



Globus Spirits Limited

Q1 FY'15
INVESTOR PRESENTATION



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 .



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Q1'FY15 Key Highlights

► Strong integrated 360° model drives growth momentum and profitability

- Revenue from operations up 8% YoY and 17% QoQ to reach Rs 1,410mn in Q1 FY15
- EBITDA and Net Profit margins at 8.8% and 1.5% respectively, up from 6.5% and -5.1% in Q4' FY14

► Manufacturing delivers again with robust growth in exports, franchisee bottling

- Bulk alcohol volumes up 38% QoQ, driven by growth in exports of 146%
- Rajasthan bottling volumes up 40%QoQ with scaled up ABD contract
- Launched DDGS, a value added byproduct, strong potential in animal feed market

► Rajasthan IMIL market shows steady double-digit growth YoY

- Rajasthan IMIL up 12% YoY, driven by combination of volume and realisation growth at 7% and 4% respectively
- Realisation in Delhi IMIL also improved with 4% YoY growth

► Future expansion into faster-growing Eastern India markets on-track

- Completed land acquisition in West Bengal
- Land acquisition in Bihar in progress



Financial comparison - YoY



Q1'FY15 YoY:

Growth picks up momentum, manufacturing delivers again

Figures in Rs Million

	Net Revenues	EBITDA	PAT
Q1'FY15	1,410	124	22
			
Q1'FY14	1,300	198	92

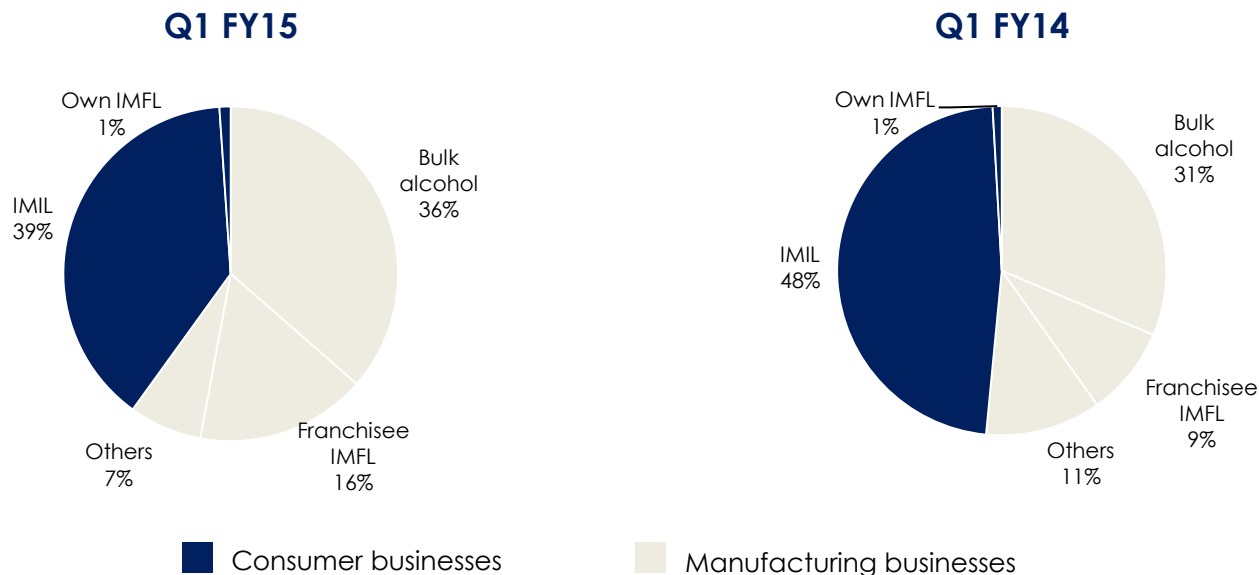
- Revenue from operations (Net) up 8.4% YoY to reach Rs 1,410 mn in Q1'FY15 driven by robust performance of manufacturing business
 - Franchisee bottling volumes up 33% YoY and bulk alcohol exports at 4.9mn BL compared to nil in Q1'FY14
 - Double digit growth in bulk realisations at 12%
- EBITDA for the quarter at Rs 124 mn with EBITDA margin at 8.8%
 - Impacted by increase in grain prices and changed revenue mix - share of manufacturing increased to 60% in Q1FY15 from 52% in Q1FY14
- PAT at Rs 22mn with PAT margin of 1.5%
 - Impacted by accelerated amortization of intangibles (Rs 18mn) and higher interest costs



Share of manufacturing in revenues increases to 60%

Figures in Rs Million

Breakup of Revenue from Operations



- Revenues from manufacturing up 26%YoY at Rs 845mn in Q1'FY15 driven by increase in Rajasthan franchisee bottling volumes and bulk exports
- Consumer business revenues decline 11%YoY to reach Rs 564mn as tough market conditions persist in Haryana; partially offset by steady double-digit revenue growth in Rajasthan IMIL (12%) and IMFL (32%)



Financial comparison - QoQ



Q1'FY15 QoQ:

Strong growth in revenues coupled with turnaround in profitability

Figures in Rs Million

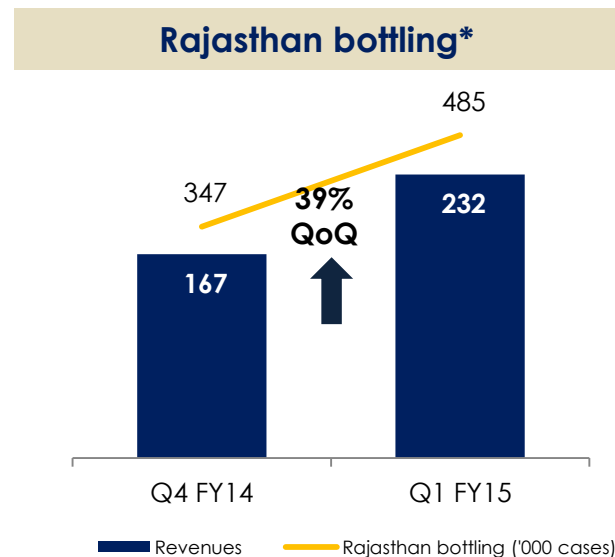
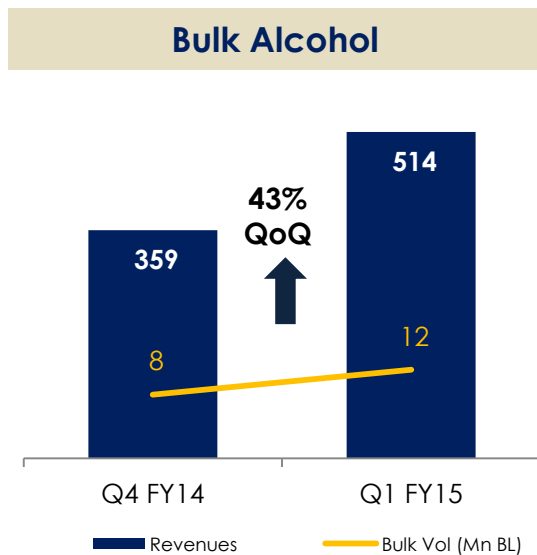
	Net Revenues	EBITDA	PAT
Q1'FY14	1,410	124	22
			
Q4'FY14	1,208	78	(62)

- Revenue from operations (net) up 17% QoQ to reach Rs 1,410mn in Q1'FY14
 - Robust growth in bulk alcohol and Rajasthan franchisee revenues at 43% and 39% respectively
 - Partially offset by decline in Haryana IMIL
- EBITDA for the quarter at Rs 124mn, up by 58% QoQ
 - Improved EBITDA margins driven by decline in other expenses as % of revenue from 28.2% to 22.2%, on account of lower SG&A and changed business mix
- PAT at Rs 22mn , recovered from loss of Rs 62 in Q4 FY14
 - Higher EBITDA margins coupled with lower amortization expenses on intangible assets



Manufacturing business grows aggressively at ~30%

Figures in Rs Million



- Bulk alcohol revenues grew rapidly driven by 154% growth in exports and improved realizations. Focused effort and quality consciousness led to scale-up of contracts with existing customers and addition of new customers
- Scaled up bottling contract with ABD in Rajasthan, resulting in 40% QoQ volume growth and 39% QoQ value growth
- Haryana bottling volumes declined sequentially (30% QoQ) largely due to weaker IMFL industry volumes in Haryana

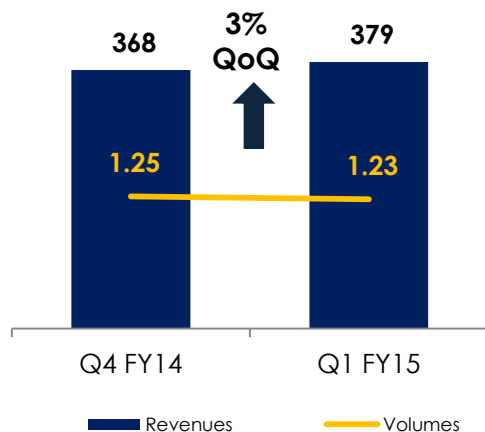
**Note: The revenues from bottling operations are recognized differently in Rajasthan and Haryana as per state's reporting requirements. In Rajasthan the entire amount of bulk alcohol consumed in bottling along with fee is reported in revenues whereas in Haryana the bulk portion used in bottling is clubbed with bulk segment and fee is reported in other operating income*



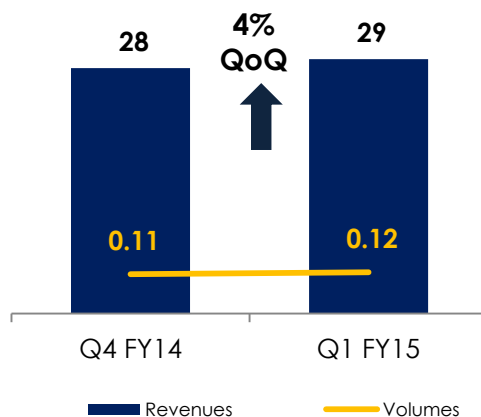
IMIL grows in Rajasthan and Delhi, offset by dip in Haryana

Revenues in Rs Mn, Volume in Mn Cases

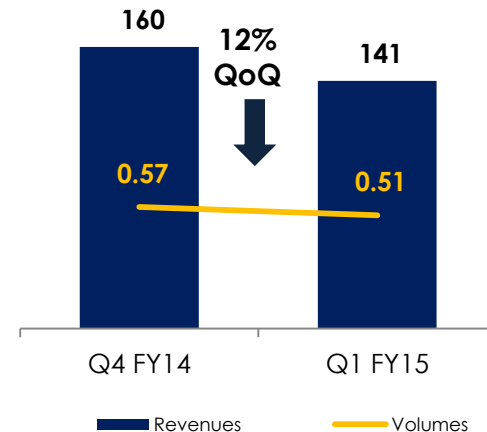
Rajasthan IMIL



Delhi IMIL



Haryana IMIL



- Aggregate IMIL revenues dip by 1% QoQ, driven by 12% decline in Haryana IMIL revenues
- Partly offset by growth in Rajasthan and Delhi IMIL revenues, up by 3% QoQ and 4% QoQ respectively



Management review of results

"We are pleased to report strong revenue growth driven by sustained performance of the manufacturing business. Exports and franchisee business both continued to lead the growth momentum, reducing our dependence on highly competitive domestic bulk alcohol market.

Our focus on quality and investing in long term relationships was rewarded as we not only scaled up business with our institutional customers in domestic and export markets but were also able to enhance realizations.

Though profitability was impacted by difficult market conditions in Haryana IMIL market, we expect higher realizations from value added byproducts coupled with productivity improvements to lead to improved margins. A step in this direction was launch of DDGS from our Samalkha facility in June, which is already showing strong market traction.

I am confident of growth accelerating as our expansion plans in East India take shape. We are progressing well towards this - land in West Bengal has been acquired and we expect to complete land purchase in Bihar shortly. In order to speedup the process, we will be launching IMIL in Bihar through a third-party tie-up in second half of this financial year."

Mr. Ajay Kumar Swarup
Managing Director



Business Overview



Leading Spirits Company in North India

Unique 360° model straddling the entire alcohol value chain

► **Established consumer business in North India**

- Pioneered IMIL branding, leading player in Rajasthan, Haryana and Delhi
- Young IMFL portfolio of 3 mainstream brands

► **Large, efficient manufacturing operations**

- Bottling for India's Top 3 IMFL companies
- Amongst the largest and most efficient grain-based distillery operations in India with ~90 mn bulk litres operating capacity in North India

► **Sustained performance despite a challenging environment in FY14**

- 19% CAGR (FY10-14) in revenues; D/E of 0.3x
- 20 years of operational excellence, governed by prestigious board of directors



Strategic plan for profitable, accelerated growth

Near Term Strategy

Present

- Established 360° model in North India (Haryana & Rajasthan)
- One of the largest grain based distilleries
- Strong IMIL brands that have acceptance and loyalty
- Bottling operations for India's largest brands of top IMFL players
- Backed by reputed investor, Templeton

- **Enter fast growing liquor markets of West Bengal & Bihar with complete 360° offering**
- **Focus on building profitable IMFL brands in Premium Segment**
- **Launch DDGS, a value-added byproduct, in the Indian market**

Future

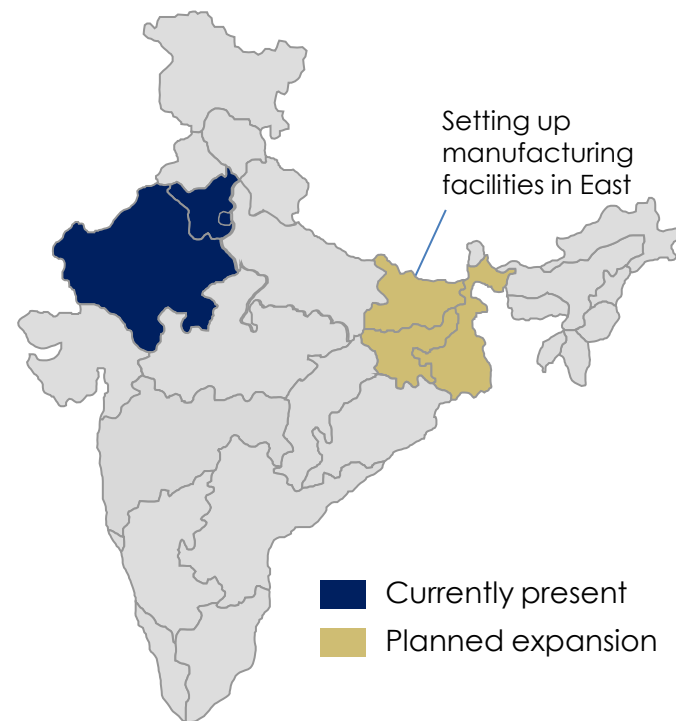
- Large market share in IMIL by offering quality products to the consumer
- Establish sustainable premium brands in IMFL
- High capacity utilisation with focus on technology and efficiency at old and new facilities
- Portfolio of high value by products



Geographical expansion into East India on track

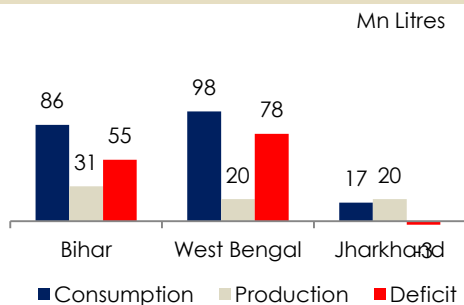
► New markets to usher next growth wave – replicate 360° model in new states

- Land acquired in West Bengal and Jharkhand, process ongoing in Bihar
- IMIL sales to commence in Bihar in H2 FY15 via 3rd party bottler - won exclusive marketing rights in IMIL tender for Patna District in Bihar
- Owns distillery licenses in Bihar, West Bengal and Jharkhand



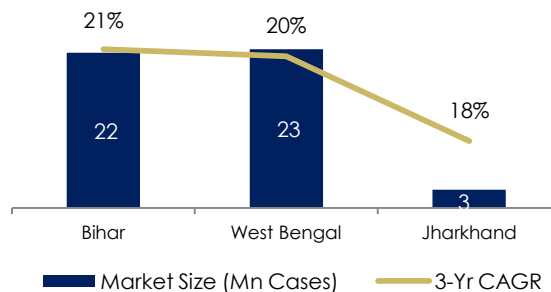
► An exciting market opportunity – high bulk alcohol deficit, fast-growing consumer market

Large Demand-Supply Gap*



*Based on FY13 data, company estimates

IMIL Market**



**Based on latest data available, company estimates



Brand showcase

Nimboo

1st IMIL brand in India positioned as awesome mix of natural lemon flavor with strong yet smooth blend profile



County Club

Whisky product targeted at young professionals



Hannibal Legendary

First GSL brand to get **approved for CSD** Rum market of over 5 mn cases



White Lace

3rd largest selling gin in its category in Rajasthan



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

- 46% share in net revenues
- Leadership in key states of Rajasthan, Delhi and Haryana
- Achieved sterling success in IMIL branding with *Nimboo*
- 4 IMIL brands
- 3 mainstream IMFL brands with one CSD approved brand

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
- Net Fixed Asset turnover ratio at 1.2x
- Leadership - mix of experience and young talent

Healthy balance-sheet

- Funding for greenfield expansion at Bihar secured via equity
- D/E of 0.3x
- Adjusted D/E (for Preference equity) at 0.6x
- Cash efficient operations with WC of – 20 days

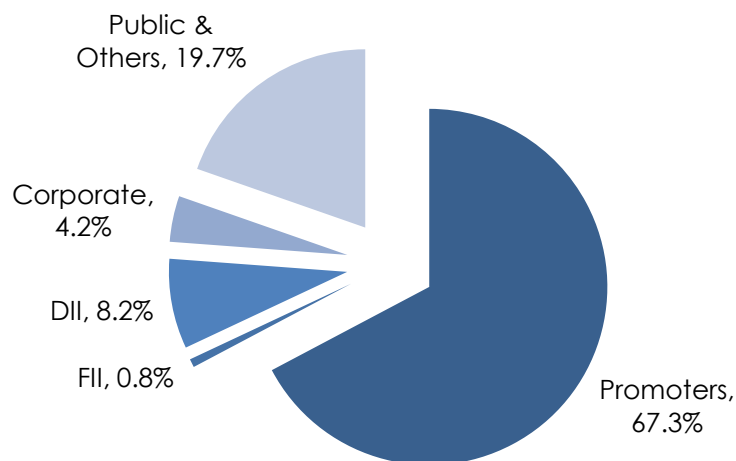


Annexure



Shareholding Pattern

As on 30th June, 2014*
Outstanding shares – 23.0 mn



Major Non-Promoter Shareholders*	% shareholding
SBI Emerging Business Fund	8.00%

Note: *Templeton Strategic Emerging Markets Fund IV holds 5.04mn cumulative compulsorily convertible preference shares (par value of Rs 140 per CCCPS) which will be converted to equity by FY15



Q1 FY15: Profit and loss statement

Particulars (In ₹ Mn)	Q1 FY15	Q1 FY14	YoY (%)	Q4 FY14	QoQ (%)	FY14
Gross Sales	2,174	1,686	29%	1,701	28%	6,574
Less- Excise duty & Discounts	766	395	94%	494	55%	1,655
Net Sales	1,408	1,291	9%	1,207	17%	4,919
Other Operating Income	2	9	-83%	1	150%	46
Net Sales & Other operating income	1,410	1,300	8%	1,208	17%	4,965
Total Expenditure	1,286	1,102	17%	1,130	14%	4,515
Consumption of Raw Material	942	767	23%	756	25%	3,083
Employee Cost	31	27	12%	33	-7%	121
Other Expenditure	314	308	2%	341	-8%	1,311
EBITDA	124	198	-38%	78	58%	450
Depreciation & Amortisation	75	54	38%	110	-32%	285
EBIT	49	144	-66%	(32)	NA	165
Finance Charges	35	18	94%	36	-2%	102
Other Income	8	6	35%	6	35%	29
PBT before exceptional items	22	132	-84%	(62)	NA	92
Exceptional items*	-	-	NA	-	NA	(60)
PBT	22	132	-84%	(62)	NA	33
Tax Expense (Current, Deferred Tax)	4	39	-89%	53	-92%	119
MAT Credit	(4)	-	NA	(52)	NA	(129)
PAT (From ordinary activities)	22	92	-77%	(62)	NA	43
Extraordinary Items	-	-	NA	-	NA	-
PAT	22	92	-77%	(62)	NA	43

Key Ratios as a % of Total Revenue	Q1 FY15	Q1 FY14	Q4 FY14	FY14
EBIDTA	8.8%	15.2%	6.5%	9.1%
PAT	1.5%	7.1%	-5.1%	0.9%
Total Expenditure	91.2%	84.8%	93.5%	90.9%
Raw material	66.8%	59.0%	62.6%	62.1%
Employee Cost	2.2%	2.1%	2.7%	2.4%
Other Expenditure	22.2%	23.7%	28.2%	26.4%

During the current period the expenses incurred on brand promotion were expensed off, however, up to 31/03/2013 the same were being capitalised since the brands were under establishment during that period. Further, during Q1 FY15 and Q4 FY14, an amount of Rs. 18 mn and Rs 72mn has been debited to Statement of Profit and Loss to amortise these assets over 5 years

*Exceptional item in FY14 represents additional depreciation charge on account of change from shift basis to continuous process plant for certain plant & machinery.

**MAT Credit availed in FY14 represents credit taken in respect of year ended 31/03/2013.



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 is making its mark in the IMFL segment apart from taking up contract bottling to cater to renowned Indian players.

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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