

Globus Spirits Limited

Q1 FY13 Result Presentation
August 11, 2012



Globus Spirits

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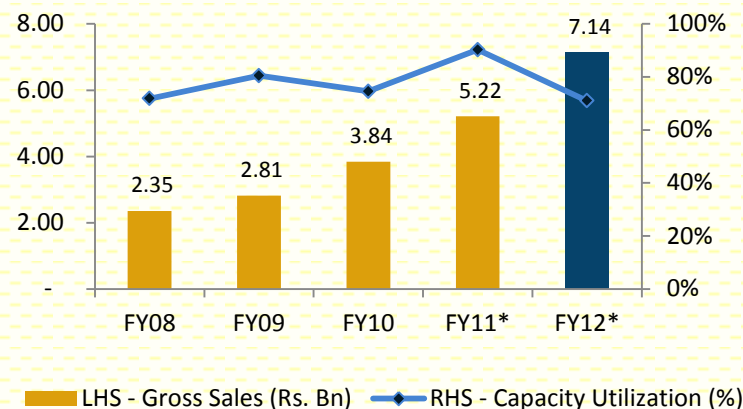
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Globus Spirits Ltd – Company Overview

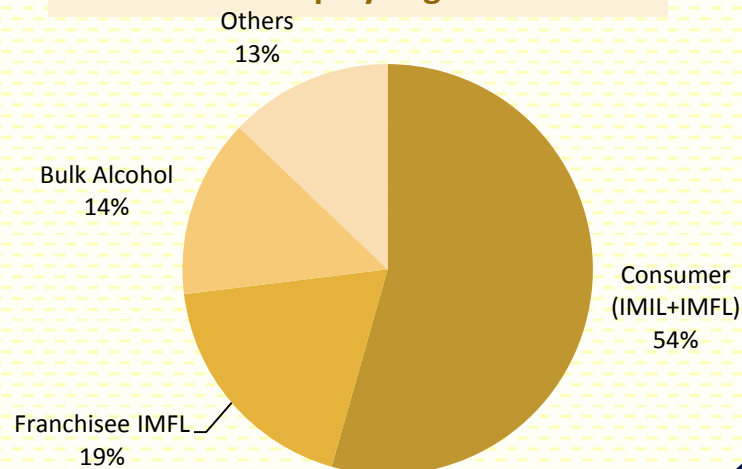
- ◆ Decades of management experience in this sector led by the promoter Mr. Ajay Swarup
- ◆ Only company to have a 360° presence, offering products across the value chain
- ◆ Strong consumer business portfolio comprising of IMIL and IMFL constituting a sizeable portion of revenues
 - Market leader in IMIL in North Indian states of Haryana, Rajasthan and Delhi
 - First launched IMFL brands in 2007-08
- ◆ State-of-the-art plants at Rajasthan (Behror) & Haryana (Samalkha & Hisar) with aggregate annual distillation capacity of 84.4 Mn bulk litres having multi-feedstock capability

Sales & Capacity Utilization



*FY11 Capacity at 46.6 mn litres and FY12 capacity at 84.4 mn litres

Sales Break-Up by Segment: FY12



The 360° Way



IMFL – Indian Made Foreign Liquor

IMIL – Indian Made Indian Liquor

***A Unique Model Perfected by Globus
– Straddles the entire value chain in
alcohol***

- ◆ Enables Globus to capture margins across the value chain
- ◆ Allows the company to secure economies of scale in production
- ◆ Insulates the Company from any risk in the movement of prices, important in current scenario where ENA prices are expected to sustain at higher levels

Our Strengths

360° Business Model

- Only Company in the Alcobev industry to straddle all segments of the spirits value chain (consumer and manufacturing)
- **Insulates from risk** in price movement of any one of the products
- Enables leveraging growth opportunities across all segments
- Ensures greater quality control over the entire value chain

Strong Consumer Portfolio

- Robust growth - higher than industry average; contributing more than 50% to the top-line
- Undisputed leader in North India in IMIL with over a decade of experience – distribution reach encompassing > 85-90% of the retail shops and volumes of >12 mn cases per year
- Pioneer in branding IMIL, developed Nimboo, Rs. 3,500 mn brand at retail level
- Distribution presence for IMFL in 8 states, covering ~40% of the industry
- Launched 4 mainstream brands, of which Hannibal Rum has qualified for CSD registration

Deep Relationships for Franchisee IMFL

- Proxy play on growth of branded IMFL business - sticky business with limited investments and consistent margins
- Tie ups with industry majors like ABD, Jagatjit and USL for bottling 3.75 mn cases per year, who control over 45% of the relevant markets

Significant Player in Bulk Alcohol

- Amongst the largest distillation capacity in the country at 84.4mn liters p.a.
- Secures access to alcohol for branded operations in a scenario where demand-supply gap for bulk alcohol is expected to widen considerably

Our Strengths

Capital Efficient Operations

- Ability to build technologically superior plants at a much lower cost than the industry average: **Over the last 3 years, ~3x capacity expansion has been achieved without any equity dilution**
- Strong cash conversion cycle resulting in low working capital investment at 33 days
- Reflected in high Asset Turnover of ~1.9x and ROCE of ~21%, amongst most favourable in industry

Healthy Financials

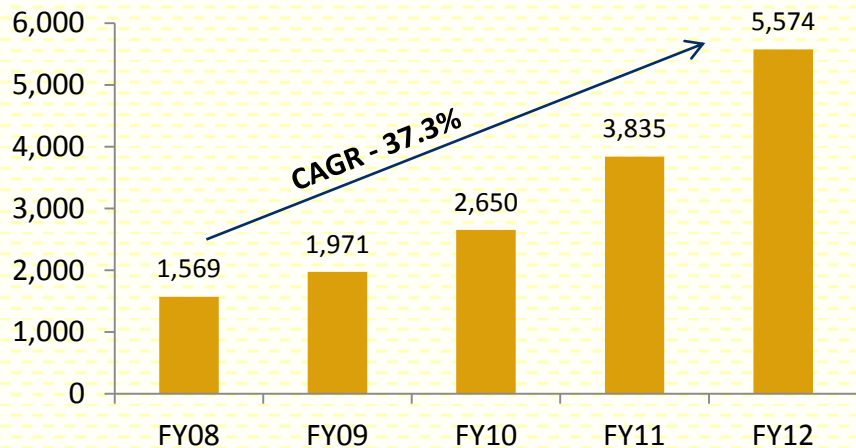
- Over the last 3 years, achieved CAGR of 36.4% in gross sales, 37.8% in EBIDTA and 46.8% in PAT
- Strong Balance Sheet with low leverage, debt-equity of 0.4x, amongst most favorable in the industry
- Scope to increase leverage for organic/inorganic expansion

Strong Management Team

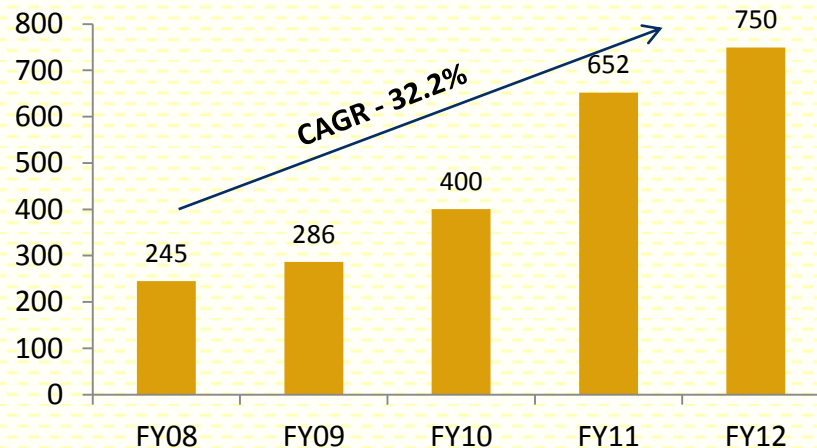
- Managed by a group of professionals and an experienced management team with a healthy mix of industry experts and young energetic talent

Demonstrated Track Record

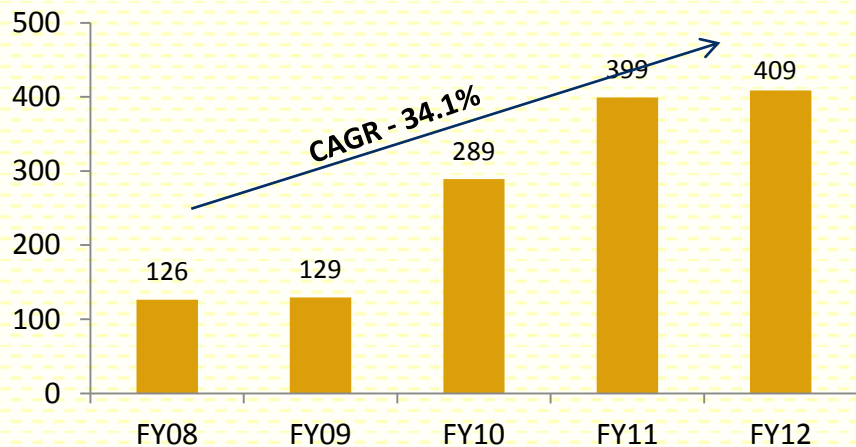
Total Income from Operations (Rs. Million)



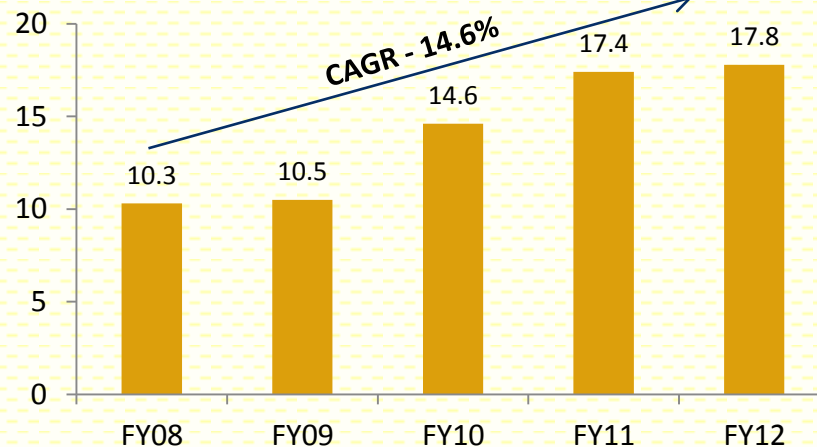
EBIDTA (Rs. Million)



PAT (Rs. Million)



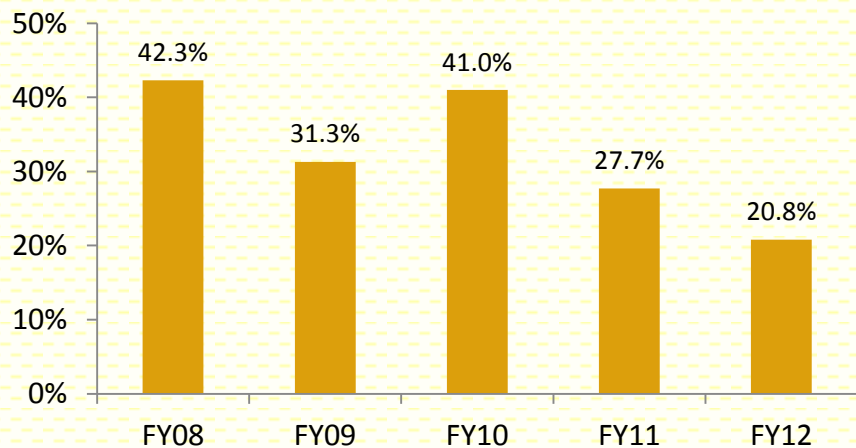
EPS (Rs.)



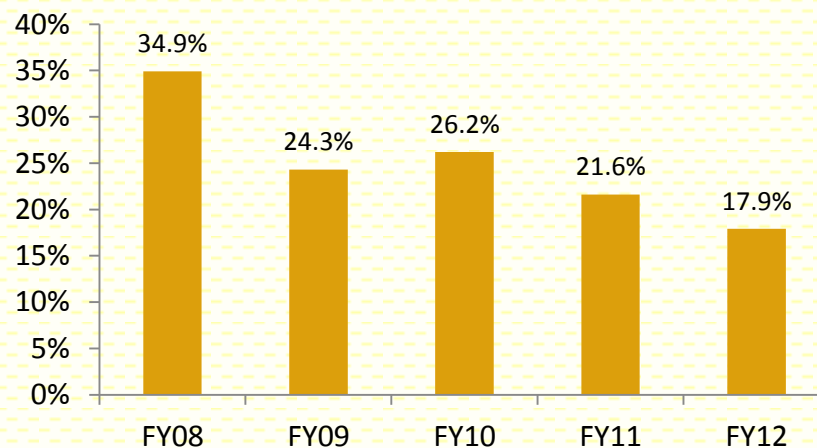
Note: FY11 onwards, results include financials of ADL, which was merged with GSL effective April 1, 2010

Demonstrated Track Record

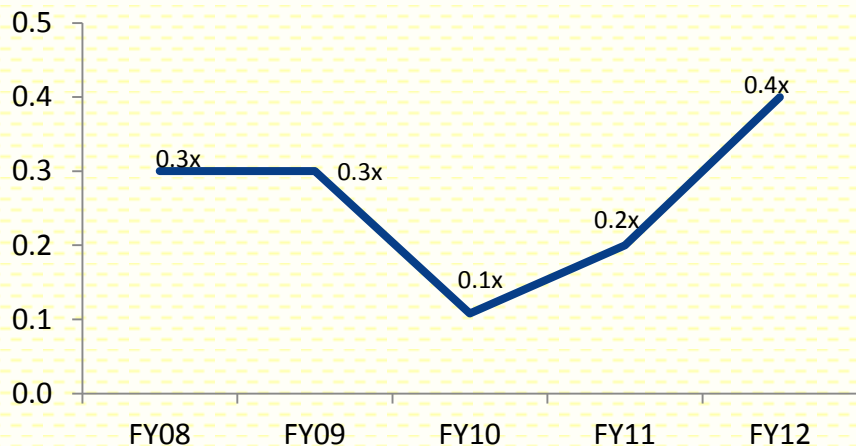
ROCE (%)



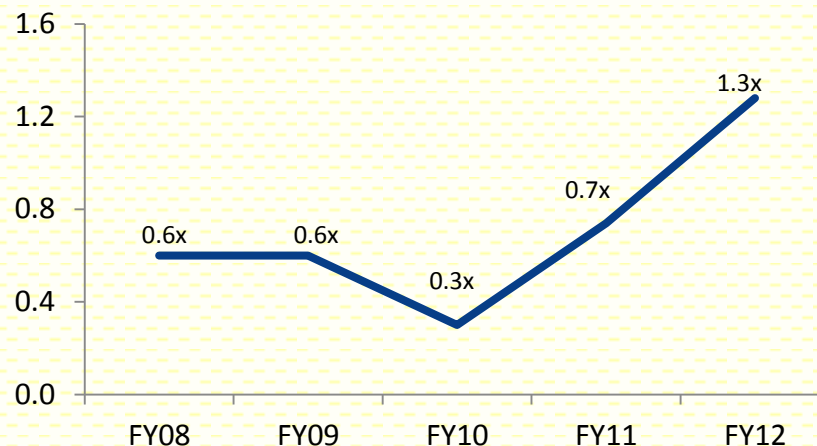
RONW (%)



Debt to Equity (x)



Debt to EBIDTA (x)



Note: FY11 onwards, results include financials of ADL, which was merged with GSL effective April 1, 2010

Q1 FY13 Financial Performance



Management's Message

Commenting on Globus Spirit Limited's Q1 FY13 results, Mr. Ajay Kumar Swarup, Managing Director of Globus Spirits Limited said:

"GSL's strength in the manufacturing space is complemented by a formidable presence in the consumer segment. For Q1 FY2013 we have posted 24.4% increase in topline, but profitability has been subdued largely due to an unanticipated increase in input costs. Our capacities have stabilized as seen by an increase in volumes of 169% Y-o-Y in the bulk alcohol space. The brown-field project for 35 million BL wash to ENA plants are on track and we expect these plants to be operational by the second half of FY13. Our franchisee IMFL business is also witnessing an increase in volumes post the revival of bottling operations for Jagatjit Industries and the signing of a new agreement with USL. Our consumer business has been impacted by a weak monsoon.

Despite the headwinds, I am confident of putting in an improved performance given our focus on expanding the manufacturing capacities and emphasizing on value enhancement across our consumer facing portfolio combined with strengthening our marketing and distribution network which will hold us in good stead to leverage growth opportunities across segments as the environment improves."

Q1 FY13 Financials

Particulars	Q1 FY13	Q1 FY12	Y-o-Y Change %
Income from Operations (Gross)	1,828.1	1,571.3	16.3
Less: Excise Duty Paid and Discount, Allowance & Returns	395.4	428.9	(7.8)
Add: Other Operating Income	6.1	13.9	(56.2)
Total Income from Operations (Net)	1,438.8	1,156.3	24.4
EBIDTA	187.9	194.8	(3.6)
<i>EBIDTA Margin %</i>	<i>13.1</i>	<i>16.9</i>	<i>--</i>
- Depreciation	37.9	30.1	15.3
- Interest	15.5	11.4	36.2
PBT (incl. other income)	136.0	155.4	(12.5)
Tax Expenses	40.7	39.6	2.8
PAT	95.3	115.8	(17.7)
<i>PAT Margin %</i>	<i>6.6</i>	<i>10.0</i>	<i>--</i>
EPS - Basic & Annualised (in Rs.)	4.14	5.04	(17.7)

Amount in Rs. Million, unless otherwise mentioned

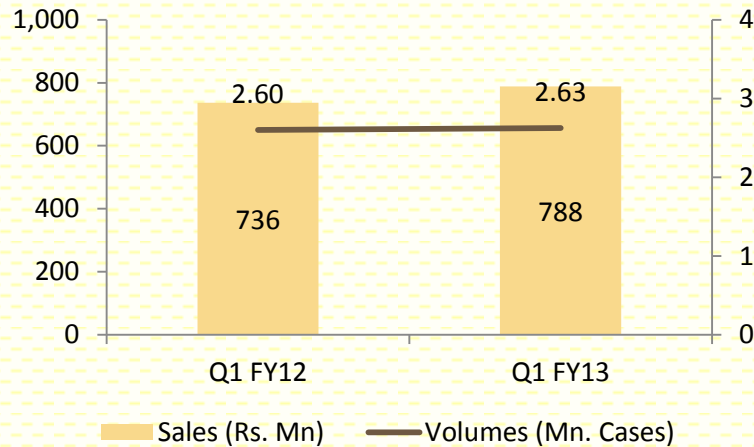
Balance Sheet Snapshot

Amount in Rs. Million, unless otherwise mentioned

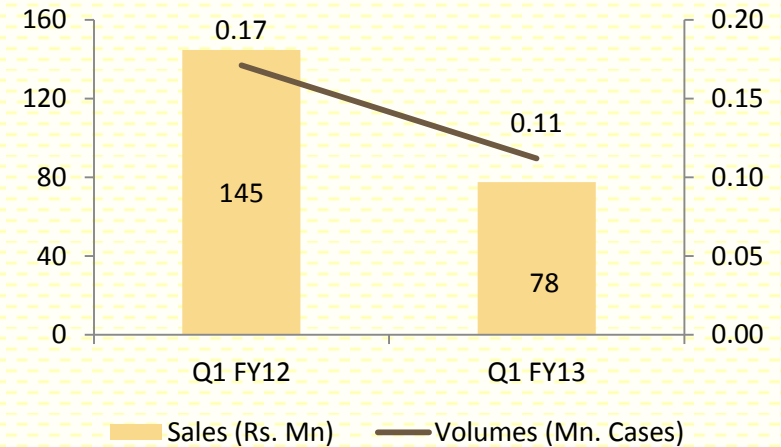
Particulars	As on June 30, 2012	As on June 30, 2011
Gross Block	3,301	2,796
Networth	2,568	2,236
Total Debt	1,069	547
- Working Capital	682	429
- Term Loan	374	105
- Others	13	13
Cash & Cash Equivalents	62	43
Net Debt: Equity (times)	0.42	0.23

IMIL & IMFL (Branded business)

IMIL: Q1 Revenues and Volumes



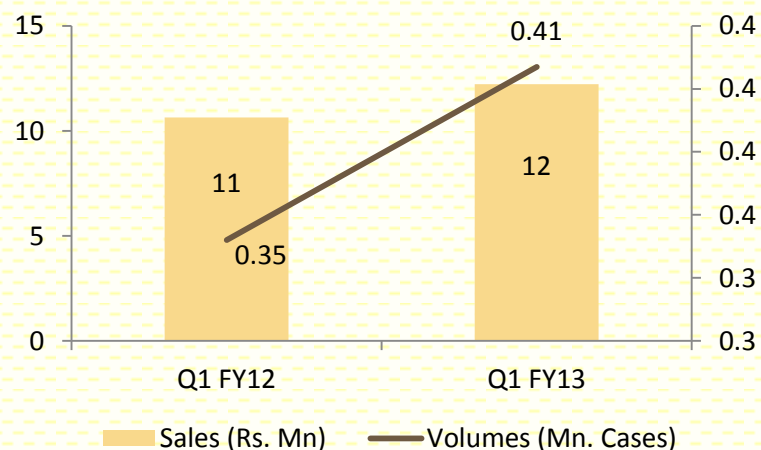
IMFL*: Q1 Revenues and Volumes



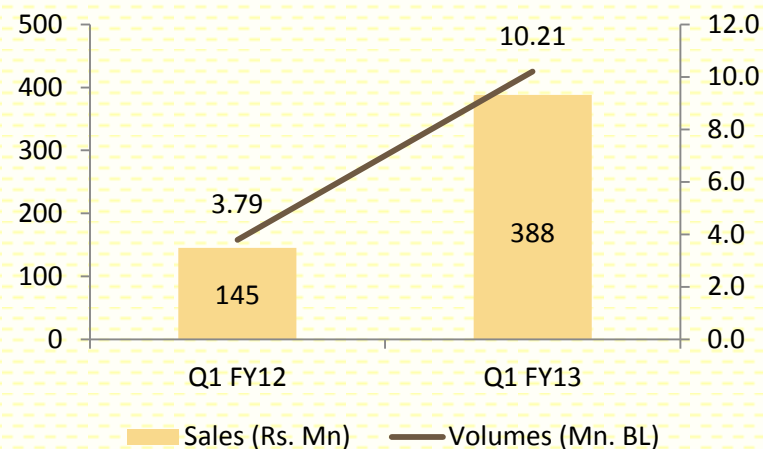
* **Note:** Sales value and volumes include cases sold directly as well as through franchisee (third-party) route. Gross Sales in P&L Account includes only cases sold directly

Franchisee IMFL & Bulk Alcohol

Franchisee IMFL*: Q1 Revenues and Volumes



Bulk Alcohol: Q1 Revenues and Volumes



***Note:** Bottling income refers to the service charge received on bottling activity. In Rajasthan, due to an accounting norm we report the entire value from sale of franchisee brands as our revenue, this has not been shown in the graph

Outlook

▶ **To leverage strong distribution reach and experience in IMIL through introduction of innovative products**

▶ **New launches and expanding marketing and distribution network combined with focus on value enhancement to augment branded IMFL performance**

▶ **Franchisee Bottling business to register increased volumes post the signing of a new agreement with USL and revival of bottling operations for Jagatjit Industries**

About Us

Established in 1992, Globus Sprits 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 is making its mark in the IMFL segment apart from taking up contract bottling to cater to renowned Indian players.

GSL currently operates three modern and fully integrated distilleries at Behror, Rajasthan and Samalkha and Hisar, Haryana, which have a combined capacity of 84.4 million bulk litres (BL) per annum.

For more information about us, please visit www.globusspirits.com OR contact:

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