



Globus Spirits Limited

Q2 FY'15
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 .



- **Q2 & H1 FY'15 Performance**
 - Key highlights.....04
 - Financial performance05
 - Management's review and outlook.....10
- **Business Overview.....11**
- **Annexure**
 - Shareholding pattern.....18
 - Financials.....19



Q2'FY15 Key Highlights

► Sustained performance with double digit revenue growth YoY

- Revenue from operations up 12.7% YoY to reach Rs 1,365mn in Q2 FY15
- EBITDA margin at 8.4%, up from 7.7% in Q2' FY14
- Net Profit margin at 0.9%, marginal dip from 1% in Q2 FY14

► Manufacturing business leads growth driven by exports, franchisee bottling

- Export alcohol volumes grew 3.7x YoY
- Rajasthan bottling volumes up 98%YoY with scaled up ABD contract and new bottling contract with Jagatjit Industries
- Strong market traction for DDGS, validates the large potential in India

► Rajasthan IMIL maintains strong growth

- Rajasthan IMIL volumes up 25% YoY, driven by combination of volume and realisation growth at 21% and 3% respectively
- Realisation in Delhi IMIL also improved with 2% YoY growth

► East India expansion work progressing well, major milestone crossed

- Regulatory hurdles crossed in land acquisition, construction to begin
- Work on Bihar IMIL bottling plant completed



Q2'FY15 YoY:

Double digit revenue growth, improved profitability

Figures in Rs Million

	Net Revenues	EBITDA	PAT
Q1'FY15	1,365	114	12
	↑ 13%	↑ 22%	↑ 5%
Q1'FY14	1,211	94	12

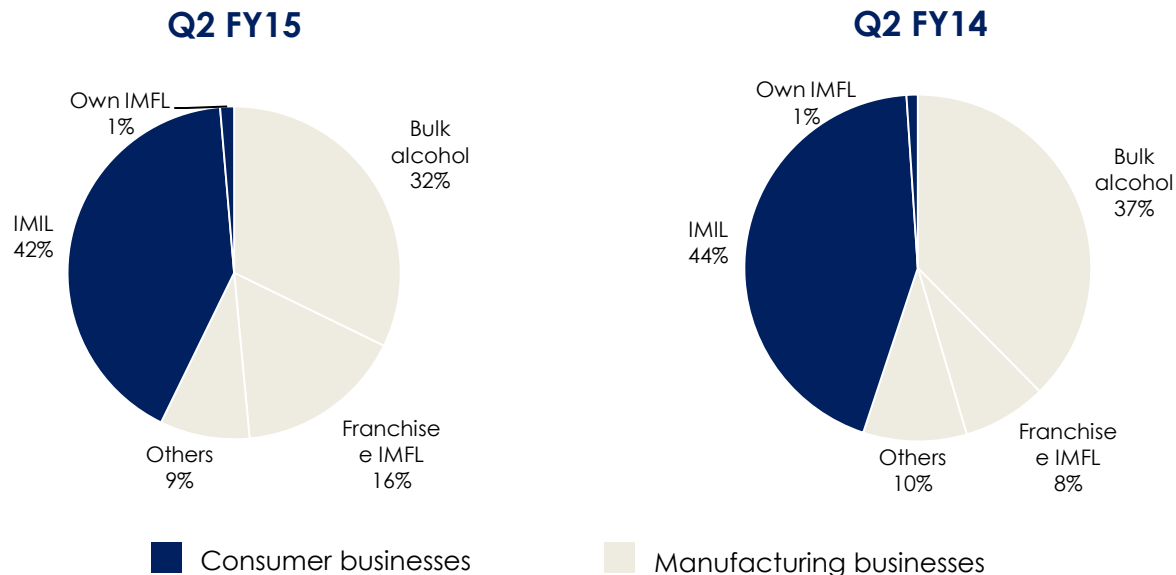
- Revenue from operations (Net) up 12.7% YoY to reach Rs 1,365 mn in Q2'FY15 driven by robust volumes in franchise business and increased realizations across verticals
 - Franchisee bottling volumes up 57% YoY and bulk alcohol exports at 2.8mn BL compared to 0.8mn in Q2'FY14
 - Sale of by-products up by 4%, driven by value added product DDGS
- EBITDA for the quarter at Rs 114 mn with EBITDA margin at 8.4% (vs 7.7% in Q2 FY14)
 - Lower raw material costs driven by improved recoveries
- PAT at Rs 12mn with PAT margin of 0.9%
 - Impacted by accelerated amortization of intangibles (Rs 18mn) and higher interest costs



Manufacturing outperforms consumer

Figures in Rs Million

Breakup of Revenue from Operations



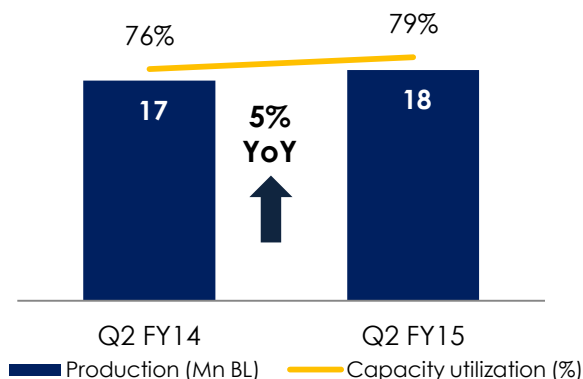
- Revenues from manufacturing up 17%YoY at Rs 781mn in Q2'FY15 driven by increase in Rajasthan franchisee bottling volumes, bulk exports and sale of by-products
- Consumer business revenues increase by 7%YoY to reach Rs 584mn due to strong double-digit revenue growth in Rajasthan IMIL (25%) and IMFL (46%) partially offset by weak market conditions in Haryana IMIL (22% revenue decline)



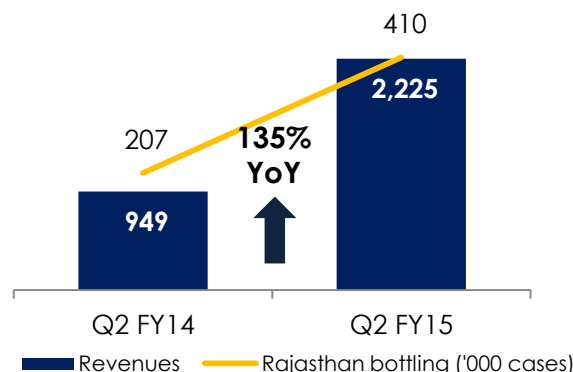
Sustained growth in manufacturing business

Figures in Rs Million

Production & capacity utilization



Rajasthan bottling*



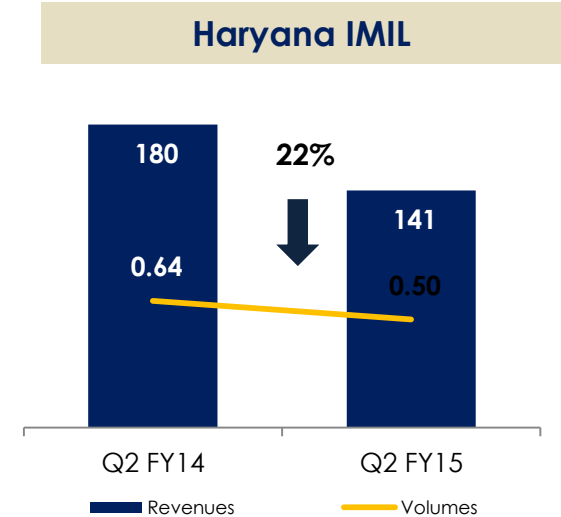
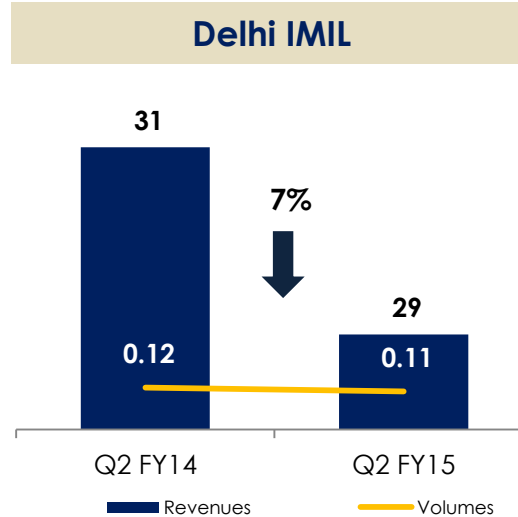
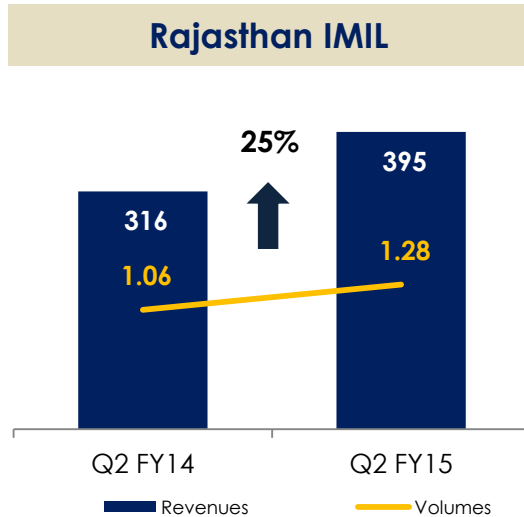
- Capacity utilization up from 76% in Q2'FY14 to 79% in Q2'FY15 with improved grain recoveries resulting in 5% YoY increase in production to 17.8mnBL
- Scaled up bottling contract with ABD and added new contract with Jagatjit Industries in Rajasthan, resulting in 98% YoY volume growth and 135% YoY value growth
- Haryana bottling volumes increased by 17% YoY
- Bulk alcohol revenues declined by 3% due to highly competitive market in Haryana, offset by export volumes increasing 3.7x YoY

*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



Rajasthan IMIL strong performer, drives consumer

Revenues in Rs Mn, Volume in Mn Cases






- Aggregate IMIL revenues grow by 7% YoY, driven by 25% increase in Rajasthan IMIL revenues
- Partly offset by decline in Haryana and Delhi IMIL revenues, down by 22% YoY and 7% YoY respectively
- IMFL revenues increase by 46% YoY with aggregate sales of ~39k cases. Focus on 3 core brands in Haryana and Rajasthan



H1'FY15: EBITDA margins sustained in double-digits

Figures in Rs Million

	Net Revenues	EBITDA	PAT
H1'FY15	2,775	238	34
			
H1'FY14	2,512	292	104

- Net sales and other operating income up 10.5% YoY to reach Rs 2,775mn in H1'FY15 driven by strong growth in manufacturing revenues and higher net realizations across all segments
- EBITDA for the period at Rs 238 mn with EBITDA margin at 8.6%
 - Decline in EBITDA margin mainly due to changed revenue mix – share of manufacturing in net revenues up from 53% in H1FY'14 to 59% in H1'FY15
 - Increase in grain prices and overheads partially offset by improved grain-recovery
- PAT at Rs 34mn, with margin of 1.2%
 - Impacted by decline in EBITDA margin



Management review of results

"I am pleased to report steady business performance – our 360° model and multi-state presence has continuously yielded results and enabled us to grow during tough market conditions. Manufacturing business has again performed well with exports and franchisee business maintaining the growth momentum.

Our strategy to focus on value added by-products is paying off as we see strong market traction for DDGS in short time span. We launched the product from our Samalkha facility in June and will soon initiate this from Behror.

In IMIL, the Rajasthan market continues to show good performance while tough conditions persist in Haryana. We believe growth in Rajasthan will sustain at current levels driven by lower penetration and our ability to leverage this through our strong leadership position.

Our East India expansion plans are making headway, the time consuming process of land acquisition is near completion. I am confident of timely completion of the projects and our ability to accelerate the growth pace."

Mr. Ajay Kumar Swarup
Managing Director



Business Overview



Leading Spirits Company in North India

Unique 360° model straddling the entire alcohol value chain

► Established consumer business in North India

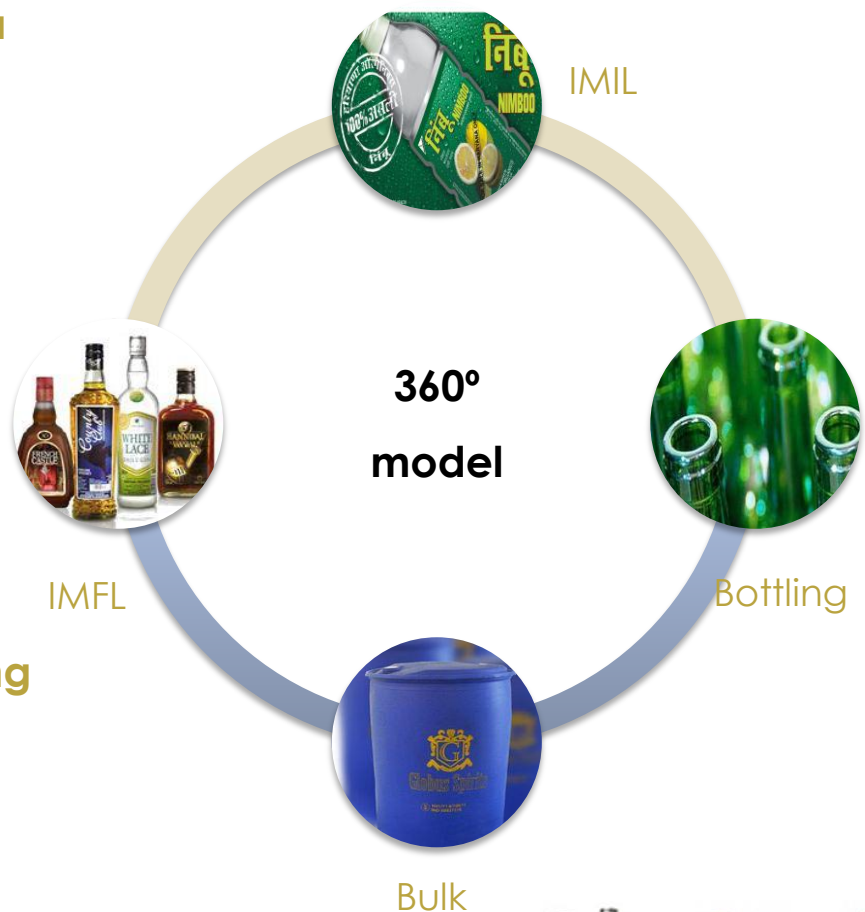
- Pioneered IMIL branding, leading player in Rajasthan, Haryana and Delhi
- Young IMFL portfolio of 3 mainstream brands

► Large, efficient manufacturing operations

- Bottling for India's Top 3 IMFL companies
- Amongst the largest and most efficient grain-based distillery operations in India with ~90 mn bulk litres operating capacity in North India

► Sustained performance despite a challenging environment in FY14

- 19% CAGR (FY10-14) in revenues; D/E of 0.4x
- 20 years of operational excellence, governed by prestigious board of directors



Strategic plan for profitable, accelerated growth

Near Term Strategy

Present

- Established 360° model in North India (Haryana & Rajasthan)
- One of the largest grain based distilleries
- Strong IMIL brands that have acceptance and loyalty
- Bottling operations for India's largest brands of top IMFL players
- Backed by reputed investor, Templeton

- **Enter fast growing liquor markets of West Bengal & Bihar with complete 360° offering**
- **Focus on building profitable IMFL brands in Premium Segment**
- **Launch DDGS, a value-added byproduct, in the Indian market**

Future

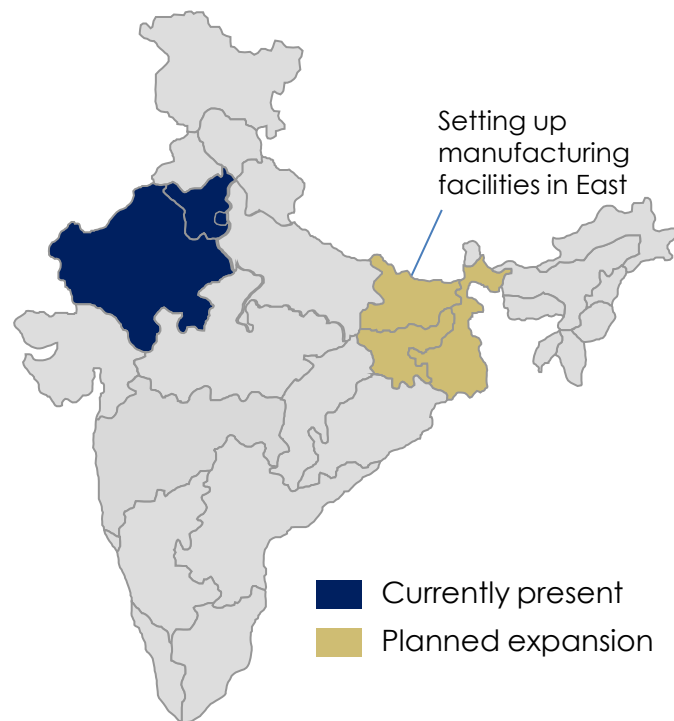
- Large market share in IMIL by offering quality products to the consumer
- Establish sustainable premium brands in IMFL
- High capacity utilisation with focus on technology and efficiency at old and new facilities
- Portfolio of high value by products



Geographical expansion into East India on track

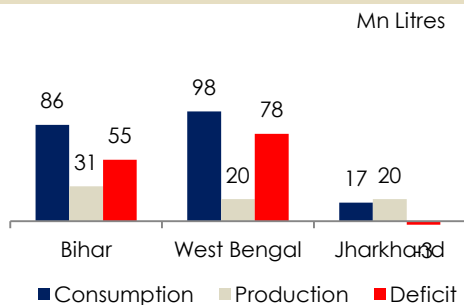
► New markets to usher next growth wave – replicate 360° model in new states

- Land acquired in West Bengal and Jharkhand, process ongoing in Bihar
- IMIL sales to commence in Bihar in H2 FY15 via 3rd party bottler - won exclusive marketing rights in IMIL tender for Patna District in Bihar
- Owns distillery licenses in Bihar, West Bengal and Jharkhand



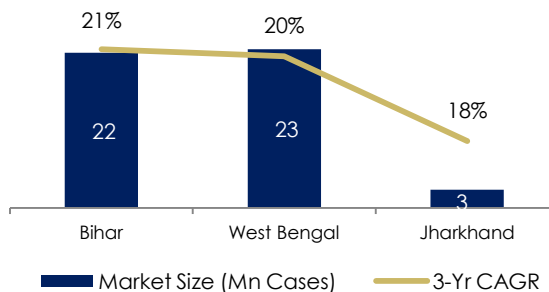
► An exciting market opportunity – high bulk alcohol deficit, fast-growing consumer market

Large Demand-Supply Gap*



*Based on FY13 data, company estimates

IMIL Market**



**Based on latest data available, company estimates



Brand showcase

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



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

- 43% share in net revenues
- Leadership in key states of Rajasthan, Delhi and Haryana
- Achieved sterling success in IMIL branding with *Nimboo*
- 4 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
- Net Fixed Asset turnover ratio at 1.2x
- Leadership - mix of experience and young talent

Healthy balance-sheet

- Funding for greenfield expansion at Bihar secured via equity
- D/E of 0.4x
- Cash efficient operations with WC of – 12 days

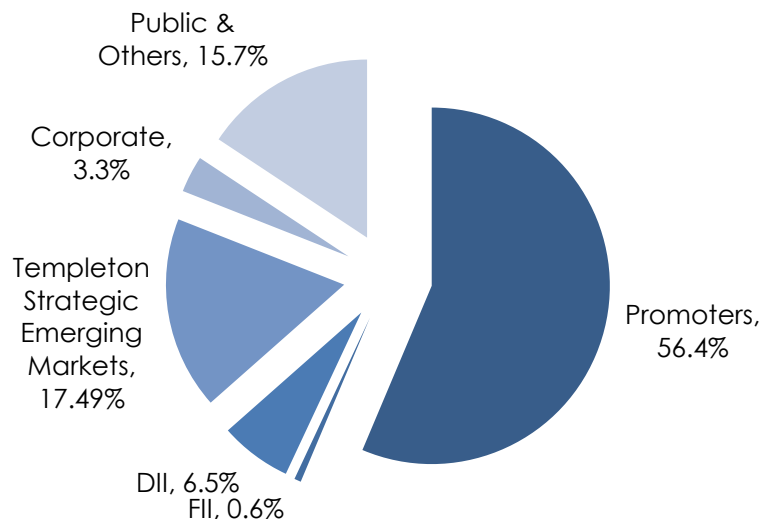


Annexure



Shareholding Pattern

As on 30th September, 2014*
Outstanding shares – 28.8 mn



Major Non-Promoter Shareholders*	% shareholding
Templeton Strategic Emerging Markets Fund IV, LDC	17.49%
SBI Emerging Business Fund	6.39%

Note: 5.04mn cumulative compulsorily convertible preference shares (par value of Rs 140 per CCCPS) held by Templeton Strategic Emerging Markets Fund IV were converted to equity shares in September 2015



Q2'FY14: Profit and loss statement

Particulars (In ₹ Mn)	Q2 FY15	Q2 FY14	YoY (%)	Q1 FY15	QoQ (%)	H1 FY15	H1 FY14	YoY (%)	FY14
Gross Sales	2,060	1,521	35%	2,174	-5%	4,234	3,206	32%	6,616
Less- Excise duty & Discounts	695	321	117%	766	-9%	1,461	716	104%	1,655
Net Sales	1,364	1,200	14%	1,408	-3%	2,772	2,490	11%	4,961
Other Operating Income	1	12	-95%	2	-64%	2	21	-90%	4
Net Sales & Other operating income	1,365	1,211	12.7%	1,410	-3%	2,775	2,512	10%	4,965
Total Expenditure	1,251	1,118	12%	1,286	-3%	2,537	2,220	14%	4,515
Consumption of materials	785	739	6%	942	-17%	1,727	1,506	15%	3,083
Employee Cost	34	31	9%	31	11%	64	58	10%	121
Other Expenditure	432	348	24%	314	38%	746	656	14%	1,311
EBITDA	114	94	22%	123	-7%	238	292	-19%	450
Depreciation & Amortisation	65	64	2%	74	-13%	140	117	19%	285
EBIT	49	30	63%	49	0%	98	174	-44%	165
Finance Charges	41	25	65%	35	16%	76	43	78%	102
Other Income	4	16	-75%	8	-48%	12	21	-46%	29
PBT before exceptional items	12	21	-42%	21	-43%	34	153	-78%	92
Exceptional items*	-	(60)	-100%	-	NA	-	(60)	-100%	60
PBT	12	(38)	-132%	21	-43%	34	93	-64%	152
Provision for Tax	2	17	-86%	4	-43%	7	57	-88%	110
MAT Credit **	(2)	(67)	-96%	(4)	-43%	(7)	(67)	-90%	(120)
PAT (From ordinary activities and before minority interest)	12	12	5%	21	-43%	34	104	-67%	162
Minority interests	-	-	NA	-	NA	-	-	NA	-
PAT	12	12	5%	21	-43%	34	104	-67%	162

Key Ratios as a % of Total Revenue	Q2 FY15	Q2 FY14	Q1 FY15	H1 FY15	H1 FY14	FY14
EBIDTA	8.4%	7.7%	8.8%	8.6%	11.6%	9.1%
PAT	0.9%	1.0%	1.5%	1.2%	4.1%	3.3%
Total Expenditure	91.6%	92.3%	91.2%	91.4%	88.4%	90.9%
Consumption of materials	57.5%	61.0%	66.8%	62.2%	60.0%	62.1%
Employee Cost	2.5%	2.5%	2.2%	2.3%	2.3%	2.4%
Other Expenditure	31.6%	28.7%	22.3%	26.9%	26.1%	26.4%

During the current period the expenses incurred on brand promotion were expensed off, however, up to 31/03/2013 the same were being capitalised since the brands were under establishment during that period. Further, during Q1 & Q2 FY15, an amount of Rs. 18 mn each and during Q4 FY14, an amount of Rs 72mn has been debited to Statement of Profit and Loss to amortise these assets over 5 years

*Exceptional item in FY14 represents additional depreciation charge on account of change from shift basis to continuous process plant for certain plant & machinery.

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



Interim Balance-sheet

Figures in Rs Million

Particulars (in ₹ Mn)	30-Sep-14	31-Mar-14
Liabilities		
Shareholders' Funds	3,534	3,508
Non-Current Liabilities		
Long Term Borrowings	599	204
Deferred tax liabilities	459	494
Other Long Term Liabilities/ provisions	11	11
Current Liabilities		
Short Term Borrowings	869	691
Trade Payables	810	792
Other current liabilities	250	268
Total Liabilities	6,532	5,967
Assets		
Net Fixed Assets	4,597	4,437
Other non-current assets	0	0
Long-term Loans and advances	360	377
Current Assets		
Inventories	436	455
Trade Receivables	597	473
Cash & Equivalents	341	64
Short-terms loans and advances/other current assets	202	161
Total Assets	6,532	5,967

Key Ratios	30-Sep-14	31-Mar-14
Debt-Equity Ratio	0.42	0.26
Net Fixed Assets Turnover (x)	1.22	1.20
Inventory turnover (days)	36	40
Debtor turnover (days)	42	35



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:



Dr. Bhaskar Roy/ Ruchika Bansal

Globus Spirits Limited

Phone: +91 11 6642 4600

Fax: +91 11 6642 4629

Email: broy@globusgroup.in

ruchika@globusgroup.in

Rupam Prasad

Phone: : +91 124 4241442

Gurgaon

Rupam.prasad@four-s.com

Seema Shukla

Phone: +91 124 4241441

Gurgaon

seema@four-s.com

