

## Beer & Alcohol

The Indian Broadcasting Foundation has come down heavily on surrogate liquor ads. IBF has passed an order that all alcoholic companies must get the production of commercials approved by the IBF sub-committee at the storyboard stage and then after production of the commercial.

IBF has also stated that companies must provide authentic data in the form of a letter from the Chairman or a member of the Board or auditors, giving details of the surrogate products' manufacturing facilities, launch date, distribution networks and details of the product category registration.

At a seminar on Developing Food Business with France, Mr. T.N. Shanmugham, Minister of State for Food Processing Industries, sought increased collaboration from France in developing suitable varieties of grapes for wine, processing of grapes, marketing of wines and setting up an Institute of Enology and Viticulture.

The increased competition has taken its toll on the financials of the industry. These are tough times, with several companies putting up a poor financial performance. Quarterly results of beer & alcohol companies reflect a poor financial performance during the December 2002 quarter. Aggregate sales decreased by 2.4 per cent on top of the 7.2 per cent fall during the December 2001 quarter. The PBDIT growth was 7.9 per cent as opposed to a 38.7 per cent decline in the December 2001 quarter. Net losses of the sector amounted to 2.2 per cent of sales.

The performance is not likely to improve even in the March 2002 quarter. Even though the companies are making various efforts like targeting new consumer segments by introducing various new products, there is a lot of competition in the sector which is affecting the profit margins.

Beer & Alcohol: Quarterly Financials

	(Per cent)					
	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002	Dec 2002
Sales Growth	-18.77	-7.24	-13.73	-30.02	-6.22	-2.37
Expenses Growth	-19.03	-4.68	-13.14	-28.86	-3.02	-2.87
PBDIT Growth	-14.76	-38.73	-36.18	-41.63	-66.83	7.92
PAT Growth						
Expenses/Sales	93.99	95.03	98.12	91.10	98.01	94.49
Other Income/Total Income	3.23	1.76	3.09	1.35	4.70	1.51
Extra Ord. Income/Total Income	0.03	0.89	1.26	0.97	0.55	0.66
Extra Ord. Exps/Total Income	0.00	0.78	4.19	1.64	0.14	0.03
PBDIT Margin	6.01	4.97	1.88	8.90	1.99	5.51
PAT Margin	-1.02	-1.95	-8.93	-0.78	-1.83	-2.24

PBDIT is net of non-recurring transactions & other income  
Growth is not calculated when figures are negative