



Globus Spirits

GLOBUS SPIRITS LIMITED

Q3 & 9M FY18

Earnings Presentation

14 February 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 - 40% contribution from consumer-facing IMIL (Q3 FY18)

- **#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 **0.59x** in Q3 FY18

AGENDA

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Q3 FY18 – KEY DEVELOPMENTS

- **Launch of Laffaire brandy by Unibev, company's wholly owned subsidiary in premium segment**
 - Unibev, a wholly owned subsidiary, set-up to build a portfolio of premium brands in IMFL
 - Launched Laffaire premium brandy in Pondicherry in December 2017
 - Appreciation from customer and channel – both blend and packaging received commendable response
- **Improved capacity utilization, reached ~100% level**
 - This is expected to sustain with potential to go beyond 100% (barring any shutdowns for improvements in utilities to enhance / sustain production).



Q3 FY18 – KEY DEVELOPMENTS

- **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
- On May 29, 2017, Bihar excise department filed special leave petition (SLP) before the Supreme Court challenging the said High Court order dated May 03, 2017. Subsequent to the quarter end, the Hon'ble Supreme court of India has dismissed the SLP filed by excise department, State of Bihar vide their order dated 19th January, 2018.
- Further, in a similar matter within the State of Bihar, Hon'ble High Court vide its order dated October 6, 2017, directed that once the ENA is sold outside the State of Bihar and utilized in any manner which is permissible in that other state, then the State of Bihar cannot control the said conversion or use of ENA. In light of the said order and directions passed by the Hon'ble High Court, Company has filed an application with Excise commissioner, Patna to issue necessary orders to allow immediate start of manufacture and export of ENA to other States.
- The Company is confident of recommencing the operations soon after the license is renewed

Q3 FY18 – PERFORMANCE HIGHLIGHTS

- **Delivered healthy topline performance – growth of over 42% during the quarter driven by higher sales from the West Bengal facility**
 - Gross Revenues (including other income) stood at Rs. 4,551.8 mn in Q3 FY18, higher by 42% Y-o-Y
 - Total Income (net of excise duty) stood at Rs. 2,583.0 mn in Q3 FY18, higher by 19% Y-o-Y
 - EBITDA came in at Rs. 176.6 mn in Q3 FY18
 - PBT stood at Rs. 20.7 mn and Net Profit stood at Rs. 12.6 mn

- **Strong revenue growth in Bulk Alcohol supported by steady IMIL performance**
 - Bulk Alcohol revenues improved by 45% to Rs. 847.6 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. 1,023.6 mn, higher by 6% Y-o-Y
 - This was steered by 17% growth in Rajasthan as well as positive contribution from West Bengal

Q3 FY18: PROFIT & LOSS STATEMENT

Particulars (In Rs MN)	Standalone					
	Q3 FY18	Q3 FY17	YoY (%)	9M FY18	9M FY17	YoY (%)
Gross Revenues	4,544.4	3,188.1	43%	12,069.2	8,275.7	46%
Less- Excise duty	1,961.4	1,025.8	91%	4,672.4	2,614.5	79%
Net Revenues from Operations	2,583.0	2,162.2	19%	7,396.8	5,661.2	31%
Other Income	7.4	13.9	-47%	44.9	32.2	40%
Total Income	2,590.4	2,176.1	19%	7,441.7	5,693.4	31%
Total Expenditure	2,413.8	1,999.0	21%	6,879.4	5,195.4	32%
Consumption of Material	1,502.7	1,308.3	15%	4,395.5	3,429.7	28%
Employee Cost	59.1	41.2	43%	170.8	113.8	50%
Other Expenditure	852.0	649.5	31%	2,313.1	1,651.9	40%
EBITDA	176.6	177.1	0%	562.3	497.9	13%
Depreciation & Amortisation	90.5	64.6	40%	270.4	184.7	46%
EBIT	86.1	112.5	-23%	291.9	313.3	-7%
Finance Charges	65.4	33.6	95%	204.6	100.7	103%
PBT	20.7	78.9	-74%	87.3	212.6	-59%
Tax Expense (Current, Deferred Tax)	8.0	39.3	-80%	31.3	75.2	-58%
MAT Credit	-	-	-	-	-	-
PAT (From ordinary activities)	12.6	39.6	-68%	56.0	137.4	-59%

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

Q3 FY18: KEY RATIOS

Key Ratios as a % of Total Revenue	Standalone				
	Q3 FY18	Q3 FY17	Q2 FY18	9MFY18	9MFY17
EBITDA	7%	8%	9%	8%	9%
PAT	0%	2%	1%	1%	2%
Total Expenditure	93%	92%	91%	92%	91%
Raw material	58%	60%	56%	59%	60%
Employee Cost	2%	2%	3%	2%	2%
Other Expenditure	33%	30%	33%	31%	29%
Interest	3%	2%	3%	3%	2%
Depreciation	3%	3%	4%	4%	3%
Other Income	0%	1%	1%	1%	1%

Q3 FY18: BALANCE SHEET

Particulars (In Rs MN)	31 st Dec 2017	31 st Mar 2017
Liabilities		
Shareholders' Fund	3,804.3	3,748.4
Non-Current Liabilities	1,855.3	2,021.2
Long term borrowings	1,521.7	1,750.4
Deferred tax liabilities (Net)	214.3	202.8
Long-term provisions	16.7	14.2
Other Non-current liabilities	10.2	3.6
Current Liabilities	2,367.9	2,257.5
Short Term borrowings	737.1	740.0
Trade payables	1,075.5	1,034.2
Other current liabilities	542.9	470.8
Short-term provisions	12.4	12.5
Total Liabilities	7,935.1	7,976.9

Particulars (In Rs MN)	31 st Dec 2017	31 st Mar 2017
Assets		
Net fixed assets	6,154.4	6,320.8
Non-current investment	49.5	49.5
Other non-current assets	139.5	137.3
Long-term loans and advances	70.3	54.9
Current Assets	1,521.5	1,414.3
Current Investments	-	-
Inventories	693.7	728.3
Trade Receivables	529.4	292.9
Cash and Equivalents	165.5	227.7
Short-terms loans and advance	0.7	0.4
Other Current Assets	132.2	165.0
Total Assets	7,935.1	7,976.9

Q3 FY18 YoY – PERFORMANCE OVERVIEW

- **Total Income (net of excise duty) stood at Rs. 2,590 mn in Q3 FY18, higher by 19% driven by bulk alcohol**

- Bulk alcohol volumes increased by 47% as a result of robust contribution from the new West Bengal facility
- IMIL volumes improved by 7%, led by 18% volume growth in Rajasthan

Q3 FY18

Q3 FY17

Rs. 2,590 mn

19%

Rs. 2,176 mn

Total Income (Net)

- **EBITDA for the quarter stood at Rs. 177 mn, flat Y-o-Y**

- Changing product mix in favour of manufacturing revenues, rise in packing material prices, increase in repair & maintenance expense combined with lower IMIL volumes in Haryana leading to lower margins

Rs. 177mn

0%

Rs. 177 mn

EBITDA

- **PAT came in at Rs. 13 mn compared to Rs. 40 mn in Q3 FY17,**

- Profitability remained under pressure owing to non-utilization of Bihar facility

Rs. 13 mn

68%

Rs. 40 mn

PAT

Q3 FY18 YOY – ADJUSTED FINANCIALS

Particulars	Q3 FY18	Q3 FY17	Growth (%)
Net Revenue	2,590	2,176	19.04%
Revenue of bottling customers in Rajasthan & West Bengal	335	268	25.03%
Adjusted Revenue	2,255	1,908	18.20%
EBITDA	177	177	-0.28%
EBITDA Margin	6.82%	8.14%	-132 bps
Adjusted EBITDA	177	177	70.20%
Adjusted EBITDA Margin	7.83%	9.28%	-145 bps

Note:

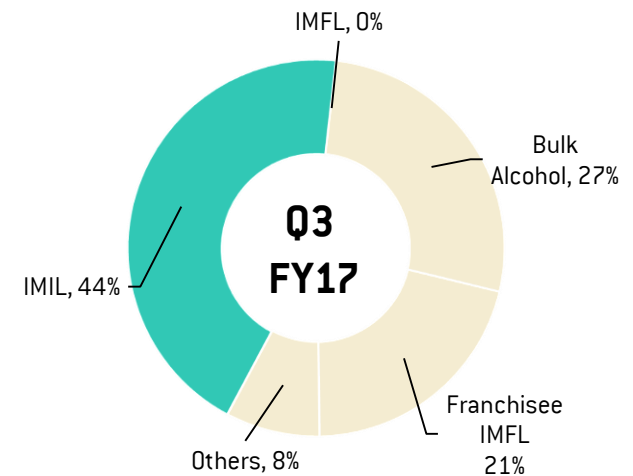
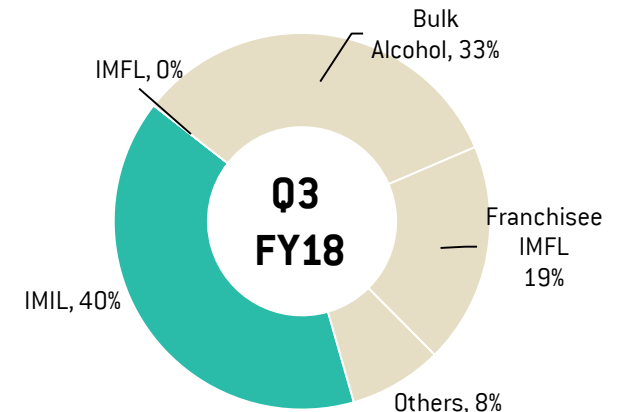
Excise laws in certain states mandate that a brand must be sold directly by the bottler, so the entire billing in such cases is done by GSL however the funding is essentially incurred by the brand owner [s].

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

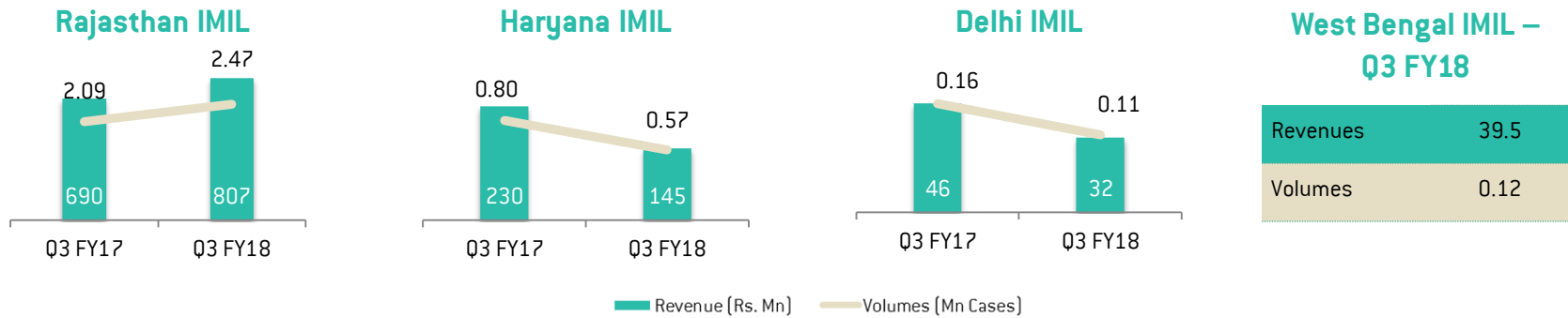
SEGMENTAL PERFORMANCE

- Revenues from manufacturing business stood at Rs. 1,559.4 mn in Q3 FY18, higher by 26% Y-o-Y
 - This was driven due to healthy growth of 45% in Bulk Alcohol revenues
 - Share of manufacturing business stood at 60% in Q3 FY18 due to contribution from the new West Bengal facility
- Share of consumer business stood at 40% in Q3 FY18 against 44% in the same period last year
 - Consumer Business reported a growth of 6% during the quarter

Breakup of Revenue from Operations (Net)

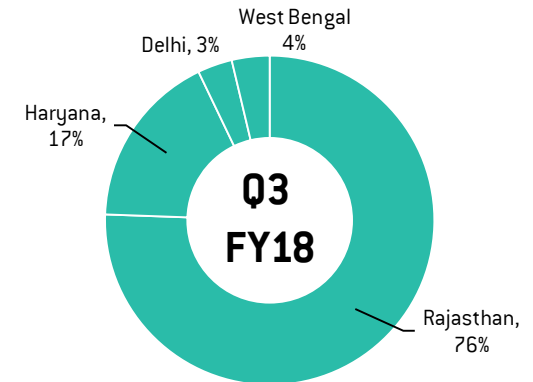


IMIL – STRONG GROWTH IN RAJASTHAN



- Aggregate IMIL revenues stood at Rs. 1,023.6 mn, up by 6% Y-o-Y
 - Rajasthan reported healthy volume growth of 18% supported by encouraging demand trends
 - GSL was able to sustain its IMIL market share to 32% in a growing market

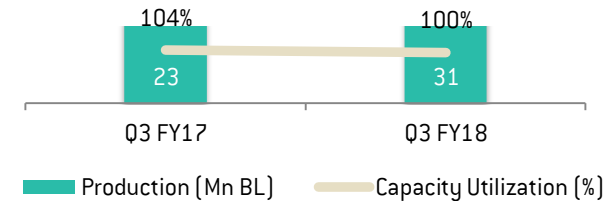
Q3 FY18 IMIL Split by Volume [Total 3.26 mn cases]



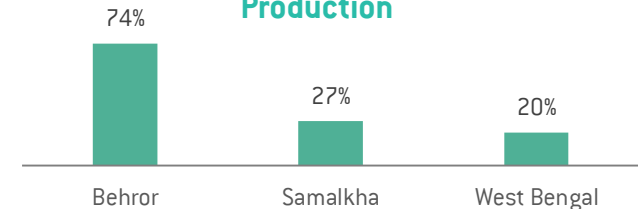
MANUFACTURING: BACKBONE TO CONSUMER BUSINESS

- Capacity utilization stood at 100% in Q3 FY18
 - This includes production commenced at the new West Bengal facility
- Bulk Alcohol revenues increased by 45% Y-o-Y guided by strong volume growth of similar percentage during the quarter largely owing to higher sales from West Bengal facility
- Captive consumption at ~43%, with significant scope for conversion from bulk to IMIL / franchisee in Samalkha and West Bengal
- Franchise Bottling volumes stood at 0.87 mn cases vs. 1.04 mn cases in Q3 FY17

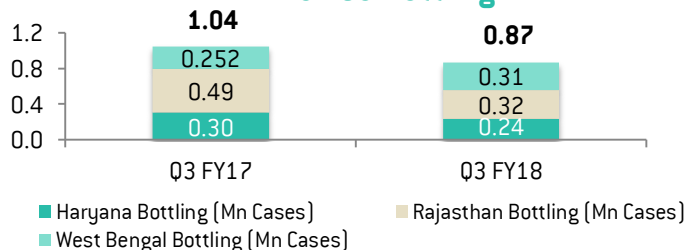
Production & Capacity Utilization



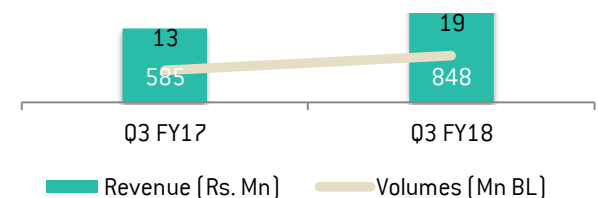
Captive Consumption as % of Production



Franchise Bottling



Bulk Alcohol*



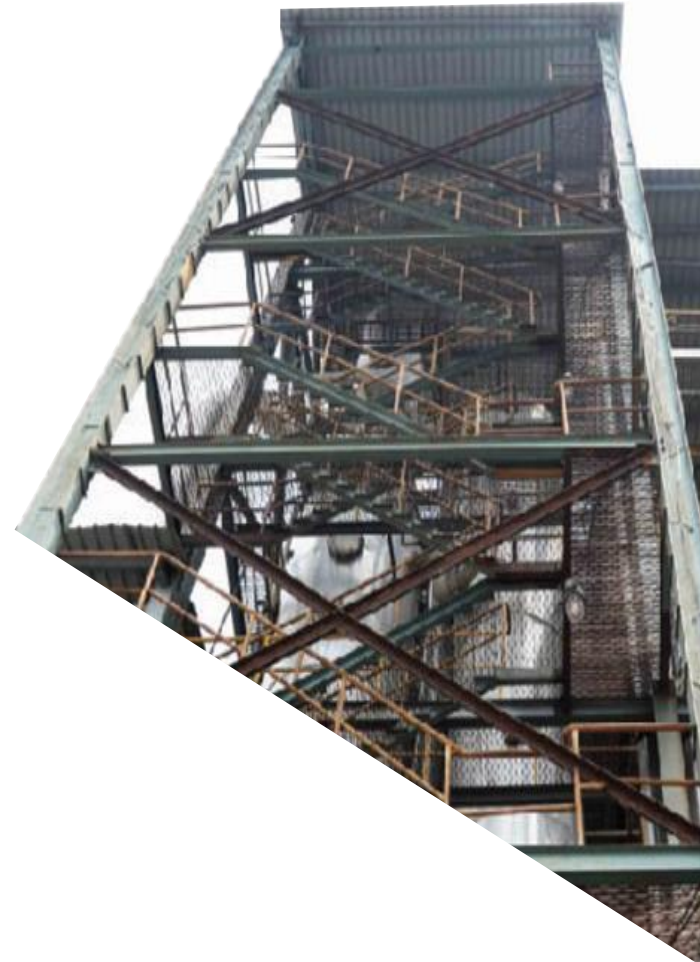
AGENDA

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GLOBUS 360° ALCOBEV PLAYER

- No. 1 private player in Rajasthan IMIL with 32% market share
 - 2.47 mn cases sold in Q3 FY18, up 18% YoY
- No. 2 private player in Haryana with 11% market share
 - 0.56 mn cases in sold in Q3 FY18, down 30% YoY
- 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



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

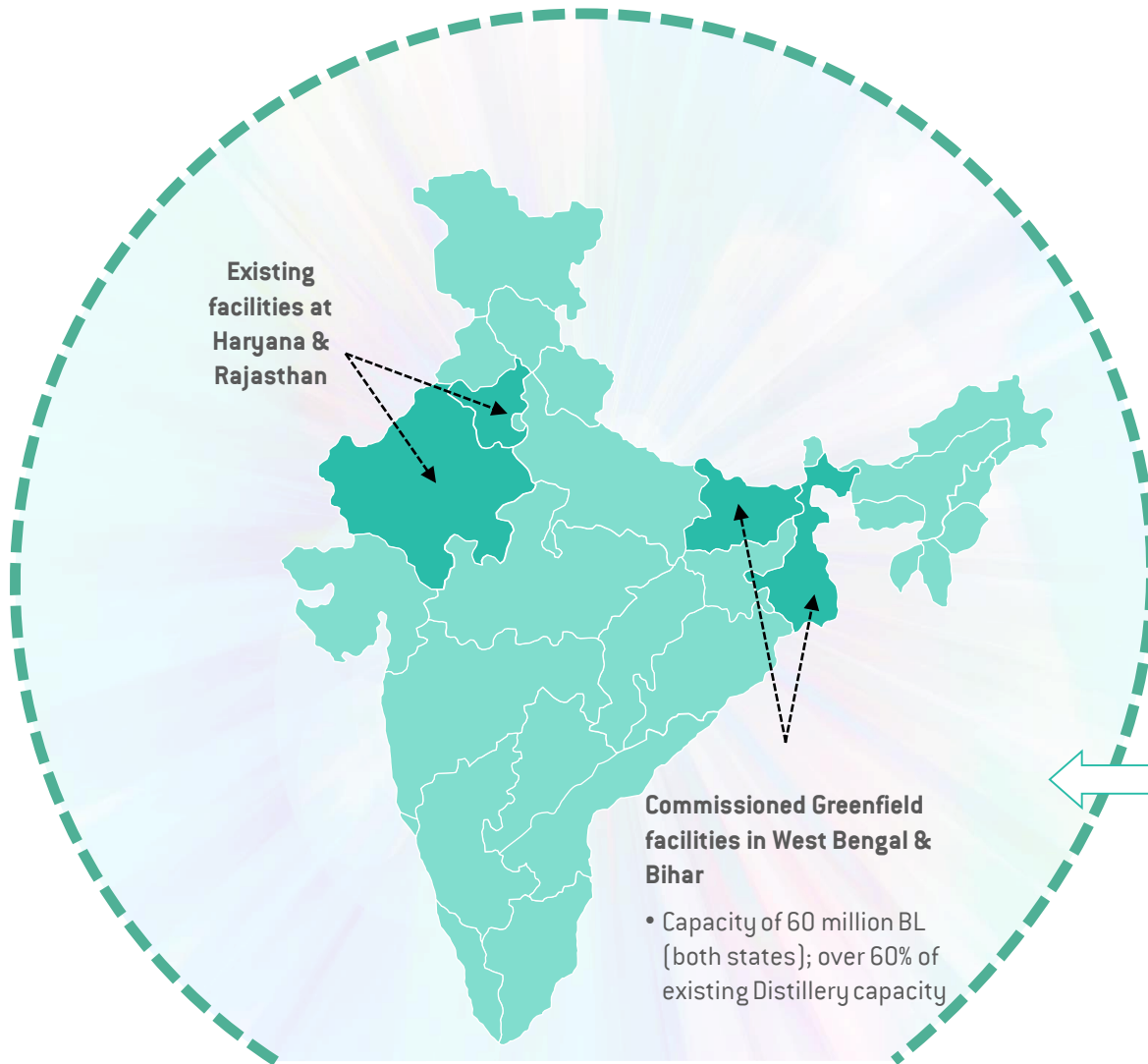
NEAR TERM STRATEGY

- 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

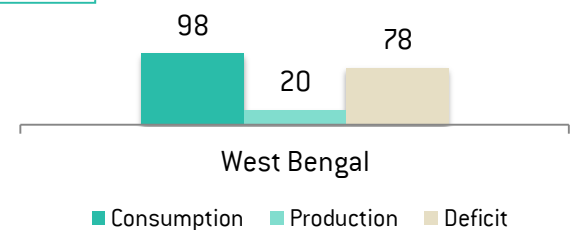
- Large market share in IMIL by offering quality products to the consumer
- Establish sustainable premium brands in IMFL
- High capacity utilisation with focus on technology and efficiency at old and new facilities
- Portfolio of high value by- products

EXPANSION INTO EAST – BIHAR & WEST BENGAL



- 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



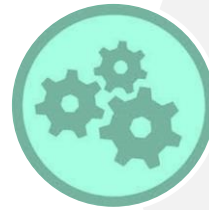
Popular dark spirits' brand Positioned as refreshing and juicy as Orange

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

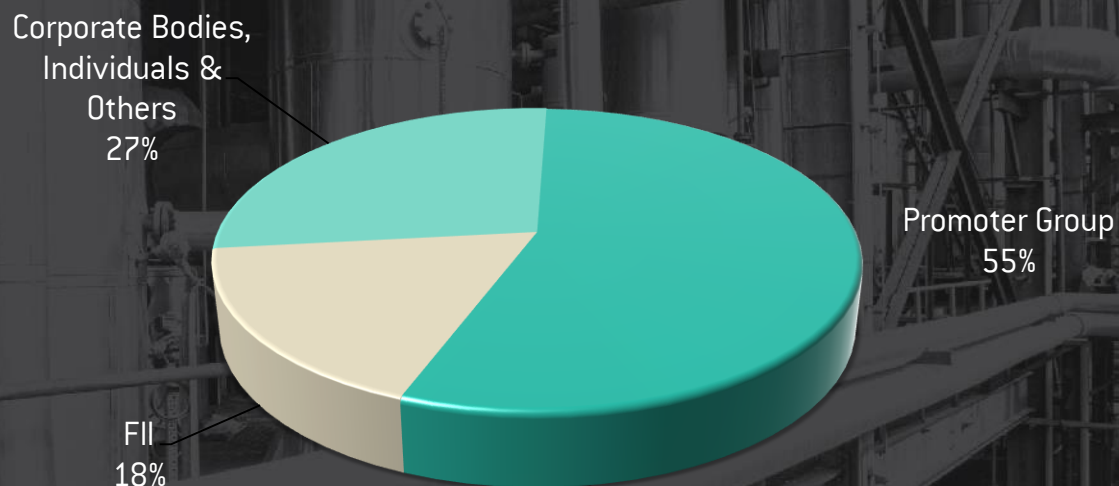
- Leadership in key states of Rajasthan, Delhi and Haryana
- Achieved sterling success in IMIL branding with Nimboo
- 4 IMIL brands



Healthy Balance Sheet

- Funding for greenfield expansion at Bihar secured via equity
- D/E of 0.59x
- Cash efficient operations

SHAREHOLDING PATTERN



As on December 31, 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 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 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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