



Globus Spirits

GLOBUS SPIRITS LIMITED

Q1 FY17

Investor Presentation

09 August, 2016

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.

AGENDA

Q1 FY17 Performance

Key Highlights 4

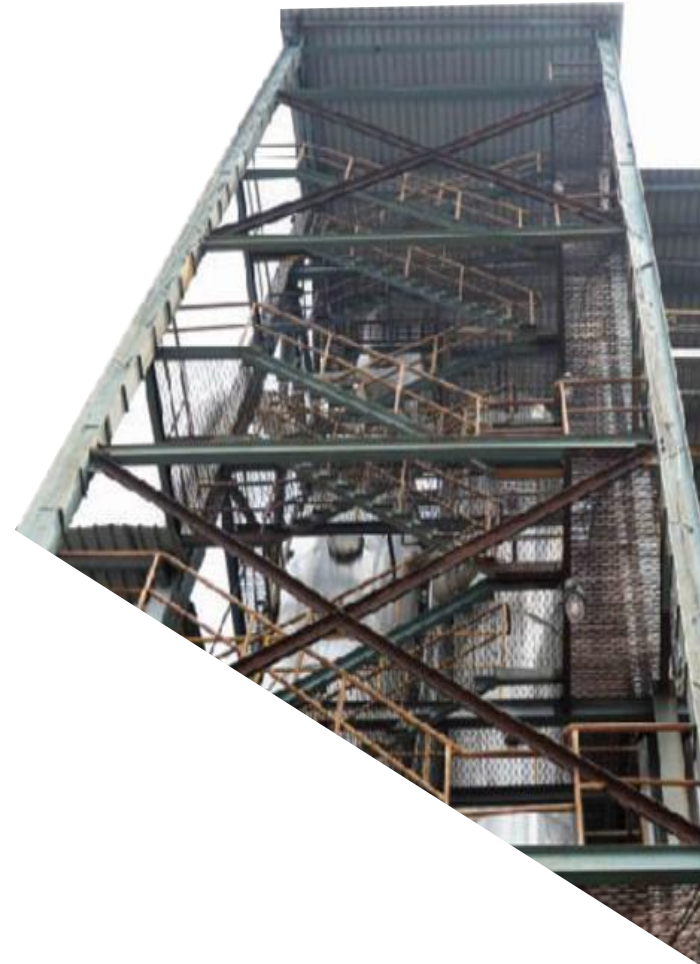
Financial Performance 6

Annexure

Company Overview 11

Shareholding Pattern 17

Financials 18



Q1 FY17 – KEY PERFORMANCE HIGHLIGHTS

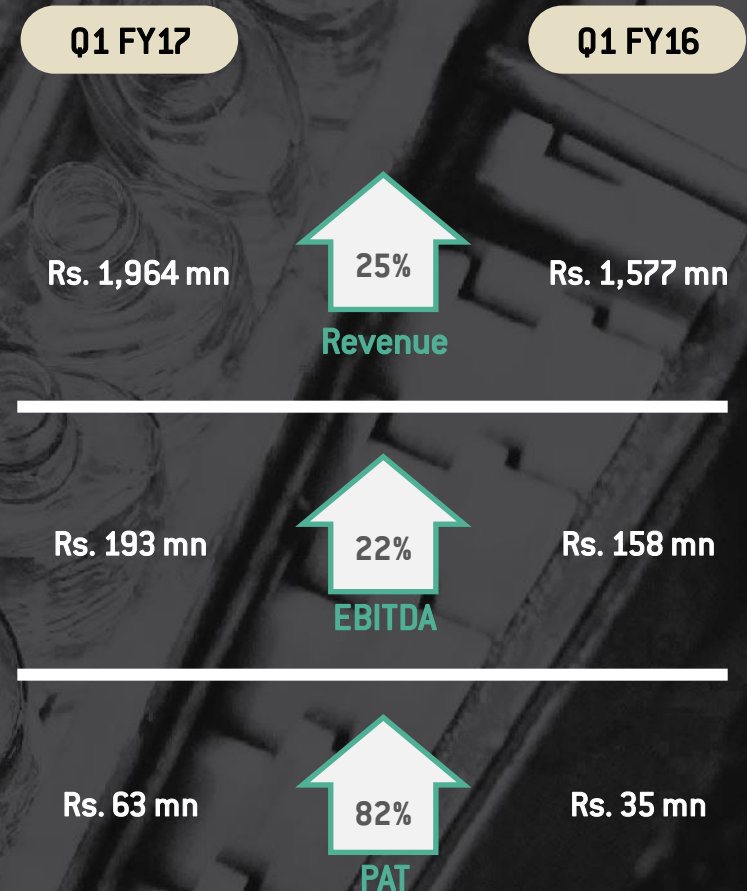
- **Healthy traction in IMIL, Bulk Alcohol and DDGS led to strong financial & operational performance; Further supported by higher production and capacity utilization of 88% (Vs. 72% in Q1 FY16)**
 - Standalone revenue from operations up 25% YoY to Rs. 1,964 mn in Q1 FY17
 - EBITDA higher by 22% YoY to Rs. 192.8 mn in Q1 FY17; EBITDA margin stood at 9.8%
 - PBT came in at Rs. 79.5 mn in Q1 FY17 against Rs. 46.0 million in Q1 FY16, higher by 73% YoY
 - Net Profit stood at Rs. 63.3 mn in Q1 FY17 compared to Rs. 34.7 million in Q1 FY16, representing an increase of 82% YoY
- **Robust Growth of 32% in Manufacturing business; Performance of Consumer business stood encouraging as well, with revenue growth of 18%**
 - Bulk Alcohol registered 35% revenue growth at Rs. 458 mn driven by higher volumes
 - Revenues from IMIL stood at Rs. 1,009.1 mn, higher by 19% YoY
 - This was led by solid volume growth in Haryana, which stood at 95%; IMIL volumes in Rajasthan also improved by 20%
 - Higher alcohol production resulted in better off take of DDGS; By-products segment reported 45% YoY growth
 - DDGS volumes and realisations increased by 24% & 18% YoY

COMMISSIONED GREENFIELD OPERATIONS IN BIHAR

- **Commissioned Greenfield Distillery Project in Bihar – Key growth driver in FY17**
 - Greenfield Project in Bihar was commissioned in August 2016; Commercial production to start by the end of the current month
 - This would result in significantly higher financial and operational performance in FY17
 - Overall capacity at Bihar would be ~26 million BL
 - Alcohol ban in Bihar is expected to have limited impact on the performance as the alcohol manufactured in Bihar distillery will be exported to the neighboring alcohol deficit states and countries
 - Profitability will be driven by number of locational advantages like lower raw material costs and other logistical benefits
- **Construction work on West Bengal Distillery almost complete; to commence operations soon**
 - Overall capacity at West Bengal would be ~33 million BL
 - West Bengal continues to be an alcohol deficit state with demand surpassing overall supplies
 - Facility to have similar locational advantages as Bihar along with the huge opportunity to launch branded IMIL products over the next few years

Q1 FY17 YoY – SOLID GROWTH CONTINUES....

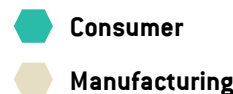
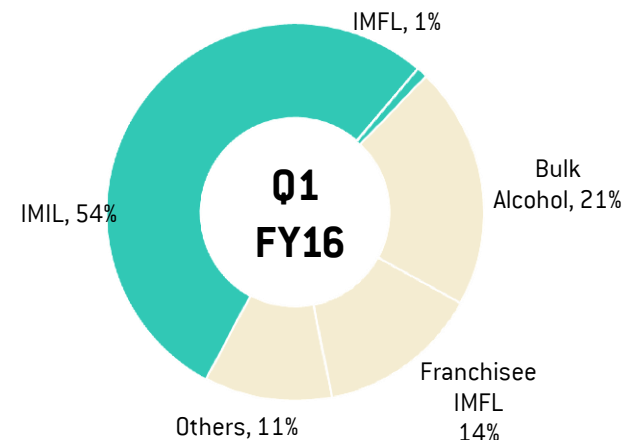
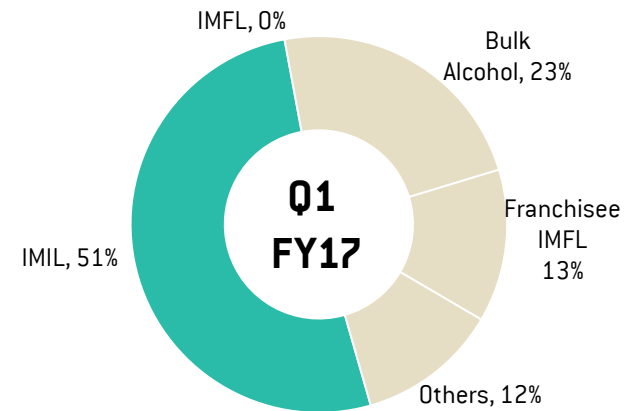
- Revenue from operations (Net) up 25% YoY to Rs. 1,964 mn in Q1 FY17 driven by healthy growth in Bulk Alcohol and IMIL segments; This was further aided by strong traction in DDGS
 - Bulk Alcohol volumes improved by 34% YoY led by robust off take
 - IMIL volumes increased by 14%; Others segment led by value added product DDGS reported 24% volume growth
- EBITDA for the quarter stood at Rs. 193 mn, higher by 22%, with margin of 9.8%
 - Improvements in operating efficiency as well as cost management initiatives resulted in better EBITDA performance
 - Higher capacity utilization, which increased to 88% in Q1 FY17 from 72% in Q1 FY16, further aided this performance
- PAT grew by 82% to Rs. 63 mn compared to Rs. 35 mn in Q1 FY16



HIGHER ALCOHOL PRODUCTION SUPPORTED OVERALL PERFORMANCE

Breakup of Revenue from Operations

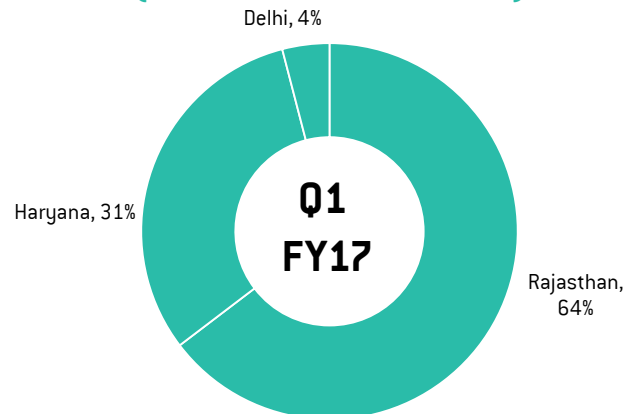
- Revenues from manufacturing business stood at Rs. 955 mn in Q1 FY17, higher by 32% YoY
 - This was possible due to 35% gains in Bulk Alcohol segment as well as 45% growth in DDGS; DDGS volumes and realisations improved by 24% and 18% respectively
 - Franchise IMFL reported expansion of 17% in revenues
- Share of consumer business stood at 51% in Q1 FY17 owing to higher traction in the IMIL business
 - Growth in Consumer Business came in at 18% YoY
- IMIL revenues increased by 19% YoY to Rs. 1,009 mn driven by solid growth of 95% reported in Haryana; this momentum is expected to continue throughout the year as a result of several initiatives undertaken by the Company in the past
 - IMIL growth in Rajasthan stood at 21%



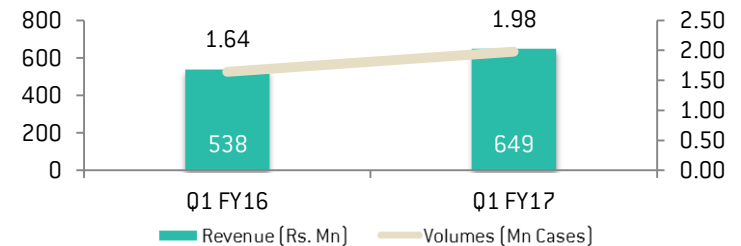
IMIL DRIVEN BY SOLID VOLUME OFF TAKE IN HARYANA

- Aggregate IMIL revenues up 19% YoY, on account of healthy volumes in Haryana & Rajasthan
- Haryana witnessed strong growth of 95% in Q1 FY17, while growth in Rajasthan stood at 21%
 - Both Haryana & Rajasthan reported volume growth of 95% and 20% respectively
 - Contribution of Haryana in IMIL revenues increased from 19% in Q1 FY16 to 31% in Q1 FY17

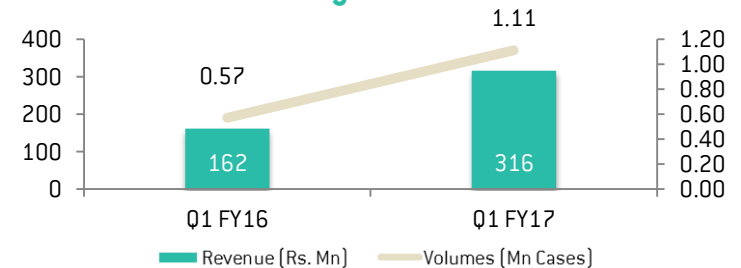
Q1 FY17 IMIL Split by Volume (Total 3.25 mn cases)



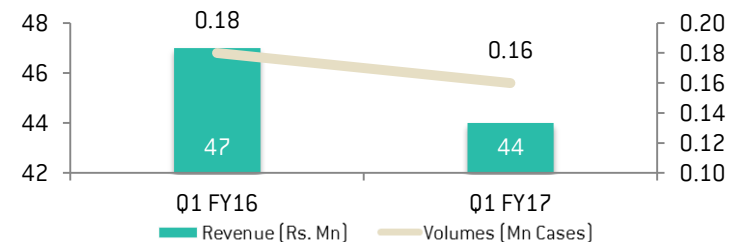
Rajasthan IMIL



Haryana IMIL



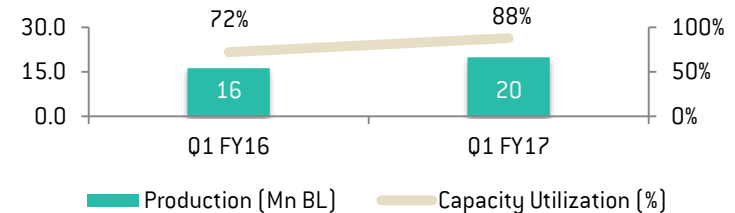
Delhi IMIL



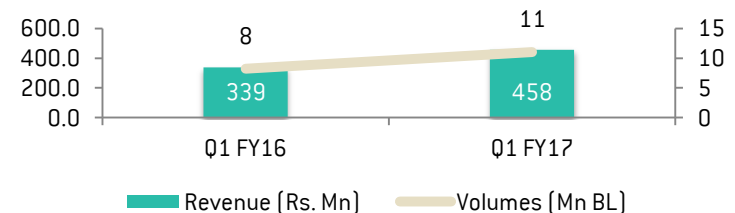
MANUFACTURING: BACKBONE TO CONSUMER BUSINESS; DRIVEN BY BETTER CAPACITY UTILISATION

- Capacity utilization improved significantly to 88% in Q1 FY17 compared to 72% in Q1 FY16 resulting in higher production of 20 mn BL in Q1 FY17
- Bulk Alcohol revenues increased by 35% YoY
 - Higher alcohol production supported the 'Others' segment, which grew by 45% during the quarter led by healthy off take of co-product DDGS
 - DDGS has been accepted as a nutritious animal feed ingredient; higher production of bulk alcohol will result in healthy off take of DDGS
- Franchise Bottling volumes stood at 0.788 mn cases vs 0.791 mn in Q1 FY16
 - Rajasthan witnessed 24% volume growth YoY which was offset by decline in Haryana due to delays/ other operational reasons at customer level

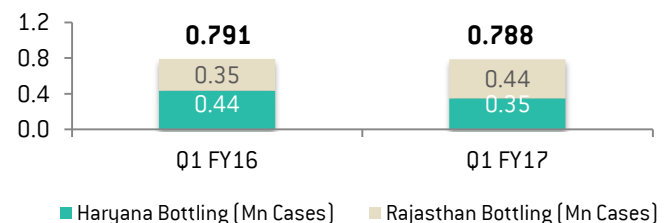
Production & Capacity Utilization



Bulk Alcohol*



Franchise Bottling



*Excluding bulk sales to franchisee customers in Rajasthan

Figures in Rs Million, Standalone Financials

AGENDA

Q1 FY17 Performance

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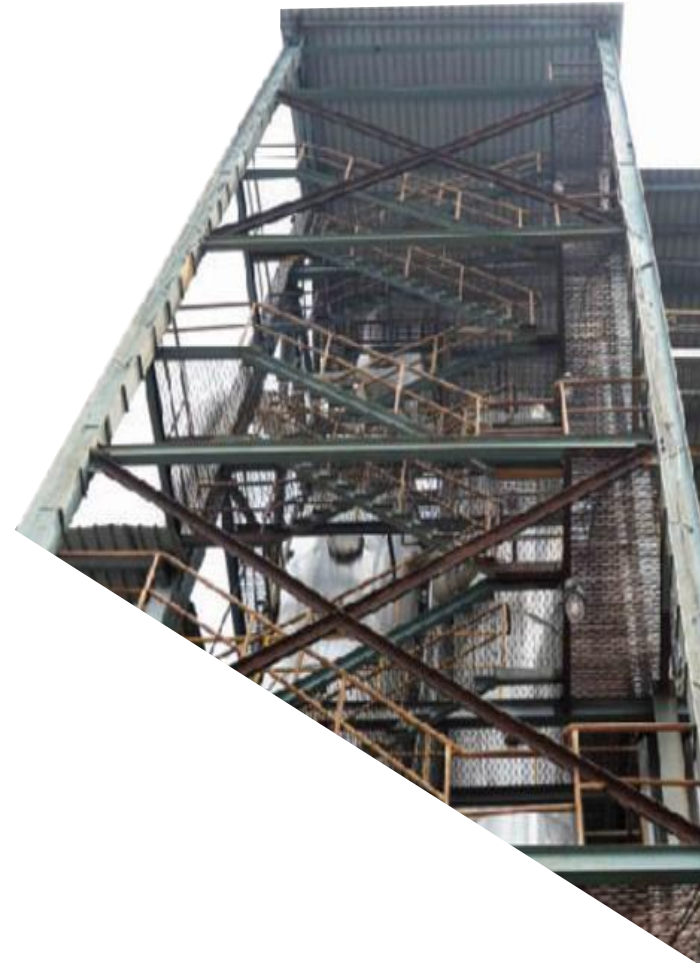
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GLOBUS 360° ALCOBEV PLAYER - FORAY INTO EAST

- No. 1 private player in Rajasthan IMIL with 28% market share
 - 2.8 mn cases in sold in Q1 FY17, up 20% YoY
- No. 2 private player in Haryana with 16% market share
 - 1.1 mn cases in sold in Q1 FY17, up 95% YoY
- Entered East India with recently commissioned distillery in Bihar; Another distillery coming up in West Bengal shortly
 - 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
 - Bulk Alcohol manufactured at recently commissioned distillery in Bihar will be exported to other alcohol deficit states and neighboring countries



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 ~116 million bulk litres of distillery capacity (incl recently commissioned Bihar facility)
- 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

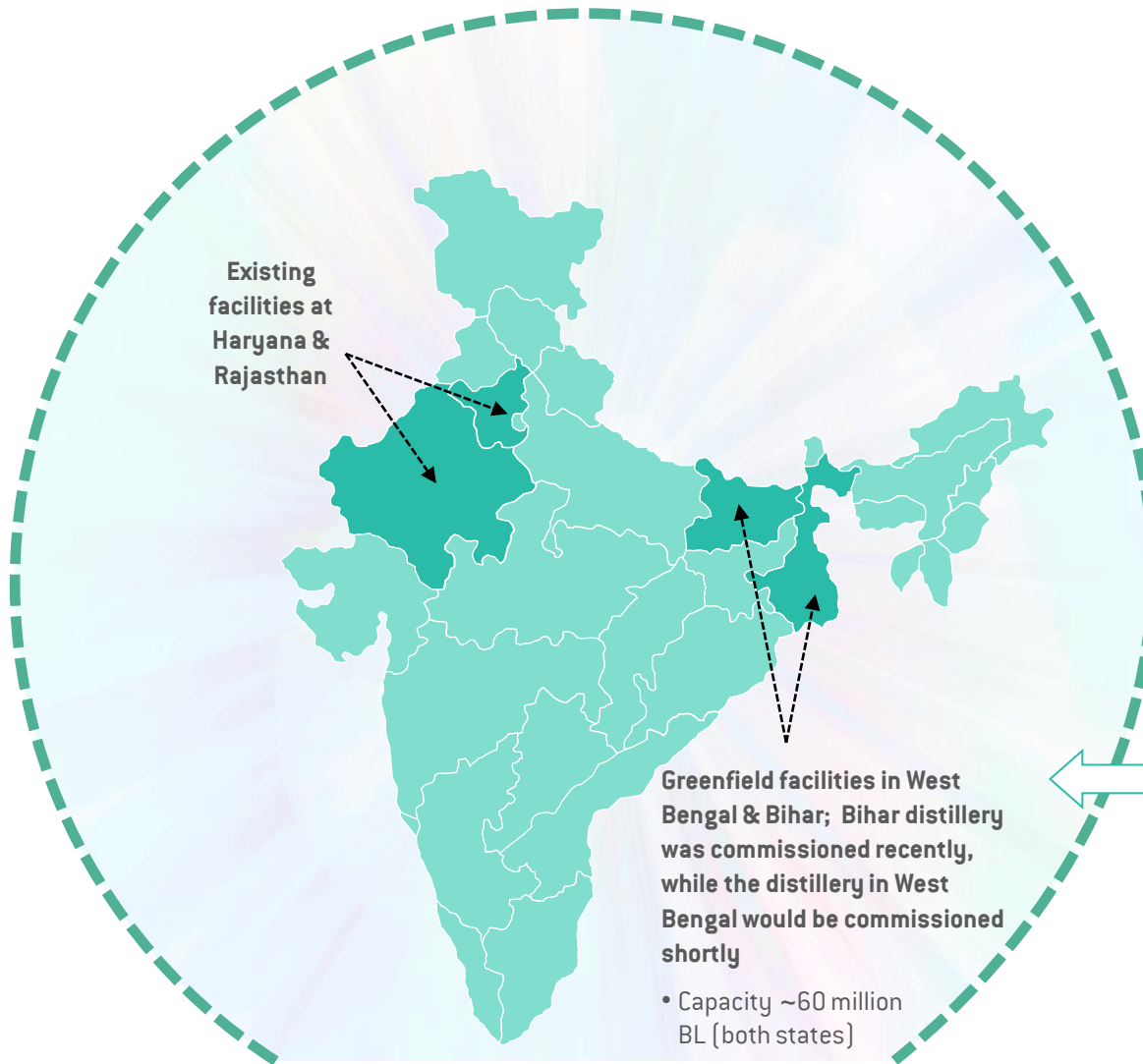
NEAR TERM STRATEGY

- 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

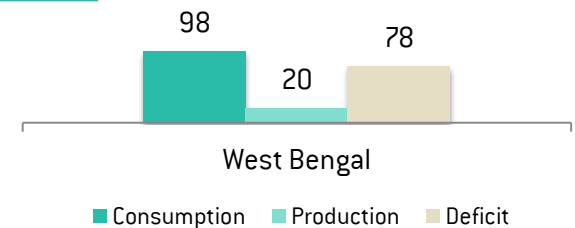
- Large market share in IMIL by offering quality products to the consumer
- Establish sustainable premium brands in IMFL
- High capacity utilisation with focus on technology and efficiency at old and new facilities
- Portfolio of high value by- products

EXPANSION INTO EAST – BIHAR & WEST BENGAL



- Locational advantages like lower raw material costs, higher realizations and other logistical benefits to drive overall profitability
- Alcohol manufactured from Bihar distillery can be exported to neighboring states and countries
 - Nepal has a demand of 18 mn ltrs
 - Target markets include African countries as well

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



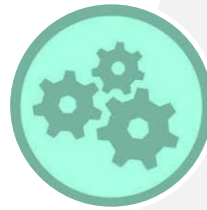
Popular dark spirits' brand Positioned as refreshing and juicy as Orange

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

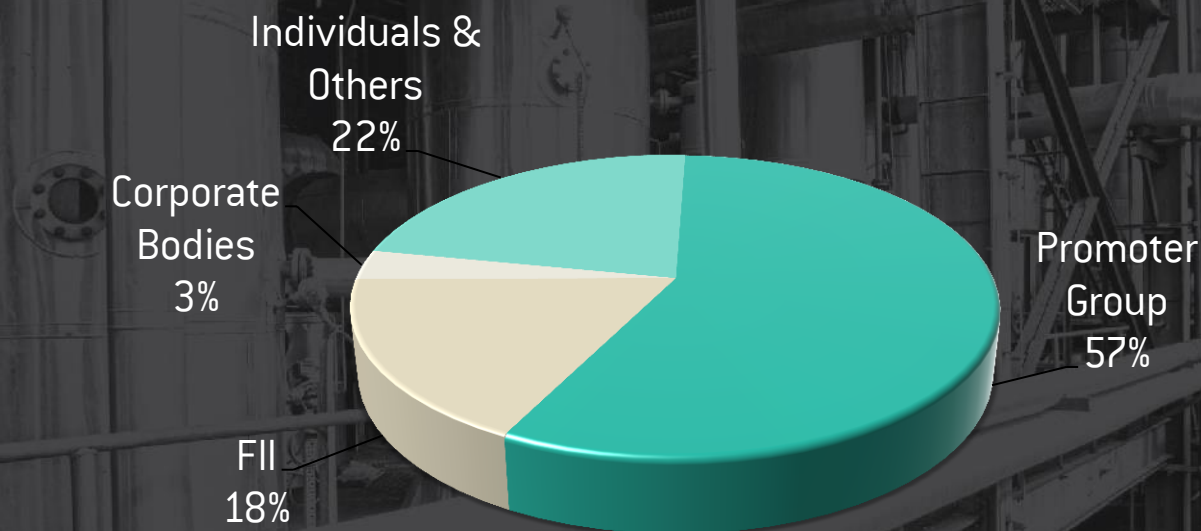
- Leadership in key states of Rajasthan, Delhi and Haryana
- Achieved sterling success in IMIL branding with Nimboo
- 4 IMIL brands



Healthy Balance Sheet

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

SHAREHOLDING PATTERN



As on June 30, 2016 Outstanding shares – 28.8 mn

Major Non-Promoter Shareholders % shareholding

Name	% Share
Templeton Strategic Emerging Markets Fund IV, LDC	17.49%

Q1 FY17: PROFIT & LOSS STATEMENT

Standalone

Particulars (In Rs MN)	Q1 FY17	Q1 FY16	YoY (%)	Q4 FY16	QoQ (%)	FY16	FY15	YoY (%)
Gross Sales	2,826.12	2,339.42	21%	2,749.47	3%	9,930.68	8,827.64	12%
Less- Excise duty & Discounts	861.67	761.89	13%	839.70	3%	2,863.64	2,982.71	-4%
Net Sales	1,964.44	1,577.53	25%	1,909.78	3%	7,067.04	5,844.93	21%
Other Operating Income	-	-		-		-	11.81	na
Revenue from Operations	1,964.44	1,577.53	25%	1,909.78	3%	7,067.04	5,856.74	21%
Total Expenditure	1,771.59	1,419.13	25%	1,689.60	5%	6,367.94	5,369.41	19%
Consumption of Raw Material	1,153.65	923.65	25%	1,107.90	4%	4,098.86	3,519.63	16%
Employee Cost	37.69	39.37	-4%	38.98	-3%	157.98	143.07	10%
Other Expenditure	580.25	456.12	27%	542.72	7%	2,111.10	1,706.71	24%
EBITDA	192.85	158.40	22%	220.18	-12%	699.10	487.33	43%
Depreciation & Amortisation	87.85	85.74	2%	150.77	-42%	421.61	287.26	47%
EBIT	105.00	72.65	45%	69.41	51%	277.49	200.07	39%
Finance Charges	35.07	35.07	0%	40.56	-14%	168.53	140.67	20%
Other Income	9.52	8.43	13%	14.53	-34%	38.22	43.56	-12%
PBT before exceptional items	79.46	46.02	73%	43.38	83%	147.18	102.96	43%
Exceptional items*	-	-		-		-	-	
PBT	79.46	46.02	73%	43.38	83%	147.18	102.96	43%
Tax Expense (Current, Deferred Tax)	16.18	11.32	43%	0.16	9826%	21.80	32.29	-32%
MAT Credit	-	-		-		-	-	
PAT (From ordinary activities)	63.28	34.69	82%	43.21	46%	125.38	70.67	77%

Q1 FY17: KEY RATIOS

Key Ratios as a % of Total Revenue	Standalone				
	Q1 FY17	Q1 FY16	Q4 FY16	FY16	FY15
EBITDA	10%	10%	12%	10%	8%
PAT	3%	2%	2%	2%	1%
Total Expenditure	90%	90%	88%	90%	92%
Raw material	59%	59%	58%	58%	60%
Employee Cost	2%	2%	2%	2%	2%
Other Expenditure	30%	29%	28%	30%	29%
Intt	2%	2%	2%	2%	2%
Depn	4%	5%	8%	6%	5%
Other Income	0%	1%	1%	1%	1%

Q1 FY17: BALANCE SHEET

Particulars (In Rs MN)	31 st March 2016	30 th June 2016
<u>Liabilities</u>		
Shareholders' Fund	3,635.4	3,698.7
Non-Current Liabilities	2,073.7	2,255.7
Long term borrowings	1,592.5	1,776.0
Deferred tax liabilities (Net)	470.3	468.3
Other long term liabilities/ provisions	11.0	11.5
Current Liabilities	1,783.8	1,858.8
Short Term borrowings	704.6	559.5
Trade payables	723.5	811.5
Other current liabilities	331.1	460.9
Short-term provisions	24.6	27.0
Total Liabilities	7,492.9	7,813.3
<u>Assets</u>		
Net fixed assets	5,655.8	6,256.1
Non-current investment	0.7	0.7
Other non-current assets	1.9	-
Long-term loans and advances	670.3	429.9
Current Assets	1,164.2	1,126.5
Current Investments	0.8	0.8
Inventories	414.1	346.9
Trade Receivables	374.8	468.6
Cash and Equivalents	270.0	211.5
Short-terms loans and advance/other current assets	91.3	81.5
Other Current Assets	13.2	17.4
Total Assets	7,492.9	7,813.3

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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