



Globus Spirits

GLOBUS SPIRITS LIMITED

Q2 & H1 FY17

Investor Presentation

14 November 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.

COMPANY HIGHLIGHTS

360° ALCOBEV PLAYER – Present across Distillery, IMIL, IMFL, and Franchise Bottling

LARGEST GRAIN BASED DISTILLERS IN INDIA – Distillery capacity of **~90 million** bulk litres (to be expanded to **~150 million** bulk litres by Q3 FY17)

MANUFACTURING EXCELLENCE – State of the art manufacturing facilities in Rajasthan & Haryana with 'zero discharge' and 'integrated evaporation'

ESTABLISHED CONSUMER BUSINESS IN NORTH INDIA - 56% contribution from consumer-facing IMIL

- **#1 private** IMIL company in Rajasthan with market share of 28%
- **2nd largest** IMIL company in Haryana with 16% market share

HEALTHY BALANCE SHEET – Debt-to-Equity Ratio of **0.63x** in FY16

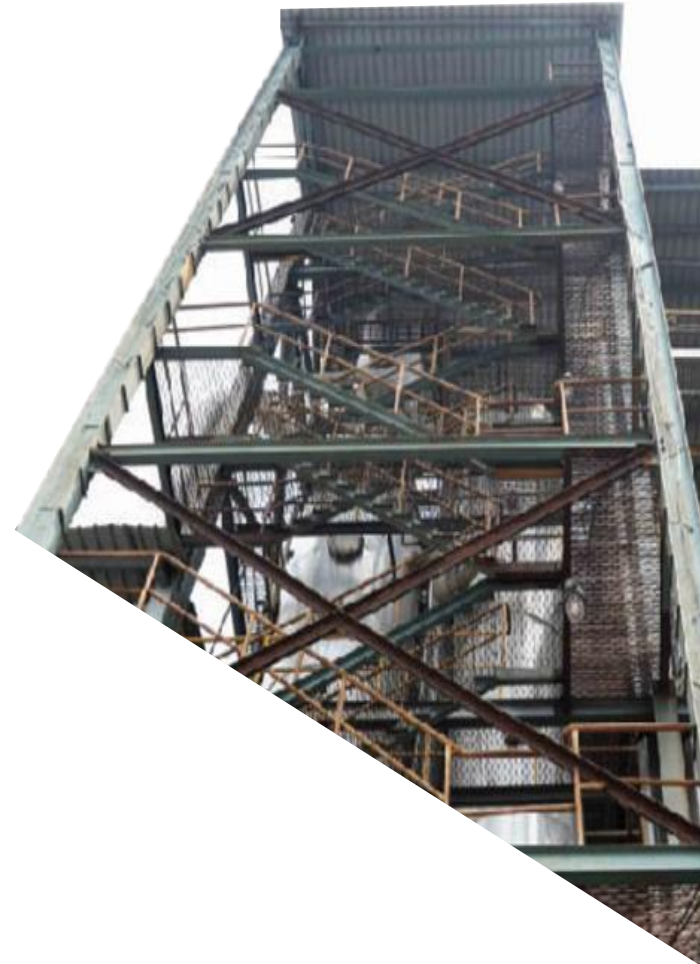
AGENDA

Q2 & H1 FY17 Performance

Key Highlights	5
Greenfield Operations	7
Financial Performance	8

Annexure

Company Overview	15
Shareholding Pattern	21
Financials	22



Q2 FY17 – KEY PERFORMANCE HIGHLIGHTS

- **Overall performance in Q2 FY17 was subdued owing to significant increase in raw material prices as well as seasonal impact in terms of slower seasonal demand**
 - Standalone revenue from operations stood at Rs. 1,618.6 mn in Q2 FY17
 - EBITDA came in at Rs. 113.3 mn in Q2 FY17, while EBITDA margin stood at 7.0%
 - PBT came in at Rs. 1.31 mn; Net Profit stood at Rs. 0.3 mn in Q2 FY17
 - Raw material prices are expected to soften with the onset of new milling season in Q3/Q4
- **Bulk Alcohol production was lower owing to plant shutdown at the Samalkha facility in Haryana**
 - In the current year, maintenance was scheduled in Q1 and Q3 in a staggered fashion. However, due to sharp increase in the prices of raw material and slower demand, the Company undertook the shutdown in Q2, instead of Q3 which led to lower bulk alcohol production
 - As a result, production in Q3/Q4 should be higher than anticipated

Q2 FY17 – KEY PERFORMANCE HIGHLIGHTS

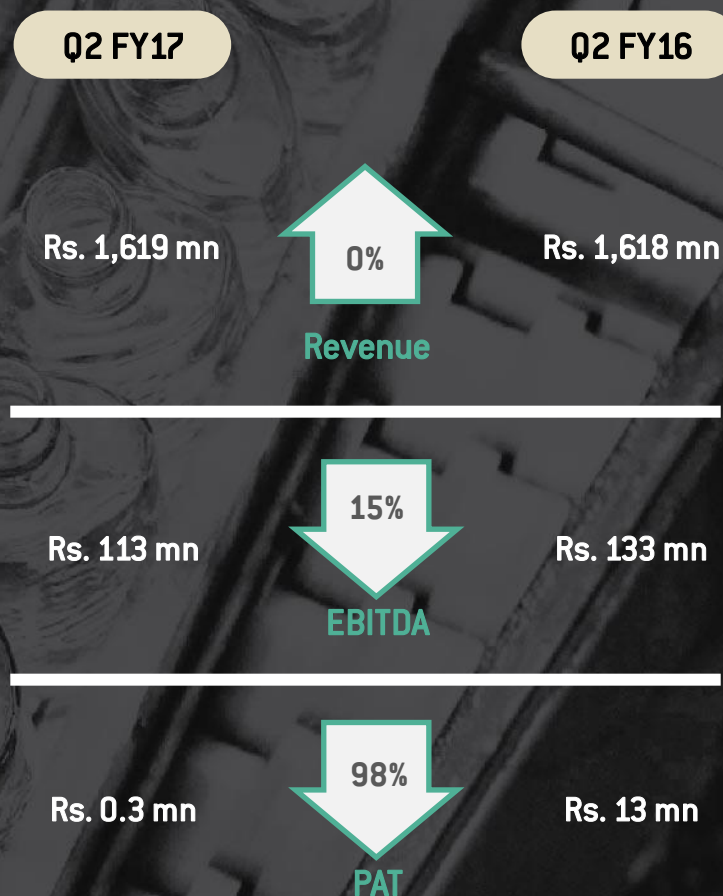
- **Franchise IMFL as well as DDGS segment reported healthy revenue growth**
 - Franchise IMFL revenues grew by 19% Y-o-Y to Rs. 196.3 mn supported by strong volume growth of 22%
 - Revenues from IMIL stood at Rs. 909.5 mn, higher by 5% YoY
 - Unexpected increase in the prices of grain impacted the IMIL volumes which stood flat year-on-year. However, Haryana and Rajasthan reported robust volume growth of 36% and 16% respectively
 - By-products segment reported 26% growth in Q2 FY17 led by value-added DDGS
 - DDGS volumes and realisations increased by 9% & 19% respectively

UPDATE ON GREENFIELD OPERATIONS – BIHAR & WEST BENGAL

- **Greenfield Distillery Project in Bihar & West Bengal – Key growth driver in FY17 & FY18**
 - Greenfield distilleries in Bihar & West Bengal would start commercial operations from Q3 FY17 – anticipate optimal utilizations from Q4 FY17 onwards
 - Overall capacity at Bihar would be ~26 million BL
 - Overall capacity at West Bengal would be ~33 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
 - West Bengal continues to be an alcohol deficit state with demand surpassing overall supplies
 - This opens up huge opportunity to launch branded IMIL products
 - Both the facilities would enjoy locational advantages like lower raw material costs and other logistical benefits

Q2 FY17 YoY – PERFORMANCE OVERVIEW

- Revenue from operations (Net) stood flat in Q2 FY17 at Rs. 1,619 mn owing to high raw material prices which in turn impacted the bulk alcohol volumes
 - Bulk Alcohol volumes declined by 31% YoY
 - Franchise IMFL volumes improved by 22%; Others segment led by value added product DDGS reported 9% volume growth
- EBITDA for the quarter stood at Rs. 113 mn, down by 15%, with margin of 7.0%
- PAT came in at Rs. 0.3 mn compared to Rs. 13 mn in Q2 FY16



H1 FY17 YoY – PERFORMANCE OVERVIEW

- **Revenue from operations (Net) grew by 12% to Rs. 3,581 mn in H1 FY17 on account of healthy traction in both Franchise IMFL and IMIL business**
 - Franchise IMFL volumes improved by 23%; while IMIL volumes increased by 6%
 - Others segment led by value added product DDGS reported 39% value growth
- **EBITDA for the quarter stood at Rs. 306 mn, up by 5%, with margin of 8.5%**
 - Improvement in operating efficiency as well as cost management initiatives led to steady EBITDA performance
- **PAT came in at Rs. 64 mn, higher by 34% compared to Rs. 47 mn in H1 FY16**

H1 FY17**H1 FY16**

Rs. 3,581 mn

12%

Revenue

Rs. 3,196 mn

Rs. 306 mn

5%

EBITDA

Rs. 292 mn

Rs. 64 mn

34%

PAT

Rs. 47 mn

Q2 & H1 FY17 YoY – ADJUSTED FINANCIALS

Particulars	Q2 FY17	Q2 FY16	Growth (%)	H1 FY17	H1 FY16	Growth (%)
Net Revenue	1,619	1,618	0.06	3,581	3,196	12.05
Revenue of bottling customers in Rajasthan	106	105	0.95	265	248	6.85
Adjusted Revenue	1,513	1,513	-	3,316	2,948	12.48%
EBITDA	113	133	[15.04%]	306	292	4.79%
EBITDA Margin	6.98%	8.22%	[124 bps]	8.55%	9.14%	[59 bps]
Adjusted EBITDA	113	133	[15.04%]	306	292	4.79%
Adjusted EBITDA Margin	7.47%	8.79%	[132 bps]	9.23%	9.91%	[68 bps]

Note:

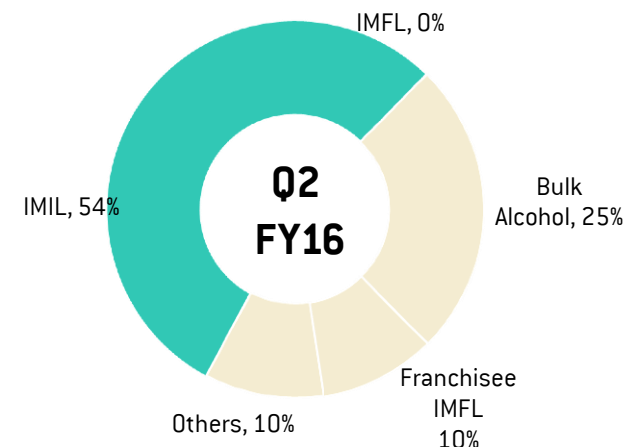
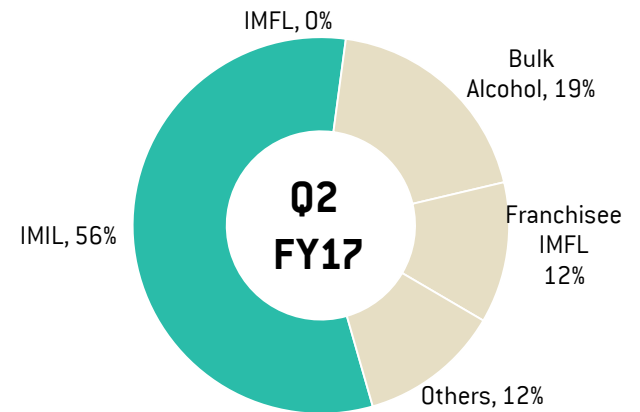
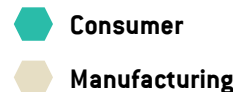
Excise laws in certain states mandate that a brand must be sold directly by the bottler, so the entire billing in such cases is done by GSL however the funding is essentially incurred by the brand owner [s].

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

FRANCHISE IMFL & DDGS SUPPORTED PERFORMANCE

Breakup of Revenue from Operations

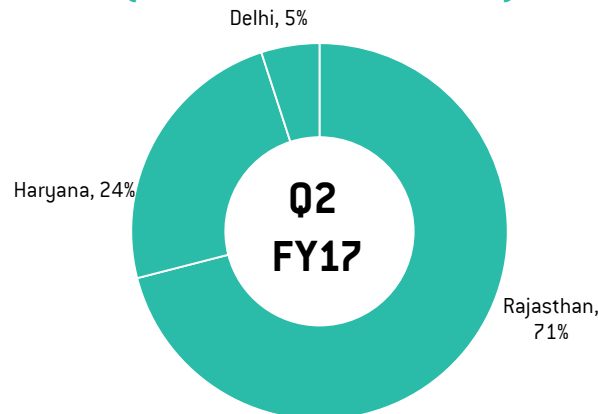
- Revenues from manufacturing business stood at Rs. 709 mn in Q2 FY17, down by 5% YoY
 - Steep increase in the prices of grain during the quarter had a cascading impact on Bulk Alcohol revenues
 - However, Franchise IMFL and DDGS segment reported growth of 19% and 26% respectively; volume growth in Franchise IMFL and DDGS segment stood at 22% and 9% respectively
- Share of consumer business increased to 56% in Q2 FY17 against 54% in the same period last year
 - Growth in Consumer Business came in at 4% YoY
- IMIL revenues grew marginally by 5% YoY to Rs. 910 mn
 - No IMIL revenues from Bihar vis-à-vis last year impacted revenues
 - This was however mitigated by strong growth in Haryana and Rajasthan, which stood at 35% and 16% respectively; momentum in these markets is expected to continue through the rest of the year



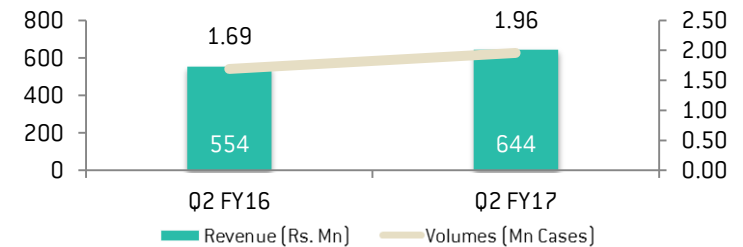
IMIL DRIVEN BY HEALTHLY VOLUMES IN HARYANA & RAJASTHAN

- Aggregate IMIL revenues up 5% YoY
 - This was achieved despite zero revenues from Bihar in Q2 FY17 as compared to Rs. 102 crore in the same period last year
- Both Haryana and Rajasthan witnessed strong growth of 35% and 16% respectively in Q2 FY17
 - Haryana reported robust volume growth of 36%, while volume growth in Rajasthan stood at 16%
 - Contribution of Haryana in IMIL revenues increased from 19% in Q2 FY16 to 24% in Q2 FY17

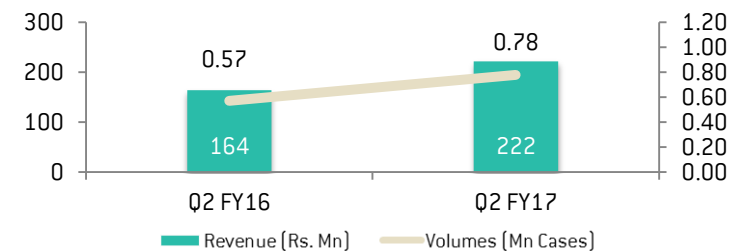
Q2 FY17 IMIL Split by Volume (Total 2.88 mn cases)



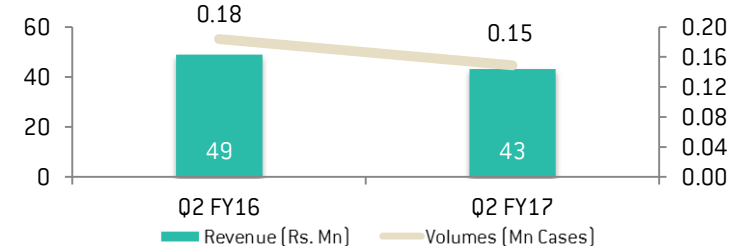
Rajasthan IMIL



Haryana IMIL

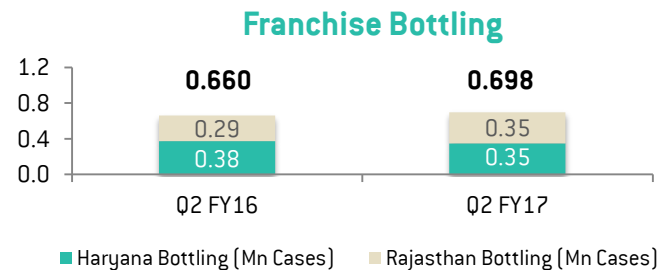
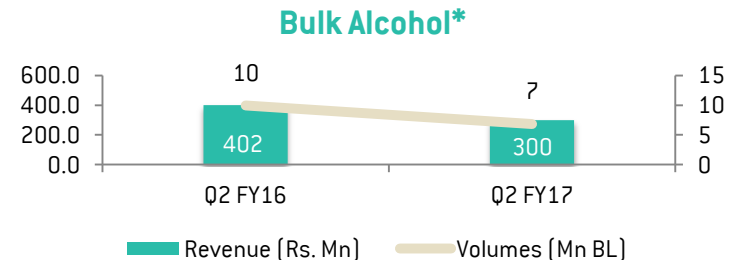
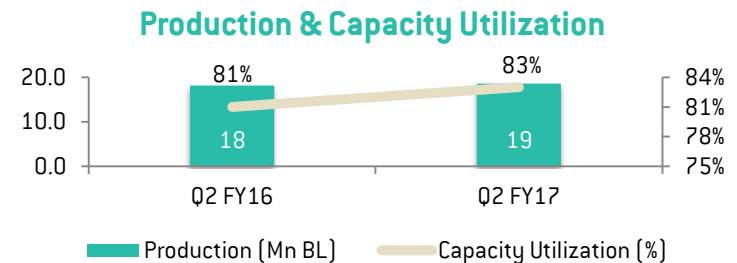


Delhi IMIL



MANUFACTURING: BACKBONE TO CONSUMER BUSINESS

- Capacity utilization improved to 83% in Q2 FY17 compared to 81% in the same period last year
- Bulk Alcohol revenues decreased by 25% YoY
 - A combination of factors including increase in raw material prices and plant shutdown at the Samalkha facility in Haryana resulted in subdued bulk alcohol sales
- Franchise Bottling volumes stood at 0.698 mn cases vs 0.660 mn in Q2 FY16
 - Rajasthan witnessed 22% volume growth YoY which was offset by 6% decline in Haryana due to delays/ other operational reasons at customer level



*Excluding bulk sales to franchisee customers in Rajasthan

Figures in Rs Million, Standalone Financials

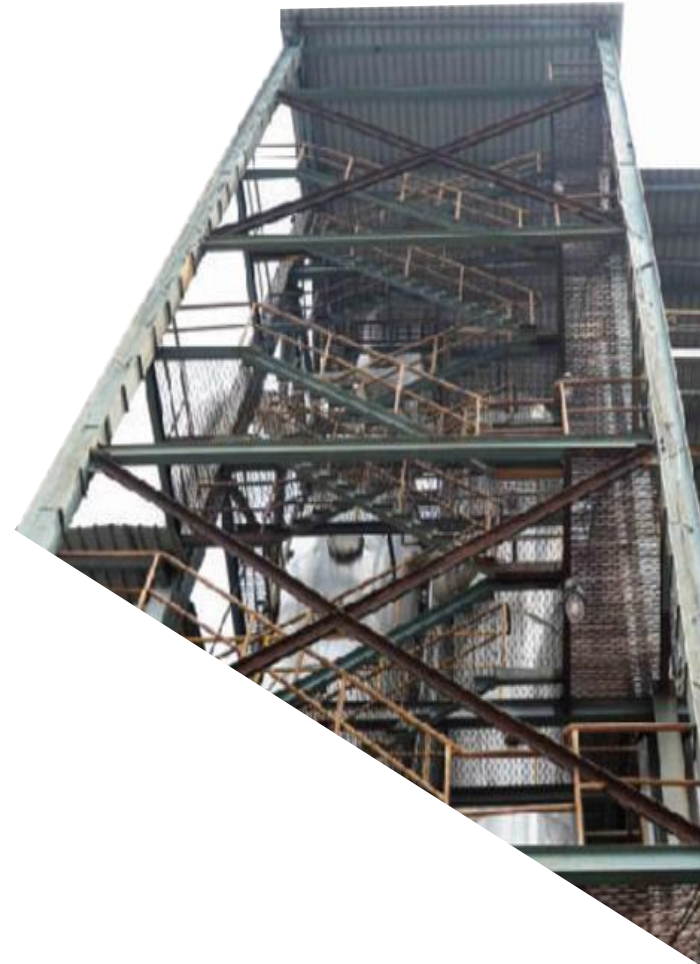
AGENDA

Q2 & H1 FY17 Performance

Key Highlights	5
Greenfield Operations	7
Financial Performance	8

Annexure

Company Overview	15
Shareholding Pattern	21
Financials	22



GLOBUS 360° ALCOBEV PLAYER - FORAY INTO EAST

- No. 1 private player in Rajasthan IMIL with 28% market share
 - 1.95 mn cases in sold in Q2 FY17, up 16% YoY
- No. 2 private player in Haryana with 16% market share
 - 0.78 mn cases in sold in Q2 FY17, up 36% YoY
- To entered East India: Distillery to be set up in Bihar and West Bengal in Q3 FY17
 - 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 ~90 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

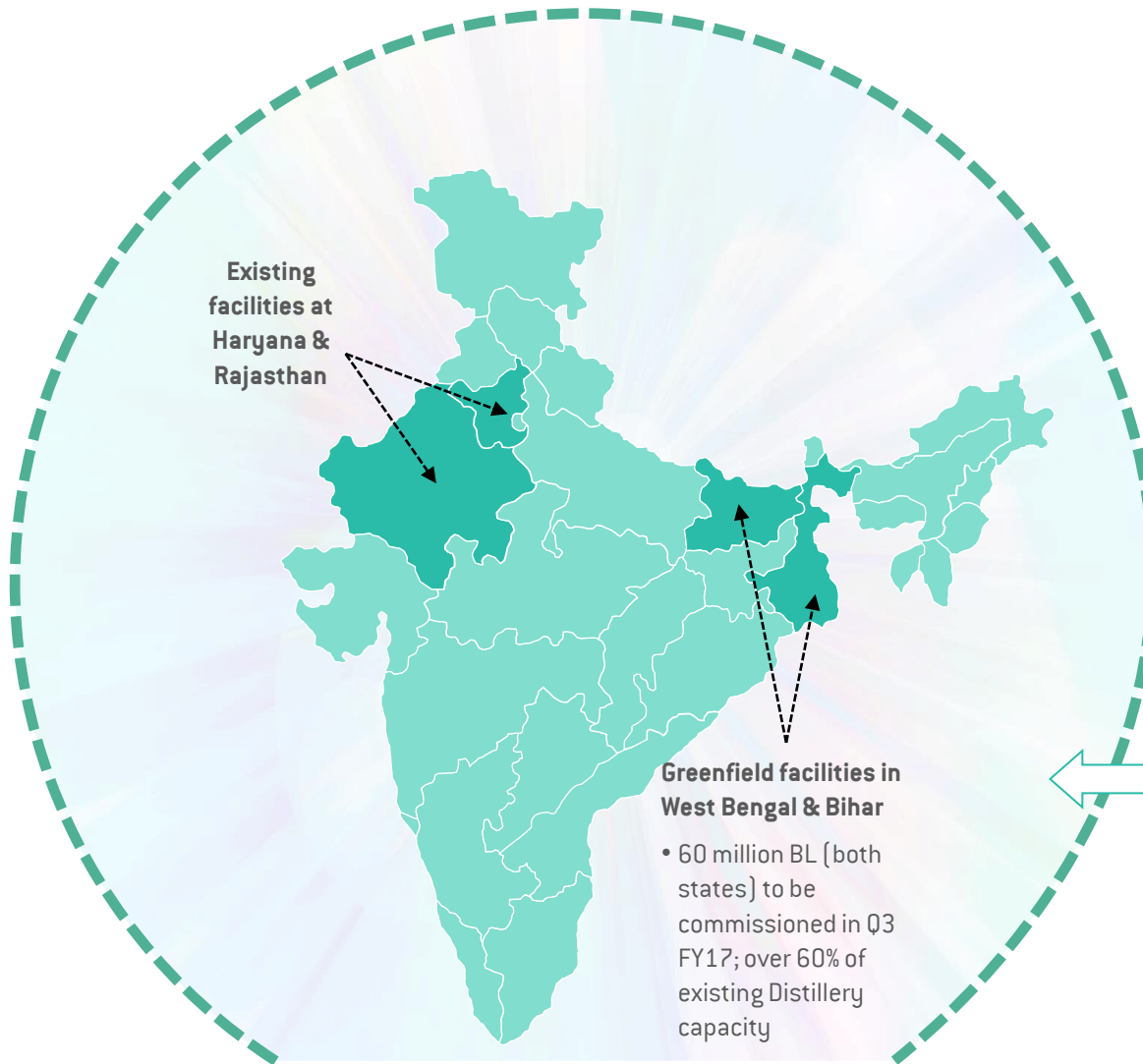
NEAR TERM STRATEGY

- 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

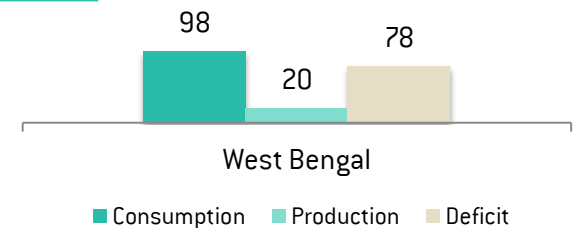
- Large market share in IMIL by offering quality products to the consumer
- Establish sustainable premium brands in IMFL
- High capacity utilisation with focus on technology and efficiency at old and new facilities
- Portfolio of high value by- products

EXPANSION INTO EAST – BIHAR & WEST BENGAL



- Locational advantages like lower raw material costs, higher realizations and other logistical benefits to drive overall profitability
- 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

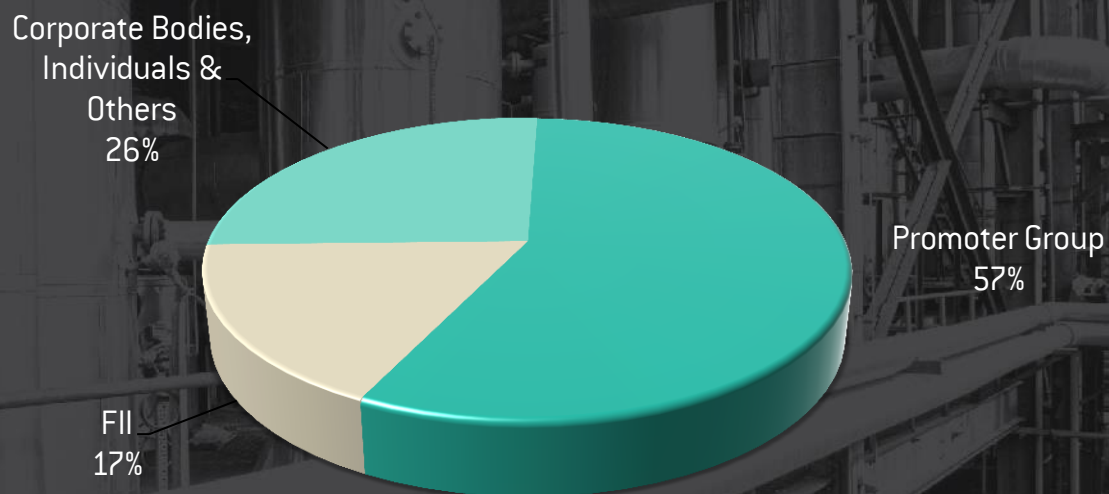
- Leadership in key states of Rajasthan, Delhi and Haryana
- Achieved sterling success in IMIL branding with Nimboo
- 4 IMIL brands



Healthy Balance Sheet

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

SHAREHOLDING PATTERN



As on September, 30, 2016 Outstanding shares – 28.8 mn

Major Non-Promoter Shareholders % shareholding	
Name	% Share
Templeton Strategic Emerging Markets Fund IV, LDC	17.49%

Q2 & H1 FY17: PROFIT & LOSS STATEMENT

Standalone

Particulars (In Rs MN)	Q2 FY17	Q2 FY16	YoY (%)	Q1 FY17	QoQ (%)	H1 FY17	H1 FY16	YoY (%)
Gross Sales	2,344.37	2,159.82	9%	2,821.09	-17%	5,165.45	4,498.87	15%
Less- Excise duty & Discounts	726.99	548.18	33%	861.67	-16%	1,588.66	1,310.07	21%
Net Sales	1,617.38	1,611.64	0%	1,959.41	-17%	3,576.79	3,188.80	12%
Other Operating Income	1.25	6.61	-81%	3.24	-61%	4.50	6.99	-36%
Revenue from Operations	1,618.63	1,618.26	0%	1,962.66	-18%	3,581.29	3,195.79	12%
Total Expenditure	1,505.34	1,485.02	1%	1,769.81	-15%	3,275.14	2,904.15	13%
Consumption of Raw Material	969.51	930.92	4%	1,151.86	-16%	2,121.37	1,854.57	14%
Employee Cost	34.99	40.79	-14%	37.69	-7%	72.68	80.16	-9%
Other Expenditure	500.84	513.32	-2%	580.25	-14%	1,081.09	969.43	12%
EBITDA	113.29	133.24	-15%	192.85	-41%	306.14	291.63	5%
Depreciation & Amortisation	87.36	84.19	4%	87.85	-1%	175.21	169.93	3%
EBIT	25.93	49.05	-47%	105.00	-75%	130.93	121.70	8%
Finance Charges	32.05	46.61	-31%	35.07	-9%	67.11	81.68	-18%
Other Income	7.42	11.15	-33%	9.52	-22%	16.95	19.58	-13%
PBT before exceptional items	1.31	13.59	-90%	79.46	-98%	80.77	59.60	36%
Exceptional items*	-	-		-		-	-	
PBT	1.31	13.59	-90%	79.46	-98%	80.77	59.60	36%
Tax Expense (Current, Deferred Tax)	1.05	1.02	3%	16.18	-94%	17.23	12.34	40%
MAT Credit	-	-		-		-	-	
PAT (From ordinary activities)	0.26	12.57	-98%	63.28	-100%	63.54	47.26	34%

Q2 FY17: KEY RATIOS

Key Ratios as a % of Total Revenue	Standalone				
	Q2 FY17	Q2 FY16	Q1 FY17	H1 FY17	H1 FY16
EBITDA	7%	8%	10%	9%	9%
PAT	0%	1%	3%	2%	1%
Total Expenditure	93%	92%	90%	92%	91%
Raw material	60%	58%	59%	59%	58%
Employee Cost	2%	3%	2%	2%	3%
Other Expenditure	31%	32%	30%	30%	30%
Intt	2%	3%	2%	2%	3%
Depn	5%	5%	4%	5%	5%
Other Income	0%	1%	0%	0%	1%

Q2 FY17: BALANCE SHEET

Particulars (In Rs MN)	30 th Sep 2016	31 st Mar 2016
<u>Liabilities</u>		
Shareholders' Fund	3,699.0	3,635.4
Non-Current Liabilities	2,251.9	2,073.7
Long term borrowings	1,770.4	1592.5
Deferred tax liabilities (Net)	469.3	470.3
Long-term provisions	12.3	11.0
Current Liabilities	2,078.0	1,783.8
Short Term borrowings	737.5	704.6
Trade payables	941.0	723.5
Other current liabilities	374.1	331.1
Short-term provisions	25.4	24.6
Total Liabilities	8,028.9	7,492.9
<u>Assets</u>		
Net fixed assets	6,370.2	5,655.8
Non-current investment	0.7	0.7
Other non-current assets	-	1.9
Long-term loans and advances	378.2	670.3
Current Assets	1279.8	1164.2
Current Investments	-	0.8
Inventories	513.2	414.1
Trade Receivables	457.7	374.8
Cash and Equivalents	221.0	270.0
Short-terms loans and advance/other current assets	75.9	91.3
Other Current Assets	12.1	13.2
Total Assets	8,028.9	7,492.9

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:

DR. BHASKAR ROY
Globus Spirits Limited

Phone: +91 11 6642 4600
Fax: +91 11 6642 4629
Email: broy@globusgroup.in

ANOOP POOJARI / NISHID SOLANKI
CDR India

Phone: +91 22 6645 1211 / 1221
Fax: +91 22 6645 1213
Email: anoop@cdr-india.com
nishid@cdr-india.com