



Globus Spirits

---

GLOBUS SPIRITS LIMITED

Q1FY19

Earnings Presentation

14 August 2018

---

---

## 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.*

---

# COMPANY HIGHLIGHTS

---

**360° ALCOBEV PLAYER** – Present across Distillery, IMIL, IMFL and Franchise Bottling

**LARGEST GRAIN BASED DISTILLERS IN INDIA** with capacity of **~150 million** bulk liters

**MANUFACTURING EXCELLENCE** – State of the art manufacturing facilities with ‘zero discharge’ and ‘integrated evaporation’

**ESTABLISHED CONSUMER BUSINESS IN NORTH INDIA** - 47% contribution from consumer-facing IMIL (Q1 FY19)

- **#1 private** IMIL company in Rajasthan with market share of 30%
- **4<sup>th</sup> largest** IMIL company in Haryana with 9% market share

Strong establishment in core business, marching towards growth in **IMFL SEGMENT** with “**UNIBEV**”

**HEALTHY BALANCE SHEET** – Debt-to-Equity Ratio of **0.64x** in FY18

---

# AGENDA

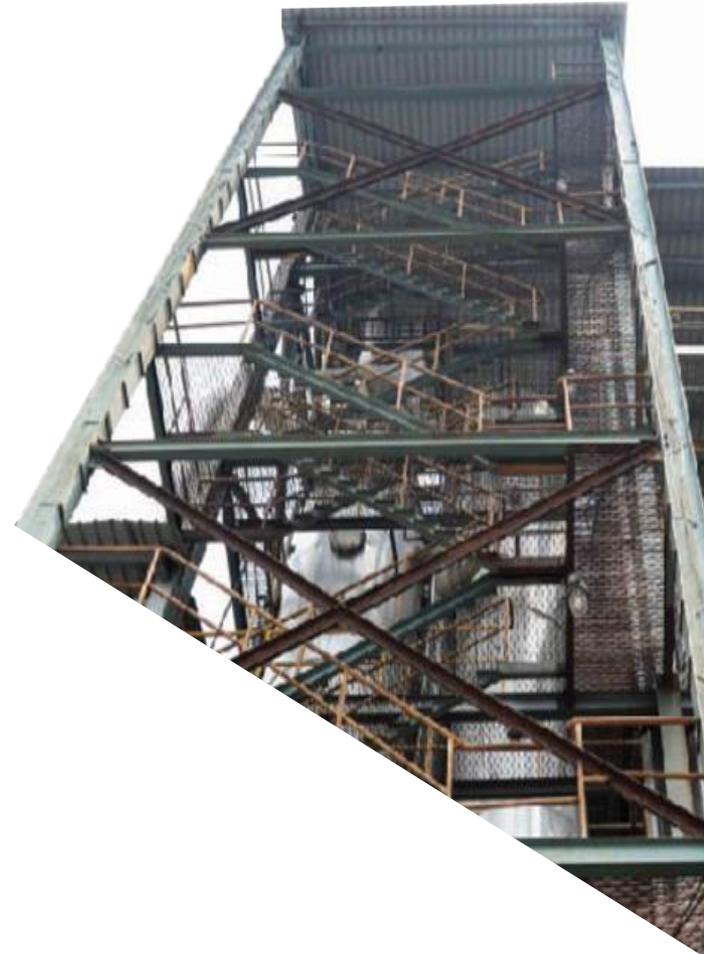
---

## Q1 FY19 Performance

Performance Highlights	5
Key Developments	6
Financials	7
Financial Performance	9

## Annexure

Company Overview	12
UNIBEV	19
Shareholding Pattern	22



# Q1 FY19 – ROBUST PERFORMANCE

- **Total Income (net of excise duty) stood at Rs. 2,323 mn in Q1 FY19, in-line with Q1FY18, due to improved realizations in key States despite marginal decrease in volumes**

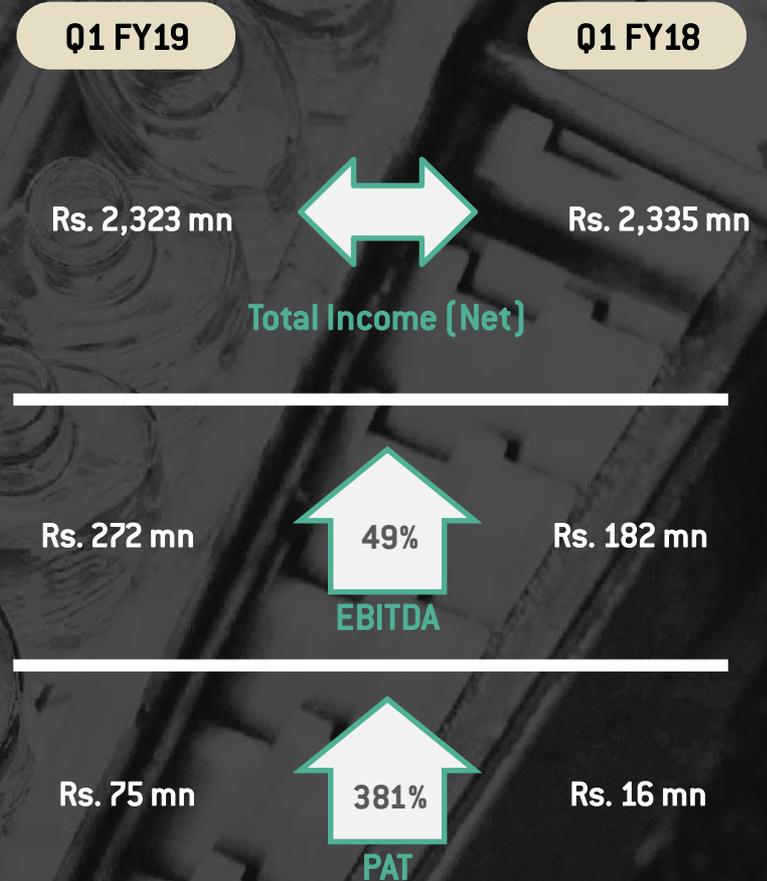
- Price hike in Rajasthan led to increase in IMIL realization in the state by 9% YoY
- Increase in Franchise Bottling revenues by 32% YoY

- **EBITDA for the quarter stood at Rs. 272 mn, 49% growth**

- Improved product mix : higher contribution to total revenue from IMIL and other ancillary products (DDGS) during the quarter
- Lower input cost of ~9% YoY

- **PAT at Rs. 75 mn compared to Rs. 16 mn in Q1 FY18**

- Better operating performance



## Q1 FY19 – KEY DEVELOPMENTS

- **UNIBEV, company's wholly owned subsidiary launched premium and super premium whiskeys in Karnataka, India in June 2018**

- **Oakton**, barrel aged rare premium grain whisky, is a unique blend with upto 18 year old imported scotch and matured Indian malts
- **Governor's Reserve** 100% premium grain whisky is a carefully crafted blend with upto 12 year old imported scotch and matured Indian malts
- **L'affaire Brandy** previously launched in Dec'17 in Pondicherry was also introduced in Karnataka
- All the launches received phenomenal response from trade and consumer



- **Government announces premium pricing for grain based ethanol to be used in fuel blending, incorporated in latest OMC tender documents for purchase of fuel ethanol**

- In a significant policy development, the Government had earlier approved grain based ethanol for fuel blending (which was hitherto restricted only to molasses and new generation feedstock)
- Latest tender documents reflect premium pricing for grain based ethanol over traditional grade of molasses



## Q1 FY19: PROFIT & LOSS STATEMENT

Particulars (In Rs MN)	Standalone					
	Q1 FY19	Q1 FY18	YoY (%)	Q4 FY18	QoQ	FY18
<b>Gross Revenues</b>	<b>2,582.1</b>	<b>2,440.2</b>	6%	<b>2,221.2</b>	16%	<b>9,322.1</b>
Less- Excise duty	267.0	116.5	129%	258.1	3%	771.4
<b>Net Revenues from Operations</b>	<b>2,315.1</b>	<b>2,323.7</b>	0%	<b>1,963.1</b>	18%	<b>8,550.7</b>
Other Income	7.7	10.9	-29%	9.7	-20%	54.0
<b>Total Income</b>	<b>2,322.8</b>	<b>2,334.6</b>	<b>-1%</b>	<b>1,972.7</b>	<b>18%</b>	<b>8,604.7</b>
<b>Total Expenditure</b>	<b>2,051.2</b>	<b>2,152.8</b>	<b>-5%</b>	<b>1,786.3</b>	<b>15%</b>	<b>7,856.0</b>
Consumption of Material	1,362.7	1,507.9	-10%	1,119.1	22%	5,169.0
Employee Cost	55.7	54.4	2%	57.3	-3%	228.1
Other Expenditure	632.7	590.5	7%	610.0	4%	2,458.9
<b>EBITDA</b>	<b>271.6</b>	<b>181.8</b>	49%	<b>186.4</b>	46%	<b>748.7</b>
Depreciation & Amortisation	90.1	86.1	5%	91.5	-2%	361.9
<b>EBIT</b>	<b>181.5</b>	<b>95.7</b>	90%	<b>94.9</b>	91%	<b>386.8</b>
Finance Charges	65.2	71.0	-8%	66.7	-2%	271.4
<b>PBT</b>	<b>116.3</b>	<b>24.7</b>	<b>370%</b>	<b>28.1</b>	<b>314%</b>	<b>115.4</b>
Tax Expense (Current, Deferred Tax)	40.9	9.0	352%	14.4	183%	45.2
MAT Credit	0.0	0.0	-	0.0	-	0.0
<b>PAT (From ordinary activities)</b>	<b>75.4</b>	<b>15.7</b>	<b>381%</b>	<b>13.7</b>	<b>451%</b>	<b>70.2</b>

**Note :** The Company has aligned its policy of Revenue Recognition with Ind AS 115 – “Revenue from contracts with Customers” pursuant to which it is no longer reporting ‘Income from Brand Franchisee’ separately in the revenues. Consequent to these changes, there is no impact on the total equity and profit.

**Note:** The Company has adopted Indian Accounting Standard (‘Ind AS’) from 1st April, 2017

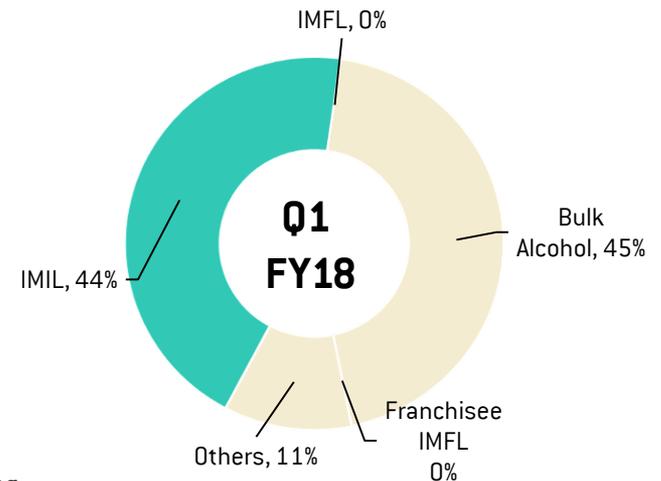
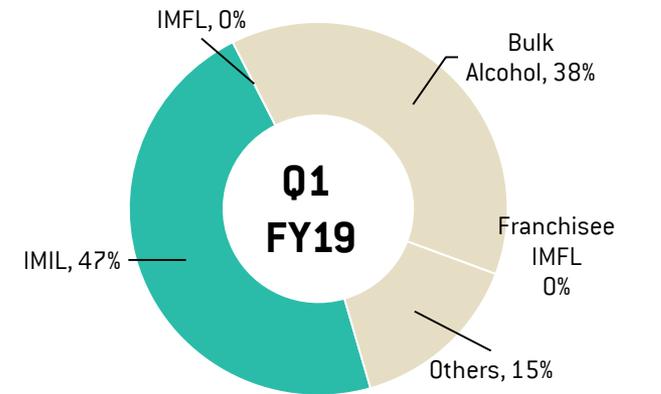
## Q1 FY19: KEY RATIOS

Key Ratios as a % of Total Revenue	Standalone			
	Q1 FY19	Q1 FY18	Q4 FY18	FY18
EBITDA	11.7%	7.8%	9.4%	8.7%
PAT	3.2%	0.7%	0.7%	0.8%
Total Expenditure	88.3%	92.2%	90.6%	91.3%
Raw material	58.7%	64.6%	56.7%	60.1%
Employee Cost	2.4%	2.3%	2.9%	2.7%
Other Expenditure	27.2%	25.3%	30.9%	28.6%
Interest	2.8%	3.0%	3.4%	3.2%
Depreciation	3.9%	3.7%	4.6%	4.2%
Other Income	0.3%	0.5%	0.5%	0.6%

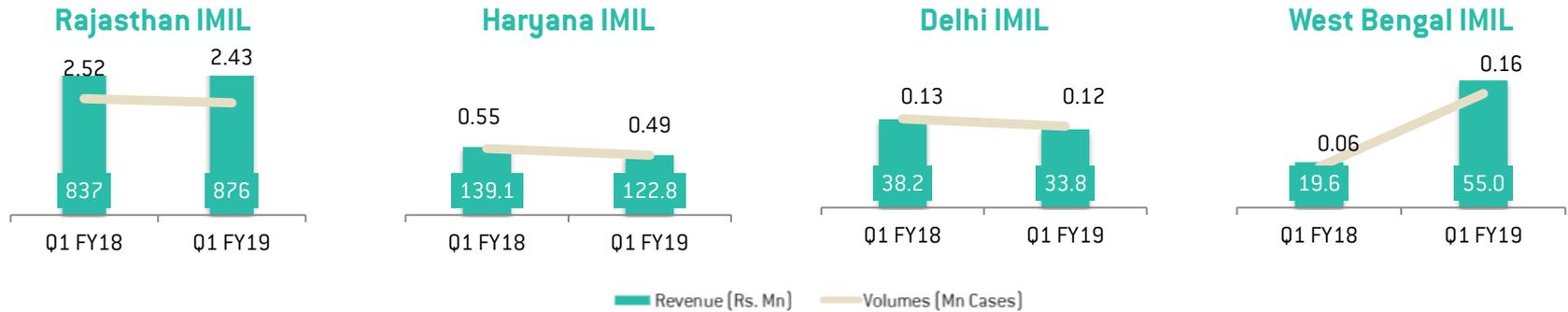
# SEGMENTAL PERFORMANCE

## Breakup of Revenue from Operations (Net)

- Revenues from manufacturing business stood at Rs. 1,227 mn in Q1 FY19, against Rs. 1,290 mn in Q1 FY18
  - Share of manufacturing business stood at 53% in Q1 FY19
- Share of consumer business stood at 47% in Q1 FY19 against 44% in the same period last year
  - Consumer Business reported a growth of 5% YoY during the quarter driven by increased IMIL realizations in Rajasthan

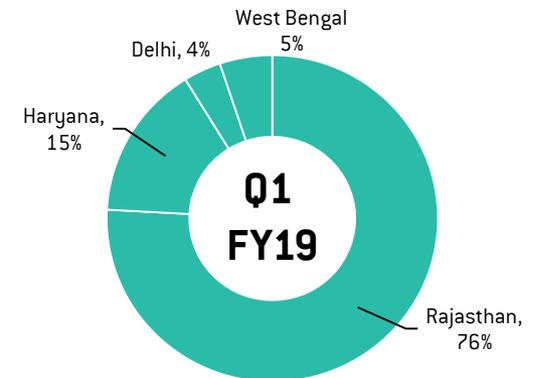


# IMIL – STRONG PERFORMANCE



- Aggregate IMIL revenues stood at Rs. 1,088 mn, up by 5% Y-o-Y
  - West Bengal reported healthy volume growth of 178% YoY due to lower base
  - Increased IMIL realizations in Rajasthan by 9% YoY

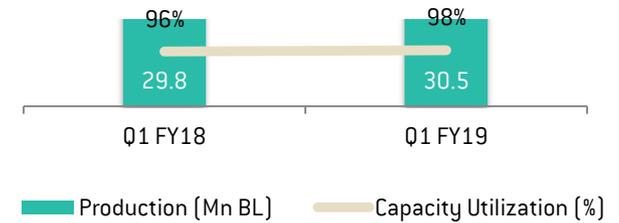
Q1 FY19 IMIL Split by Volume  
(Total 3.20 mn cases)



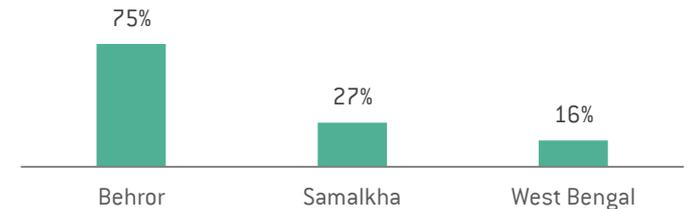
# MANUFACTURING: BACKBONE TO CONSUMER BUSINESS

- Capacity utilization stood at 98% in Q1 FY19 against 96% in Q1FY18 (excluding Bihar)
- Captive consumption at 42%, with significant scope for conversion from bulk to IMIL / franchisee in Samalkha and West Bengal
- Franchise Bottling volumes stood at 0.80 mn cases vs. 0.73 mn cases in Q1 FY18 driven by strong volume growth in West Bengal

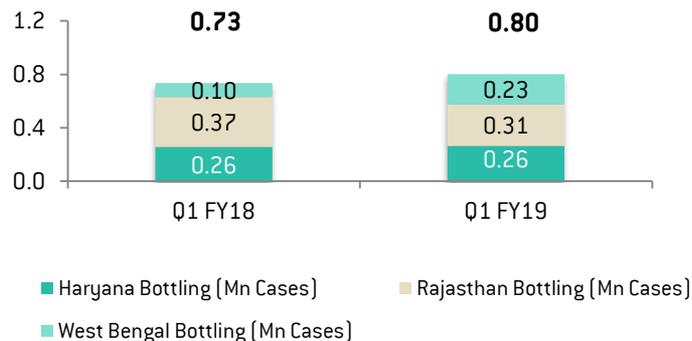
## Production & Capacity Utilization



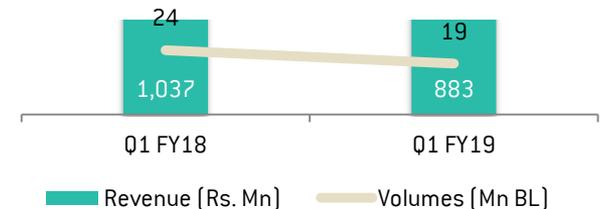
## Captive Consumption as % of Production

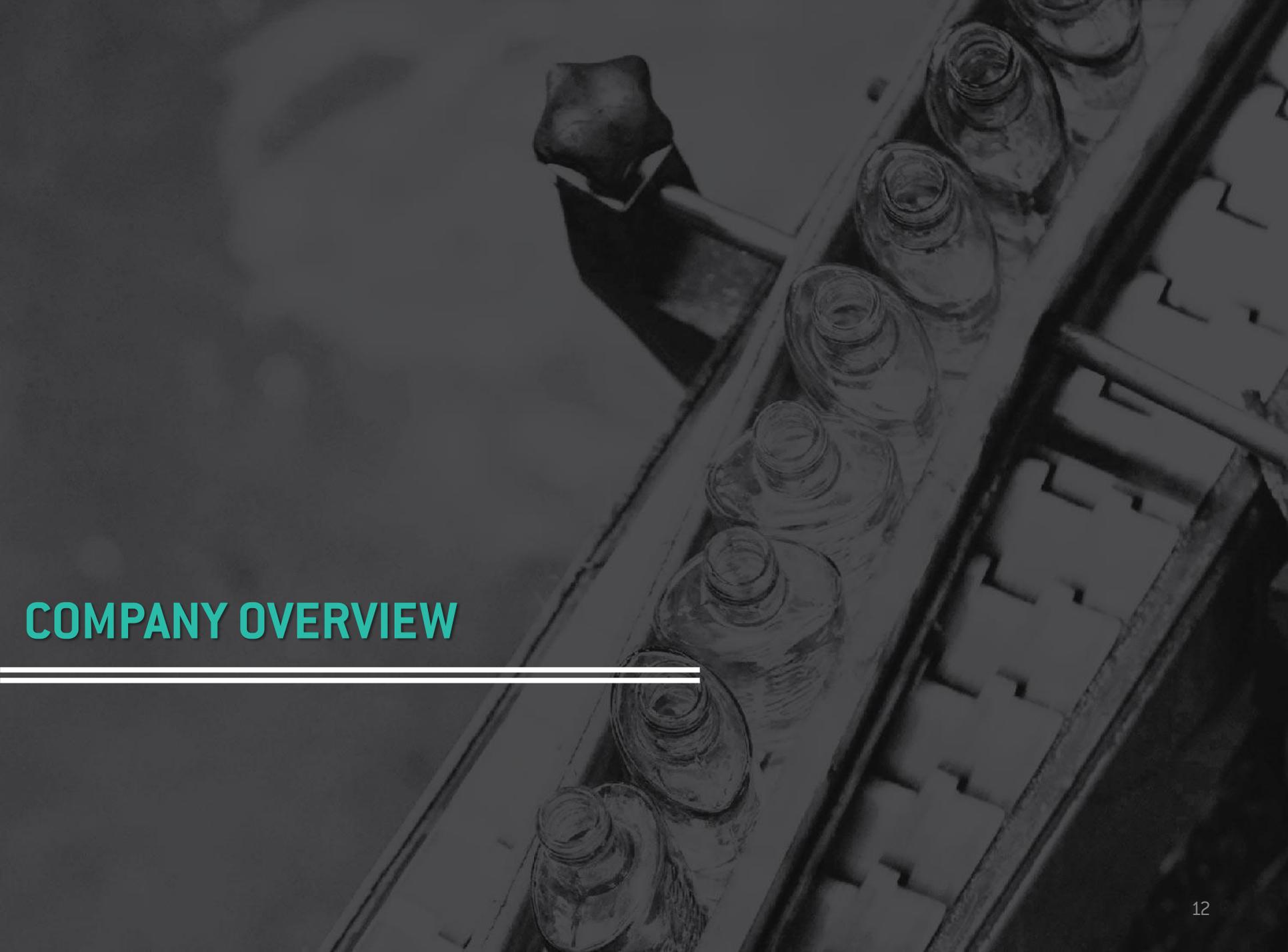


## Franchise Bottling



## Bulk Alcohol\*





## COMPANY OVERVIEW

---

# GLOBUS 360° ALCOBEV PLAYER

- No. 1 private player in Rajasthan IMIL with 30% market share
  - 2.4 mn cases sold in Q1FY19
- No. 4 private player in Haryana with 9% market share
  - 0.5 mn cases in sold in Q1 FY19
- Commenced commercial production at the Greenfield Distillery in West Bengal in Q4 FY17
  - 0.2 mn cases in sold in Q1 FY19
  - Total capacity at West Bengal is ~33 million BL
  - Will cater to the growing need of Bulk Alcohol in West Bengal, which is witnessing a huge deficit of ₹80 million liters
  - GSL has already launched its IMIL brand 'Goldee' in WB and the traction is positive



# LEVERAGING A STRONG 360° BUSINESS MODEL



## Large, efficient manufacturing operations

- Amongst the largest and most efficient grain-based distillery operations in India with ~150 million bulk litres of distillery capacity\*
- Present in DDGS – a high-potential co-product used as Animal Feed
- Well placed to benefit from the Fuel Ethanol blending opportunity in India
- Bottling for India's Top 3 IMFL companies

## Established consumer business in North India

- Pioneered IMIL branding with launch of NIMBOO brand
- Leading player in Haryana, Rajasthan and Delhi

*Unique 360° model straddling across the entire alcohol value chain*

# GLOBUS PLANS

## PRESENT

- Established 360° model in North India (Haryana & Rajasthan)
- 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

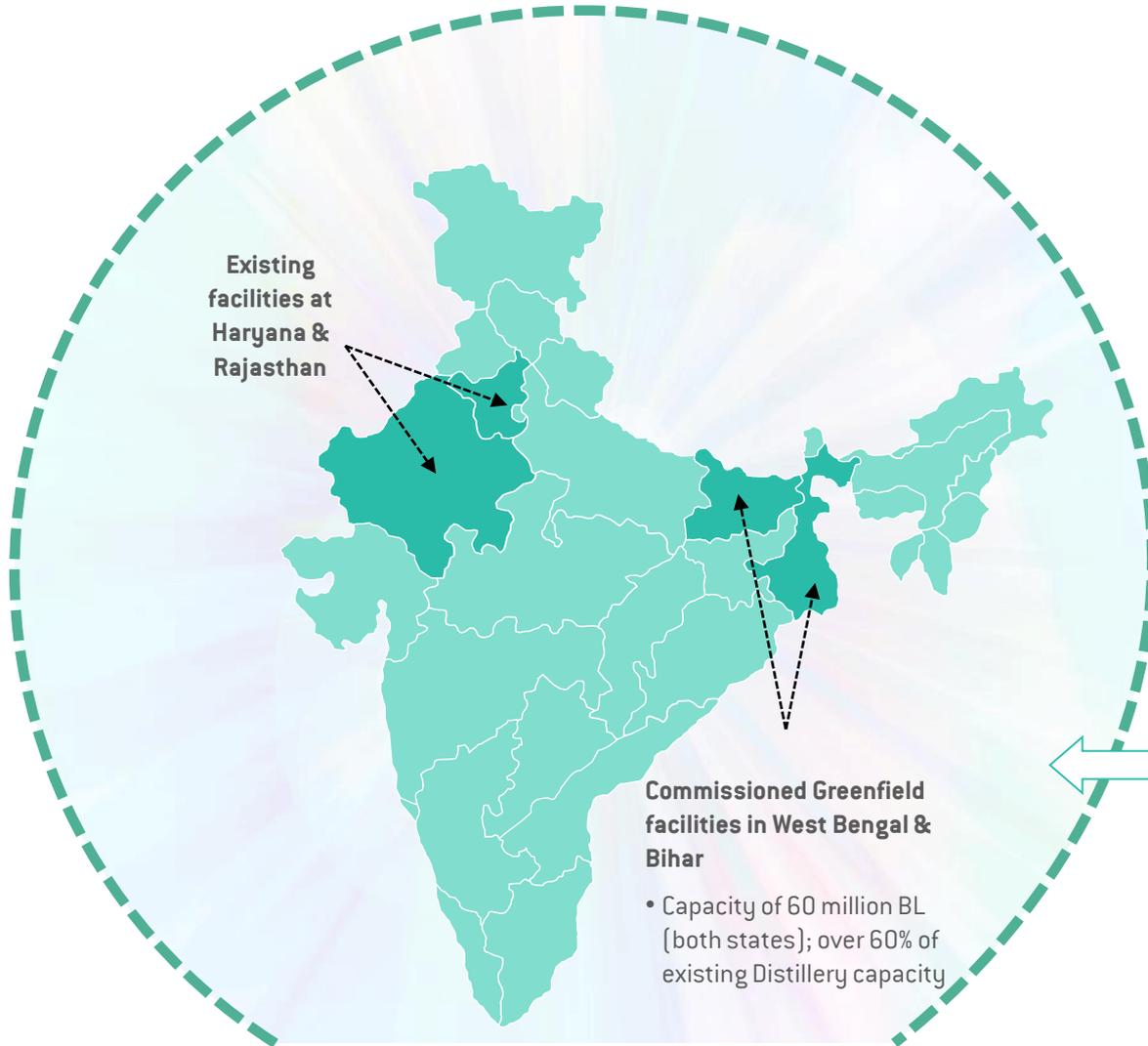
## NEAR TERM STRATEGY

- Focus on penetrating IMIL in West Bengal
- Launch premium brands of value
- Focus on DDGS, a co-product in the alcohol manufacturing process, in the Indian market

## FUTURE

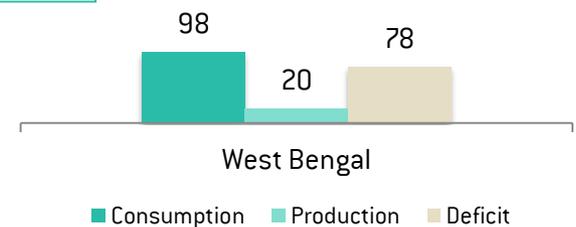
- Large market share in IMIL by offering quality products to the consumer
- Establish sustainable premium brands in IMFL
- High capacity utilisation with focus on technology and efficiency at old and new facilities
- Portfolio of high value by- products

# EXPANSION INTO EAST – BIHAR & WEST BENGAL



- Location advantages like lower raw material costs, higher realizations and other logistical benefits to drive overall profitability

Severe Alcohol Deficit in West Bengal (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



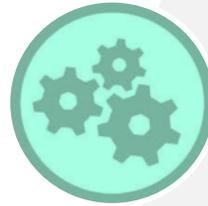
**Popular dark spirits' brand** Positioned as refreshing and juicy as Orange

# 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, 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
- 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 0.64x
- Cash efficient operations

A row of whisky bottles is shown in a dark, monochromatic setting. The bottles are slightly out of focus, with the central ones being more prominent. The labels on the bottles are clearly visible, showing 'OAKTON BARREL AGED', 'GOVERNORS RARE RESERVE', and 'LAFFAIRE NAPOLEON'. The text 'MARCHING TOWARDS NEW LEG OF GROWTH THROUGH "UNIBEV"' is overlaid in a bright cyan color across the middle of the image.

**MARCHING TOWARDS NEW  
LEG OF GROWTH THROUGH "UNIBEV"**

## UNIBEV: LED BY INDUSTRY VETERAN MR. VIJAY REKHI



*Mr. Vijay Rekhi was the long-time managing director of India's United Spirits (USL) prior to its takeover by Diageo in 2012*

### Strategy

- Focus on premium IMFL
- Build portfolio of 4-6 niche brands in price segments which contribute max profit and currently only have 2-3 dominant brands

### Premium IMFL – Attractive Industry Segment

- Premium IMFL is a highly attractive segment account for over 45% of total profit contribution with just 13% of total volumes - ₹40 million cases and Rs 2,420 crore gross profit
- Indian premium alcohol market is growing at a steady CAGR of 8% in last 3 years compared to flattish performance of overall IMFL industry



*At UNIBEV we provide our customers better blends with world-class packaging, to elevate the consumer's drinking experience*



# UNIBEV: CURRENT PRODUCT PORTFOLIO



## Governor's Reserve – 12 years Scotch Whisky

- Presence in **Semi-premium** whisky segment
- Segment is about **20m cases**



## Oakton – 18 years Scotch Whisky

- Presence in **Premium** whisky segment
- Segment is about **8.5m cases**

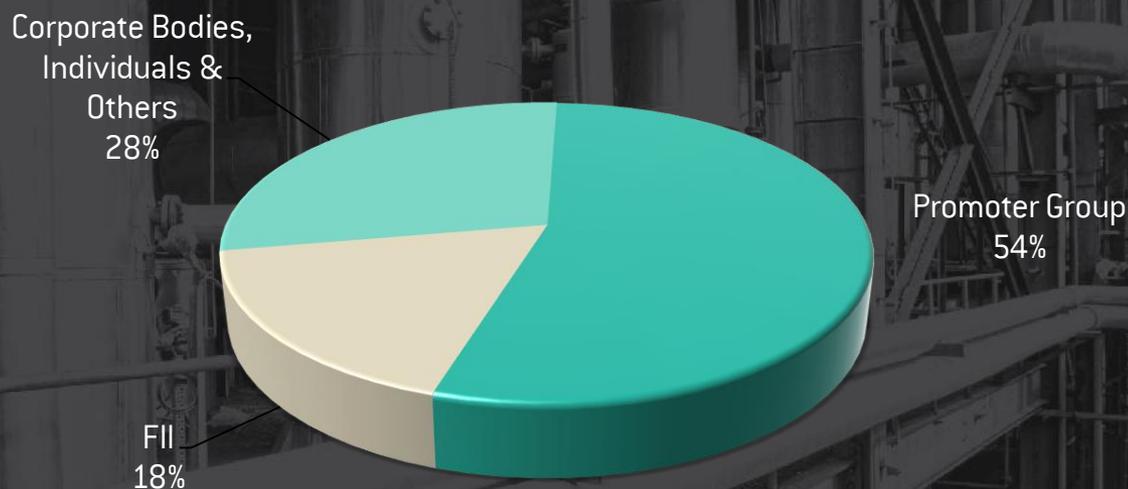


## L'Affaire Napoleon – 3 years Brandy

- Presence in **Premium** brandy segment
- Segment is about **0.5m cases**

*“Better brands with world-class packaging”*

# SHAREHOLDING PATTERN



As on June 30, 2018 Outstanding shares – 28.8 mn

## Major Non-Promoter Shareholders % shareholding

Name	% Share
Templeton Strategic Emerging Markets Fund IV, LDC	17.49%

---

## 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 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) :

**Dr. Bhaskar Roy**  
Globus Spirits Limited

Phone: +91 11 6642 4600

Email: [broy@globusgroup.in](mailto:broy@globusgroup.in)

**Mr. Vikash Verma / Mr. Abhishek Bhatt**  
Stellar IR Advisors

Phone: +91 22 62398019

Email: [vikash.verma@stellar-ir.com](mailto:vikash.verma@stellar-ir.com) / [abhishek@stellar-ir.com](mailto:abhishek@stellar-ir.com)