



Globus Spirits

GLOBUS SPIRITS LIMITED

Q4 & FY17

Investor Presentation

19 May 2017

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 - 40% contribution from consumer-facing IMIL

- **#1 private** IMIL company in Rajasthan with market share of 30%
- **2nd largest** IMIL company in Haryana with 13% market share

HEALTHY BALANCE SHEET – Debt-to-Equity Ratio of **0.70x** in FY17

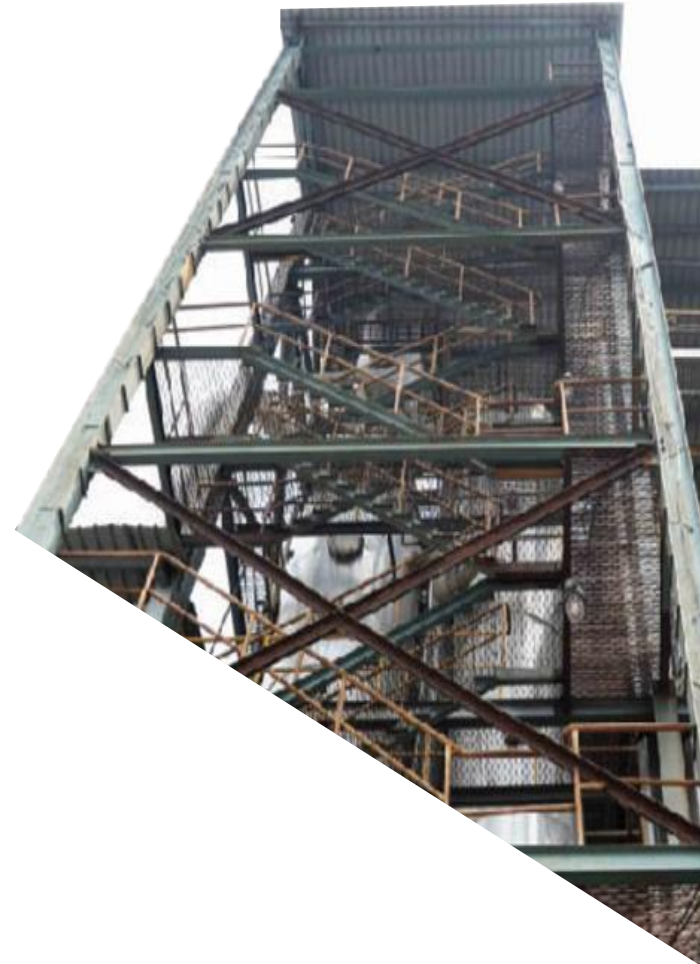
AGENDA

Q4 & FY17 Performance

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Q4 FY17 – KEY DEVELOPMENTS

- **Commenced commercial production at the Greenfield distillery in West Bengal (WB) in Q4. It is one of the largest distilleries in the state with capacity of ~33 million BL**
 - WB continues to be an alcohol deficit state with demand surpassing overall supplies – expect to rapidly scale-up sales volume
 - Franchise bottling for USL in WB, which commenced in Q3 has also contributed to the overall performance
 - Traction to improve in the upcoming quarters
- **Launched IMIL ‘Goldee’ brand in WB – initial off take has been encouraging**
 - IMIL brand launch in the state ahead of schedule – IMIL potential in West Bengal remains strong and GSL will continue to launch and market branded IMIL products
 - Expect to launch other IMIL brands in due course
- **Update on Bihar distillery**
 - The Hon’ble High Court of Judicature at Patna vide their judgment dated 3rd May, 2017, has set aside the earlier notification passed by Prohibition, Excise & Registration Department, Govt. of Bihar, vide dated 24th January, 2017 and further allowed GSL for filing renewal of Distillery License application and also directed the Bihar State Govt. to consider GSL’s renewal application in accordance with the requirement of law

Q4 FY17 – PERFORMANCE HIGHLIGHTS

- **Strong increase in Bulk alcohol volumes led to steady topline performance during the quarter. This was supported by Franchise IMFL and IMIL revenues from West Bengal facility which recently commenced production**
 - Revenue from operations stood at Rs. 2,106.7 mn in Q4 FY17, higher by 10.3% Y-o-Y
 - EBITDA came in at Rs. 91.2 mn in Q4 FY17
 - PBT came in at Rs. (80.5) mn in Q4 FY17 against Rs. 43.4 mn in Q4 FY16
 - PBT performance has been subdued owing to lower capacity utilization in Bihar, Depreciation charge and Interest cost reported during the quarter on account of greenfield facilities in WB and Bihar. Once WB facility starts operating at optimal levels along with healthy contribution from better margin IMIL division, the Company expects to start reporting improved profitability
 - Net Profit stood at Rs. 5.8 mn in Q4 FY17
- **Slower-than-expected growth in IMIL as well as moderation in DDGS segment due to lower realisation restricted the revenue growth to 10%; this was however partly compensated by higher Bulk alcohol revenues**
 - Bulk alcohol revenues grew by 53% Y-o-Y to Rs. 709.0 mn supported by healthy volume growth of 44%
 - Franchise IMFL business reported a growth 29% to Rs. 345.2 million

Q4 FY17: PROFIT & LOSS STATEMENT

Standalone

Particulars (In Rs MN)	Q4 FY17	Q4 FY16	YoY (%)	Q3 FY17	QoQ (%)	FY17	FY16	YoY (%)
Gross Sales	2,831.88	2,749.47	3%	3,229.04	-12%	11,230.86	9,930.68	13%
Less- Excise duty & Discounts	725.14	839.70	-14%	1,025.82	-29%	3,339.62	2,863.64	17%
Net Sales	2,106.74	1,909.78	10%	2,203.21	-4%	7,891.24	7,067.04	12%
Other Income	14.46	14.53	0%	12.91	12%	44.32	38.22	16%
Revenue from Operations	2,121.20	1,924.30	10%	2,216.12	-4%	7,935.56	7,105.26	12%
Total Expenditure	2,015.53	1,689.60	19%	2,038.45	-1%	7,329.12	6,367.94	15%
Consumption of Raw Material	1,247.61	1,107.90	13%	1,308.33	-5%	4,677.31	4,098.86	14%
Employee Cost	55.49	38.98	42%	41.24	35%	169.41	157.98	7%
Other Expenditure	712.43	542.72	31%	688.89	3%	2,482.41	21,11.10	18%
EBITDA	105.68	234.70	-55%	177.67	-41%	606.44	737.32	-18%
Depreciation & Amortisation	111.65	150.77	-26%	94.08	19%	380.94	421.61	-10%
EBIT	(5.97)	83.94	-	83.59	-107%	225.50	315.71	-29%
Finance Charges	74.56	40.56	84%	33.55	122%	175.22	168.53	4%
PBT before exceptional items	(80.53)	43.38	-	50.04	-261%	50.27	147.18	-66%
Exceptional items*	-	-	-	-	-	-	-	-
PBT	(80.53)	43.38	-	50.04	-261%	50.27	147.18	-66%
Tax Expense (Current, Deferred Tax)	(43.15)	23.76	-	29.21	-248%	3.28	45.40	-93%
MAT Credit	(43.20)	(23.60)	-	-	-	(43.20)	(23.60)	-
PAT (From ordinary activities)	5.82	43.21	-87%	20.83	-72%	90.19	125.38	-28%

Q4 FY17: KEY RATIOS

Key Ratios as a % of Total Revenue	Standalone				
	Q4 FY17	Q4 FY16	Q3 FY17	FY17	FY16
EBITDA	5%	12%	8%	8%	10%
PAT	0%	2%	1%	1%	2%
Total Expenditure	96%	88%	93%	93%	90%
Raw material	59%	58%	59%	59%	58%
Employee Cost	3%	2%	2%	2%	2%
Other Expenditure	34%	28%	31%	31%	30%
Interest	4%	2%	2%	2%	2%
Depreciation	5%	8%	4%	5%	6%
Other Income	1%	1%	1%	1%	1%

Q4 FY17: BALANCE SHEET

Particulars (In Rs MN)	31 st Mar 2017	31 st Mar 2016
<u>Liabilities</u>		
Shareholders' Fund	3,725.6	3,635.4
Non-Current Liabilities	2226.0	2,073.7
Long term borrowings	1,750.4	1,592.5
Deferred tax liabilities (Net)	461.4	470.3
Long-term provisions	14.2	11.0
Current Liabilities	2,242.9	1,783.8
Short Term borrowings	740.0	704.6
Trade payables	1,034.2	723.5
Other current liabilities	456.2	331.1
Short-term provisions	12.5	24.6
Total Liabilities	8,194.5	7,492.9
<u>Assets</u>		
Net fixed assets	6,363.4	5,655.8
Non-current investment	49.5	0.7
Other non-current assets	-	1.9
Long-term loans and advances	393.3	670.3
Current Assets	1,388.3	1164.2
Current Investments	-	0.8
Inventories	678.3	414.1
Trade Receivables	352.9	374.8
Cash and Equivalents	227.9	270.0
Short-terms loans and advance/other current assets	116.2	91.3
Other Current Assets	13.2	13.2
Total Assets	8,194.5	7,492.9

Q4 FY17 YoY – PERFORMANCE OVERVIEW

- Revenue from operations (Net) stood at Rs. 2,107 mn in Q4 FY17, higher by 10% owing to strong volume increase in the Bulk alcohol segment
 - Bulk alcohol volumes improved by 44%, while the revenues grew by 53%
 - Revenues from the recently commissioned West Bengal facility also contributed to the topline performance
- EBITDA for the quarter stood at Rs. 91.2 mn
 - EBITDA performance was impacted due to change in product mix and lower realizations in DDGS; this was further hampered by decline in IMIL revenues
 - Low capacity utilization in Bihar facility further impacted the operational performance
- PAT came in at Rs. 6 mn compared to Rs. 43 mn in Q4 FY16

Q4 FY17

Q4 FY16

Rs. 2,107 mn

10%

Rs. 1,910 mn

Revenue

Rs. 91.2 mn

59%

Rs. 220 mn

EBITDA

Rs. 6 mn

86%

Rs. 43 mn

PAT

FY17 YOY – PERFORMANCE OVERVIEW

- Revenue from operations (Net) grew by 12% to Rs. 7,891 mn in FY17 on account of strong growth in Franchise IMFL as well as Bulk alcohol segment
 - Franchise IMFL volumes improved by 35% in FY17, while Bulk alcohol witnessed volume growth of 10% during the year
 - Others segment led by value added product DDGS reported 2% value growth
- EBITDA for the quarter stood at Rs. 562 mn
 - EBITDA margin stood at 7.1%
- PAT came in at Rs. 90 mn as compared to Rs. 125 mn in the previous year

FY2017

FY2016

Rs. 7,891mn

12%

Rs. 7,067mn

Revenue

Rs. 562mn

20%

Rs. 699 mn

EBITDA

Rs. 90 mn

28%

Rs. 125 mn

PAT

Q4 & FY17 YOY – ADJUSTED FINANCIALS

Particulars	Q4 FY17	Q4 FY16	Growth (%)	FY17	FY16	Growth (%)
Net Revenue	2,107	1,910	10.3%	7,891	7,067	11.7%
Revenue of bottling customers in Rajasthan & West Bengal	373	355	5.0%	1,639	1,180	38.9%
Adjusted Revenue	1,734	1,555	11.5%	6,252	5,887	6.2%
EBITDA	91	220	-58.6%	562	699	-19.6%
EBITDA Margin	4.33%	11.53%	(720 bps)	7.12%	9.89%	(280 bps)
Adjusted EBITDA	91	220	-58.6%	562	699	-19.6%
Adjusted EBITDA Margin	5.26%	14.16%	(890 bps)	8.99%	11.88%	(289 bps)

Note:

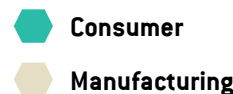
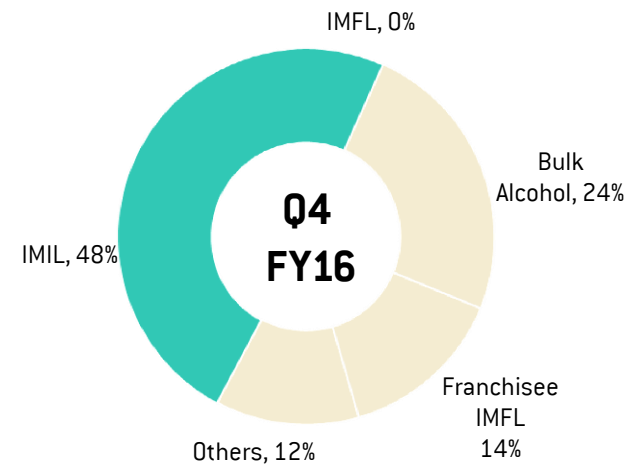
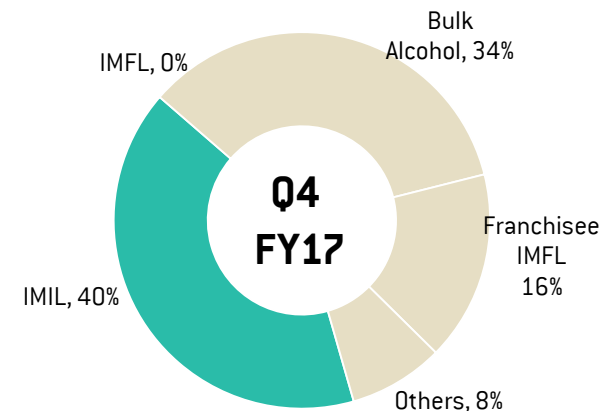
Excise laws in certain states mandate that a brand must be sold directly by the bottler, so the entire billing in such cases is done by GSL however the funding is essentially incurred by the brand owner [s].

To provide better clarity on performance, the above figures are adjusted for contribution from Franchisee Bottling segment.

FRANCHISE IMFL SUPPORTED OVERALL PERFORMANCE

- Revenues from manufacturing business stood at Rs. 1,267 mn in Q4 FY17, higher by 29% YoY
 - This was driven by healthy growth in both Franchise IMFL as well as Bulk alcohol segment
- Share of consumer business stood at 40% in Q4 FY17 against 48% in the same period last year
 - Consumer Business reported a de-growth of 9% due to lower off take in branded IMIL as well as zero IMIL revenues from Bihar
- IMIL revenues stood at Rs. 837 mn
 - Rajasthan registered robust volume growth of 18%, while the revenue growth stood at 19%

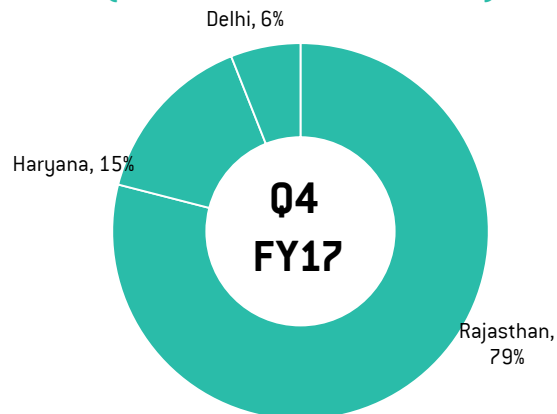
Breakup of Revenue from Operations



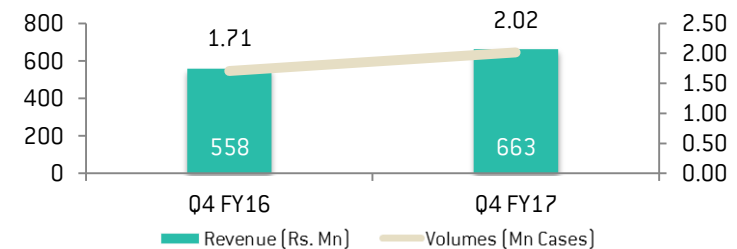
IMIL - ROBUST VOLUMES IN RAJASTHAN

- Aggregate IMIL revenues stood at Rs. 8,369 mn, down by 9% Y-o-Y
 - Zero IMIL revenues from Bihar as well as subdued volume growth in Haryana resulted in below-par performance
- Rajasthan witnessed strong growth of 19% in Q4 FY17
 - This was supported by favorable volume growth of 18%
 - Market share of Rajasthan improved to 30% in Q4 FY17 vis-à-vis 28% in Q4 FY16
- Performance in Haryana deteriorated during the quarter due to competitive pressures

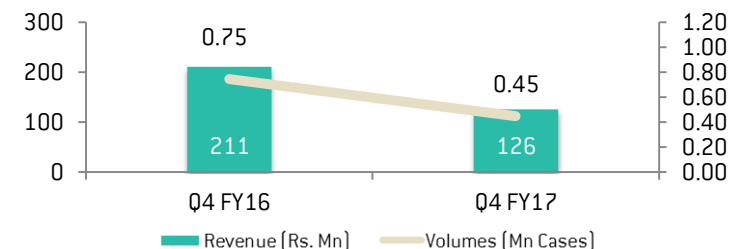
Q4 FY17 IMIL Split by Volume (Total 2.62 mn cases)



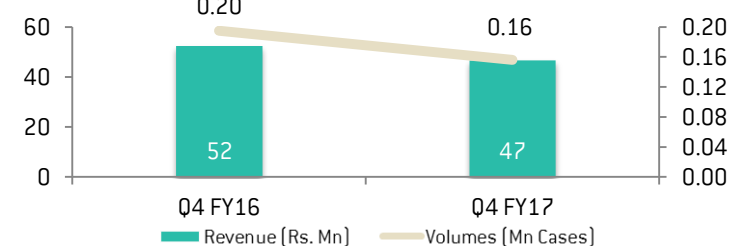
Rajasthan IMIL



Haryana IMIL



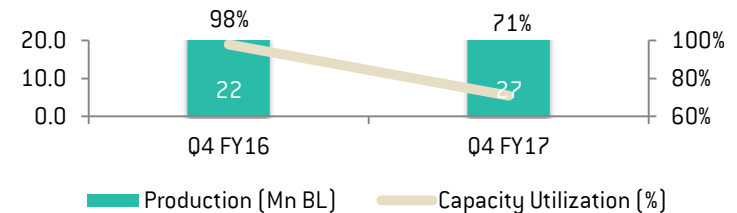
Delhi IMIL



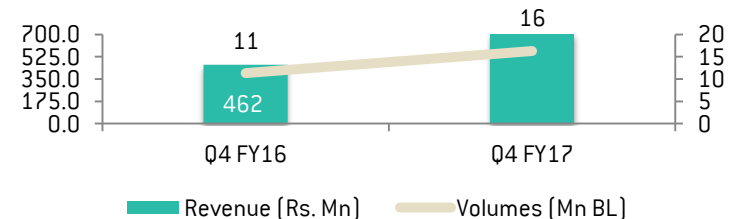
MANUFACTURING: BACKBONE TO CONSUMER BUSINESS

- Capacity utilization stood at 71% in Q4 FY17
 - This comprises of the production commenced at the West Bengal facility during the quarter
- Bulk Alcohol revenues increased by 53% YoY
 - This was guided by healthy volume growth of 44% combined with favorable realisations
- Franchise Bottling volumes stood at 0.777 mn cases vs. 0.958 mn cases in Q4 FY16
 - West Bengal positively contributed to the overall volumes which was mitigated by volume de-growth in Rajasthan and Haryana

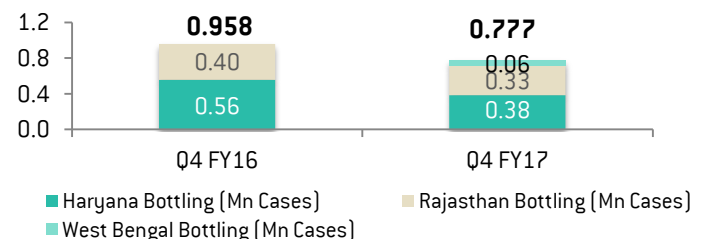
Production & Capacity Utilization



Bulk Alcohol*



Franchise Bottling



*Excluding bulk sales to franchisee customers in Rajasthan

Figures in Rs Million, Standalone Financials

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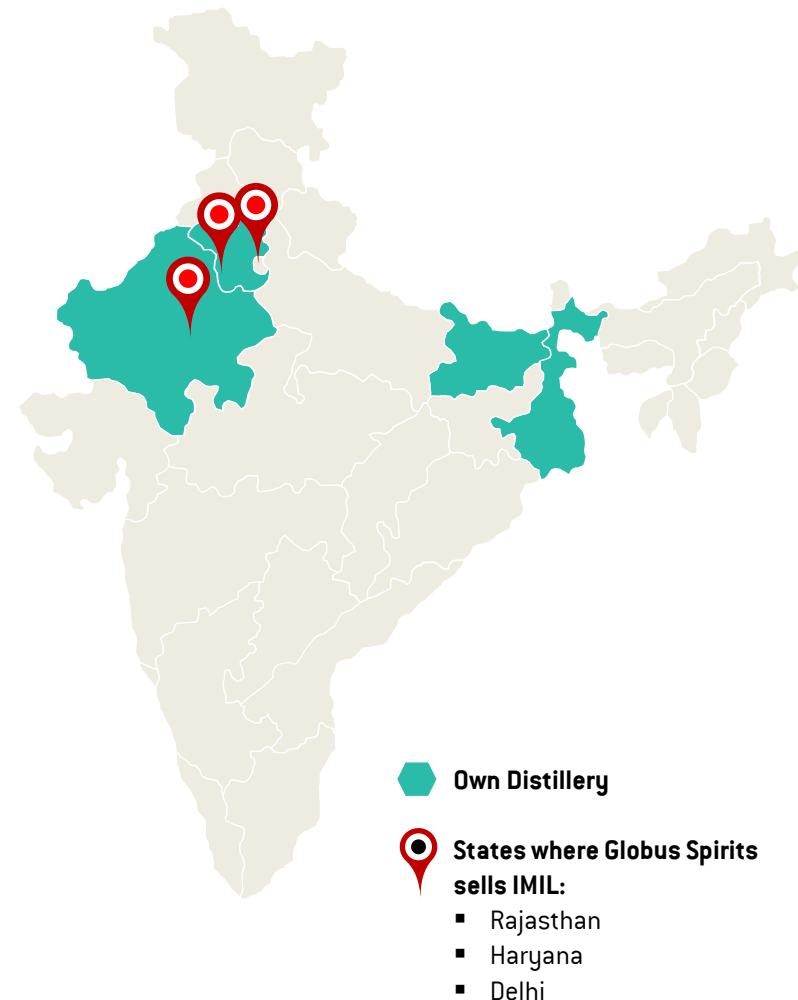
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GLOBUS 360° ALCOBEV PLAYER - FORAY INTO EAST

- No. 1 private player in Rajasthan IMIL with 30% market share
 - 2.02 mn cases in sold in Q4 FY17, up 18% YoY
- No. 2 private player in Haryana with 13% market share
 - 0.48 mn cases in sold in Q4 FY17
- Commenced commercial production at both the Greenfield Distilleries in Bihar and West Bengal
 - Combined capacity at West Bengal & Bihar to be 60 million BL; over 60% of existing distillery capacity
 - To cater the growing need of Bulk Alcohol in West Bengal, which is witnessing a huge deficit of ~80 million liters



LEVERAGING A **STRONG 360°** BUSINESS MODEL



Unique 360° model straddling across the entire alcohol value chain

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

GLOBUS PLANS

PRESENT

- Established 360⁰ model in North India (Haryana & Rajasthan)
- Amongst the 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

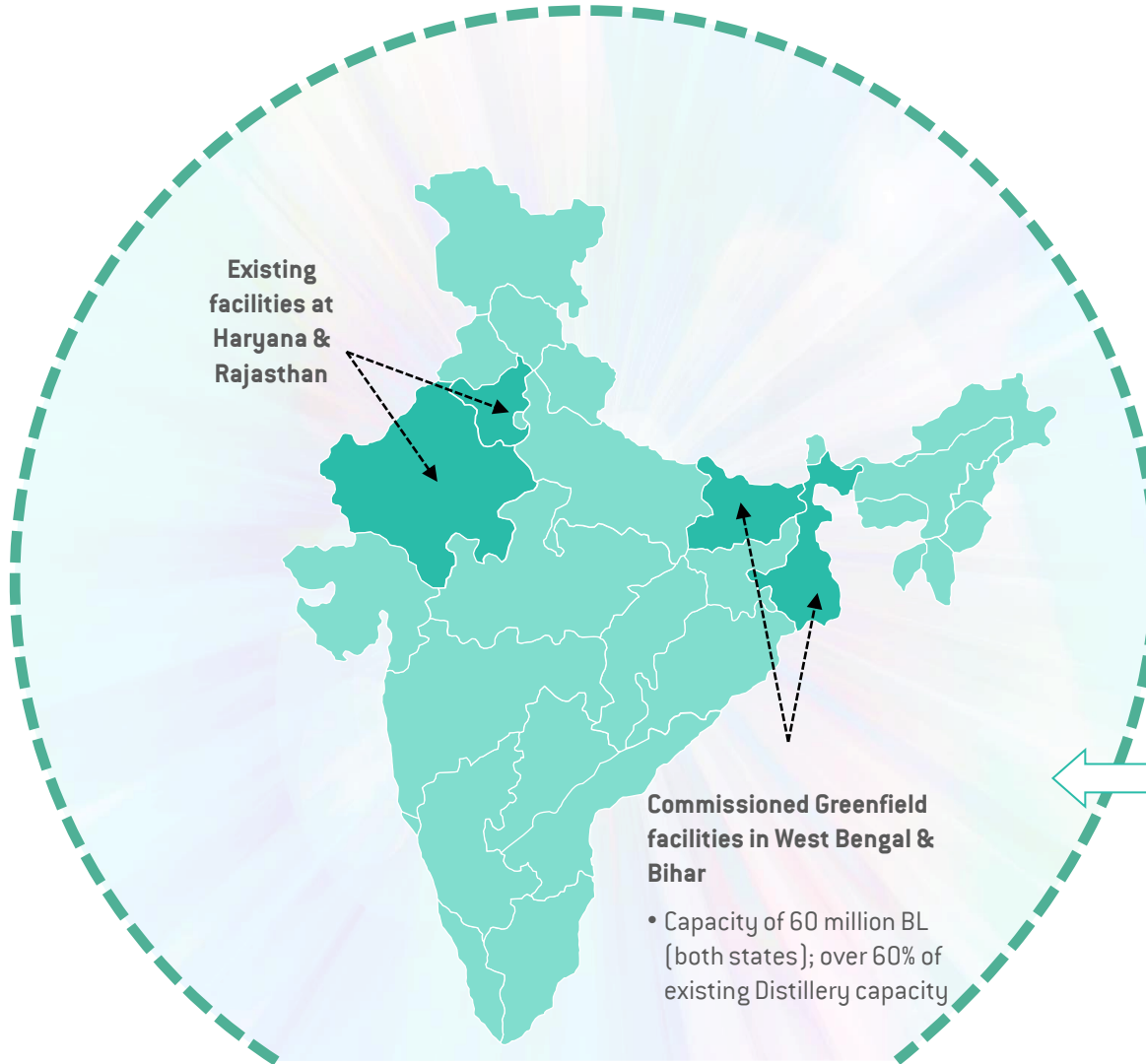
NEAR TERM STRATEGY

- Enter fast growing liquor market of West Bengal with complete 360⁰ offering
- Launch premium brands of value
- Focus on DDGS, a co-product in the alcohol manufacturing process, in the Indian market

FUTURE

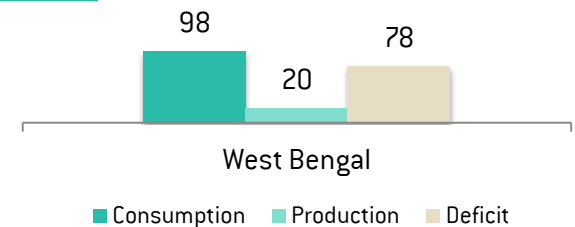
- Large market share in IMIL by offering quality products to the consumer
- Establish sustainable premium brands in IMFL
- High capacity utilisation with focus on technology and efficiency at old and new facilities
- Portfolio of high value by- products

EXPANSION INTO EAST – BIHAR & WEST BENGAL



- Locational 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



1st 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 with 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



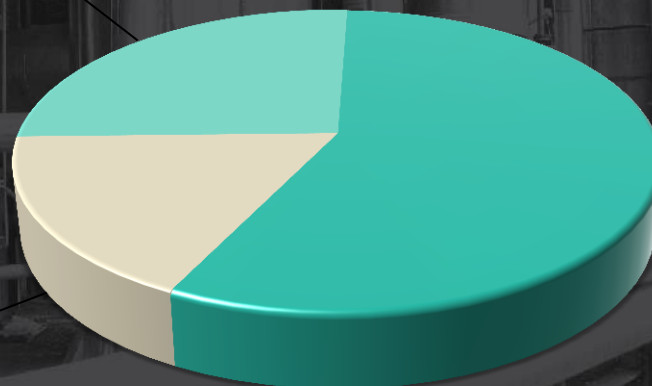
Healthy Balance Sheet

- Funding for greenfield expansion at Bihar secured via equity
- D/E of 0.6x
- Cash efficient operations

SHAREHOLDING PATTERN

Corporate Bodies,
Individuals &
Others
26%

FII
17%



Promoter Group
57%

As on March, 31, 2017 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 or contact:

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