



ENabling Excellence

Globus Spirits Limited
2016-17 Annual Report



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Corporate Information

Chairman

Mr. Vivek Gupta
(Non Executive & Independent Director)

Managing Director

Mr. Ajay Kumar Swarup

Executive Directors

Mr. Shekhar Swarup
Mr. Vijay Kumar Rekhi
Mr. Manik Lal Dutta
Dr. Bhaskar Roy

Non-Executive Directors

Mr. Richard Piliero.
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,
7th Floor, Building :10, Tower B, DLF Cyber City Complex,
DLF City Phase-II, Gurgaon-122002, Haryana

Bankers :

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

Registered 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





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 innovative '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 ENAbling excellence, day after day.

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

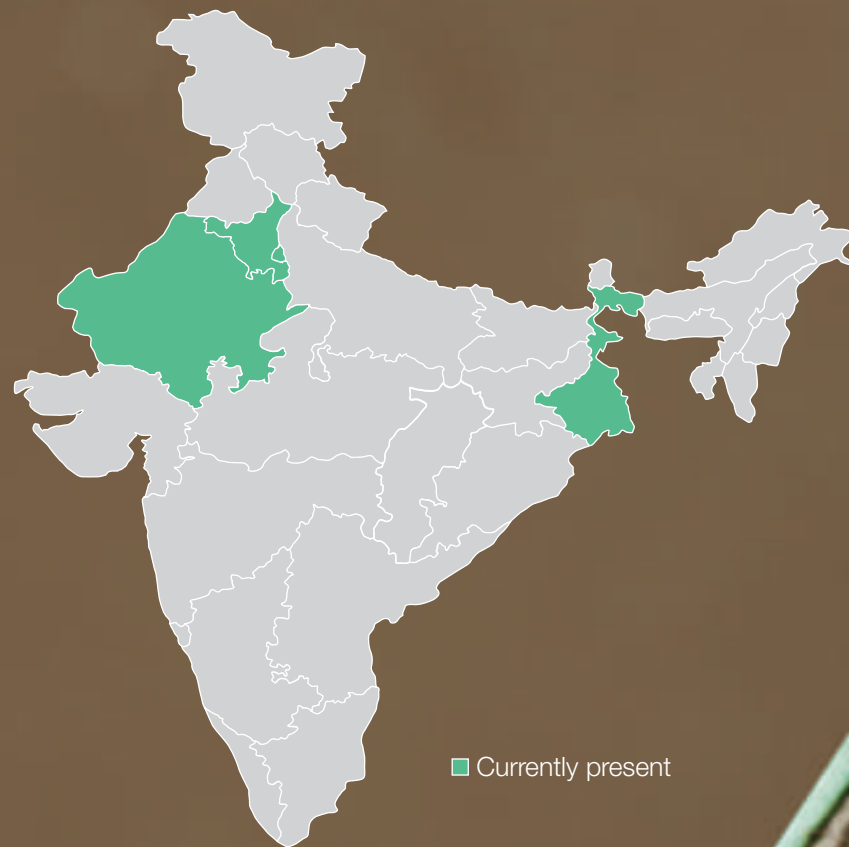
ENAbling Marketing Excellence

Our product excellence has ENAbled us to pioneer branding in the IMIL space with launch of India's 1st 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 recently commissioned distillery project in East India in state of West Bengal is a step towards the same.



■ Currently present

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 operational production units allow us to maximise alcohol yield while maximising production of by products leading to complete utilisation of the raw material. We expect efficiencies to be even more superior in our recently commissioned plants in West Bengal and Bihar*, the engineering and design of which not only incorporates technological advances but also incorporates our past learnings to achieve high efficiencies.

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 88 million litres of production with zero discharge
- End to end production of over 15 million cases of bottled beverages
- ~82% utilization of operating capacity, ~45% used in-house for value added products
- Over 5 years of relationship with India's top 2 IMFL companies

*Bihar plant is currently closed and pending license renewal by Bihar State excise. The Government of Bihar had announced non-renewal of manufacturing licenses from April 1, 2017. Subsequently, the Honorable High Court at Patna gave a favorable judgment against this law for filing renewal of distillery license application and also directed the Bihar State Government to consider renewal of licenses.

Based on the decision of the High Court, the Company has applied for renewal of license with Registration, Excise and Prohibition Department, Government of Bihar, Patna on May 05, 2017. The said application is currently pending with the department."

360° EXPANSION IN FY16

01

STRENGTHENING OF OUR BRANDS

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

Launched Goldee as an umbrella brand with multiple flavor variants in West Bengal

02

MAINTAINED DOMINANCE IN IMIL MARKET

With total sales of ~11.8 mn cases; significant market share in states of presence

03

STEADY PERFORMANCE OF IMFL FRANCHISEE BUSINESS WITH VOLUMES SUSTAINING AT 3.3MN CASES

04

ACHIEVED ROBUST PERFORMANCE IN BULK ALCOHOL PRODUCTION WITH VOLUME CAGR OF 9% DURING FY13 TO FY17

Sustained high utilization levels due to 360° approach

Total capacity of ~150mn* Bulk Litres of alcohol

*Out of ~150 mn litres, Bihar plant having capacity of ~26mn litres is closed and pending license renewal by Bihar State excise.

05

EXPANDING IMIL FOOTPRINT

Recently entered attractive West Bengal IMIL market backed by the 360° model

06

FINANCIAL HIGHLIGHTS (STANDALONE)

Steady growth of 12% to reach revenues of ~₹ 7.9bn

EBITDA of ₹ 606mn and PAT of ₹ 90mn

Sound balance sheet position with debt-equity ratio of 0.67x

Chairman's Message

Dear Shareholders,

It gives me immense pleasure to present to you the Annual Report of Globus Spirits for the Financial Year 2016-17. Globus Spirits takes pride in being a successful 360° alcobev player present across Distillery, IMIL, Franchise Bottling and IMFL. Our presence across the alcobev value-chain gives us ample opportunities to straddle across segments and deliver profitable growth.

During the year under review, Globus Spirits commenced commercial production at the Greenfield distilleries in West Bengal and Bihar with capacity of 33 million BL and 26 million BL respectively. With this, your Company has now become the Largest Grain-Based Distillers in India with total distillery capacity of 150 million bulk liters per annum. This was possible due to Company's vision of building world-class state-of-the-art manufacturing facilities. These capacities have one of the highest alcohol recovery rates in the country, which has been achieved through continuous focus on improving efficiencies. I am also happy to state that these facilities have a zero pollution footprint – a rarity in our industry.

Financial Year 2017 was a difficult period for Globus Spirits as a result of adverse policy decisions which impacted our Bihar operations as well as not-so-conducive external market environment. This was further hindered by volatile raw material prices. Having said that, your Company reported a resilient performance during the year, with revenue growth of 12% to ₹ 7,891 million, while PAT moderated to ₹ 90 million. Our performance during the year was driven by healthy growth in distillery as well as franchise IMFL volumes. This was further aided by steady IMIL revenues mainly from Haryana and Rajasthan, which registered strong volume growth of 22% and 18% respectively. We expect this momentum to continue in both the markets as a result of host of strategic initiatives undertaken by us over the past few years.

I am glad to share that we launched our IMIL brand 'Goldee' in West Bengal in Q4 FY17 and the initial off

take thus far has been very encouraging. We plan to launch more variants and brands of 'Goldee' in the ensuing year. As you all may be aware, West Bengal is an alcohol deficit market where the overall demand surpasses supplies. Therefore, our foremost target here will be to bridge the demand-supply gap and rapidly scale-up sales volume. The grain prices are lower in West Bengal compared to North India, while ENA realizations are better resulting in higher spread between grain and ENA price. We expect this should further improve our profitability from this facility. Overall, the West Bengal distillery is well positioned and we remain confident of implementing a robust 360° Alcobev business model in the state.

In the fourth quarter of fiscal year 2017, the Board of Directors appointed Mr. Vijay Rekhi as Additional Director (Executive Director) of the Company. Mr. Rekhi brings in four decades of experience in IMFL space and has played an instrumental role in premiumization of various IMFL brands across segments. Under his leadership, we propose to launch four niche IMFL brands in the current financial year 2017-18 in the state of Karnataka and Pondicherry and target premium distribution outlets to roll out these quality brands. This would be done through our 100% owned subsidiary 'Unibev'.

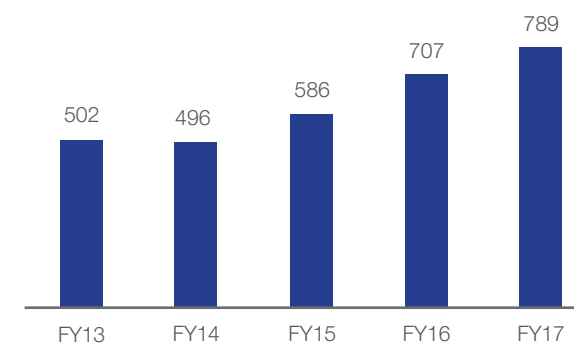
With all the positive facets in place, I expect FY18 to be a breakthrough year for Globus Spirits in terms of growth and profitability.

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

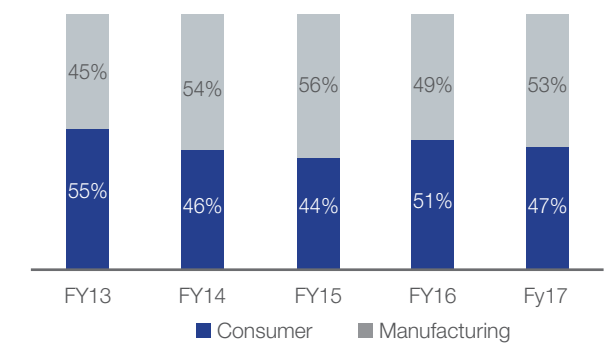
Sd/-
Vivek Gupta
Chairman

Historical Financials (Standalone)

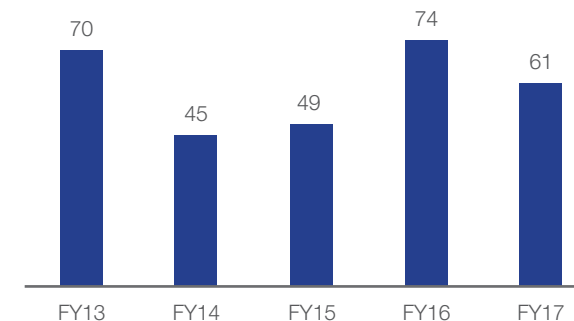
Net Revenues (₹Crore)



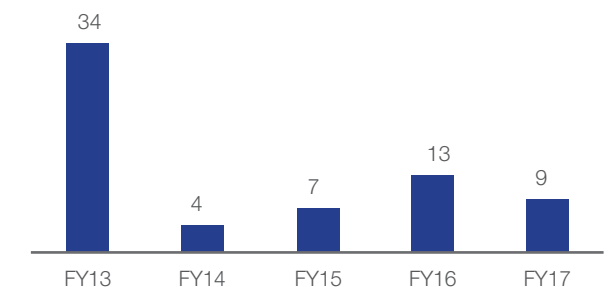
Segment Revenue Split



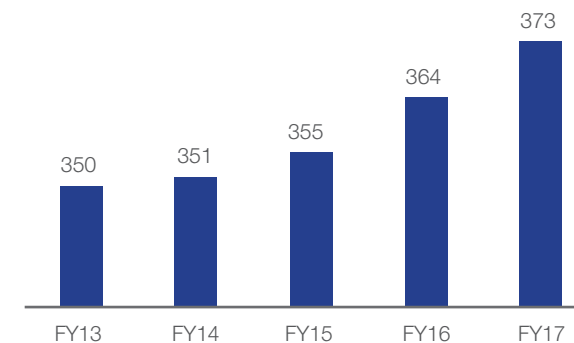
EBITDA (₹Crore)



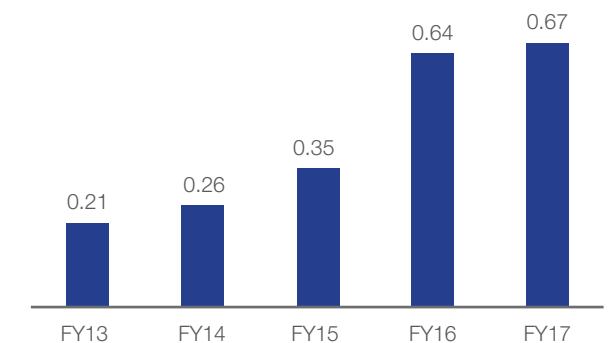
Profit after Tax (₹Crore)



Net Worth (₹Crore)



Debt-Equity Ratio (x)



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