



Country Club

Country Club

A RARE BLEND OF MATURED INDIAN MALTS

DELUXE  
WHISKY

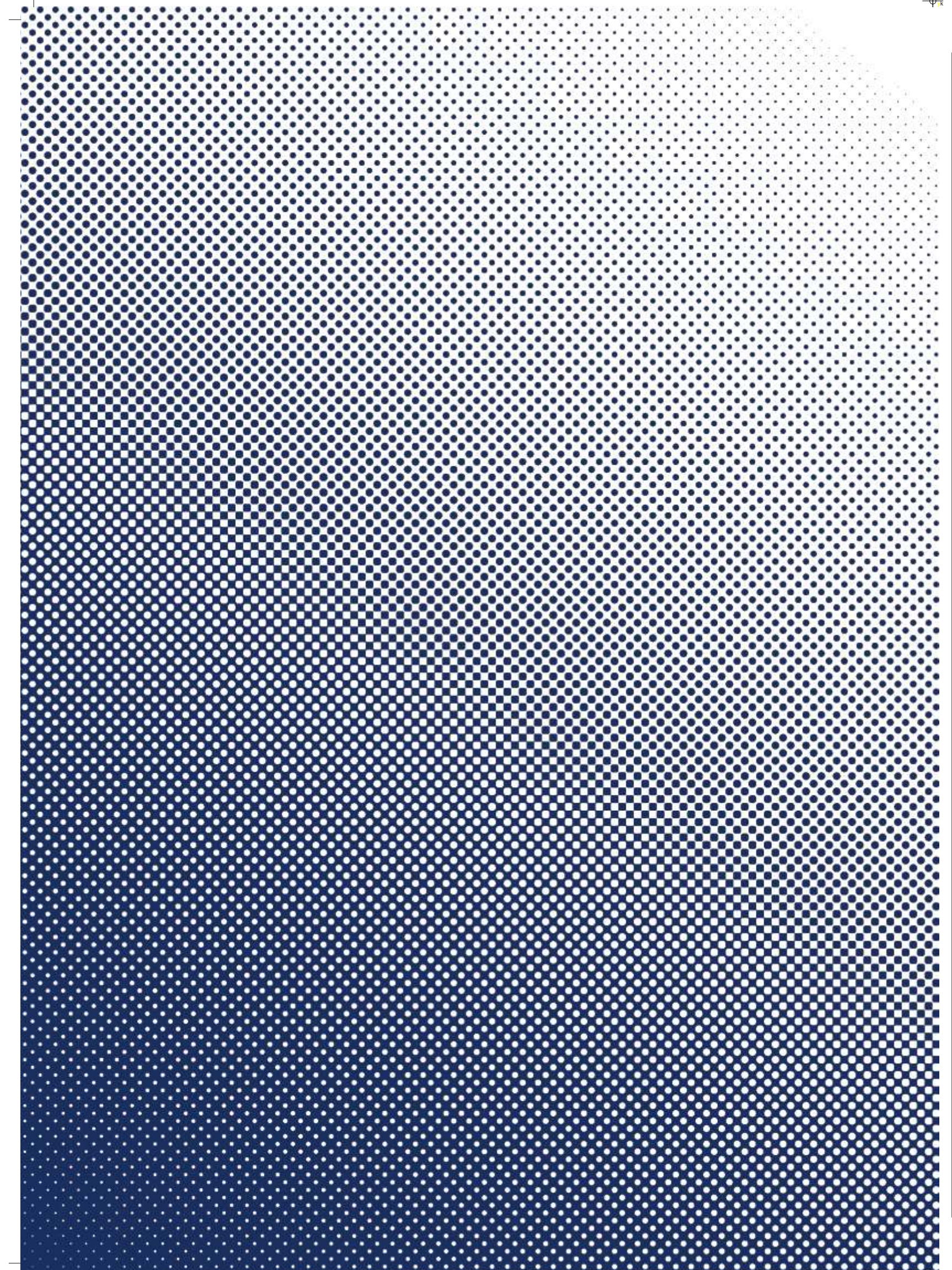
M.R.P. Rs.  
Inclusive of all taxes  
Manager - Customer Care  
E-mail: customerservice@countryclub.in  
Tel: 0311-220-4015/500



FOR SALE IN MARYLAND DUTY NOT PAID IN MARYLAND  
ALCOHOL IS INJURIOUS TO HEALTH

750 ml  
40% Alc/Vol  
70 Proof  
2013 US  
42.86% Alc









Globus Spirits

## 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,  
A-78, II<sup>nd</sup> Floor, Sector-4, NOIDA-201301 (U.P.)

**Bankers** : State Bank of India  
HDFC Bank Ltd.

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

**Corporate office** : F-0, Ground Floor, The Mira Corporate Suites, Plot No.1&2,  
Ishwar Nagar, Mathura Road, New Delhi-110065

**Registrar & Share Transfer Agents** : Link Intime India Private Limited  
A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase-II,  
Near Batra Banquet Hall, New Delhi-110028

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

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

## Table of contents

About GSL	1
Chairman's Note	2
Financial Performance & trends	3
Directors Report	4
Corporate Governance Report	8
CEO and CFO Certification	16
Management Discussion Analysis	17
Financial statements	22
Notice to the AGM	41
Green Initiative in the Corporate Governance	45
Proxy & Attendance Slip	46



## 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 7 States in North India and 2 States in South India.*

*Combined installed capacity is 84.4 million litres p.a. at:*

*Samalkha (Haryana)*

*Behror (Rajasthan)*

*Hisar (Haryana)*

*Net revenues increased by 36% to Rs. 5,268 million from Rs.3,864 million*

*Operating Profits up by 61% to Rs.625 million from Rs.388 million*

*Profit After Tax increased by 38% to Rs.399 million from Rs.289 million*

*EPS remains almost same at Rs. 17.36 from Rs. 17.73*

*Total networth increased from Rs.1,614 million to Rs. 2,085.*



## Chairman's Note

Dear Shareholders,

I am extremely delighted to announce the completion of our capacity expansion program which heralds a new chapter in the history of Globus Spirits. We are now in the position to manufacture 84.4 million Litres annually and this exercise has been carried out at cost much lower than the industry average norms. Another significant development has been our merger with Associated Distilleries Limited which gives GSL strong synergies while increasing our operating size. Both these developments will be immensely beneficial for GSL in the long run.

Moving on to our individual business segments, I am pleased to report that our branded IMFL business has reported a growth of over 100% as compared to the last financial year. It has always been our endeavor to establish ourselves as a key player in the branded IMFL space and this progress is certainly a step in the right direction. Our flagship brand 'Country Club' has received an excellent response and has managed to carve a niche for itself given its unique blend as well as packaging. We had taken a lot of effort in terms of consumer research and getting the right blend and I am glad that we are reaping good rewards of our focused approach. We have built a fairly wide distribution network for Country Club, and it has a presence in six states. The focal point of our branded IMFL strategy is to build a strong distribution network from where we are in a position to launch newer brands at higher price points. Going forward GSL will aggressively look to increase its reach as well as add newer brands to its stable.

Moving on to the Country Liquor space, it has witnessed a moderation in growth in FY11 but we are confident of the pick up in demand in FY12. GSL has launched a new brand 'Nimbu' which has received excellent response. Also the price differential on account of the steeper statutory levy on branded IMFL makes CL consumption cost effective for the rural consumer. Entry barriers to this business remain high as it is compulsory to have a distillery in the area of operation. Over the years GSL has established itself as a key player in the CL market and we expect to maintain our lead going forward.

The Bulk alcohol space has witnessed buoyancy in spirit prices and with capacities of close to 84.4 million Litres taking into account the ADL capacity, GSL should be able to take advantage of the higher prices. Post our capacity expansion program, the implementation of new technology would enable the company to produce ENA without separately engaging through the interim process of manufacturing rectified spirits. This would make the process more energy efficient and also leading to lower wastage in the manufacturing process. The ethanol blending program has made it mandatory to blend 5% alcohol with petrol. With crude oil prices at very high level, the demand for bulk spirits appears to be sustainable. In the franchise IMFL space, our tie up with ABD and Jagatjit remained strong. With our expanded capacities we will continue to be on the look out for more such tie-ups.

As we enter the new financial year, we remain confident of our growth prospects on the back of various initiatives being implemented to strengthen our presence across the business segments, to build the momentum for reporting a strong revenue and earnings growth.

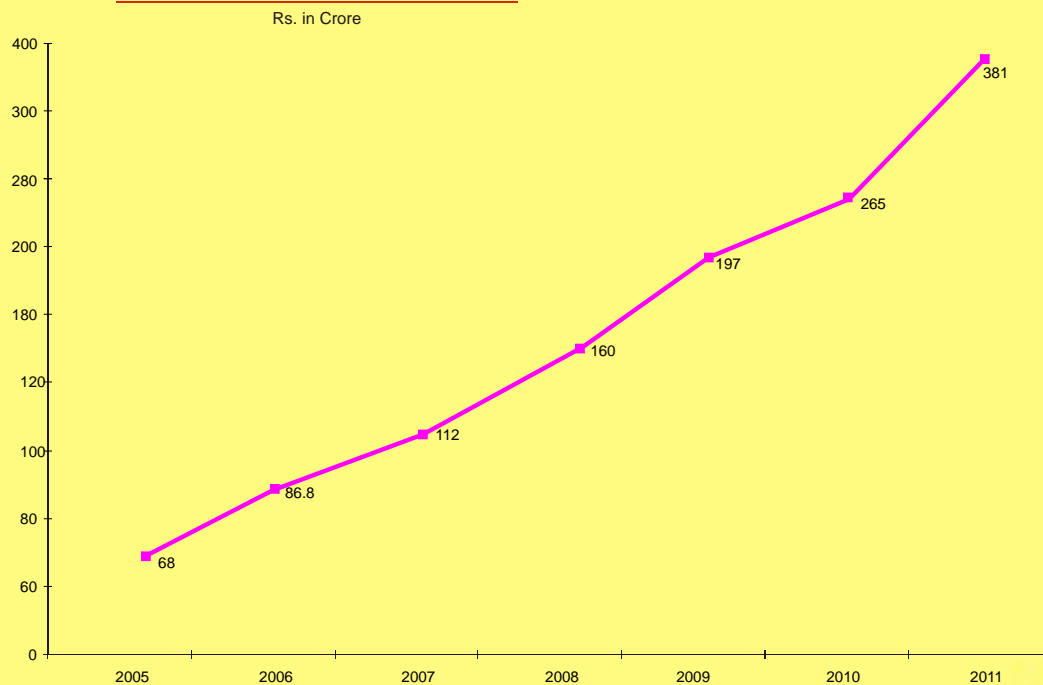
I take this opportunity to thank all our customers, suppliers, bankers, financial institutions and shareholders for their continued support and encouragement.

Place : New Delhi  
Date : 03/10/2011

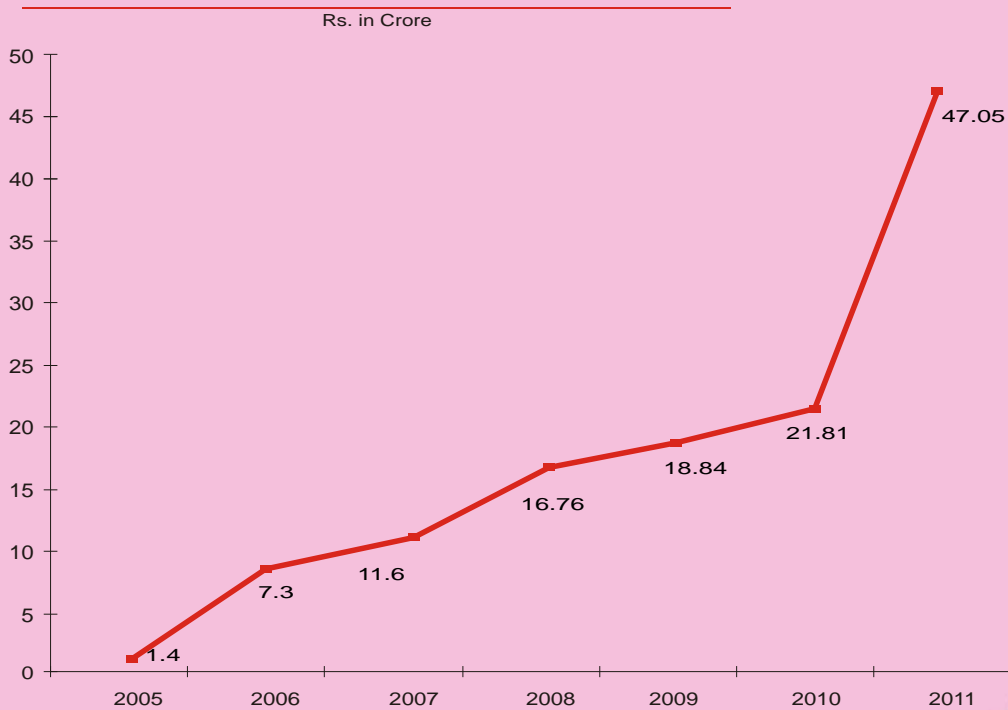
Sd/-  
(Gautam Premnath Khandelwal)  
Chairman

# Financial performance & trends

## Net Sales



## Financials - Cash Earnings





## DIRECTORS' REPORT

To the Members

Your Directors are pleased to present the Eighteenth Annual Report and Audited Accounts for the year ended 31st March, 2011.

### FINANCIAL RESULTS

	Current Year 2010-2011 Rs. In Lacs)	Previous Year 2009-2010 (Rs. In Lacs)
Sales	52,157.77	38,428.82
Profit/(loss) before Depreciation	6,234.03	3,859.26
Less: Depreciation	694.32	437.86
Add: Depreciation Written Back	—	1,166.77
Profit/(Loss) after Depreciation	5,539.71	4,588.16
Profit /(Loss) before tax	5,539.71	4,588.16
Less: Provision for taxation	1,104.01	620.00
Deferred tax	442.54	1,076.23
Profit/ (Loss) after tax	3,993.16	2,891.93
Balance brought forward	6,169.10	3,583.32
Profit available for appropriation	10,162.25	6,475.25
<b>Appropriations</b>		
-Transfer to General Reserve	100.00	75.00
-Proposed Dividend	229.98	197.58
-Provision for Tax on Dividend	38.20	33.58
Balance Carried forward to Balance Sheet	9,794.08	6,169.09

### PERFORMANCE REVIEW

Figures for the financial year 2010-2011 are post-merger of demerged undertaking of Associated Distilleries Limited into Globus Spirits Limited & hence not comparable with those of the previous year figures. During the year under review your company reported a good performance, reflected in an increase in PBT by Rs.9.51crores over the previous year and an increase in PAT by Rs.11.01 crores over the previous year. The EPS of the company is Rs.17.36 as compared to Rs.17.73 of previous year. Your Directors have pleasure to inform that the Company's turnover has been increased by 35.73% from Rs.384.29 Crores (Previous year) to Rs.521.58 Crores (Current year).

### THE YEAR IN PERSPECTIVE

#### EXPANSION CUM MODERNISATION OF EXISTING DISTILLERIES

During the year the company has successfully completed the capacity expansion program to increase the capacity from 28.6 million BL to 70 million BL as well as the company has also successfully modernized its both the plants to a fully automatic Wash to ENA plant out of the IPO proceeds of Rs.75 crores raised during the year 2009-10 for this purpose.

#### BUSINESS IN BULK SPIRIT SEGMENT

During the year the company has further strengthened its position as one of the major supplier of Bulk Spirits by enhancing its capacity in both the existing distilleries.

#### 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. For FY2011 the CL business recorded volumes of stood at 88.15 lakh cases contributing 45.97% to the total revenue share.

#### 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.

**Name of the States**

Haryana  
Rajasthan  
U.P.  
Kerala  
A.P.  
U.T.Chandigarh  
Delhi  
Punjab  
Himachal Pradesh

**Name of Brands**

- 1) County Club Whisky.
- 2) Hannibal XXX Rum.
- 3) White Lace Gin & Vodka
- 4) Le Mans VSOP Brandy
- 5) Academy Delux XXX Rum
- 6) Academy Delux Brandy
- 7) Samurai XXX Rum
- 8) 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 "Aristocrat Premium Whisky", "Bonnie Scot" etc in the State of Haryana with Jagatjit Industries 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., Punjab and Himachal Pradesh.

**MATERIAL CHANGES AFTER 31/03/2011**

Merger of Demerged Undertaking of ADL into GSL.

Associated Distilleries Limited (ADL) is an unlisted company and is engaged in the business of manufacturing, marketing and sales of industrial alcohol comprising rectified spirit, extra neutral alcohol, Country Liquor. During the year the demerged undertaking of ADL has been merged into Globus Spirits Limited (GSL) on a going concern basis with effect from April 1, 2010 in pursuant to sanction of the scheme by the order of Hon'ble High court of Delhi vide dated 24.08.2011. The valuation study was independently conducted by Ernst & Young (E&Y). The board has approved the distribution ratio of 1:6 for the merger of the demerged undertaking of ADL into GSL i.e. for every 1 equity share of ADL of Rs.10 each fully paid up, 6 equity shares of Rs.10 each fully paid up will be issued according to the valuation criteria suggested by E&Y based on the CCM, DCF Market Price & the NAV method to value companies. GSL has to issue additional 3.24 million shares which will take the post dilution equity share capital of GSL to 22.99 million shares of face value Rs. 10 each.

The Demerged Undertaking of ADL is located in Hissar, Haryana. The present installed capacity of ADL is 14.4 million BL. ADL operates in the two states of Haryana and Delhi and has a market share of 10% in Haryana and 10% in Delhi. ADL also has a bottling tie up with ABD India in Haryana. The ADL plant has shown increased operating efficiency since its revamping in October 2009 and EBITDA margins have grown from 12.9% in FY2010 to 21.1% in FY2011. The merger of the Demerged Undertaking of ADL into GSL would result in greater synergies and operational efficiencies which would translate into improved performance going forward.

**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 2010- 2011. As the scheme of demerger has been given effect to w.e.f. 01/04/2010 being the appointed date, the shareholders of Associated Distilleries Limited who has been allotted equity shares in Globus Spirits Limited pursuant to the Sanction of scheme by Hon'ble High Court of Delhi are also eligible for dividend for the financial year 2010-11.

**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 Director-Finance & CFO of the company & Mr. Rameshwar Dayal Aggarwal, 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.

#### AUDITORS' REPORT

The notes on accounts appearing in the schedule and referred to in the Auditors Report are self explanatory and therefore do not call for any further comments or explanations. There are no adverse remarks/qualifications in the auditor's report.

#### PARTICULARS OF EMPLOYEES

Statement pursuant to U/S 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975, the name & other particulars of the employees are as follows:-

Sl. No.	Name	Age	Designation	Gross Remuneration	Qualification	Experience In years	Date of commencement of employment	Particulars of last employment
1	Mr. Ajay K. Swarup	52	Managing Director	50,16,000/- p.a. + other Perquisites	PGDBM (IIM, Kolkata)	27	December 01, 2006	M/s SVP Industries Ltd.

Further Mr. Ajay K. Swarup, the Managing Director of the company is not a relative of any Director of the company and as on 03/10/2011 he is holding 10,000 equity share in the company.

#### CONSERVATION OF ENERGY/ TECHNOLOGY ABSORPTION/ RESEARCH & DEVELOPMENT ETC.

Particulars as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 are given in Annexure I and form part of this report.

#### PERSONNEL

During the year the company employed some senior and experienced employees in its management and the Company also maintained good relation with employees at all levels. The Directors place on record their appreciation of the contribution made by the employees towards the growth of the Company.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Management's Discussion and Analysis Report has been annexed & forming part of the annual report.

#### Directors Responsibility Statement (Pursuant to Section 217(2AA))

1. In preparation of the Annual Accounts, the applicable Accounting Standards has been followed by the company.
2. Appropriate accounting policies have been selected and applied constantly and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as at 31st March, 2011 and of the Profit of the Company for the year ended 31st March, 2011.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Annual Account has been made on going concern basis.

#### ACKNOWLEDGEMENT

The Board wishes to place on record its appreciation for the wholehearted support and valuable co-operation extended to the company by the Central & the State Governments, Bankers, Suppliers, Associates, Contractors, employees and shareholders.

**For and on behalf of the Board of Directors**

Sd/-

(Dr. Bhaskar Roy)

**Director Finance & CFO**

Sd/-

(Ajay K. Swarup)

**Managing Director**

Place: New Delhi

Date : 03/10/2011