



ENABLING EXCELLENCE

# GLOBUS SPIRITS LIMITED

Result Presentation | August 2021

Bulk Alcohol | Value Segment | Franchise Bottling | Premium Segment



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# Q1FY22 | Performance Highlights

*Almost full quarter of operations despite second wave of COVID-19 in Q1FY22*

Consolidated	Q1FY22	(QoQ %)	Q4FY21	
<b>Gross Revenue</b>	Rs 5,506 Mn	↑ 12%	Rs 4,909 Mn	Gross revenue growth backed by increase in share of RML in the Consumer Business segment with revenue of Rs.1,555 Mn and higher sales volume of 29.9 Mn liters in Bulk Alcohol Segment
<b>EBITDA</b>	Rs 992 Mn	↑ 11%	Rs 893 Mn	EBITDA Margin grew by ~180 bps QoQ in Q1FY22 from 24.9% to 26.7%, on account of higher RML share in Consumer Business and better realizations
<b>PAT</b>	Rs 557 Mn	↑ 10%	Rs 506 Mn	Finance cost declined by 23% YoY to Rs 39 Mn in Q1FY22
<b>Cash Profit</b>	Rs 660 Mn	↑ 7%	Rs 617 Mn	Continuing to generate high Cash Profit

# Key Business Updates

## Consumer Business:

- The share of Consumer Business grew to 42% in Q1FY22 from ~35% in Q1FY21, on the back of both volume and value growth
- The Value Segment sales volumes grew by 65% YoY to 3.3 Mn cases and realisations by 16% YoY and 10% QoQ to Rs 462.5 per case in Q1FY22
- **Manufacturing Business** posted growth in volumes sold both on YoY and QoQ basis in Q1FY22

## Expansion Update:

- **West Bengal:** Expansion work of additional 140 KLPD is nearing completion; Likely to be commissioned by September 2021
- **Jharkhand:** Planned expansion of 140 KLPD; Work has commenced recently and the project is expected to be commissioned in FY23
- Additional 140 KLPD expansion under evaluation between Bihar and another location; work expected to start later in FY22

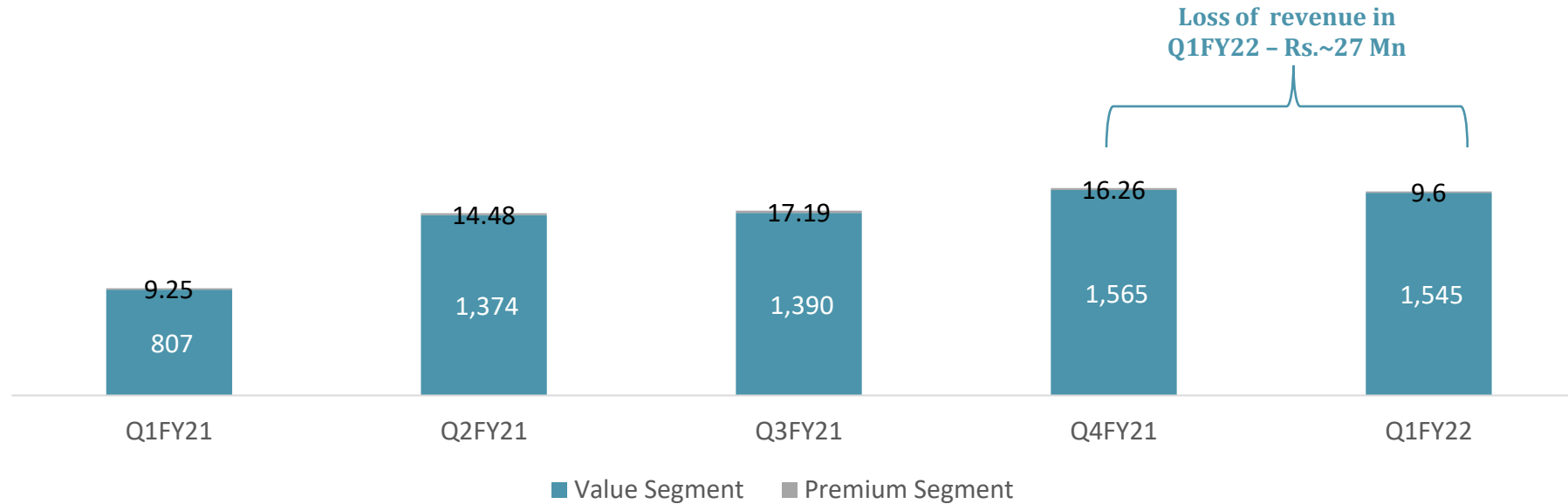
## Status of Unibev Merger:

- Shareholders, Secured Creditors and Unsecured Creditors of both the companies have already approved the scheme
- Final hearing at NCLT which was initially fixed for 10-Jun-21 has been postponed to 26-Aug-21 due to the second wave of Covid-19

# Consumer Segment- Value Added, High Margin

*Impact of second wave of COVID-19 in Q1FY22*

Value Segment & Premium Segment – Revenue Trend during the past 1 year (Rs. Mn)



**Aggregate Consumer Segment Revenue in Q1FY22 is Rs. 1,555 Mn and sales volume of 3.38 Mn cases**

Aggregate Value Segment realizations increased 16% YoY and 10% QoQ to Rs. 462.5 per case in Q1FY22

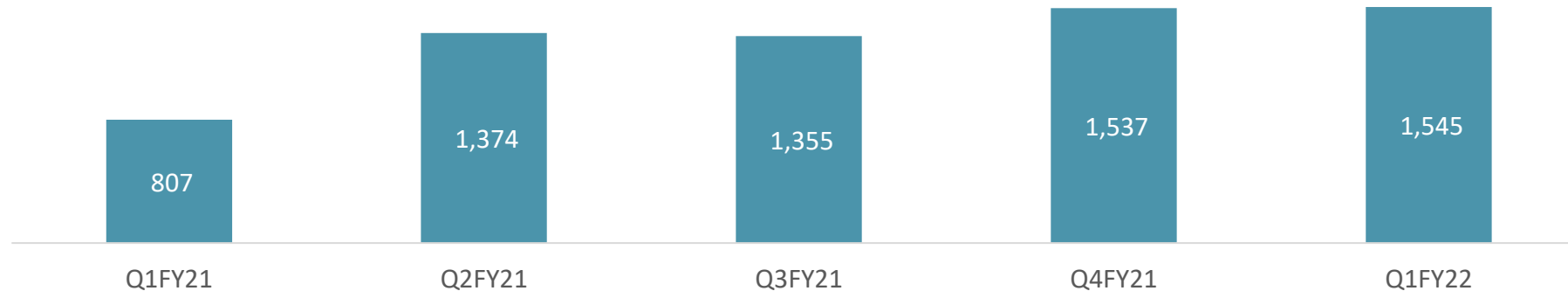
Note: Value Segment includes all Country Liquor and Medium Liquor Brands & Premium Segment includes all Unlbev brands



# Manufacturing Business – Strong Backbone

*Strong pick-up post lockdown; facilities ramped up to reach high utilisation levels*

**Bulk Alcohol – Revenue trend during the past 1 year (Rs. Mn )**



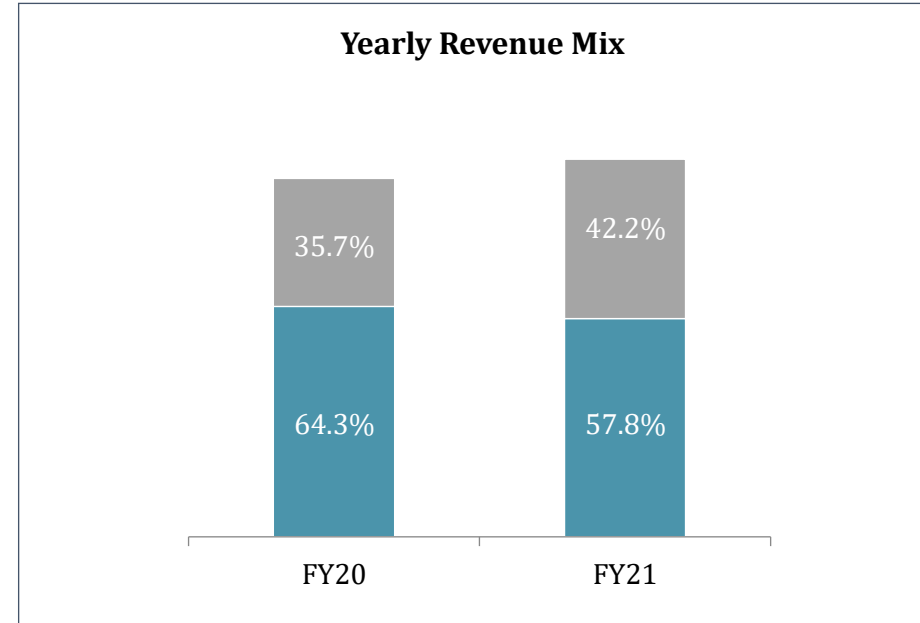
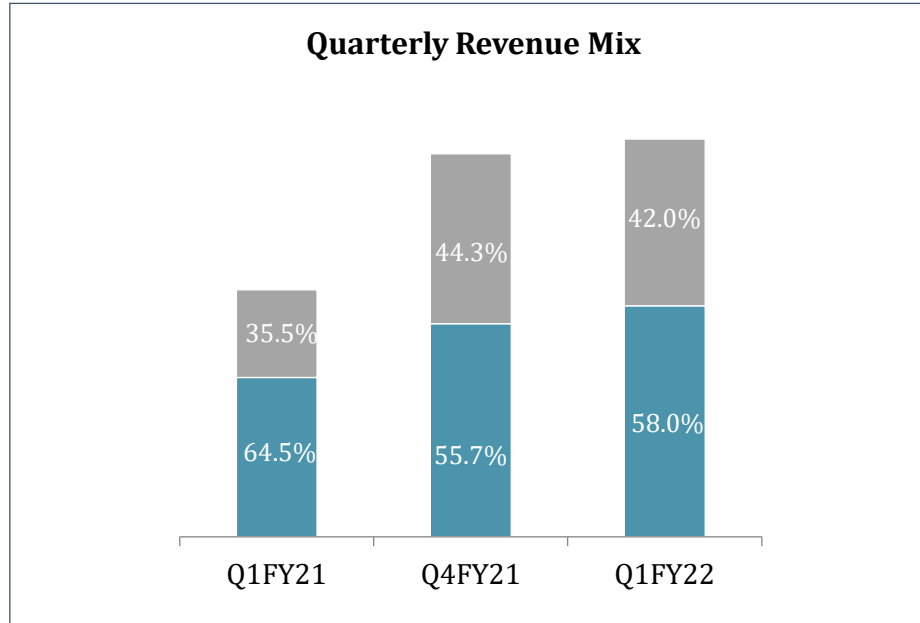
**Despite 2<sup>nd</sup> wave of Covid-19, the Capacity Utilization in Q1FY22 stood at 98% (58% in Q1FY21 and 99% in Q4FY21)**

Bulk Alcohol sales volumes stood at 29.9 Mn litre in Q1FY22, up 45% YoY and 5% QoQ

Average realization for bulk alcohol came in at Rs. 51.6 per litre in Q1FY22

# Net Revenue Mix – Segment-wise

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



— Manufacturing Segment

— Consumer Segment

- **Share of Consumer business segment increased by ~650 bps YoY from 35.5% in Q1FY21 to 42% in Q1FY22**
- Manufacturing segment includes revenue from Bulk Alcohol, Franchise Bottling, Hand Sanitisers and Others (by-products)

# Profit & Loss Highlights | Q1FY22

*Consolidated financials*

Particulars (Rs Mn)	Q1 FY22	Q1 FY21	YoY (%)	Q4 FY21	QoQ (%)	FY21
<b>Gross Revenues</b>	<b>5,506.2</b>	<b>2,919.8</b>	<b>88.6%</b>	<b>4,909.1</b>	<b>12.2%</b>	<b>16,721.3</b>
Less- Excise duty	1,801.0	618.9	191.0%	1,342.3	34.2%	4,413.6
<b>Net Revenues from Operations</b>	<b>3,705.2</b>	<b>2,300.9</b>	<b>61.0%</b>	<b>3,566.8</b>	<b>3.9%</b>	<b>12,307.7</b>
Other Income	10.8	8.7	24.1%	13.1	-17.3%	65.6
<b>Total Income</b>	<b>3,716.0</b>	<b>2,309.6</b>	<b>60.9%</b>	<b>3,579.9</b>	<b>3.8%</b>	<b>12,373.3</b>
<b>Total Expenditure</b>	<b>2,724.1</b>	<b>1,907.8</b>	<b>42.8%</b>	<b>2,687.4</b>	<b>1.4%</b>	<b>9,760.7</b>
Consumption of Material	1,839.5	1,397.4	31.6%	1,744.8	5.4%	6,531.6
Employee Cost	144.9	90.8	59.7%	90.5	60.2%	384.2
Other Expenditure	739.7	419.7	76.2%	852.2	-13.2%	2,844.8
<b>EBITDA</b>	<b>991.9</b>	<b>401.8</b>	<b>146.9%</b>	<b>892.5</b>	<b>11.2%</b>	<b>2,612.6</b>
Depreciation & Amortization	103.4	95.6	8.2%	110.9	-6.8%	406.6
<b>EBIT</b>	<b>888.5</b>	<b>306.2</b>	<b>190.2%</b>	<b>781.6</b>	<b>13.7%</b>	<b>2,206.0</b>
Finance Cost	39.3	50.9	-22.8%	40.9	-4.0%	188.3
<b>PBT</b>	<b>849.3</b>	<b>255.3</b>	<b>232.6%</b>	<b>740.7</b>	<b>14.7%</b>	<b>2,017.7</b>
Tax Expense (Current, Deferred Tax)	292.6	68.4	327.6%	234.4	24.8%	609.5
<b>PAT (From ordinary activities)</b>	<b>556.7</b>	<b>186.9</b>	<b>197.8%</b>	<b>506.3</b>	<b>10.0%</b>	<b>1,408.2</b>
<b>EPS</b>	<b>19.33</b>	<b>6.50</b>	<b>197.4%</b>	<b>17.58</b>	<b>10.0%</b>	<b>48.90</b>

Note: Higher Excise Duty (YoY and QoQ) is on account of higher share of Rajasthan Medium Liquor (RML) category in Value Segment, which carries higher excise duty



# Key Ratios | Q1FY22

## Consolidated financials

Key Ratios (% of Total Income)	Q1 FY22	Q1 FY21	Q4 FY21	FY21
EBITDA Margin	26.7%	17.4%	24.9%	21.1%
PAT	15.0%	8.1%	14.1%	11.4%
Total Expenditure	73.3%	82.6%	75.1%	78.9%
Raw material	49.5%	60.5%	48.7%	52.8%
Employee Cost	3.9%	3.9%	2.5%	3.1%
Other Expenditure	19.9%	18.2%	23.8%	23.0%
Finance Cost	1.1%	2.2%	1.1%	1.5%
Depreciation	2.8%	4.1%	3.1%	3.3%
Other Income (% of Net Revenue)	0.3%	0.4%	0.4%	0.5%

EBITDA Margin expansion driven by higher share of Consumer business and on-going impact of Ethanol Sales leading to hire purchases by OMC'S, leading to higher ENA Margins

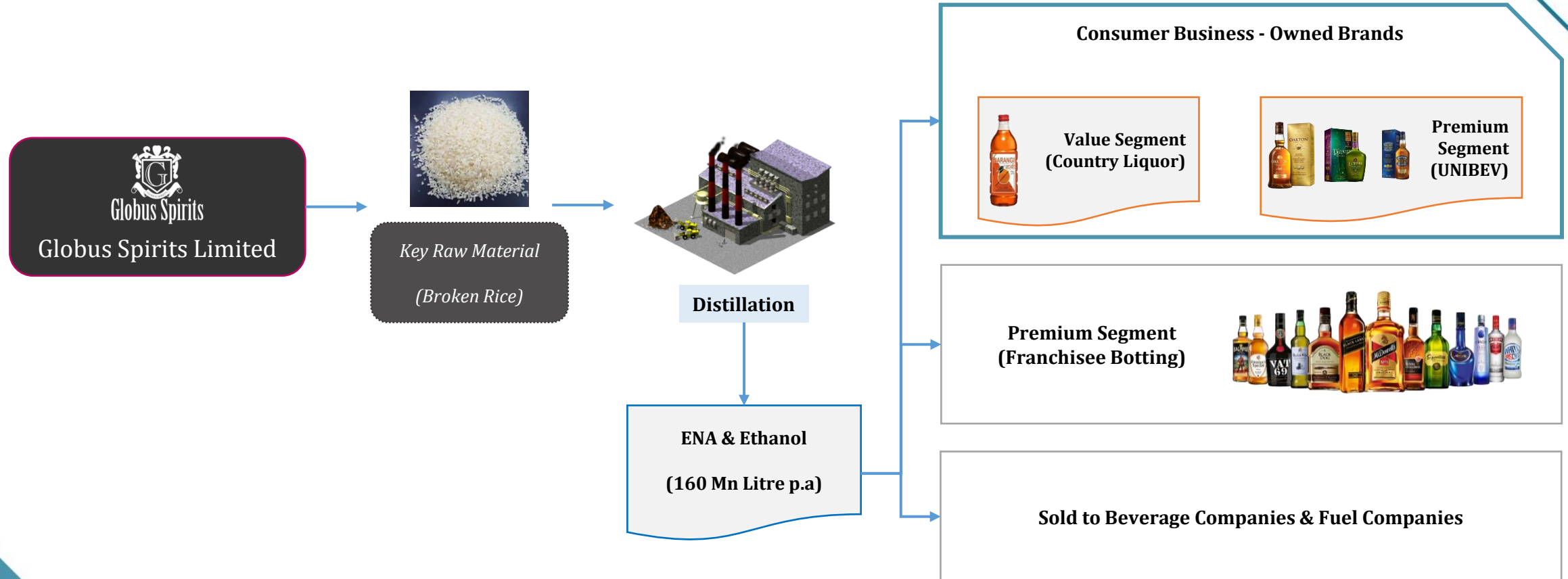
- Saving in Finance cost due to lower outstanding debt and lower interest cost
- Higher EBITDA Margin coupled with lower Finance Cost drove profitability at PAT level



# **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



- Recently, commenced Production of Sanitizers



**Consumer Business (~43% of Revenue)**  
*High Value...*

Value Segment

Premium Segment



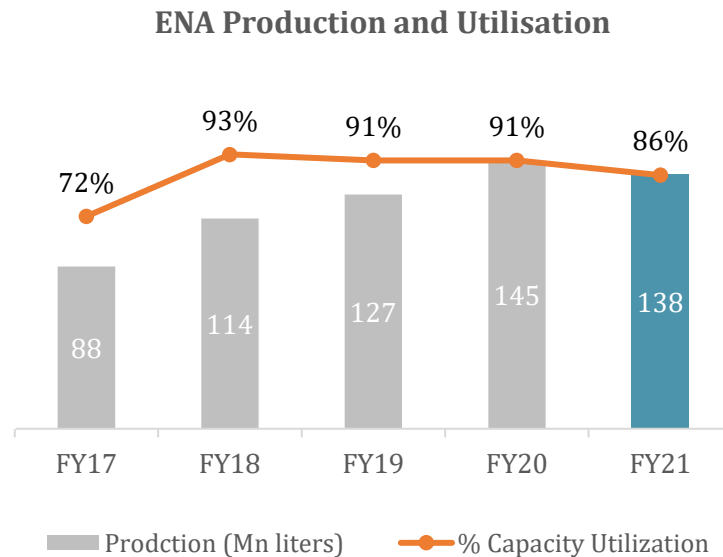


# **Manufacturing Business**

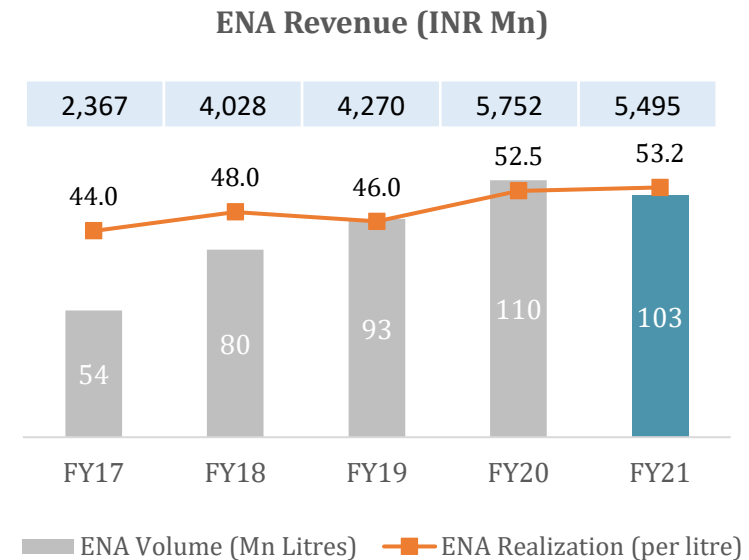
# 1. Bulk Alcohol

*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

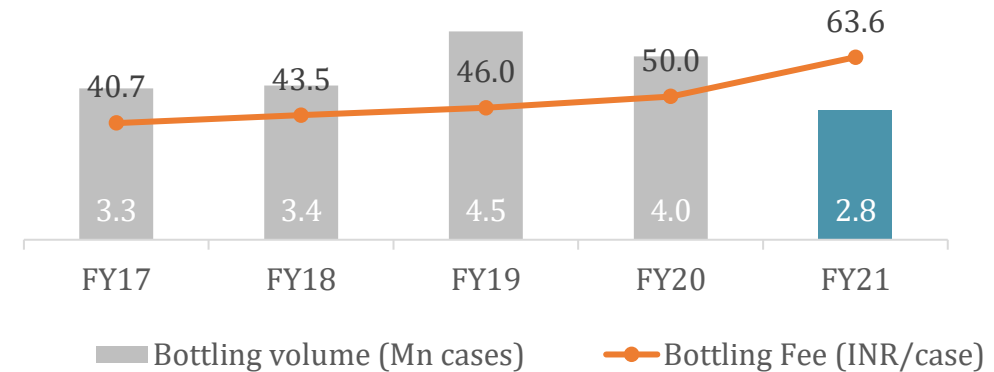
*Strong relationships with pedigreed players ensures steady offtake*

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*

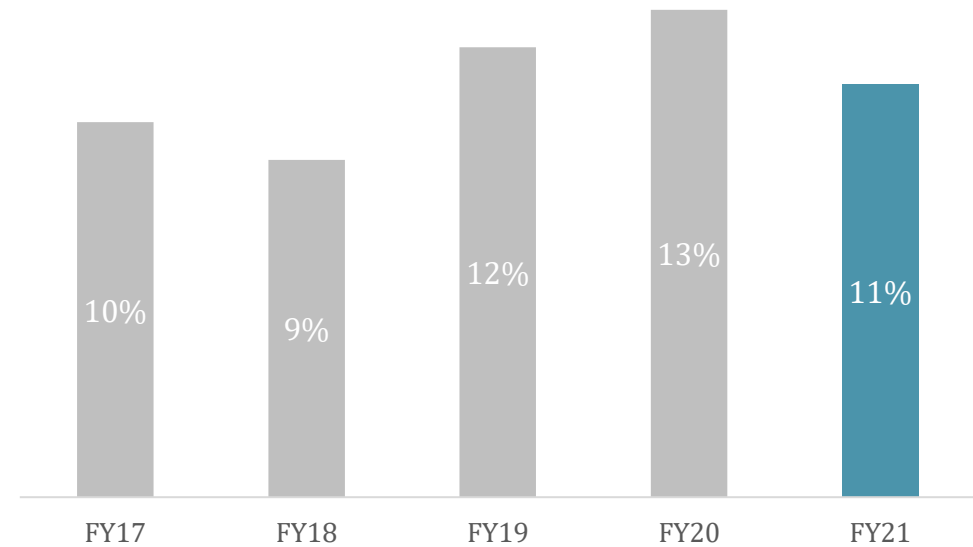
## ❑ Animal Feed Supplements (AFS)

- 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

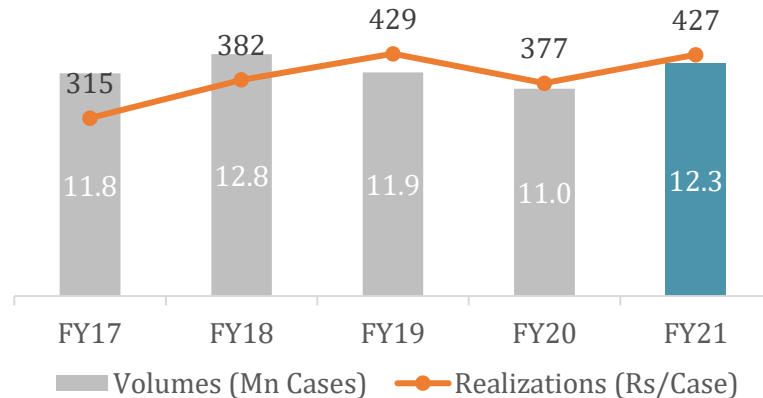
## Existing Product Portfolio



## Focus on Innovation through Investment in R&D



## Value Segment Sale Volumes (Mn Cases)



# Premium Segment – UNIBEV - Unique Value Proposition

*Asset-light | Focus on niche segments | Building blocks for a high margin brand play*



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**

**Semi-premium** whisky segment

Segment is about **20m cases**



**Oakton**

**Premium** whisky segment

Segment is about **8.5m cases**



**L'Affaire Napoleon  
3 years Brandy**

**Premium** brandy segment

Segment is about **0.5m cases**







# **Financials**



# Annual | Profit & Loss Statement

## Consolidated Financials

Particulars (INR Mn)	FY18	FY19	FY20	FY21
<b>Gross Revenues</b>	<b>9,323.8</b>	<b>10,807.0</b>	<b>12,674.3</b>	<b>16,721.3</b>
Less- Excise duty	771.4	947.9	986.1	4,413.6
<b>Net Revenues from Operations</b>	<b>8,552.4</b>	<b>9,859.1</b>	<b>11,688.2</b>	<b>12,307.7</b>
Other Income	53.2	70.9	37.4	65.6
<b>Total Income</b>	<b>8,605.6</b>	<b>9,930.0</b>	<b>11,725.5</b>	<b>12,373.3</b>
<b>Total Expenditure</b>	<b>7,870.5</b>	<b>8,976.6</b>	<b>10,440.8</b>	<b>9,760.7</b>
Consumption of Material	5,169.0	5,990.2	7,175.8	6,531.6
Employee Cost	229.4	277.3	342.8	384.2
Other Expenditure	2,472.1	2,709.1	2,922.2	2,844.8
<b>EBITDA</b>	<b>735.0</b>	<b>953.3</b>	<b>1,284.8</b>	<b>2,612.6</b>
Depreciation & Amortization	362.0	361.2	380.2	406.6
<b>EBIT</b>	<b>373.0</b>	<b>592.2</b>	<b>904.6</b>	<b>2,206.0</b>
Finance Cost	271.4	263.1	235.5	188.3
<b>PBT</b>	<b>101.7</b>	<b>329.1</b>	<b>669.0</b>	<b>2,017.7</b>
Tax Expense (Current, Deferred Tax)	45.2	91.9	172.0	609.5
<b>PAT (From ordinary activities)</b>	<b>56.5</b>	<b>237.2</b>	<b>497.0</b>	<b>1,408.2</b>
<b>EPS</b>	<b>1.98</b>	<b>8.26</b>	<b>17.33</b>	<b>48.90</b>

# Annual | Key Ratios

## *Consolidated Financials*

Key Ratios (% of Total Income)	FY18	FY19	FY20	FY21
EBITDA	8.5%	9.6%	11.0%	21.1%
PAT	0.7%	2.4%	4.2%	11.4%
Total Expenditure	91.5%	90.4%	89.0%	78.9%
Raw material	60.1%	60.3%	61.2%	52.8%
Employee Cost	2.7%	2.8%	2.9%	3.1%
Other Expenditure	28.7%	27.3%	24.9%	23.0%
Finance Cost	3.2%	2.6%	2.0%	1.5%
Depreciation	4.2%	3.6%	3.2%	3.3%
Other Income (% of Net Revenue)	0.6%	0.7%	0.3%	0.5%

# Annual | Balance Sheet

## Consolidated Financials

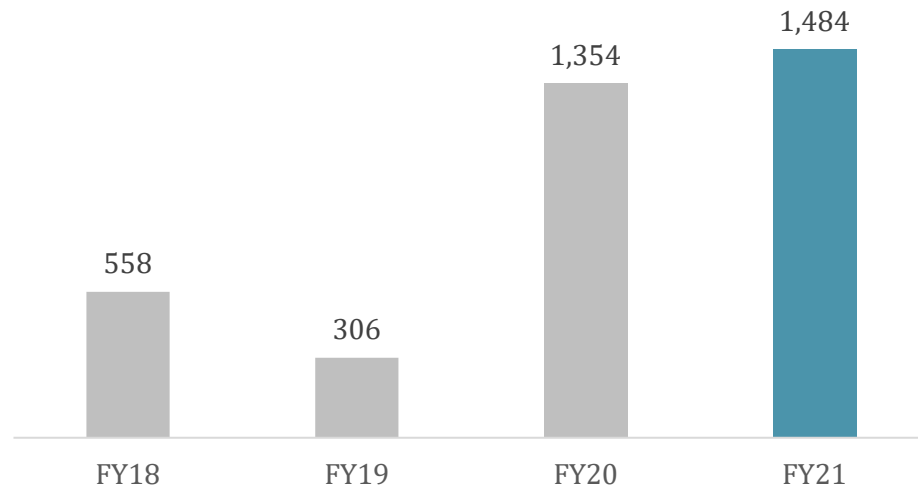
Liabilities (INR Mn)	FY19	FY20	FY21
Networth	3978.8	4,473.0	5,853.2
Minority Interest	-7.2	-9.0	-9.2
LT borrowings	1695.4	1,328.0	1,067.1
Provisions	17.2	27.8	30.1
Deferred tax liabilities	241.5	282.6	524.8
Other non-current liabilities	24.9	37.0	77.0
<b>Total Non Current Liabilities</b>	<b>5950.6</b>	<b>6139.4</b>	<b>7542.9</b>
ST borrowings	314.2	44.8	272.8
Trade payables	946.6	1,084.9	1,187.4
Provisions	16.5	6.9	67.7
Other financial liabilities	364.5	466.4	496.4
Current tax liabilities	10.2	53.6	31.4
Other current liabilities	89.6	197.0	321.5
<b>Total Current Liabilities</b>	<b>1741.5</b>	<b>1853.5</b>	<b>2377.2</b>
<b>Total Liabilities</b>	<b>7692.1</b>	<b>7992.9</b>	<b>9920.2</b>

Assets (INR Mn)	FY19	FY20	FY21
Fixed assets (incl. CWIP)	5854.2	5,978.5	6,268.5
Intangible assets under development	6.1	6.1	-
Financial assets	149.6	183.3	175.8
Income tax assets	15.3	0.3	0.3
Other non-current assets	150.5	61.1	437.9
<b>Total Non Current Assets</b>	<b>6175.8</b>	<b>6229.3</b>	<b>6882.5</b>
Inventories	777.8	1,062.8	1,021.3
Trade receivables	490.9	338.1	879.2
Cash & cash equivalents	25.1	199.9	581.3
Other financial assets	70.9	28.3	49.9
Other current assets	151.7	134.5	505.9
<b>Total Current Assets</b>	<b>1516.3</b>	<b>1763.6</b>	<b>3037.6</b>
<b>Total Assets</b>	<b>7692.1</b>	<b>7992.9</b>	<b>9920.2</b>

# Enhanced Net Cash Flow from Operations

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

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



## ...Driven by the Following Key Factors

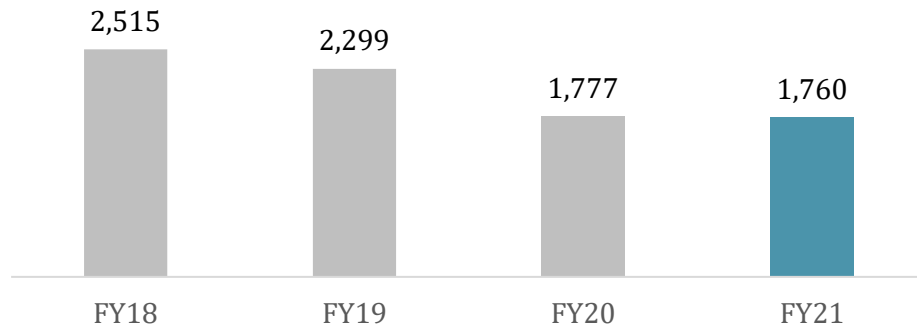
- **Growth in business and improved profitability**
- **Lower Finance costs** due to paring of debt
- **Lower cash outlay for taxes\*** - 80IA deduction (on account of biomass-based power plant) and MAT Credit (available for next 2-3 years based on current estimates)

*\* This led to a lower effective tax rate of 18% (% of PBT) in FY21, and is likely to continue over the next 2-3 years*

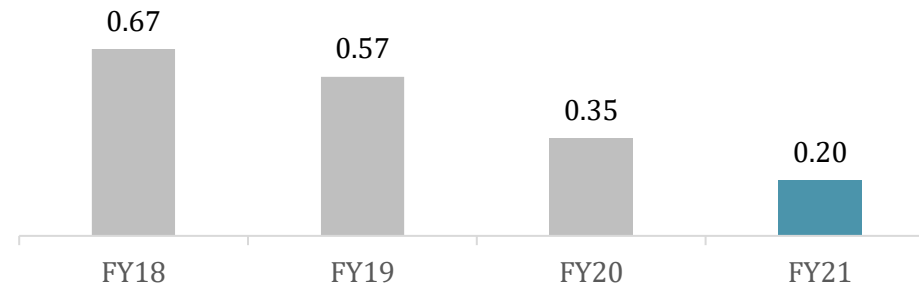
# Key Financial Ratios

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

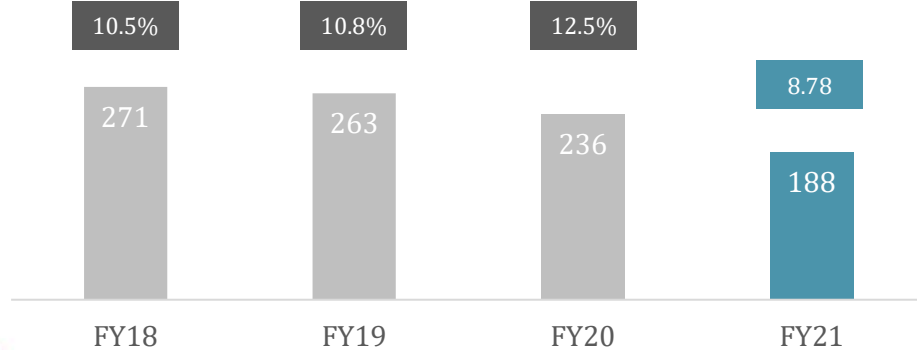
**Gross Debt (Rs Mn)**



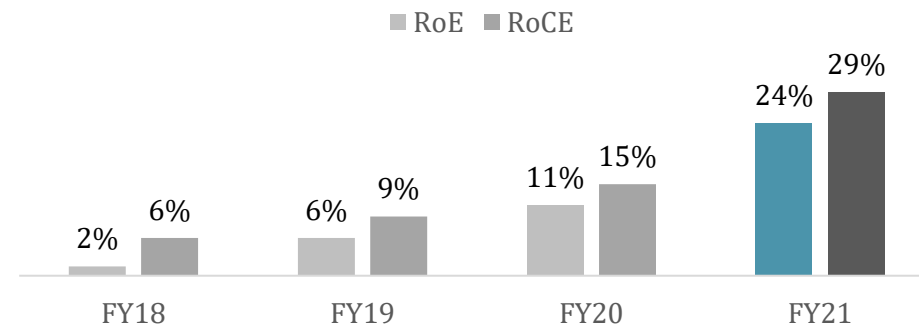
**Net Debt/Equity (x)**



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

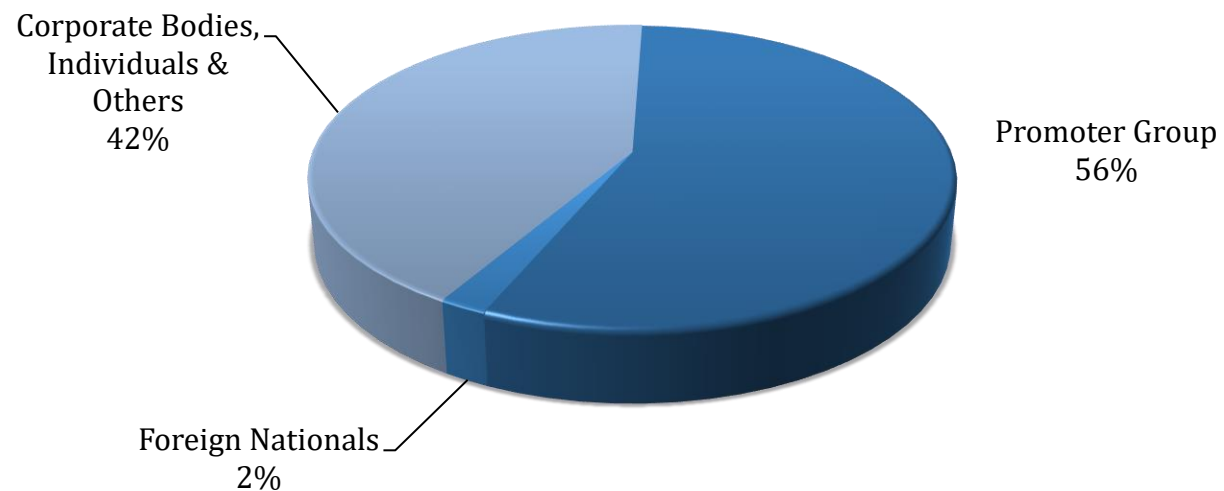


**Return Ratios (%)**



# Shareholding Pattern

Total outstanding equity shares as on June 30, 2021, stands at 28.8 Mn shares



## Major Non-Promoter Shareholders % shareholding

Name	% Share
Templeton Strategic Emerging Markets Fund IV, LDC	2.08%



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*Rare Premium*  
GRAIN WHISKY



BLENDED WITH  
**18**  
YEAR OLD  
SCOTCH

A RARE BREED

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