



Globus Spirits

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GLOBUS SPIRITS LIMITED

Q3 FY16

# Investor Presentation

FEBRUARY 2016

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## SAFE HARBOR

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*This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Globus Spirits’ future business developments and economic performance.*

*While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.*

*These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.*

*Globus Spirits Limited undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.*

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# AGENDA

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## Q3 & 9M FY16 Performance

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## Q3 FY16 – KEY PERFORMANCE HIGHLIGHTS – **HEALTHY GROWTH & PROFITABILITY**

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- **Robust traction in IMIL & Bulk Alcohol as well as better realisation in DDGS led to strong performance; Supported by higher production and capacity utilization of 94% (Vs. 77% in Q3 FY15)**
  - Standalone revenue from operations up 26% YoY to Rs. 1,967 mn in Q3 FY16
  - EBITDA higher by 91% YoY to Rs. 187 mn in Q3 FY16; EBITDA margin expanded by 320 bps to 9.5%
    - Higher efficiency and better cost management led to improved EBITDA performance
  - PBT improved to Rs. 44 mn in Q3 FY16 against Rs. 1 million in Q3 FY15
  - Net Profit stood at Rs. 35 mn in Q3 FY16 against Rs. 1 million in Q3 FY15
- **Growth in Consumer business stood higher at 28% to Rs. 925 mn**
  - Revenues from IMIL stood at Rs. 922 mn, an increase of 30% YoY
    - This was supported by healthy traction in Rajasthan & Delhi
    - Overall volumes improved to 3.1 mn cases
  - By-products reported strong growth of 116% YoY driven by DDGS – higher alcohol production resulted in increased DDGS volumes combined with improved realisations
  - Franchisee IMFL revenues were down by 10% due to lower volume offtake in Rajasthan partly offset by volume increase in Haryana

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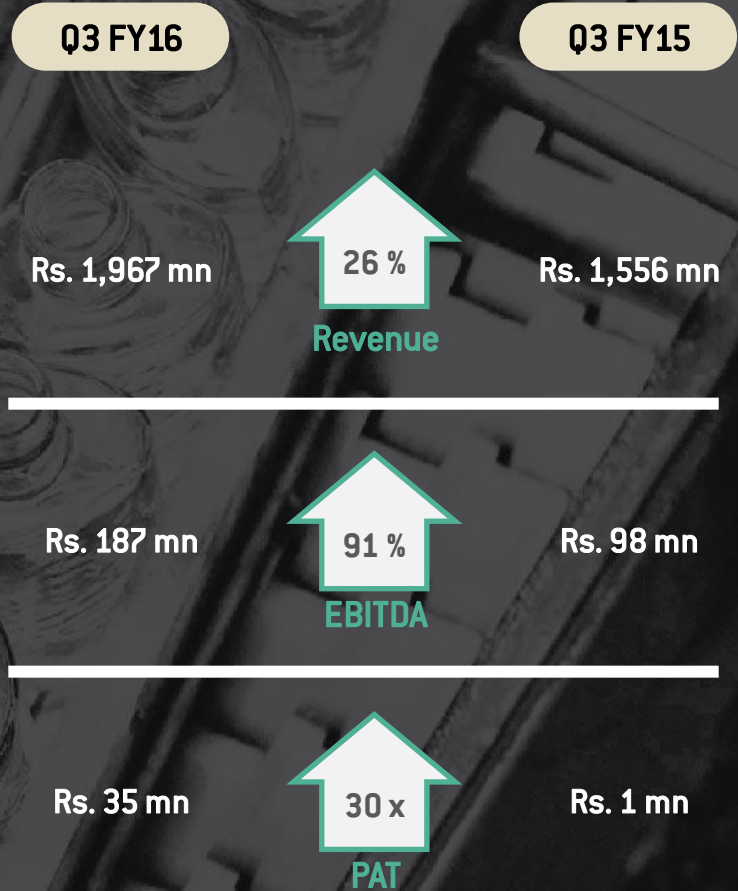
## Q3 FY16 – UPDATE ON EXPANSION

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- **East India expansion advancing well – on schedule to commission facilities in Bihar and West Bengal in Q1 FY17**
  - Key driver for significant top-line and bottom-line growth in FY17
- **IMIL ban in Bihar not expected to impact greenfield operations of the Company as bulk alcohol demand to remain robust as IMIL to be replaced by economy IMFL brands**
  - Bihar remains a deficit state – to cater the growing need of Bulk Alcohol in Bihar, which is witnessing a huge deficit of 55 million liters
  - Number of locational advantages to drive profitability – close to raw material sourcing point, higher realizations and savings in logistic costs among other benefits

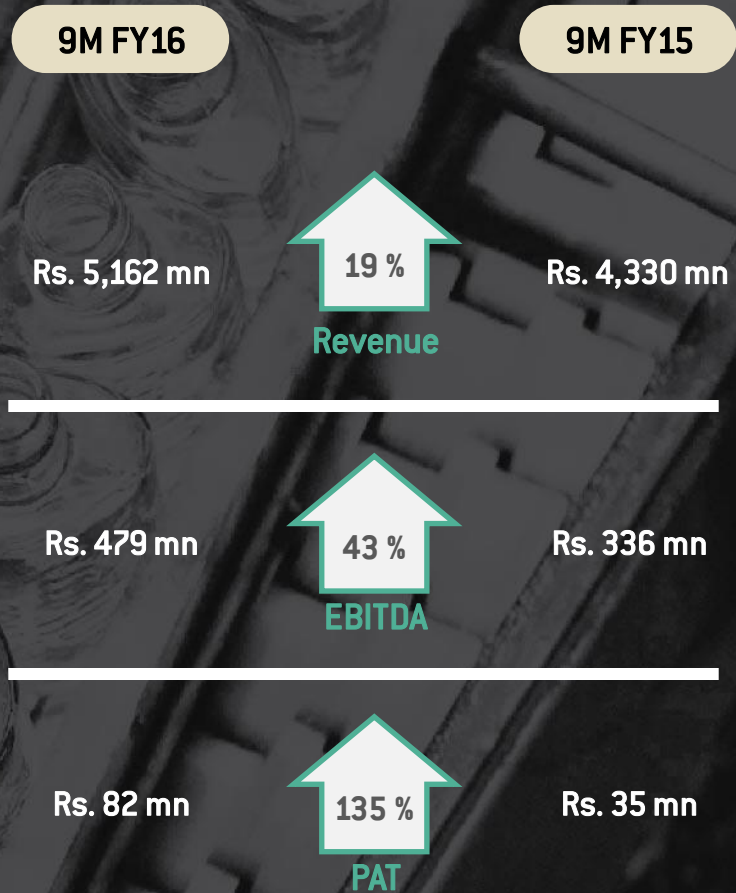
# Q3 FY16 YoY – STRONG GROWTH & PROFITABILITY

- **Revenue from operations (Net) up 26% YoY to Rs. 1,967 mn in Q3 FY16 driven by robust growth in IMIL, Bulk Alcohol and By-products segment**
  - IMIL volumes improved by 11% YoY led by strong growth in all IMIL markets; Bulk Alcohol registered 22% growth, while Others segment led by value added product DDGS reported 116% growth
- **EBITDA for the quarter up 91% at Rs. 187 mn with margin of 9.5% (vs 6.3% in Q3 FY15)**
  - Capacity utilization improves to 94% in Q3 FY16 from 77% in Q3 FY15 – leading to significant operational benefits
  - Better cost management further assists margin growth
- **PAT stood at Rs. 35 mn compared with Rs. 1 mn in Q3 FY15 led by superior operational performance**



# 9M FY16 YoY – ROBUST PERFORMANCE

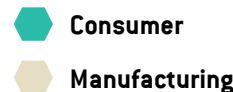
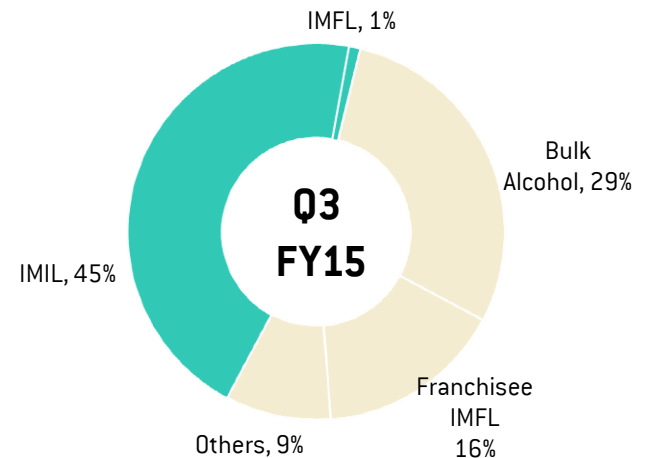
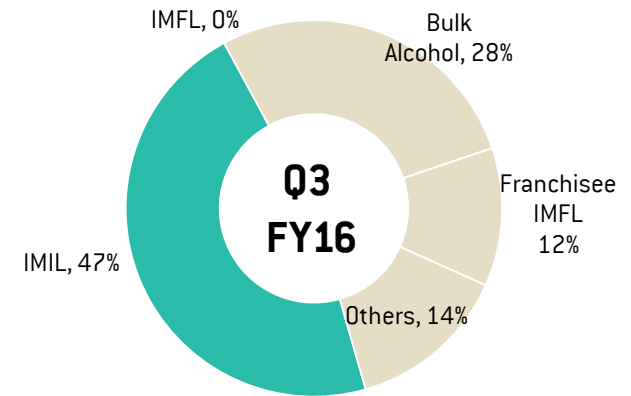
- Revenue from operations (Net) up 19% YoY to Rs. 5,162 mn in 9M FY16 driven by growth in IMIL and By-products segment
  - IMIL volumes improved by 28% due to growth in all IMIL markets; Others segment driven by value added product DDGS also aided growth
- EBITDA for 9M FY16 up 43% at Rs. 479 mn with EBITDA margin of 9.3% (vs 7.8% in 9M FY15)
  - Improved operational performance and better cost management led to margin expansion
- PAT at Rs. 82 mn, up 135% YoY compared with Rs. 35 mn in 9M FY15



# ROBUST IMIL PERFORMANCE DRIVING CONSUMER BUSINESS

- Share of consumer business increased from 45% in Q3 FY15 to 47% in Q3 FY16 driven by strong performance of the IMIL business
- IMIL revenues increased by 30% YoY to Rs. 922 mn due to strong revenue growth of 25% & 47% in Rajasthan & Delhi respectively
- Revenues from manufacturing business increased by 25% YoY to Rs. 1,042 mn in Q3 FY16 driven by 17% revenue growth in Bulk Alcohol and over 228% growth in DDGS; DDGS volumes and realisations improved by 124% and 46% respectively

## Breakup of Revenue from Operations

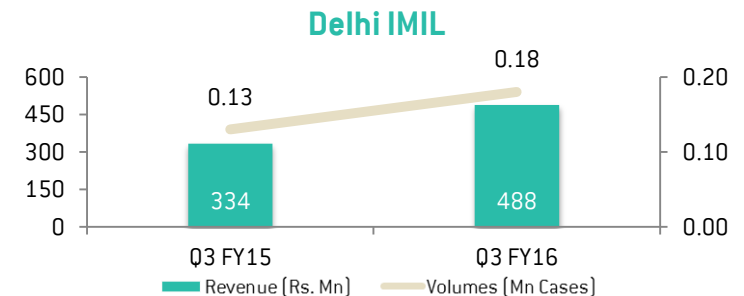
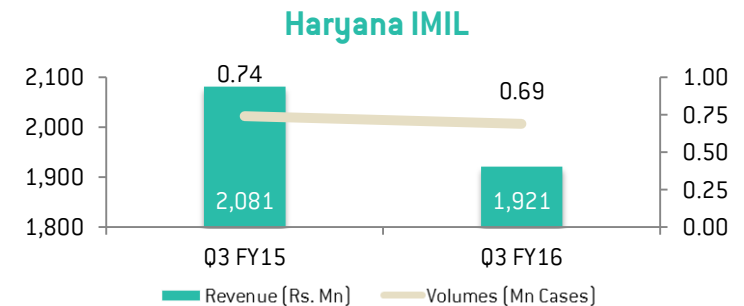
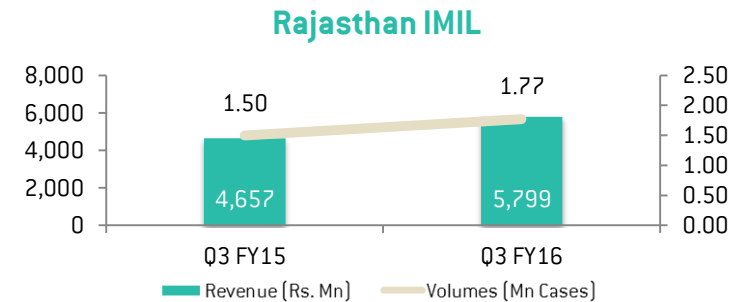
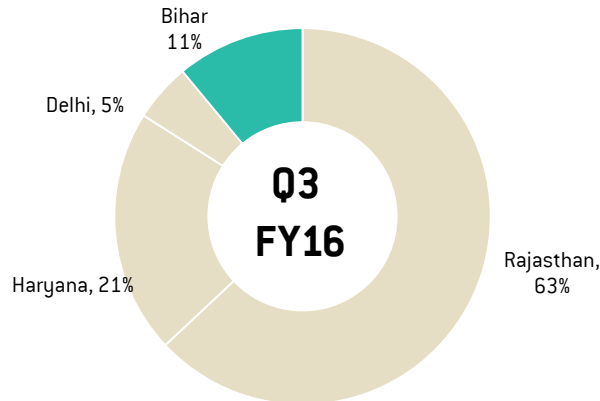




# IMIL DRIVEN BY STRONG TRACTION IN RAJASTHAN & DELHI

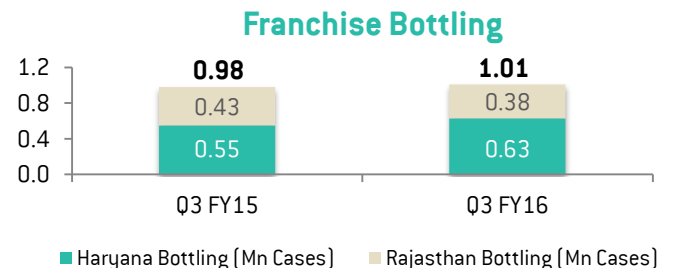
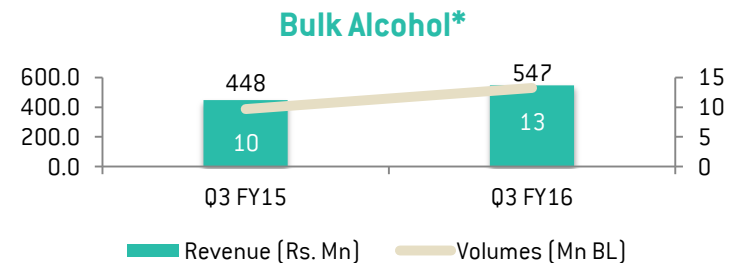
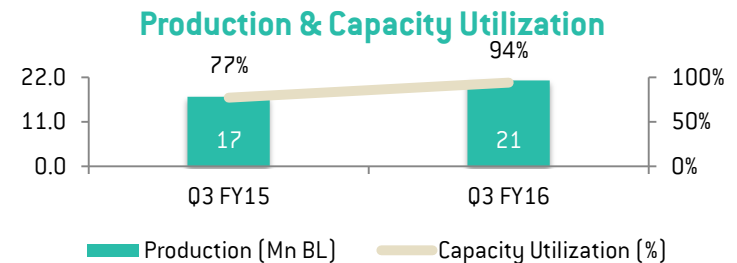
- Aggregate IMIL revenues up 30% YoY, driven by improved offtake in Rajasthan & Delhi, and supported entry into Bihar
- Launched in Jan 2015, Bihar sold 0.5 mn cases in Q3 FY16 accounting for 11% of total 3.1 mn IMIL cases in Q3 FY16
- Haryana market witnessed 17% growth in revenues QoQ as a result of 20% increase in volumes

## Q3 FY16 IMIL Split by Volume (Total 3.1mn cases)



# MANUFACTURING: BACKBONE TO CONSUMER; DRIVEN BY VALUE ADDED DDGS

- Capacity utilization improved substantially to 94% in Q3 FY16 from 77% in Q3 FY15 resulting in production of 13 mn BL in Q3 FY16
- Bulk revenues increased by 22% YoY due to higher off take of bulk alcohol in domestic & export volumes
  - Witnessed 24% YoY growth in export volumes
- Others segment grew 116% during the quarter on account of healthy contribution from value added DDGS
  - Efforts to establish DDGS as a nutritious animal feed ingredient has yielded results, as reflected in higher realisations
- Bottling volumes marginally increased by 3% YoY; this was led by sustained traction in Haryana, which witnessed 14% higher volumes YoY, volumes in Rajasthan declined by 11% YoY due to lower take-off



\*Excluding bulk sales to franchisee customers in Rajasthan

## Q3 FY16 QoQ – STRONG PERFORMANCE

- Revenue from operations (Net) up 22% QoQ to Rs. 1,967 mn in Q3 FY16 driven by balanced growth across all the segments
  - Higher IMIL offtake combined with strong growth in Bulk Alcohol, Franchise IMFL and DDGS resulted in healthy QoQ performance
  - Contribution of Bulk Alcohol and Other Segment increased to 28% & 14% respectively
- EBITDA for the quarter up 41% at Rs. 187 mn with EBITDA margin at 9.5% (vs 8.2% in Q2 FY16)
  - Production efficiency as well as better cost management supported the EBITDA performance
- PAT stood at Rs. 35 mn, higher by 178% QoQ compared to Rs. 13 mn in Q2 FY16

Q3 FY16

Q2 FY16

Rs. 1,967 mn

22 %

Rs. 1,618 mn

Revenue

Rs. 187 mn

41 %

Rs. 133 mn

EBITDA

Rs. 35 mn

178 %

Rs. 13 mn

PAT

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# AGENDA

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## Q3 & 9M FY16 Performance

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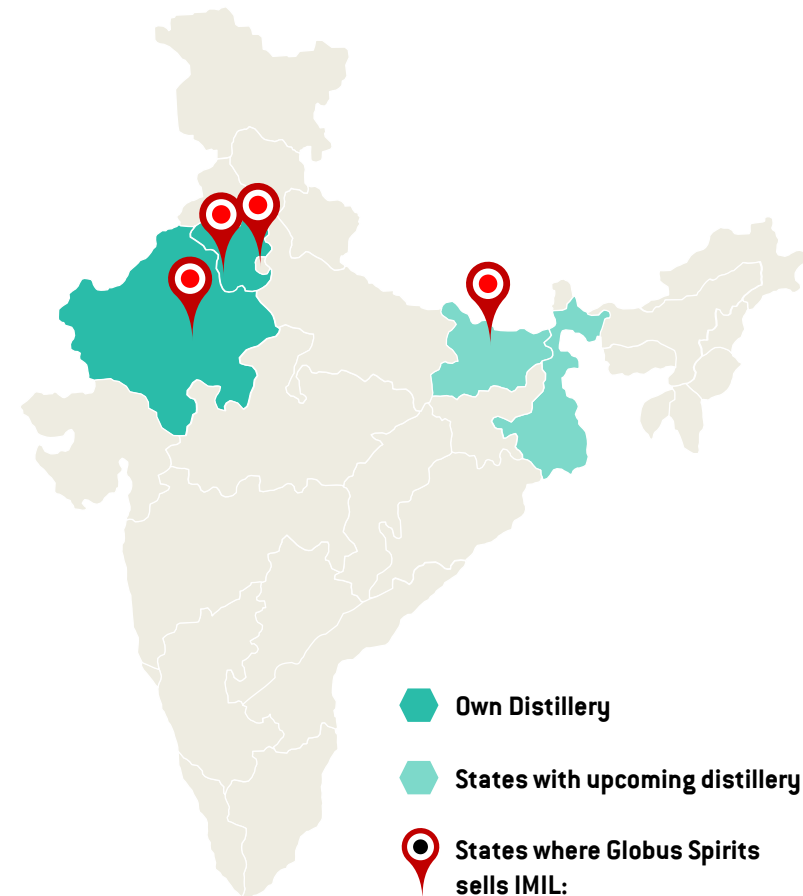
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## GLOBUS 360° ALCOBEV PLAYER - FORAY INTO EAST

- No. 1 private player in Rajasthan IMIL with 25% market share
  - 5.6 mn cases in sold in FY15, up 20% YoY
- No. 2 private player in Haryana with 10% market share
  - 2.3 mn cases in sold in FY15
- Enters Bihar in Jan-15; Distillery to be set up in Bihar and West Bengal market in FY17
  - Bihar, launched in Jan 2015 through a tie-up, sold 0.5 mn cases of IMIL in Q3 FY16, accounting for 11% of Q3 FY16 IMIL volumes
  - IMIL ban in Bihar not expected to impact greenfield operations of the Company as bulk alcohol demand to remain robust as IMIL to be replaced by economy IMFL brands
  - To cater the growing need of Bulk Alcohol in Bihar, which is witnessing a huge deficit of 55 million liters

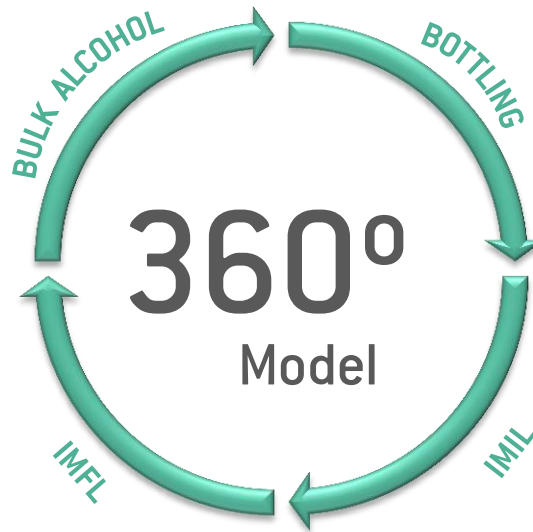


-  **Own Distillery**
-  **States with upcoming distillery**
-  **States where Globus Spirits sells IMIL:**
  - Rajasthan
  - Haryana
  - Delhi
  - Bihar

## LEVERAGING A **STRONG 360°** BUSINESS MODEL

- ~ 90 mn BL (expected to go upto ~150 mn BL with East India commissioning in FY17) of ENA capacity
- Focus on value added products such as DDGS

- Focused on building a profitable and niche portfolio of IMFL brands



- Bottling tie-ups with prominent IMFL players
- Long term relationships with clients

- Pan India leadership in IMIL with Rajasthan, Haryana, Delhi and entry in Bihar
- Pioneered branded IMIL and has a portfolio of 4 main brands

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# GLOBUS PLANS

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## PRESENT

- Established 360<sup>0</sup> model in North India (Haryana & Rajasthan)
- Amongst the largest grain based distilleries in India
- Strong IMIL brands that have acceptance and loyalty
- Bottling operations for India's largest brands of top IMFL players
- Backed by reputed investor, Templeton

## NEAR TERM STRATEGY

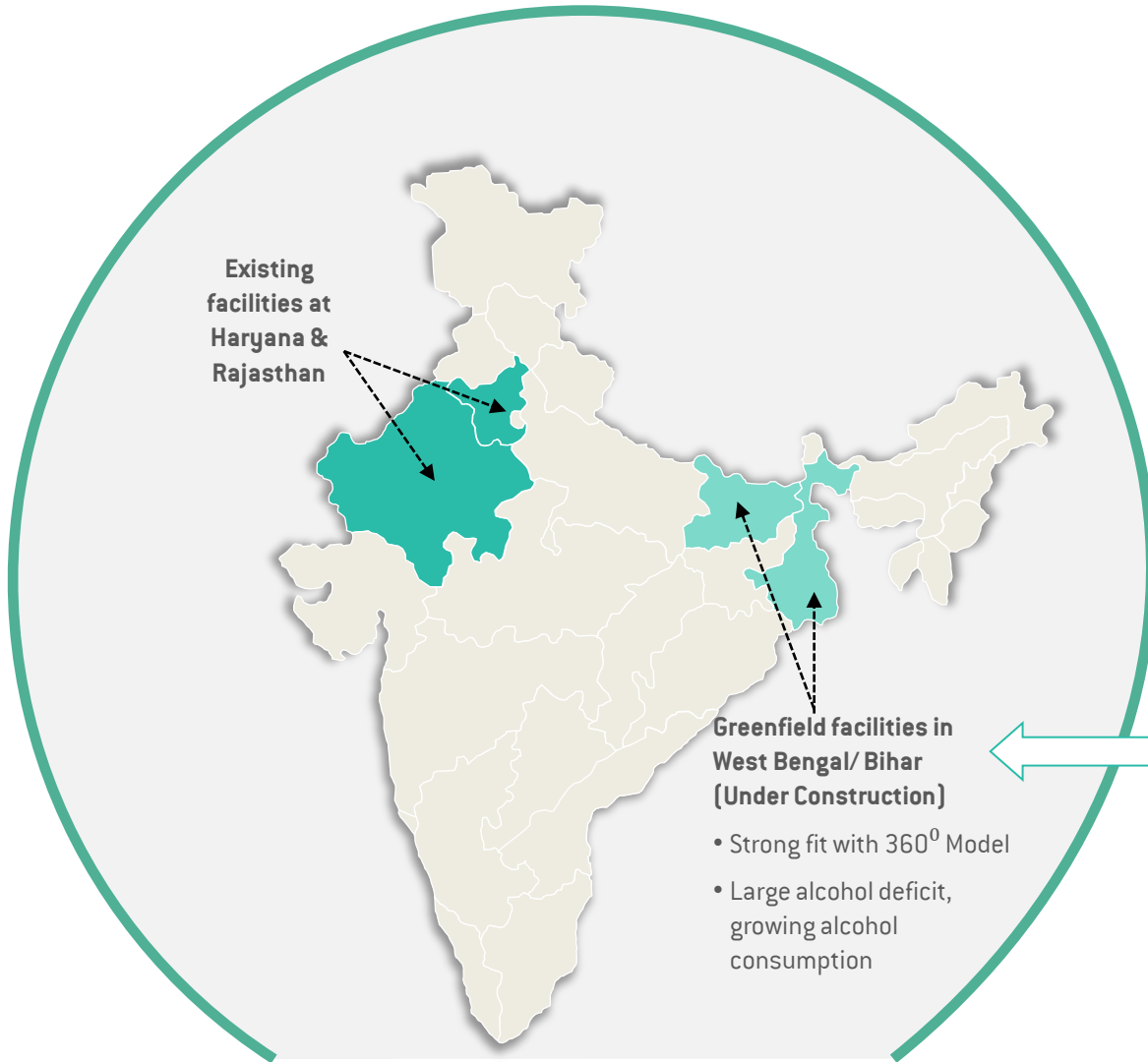
- Enter fast growing liquor markets of West Bengal & Bihar with complete 360<sup>0</sup> offering
- Launch premium brands of value
- Focus on DDGS, a value-added byproduct, in the Indian market

## FUTURE

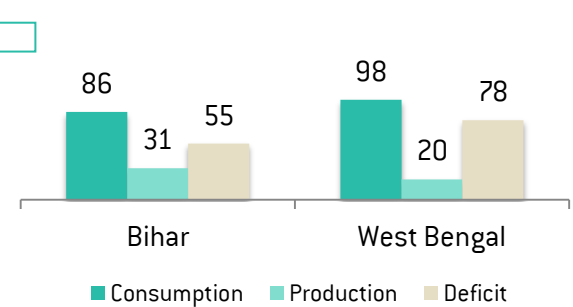
- Large market share in IMIL by offering quality products to the consumer
- Establish sustainable premium brands in IMFL
- High capacity utilisation with focus on technology and efficiency at old and new facilities
- Portfolio of high value by- products



# EXPANSION INTO EAST



Severe Alcohol Deficit in East India (mn ltrs)





# IMIL BRANDS SHOWCASE

## Nimboo



**1<sup>st</sup> IMIL brand** in India positioned as awesome mix of natural lemon flavor with strong yet smooth blend profile

## Ghoomar



**Tribute to Rajasthani folk dance**; blend popular in the harsh winter months of the desert region

## Heer Ranjha



**Tribute to the most popular romantic tales of the region.** Smooth blend to enjoy straight up.

## Narangi



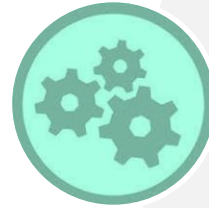
**Popular dark spirits' brand** Positioned as refreshing and juicy as Orange

# UNIQUE COMPETITIVE STRENGTHS



## 360° Business Model

- Only company present across full alcobev value chain
- Helps capture IMFL growth via franchisee bottling for top IMFL companies
- High utilization with assured captive off- take
- De-risked growth
- High quality maintained with control on entire value chain



## Efficient Operations

- State-of-the-art plants across three locations using latest distillation technology, zero discharge and highest grain- recovery in industry
- Supplying to premium brands
- Leadership - mix of experience and young talent



## Strong Consumer Portfolio

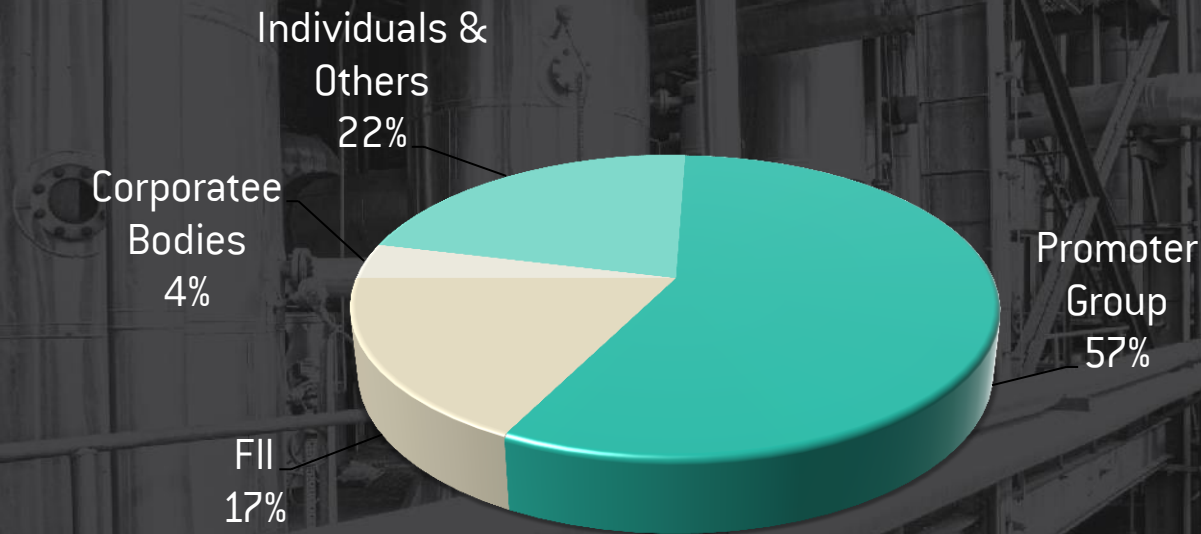
- Leadership in key states of Rajasthan, Delhi and Haryana
- Launch in Bihar through tie-up
- Achieved sterling success in IMIL branding with Nimboo
- 4 IMIL brands



## Healthy Balance Sheet

- Funding for greenfield expansion at Bihar secured via equity
- D/E of 0.4x
- Cash efficient operations

# SHAREHOLDING PATTERN



As on December 31, 2015 Outstanding shares – 28.8 mn

Major Non-Promoter Shareholders % shareholding	
Name	% Share
Templeton Strategic Emerging Markets Fund IV, LDC	17.49%

## Q3 FY16: PROFIT & LOSS STATEMENT

Standalone

Particulars (In Rs MN)	Q3 FY16	Q3 FY15	YoY (%)	Q2 FY16	QoQ (%)	9MFY16	9MFY15	YoY (%)
Gross Sales	2668.13	2304.56	16%	2159.82	24%	7167.00	6538.23	10%
Less- Excise duty & Discounts	713.87	752.23	-5%	548.18	30%	2023.94	2213.51	-9%
<b>Net Sales</b>	<b>1,954.26</b>	<b>1,552.33</b>	<b>26%</b>	<b>1,611.64</b>	<b>21%</b>	<b>5,143.06</b>	<b>4,324.72</b>	<b>19%</b>
Other Operating Income	12.34	3.28	277%	6.61	87%	19.32	5.45	254%
<b>Revenue from Operations</b>	<b>1,966.60</b>	<b>1,555.61</b>	<b>26%</b>	<b>1,618.26</b>	<b>22%</b>	<b>5,162.38</b>	<b>4,330.17</b>	<b>19%</b>
<b>Total Expenditure</b>	<b>1779.31</b>	<b>1,457.32</b>	<b>22%</b>	<b>1,485.02</b>	<b>20%</b>	<b>4,683.46</b>	<b>3,994.29</b>	<b>17%</b>
Consumption of Raw Material	1141.52	955.55	19%	930.92	23%	2996.08	2682.67	12%
Employee Cost	38.84	33.70	15%	40.79	-5%	119.00	98.00	21%
Other Expenditure	598.95	468.06	28%	513.32	17%	1568.38	1213.62	29%
<b>EBITDA</b>	<b>187.29</b>	<b>98.29</b>	<b>91%</b>	<b>133.24</b>	<b>41%</b>	<b>478.92</b>	<b>335.88</b>	<b>43%</b>
Depreciation & Amortisation	100.91	70.49	43%	84.19	20%	270.84	210.09	29%
<b>EBIT</b>	<b>86.38</b>	<b>27.80</b>	<b>211%</b>	<b>49.05</b>	<b>76%</b>	<b>208.08</b>	<b>125.79</b>	<b>65%</b>
Finance Charges	46.29	38.90	19%	46.61	-1%	127.97	114.63	12%
Other Income	4.11	12.24	-66%	11.15	-63%	23.69	23.81	0%
<b>PBT before exceptional items</b>	<b>44.20</b>	<b>1.13</b>	<b>3808%</b>	<b>13.59</b>	<b>225%</b>	<b>103.80</b>	<b>34.97</b>	<b>197%</b>
Exceptional items*	-	-	NA	-	NA	-	-	NA
<b>PBT</b>	<b>44.20</b>	<b>1.13</b>	<b>3808%</b>	<b>13.59</b>	<b>225%</b>	<b>103.80</b>	<b>34.97</b>	<b>197%</b>
Tax Expense (Current, Deferred Tax)	9.30	0.23	4008%	1.02	812%	21.64	7.00	209%
MAT Credit	-	-0.23	NA	-	NA	-	-7.00	NA
<b>PAT (From ordinary activities)</b>	<b>34.90</b>	<b>1.13</b>	<b>2986%</b>	<b>12.57</b>	<b>178%</b>	<b>82.16</b>	<b>34.97</b>	<b>135%</b>
Extraordinary Items	-	-	NA	-	NA	-	-	NA
<b>PAT</b>	<b>34.90</b>	<b>1.13</b>	<b>2986%</b>	<b>12.57</b>	<b>178%</b>	<b>82.16</b>	<b>34.97</b>	<b>135%</b>

## Q3 FY16: KEY RATIOS

Key Ratios as a % of Total Revenue	Standalone				
	Q3 FY16	Q3 FY15	Q2 FY16	9MFY16	9MFY15
EBITDA	10%	6%	8%	9%	8%
PAT	2%	0%	1%	2%	1%
Total Expenditure	91%	94%	92%	91%	92%
Raw material	58%	62%	58%	58%	92%
Employee Cost	2%	2%	3%	2%	2%
Other Expenditure	31%	30%	32%	30%	28%
Intt	2%	3%	3%	2%	3%
Depn	5%	5%	5%	5%	5%
Other Income	0%	1%	1%	0%	1%

## Q3 FY16: BALANCE SHEET

Particulars (In Rs MN)	31 <sup>st</sup> December 2015	31 <sup>st</sup> March 2015
<b>Liabilities</b>		
Shareholders' Fund	<b>3,599.0</b>	<b>3,550.7</b>
<b>Non-Current Liabilities</b>	<b>1,604.7</b>	<b>979.9</b>
Long term borrowings	1,137.6	499.6
Deferred tax liabilities (Net)	453.0	468.0
Other long term liabilities/ provisions	14.0	12.2
<b>Current Liabilities</b>	<b>1,928.3</b>	<b>1,915.9</b>
Short Term borrowings	723.1	729.6
Trade payables	728.2	781.1
Other current liabilities	461.3	383.2
Short-term provisions	15.7	22.1
<b>Total Liabilities</b>	<b>7132.0</b>	<b>6446.5</b>
<b>Assets</b>		
<b>Net fixed assets</b>	<b>5123.0</b>	<b>4917.2</b>
Non-current investment	0.8	1.0
Other non-current assets	1.9	1.9
Long-term loans and advances	634.0	443.5
<b>Current Assets</b>	<b>1372.3</b>	<b>1082.9</b>
Current Investments	0.8	0.7
Inventories	450.4	500.5
Trade Receivables	480.3	381.5
Cash and Equivalents	247.2	64.3
Short-terms loans and advance/other current assets	193.6	135.8
<b>Total Assets</b>	<b>7,132.0</b>	<b>6,446.5</b>

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## ABOUT US

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Established in 1992, Globus Spirits Limited (BSE code: 533104, NSE Id: GLOBUSSPR, ISIN Id:INE615I01010) is engaged in manufacturing, marketing and sale of Indian Made Indian Liquor (IMIL), Indian Made Foreign Liquor (IMFL), Bulk Alcohol and contract bottling for established IMFL brands. The Company has a well established presence in the IMIL segment and set to become a Pan-India IMIL leader with launch of distilleries in Bihar and West Bengal.

GSL currently operates three modern and fully integrated distilleries at Behror, Rajasthan and Samalkha and Hisar, Haryana. It is one of the largest and most efficient grain based distilleries in India with highest alcohol recovery per unit of grain.

For more information about us, please visit [www.globusspirits.com](http://www.globusspirits.com) or contact:

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