



Globus Spirits

GLOBUS SPIRITS LIMITED

Q4 & FY18

Earnings Presentation

21 May 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%
- **4th largest** IMIL company in Haryana with 10% market share

HEALTHY BALANCE SHEET – Debt-to-Equity Ratio of **0.64x** in Q4 FY18

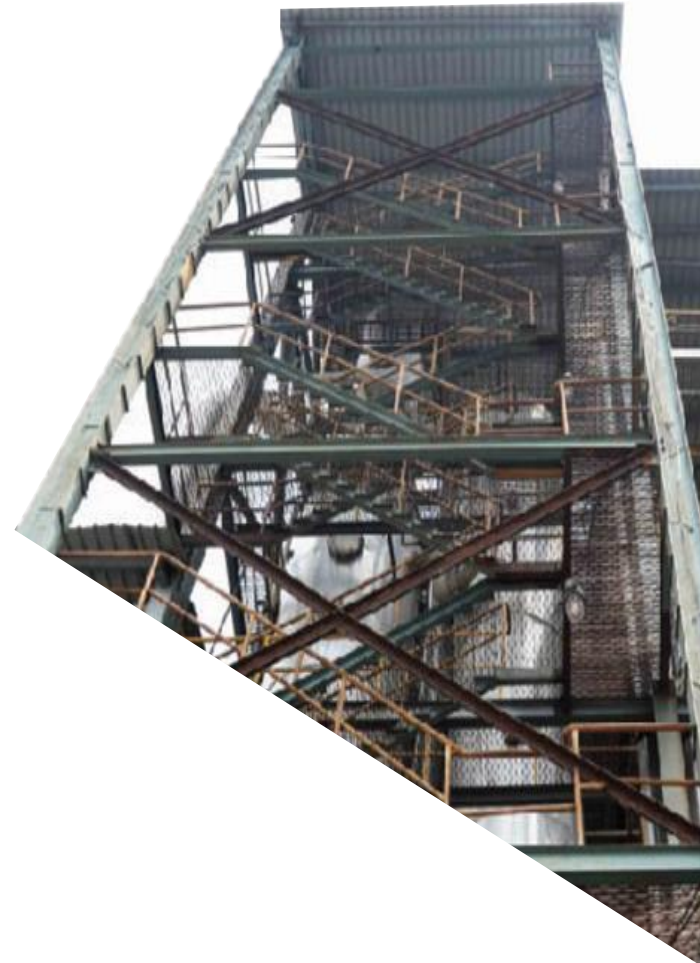
AGENDA

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Q4 FY18 – KEY DEVELOPMENTS

- **Good traction being seen for Laffaire brandy launched in Dec'17 by Unibev, company's wholly owned subsidiary in premium segment**
 - Repeat purchases combined with strong appreciation from customer and channel
 - Both blend and packaging received commendable response
- **Bihar Government permits manufacturing of ENA within the state of Bihar**
 - Pursuant to order passed by the High Court vide its order dated March 8, 2018 and May 03, 2017, the Registration, Excise and Prohibition Department, Government of Bihar, Patna vide their notification through Official Gazette dated 16th March 2018, has laid down certain conditions for issuance of distillery license to the company and allowed manufacture of ENA within the state of Bihar and to be sold / exported outside the state of Bihar in accordance with provision of law
 - The Company is confident of recommencing the operations in current financial year [FY 18-19]



Q4 FY18 – PERFORMANCE HIGHLIGHTS

- **Delivered topline growth of ~9% during the quarter driven by steady performance across all products**
 - Gross Revenues (including other income) stood at Rs. 4,766.8 mn in Q4 FY18, higher by 70% Y-o-Y
 - Total Income (net of excise duty) stood at Rs. 2,293.4 mn in Q4 FY18, higher by 9% Y-o-Y
 - EBITDA came in at Rs. 186.4 mn in Q4 FY18
 - PBT stood at Rs. 28.1 mn and Net Profit stood at Rs. 13.7 mn
- **Healthy performance delivered in IMIL and Franchise Bottling**
 - IMIL revenues grew by 11% y-o-y to Rs. 928.9 mn largely led by healthy 18% increase in IMIL sales volumes in Rajasthan;
 - Franchise bottling volumes grew by 34% y-o-y to reach 1.04 mn cases

Q4 FY18: PROFIT & LOSS STATEMENT

Particulars (In Rs MN)	Standalone					
	Q4 FY18	Q4 FY17	YoY (%)	FY18	FY17	YoY (%)
Gross Revenues	4,241.6	2,806.4	51%	16,310.8	11,082.1	47%
Less- Excise duty	1,948.2	725.1	169%	6,620.6	3,339.6	98%
Net Revenues from Operations	2,293.4	2,081.2	10%	9,690.2	7,742.4	25%
Other Income	9.9	15.5	-36%	54.8	47.6	15%
Total Income	2,303.3	2,096.7	10%	9,745.0	7,790.1	25%
Total Expenditure	2,116.9	1,991.5	6%	8,996.3	7,186.4	25%
Consumption of Material	1,247.9	1,247.6	0%	5,643.4	4,677.3	21%
Employee Cost	57.3	55.4	3%	228.0	169.2	35%
Other Expenditure	811.8	688.4	18%	3,124.9	2,339.8	34%
EBITDA	186.4	105.2	77%	748.7	603.7	24%
Depreciation & Amortisation	91.5	84.1	9%	361.9	268.7	35%
EBIT	94.9	21.1	349%	386.8	335.0	15%
Finance Charges	66.7	74.6	-10%	271.4	175.2	55%
PBT	28.1	(53.4)	NA	115.4	159.8	-28%
Tax Expense (Current, Deferred Tax)	14.4	(76.9)	NA	45.2	(1.7)	NA
MAT Credit	-	-	-	-	-	-
PAT (From ordinary activities)	13.7	23.5	-42%	70.2	161.4	-56%

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

Q4 FY18: KEY RATIOS

Key Ratios as a % of Total Revenue	Standalone				
	Q4 FY18	Q4 FY17	Q3 FY18	FY18	FY17
EBITDA	8.1%	5.0%	6.8%	7.7%	7.7%
PAT	0.6%	1.1%	0.5%	0.7%	2.1%
Total Expenditure	91.9%	95.0%	93.2%	92.3%	92.3%
Raw material	54.2%	59.5%	58.0%	57.9%	60.0%
Employee Cost	2.5%	2.6%	2.3%	2.3%	2.2%
Other Expenditure	35.2%	32.8%	32.9%	32.1%	30.0%
Interest	2.9%	3.6%	2.5%	2.8%	2.2%
Depreciation	4.0%	4.0%	3.5%	3.7%	3.4%
Other Income	0.4%	0.7%	0.3%	0.6%	0.6%

Q4 FY18: BALANCE SHEET

Particulars (In Rs MN)	31 st Mar 2018	31 st Mar 2017
Liabilities		
Shareholders' Fund	3,793.7	3,723.0
Non-Current Liabilities	1,737.7	2,025.2
Long term borrowings	1,434.9	1,750.4
Deferred tax liabilities (Net)	258.7	238.8
Long-term provisions	17.0	14.2
Other Non-current liabilities	285.8	260.6
Current Liabilities	2,336.3	2,239.3
Short Term borrowings	785.7	740.0
Trade payables	962.0	1,034.2
Other current liabilities	573.8	452.6
Short-term provisions	14.8	12.5
Total Liabilities	7,867.6	7,987.5

Particulars (In Rs MN)	31 st Dec 2017	31 st Mar 2017
Assets		
Net fixed assets	6,090.1	6,320.8
Non-current investment	49.5	49.5
Other non-current assets	153.6	137.3
Financial/ Income Tax assets	289.4	339.1
Current Assets	1,521.5	1,414.3
Current Investments	-	-
Inventories	730.2	678.3
Trade Receivables	483.5	352.9
Cash and Equivalents	23.5	23.1
Short-terms loans and advance	10.3	10.1
Other Current Assets	87.0	125.8
Total Assets	7,867.6	7,987.5

Q4 FY18 YoY – PERFORMANCE OVERVIEW

- **Total Income (net of excise duty) stood at Rs. 2,303 mn in Q4 FY18, higher by 10% Y-o-Y driven by IMIL and Franchisee Volumes**

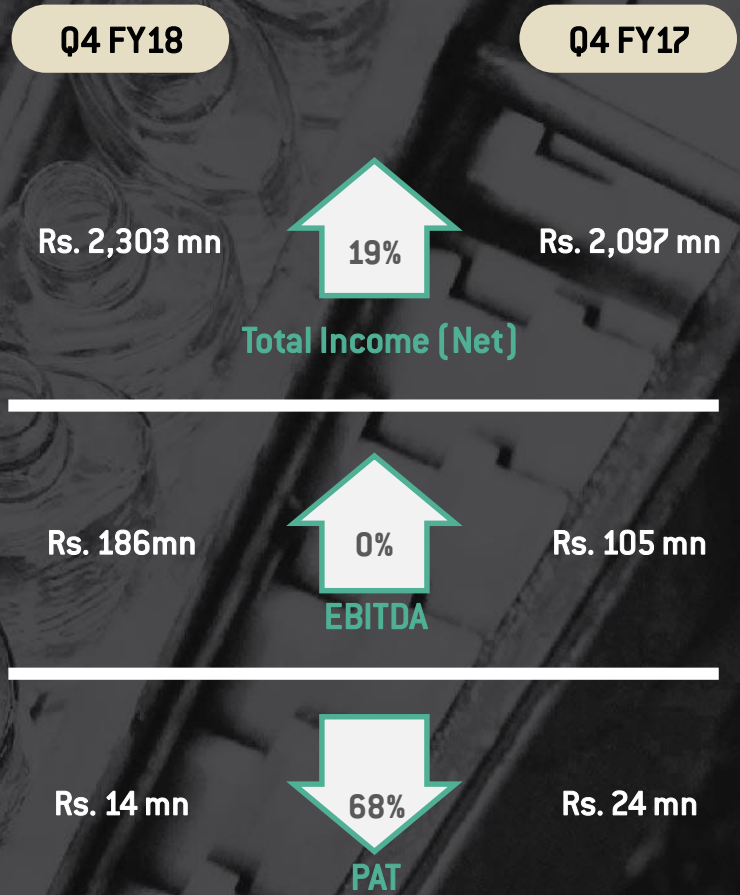
- IMIL volumes increased by 16% as a result of robust 18% volume growth in Rajasthan
- Franchisee volumes grew 34% to reach 1.04 mn cases

- **EBITDA for the quarter stood at Rs. 186 mn, 77% growth**

- Changing product mix in favour of consumer revenues, low base effect partially offset by lower volumes in Haryana, high fuel costs

- **PAT came in at Rs. 13.7 mn compared to Rs. 24 mn in Q4 FY17,**

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



Q4 FY18 YOY – ADJUSTED FINANCIALS

Particulars	Q4 FY18	Q4 FY17	Growth (%)
Net Revenue	2,293	2,107	8.83%
Revenue of bottling customers in Rajasthan & West Bengal	327	272	20.22%
Adjusted Revenue	1,966	1,835	7.14%
EBITDA	186	105	77.14%
EBITDA Margin	8.1%	5.0%	313 bps
Adjusted EBITDA	186	105	77.14%
Adjusted EBITDA Margin	7.83%	9.28%	374 bps

Note:

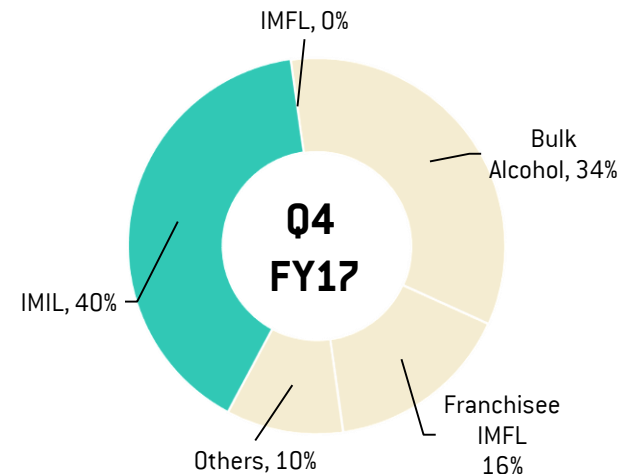
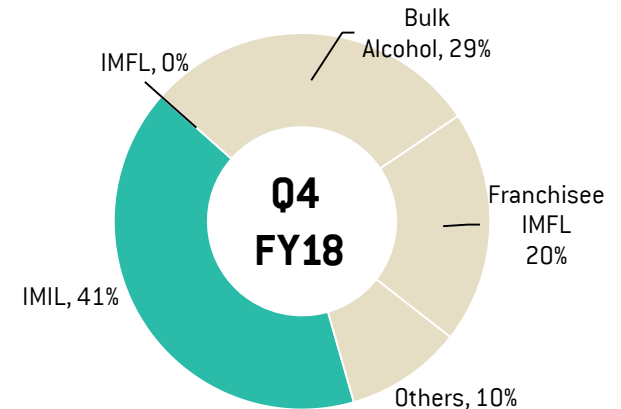
Excise laws in certain states mandate that a brand must be sold directly by the bottler, so the entire billing in such cases is done by GSL however the funding is essentially incurred by the brand owner [s].

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

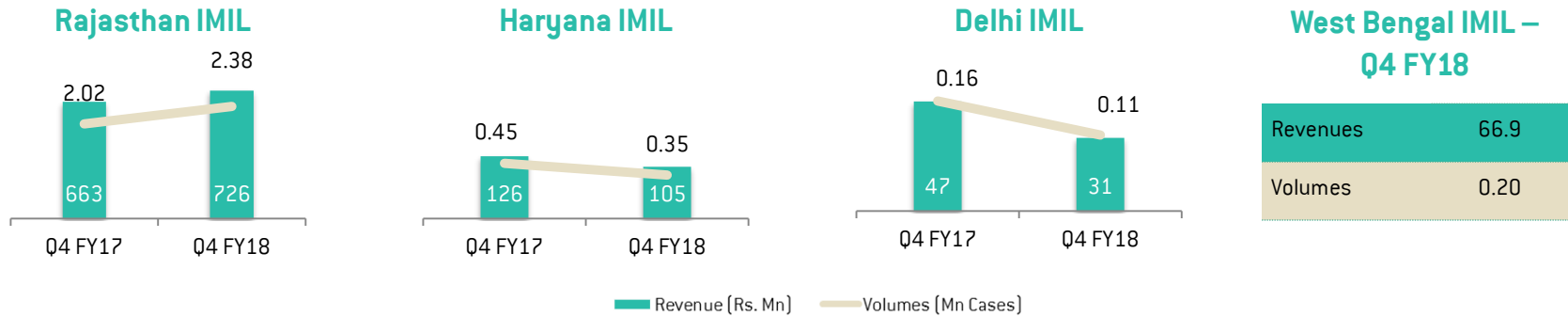
SEGMENTAL PERFORMANCE

- Revenues from manufacturing business stood at Rs. 1,364.5 mn in Q4 FY18, higher by 8% Y-o-Y
 - Despite 34% growth in franchisee volumes and 20% growth in br-product revenues, growth was overall subdued due to lower bulk alcohol production (affected by maintenance shutdown in Samalkha)
 - Share of manufacturing business stood at 59% in Q4 FY18 due to contribution from the new West Bengal facility
- Share of consumer business stood at 41% in Q3 FY18 against 40% in the same period last year
 - Consumer Business reported a growth of 11% during the quarter driven by healthy IMIL volumes in Rajasthan

Breakup of Revenue from Operations (Net)

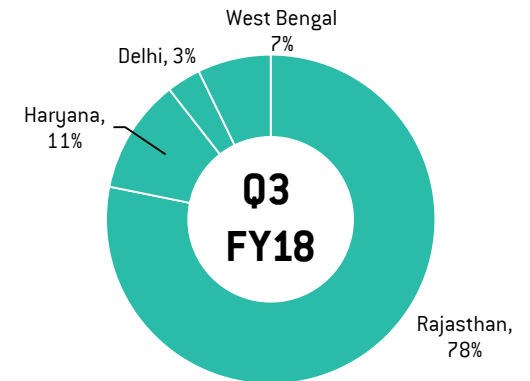


IMIL – STRONG GROWTH IN RAJASTHAN



- Aggregate IMIL revenues stood at Rs. 928.9 mn, up by 11% 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

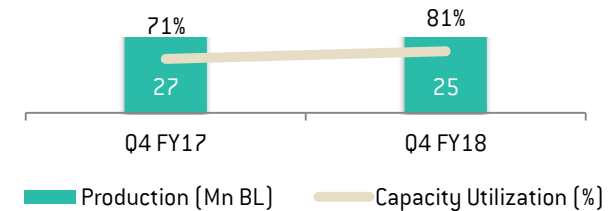
Q4 FY18 IMIL Split by Volume (Total 3.04 mn cases)



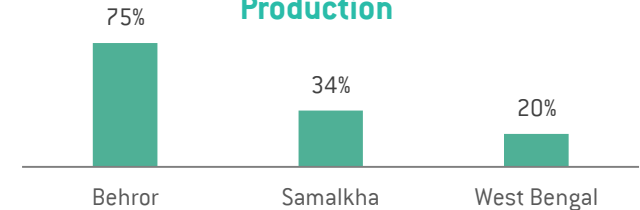
MANUFACTURING: BACKBONE TO CONSUMER BUSINESS

- Capacity utilization stood at 81% in Q4 FY18
 - This includes production commenced at the new West Bengal facility
 - In Q4FY17, Bihar capacity was considered as operating capacity, in Q4 FY18, this has been included when computing capacity utilization
- Bulk Alcohol revenues de-grew by 4% Y-o-Y due to maintenance shutdown undertaken at Samalkha (Haryana) plant
- Captive consumption at ~46%, with significant scope for conversion from bulk to IMIL / franchisee in Samalkha and West Bengal
- Franchise Bottling volumes stood at 1.04 mn cases vs. 0.78 mn cases in Q4 FY17 driven by strong volume growth in West Bengal

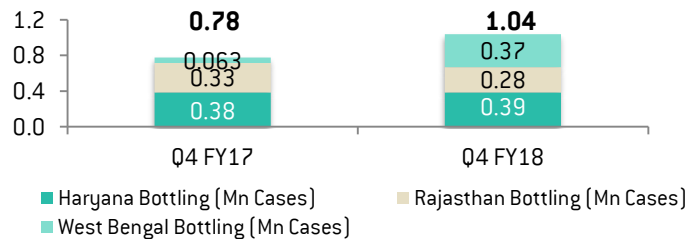
Production & Capacity Utilization



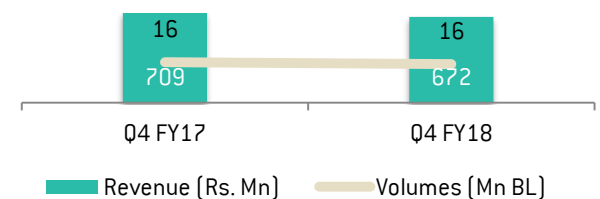
Captive Consumption as % of Production



Franchise Bottling



Bulk Alcohol*



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GLOBUS 360° ALCOBEV PLAYER

- No. 1 private player in Rajasthan IMIL with 32% market share
 - 9.7 mn cases sold in FY18, up 21% YoY
- No. 4 private player in Haryana with 10% market share
 - 2.2 mn cases 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 360° 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

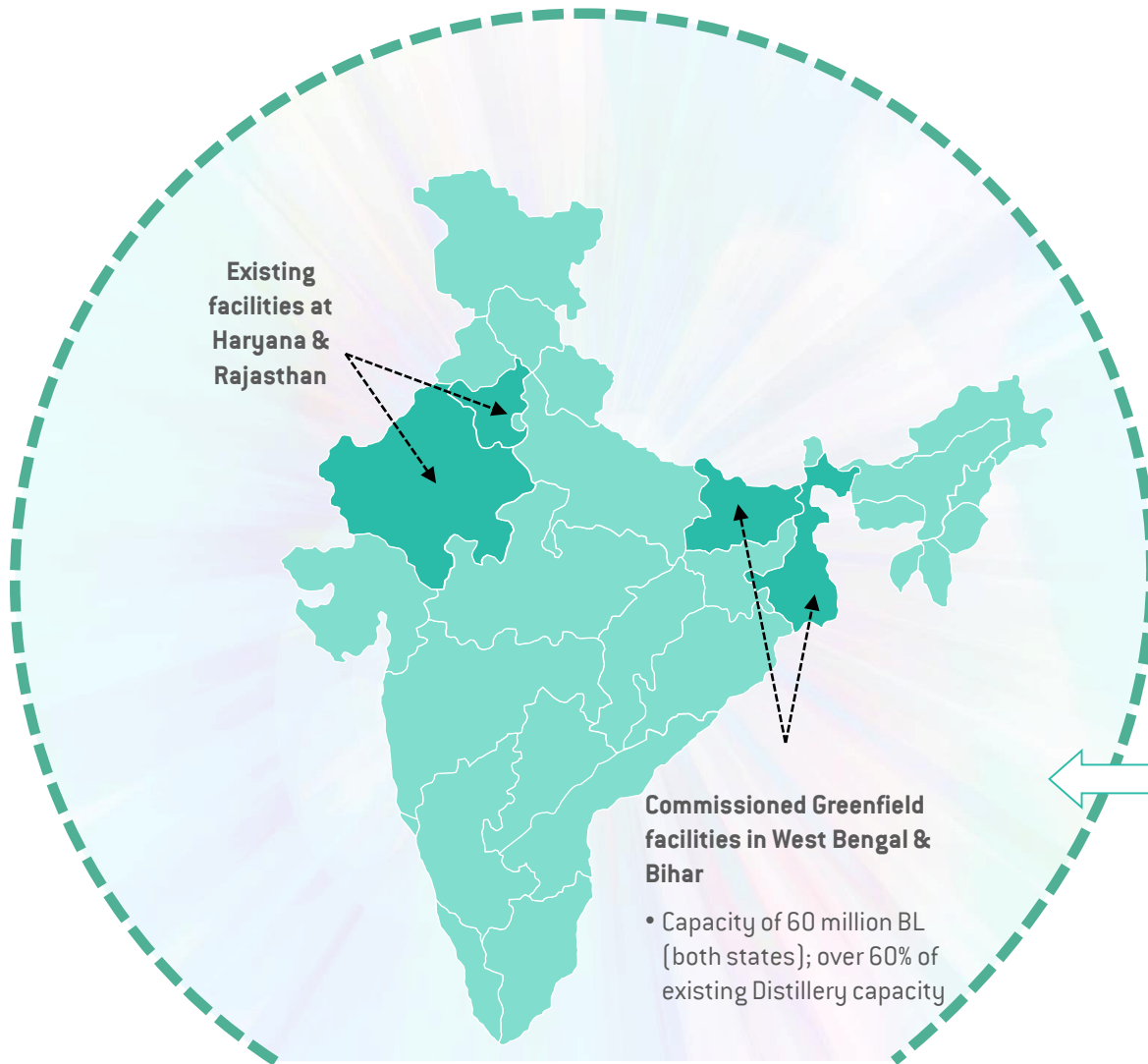
- Focus on penetrating IMIL in West Bengal
- Launch premium brands of value
- Focus on DDGS, a co-product in the alcohol manufacturing process, in the Indian market

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

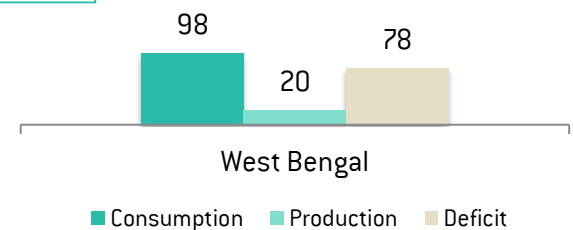


EXPANSION INTO EAST – BIHAR & WEST BENGAL



- 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



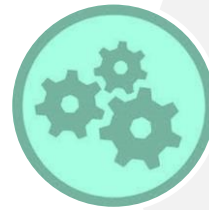
Popular dark spirits' brand Positioned as refreshing and juicy as Orange

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

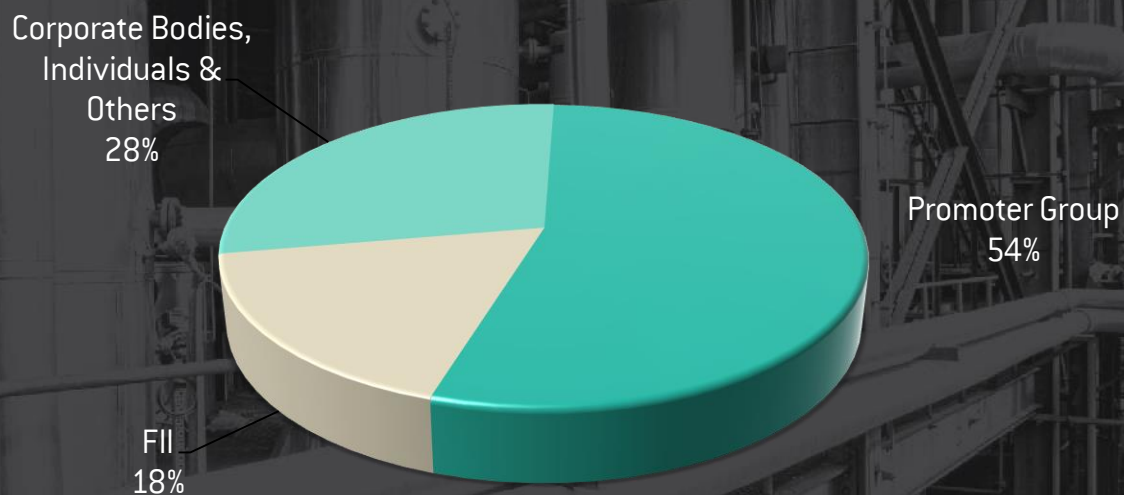
- Leadership in key states of Rajasthan, Delhi and Haryana
- Achieved sterling success in IMIL branding with Nimboo
- 4 IMIL brands



Healthy Balance Sheet

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

SHAREHOLDING PATTERN



As on March 31, 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: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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