



## ENAbling Excellence

Globeus Spirits Limited  
2015-16 Annual Report





# Contents

02	Corporate Information
16	Chairman's Message
17	Financial Highlights
18	Directors' Report
29	Secretarial Audit Report
30	Statement in form AOC -I Related to Subsidiary Company
31	Management Discussion & Analysis
39	Report on Corporate Governance
51	CEO & CFO Certification
52	Auditors' Report on Consolidated Financial Statements
56	Consolidated Financial Statements
75	Auditors' Report on Standalone Financial Statements
81	Standalone Financial Statements



# Corporate Information

**Chairman**

Mr. Vivek Gupta  
(Non Executive & Independent Director)

**Managing Director**

Mr. Ajay Kumar Swarup

**Executive Directors**

Mr. Shekhar Swarup  
Mr. Manik Lal Dutta  
Dr. Bhaskar Roy (Executive Director & COO)

**Non-Executive Directors**

Mr. Rajesh Sehgal  
Ms. Ruchika Bansal

**Non-Executive & Independent Directors**

Mr. Joginder Singh Dhamija  
Mr. Santosh Kumar Bishwal  
Mr. Kunal Agarwal

**Company Secretary**

Mr. Santosh Kumar Pattanayak

**Auditors:**

M/s Deloitte Haskins & Sells  
Chartered Accountants,  
Building 10, Tower B, 7<sup>th</sup> Floor, DLF Cyber City Complex,  
DLF City Phase-II, Gurgaon-122002, Haryana

**Bankers:**

State Bank of India, HDFC Bank, Yes Bank  
Axis Bank, Lakshmi Vilas Bank

**Registered & 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  
44, Community Centre, 2nd Floor, Naraina Industrial Area,  
Phase-I, Near PVR Naraina, 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)







# ENAbling Excellence

Through our commitment to performance we have been

.....ENAbling **Product excellence** by producing and using highest quality of “ENA” or Extra Neutral Alcohol

.....ENAbling **Marketing excellence** by pioneering branding at the bottom of the pyramid 'IMIL' market as well as creating successful 'IMFL' brands

.....ENAbling **Organizational excellence** achieved through our unique 360 degree business model, allowing for high capacity utilization

.....ENAbling **Manufacturing excellence** by establishing world-class, fully integrated, earth-friendly distilleries that produce reliable products at better efficiencies



# ENAbling Product Excellence

The Extra Neutral Alcohol that is fractioned in our multi-pressure columns assures higher purity than conventional re-distillation techniques thereby providing safer and better tasting beverages. In addition, stringent controls over the natural fermentation process ensures that every batch of ENA is ENA bling excellence, day after day.

In fact, we were the 1<sup>st</sup> company to use this high quality ENA for producing IMIL even before the Government started to mandate it.



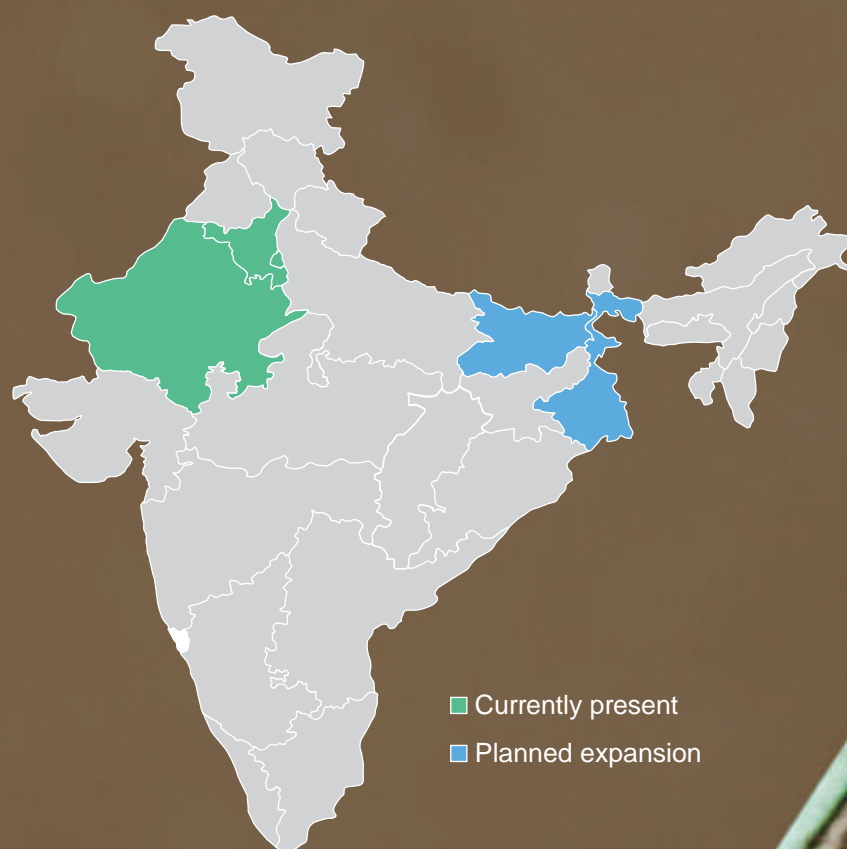
# ENAbling Marketing Excellence

Our product excellence has ENA bled us to pioneer branding in the IMIL space with launch of India's 1<sup>st</sup> ENA based country liquor brand–Nimboo. As a first for the industry, we gave the bottom of the pyramid consumer a better tasting product, along with superior packaging that the consumers otherwise expect from other FMCG lines. This has led to a higher value perception of our brands. Little wonder then, that every day we are redefining 'country liquor' in India.



# ENAbling PAN-India IMIL leadership

We envisage ourselves as becoming PAN India IMIL leaders, making the most of opportunities emerging in new markets. Our upcoming distillery projects in the fast-growing East India market are a step towards the same.





# ENAbling Organizational Excellence

Led by a blend of experience-led wisdom and youthful exuberance, Globus Spirits operates with high standards of Corporate Governance creating value for all of its stakeholders.

## RIGHT STRATEGY

Our unique 360 degree business model has been perfected over two decades. Our approach allows for greater control on quality of our consumer products and higher utilization of ENA facilities enabling us to generate healthy returns.

## RIGHT PARTNERS

We believe strong partnerships, whether it be in the form of relationships with customers, employees or investors, are critical in growth of a company. We have tirelessly worked towards building the right kind of partnerships and have established deep relationships with stakeholders.

## RIGHT VALUES

We operate on high standards of governance, fair and transparent in all our dealings whether internally or

with our customers, suppliers, and dealers. We encourage a culture of participation and truthfulness.

## RIGHT TEAM

A strong team, unified in its vision, is critical to the success of any organisation. Over the years, we have built a dynamic and robust team backed by deep industry experience, reflected in a well defined and effective organisation structure.





# ENAbling Manufacturing Excellence

Our manufacturing facilities are ENAbling excellence by maximising yields from raw material. Our fully commissioned projects allow us to maximise alcohol yield while maximising production of by products leading to complete utilisation of the raw material.

These facilities are also ENAbling a clean environment with a zero pollution footprint and cogeneration of power using renewable biomass as fuel.

ENAbled excellence in our manufacturing facilities helped us achieve:

- Over 77 million litres of production with zero discharge
- End to end production of over 15 million cases of bottled beverages
- ~86% utilization of operating capacity, ~56% used in-house for value added products
- Over 5 years of relationship with India's top 2 IMFL companies



# 360° EXPANSION IN FY16

01

## STRENGTHENING OF OUR BRANDS

Ghoomer, largest selling IMIL brand by a private player in Rajasthan, with ~15% market share

02

## MAINTAINED DOMINANCE IN IMIL MARKET

With total sales of ~12.1 mn cases; significant market share in states of presence

03

## STEADY PERFORMANCE OF IMFL FRANCHISEE BUSINESS WITH VOLUMES REACHING 3.4 MN CASES

Scaled up contracts with United Spirits and ABD

04

## ACHIEVED ROBUST PERFORMANCE IN BULK ALCOHOL WITH VOLUME CAGR OF 21% DURING FY12 TO FY16

Sustained high utilization levels due to 360° approach

Total operating capacity of ~90mn Bulk Litres of alcohol

05

## EXPANDING IMIL FOOTPRINT

Plans to enter attractive West Bengal IMIL market backed by the 360° model

06

## FINANCIAL HIGHLIGHTS (STANDALONE)

Steady growth of 21% to reach revenues of ~` 7.1bn

EBITDA of ` 699mn and PAT of ~` 125mn

Sound balance sheet position with debt-equity ratio of 0.64x



# Chairman's Message

Dear Shareholders,

It is my pleasure and privilege to present to you the Annual Report of Globus Spirits for the Financial Year 2015-16. Globus Spirits, which started its journey way back in 1993-94 as a grain-based bulk alcohol manufacturer has transformed itself to become a 360° alcobev player present across all the segments within the alcohol sector, right from manufacturing, to marketing and sale of a branded portfolio. As a result, your Company is able to straddle opportunities across segments and balance its operations in variable market scenarios. Given our focus on the 360° alcobev model, we delivered solid performance during the year with revenue growing at 21% to ₹7,067 million and a strong PAT growth of 77% to ₹125 million.

During the year, we witnessed healthy IMIL off-take in the states of Rajasthan and Delhi. This was further supported by a sharp recovery in Haryana, which had witnessed subdued performance in the previous years. I am glad to share that volume growth in Haryana stood strong at 13% in FY16 owing to host of strategic initiatives undertaken by us over the past few years. We anticipate much better trajectory from here on. All our key brands including our flagship brand 'Nimboo' demonstrated encouraging traction in our IMIL markets.

Your Company had announced Greenfield expansion last year in the states of West Bengal and Bihar. This will enhance our distillery capacity by 60 million BL, which is almost 60% of our existing capacity. I am happy to share that Bihar distillery has been commissioned on August 1, 2016 and West Bengal is set to get commissioned soon. Given the current favorable demand-supply dynamics in East India, I remain confident of achieving healthy utilization levels in the first year itself. Alcohol manufactured from the Bihar distillery will be exported to neighboring states and countries, as Bihar has recently been declared as a dry state. Apart from benefits due to alcohol-deficit status, I believe that locational advantages like lower raw

material costs, higher realizations and other logistical benefits would drive overall profitability for us in East India. So our distillery operations are set to demonstrate a robust performance in the coming years, thanks to our upcoming capacities in East India, turnaround in Haryana market as well as healthy franchise relationships with leading IMFL players.

Our high potential value added by-product DDGS, which is a replacement to soya de-oiled cake and other expensive protein sources in the animal feed industry, delivered robust volume growth of 134% as well as higher realizations. DDGS has been a remarkable story for us, where we are able to transform a waste by-product into a branded product. Globus ProRice, our branded high-protein, high energy animal feed ingredient is witnessing strong traction which is leading to higher volumes at far better realizations. DDGS has emerged as a vital component of our 360° model and we anticipate it to positively contribute to our overall performance in the ensuing years.

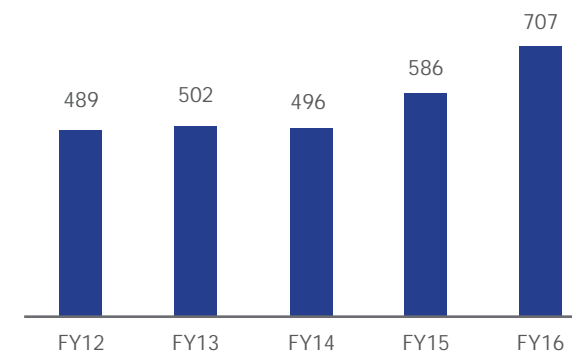
FY2017 will be a milestone year for Globus spirits as we look to deliver strong operational and financial performance backed by turnaround in existing markets, foray into under-penetrated regions of East India, focus on brand building, and traction in DDGS. So I am confident that our strategic initiatives will enable us to create notable value for all our stakeholders going forward.

I would like to take this opportunity to thank our valued employees, business partners, vendors for their continued support and belief in Globus Spirits. I would also like to express my sincere gratitude to all of our shareholders for your continued support and encouragement.

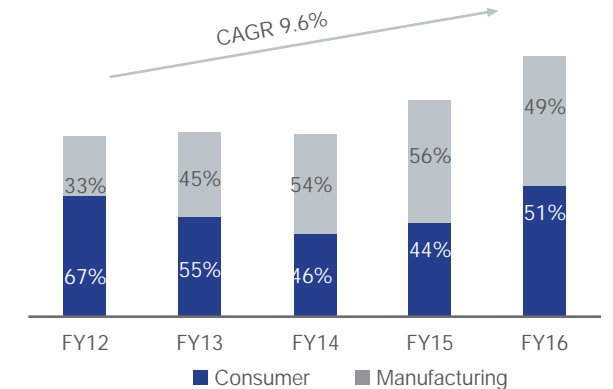
Sd/-  
Vivek Gupta  
Chairman

# Historical Financials (Standalone)

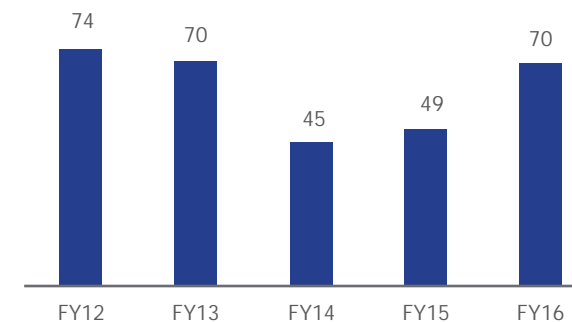
**Net Revenues (₹ Crore)**



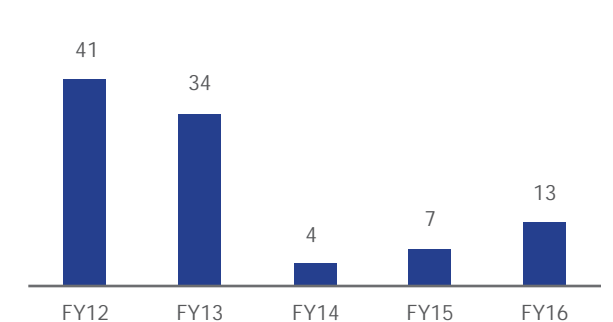
**Segment Revenue Split**



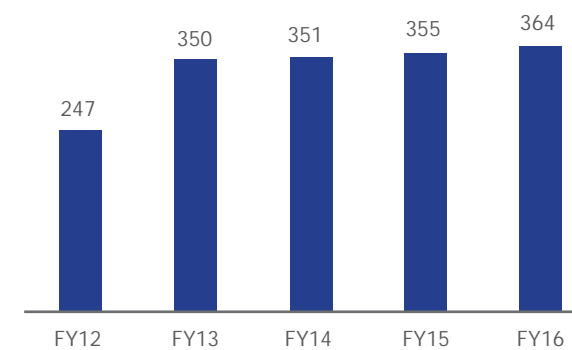
**EBITDA (₹ Crore)**



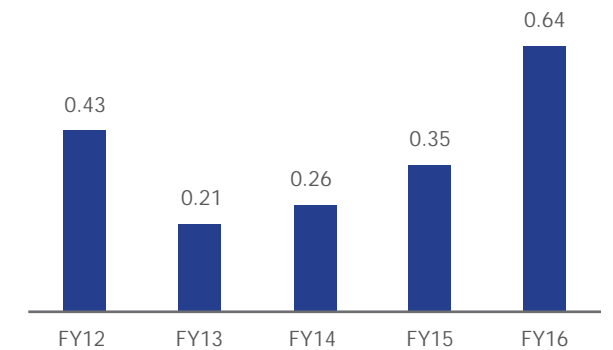
**Profit after Tax (₹ Crore)**



**Net Worth (₹ Crore)**



**Debt-Equity Ratio (x)**



\* Post financial have been restated to reflect changes in accounting policies/practices