



Globus Spirits

GLOBUS SPIRITS LIMITED

Q2 FY16

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

- Q2 & H1 FY16 Performance

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- Financial Performance.....5

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- Company Overview.....12
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Q2 FY16 – ROBUST IMIL GROWTH DRIVES PERFORMANCE

Strong operating performance driven by IMIL growth and DDGS (value added by-product)

- Standalone revenue from operations up 19% YoY to Rs 1,618mn in Q2 FY16 driven by robust growth in IMIL and DDGS
- EBITDA up 17% YoY to Rs 133mn in Q2 FY16
- PBT up 10% YoY to Rs 14mn in Q2 FY16
- Net Profit up 2% YoY to Rs 13mn in Q2 FY16

Consumer business leading growth, up 50% YoY

- Q2 FY16 IMIL revenues up 54% YoY with volumes reaching 2.9mn cases driven by robust performance in Rajasthan & Delhi, revival in Haryana and launch in Bihar in Jan-15
- By-products recorded strong growth of 46% YoY driven by DDGS; however franchisee IMFL revenues down 22% due to lower volume offtake in Rajasthan

East India expansion progressing well – expected to be commissioned during FY16-17

Q2 FY16 YOY – STRONG REVENUE GROWTH

Figures in Rs Million, Standalone Financials

	Revenue from Operations	EBITDA	PAT
Q2 FY16	1,618 ↑ 19%	133 ↑ 17%	13 ↑ 2%
Q2 FY15	1,365	114	12

- Revenue from operations (Net) up 19% YoY to Rs 1,618mn in Q2 FY16 driven by robust growth in IMIL and Others (by-products) segment
 - IMIL volumes up 55% YoY driven by growth in all IMIL markets and Bihar launch; Others segment witnessed 46% growth driven by value added product, DDGS
- EBITDA for the quarter up 17% at Rs 133mn with EBITDA margin at 8.2%
 - Employee costs increased 21% YoY to Rs 41mn in Q2 FY16 compared with Rs 34mn in Q2 FY15
- PAT at Rs 13mn, up 2% YoY compared with Rs 12mn in Q2 FY15
 - MAT credit of Rs 2mn in Q2 FY15 not available in Q2 FY16

H1 FY16 YOY – SIGNIFICANT INCREASE IN PAT

Figures in Rs Million, Standalone Financials

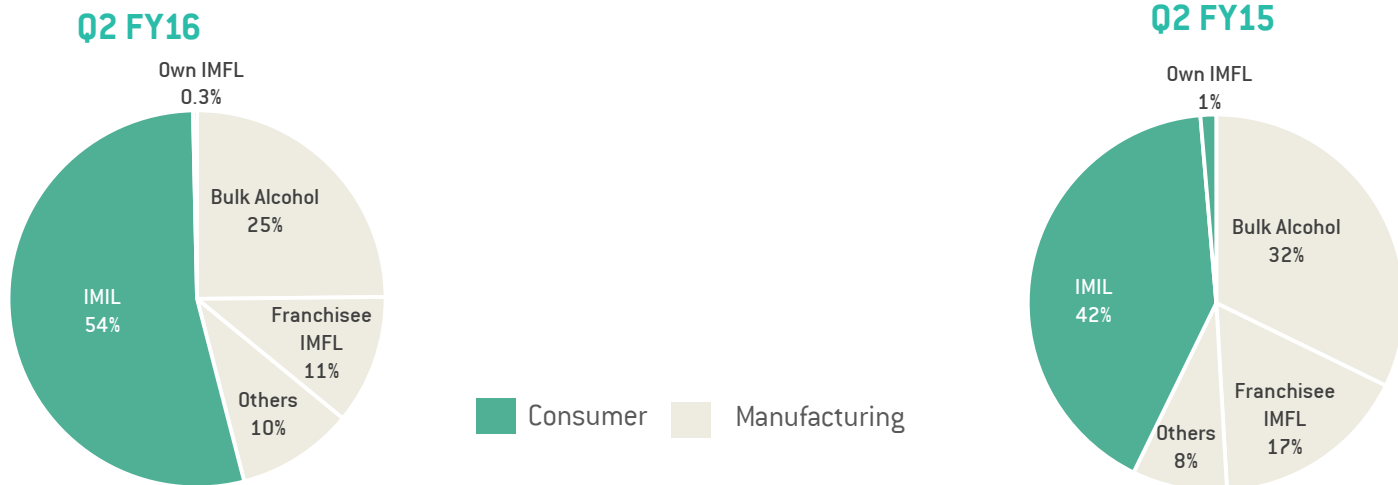
	Revenue from Operations	EBITDA	PAT
H1 FY16	3,196	292	47
	↑ 15%	↑ 23%	↑ 40%
H1 FY15	2,775	238	34

- Revenue from operations (Net) up 15% YoY to Rs 3,196mn in H1 FY16 driven by robust growth in IMIL and Others (by-products) segment
 - IMIL volumes driven by growth in all IMIL markets and Bihar launch; Others segment growth driven by value added product, DDGS
- EBITDA for H1 FY16 up 23% at Rs 292mn with EBITDA margin at 9.1% (vs 8.6% in H1 FY15)
 - Raw materials as a percentage of sales decreased to 58% in H1 FY16 compared with 62% in H1 FY15, partially offset by other expenses which increased to 30% as a percentage of sales in H1 FY16 compared with 27% in H1 FY15
- PAT at Rs 47mn, up 40% YoY compared with Rs 34mn in H1 FY15
 - MAT credit of Rs 7mn in H1 FY15 not available in H2 FY16

ROBUST IMIL PERFORMANCE DRIVING CONSUMER BUSINESS

Figures in Rs Million, Standalone Financials

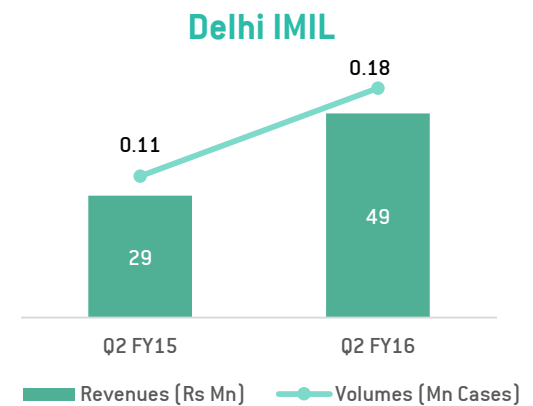
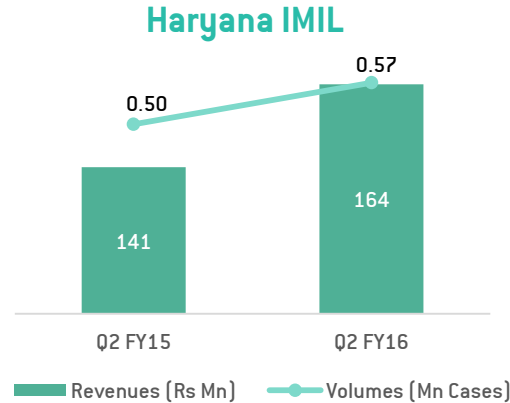
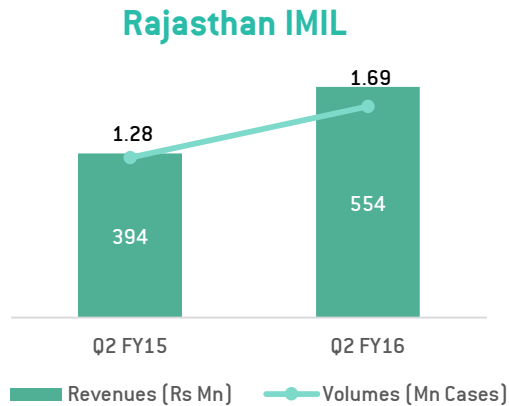
Breakup of Revenue from Operations



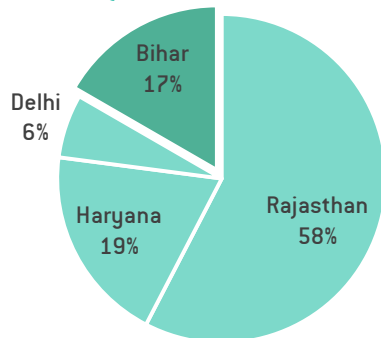
- Share of consumer business increased from 43% in Q2 FY15 to 54% in Q2 FY16 driven by strong performance of the IMIL business
- IMIL revenues increased by 54% YoY to reach Rs 869mn due to sustained double-digit revenue growth in Rajasthan IMIL (40%), robust growth in Delhi (68%), revival in Haryana (16%) and Bihar launch
- Revenues from manufacturing decreased 5% YoY to Rs 744mn in Q2 FY16 primarily due to low take-off in Rajasthan franchisee volumes (down 30% YoY) partially offset by strong revenue growth in by-products (46%)

IMIL DRIVEN BY STRONG TRACTION IN RAJASTHAN & DELHI, HARYANA REVIVAL AND BIHAR LAUNCH

Figures in Rs Million, Standalone Financials



Q2 FY16 IMIL Split by Volume (Total 2.9mn cases)

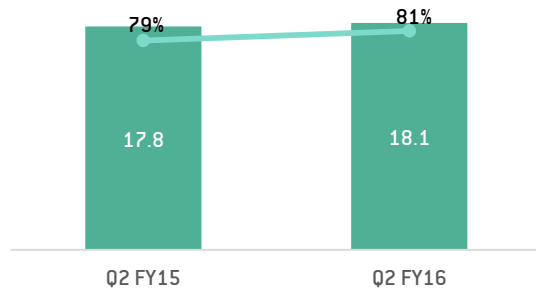


- Aggregate IMIL revenues up 54% YoY, driven by 40% increase in Rajasthan IMIL revenues, 68% in Delhi, 16% in Haryana and entry into Bihar IMIL
- Launched in Jan 2015, Bihar sold 0.5mn cases in Q2 FY16 accounting for 17% of total 2.9 mn IMIL cases in Q2 FY16
- Haryana market witnessed a 16% growth in revenues driven by 13% increase in volumes and 3% growth in realizations

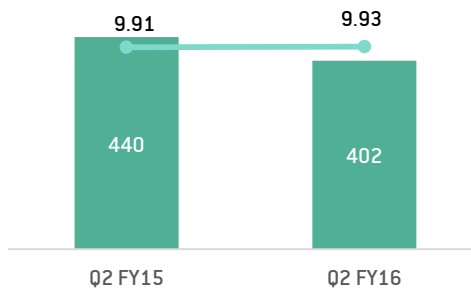
MANUFACTURING: BACKBONE TO CONSUMER; DRIVEN BY VALUE ADDED DDGS

Figures in Rs Million, Standalone Financials

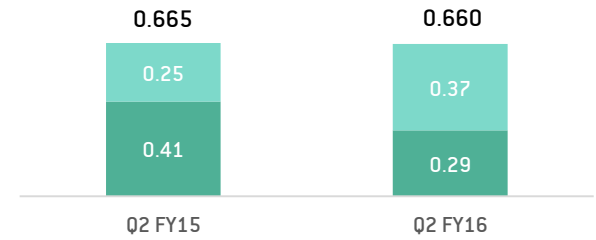
Production & Capacity Utilization



Bulk Alcohol*



Franchise Bottling



■ Production (Mn BL)
 —●— Capacity Utilization (%)
 ■ Revenues (Rs Mn)
 —●— Volumes (Mn BL)
 ■ Haryana Bottling (Mn cases)
 ■ Rajasthan Bottling (Mn cases)

- Capacity utilization marginally up from 79% in Q2 FY15 to 81% in Q2 FY16 resulting in production of ~18mn BL in Q2 FY16
- Bulk revenues decreased 9% YoY due to lower realization in bulk alcohol sales
- Others segment grew 46% in the quarter driven by value added DDGS with dryers being operational at both the plants
- Bottling volumes decreased 1% YoY; while Haryana volumes witnessed strong 47% YoY growth in the quarter, Rajasthan volumes were down 30% YoY due to lower take-off as a result of some transitory challenges faced by franchise customers in the state

*Excluding bulk sales to franchisee customers in Rajasthan

Q2 FY16 QoQ – MARGINAL REVENUE GROWTH

Figures in Rs Million, Standalone Financials



- Revenue from operations (Net) up 3% QoQ to Rs 1,618mn in Q2 FY16 driven by growth in bulk alcohol, IMIL and Others (by-products) segment
 - Higher capacity utilization - bulk production up 12% QoQ to reach ~18mn BL compared with ~16mn BL in Q1 FY16
 - IMIL revenues up 3% QoQ; Others segment witnessed 8% growth QoQ
- EBITDA for the quarter at Rs 133mn vs Rs 158 mn in Q1 FY16; EBITDA margin at 8.2% (vs 10.0% in Q1 FY16)
 - Primarily impacted by 13% increase in other expenses to Rs 513mn in Q2 FY16 compared with Rs 432mn in Q1 FY16 driven by increases in franchisee surplus
- PBT at Rs 14mn compared with Rs 46mn in Q1 FY16
- PAT at Rs 13mn compared with Rs 35mn in Q1 FY16
 - Impacted by lower EBITDA and increase in finance charges

AGENDA

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GLOBUS: LEADERSHIP IN IMIL WITH BIHAR LAUNCH

1

No. 1 private player in Rajasthan IMIL with 25% market share

- 5.6 mn cases in sold in FY15, up 20% YoY

2

No. 2 private player in Haryana with 10% market share

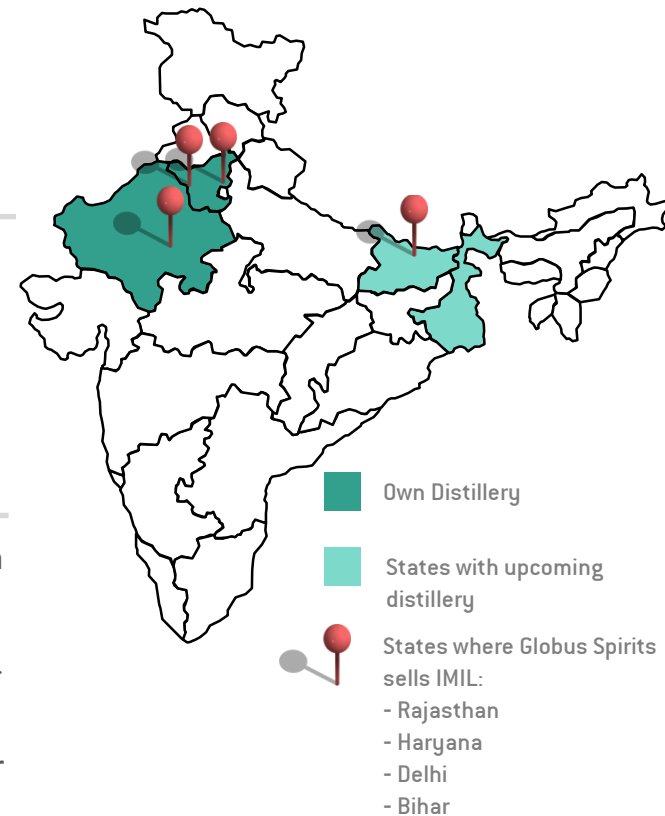
- 2.3 mn cases in sold in FY15

Enters Bihar IMIL through a tie-up in Jan-15

Distillery to be set up in Bihar and WB market in FY17

3

- Bihar, launched in Jan 2015 through a tie-up, sold 0.5 mn cases in Q2 FY16, accounting for 17% of Q2 FY16 IMIL volumes
- Bihar and WB distillery expected to be operational during FY16-17. Combined capacity of ~60 mn+ BL
- Exclusive marketing rights in Patna municipality (as per 5-year tender), the biggest district market in Bihar - ~2.5 mn cases p.a.



LEVERAGING A **STRONG 360°** BUSINESS MODEL



GLOBUS PLANS

PRESENT

- Established 360⁰ model in North India (Haryana & Rajasthan)
- Amongst the 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

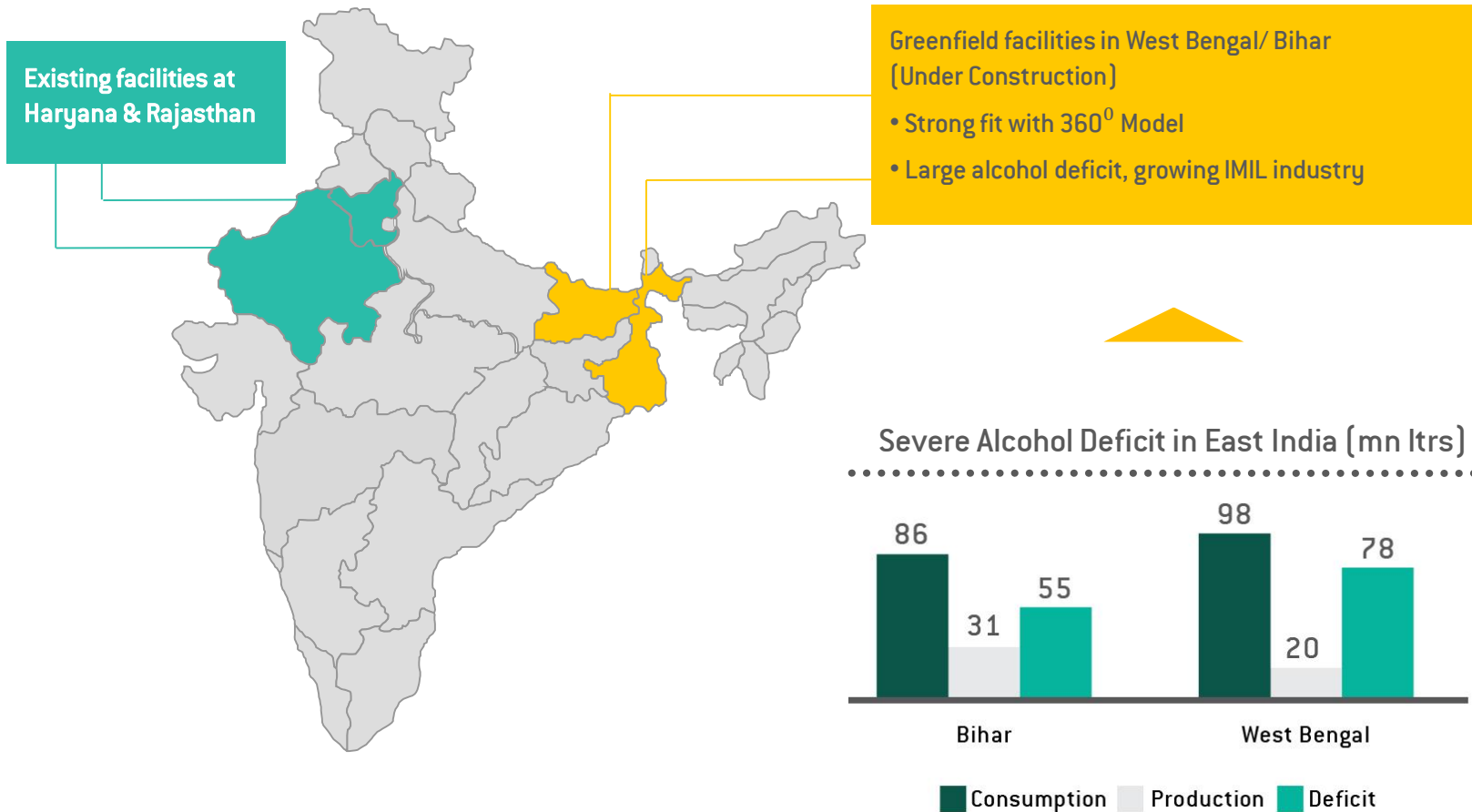
NEAR TERM STRATEGY

- **Enter fast growing liquor markets of West Bengal & Bihar with complete 360⁰ offering**
- **Launch premium brands of value**
- **Focus on DDGS, a value-added byproduct, 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



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 with assured captive off-take
- De-risked growth
- High quality maintained with control on entire value chain

Strong Consumer Portfolio

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

Efficient Operations

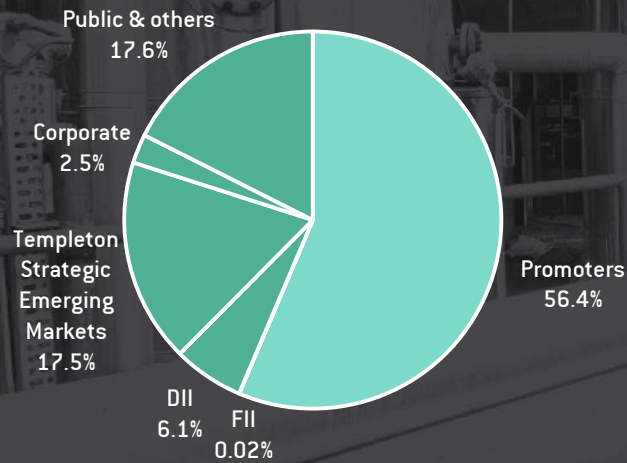
- State-of-the-art plants across three locations using latest distillation technology, zero discharge and highest grain-recovery in industry
- Supplying to premium brands
- Leadership - mix of experience and young talent

Healthy Balance Sheet

- Funding for greenfield expansion at Bihar secured via equity
- D/E of 0.4x
- Cash efficient operations

SHAREHOLDING PATTERN

As on September 30, 2015
 Outstanding shares – 28.8 mn



Major Non-Promoter Shareholders	% shareholding
Templeton Strategic Emerging Markets Fund IV, LDC	17.49%
SBI Emerging Business Fund	6.00%

Q2 FY16: PROFIT & LOSS STATEMENT

Particulars (In Rs Mn)	Standalone							
	Q2 FY16	Q2 FY15	YoY (%)	Q1 FY16	QoQ (%)	H1 FY16	H1 FY15	YoY (%)
Gross Sales	2,160	2,060	5%	2,339	-8%	4,499	4,234	6%
Less- Excise duty & Discounts	548	695	-21%	762	-28%	1,310	1,461	-10%
Net Sales	1,612	1,364	18%	1,577	2%	3,189	2,772	15%
Other Operating Income	7	1	NM	0	NM	7	2	221%
Revenue from Operations	1,618	1,365	19%	1,578	3%	3,196	2,775	15%
Total Expenditure	1,485	1,251	19%	1,419	5%	2,904	2,537	14%
Consumption of Raw Material	931	785	19%	924	1%	1,855	1,727	7%
Employee Cost	41	34	21%	39	4%	80	64	25%
Other Expenditure	513	432	19%	456	13%	969	746	30%
EBITDA	133	114	17%	158	-16%	292	238	23%
Depreciation & Amortisation	84	65	29%	86	-2%	170	140	22%
EBIT	49	49	0%	73	-32%	122	98	24%
Finance Charges	47	41	15%	35	33%	82	76	8%
Other Income	11	4	183%	8	32%	20	12	69%
PBT before exceptional items	14	12	10%	46	-70%	60	34	76%
Exceptional items*	-	-	NA	-	NA	-	-	NM
PBT	14	12	10%	46	-70%	60	34	76%
Tax Expense (Current, Deferred Tax)	1	2	-59%	11	-91%	12	7	82%
MAT Credit	-	{2}	NM	-	NM	-	{7}	NM
PAT (From ordinary activities)	13	12	2%	35	-64%	47	34	40%
Extraordinary Items	-	-	NA	-	NA	-	-	NA
PAT	13	12	2%	35	-64%	47	34	40%

Q2 FY16: KEY RATIOS

Key Ratios as a % of Total Revenue	Standalone				
	Q2 FY16	Q2 FY15	Q1 FY16	H1 FY16	H1 FY15
EBITDA	8.2%	8.4%	10.0%	9.1%	8.6%
PAT	0.8%	0.9%	2.2%	1.5%	1.2%
Total Expenditure	91.8%	91.6%	90.0%	90.9%	91.4%
Raw material	57.5%	57.5%	58.6%	58.0%	62.2%
Employee Cost	2.52%	2.47%	2.5%	2.5%	2.3%
Other Expenditure	31.7%	31.64%	28.9%	30.3%	26.9%
Intt	2.9%	3.0%	2.2%	2.6%	2.7%
Depn	5.2%	4.8%	5.4%	5.3%	5.0%
Other Income	0.7%	0.3%	0.5%	0.6%	0.4%

Q2 FY16: BALANCE SHEET

Particulars (in Rs Mn)	30-Sep-15	31-Mar-15
<u>Liabilities</u>		
Shareholders' funds	3557	3551
Non-Current Liabilities		
Long term borrowings	784	500
Deferred tax liabilities (Net)	450	468
Other long term liabilities/ provisions	13	12
Current Liabilities		
Short term borrowings	804	730
Trade payables	747	781
Other current liabilities	445	405
Total Liabilities	6,801	6,446
<u>Assets</u>		
Net fixed assets	4912	4917
Other non-current assets	1	1
Long-term loans and advances	528	444
Other non-current assets	2	2
Current Assets		
Current investments	1	1
Inventories	473	501
Trade receivables	531	382
Cash & equivalents	197	64
Short-terms loans and advances/other current assets	155	136
Total Assets	6,801	6,446

ABOUT US

Established in 1992, Globus Spirits 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 or contact:

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