Twitter Thread by GoldForest Investments

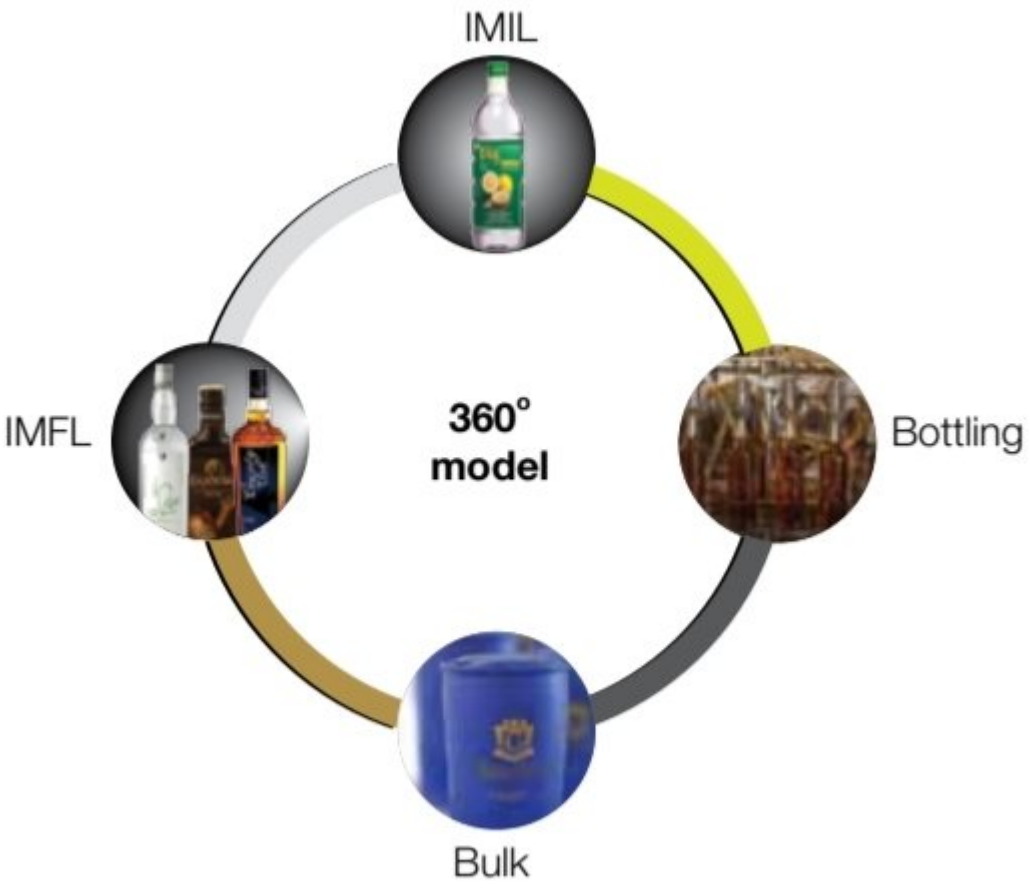
GoldForest Investments
@Goldforestinves

#GlobusSpirit AR 2021

■Co is at the stage where there is a plethora of opportunities, Macro-economic growth opportunities from structural changes in market dynamics

■ 360■ expansion model with bulk alcohol biz at the backbone.

@nid_rockz @Gautam__Baid @safiranand



Ethanol story:
-blending target of 20% to 2025 from 2030 earlier,This has created a new line of organic growth for Co
-strategic expansion of its capacities with the setting
up of a 140 KLPD at West Bengal with total capital outlay of Rs.
110 cr & to be operational by Q3FY22

Expansion Plan

Your Company plans to expand in those areas that continue to remain deficit in ENA for beverage and Ethanol for petrol blending.

- Our upcoming facility in West Bengal with a capacity of 140-kilo litre per day capacity plant is a brownfield expansion with an estimated capex of ₹ 1,100 Million that is expected to come online in the third quarter of Fiscal 2022.
- The debottlenecking of the Rajasthan Plant from 140 kilo litre per day to 160 kilo litre per day sets us up for strong success in the forthcoming years
- Planning to expand the Bihar plant capacity by ~ 140 kilo litre per day
- Also planning a greenfield expansion in the state of Jharkhand
- Your Company is evaluating expansion in other states as well.

IMIL ■■ IMFL: hour glass

Indian market is shaping into an hourglass shaped market with product development efforts being aimed either at the top where margins are high or at the base where volumes are high, backed with high growth as well.

The Indian Spirits industry consists of two distinctive markets differentiated based on target audience, product characteristics and distribution network:

1. Indian Made Indian Liquor (IMIL)
2. Indian Made Foreign Liquor (IMFL)

Parameter	IMIL	IMFL
Likely Consumer Segment differs in size and status	Socio-economic D, comprising ~40% of population excluding below poverty line population	More affluent, socioeconomic sections C and upwards
Growth is more in sync with population growth	~11% CAGR** for households with Household Premium ness Index (HPI) * between 6-10 (~SEC D)	Higher growth in IMFL with increasing affluence in India: e.g., ~14%+ CAGR for households with HPI >10 (SEC C+)
Taste Preference	Local fruit flavour dominated market, varies with states	North India - Whisky East India - Rum South India - Brandy & Rum
Point of Purchase	State Government Regulated vends; Banned in Southern India, apart from dry states	Standalone retail outlets, department stores and Government owned shops in some states like Delhi
Excise Control	Highly regulated: Distillery must for selling in the state of sale Excise of ₹ 15 per Proof Litre	Less restricted than IMIL, but higher excise duties of minimum of ₹ 40 per Proof Litre
Alcohol Content	~30% on average Earlier made from Rectified Spirits, now increasingly trending towards ENA	42.8% IMFL is made from ENA (higher purity 96%)
Min Retail Price	₹ 30-40 per nip (smallest size)	Starts from ₹ 80 per nip (economy brands)
Brand Loyalty	Low with high distributor power and price sensitive consumer; now changing in line with increasing brand consciousness	High with multiplicity of purchase options and more affluent consumer

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By-products:

■Animal Feed Supplements (AFS), CO2 and Hand Sanitisers has been a strong focus area for the Company.

■The By-product segment contributed about 11% to the Total Income.

■launch of Seventh Heaven blended with up to 21-Year-Old Scotch is on track and this will be introduced in premium outlets in select states.

■■Haryana volumes picked up and helped us gain almost 2% points in market share

Changes in charges

State	Rate hike during Covid-19	Recent Development
Rajasthan	10% increase in excise duty on IMFL	Withdrew the hike but only for beer
Delhi	70% Covid Cess on MRP	Rolled back 70% covid cess & increased VAT by 5%
Karnataka	11% increase in excise duty	
Andhra Pradesh	75% increase in excise duty	Reduced by 2-30%
Telangana	15% Covid Cess on MRP	
West Bengal	30% additional sales tax	Reduced to 15%
Odisha	30% Covid Cess on MRP	
Punjab	Additional excise of ₹ 10 per bottle	
Tamil Nadu	15% increase in excise duty	
Kerala	35% Covid Cess on IMFL	
Assam & Meghalaya	25% increase in excise duty	Withdrew the hike
Uttar Pradesh	Hike of ₹ 5 to ₹ 400 depending upon type and size	
Jammu & Kashmir	50% increase in excise duty	Withdrew the hike
Goa	20% increase in excise duty	