



Globus Spirits Limited

Q4 & FY'13

Investor Presentation



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



■ **Q4 and FY'13 Performance**

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360° expansion in FY13

Key highlights:

► Strengthening of GSL brands

- IMFL brand 'Hannibal' gets approval from CSD, sales to commence in H1FY14
- Launch of leading IMIL brand 'Nimboo' in Rajasthan

► Brownfield expansion of state-of-the-art manufacturing plants

- Expanded capacities by 42.2 million litres at Behror (Rajasthan) and Samalkha (Haryana)

► Expanding IMIL business

- Established bottling partnership in Maharashtra to tap one of the largest IMIL markets in India
- Firmed up plans to enter attractive Bihar IMIL market by replicating the 360° model in Bihar
- Commenced work on Bihar Greenfield project, commissioning expected in 18 - 24 months.

► Strong growth in IMFL Franchisee

- New IMFL franchisee contract for United Spirits and revival of contract with Jagatjit Industries

► Fund-raising completed for Bihar expansion

- Rs 812mn raised from Templeton Strategic Emerging Markets Fund and promoters



With our young brands achieving recognition

IMFL

- In a short span, GSL has created 3 mainstream IMFL brands:
 - Whisky: Country Club
 - Rum: Hannibal Legendary
 - Gin: White Lace



3rd largest selling gin in its category in Rajasthan

IMIL

- Pioneered IMIL branding in India with brands aligned to regional flavor preferences:
 - Nimboo
 - Narangi
 - Ghoomar
 - Heer-Ranjha



First GSL brand to get **approved for CSD** Rum market in CSD of over 5 mn cases

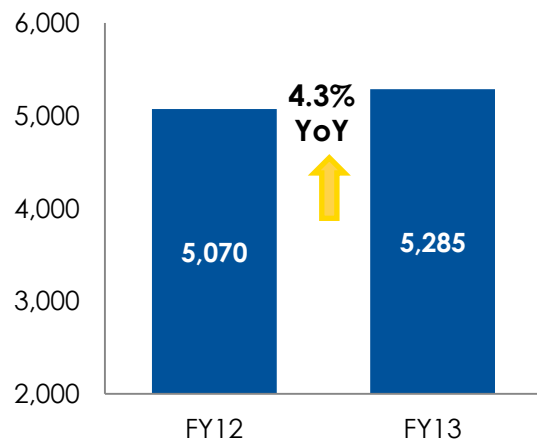


Market leader with **~60% share** in Haryana's clear IMIL segment

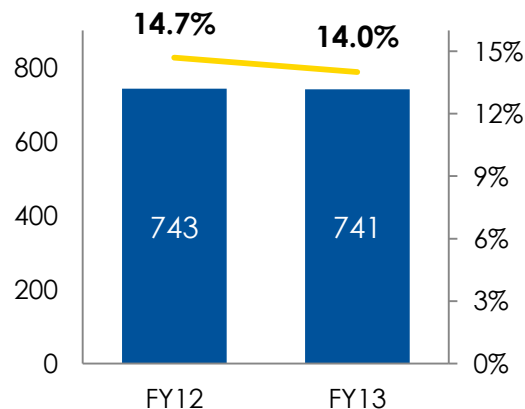
Resilient performance in FY13

Figures in Rs Million

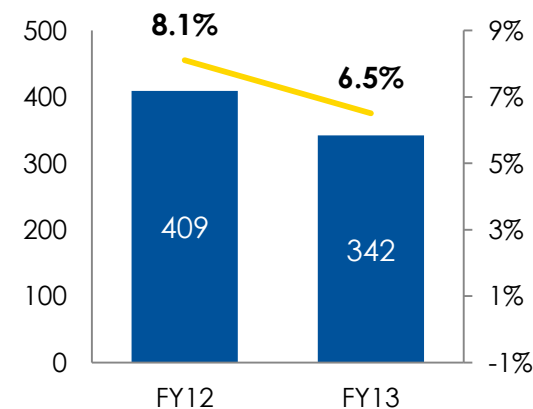
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin

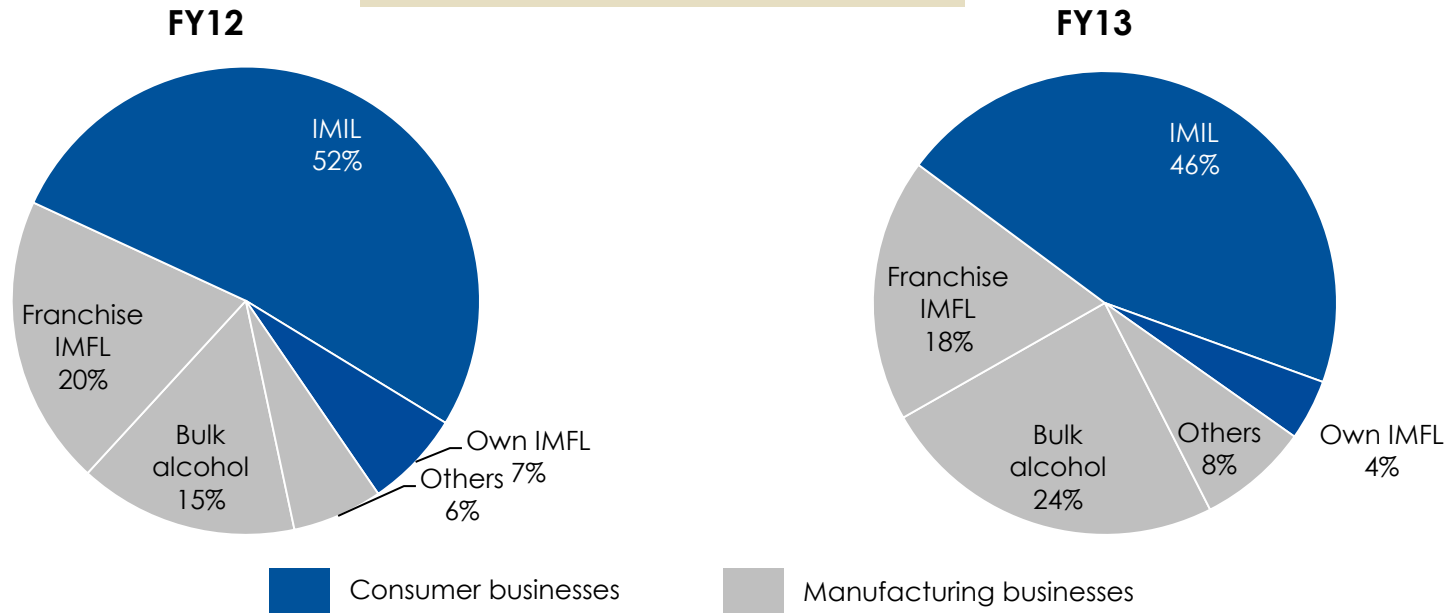


- Revenues up 4.3% YoY to reach Rs 5,285mn in FY13 driven by strong volume growth in manufacturing and improved realizations in consumer segments
- EBITDA at Rs 740.9mn with EBITDA margin of 14.0%
 - Operating costs as a percentage of revenues have increased due to significant rise in raw material price following opening up of export markets for rice
- PAT at Rs 341.9mn, with margin of 6.5%, decline largely driven by higher depreciation and interest costs due to capacity expansion
- Cash Profit at Rs 506.7mn, with cash profit margin of 9.6%



360° play drives quick ramp-up in new capacity

Gross Revenue Break-up

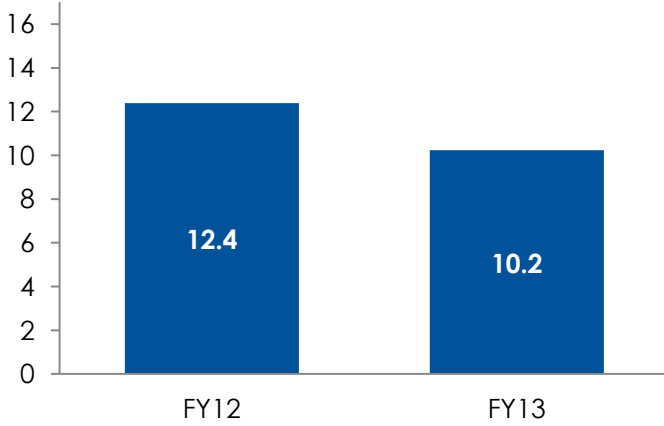


- 360° model ensured new capacity was immediately absorbed through ramp up in bulk alcohol. New plants already working at ~85% capacity utilization
- Consumer segment revenues at Rs 3294mn, a decline of 15% YoY due to rationalization towards profitable brands in IMFL and transient de-growth in Haryana market.
 - Reported realizations increased by 27.8%YoY in IMFL and 6.1% in IMIL
- Manufacturing business grew 22% YoY to reach Rs 3,344mn in FY13, driven by growth in bulk capacity. The share in total revenues increased to 50.4% from 41.5% in FY12.

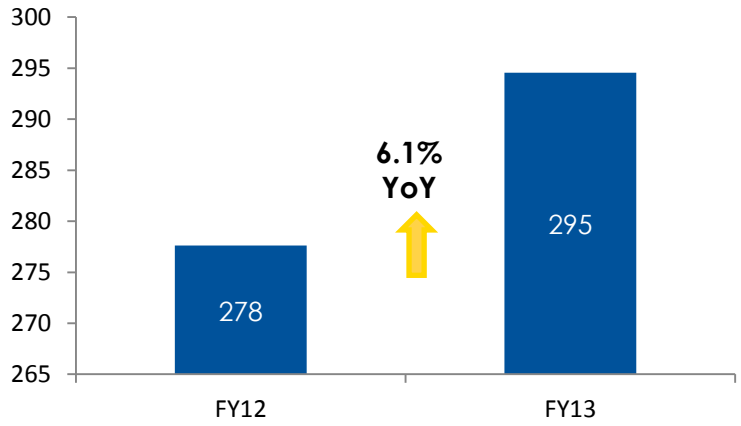


IMIL branding yields results

Sales volumes (Mn Cases)



Average Realization per case (Rs)

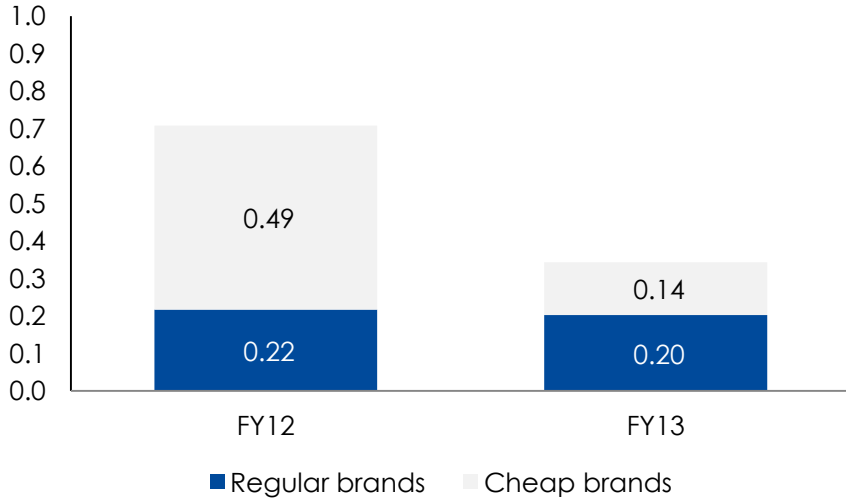


- Leading IMIL player in all 3 states of operations, i.e., Rajasthan, Haryana and Delhi
- Rajasthan IMIL sales grew 7.6% YoY with market share of 25%. Maintained leadership in the private market
 - Successful launch of *Nimboo* especially in depots where the company did not have a presence
- Maintained Haryana market share above 20%, despite reduction in trade schemes, due to high consumer 'pull' for brands.
- Better realizations in IMIL, up 6.1% YoY

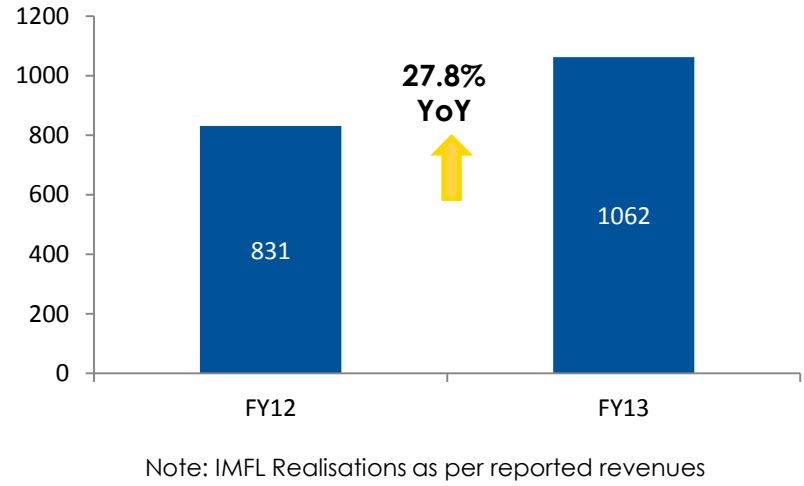


IMFL realizations up 28%, with focus on contributions

Sales volumes (Mn Cases)



Average Realization per case (Rs)

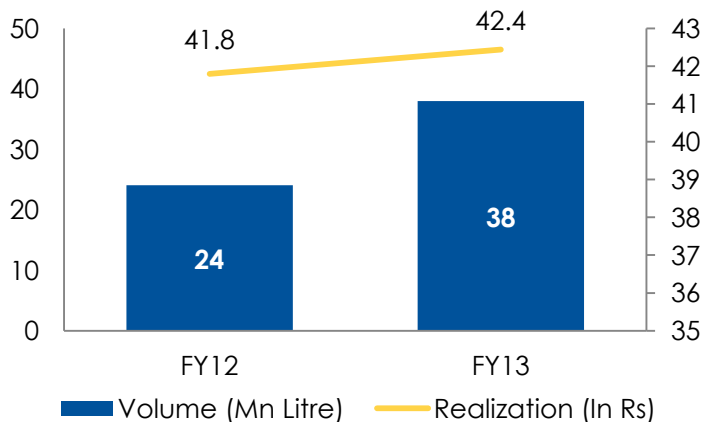


- Rationalized IMFL portfolio by exiting cheap brands and focusing on key markets
- Sales of regular brands maintained at over 200,000 cases
- Rum brand '*Hannibal*' approved for CSD supply. The approval opens up CSD market of ~10mn cases for GSL. Rum is an important category for CSD with ~55-60% volume share.
- Strong improvement of 27.8% YoY in realizations, driven by focus on contributions

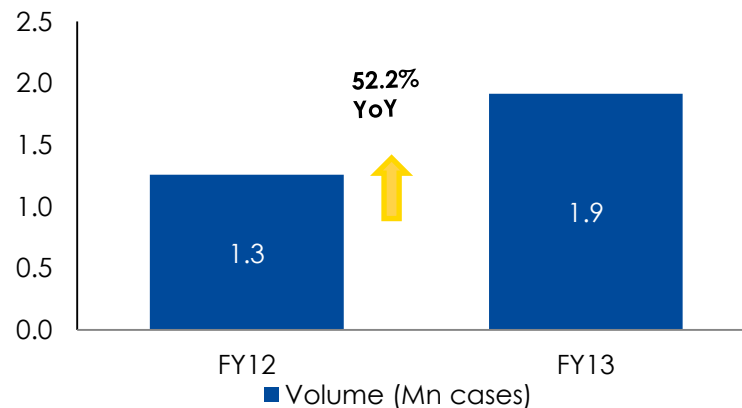


Manufacturing efficiency steering growth

Bulk Alcohol: Volume & Realization



IMFL Bottling: Aggregate volumes



- Bulk alcohol volumes up 57.9% YoY with expansion of bulk capacity.
- Franchisee IMFL volumes up 52.2% driven by new contract with USL and revival of contract with Jagatjit Industries
- Rajasthan's bottling capacity shifted towards own consumer business with increased demand as well as better realizations from price hike. Reduced capacity available for third party bottling - IMFL franchisee reported revenues* decline 8% YoY

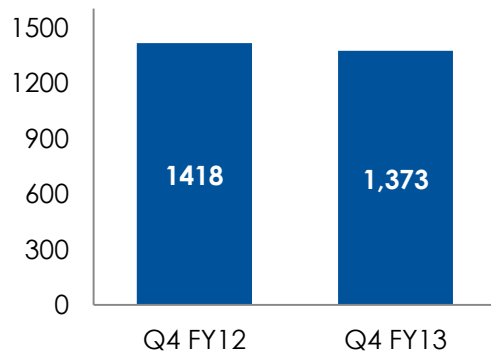
* In Haryana, bottling fee from Franchise IMFL is recorded in 'Other Operating Income' pursuant to state regulatory norms



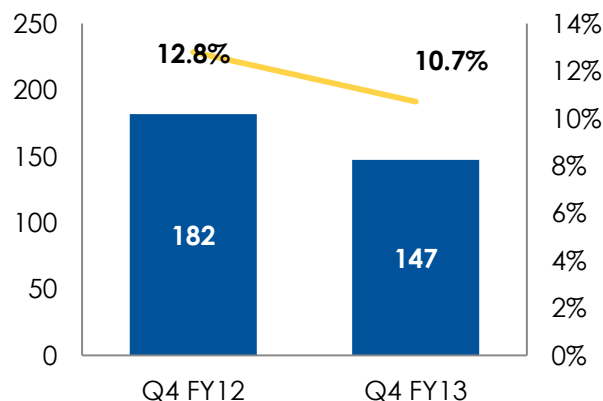
Financial performance for Q4 FY'13 (YoY)

Figures in Rs Million

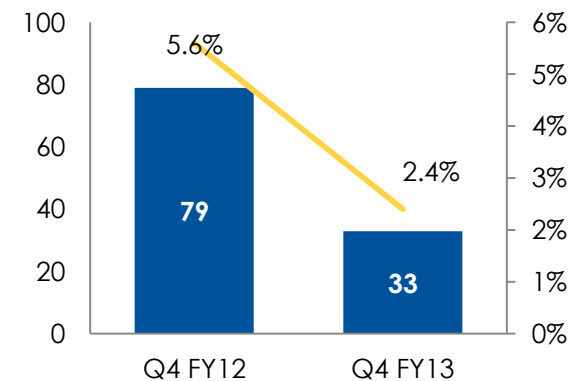
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



- Revenue for the quarter at Rs 1372.8mn, marginal decline of 3% YoY
- EBITDA at Rs 147.2mn with EBITDA margin of 10.7%
 - Increase in raw material costs due to price increase following opening up of rice exports in FY13
- PAT at Rs 32.9mn with PAT margin of 2.4%
 - Depreciation costs as % of sales increased from 2.1% in Q4'FY12 to 3.3% in Q4'FY13 due to enhanced capacity



Management review of results

“The year has seen our young brands achieve key milestones. A path-breaking moment for our IMFL business was the CSD approval for ‘Hannibal’ rum. Given the success of our brands in the regular segments, we have taken a conscious decision to exit economy IMFL segments.

Our branding push also helped us consolidate our positioning in IMIL despite a competitive environment. We have taken our Rs 3,500mn* brand *Nimboo* to Rajasthan and are replicating the Haryana success over there. This year we also made our entry in the key market of Maharashtra. In the coming years, we plan to establish a significant presence.

Our unique 360° model and effective branding initiatives have been gaining recognition. The year saw a Rs 812mn investment from marquee international investor Templeton Strategic Emerging Markets and existing promoters. The funding is for greenfield expansion into the fast growing Bihar market. We look forward to replicate our successful business model there.

In our 20th year, we have expanded our effective operating capacity at existing units while raising the bar on productivity and quality through continuous internal initiatives. Today, we have emerged as industry’s most efficient grain distillery and supply to premium brands world-wide, a testimony of our high product quality.

Despite a difficult economic environment, our 360° model helped us clock topline growth in the year with manufacturing covering the momentary decline in consumer business. As economy improves, we look forward to a year of revived growth and profits”.

*Retail value

Mr. Ajay Kumar Swarup
Managing Director, Globus Spirits Limited



Strategic outlook

Near Term Strategy

Present

- One of the largest grain based distilleries with highest recovery
- Leader in North Indian IMIL market, made entry into Maharashtra
- Bottling operations for India's largest brands of top IMFL players
- Established mainstream IMFL brands
- Secured funding from Templeton for manufacturing expansion

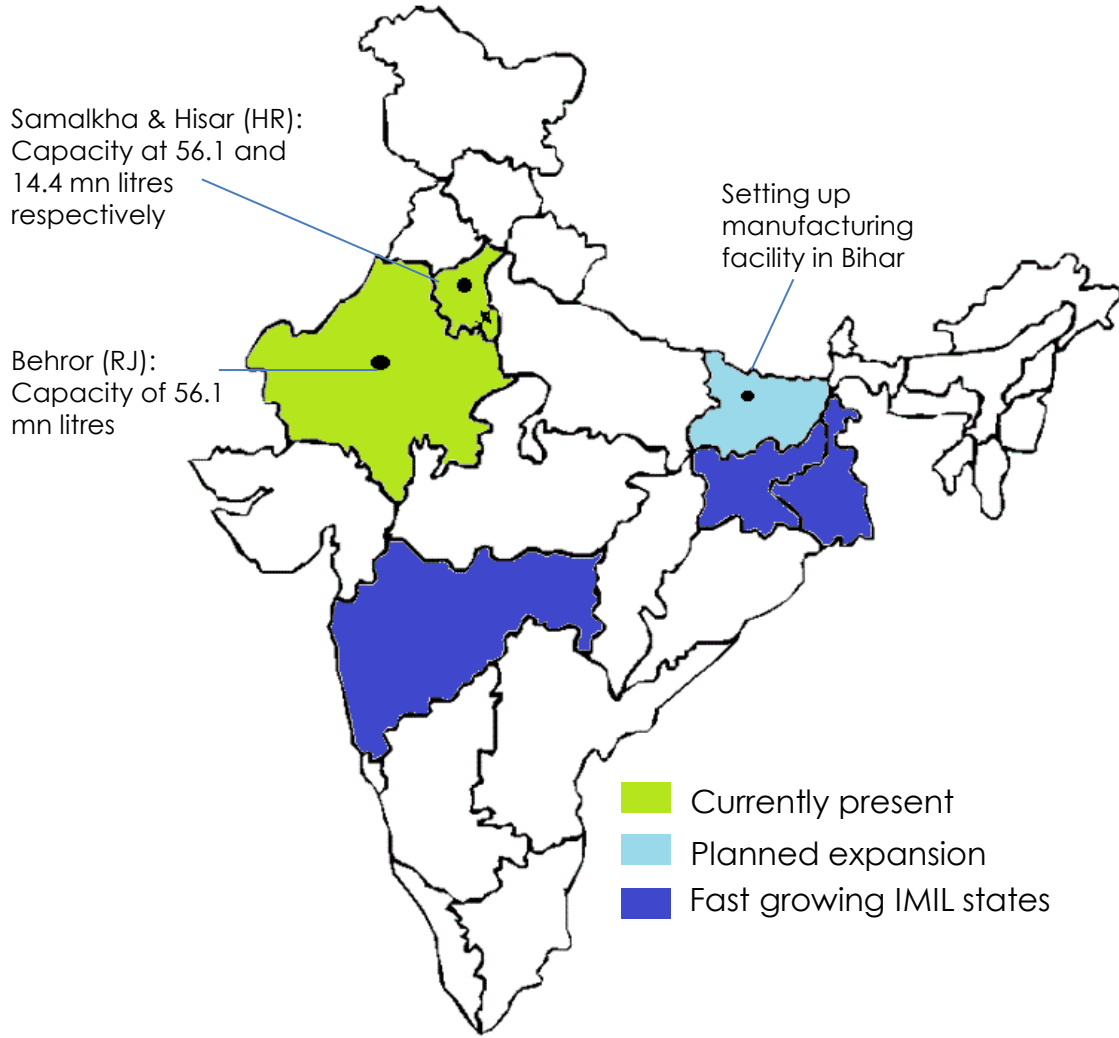
- Enter fast growing IMIL markets in Eastern India, starting with Bihar
- Grow presence in Maharashtra
- Focus on building profitable IMFL brands in Premium Segment
- Bring cost of ENA production at par with molasses based distillery

Future

- Maintain unique 360° model of diversified business straddling the entire value chain
- Develop a portfolio of IMIL and IMFL brands
- Market leadership in all-India IMIL market
- Commence exports and supply ENA to super-premium brands globally leveraging its manufacturing strengths



GSL manufacturing presence



- Manufacturing plants are equipped with the latest multi-pressure-distillation technology which converts grains to ENA directly leading to cost and time efficiencies



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 (~50%)
- De-risked growth
- High quality maintained with control on entire value chain

Strong Consumer portfolio

- ~50% share in revenues
- Achieved sterling success in IMIL branding with *Nimboo*
- Volumes over 10mn cases
- Leadership in key states of Rajasthan, Delhi and Haryana
- 3 mainstream IMFL brands with one CSD approved brand

Efficient Operations

- State-of-the-art plants across three locations using latest distillation technology, zero discharge
- Supplying to premium brands
- One of the highest Fixed Asset turnover ratios in industry (1.5x)
- Leadership - an eclectic mix of experience and young talent

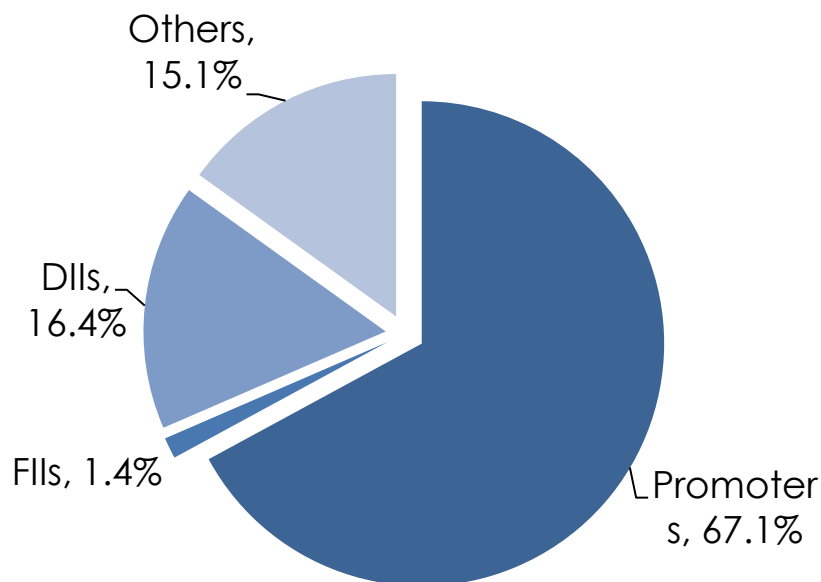
Healthy balance-sheet

- Funding for greenfield expansion at Bihar secured via equity
- Debt reduced to Rs 821mn in FY13
- D/E down to 0.2x
- Cash efficient operations with WC of 14.2days



Shareholding Pattern

As on March 31, 2013*
Outstanding shares – 23.0 mn



Major Non-Promoter Shareholders*	% shareholding
SBI Mutual Fund	8.15%
IDFC Premier Equity Fund	7.93%

Note: *Templeton Strategic Emerging Markets Fund IV holds 5.04mn cumulative compulsorily convertible preference shares (par value of Rs 140 per CCCPS) which will be converted to equity by FY15



Q4'FY13: Profit and loss statement

Figures in Rs Million

Particulars	Q4 FY13	Q3 FY13	QoQ (%)	Q4 FY12	YoY (%)	FY'13	FY'12	YoY (%)
Gross Sales	1,701.7	1,706.6	-0.3%	1,822.6	-6.6%	6,638.3	6,633.0	0.1%
Less- Excise duty & Discounts	366.7	308.5	18.9%	404.1	-9.3%	1,423.0	1,585.3	-10.2%
Net Sales	1,335.0	1,398.1	-4.5%	1,418.5	-5.9%	5,215.3	5,047.7	3.3%
Other Operating Income	37.8	15.8		(0.8)		69.9	22.1	
Total Income	1,372.8	1,413.9	-2.9%	1,417.7	-3.2%	5,285.2	5,069.8	4.3%
Total Expenditure	1,225.6	1,211.7	1.1%	1,236.0	-0.8%	4,544.3	4,326.9	5.0%
Consumption of Raw Material	852.5	855.0	-0.3%	871.8	-2.2%	3,242.6	3,029.5	7.0%
Employee Cost	33.2	22.8	45.7%	28.7	15.8%	103.1	88.3	16.7%
Other Expenditure	339.9	333.9	1.8%	335.5	1.3%	1,198.6	1,209.2	-0.9%
EBITDA	147.2	202.2	-27.2%	181.7	-19.0%	740.9	742.8	-0.3%
Depreciation & Amortisation	45.6	43.2	5.6%	29.9	52.7%	164.9	123.0	34.1%
EBIT	101.6	159.0	-36.1%	151.9	-33.1%	576.0	619.9	-7.1%
Finance Charges	15.7	15.5	1.3%	10.4	51.1%	63.3	48.2	31.3%
Other Income	2.1	3.2		1.0		10.6	6.8	
Exceptional items	1.3	-		1.0		1.3	1.0	
PBT	86.8	146.7	-40.9%	141.5	-38.7%	522.0	577.5	-9.6%
Tax (Including deferred)	53.9	39.7	35.8%	62.6	-13.9%	180.2	168.6	6.9%
PAT	32.9	107.0	-69.3%	78.9	-58.4%	341.9	408.9	-16.4%

Key Ratios as a % of Total Revenue	Q4 FY13	Q3 FY13	Q4 FY12	FY'13	FY'12
EBIDTA	10.7%	14.3%	12.8%	14.0%	14.7%
PAT	2.4%	7.6%	5.6%	6.5%	8.1%
Total Expenditure	89.3%	85.7%	87.2%	86.0%	85.3%
Raw material	62.1%	60.5%	61.5%	61.4%	59.8%
Employee Cost	2.4%	1.6%	2.0%	2.0%	1.7%
Other Expenditure	24.8%	23.6%	23.7%	22.7%	23.9%



FY13: Balance-sheet

Figures in Rs Million

Particulars	31-Mar-13	31-Mar-12
Liabilities		
Shareholders' Funds	3512.5	2473.1
Non-Current Liabilities		
Long Term Borrowings	329.7	427.2
Deferred tax liabilities	384.2	308.8
Other Long Term Liabilities	42.1	35.4
Current Liabilities		
Short Term Borrowings	491.6	636.9
Trade Payables	776.1	744.0
Other current liabilities	505.1	370.4
Total Liabilities	6041.4	4995.9
Assets		
Non-Current Assets	4431.7	3463.9
Current Assets		
Inventories	355.8	468.3
Trade Receivables	621.3	553.3
Cash & Equivalents	312.3	72.5
Other current assets	320.2	437.8
Total Assets	6041.4	4995.9

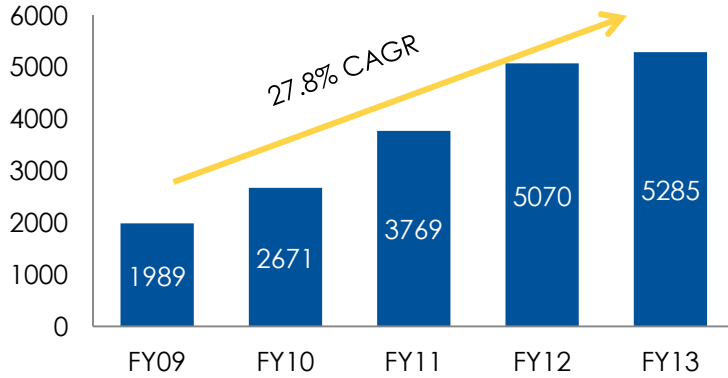
Key Ratios	31-Mar-13	31-Mar-12
Debt-Equity Ratio	0.2	0.4
Fixed Assets Turnover (x)	1.5	2.0
Inventory turnover (days)	46	48
Debtor turnover (days)	41	35



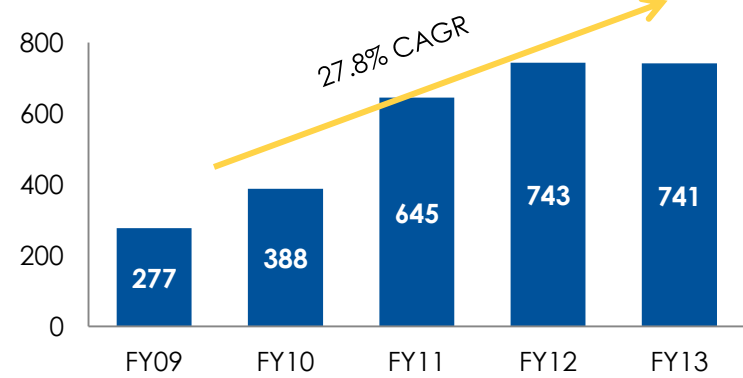
Historical financials

Figures in Rs Million

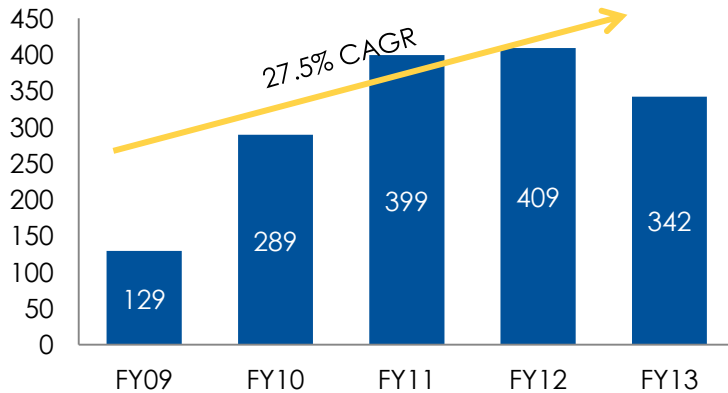
Revenue



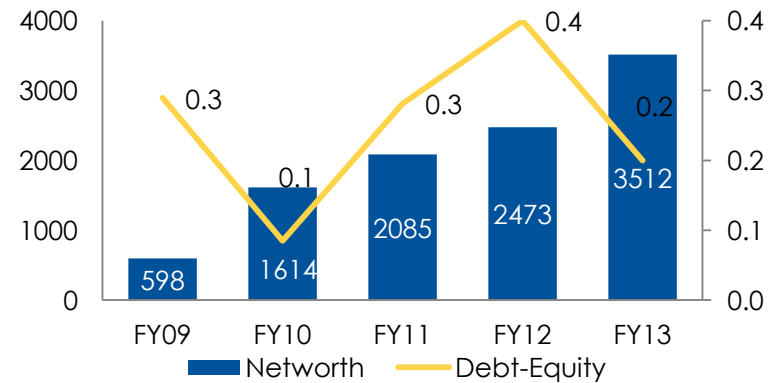
EBITDA



PAT



Net Worth & Debt-Equity Ratio



About Us



Established in 1992, Globus Spirits Limited (BSE code: 533104, NSE Id: GLOBUSSPR, ISIN Id:INE615101010) 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. 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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