

India

ADD (no change)

Consensus ratings*: Buy 2 Hold 0 Sell 0

Current price:	Rs1,009
Target price:	Rs1,680
Previous target:	Rs1,850
Up/downside:	66.5%
InCred Research / Consensus:	66.4%

Reuters:	GLOS.NS
Bloomberg:	GBSL IN
Market cap:	US\$324m
	Rs29,244m
Average daily turnover:	US\$2.4m
	Rs216.5m
Current shares o/s:	28.9m
Free float:	49.0%

*Source: Bloomberg

Key changes in this note

- EDITDA estimates cut by ~10% for FY27F-28F on account of higher A&P expenses.
- PAT estimates cut by ~20% for FY27F-28F, on account of higher financing costs.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.8	(9.9)	32.4
Relative (%)	6.9	(11.6)	21.1

Major shareholders	% held
Promoter & Promoter Group	51.0
HSBC AMC	4.3
MIT	3.8

Research Analyst(s)**Nitin AWASTHI**

T (91) 22 4161 1550

E nitin.awasthi@incredresearch.com

Globus Spirits Ltd

Moving up the ladder, one step at a time

- 3QFY26 results saw a turnaround, surprising the street & in line with our view.
- Ethanol spread (EBITDA) reached the Rs7/L mark. Hence, our key monitorable now comprise IMIL and IMFL volume ramp-up.
- Maintain ADD rating with a lower target price of Rs1,680.

3Q results witness a turnaround – in line with our expectations

Globus Spirits (GSL) has staged a turnaround, surprising the street. 3QFY26 revenue rose to Rs7,167m, up 8% QoQ and 19% YoY. EBITDA stood at Rs750m, up 26% QoQ and 117% YoY. Margin expanded sharply to 10.5%, compared to 9.0% in 2QFY26 and 5.7% in 3QFY25. PAT stood at Rs307m, reflecting a sharp surge by 40% QoQ and 5,000% YoY (on a low base of Rs6m). The sequential growth was aided by easing raw material prices.

Ethanol spread expands; IMIL & IMFL biz growth is key monitorable

Ethanol spread has stabilised above the Rs7/L mark. The company has witnessed spread moving from ~Rs1/L in FY25 to ~Rs4/L, ~Rs5/L, & ~7.5/L in 1Q/2Q/3QFY26, respectively, which is heartening. The key monitorable now shifts to its IMIL & IMFL segments. IMIL business would have to be rescaled in Delhi as the new excise policy kicks in, and Uttar Pradesh operations also need to be ramped up. The IMFL business is set to close FY26F by topping the 1m cases mark in volume terms, and the next is IMFL's race towards its first millionaire brand in the whisky segment.

Change in our earnings estimates

Our top-line estimates for FY27F and FY28F remain unchanged, as we are confident about the growth remaining intact. We build in higher spending on A&P (**advertising and promotion**), lower EBITDA by ~10% for FY27F-28F and also higher financial costs backed by inventory build-up trimming our PAT estimates by ~20% for the same period.

Maintain ADD rating with a lower target price of Rs1,680

We believe that GSL merits a valuation upgrade, from 17x to 20x P/E (one-year forward), as its earnings begin to stabilise. It may be recalled that post gross profit margin (GPM) expansion in 1QFY26, we had upgraded the valuation benchmark from 15x to 17x P/E. As we have continued to witness a 400bp rise over 2Q & 3QFY26, we have now upgraded the valuation benchmark from 17x to 20x P/E. We maintain our ADD rating on GSL with a lower target price of Rs1,680 (20x FY27F EPS), from Rs1,850 earlier. Post-GPM expansion, IMFL business volume growth remains a key driver. Key downside risks include a potential rise in the prices of maize—critical for making extra neutral alcohol (ENA) and ethanol—with regulated ethanol pricing by oil marketing companies impacting margins adversely.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	24,147	25,371	28,389	38,032	43,826
Operating EBITDA (Rsm)	1,698	1,464	2,852	4,862	5,605
Net Profit (Rsm)	964	219	1,111	2,425	2,965
Core EPS (Rs)	33.5	7.6	38.5	84.0	102.7
Core EPS Growth	(21.1%)	(77.3%)	405.9%	118.4%	22.3%
FD Core P/E (x)	30.15	132.75	26.24	12.02	9.83
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.20%	0.08%	0.15%	0.33%	0.41%
EV/EBITDA (x)	18.55	24.61	12.47	7.06	5.87
P/FCFE (x)	27.27	107.07	(306.38)	36.33	31.20
Net Gearing	24.7%	69.3%	58.3%	38.8%	23.3%
P/BV (x)	2.98	2.92	2.64	2.18	1.80
ROE	10.3%	2.2%	10.6%	19.9%	20.0%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: 3QFY26 results

Rs m	3QFY26	2QFY26	%QoQ	3QFY25	%YoY
Revenue from operations	7,167	6,614	8.4%	6,020	19.1%
Cost of goods sold	4,697	4,434	5.9%	4,272	9.9%
Employee expenses	304	260	17.3%	222	36.8%
Other expenses	1,416	1,325	6.9%	1,181	20.0%
EBITDA	750	594	26.2%	345	117.4%
Depreciation	224	222	0.8%	211	6.0%
EBIT	526	372	41.3%	134	293.3%
Other income	27	28	-3.3%	22	22.1%
Interest expenses	135	137	-1.9%	143	-5.6%
Profit/(loss) of associates	-5	-13	NA	0	NA
Profit before tax	413	250	65.2%	14	2950.7%
Tax expenses	109	32	239.6%	7	1361.1%
PAT	304	218	39.6%	6	4897.8%
Minority interest	-2	-1	NA	0	NA
PAT	307	220	39.6%	6	4932.2%
Key Ratios	3QFY26	2QFY26	%QoQ	3QFY25	%YoY
EBITDA margin	10.5%	9.0%	148bp	5.7%	473bp
EBIT margin	7.3%	5.6%	171bp	2.2%	512bp
PBT margin	5.8%	3.8%	199bp	0.2%	554bp
PAT margin	4.2%	3.3%	95bp	0.1%	415bp
Tax rate	26.4%	12.8%	1,354bp	55.1%	-2869bp

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Our revised earnings estimates

Rs m	Old estimates			New estimates			Change (%)		
	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Revenue	30,405	38,039	42,773	28,389	38,032	43,826	-6.6%	0.0%	2.5%
EBITDA	3,497	5,449	6,174	2,852	4,862	5,605	-18.4%	-10.8%	-9.2%
EBITDA margin (%)	11.5%	14.3%	14.4%	10.0%	12.8%	12.8%	-145bp	-154bp	-164bp
PAT	1,621	3,142	3,691	1,111	2,425	2,965	-31.5%	-22.8%	-19.7%
EPS (Rs)	56	109	128	38	84	103	-31.5%	-22.8%	-19.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Our key assumptions

Key assumptions	FY26F	FY27F	FY28F
Bulk alcohol sales (m litres or ML)	212	244	256
IMIL sales (m cases)	16	19	23
IMFL sales (m cases)	1.3	2.0	3.0
DDGS price (Rs/kg)	11	14	14
ENA price (Rs/L)	69.4	72.0	72.0
Ethanol price (Rs/L)	70.6	72.0	72.0
IMFL price (Rs/case)	1,345	2,300	2,400
IMIL price (Rs/case)	575	600	600

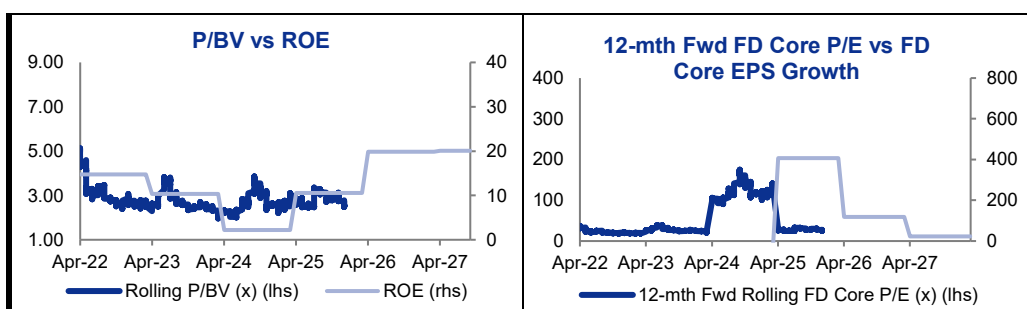
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: One-year forward P/E



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	24,147	25,371	28,389	38,032	43,826
Gross Profit	7,766	7,479	9,619	14,560	16,781
Operating EBITDA	1,698	1,464	2,852	4,862	5,605
Depreciation And Amortisation	(656)	(816)	(863)	(906)	(966)
Operating EBIT	1,042	648	1,989	3,956	4,639
Financial Income/(Expense)	(131)	(315)	(463)	(462)	(416)
Pretax Income/(Loss) from Assoc.			(63)	(160)	(160)
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	911	332	1,464	3,334	4,063
Exceptional Items					
Pre-tax Profit	911	332	1,464	3,334	4,063
Taxation	53	(113)	(353)	(908)	(1,098)
Exceptional Income - post-tax					
Profit After Tax	964	219	1,111	2,425	2,965
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	964	219	1,111	2,425	2,965
Recurring Net Profit	964	219	1,111	2,425	2,965
Fully Diluted Recurring Net Profit	964	219	1,111	2,425	2,965

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	1,698	1,464	2,852	4,862	5,605
Cash Flow from Invt. & Assoc.					
Change In Working Capital	664	(3,487)	478	(1,951)	(2,373)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	61	40	28		
Tax Paid	53	(113)	(353)	(908)	(1,098)
Cashflow From Operations	2,476	(2,096)	3,005	2,002	2,134
Capex	(1,836)	(2,053)	(2,000)		
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	(1,836)	(2,053)	(2,000)		
Debt Raised/(repaid)	426	4,420	(1,100)	(1,200)	(1,200)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(58)	(22)	(44)	(97)	(119)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	368	4,398	(1,144)	(1,297)	(1,319)
Total Cash Generated	1,008	250	(140)	705	815
Free Cashflow To Equity	1,066	272	(95)	802	934
Free Cashflow To Firm	640	(4,148)	1,005	2,002	2,134

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	769	690	68	119	327
Total Debtors	2,756	3,225	4,667	6,252	8,405
Inventories	1,887	2,081	2,722	3,647	4,202
Total Other Current Assets	750	1,743	568	761	877
Total Current Assets	6,162	7,739	8,025	10,778	13,811
Fixed Assets	10,426	11,662	12,800	11,893	10,927
Total Investments					
Intangible Assets	3	3	3	3	3
Total Other Non-Current Assets	886	2,045	852	1,141	1,315
Total Non-current Assets	11,315	13,710	13,654	13,037	12,245
Short-term Debt	2,259	5,979	4,979	3,979	2,979
Current Portion of Long-Term Debt					
Total Creditors	3,496	2,817	3,004	4,024	4,637
Other Current Liabilities					
Total Current Liabilities	5,754	8,796	7,983	8,003	7,616
Total Long-term Debt	920	1,619	1,519	1,319	1,119
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	142	110			
Total Non-current Liabilities	1,061	1,729	1,519	1,319	1,119
Total Provisions	889	953	1,140	1,128	1,109
Total Liabilities	7,704	11,479	10,642	10,450	9,844
Shareholders Equity	9,773	9,971	11,037	13,366	16,212
Minority Interests					
Total Equity	9,773	9,971	11,037	13,366	16,212

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	14.5%	5.1%	11.9%	34.0%	15.2%
Operating EBITDA Growth	(30.9%)	(13.8%)	94.8%	70.5%	15.3%
Operating EBITDA Margin	7.0%	5.8%	10.0%	12.8%	12.8%
Net Cash Per Share (Rs)	(83.64)	(239.24)	(222.69)	(179.37)	(130.61)
BVPS (Rs)	339.22	345.32	382.24	462.88	561.46
Gross Interest Cover	3.92	1.57	3.56	7.45	10.97
Effective Tax Rate		34.0%	24.1%	27.2%	27.0%
Net Dividend Payout Ratio	6.0%	10.0%	4.0%	4.0%	4.0%
Accounts Receivables Days	36.80	43.02	50.73	52.39	61.03
Inventory Days	38.60	40.47	46.70	49.52	52.97
Accounts Payables Days	59.15	51.19	37.09	35.37	37.83
ROIC (%)	8.2%	4.9%	11.1%	21.3%	23.6%
ROCE (%)	9.2%	4.6%	11.2%	21.0%	22.6%
Return On Average Assets	6.6%	2.7%	7.3%	12.7%	13.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. While every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which is believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made (information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short-term views, etc.) that are inconsistent with and reach a different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

Research Analyst or his/her relative(s) or InCred Research Services Private Limited or our associate may have any financial interest in the subject company.

Research Analyst or his/her relatives or InCred Research Services Limited or our associates may have actual or beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report.

Research Analyst or his/her relative or InCred Research Services Private Limited or our associate entities may have any other material conflict of interest at the time of publication of the Research Report.

In the past 12 months, IRSPL or any of its associates may have:

- a) Received any compensation/other benefits from the subject company,
- b) Managed or co-managed public offering of securities for the subject company,
- c) Received compensation for investment banking or merchant banking or brokerage services from the subject company,
- d) Received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company

We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Research Analyst may have served as director, officer, or employee in the subject company.

We or our research analyst may engage in market-making activity of the subject company.

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based on any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.

Registration granted by SEBI, membership of a SEBI recognized supervisory body (if any) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

InCred Research Services Private Limited

Research Analyst SEBI Registration Number: INH000011024

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05th floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Mr. Mayuresh Kadam

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2016PTC287535

Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.