



Globus Spirits

GLOBUS SPIRITS LIMITED

Q2 & H1 FY18

Earnings Presentation

13 November 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 - 46% contribution from consumer-facing IMIL

- **#1 private** IMIL company in Rajasthan with market share of 32%
- **2nd largest** IMIL company in Haryana with 11% market share

HEALTHY BALANCE SHEET – Debt-to-Equity Ratio of **0.60x** in Q2 FY18

AGENDA

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Q2 FY18 – KEY DEVELOPMENTS

- **Greenfield Distillery at West Bengal (WB) operating in full swing – augmented overall performance in Q2**
 - Largest grain-based state-of-the-art distilleries in the state with a capacity of ~33 million BL
 - Witnessing healthy growth from this facility month-on-month. Favorable demand-supply scenario in state supported rapid scale up in volumes
 - Facility contributed significantly to growth in Q2
 - Captive consumption through Franchisee Bottling segment continues to improve resulting in assured off take of Bulk Alcohol as well as contributing to earnings owing to Bottling Fees
 - IMIL brand - ‘Goldee’ received positive response from the customers; momentum to further improve in the forthcoming quarters resulting in higher profitability
 - GSL continuously working towards building demand for all its IMIL brands
 - More launches and brand variants underway
 - The Company is witnessing better realizations in West Bengal – in-line with expectations
 - Overall investment in WB playing out as expected – operating spread is better
 - Favorably positioned to demonstrate a strong 360⁰ Alcobev business model in West Bengal



Positive traction for IMIL “Goldee” brand in West Bengal

Q2 FY18 – KEY DEVELOPMENTS

- **Significant improvement in IML Haryana – revenues and volumes increased by 44% and 34% Quarter-on-Quarter**
 - This is expected to sustain as a result of multiple initiatives undertaken by the management in the past two quarters
- **Update on Bihar Distillery**
 - Based on the decision of the High Court vide its order dated May 03, 2017, the Company has applied for renewal of license with Registration, Excise and Prohibition Department, Government of Bihar, Patna on May 05, 2017. The said application is currently pending with the department
 - Further, in a similar matter within the state of Bihar, the High Court vide its order dated October 6, 2017 ruled that once ENA is sold outside the state of Bihar, it cannot control the use of ENA . Based on this order, the Company has filed an application with the Excise Commissioner, Patna to allow immediate start of manufacture and export of ENA to other States
 - The Company remains confident of recommencing its operations after the license is received – this will have significant impact on overall profitability of the Company as operations, to a large extent, will be able to absorb interest costs and depreciation charge

Q2 FY18 – PERFORMANCE HIGHLIGHTS

- **Delivered strong topline performance – growth of over 57% during the quarter driven by higher sales from the West Bengal facility**
 - Gross Revenues (including other income) stood at Rs. 3,654.8 mn in Q2 FY18, higher by 57.4% Y-o-Y
 - EBITDA came in at Rs. 203.9 mn in Q2 FY18, a growth of 70.3% Y-o-Y
 - PBT grew by 53.5% to Rs. 41.9 mn in Q2 FY18, as compared to Rs. 27.3 mn in the same period last year
 - Net Profit stood at Rs. 27.7 mn in Q2 FY18, against Rs. 17.2 mn in Q2 FY17, representing a growth of 61% Y-o-Y
- **Growth across all the three segments of Bulk Alcohol, Franchisee IMFL and IMIL led to healthy turnaround in performance**
 - Bulk Alcohol revenues improved by 114% to Rs. 641.9 mn largely led by healthy sales contribution from the new West Bengal facility; volumes more than doubled during the quarter
 - IMIL Revenues stood at Rs. 1,044.9 mn, higher by 15% Y-o-Y
 - This was steered by 21% growth in Rajasthan as well as positive contribution from West Bengal
 - Revenues from Franchise IMFL segment came in at Rs. 333.3 mn, growth of 70% over same period last year
 - Volume growth stood at 32%

Q2 FY18: PROFIT & LOSS STATEMENT

Particulars (In Rs MN)	Standalone					
	Q2 FY18	Q2 FY17	YoY (%)	H1 FY18	H1 FY17	YoY (%)
Gross Sales	3,628.3	2,314.2	57%	7,524.8	5,087.7	48%
Less- Excise duty & Discounts	1,379.5	727.0	90%	2,711.0	1,588.7	71%
Net Sales	2,248.7	1,587.3	42%	4,813.8	3,499.0	38%
Other Income	26.6	8.4	217%	37.6	18.3	106%
Revenue from Operations	2,275.3	1,595.6	43%	4,851.3	3,517.3	38%
Total Expenditure	2,071.4	1,475.8	40%	4,465.6	3,196.4	40%
Consumption of Raw Material	1,265.9	969.5	31%	2,892.8	2,121.4	36%
Employee Cost	57.3	34.9	64%	111.7	72.6	54%
Other Expenditure	748.2	471.4	59%	1,461.1	1,002.4	46%
EBITDA	203.9	119.8	70%	385.7	320.9	20%
Depreciation & Amortisation	93.8	60.4	55%	179.9	120.1	50%
EBIT	110.2	59.3	86%	205.9	200.8	3%
Finance Charges	68.3	32.1	113%	139.2	67.1	107%
PBT before exceptional items	41.9	27.3	54%	66.6	133.7	-50%
Exceptional items*	-	-		-	-	
PBT	41.9	27.3	54%	66.6	133.7	-50%
Tax Expense (Current, Deferred Tax)	14.2	10.1	40%	23.2	35.9	-35%
MAT Credit	-	-		-	-	
PAT (From ordinary activities)	27.7	17.2	61%	43.4	97.8	-56%

Note : The Company has adopted Indian Accounting Standard ('Ind AS') from 1st April, 2017

Q2 FY18: KEY RATIOS

Key Ratios as a % of Total Revenue	Standalone				
	Q2 FY18	Q2 FY17	Q1 FY18	H1FY18	H1FY17
EBITDA	9%	8%	7%	8%	9%
PAT	1%	1%	1%	1%	3%
Total Expenditure	92%	93%	93%	93%	91%
Raw material	56%	61%	63%	60%	61%
Employee Cost	3%	2%	2%	2%	2%
Other Expenditure	33%	30%	28%	30%	29%
Interest	3%	2%	3%	3%	2%
Depreciation	4%	4%	3%	4%	3%
Other Income	1%	1%	0.4%	1%	1%

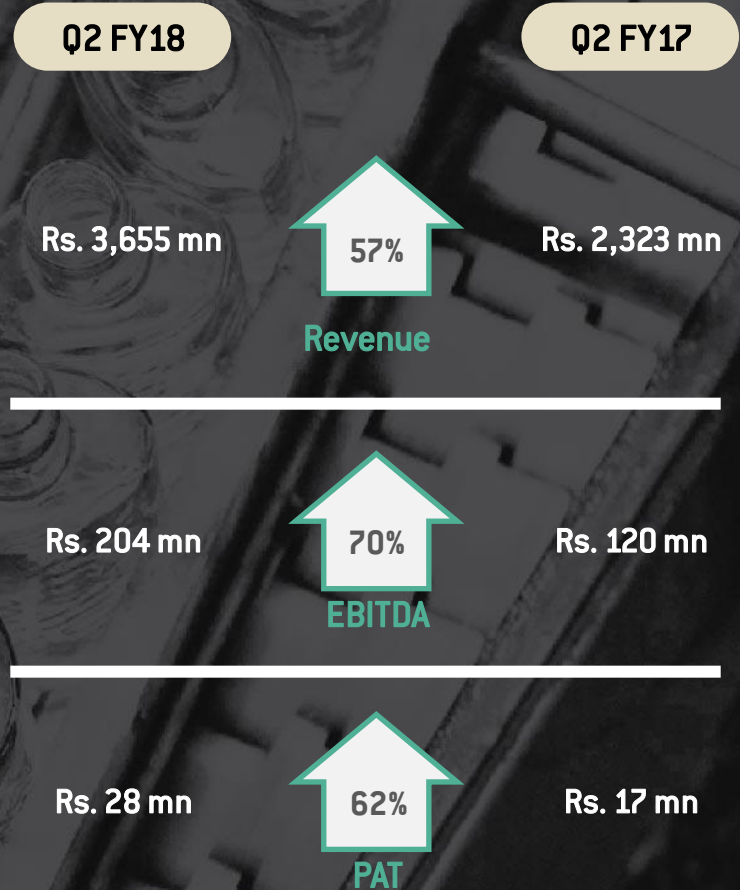
Q2 FY18: BALANCE SHEET

Particulars (In Rs MN)	30 th Sep 2017	30 th Sep 2016
Liabilities		
Shareholders' Fund	3,791.7	3,685.4
Non-Current Liabilities	1,855.3	2,021.2
Long term borrowings	1,618.4	1,770.4
Deferred tax liabilities (Net)	210.4	234.3
Long-term provisions	15.8	12.3
Other Non-current liabilities	10.6	4.2
Current Liabilities	2,258.4	2,065.6
Short Term borrowings	652.3	737.5
Trade payables	1,036.8	941.0
Other current liabilities	556.8	369.9
Short-term provisions	12.5	17.2
Total Liabilities	7,905.4	7,772.1

Particulars (In Rs MN)	30 th Sep 2017	30 th Sep 2016
Assets		
Net fixed assets	6,238.0	6,179.5
Non-current investment	49.5	0.7
Other non-current assets	192.7	262.6
Long-term loans and advances	7.3	44.1
Current Assets	1,417.9	1,285.2
Current Investments	-	-
Inventories	647.1	563.2
Trade Receivables	466.1	397.7
Cash and Equivalents	167.2	221.0
Short-terms loans and advance	0.9	1.3
Other Current Assets	136.6	102.1
Total Assets	7,905.4	7,772.1

Q2 FY18 YoY – PERFORMANCE OVERVIEW

- Gross Revenues (including other income) stood at Rs. 3,655 mn in Q2 FY18, higher by 57% owing to balanced growth across all the business segments**
 - Bulk alcohol volumes increased by 114% as a result of robust contribution from the new West Bengal facility
 - IMIL volumes improved by 15%, supported by 19% volume growth in Rajasthan
 - Franchise IMFL reported growth of 11%
- EBITDA for the quarter stood at Rs. 204 mn, higher by 70% Y-o-Y**
 - EBITDA margins improved by 150 basis points to 9.1%
 - Changing product mix in favour of IMIL will drive margin improvement
- PAT came in at Rs. 28 mn compared to Rs. 17 mn in Q2 FY17, representing a growth of 62% Y-o-Y**
 - Profitability remained under pressure owing to non-utilization of Bihar facility



Q2 FY18 YOY – ADJUSTED FINANCIALS

Particulars	Q2 FY18	Q2 FY17	Growth (%)
Net Revenue	2,249	1,587	41.7%
Revenue of bottling customers in Rajasthan & West Bengal	233	117	99.0%
Adjusted Revenue	2,016	1,470	37.1%
EBITDA	203.9	119.8	70.2%
EBITDA Margin	9.1%	7.5%	+160 bps
Adjusted EBITDA	203.9	119.8	70.2%
Adjusted EBITDA Margin	10.1%	8.1%	+200 bps

Note:

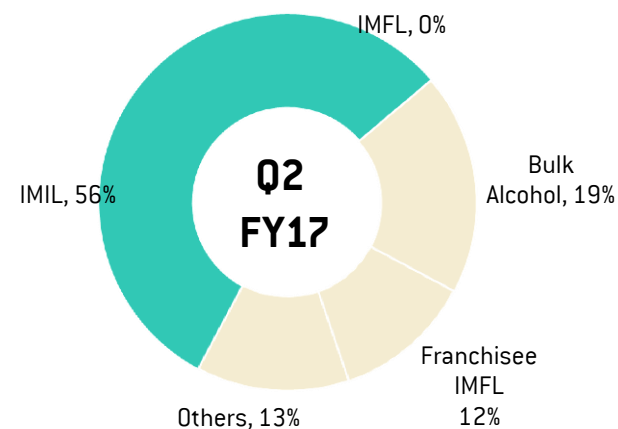
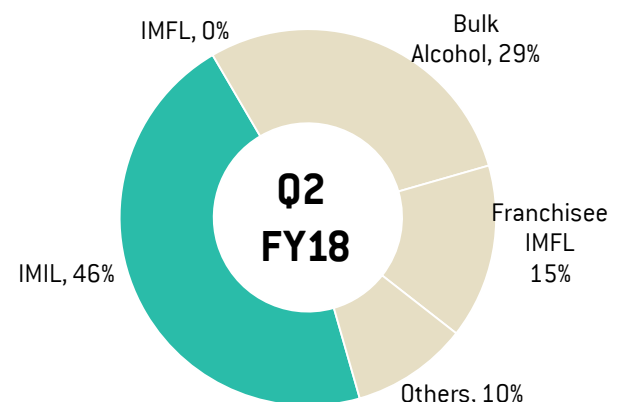
Excise laws in certain states mandate that a brand must be sold directly by the bottler, so the entire billing in such cases is done by GSL however the funding is essentially incurred by the brand owner [s].

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

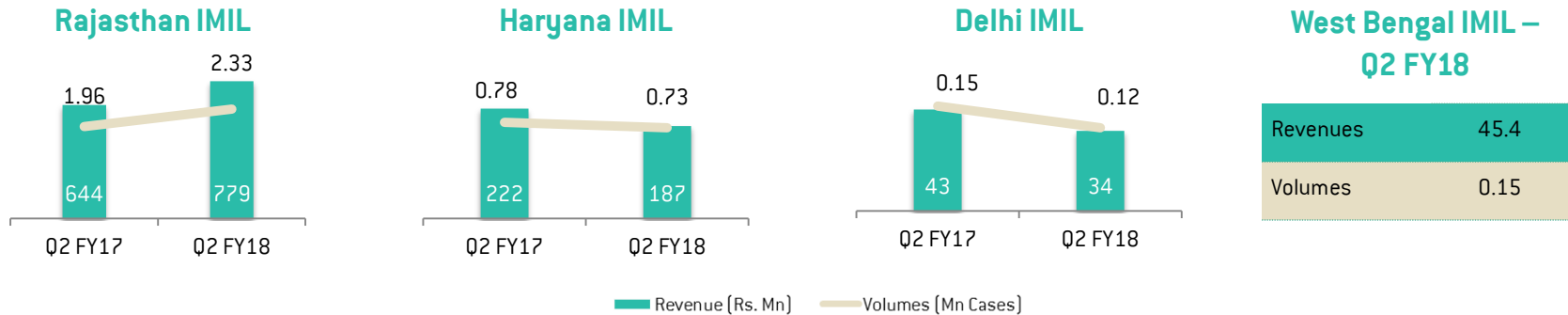
SEGMENTAL PERFORMANCE

Breakup of Revenue from Operations

- Revenues from manufacturing business stood at Rs. 1,203.9 mn in Q2 FY18, higher by 70% Y-o-Y
 - This was driven due to healthy growth of 114% in Bulk Alcohol revenues
 - Share of manufacturing business stood at 54% in Q2 FY18 due to contribution from the new West Bengal facility
- Share of consumer business stood at 46% in Q2 FY18 against 56% in the same period last year
 - Consumer Business reported a growth of 15% during the quarter

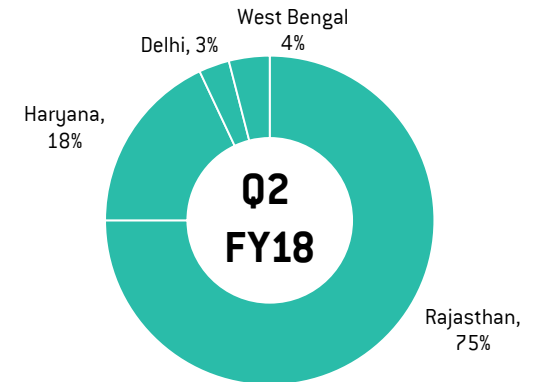


IMIL – STRONG GROWTH IN RAJASTHAN



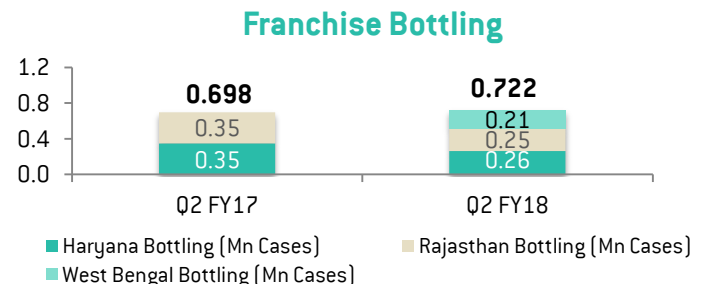
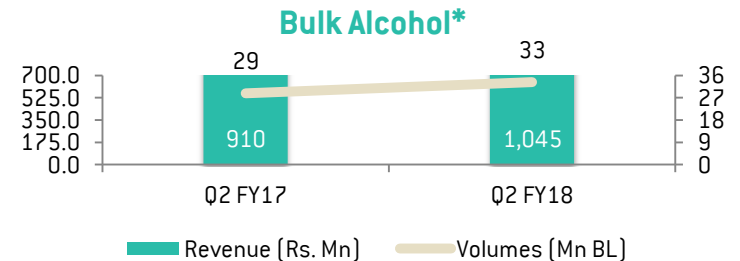
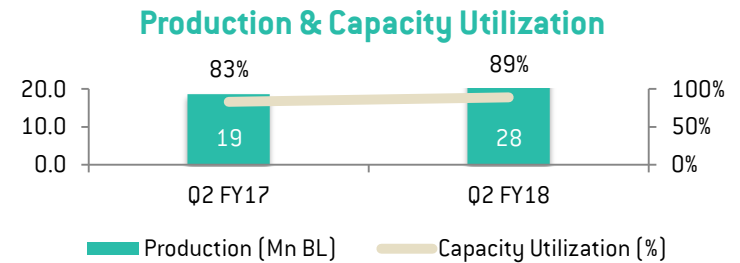
- Aggregate IMIL revenues stood at Rs. 1,044.9 mn, up by 15% Y-o-Y
 - Rajasthan reported healthy volume growth of 19% supported by encouraging demand trends
 - GSL was able to enhance its IMIL market share to 32% in a growing market
- IMIL volumes significantly improved on quarter-on-quarter basis
 - Haryana IMIL revenues increased by 44% Q-o-Q, while volumes improved by 34%; this momentum is expected to continue

Q2 FY18 IMIL Split by Volume [Total 3.32 mn cases]



MANUFACTURING: BACKBONE TO CONSUMER BUSINESS

- Capacity utilization stood at 89% in Q2 FY18
 - This comprises of the production commenced at the new West Bengal facility
- Bulk Alcohol revenues increased by 114% Y-o-Y guided by strong volume growth of similar percentage during the quarter largely owing to higher sales from West Bengal facility
- Franchise Bottling volumes stood at 0.722 mn cases vs. 0.698 mn cases in Q2 FY17



*Excluding bulk sales to franchisee customers in Rajasthan

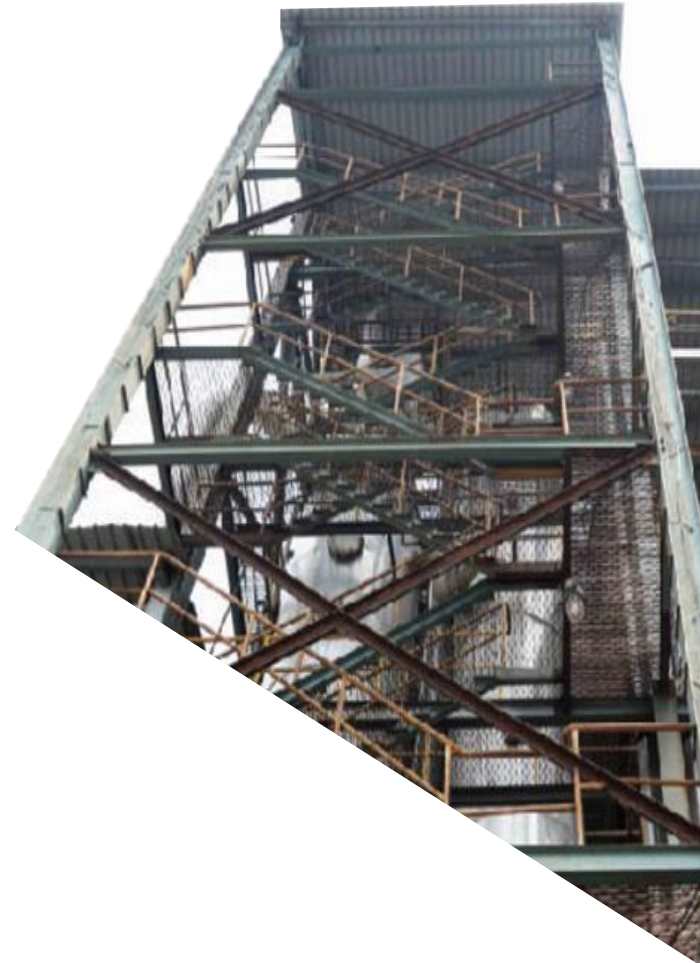
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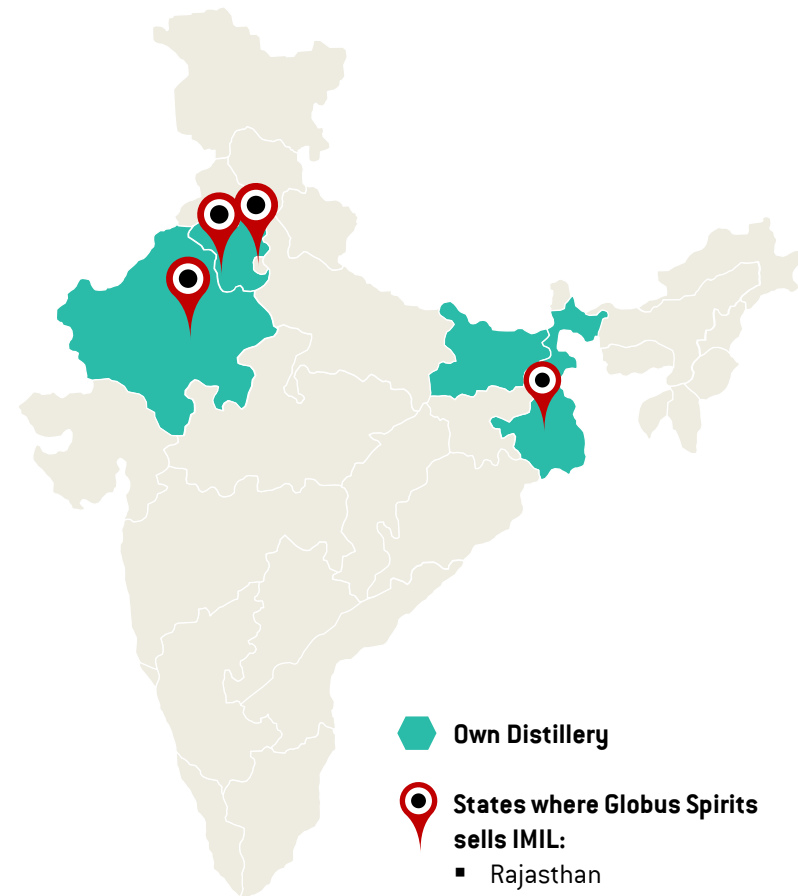
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GLOBUS 360° ALCOBEV PLAYER - FORAY INTO EAST

- No. 1 private player in Rajasthan IMIL with 32% market share
 - 2.33 mn cases sold in Q2 FY18, up 19% YoY
- No. 2 private player in Haryana with 11% market share
 - 0.73 mn cases in sold in Q2 FY18, up 34% Q-o-Q
- Commenced commercial production at the Greenfield Distillery in West Bengal in Q4 FY17
 - Total capacity at West Bengal is ~33 million BL
 - Will cater to the growing need of Bulk Alcohol in West Bengal, which is witnessing a huge deficit of ~80 million liters
 - GSL has already launched its IMIL brand ‘Goldee’ in WB and the traction is positive
 - To launch more products going forward



 Own Distillery

 States where Globus Spirits sells IMIL:

- Rajasthan
- Haryana
- Delhi
- West Bengal

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)
- 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

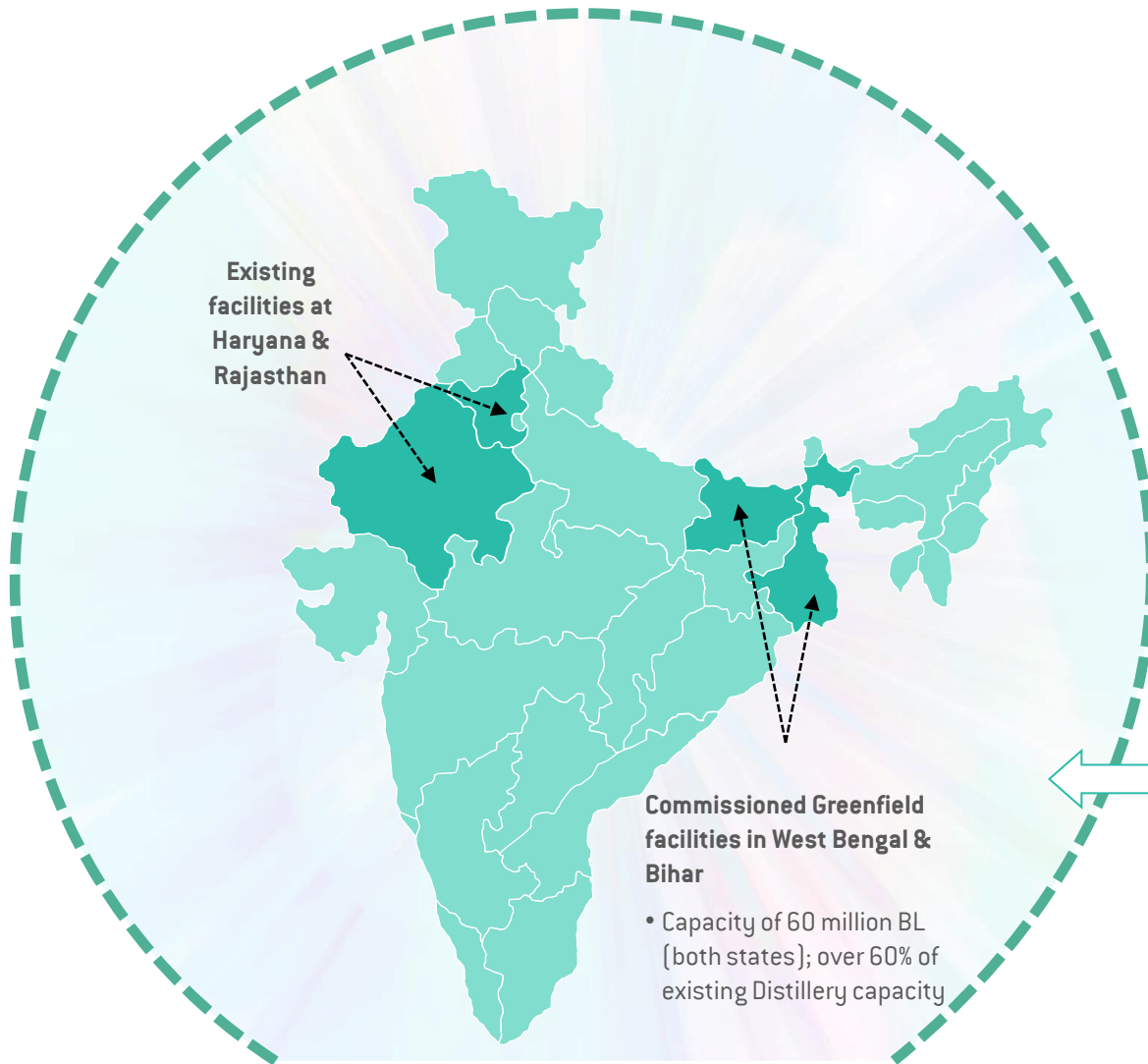
NEAR TERM STRATEGY

- 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

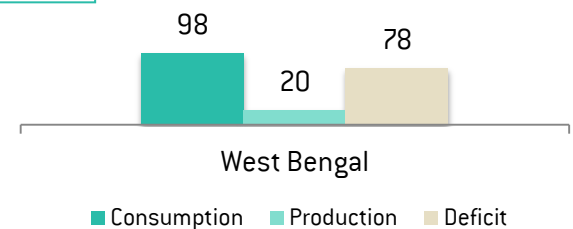
- Large market share in IMIL by offering quality products to the consumer
- Establish sustainable premium brands in IMFL
- High capacity utilisation with focus on technology and efficiency at old and new facilities
- Portfolio of high value by- products

EXPANSION INTO EAST – BIHAR & WEST BENGAL



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

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



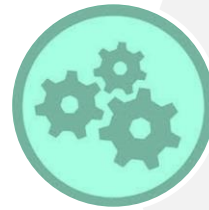
Popular dark spirits' brand Positioned as refreshing and juicy as Orange

UNIQUE COMPETITIVE STRENGTHS



360° Business Model

- Only company present across full alcohol 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

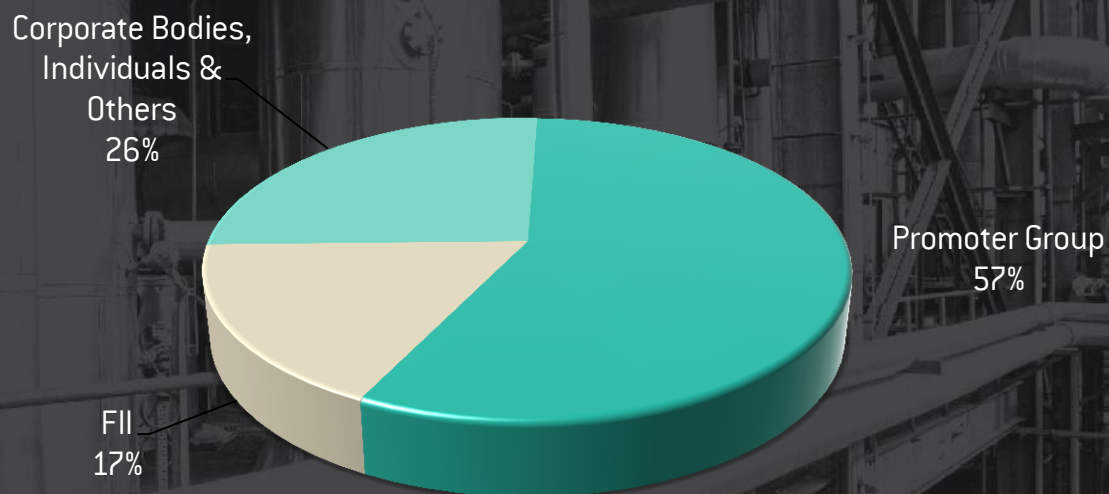
- Leadership in key states of Rajasthan, Delhi and Haryana
- Achieved sterling success in IMIL branding with Nimboo
- 4 IMIL brands



Healthy Balance Sheet

- Funding for greenfield expansion at Bihar secured via equity
- D/E of 0.60x
- Cash efficient operations

SHAREHOLDING PATTERN



As on September, 30, 2017 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: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 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:

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