



Globus Spirits

GLOBUS SPIRITS LIMITED

Q3 & 9M FY17

Investor Presentation

2 February 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 - 44% contribution from consumer-facing IMIL

- **#1 private** IMIL company in Rajasthan with market share of 30%
- **2nd largest** IMIL company in Haryana with 16% market share

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

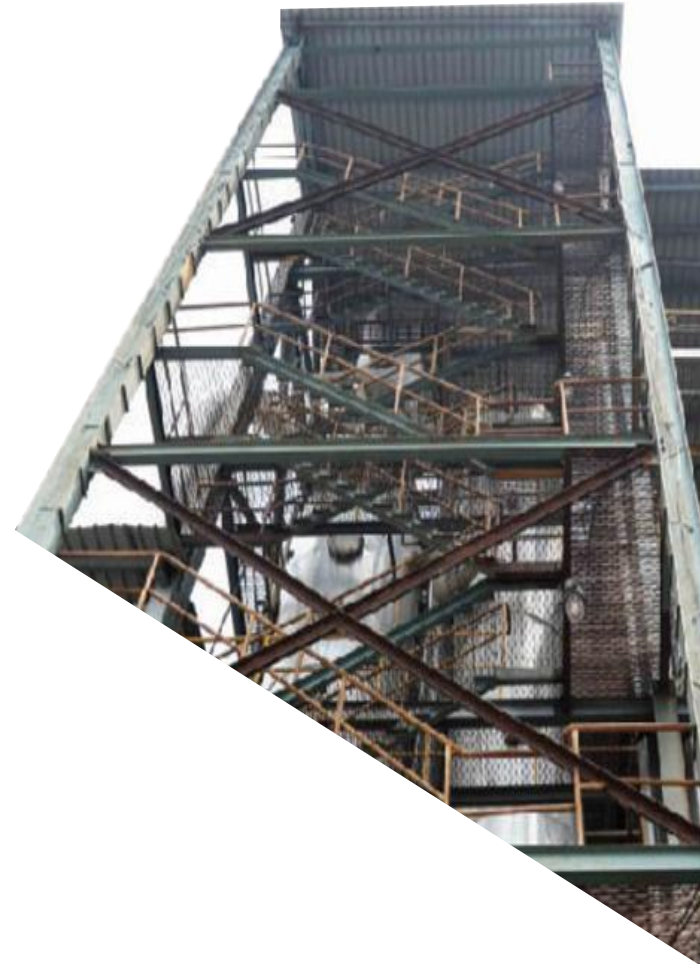
AGENDA

Q3 & 9M FY17 Performance

Key Developments	5
Performance Highlights	6
Financials	7
Financial Performance	10

Annexure

Company Overview	17
Shareholding Pattern	23



Q3 FY17 – KEY DEVELOPMENTS

- **Greenfield distillery in West Bengal commenced commercial production in January, 2017 – one of the largest distilleries in the state with a capacity of ~33 million BL**
 - Received license for manufacturing and marketing IMIL products in West Bengal – huge opportunity for GSL to launch and market branded IMIL products going forward
 - Expected to launch IMIL brands in the state by FY18
 - West Bengal continues to be an alcohol deficit state with demand surpassing overall supplies – expect to quickly ramp-up sales volume
 - Successfully extended bottling relationships with USL in West Bengal, which has positively contributed to the overall performance; anticipate off take to further improve in the coming quarters
- **Commenced commercial production at the Greenfield distillery in Bihar – to have capacity of ~26 million BL**
 - Exploring further course of action as Govt. of Bihar, vide their notification has informed that the existing licenses of production of ENA from Grain Based Distilleries, IMFL manufacturing or Bottling Plants shall not be renewed by the Bihar State Government from the Financial Year 2017-18

Q3 FY17 – PERFORMANCE HIGHLIGHTS

- **Healthy Y-o-Y performance in Q3 FY17 led by increase in Franchise IMFL revenues. Commencement of bottling operations in West Bengal during the quarter assisted performance; Bulk alcohol as well as IMIL segment supported overall growth**
 - Revenue from operations stood at Rs. 2,203.2 mn in Q3 FY17, higher by 12.0% Y-o-Y
 - EBITDA came in at Rs. 164.8 mn in Q3 FY17, while EBITDA margin stood at 7.5%
 - PBT came in at Rs. 50.0 mn in Q3 FY17 against Rs. 44.2 mn in Q3 FY16, representing a growth of 13.2%
 - Net Profit stood at Rs. 20.8 mn in Q3 FY17
- **Turnaround in Q3 FY17 performance as compared to Q2 FY17 on the back of lower raw material prices; raw material prices cooled off notably which led to 45% EBITDA growth; Revenues also demonstrated a sharp turnaround**
 - Raw material prices are stabilising – to help reduce price volatility

Q3 FY17: PROFIT & LOSS STATEMENT

Standalone

Particulars (In Rs MN)	Q3 FY17	Q3 FY16	YoY (%)	Q2 FY17	QoQ (%)	9M FY17	9M FY16	YoY (%)
Gross Sales	3,225.92	2,668.13	21%	2,344.37	38%	8,391.37	7,167.00	17%
Less- Excise duty & Discounts	1,025.82	713.87	44%	726.99	41%	2,614.48	2,023.94	29%
Net Sales	2,200.09	1,954.26	13%	1,617.38	36%	5,776.89	5,143.06	12%
Other Operating Income	3.12	12.34	-75%	1.25	149%	7.62	19.32	-61%
Revenue from Operations	2,203.21	1,966.60	12%	1,618.63	36%	5,784.50	5,162.38	12%
Total Expenditure	2,038.45	1,779.31	15%	1,505.34	35%	5,313.60	4,683.46	13%
Consumption of Raw Material	1,308.33	1,141.52	15%	969.51	35%	3,429.70	2,996.08	14%
Employee Cost	41.24	38.84	6%	34.99	18%	113.92	119.00	-4%
Other Expenditure	688.89	598.95	15%	500.84	38%	1,769.98	1,568.38	13%
EBITDA	164.76	187.29	-12%	113.29	45%	470.90	478.92	-2%
Depreciation & Amortisation	94.08	100.91	-7%	87.36	8%	269.29	270.84	-1%
EBIT	70.68	86.38	-18%	25.93	173%	201.61	208.08	-3%
Finance Charges	33.55	46.29	-28%	32.05	5%	100.67	127.97	-21%
Other Income	12.91	4.11	214%	7.42	74%	29.86	23.69	26%
PBT before exceptional items	50.04	44.20	13%	1.31	3723%	130.81	103.80	26%
Exceptional items*	-	-		-		-	-	
PBT	50.04	44.20	13%	1.31	3723%	130.81	103.80	26%
Tax Expense (Current, Deferred Tax)	29.21	9.30	214%	1.05	2681%	46.44	21.64	115%
MAT Credit	-							
PAT (From ordinary activities)	20.83	34.90	-40%	0.26	7944%	84.37	82.16	3%

Q3 FY17: KEY RATIOS

Key Ratios as a % of Total Revenue	Standalone				
	Q3 FY17	Q3 FY16	Q2 FY17	9M FY17	9M FY16
EBITDA	7%	10%	7%	8%	9%
PAT	1%	2%	0%	1%	2%
Total Expenditure	93%	91%	93%	92%	91%
Raw material	59%	58%	60%	59%	58%
Employee Cost	2%	2%	2%	2%	2%
Other Expenditure	31%	31%	31%	31%	30%
Intt	2%	2%	2%	2%	2%
Depn	4%	5%	5%	5%	5%
Other Income	1%	0%	0%	1%	0%

Q3 FY17: BALANCE SHEET

Particulars (In Rs MN)	31 st Dec 2016	31 st Mar 2016
<u>Liabilities</u>		
Shareholders' Fund	3,719.8	3,635.4
Non-Current Liabilities	2,264.8	2,073.7
Long term borrowings	1,764.0	1,592.5
Deferred tax liabilities (Net)	487.8	470.3
Long-term provisions	13.0	11.0
Current Liabilities	2,198.2	1,783.8
Short Term borrowings	673.3	704.6
Trade payables	1,030.9	723.5
Other current liabilities	464.3	331.1
Short-term provisions	29.7	24.6
Total Liabilities	8,182.8	7,492.9
<u>Assets</u>		
Net fixed assets	6,360.4	5,655.8
Non-current investment	30.5	0.7
Other non-current assets	-	1.9
Long-term loans and advances	333.8	670.3
Current Assets	1,458.1	1164.2
Current Investments	-	0.8
Inventories	623.6	414.1
Trade Receivables	446.8	374.8
Cash and Equivalents	249.8	270.0
Short-terms loans and advance/other current assets	122.3	91.3
Other Current Assets	15.7	13.2
Total Assets	8,182.8	7,492.9

Q3 FY17 YoY – PERFORMANCE OVERVIEW

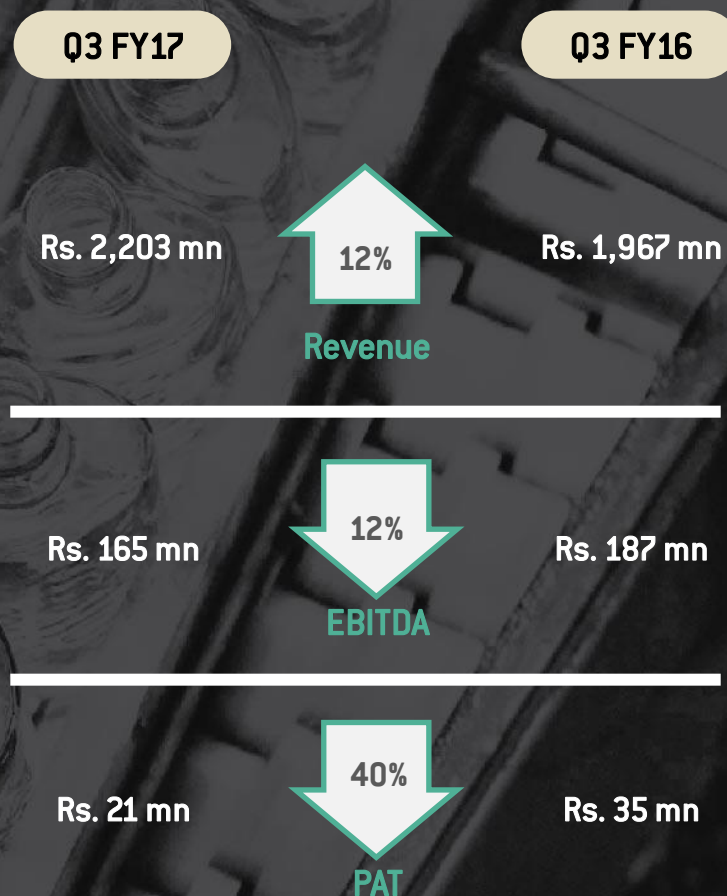
- Revenue from operations (Net) stood at Rs. 2,203 mn in Q3 FY17, higher by 12% owing to healthy contribution from Franchise IMFL

- Franchise IMFL volumes improved to 11.0 mn cases in Q3 FY17, from 10.1 mn cases in the corresponding quarter last year
- Bulk Alcohol as well as IMIL supported the overall growth led by higher volumes and realisations

- EBITDA for the quarter stood at Rs. 165 mn, down by 12% as compared to Rs. 187 mn

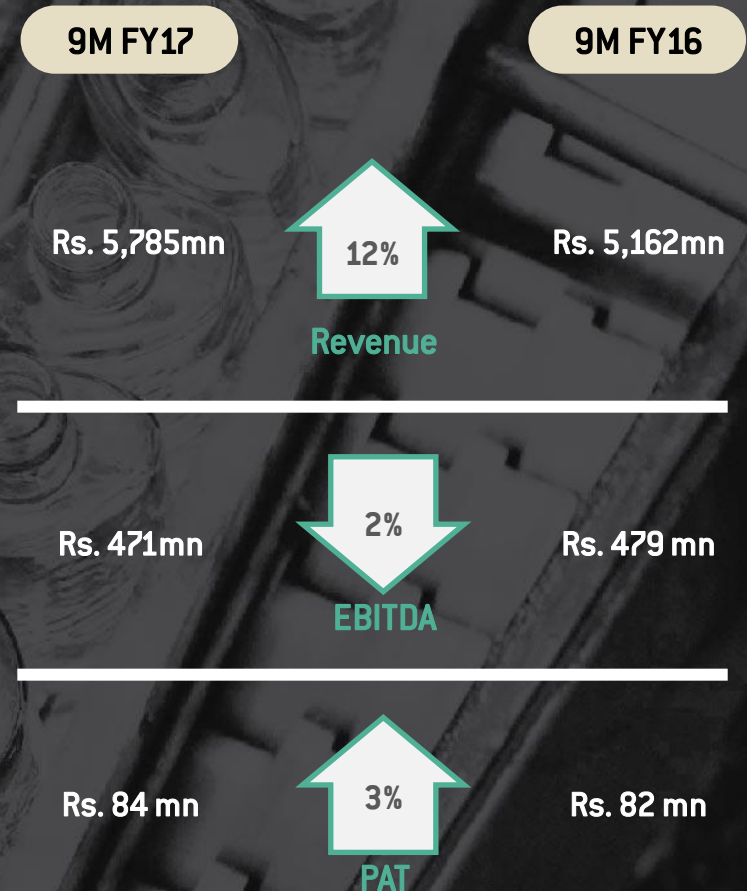
- EBITDA margin stood at 7.5%
- EBITDA margin was affected due to high raw material prices. Raw material prices were expected to decline during the quarter however owing to the cash crunch mills were not operating thereby impacting the availability

- PAT came in at Rs. 21 mn compared to Rs. 35 mn in Q3 FY16



9M FY17 YoY – PERFORMANCE OVERVIEW

- Revenue from operations (Net) grew by 12% to Rs. 5,785 mn in 9M FY17 on account of strong growth in Franchise IMFL; bulk alcohol as well as IMIL business reported steady growth
 - Franchise IMFL volumes improved to 11.0 mn cases in Q3 FY17, from 10.1 mn cases in the corresponding quarter last year
 - Others segment led by value added product DDGS reported 12% value growth
- EBITDA for the quarter stood at Rs. 471 mn, down by 2% as compared to Rs. 479 mn
 - EBITDA margin stood at 8.1%
- PAT came in at Rs. 84 mn, higher by 3% compared to Rs. 82 mn in 9M FY16



Q3 & 9M FY17 YoY – ADJUSTED FINANCIALS

Particulars	Q3 FY17	Q3 FY16	Growth (%)	9M FY17	9M FY16	Growth (%)
Net Revenue	2,203	1,967	12.0%	5,785	5,162	12.1%
Revenue of bottling customers in Rajasthan & West Bengal	308	148	108.1%	586	396	48.0%
Adjusted Revenue	1,895	1,819	4.2%	5,199	4,766	9.1%
EBITDA	164.8	187.3	-12.0%	470.9	478.9	-1.7%
EBITDA Margin	7.48%	9.52%	(204 bps)	8.14%	9.28%	(114 bps)
Adjusted EBITDA	164.8	187.3	-12.0%	470.9	478.9	-1.7%
Adjusted EBITDA Margin	8.69%	10.30%	(161 bps)	9.06%	10.05%	(99 bps)

Note:

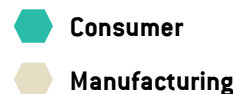
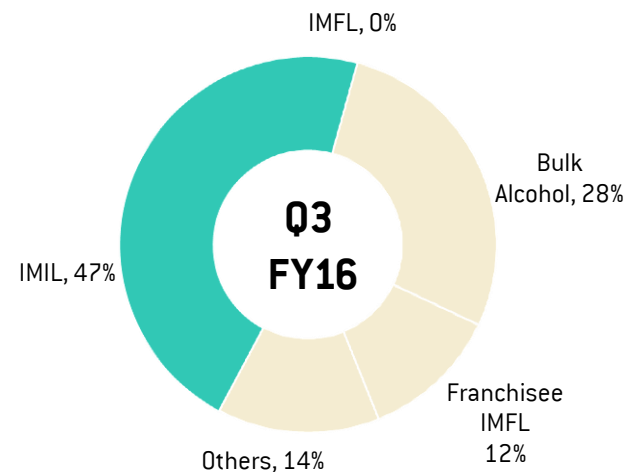
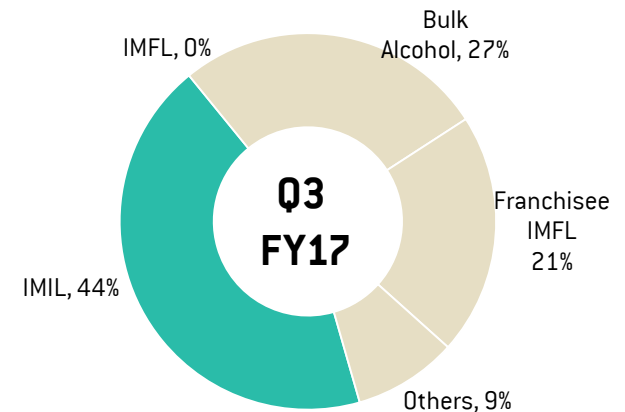
Excise laws in certain states mandate that a brand must be sold directly by the bottler, so the entire billing in such cases is done by GSL however the funding is essentially incurred by the brand owner [s].

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

FRANCHISE IMFL SUPPORTED OVERALL PERFORMANCE

- Revenues from manufacturing business stood at Rs. 1,237 mn in Q3 FY17, higher by 19% YoY
 - Apart from volume growth in Franchise IMFL business, the performance was supported by steady gains in bulk alcohol as well as IMIL segments
- Share of consumer business stood at 44% in Q3 FY17 against 47% in the same period last year
 - Growth in Consumer Business came in at 4% YoY
- IMIL revenues grew by 5% YoY to Rs. 966 mn
 - Rajasthan registered sharp volume growth of 18%, while the volume growth in Haryana stood at 17%
 - Higher realisations also supported the overall growth

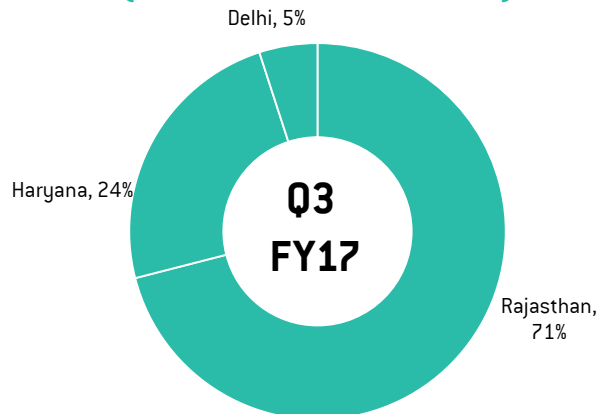
Breakup of Revenue from Operations



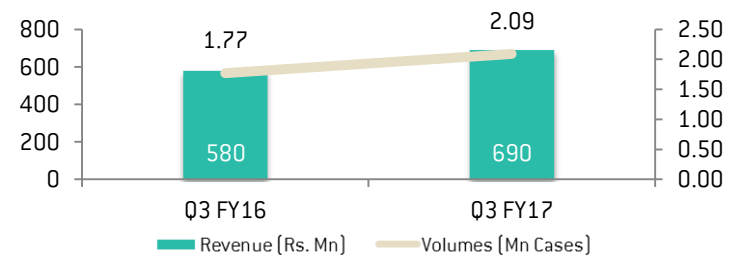
IMIL DRIVEN BY ROBUST VOLUMES IN RAJASTHAN

- Aggregate IMIL revenues up 5% YoY
 - This was achieved despite zero revenues from Bihar in Q3 FY17 as compared to Rs. 102 crore in the same period last year
- Both Rajasthan and Haryana witnessed strong growth of 19% and 20% respectively in Q3 FY17
 - Rajasthan reported robust volume growth of 18%, while volume growth in Haryana stood at 17%
 - Market share of Rajasthan improved to 30% in Q3 FY17 vis-à-vis 28% in Q1 FY17, despite demonitisation announcement in Q3

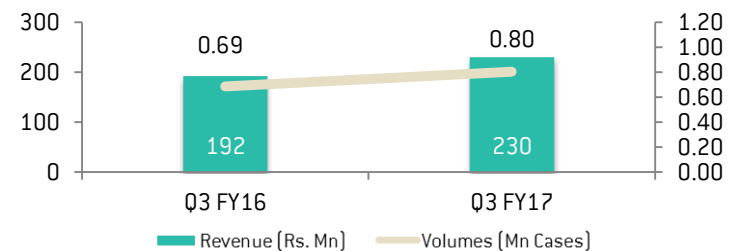
Q3 FY17 IMIL Split by Volume (Total 3.05 mn cases)



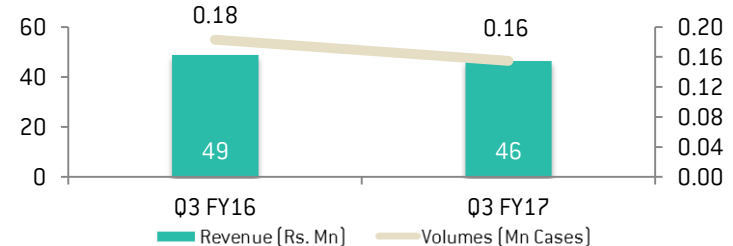
Rajasthan IMIL



Haryana IMIL



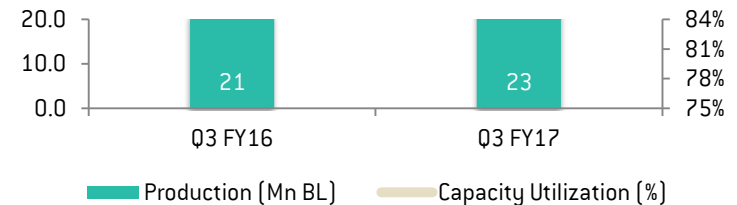
Delhi IMIL



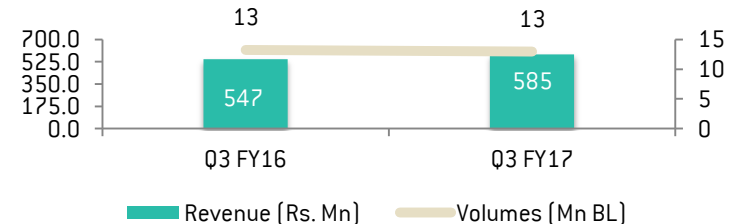
MANUFACTURING: BACKBONE TO CONSUMER BUSINESS

- Capacity utilization improved to 95% in Q3 FY17 compared to 94% in the same period last year
- Bulk Alcohol revenues increased by 7% YoY
 - Revenue growth was driven by higher realisation; realisation improved by 9%
- Franchise Bottling volumes stood at 1.102 mn cases vs 1.011 mn cases in Q3 FY16
 - West Bengal reported volumes of 0.252 mn cases in Q3 FY17 – which is the first quarter of commercial production
 - Rajasthan witnessed 32% volume growth YoY which was partly offset by 45% decline in Haryana

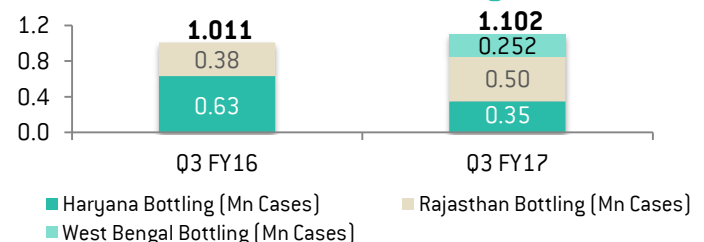
Production & Capacity Utilization



Bulk Alcohol*



Franchise Bottling



*Excluding bulk sales to franchisee customers in Rajasthan

Figures in Rs Million, Standalone Financials

AGENDA

Q3 & 9M FY17 Performance

Key Developments	5
Performance Highlights	6
Financials	7
Financial Performance	10

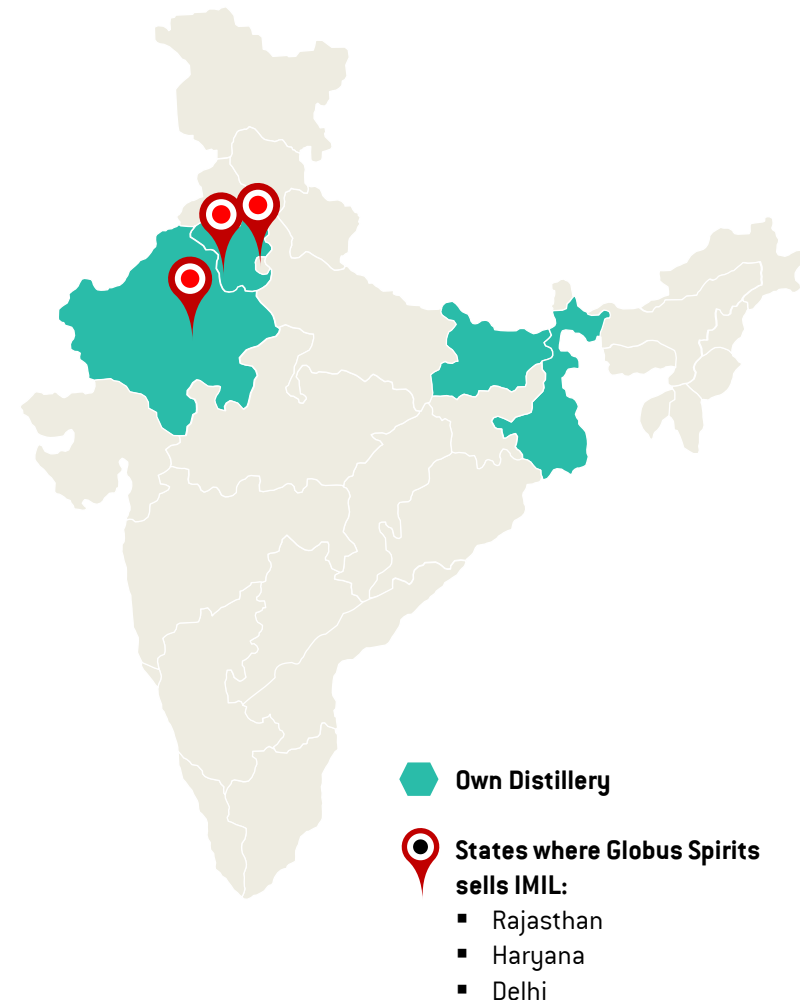
Annexure

Company Overview	17
Shareholding Pattern	23



GLOBUS 360° ALCOBEV PLAYER - FORAY INTO EAST

- No. 1 private player in Rajasthan IMIL with 30% market share
 - 2.09 mn cases in sold in Q3 FY17, up 18% YoY
- No. 2 private player in Haryana with 13% market share
 - 0.80 mn cases in sold in Q3 FY17, up 17% YoY
- Commenced commercial production at both the Greenfield Distilleries in Bihar and West Bengal
 - 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 the Bihar distillery 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 ~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)
- 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

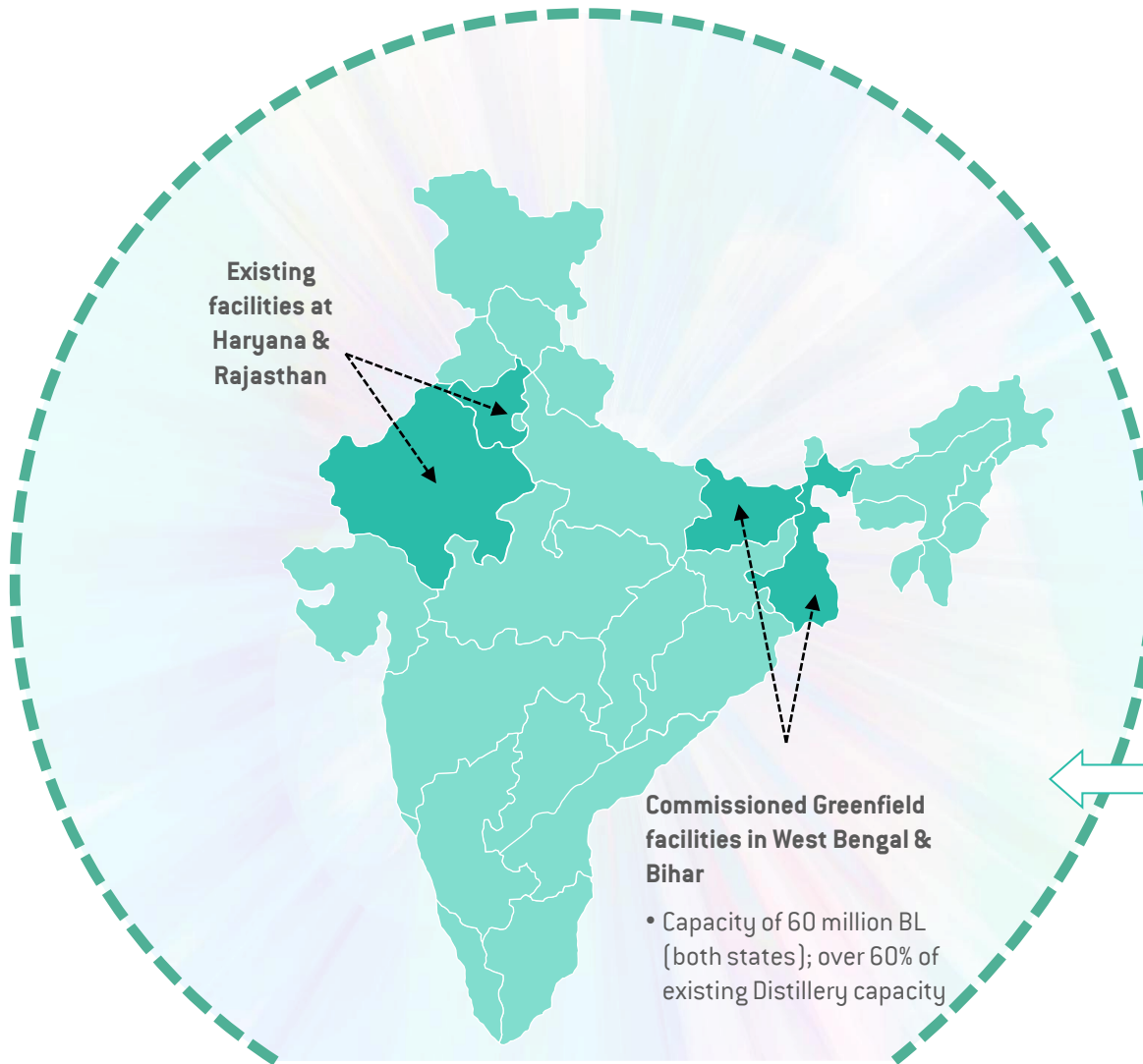
NEAR TERM STRATEGY

- 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

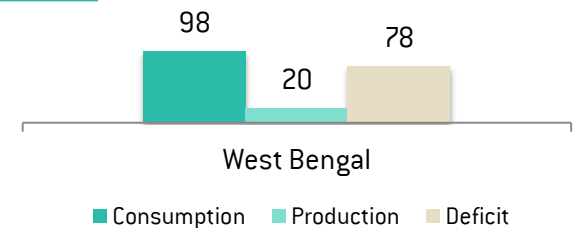
- Large market share in IMIL by offering quality products to the consumer
- Establish sustainable premium brands in IMFL
- High capacity utilisation with focus on technology and efficiency at old and new facilities
- Portfolio of high value by- products

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

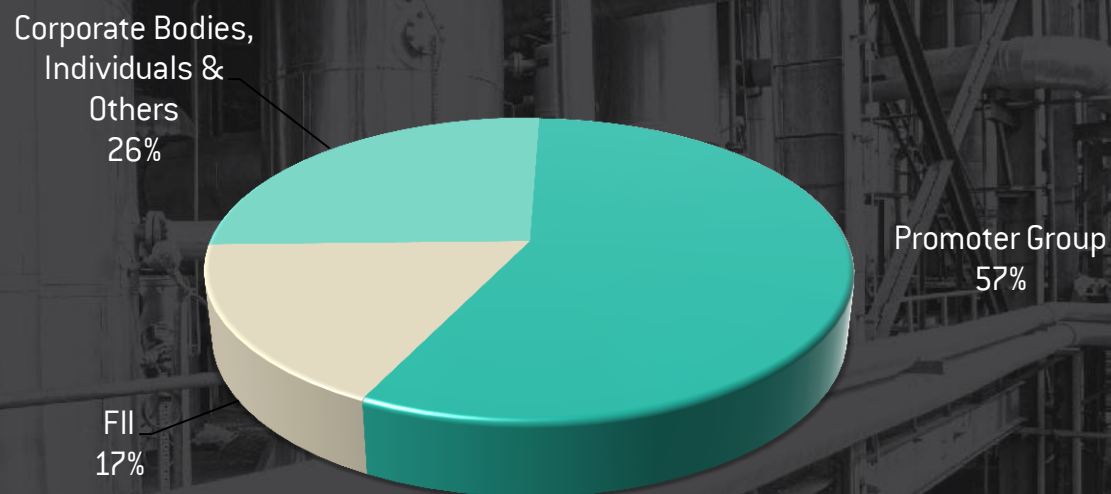
- Leadership in key states of Rajasthan, Delhi and Haryana
- Achieved sterling success in IMIL branding with Nimboo
- 4 IMIL brands



Healthy Balance Sheet

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

SHAREHOLDING PATTERN



As on December, 31, 2016 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 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