

# Globus Spirits Limited

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**For Immediate Release**

## **Q3 FY2011**

**Net Revenues up by 21.8% at Rs. 1,183.2 million**

**EBITDA up by 29.5% at Rs. 127.6 million**

**PAT up by 30.2% at Rs. 70.3 million**

**New Delhi, February 05, 2011**

Globus Spirits Limited (GSL), a leading North Indian player in the spirits sector including IMFL & Country Liquor announced its results for the third quarter and nine months ended December 31, 2010.

### **Performance Review for Q3 FY 2011 vis-à-vis Q3 FY2010**

- Net revenues higher by 21.8% at Rs. 1,183.2 million compared to Rs. 971.5 million
- Operating Profits higher by 29.5% at Rs. 127.6 million compared to Rs. 98.5 million
- Profit After Tax (PAT) up by 30.2% at Rs. 70.3 million compared to Rs. 54 million
- EPS stood at Rs. 3.56

### **Performance Review for 9M FY 2011 vis-à-vis 9M FY2010**

- Net revenues higher by 20.4% at Rs. 3,257.2 million compared to Rs. 2,704.8 million
- Operating Profits higher by 19.2% at Rs. 341.2 million compared to Rs. 286.2 million
- Profit After Tax (PAT) higher by 19.8% at Rs. 207.8 million compared to Rs. 173.4 million
- EPS stood at Rs. 10.52

Q3 & 9M FY2011

**Balance Sheet Perspective**

- Total Networth stood at Rs. 1,822 million on December 31, 2010
- The total debt stood at Rs. 386.9 million

**Balance Sheet Snapshot**

Particulars (Rs. million)	31 December 2010	30 September 2010
Gross block	2197	1,882
Net worth	1,822	1,749
Total debt	387	356
Break-up of total debt		
o Working capital	270	234
o Term loan	90	97
o Others	27	25
Cash & Cash Equivalent	47.7	12

## Q3 & 9M FY2011

**Commenting on Globus Spirit Limited's Q3 & 9M FY2011 results, Mr. Ajay Kumar Swarup, Managing Director of Globus Spirits Limited said:**

*"I am extremely delighted to announce that we have successfully completed our capacity expansion program. We are now in a position to manufacture 70 million BL p.a. and this whole exercise has been accomplished at a very limited cost compared to the overall industry average. Post this expansion we will continue to pursue our unique 360 degrees four pronged strategy for growth. Country Liquor continues to be driven by robust rural demand. Franchisee IMFL and Bulk Alcohol will be direct beneficiaries of our increased capacity. Our branded IMFL business is shaping up well on the back of growing acceptance of our flagship brand 'County Club'. Based on the strong consumer response to 'County Club' we are confident of rolling it out on a pan India basis and have earmarked significant advertising and marketing support for the same. Branded IMFL forms an integral part of our overall strategy and we intend to establish a firm foothold in the fastest growing segment of the Indian liquor market by building new brands and scaling up the existing ones."*

### **Update on the completion of Capacity Expansion**

GSL has two modern distilleries at Behror (Rajasthan) & Samalkha (Haryana).

Both the units have multi feedstock capability which gives them the flexibility to manufacture alcohol from either molasses or grain. This flexibility has helped the company to take advantage of the cooling in prices of spent grain to manufacture alcohol instead of molasses where prices are still ruling at significantly higher levels.

The capacity expansion program to more than double the existing capacity to 70 million BL from 28.6 million BL has been completed, the impact of which will start showing from Q4 FY2011 onwards. Another key highlight of the expansion program was that the addition of more than double capacity was achieved at a very limited cost. The new

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capacity is expected to drive up the volumes in the bulk alcohol & franchise IMFL businesses significantly going forward.

**Merger of Demerged Undertaking of ADL into GSL\***

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 8.9% in Delhi. ADL also has a bottling tie up with ABD India in Haryana. Franchisee Bottling for ABD during 9 months was 4.08 lac cases. The ADL plant has shown increased operating efficiency since its revamping in October 2009 and EBITDA margins have grown from 8.7% to 16% in FY2010. 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.

**\*Merger of GSL & ADL announced on November 12, 2010 and is subject to regulatory and statutory approvals**

**Financial overview of ADL**

Particulars (Rs. million)	9M FY2011	9M FY2010	Shift %
Revenues	734.7	581.6	26.3
EBIDTA	134.4	81.4	65.1
PAT	81.1	48	68.9
EPS (Rs.)	150.30	88.83	69.2

**Q3 & 9M FY2011**

**Business Overview**

**Branded IMFL**

'County Club' continues to spearhead the branded IMFL business and has been gaining increasing acceptance since its launch in July last year. 'County Club' will be the core IMFL brand around which GSL will build its pan India strategy. GSL is also planning to launch another new brand in the semi premium category in FY2012. In addition GSL has entered the Delhi market with Hannibal Rum and Goldee whisky. In Q3 FY2011 Branded IMFL business contributed 13.02% to the overall revenues with sales of 1.36 lac cases and 0.53 lac cases through tie ups, with total sales of 1.89 lac cases up from 0.74 lac cases in Q3 FY2010. GSL's commitment to the development of IMFL business remains strong as witnessed by higher revenue share, increased A&P spends and sustained brand building, marketing & distribution efforts.

**Country Liquor:**

Country Liquor accounts for the largest volume share in the Indian alcohol market and has contributed 39.5% to the total revenue share of GSL in Q3 FY2011. The prolonged winter in Northern India has led to a strong rural demand which forms a key clientele for the Country Liquor business of Globus Spirits. GSL has an established foothold in the Country Liquor segment given the high entry barriers and strong brand equity courtesy various initiatives like packaging (PET bottles) and the creation of local brands/flavors for each territory.

**Franchisee IMFL & Bulk Alcohol**

Franchisee IMFL & Bulk Alcohol will directly benefit from the completion of the capacity expansion program. Post expansion the combined capacity would increase from 28.6 million BL to 70 million BL per annum. The new plants are technologically superior and

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would allow GSL to manufacture ENA directly without going through the process of manufacturing rectified spirits resulting in greater operational efficiency. It will drive economies of scale, leading to lower production costs. The benefits of this exercise would accrue from Q4 FY2011 onwards. In Q3 FY2011 Franchisee IMFL sold 2.04 lac cases in Rajasthan contributing to a revenue share of 28.4%. In Haryana franchisee bottling for JIL stood at 1.64 lac cases taking the total franchisee bottling volume to 3.68 lac cases for the quarter. Bulk alcohol sold 38.63 million BL contributing 13.26% to the total revenue share.

### Company Outlook:

- Capacity expansion to substantially drive the volumes in Q4 FY2011, full benefit to accrue in FY2012
- Moderation in raw material prices will help to lower production cost
- Country Liquor segment to remain buoyant on account of strong rural demand
- To launch a new brand in the semi premium segment at the start of the next financial year

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**About Globus Spirits Limited (GSL)**

Established in 1992, Globus Sprits Limited (BSE code: 533104, NSE Id: GLOBUSSPR, ISIN Id: INE615I01010) is engaged in manufacturing, marketing and sale of Industrial Alcohol comprising of Rectified Spirit, ENA, Country Liquor and Indian Made Foreign Liquor (IMFL). The Company has a well established presence in the country liquor segment and is making its mark in the IMFL segment apart from taking up contract bottling to cater to renowned Indian players.

GSL currently operates two modern fully integrated distilleries at Behror, Dist: Alwar, (Rajasthan) and Samalkha, Dist: Panipat, (Haryana), which have a combined capacity of 28.8 million bulk litres (BL) per annum. GSL has completed the expansion to increase the combined capacity of both the units to 70 million bulk litres (BL) per annum.

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***Note:** Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Globus Spirits Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

# Financial Performance for the Third quarter & Nine months ended December 31, 2010



## Q3 & 9M FY2011

### GLOBUS SPIRITS LIMITED

REGISTERED OFFICE : A-46, FRIENDS COLONY (EAST), NEW DELHI-110065

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST DECEMBER, 2010

(Figure in Lacs)

S. No.	Particulars	3 months ended 31.12.2010	Corresponding 3 months ended in the previous year 31.12.2009	Year to date figures for current period ended 31.12.2010	Year to date figures for the previous year ended 31.12.2009	Previous accounting year ended 31.03.2010
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. (a)	Net Sales/Income from operations	11,832.14	9,714.97	32,572.03	27,047.85	38,428.82
(b)	Other Operating Income	120.49	50.90	286.00	143.10	207.74
	<b>Total</b>	<b>11,952.63</b>	<b>9,765.87</b>	<b>32,858.03</b>	<b>27,190.95</b>	<b>38,636.56</b>
2	<b>Expenditure</b>					
a.	Increase/decrease in stock in trade and work in progress	174.40	(75.74)	174.40	(152.87)	(173.75)
b.	Consumption of raw & Packing materials	4,517.73	4,242.37	13,591.04	11,620.73	16,375.89
c.	Purchase of Traded goods					
d.	Excise Duty Paid	3,715.81	2,972.93	9,812.87	8,257.13	11,928.79
e.	Employees Cost	147.67	140.43	395.86	343.76	449.35
f.	Depreciation	136.68	203.09	405.32	546.60	437.86
g.	Other expenditure	2,120.41	1,500.44	5,470.94	4,259.63	6,177.46
h.	<b>Total</b>	<b>10,812.69</b>	<b>8,983.51</b>	<b>29,850.41</b>	<b>24,874.97</b>	<b>35,195.60</b>
3	<b>Profit from operation before other Income, Interest and Exceptional Items (1-2)</b>	<b>1,139.94</b>	<b>782.36</b>	<b>3,007.62</b>	<b>2,315.98</b>	<b>3,440.95</b>
4	Other Income	5.38	48.11	42.01	70.60	122.78
5	<b>Profit before interest and Exceptional Items (3+4)</b>	<b>1,145.33</b>	<b>830.47</b>	<b>3,049.63</b>	<b>2,386.58</b>	<b>3,563.73</b>
6	Interest	67.11	15.32	145.03	127.22	142.33
7	<b>Profit after Interest and Exceptional Items (5-6)</b>	<b>1,078.21</b>	<b>815.14</b>	<b>2,904.61</b>	<b>2,259.36</b>	<b>3,421.40</b>
8	Exceptional Items					1,167
9	Profit (+)/Loss (-) from Ordinary Activities before Tax (7+8)	1,078.21	815.14	2,904.61	2,259.36	4,588.16
10	Provision for Tax - Current Tax	330.00	275.00	625.00	525.00	620.00
	- Deferred Tax	45.00		201.39		1,076.23
11	<b>Net Profit (+)/Loss (-) from Ordinary Activities after Tax (9-10)</b>	<b>703.21</b>	<b>540.14</b>	<b>2,078.22</b>	<b>1,734.36</b>	<b>2,891.94</b>
12	Extraordinary Item (net of tax expense)					
13	<b>Net Profit (+)/Loss (-) for the period</b>	<b>703.21</b>	<b>540.14</b>	<b>2,078.22</b>	<b>1,734.36</b>	<b>2,891.94</b>
14	Paid up equity share capital (Face Value of the share shall be indicated)	1,975.77	1,975.77	1,975.77	1,975.77	1,975.77
15	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	16,240.55	13,235.91	16,240.55	13,235.91	14,162.33
16	Earning per share (EPS) a) Basic and diluted EPS before Extraordinary items (not annualised)	<b>3.56</b>	<b>2.73</b>	<b>10.52</b>	<b>11.41*</b>	<b>17.73</b>
	b) Basic and diluted EPS after Extraordinary items (not annualised)	<b>3.56</b>	<b>2.73</b>	<b>10.52</b>	<b>11.41*</b>	<b>17.73</b>
17	Public Shareholding					
	- No. of shares	7,940,231	7,940,231	7,940,231	7,940,231	7,940,231
	- Percentage of shareholding	40.19	40.19	40.19	40.19	40.19
18	Promoters and promoter group shareholding					
a)	Pledged/Encumbered					
	- Number of shares	NIL	NIL	NIL	NIL	NIL
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	NIL	NIL	NIL	NIL	NIL
	- Percentage of shares (as a % of the total share capital of the company)	NIL	NIL	NIL	NIL	NIL
b)	Non-encumbered					
	- Number of shares	11,817,510	11,817,510	11,817,510	11,817,510	11,817,510
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the company)	59.81	59.81	59.81	59.81	59.81

\* EPS for the period nine months ended on 31st December 2009 has been computed on weighted average method as the capital base has been enhanced during that quarter.



# Financial Performance for the Third quarter & Nine months ended December 31, 2010



## Q3 & 9M FY2011

**Notes :**

1. The above results have been reviewed by the Audit Committee and taken on record in the meeting of the Board of Directors held on 05th February 2011.
2. The results for the quarter ended 31st December 2010 have been subjected to "limited review" by the Auditors.
3. The company has a single reportable business segment of "Alcoholic Beverages"
4. Status of Investor Complaints during the quarter ended 31st December 2010.  
No. of Complaints pending at the beginning of the quarter : NIL  
No. of Complaints received & disposed during the quarter : 2 (Two)  
No. of Complaints lying unresolved at the end of the quarter : NIL
5. During the year 2009-10, the company has, pursuant to its IPO, allotted 75,00,000 equity shares of Rs.10/- each at a price of Rs.100/- aggregating to Rs.75crores. The details of fund received from allotment & utilisation of such funds are given below:

Detail of Funds Raised & Utilised	Rs. In Lacs	Rs. In Lacs	
<b>Funds Raised</b>		<b>Funds Deployed</b>	
IPO	7,500.00	IPO Expenses	662.50
		Adv. To Supplier for P&M & Other Capital Expenditure	6,337.43
		Brand Promotion & IMFL Launch	500.07
	<u>7,500.00</u>		<u>7,500.00</u>

6. The above figures does not include the financial results of demerged undertaking of M/s Associated Distilleries Limited which is proposed to be demerged into M/s Globus Spirits Limited, which will be considered & consolidated after necessary approval of High Court.:-

**The key financial figures of demerged undertaking of M/s Associated Distilleries Limited are as follows:-**

**(Figure in Lacs)**

Particulars	figures for Nine Months ended 31.12.2010	figures for Nine Months ended 31.12.2009	Previous accounting year ended 31.03.2010
	Unaudited	Unaudited	Audited
GROSS SALES	7,347.33	5,816.36	7,755.15
EBIDTA	1,344.54	814.06	1,090.53
PAT	811.63	479.67	639.56

Place : New Delhi  
Date : 05th February 2011

For Globus Spirits Limited

Ajay K. Swarup  
Managing Director