



Globus Spirits

GLOBUS SPIRITS LIMITED

Q1 FY18

Investor Presentation

16 August 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 33%
- **2nd largest** IMIL company in Haryana with 10% market share

HEALTHY BALANCE SHEET – Debt-to-Equity Ratio of **0.61x** in Q1 FY18

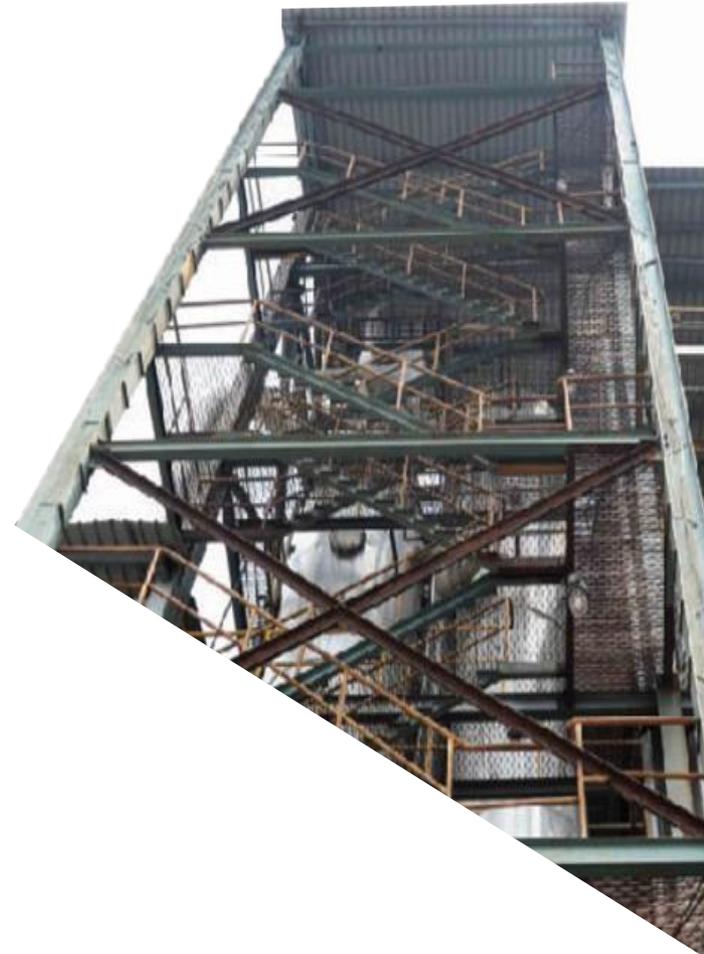
AGENDA

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Q1 FY18 – KEY DEVELOPMENTS

- **Robust ramp-in volumes at the recently commissioned Greenfield Distillery at West Bengal in the first quarter of full operations**
 - One of the largest grain-based state-of-the-art distilleries in the state with a capacity of ~33 million BL
 - Healthy demand-supply scenario is enabling the Company to rapidly scale up volume
 - Operating at near optimal capacity utilization levels in the first quarter of full operations – this would further improve in the upcoming quarters
 - Receiving encouraging response for the maiden IMIL brand - 'Goldee'
 - More launches / brand variants underway
 - Investment in West Bengal playing out as expected – Grain prices are lower than North India, while ENA prices are higher thereby improving the spread between grain and ENA price
 - Overall, favorably positioned in the state and fully confident of demonstrating a strong 360⁰ Alcobev business model
- **Update on Bihar Distillery**
 - Based on the decision of the High Court, the Company has applied for renewal of license with Registration, Excise and Prohibition Department, Government of Bihar, Patna on May 05, 2017. The said application is currently pending with the department and GSL is confident of recommencing the operations in the financial year 2017-18 after the license is renewed

Q1 FY18 – PERFORMANCE HIGHLIGHTS

- **Significant increase in Bulk alcohol volumes led by commissioning of the West Bengal facility resulted in healthy topline growth. Growth in Rajasthan revenues further aided the topline performance – Strong revenue growth achieved despite uncertainty around GST implementation**
 - Gross Revenues (including other income) stood at Rs. 3,362.8 mn in Q1 FY18, higher by 20.8% Y-o-Y
 - EBITDA came in at Rs. 181.8 mn in Q1 FY18
 - PBT came in at Rs. 24.7 mn in Q1 FY18
 - Net Profit stood at Rs. 15.7 mn in Q1 FY18
- **Overall profitability was impacted due to lower IMIL volumes in Haryana as well as lower realisation in the DDGS segment.**
 - IMIL Revenues stood at Rs. 1,027.1 mn, higher by 2% Y-o-Y
 - Healthy growth in Rajasthan (+29%) partially negated the impact of volume de-growth in Haryana
 - Revenues from Others Segment led by DDGS stood at Rs. 216.4 mn, down by 3% year-on-year

Q1 FY18: PROFIT & LOSS STATEMENT

Particulars (In Rs MN)	Standalone					
	Q1 FY18	Q1 FY17	YoY (%)	FY17	FY16	YoY (%)
Gross Sales	3,351.82	2,773.42	21%	11,230.86	9,930.68	13%
Less- Excise duty & Discounts	786.80	861.67	-9%	3,339.62	2,863.64	17%
Net Sales	2,565.02	1,911.75	34%	7,891.24	7,067.04	12%
Other Income	11.02	9.92	11%	44.32	38.22	16%
Revenue from Operations	2,576.04	1,921.67	34%	7,935.56	7,105.26	12%
Total Expenditure	2,394.24	1,720.58	39%	7,329.12	6,367.94	15%
Consumption of Raw Material	1,626.89	1,151.86	41%	4,677.31	4,098.86	14%
Employee Cost	54.41	37.66	44%	169.41	157.98	7%
Other Expenditure	712.94	531.06	34%	2,482.41	21,111.10	18%
EBITDA	181.80	201.09	-10%	606.44	737.32	-18%
Depreciation & Amortisation	86.12	59.60	44%	380.94	421.61	-10%
EBIT	95.69	141.48	-32%	225.50	315.71	-29%
Finance Charges	70.97	35.07	102%	175.22	168.53	4%
PBT before exceptional items	24.72	106.42	-77%	50.27	147.18	-66%
Exceptional items*	-	-		-	-	
PBT	24.72	106.42	-77%	50.27	147.18	-66%
Tax Expense (Current, Deferred Tax)	9.05	25.79	-65%	3.28	45.40	-93%
MAT Credit	-	-		(43.20)	(23.60)	-
PAT (From ordinary activities)	15.68	80.63	-81%	90.19	125.38	-28%

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

Q1 FY18: KEY RATIOS

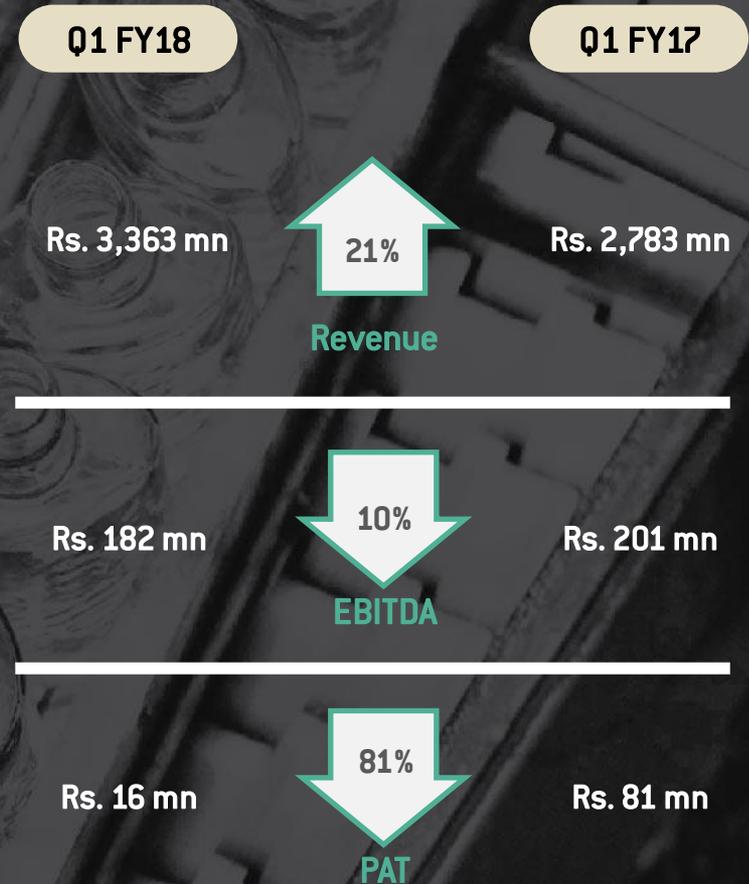
Key Ratios as a % of Total Revenue	Standalone				
	Q1 FY18	Q1 FY17	Q4 FY17	FY17	FY16
EBITDA	7%	11%	8%	8%	10%
PAT	1%	4%	2%	1%	2%
Total Expenditure	93%	90%	93%	93%	90%
Raw material	63%	60%	60%	59%	58%
Employee Cost	2%	2%	2%	2%	2%
Other Expenditure	28%	28%	30%	31%	30%
Interest	3%	2%	2%	2%	2%
Depreciation	3%	3%	3%	5%	6%
Other Income	0%	1%	1%	1%	1%

Q1 FY18: BALANCE SHEET

Particulars (In Rs MN)	30 th Jun 2017	30 th Jun 2016
<u>Liabilities</u>		
Shareholders' Fund	3,764.0	3,668.2
Non-Current Liabilities	2,009.1	2,089.2
Long term borrowings	1,693.3	1,776.0
Deferred tax liabilities (Net)	206.6	224.3
Long-term provisions	14.9	11.5
Other Non-current liabilities	94.4	77.4
Current Liabilities	2,103.6	1,854.3
Short Term borrowings	591.0	559.5
Trade payables	1,019.1	811.5
Other current liabilities	481.0	466.2
Short-term provisions	12.5	17.2
Total Liabilities	7,876.7	7,611.7
<u>Assets</u>		
Net fixed assets	6,307.3	6,038.5
Non-current investment	49.4	1.0
Other non-current assets	194.5	398.7
Long-term loans and advances	1.1	41.0
Current Assets	1,324.4	1,132.5
Current Investments	-	0.8
Inventories	508.8	396.9
Trade Receivables	399.4	408.6
Cash and Equivalents	180.2	211.5
Short-terms loans and advance	0.7	0.8
Other Current Assets	235.3	114.1
Total Assets	7,876.7	7,611.7

Q1 FY18 YoY – PERFORMANCE OVERVIEW

- **Gross Revenues (including other income) stood at Rs. 3,363 mn in Q1 FY18, higher by 21% owing to robust volume growth in the Bulk alcohol segment**
 - Bulk alcohol volumes increased by 98% owing to healthy contribution from the recently commissioned West Bengal facility
 - This was supported by 27% volume growth in IMIL in Rajasthan
- **EBITDA for the quarter stood at Rs. 182 mn**
 - EBITDA performance was impacted due to lower IMIL contribution from Haryana as well as decline in DDGS realizations
- **PAT came in at Rs. 16 mn compared to Rs. 81 mn in Q1 FY17**



Q1 FY18 YOY – ADJUSTED FINANCIALS

Particulars	Q1 FY18	Q1 FY17	Growth (%)
Net Revenue	2,565	1,912	34.17%
Revenue of bottling customers in Rajasthan & West Bengal	241	111	117.63%
Adjusted Revenue	2,324	1,801	29.04%
EBITDA	181.8	201.1	-9.59%
EBITDA Margin	7.09%	10.52%	[343 bps]
Adjusted EBITDA	181.8	201.1	-9.59%
Adjusted EBITDA Margin	7.82%	11.17%	[335 bps]

Note:

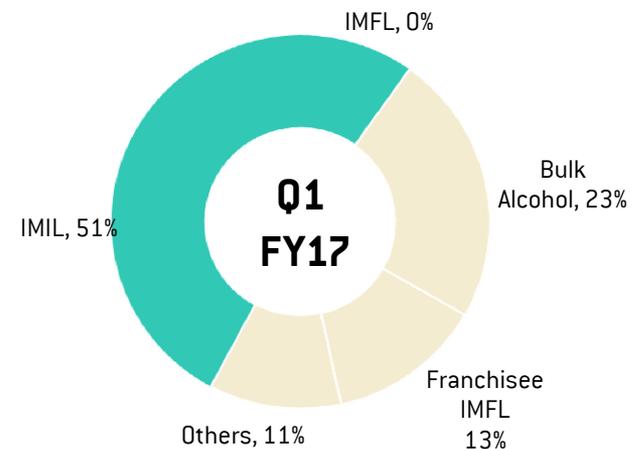
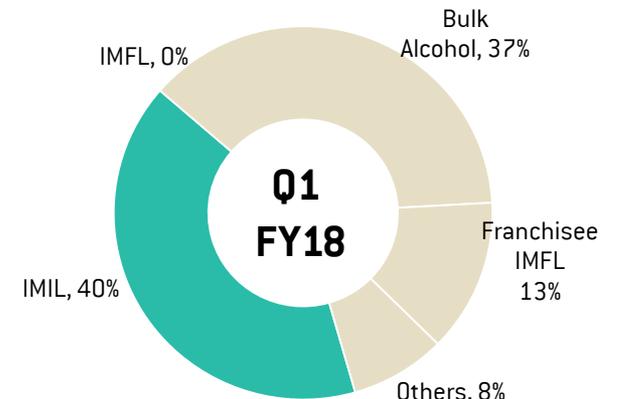
Excise laws in certain states mandate that a brand must be sold directly by the bottler, so the entire billing in such cases is done by GSL however the funding is essentially incurred by the brand owner [s].

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

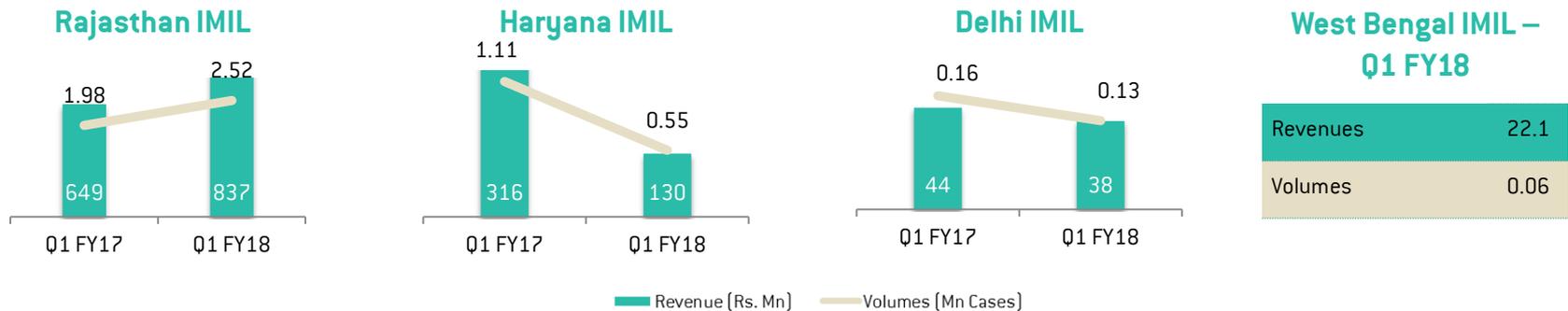
SEGMENTAL PERFORMANCE

Breakup of Revenue from Operations

- Revenues from manufacturing business stood at Rs. 1,538 mn in Q1 FY18, higher by 61% Y-o-Y
 - This was possible due to healthy growth in Bulk Alcohol revenues
 - Share of manufacturing business stood higher at 60% in Q1 FY18 supported by production commencement at the West Bengal facility
- Share of consumer business stood at 40% in Q1 FY18 against 51% in the same period last year
 - Consumer Business reported a growth of 2% during the quarter

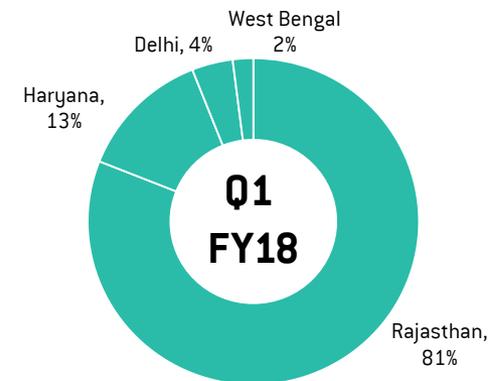


IMIL – STRONG GROWTH IN RAJASTHAN



- Aggregate IMIL revenues stood at Rs. 1,027.1 mn, up by 2% Y-o-Y
 - Rajasthan registered robust volume growth of 27% resulting in healthy market share gain
 - GSL was able to enhance its IMIL market share to 33% in a growing market
- IMIL volumes in Haryana declined owing to:
 - Delay in awarding retail licenses due to shops shifting from the highways (Supreme Court order)
 - Reduced dealer & distributor discounts impacted volumes – to enhance profitability from the state going forward

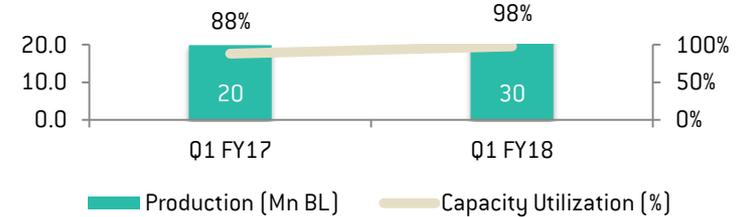
Q1 FY18 IMIL Split by Volume (Total 3.26 mn cases)



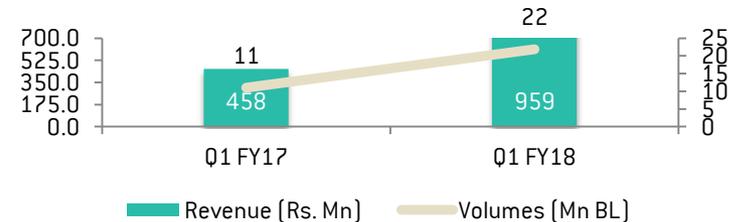
MANUFACTURING: BACKBONE TO CONSUMER BUSINESS

- Capacity utilization stood at 96% in Q1 FY18
 - This comprises of the production commenced at the West Bengal facility during the quarter
- Bulk Alcohol revenues increased by 109% YoY
 - This was guided by strong volume growth of 98% during the quarter
- Franchise Bottling volumes stood at 0.734 mn cases vs. 0.788 mn cases in Q1 FY17
 - West Bengal positively contributed to the overall Franchise IMFL volumes which was cascaded by de-growth in Rajasthan and Haryana attributable to lower focus on regular segment by large IMFL companies

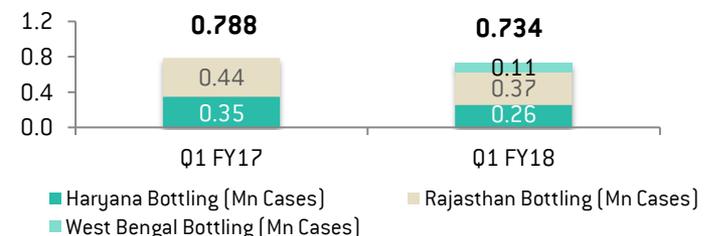
Production & Capacity Utilization



Bulk Alcohol*



Franchise Bottling



*Excluding bulk sales to franchisee customers in Rajasthan

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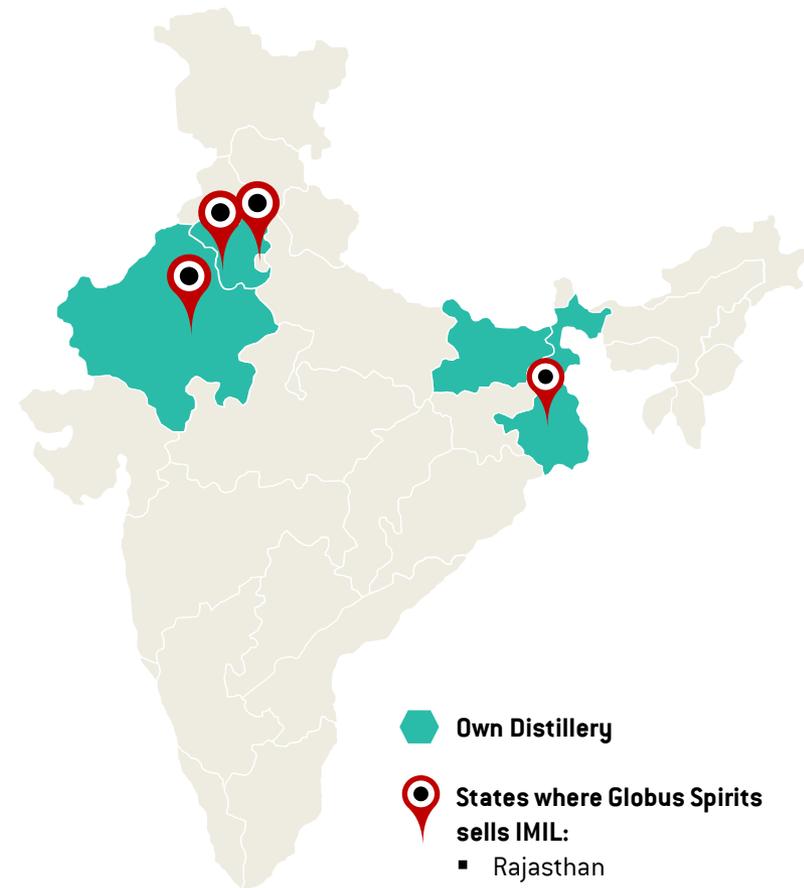
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GLOBUS 360° ALCOBEV PLAYER - FORAY INTO EAST

- No. 1 private player in Rajasthan IMIL with 33% market share
 - 2.52 mn cases in sold in Q1 FY18, up 27% YoY
- No. 2 private player in Haryana with 10% market share
 - 0.55 mn cases in sold in Q1 FY18
- Commenced commercial production at the Greenfield Distillery in West Bengal
 - 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
 - To launch more products going forward



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)
- 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

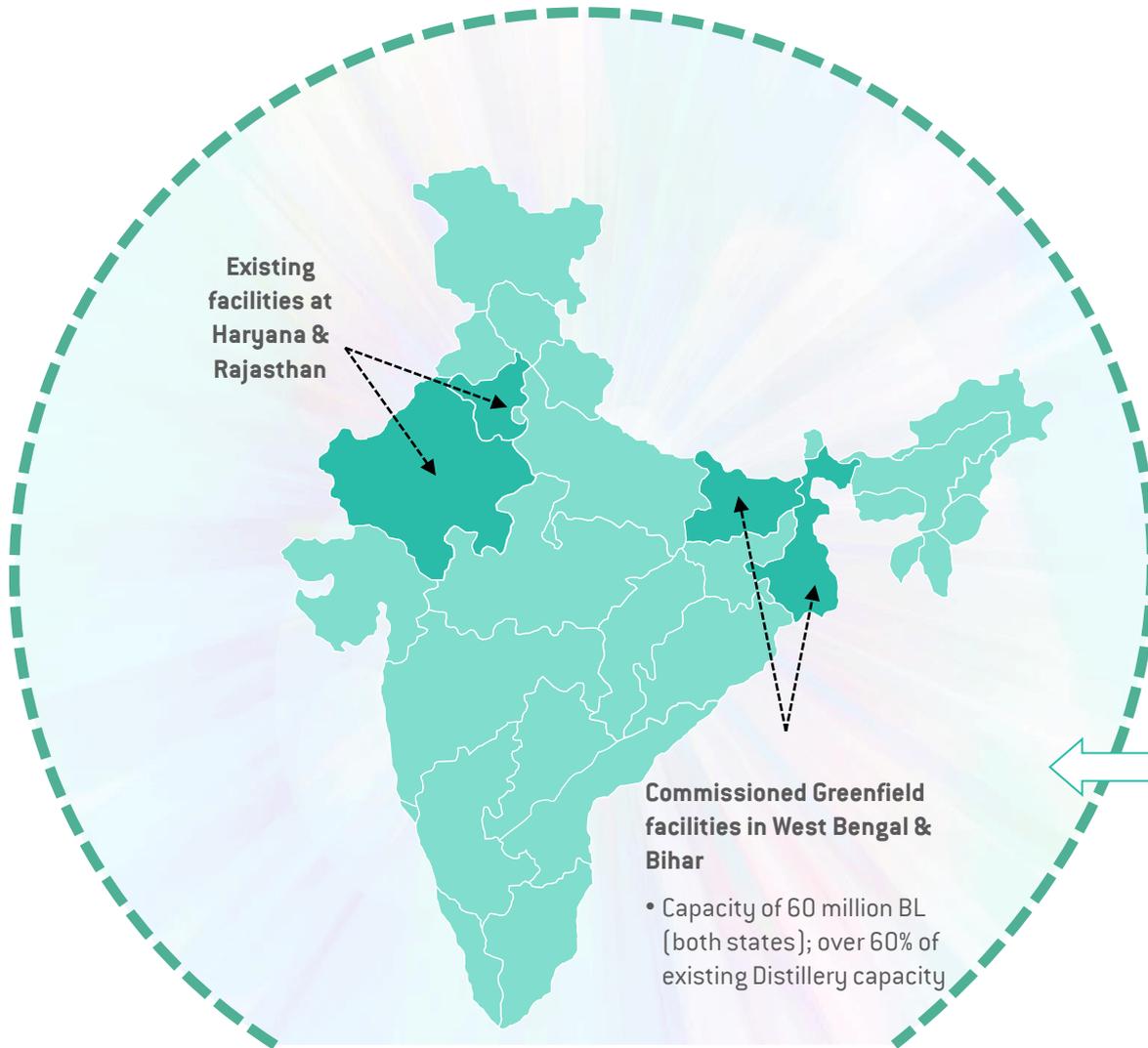
- Enter fast growing liquor market of West Bengal with complete 360⁰ offering
- Launch premium brands of value
- Focus on DDGS, a co-product in the alcohol manufacturing process, in the Indian market

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

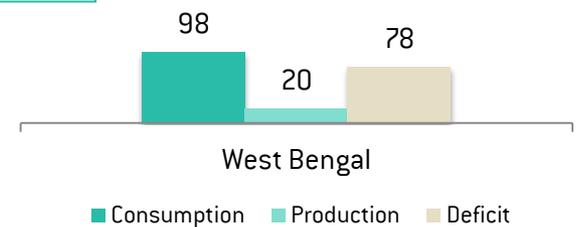


EXPANSION INTO EAST – BIHAR & WEST BENGAL



- 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



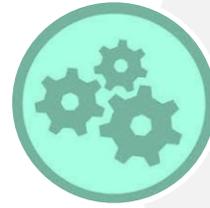
Popular dark spirits' brand Positioned as refreshing and juicy as Orange

UNIQUE COMPETITIVE STRENGTHS



360° Business Model

- Only company present across full alcohol 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

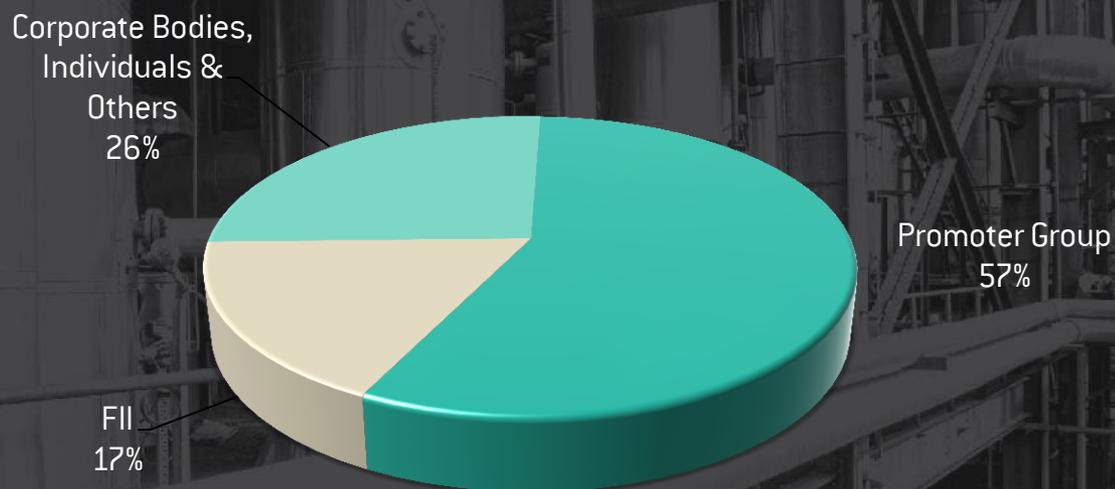
- Leadership in key states of Rajasthan, Delhi and Haryana
- Achieved sterling success in IMIL branding with Nimboo
- 4 IMIL brands



Healthy Balance Sheet

- Funding for greenfield expansion at Bihar secured via equity
- D/E of 0.61x
- Cash efficient operations

SHAREHOLDING PATTERN



As on June, 30, 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 Spirits 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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