



# Globus Spirits Limited

Q1 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*



## ■ Q1FY'14 Performance

- Key highlights.....04
- Financial performance .....05
- Management's review and outlook.....12

## ■ Business Overview

- Strategic outlook.....13
- Competitive strengths.....15

## ■ Annexure

- Shareholding pattern.....16
- Financials.....17



# Q1'FY14 highlights:

## Manufacturing raises the bar

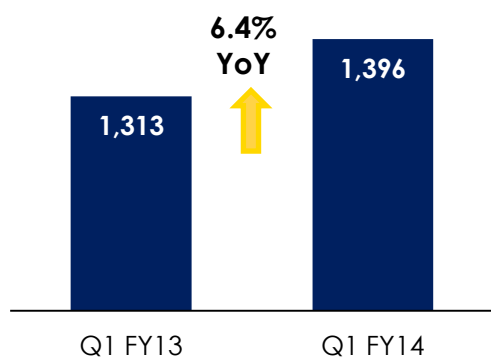
- ▶ **Manufacturing revenues up 31%YoY with increased production and realizations**
  - Bulk production for the quarter up 19.3% YoY to reach ~17mnBL
  - Overall capacity utilization of 74% compared to 66% in Q1 FY13
  - Aggregate franchisee bottling volumes up 39.3%YoY and bulk sale volumes up 21.6% YoY
  - Bottling fee income up 51.8% YoY and bulk realizations up 5.5% YoY
- ▶ **Consumer business consolidates with improved realizations**
  - Focus on 3 core IMFL brands resulted in 9.8% YoY increase in blended net realizations
  - IMIL net realizations up 8.5% YoY
- ▶ **New launch 'Goldee' to capture larger dark-spirits market in Haryana**
  - Goldee, 1st mixed fruits blend in IMIL, was launched in Haryana
- ▶ **Margins above14% with improved realizations and process efficiencies**
  - 8.4% YoY improvement in grain recovery per quintal of rice helped reduce raw material costs as percent of sales from 63.6% in Q1'FY13 to 61.3% in Q1'FY14, partially off-setting steep rise in grain prices (22.3% YoY)



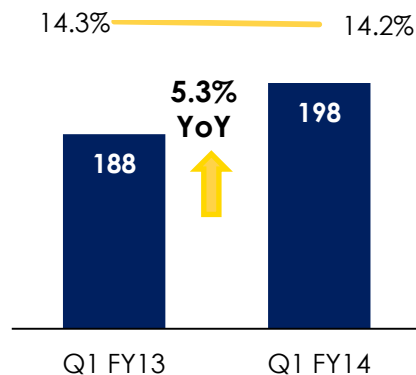
# Steady growth with stable EBITDA margin

Figures in Rs Million

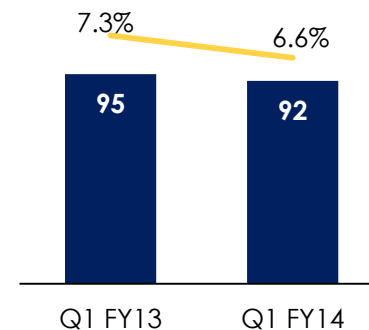
## Net sales & other operating income



## EBITDA & EBITDA Margin



## PAT & PAT Margin

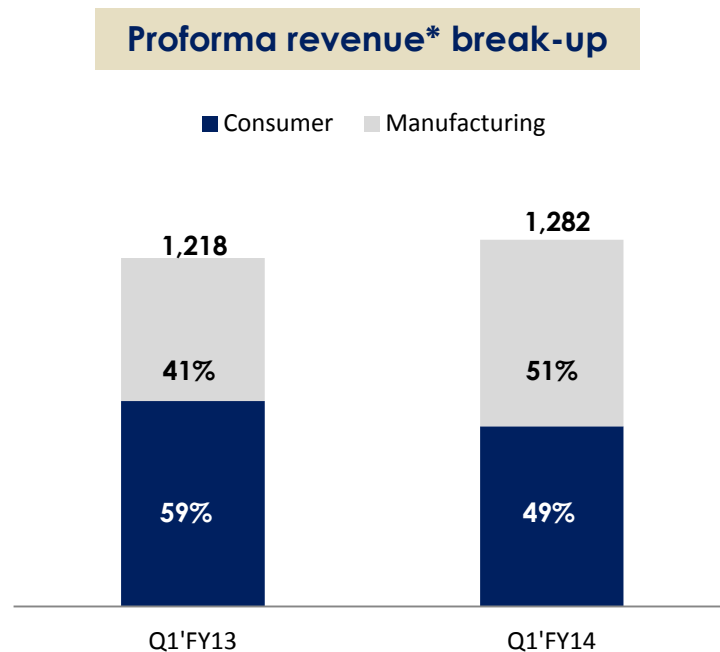


- Net sales and other operating income up 6.4% YoY to reach Rs 1,396mn in Q1'FY14 driven by strong growth in manufacturing and higher realizations in consumer segments
- EBITDA up by 5.3% YoY to reach Rs 198 mn with EBITDA margin maintained at 14.2%
  - Improved grain-recovery (8.4% YoY) reduced material consumption to 61.3% of sales, partially off-setting increase in grain prices (22.3% YoY) and increased packaging costs due to changes in IMIL regulations
- PAT at Rs 92mn, with margin of 6.6%,
  - Impacted by higher depreciation costs and interest costs due to recent capacity addition and ongoing expansion programs
- Cash Profit at Rs 146mn, up 9.6% YoY. Cash profit margin maintained at 10%



# Manufacturing balances share with 31% YoY growth

Figures in Rs Million



- Manufacturing revenues grew 31% YoY to reach Rs 653mn in Q1 FY14 driven by increased production due to high utilization of new capacities
- Manufacturing share in total revenues increased to 51% from 41% in Q1 FY13
- Consumer segment revenues at Rs 629mn; increase in net realizations in both IMIL and IMFL by 8.5% and 9.8%YoY respectively

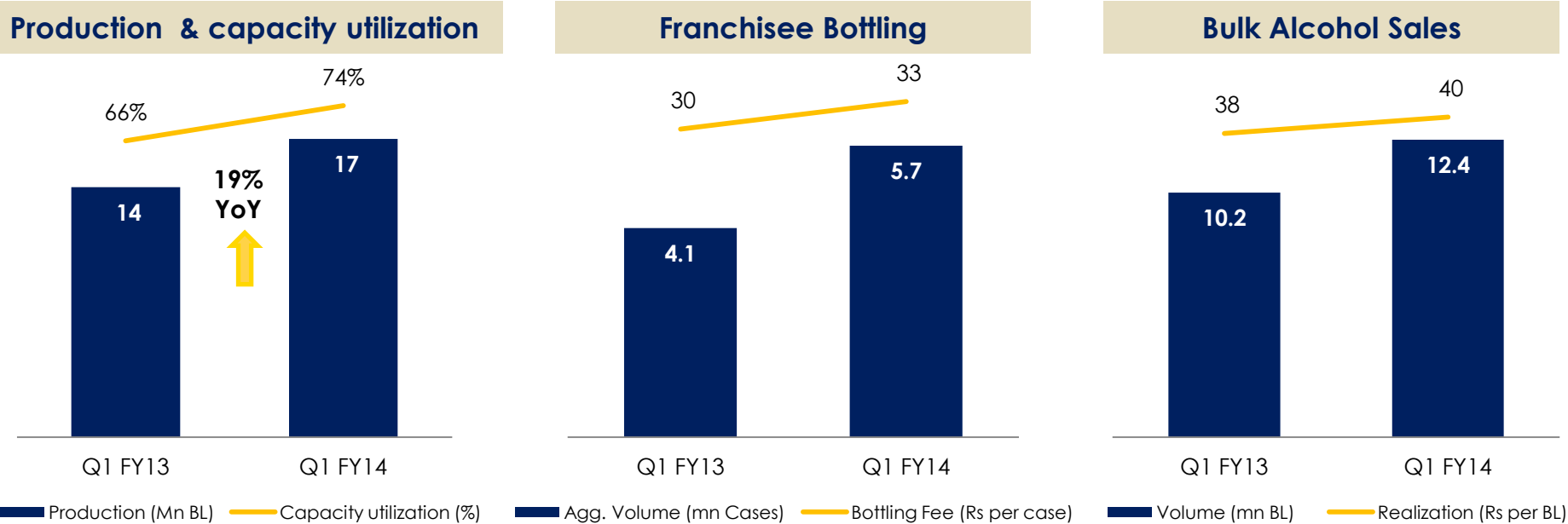
Note: Proforma revenue is calculated as reported net revenues less ABD bottling revenues (ABD revenues of Rs 114mn for Q1'FY14 and Rs 95mn for Q1'FY13) – see annexure for details



# Bottling and Bulk boost up manufacturing growth



Figures in Rs Million

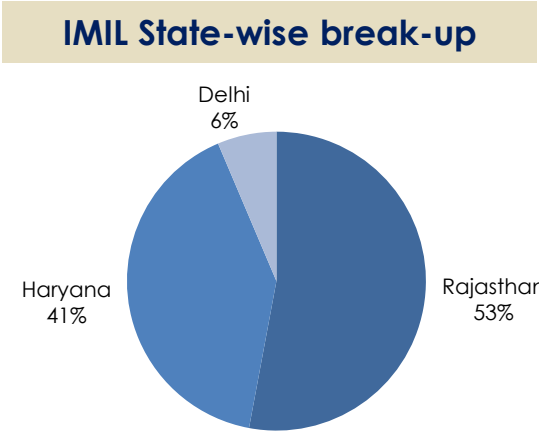
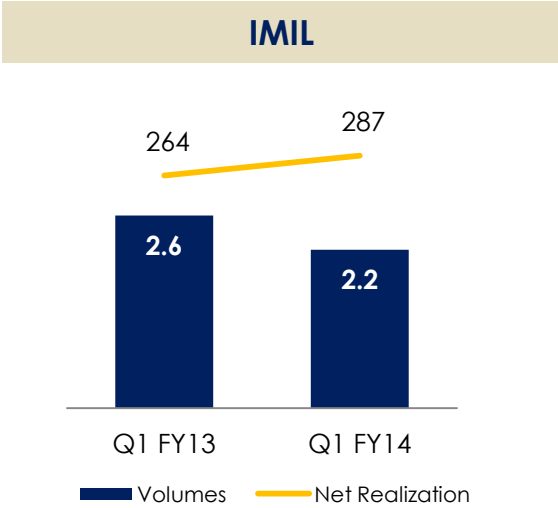
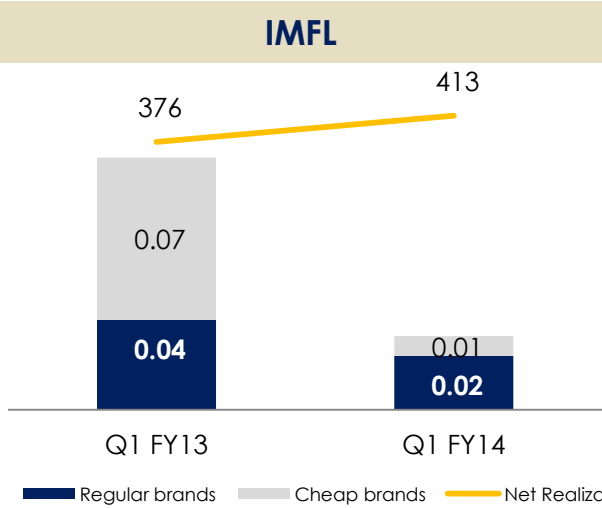


- Operating capacity up to 90mnBLp.a. in Q1 'FY14 and utilization up to 74% with improved grain recoveries resulting in 19% YoY increase in production to 16.6mnBL
- 52% YoY increase in franchisee bottling income with 39% increase in aggregate volumes and 9% increase in fee per case
  - Increase off-take from USL and Jagatjit, these bottling contracts were added towards end of Q1 FY13
- 28% YoY increase in Bulk revenues with 22%YoY increase in volumes and 5% increase in net realization per Bulk Litre



# Consumer consolidates with improved realizations

Volumes in Mn Cases, Realisations in Rs



- Improvement in IMFL realizations by 9.8% YoY. Focus on core profitable portfolio of 3 IMFL brands results in improved realizations along-with aggregate sales of ~33,000 cases in the quarter with most of the cheap brands getting discontinued
- IMIL net realizations up 8.5% YoY in Q1FY14, net revenues at Rs 620mn
  - 5% YoY growth in Rajasthan market, largest private player and 2<sup>nd</sup> largest player overall with market share of 24%
  - Brand-pull helps retain 2<sup>nd</sup> position in Haryana
- Goldee: Launched 1<sup>st</sup> mixed fruit flavor based IMIL brand, 'Goldee' targeting the dark-spirits market in Haryana (70% of total market)





# Brand showcase

Whisky product targeted towards young professionals



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



**3<sup>rd</sup> largest** selling gin in its category in Rajasthan



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



**1<sup>st</sup> mixed fruits blend in IMIL** Latest launch from GSL Smooth palette with an enjoyable aftertaste



Tribute to Rajasthani folk dance ; blend popular in the harsh winter months of the desert region



Tribute to the most popular romantic tales of the region. Smooth blend to enjoy straight up.



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



# Management review of results

“The year has started on a good note with our investments in R&D and cutting edge ‘multi-pressure’ distillation technologies giving us 8% YoY improvement in grain recovery. An immediate result was being able to maintain our EBITDA margin despite pressures from increased grain pricing. More important is the fact that we have built a competitive cost advantage that will enable us to make higher quality liquor and strengthen our position in both domestic and export markets.

This quarter our consumer businesses achieved another milestone with launch of India's 1<sup>st</sup> mixed-fruit flavor IMIL brand ‘Goldee’ in Haryana. We are hopeful of the brand emulating Nimboo’s success and capturing share in the dark spirits market in Haryana. In IMFL, consumer realizations improved significantly, helping our margins.

Indian economy has been undergoing a challenging period. There has been slow growth in consumer markets. Our 360° model continued to prove its mettle, quickly converting the increased production to topline growth in the quarter.

We have faith in our country's economy and we should see a revival in the near term. We expect our consumer portfolio to do much better in coming quarters with manufacturing providing sustained growth momentum.”

**Mr. Ajay Kumar Swarup**  
**Managing Director**



# 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

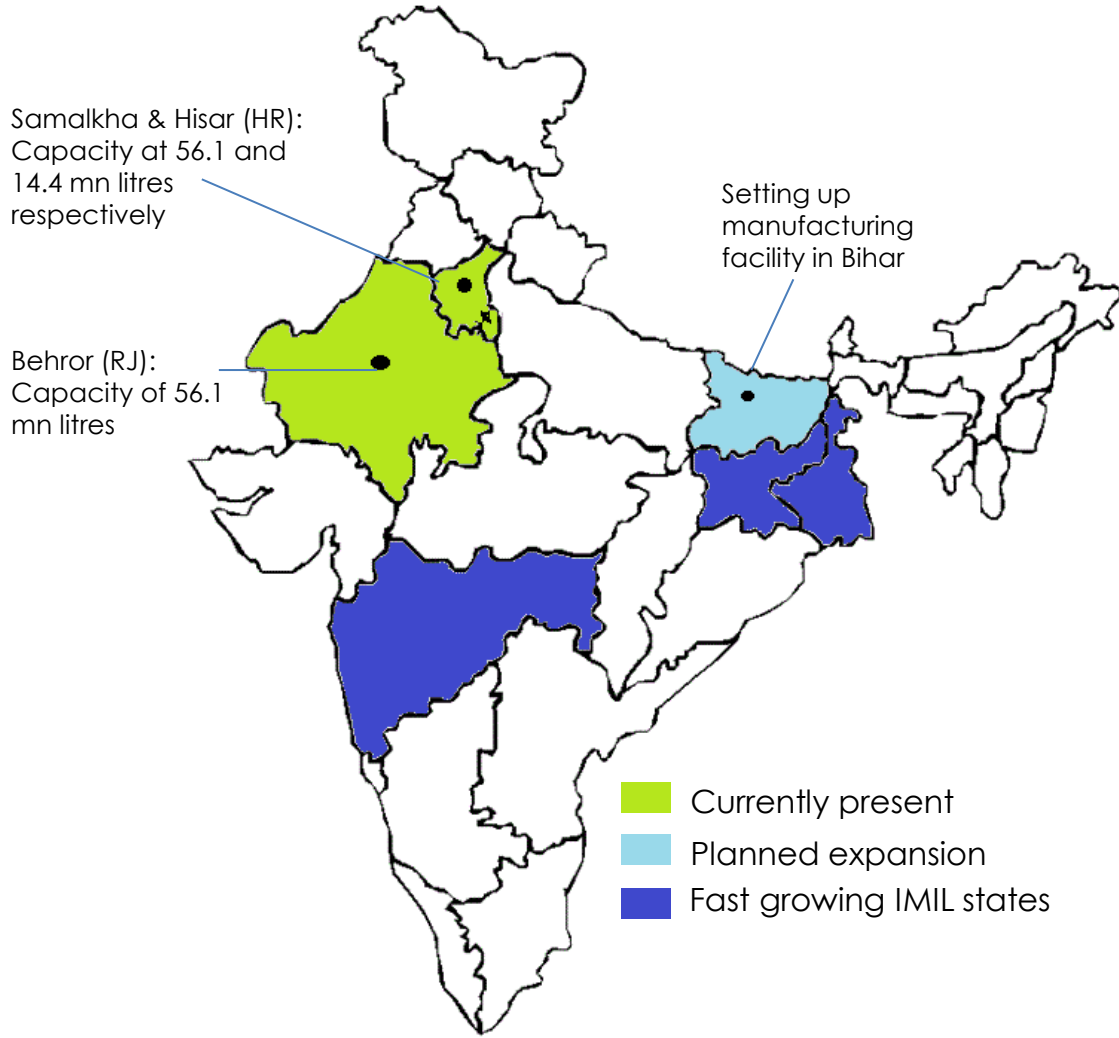
- Enter fast growing IMIL markets in Eastern India, starting with Bihar
- Grow presence in Maharashtra
- Focus on building profitable IMFL brands in Premium Segment
- Bring cost of ENA production at par with molasses based distillery

### Future

- Maintain unique 360° model of diversified business straddling the entire value chain
- Develop a portfolio of IMIL and IMFL brands
- Market leadership in all-India IMIL market
- Commence exports and supply ENA to super-premium brands globally leveraging its manufacturing strengths



# 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 (~50%)
- De-risked growth
- High quality maintained with control on entire value chain

## Strong Consumer portfolio

- ~50% share in revenues
- Achieved sterling success in IMIL branding with *Nimboo*
- Volumes over 10mn cases
- Leadership in key states of Rajasthan, Delhi and Haryana
- 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
- Supplying to premium brands
- One of the highest Fixed Asset turnover ratios in industry (1.5x)
- Leadership - an eclectic mix of experience and young talent

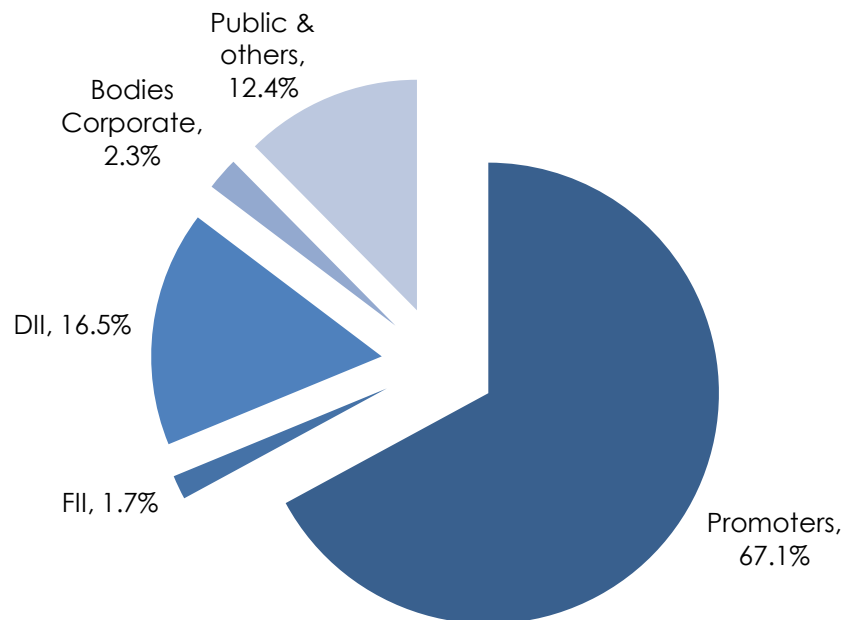
## Healthy balance-sheet

- Funding for greenfield expansion at Bihar secured via equity
- Debt reduced to Rs 821mn in FY13
- D/E down to 0.2x
- Cash efficient operations with WC of 14.2days



# Shareholding Pattern

As on June 30, 2013\*  
Outstanding shares – 23.0 mn



| Major Non-Promoter Shareholders* | % shareholding |
|----------------------------------|----------------|
| SBI Mutual Fund                  | 8.33%          |
| IDFC Premier Equity Fund         | 7.93%          |

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



# Q1'FY14: Profit and loss statement

| Particulars (In ₹ Mn)         | Q1 FY14      | Q1 FY13      | YoY (%)      | Q4 FY13      | QoQ (%)       | FY13         |
|-------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|
| Gross Sales                   | 1,775        | 1,702        | 4.3%         | 1,702        | 4.3%          | 6,638        |
| Less- Excise duty & Discounts | 395          | 395          | -0.1%        | 367          | 7.7%          | 1,423        |
| <b>Net Sales</b>              | <b>1,380</b> | <b>1,307</b> | <b>5.6%</b>  | <b>1,335</b> | <b>3.3%</b>   | <b>5,215</b> |
| Other Operating Income        | 17           | 6            | 174.6%       | 38           | -55.6%        | 70           |
| <b>Total Income</b>           | <b>1,396</b> | <b>1,313</b> | <b>6.4%</b>  | <b>1,373</b> | <b>1.7%</b>   | <b>5,285</b> |
| <b>Total Expenditure</b>      | <b>1,199</b> | <b>1,125</b> | <b>6.5%</b>  | <b>1,226</b> | <b>-2.2%</b>  | <b>4,544</b> |
| Consumption of Raw Material   | 856          | 835          | 2.5%         | 853          | 0.4%          | 3,243        |
| Employee Cost                 | 27           | 24           | 14.1%        | 33           | -17.7%        | 103          |
| Other Expenditure             | 315          | 266          | 18.5%        | 340          | -7.3%         | 1,199        |
| <b>EBITDA</b>                 | <b>198</b>   | <b>188</b>   | <b>5.3%</b>  | <b>147</b>   | <b>34.4%</b>  | <b>741</b>   |
| Depreciation & Amortisation   | 54           | 38           | 42.1%        | 46           | 18.1%         | 165          |
| <b>EBIT</b>                   | <b>144</b>   | <b>150</b>   | <b>-4.0%</b> | <b>102</b>   | <b>41.6%</b>  | <b>576</b>   |
| Finance Charges               | 18           | 16           | 16.2%        | 16           | 14.9%         | 63           |
| Other Income                  | 6            | 2            | 266.1%       | 2            | 164.8%        | 11           |
| Exceptional items             | -            | -            | NA           | 1            | NA            | 1            |
| <b>PBT</b>                    | <b>132</b>   | <b>136</b>   | <b>-3.2%</b> | <b>87</b>    | <b>51.7%</b>  | <b>522</b>   |
| Tax (Including deferred)      | 39           | 41           | -3.1%        | 54           | -26.8%        | 180          |
| <b>PAT</b>                    | <b>92</b>    | <b>95</b>    | <b>-3.3%</b> | <b>33</b>    | <b>180.3%</b> | <b>342</b>   |
| EPS (In Rs)                   | 4.0          | 4.1          | -3.3%        | 1.4          | 180.3%        | 14.9         |

| Key Ratios as a % of Total Revenue | Q1 FY14 | Q1 FY13 | Q4 FY13 | FY13  |
|------------------------------------|---------|---------|---------|-------|
| EBIDTA                             | 14.2%   | 14.3%   | 10.7%   | 14.0% |
| PAT                                | 6.6%    | 7.3%    | 2.4%    | 6.5%  |
| Total Expenditure                  | 85.8%   | 85.7%   | 89.3%   | 86.0% |
| Raw material                       | 61.3%   | 63.6%   | 62.1%   | 61.4% |
| Employee Cost                      | 2.0%    | 1.8%    | 2.4%    | 2.0%  |
| Other Expenditure                  | 22.6%   | 20.2%   | 24.8%   | 22.7% |





# Proforma revenues and segmental break-up

| Figures in Rs Million             | Q1 FY14      | Q1 FY13      |
|-----------------------------------|--------------|--------------|
| Reported revenues                 | 1,396        | 1,313        |
| Less ABD bottling revenues        | 114          | 95           |
| <b>Proforma revenues</b>          | <b>1,282</b> | <b>1,218</b> |
| Consumer revenues                 | 629          | 718          |
| Manufacturing revenues            | 653          | 500          |
| <b>Share in Proforma revenues</b> |              |              |
| Consumer                          | 49%          | 59%          |
| Manufacturing                     | 51%          | 41%          |





# About Us



Established in 1992, Globus Spirits Limited (BSE code: 533104, NSE Id: GLOBUSSPR, ISIN Id:INE615101010) 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](http://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](mailto:broy@globusgroup.in)

[ruchika@globusgroup.in](mailto:ruchika@globusgroup.in)



**Ajay Jindal/ Rupam Prasad**

**Four-S Services Pvt Limited**

Phone: +91 22 42153659

Email: [ajay.jindal@four-s.com](mailto:ajay.jindal@four-s.com)

[rupam.prasad@four-s.com](mailto:rupam.prasad@four-s.com)

