Litres p.a after expansion the capacity will be 70 million litres p.a.  
Samalkha (Haryana)  
Behror (Rajasthan)
- ◆ Net revenues increased by 36% to Rs. 3,864 million from Rs. 2,831 million
- ◆ Operating Profits up by 40% to Rs. 388 million from Rs. 277 million
- ◆ Profit After Tax increased by 124% to Rs. 289 million from Rs. 129 million
- ◆ EPS increased by 68% to Rs. 17.73 from Rs. 10.55
- ◆ Total networth increased from Rs. 598 million to Rs. 1,614 million augmented through IPO proceeds during the year and continued cash accruals
- ◆ The Company continues to remain virtually a debt free operation (total debt of Rs. 137.1 million as on 31.03.2010) providing enough space on the balance sheet for future growth



## Chairman's Note

Dear Shareholders,

Our debut year on the bourses has come to a close on a positive note. We have come a long way since we started our first distillery operation in Samalkha (Haryana). With our listing in September this year was a similar landmark and in the future we hope to replicate our success on a much wider canvas. I am delighted to report that our revenues increased by 36% to Rs. 3,864 million, PAT has increased by 124% to Rs. 289 million and EPS grew by 68% to Rs. 17.73 compared to the last financial year. I believe our presence in the Alcoholic Beverage Sector will benefit greatly from consumption story of the Indian economy.

GSL has a unique business model in the sector which straddles across four segments. It covers a 360 degrees presence across the sector right from the manufacture of bulk alcohol to marketing branded IMFL. This includes the entire spectrum from manufacturing, marketing and sale of CL, IMFL and industrial alcohol apart from taking up contract bottling to cater to renowned Brands of IMFL. It is our constant endeavor to extract synergies from these complementary businesses to enhance shareholder value.

Let me take you through each of our business lines separately.

In the country liquor segment we have a strong presence in Northern India, this segment has shown a robust volume growth of around 15%. This is contrast to the rest of the country where the growth in CL has almost been stagnant. GSL operates in the states of Delhi, Rajasthan & Haryana. The growth in this segment will be boosted by two factors, one the increase in excise quota by around 15% and the price hikes accorded by the State Excise departments in all the three states. We are also making an effort to distinguish ourselves from other players by taking up initiatives like offering country liquor as a branded prudent and introducing innovative marketing tool.

Moving on, we see the branded IMFL space as a key growth driver for the future. In the branded IMFL space we have a presence in nine states. Also on the anvil are two brand launches one in the regular whisky category along with a second launch in the semi premium category in the first and third quarter of this financial year respectively. It is a part of our strategy to come up with regular brand launches and create a distribution network using these lower price points. Once we have the distribution infrastructure in place we can then move to brands in the premium & super premium categories. We are also in the process of entering the CSD (Canteen Stores Department, the largest institutional buyer of alcoholic beverages) space. Driven by high disposable incomes, consumers upgrading from CL to branded IMFL & a young population the branded IMFL space will enjoy healthy growth in the years to come.

Bottling continues to remain a strategic business from the point of view of our 360 degree play. we have renewed our tie up with ABD for manufacturing of Officers Choice portfolio & Class Vodka for another 3 years after the agreement expired at the end of this financial year. We have also entered into a collaboration with Jagatjit Industries for the manufacture of Aristocrat and Bonnie Scot whiskies.



In the bulk alcohol segment GSL caters to elite clients like United Spirits & ABD India. We have revised our planned capacity increase from the earlier 48.6 million litres to 70 million litres at a minimal incremental cost of only Rs.8crores. This has been possible due to an excellent piece of value engineering by our operations team. The new capacity is expected to come on stream by end of Q2FY2011.

We expect to report continued operational and financial growth primarily driven by two key initiatives, one the launch of new brands in the IMFL segment as mentioned earlier and two almost 50% increase in capacities at limited capital investments. The contribution from these two initiatives will be visible from H3FY2010-11.

The spirits sector seems poised for interesting times going forward. I firmly believe that the sector is at a nascent stage and there is a huge potential for growth. We will continue making inroads in the branded IMFL space and are well equipped to take advantage of the opportunities coming our way.

I take this opportunity to thank all our customers, suppliers, bankers, financial institutions and shareholders for their continued support and encouragement.

Place : New Delhi  
Date : 30/07/2010

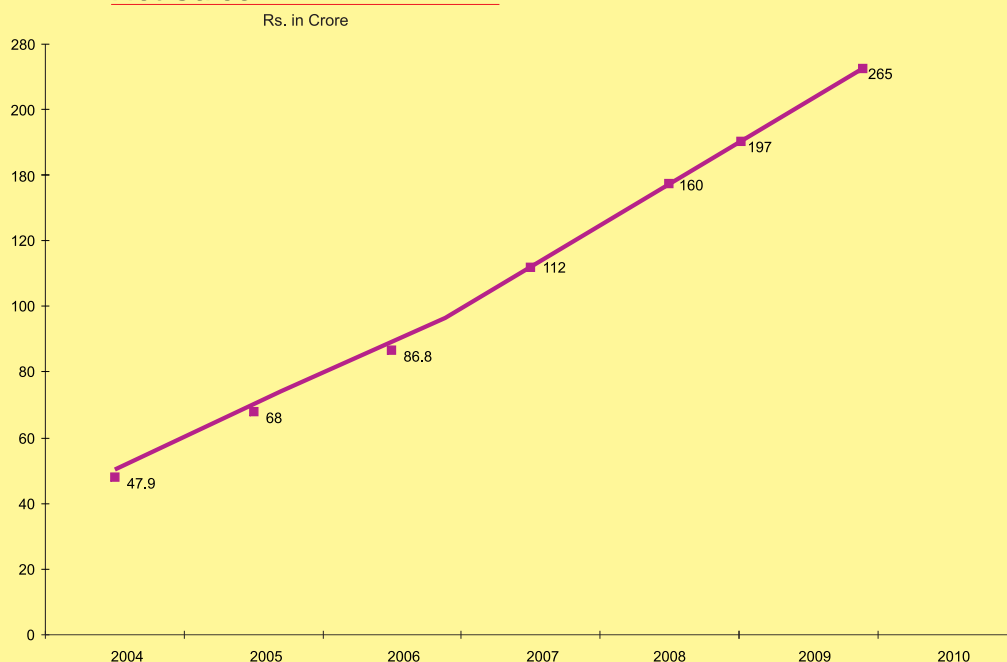
**Sd/-**  
**(Gautam Premnath Khandelwal)**  
**Chairman**



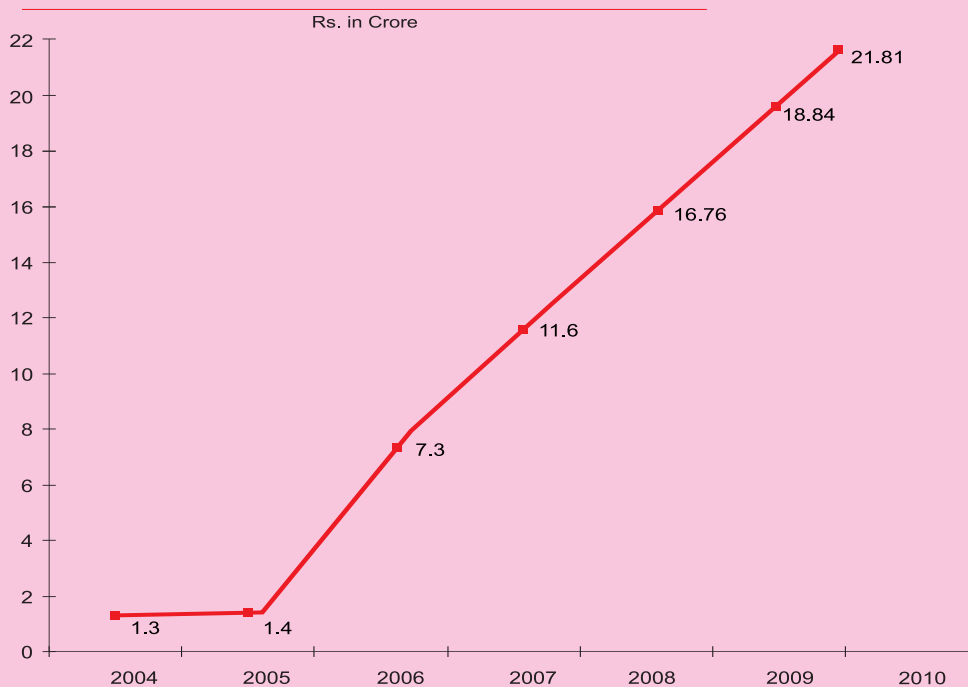


## Financial Performance & Trends

### Net Sales



### Financials - Cash Earnings





# DIRECTORS' REPORT

To the Members

Your Directors are pleased to present the Seventeenth Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

FINANCIAL RESULTS		
	Current Year 2009-2010 (Rs. In Lacs)	Previous Year 2008-2009 (Rs. In Lacs)
Sales	38,428.82	28,140.17
Profit/(loss) before Depreciation	3,859.26	2,567.27
Less: Depreciation	437.86	573.48
Add: Depreciation Written Back	1,166.77	—
Profit/(Loss) after Depreciation	4,588.16	1,993.79
Profit/(Loss) before tax	4,588.16	1,993.79
Less: Provision for taxation	620.00	382.70
Fringe Benefit Tax	—	5.56
Deferred tax	1,076.23	312.38
Profit/ (Loss) after tax	2,891.93	1,293.15
Balance brought forward	3,583.32	2,290.17
Profit available for appropriation	6,475.25	3,583.32
Appropriations		
- Transfer to General Reserve	75.00	—
- Proposed Dividend	197.58	—
- Provision for Tax on Dividend	33.58	—
Balance Carried forward to Balance Sheet	6,169.09	3,583.32

## PERFORMANCE REVIEW

During the year under review your company reported a good performance, reflected in an increase in PBT by Rs.25.94crores over the previous year and an increase in PAT by Rs.15.99crores over the previous year. The EPS of the company is Rs.17.73 as compared to Rs.10.55 of previous year. Your Directors have pleasure to inform that the Company's turnover has been increased by 36.56% from Rs.281.40Crores (Previous year) to Rs.384.29Crores (Current year).

## THE YEAR IN PERSPECTIVE

### PUBLIC ISSUE OF RS.75CRORES

During the year the company raised Rs.75crores vide its initial public issue of 75,00,000 equity shares of Rs.10/- each at a premium of Rs.90/- per share through 100% book building issue for financing its proposed expansion cum modernization & brand promotion projects.

### LISTING OF SECURITIES

During the year the company's securities are listed with Bombay Stock Exchange & National Stock Exchange w.e.f. 23<sup>rd</sup> September 2009.

### BUSINESS IN BULK SPIRIT SEGMENT

During the year the company has further strengthened its position as one of the major supplier of Bulk Spirits.

### BUSINESS IN COUNTRY LIQUOR SEGMENT

During the year the company has reported satisfactory progress in country liquor segment in the state of Rajasthan, Haryana & Delhi.

### BUSINESS IN IMFL SEGMENT

The company continues to work on creating a Distribution Network for its own brands. During the year the company's brands are being sold in the following states.

### BUSINESS IN IMFL SEGMENT

The company continues to work on creating a Distribution Network for its own brands. During



the year the company's brands are being sold in the following states.

<b>Name of the States</b>	<b>Name of Brands</b>
Haryana	1) Samurai Whisky.
Rajasthan	2) Hannibal XXX Rum.
Uttar Pradesh	3) White Lace Gin & Vodka
Kerala	4) Le Mans VSOP Brandy
Andhra Pradesh	5) 20-20 Premium Whisky
Karnataka	6) Academy Deluxe XXX Rum
U.T.Chandigarh	7) Academy Deluxe Brandy
	8) Samurai XXX Rum
	9) Samurai Grape Brandy

#### **OUTSOURCING ARRANGEMENTS / BOTTLING TIE-UPS**

The company is also manufacturing & selling various products under the brand names such as "Officer's Choice", "Class Grain Vodka" etc. in the State of Rajasthan vide its manufacturing agreement with Allied Blenders & Distillers Private Limited. And in addition to it the company is also having various bottling tie-ups for marketing & selling of its own IMFL Brands in the state of U.P., Kerala, A.P. and Karnataka.

#### **MATERIAL CHANGES AFTER 31/03/2010**

- ♦ Commencement of bottling of various IMFL Brands of M/s Jagatjit Industries Ltd. at Samalkha for marketing & sale in the state of Haryana.
- ♦ Launching of a New IMFL Brand called "*County Club Whisky*" in the state of Haryana, U.P., U.T. of Chandigarh, Punjab & Himachal Pradesh
- ♦ Entering of two more northern states i.e. Punjab & Himachal Pradesh for marketing & selling of company's own IMFL products

#### **DIVIDEND**

Your Directors are pleased to recommend dividend of Re. 1/- i.e. 10 % per equity share of Rs. 10/- each of the Company for the year 2009- 2010.

#### **PUBLIC DEPOSITS**

The Company has not accepted or invited deposits covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules 1975 from any person.

#### **DIRECTORS**

During the year Dr. Bhaskar Roy was inducted in the Board as an additional director w.e.f. 22<sup>nd</sup> October 2009 and is designated as Director-Finance of the company. Hence as per section 269 of the companies act, 1956 read with schedule XIII of the companies act the aforesaid appointment is proposed for the consent of members in the forthcoming Annual General Meeting.

During the year Mr. Deepak Roy have resigned from the directorship of the company w.e.f. 22<sup>nd</sup> October 2009.

Mr. Gautam Premnath Khandelwal, the Non-Executive & Independent Director & Mr. Rajesh Kumar Malik, Whole-time Director of the company who retires by rotation and being eligible offers themselves for re-appointment. The Board recommends their re-appointment.

During the year there being no other changes made in the Board of Directors.

#### **CORPORATE GOVERNANCE**

As per requirement of Clause 49 of the Listing Agreement with the Stock Exchanges, a Compliance Report on Corporate Governance has been annexed as part of the Annual Report.

#### **AUDITORS**

M/s. B. M. Chatrath & Co., Chartered Accountants, Statutory Auditors of the Company had been appointed as Auditors at the last Annual General Meeting and retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect, that the re-appointment, if made, will be in accordance with section 224 (1B) of the Companies Act, 1956.

