



ENABLING EXCELLENCE

# GLOBUS SPIRITS LIMITED

Result Presentation | August 2020

*ENA | IMIL | Bottling | Premium IMFL*



# CONTENT

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## Q1 FY21 Performance

Performance Highlights	3
Financial Highlights	8
Segmental Performance	10

## Annexure

Company Overview	14
Shareholding Pattern	24



# Q1 FY21 | Performance Highlights

- **Total Income (net of excise duty) stood at Rs. 2,302 mn in Q1FY21 as against Rs. 2,970 mn in Q1FY20**

- Gross revenues fell merely ~7% YoY, despite Covid-19 led disruptions
- However,, higher excise duty on account of Rajasthan Medium Liquor (RML) led to an increased fall in Total Income

- **EBITDA stood at Rs. 415 mn in Q1FY21 as against Rs. 303 mn in Q1FY20; a growth of 37.2% YoY**

- EBITDA Margin grew by ~785 bps YoY to 18.0% in Q1FY21, on account of higher ENA realisations and softening RM and fuel prices

- **PAT stood at Rs. 201 mn as against Rs. 94 mn in Q1FY20, a robust growth of 113.5% YoY**

- Finance cost declined by ~18% YoY to Rs. 51 mn in Q1FY21 versus Rs. 62 mn in Q1FY20; lower tax rate of ~25% in Q1FY21

Q1FY21

Q1FY20

Rs. 2,302 mn

22.5%

Rs. 2,970 mn

Total Income (Net)

Rs. 415 mn

37.2%

Rs. 303 mn

EBITDA

Rs. 201  
mn

113.5%

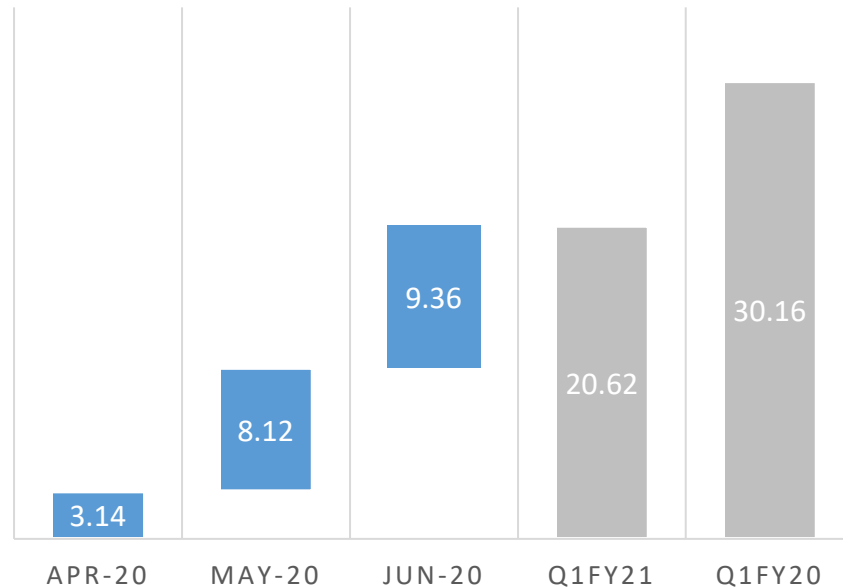
Rs. 94 mn

PAT

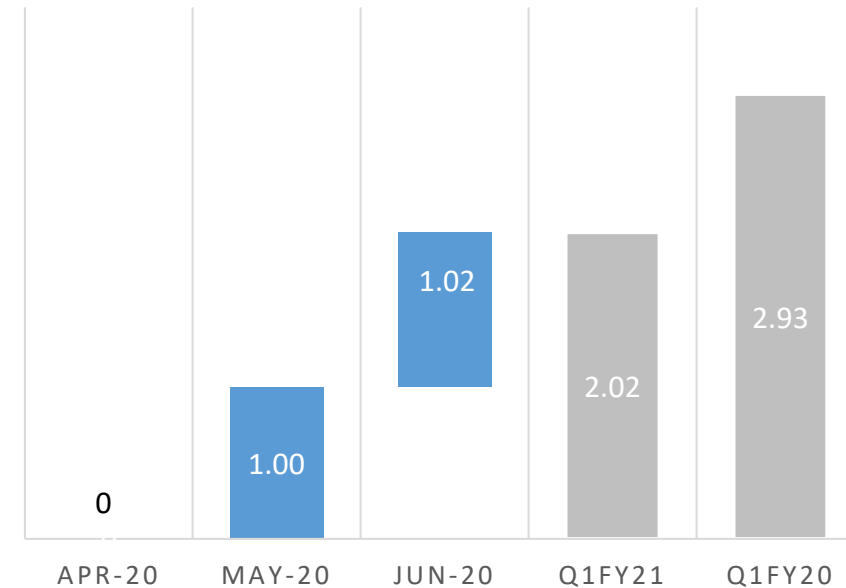
# Improvement in Sales Volumes During Q1FY21...

...Reached near normal run-rate in June-2020; Likely to sustain for rest of the year

**ENA Sales trend during lockdown  
(Mn Bulk litres)**



**IMIL Sales trend during lockdown  
(Mn cases)**



# IMIL Witnessing Positive Changes...

... Better Agri year → higher farmer disposable income → growth in consumption

## Rajasthan: ~ 29% market share in Rajasthan Medium Liquor (RML)

- Rajasthan Government increased the price of IMFL by increasing surcharge; Resulted in increased demand of RML
- Witnessing gradual down-trading from standard IMFL to IMIL
- Globus market share increased to ~29% in RML

## Haryana : Increase in market size of IMIL

- During Pandemic, Government focused to improve revenue through increase inf taxes; resulted in to increase in market size of IMIL
- Globus achieved volume growth; maintains market share
- Green Shoots visible for higher demand of IMIL; tracking developments closely for ascertain sustainability of demand



# Other Business Updates

## Hand Sanitizer Business

- ✓ Recently forayed into the Hand Sanitizer business amid pandemic outbreak
- ✓ Presently, small business segment, potentially generating revenue of around Rs. 100 mn per annum with healthy operating margins
- ✓ Will evaluate sustainability of this business once normalcy returns

## Commissioning of New Captive Power Plant

- ✓ Replaced the old unit by installed a new co-generation unit at Samalkha Facility (Haryana) of 1.7 MW
- ✓ Estimated cost savings to be around Rs. 40-50 mn per annum, on account of consistent CO2 production and lower fuel costs; Also, likely to improve the operational efficiency

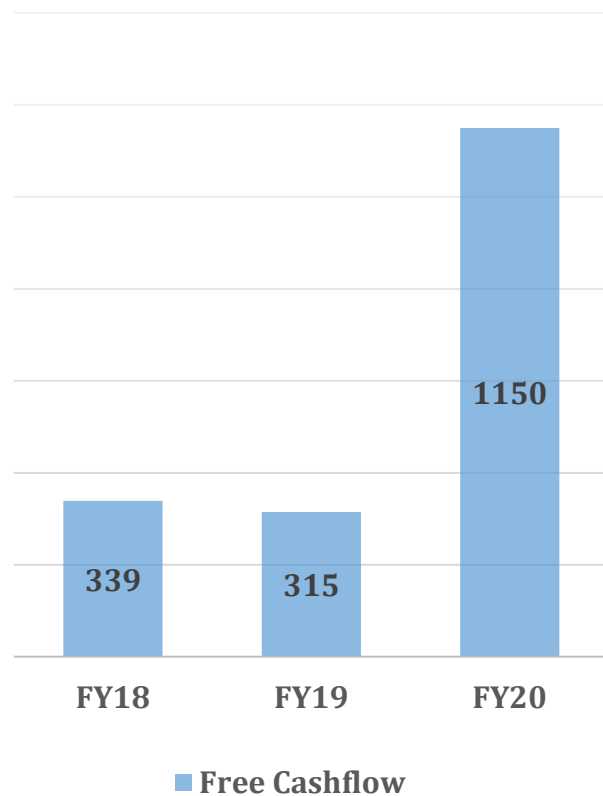
## Merger of Unibev

- ✓ Application for Merger has been filed and awaiting SEBI approval, post which, the Company will approach the NCLT for final approval
- ✓ Merger is likely to be completed by next financial year

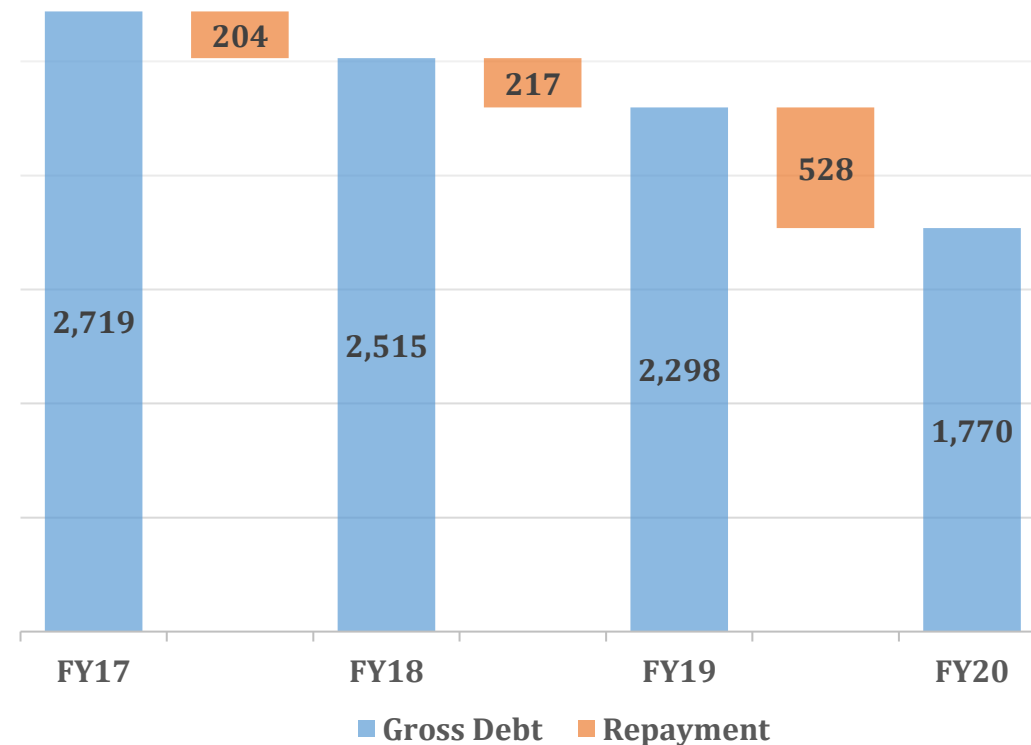
# Disciplined Utilization of Cashflow

... Reducing debt & achieving growth from business cashflow

Free Cashflow Generation...



... used to deleverage balance-sheet



Standalone financials

\* Free Cash Flow: (CF from Operating Activities – Capex)

# Q1FY21 | Profit & Loss Statement

## Standalone Financials

Particulars (Rs MN)	Q1 FY21	Q1 FY20	YoY (%)	Q4 FY20	QoQ	FY20
<b>Gross Revenues</b>	<b>2,896.3</b>	<b>3,124.2</b>	<b>-7.3%</b>	<b>2,928.8</b>	<b>-1.1%</b>	<b>12,545.1</b>
Less- Excise duty	604.6	168.0	260.0%	233.3	159.1%	914.7
<b>Net Revenues from Operations</b>	<b>2,291.7</b>	<b>2,956.2</b>	<b>-22.5%</b>	<b>2,695.4</b>	<b>-15.0%</b>	<b>11,630.4</b>
Other Income	10.4	13.8	-24.5%	17.5	-40.6%	48.3
<b>Total Income</b>	<b>2,302.0</b>	<b>2,970.0</b>	<b>-22.5%</b>	<b>2,712.9</b>	<b>-15.1%</b>	<b>11,678.7</b>
<b>Total Expenditure</b>	<b>1,886.6</b>	<b>2,667.2</b>	<b>-29.3%</b>	<b>2,323.3</b>	<b>-18.8%</b>	<b>10,299.7</b>
Consumption of Material	1,387.8	1,859.1	-25.4%	1,558.4	-10.9%	7,127.0
Employee Cost	84.5	75.0	12.6%	78.1	8.1%	311.1
Other Expenditure	414.3	733.1	-43.5%	686.8	-39.7%	2,861.6
<b>EBITDA</b>	<b>415.5</b>	<b>302.8</b>	<b>37.2%</b>	<b>389.6</b>	<b>6.6%</b>	<b>1,379.0</b>
Depreciation & Amortization	95.2	92.2	3.2%	95.9	-0.7%	378.6
<b>EBIT</b>	<b>320.3</b>	<b>210.6</b>	<b>52.1%</b>	<b>293.7</b>	<b>9.1%</b>	<b>1,000.4</b>
Finance Charges	50.8	62.0	-18.1%	49.5	2.6%	235.2
<b>PBT</b>	<b>269.5</b>	<b>148.6</b>	<b>81.4%</b>	<b>244.1</b>	<b>10.4%</b>	<b>765.1</b>
Tax Expense (Current, Deferred Tax)*	68.4	54.4	25.8%	28.7	138.8%	172.0
<b>PAT (From ordinary activities)</b>	<b>201.1</b>	<b>94.2</b>	<b>113.5%</b>	<b>215.5</b>	<b>-6.7%</b>	<b>593.1</b>
<b>EPS</b>	<b>6.98</b>	<b>3.27</b>	<b>113.5%</b>	<b>7.48</b>	<b>-6.7%</b>	<b>20.60</b>

Note: Excise duty increased YoY and QoQ as a result of addition of Rajasthan Medium Liquor (RML) category (in IMIL business), which carries higher excise duty



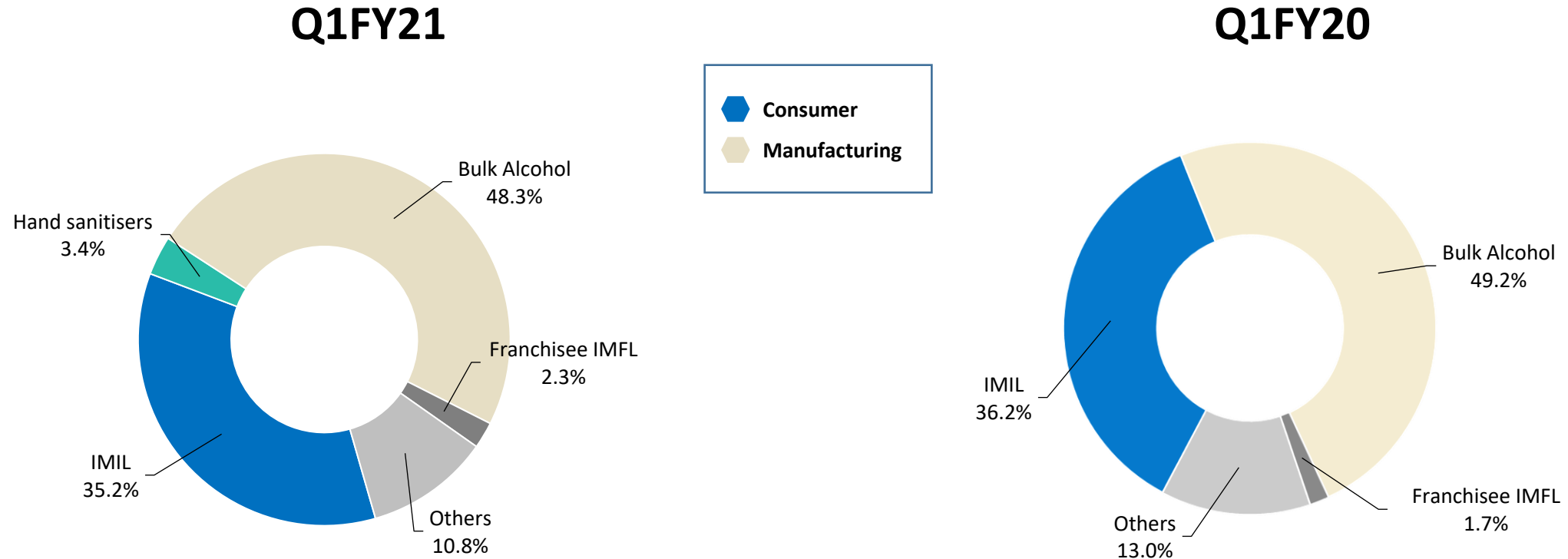
# Q1FY21 | Key Ratios

## Standalone Financials

Key Ratios (% of Total Income)	Q1 FY21	Q1 FY20	Q4 FY20	FY20
EBITDA	18.0%	10.2%	14.4%	11.8%
PAT	8.7%	3.2%	7.9%	5.1%
Total Expenditure	82.0%	89.8%	85.6%	88.2%
Raw material	60.3%	62.6%	57.4%	61.0%
Employee Cost	3.7%	2.5%	2.9%	2.7%
Other Expenditure	18.0%	24.7%	25.3%	24.5%
Interest	2.2%	2.1%	1.8%	2.0%
Depreciation	4.1%	3.1%	3.5%	3.2%
Other Income	0.5%	0.5%	0.6%	0.4%

# Segmental Performance

Break-up of Standalone Revenue from Operations (Net)

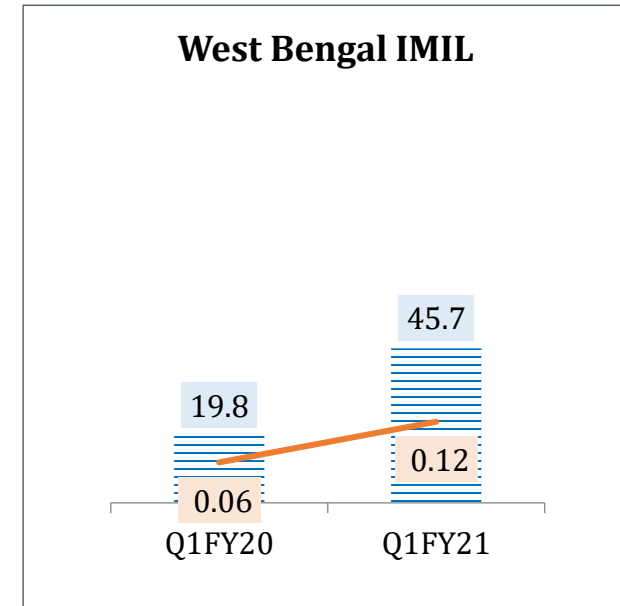
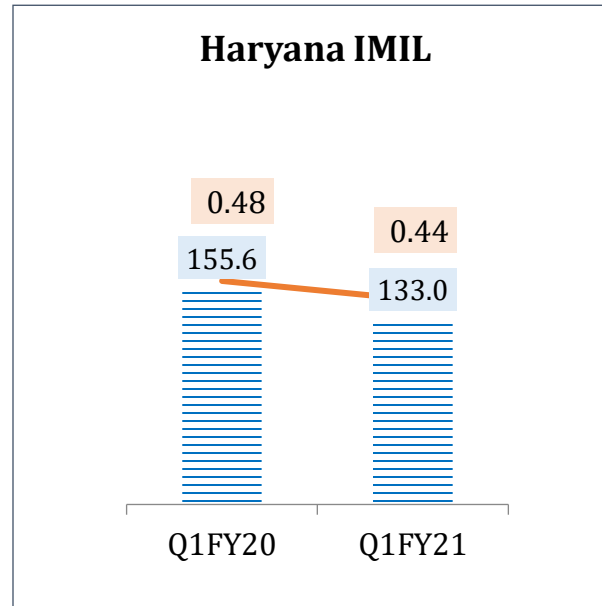
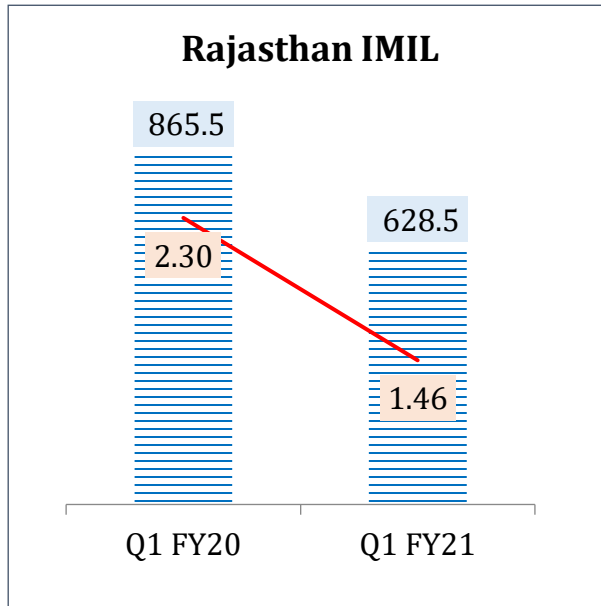


- **Revenue from Manufacturing business - Rs. 1,484 mn in Q1 FY21, as against Rs. 1,887 mn in Q1 FY20, impacted due to Covid-19**
  - Manufacturing includes revenue from Bulk Alcohol, Franchise Bottling, Hand Sanitisers and Others (by-products)
- **Share of Consumer business remained largely stable at ~35% in Q1 FY21 against ~36% in Q1 FY20**

# Consumer Business - IMIL

State-wise Performance – Making Progress in West Bengal

## Q1FY21 IMIL - Total 2.02 mn cases

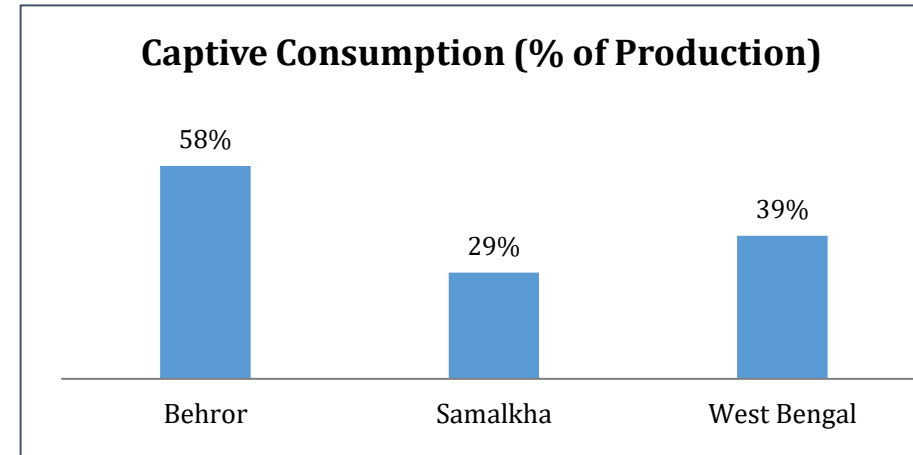
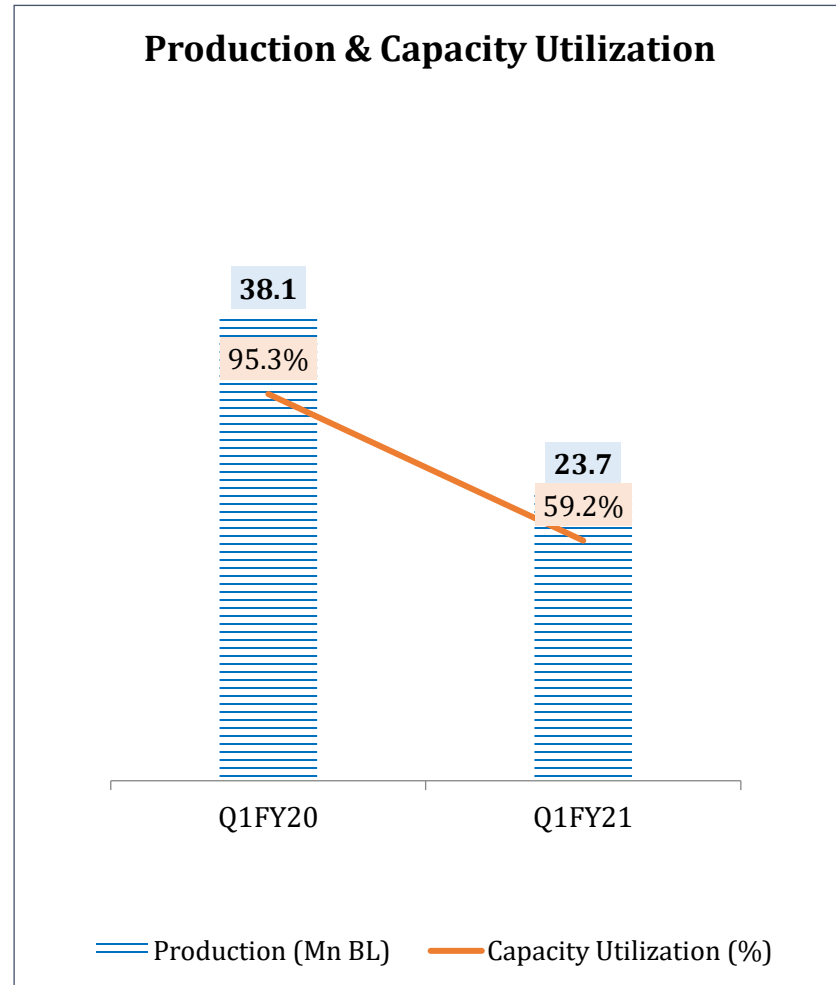


■ Revenue (Rs. Mn)    ■ Volumes (Mn Cases)

- **Aggregate IMIL revenues - Rs. 807 mn in Q1FY21, as against Rs. 1,069 mn in Q1FY20, due to lower consumption amid Covid-19**
  - Aggregate IMIL realizations - **Rs. 399.2 per case** in Q1FY21 against Rs. 364.8 per case in Q1FY20
- **Exited from Delhi country liquor market due to low realisations but may re-enter if realizations become attractive**

# Manufacturing – Strong Backbone

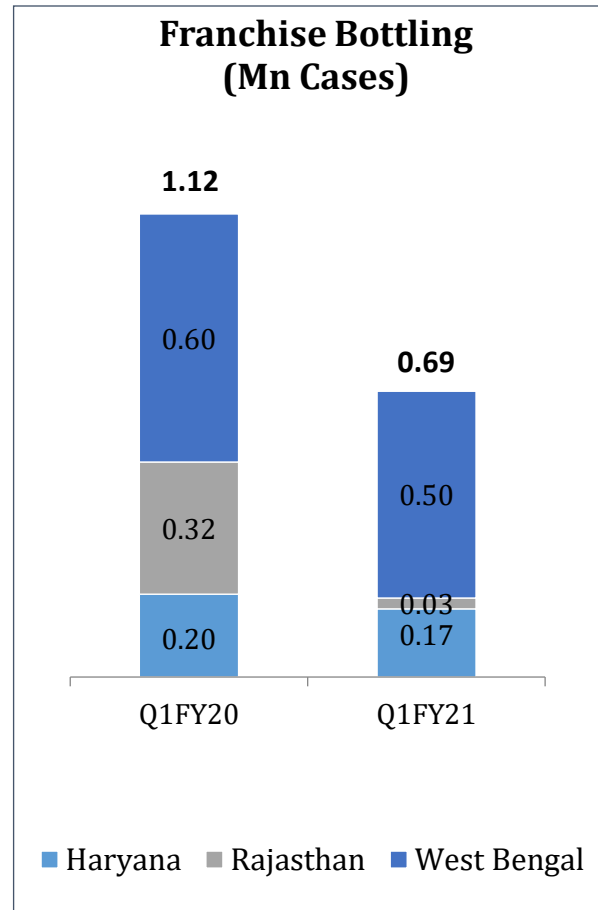
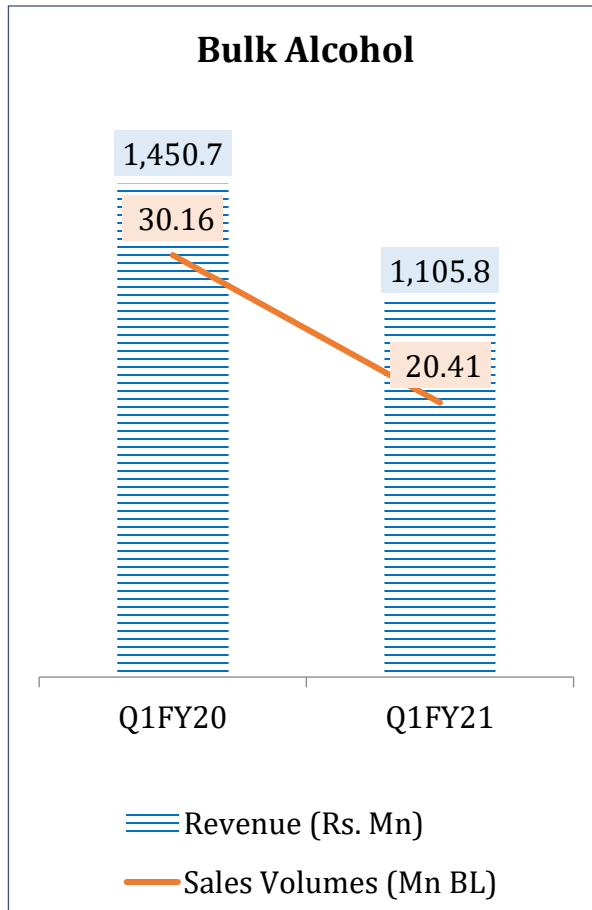
*Facilities ramping up to reach its near normal, high utilisation levels, post lockdown*



- **Total capacity stands at 160 mn bulk liters per annum**
- **Capacity utilization** at 59.2% in Q1FY21 as against 95.3% in Q1FY20
  - Production was impacted due to Covid-19 led lockdown restrictions
- **Average Captive consumption** at 37% in Q1FY21

# Manufacturing – Strong Backbone

*Improvement towards the end of Q1FY21 in both Bulk alcohol and Franchise Bottling*



## Franchise Bottling Volumes

- Total volumes stood at **0.69 mn cases in Q1 FY21** against 1.12 mn cases in Q1 FY20
- Realizations stood at Rs. 49.3 per case



# **Company Overview**

# The 360° Business Model

*ENabling high capacity utilisation and sustainable & balanced growth*

*Unique 360° model straddling across the entire alcohol value chain*



## ▪ Large, efficient manufacturing operations

- Amongst the largest and most efficient grain-based distilleries in India with ~160 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 (IMIL) in North India

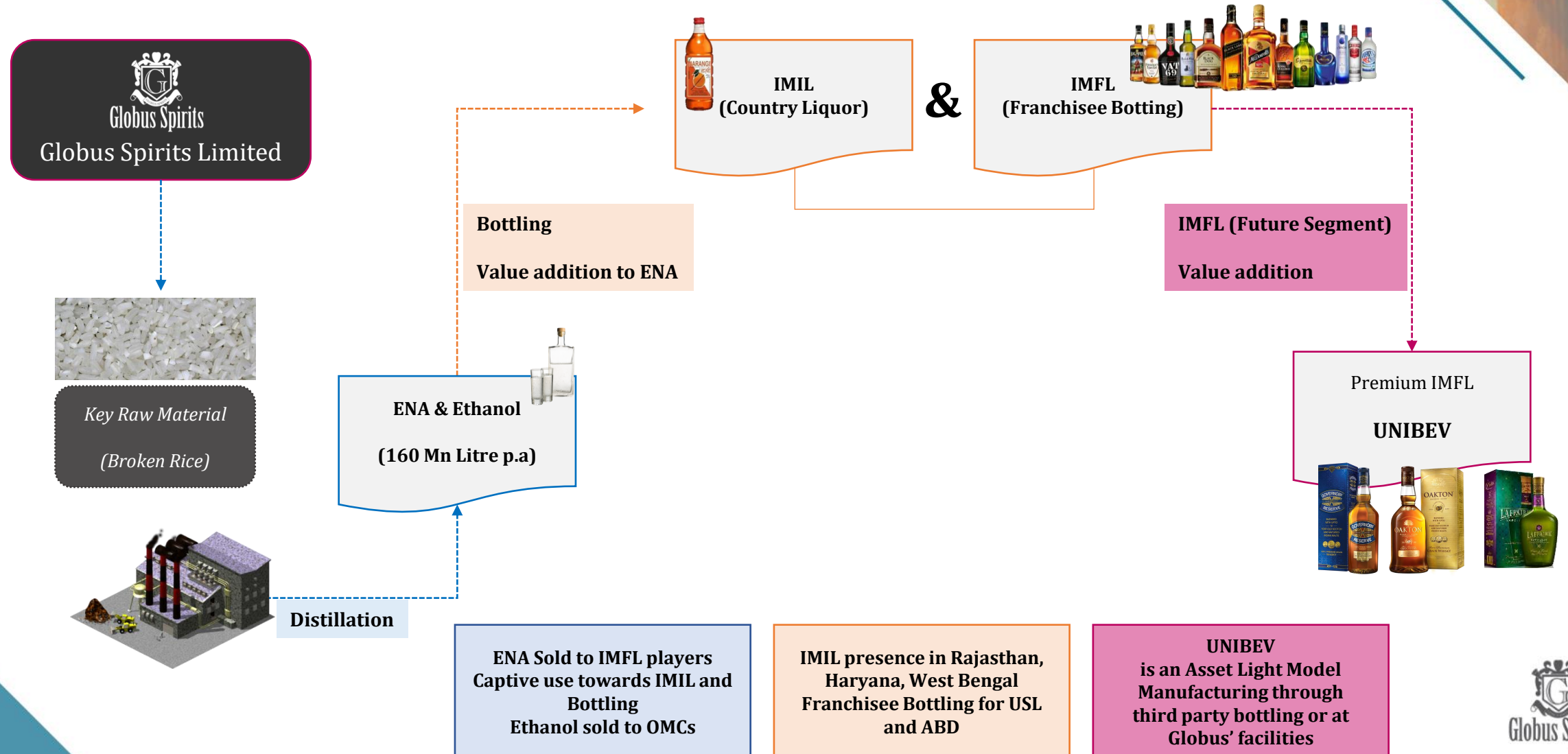
- Pioneered IMIL branding with launch of NIMBOO brand
- Leading IMIL player in Haryana, Rajasthan and Delhi

## ▪ Establishing presence in IMFL consumer segment - Unibev

- Asset light, high margin, brand led business model
- Successfully launched three brands, forayed into 10 states and growing footprints in other states

# 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 (64% of Revenue)**  
Strong Backbone...

Bulk Spirits	Franchisee Bottling	By Products
77%	3%	20%



- Recently, commenced Production of Sanitizers



**Consumer Business (36% of Revenue)**  
High Value...

IMIL	Premium IMFL
99%	0.1%



# GSL - One of the Largest IMIL Players

Product innovation and focus on brand building has enabled growth

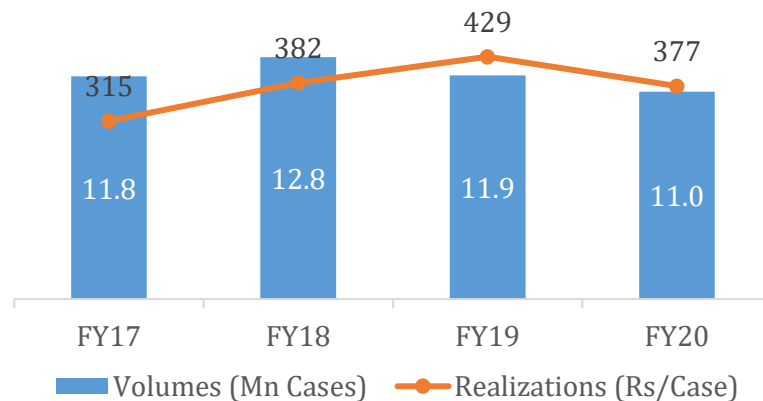
## Existing Product Portfolio



## State wise Market Share in IMIL (FY20)

Rajasthan	Largest Private Player	29%
Haryana	4 <sup>th</sup> largest player	8%
West Bengal	Recent entrant	2%

## IMIL Sale Volumes (Mn Cases)



## Focus on Innovation through Investment in R&D



# “UNIBEV” – A step towards new leg of growth

*Asset light business model - building blocks for a high margin brand play*



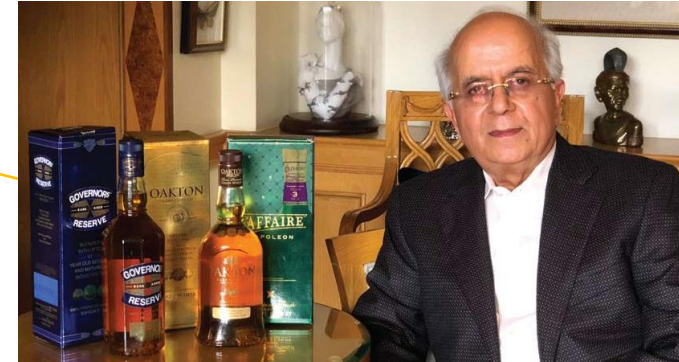
## **Globus Spirits Limited**

- Unique business model – integrated spirits play
- Strong governance and financials
- Bold business philosophy



## **Mr. Vijay Rekhi**

- Beverage alcohol industry veteran
- Steered United Spirits to global volume leadership
- Keeper of the Quaich, most admirable CEO



# Product Portfolio – Unique Value Proposition

*Focus on niche segments and differentiated brand creation*



Unibev has come out with **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  
12 years Scotch Whisky**

**Semi-premium** whisky segment  
Segment is about **20m cases**



**Oakton  
18 years Scotch Whisky**

**Premium** whisky segment  
Segment is about **8.5m cases**



**L'Affaire Napoleon  
3 years Brandy**

**Premium** brandy segment  
Segment is about **0.5m cases**



# Hand Sanitizers

*Emerging as a new segment, amidst the Covid-19 pandemic*



## Instant Hand Sanitizer

(WHO approved formula)

- Contract bottling for major FMCG and OTC brands in some of our facilities.
- Initiated manufacturing of sanitizers under our own brand that is sold directly to retail



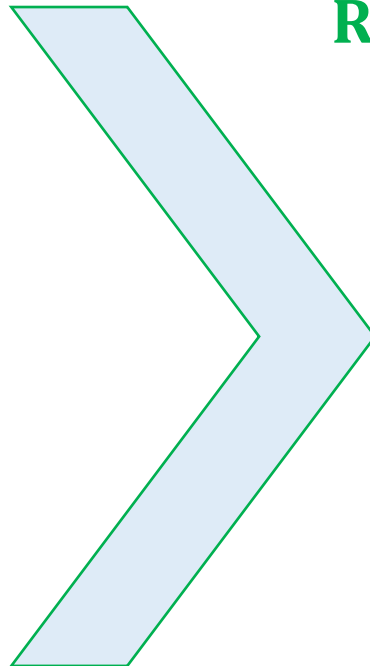
# Investing for Future Growth

*Strategically utilising free cashflows from GSL towards high ROCE business (UNIBEV)*


## High Cashflow Generation

Particulars	FY19	FY20
Profit After Tax	31 crores	59 crores
Cash Profit	67 crores	97 crores
FCF	32 crore	115 crore
Debt to Equity (x)	0.56x	0.38x

*Standalone numbers*



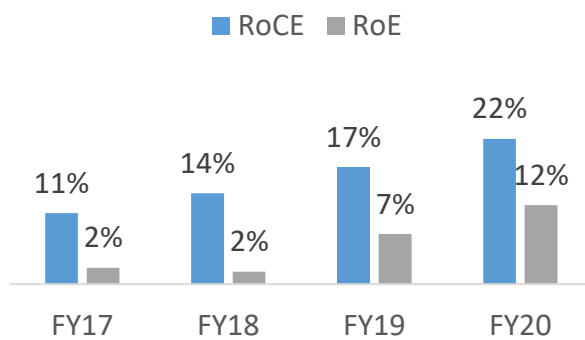
## Re-investment towards high value growth

Actions	
De-leverage Balance Sheet 	Re-payment of ~53 crores in FY20
Investment in creating a brand "UNIBEV" <b>UNIBEV</b>	Entry into high ROCE - premium IMFL business

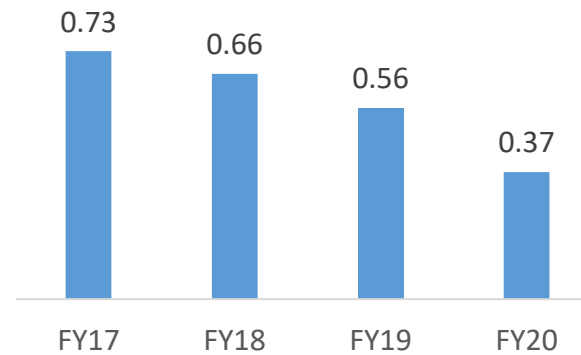
# Strengthening Balance-sheet

*Consistent focus on reducing debt and improving return ratios*

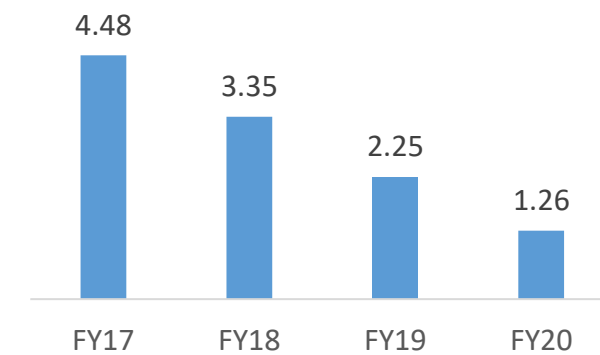
## Return Ratios



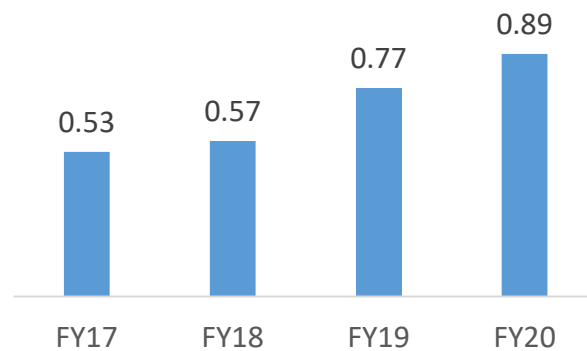
## Debt / Equity



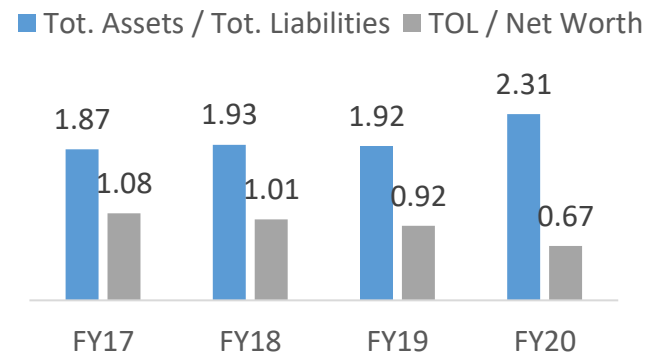
## Debt/ EBITDA



## Current Ratio

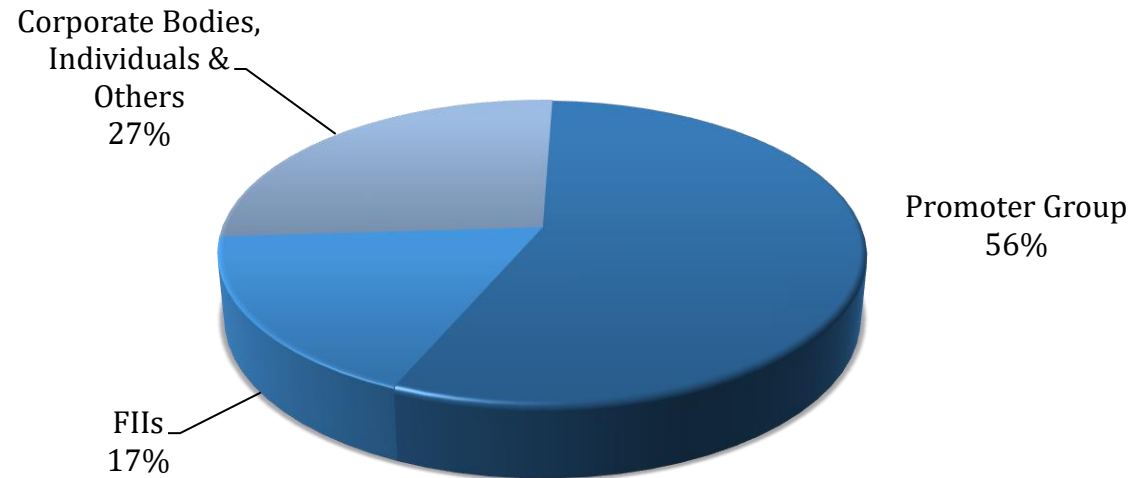


## Solvency Ratios



# Shareholding Pattern

Total outstanding equity shares as on June 30, 2020, stands at 28.8 mn shares



## Major Non-Promoter Shareholders % shareholding

Name	% Share
Templeton Strategic Emerging Markets Fund IV, LDC	17.49%



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*Rare Premium*  
**GRAIN WHISKY**



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YEAR OLD  
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**A RARE BREED**

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