

# Globus Spirits Limited

Q2 & H1 FY13 Result Presentation  
November 9, 2012



Globus Spirits

# Safe Harbour

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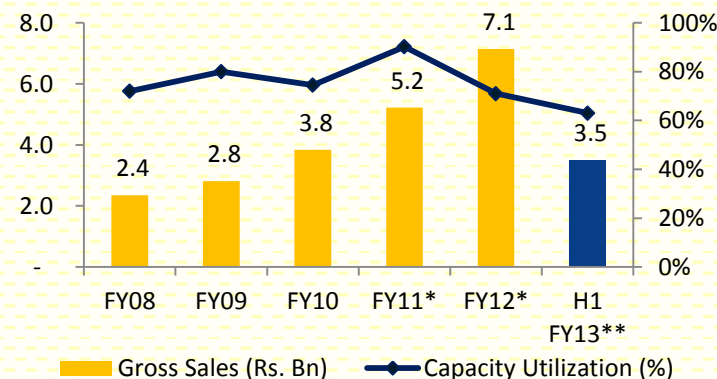
# Table of Content

Title	Slide No.
Company Overview	4
The 360 <sup>o</sup> Way	5
Our Strengths	6-7
Demonstrated Track Record	8-9
Management's Message	11
Q2 FY13 Financials	12
H1 FY13 Financials	13
Balance Sheet Snapshot	14
Business Overview	15-16
Outlook	17
About Us & Investor Contacts	18

# Globus Spirits Ltd – Company Overview

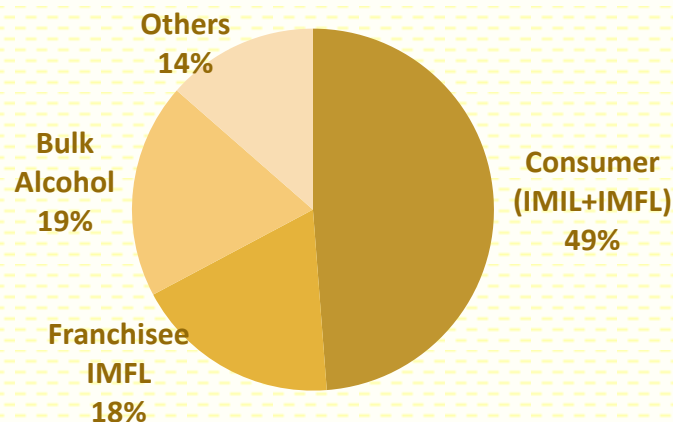
- ◆ Decades of management experience in this sector led by the promoter Mr. Ajay Swarup
- ◆ Only company to have a 360° presence, offering products across the value chain
- ◆ Strong consumer business portfolio comprising of IMIL and IMFL contributing to ~50% of revenues
  - Market leader in IMIL in North 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 onwards capacity at 84.4 mn litres p.a.  
 \*\*Excluding capacity of RS plants at Behror and Samalkha, utilization is at 92%

## Sales Break-Up by Segment: H1 FY13



# The 360° Way



***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

Multi-feedstock capability for manufacturing bulk alcohol i.e. Molasses, Broken Rice/ Bajra

IMFL – Indian Made Foreign Liquor

IMIL – Indian Made Indian Liquor

# 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

- Undisputed leader in North India in IMIL with over a decade of experience - 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 with 120 million BL p.a. capacity
- 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

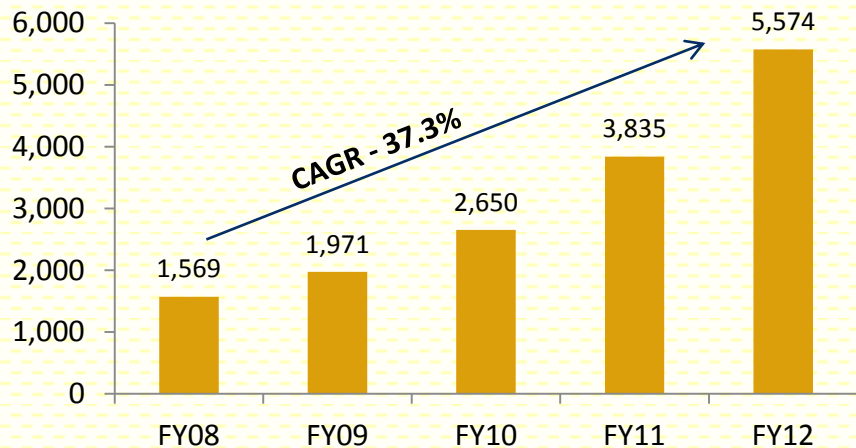
- Over the last 3 years, achieved CAGR of 36.4% in gross sales, 37.8% in EBIDTA and 46.8% in PAT
- Strong Balance Sheet with low leverage, debt-equity of 0.4x, amongst most favorable in the industry
- Scope to increase leverage for organic/inorganic expansion

## Strong Management Team

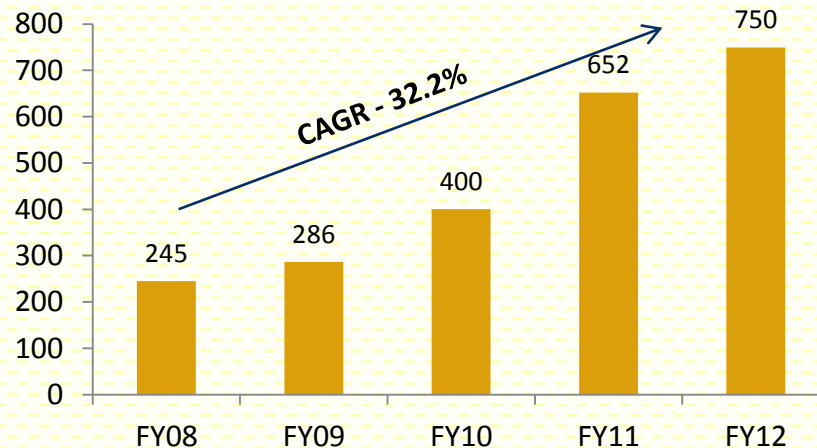
- Managed by a group of professionals and an experienced management team with a healthy mix of industry experts and young energetic talent

# Demonstrated Track Record

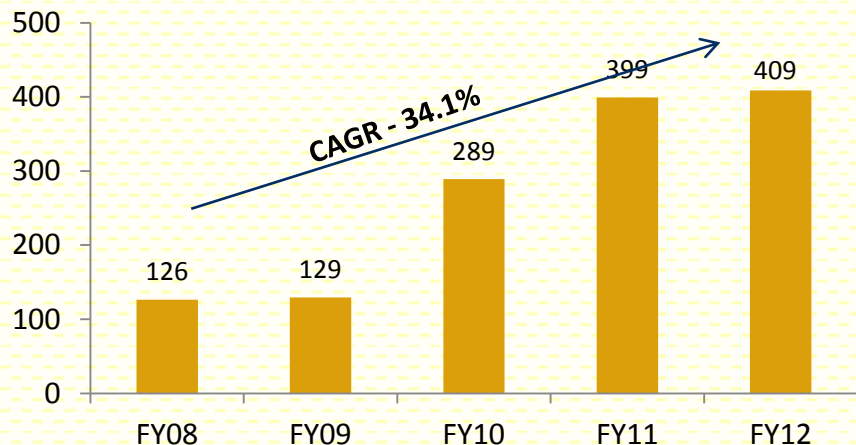
**Total Income from Operations (Rs. Million)**



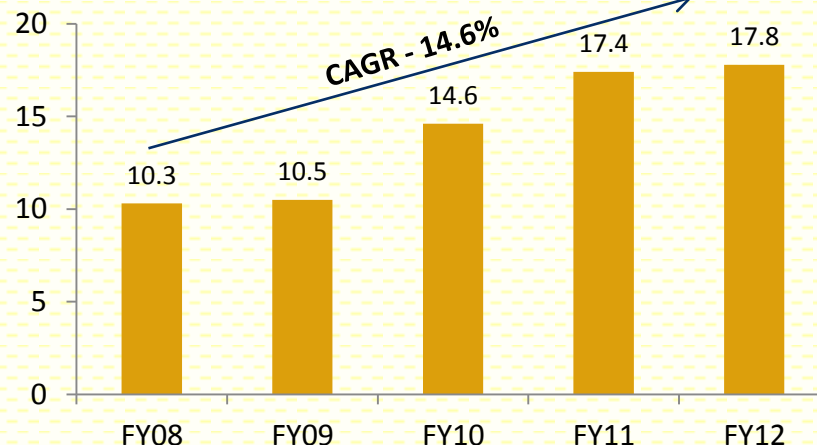
**EBIDTA (Rs. Million)**



**PAT (Rs. Million)**



**EPS (Rs.)**

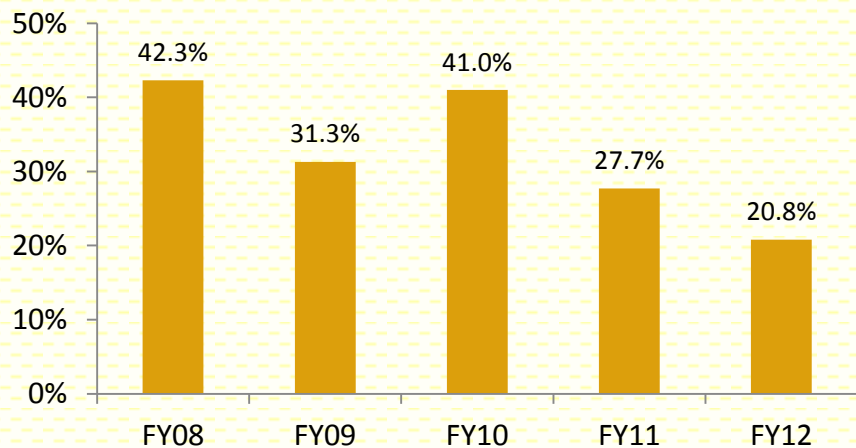


Note: FY11 onwards, results include financials of ADL, which was merged with GSL effective April 1, 2010

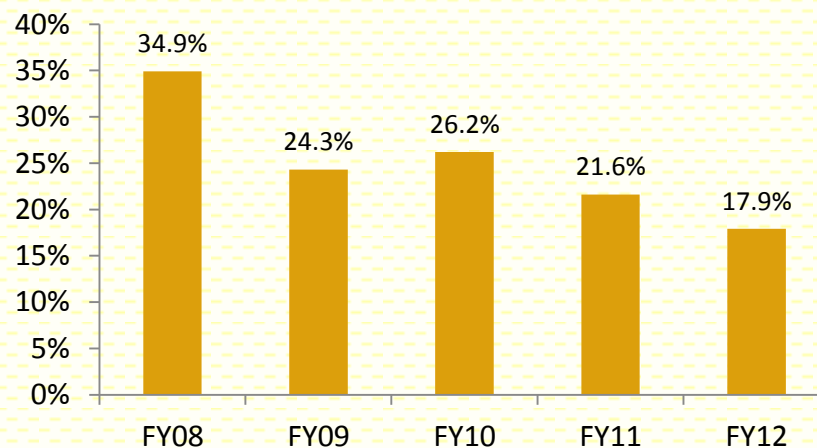


# Demonstrated Track Record

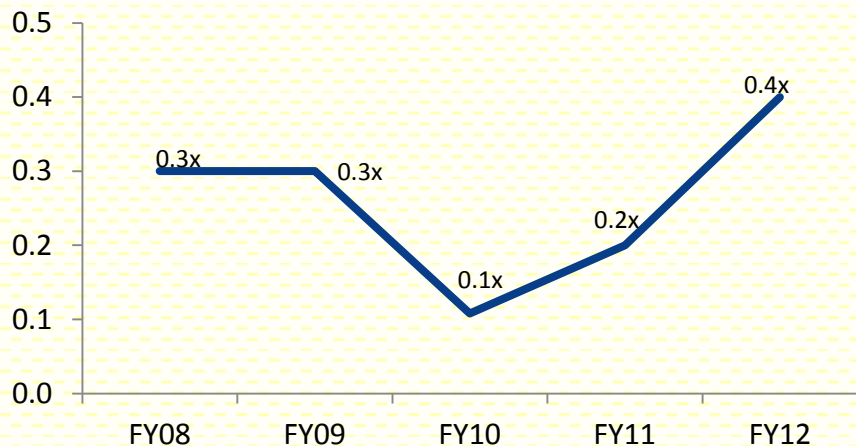
**ROCE (%)**



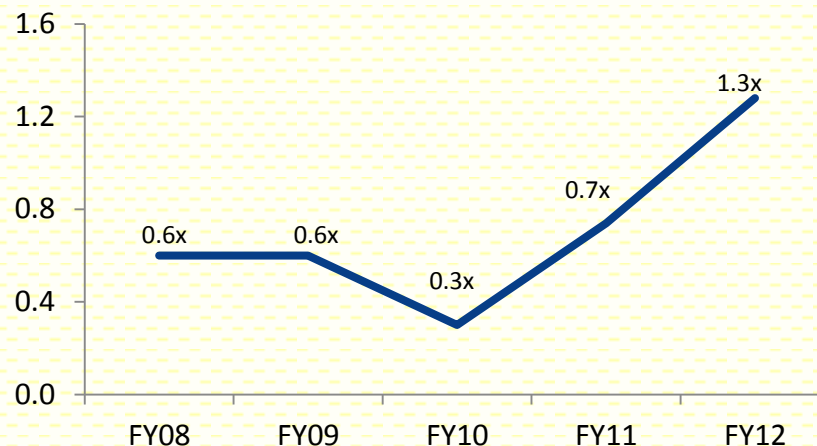
**RONW (%)**



**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

# Q2 & H1 FY13 Financial Performance



# Management's Message

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**Commenting on Globus Spirit Limited's Q2 FY13 results, Mr. Ajay Kumar Swarup, Managing Director of Globus Spirits Limited said:**

*"The performance during the quarter is reflective of GSL's focus on expanding the manufacturing capacities and emphasizing on value enhancement across the consumer facing portfolio. In this regard, I am happy to share that we have successfully commissioned our brownfield project for 35 million BL wash to ENA plants. The expanded capacities have now stabilized and the full impact of the expansion will be visible from FY14 onwards.*

*In IMIL we are now channelizing our efforts to strengthen the marketing and distribution network in this business to sustain growth. Our focus in the IMFL segment is geared towards value enhancement which is expected to augment performance going forward. The assured off-take from Franchisee IMFL business is not only enabling higher utilization of capacities but also improved margins compared to the sale of bulk spirit.*

*Overall, we believe that we are well placed to take benefits of the expanded capacities through our 360° presence which should translate into sustained performance going forward."*

# Q2 FY13 Financials

Particulars	Q2 FY13	Q2 FY12	Y-o-Y Change %
Income from Operations (Gross)	1,669.5	1,671.6	(0.1)
Less: Excise Duty Paid and Discount, Allowance & Returns	352.5	351.5	0.3
Add: Other Operating Income	10.2	5.9	73.6
Total Income from Operations (Net)	1,327.2	1,326.0	0.1
EBIDTA	203.6	170.9	19.1
<i>EBIDTA Margin %</i>	15.3	12.9	--
- Depreciation	38.2	31.6	21.1
- Interest	16.6	11.8	40.9
PBT (incl. other income)	152.5	130.0	17.3
Tax Expenses	45.8	33.2	38.0
PAT	106.7	96.8	10.2
<i>PAT Margin %</i>	8.0	7.3	--
EPS - Basic & Annualised (in Rs.)	4.64	4.21	10.2

Amount in Rs. Million, unless otherwise mentioned

# H1 FY13 Financials

Particulars	H1 FY13	H1 FY12	Y-o-Y Change %
Income from Operations (Gross)	3,497.6	3,243.0	7.9
Less: Excise Duty Paid and Discount, Allowance & Returns	747.9	780.5	(4.2)
Add: Other Operating Income	16.3	19.8	(17.6)
Total Income from Operations (Net)	2,766.0	2,482.3	11.4
EBIDTA	391.4	365.8	7.0
<i>EBIDTA Margin %</i>	14.2	14.7	--
- Depreciation	76.1	61.6	23.5
- Interest	32.1	23.2	38.6
PBT (incl. other income)	288.5	285.4	1.1
Tax Expenses	86.6	72.9	18.8
PAT	202.0	212.6	(5.0)
<i>PAT Margin %</i>	7.3	8.6	--
EPS - Basic & Annualised (in Rs.)	8.78	9.24	(5.0)

Amount in Rs. Million, unless otherwise mentioned

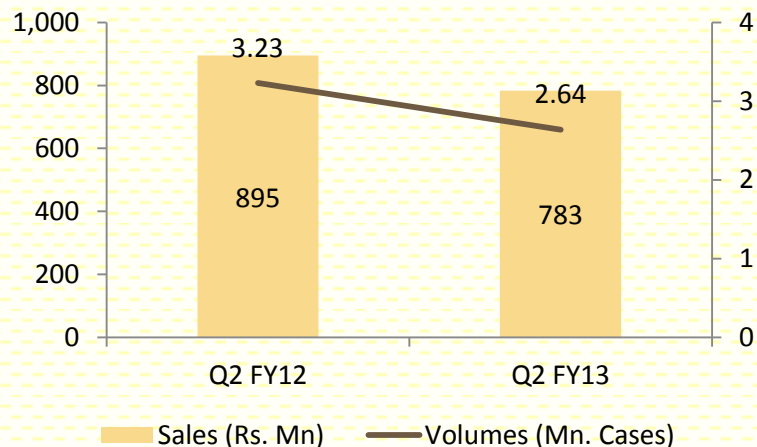
# Balance Sheet Snapshot

*Amount in Rs. Million, unless otherwise mentioned*

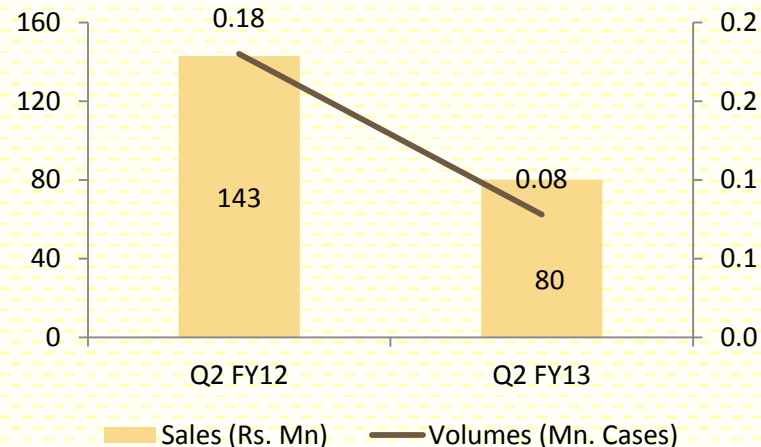
<b>Particulars</b>	<b>As on September 30, 2012</b>	<b>As on September 30, 2011</b>
<b>Gross Block</b>	<b>3,337.2</b>	<b>2,799.6</b>
<b>Capital Work-in-Progress</b>	<b>904.24</b>	<b>48.37</b>
<b>Networth</b>	<b>2,674.5</b>	<b>2,298.0</b>
<b>Total Borrowings</b>		
- Short term	632.4	591.8
- Long term	550.2	197.9
<b>Cash &amp; Cash Equivalents</b>	<b>57.5</b>	<b>45.8</b>
<b>Net Debt: Equity (times)</b>	<b>0.44</b>	<b>0.34</b>

# IMIL & IMFL (Branded business)

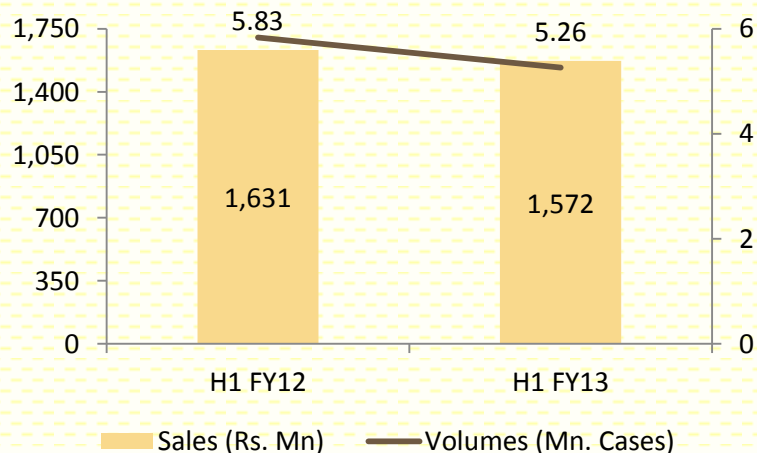
### IMIL: Q2 Revenues and Volumes



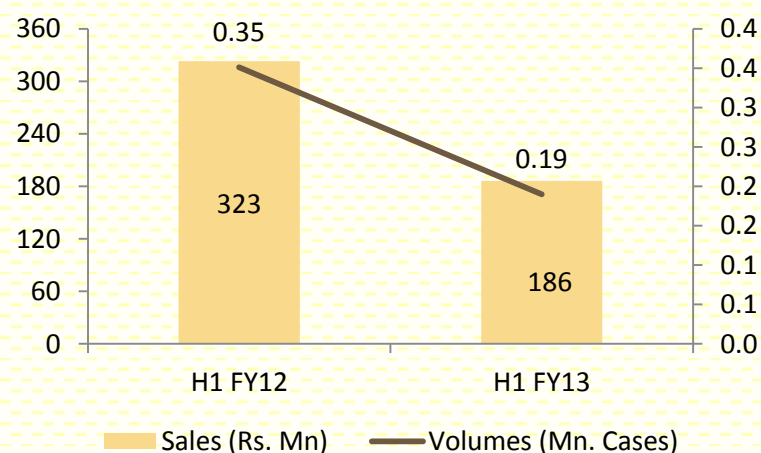
### IMFL\*: Q2 Revenues and Volumes



### IMIL: H1 Revenues and Volumes



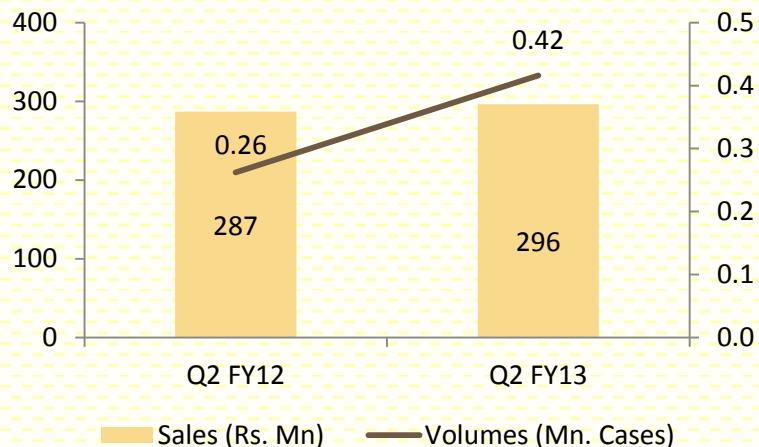
### IMFL\*: H1 Revenues and Volumes



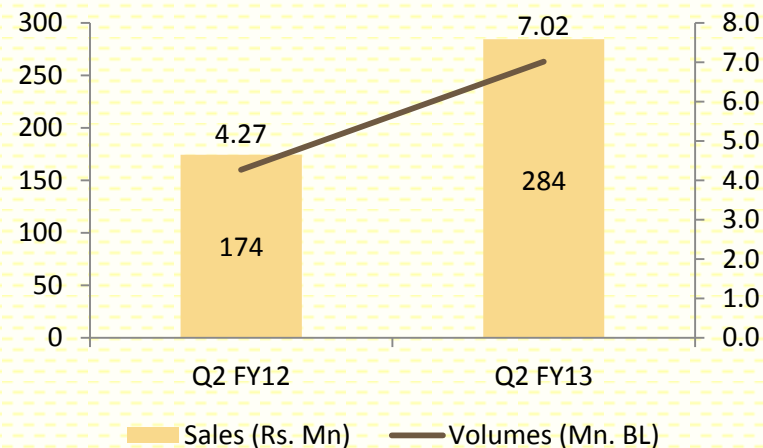
\* **Note:** Revenue and volumes include cases sold directly as well as through franchisee (third-party) route. Gross Sales in P&L Account includes only cases sold directly

# Franchisee IMFL & Bulk Alcohol

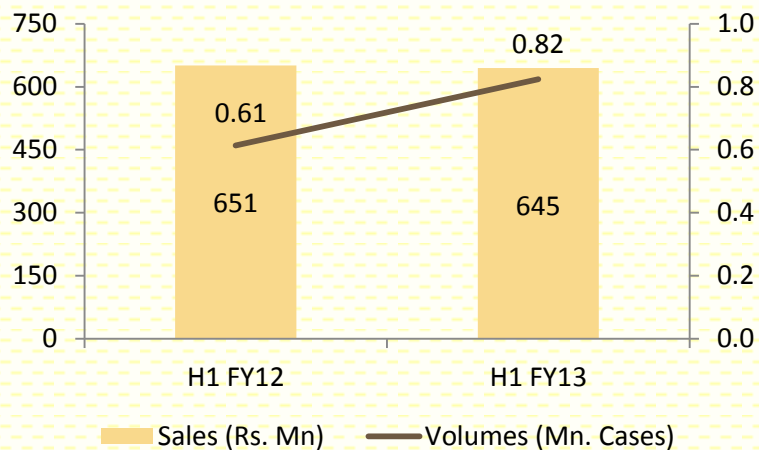
## Franchisee IMFL\*: Q2 Revenues and Volumes



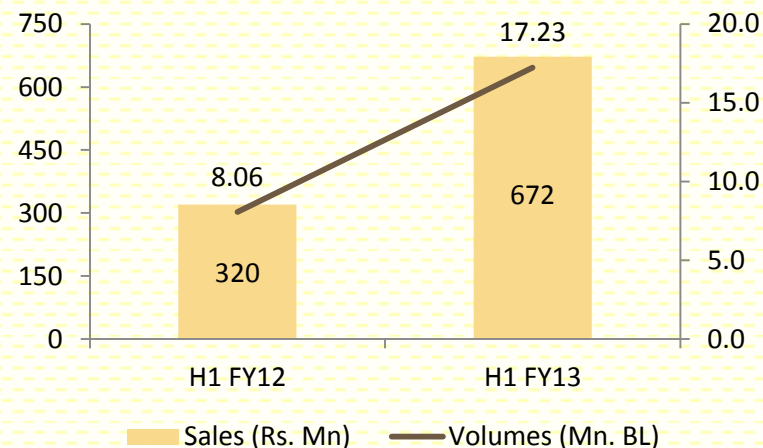
## Bulk Alcohol: Q2 Revenues and Volumes



## Franchisee IMFL\*: H1 Revenues and Volumes



## Bulk Alcohol: H1 Revenues and Volumes



**\*Note:** Volumes include sales in both Rajasthan and Haryana. Value corresponds only to Rajasthan sales (accounting treatment different in both states)



# Outlook

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▶ Initiatives to strengthen the marketing efforts to sustain growth in the IMIL segment

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

▶ Enhanced capacities to augment performance of the bulk alcohol and franchise IMFL business

# About Us

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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 120 million bulk litres (BL) per annum.

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

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