



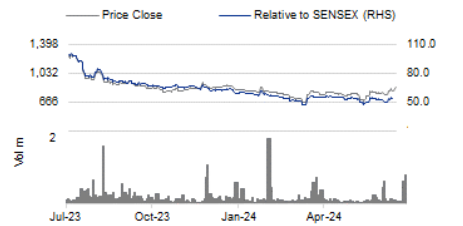
India

ADD (no change)

Consensus ratings*: Buy 2 Hold 0 Sell 0	
Current price:	Rs860
Target price: ▲	Rs1,599
Previous target:	Rs1,562
Up/downside:	85.9%
InCred Research / Consensus:	2.4%
Reuters:	
Bloomberg:	GBSL IN
Market cap:	US\$342m
	Rs24,826m
Average daily turnover:	US\$1.7m
	Rs124.2m
Current shares o/s:	28.8m
Free float:	49.0%
*Source: Bloomberg	

Key changes in this note

- PAT estimates cut by 8.7% for FY25F, due to the faster ramp-up of IMFL segment.
- PAT estimates increased by 2.3% for FY26F, due to the volume increase of IMFL, in initially entered markets.



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	15.8	8.1	(31.2)
Relative (%)	10.3	0.9	(44.1)

<b>Major shareholders</b>	% held
Promoter & Promoter Group	51.0
MIT	3.8

Research Analyst(s)

**Nitin AWASTHI**  
T (91) 22 4161 1550  
E nitin.awasthi@incredresearch.com

# Globus Spirits Ltd

## Lollapalooza is here

- Major factors causing headwinds for Globus Spirits were raw material & power costs for the last two years, although the company kept increasing its capacity.
- Raw material & power costs have normalized. Strong tailwinds have emerged with expansion into major whisky segments including single malt, to top it all.
- Retain ADD rating on the stock with a higher target price of Rs1,599, considering a healthy P/E rerating going ahead.

### Firing on all cylinders – ENA (Incl. ethanol), IMIL and IMFL

The business of Globus Spirits or GSL can be divided into three segments, namely extra neutral alcohol or ENA (Incl. ethanol), IMIL (Indian Made Indian Liquor) and IMFL (Indian Made Foreign Liquor), with the ethanol and IMIL segments mainly contributing to the topline and bottomline. The IMFL segment has a negative contribution to the bottomline. Raw material & power costs have normalized, there is a healthy increase in IMIL selling prices, and the spreads are back on the table with the EBITDA margins of ethanol/ENA & IMIL moving towards 10% & 20%, respectively. Negative contribution from the IMFL segment is expected to turn positive from FY28F.

### Covers the entire whisky segment including single malt

The IMFL segment is dominated by whisky with ~65% market share. GSL had entered the mid-segment of whisky. It was missing in the voluminous regular segment and the single malt segment. GSL has set the ball rolling with its hands in every segment and also major price points in the whisky space.

### Change in our earnings estimates

We have cut our PAT estimates for GSL by 8.7% for FY25F and increased it by 2.3% for FY26F, respectively, considering the faster ramp-up in IMFL business volume. The beer and RTD (ready to drink) segments ventured into by the company have not been considered by us for any of our projections. Once the beer segment's capital layout is disclosed, we will build in the beer segment as well as the RTD segment in our projections. RTD sales of the company have commenced but considering the internal manufacturing efficiency vs. outsourcing, we have decided to consider RTD sales, and also post manufacturing set-up.

### Retain ADD rating on the stock with a higher target price of Rs1,599

We retain our ADD rating on with a higher target price of Rs1,599 (15x FY26F EPS) from Rs1,562 earlier. Downside risks: 1) Broken rice and maize is mainly used to make ENA/ethanol and any rise in its price will directly impact the gross profit. 2) Final product prices are decided by state/central governments and/or oil marketing companies and hence, profitability depends on the prices fixed by them. 3) Power, a vital component of product economics, is generated mainly from coal and thus, any adverse movement in coal prices will hit GSL adversely.

### Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	21,091	24,147	32,143	35,599	45,767
Operating EBITDA (Rsm)	2,456	1,698	4,028	4,928	6,270
Net Profit (Rsm)	1,222	964	2,450	3,069	4,023
Core EPS (Rs)	42.4	33.5	85.1	106.6	139.7
Core EPS Growth	(34.7%)	(21.1%)	154.0%	25.3%	31.1%
FD Core P/E (x)	20.27	25.68	10.11	8.07	6.16
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.30%	0.23%	0.40%	0.50%	0.65%
EV/EBITDA (x)	11.06	15.66	6.42	4.78	3.33
P/FCFE (x)	(18.40)	19.06	29.07	11.37	8.55
Net Gearing	27.1%	18.6%	9.1%	(8.1%)	(20.5%)
P/BV (x)	2.79	2.53	2.04	1.64	1.31
ROE	14.7%	10.3%	22.4%	22.6%	23.7%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

# Lollapalooza is here

**Figure 1: Presence of Globus Spirits in whisky segment**

Indicative MRP		Whisky
Luxury	>Rs4,200	DOAAB INDIA SINGLE MALT
Semi-Luxury	>Rs1,250	
Super Premium	<Rs1,250	SEVENTH HEAVEN, OAKTON BARREL
Semi Premium	<Rs840	BROTHERS, GOVERNORS RESERVE
Deluxe	<Rs675	MOUNTAIN OAK
Regular	<Rs500	GR8 TIMES

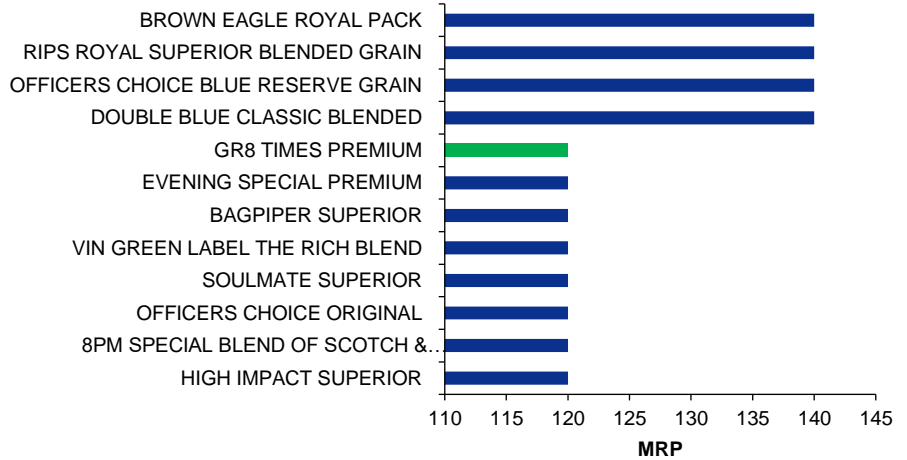
SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Whisky - Regular >



GR8 TIMES – MRP – Rs120 (180ml) - Tetra Pack

**Figure 2: Globus Spirits has one product in whisky regular segment - GR8 Times**



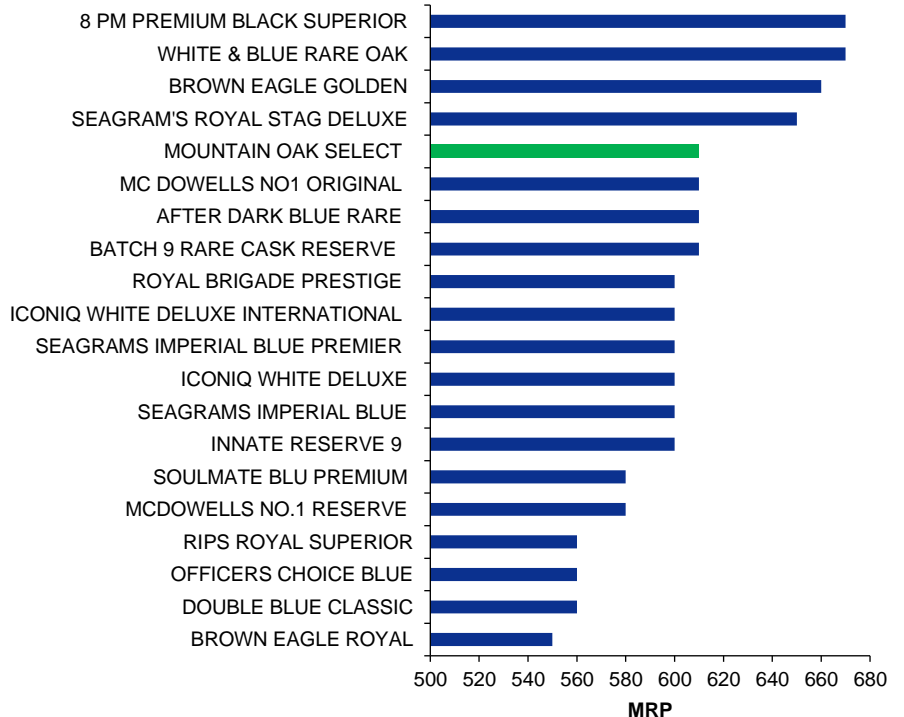
SOURCE: UTTAR PRADESH EXCISE DEPARTMENT

## Whisky - Deluxe >



MOUNTAIN OAK PREMIUM GRAIN – MRP – Rs610 (750ml)

**Figure 3: Globus Spirits has one product in whisky deluxe segment - Mountain Oak**



SOURCE: UTTAR PRADESH EXCISE DEPARTMENT

**Whisky – Semi-Premium**

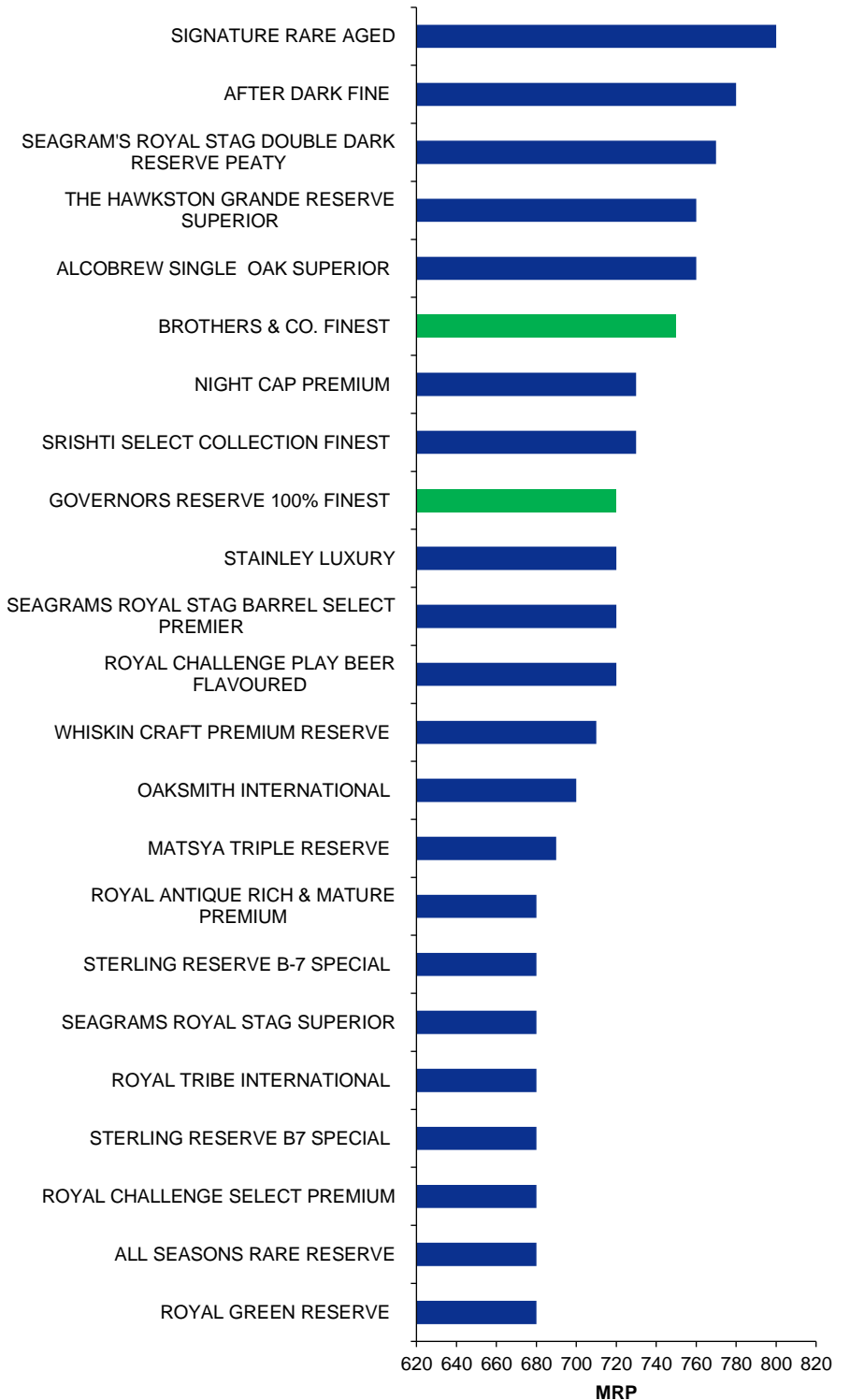
**Figure 4: Globus Spirits has two products in whisky semi-premium segment – Governors’ Reserve, and Brothers & Co**



**GOVERNORS RESERVE**  
 – MRP – Rs720 (750ml)



**BROTHERS & CO**  
 – MRP – Rs750 (750ml)



SOURCE: UTTAR PRADESH EXCISE DEPARTMENT

**Whisky - super premium**

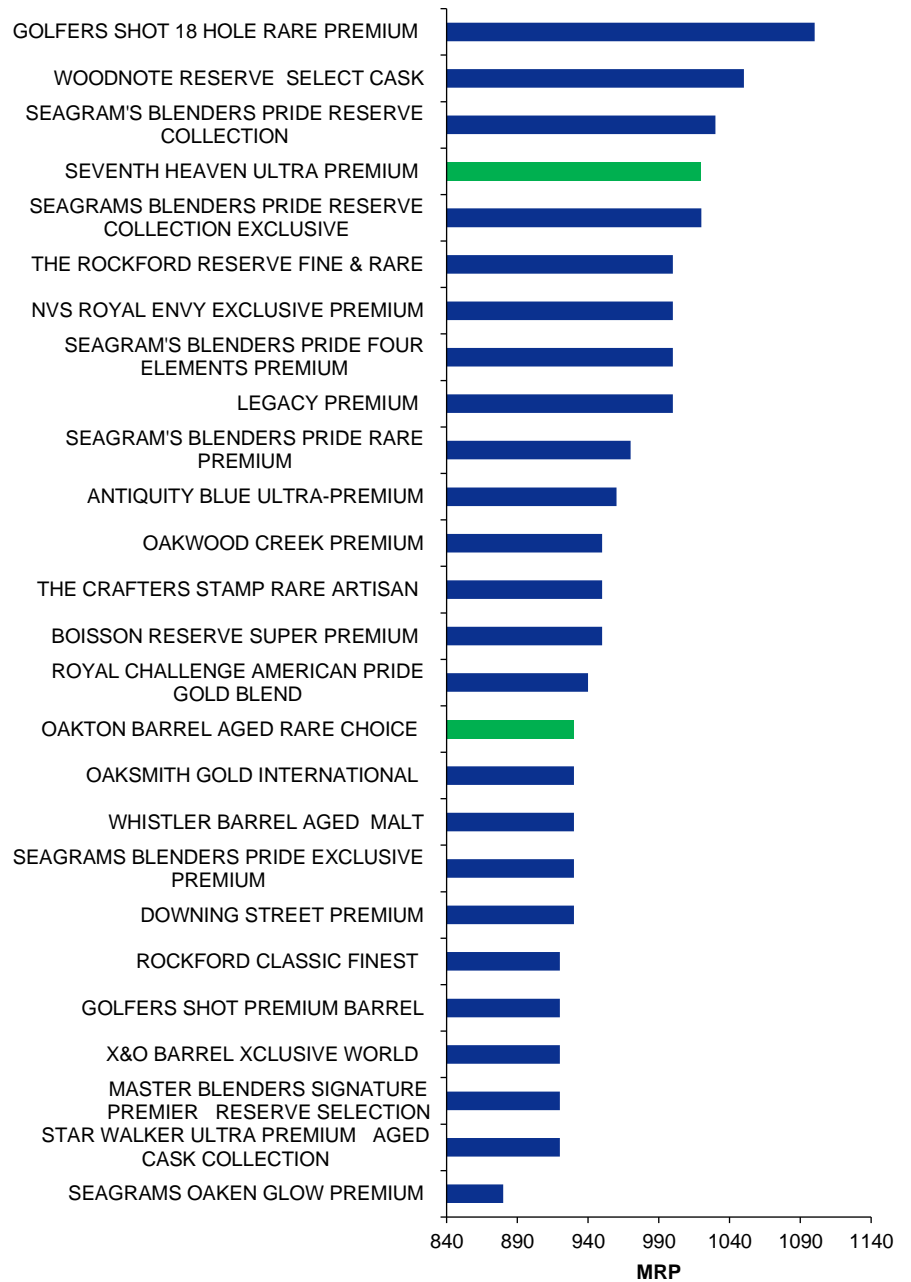


**OAKTON BARREL**  
 – MRP – Rs930 (750ml)



**SEVENTH HEAVEN**  
 – MRP – Rs1,020 (750ml)

**Figure 5: Globus Spirits has two products in whisky super premium segment – Oakton, and Seventh Heaven**



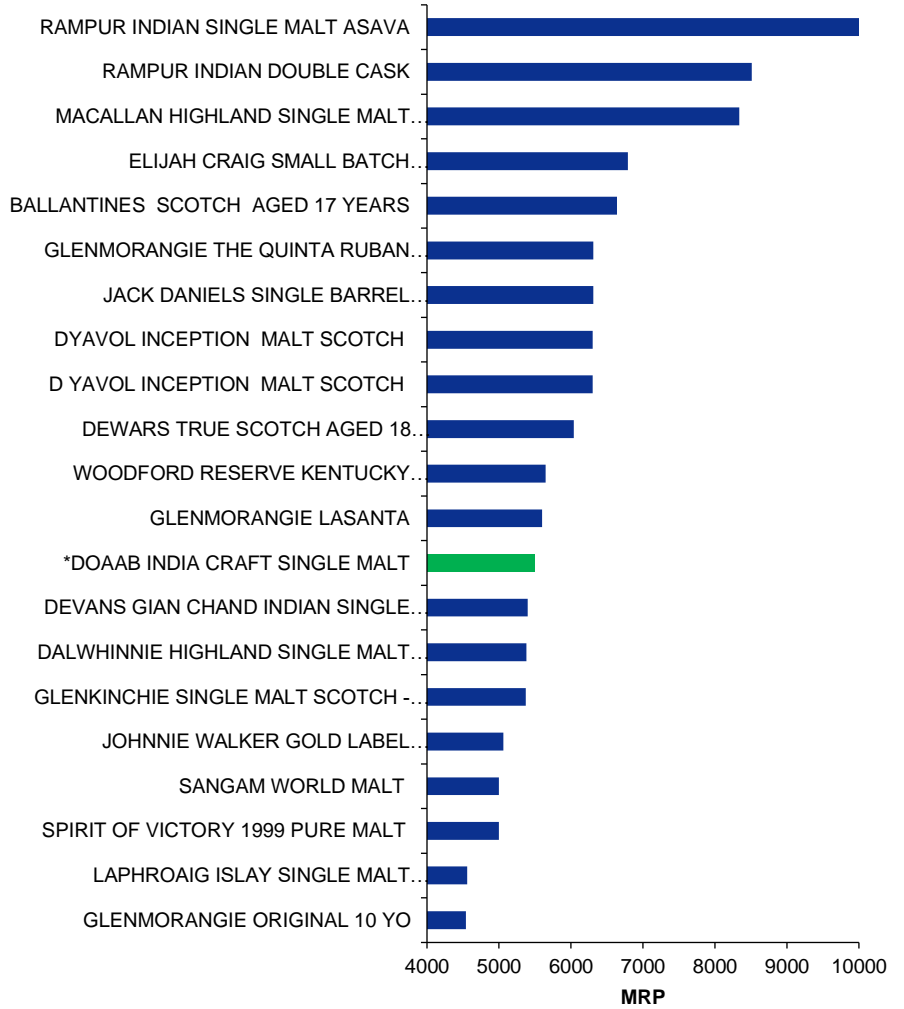
SOURCE: UTTAR PRADESH EXCISE DEPARTMENT

Whisky - luxury ➤

**DŌAAB**

DOAAB SINGLE MALT LOGO  
 – OFFICAL LAUNCH AWAITED

Figure 6: Globus Spirits has one product in whisky luxury segment, Doaab Single Malt  
 \*Indicated price for Uttar Pradesh, the product has been approved in Rajasthan



SOURCE: UTTAR PRADESH EXCISE DEPARTMENT

Figure 7: Our key assumptions

Key assumptions	FY25F	FY26F	FY27F
Bulk alcohol sales (mL)	300	320	369
IMIL (m cases)	17	18	24
IMFL (m cases)	0.6	1.0	2.0
DDGS (Rs/kg)	15	16	17
ENA (Rs/L)	72.0	72.0	72.0
Ethanol (price/L)	72.0	72.0	72.0
IMFL (Rs/case)	1,500	1,500	3,000
IMIL (Rs/case)	570	570	580

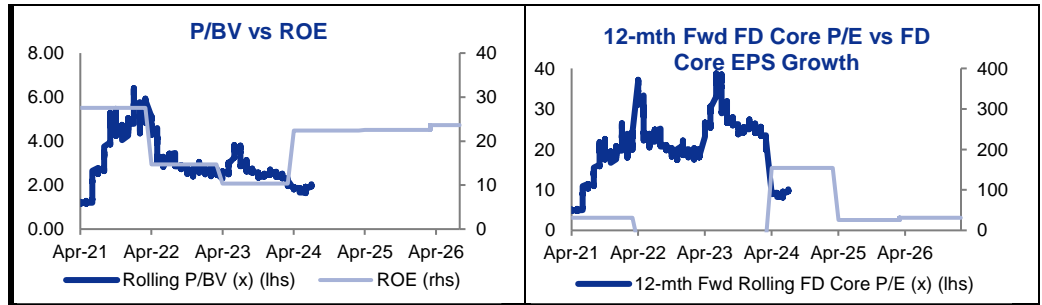
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Our revised earnings estimates

(Rs m)	Old estimates			New estimates			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Revenue	32,117	35,634	NA	32,143	35,599	45,767	0.1%	-0.1%	NA
EBITDA	4,342	4,859	NA	4,028	4,928	6,270	-7.2%	1.4%	NA
EBITDA Margin (%)	13.5%	13.6%	NA	12.5%	13.8%	13.7%	-99bp	21bp	NA
PAT	2,682	3,000	NA	2,450	3,069	4,023	-8.7%	2.3%	NA
EPS (Rs)	93.1	104.2	NA	85.1	106.6	139.7	-8.7%	2.3%	NA

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	<b>21,091</b>	<b>24,147</b>	<b>32,143</b>	<b>35,599</b>	<b>45,767</b>
<b>Gross Profit</b>	<b>8,677</b>	<b>7,766</b>	<b>13,510</b>	<b>15,430</b>	<b>19,771</b>
<b>Operating EBITDA</b>	<b>2,456</b>	<b>1,698</b>	<b>4,028</b>	<b>4,928</b>	<b>6,270</b>
Depreciation And Amortisation	(563)	(656)	(623)	(698)	(761)
<b>Operating EBIT</b>	<b>1,893</b>	<b>1,042</b>	<b>3,405</b>	<b>4,230</b>	<b>5,509</b>
Financial Income/(Expense)	(92)	(131)	(94)	(82)	(73)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
<b>Profit Before Tax (pre-EI)</b>	<b>1,801</b>	<b>911</b>	<b>3,310</b>	<b>4,148</b>	<b>5,436</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>1,801</b>	<b>911</b>	<b>3,310</b>	<b>4,148</b>	<b>5,436</b>
Taxation	(579)	53	(861)	(1,078)	(1,413)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1,222</b>	<b>964</b>	<b>2,450</b>	<b>3,069</b>	<b>4,023</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>1,222</b>	<b>964</b>	<b>2,450</b>	<b>3,069</b>	<b>4,023</b>
Recurring Net Profit	1,222	964	2,450	3,069	4,023
<b>Fully Diluted Recurring Net Profit</b>	<b>1,222</b>	<b>964</b>	<b>2,450</b>	<b>3,069</b>	<b>4,023</b>

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	<b>2,456</b>	<b>1,698</b>	<b>4,028</b>	<b>4,928</b>	<b>6,270</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,387)	1,803	(756)	(327)	(961)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(791)				
Other Operating Cashflow					
Net Interest (Paid)/Received	78	61	40	28	
Tax Paid	(579)	53	(861)	(1,078)	(1,413)
<b>Cashflow From Operations</b>	<b>(223)</b>	<b>3,615</b>	<b>2,452</b>	<b>3,551</b>	<b>3,896</b>
Capex	(2,135)	(1,499)	(1,500)	(1,000)	(1,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
<b>Cash Flow From Investing</b>	<b>(2,135)</b>	<b>(1,499)</b>	<b>(1,500)</b>	<b>(1,000)</b>	<b>(1,000)</b>
Debt Raised/(repaid)	1,012	(817)	(100)	(373)	
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	73	58	98	123	161
Preferred Dividends					
Other Financing Cashflow	2,021	(2,368)	(194)	(455)	(73)
<b>Cash Flow From Financing</b>	<b>3,107</b>	<b>(3,127)</b>	<b>(196)</b>	<b>(705)</b>	<b>88</b>
Total Cash Generated	749	(1,011)	756	1,846	2,984
<b>Free Cashflow To Equity</b>	<b>(1,346)</b>	<b>1,299</b>	<b>852</b>	<b>2,178</b>	<b>2,896</b>
<b>Free Cashflow To Firm</b>	<b>(2,358)</b>	<b>2,116</b>	<b>952</b>	<b>2,551</b>	<b>2,896</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Total Cash And Equivalents	352	116	735	2,681	5,342
Total Debtors	2,113	2,419	3,220	3,566	4,585
Inventories	1,578	1,806	2,405	2,663	3,424
Total Other Current Assets	1,052	241	321	356	458
<b>Total Current Assets</b>	<b>5,094</b>	<b>4,583</b>	<b>6,681</b>	<b>9,266</b>	<b>13,809</b>
Fixed Assets	9,242	10,086	10,963	11,264	11,504
Total Investments					
Intangible Assets	7	6	6	6	6
Total Other Non-Current Assets	1,568	362	482	534	687
<b>Total Non-current Assets</b>	<b>10,817</b>	<b>10,454</b>	<b>11,451</b>	<b>11,804</b>	<b>12,196</b>
Short-term Debt	1,643	1,443	1,443	1,193	1,193
Current Portion of Long-Term Debt					
Total Creditors	2,845	3,158	3,977	4,331	5,373
Other Current Liabilities					
<b>Total Current Liabilities</b>	<b>4,488</b>	<b>4,601</b>	<b>5,420</b>	<b>5,524</b>	<b>6,565</b>
Total Long-term Debt	1,109	492	392	270	270
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,285				
<b>Total Non-current Liabilities</b>	<b>2,394</b>	<b>492</b>	<b>392</b>	<b>270</b>	<b>270</b>
Total Provisions	161	171	195	206	237
<b>Total Liabilities</b>	<b>7,044</b>	<b>5,264</b>	<b>6,008</b>	<b>5,999</b>	<b>7,072</b>
Shareholders Equity	8,866	9,773	12,125	15,071	18,933
Minority Interests					
<b>Total Equity</b>	<b>8,866</b>	<b>9,773</b>	<b>12,125</b>	<b>15,071</b>	<b>18,933</b>

<b>Key Ratios</b>					
	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Revenue Growth	33.6%	14.5%	33.1%	10.8%	28.6%
Operating EBITDA Growth	(25.3%)	(30.9%)	137.3%	22.4%	27.2%
Operating EBITDA Margin	11.6%	7.0%	12.5%	13.8%	13.7%
Net Cash Per Share (Rs)	(83.36)	(63.17)	(38.19)	42.31	134.73
BVPS (Rs)	307.87	339.35	421.00	523.32	657.41
Gross Interest Cover	11.13	3.92	36.12	51.32	75.36
Effective Tax Rate	32.1%		26.0%	26.0%	26.0%
Net Dividend Payout Ratio	6.0%	6.0%	4.0%	4.0%	4.0%
Accounts Receivables Days	28.50	34.25	32.02	34.79	32.50
Inventory Days	39.15	37.71	41.25	45.86	42.73
Accounts Payables Days	53.94	51.62	56.47	62.78	58.51
ROIC (%)	19.4%	8.2%	28.9%	31.5%	39.2%
ROCE (%)	17.9%	10.0%	26.3%	27.6%	29.7%
Return On Average Assets	9.3%	7.1%	15.3%	16.1%	17.4%

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. Whilst 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 are 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 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



	Analyst/ Relative	Entity/ Associates
any financial interests in the company covered in this report (subject company) and nature of such financial interest	NO	NO
actual/beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;	NO	NO
any other material conflict of interest at the time of publication of the research report or at the time of public appearance	NO	NO
received any compensation from the subject company in the past twelve months for investment banking or merchant banking or brokerage services or investment advisory or depository or distribution from the subject company in the last twelve months for products/services other than investment banking or merchant banking or broker- age services or investment advisory or depository or distribution from the subject company in the last twelve months	NO	NO
managed or co-managed public offering of securities for the subject company in the last twelve months	NO	NO
received any compensation or other benefits from the subject company or third party in connection with the research report	NO	NO
served as an officer, director or employee of the subject company	NO	NO
been engaged in market making activity for the subject company	NO	NO

#### 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 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.