



Globus Spirits

GLOBUS SPIRITS LIMITED

Q2FY19

Earnings Presentation

05 November 2018

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 (Q2 FY19)

- **#1 private** IMIL company in Rajasthan with market share of 29%
- **4th largest** IMIL company in Haryana with 7% market share

Strong establishment in core business, marching towards growth in **IMFL SEGMENT** with “**UNIBEV**”

HEALTHY BALANCE SHEET – Debt-to-Equity Ratio of **0.61x** in H1FY19

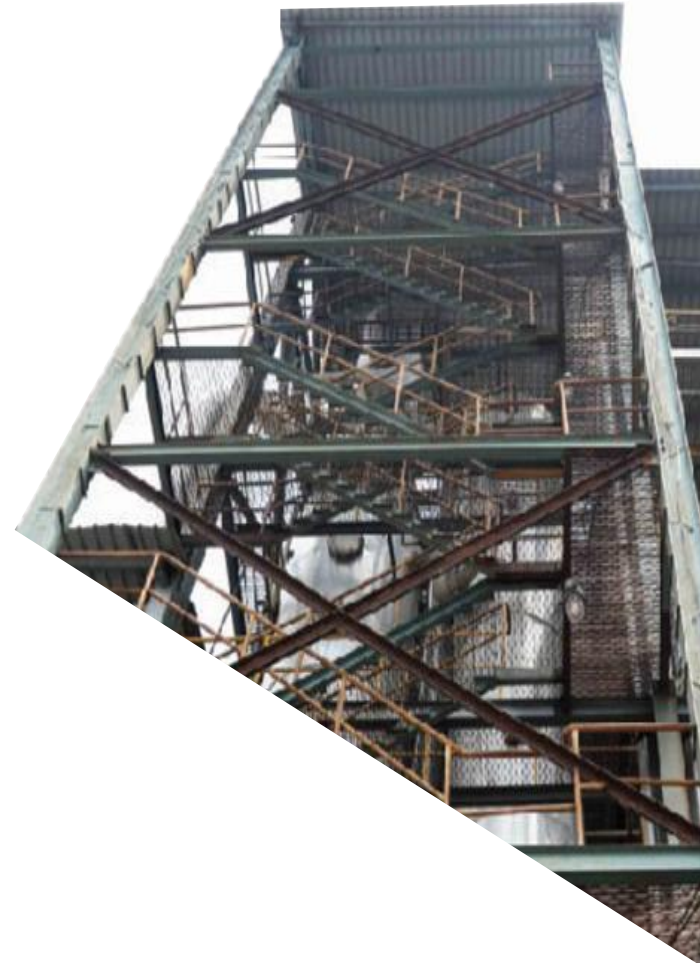
AGENDA

Q2 FY19 Performance

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Q2 FY19 – PERFORMANCE HIGHLIGHTS

- **Total Income (net of excise duty) stood at Rs. 2,263 mn in Q2 FY19, 11% growth Rs. 2,042 against Q2FY18**

- Higher Bulk Alcohol sales driven by higher capacity utilization, Bulk Alcohol Sales grew by 31.4% YoY. Value added byproducts grew by 20.7%
- Strong volume growth in Franchisee Bottling in West Bengal, volumes grew by 1.38x to 0.50 Mn cases YoY
- Partially offset by lower IMIL volumes in Haryana and Rajasthan

Q2 FY19

Q2 FY18

Rs. 2,263 mn

11%

Rs. 2,042 mn

Total Income
(Net)

- **EBITDA for the quarter stood at Rs. 206 mn**

- Lower margins due to unfavorable change in product mix; consumer business share reduced from 51% to 44%
- Higher overheads to gear up for re-commencement of operations in Bihar
- Increased input costs (esp power & fuel and packaging material)

Rs. 206 mn

Rs. 204 mn

EBITDA

- **PAT at Rs. 28 mn compared to Rs. 27 mn in Q2 FY18**

- Lower operating profit and increased finance cost

Rs. 28 mn

Rs. 27 mn

PAT

KEY DEVELOPMENTS

- **Resumption of Operations at Bihar Facility**

- Resumed operations at the manufacturing plant located in Bihar w.e.f October 09, 2018; operations were discontinued w.e.f financial year 2017-18 due to restriction on manufacture of ENA in Bihar
- The capacity of the facility is 80 KLPD per day
- Company to produce Bulk Alcohol and Ethanol in the facility



- **Participation in Bids for Ethanol Tender**

- Ethanol to be manufactured in facilities of Haryana and Bihar
- The average price of ethanol stand at ~Rs. 47.13 significantly higher than prevailing ENA prices in these states



- **Unibev brands launched in Telangana and West Bengal**

- Launched Governor's Reserve, Oakton and L'affaire in Telangana in Sep'18
- Whiskies Governor's Reserve, Oakton launched in West Bengal in second half of Oct'18

UNIBEV

Q2 FY19: PROFIT & LOSS STATEMENT

Particulars (In Rs MN)									Standalone
	Q2 FY19	Q2 FY18	YoY (%)	Q1 FY19	QoQ	H1FY19	H1FY18	YoY	FY18
Gross Revenues	2491.51	2224.23	12.0%	2582.11	-3.5%	5073.61	4664.39	8.8%	9,322.1
Less- Excise duty	240.08	208.35	15.2%	267.05	-10.1%	507.12	324.83	56.1%	771.4
Net Revenues from Operations	2251.43	2015.88	11.7%	2315.06	-2.7%	4566.49	4339.57	5.2%	8,550.7
Other Income	11.56	26.31	-56.1%	7.71	49.9%	19.27	37.23	-48.2%	54.0
Total Income	2262.99	2042.20	10.8%	2322.77	-2.6%	4585.76	4376.79	4.8%	8,604.7
Total Expenditure	2057.10	1838.26	11.9%	2051.18	0.3%	4108.27	3991.06	2.9%	7,856.0
Consumption of Material	1341.61	1176.96	14.0%	1362.71	-1.5%	2704.33	2684.81	0.7%	5,169.0
Employee Cost	63.60	57.32	11.0%	55.72	14.1%	119.32	111.73	6.8%	228.1
Other Expenditure	651.88	603.99	7.9%	632.74	3.0%	1284.62	1194.52	7.5%	2,458.9
EBITDA	205.89	203.93	1.0%	271.60	-24.2%	477.49	385.74	23.8%	748.7
Depreciation & Amortisation	91.27	93.77	-2.7%	90.11	1.3%	181.37	179.89	0.8%	361.9
EBIT	114.62	110.16	4.0%	181.49	-36.8%	296.12	205.85	43.8%	386.8
Finance Charges	70.82	68.27	3.7%	65.18	8.7%	136.00	139.24	-2.3%	271.4
PBT	43.80	41.89	4.6%	116.31	-62.3%	160.12	66.62	140.4%	115.4
Tax Expense (Current, Deferred Tax)	15.71	14.19	10.7%	40.90	-61.6%	56.61	23.23	143.6%	45.2
PAT (From ordinary activities)	28.10	27.71	1.4%	75.41	-62.7%	103.51	43.38	138.6%	70.2

Note: The Company has aligned its policy of Revenue Recognition with Ind AS 115 – “Revenue from contracts with Customers” pursuant to which it is no longer reporting ‘Income from Brand Franchisee’ separately in the revenues. Consequent to these changes, there is no impact on the total equity and profit.

Note: Tax expense - Deferred tax is net of Minimum Alternate tax credit of Rs. 9.41 Mn and Rs. 35.84 Mn for Q2FY19 & H1FY19

Q2 FY19: KEY RATIOS

Key Ratios as a % of Total Revenue	Standalone					
	Q2 FY19	Q2 FY18	Q1 FY19	H1FY19	H1FY18	FY18
EBITDA	9.1%	10.0%	11.7%	10.4%	8.8%	8.7%
PAT	1.2%	1.4%	3.2%	2.3%	1.0%	0.8%
Total Expenditure	90.9%	90.0%	88.3%	89.6%	91.2%	91.3%
Raw material	59.3%	57.6%	58.7%	59.0%	61.3%	60.1%
Employee Cost	2.8%	2.8%	2.4%	2.6%	2.6%	2.7%
Other Expenditure	28.8%	29.6%	27.2%	28.0%	27.3%	28.6%
Interest	3.1%	3.3%	2.8%	3.0%	3.2%	3.2%
Depreciation	4.0%	4.6%	3.9%	4.0%	4.1%	4.2%
Other Income	0.5%	1.3%	0.3%	0.4%	0.9%	0.6%

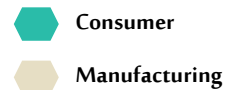
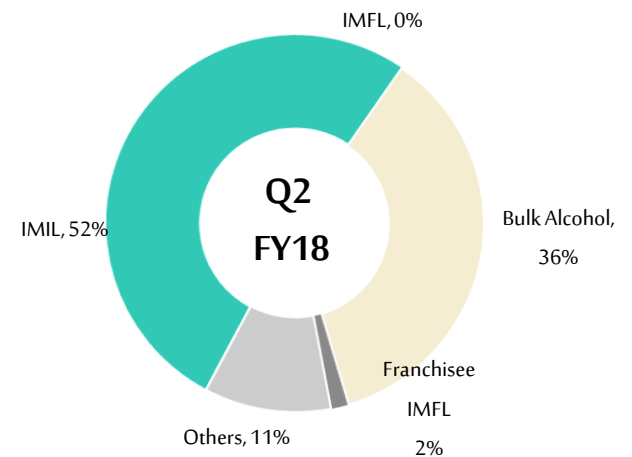
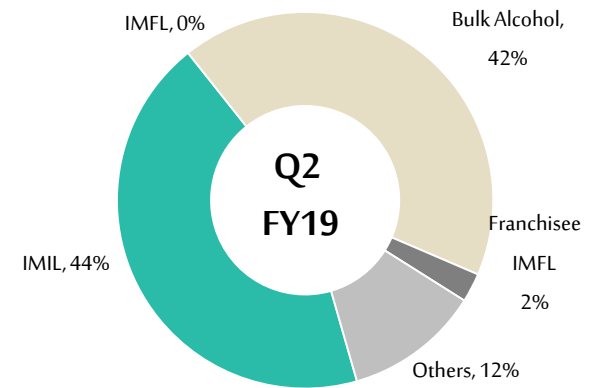
September 2018 – Balance Sheet Highlights

Particulars (In Rs MN)	Sep 2018	Mar 2018	Particulars (In Rs MN)	Sep 2018	Mar 2018
Liabilities			Assets		
Shareholders' Fund	3,897.62	3,793.65	Net fixed assets	5,971.30	6,090.10
Non-Current Liabilities	2,171.68	1,737.68	Non-current investment	49.49	49.46
Long term borrowings	1,849.03	1,434.87	Financial assets	296.10	207.99
Deferred tax liabilities (Net)	279.58	258.69	Financial/ Income Tax assets	30.72	31.92
Long-term provisions	17.05	16.98	Other non-current assets	164.54	153.62
Other Non-current liabilities	26.02	27.14	Current Assets	1,312.75	1,208.15
Current Liabilities	1,755.60	2,209.91	Inventories	638.84	603.81
Short Term borrowings	208.52	785.71	Trade Receivables	547.34	483.51
Trade payables	1,052.98	961.96	Cash and Equivalents	33.92	16.31
Other financial liabilities	387.38	378.74	Short-terms loans and advance	6.83	10.27
Other current liabilities	85.28	68.67	Bank balance other then Cash & Equivalents	1.13	7.23
Current tax liabilities (net)	6.60	0.00	Other Financial Assets	11.17	10.12
Short-term provisions	14.84	14.84	Other Current Assets	73.53	76.88
Total Liabilities	7,824.90	7,741.24	Total Assets	7,824.90	7,741.24

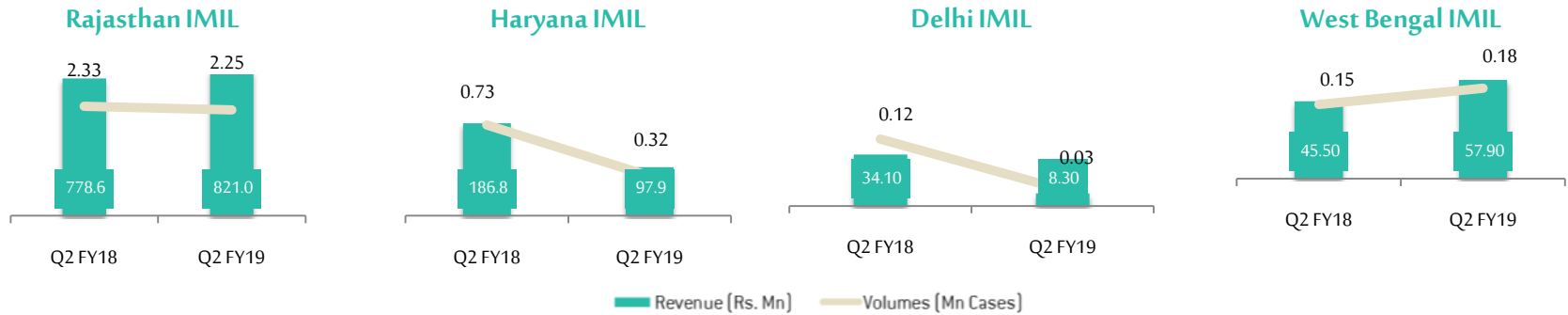
SEGMENTAL PERFORMANCE

Breakup of Revenue from Operations (Net)

- Revenues from manufacturing business stood at Rs. 1,266 mn in Q2 FY19, against Rs. 971 mn in Q2 FY18
 - Share of manufacturing business stood at 56% in Q2 FY19
- Share of consumer business stood at 44% in Q2 FY19 against 52% in the same period last year

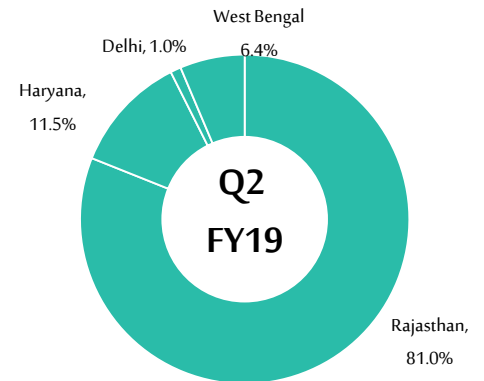


IMIL – STIFF COMPETITION



- Aggregate IMIL revenues stood at Rs. 985 mn, dip in volumes driven by increased competition
 - West Bengal reported healthy volume growth of 22% YoY

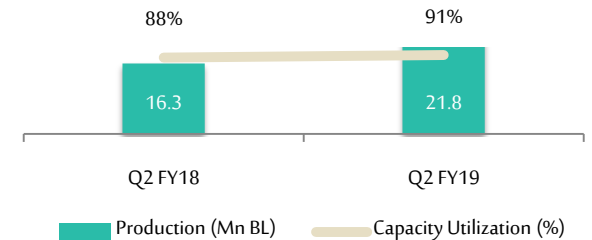
Q2 FY19 IMIL Split by Volume
(Total 2.78 mn cases)



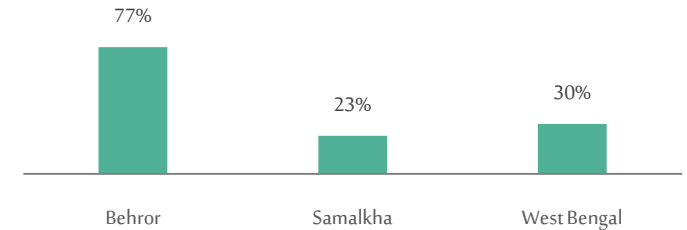
MANUFACTURING: BACKBONE TO CONSUMER BUSINESS

- Capacity utilization stood at 91% in Q2 FY19 against 88% in Q2FY18 (excluding Bihar)
- Captive consumption at 45%, with significant scope for conversion from bulk to IMIL / franchisee in Samalkha and West Bengal
- Franchise Bottling volumes stood at 1.07 mn cases vs. 0.72 mn cases in Q2 FY18 driven by strong volume growth in West Bengal

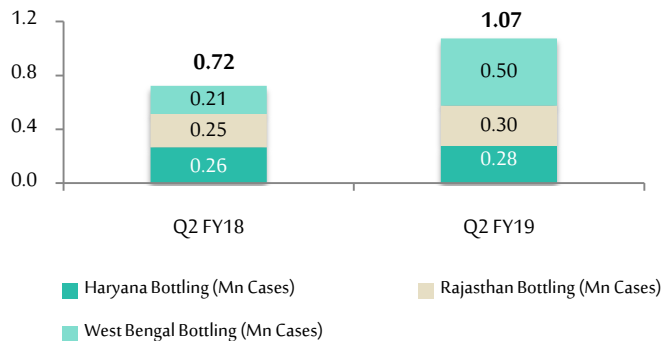
Production & Capacity Utilization



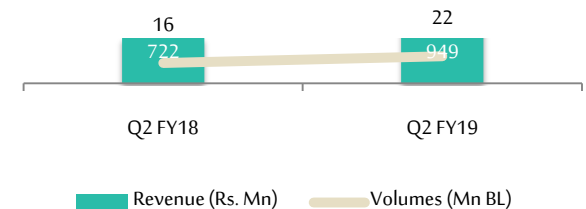
Captive Consumption as % of Production



Franchise Bottling



Bulk Alcohol*

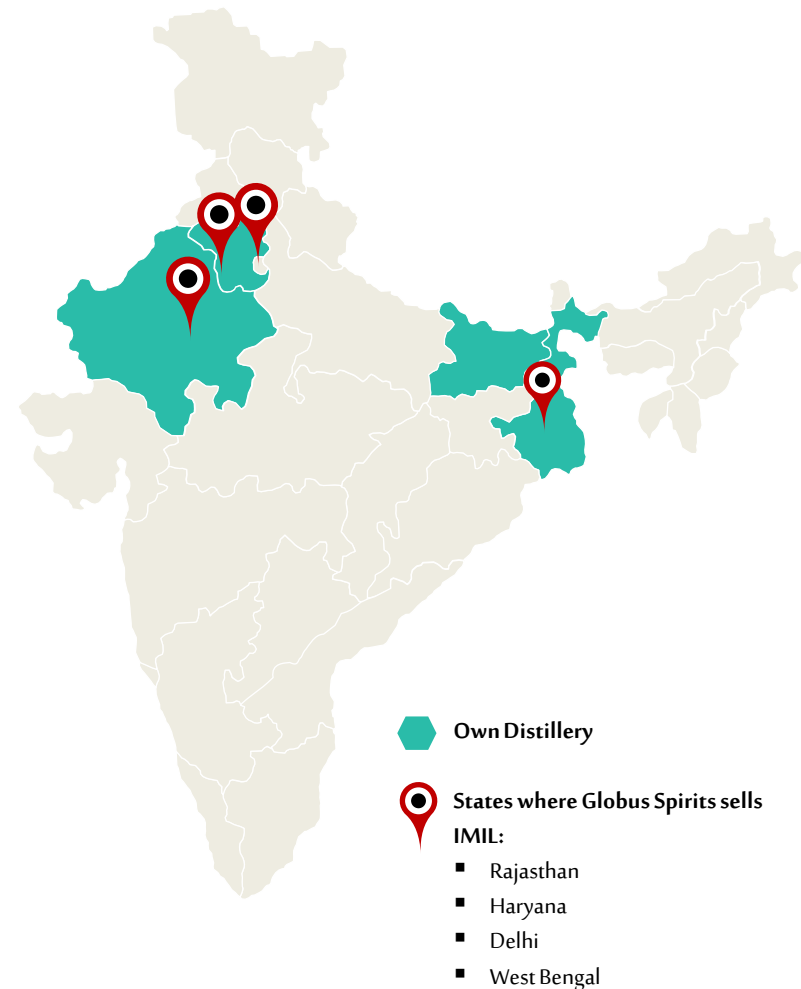




COMPANY OVERVIEW

GLOBUS 360° ALCOBEV PLAYER

- No. 1 private player in Rajasthan IMIL with 30% market share
 - 2.3 mn cases sold in Q2FY19
- No. 4 private player in Haryana with 7% market share
 - 0.3 mn cases in sold in Q2 FY19
- Increasing market share in West Bengal
 - 0.2 mn cases sold in Q2FY19
- Recommencement of Operations at Bihar Facility
 - recommenced commercial production of Bihar Facility
 - The capacity of the facility is 80 KLPD per day
 - Company to produce Bulk Alcohol and Ethanol in the facility



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

- Focus on penetrating IMIL in West Bengal
- 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

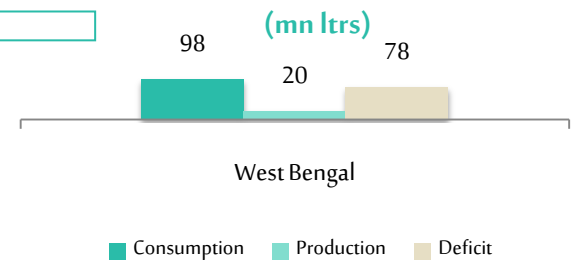


EXPANSION INTO EAST – BIHAR & WEST BENGAL



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

Severe Alcohol Deficit in West Bengal



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



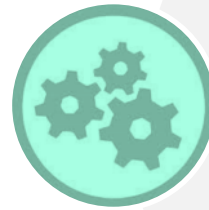
Popular dark spirits' brand Positioned as refreshing and juicy as Orange

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, 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



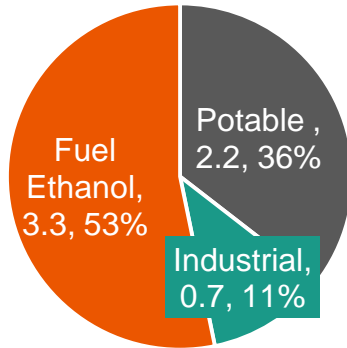
Healthy Balance Sheet

- Funding for greenfield expansion at Bihar secured via equity
- D/E of 0.64x
- Cash efficient operations

ETHANOL – A GREAT OPPORTUNITY

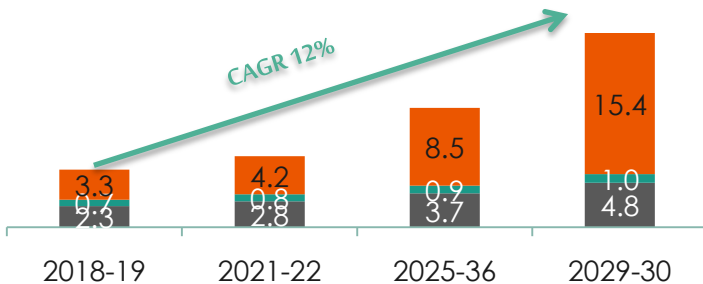
Alcohol demand of 6.3bn litres expected to grow at 12%

Alcohol Demand 2018-19 (Bn Litres)



Alcohol Demand (Bn Litres)

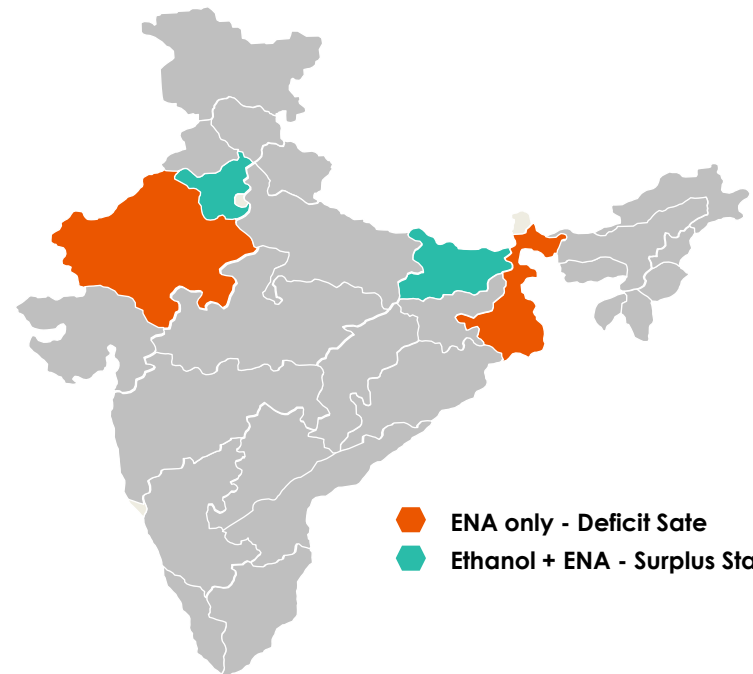
■ Potable ■ Industrial ■ Fuel Ethanol



Strategically located assets to maximise realisations

Opportunity in Ethanol – adding ethanol manufacturing capability

Presence in alcohol deficit/balanced states – healthy realizations



A collection of liquor bottles is shown in a dark, monochromatic setting. The bottles are arranged diagonally across the frame. The most prominent bottle in the foreground is OAKTON BARREL AGED Pure Premium Grain Whisky. Its label features a tree logo and text: 'OAKTON BARREL AGED', 'PURE PREMIUM GRAIN WHISKY', and 'BLENDED WITH UP TO 18 YEAR OLD SCOTCH WHISKY AND MATURED IN INDIAN MALT'. To its right is a bottle of GOVERNORS RESERVE 100% PREMIUM GRAIN WHISKY, with a label that says 'GOVERNORS RESERVE', 'RARE AGED', and '100% PREMIUM GRAIN WHISKY'. In the background, another bottle of LAFFAIRE NAPOLEON is visible. The overall aesthetic is sophisticated and professional.

MARCHING TOWARDS NEW
LEG OF GROWTH THROUGH “UNIBEV”

UNIBEV: LED BY INDUSTRY VETERAN MR. VIJAY REKHI



Mr. Vijay Rekhi was the long-time managing director of India's United Spirits (USL) prior to its takeover by Diageo in 2012

Strategy

- Focus on premium IMFL
- Build portfolio of 4-6 niche brands in price segments which contribute max profit and currently only have 2-3 dominant brands

Premium IMFL – Attractive Industry Segment

- Premium IMFL is a highly attractive segment account for over 45% of total profit contribution with just 13% of total volumes - ~40 million cases and Rs 2,420 crore gross profit
- Indian premium alcohol market is growing at a steady CAGR of 8% in last 3 years compared to flattish performance of overall IMFL industry

“

At UNIBEV we provide our customers better blends with world-class packaging, to elevate the consumer's drinking experience

”

UNIBEV: CURRENT PRODUCT PORTFOLIO



Governor's Reserve – 12 years Scotch Whisky

- Presence in **Semi-premium** whisky segment
- Segment is about **20m cases**



Oakton – 18 years Scotch Whisky

- Presence in **Premium** whisky segment
- Segment is about **8.5m cases**

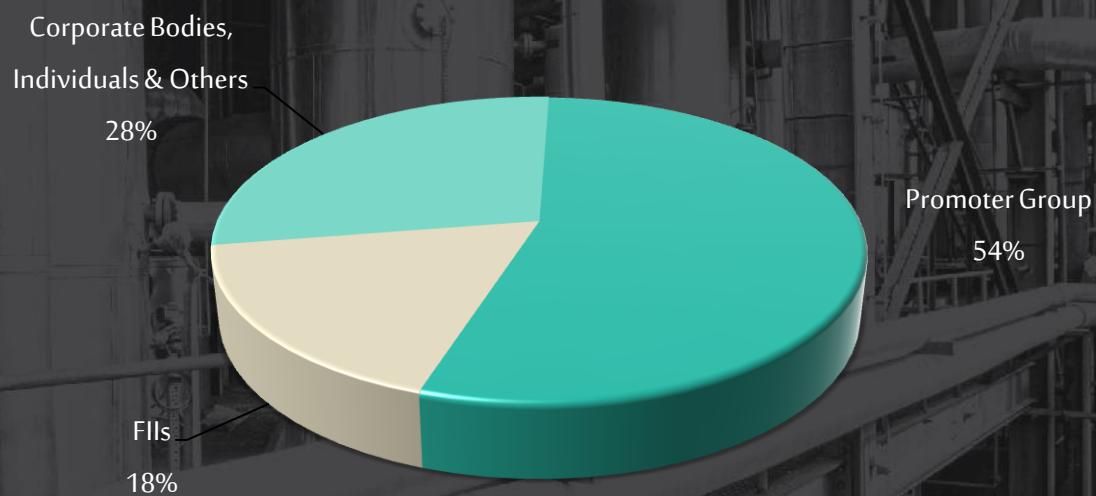


L'Affaire Napoleon – 3 years Brandy

- Presence in **Premium** brandy segment
- Segment is about **0.5m cases**

"Better brands with world-class packaging"

SHAREHOLDING PATTERN



As on September 30, 2018 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 :

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