



Globus Spirits

Geared for Profitable Growth driven by Strong Foundation

Investor & Analyst Meet 2018



Poised to deliver strong returns

Unique business model only company with **fully integrated alcohol play**

Modern grain based distilleries with track record of **high capacity utilisation**

Healthy generation of cash flows driven by conversion of bulk to bottled products

Surplus cash flow being used **for de-leveraging**

And **invest in “Unibev”** - fast growing, high margin premium IMFL segment



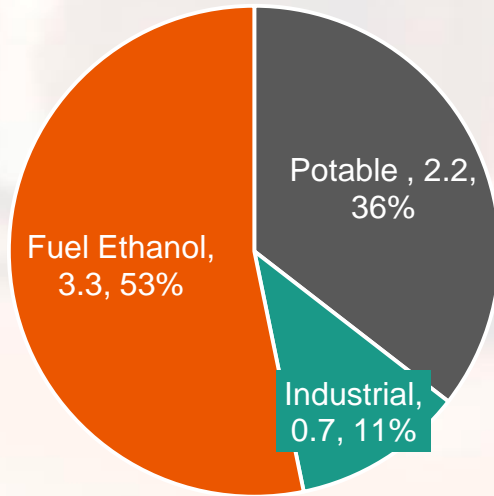


Distillery Business Backbone of Growth

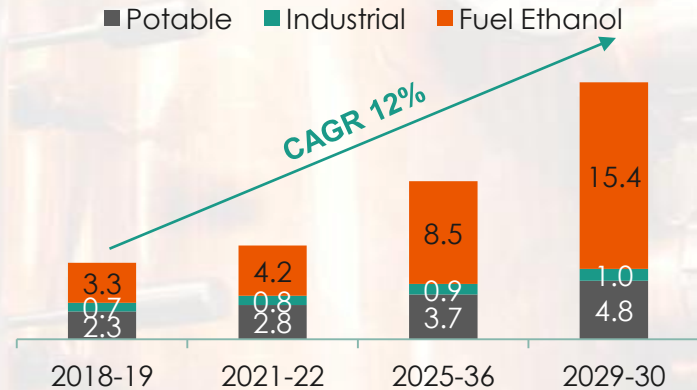


Alcohol demand of 6.3bn litres expected to grow at 12%

Alcohol Demand 2018-19 (Bn Litres)



Alcohol Demand (Bn Litres)

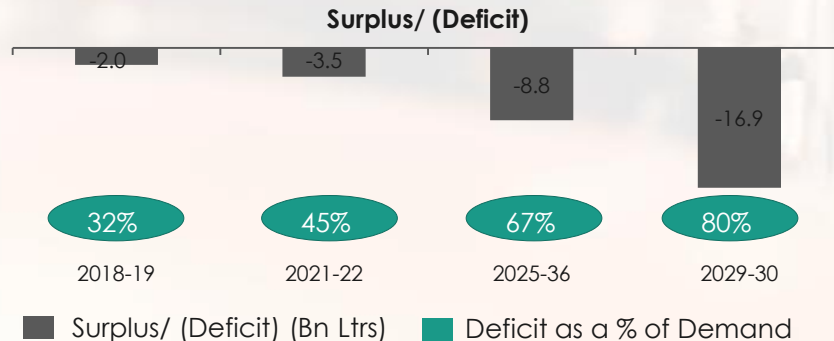


Potable CAGR 7%
Industrial CAGR 3%
Fuel Ethanol 15%
(blending rate increasing from 10% to 20%)

Huge supply deficit, alcohol to command premium

Deficit to further increase with huge government push towards higher blending rate

- Government keen on increasing ethanol blending rate to ~20% by 2030 (driven by current account deficit)
- In 2017-18 alcohol year OMCs secured bids for <50% of the ethanol requirements



New Biofuel Policy permits grain for ethanol blending

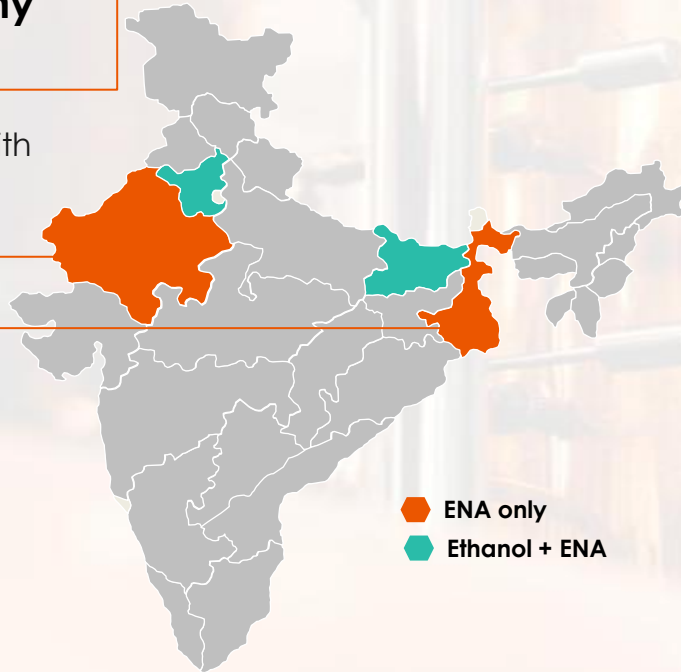
Grain ethanol to fetch Premium Realisations @ Rs 47.13 per litre

- Vs Rs 43.46 for traditional grade of molasses based ethanol
- Last year (Dec'17-Nov'18) price for ethanol was Rs 40.85

Strategically located assets to maximise realisations

Presence in alcohol deficit/
balanced states – healthy
realizations

Fast growing alcohol market with
huge entry barriers



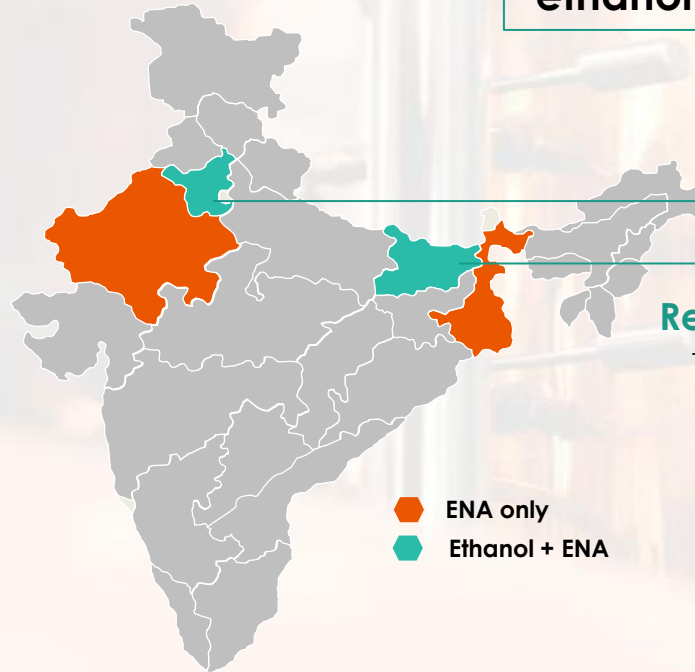
Severe alcohol deficit in West
Bengal

Strategically located assets to maximise realisations

Opportunity in **Ethanol** –adding ethanol manufacturing capability

Focus to strategically utilise the capacity towards increasing **Ethanol demand in country**

Received Government approval to restart Bihar facility (closed down due to Government policy)

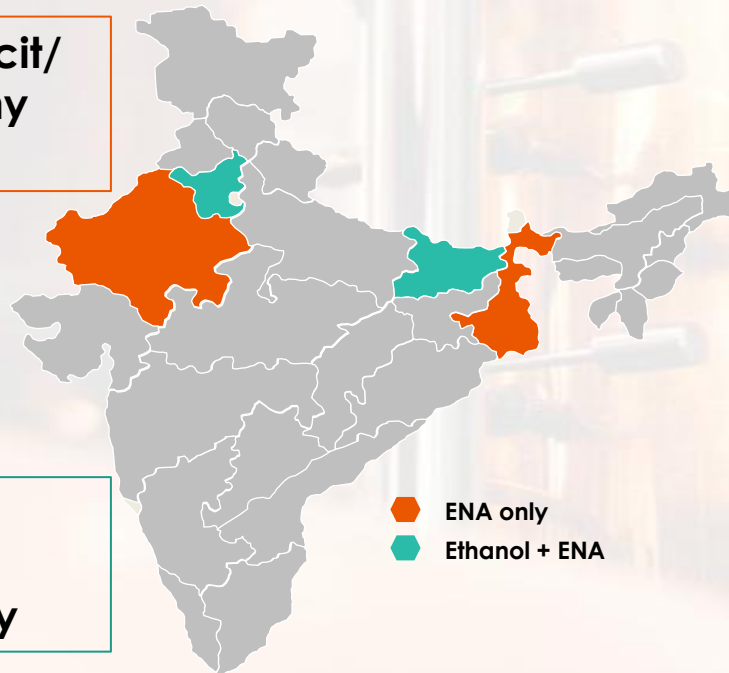


- ENA only
- Ethanol + ENA

Strategically located assets to maximise realisations

Presence in alcohol deficit/
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Opportunity in **Ethanol**
–adding ethanol
manufacturing capability



Realization per Litre (FY18)

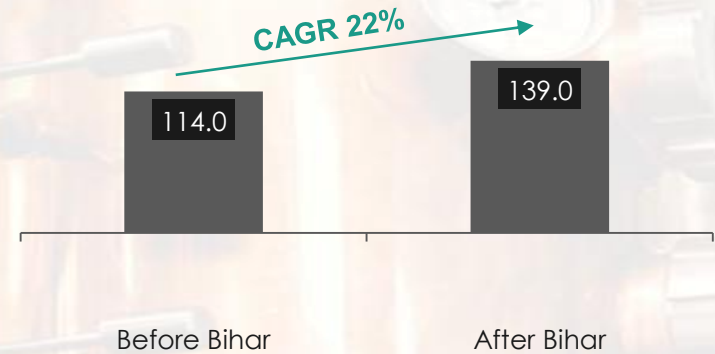
Deficit State
Rs 45/-

Surplus State
Rs 39/-

Expected
to
Increase
by ~10%

Volumes to grow driven by Bihar

Location	FY18 Production (Mn Litres)	Annual Production after Bihar Restart
Rajasthan	45	45
Haryana	38	38
West Bengal	31	31
Bihar		25
Total	114	139 (90%)





Conversion from 'bulk' to 'bottled' to drive robust growth in profits and cash flows

- Brand building to propel growth in IMIL
- Franchisee bottling business proxy play on IMFL industry

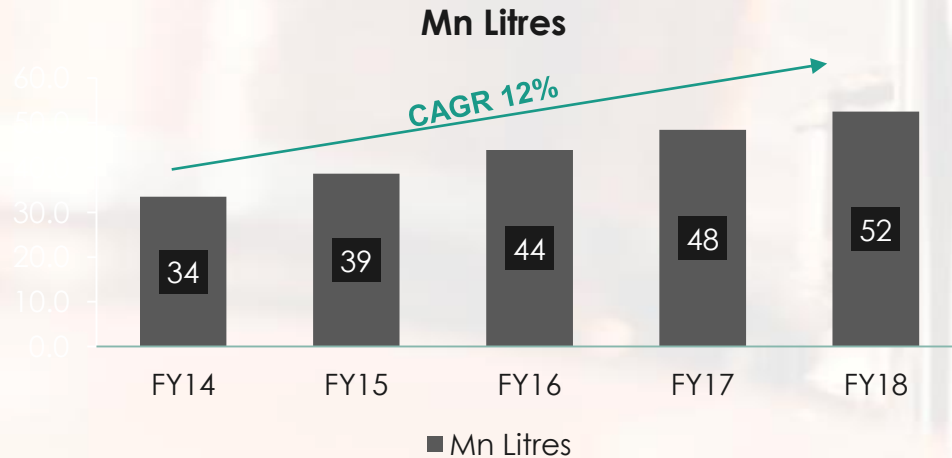


Opportunities at extreme ends of the spirits spectrum

	Indian Made Indian Liquor	Indian Made Foreign Liquor – Economy	Indian Made Foreign Liquor – Semi-Premium Plus
Market Size	240mn cases	270mn cases	44mn cases
Growth	6% estimated	Flat	~7%
Industry Contribution	Rs 1,440 crore (Per case Rs 60, low WC)	Rs 2,185 crore (Per case Rs 81, high WC)	Rs 3,160 crore (Per case Rs 723, high WC)
Consumer Segment	SEC D,E segment	SEC B,C,D,E segment	SEC A segment + Aspirational
Price (180ml)	Rs. 35	Rs. 70	Rs. 125++
Product	~30% v/v Flavored	42.8% Whisky, rum, brandy, vodka, gin	42.8% Whisky, rum, brandy, vodka, gin

Strong and steady growth from 'bulk' to 'bottled'

Captive Consumption



Average Contribution Per Litre of Bulk Alcohol

Third Party Bulk Alcohol Sales ~Rs. 7-8/-

IMIL ~Rs. 20/-

Franchisee Bottling ~Rs. 11-12/-

Brand building to drive volume growth in IMIL

Steady Growth @ 12%pa

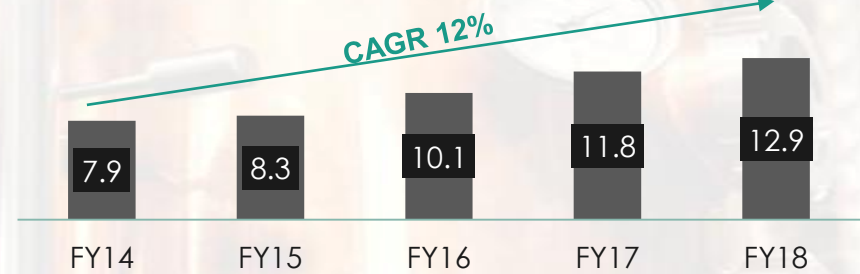
Rajasthan – Largest private player **32% MS**
(recently received ~10% price hike)

Haryana – 4th Largest player **10% MS**

West Bengal – Recent entrant **2% MS**

Delhi – 3rd Largest player **18% MS**

IMIL Sale Volumes* (Mn Cases)

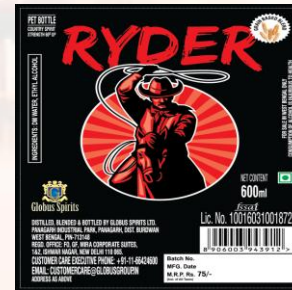
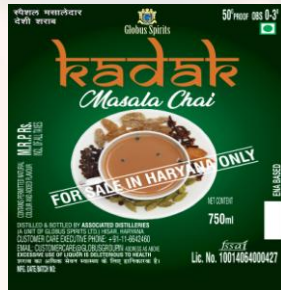


*Excludes Bihar

Focus on Innovation through Investment in R&D



78mm x 104mm



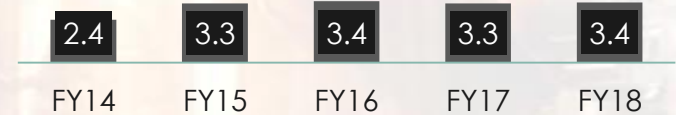
High margin franchisee bottling business ensures steady alcohol offtake

20 year old relationships with ABD and USL / Diageo

Proxy play on growth in IMFL industry

Ramp up expected in West Bengal

Bottling volume (Mn cases)



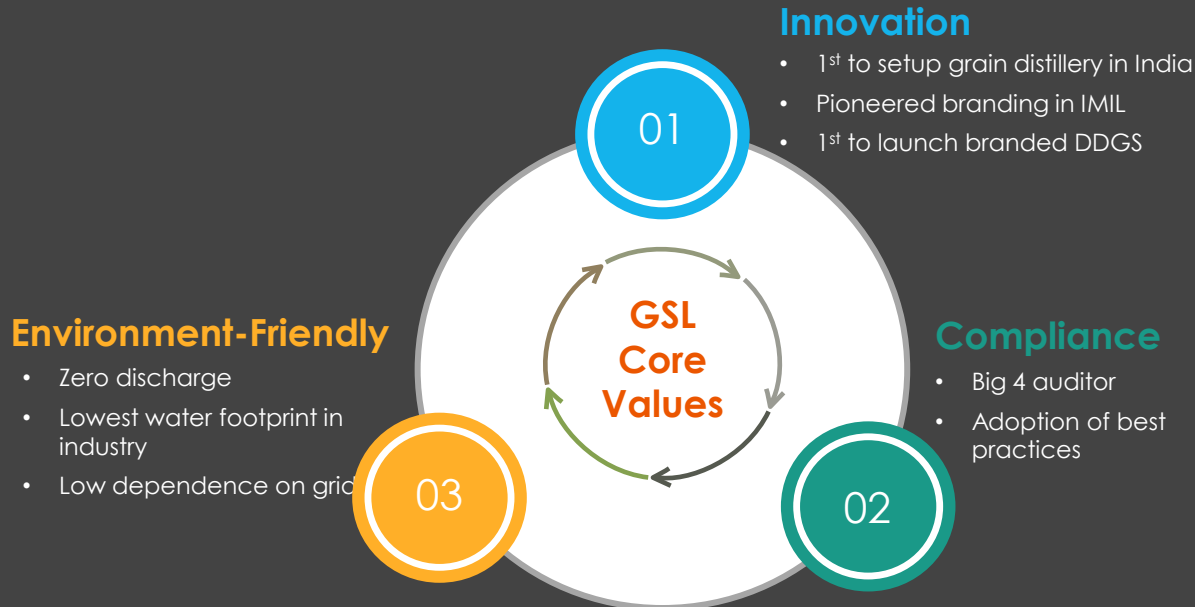
Franchisee Bottling Brands

Diageo & USL in Haryana & West Bengal

ABD in Rajasthan



Our Strong Values and Discipline, Helps us to deliver strong and consistent performance



Disciplined Financial Parameters

Total Income FY 18 Rs. 861 Cr	Total Income Q1FY 19 Rs. 232 Cr	EBITDA FY 18 Rs. 75 Cr	EBITDA Q1FY 19 Rs. 27 Cr	PAT FY 18 Rs. 7 Cr	PAT Q1FY 19 Rs. 8 Cr
Total Income Q1FY18 Rs 232 Cr		EBITDA Margin 8.7%	EBITDA Margin 11.7%	PAT Margin 0.8%	PAT Margin 3.2%

Aligned Revenue Recognition as IND AS115 – Franchisee Revenues removed from Revenues

FCFF FY 18 Rs. 56 Cr	FCFF Q1FY 19 Rs. 26 Cr*	Debt to Equity (x) FY 18 0.64 x	Debt to Equity (x) Q1FY 19 0.60x	Strong cash flows <ul style="list-style-type: none"> • Aggressive debt repayment • Investment in new business “UNIBEV”
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*Excludes working change, as temporary in nature

Moving Towards Next Leg of Growth through

“UNIBEV”



UNIBEV

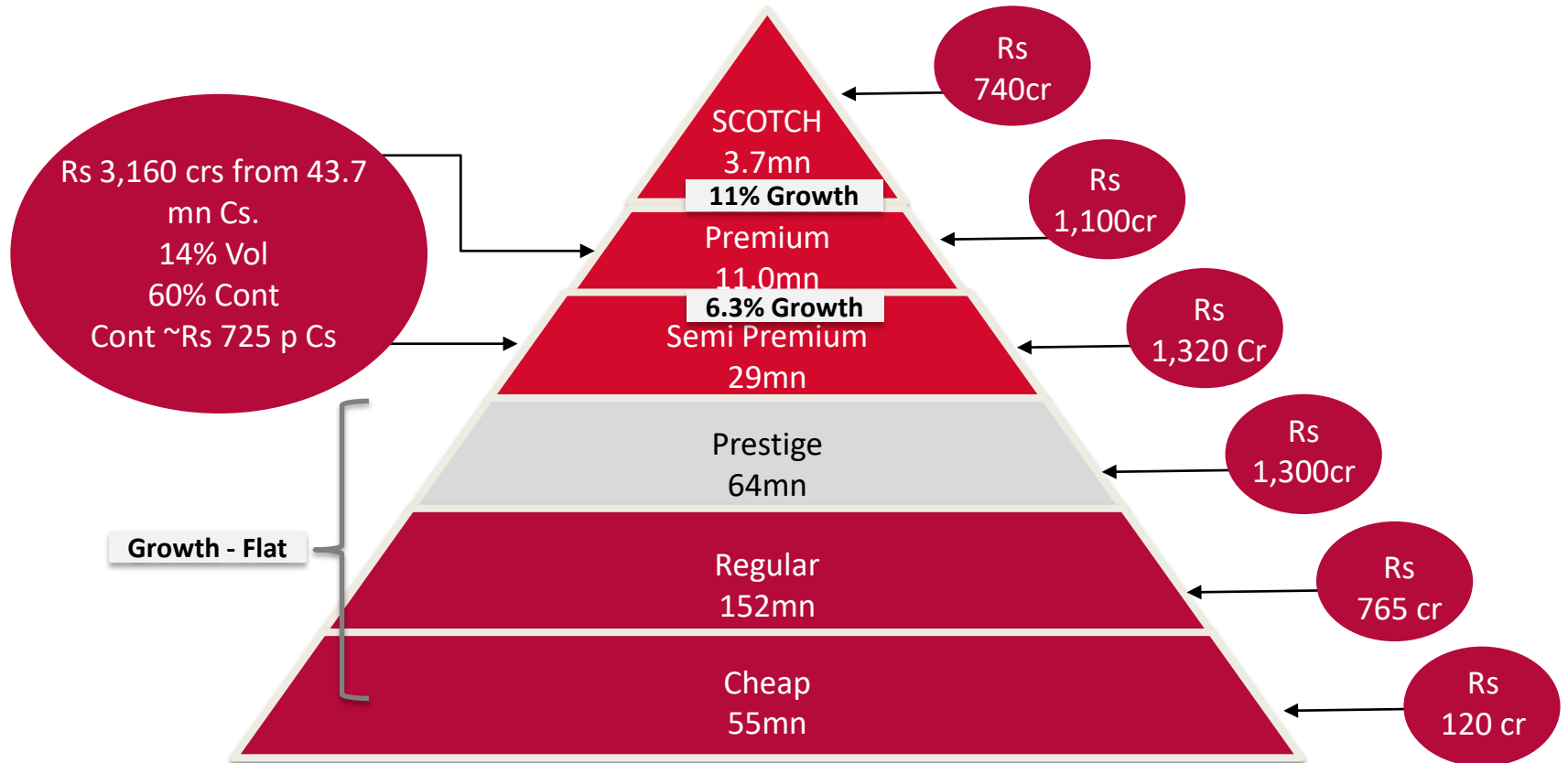
Differentiated Play in Fast Growing Premium MFL

Whisky & Brandy Contribute > 80% Volumes in Flat Market

Data in mn cases

Year	2015	2016	2017	Flavor salience%
Total Spirits	316	314	314	100
Whisky	191	193	195	62
Brandy	70	69	67	21
Rum	44	41	41	13
Vodka	8	8	8	3
Gin	3	3	3	1

60% Industry Contribution from 15% Volumes



CAGR % of Key Target Segments (Vol in Million cases)

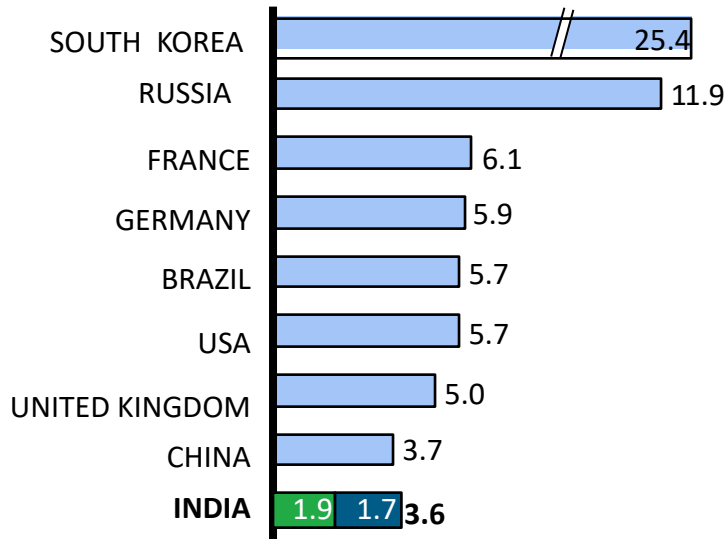
Year	2014	2015	2016	2017	Cagr %
Scotch	2.69	2.99	3.32	3.70	11.2
Super Premium + Premium Whisky	7.79	8.04	8.80	9.55	7.0
Semi Premium whisky	21.02	22.73	23.97	25.10	6.1
Premium Brandy	1.58	1.64	1.75	1.86	5.6
Total	33.08	35.40	37.84	40.21	6.7

Not included in above are Premium Vodka ~1mn Cs, Semi-premium Vodka ~2.4mn Cs, Premium Rum ~1mn Cs and Semi-Premium Rum ~1.1mn Cs which can be targeted in due course

Headroom Available For The Spirits Industry In India

International benchmarks

Per capita consumption of spirits vs. other countries (litres)



IMFL

IMIL

National benchmarks

Low penetration of spirits vs. other FMCG categories in India

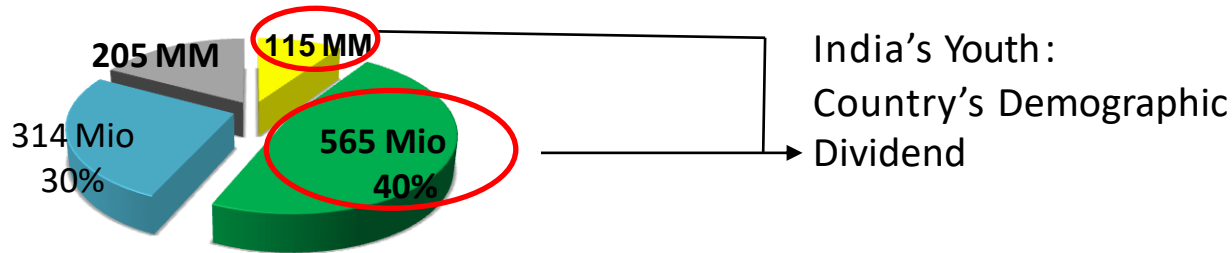
CONSUMER CATEGORIES	PENETRATION (2010)
Tea	96%
Soaps	92%
Detergents	87%
Edible Oils	85%
Biscuits	85%
Oral Care	82%
Spirits	42%

Restricted number of outlets ~ 80,000
both on- and off-premise

The India Growth Potential

1. India is currently the fourth largest economy in the world in Purchase Power Parity (PPP) terms
2. Robust economic growth rate expected to continue
3. India entering the Demographic Window (working age group) soon, whereas, Europe, US and China are either well into it or past it

India's Population: Age-wise break-up



■ Upto 18 yrs ■ 19 - 25 yrs ■ 26 - 44 yrs ■ Above 44 yrs

4. Rapid urbanization – middle class already exceeds 300 million
5. Change in lifestyle, higher disposable income, shift in expenditure pattern

The Blue Ocean Strategy

A goldfish is shown jumping out of a glass fishbowl, creating a splash of water. Inside the bowl, several other goldfish are swimming. The background is a light blue gradient.

RED OCEAN STRATEGY

- Compete in existing markets
- Beat the competition
- Exploit existing demand
- Make the value-cost trade off
- Align Strategy choice of differentiation or low cost

BLUE OCEAN STRATEGY

- Create uncontested products
- Make competition irrelevant
- Create & capture new customers
- Break the value –cost trade off
- Simultaneous pursuit of differentiation strategy

Volume
domination by
MNC brands

Premiumisation
in letter but
missing in spirit

Emergence of
Regional Me
Too brands

Marginal price
elasticity

GAPS IN THE IMFL MARKET

Short term
gains through
variants

Sharp rise in
discretionary
spends since
2007-08

Premium brands
aspirations all
time high

Aged Spirit,
'Finishes' on
Palate

Scope for Launch of New
Differentiated Brands



UNIBEV



Vijay Rekhi

**Strategic
Partnership**



Beverage alcohol industry veteran
Steered United Spirits to global volume leadership
Keeper of the Quaich, most admirable CEO –amongst personal recognitions

Unique business model – integrated spirits play
Strong governance and financials
Bold business philosophy

Our Vision

To offer premium innovative spirits to discerning consumers and become one of the leading player's in super premium and premium segments to create value for stakeholders.

Our Team of Domain Experts & Leaders



Shekhar Swarup



Vijay Rekhi



Ajay Swarup



N.J Menon

Master
Blender



**T. V
Subramaniam**

Strategy &
Planning



**Pundlik
Kalburgi**

Sales &
Marketing



Sathish Nair

Supply Chain



**Rajshekhar
Nambiar**

QC &
Production



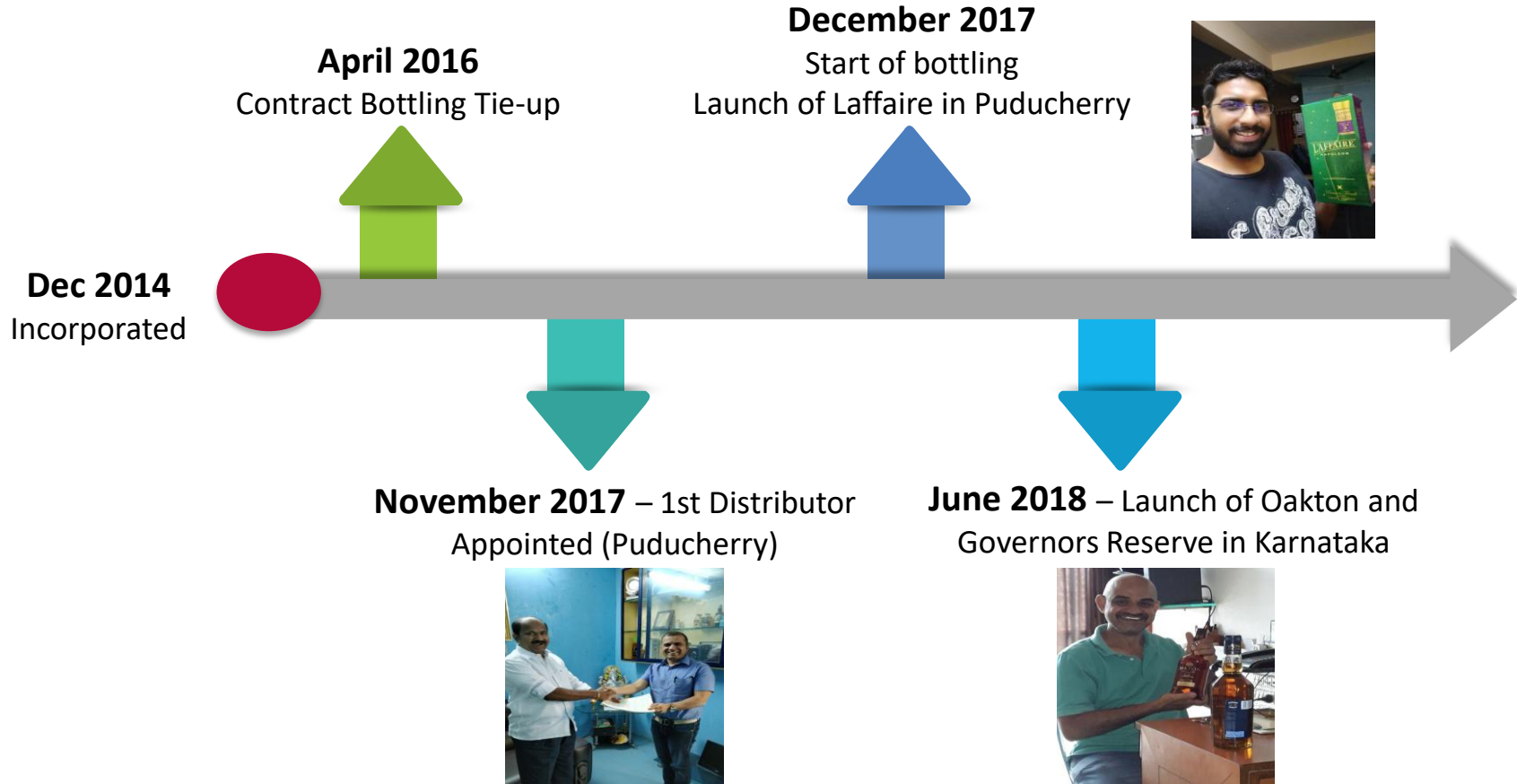
S.R Ainapur

Finance

Our Business Model

Differentiated product offerings in
high ROI categories
Focus on ROI for selecting markets
and distribution footprint
Asset light model

Our Journey

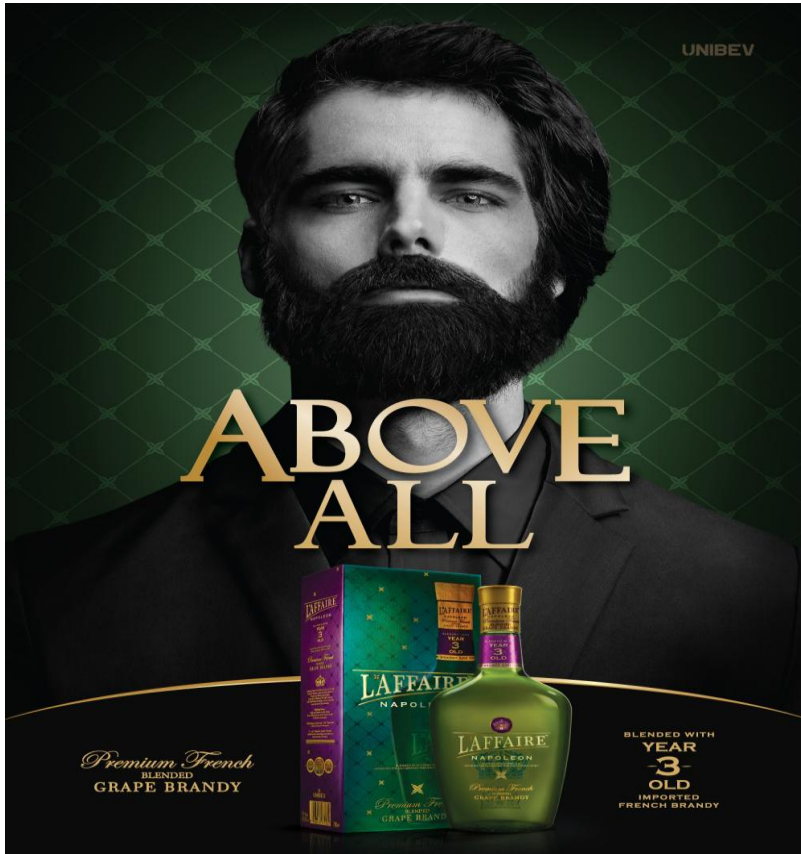


First IMFL Brands with Aged Spirits



BLENDED WITH
YEAR
3
OLD
IMPORTED
FRENCH BRANDY

L'AFFAIRE NAPOLEON PREMIUM FRENCH BRANDY



SEC A2 - Male. 35+ years old. Earnings : 60k -80k

Attractive, Masculine, Accentuate, Macho & Sexy, Risk Taker, Energized, Refreshed



OAKTON BARREL AGED WHISKY



SEC A2 - Male. 30+ years old. Earnings : 60k -80k

Stylish, Sophisticated, Thoughtful, In control, Contemplative, Knowledgeable, Discerning



BLENDED
WITH
12
YEAR OLD
SCOTCH

GOVERNOR'S RESERVE WHISKY



BETTER THAN THE BEST

BLENDED
WITH
12
YEAR OLD
SCOTCH



SEC A3 - Male. 25+ years old. Earnings : 40k -60k

No Inhibitions, Free, Energetic, Social, Feel Light, Letting go, In Control

Maximize Reach through Focused Distribution Strategy

- Top outlets per city with maximum throughput
- Differentiated packaging with premium cues to garner consumer attention
- On premise kick off with top premium clubs in each city
- Ride on technology distribution trends





TOP 25% OUTLETS
GENERATE 75%
INDUSTRY
CONTRIBUTION*

*Company estimates

Technology Enabled Distribution With Hipbar

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Options

L'affaire Premium French Brandy
5 hrs • 🌐

Forget the rush at the billing counter because L'Affaire is now on Hipbar.
Order Now!
PlayStore: goo.gl/mJMhJq
iOS : goo.gl/RyoFqn

#Laffaire #Brandy #unibev #french #blend #superior #cognac #drinkup #potstill #napolean #smooth #flamboyant #connoisseur #Hipbar



Nisar Khan and 3 others 1 Share

Like Comment Share

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Governors Reserve Whisky
5 hrs • 🌐

Reserved in oak casks, available on your phone. Order your bottle of Governors' Reserve from Hipbar now.
Order Now!
PlayStore: goo.gl/mJMhJq
iOS : goo.gl/RyoFqn

#governorsreserve #betterthanthebest #whisky #gold #amber #malty #rich #premiumgrain #honey #vanilla #spicy #peat #dryfruits #nuts #sweet #fruity #warm #smooth #unibev #Whiskylovers #Whi... See More



Rathnakara Kunder and 8 others

Like Comment Share

Governors Reserve Whisky

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Oakton Barrel Aged Whisky
5 hrs • 🌐

With the weekend ready and full of spontaneous thrill, you can now take your favourite whisky along. Oakton is now available on Hipbar, all across Bengaluru.
Order Now!
PlayStore: goo.gl/mJMhJq
iOS : goo.gl/RyoFqn

#Oakton #betterthanthebest #whisky #gold #amber #malty #rich #premiumgrain #honey #vanilla #spicy #peat #dryfruits #nuts #sweet #frui... See More



Aniruddha Basak and 10 others 1 Share

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STRATEGY IN SYNC WITH CONSUMER TRENDS



Marketing Strategy

Focus on cost effective & impactful marketing initiatives - Digital Marketing & BTL
Thrust on BTL medium - visibility, shelf display, sampling, on premise promotion & events

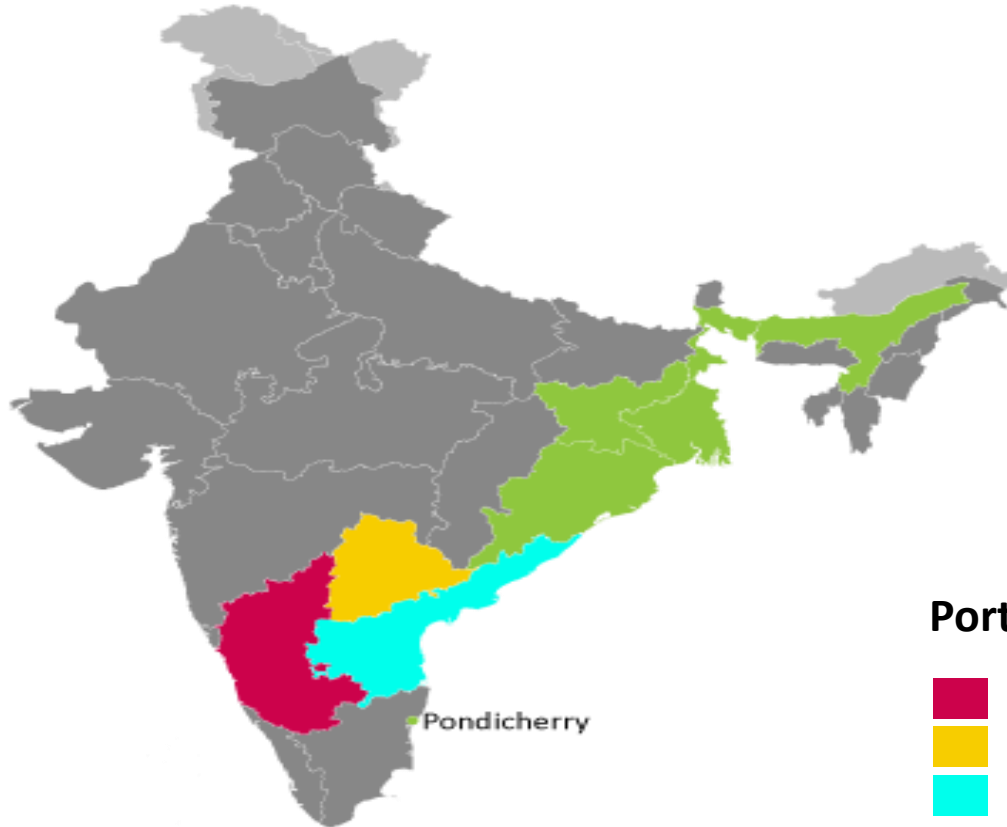
Asset Light Model - Contract Bottling to Serve Regional Launches

- Bottling Distillers in Karnataka
- Globus Spirits facilities in North and East
- West - contract serviced model

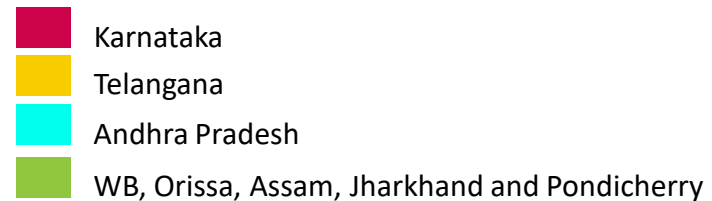


2018-19

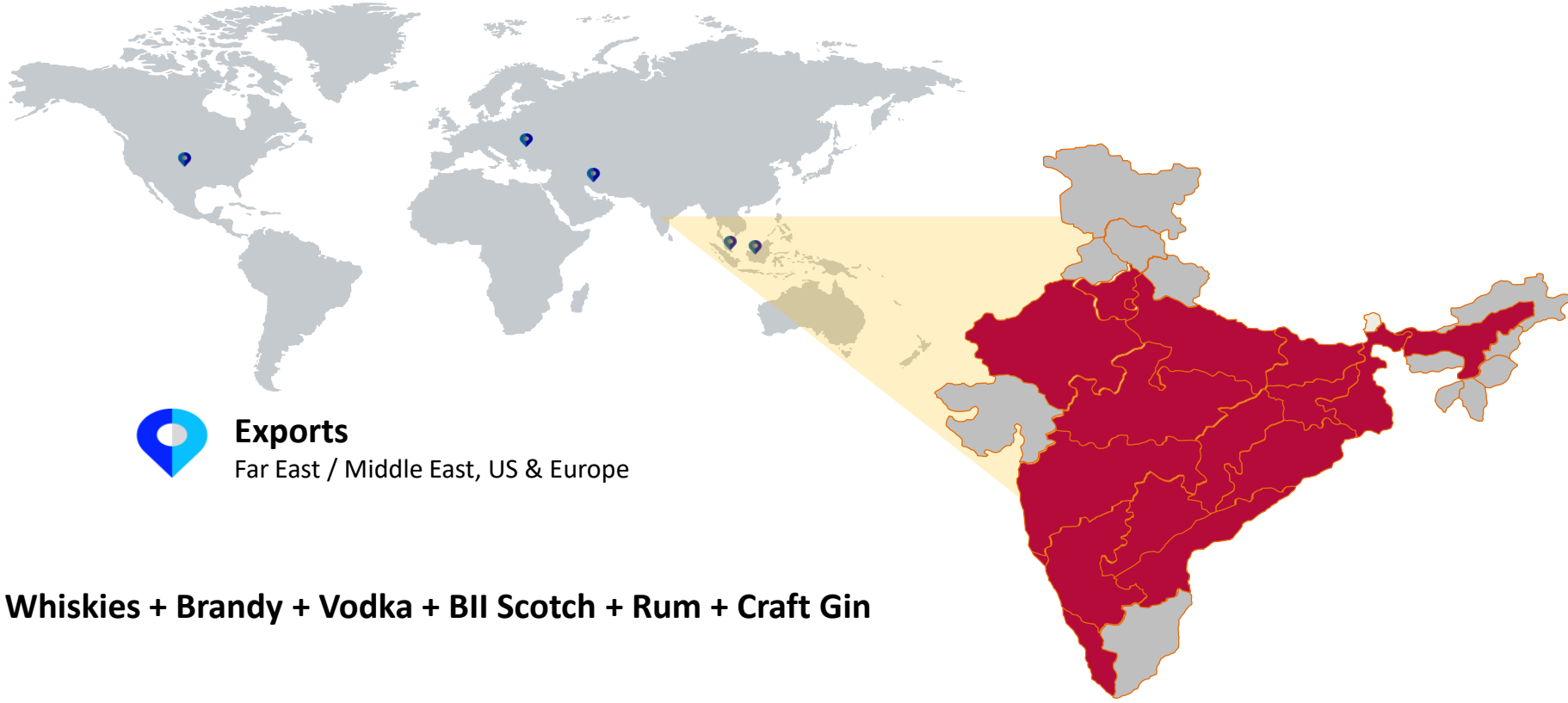
- Launch in 6-7 markets selected based on significant product contribution salience and credit protection



Portfolio Launch in FY18-19

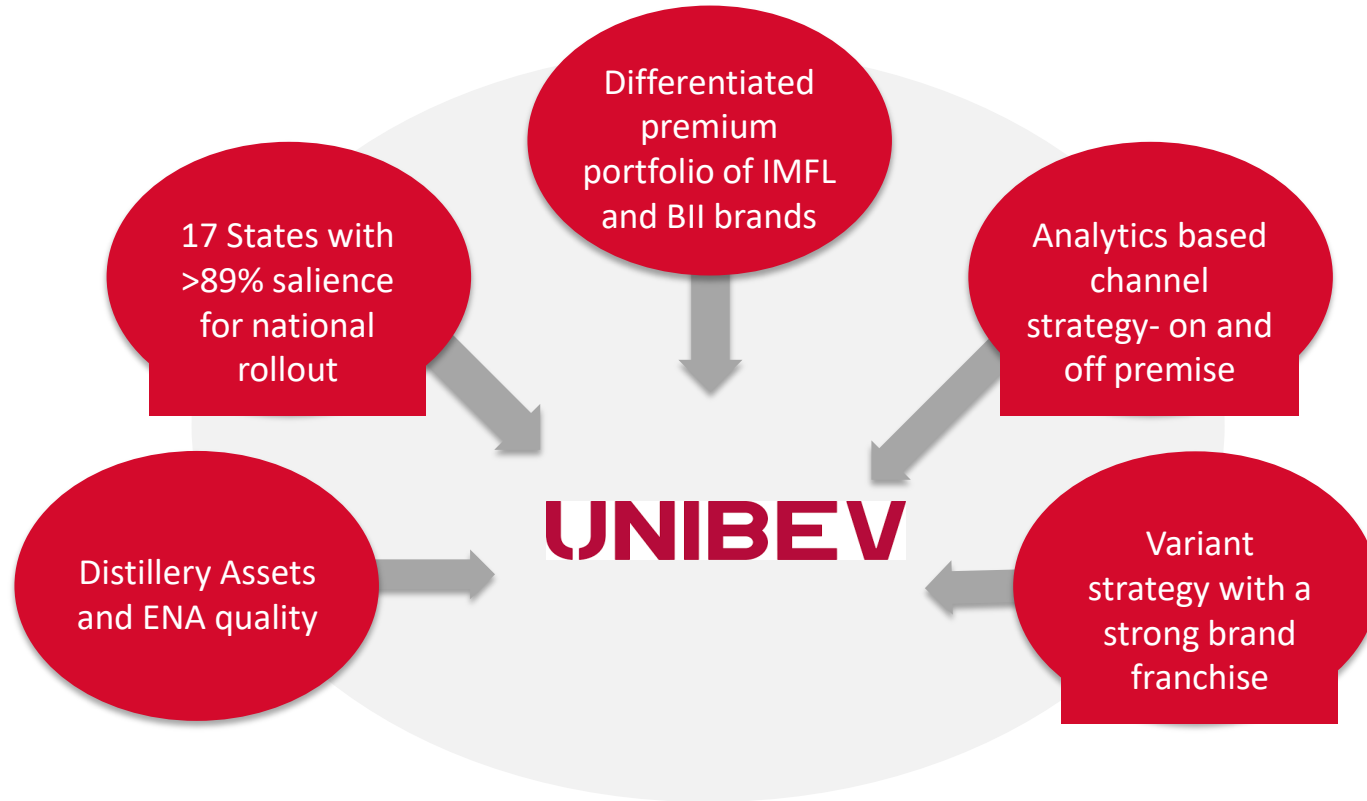


Year 1-3 Roll Out Plan



3 Whiskies + Brandy + Vodka + BII Scotch + Rum + Craft Gin

Unibev Growth Enablers



Demographic Dividend, Rise in Discretionary Spends and Technology enabled consumption

UNIBEV

RISING ABOVE IS JUST THE BEGINNING.
KEEP YOUR GLASSES READY.



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 :

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