



GROUP

Date: 19.06.2017

To
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block - C
Bandra Kurla Complex
Mumbai - 400 051
(Symbol: PINCON)

To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
(Scrip Code: 538771)

To
The Calcutta Stock Exchange Limited
7, Lyons Range
Kolkata - 700 001
(Scrip Code: 029247)

Dear Sir,

Sub: Transcription of Investors' Conference Call held on 23rd May, 2017

In terms of Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we do hereby enclose a copy of the Transcription of Investors' Conference Call held on 23rd May, 2017.

This is for your kind information and record please.

Thanking you

For Pincon Spirit Limited


Himangshu Kedia
Company Secretary & Compliance Officer



Encl: a/a

PINCON SPIRIT LIMITED

CIN : L67120WB1978PLC031561

Regd Office : 7, Red Cross Place, 3rd Floor, "Wellesley House", Kolkata-700 001 | Corporate Office : No.103, K.H.Road, Shanthinagar, "Samskruthi Chambers",
Phone : 91-033 2231 9135, 033-2262 4943 / 44, Fax : 91 033 4001 4642 | 3rd Floor, Bengaluru - 560027, Phone:080-2222-9135, Fax:080-22229135

Email : psl@pinconspirit.in / pinconspiritlimited@gmail.com, Website : www.pinconspirit.in



Pincon Spirit Limited

Q4 & FY 2017 Earning Conference Call Transcript

May 23, 2017

Moderator

Ladies and Gentlemen, Good Day and Welcome to the Pincon Spirit Limited Q4 FY 2017 Results Conference Call. As a reminder, all participants' lines will be in the listen only mode. And there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mayank Vaswani from CDR India. Thank you and over to you, sir!

Mayank Vaswani

Thanks Lizzan. Good Afternoon and Thank You for joining us on Pincon Spirit Limited Earning Call for the Quarter and Year Ended 31st March, 2017. We have with us today Mr. Monoranjan Roy -- Chairman and Managing Director; Mr. Arup Thakur -- Director and Chief Financial Officer; Mr. Arun Kumar Ganeriwala -- Senior Vice President Corporate Finance and the IR team of Pincon Spirit Limited.

We will begin the call with brief remarks by Mr. Monoranjan Roy on the business performance and operations, key initiatives and growth outlook. Mr. Arup Thakur will then provide an overview of the financial performance for FY 2017 following which we will open the forum for questions.

Before we get started, I would like to point out that some of the statements made in today's discussion may be forward-looking in nature and must be viewed in conjunction with the risks and uncertainties faced by the Company and the operating environment. A more detail statement and explanation of these risk is included in our Earning Presentation.

I would now like to hand over the floor to Mr. Monoranjan Roy to start his remarks. Over to you, sir! Mr. Roy, over to you, sir!

Monoranjan Roy

Good Afternoon and I Warmly Welcome everyone to Pincon Spirit Maiden Results Conference Call. I thank you all for taking the time out to participate in our earning call.

Let me begin by briefly taking you through the Company, a bit of our history and our growth trajectory. I will also touch upon some key operational highlights for the FY 2016 - FY 2017 and then, Mr. Thakur will give an over view of the financial performance of year under review.



Pincon Spirit today is one of the fastest growing liquor company in India. Our revenue has grown 36 times in the last eight year from Rs. 43 crore in FY 2008-09, to Rs. 1,562 crore in FY 2016-17. Over the year we have developed distinct model of business, having business presence in India in FMCG segment, IMFL segment and IMIL segment.

My connect to this industry begin with a few retail stores that were owned by my family. As we grow our retail presence the next step of our growth was backward integration. Primary PSL started off as a wholesale distribution of IMFL brand getting a firsthand look as large opportunity for the liquor consumption in India which inspired us to participate deeper in the industry.

In 2010, again, we launched our first IMFL brand that is Pincon XXX Matured Rum. Over the next couple of years, we successfully expanded our business model of IMFL portfolio having been in Whisky, Vodka, Rum and Gin. Over the year we have built 12 different brands in these segments. PSL is one of the few companies to participate in the entire sectoral value chain right from blending & bottling, wholesale, distribution to retail.

In this segment, we continue to deliver high quality product at attractive price point and successfully fill the void with respect to the current offering.

In FY2015-16, we entered in the IMIL segment by launching Bangla No. 1 in the West Bengal. Again, in December 2015 we acquire IMIL Bottling Unit in Asansol from the **NICOLS**, a Delhi based company. We commence production of Bangla No. 1 from the facility enabling us to ramp up in volume by catering to the mining belt of the West Bengal that is Asansol, Durgapur, Raniganj, coal based areas.

In March 2016, we acquired two popular brands in West Bengal i.e. “**Bengal Tiger**” and “**Uddan**” in Country Spirit business segment which help us to elevate ourselves as a dominant player in IMIL segment in the West Bengal.

In conclusion, I would like to emphasise that we have created a distinct business model, transforming ourselves from a liquor distributor to become one of the fastest growing and most promising alcohol beverage Company in the country present across the entire value chain. There is a huge opportunity to establish ourselves in the industry given the deep value that we offer to our customers. I am confident that with an exhaustive product portfolio of IMFL & IMIL products and increasing market penetration, we are confident of maintaining the strong growth momentum going ahead.

With this I conclude my remarks and hand the floor to Mr. Arup Thakur.

Arup Thakur

Thank You, Mr. Roy and Good Afternoon, everyone. I welcome you all to this session. Well now let me enlighten you about the financials that we have posted this year.

Total revenue growth is around 58% Y-O-Y basis and this stands at Rs. 1,561 crores as compared to Rs. 987.9 crores last year. So, this is a robust performance with increased healthy volume and definitely it is a better brand realization in IMFL and IMIL segment for the company.

There was some impact due to demonetization but since, most of our products are in the medium liquor segment and it is below Rs. 100. So, definitely the punch as a

whole which the industry that had experienced, it was not to that extent for us. So, we manage to sustain our double-digit growth in our performance.

Now, regarding our expansion in West Bengal, we have gone in towards organic and inorganic expansion by acquisition of Bottling Unit as well as two new brands in IMIL segment. And thereby, presently our production capacity stands at almost Rs. 1.3 crores which is almost 75% of the total installed capacity. There was some regulatory price increase permitted by the government, so which also benefited us to get better results.

Now, in terms of overall growth in our top-line which is around 50% on a standalone basis, whereby in our medium liquor that is IMIL segment has constituted very well and it is also supported by FMCG and other two I mean our IMFL segment also had even share in that.

Karnataka market is once again a very promising market for us. We have recently tied-up with Nethravathi Distilleries for increasing our production volume in Karnataka as well as you can say we are also penetrating Kerala market in Q2 of this fiscal. Mr. M. N. Dubey he is heading Southern India as the Head of the Operation and definitely he is contributing very well.

Now, let us come to our profitability. EBITDA also had a fair share of increase in this fiscal. Thereby, it is around Rs. 95 crores as against Rs. 58 crores last year almost a growth of around 67%. And definitely the better margins were due to cost containment we had also increased our in-house logistics which has given us better profitability in terms of transportation cost and PAT also had a proportionate increase of around 73%.

And as you are aware that we have also declared dividend of 7.5% in this year recommended and maybe we expect to continue our journey in a successful manner in the coming years also with planned growth, with planned business risk what is mitigation and being abreast to the regulatory as well as market you can say market demand, which we assure that it will enable us to go ahead in the coming years.

So, now, maybe I should leave it to the moderator to go ahead with the meeting and you are welcome for any questions that you have. I am having my IR team also with me. So, we will very glad to answer your questions.

- | | |
|-----------------------|---|
| Moderator | Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. We will take the first question from the line of Avi Mehta from India Infoline. Please go ahead. |
| Avi Mehta | Just if you could kind of give us some sense on how GST is likely to impact given molasses is taxed at 28% sir? |
| Arup Thakur | Well GST, alcohol is not under the present purview of GST and as of now we are yet to have any impact from GST. And as regards to FMCG the GST is at the par with the existing indirect taxation structure, so definitely our company does not foresee any adverse consequences with the implementation of the GST. |
| Avi Mehta | But while you are out of GST on the output side your input side will still attract GST, right sir? |
| Monoranjan Roy | We would like to explain that our raw material inputs i.e. ENA did not attract any Excise duty but there was an Export duty levied which differs state wise and if locally |

procured then there was a WBST levied on ENA. GST is not yet applicable for Potable ENA, so no impact as of now

- Avi Mehta** So, currently you are getting on ENA there is an excise duty and...
- Manoranjan Roy** There is a central sales tax for outside state purchase and WBST for within the state purchase. Now even in the GST we will not be within the purview now.
- Avi Mehta** Okay. It is more or less the same. How much was the rate sir, earlier?
- Manoranjan Roy** What?
- Avi Mehta** Earlier what was the rate sir of excise duty and currently that is before GST that is right now how much is the rate on ENA, excise duty and VAT that you pay?
- Manoranjan Roy** Excise duty is around you can say it is around 49% on an average on IMFL finished goods, that is state excise on an average.
- Avi Mehta** 16% was on the excise on molasses earlier and VAT was how much sir or there was no VAT on molasses?
- Manoranjan Roy** We procure grain based ENA, which is out of the ambit.
- Avi Mehta** So, 2% CST was there. So, you were not paying 18% earlier and you are paying 18% but not getting...
- Manoranjan Roy** 2% was there which we were paying and it will continue with no impact.
- Avi Mehta** I am sorry, I missed that. Can you repeat that sir? Yes, sir, I missed your point, you said 16% is the number is the molasses that you paid plus 2% was CST, so there was 18% now that is becoming 28%.
- Manoranjan Roy** No. We are procuring grain based ENA.
- Avi Mehta** So, that 10% is passed on.
- Manoranjan Roy** GST will be for industrial ENA only.
- Avi Mehta** Sir actually it is 28% as per the classification, sir.
- Manoranjan Roy** We will be shortly reviewing the impact of GST on each of our product line inputs.
- Arup Thakur** May be we can come with a correct exact position subsequently.
- Avi Mehta** Okay, sir. And sir, the packaging side could you also explain how is that going to behave for us. Is there any benefit or is it neutral or what is the current status on packaging due to GST?
- Manoranjan Roy** It is be neutral, sir. The packaging side is also not getting any credit, tax credit. Just like a little consumer for the other part of the industry or be in a raw material part we had to at the end of the day pass on to the consumer also.

Avi Mehta So, sir, currently would you be able to share similar rate you say for molasses, how much is for packaging sir right now?

Manoranjan Roy What?

Avi Mehta Packaging, what is the excise duty that you pay?

Manoranjan Roy It is around 14% but we pay 5% as VAT.

Moderator Thank you. We will take the next question from the line of Mitesh Soni from JP Morgan. Please go ahead.

Mitesh Soni My question is regarding exploring the Kerala market in Q2, are you also looking out any North market in the future endowers?

Arup Thakur Yes, definitely, we ultimately wish to have a Pan India presence, so definitely we have an eye on Haryana. But again, presently we are having our handful in expanding into Southern market there is now more focus on the Southern market.

Mitesh Soni My next question is how do you plan to tackle the government policies in different states in terms of banning alcohol?

Arup Thakur Ban on alcohol would be for the entire industry definitely that is a wait and watch situation. Now, particularly for our operation there is unlikely to be any eventuality in banning because in the election manifesto there were no such plans and also there were no such representations for banning alcohol. So, taking in account West Bengal, Karnataka, we do not foresee anything. Similarly Odisha (Orissa) also we do not foresee in the near future. And now definitely on account of other verticals like FMCG I do not think banning will have much impact on our business.

Moderator Thank you. The next question is from the line of Sonali Salgaokar from HDFC Securities. Please go ahead.

Sonali Salgaokar My first question is regarding the impact of GST and do you procure molasses for production of IMFL or you directly source ENA for producing your own IMFL?

Arup Thakur No, we buy it. We do not produce ENA.

Sonali Salgaokar You buy ENA and do not directly buy molasses.

Arup Thakur No, I mean we are not a distillery. So we do not buy and we are using grain spirit not molasses spirit.

Investor Relations I would like to add a few things that see, since we are a pure Blending and Bottling company, so we do not procure molasses we procure grain based ENA.

Investor Relations So, that typically becomes our raw material, we are not a distillery company we are a Blending and Bottling company owning six own Blending and Bottling units in the state of West Bengal.

Sonali Salgaokar My next question would be regarding that what is the excise duty or VAT that you paid for procurement of ENA whether it will be grain or molasses, in your case grain based.

Monoranjan Roy Can you repeat the question again?

Sonali Salgaokar My question is what would be the excise duty that you paid for buying the grain based ENA?

Monoranjan Roy On the IMFL finished goods, excise is 49% on an average.

Sonali Salgaokar Sir, my second question is regarding your packaging or your cost of glass bottles. Sir, could you tell us the broad base differential in the rates that you pay for a recycle bottle and for a new bottle?

Monoranjan Roy For a new bottle it is Rs. 5.5 to Rs. 6 per bottle and for recycle bottle it is Rs. 3 to Rs. 3.25.

Sonali Salgaokar Sure. Sir, and it would also help if you share the excise rates that you pay for this because as far as my understanding is there is a differential in the excise that you pay on recycle bottles and...

Monoranjan Roy No, on the recycle we have done a tie-up with our recycler, we do not need to pay again excise, on those particular things we just need to pay VAT.

Sonali Salgaokar Right. So, what would that VAT be?

Monoranjan Roy That is 5%.

Sonali Salgaokar Okay. And on new bottles?

Monoranjan Roy This is also 5%.

Sonali Salgaokar And do you need to pay excise on new bottles?

Monoranjan Roy In the new bottles excise is levied there.

Sonali Salgaokar And how much would that be, sir?

Monoranjan Roy At present I do not have the precise figure. We can provide you the same over the email if you can address it to our team.

Sonali Salgaokar Sir, I just want to understand what do you think or assess is the impact of GST on the glass bottles at 18% vis-à-vis your duty that you are paying for glass bottles right now.

Monoranjan Roy As quoted earlier in the call that it is not going to affect us. End of the day we had to pass on whatever the changes we are going to face in the GST part because if price comes down it is going to benefit us since we do not need to cut our MRP. But it is going to be benefit in our margin part but simultaneously the pricing is going to be up GST part for the packaging items and for the ENA or for any other for labeling and cartons which we buyout for our production and packaging items. We have to pass on this to our customers end of the day.

Sonali Salgaokar So, sir, any approximate sense as to how much?

Monoranjan Roy It will be 5 percentage to 10 percentage approximately on the upper side we are going to be affected on those small items, in the packaging and in items.

Sonali Salgaokar	Sure. Sir, and my last question is with respect to the distribution change in West Bengal as a state. Sir, could you give us any update as to how is the distribution going vis-à-vis the earlier situation?
Monoranjan Roy	In West Bengal, earlier it used to be the open market for the liquor industry where the private sector is broadening, retail is also private, wholesale is also private but controlled and administrated by the department. But now in the middle segment just like in Karnataka and in the way the business is done in Tamil Nadu there is a middle segment which in Tamil Nadu there is TASMAC, in Karnataka there is Alco Brewery which has taken over the whole wholesale business.
Arup Thakur	The wholesale will be controlled by the government regulatory body.
Sonali Salgaokar	Sure. What is the update as in how is it panning out?
Monoranjan Roy	No, they have formed a corporation model which is going to be effective from second quarter of this fiscal and we probably believe in the final information.
Moderator	Thank you. We will take the next question from the line of Ojasvi Agarwal from India Capital. Please go ahead.
Ojasvi Agarwal	Sir, actually, this is more on the financial part. The net cash in operations continues to be negative for a number of years now including this year. So, could you throw some light actually why it is negative and when you expecting it to be positive in the coming future?
Investor Relations	Can you please come again over the question?
Ojasvi Agarwal	This is again about cash and operation. There is still negative cash in operations in this financial year as well.
Investor Relations	See, we treat this business to be a typically duty-funding business. So, on an average you pay around 67 upfront. I mean which could form a part of your excise and your VAT. So, effectively what happens over a period of time even before booking your sales invoice you need to pay this upfront to the government as soon as your finished goods are on the production floor. So you have specific limit being an excise-bonded warehouse, so typically what happens is you need a lot of working capital. So, this is a very intensive working capital segment and over a period of time what happens is since we are a new brand penetrating into the market, eventually we are going to have the incremental or the additional margins being contributed by our higher segments in the IMFL and then as and when we grow our presence in the IMIL segment we would be able to clock higher margins. Second, with the distribution taken over by the government, our working capital cycle would reduce. So, that all would add up to positive operating cash flows over a period of next one or two years that is what we envisage.
Ojasvi Agarwal	Okay. Another question again this is again related to the financial, your current liability gone up by say about Rs. 29 crores in the standalone basis. Can you tell me what would....
Investor Relations	Mr. Arup Thakur would be able to help you out on the current liabilities.
Arup Thakur	On the ongoing basis there is a sales tax due, which we have to pay in the subsequent month of our sales.

Ojasvi Agarwal Okay. So, this has to be paid now that is why.

Arup Thakur Yes, in the month of April.

Ojasvi Agarwal Okay. I just want to again confirm the IMIL capacity what is the current capability and the utilization at present and what is expected in financial year 2018?

Investor Relations So, Ojasvi we at presently at a capacity of 1.2 crore bottles a month that is from the production capacity perspective. So, we are the market leaders not only from the production capacity perspective but even from the sales volume. Since Q3 we are clocking around more than 1 crore bottles a month. If you take into consideration our last two quarters of performance and definitely we propose to grow this. So, over a period of time you would see a similar trend of growth.

Ojasvi Agarwal No but somewhere it was 2.4 crore bottles that has been increase in this financial year.

Investor Relations Yes, so 2.4 bottles over a period of time that is what has been told.

Monoranjan Roy I would like to add. At present, we have a licensed capacity of 1.8 which is licensed by the regulator, whenever we have to increase our capacity we have to take the additional license from the department. So at present we had a license of 1.8 crore bottle capacity per month. Now we are also on the pipeline to enhance upto 2.4 crore bottles by the second quarter or third quarter of the sequential year. So, by the end of this financial year we will be tentative on the 2.4 this year which is justified enough in our growth and profit also. And capacity utilization is going to be increased at present it is also at a 75 percentage which we would like to increase by 85 percentage to 90 percentage.

Ojasvi Agarwal Okay, sir. Sir, another question which is again about the share capital. There has been an increase in the share capital by Rs. 21 crore is that the promoter who has put in more funds at the share capital of the company?

Monoranjan Roy You are asking for the current preferential allotment.

Ojasvi Agarwal No, sir, this is in the financial year 2017, the share capital has gone up to Rs. 42 crore I suppose.

Monoranjan Roy Yes, last year when 1:1 bonus was there, company has given a bonus in FY 2015 - FY 2016 and also 1:1 bonus in 2016 - 2017 and also 10 lakh shares last year was allotted to the preferential allotment to a prospective investor 10 lakh after bonus it has become 20 lakh.

Ojasvi Agarwal Okay. Sir, can you also tell me about the expansion plans, you plan to foray into the distillery business and also the fund-raising plan that you might have in this year?

Monoranjan Roy We have a fund-raising plan which is under process and it is also in public domain just we had completion of our postal ballot of preferential allotment of 57 lakhs shares this year at the rate of Rs. 73 premium, out of which 17 lakh shares will be allocated to Mr. Monoranjan Roy who is our CMD and promoter and 40 lakh shares to the other prospective investor who have been identified and available in the public domain also.

Ojasvi Agarwal Okay, sir. So, this is basically this is the fund infusion?

Monoranjan Roy	Yes total raising of the funds will be to the tune of Rs. 42 crore.
Ojasvi Agarwal	Rs. 42 crore and sir what will be where will the funds be utilized this Rs. 42 crore?
Monoranjan Roy	It will be for general corporate purpose and expansion in the Southern region of the India.
Ojasvi Agarwal	Okay. And there are no plans of investing in a distillery now sir?
Monoranjan Roy	No, not at present. Setting a distillery of medium size is Rs. 100 crore to Rs. 150 crore which at present we do not propose to setup. We are not immediate/near term plans for that but in future we will be considering to acquire/setup.
Ojasvi Agarwal	Okay. Sir, just one last question, sir the working capital requirements of the company has gone up and I think the part of it is funded by the bank and also sir is the company thinking of any method to bring down the working capital loan that has been taken from the banks because it adds to the margin itself, if you see even the finance cost has gone up quite a bit. So, can you throw some light on that?
Investor Relations	Ojasvi, the way I addressed you earlier. Since, we are expecting a shorter working capital cycle and if you consider our FY 2016 numbers and year FY 2017 numbers working capital has not grown to the extent the way we have demonstrated growth in our top-line. Eventually, with the shorter working capital cycle and improved EBITDA margin we would be in lesser requirement of working capital. So, even though we grow at a similar growth rate, we would not require any further or additional excessive working capital to the extent that what we have been requiring in the historical years. So, if you take into consideration our inventory cycle has come down, our debts are almost at par with our previous financial year. Just to give you a good example our inventory cycle or our inventory days were 74 days and we have come down to 54 days, right. So, effectively you would see that then there is an improvement in our EBITDA margins. See, we have demonstrated or probably we have recorded a de-growth in our distribution business. So, our thrust is on our own brands so we have 11 or 12 own brand in IMFL and three brands in the IMIL space. So, over the period of time since are already the market leaders in the IMIL space and we are at around an EBITDA margin of 8% - 8.5% over a period of next one year or two years we would be able to increase that by at least 100 basis points to 150 basis points, right. Now in IMFL, you need to understand in IMFL that we are there in three segments – so our regular or mid-premium segment contributes the highest margins. So, eventually our focus is on our mid premium or our regular segments. So, over a period of time that would again contribute so considering all these factors into place, we would be not in a requirement of access or additional working capital to the extent that is the sole reason.
Ojasvi Agarwal	Okay. So, now since the West Bengal government said there will be another distribution body that the wholesaler being the government body, so will you be still be doing any distribution for the other brands that you are doing, so how will that business be?
Investor Relations	That will not happen because the entire distribution business will be executed by the government body which is in our case is the corporation model so we would be purely a Blending and Bottling company with a strong retail presence. Now, if you have read or gone through our announcements in the past one quarter or two quarters, we are establishing our own captive logistics division. Eventually what happens is all the retailers do not have that kind of a facility or infra to support that, so our captive logistics division would be able to support all the retailers. So, that is how we would be able to grow further well.

Moderator Thank you. We will take the next question from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar Sir, my question is on your IMIL and IMFL segment, if you could just let us know what was the growth rate for FY 2017 and what was the volume-led growth in both the segments?

Investor Relations Yes, the quantitative details definitely, we would be able to quantify that in our Annual Report which will be given in a detailed manner.

Kaustubh Pawaskar IMIL and IMFL in both division what was the growth for you in FY 2017, so I just wanted to know what was the volume-led growth because realization I think in your Release you have mentioned that you have taken 10% to 15% price increase in FY 2017. So, I believe rest would be the volume-led growth. But in quantitative perspective, if you can just help what was the volume-led growth that would be great.

Investor Relations So, quantitative terms definitely we will be able to quote that in our Annual Report. So, that would help you because that would be brand wise, state wise.

Kaustubh Pawaskar But segment wise if you just mention what was the IMIL and IMFL growth?

Investor Relations Broadly, if I can explain it to you, see last year was the first year of operations in IMIL and 2017 has been the second year of operations in IMIL. In March 2016, we acquire two prominent brands that was Bengal Tiger and Udan. These brands have a dominating market share in five or six districts out of the 26 districts in West Bengal. Over and above that we were able to grow our home-grown brand which is Bangla No. 1. So, if you take all that into consideration we have relatively posted a multiple growth in IMIL. IMFL our thrust has been on our premium or our regular segment. So, that is where we propose to grow. So specifically I even mentioned in the call earlier that now we want to focus on that product line that can contribute in a much healthier way towards our EBITDA margins across the revenue board.

Kaustubh Pawaskar Right. So, this year FY 2017 the EBITDA margin improvement was just 20 bps it was marginal for FY 2017 and FY 2018 since GST would come into play and there are expectations that rate or inputs would be higher than what it was earlier. So, from where we can see the margin expansion? Should we expect the better sales volume and the operating efficiency to drive the margins and again the margin expansion would not be significant?

Investor Relations We would not guide you on any forward-looking statements.

Kaustubh Pawaskar No, but should we expect margins to be better or in line with what it was in FY 2017?

Investor Relations We need to seek much more clarity on the GST, right, from the input to the output. So, we definitely would be improving our operating efficiencies and that would definitely be demonstrated on a quarter-on-quarter basis which you will be able to figure out yourself when we post our quarterly results.

Kaustubh Pawaskar Right. Why I am asking this question because just to the previous participant you mentioned that you will be focusing on improving your operating cash flows through improvement in the margins plus your reduction in the working capital. So, improvement in the margin should be either through better product mix and the operating efficiencies. So, any internal targets of the company that you are expecting, you are targeting 40 bps to 50 bps margin improvement every year or it is on a higher side?

Investor Relations I can explain you Kaustubh there are a couple of parameters which you need to understand. This year we are going to build our own captive logistics division. So, that would again add value. Second the corporation model that effectively reduces our working capital cycle so that reduces your finance cost which directly adds to your PAT margins. Third, your conversion from your glass bottles to pet bottles and now majority of our units would be having our own captive pet bottling plants. So, typically what happens is on a gross level let us say if you consider an IMIL bottle, we would be able to save on a net-net at least 30 paisa to 40 paisa per bottle only from our captive logistics division which significantly adds towards your gross margins and your EBITDA margins. On IMFL of course, our thrust is that we will be focusing on our premium segment. If you consider all parameters in place, your working capital and others, so that is how we propose to demonstrate that growth in our EBITDA margins over a period of next one year or two years.

Kaustubh Pawaskar Okay, got your point. And in the terms of raw material input cost increase, do we see any significant increase in material cost in FY 2018?

Investor Relations No, I do not expect that in a very significant or a material way since majority of the sugarcane producers have started producing ethanol and majority of the liquor companies are switching over from the molasses based ENA to grain-based ENA. So we do not expect any significant or material rise in our raw material inputs at least for this fiscal.

Kaustubh Pawaskar Okay. So, but you will also follow the same strategy of switching it over to sugar-base or you will continue to remain on grain-base?

Investor Relations We use only grain-based ENA.

Kaustubh Pawaskar Okay. So, you will continue to be with your grain base ENA model.

Investor Relations Yes.

Kaustubh Pawaskar And my last one if I can, can you just again explain what will be the fund raising because I just understand you are planning to raise Rs. 42 crores next year. So, can you just let me know what would be the issue size and what price you are planning to raise?

Monoranjan Roy See, the preferential is already in place. The deployment of the fund could be for general corporate purposes and then over a period of time we could contemplate further fund raising but we have not finalized on a specific structure.

Kaustubh Pawaskar Okay. So, you are yet to finalize it.

Monoranjan Roy Yes.

Moderator Thank you. The next question from the line of Prasad Padala from Investec. Please go ahead.

Prasad Padala Yes, so the GST document talks about taxation of ethyl alcohol, so is it applicable only for industrial alcohol or is it also applicable for ENA used in spirits?

Monoranjan Roy On all, on both. It is applicable on both.

Moderator Thank you. Ladies and gentlemen due to time constraints we will be taking the last question that is from the line of Varun Mehta from ISE Limited. Please go ahead.

Varun Mehta	Sir, I just want to know we have the in-house logistics we are planning that we have ordered (Inaudible) 49:21.4 more right now what are the inventory days you are looking forward right now for this coming for the coming year?
Investor Relations	It would be a little difficult to guide you on a forward number, typically what would be our inventory days. But if you talk about in relative terms, we at least expect that it would reduce our inventory levels by at least 15%-odd.
Varun Mehta	This year itself we can look forward for that 15%?
Investor Relations	Yes, in the current fiscal you can expect that, Yes.
Varun Mehta	Okay. And sir, can you give us any guidance for this year probably at what growth we are looking at?
Investor Relations	No, I would not be able to guide you. But we expect to retain a similar growth level.
Varun Mehta	Sir, this year we have grown by (+50%) so do we expect the same or we expect less?
Monoranjan Roy	We expect, I mean that is what we propose and we expect, Yes. Over the next two years to three years we expect a similar trend to come in.
Moderator	Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for their closing comments.
Monoranjan Roy	Well it was wonderful interacting with you all. So, definitely we are very much available in the (Inaudible) 50:49.1 all our results or performances and any further questions definitely please share with us to CDR definitely we will be addressing those. Thank you.
Moderator	Thank you. Ladies and gentlemen on behalf of Pincon Spirit Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

NOTE:

Edited for factual accuracy / corrections due to poor audio quality.