



Globus Spirits Limited

Q3 FY'14
INVESTOR PRESENTATION



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 .



Agenda

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Q3'FY14 Key Highlights

▶ 360° model delivers growth despite tough market conditions

- Gross revenues up 1.8% YoY and 10.4% QoQ to reach Rs 1,678mn in Q3FY14

▶ Manufacturing sees robust growth in franchisee bottling, bulk exports

- **Franchisee bottling** volumes (total) up 60% QoQ
 - Rajasthan volumes up 42%QoQ with scaled up ABD bottling
 - Haryana volumes up 76%QoQ with scaled up USL bottling
- **Bulk exports** reach 1.4mn BL, an increase of 82% QoQ
- High utilizations of 70% maintained

▶ Sequential growth in IMIL revives in Haryana, is in double-digits in Rajasthan

- **IMIL** volumes up 7% QoQ
 - Haryana sees growth revive after ~6 quarters – IMIL volumes up 2% QoQ partly driven by encouraging response to new brand launched – “Malwa express”
 - Rajasthan sales reclaim double-digit growth – 11% QoQ
- **IMFL** makes new inroads with CSD/ Paramilitary supply. First CSD order of Hannibal rum received encouraging response

▶ Future expansion into faster-growing Eastern India markets on-track






Financial comparison - YoY



Q3'FY14 YoY:

360° model cushions impact of decline in consumer businesses

Figures in Rs Million

	Net Revenues	EBITDA	PAT
Q3'FY14	1,245	80	1
			
Q3'FY13	1,352	202	107

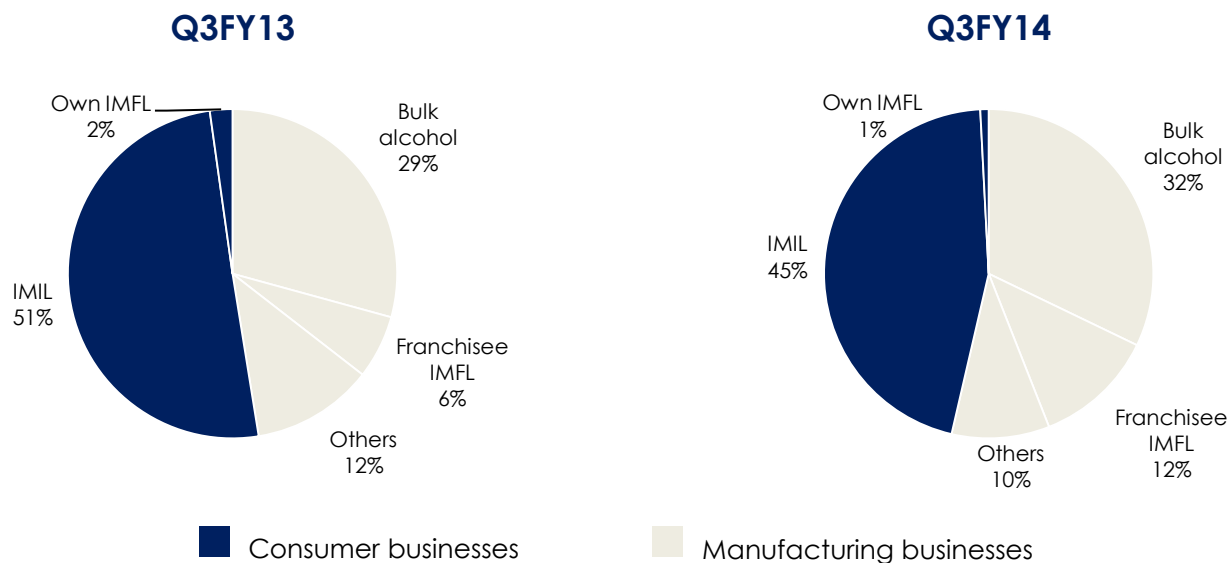
- Net sales and other operating income decline 7.9% YoY to reach Rs 1,245mn in Q3'FY14 impacted by continued challenging market conditions in consumer businesses
 - Robust growth in franchisee bottling in Rajasthan (volumes up 93% YoY) and bulk exports (volumes of 1.4mnBL compared to nil in Q3'FY13)
- EBITDA for the quarter at Rs 80 mn with EBITDA margin at 6.4%:
 - Impacted by increase in grain prices and changed revenue mix - share of manufacturing increases to 54% in Q3FY14 from 47% in Q3FY13
- PAT at Rs 1.0mn with PAT margin of 0.1%
 - Impacted mainly by decline in EBITDA margin



Contribution from manufacturing increases

Figures in Rs Million

Net revenue break-up






- Revenues from manufacturing up 4%YoY at Rs 668mn in Q3'FY14 driven by increase in sales of Rajasthan franchisee bottling and bulk exports
 - Share from Manufacturing Business in net revenues increases to 54% from 47% in Q3'FY13
- Revenues from Consumer Business declines 19%YoY to reach Rs 578mn due to tough market conditions in key market of Haryana; However, there has been growth in volumes on a sequential basis.



9m'FY14: 360° strategy gives resilience to revenues

Figures in Rs Million

	Net Revenues	EBITDA	PAT
9m'FY14	3,757	372	105
			
9m'FY13	3,740	594	309

- Net sales and other operating income up 0.4% YoY at Rs 3,757mn in 9m'FY14 as manufacturing volumes offset decline in consumer volumes and net realizations increase across all segments
- EBITDA for the period Rs 372 mn with EBITDA margin 9.9%
 - Decline in EBITDA margin mainly due to change in revenue mix – share of manufacturing businesses in net revenues up to 53% in 9mFY'14 from 43% in 9m'FY13.
 - Increase in grain prices has further impacted raw material costs
- PAT Rs 105mn, with margin of 2.8%
 - Impacted by decline in EBITDA margin






Financial comparison - QoQ



Q3'FY14 QoQ:

Marginal improvement in revenues on sequential basis

Figures in Rs Million

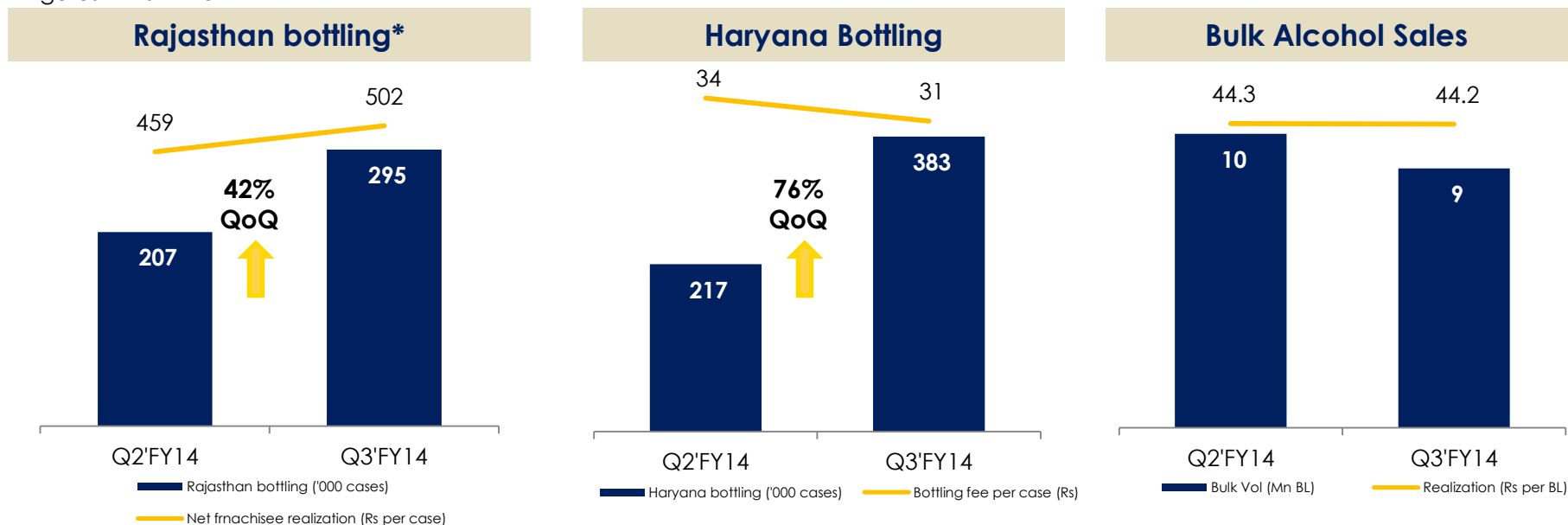
	Net Revenues	EBITDA	PAT
Q3'FY14	1,245	80	1
			
Q2'FY14	1,211	94	12

- Net sales and other operating income up 2.8% QoQ to reach Rs 1,245mn in Q3'FY14
 - 60% QoQ increase in aggregate franchisee volumes
 - 7% QoQ increase in IMIL volumes led by double-digit growth in Rajasthan and revival in Haryana
- EBITDA for the quarter Rs 80 mn with EBITDA margin 6.4%
 - Decline in EBITDA margin mainly due to increase in Raw Material cost as %age of revenues from 61.0% in Q2FY14 to 65.9% in Q3FY14 with increased grain prices
- PAT at Rs 1.0mn with PAT margin of 0.1%



Franchisee bottling sees aggressive growth

Figures in Rs Million



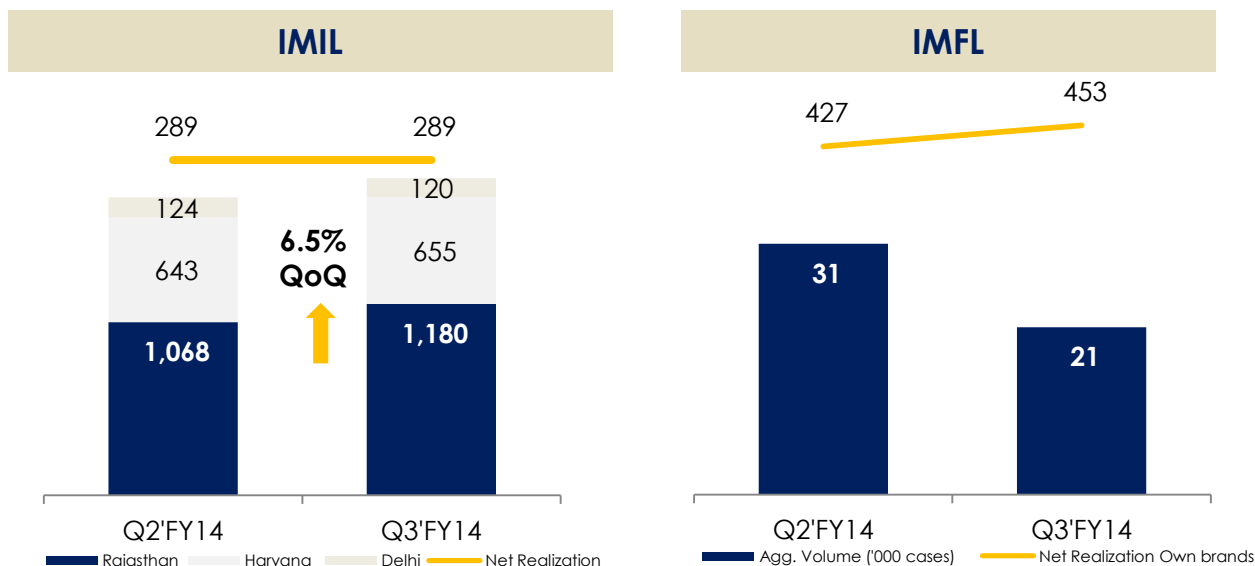
- Scaled up bottling contracts with USL in Rajasthan and Haryana driving growth
- Net Franchisee revenues from ABD (Rajasthan) up 56%QoQ driven by 42%QoQ increase in volumes and 9.5%QoQ increase in net Franchisee IMFL realizations
- Haryana bottling volumes up 76% QoQ, leading to 6% QoQ increase in other operating income
- Bulk alcohol revenues decline on sequential basis due to higher captive consumption in bottling segment

*Note: The revenues from bottling operations are recognized differently in Rajasthan and Haryana as per state's reporting requirements. In Rajasthan the entire amount of bulk alcohol consumed in bottling along with fee is reported in revenues whereas in Haryana the bulk portion used in bottling is clubbed with bulk segment and fee is reported in other operating income



IMIL growth revives in Haryana; Rajasthan accelerates

Volumes in '000 Cases, Net Realisations in Rs per case



- Consumer revenues up 6.0% QoQ led by revival in IMIL volumes
- Rajasthan IMIL sales accelerate 10.5% QoQ to reach 1.18mn cases
- Haryana IMIL revival aided by latest orange flavored IMIL brand 'Malwa Express' gaining traction. State's IMIL volumes up 1.8% QoQ
- IMFL volumes decline 33% QoQ; Net realizations of own IMFL brands up 6.0% QoQ



Management review of results

“We are pleased to report strong growth in our bottling and bulk exports businesses as well as the beginning of a turn in our consumer businesses with positive signals from Haryana and return of strong growth in Rajasthan.

The quarter has seen us strengthening our relationships with India's leading IMFL companies - USL and ABD – our bottling volumes have scaled up significantly this quarter. This further endorses our high quality. In manufacturing, our focus on bulk exports has resulted in a boost in volumes which has come at a good time given the attractiveness of the rupee.

Due to continued subdued consumer revenues, our earnings have been impacted, but with recent encouraging market trends, we feel that worst is behind us, and things will improve going forward. Our 360 strategy has continued to prove its resilience as we maintained 70% utilization.

Meanwhile, our East India expansion is on track. We are exploring other geographies through export channel as well. With firm faith in Indian consumption that should see an upswing as economy recovers, and our planned expansions we are confident of accelerating growth in the near future”

Mr. Ajay Kumar Swarup
Managing Director



Business Overview



Strategic outlook

Near Term Strategy

Present

- One of the largest grain based distilleries with highest recovery
- Leader in North Indian IMIL market, made entry into Maharashtra
- Bottling operations for India's largest brands of top IMFL players
- Established mainstream IMFL brands
- Secured funding from Templeton for manufacturing expansion

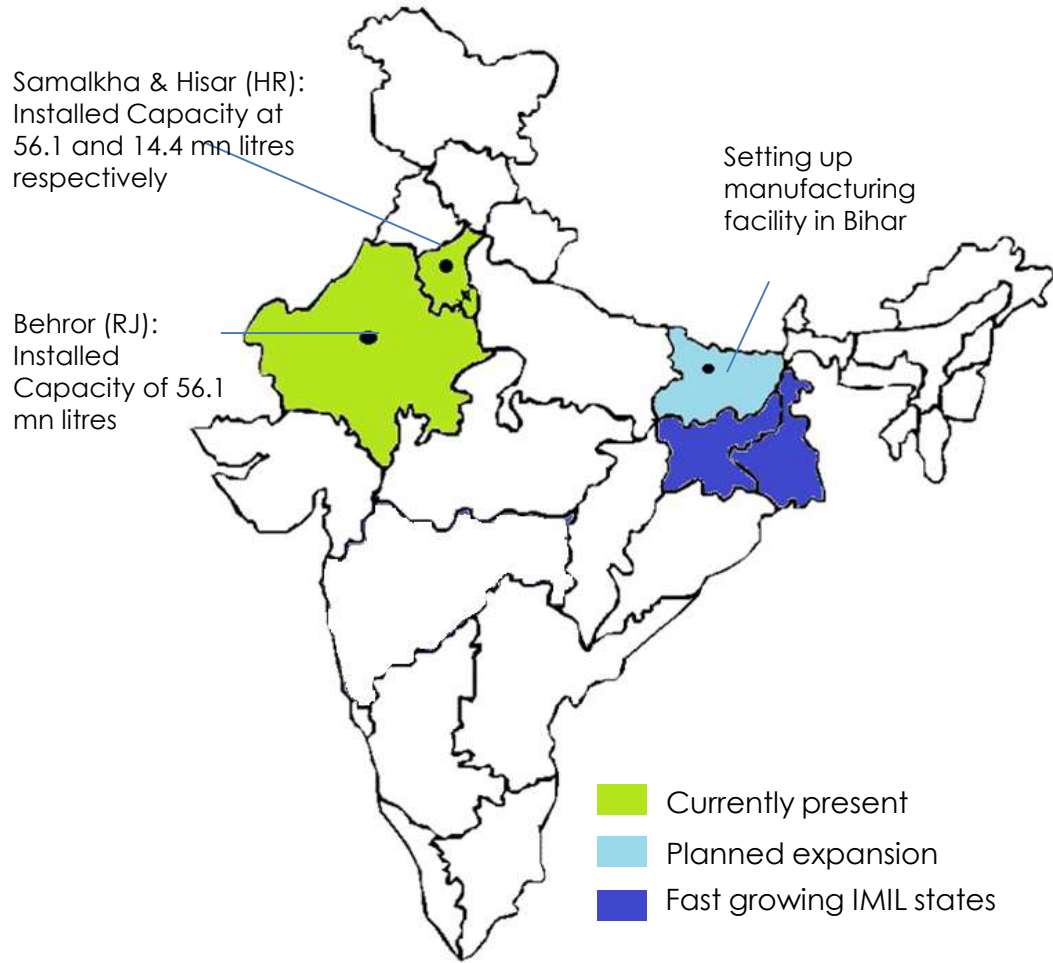
- Enter fast growing IMIL markets in Eastern India, starting with Bihar
- Explore entry in other IMIL markets like Maharashtra
- Focus on building profitable IMFL brands in Premium Segment
- Bring cost of ENA production at par with molasses based distillery

Future

- Maintain unique 360° model of diversified business straddling the entire value chain
- Develop a portfolio of high value IMIL and IMFL brands
- Market leadership in all-India IMIL market



GSL manufacturing presence



- Manufacturing plants are equipped with the latest multi-pressure-distillation technology which converts grains to ENA directly leading to cost and time efficiencies



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

Strong Consumer portfolio

- ~50% share in revenues
- Leadership in key states of Rajasthan, Delhi and Haryana
- Achieved sterling success in IMIL branding with *Nimboo*
- 5 IMIL brands
- 3 mainstream IMFL brands with one CSD approved brand

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
- High Net Fixed Asset turnover ratio at 1.5x
- Leadership - mix of experience and young talent

Healthy balance-sheet

- Funding for greenfield expansion at Bihar secured via equity
- Debt reduced to Rs 665mn in H1FY14
- D/E down to 0.2x
- Adjusted D/E (for Preference equity) at 0.5x
- Cash efficient operations with WC of – 7 days



Brand showcase

► New IMIL brand launched in the quarter

- Orange flavored IMIL brand 'Malwa Express' launched in the quarter

Nimboo

1st IMIL brand in India positioned as awesome mix of natural lemon flavor with strong yet smooth blend profile



County Club

Whisky product targeted at young professionals



Hannibal Legendary

First GSL brand to get **approved for CSD** Rum market of over 5 mn cases



White Lace

3rd largest selling gin in its category in Rajasthan



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

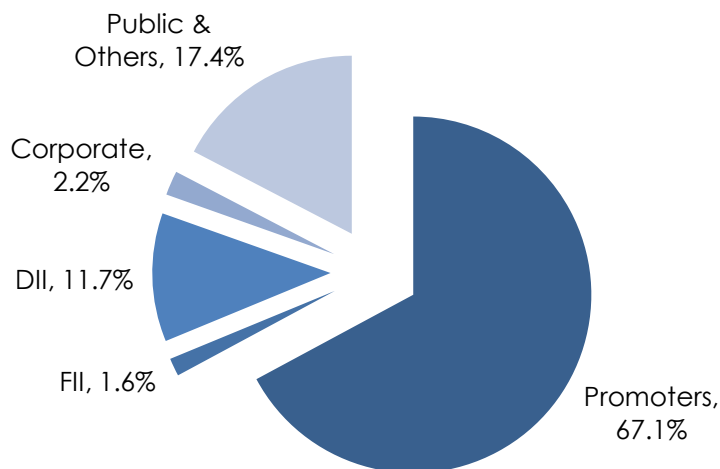


Annexure



Shareholding Pattern

As on 31st December, 2013*
Outstanding shares – 23.0 mn



Major Non-Promoter Shareholders*	% shareholding
SBI Emerging Business Fund	7.98%
IDFC Premier Equity Fund	3.48%
Deutshce Bank AG	2.16%

Note: *Templeton Strategic Emerging Markets Fund IV holds 5.04mn cumulative compulsorily convertible preference shares (par value of Rs 140 per CCCPS) which will be converted to equity by FY15



Q3'FY14: Profit and loss statement

Particulars (In ₹ Mn)	Q3 FY14	Q3 FY13	YoY (%)	Q2 FY14	QoQ (%)	9mFY14	9mFY13	YoY (%)	FY13
Gross Sales	1,678.2	1,648.2	1.8%	1,520.6	10.4%	4,884.5	4,763.6	3%	6,411.5
Less- Excise duty	445.4	308.5	44%	320.9	39%	1,161.2	1,049.3	11%	1,423.0
Net Sales	1,232.8	1,339.8	-8%	1,199.7	3%	3,723.2	3,714.3	0.2%	4,988.5
Other Operating Income	12.5	12.0	3%	11.7	6%	33.7	26.2	29%	49.3
Net Sales & Other operating income	1,245.3	1,351.8	-7.9%	1,211.4	2.8%	3,756.9	3,740.5	0%	5,037.7
Total Expenditure	1,165.2	1,149.6	1%	1,117.6	4%	3,385.2	3,146.8	8%	4,296.8
Consumption of Raw Material	820.8	796.6	3%	738.8	11%	2,327.0	2,224.2	5%	3,015.8
Employee Cost	30.2	22.8	32%	30.9	-2%	88.4	69.9	27%	103.1
Other Expenditure	314.2	330.1	-5%	347.9	-10%	969.8	852.8	14%	1,177.9
EBITDA	80.0	202.2	-60%	93.8	-15%	371.7	593.7	-37%	740.9
Depreciation & Amortisation	57.7	43.2	34%	63.6	-9%	175.2	119.3	47%	164.9
EBIT	22.3	159.0	-86%	30.2	-26%	196.5	474.4	-59%	576.0
Finance Charges	23.1	15.5	49%	24.6	-6%	65.8	47.6	38%	63.3
Other Income	2.0	3.2	-37%	15.6	-87%	23.3	8.5	175%	10.6
PBT before exceptional items	1.2	146.7	-99%	21.2	-94%	154.0	435.2	-65%	523.3
Exceptional items*	-	-	NA	59.6	NA	59.6	-	NA	1.3
PBT	1.2	146.7	NA	(38.4)	NA	94.4	435.2	-78%	522.0
Provision for Tax	0.3	39.7	-99%	17.1	-98%	56.9	126.2	-55%	180.2
MAT Credit	-	-	NA	(67.3)	NA	(67.3)	-	NA	-
PAT (From ordinary activities)	1.0	107.0	-99%	11.7	-92%	104.8	309.0	-66%	341.9
Extraordinary Items	-	-	NA	-	NA	-	-	NA	-
PAT	1.0	107.0	-99%	11.7	-92%	104.8	309.0	-66%	341.9

Key Ratios as a % of Total Revenue	Q3 FY14	Q3 FY13	Q2 FY14	9mFY14	9mFY13	FY13
EBIDTA	6.4%	15.0%	7.7%	9.9%	15.9%	14.7%
PAT	0.1%	7.9%	1.0%	2.8%	8.3%	6.8%
Total Expenditure	93.6%	85.0%	92.3%	90.1%	84.1%	85.3%
Raw material	65.9%	58.9%	61.0%	61.9%	59.5%	59.9%
Employee Cost	2.4%	1.7%	2.5%	2.4%	1.9%	2.0%
Other Expenditure	25.2%	24.4%	28.7%	25.8%	22.8%	23.4%

*Exceptional item in Q2FY14 represents additional depreciation charge on account of change from shift basis to continuous process plant for certain plant & machinery.

**MAT Credit availed in Q2'FY14 represents credit taken in respect of year ended 31/03/2013.



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 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. 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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