



ENABLING EXCELLENCE

# GLOBUS SPIRITS LIMITED

Result Presentation | February 2022

Bulk Alcohol | Value Segment | Franchise Bottling | Premium Segment



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# Financial Highlights – Growth Trajectory Continues in YTD

	Q3FY22 (YoY %)	9MFY22 (YoY %)	
<b>Gross Revenue</b>	Rs 5,450 Mn  <b>26%</b>	Rs 16,896 Mn  <b>43%</b>	Gross Revenue growth backed by higher growth in Consumer Business (Net Revenue of Rs 5,109 Mn in 9MFY22), led by growth of ~32% YoY in Consumer volumes in 9MFY22 (Value Plus segment volumes grew ~94% YoY in 9MFY22)
<b>EBITDA</b>	Rs 605 Mn  <b>11%</b>	Rs 2,490 Mn  <b>45%</b>	EBITDA Margin grew ~300 bps YoY to 23% in 9MFY22, led by higher share of Value Plus segment and better realizations; However, profitability in Q3FY22 was impacted by plant shutdown and fuel inflation
<b>PAT</b>	Rs 305 Mn  <b>20%</b>	Rs 1,386 Mn  <b>52%</b>	Tax expense is higher in Q3FY22 versus Q3FY21 on account of reduced 80 IA benefit from Rs 37 Cr to Rs 11 Cr for the same period
<b>Cash Profit</b>	Rs 410 Mn  <b>15%</b>	Rs 1,699 Mn  <b>41%</b>	Continuing to generate high Cash Profit

# Key Highlights of Q3FY22 (1/2)

- **EBITDA impacted (Q3FY22 v/s Q2FY22):**
  - EBITDA impact of Rs 25 Cr due to shutdown of Bihar plant for ~72 days in Q3FY22 on account of floods situation and a major planned overhaul in the power plant of Samalkha (Haryana) for ~40 days in Q3FY22
  - Both Haryana and Bihar plants are operational in the normal capacity since mid of Dec-21
- **Gross Margin at 48.5% in Q3FY22 was in-line with expectation**
  - Gross Margin improvement backed by higher Consumer Segment sales of 3.73 Mn cases in Q3FY22 (growth of 12% YoY). For 9MFY22, the overall Consumer Segment sales stood at 10.9 Mn cases (growth of 32% YoY)
- **Despite higher input manufacturing costs, business continues to operate as per expected levels of contribution**
  - The State of Rajasthan has announced a price hike of Rs 39 per case for Value Plus segment liquor and Rs 19 per case for Value segment liquor effective new policy year
  - The prices of Ethanol has increased by Rs 1.37 per litre, effective Dec-21
  - Additional capacity of 140 klpd at West Bengal plant operational and will yield higher revenue

# Key Highlights of Q3FY22 (2/2)

- **EBITDA Margin impacted (Q3FY22 v/s Q2FY22) mainly due to inflation in fuel cost and higher cost due to purchase of alcohol**
  - Fuel (rice husk and coal) rate increased by ~18% QoQ
  - AFS prices corrected in Q3FY22, and current prices are as per the Industry and internal expectation
  - Higher cost of purchasing ENA from outside to meet the Consumer Business' requirement in Haryana due to plant closure
- Finance cost reduction by 41% YoY in 9MFY22 was led by reduced debt. **Debt on term loans lowered by ~22% in 9MFY22**
- **Effective Tax Rate** - Based on cash outflow of tax paid, it is at 21.7% for 9MFY22. The Company is contemplating to shift to the new regime of computation of tax where the tax rate will be 25.63% vis-à-vis the current tax rate of 34.94%, with effective from 1<sup>st</sup> April 2022

# Status of Projects

- **West Bengal Expansion Completed:** Commissioned new capacity of ~140 klpd in mid of Dec-21, utilisation of which, will pick up significantly in Q4FY22
- **Jharkhand Facility:** New capacity of 140 KLPD with bottling plants likely to become operational by the end of Q1FY23
- **Odisha Plant:** Work on land acquisition in progress
- **Uttar Pradesh Project:** Approved by Board of Directors, capacity of 140 klpd for Ethanol and ENA with bottling capacity; Land acquisition is underway
- **The Company has received 10 years long term volume commitment of Ethanol for the states of Haryana, Jharkhand, West Bengal and Odisha for ~86 Mn litres per annum**
- **Healthy pipeline of projects, capital allocation to be announced once projects are approved by the Board**

# Consumer Business – Initiatives

*Strong demand environment & expansion initiative to drive revenue & earning growth*

## Value & Value Plus Segment

- **Rajasthan : Market share increased to ~32.5%**
  - Strong Value Plus performance: ~45% market share of GSL
  - Black Lace Rum launched in Q3FY22 has been well received
  - Launch of a Whisky brand planned for Q1FY23
  - Expanding Whisky and Vodka offerings via Tetra packs
- **Haryana: Market share maintained at ~9%**
  - Launched Metro Liquor – initial market response is positive
- **West Bengal: Market share at ~2%; Significant headroom for growth**
  - Re-introduced Goldee brand and new launches expected

## Premium Segment

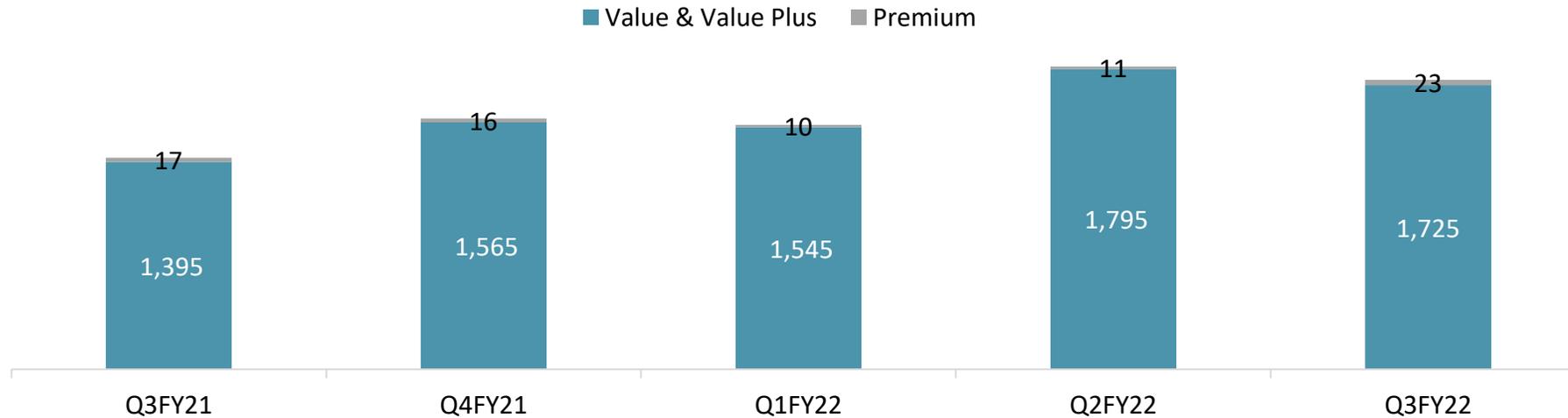
- **Current Portfolio of IMFL brands**
  - Governor's Reserve, Oakton, L' Affaire, Seventh Heaven
  - Presence in key states like Telangana, West Bengal, Pondicherry
- **Geographic expansion planned in current year**
  - Introducing in Uttar Pradesh, Delhi in Q4FY22
  - Introducing in Haryana in Q1FY23
  - Re-furbished existing brands in Telangana & West Bengal
- **Expanding brands in the current year**
  - Introducing key brands in Semi-Premium segment



# Consumer Business - Value Added, High Margin

*Value Plus segment driving the overall growth in the Consumer Segment*

**Consumer Business (includes Value, Value Plus, Premium liquors) – Revenue Trend (Rs. Mn )**



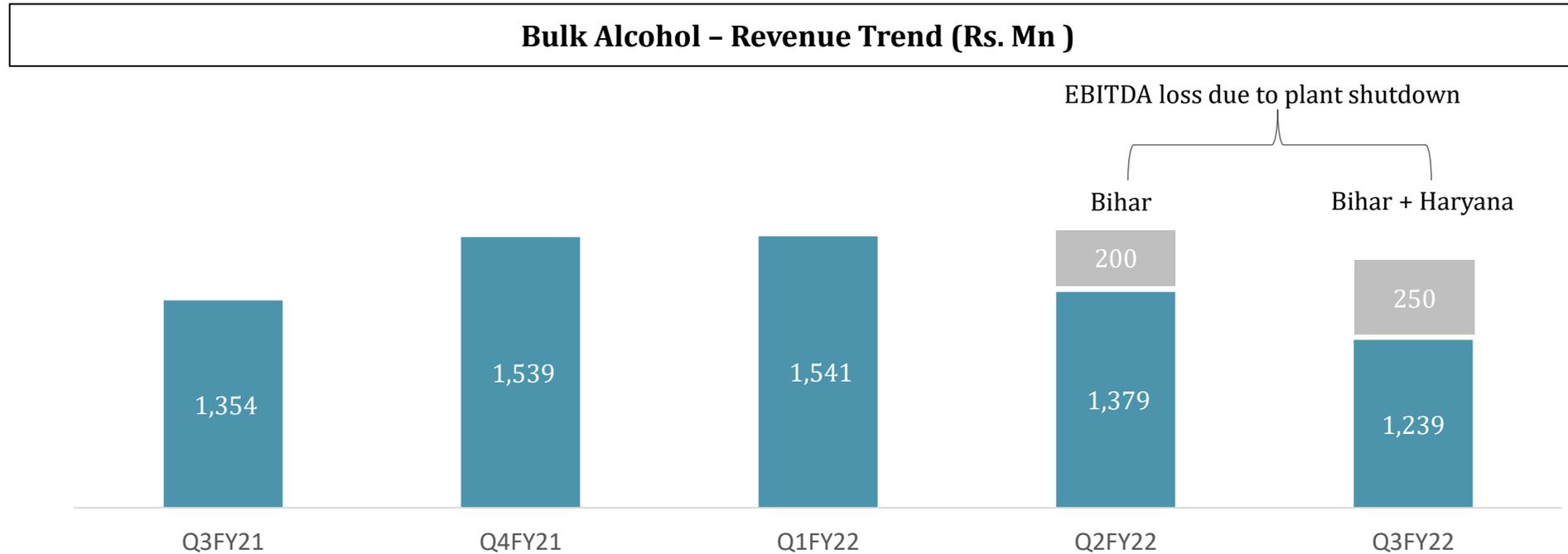
Aggregate Sales at 3.73 Mn cases (12% YoY and -1% QoQ), of which, Value Plus sales stood at 1.2 Mn cases (58% YoY)

Average Realization of Value & Value Plus segment increased by 10% YoY to ~Rs 463 per case in Q3FY22

Note: Value Segment includes all Country Liquor, Value Plus includes Medium Liquor Brands, and Premium segment includes IMFL (erstwhile Unibev) brands

# Manufacturing Business – Strong Backbone

Capacity utilisation at ~87% in Q3FY22



Bulk Alcohol sales volumes at 23.5 Mn litre in Q3FY22, lower by 8% YoY and 11% QoQ, due to Haryana and Bihar plant closures

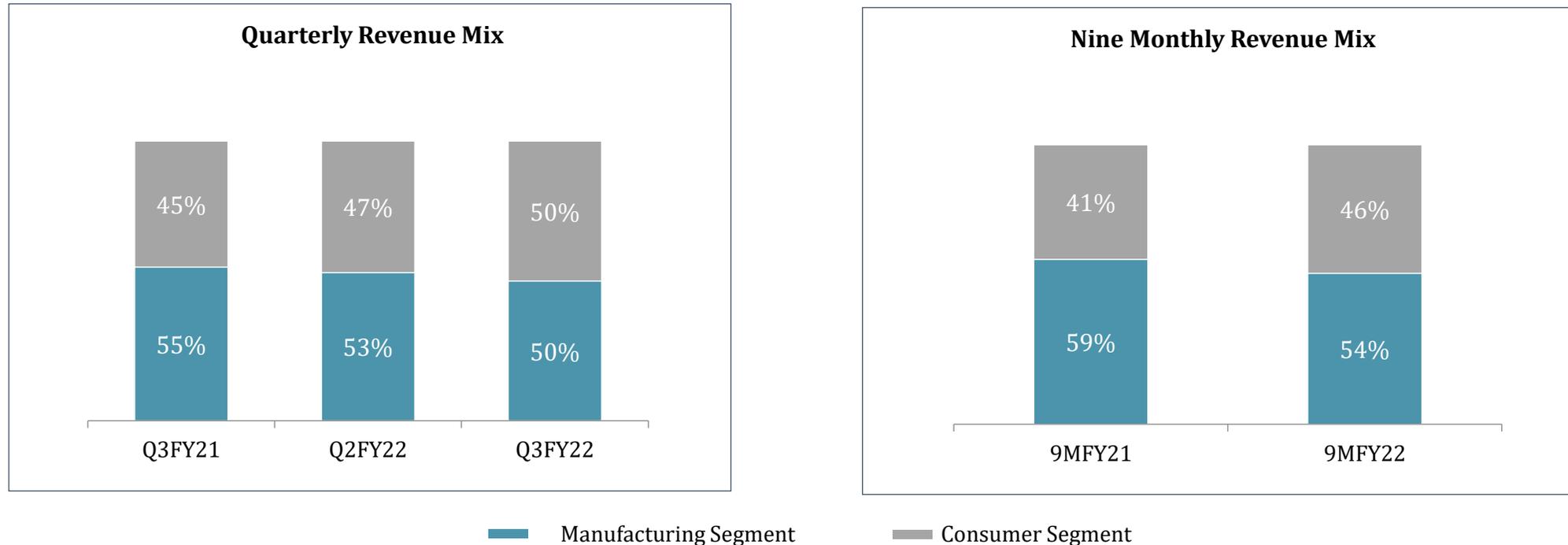
However, the average realization for bulk alcohol improved to Rs 52.8 per litre in Q3FY22 versus Rs 51.3 per litre in Q2FY22

**Both Haryana and Bihar plants resumed operations in mid of Dec-21 and are currently operating at full capacity**

Note : Manufacturing segment includes revenue from Bulk Alcohol, Franchise Bottling, Hand Sanitisers and Others (by-products)

# Net Revenue Mix – Segment-wise

*Moving towards a more favourable mix with higher share of Consumer Business*



Share of Consumer Business increased by ~500 bps YoY from 45% in Q3FY21 to 50% in Q3FY22, although, a part of the increase is on account of lower production/revenue in Manufacturing segment due to plant closure for repair & maintenance

# Profit & Loss Highlights | Q3 & 9MFY22

Particulars (Rs Mn)	Q3 FY22	Q3 FY21	YoY (%)	Q2 FY22	QoQ (%)	9MFY22	9MFY21	YoY (%)
<b>Gross Revenues</b>	<b>5,450</b>	<b>4,325</b>	<b>26.0%</b>	<b>5,939</b>	<b>-8.2%</b>	<b>16,896</b>	<b>11,812</b>	<b>43.0%</b>
Less- Excise duty	1,980	1,161	70.5%	2,118	-6.5%	5,898	3,071	92.0%
<b>Net Revenues from Operations</b>	<b>3,471</b>	<b>3,164</b>	<b>9.7%</b>	<b>3,822</b>	<b>-9.2%</b>	<b>10,997</b>	<b>8,741</b>	<b>25.8%</b>
Other Income	22	10	127.5%	16	38.5%	48	53	-8.2%
<b>Total Income</b>	<b>3,492</b>	<b>3,173</b>	<b>10.0%</b>	<b>3,837</b>	<b>-9.0%</b>	<b>11,046</b>	<b>8,793</b>	<b>25.6%</b>
<b>Total Expenditure</b>	<b>2,887</b>	<b>2,489</b>	<b>16.0%</b>	<b>2,944</b>	<b>-1.9%</b>	<b>8,555</b>	<b>7,073</b>	<b>21.0%</b>
Consumption of Material	1,798	1,619	11.0%	1,972	-8.9%	5,610	4,787	17.2%
Employee Cost	105	94	11.8%	107	-2.0%	357	294	21.6%
Other Expenditure	984	776	26.9%	865	13.9%	2,589	1,993	29.9%
<b>EBITDA</b>	<b>605</b>	<b>684</b>	<b>-11.5%</b>	<b>893</b>	<b>-32.3%</b>	<b>2,490</b>	<b>1,720</b>	<b>44.8%</b>
Depreciation	105	100	4.3%	104	0.4%	313	296	5.7%
<b>EBIT</b>	<b>500</b>	<b>584</b>	<b>-14.3%</b>	<b>789</b>	<b>-36.6%</b>	<b>2,178</b>	<b>1,424</b>	<b>52.9%</b>
Finance Cost	24	47	-50.3%	24	-1.1%	87	147	-41.2%
<b>PBT</b>	<b>477</b>	<b>536</b>	<b>-11.1%</b>	<b>765</b>	<b>-37.7%</b>	<b>2,091</b>	<b>1,277</b>	<b>63.7%</b>
Tax Expense (Current, Deferred Tax)	172	153	12.3%	240	-28.4%	705	367	92.3%
<b>PAT (From ordinary activities)</b>	<b>305</b>	<b>383</b>	<b>-20.4%</b>	<b>525</b>	<b>-41.9%</b>	<b>1,386</b>	<b>910</b>	<b>52.2%</b>
<b>EPS</b>	<b>10.58</b>	<b>13.27</b>	<b>-20.4%</b>	<b>18.28</b>	<b>-42.1%</b>	<b>37.61</b>	<b>31.50</b>	<b>19.4%</b>

Notes: 1) Higher Excise Duty (YoY) is on account of higher share of Medium Liquor category in Value Segment, which carries higher excise duty

2) The reported financial results for Q3FY22, Q2FY22 and 9MFY22 include the effect of the merger of Unibev with Globus Spirits Limited, and accordingly, the financials for previous comparative period have been restated to ensure like-to-like comparison

# Key Ratios | Q3 & 9MFY22

Particulars (% of Total Income)	Q3 FY22	Q3 FY21	Q2 FY22	9MFY22	9MFY21
Other Income (% of Net Revenue)	0.6%	0.3%	0.4%	0.4%	0.6%
Raw material	51.5%	51.0%	51.4%	50.8%	54.4%
Employee Cost	3.0%	3.0%	2.8%	3.2%	3.3%
Other Expenditure	28.2%	24.5%	22.5%	23.4%	22.7%
Total Expenditure	82.7%	78.4%	76.7%	77.5%	80.4%
<b>EBITDA</b>	<b>17.3%</b>	<b>21.6%</b>	<b>23.3%</b>	<b>22.5%</b>	<b>19.6%</b>
Depreciation	3.0%	3.2%	2.7%	2.8%	3.4%
Finance Cost	0.7%	1.5%	0.6%	0.8%	1.7%
<b>PAT</b>	<b>8.7%</b>	<b>12.1%</b>	<b>13.7%</b>	<b>12.5%</b>	<b>10.4%</b>

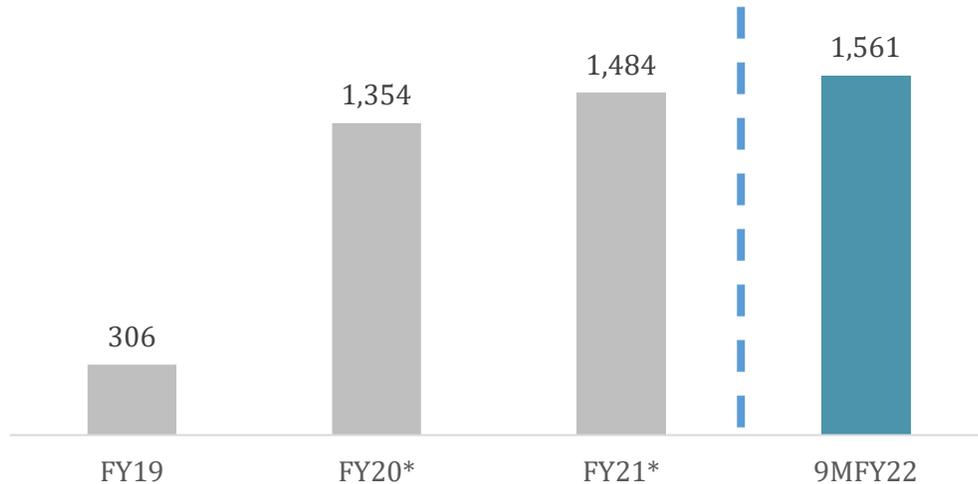
**Gross Margin in Q3FY22 remained stable** despite inflationary input costs, as bulk realisation improved and share of Value Plus segment increased

**EBITDA Margin in Q3FY22 impacted** on account of higher input & fuel cost and shutdown of Bihar plant for ~72 days in Q3FY22 due to floods situation and a major planned overhaul in the power plant of Samalkha (Haryana) for ~40 days in Q3FY22

# Enhanced Net Cash Flow from Operations

*The business mix and focus on costs have led to strong operating cash flow generation*

## Net Cash Flow from Operations (Rs Mn)...



## ...Driven by the Following Key Factors

- **Growth in business and improved profitability**
- **Lower Finance costs** due to paring of debt & lower cost of debt
- **The Company is contemplating to transition to a new regime of income tax computation under section 115 BAA at 25.63%, with effective 1<sup>st</sup> April 2022**

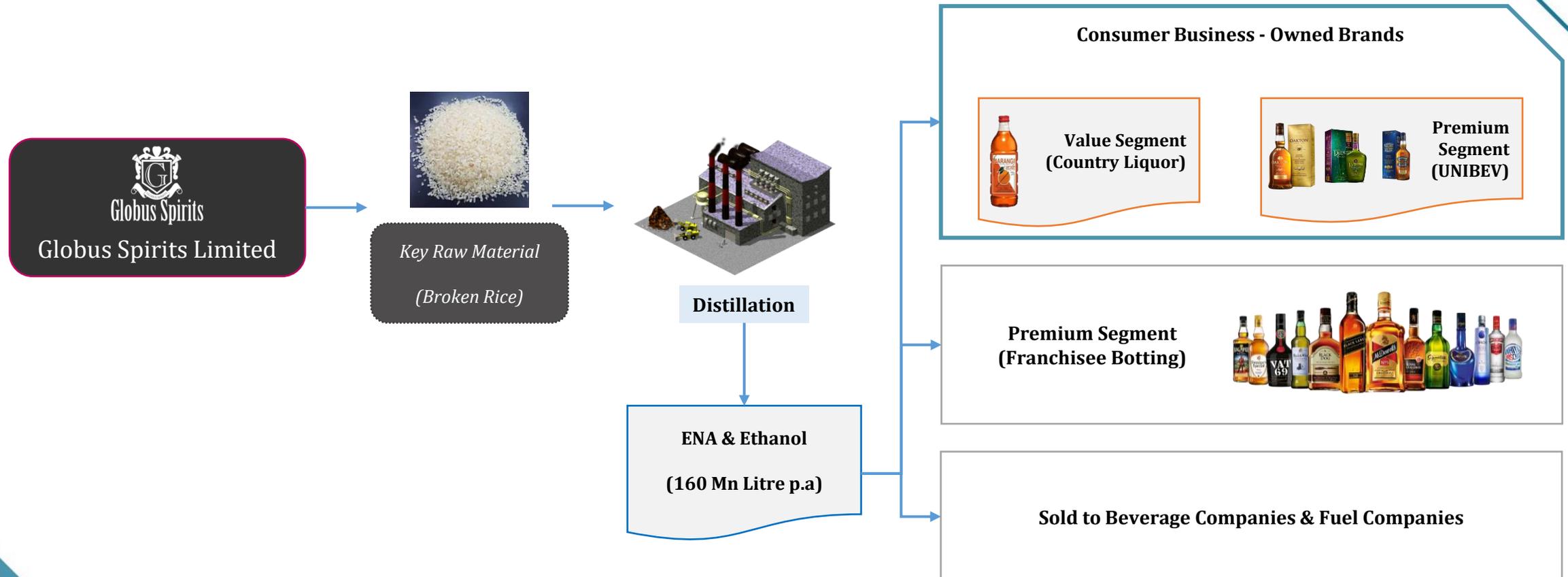
Note: \* Restated to include the effect of the merger of Unibev with Globus Spirits Limited



# **Company Overview**

# Presence Across the Value Chain

*Well integrated operations aid in ensuring quality and cost control*



# Business Segments

Largely divided into Manufacturing and Consumer segments



**Manufacturing Business (~57% of Revenue\*)**  
*Strong Backbone...*

Bulk Spirits	Franchisee Bottling	By Products
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**Consumer Business (~43% of Revenue\*)**  
*High Value...*

Value	Value Plus	Premium
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*Rs.40-60 per 180 ml*



*Rs.80-95 per 180 ml*



*Rs.125-700 per 180 ml*

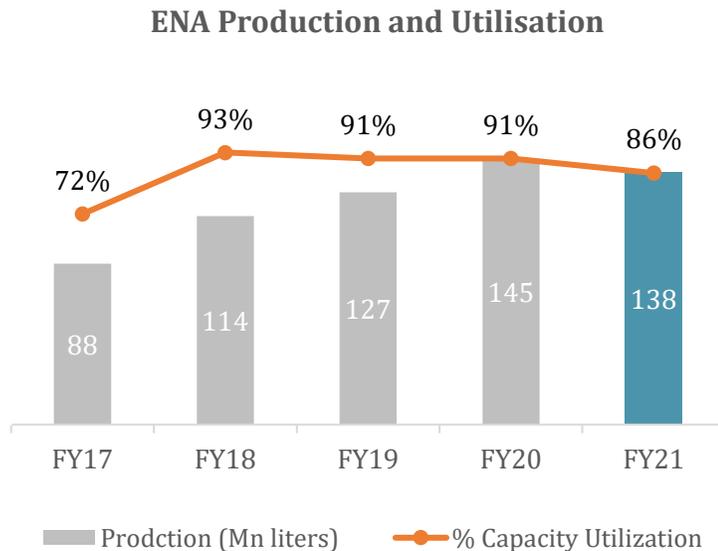


# **Manufacturing Business**

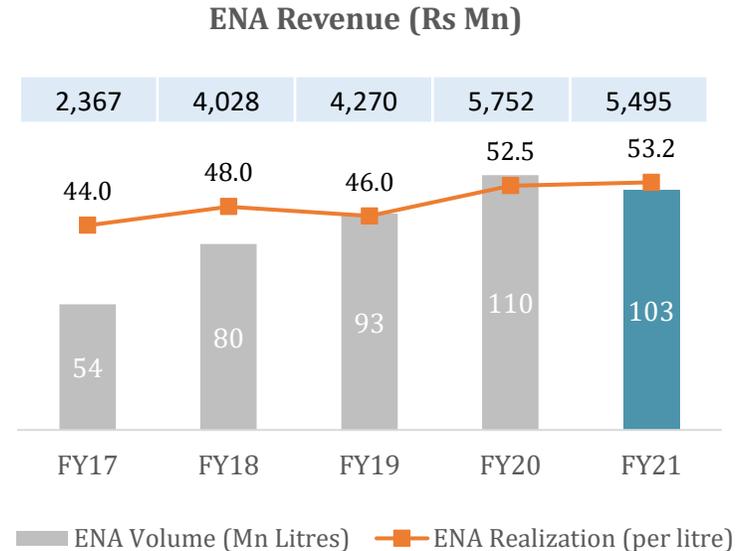
# 1. Bulk Alcohol

*Backbone of the 360° business model; Generating robust cashflows*

- Globus is the largest grain based Extra Neutral Alcohol (ENA) manufacturer in India with a capacity of **160 Mn Litres**
- **Reputed IMFL players** are major customers for Bulk Alcohol
- Presence in **Rajasthan, Haryana, Bihar and West Bengal**



FY19 onwards capacity includes Bihar Plant  
 FY20 capacity was expanded to ~160 Mn BL



# 2. Franchisee Bottling

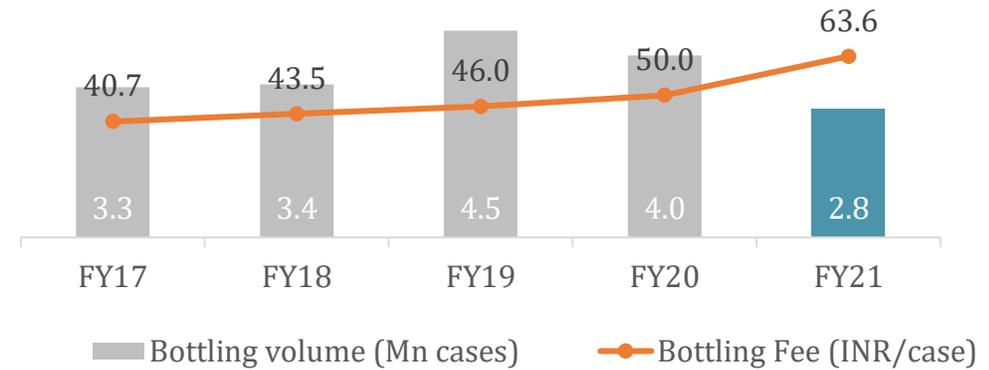
Strong relationships with pedigreed players ensures steady offtake

20 year old relationships with ABD and USL / Diageo

Proxy play on growth in IMFL industry

Ramp up expected in West Bengal

Bottling volume (Mn cases)



## Franchisee Bottling Brands

Diageo & USL in Haryana & West Bengal



ABD in Rajasthan



# 3. By-Products

*Process efficiencies lead to zero discharge and incremental revenues*

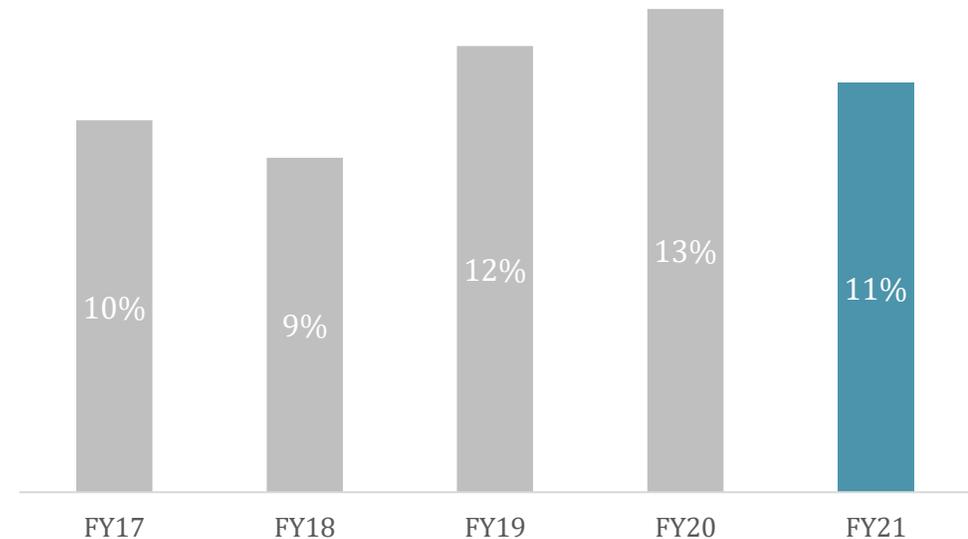
## ❑ Animal Feed Supplements (AFS)

- Major by-product from distillation process is Animal Feed Supplements with Solubles & AFS
- Used as food for the animal feed industry
- High protein (min 45% ) and energy (~3500 K/cal)
- Provides excellent animal health, performance, and food product quality

## ❑ CO2

- Commercially available as high pressure cylinder gas, relatively low pressure refrigerated liquid, or as dry ice
- Commonly used as a raw material for production of various chemicals; carbonation of soft drinks; freezing of food products such as poultry, meats, vegetables and fruit

By-products (% of Total Operating Income)



Note: Major contribution is of AFS, followed by Co2



# **Consumer Business**

# Value Segment – GSL is One of the Largest IMIL Players

*Product innovation and focus on brand building has enabled growth*

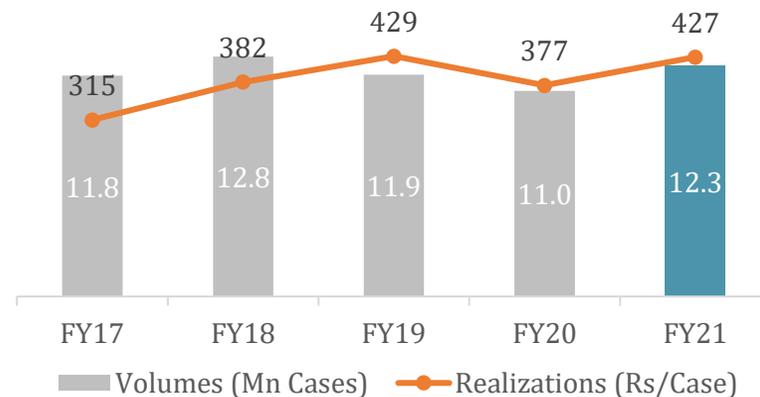
## Existing Product Portfolio



## Focus on Innovation through Investment in R&D



## Value & Value Plus Segment



# Premium Segment - Unique Value Proposition

Focus on niche segments | Building blocks for a high margin brand play



Disruptive & exclusive USP with **value proposition**



Crafted a range of **premium and super premium whiskies** blended with Upto 12, 18 years old scotch & a 3 years old French blended **grape brandy**



For the first time, discerning consumers in India will get **palate experience of Made in India whiskies which are blended with aged imported scotch from Scotland**



**Governor's Reserve**  
Semi-premium whisky  
Segment is ~20m cases



**Oakton**  
Premium whisky  
Segment is ~8.5m cases



**Seventh Heaven\***  
Super-premium whisky  
Segment is ~2m cases



**L'Affaire Napoleon**  
**3 years Brandy**  
Premium brandy  
Segment is ~0.5m cases



**Terai - India Dry Gin**  
Premium Gin Segment



# **Financials**

# Annual | Profit & Loss Statement

Particulars (Rs Mn)	FY20*	FY21*	9M FY22
<b>Gross Revenues</b>	<b>12,674</b>	<b>16,721</b>	<b>16,896</b>
Less- Excise duty	986	4,414	5,898
<b>Net Revenues from Operations</b>	<b>11,688</b>	<b>12,308</b>	<b>10,997</b>
Other Income	37	66	48
<b>Total Income</b>	<b>11,726</b>	<b>12,373</b>	<b>11,046</b>
<b>Total Expenditure</b>	<b>10,441</b>	<b>9,756</b>	<b>8,555</b>
Consumption of Material	7,176	6,532	5,610
Employee Cost	343	384	357
Other Expenditure	2,922	2,840	2,589
<b>EBITDA</b>	<b>1,285</b>	<b>2,618</b>	<b>2,490</b>
Depreciation & Amortization	380	407	313
<b>EBIT</b>	<b>905</b>	<b>2,211</b>	<b>2,178</b>
Finance Cost	236	188	87
<b>PBT</b>	<b>669</b>	<b>2,023</b>	<b>2,091</b>
Tax Expense (Current, Deferred Tax)	137	583	705
<b>PAT (From ordinary activities)</b>	<b>532</b>	<b>1,440</b>	<b>1,386</b>
<b>EPS</b>	<b>20.60</b>	<b>50.01</b>	<b>37.61</b>

Note: \* Restated to include the effect of the merger of Unibev with Globus Spirits Limited

# Annual | Key Ratios

Particulars (% of Total Income)	FY20*	FY21*	9M FY22
Other Income (% of Net Revenue)	0.3%	0.5%	0.4%
Raw material	61.2%	52.8%	50.8%
Employee Cost	2.9%	3.1%	3.2%
Other Expenditure	24.9%	23.0%	23.4%
Total Expenditure	89.0%	78.8%	77.5%
<b>EBITDA</b>	<b>11.0%</b>	<b>21.2%</b>	<b>22.5%</b>
Depreciation	3.2%	3.3%	2.8%
Finance Cost	2.0%	1.5%	0.8%
<b>PAT</b>	<b>4.5%</b>	<b>11.6%</b>	<b>12.5%</b>

Note: \* Restated to include the effect of the merger of Unibev with Globus Spirits Limited

# Annual | Balance Sheet

Liabilities (Rs Mn)	Mar-20*	Mar-21*	Sep-21
Networth	4,500	5,907	6,932
LT borrowings	1,328	1,124	1,037
Provisions	28	30	32
Deferred tax liabilities	263	494	639
Other non-current liabilities	37	20	74
<b>Total Non Current Liabilities</b>	<b>6,156</b>	<b>7,575</b>	<b>8,714</b>
ST borrowings	449	721	621
Trade payables	1,085	1,187	1,243
Provisions	54	68	71
Other financial liabilities	62	48	103
Current tax liabilities	0	10	0
Other current liabilities	197	322	208
<b>Total Current Liabilities</b>	<b>1,847</b>	<b>2,355</b>	<b>2,244</b>
<b>Total Liabilities</b>	<b>8,003</b>	<b>9,930</b>	<b>10,959</b>

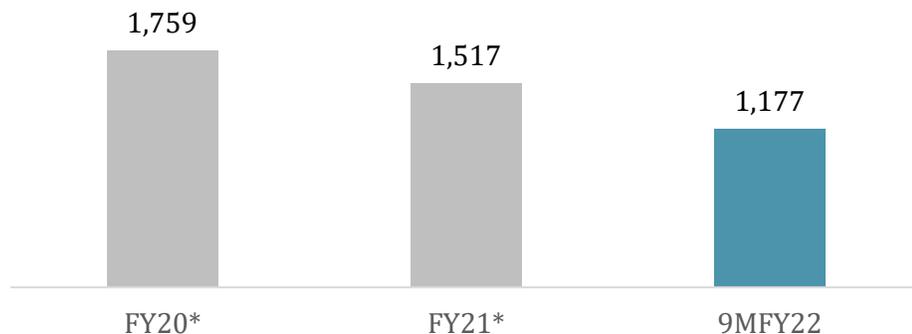
Assets (Rs Mn)	Mar-20*	Mar-21*	Sep-21
Fixed assets (incl. CWIP)	5,985	6,269	6,826
Intangible assets under development	0	0	0
Financial assets	183	176	175
Income tax assets	10	10	36
Other non-current assets	61	438	532
<b>Total Non Current Assets</b>	<b>6,239</b>	<b>6,892</b>	<b>7,568</b>
Inventories	1,063	1,021	805
Trade receivables	338	879	1,157
Cash & cash equivalents	200	581	836
Other financial assets	28	50	60
Other current assets	134	506	533
<b>Total Current Assets</b>	<b>1,764</b>	<b>3,037</b>	<b>3,390</b>
<b>Total Assets</b>	<b>8,003</b>	<b>9,930</b>	<b>10,959</b>

Note: \* Restated to include the effect of the merger of Unibev with Globus Spirits Limited

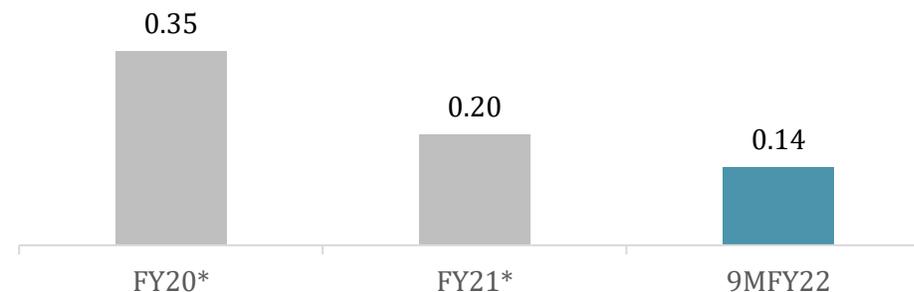
# Key Financial Ratios

*Consistent focus on reducing debt from business cashflow; improving return ratios*

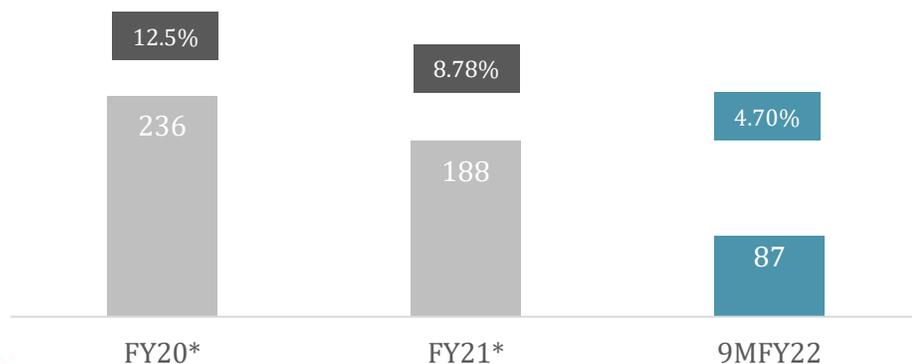
**Long Term Borrowing (Rs Mn)**



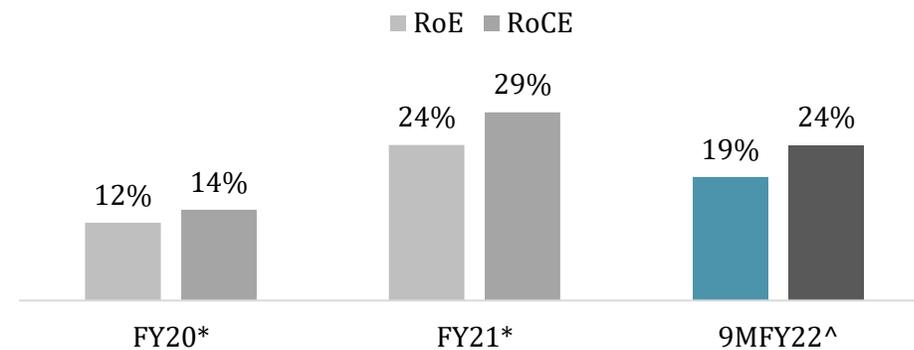
**Net Debt/Equity (x)**



**Finance Cost (Rs Mn) and Avg. Cost of Debt (%)**



**Return Ratios (%)**

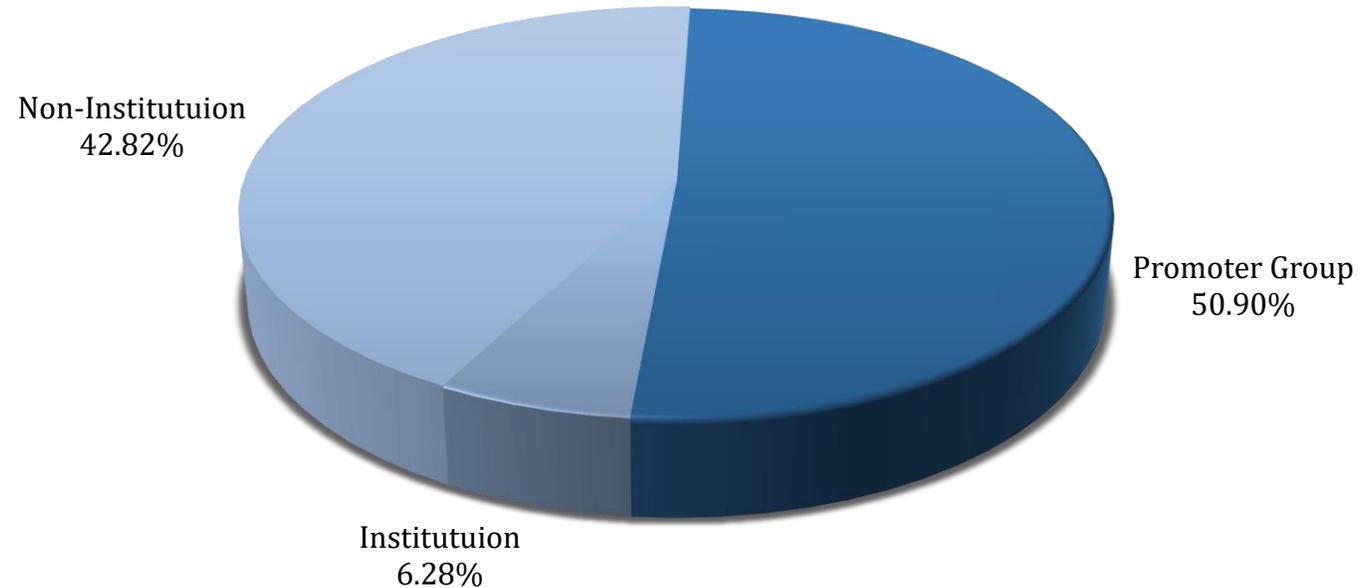


\* Restated to include the effect of the merger of Unibev with Globus Spirits Limited

^Expected FY22 end of year - RoE of 26% and RoCE of 32%

# Shareholding Pattern

*Total outstanding equity shares as on December 31, 2021, stands at 28.8 Mn shares*



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