



Globus Spirits Limited

Q4 & FY'14
INVESTOR PRESENTATION



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



- **Q4 & FY'14 Performance**
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India's leading Spirits company



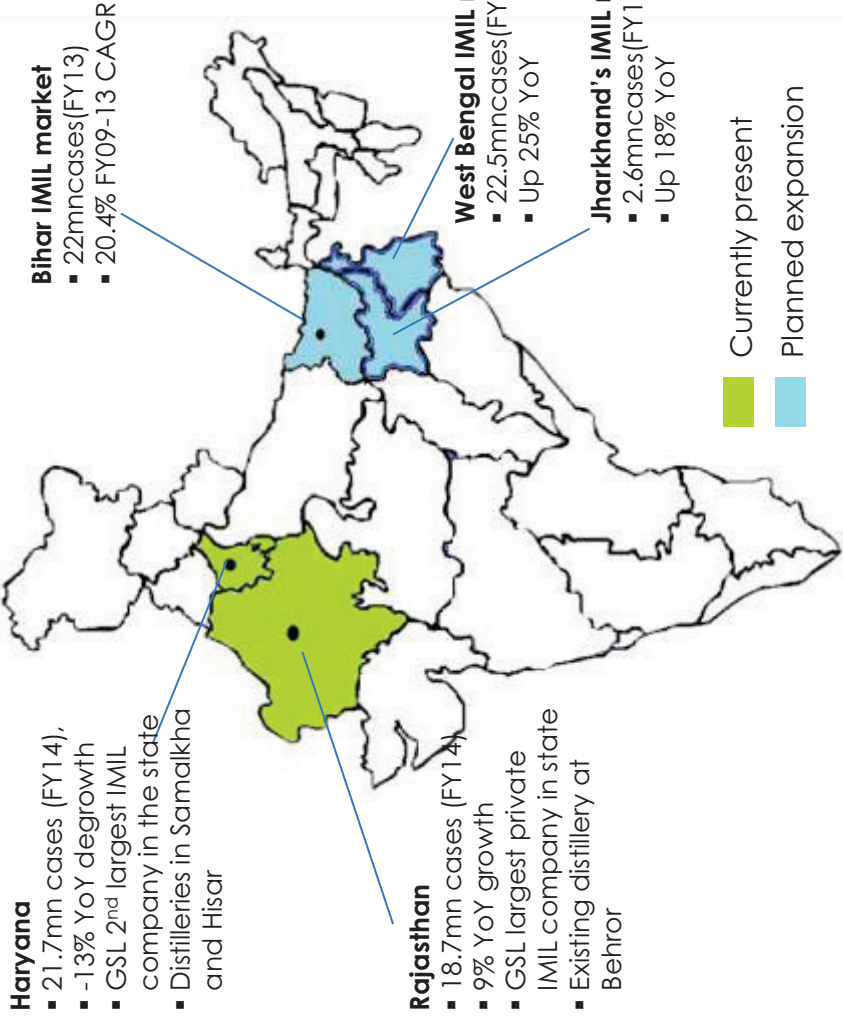
► Unique 360° model with established presence across all segments of spirits value chain



Geographical expansion into East India on track



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



- Wins IMIL tender for Patna District – largest in Bihar. Sales to commence in FY15 via 3rd party bottler
- Land acquisition proceeding in Bihar and West Bengal for distillery
- Owns distillery licenses in Bihar, West Bengal and Jharkhand



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 Rajasthan 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.



Narangji

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



FY14: Resilient performance in a challenging year



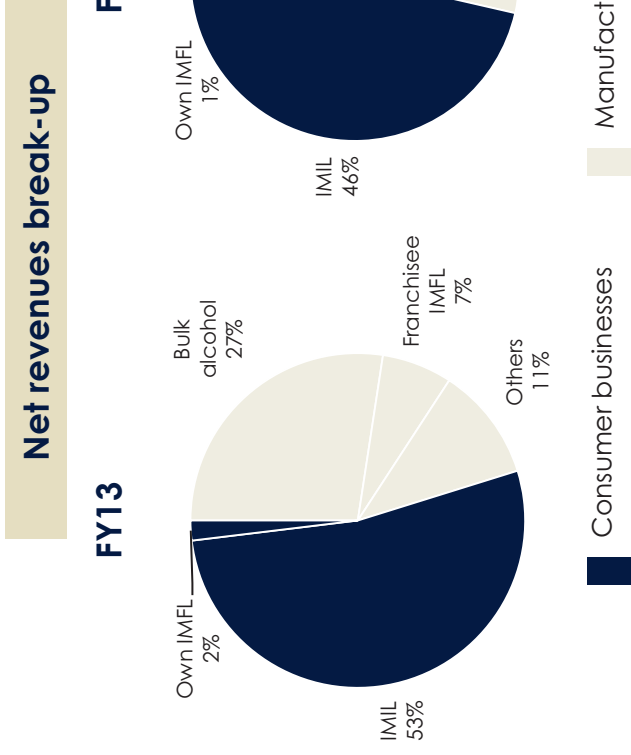
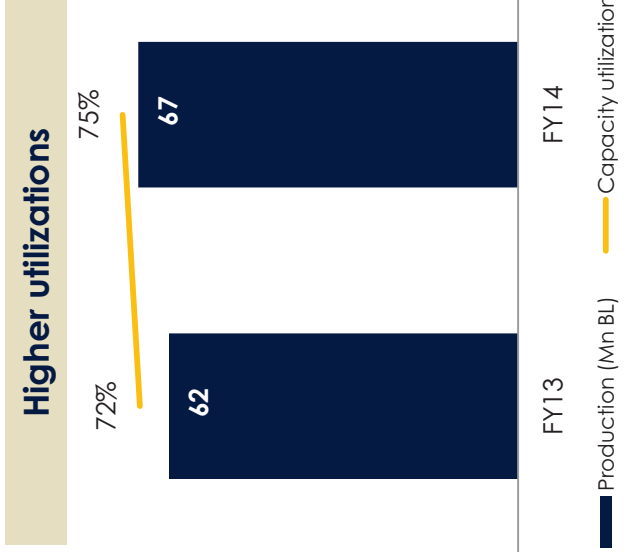
Figures in Rs Million

	Gross Revenues	EBITDA	PAT	Cash Profit
FY14	6,616	450	43	387
FY13	6,406	703	342	507

- Gross revenues up 3%YoY at Rs 6,616mn in FY14 with manufacturing volumes compensating decline in consumer revenues mainly due to decline in key Haryana market
- Net sales and other operating income see marginal decline -1%YoY at Rs 4,965mn in FY14 mainly due to increase in excise duty
- EBITDA for the period at Rs 450 mn with EBITDA margin of 9.1%
 - Decline in EBITDA margin mainly due to change in revenue mix – share of manufacturing businesses in net revenues up to 54% in FY'14 from 45% in FY13.
 - Increase in grain prices (up 18% YoY) impacted raw material costs
- PAT of Rs 43mn, with margin at 0.9%. Cash profit (PAT +deprn) of Rs 387mn, with margin of 7.8%
 - Exceptional depreciation charge of Rs 60mn on account of change from shift basis to continuous process plant for certain plant and machinery
 - Accelerated amortization of Intangible assets in FY14 (refer annexure)



High utilization achieved : focus on manufacturing business



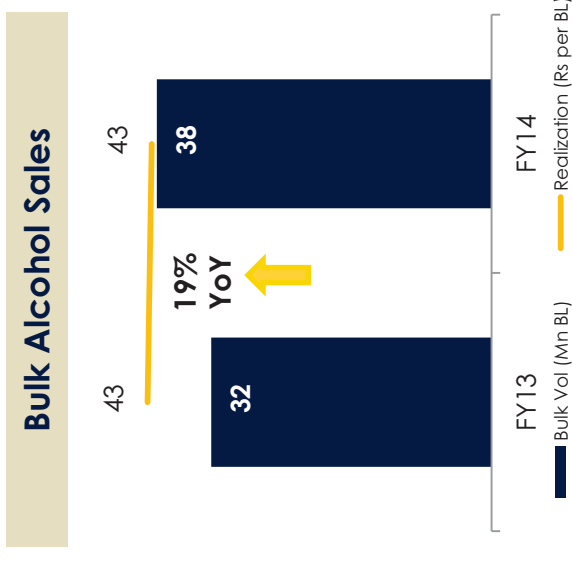
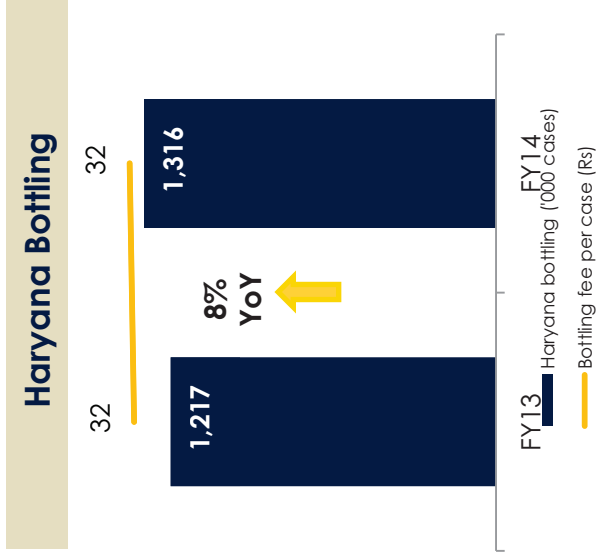
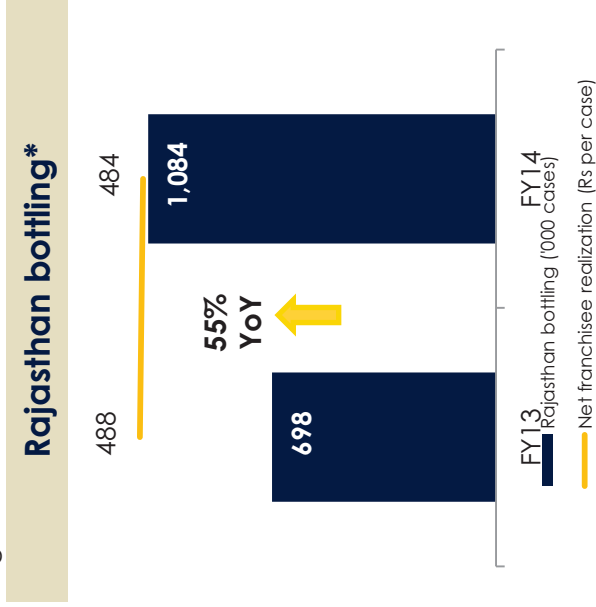
- Production of 67mnBL in FY14, up 9% YoY; 75% utilization achieved in the year on an operating capacity of 90mnBLp.a.
- Net Revenues from manufacturing up 17%YoY at Rs 2,661mn in FY14 driven by increase in sales of Rajasthan franchisee bottling and bulk exports
- Net Revenues from Consumer Businesses declines 16%YoY to reach Rs 2,304mn due to tough market conditions in key market of Haryana and scaling back of unprofitable brands and markets in IMFL



Robust growth across manufacturing businesses



Figures in Rs Million



- Growth driven by scaled up bottling contracts of USL and ABD in Haryana & Rajasthan respectively
- Net Franchisee revenues from ABD (Rajasthan) up 54%YoY
- Haryana bottling volumes up 8% YoY with 10% increase in income from bottling fees*
- Bulk alcohol revenues up 18% YoY driven by strong growth in bulk exports (up 15x). Share of exports in bulk revenues increases from 1% in FY13 to 12% in FY14

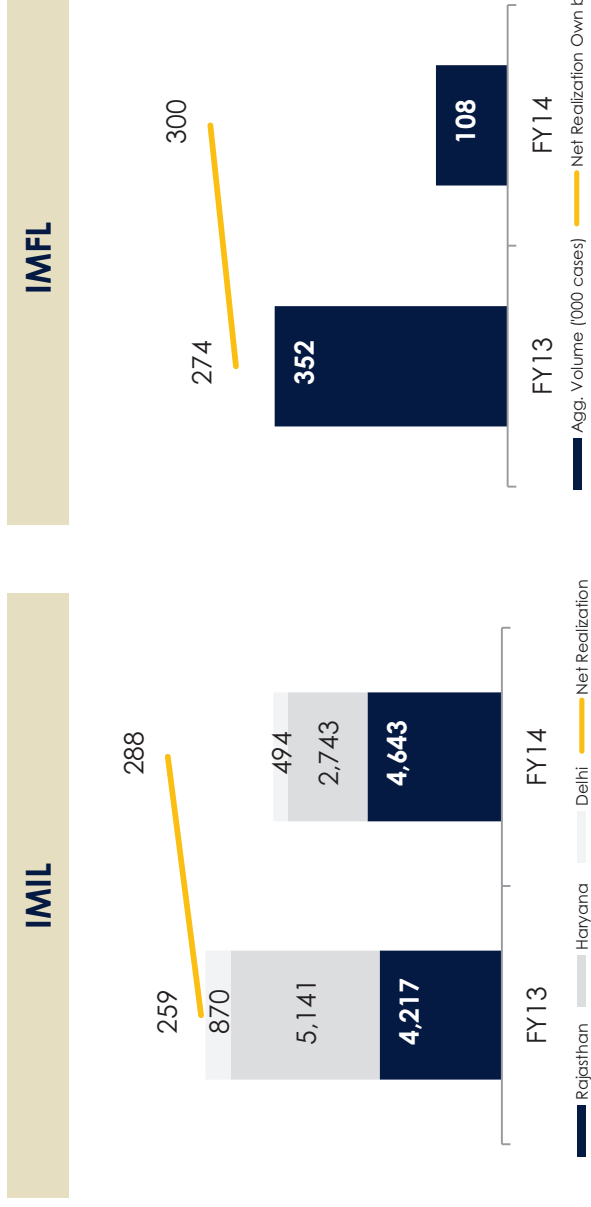
*Note: The revenues from bottling operations are recognized differently in Rajasthan and Haryana as per state's reporting requirements. In Rajasthan the entire amount of bulk alcohol consumed in bottling along with fee is reported in revenues whereas in Haryana the bulk portion used in bottling is clubbed with bulk segment and fee is reported in other operating income



Consumer – steady growth in Rajasthan IMIL, net realizations



Volumes in '000 Cases, Gross Realisations in Rs per case







- Rajasthan IMIL sales grow 10.1% YoY to reach 4.6mn cases. Company is #1 private IMIL player in the state
- 2nd largest in Haryana IMIL market, volumes decline in a contracting market coupled with higher competition
- Net IMIL realizations up 11% YoY
- Focus on profitability led to decline in IMFL volumes.
 - Net realizations from own IMFL brands up 9% YoY



Q4'FY14: Impacted by increase in indirect expenses



Figures in Rs Million

	Gross Revenues	EBITDA	PAT	Cash Profit
Q4'FY14	1,701	78	(62)	48
				
Q4'FY13	1,616	109	33	78

- Gross revenues up 5% YoY to reach Rs 1,701mn in Q4'FY14. Net sales and other operating income decline 5% YoY to reach Rs 1,208mn in Q4'FY14 impacted by continued challenging market conditions in consumer businesses
 - Robust growth in franchisee bottling in Rajasthan (volumes up 97% YoY) and increased bulk exports
- EBITDA for the quarter of Rs 78 mn with EBITDA margin at 6.5%
- Loss after tax of Rs 62mn. Cash profit (PAT +deprn) of Rs 48mn, with margin of 3.9%
 - Impacted by accelerated amortization of intangible assets led to one-time higher depreciation charge in the quarter



Strategic outlook



Strategic outlook



Near Term Strategy

Present

- One of the largest grain based distilleries with highest recovery
- Leader in North Indian IMIL market
- Bottling operations for India's largest brands of top IMFL players
- Established 3 mainstream IMFL brands
- Secured funding from Templeton for manufacturing expansion

Future

- Maintain unique 360° model of diversified business straddling the entire value chain
- Develop a portfolio of high value IMIL and IMFL brands
- Market leadership in all-India IMIL market

- Enter fast growing IMIL markets in Eastern India: Bihar and West Bengal
- Focus on building profitable IMFL brands in Premium Segment
- Focus on value-added by products



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

- 46% 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 0.3x
- Adjusted D/E (for Preference equity) at 0.6x
- Cash efficient operations with WC of – 20 days



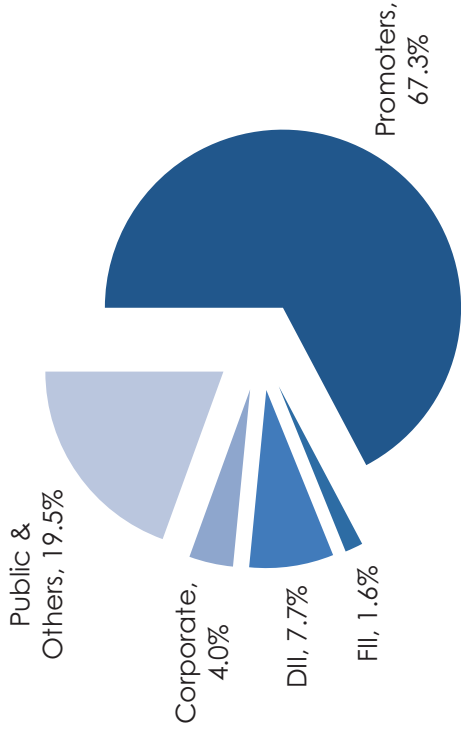
Annexure



Shareholding Pattern



As on 31st March, 2014*
Outstanding shares – 23.0 mn



Major Non-Promoter Shareholders*	% shareholding
SBI Emerging Business Fund	7.57%

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



Q4 & FY14: Profit and loss statement

Particulars (In ₹ Mn)	Q4 FY14	Q4 FY13	YoY (%)	Q3 FY14	QoQ (%)	FY14	FY13	YoY (%)
Gross Sales	1,701	1,616	5%	1,690	1%	6,616	6,406	3%
Less- Excise duty & Discounts	494	339	46%	445	11%	1,655	1,388	19%
Net Sales	1,207	1,277	-5%	1,244	-3%	4,961	5,018	-1%
Other Operating Income	1	-	NA	1	-27%	4	-	NA
Net Sales & Other operating income	1,208	1,277	-5%	1,245	-3%	4,965	5,018	-1%
Total Expenditure	1,130	1,168	-3%	1,165	-3%	4,515	4,315	5%
Consumption of Raw Material	756	783	-3%	821	-8%	3,083	3,007	3%
Employee Cost	33	58	-43%	30	9%	121	128	-5%
Other Expenditure	341	327	4%	314	9%	1,311	1,180	11%
EBITDA	78	109	-29%	80	-2%	450	703	-36%
Depreciation & Amortisation	110	46	140%	58	90%	285	165	73%
EBIT	(32)	64	NA	22	NA	165	538	-69%
Finance Charges	36	17	107%	23	55%	102	65	56%
Other Income	6	40	-86%	2	177%	29	49	-41%
PBT before exceptional items	(62)	87	NA	1	NA	92	522	-82%
Exceptional items*	-	-	NA	-	NA	(60)	-	NA
PBT	(62)	87	NA	1	NA	33	522	-94%
Tax Expense (Current, Deferred Tax)	62	54	15%	0	NA	119	180	-34%
MAT Credit	(62)	-	NA	-	NA	(129)	-	NA
PAT (From ordinary activities)	(62)	33	NA	1	NA	43	342	-87%
Extraordinary Items	-	-	NA	-	NA	-	-	NA
PAT	(62)	33	NA	1	NA	43	342	-87%

Key Ratios as a % of Total Revenue	Q4 FY14	Q4 FY13	Q3 FY14	FY14	FY13
EBIDTA	6.5%	8.6%	6.4%	9.1%	14.0%
PAT	-5.1%	2.6%	0.1%	0.9%	6.8%
Total Expenditure	93.5%	91.4%	93.6%	90.9%	86.0%
Raw material	62.6%	61.3%	65.9%	62.1%	59.9%
Employee Cost	2.7%	4.6%	2.4%	2.4%	2.6%
Other Expenditure	28.2%	25.6%	25.2%	26.4%	23.5%

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 the year, 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.



FY14: Balance Sheet



Particulars (in ₹ Mn)	31-Mar-14	31-Mar-13
Liabilities		
Shareholders' Funds	3,508	3,503
Non-Current Liabilities		
Long Term Borrowings	204	328
Deferred tax liabilities	494	384
Other Long Term Liabilities	11	11
Current Liabilities		
Short Term Borrowings	691	401
Trade Payables	792	808
Other current liabilities	268	500
Total Liabilities	5,967	5,936
Assets		
Net Fixed Assets	4,437	4,360
Other non-current assets	377	218
Current Assets		
Inventories	455	346
Trade Receivables	473	618
Cash & Equivalents	64	311
Other current assets	161	82
Total Assets	5,967	5,936

* Adjusted for preference equity

Key Ratios	31-Mar-14	31-Mar-13
Debt-Equity Ratio	0.3	0.2
Adjusted D/E*	0.6	0.5
Net Fixed Assets Turnover (x)	1.2	1.4
Inventory days	35	37
Debtor days	40	42
Payable days	95	94
WC days	(20)	(15)



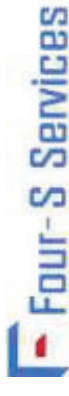
About Us



Established in 1992, Globus Spirits Limited (BSE code: 533104, NSE Id: GLOBUSSPR, ISIN Id:INE61501010) 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:



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