



Globus Spirits

GLOBUS SPIRITS LIMITED

Q4 FY16

Investor Presentation

27 May, 2016

SAFE HARBOR

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.

AGENDA

Q4 & FY16 Performance

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Q4 FY16 – KEY PERFORMANCE HIGHLIGHTS

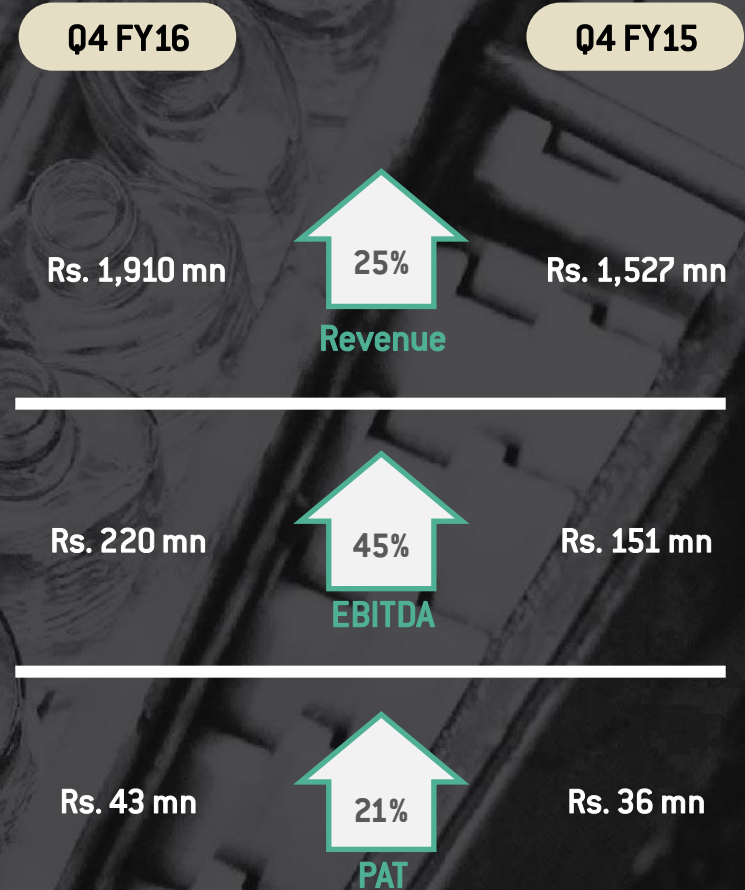
- **Better momentum in IMIL, Bulk Alcohol as well as DDGS led to healthy performance; Backed by higher production and capacity utilization of 98% (Vs. 84% in Q4 FY15)**
 - Standalone revenue from operations up 25% YoY to Rs. 1,910 mn in Q4 FY16
 - EBITDA higher by 45% YoY to Rs. 220 mn in Q4 FY16; EBITDA margin expanded by 160 bps to 11.5%
 - PBT stood at Rs. 43 mn in Q4 FY16 against Rs. 68 million in Q4 FY15
 - This was lower due to one-time adjustment to depreciation
 - Net Profit stood at Rs. 43 mn in Q4 FY16, higher by 21% compared to Rs. 36 million in Q4 FY15
- **Higher Growth of 27% in Consumer business; Revenues stood at Rs. 924 mn**
 - Revenues from IMIL stood at Rs. 922 mn, an increase of 29% YoY
 - This was driven by strong traction in all IMIL markets viz. Haryana, Rajasthan & Delhi
 - Total volumes improved to 3.2 mn cases (Vs. 2.5 mn cases in Q4 FY15)
 - By-products reported healthy growth of 71% YoY led by better off take in DDGS, which was possible due to higher alcohol production; DDGS volumes improved by 27% YoY
 - Franchisee IMFL revenues stood at Rs. 268 mn, higher by 6% YoY

UPDATE ON EXPANSION IN WEST BENGAL & BIHAR

- **Greenfield expansion in West Bengal and Bihar progressing well – Key growth driver for Globus Spirits in FY17**
 - Both the facilities expected to be commissioned in Q1 FY16; over 90% of the construction work already complete
 - To result in significantly higher top-line and bottom-line contribution in FY17; capacity utilisation to reach optimum level in the coming quarters
 - Overall capacity at West Bengal and Bihar would be ~33 million BL and ~26 million BL respectively
 - West Bengal is an alcohol deficit state with demand surpassing the overall supplies
- **Alcohol ban in Bihar will have limited impact on upcoming project**
 - Alcohol manufactured in Bihar distillery to be exported to the neighboring states and countries, like West Bengal & Nepal
 - Number of locational advantages like lower raw material costs, higher realization and other logistical benefits to drive overall profitability

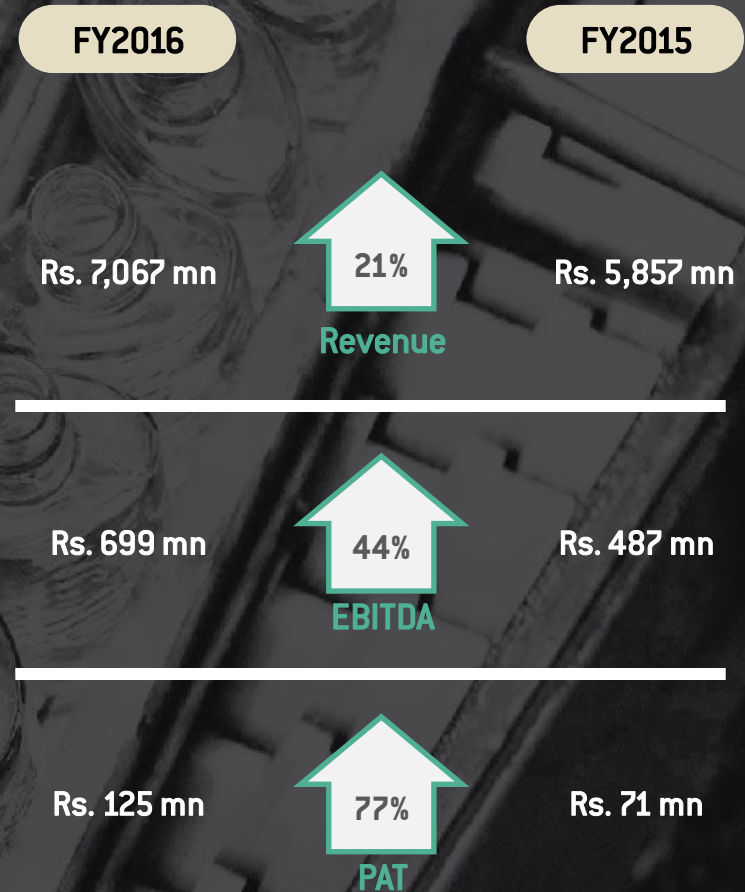
Q4 FY16 YoY – HEALTHY GROWTH MOMENTUM

- Revenue from operations (Net) up 25% YoY to Rs. 1,910 mn in Q4 FY16 driven by balanced growth across IMIL and value-added DDGS; This was further supported by higher sales of Bulk Alcohol
 - IMIL volumes improved by 30% YoY led by robust growth in Haryana & Delhi, while Others segment led by value added product DDGS reported 71% growth; Bulk Alcohol registered 30% volume growth
- EBITDA for the quarter stood at Rs. 220 mn, higher by 45%, with margin of 11.5% [vs 9.9% in Q4 FY15]
 - Better cost management and stability in raw material prices supported the margin growth
 - Capacity utilization further improved to 98% in Q4 FY16 from 84% in Q4 FY15 – leading to better operational performance
- PAT stood at Rs. 43 mn, higher by 21% compared with Rs. 36 mn in Q4 FY15



FY2016 YoY – STRONG FINANCIAL PERFORMANCE

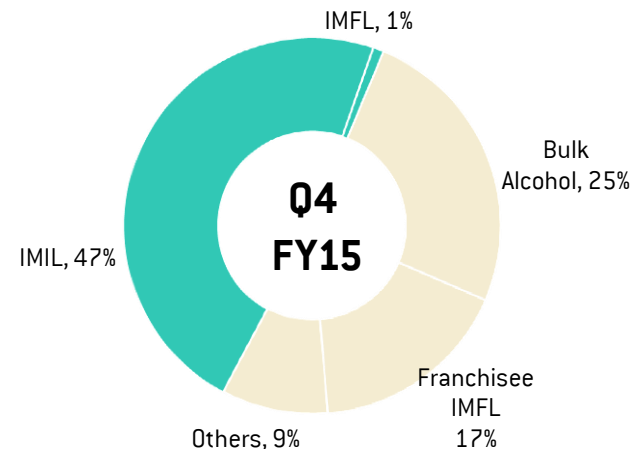
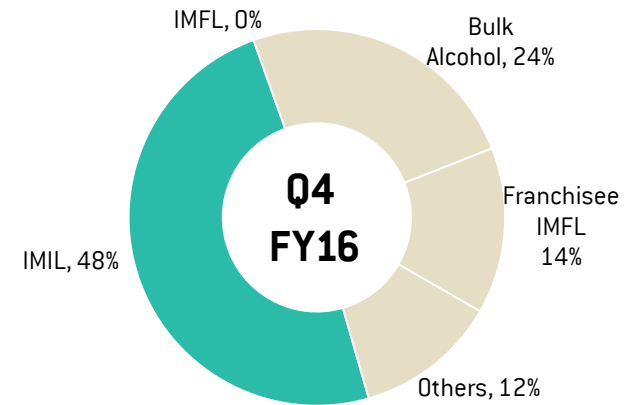
- Revenue from operations (Net) up 21% YoY to Rs. 7,067 mn in FY16 driven by healthy momentum in IMIL and By-products segment
 - IMIL volumes improved by 40%, while growth in value-added DDGS stood at 74%
- EBITDA for FY2016 up 44% at Rs. 699 mn, with EBITDA margin of 9.9% (vs 8.3% in FY2015)
 - Better cost management combined with healthy operational performance resulted in margin expansion
- PAT at Rs. 125 mn, higher by 77% YoY compared with Rs. 71 mn in FY2015



HIGHER IMIL TRACTION SUPPORTING CONSUMER BUSINESS

- Share of consumer business increased to 49% in Q4 FY16 led by healthy contribution from the IMIL business
- IMIL revenues increased by 29% YoY to Rs. 922 mn due to robust growth 44% in Haryana
 - IMIL growth in Rajasthan & Delhi stood at 18% & 37% respectively
- Revenues from manufacturing business increased by 23% YoY to Rs. 9,806 mn in Q4 FY16 owing to 19% gains in Bulk Alcohol segment as well as 71% growth in DDGS; DDGS volumes and realisations improved by 27% and 47% respectively

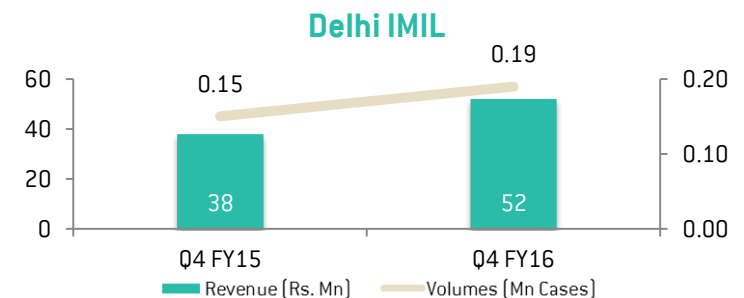
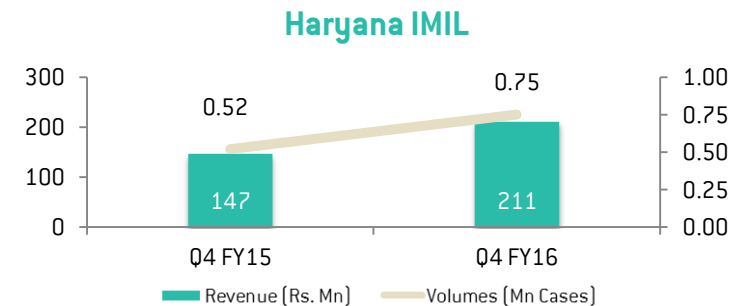
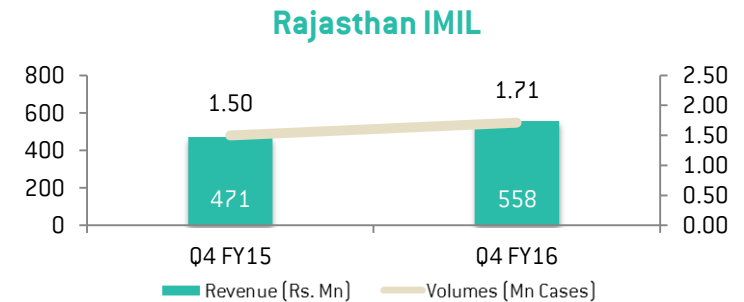
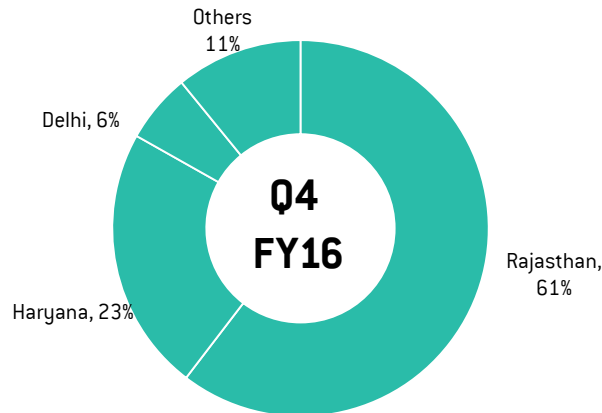
Breakup of Revenue from Operations



IMIL DRIVEN BY STRONG TRACTION IN HARYANA & DELHI

- Aggregate IMIL revenues up 29% YoY, on account of higher offtake in Haryana & Delhi
 - This was duly supported by better volumes in Rajasthan
- Haryana witnessed a strong growth of 44% in Q4 FY16, followed by 18% and 37% growth in Rajasthan and Delhi
 - Current IMIL traction in Haryana expected to continue, on the back of higher demand

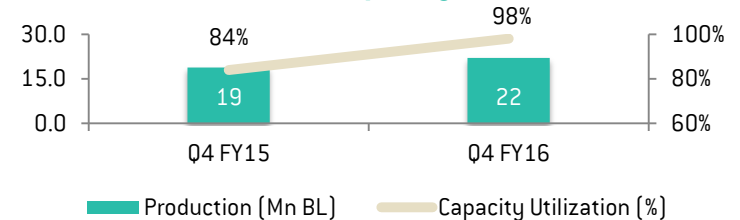
Q4 FY16 IMIL Split by Volume (Total 3.2mn cases)



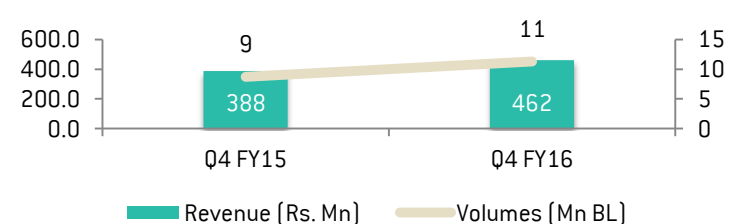
MANUFACTURING: BACKBONE TO CONSUMER; DRIVEN BY VALUE ADDED DDGS

- Capacity utilization improved significantly to 98% in Q4 FY16 compared to 84% in Q4 FY15 resulting in higher production of 11 mn BL in Q4 FY16
- Bulk revenues increased by 19% YoY due to higher demand
- Others segment grew by 71% during the quarter backed by healthy traction from value added DDGS
 - DDGS has been accepted as a nutritious animal feed ingredient; higher production of bulk alcohol in the coming years will result in healthy off take of DDGS
- Bottling volumes increased by 6% YoY; this was led by sustained traction in Haryana, which witnessed 22% volume growth YoY

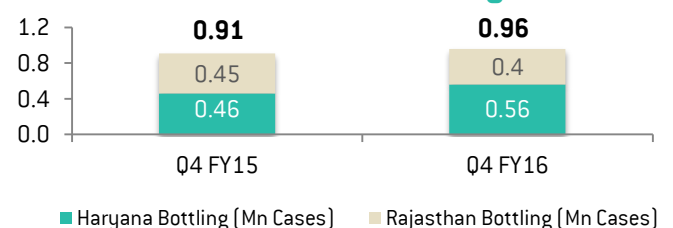
Production & Capacity Utilization



Bulk Alcohol*



Franchise Bottling



*Excluding bulk sales to franchisee customers in Rajasthan

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GLOBUS 360° ALCOBEV PLAYER - FORAY INTO EAST

- No. 1 private player in Rajasthan IMIL with 28% market share
 - 6.8 mn cases in sold in FY16, up 23% YoY
- No. 2 private player in Haryana with 11% market share
 - 2.6 mn cases in sold in FY16, up 13% YoY
- To enter East India; Distillery to be set up in West Bengal and Bihar market in Q1 FY17
 - Combined capacity at West Bengal & Bihar to be 60 million BL; over 60% of existing distillery capacity
 - To cater the growing need of Bulk Alcohol in West Bengal, which is witnessing a huge deficit of 78 million liters
 - Bulk Alcohol manufactured at the upcoming distillery in Bihar will be exported to other alcohol deficit states and neighboring countries



LEVERAGING A STRONG 360° BUSINESS MODEL



Unique 360° model straddling across the entire alcohol value chain

Large, efficient manufacturing operations

- Amongst the largest and most efficient grain-based distillery operations in India with ~90 million bulk litres of distillery capacity
- Present in DDGS – a high-potential by-product used as Animal Feed
- Well placed to address the Ethanol potential in India – upcoming distilleries in Eastern Markets to support this opportunity
- Bottling for India's Top 3 IMFL companies

Established consumer business in North India

- Pioneered IMIL branding, leading player in Rajasthan, Haryana and Delhi
- NIMB00 – flagship IMIL brand for Globus Spirits
- Young IMFL portfolio of 3 mainstream brands

GLOBUS PLANS

PRESENT

- Established 360⁰ 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

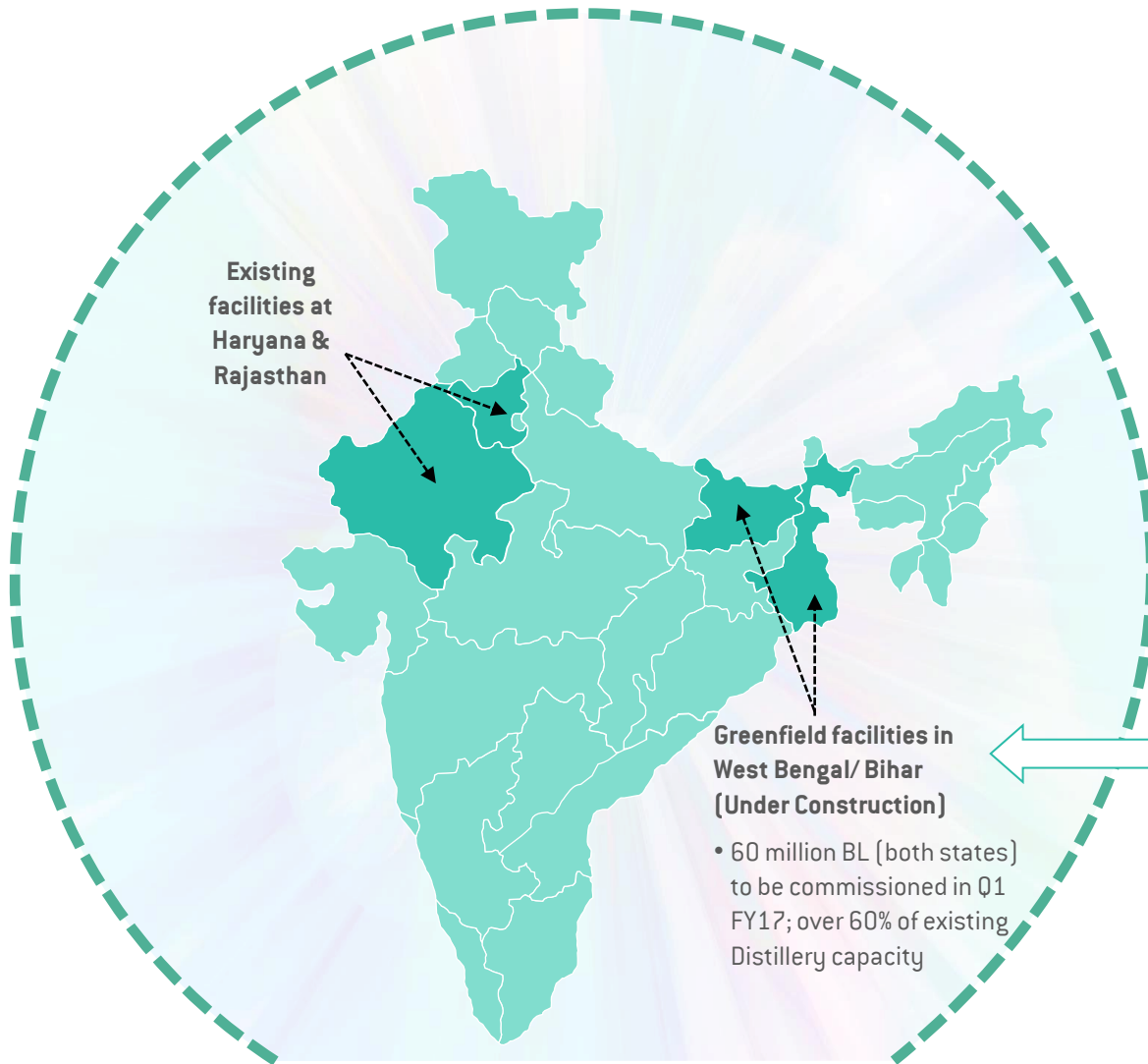
NEAR TERM STRATEGY

- Enter fast growing liquor markets of West Bengal & Bihar with complete 360⁰ offering
- Launch premium brands of value
- Focus on DDGS, a value-added byproduct, in the Indian market
- Participate in Ethanol blending

FUTURE

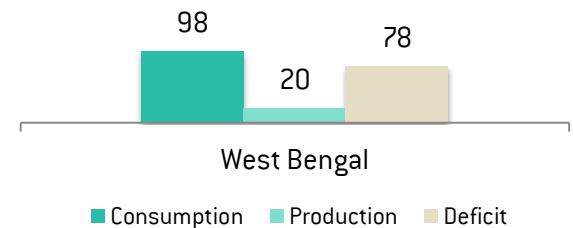
- Large market share in IMIL by offering quality products to the consumer
- Establish sustainable premium brands in IMFL
- High capacity utilisation with focus on technology and efficiency at old and new facilities
- Portfolio of high value by- products

EXPANSION INTO EAST



- Locational advantages like lower raw material costs, higher realizations and other logistical benefits to drive overall profitability
- Alcohol manufactured from Bihar distillery can be exported to neighboring states and countries
 - Nepal has a demand of 18 mn ltrs
 - Target markets include African countries as well

Severe Alcohol Deficit in West Bengal (mn ltrs)



IMIL BRANDS SHOWCASE

Nimboo



1st 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



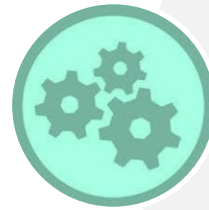
Popular dark spirits' brand Positioned as refreshing and juicy as Orange

UNIQUE COMPETITIVE STRENGTHS



360° Business Model

- Only company present across full alcohol 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

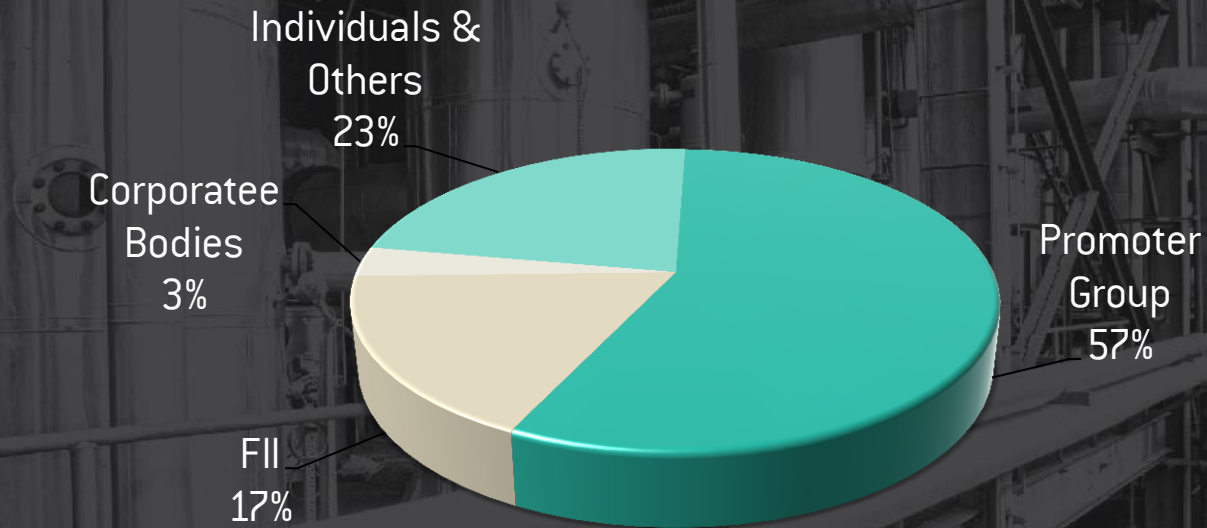
- Leadership in key states of Rajasthan, Delhi and Haryana
- Launch in Bihar through tie-up
- Achieved sterling success in IMIL branding with Nimboo
- 4 IMIL brands



Healthy Balance Sheet

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

SHAREHOLDING PATTERN



As on March 31, 2016 Outstanding shares – 28.8 mn

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

Q4 FY16: PROFIT & LOSS STATEMENT

Standalone

Particulars (In Rs MN)	Q4 FY16	Q4 FY15	YoY (%)	Q3FY16	QoQ (%)	FY16	FY15	YoY (%)
Gross Sales	2747.42	2289.4	20%	2668.13	3%	9914.42	8827.64	12%
Less- Excise duty & Discounts	839.7	769.19	9%	713.87	18%	2863.64	2982.71	-4%
Net Sales	1,907.72	1,520.21	25%	1,954.26	-2%	7,050.78	5,844.93	21%
Other Operating Income	2.06	6.36	-68%	12.34	-83%	16.26	11.81	38%
Revenue from Operations	1,909.78	1,526.57	25%	1,966.60	-3%	7,067.04	5,856.74	21%
Total Expenditure	1684.48	1375.12	22%	1779.31	-5%	6367.94	5369.41	19%
Consumption of Raw Material	1102.78	836.97	32%	1141.52	-3%	4098.86	3519.63	16%
Employee Cost	38.98	45.07	-14%	38.84	0%	157.98	143.07	10%
Other Expenditure	542.72	493.09	10%	598.95	-9%	2111.1	1706.71	24%
EBITDA	220.18	151.45	45%	187.29	18%	699.1	487.33	43%
Depreciation & Amortisation	150.77	77.17	95%	100.91	49%	421.61	287.26	47%
EBIT	69.41	74.27	-7%	86.38	-20%	277.49	200.07	39%
Finance Charges	40.56	26.04	56%	46.29	-12%	168.53	140.67	20%
Other Income	14.53	19.76	-26%	4.11	253%	38.22	43.56	-12%
PBT before exceptional items	43.38	67.99	-36%	44.2	-2%	147.18	102.96	43%
Exceptional items*	-	-		-		-	-	
PBT	43.38	67.99	-36%	44.2	-2%	147.18	102.96	43%
Tax Expense (Current, Deferred Tax)	0.16	32.29	-99%	9.3	-98%	21.8	32.29	-32%
MAT Credit								
PAT (From ordinary activities)	43.21	35.7	21%	34.9	24%	125.38	70.67	77%

Q4 FY16: KEY RATIOS

Key Ratios as a % of Total Revenue	Standalone				
	Q4 FY16	Q4 FY15	Q3 FY16	FY16	FY15
EBITDA	12%	10%	10%	10%	8%
PAT	2%	2%	2%	2%	1%
Total Expenditure	88%	90%	91%	90%	92%
Raw material	58%	55%	58%	58%	60%
Employee Cost	2%	3%	2%	2%	2%
Other Expenditure	28%	32%	31%	30%	29%
Intt	2%	2%	2%	2%	2%
Depn	8%	5%	5%	6%	5%
Other Income	1%	1%	0%	1%	1%

Q4 FY16: BALANCE SHEET

Particulars (In Rs MN)	31 st March 2015	31 st March 2016
<u>Liabilities</u>		
Shareholders' Fund	3,550.7	3635.4
Non-Current Liabilities	979.9	2073.7
Long term borrowings	499.6	1592.5
Deferred tax liabilities (Net)	468.0	470.3
Other long term liabilities/ provisions	12.2	11.0
Current Liabilities	1,915.9	1783.8
Short Term borrowings	729.6	704.6
Trade payables	781.1	723.5
Other current liabilities	383.2	331.1
Short-term provisions	22.1	24.6
Total Liabilities	6446.5	7492.9
<u>Assets</u>		
Net fixed assets	4917.2	5655.8
Non-current investment	1.0	0.7
Other non-current assets	1.9	1.9
Long-term loans and advances	443.5	670.3
Current Assets	1082.9	1164.2
Current Investments	0.7	0.8
Inventories	500.5	414.1
Trade Receivables	381.5	374.8
Cash and Equivalents	64.3	270.0
Short-terms loans and advance/other current assets	131.6	91.3
Other Current Assets	4.2	13.2
Total Assets	6,446.5	7492.9

ABOUT US

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 or contact:

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