

# Globus Spirits Limited

## Q4 & FY12 Result Presentation



Globus Spirits

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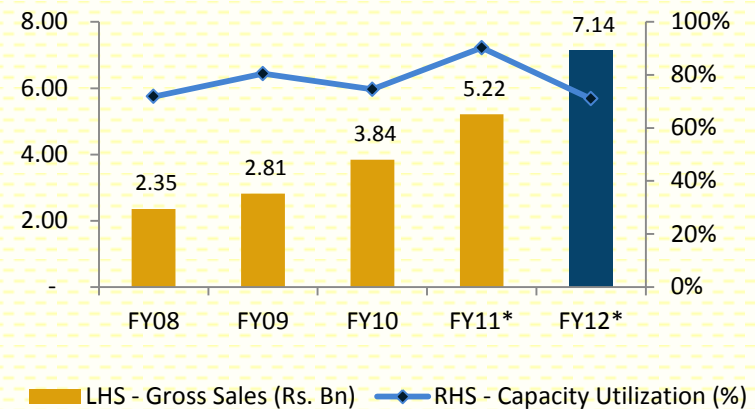
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# Globus Spirits Ltd – Company Overview

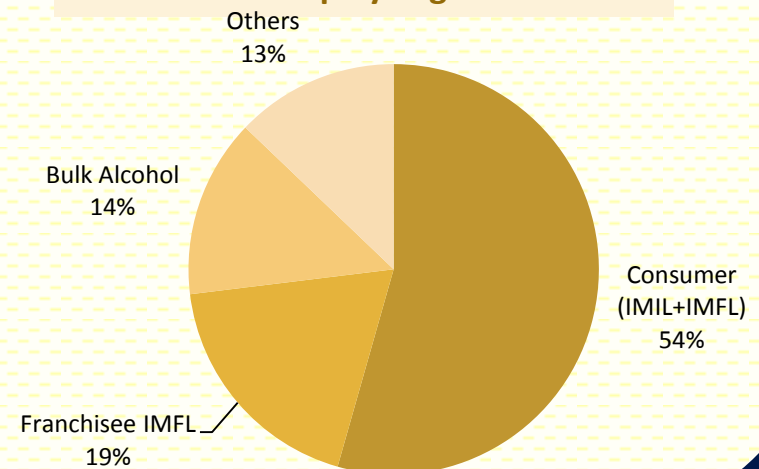
- ◆ Decades of management experience in this sector led by the promoter Mr. Ajay Swarup
- ◆ Only company to have a 360° presence, offering products across the value chain
- ◆ Strong consumer business portfolio comprising of IMIL and IMFL contributing to ~55% of revenues
  - Market leader in IMIL in North 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



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

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 across all 4 segments of the value chain
- Insulates from risk in price movement of any one of the products
- Enables leveraging growth opportunities across all segment

## Leadership in IMIL

- Undisputed leader in North India with over a decade of experience, volumes of over 12 mn cases per year
- Strong industry growth of over 12% in major states where present
- Differentiation created by branding IMIL – Nimboo, a testimony to successful branding exercise

## Strong relationships for Franchisee IMFL

- Tie ups with industry stalwarts like ABD and USL for bottling 1.2 mn cases and 0.75 mn cases per year
- Enables achieving high utilization thereby reducing costs

## Operational Efficiency

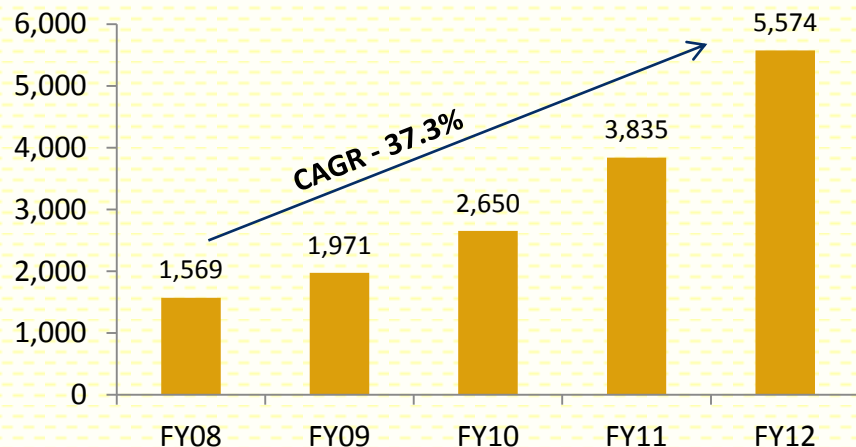
- State-of-the-art plants across three locations capable of producing 84.4 million BL
- Zero discharge plants
- Asset turnover of 1.9x, amongst the highest in the industry

## Strong Balance Sheet

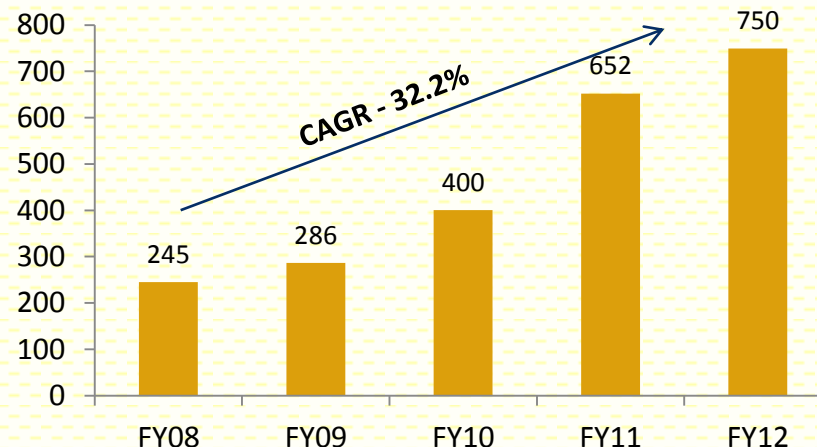
- Maintained a healthy balance sheet in a capital intensive industry
  - Debt to Equity of 0.4x; Debt to EBIDTA of 1.3x, amongst most favorable in the industry
- Strong cash conversion cycle resulting in low working capital investment at 33 days - translates into high ROCE of 20.8%
- Scope to increase leverage for organic/inorganic expansion

# Demonstrated Track Record

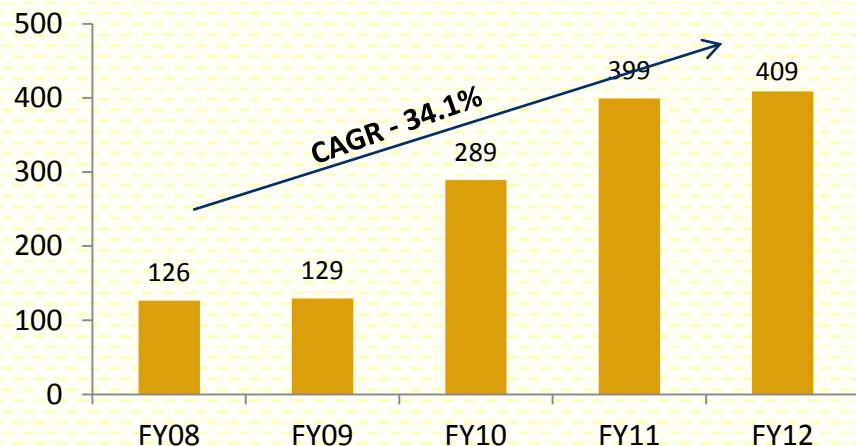
**Total Income from Operations (Rs. Million)**



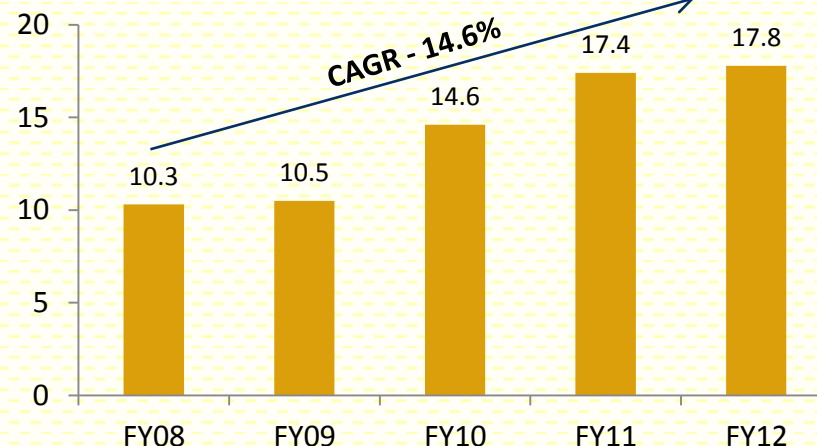
**EBIDTA (Rs. Million)**



**PAT (Rs. Million)**



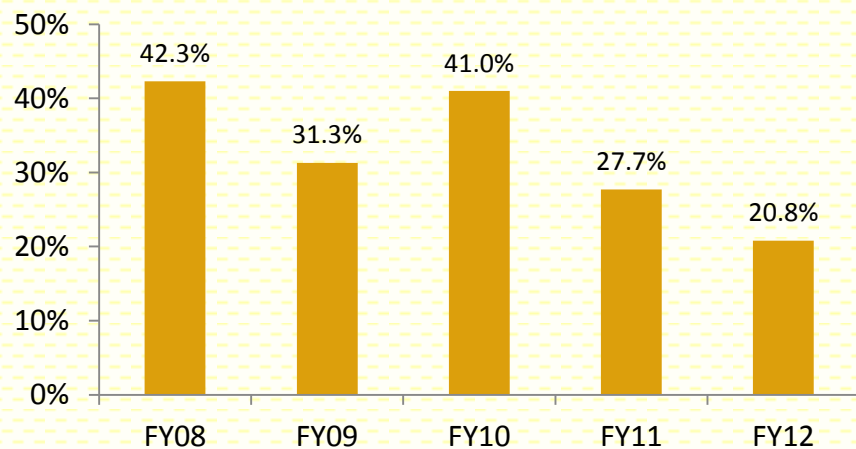
**EPS (Rs.)**



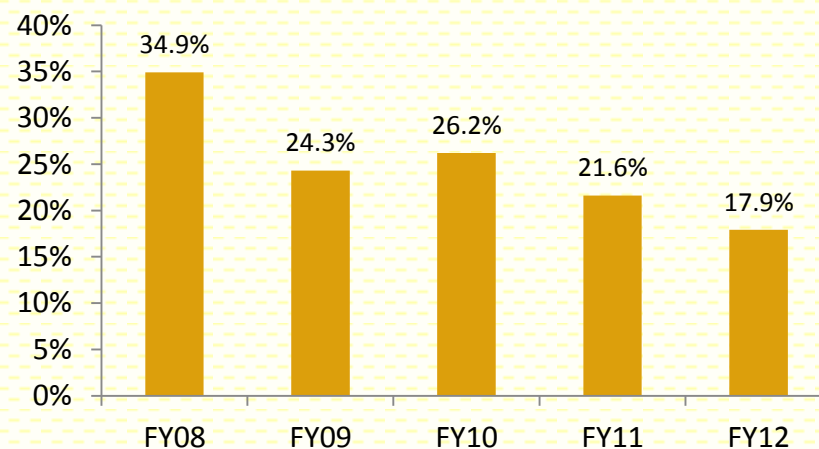
Note: FY11 onwards, results include financials of ADL, which was merged with GSL effective April 1, 2010

# Demonstrated Track Record

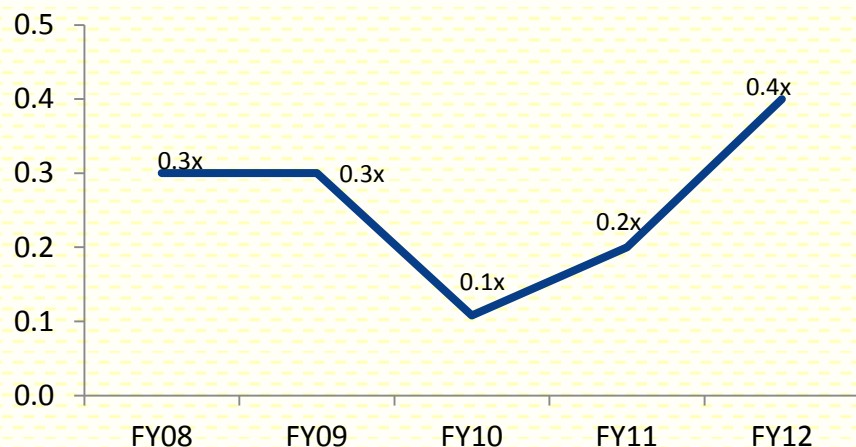
**ROCE (%)**



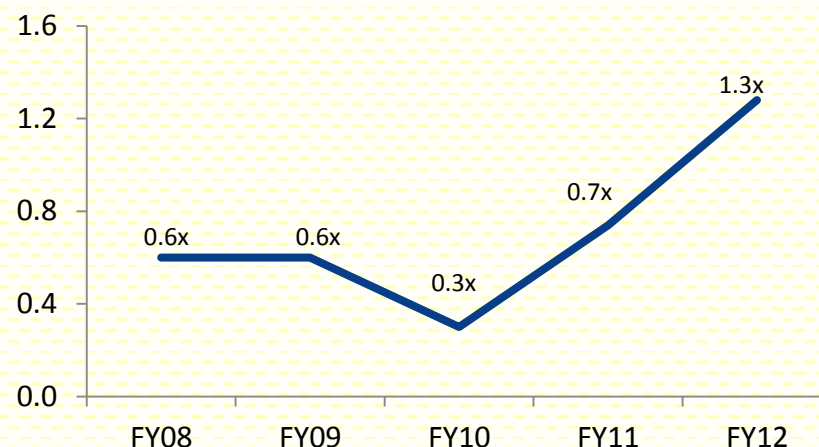
**RONW (%)**



**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



# Q4 & FY12 Financial Performance



# Key Highlights

## IMIL volumes cross 12 million cases

- ◆ IMIL segment witnessed strong traction with sales crossing 12 million cases
- ◆ Steady increase in volumes coupled with price hike is expected to sustain growth going forward

## Launched 'French Castle' brandy

- ◆ Launched semi-premium brandy in the markets of A.P. and Kerala
- ◆ Initial response encouraging

## Signed Franchisee bottling agreement with USL

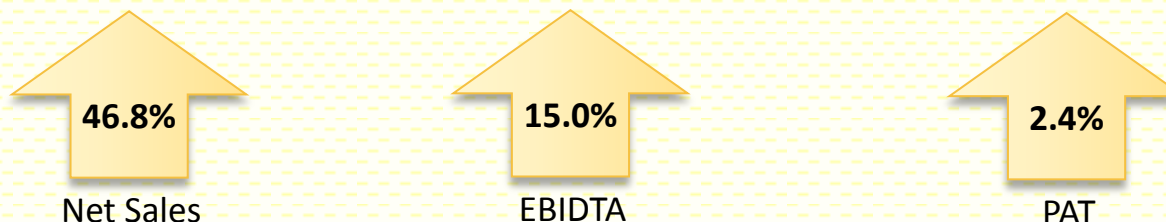
- ◆ Initial contract for 0.75 million cases per year in the state of Haryana for bottling of Bagpiper Whisky and will be followed by Moghul Monarch and Derby Special
- ◆ To guarantee utilization of capacities coupled with higher margins compared to the sale of bulk spirits

## Expanded capacities now stabilized

- ◆ Capacities expanded from 43.2 million litres to 84.4 million litres now stabilized and operating at high capacity utilization levels
- ◆ Will enable GSL to leverage on large capacities to improve financial and operational performance

# Key Highlights

## FY12



## FY12 Performance (compared with FY11)

- ◆ Total income from operations higher at Rs. 5,574.2 million compared to Rs. 3,835.2 million
- ◆ Operating Profits rise to Rs. 749.7 million vis-à-vis Rs. 651.8 million
- ◆ Profit after Tax (PAT) increase to Rs. 408.9 million compared to Rs. 399.3 million
- ◆ EPS (annualized) stood at Rs. 17.78
- ◆ The Board of Directors has recommended a dividend of Rs.1.2 per share for FY12

## Q4 FY12 Performance

- ◆ Net Sales at Rs. 1,563.0 million
- ◆ Operating Profits at Rs. 182.7 million
- ◆ Profit after Tax (PAT) at Rs. 78.9 million
- ◆ EPS (non-annualized) stood at Rs. 3.43

# Management's Message

**Commenting on Globus Spirit Limited's FY12 results, Mr. Ajay Kumar Swarup, Managing Director of Globus Spirits Limited said:**

*"We are glad to close the year on a healthy note driven by improved operational performance across most of our business segments. During the year, our IMIL sales crossed 12 million cases reinforcing our dominant position in this segment. In the branded IMFL business, we launched 'French Castle', a semi-premium brandy in the states of Kerala and A.P. Our endeavor is to nurture this segment by launching new brands across categories and increasing our marketing and distribution footprint which will augment performance going forward.*

*The franchisee IMFL segment also stands to benefit from our recent tie-up with USL for initial volumes of 0.75 million cases which we expect to ramp up in the near future. This tie-up strengthens GSL's alliances in the franchisee bottling segment and guarantees utilisation of capacities coupled with higher margins compared to the sale of bulk spirit. The coming year will also see the advantage of expanded capacities which have now stabilized and are operating at high capacity utilization levels.*

*Our focus remains on delivering all-round growth given our 360° presence in the spirits sector. We have built a firm foundation with a differentiated strategy and strong infrastructure in terms of our manufacturing facilities, human capital and alliances from where we can take GSL to the next level of growth."*

# FY12 Financials

Particulars	FY12	FY11	Y-o-Y Change %
Income from Operations (Gross)	7,137.5	5,215.8	36.8
Less: Excise Duty Paid and Discount, Allowance & Returns	1,585.3	1,432.6	10.7
Add: Other Operating Income	22.1	52.1	(57.6)
Total Income from Operations (Net)	5,574.3	3,835.2	45.3
EBIDTA	749.7	651.8	15.0
<i>EBIDTA Margin %</i>	13.4	17.0	--
- Depreciation	123.0	69.4	77.1
- Interest	48.2	28.4	69.9
PBT (incl. other income)	577.5	554.0	4.2
Tax Expenses	168.6	154.7	9.0
PAT	408.9	399.3	2.4
<i>PAT Margin %</i>	7.3	10.4	--
EPS - Basic & Annualised (in Rs.)	17.78	17.36	2.4

Amount in Rs. Million, unless otherwise mentioned

# Q4 FY12 Financials

Particulars	Q4 FY12	Q4 FY11	Y-o-Y Change %
Income from Operations (Gross)	1,967.8	1,223.8	60.8
Less: Excise Duty Paid and Discount, Allowance & Returns	404.1	344.4	17.3
Add: Other Operating Income	(0.8)	14.0	--
Total Income from Operations (Net)	1,563.0	893.4	74.5
EBIDTA	182.7	171.8	6.3
<i>EBIDTA Margin %</i>	<i>11.7</i>	<i>19.2</i>	<i>--</i>
- Depreciation	29.9	19.4	53.9
- Interest	10.4	9.5	9.4
PBT (incl. other income)	141.5	143.0	(1.0)
Tax Expenses	62.6	32.6	92.0
PAT	78.9	110.3	(28.5)
<i>PAT Margin %</i>	<i>5.0</i>	<i>7.7</i>	<i>--</i>
EPS - Basic & Annualised (in Rs.)	3.43	4.80	(28.5)

Amount in Rs. Million, unless otherwise mentioned

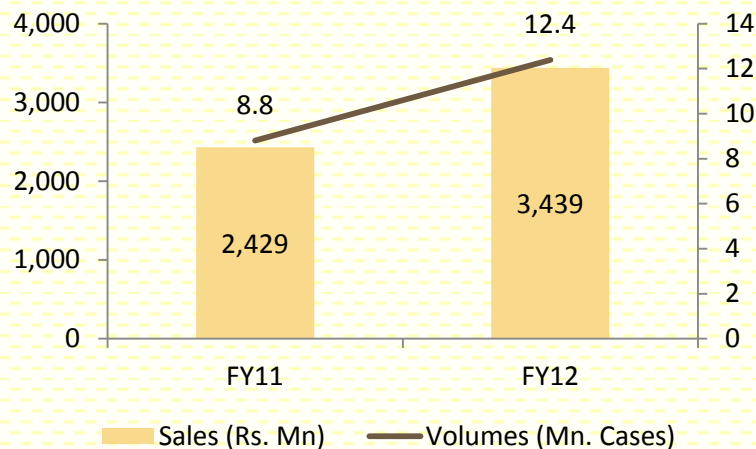
# Balance Sheet Snapshot

*Amount in Rs. Million, unless otherwise mentioned*

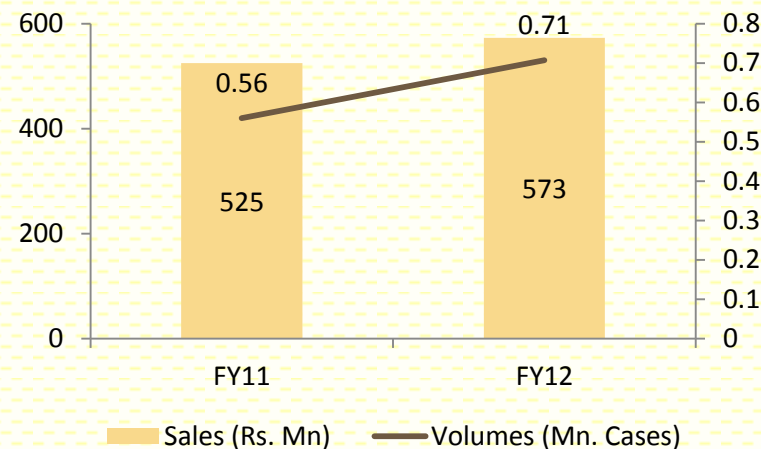
Particulars	As on March 31, 2012	As on March 31, 2011
<b>Gross Block</b>	<b>3,283.9</b>	<b>2,564.6</b>
<b>Networth</b>	<b>2,473.1</b>	<b>2,085.5</b>
<b>Total Debt</b>	<b>961.9</b>	<b>481.3</b>
- Working Capital	488.1	326.0
- Term Loan	473.8	155.4
<b>Cash &amp; Cash Equivalents</b>	<b>72.5</b>	<b>54.6</b>
<b>Net Debt: Equity (times)</b>	<b>0.4</b>	<b>0.2</b>

# IMIL & IMFL (Branded business)

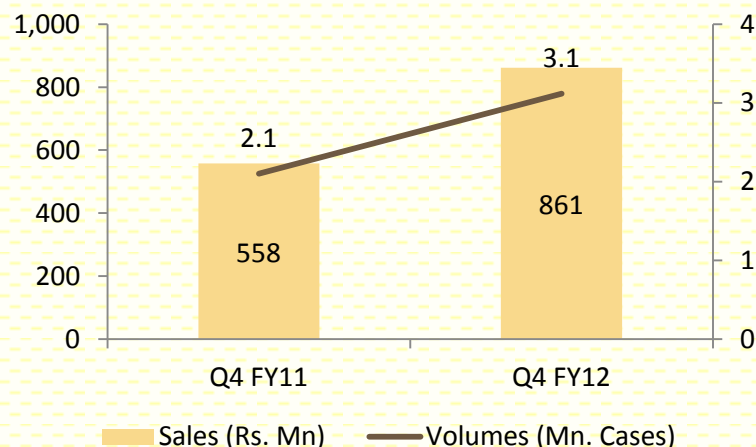
**IMIL: FY Revenues and Volumes**



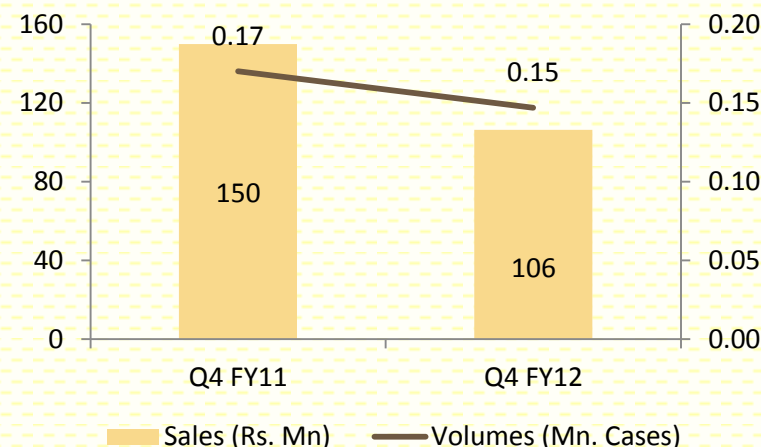
**IMFL\*: FY Revenues and Volumes**



**IMIL: Q4 Revenues and Volumes**



**IMFL\*: Q4 Revenues and Volumes**

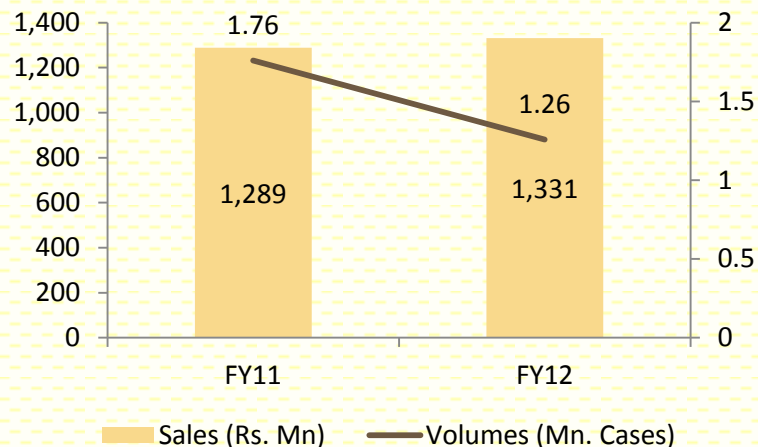


\* Sales value and volumes include cases sold directly as well as through franchisee (third-party) route. Gross Sales in P&L Account includes only cases sold directly

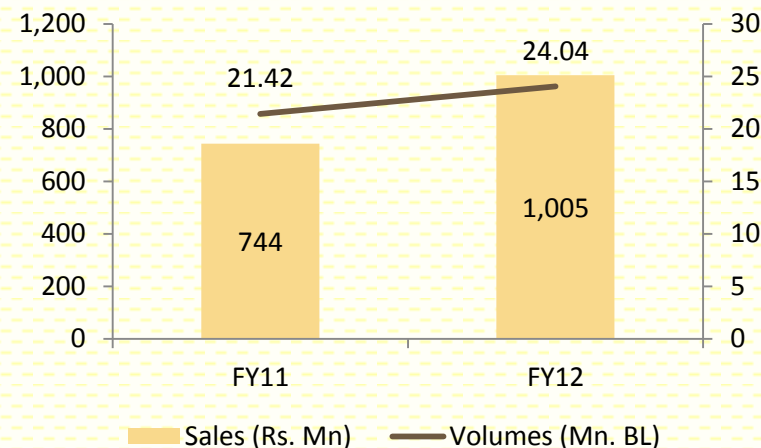


# Franchisee IMFL & Bulk Alcohol

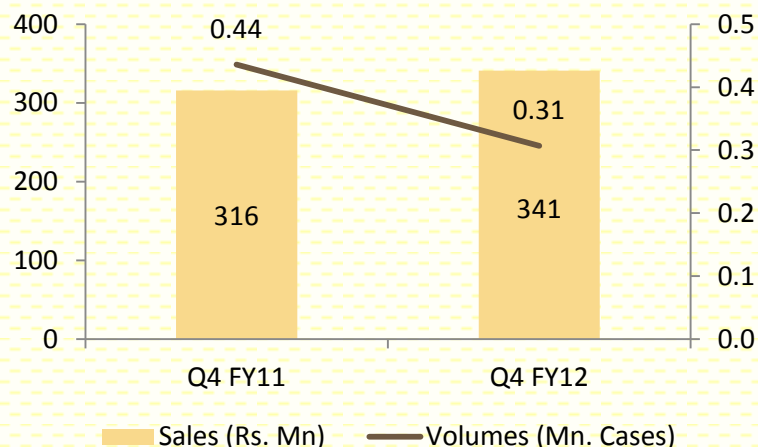
**Franchisee IMFL\*: FY Revenues and Volumes**



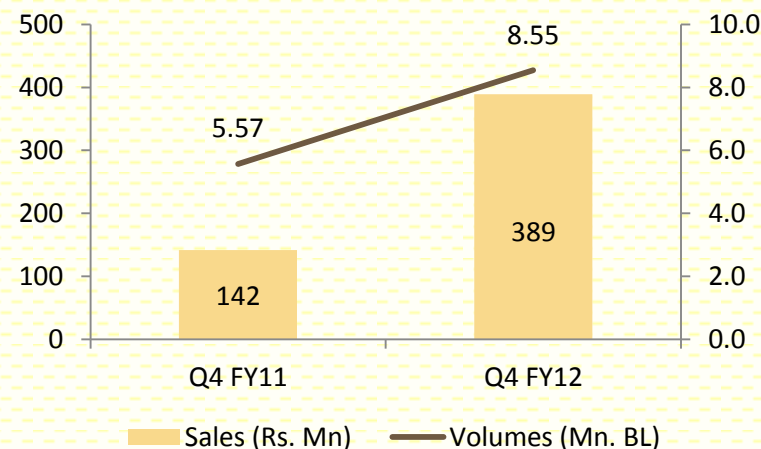
**Bulk Alcohol: FY Revenues and Volumes**



**Franchisee IMFL\*: Q4 Revenues and Volumes**



**Bulk Alcohol: Q4 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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- ▶ **IMIL segment to ride the affordable consumption wave**
- ▶ **Branded IMFL business to witness higher volumes and profitability**
- ▶ **Capacity expansion to substantially drive volumes in FY2013**
- ▶ **To strengthen existing alliances and add new clients in Franchisee Bottling**
- ▶ **Demand for Bulk Spirit expected to remain strong**

# 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](http://www.globusspirits.com) OR contact:

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