



GROUP

15th December, 2016

To
National Stock Exchange Limited
Exchange Plaza,
C-1, Block -C
BandraKurla Complex,
Mumbai-400051

(Symbol: PINCON)

To
BSE Limited
(Regular office &
Corporate Relation Dept.)
PhirozeeJeejeebhoy Towers,
Dulal Street,
Mumbai-400001

(Scrip Code: 538771)

To
Calcutta Stock Exchange Limited
7, Lyons Range
Kolkata-700001

(Scrip Code: 10029247)

Sir,

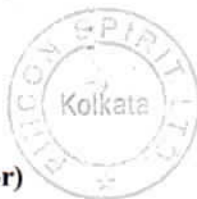
Sub: Investors Presentation

Please find enclosed herewith Investors Presentation of Pincon Spirit Limited.

This is for your information and record please.

Thanking you
For **Pincon Spirit Limited**


Monoranjan Roy
(Chairman & Managing Director)



Encl: Investors Presentation

PINCON SPIRIT LIMITED

CIN : L67120WB1978PLC031561

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WHAT MAKES PINCON SPIRIT ONE OF THE MOST EXCITING PLAYS OF A TRANSFORMING INDIA?



PINCON SPIRIT LIMITED
CORPORATE PRESENTATION
DECEMBER 2016

DISCLAIMER

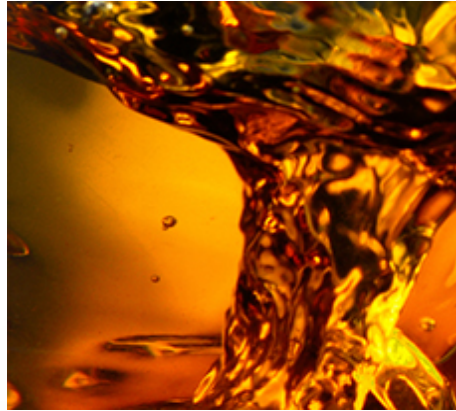
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FOUR THINGS MAKE PINCON SPIRIT ONE OF THE MOST EXCITING PLAYS OF INDIA'S ALCO-BEVERAGE INDUSTRY

1

Minimal
demonetization
impact.



2

Aggressive
revenue, profit and
investment growth.

3

Considerably
undervalued
compared to
sectoral peers.

4

Dynamic lifestyle
proxy of a
transforming sector.



**MINIMAL
DEMONETIZATION
IMPACT.**

DEMONETISATION IMPACT ON OUR CUSTOMERS

Reduced value

From abundant currency into scarce legal tender

Enhanced stress

Limited resources to manage household and business operations

Increased anxiety

Consumer sentiment affected, moderating spending

Common perception

Reduced discretionary spending



INTERESTINGLY, PINCON RELATIVELY INSULATED FROM DEMONETIZATION IMPACT

Market churn

Organized Pincon to carve away business from unorganised brands and distributors

Business space

Alcohol relaxes and de-stresses; ideal good market and bad market product

Demonetization-plus

Rs 100 (continuing legal tender)
currency largely used for our products



INTERESTINGLY, PINCON RELATIVELY INSULATED FROM DEMONETIZATION IMPACT

Customer niche

Most Pincon customers enjoy adequate volumes of Rs 100 currency note

Product pricing

- Most Pincon products priced less than Rs 100
- All Pincon IMIL brands priced Rs 65 per bottle (government regulated price)
- Most Pincon IMFL products priced under Rs 100 per case
- For high-end Pincon IMFL brands (priced Rs 150+ per case, the Company increased supply of smaller-sized bottles)



SUSTAINED AGGRESSIVE GROWTH



RICH TRACK RECORD

54.57%

Revenue (5-year CAGR)

2010-11

2015-16

Rs 106.55 crore

Rs 946.06 crore

67.63%

EBIDTA (5-year CAGR)

2010-11

2015-16

Rs 4.24 crore

Rs 56.10 crore

54.64%

Net Profit (5-year CAGR)

2010-11

2015-16

Rs 2.81 crore

Rs 24.85 crore

44.55%

Net worth (5-year CAGR)

2010-11

2015-16

Rs 14.29 crore

Rs 90.52 crore

OVER THE YEARS

Increased profitability

195 bps

Growth in EBIDTA margin (5 years)

2010-11

3.98%

2015-16

5.93%

(0.01) bps

Growth in net margin (5 years)

2010-11

2.64%

2015-16

2.63%

790 bps

Growth in ROE (5 years)

2010-11

19.66%

2015-16

27.56%

1126 bps

Growth in ROCE (5 years)

2010-11

29.68%

2015-16

40.94%

ATTRACTIVE GROWTH IN FY17

(Rs crore)	H1/2015-16	H1/2016-17	Growth (%)
Revenue	460.34	618.18	34.29
EBIDTA	25.08	41.90	67.07
Net profit	11.50	18.57	61.48
EBIDTA margin (%)	5.45	6.78	133 bps
Net margin (%)	2.50	3.00	50 bps
Earnings per share (Rs)	11.48	4.21	-*

*Equity dilution due to issue of bonus shares

- 1:1 bonus issued in Oct 2015
- 1:1 bonus issued in June 2016



INCREASINGLY ATTRACTIVE BUSINESS LANDSCAPE

- Increased personal incomes
- Decline in spending on staples as % of income
- Increased discretionary spending as % of income
- Growing social acceptance of alcohol consumption
- Stronger traction for branded products



ATTRACTIVE BUSINESS MODEL FOR AGGRESSIVE GROWTH



First phase (2010-15)

- Focus on growing IMIL revenues by providing superior alternative to country liquor
- Timely acquisitions

Second phase (2016-19)

- Mobilise accruals and growth capital (net worth)
 - Reinvest IMIL profits into IMFL capacity growth
 - Reinvest IMIL profits into geographic expansion
 - IMFL capacity growth to be driven through time-efficient acquisitions
 - Sustained acquisitions focus (shrinking mind-to-market)

Third phase (2020 onwards)

- Extend from regional to national footprint



GROWTH THROUGH DIVERSE GROUND-LEVEL INITIATIVES

Through wider and deeper geographic presence

Through increased acquisitions

Through debottlenecking

Through value-added product mix

Through wider product portfolio

Through deeper operational integration



WHAT MAKES OUR BUSINESS MODEL ATTRACTIVE

- No long-term debt

- Tight working capital control

- Comfortable interest cover

- Widening product base

- Rising margins



WHAT MAKES OUR BUSINESS MODEL ATTRACTIVE



11

Receivables (days), FY12

11

Inventory (days), FY12

42

Receivables (days), FY16

73

Inventory (days), FY16

Wider and deeper geographic presence



WHAT MAKES OUR BUSINESS MODEL ATTRACTIVE



Vision: Rs 2700 crore revenues, FY19

40%

of Bengal alcohol
market

5-10%

of Karnataka
market

60-40

revenue split
between IMIL-
IMFL to become

50-50

Regional IMFL
brands to become
national brands



OUR PREPAREDNESS FOR AGGRESSIVE GROWTH



Extension from
IMIL to IMFL

Proprietary
supply chain
(100 trucks;
imminent scale-
up)

Increased
bottling capacity
through existing
infrastructure

Declining spoke-
to-market
distance (400km
to 150 km)

Captive PET
bottle capacity (5
lac bottles/
month) by March
2017

Distribution
infrastructure
(own and
outsourced) in
place

Entry into under-
penetrated area
through IMIL

Extension into
high-end edible
oils (surrogate
advertising
value)



OUR PREPAREDNESS FOR AGGRESSIVE GROWTH

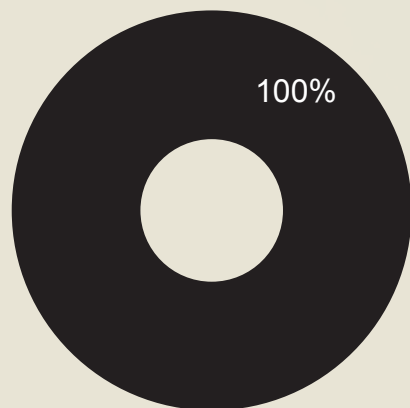
Revenue by business segment

Edible Oil

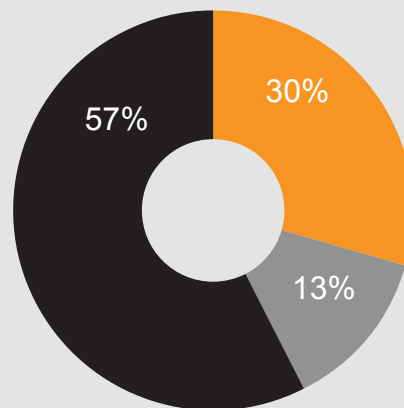
IMIL

IMFL

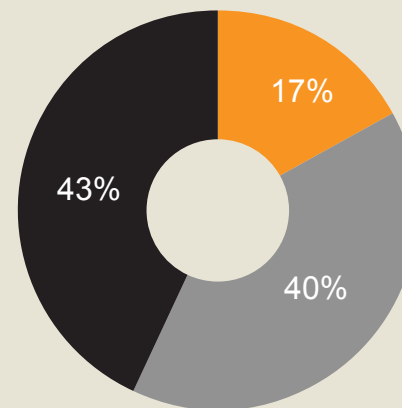
2012-13



2015-16



2018-19



IMIL. ADDRESSING MASS VOLUMES



THE IMIL BUSINESS

- Launched Pincon Bangla No.1; entered IMIL space (2014)
- Fused grain-based ENA and demineralised water
- Commissioned manufacturing facilities (state-of-the-art bottling facilities producing 1.3 crore bottles per month)
- Pincon Bangla No. 1 available in 2,000+ retail outlets across 21 districts
- IMIL revenues doubled between 2014-15 and 2015-16
- IMIL topline 13% of corporate revenues, 2015-16



FAVOURABLE REGULATORY IMIL DIRECTION

- Bengal pro-alcohol consumption; industry making a significant contribution to state exchequer
- Bengal government a single party majority; stable political outlook
- Large addressable opportunity; unorganized segment addressing a large part of state's IMIL consumption
- Proposed GST expected to enhance organized industry competitiveness



PINCON'S IMIL BUSINESS. GROWTH-READY.

Investing in infrastructure

2

IMIL manufacturing facilities pan-Bengal, March 31, 2016

6

IMIL manufacturing facilities pan-Bengal, March 31, 2019

1.3

IMIL production capacity as on March 31, 2016 (crore bottles per month)

5

IMIL production capacity as on March 31, 2019 (crore bottles per month)

PINCON.

PREPARING FOR GROWTH

1 Investing in infrastructure

Capacity addition

- Invested Rs 24 crore in asset acquisition
- Acquired two Bengal manufacturing units (Dankuni and Barahanagar) and two highest selling IMIL brands - Bengal Tiger (< 20 years old and Udaan (<15 years old) in 2016
- Acquired IMIL bottling unit of National Industrial Corporation Ltd. in Asansol in 2016
- Proposed acquisition of additional North Bengal manufacturing facilities
- Invested Rs 10 crore in three years (2013 to 2016) in automation and upgradation;



PREPARING FOR GROWTH

2 Growing sales

Growing presence from 40 Bengal districts to all 65

Introducing four flavoured Bangla No. 1 variants

Make newly acquired brands available across Bengal

Assist government in countering unlicensed country liquor offtake



PREPARING FOR GROWTH

3 Strengthening capacity

Manufacturing facilities proximate to large consuming centres; lower logistics cost

Invested in captive truck fleet; timely and cost-effective product delivery; fleet expansion planned

Increased shelf space in each district to capture growing demand



IMFL.
GROWING
PINCON
SEGMENT

IMFL BUSINESS



- Evolved IMFL presence from trading to manufacturing to marketing
- Only Indian player covering production, wholesale and retail.
- IMFL topline Rs 542.31 crore in 2015-16; IMFL revenues growing 38.50% (5-year CAGR); IMFL contribution to topline 56.17% in 2015-16



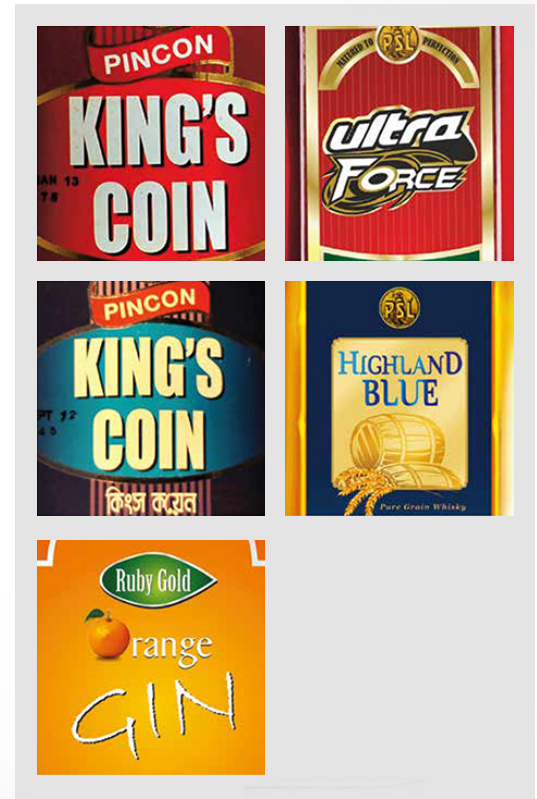
IMFL TRADING

- Entered trading in 2005-06
- Markets leading alcohol brands; tie-ups with 9,800+ licenses across India



IMFL PROPRIETARY BUSINESS

- Produces proprietary alcohol brands; capacity 100,000 cases per month; present at 4 facilities across four states (West Bengal, Karnataka, Odisha and Jharkhand)
- One of the few manufacturers using taste-friendly grain-based ENA route
- Portfolio comprises 11 brands across five categories (rum, whisky, vodka, brandy and gin)



PROMISING IMFL SPACE

Large market
growing at
10-12%
annually

Most Indian
players regional
in character

Alcohol MNCs
in India
consolidating
and focusing on
flagship brands
– an opportunity



IMFL GROWTH AGENDA

- Expand the Pincon portfolio
- Widen and deepen distribution network
- Increase core brands (Highland Blue Whisky, Pincon No.1 Select Whisky and Ultra Force XXX Jamaican Rum) in Karnataka
- Enhance presence beyond two states



EDIBLE OIL. PINCON'S FLANKING STRATEGY

THE EDIBLE OIL BUSINESS

Edible oil segment established in 2013 (Pincon and King's Coin brands)

Marketing footprint in Bengal and North East India

Diverse products, robust marketing strategy, strong distribution and visible brand



SEGMENT PROSPECTS

India is the world's largest edible oil importer; imports increased nearly 2.5x in 8 years

Growing disposable incomes and urbanization catalysed per capita oil consumption - from 7 kgs in mid-Eighties to 16 kgs today

Growing incomes to lead to enhanced edible oil consumption



DRIVING EDIBLE OIL VOLUMES

New product vertical: Pincon intends to graduate to the 100% pure mustard oil niche, the apex of the product value chain

Brand recall: Significant branding and promotion investment to consolidate position in the markets

Under consideration: Planned investment in a state-of-the-art edible oil refinery (lakh litre) for Rs 300 crore to produce 100% pure mustard oil



PINCON. PROFITABILITY UPTICK

250 bps

Increase in EBIDTA
margin (FY16-FY19)

100 bps

Limited increase in net
margin (FY16-FY19)



PINCON. PROFITABILITY DRIVERS

1 Business integration

Pincon investing in a distillery to manufacture ENA, its critical input; the Company has secured sale of all by-products (CO2 and agri waste); also investing in renewable energy

Pincon investing in a PET bottle plant (capacity 5 lac bottles per month) which will optimize packaging costs

Pincon investing in logistics infrastructure to optimize distribution costs



PINCON. PROFITABILITY DRIVERS

2 Other factors

Enhance sale volume of IMFL branded products; evolving revenues between trading and proprietary businesses from 47/53 (2015-16) to 55/45 (2019-20)

Introduce novel sales schemes for proprietary retail offtake (33 outlets); to widen the retail chain into strategic markets



PINCON.
CONSIDERABLY
UNDERVALUED
COMPARED
TO SECTORAL
PEERS

FAST GROWING WEALTH CREATOR

22x

Revenue growth in the
last seven years

Rs. 43 crore in FY09

Rs. 988 crore in FY16

29x

EBIDTA growth
in seven years

Rs. 1.94 crore in FY09

Rs. 56.10 crore in FY16

13x

Net profit growth in
seven years

Rs. 1.93 crore in FY09

Rs. 24.86 crore in FY16

9x

Shareholder's funds
growth in seven years

Rs. 10.09 crore in FY09

Rs. 90.21 crore in FY16

32x

Increase in
shareholder family

245 in FY14

7853 in FY16

4x

Growth in market
capitalization

Rs. 68 crore ias on Nov 14, 2014*

Rs. 244 crore ias on March 31, 2016

*Listed on BSE

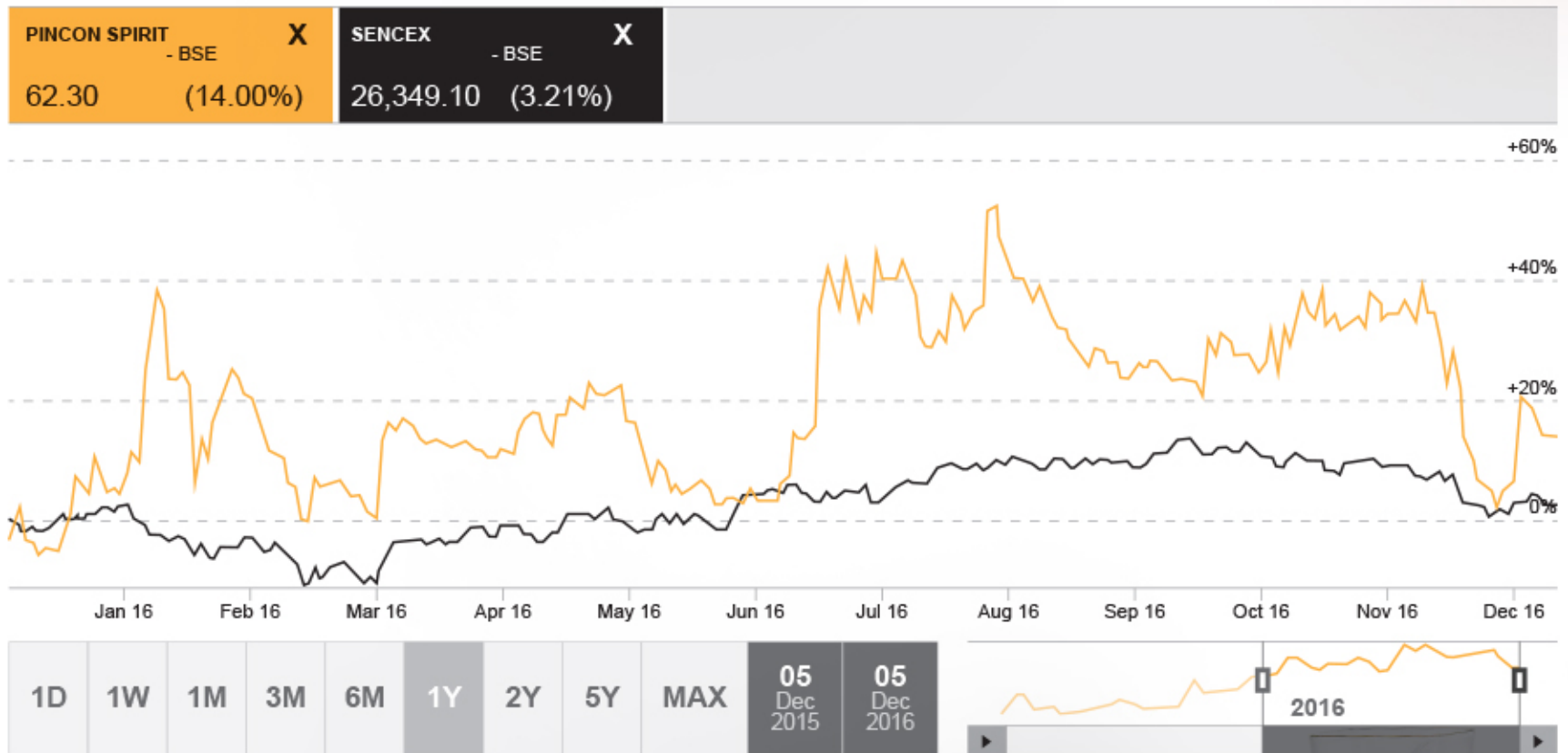
Despite Pincon being one of the fastest growing alcohol companies in india, it is also one of the most under-valued.



FINANCIAL PERFORMANCE: SUPERIOR TO PEERS

(FY16)	Som Distillers	Globus	Pincon Spirits
EBIDTA margin (%)	15.40	10.38	5.93
Net margin (%)	6.04	1.76	2.63
Earnings per share (Rs)	4.90	4.40	11.80
Debt-equity ratio (x)	0.73	0.63	2.80
Interest cover (x)	3.67	4.38	3.36
Finance exp as %age of revenue	4.20	2.37	1.76
Operating assets turnover ratio	0.77	0.95	2.40
Fixed assets turnover	3.15	1.12	16.60
Current ratio	2.09	0.65	1.39
Return on investment (%)	13.06	5.83	16.23

PINCON. OUT-PERFORMING THE BROADER INDEX



VALUE ENHANCED. YET EXTENSIVELY UNDERVALUED.



Rich 18-year sectoral experience of the management overlooked

Emerging brand consolidation by alcobev giants resulting in sectoral opportunity

Regional domination story relatively under-appreciated

Large operating leverage in South Indian market

Entrepreneurial capability overlooked

Low leverage not reflected in the valuation

Value of business integration (value chain) largely overlooked

Superior hub and spoke distribution approach

Business valued considerably lower than peers

Building blocks story not adequately priced in

No dilution foreseen beyond Rs 5.1 crore equity shares of Rs 10 face value



VALUE ENHANCED. YET EXTENSIVELY UNDERVALUED.

	Som Distillers	Globus	Pincon Spirits
Market capitalization, Rs crore (31 March 2016)	499	188	244
P/E (FY16 earnings)	37.3	18.7	5
P/BV (FY16 book value)	3.9	0.5	1.3

DYNAMIC
LIFESTYLE
PROXY OF A
TRANSFORMING
SECTOR.

DEMOGRAPHIC DIVIDEND

- One in every six people on Earth is Indian. And with over 1.3 billion people, its population will soon overtake China.
- According to a United Nations report from 2014, with 356 million between 10 and 24 years old, India (IFN) has the world's largest youth population.
- According to Ernst and Young, the Indian workforce will grow to 900 million strong by 2020.
- The median age in India in 2015 was 27.3 years, much less than most of the developed world, which is saddled with a graying workforce.
- More than 480 million Indians are above the drinking age; around 150 million will be added to this group across five years.



INCREASING EARNINGS AND DISCRETIONARY EXPENSES

Increasing earnings

- Sustained economic growth over 7% is expected to disposable income in the hands of the average India – per capita income to cross the Rs 100,000 mark in 2016-17
- Implementation of the Seventh Pay Commission is expected to increase disposable income of government employees pan-India
- With the per capita income cross the US \$1,000 mark the expenditure basket of the average India has shifted – majority share shifting from staples to discretionary

Growing expenditure

- The White Paper published by Hansa Cequity states that the share of discretionary spending is expected to contribute 56% of Indian household expenditure by FY21
- As per a study by Assocham, in 2015 luxury jewelry, electronics, sports utility cars and fine dining have grown immensely. Apparel, accessories, wines and spirits are growing as strongly as in the past.





THANK YOU

For more information, please visit
www.pinconspirit.in

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