



Globus Spirits

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## SAFE HARBOR

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*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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## COMPANY HIGHLIGHTS

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**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

## Q3 FY18 Performance

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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).



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## Q3 FY18 – KEY DEVELOPMENTS

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### 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

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## Q3 FY18 – PERFORMANCE HIGHLIGHTS

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### **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

						Standalone
Particulars (In Rs MN)	Q3 FY18	Q3 FY17	YoY (%)	9M FY18	9M FY17	YoY (%)
<b>Gross Revenues</b>	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%
<b>Net Revenues from Operations</b>	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%
<b>Total Income</b>	<b>2,590.4</b>	<b>2,176.1</b>	<b>19%</b>	<b>7,441.7</b>	<b>5,693.4</b>	<b>31%</b>
<b>Total Expenditure</b>	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%
<b>EBITDA</b>	<b>176.6</b>	<b>177.1</b>	<b>0%</b>	<b>562.3</b>	<b>497.9</b>	<b>13%</b>
Depreciation & Amortisation	90.5	64.6	40%	270.4	184.7	46%
<b>EBIT</b>	<b>86.1</b>	<b>112.5</b>	<b>-23%</b>	<b>291.9</b>	<b>313.3</b>	<b>-7%</b>
Finance Charges	65.4	33.6	95%	204.6	100.7	103%
<b>PBT</b>	<b>20.7</b>	<b>78.9</b>	<b>-74%</b>	<b>87.3</b>	<b>212.6</b>	<b>-59%</b>
Tax Expense (Current, Deferred Tax)	8.0	39.3	-80%	31.3	75.2	-58%
MAT Credit	-	-	-	-	-	-
<b>PAT (From ordinary activities)</b>	<b>12.6</b>	<b>39.6</b>	<b>-68%</b>	<b>56.0</b>	<b>137.4</b>	<b>-59%</b>

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 <sup>st</sup> Dec 2017	31 <sup>st</sup> Mar 2017
<b>Liabilities</b>		
Shareholders' Fund	<b>3,804.3</b>	<b>3,748.4</b>
<b>Non-Current Liabilities</b>	<b>1,855.3</b>	<b>2,021.2</b>
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
<b>Current Liabilities</b>	<b>2,367.9</b>	<b>2,257.5</b>
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
<b>Total Liabilities</b>	<b>7,935.1</b>	<b>7,976.9</b>

Particulars (In Rs MN)	31 <sup>st</sup> Dec 2017	31 <sup>st</sup> Mar 2017
<b>Assets</b>		
<b>Net fixed assets</b>	<b>6,154.4</b>	<b>6,320.8</b>
Non-current investment	49.5	49.5
Other non-current assets	139.5	137.3
Long-term loans and advances	70.3	54.9
<b>Current Assets</b>	<b>1,521.5</b>	<b>1,414.3</b>
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
<b>Total Assets</b>	<b>7,935.1</b>	<b>7,976.9</b>

## 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

  
19%

**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

  
0%

**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

  
68%

## 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

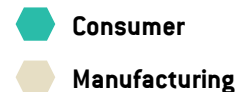
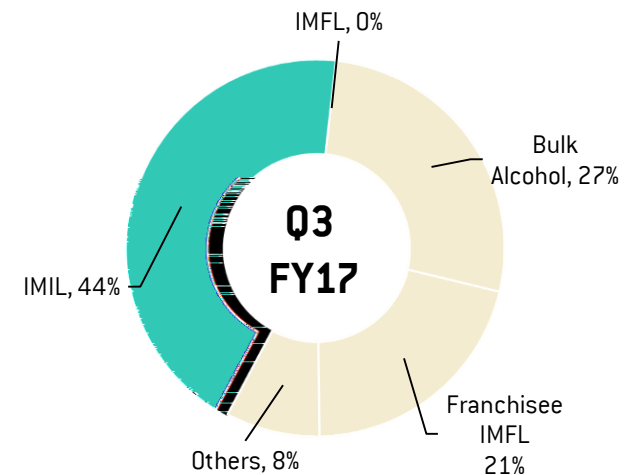
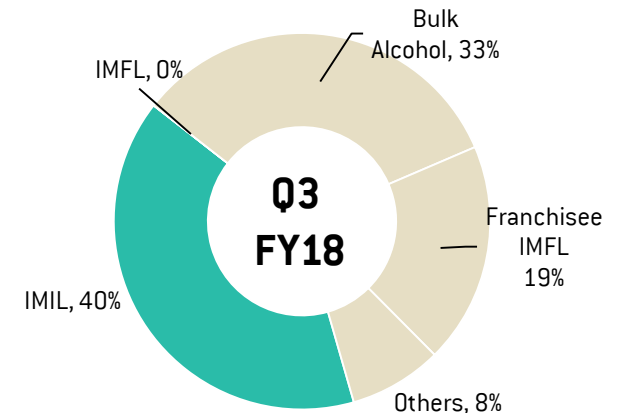
This was driven due to healthy growth of 45% in Bulk Alcohol revenues

Share of manufacturing business stood at 60% in Q3 FY18 due to contribution from the new West Bengal facility

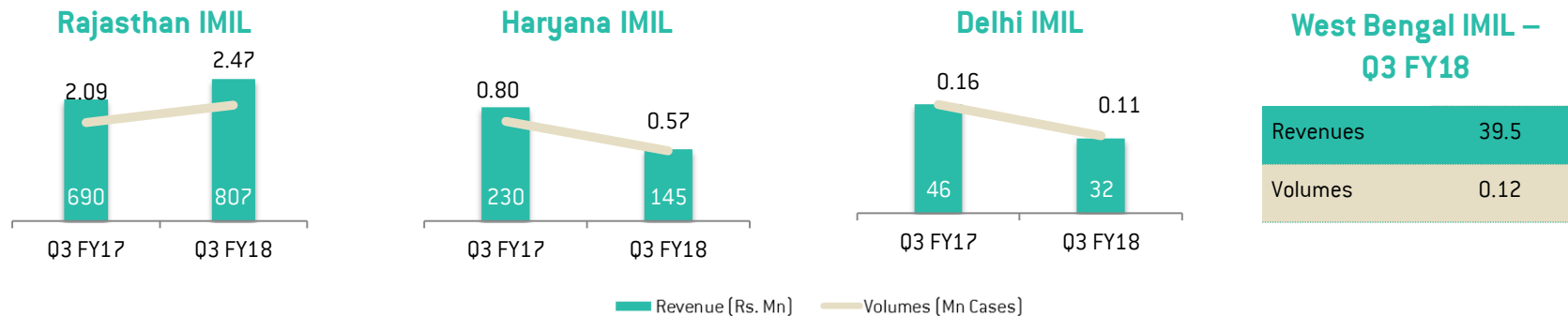
Share of consumer business stood at 40% in Q3 FY18 against 44% in the same period last year

Consumer Business reported a growth of 6% during the quarter

### Breakup of Revenue from Operations (Net)



## IMIL – STRONG GROWTH IN RAJASTHAN



**West Bengal IMIL – Q3 FY18**

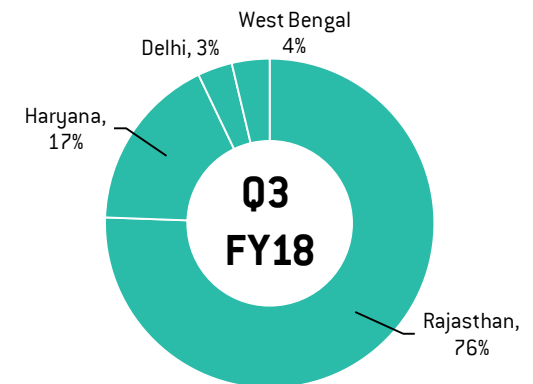
Revenues	39.5
Volumes	0.12

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

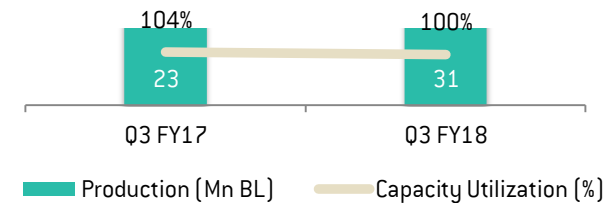
This includes production commenced at the new West Bengal facility

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

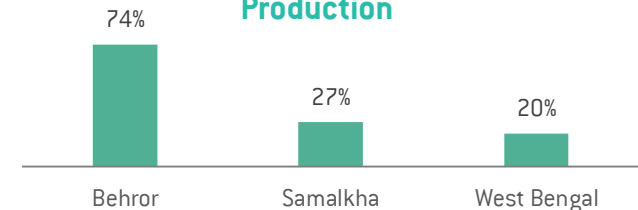
Captive consumption at ~43%, with significant scope for conversion from bulk to IMIL / franchisee in Samalkha and West Bengal

Franchise Bottling volumes stood at 0.87 mn cases vs. 1.04 mn cases in Q3 FY17

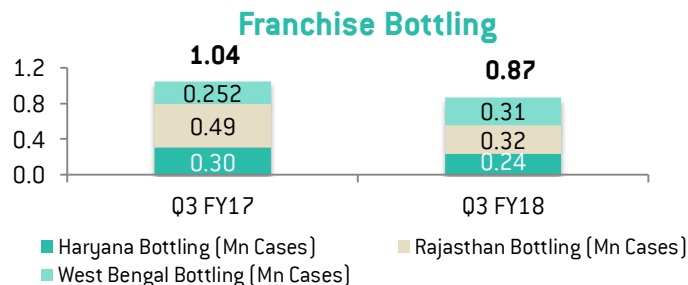
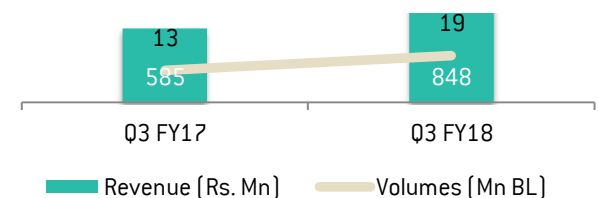
## Production & Capacity Utilization



## Captive Consumption as % of Production



## Bulk Alcohol\*



\*Excluding bulk sales to franchisee customers in Rajasthan

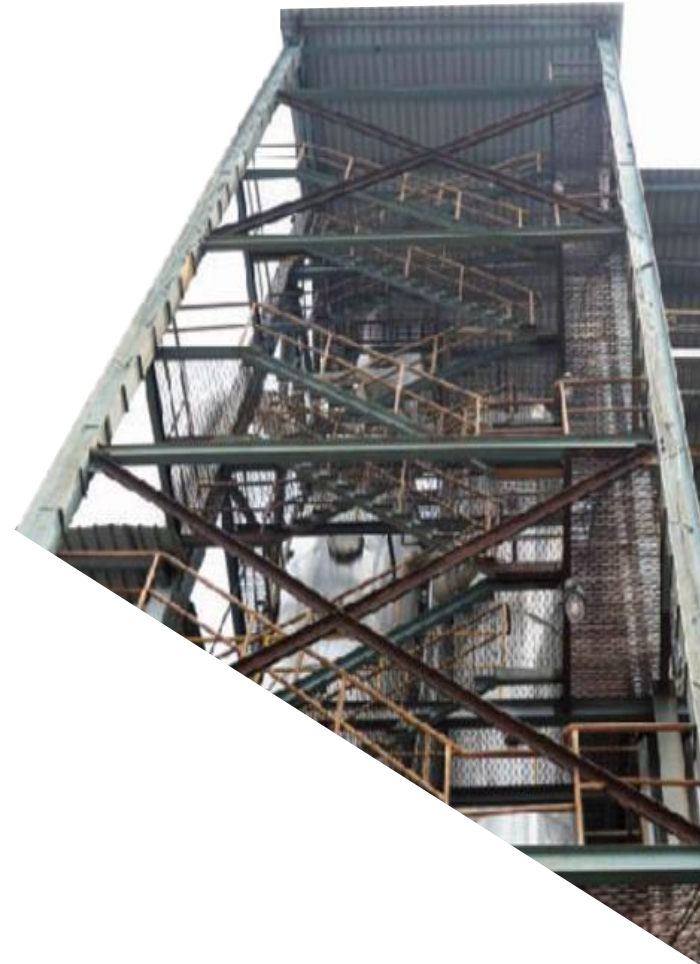
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## GLOBUS 360° ALCOBEV PLAYER

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

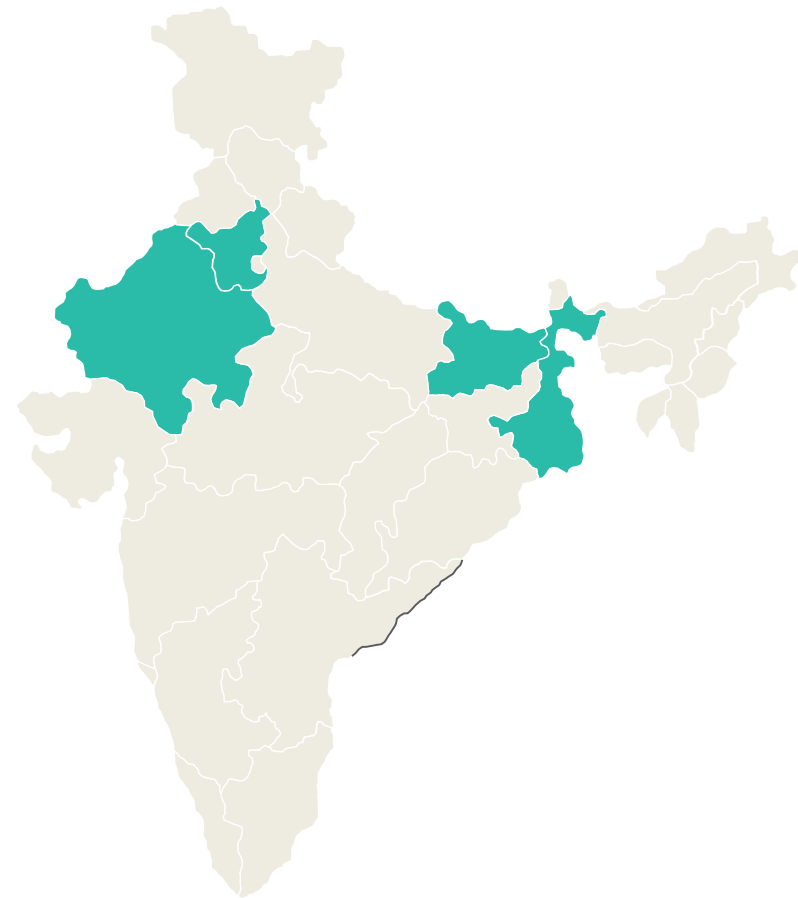
0.56 mn cases in sold in Q3 FY18, down 30% YoY

Commenced commercial production at the Greenfield Distillery in West Bengal in Q4 FY17

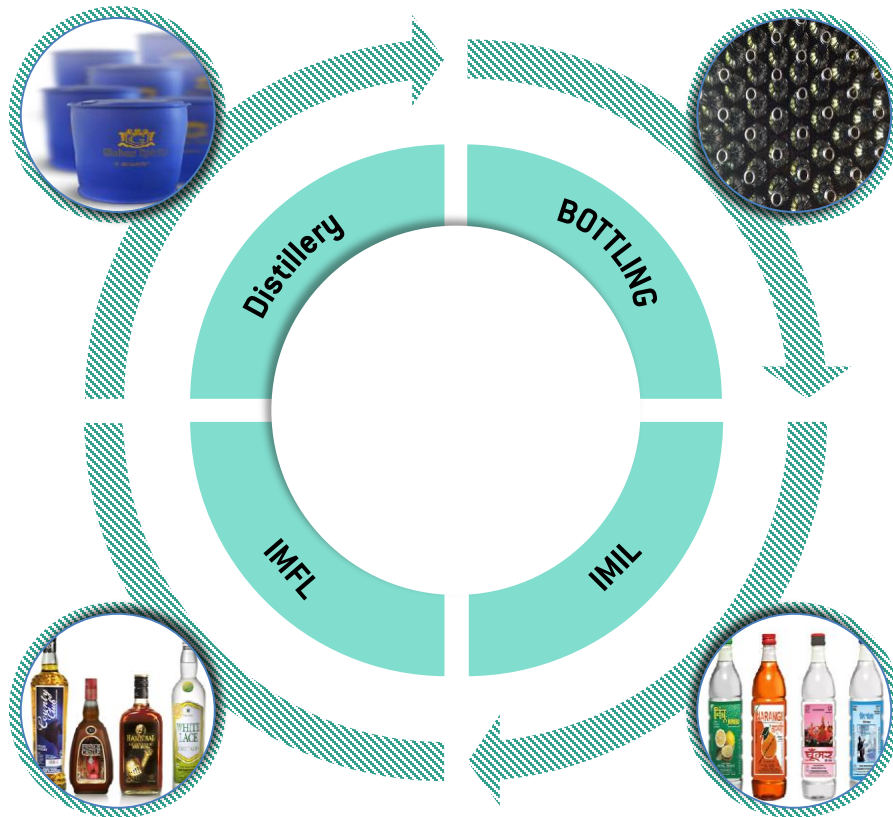
Total capacity at West Bengal is ~33 million BL

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 360<sup>0</sup> 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

## IMIL BRANDS SHOWCASE



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



**Tribute to Rajasthani folk dance**; blend popular in the harsh winter months of the desert region



**Tribute to the most popular romantic tales of the region.** Smooth blend to enjoy straight up.



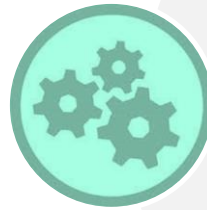
**Popular dark spirits' brand** Positioned as refreshing and juicy as Orange

## 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



### 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

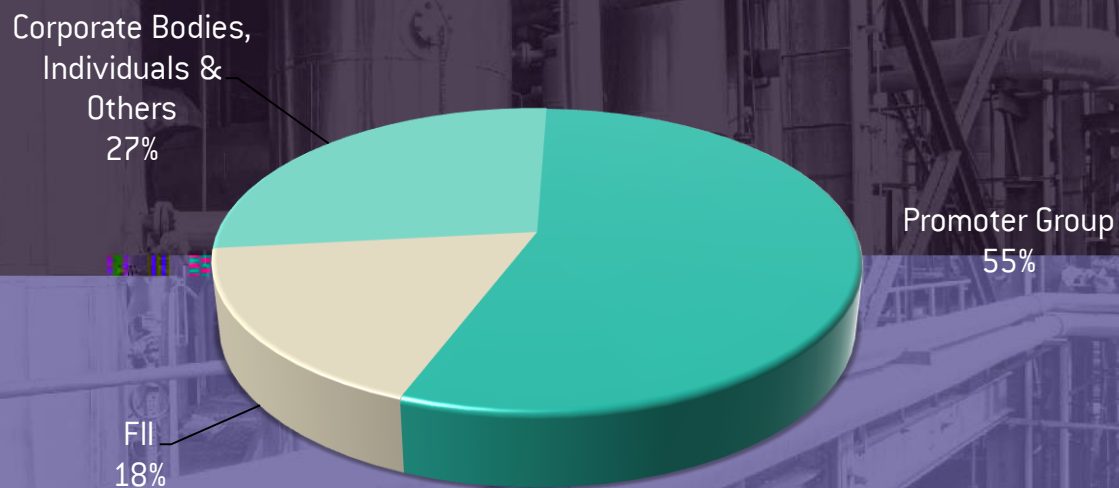
- Leadership in key states of Rajasthan, Delhi and Haryana
- Achieved sterling success in IMIL branding with Nimboo
- 4 IMIL brands



### 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%

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.