

## Pioneer Distilleries Limited

Regd. Office: 'UB House', Plot No.36, Street No.4, Srinagar Colony, Hyderabad 500 073



### NOTICE

**NOTICE IS HEREBY GIVEN OF THE TWENTIETH ANNUAL GENERAL MEETING** of the Company to be held at Hotel Green Park, Greenlands, Begumpet, Hyderabad 500 016 on Tuesday, August 27, 2013 at 10.00 a.m. for the following purposes:

1. To receive and consider the accounts for the year ended March 31, 2013 and the reports of the Auditors and Directors thereon;
2. To elect a Director in the place of **Mr. Ashok Capoor**, who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint Auditors and to fix their remuneration.

### **SPECIAL BUSINESS:**

#### **4. Appointment of Mr. Chhaganlal Meghraj Jain as a Director:**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED that Mr. Chhaganlal Meghraj Jain, who was appointed as an Additional Director by the Board of Directors of the Company and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.

#### **5. Appointment of Mr. Ranjan Satsangi as the Manager:**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED that pursuant to Section 269 of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Mr. Ranjan Satsangi as "Manager" of the Company for a period of 2 years w.e.f. August 05, 2013, without remuneration.

By Order of the Board,

Place: Bangalore  
Date: May 09, 2013

**SANTHOSH KUMAR KEERTHI**  
Company Secretary



## Notice (Contd.)

### NOTES:

1. Please refer to the Explanatory Statement given hereunder.
2. **ASHAREHOLDERENTITLEDTOATTENDTHEMEETINGANDVOTETHEREATMAYAPPOINT APROXYTOATTENDANDVOTEONHISBEHALFONLYONAPOLL.SUCHAPROXYNEED NOTBEAMEMBEROFTHECOMPANY.**

The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for holding of the meeting.

3. The Transfer Books and Register of Members will remain closed from Friday, August 23, 2013 to Tuesday, August 27, 2013 (both days inclusive).
4. Members are requested to intimate immediately to the Company's Registrars and Transfer Agents, M/s. Venture Capital and Corporate Investments Private Limited, Regd. Office: 12-10-167, Bharat Nagar, Hyderabad 500 018, in case of physical form and to their respective Depository Participants, in case of shares held in dematerialized/electronic form:
  - a. any change in their registered addresses along with PIN Code Number;
  - b. details about their email addresses, if any, so that all notices and other statutory documents which are required to be sent to the Members, as per the provisions of the Companies Act, 1956, can be sent to their email addresses, as a measure of "Green Initiative" introduced by the Ministry of Corporate Affairs (MCA); and
  - c. details about their bank account number, name of the bank, bank's branch name and address to enable the Company to draw dividend warrant payable accordingly.
5. Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address as stated in Note No.4 above.
6. Members may please address all their documents/correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note No.4 above.
7. Nomination facility for shares is available for members. The prescribed format in this regard can be obtained from the Company's Registrars and Transfer Agents, at the address as stated in Note No.4 above.
8. The Company's equity shares are under compulsory dematerialisation. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialised.



## Notice (Contd.)

Members having the physical share certificates are advised to consider opening of a Demat Account with an authorised Depository Participant and arrange for dematerialising their shareholdings in the Company.

9. In terms of Section 205A and 205C of the Companies Act, 1956, the amount of dividend declared for the financial year 2006-07 and thereafter remaining unclaimed for a period of seven years from the due date of payment shall hereafter be transferred to the Investor Education and Protection Fund on the respective due dates.
10. Members may kindly note that once the Unclaimed/Unpaid Dividend is transferred to the Fund, no claim shall lie against the Fund or the Company in respect of the individual amounts which were Unclaimed and Unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.
11. Members attending the Annual General Meeting are requested to bring with them the following:
  - a. Members holding shares in dematerialized form, their DP & Client ID Number.
  - b. Members holding shares in physical form, their Folio Numbers.
  - c. Copy of the Annual Report and Notice, as no copies thereof would be distributed at the Meeting.
  - d. The Attendance Slip duly completed and signed in terms of specimen signature lodged with the Company.

The Company would accept only the Attendance Slip from a member actually attending the Meeting; or from the person attending as a proxy under a valid proxy form registered with the Company not less than 48 hours prior to the Meeting. Attendance Slips of Members/valid proxies not personally present at the Meeting, or relating to Proxies which are invalid, will not be accepted from any other member/person.

The Meeting is for members or their proxies only. Please avoid being accompanied by non-members/children.

12. The Company has designated an exclusive email id viz., [pdlinvestor@ubmail.com](mailto:pdlinvestor@ubmail.com) to enable the investors to post their grievances and monitor its redressal.
13. Corporate members are required to send to the Company a certified copy of the Board Resolution pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
14. The details required to be given in pursuance of Clause 49 of the Listing Agreement in case of Director being reappointed is given in the Corporate Governance section of the Annual Report.



## Notice (Contd.)

### EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956:

#### **Item No.4 - Appointment of Mr. Chhaganlal Meghraj Jain as a Director:**

Mr. Chhaganlal Meghraj Jain (Mr. C.L. Jain) has been appointed as an Additional Director of the Company on March 21, 2013 and would be holding office as a Director up to the date of this Annual General Meeting.

Mr. C.L. Jain, aged 79 years, is a Chartered Accountant and a Company Secretary by profession having more than 46 years of corporate experience in various organizations including ICI and Hindustan Unilever Ltd. He was Finance Director of Hoechst India Ltd. He was also external faculty member at Bajaj Institute of Management for 17 years. He was also Chairman of Banking and Finance Committee of Bombay Chamber of Commerce & Industry for 4 years. Apart from Directorships he holds in esteemed public Companies, he is also a trustee of some Public Charitable Trusts.

A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the appointment of Mr. C.L. Jain as a Director of the Company at this Annual General Meeting.

Mr. C.L. Jain does not hold any shares in the Company.

The Board recommends the Resolution under Item No.4 to the members for their approval.

None of the Directors other than Mr. C.L. Jain is interested or concerned in the Resolution.

#### **Item No.5 - Appointment of Mr. Ranjan Satsangi as the Manager:**

Pursuant to Section 269 of the Companies Act, 1956, Mr. Ranjan Satsangi, Divisional Vice President – Manufacturing of United Spirits Limited, holding company of the Company, has been appointed as “Manager” without remuneration, for a period of 2 (Two) years w.e.f. August 05, 2013, subject to the approval of the members.

The Board recommends the resolution under Item No.5 to the members for their approval.

None of the Directors are interested or concerned in this item of business.

By order of the Board of Directors  
for **PIONEER DISTILLERIES LIMITED**

Place: Bangalore  
Date: May 09, 2013

**SANTHOSH KUMAR KEERTHI**  
Company Secretary



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**Board of Directors**

P. A. Murali  
*Chairman*

Ashok Capoor

M. R. Doraiswamy Iyengar

C.L. Jain

**Company Secretary**

Santhosh Kumar Keerthi

**Auditors**

Lodha & Co.,  
Chartered Accountants,  
6, Karim Chambers, 40,  
A. Doshi Marg, (Hamam Street),  
Mumbai 400 001

**Registered Office**

‘UB House’, Plot No.36  
Street No.4, Srinagar Colony,  
Hyderabad 500 073

**Registrars & Transfer Agents**

Venture Capital and Corporate Investments  
Private Limited  
H.No.12-10-167, Bharat Nagar,  
Hyderabad 500 018  
Tel: 040 2381 8475/76,  
Fax: 040 2386 8024



## Report of the Directors

Your Directors have pleasure in presenting the Annual Report of your Company and the audited accounts for the year ended March 31, 2013.

### FINANCIAL RESULTS

The Summary of Financial Performance of the Company for the year 2012-13 is as under:

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Net Sales	<b>10362.99</b>	10445.25
Add: Other income	<b>2.35</b>	1.25
Add: Increase / (Decrease ) in stocks	<b>722.78</b>	(233.44)
Total Income	<b>11088.12</b>	10213.06
Less: Expenditure	<b>11861.67</b>	10520.13
Profit / (Loss) before depreciation, interest and tax	<b>(773.55)</b>	(307.07)
Less: Interest	<b>1030.44</b>	1292.36
Less: Depreciation	<b>927.34</b>	930.93
<b>Profit / (Loss) before Tax</b>	<b>(2731.33)</b>	(2530.36)
Provision for Taxation :		
• Tax relating to earlier years	<b>54.43</b>	-
Profit / (Loss) after Tax	<b>(2785.76)</b>	(2530.36)
Add: Balance brought forward from previous year	<b>(3752.37)</b>	(1401.06)
Balance carried to Balance Sheet	<b>(6538.13)</b>	(3931.42)

### DIVIDEND

In view of Loss, your Directors do not recommend any Dividend on the equity shares of the Company.

### PERFORMANCE OF THE COMPANY

The Company has registered a Turnover of Rs.10362.99 Lakhs for the financial year ended March 31, 2013. The Loss before Tax of your Company during the financial year amounted to Rs.2731.33 Lakhs.

The Company has incurred losses mainly due to higher Input Cost and non availability of good quality Molasses.



## Report of the Directors (Contd.)

### PROSPECTS

Keeping in view the emerging demand for Grain Based Alcohol, the Company has installed Grain Based facility. Plans are afoot to install a Dried Distillers Grains and Solubles (DDGS) facility for the Grain Spirit plant and to retrofit the 100 KLPD primary distillery plant from atmospheric pressure to multi pressure to improve quality and recoveries.

The expansion would enable the Company to substantially increase the revenue.

In view of further expansion plans / programmes and diversification into value added products, your Company expects to report growth in the turnover and profitability in future.

### EROSION OF ENTIRE NET WORTH

As reported last year, consequent upon the erosion of your Company's entire net worth, a reference has been made to the Board for Industrial and Financial Reconstruction (BIFR) pursuant to Section 15 of Sick Industrial Companies (Special Provisions) Act, 1985 and the same has been registered with the BIFR.

### DISINVESTMENT

United Spirits Limited (USL), holding company / promoters of the Company has divested 55,100 equity shares (0.41%) of the Company on October 23, 2012 through 'Offer for Sale' through Stock Exchange mechanism and with this promoters holding has come down from 81.99 % to 81.58 %. Your promoters are exploring the various possibilities of bringing down their holding to 75%.

### DEPOSITORY SYSTEM

The trading in the equity shares of your Company is under compulsory dematerialization mode. As on May 03, 2013 equity shares representing 91.91 % of the equity share capital are in dematerialization form. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialization of the Company's shares.

### MEGA PROJECT STATUS

Your Company has been granted Mega Project status under Package Scheme of Incentives (PSI), 2007 by the State Government of Maharashtra vide their letter dated February 11, 2013 for the proposed expansion of Malt Spirit plant capacity from 12 Kilo Litres Per Day (KLPD) / 36.0 Lac Bulk Litres (BLS) per annum to 24 KLPD / 72.0 BLS per annum, bottling plant capacity of Indian Made Foreign Liquor (IMFL) from 0.6 Lac cases per month / 7.2 Lac cases per annum to 4.0 Lac cases per month / 48.0 Lac cases per annum and Extra Neutral Alcohol 160 KLPD / 480.0 Lac BLS per annum at the existing factory site at Balapur (V), Dharmabad, Nanded, Maharashtra. Your Company, therefore, is eligible for various incentives under PSI, 2007, inter alia, i). electricity duty exemption for a period of 15 years from the date of commencement of commercial production. ii). Industrial Promotion Subsidy (IPS) equivalent to 100% of eligible investments under PSI, 2007 made with in a period of 5 years from October 19, 2012.





## **Report of the Directors (Contd.)**

### **DIRECTORS**

Mr. S.G. Ruparel ceased to be a Director with effect from February 11, 2013 on his demise. The Board of Directors express their profound grief and sorrow on the demise of Mr. S.G. Ruparel and place on record their deep appreciation of his valuable contribution during his tenure as a Director of your Company.

Mr. C.L. Jain was appointed as an Additional Director on March 21, 2013 and will hold office in terms of Section 260 of the Companies Act, 1956 up to the date of the ensuing Annual General Meeting.

A Notice in writing has been received by your Company from a member signifying his intention to propose the appointment of Mr. C.L. Jain as a Director at the ensuing Annual General Meeting.

Mr. Ashok Capoor, retire by rotation and being eligible, offers himself for re-appointment.

As per declarations received, none of the Directors of the Company is disqualified to be appointed as a Director of any Public Limited Company in terms of Section 274 (1) (g) of the Companies Act, 1956.

### **AUDITORS**

M/s. Lodha & Co., Chartered Accountants, the retiring Auditors, are eligible for re-appointment at the ensuing Annual General Meeting and it is necessary to fix their remuneration.

### **CORPORATE GOVERNANCE REPORT**

A report on the Corporate Governance is annexed separately as part of this report along with a certificate of compliance from Auditors. Necessary requirements of obtaining certifications / declarations in terms of Clause 49 of the listing agreement with the stock exchanges have been complied with.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report is annexed and forms an integral part of the Annual Report.

### **FIXED DEPOSITS**

The Company has not accepted any deposits from public during the year.

### **LISTING OF EQUITY SHARES OF THE COMPANY**

The Equity Shares of your Company continue to be listed with BSE Limited, National Stock Exchange of India Limited and Pune Stock Exchange Limited. The Annual Listing fees for the year 2013-14 have been paid to these Stock Exchanges.



## Report of the Directors (Contd.)

### **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

As on date, no amount of dividend has remained unclaimed and unpaid for more than 7 years, which are required to be transferred to the Investor Education and Protection Fund, pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956.

### **HUMAN RESOURCES**

The Company has no employee in respect of whom Statement under 217 (2A) of the Companies Act, 1956, is required to be annexed.

### **CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

In accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the required information relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo is annexed.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the Section 217 (2AA) of the Companies Act, 1956, in relation to financial statements for year 2012-13, the Board of Directors reports that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) accounting policies have been selected and applied consistently and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the loss of the Company for the year ended March 31, 2013;
- (iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

### **ACKNOWLEDGEMENT**

Your Directors place on record their sincere appreciation for the continued support from employees, shareholders, customers, suppliers, banks, Government of Maharashtra and other business associates.

By Authority of Board

Bangalore  
May 09, 2013

**P.A.MURALI**  
Chairman



## Report of the Directors (Contd.)

### ANNEXURE TO DIRECTORS' REPORT

(Additional information given pursuant to requirement of Section 217 (1) (e) of the Companies Act, 1956)

#### CONSERVATION OF ENERGY

With reference to energy conservation and cost reduction, steps taken by the Company at its manufacturing unit were as under:

- Steam Turbines were retrofitted to maximize generation of electricity.
- Cooling Towers were revamped to reduce consumption of electricity for process.
- Automation of Boilers were carried out to reduce consumption of power.
- Replacing existing pumps with energy efficient ones which helped to reduce consumption of electrical energy.
- Capacitors were installed to improve power factor in the electrical panels. This has led to improve the power factor from 0.90 to 0.99.
- Steam leakages have been arrested and thus thermal energy has improved.
- Steam pipe lines insulation has been done to reduce steam losses.

#### TECHNOLOGY ABSORPTION

##### a) Research and Development (R & D)

1. Specific areas in which R & D carried out by the company : NIL
2. Benefits derived as a result of the above R&D : NIL
3. Future plan of action : To further develop more value added products and improve the quality of the products
4. Expenditure on R & D : NIL

##### b) Technology absorption, adaptation and innovation

The Company is making continuous efforts for improving productivity, quality and manufacture of value added products.

Foreign Exchange Earnings and outgo:	2012-13 Rs.	2011-12 Rs.
a. Earnings in Foreign Currency	Nil	Nil
b. Imports / Expenditure in Foreign Currency	Nil	Nil

By Authority of Board

Bangalore  
May 09, 2013

**P.A.MURALI**  
Chairman



## Corporate Governance Report

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company is committed to good Corporate Governance on a continuous basis and accordingly adheres to the basic tenets of integrity, fairness and transparency in all its operations.

Your Company pursues growth by adopting best corporate practices and timely disclosures which will enhance the long term value of all shareholders and other stakeholders.

### 2. BOARD OF DIRECTORS

The Board of Directors comprises of a Non Executive Chairman, and three other Non Executive Directors.

During the financial year under review, Five Board Meetings were held i.e. on May 24, 2012, July 23, 2012, October 23, 2012, November 07, 2012 and February 01, 2013.

Attendance of each Director at the Board Meetings and the last Annual General Meeting and the details of number of outside Directorship and Committee position held by each of the Directors as on date are given below:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 27.08.2012	Number of other Companies in which Director	No of Committees (other than the Company) in which Chairman/Member
Mr. P.A. Murali	Non Executive Chairman	2	Yes	15	1 (Chairman)
Mr. Ashok Capoor	Non Executive Director	4	No	2	Nil
Mr. M.R. Doraiswamy Iyengar	Independent Non Executive Director	5	Yes	3	4 (Chairman of 4)
Mr. C.L. Jain*	Independent Non Executive Director	N.A.	N.A.	6	4 (Chairman of 2)
Mr. S.G. Ruparel**	Independent Non Executive Director	4	Yes	N.A.	N.A.

\* Appointed as an Additional Director with effect from March 21, 2013.

\*\* Ceased to be a Director with effect from February 11, 2013, consequent upon his demise.



## Corporate Governance Report (Contd.)

### NOTE:

The above details are in respect of their Directorships only in Indian Companies:

- a) Out of 15 other Companies in which Mr. P.A. Murali is a Director, 8 are Private Limited Companies and 1 is Section 25 Company.
- b) Out of 3 other Companies in which Mr. M.R. Doraiswamy Iyengar is a Director, 1 is a Private Limited Company.
- c) Out of 6 other Companies in which Mr. C.L. Jain is a Director, 1 is a Private Limited Company.

### DISCLOSURES REGARDING APPOINTMENT AND REAPPOINTMENT OF DIRECTORS

#### Director retiring by rotation and being reappointed

##### Mr. Ashok Capoor:

Mr. Ashok Capoor, aged 59, is a graduate in Economics (Hons.) and had obtained his Masters in Business Administration (Marketing) from Faculty of Management Studies, Delhi. He has also successfully completed an Advanced Management Program from Harvard University, Boston.

Mr. Ashok Capoor has over 37 years' experience across Companies and various functions, sales and marketing being his major specialization. Mr. Ashok Capoor has been with the UB Group since 1992 having joined as Divisional Vice President in erstwhile Herbertsons Limited, since merged with the Company.

Details of Mr. Ashok Capoor's directorships in other Indian Companies and Committee Memberships are as under:

Other Directorships	Position held
1. United Spirits Limited	Managing Director
2. Sovereign Distilleries Limited	Director

Mr. Ashok Capoor is the Chairman of the Shareholders/Investors Grievance Committee of the Board of Directors of the Company.

Mr. Ashok Capoor does not hold any shares in the Company and is not related to any other Director.



## Corporate Governance Report (Contd.)

### New Director

#### Mr. Chhaganlal Meghraj Jain

Mr. Chhaganlal Meghraj Jain (Mr. C.L. Jain), aged 79 years, is a Chartered Accountant and a Company Secretary by profession having more than 46 years of corporate experience in various organizations including ICI and Hindustan Unilever Ltd. He was Finance Director of Hoechst India Ltd. He was also external faculty member at Bajaj Institute of Management for 17 years. He was also Chairman of Banking and Finance Committee of Bombay Chamber of Commerce & Industry for 4 years. Apart from Directorships he holds in esteemed public Companies, he is also a trustee of some Public Charitable Trusts.

Details of Mr. C.L. Jain's directorships in other Indian Companies and Committee Memberships are as under:

Other Directorships	Position held
1. NOCIL Limited	Director
2. RPG Life Sciences Limited	Director
3. United Breweries Limited	Director
4. SW Finance Co. Limited	Director
5. Asit C Mehta Investment Intermediates Limited	Director
6. Practical Financial Services Private Limited	Director

Mr. C.L. Jain is a member of the Audit Committee of the Board of Directors of the Company.

Mr. C.L. Jain does not hold any shares in the Company and is not related to any other Director.

### 3. AUDIT COMMITTEE

The Audit Committee was constituted on January 29, 2001, to meet the requirements under both, the Listing Agreement and Section 292A of the Companies Act, 1956, comprises at present the following Directors:

Mr. M.R. Doraiswamy Iyengar (Chairman)	Non Executive Independent Director
Mr. P.A. Murali	Non Executive Director
Mr. C.L. Jain	Non Executive Independent Director

Mr. S.G. Ruparel ceased to be a Member of the Audit Committee with effect from February 11, 2013 consequent upon his demise. Mr. C.L. Jain was appointed as Member of the Committee with effect from April 05, 2013.

The terms of reference of this Committee are in accordance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.



## Corporate Governance Report (Contd.)

The Committee, inter alia, has reviewed the financial statements including Auditors' Report for the year ended March 31, 2013 and has recommended its adoption. In addition, the Committee has also reviewed unaudited (provisional) quarterly results for June 30, 2012, quarterly results for September 30, 2012 and quarterly results for December 31, 2012, which were subjected to a Limited Review by the Statutory Auditors of the Company.

The terms of reference of the Audit Committee covers all matters specified under the Listing Agreement as well as the provisions of Section 292A of the Companies Act, 1956 and inter alia, includes the following:

- a) Reviewing the financial statements of the Company to ensure that the statements are correct, sufficient and credible.
- b) Reviewing with the management the annual financial statements before submission to the Board focusing primarily on:
  - Changes, if any, in accounting policies and practices
  - Qualifications, if any, in the audit report
  - Compliance with the accounting standards
  - Compliance with Stock Exchange and legal requirements concerning the financial statements
- d) Reviewing with the management, external and internal auditors and the adequacy of internal control systems, internal audit system including discussion with the internal auditors any significant findings and follow up thereon.
- e) suggestions for improvement of procedures being followed by the Company.

The Company Secretary, Mr. Santhosh Kumar Keerthi, acts as Secretary of the Committee.

During the financial year under review, four meetings of the Audit Committee were held i.e. on May 24, 2012, July 23, 2012, November 07, 2012 and January 31, 2013. The details of attendance by members of the Committee are as follows:

Name	No. of Meetings	Meetings attended
Mr. M.R. Doraiswamy Iyengar (Chairman)	4	4
Mr. P.A. Murali	4	1
Mr. C.L. Jain*	N.A.	N.A.
Mr. S.G. Ruparel **	4	4

\* Appointed as Member of Audit Committee with effect from April 05, 2013.

\*\* Ceased to be a member of Audit Committee with effect from February 11, 2013, consequent upon his demise.



## Corporate Governance Report (Contd.)

### 4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

A Shareholders/Investors Grievance Committee was constituted on January 29, 2001, to operate in terms of the provisions related thereto in the Listing Agreements with the Stock Exchanges and /or the provisions as prescribed under the Companies Act, 1956.

The Committee comprises at present the following Directors:

Mr. Ashok Capoor, Chairman  
Mr. M.R. Doraiswamy Iyengar  
Mr. Santhosh Kumar Keerthi, Company Secretary is the Compliance Officer.

During the financial year under review, four meetings of the Shareholders/Investors Grievance Committee were held on May 24, 2012, July 23, 2012, October 23, 2012 and February 01, 2013 attended by both Mr. Ashok Capoor and Mr. M.R. Doraiswamy Iyengar, members of the Committee.

The Company/Company's Registrars not received any complaints during the financial year.

There are no complaints or Transfer of Shares pending as on March 31, 2013.

#### **Committee of Directors**

The Company has constituted a Committee of Directors namely Share Transfer Committee with authority delegated by the Board of Directors, inter alia, to approve transfer and transmission of shares, issue of new share certificates on account of certificates lost, defaced, etc.,

The Committee comprises at present the following Directors:

Mr. P.A. Murali  
Mr. Ashok Capoor  
Mr. M.R. Doraiswamy Iyengar

### 5. REMUNERATION COMMITTEE

As reported in the Annual Reports of last two financial years ended March 31, 2011 and March 31, 2012, the Remuneration Committee being a non mandatory committee was considered not necessary for the time being and accordingly was discontinued. The Company shall constitute a Remuneration Committee in future as and when the need arises.

#### **Remuneration of Directors:**

##### **a) Non Executive Directors**





## Corporate Governance Report (Contd.)

At Present, the Non Executive Directors do not draw any remuneration from the Company. Sitting Fees are paid to Non Executive Directors for attending Board/Committee Meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses, incurred for attending such meetings. The details of sitting fees paid to the Directors during the year under review are as under:

Name of the Director	Sitting fees (Rs.)
Mr. P.A. Murali	30,000
Mr. Ashok Capoor	N.A.
Mr. M.R. Doraiswamy Iyengar	1,10,000
Mr. C.L. Jain*	N.A.
Mr. S.G. Ruparel**	70,000

\* Appointed as an Additional Director with effect from March 21, 2013.

\*\* Ceased to be a Director with effect from February 11, 2013, consequent upon his demise.

**b) Particulars of Equity Shares of the Company currently held by the Directors are furnished below:**

The Directors are not holding any Equity Shares in the Company.

## 6. GENERAL BODY MEETINGS

The details of the last three Annual General Meetings of the Company are furnished below:

Financial Year ended	Date	Time	Venue
March 31, 2012	August 27, 2012	12.30 p.m.	Hotel Green Park, Greenlands, Begumpet, Hyderabad 500 016
March 31, 2011	September 16, 2011	12.30 p.m.	Residency Hall, Hotel Green Park, Begumpet, Hyderabad 500 016
March 31, 2010	September 25, 2010	3.30 p.m.	Hotel Green Park, Greenlands, Begumpet, Hyderabad 500 016

No Special Resolutions were passed by the Shareholders at the last three Annual General Meetings.



## Corporate Governance Report (Contd.)

### POSTAL BALLOT

The Company has not passed any resolution at the above Annual General Meetings held which was required to be passed through Postal Ballot as per the provisions of the Companies Act, 1956, and the rules framed there under.

At this meeting also, there is no ordinary or special resolution proposed requiring passing by way of Postal Ballot.

No Resolution was passed through Postal Ballot during 2012-13.

No special resolution is proposed to be passed through Postal Ballot at present.

### 7. DISCLOSURES

During the financial year ended March 31, 2013 the Company had no materially significant related party transactions with its promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large. Details of related party transactions forms part of Notes on Accounts.

The Company has complied with all the statutory requirements comprised in the Listing Agreements / Regulations / Guidelines / Rules of the Stock Exchanges / SEBI / other Statutory Authorities.

There were no instances of non-compliance by the Company nor have any penalties, strictures been imposed by the Stock Exchanges or SEBI or any other Statutory Authority since Incorporation of the Company on any matter relating to capital markets.

#### Code of Conduct

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has adopted a Code of Business Conduct and Ethics for its Board Members and designated employees, a copy of which is available on the Company's website, [www.pioneerdistilleries.com](http://www.pioneerdistilleries.com). All the members of the Board and designated employees had affirmed compliance with the Code for the year ended March 31, 2013 and a declaration to this effect signed by the Manager is forming part of this report.

Pursuant to requirements of the Securities Exchange Board of India (Prohibitions of Insider Trading) Regulations, 1992, as amended, the Company has adopted a "Code of Conduct for prevention of Insider Trading", which is applicable to all the Directors and designated employees.

### 8. MEANS OF COMMUNICATION

The unaudited quarterly results and audited annual results are sent to all the Stock Exchanges, where the equity shares of the Company are listed. The results are normally published in "Financial Express" (English Daily) and "Andhra Prabha" (Telugu Daily). The results are also displayed on the Company's website [www.pioneerdistilleries.com](http://www.pioneerdistilleries.com).

The Company has designated an exclusive Email Id viz. [pdlinvestor@ubmail.com](mailto:pdlinvestor@ubmail.com) to enable the investors to post their grievances and monitor its redressal.



## Corporate Governance Report (Contd.)

### 9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required by Clause 49 of the Listing Agreement, Management Discussion and Analysis Report is appended and forms part of the Annual Report.

### 10. GENERAL SHAREHOLDER INFORMATION

a)	AGM Date, Time and Venue	Tuesday, August 27, 2013 at 10.00 a.m. at Hotel Green Park, Greenlands, Begumpet, Hyderabad 500 016
b)	Financial Year	April 1 to March 31
	First Quarterly Results	By August 14
	Second Quarterly Results	By November 14
	Third Quarterly Results	By February 14
	Audited Financial Results	By May 30
c)	Date of Book Closure	Friday, August 23, 2013 to Tuesday, August 27, 2013 (both days inclusive)
d)	Dividend payment date	NA
e)	Listing on Stock Exchanges	The shares of the Company are listed on the following Stock Exchanges: 1. BSE Limited (BSE) 2. National Stock Exchange of India Limited (NSE) 3. Pune Stock Exchange Limited (PSE)

The Annual Listing fees for the years 2012-13 and 2013-14 have been paid by the Company to the respective Stock Exchanges.

f)	Stock Code	
	BSE	531879
	NSE	PIONDIST
	PSE	160202
g)	ISIN No.	INE889E01010 (NSDL & CDSL) - for Equity Shares
h)	Market price data	As per Annexure A
i)	Stock performance in comparison to BSE Sensex	As per Annexure B
j)	Registrar and Transfer Agents	Venture Capital and Corporate Investments Private Limited



## Corporate Governance Report (Contd.)

		Regd. Off: 12-10-167, Bharat Nagar Hyderabad 500 018 Tel: (040) 2381 8475/2381 8476/2386 8023 Fax: (040) 2386 8024 Email: info@vccilindia.com Website: www.vccilindia.com		
k)	Share Transfer System	The power to consider and approve share transfers / transmission / transposition / consolidation / subdivision etc. has been delegated to a Committee of Directors named Share Transfer Committee. The requirements under the Listing Agreement/ Statutory regulations in this regard are being followed.		
l)	Distribution of Shareholding	As per Annexure C		
m)	Dematerialisation of shares (as on March 31, 2013)	Depositories	Shares	%
		NSDL	11866837	88.64
		CDSL	437215	3.27
		Total	12304052	91.91
n)	Outstanding GDRs/ADRs/Warrants or any other instruments	NA		
o)	Plant Location	Balapur Village, Dharmabad Taluk, Nanded District, Maharashtra 421 809		
p)	Address for Correspondence	Shareholder correspondence should be addressed to the Company's Registrars and Transfer Agents: Venture Capital and Corporate Investments Private Limited Regd. Off: 12-10-167, Bharat Nagar Hyderabad 500 018 Tel: (040) 2381 8475/2381 8476/2386 8023 Fax: (040) 2386 8024 Email: info@vccilindia.com Website: www.vccilindia.com Investors may also write or contact the Company Secretary, Mr. Santhosh Kumar Keerthi, at the		



## Corporate Governance Report (Contd.)

	<p>Registered Office of the Company at          'UB House',          Plot No.36, Street No.4, Srinagar Colony,          Hyderabad 500 073          Tel No. (040) 6674 7388          Fax No. (040) 6674 7359</p> <p>In compliance with the provisions of Clause 47(f) of the Listing Agreement with the Stock Exchanges, an exclusive email id, viz. pdlinvestor@ubmail.com has been designated for registering complaint by the Investor and its redressal, which has been displayed on the website of the Company www.pioneerdistilleries.com</p>
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### NON MANDATORY REQUIREMENTS

1	Chairman of the Board	The expenses incurred by the Chairman in performance of his duties are eligible for reimbursement.
2	Shareholders Rights	The Company's quarterly results are being published in Financial Express and Andhra Prabha Newspapers. Hence, the same are not sent to the shareholders.
3	Audit Qualifications	The Report of the Auditors on the Financial Statements for the year ended March 31, 2013 does not contain any qualification or adverse remark.
4	Training of the Board Members	The Board may consider imparting training as and when the need arises.
5	Mechanism for evaluating Non-Executive Members of the Company	The Board may consider adopting such requirement in future.
6	Whistle Blower Policy	Though briefly covered in the Code of Conduct adopted by the Company, the Board may consider adopting a separate mechanism for Whistle Blower Policy in future.



## Corporate Governance Report (Contd.)

### ANNEXURE A: MARKET PRICE DATA

#### Pioneer Distilleries Limited – Monthly BSE

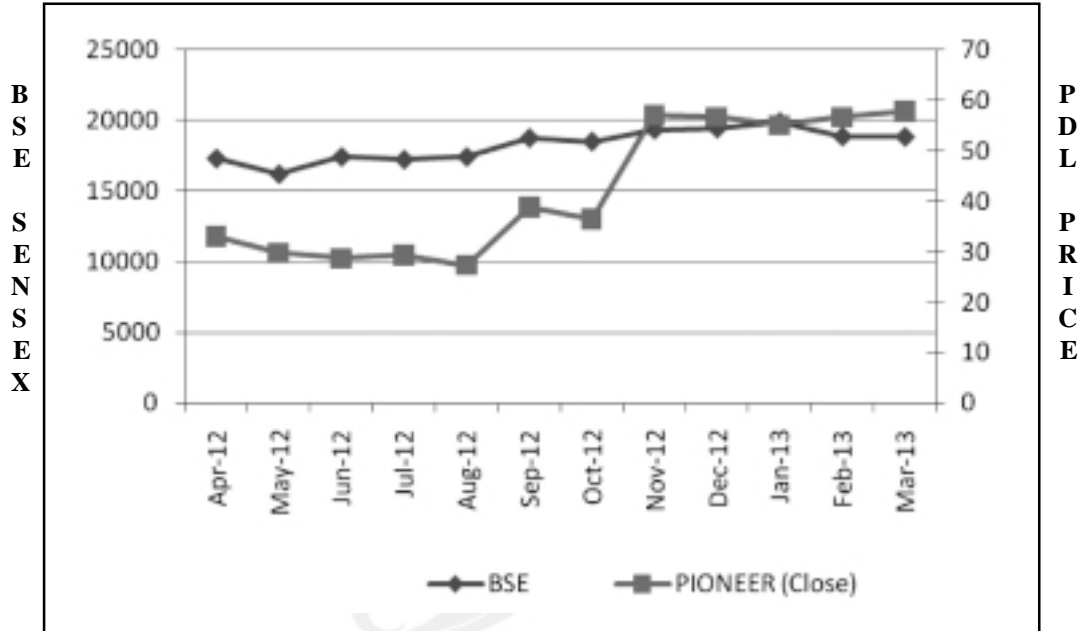
Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
April 2012	37.00	31.15	33.10	6,587
May 2012	34.00	25.75	29.75	10,240
June 2012	32.35	27.60	28.70	6,441
July 2012	30.50	27.05	29.40	13,275
August 2012	29.95	25.25	27.30	8,616
September 2012	38.90	26.00	38.90	19,415
October 2012	52.00	35.40	36.45	104,932
November 2012	61.15	33.30	57.05	100,754
December 2012	59.00	56.00	56.65	29,490
January 2013	57.50	55.05	55.10	19,014
February 2013	59.00	55.10	56.65	28,365
March 2013	59.05	55.00	57.80	24,125

#### Pioneer Distilleries Limited – Monthly NSE

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
April 2012	36.00	31.00	31.85	6,139
May 2012	38.20	27.05	30.70	4,614
June 2012	32.95	26.55	28.70	885
July 2012	32.60	26.40	31.85	9,079
August 2012	30.20	25.60	27.30	5,930
September 2012	38.70	25.85	38.70	18,846
October 2012	50.90	34.20	35.30	92,705
November 2012	61.60	34.00	57.35	66,319
December 2012	59.95	56.55	57.70	32,987
January 2013	57.50	55.15	55.70	45,966
February 2013	59.40	55.65	56.75	156,638
March 2013	59.05	57.00	57.80	77,849

## Corporate Governance Report (Contd.)

### ANNEXURE B: PIONEER DISTILLERIES LIMITED, SHARE PRICES COMPARED TO BSE SENSEX



### ANNEXURE C: DISTRIBUTION OF SHAREHOLDING (as on March 31, 2013)

#### VALUEWISE

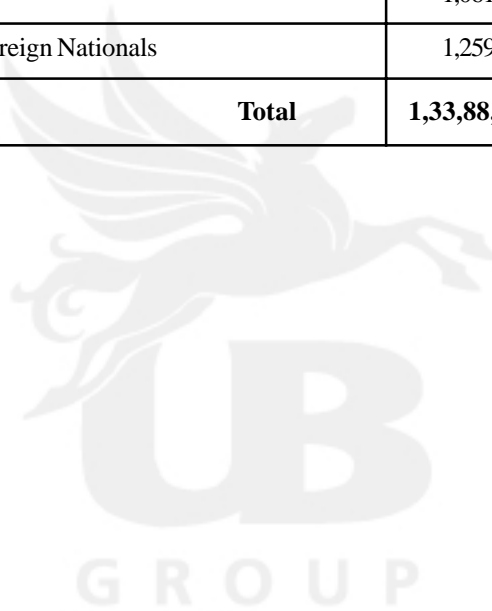
Shareholding of nominal value (Rs.)	Shareholders		Share Amount	
	Number	% to Total	in Rs.	% to Total
(1) - (2)	(3)	(4)	(5)	(6)
Up to - 5,000	2,242	81.40	2,822,740	2.11
5,001 - 10,000	291	10.57	2,638,660	1.97
10,001 - 20,000	100	3.63	1,658,120	1.24
20,001 - 30,000	47	1.71	1,206,810	0.90
30,001 - 40,000	12	0.44	441,100	0.33
40,001 - 50,000	22	0.80	1,045,380	0.78
50,001 - 1,00,000	16	0.58	1,172,910	0.88
1,00,001 and above	24	0.87	122,896,280	91.79
<b>Total</b>	<b>2,754</b>	<b>100.00</b>	<b>13,38,82,000</b>	<b>100.00</b>



## Corporate Governance Report (Contd.)

### CATEGORYWISE

Category	No. of shares	% of Equity Capital
Promoter Group	1,09,22,032	81.58
Banks/FI/FII/MF/UTI/Trust/Central/State Government & Insurance Companies	899	0.01
Resident Body Corporate (including clearing members)	144,591	1.08
Resident Individual	1,061,088	7.92
NRI/OCB/ FCB and Foreign Nationals	1,259,590	9.41
<b>Total</b>	<b>1,33,88,200</b>	<b>100.00</b>







## **Auditor's Certificate on Corporate Governance**

The Members of,  
Pioneer Distilleries Limited

We have examined the compliance of conditions of Corporate Governance by Pioneer Distilleries Limited, Hyderabad for the period ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that during the year ended on March 31, 2013, no investor grievances are pending against the Company as per the records maintained by the Company and presented to the Shareholders.

I further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**for Lodha & Company**  
Chartered Accountants  
Firm Registration Number: 301051E

Bangalore  
May 09, 2013

**RP Baradiya**  
Partner  
Membership No. 44101



### **CEO/CFO CERTIFICATE**

In terms of the requirements of Clause 49, the Certificate from CEO/CFO have been obtained.

Bangalore  
May 09, 2013

**Pratip Sen**  
Manager

### **DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT**

In terms of the requirements of Clause 49 of the Listing Agreement, the Code of Conduct as approved by the Board of Directors of the Company on January 28, 2005, has been displayed at the Company's website [www.pioneerdistilleries.com](http://www.pioneerdistilleries.com). All the members of the Board and the Senior Management personnel had affirmed compliance with the Code for the year ended March 31, 2013.

Bangalore  
May 09, 2013

**Pratip Sen**  
Manager



## **Annexure to Report of the Directors (Contd.)**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **BUSINESS REVIEW**

The Company's business activity falls within a single primary business segment i.e., Alcohol and Alcohol related products. The Company is running a 160 Kilo Litres Per Day (KLPD) Extra Neutral Alcohol (ENA) manufacturing facility at Balapur Village, Dharmabad Taluk, Nanded District, Maharashtra. The other products of the Company are Absolute Alcohol (Ethanol) and Rectified Spirit/Special Denatured Spirit. The Company also produces commercial grade Carbon-di-oxide as a by-product of the fermentation process. With 7.825 MW electricity generation facility, the Company uses 3.1 MW generated from the steam turbine for captive consumption and 4.725 MW of unconventional electricity to be generated out of Biogas, for sale to the Grid. All these facilities are supported by a state of the art effluent treatment plant recently installed. The Company has also installed an evaporator suitable for a standalone distillery unit to ensure zero pollution.

#### **INDUSTRY, STRUCTURE AND DEVELOPMENT**

##### **ALCOHOL**

Indian Made Foreign Liquor (IMFL) has a steady demand with a growth rate of about 10 per cent per annum. The industrial alcohol industry on the other hand, is showing a declining trend because of high price of Molasses which is invariably used as substrate for production of alcohol. The alcohol produced is now being utilized in the ratio of approximately 92 per cent for potable and the balance 8 per cent for industrial use. Over the years, the potable liquor industry has shown remarkable results in the production of quality spirits. Indian Liquor Industry is today exporting a sizable quantity of Indian Liquor products to other Countries.

##### **CO<sub>2</sub> (CARBON-DI-OXIDE)**

The fermentation process for production of alcohol generates carbon dioxide. Normally this carbon-di-oxide is let off into the atmosphere as waste from the production process. Your Company had set up a plant to collect, pressurize and sell CO<sub>2</sub> to industries. This will directly add to the bottom-line of the Company and generate another stream of revenue. A 5 Ton dry ice plant was installed during the year and production commenced from December 2012. With the setting up of a Malt Spirit Plant, the Company proposes to install another CO<sub>2</sub> collection and purification plant.

##### **RAW MATERIAL FOR MANUFACTURING ALCOHOL AND ETHANOL**

In India production of alcohol, is mainly from molasses and also from grains like maize, starch, broken rice, corn grain, sweet sorghum, tapioca and sugar beet which are also equally getting importance, as the climatic conditions are conducive for such type of agricultural crops.

Your Company has explored the possibilities of using grains as the raw material for the production of Alcohol and has set up a 60 KLPD Grain Based Alcohol facility and commissioned the project by December 25, 2010.



## **Annexure to Report of the Directors (Contd.)**

### **POWER GENERATION FROM BIO-MASS AND BIO-GAS**

Bio-gas is a valuable by-product in waste management system in alcohol manufacturing and can be converted into low cost, eco friendly energy due to its adequate calorific value. The Company is utilizing Bio-gas as the fuel for cogeneration of power as Bio-gas is also a renewable source of fuel and does not contribute to greenhouse gases. The Company had commissioned 4.725 MW Biogas based power plant on May 2011. The Biogas Power plant is eligible for subsidy under the Ministry of New and Renewable Energy.

### **EXPANSION PLANS UNDER IMPLEMENTATION**

**MALT SPIRIT, MALT SPIRIT MATURATION AND IMFL BOTTLING:** The Company is planning to produce 12 KLPD Malt Spirit and mature the same. Erection work is in full swing and the Malt Spirit plant is expected to be completed by end of July 2013 and commissioned in August 2013. The Company is also planning to produce IMFL with capacity of 50000 cases / month in the first phase for which the facility is completely ready and awaiting licensing formalities by the Government of Maharashtra and it shall be expanded to 400000 cases / month.

### **RISKS & CONCERNS, OPPORTUNITIES & THREATS**

The proposal to use barley as raw material for the manufacture of Malt Spirit has been explored and it is proposed to set up a separate Malt Spirit facility at the factory premises. The branded bottled alcohol market which is a logical extension of the existing business offers a huge value addition opportunity.

Availability of Molasses/Grain, the basic raw material for Alcohol production at reasonable prices has put pressure on the profitability of the Company. Delays in execution and commissioning of the new projects would impact the performance of the Company. Any drastic change in the policies of the Government and pollution laws can be considered as possible threats to the industry.

The Company believes that the ensuing competition in the emerging market will have to be met squarely by not only developing production systems based on cost efficiency and high productivity, but also on modern technology, quality assurance and timely deliveries.

Accordingly, your Company is gearing up itself to exploit the opportunities by constantly modernizing the machinery, installing the balancing equipments and developing innovative product applications. Constant efforts are being made to meet the stringent quality requirements. With the dedication of the management towards exploring new opportunities coupled with the Company's competitiveness and product quality, your Company will continue to explore and pursue the new opportunities.

### **FUTURE OUTLOOK**

Keeping in view the emerging demand for Grain Based Alcohol, the Company has installed Grain Based facility. Plans are afoot to install a Dried Distillers Grains and Solubles (DDGS) facility for the Grain Spirit



## **Annexure to Report of the Directors (Contd.)**

plant and to retrofit the 100 KLPD primary distillery plant from atmospheric pressure to multi pressure to improve quality and recoveries.

The expansion would not only enable the Company to substantially increase the revenue, but also enhance its market share.

While the Company continues to be a significant player in the ENA market, it continuously endeavors to make special efforts to tap new markets, apart from traditional markets. The Company sees a very good potential for growth in all the products in the coming years.

In view of further expansion plans / programmes and diversification into value added products, your Company expects to report growth in the turnover and profitability in future.

### **PRODUCT-WISE PERFORMANCE**

The product wise performance of the Company is given hereunder:

- (i) Rectified Spirit (RS): Production of RS during the financial year April 01, 2012 to March 31, 2013 has been of the order of 157.22 Lakh Bulk Litres (LBL).
- (ii) Extra Neutral Alcohol (ENA): Production of Molasses ENA during the financial year April 01, 2012 to March 31, 2013 has been of the order of 133.37 LBL and production of Grain ENA 142.08 LBL.
- (iii) Absolute Alcohol (Ethanol): Production of Absolute Alcohol during the financial year April 01, 2012 to March 31, 2013 has been of the order of Nil.
- (iv) Carbon-di-Oxide (CO<sub>2</sub>): Production of Carbon-di-Oxide (CO<sub>2</sub>) during the financial year April 01, 2012 to March 31, 2013 has been of the order of 2477.76 Metric Ton (MT).
- (v) Carbon-di-Oxide Dry Ice: Production of Carbon-di-Oxide Dry Ice plant commissioned on December 2012. During the financial year April 01, 2012 to March 31, 2013 has been of the order of 124.77 MT.
- (vi) Technical Alcohol (Faint Spirit): Production of Technical Alcohol from Molasses during the financial year April 01, 2012 to March 31, 2013 has been of the order of 12.80 LBL and from Grain plant it is 1.12 LBL.
- (vii) Special Denatured Spirit (SDS): Production of SDS during the financial year April 01, 2012 to March 31, 2013 has been of the order of 17.75 LBL.
- (viii) Power Generation: Production of power during the financial year April 01, 2012 to March 31, 2013 has been of the order of 62.65 Lakh Kilowatt per Hour (LKWH).

### **FINANCIAL AND OPERATIONAL PERFORMANCE**

The financial statements of the Company are prepared in compliance with the provisions of the Companies Act, 1956 and the Generally Accepted Accounting Principles in India. In terms of Clause 49 of the Listing



## **Annexure to Report of the Directors (Contd.)**

Agreement, the management accepts the responsibility for the integrity and objectivity of the financial statements and the basis for various estimates used in preparing such financial statements.

The Turnover of the Company during the current financial year stands at Rs.10362.99 Lakhs with a Loss after Tax of Rs.2785.76 Lakhs. This loss has been incurred mainly due to higher Input Cost and non availability of good quality Molasses.

During the year, the Company has made all the payments to term loan Lending Institutions in accordance with the schedules of repayment. The working capital requirement of the Company is financed by the State Bank of Mysore, Bangalore.

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

Your Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. The internal control system is supplemented by effective quarterly Internal Audit done by In-House Internal Audit team of UB Group. The internal control system provides reasonable assurance that the transactions are properly recorded and are executed in accordance with proper management authorization and that the assets are safeguarded against loss from unauthorized use or disposition and that the accounting records are adequate for preparation of financial statements and other financial information. The top management and the Audit Committee of the Board of Directors regularly review the findings, recommendations and functions of Internal Audit team.

### **HUMAN RESOURCES**

The Company's Human Capital is now 184 employees including factory workmen. There has been no loss of production at the Company's manufacturing unit due to industrial unrest.

### **FORWARD LOOKING STATEMENTS**

This Report contains forward-looking statements that involve risks and uncertainties. Your Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from these expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

By Authority of Board

Bangalore  
May 09, 2013

**P.A.MURALI**  
Chairman



## **Independent Auditor's Report**

To  
THE MEMBERS OF  
**Pioneer Distilleries Limited**

### **Report on the Financial Statements:**

We have audited the accompanying financial statements of Pioneer Distilleries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements:**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Independent Auditor's Report (Contd.)

### Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Emphasis of Matters:

Without qualifying, we draw attention to note no.30 regarding the financial statements of the Company having been prepared on a going concern basis:

“the Company has been incurring losses since last three years and its net worth has been fully eroded. Necessary orders are awaited in respect of reference made to Board for Industrial and Financial Reconstruction. Considering upcoming projects of bottling and malt spirit plant are on course, the management is confident of reversing the losses in the coming years with the committed Financial, Technical and Administrative support from the Holding Company. Accordingly, these financial statements have been prepared on a going concern basis.”

### Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 (“the Order”) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.





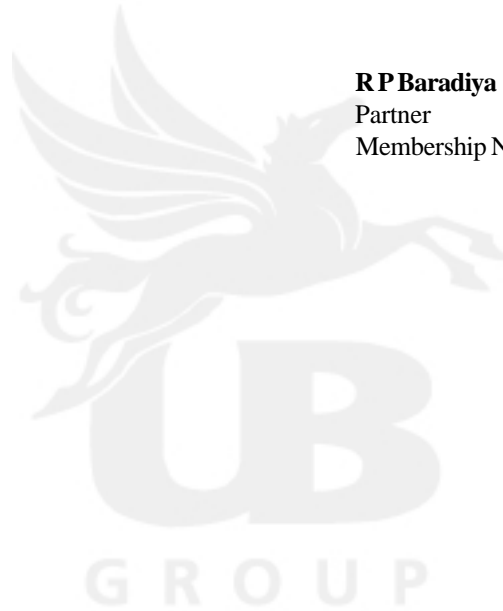
### **Independent Auditor's Report (Contd.)**

- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

for **Lodha & Company**  
Chartered Accountants  
Firm Registration Number: 301051E

Bangalore  
May 09, 2013

**RP Baradiya**  
Partner  
Membership No. 44101





## Annexure to Independent Auditor's Report (Contd.)

### **ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF THE PIONEER DISTILLERIES LIMITED**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we state that:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) All the fixed assets have been physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the nature of its assets. Pursuant to the programme, certain fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
  - c) No Substantial part of the fixed assets has been disposed off during the year.
2. a) The inventory has been physically verified by the management at reasonable intervals during the year.
  - b) The procedures for physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. During the year, the Company has not granted/ taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased and sold are of the special nature and suitable alternative source does not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls system.
5. There are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
6. No deposits within the meaning of directives issued by RBI (Reserve Bank of India) and Sections 58A and 58AA or any other relevant provisions of the Act and Rules framed there under have been accepted by the Company.

## Annexure to Independent Auditor's Report (Contd.)

7. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act in respect of company's products/services. Accordingly, the provisions of clause 4(viii) of the order not applicable.
9. a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable except excise duty amounting to Rs.13,32,000/-.
- b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Service tax, Customs Duty, Wealth Tax, Excise Duty, Cess which have not been deposited on account of any dispute except the following:

Statute	Nature of dues	Forum where the dispute is pending	Amount In Rs.	Period to which it relates
The Income Tax Act, 1961	Income Tax	CIT Appeal	66,30,960	AY 2010-11

10. The Company's accumulated losses as at 31st March, 2013 exceed its net worth and it has incurred cash losses during the financial year ended on that date and also in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a bank.
12. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. The Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.



### **Annexure to Independent Auditor's Report (Contd.)**

16. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
17. In our opinion, funds of Rs.407,856,228/- as at the close of the year raised on short term basis have been applied for long term investments.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered and recorded in the Register maintained under section 301 of the Act.
19. The Company has not raised any money by way of issue of debentures.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

for **Lodha & Company**  
Chartered Accountants  
Firm Registration Number: 301051E

Bangalore  
May 09, 2013

**RP Baradiya**  
Partner  
Membership No. 44101



## Balance Sheet as at March 31, 2013

	Notes	Amount in Rs	
		Mar-13	Mar-12
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	<b>134,194,000</b>	134,194,000
Reserves and Surplus	2	<b>(440,286,579)</b>	(207,303,465)
<b>Non-current Liabilities</b>			
Long term borrowings	3.1	<b>716,683,111</b>	823,092,126
Other Long-term liabilities	3.2	<b>1,104,176,635</b>	647,252,141
Deferred Tax Liability (Net)		<b>120,335,591</b>	120,335,591
<b>Current Liabilities</b>			
Short-term borrowings	4.1	<b>149,393,989</b>	151,661,984
Trade Payables	4.2	<b>269,673,614</b>	97,224,210
Other Current Liabilities	4.3	<b>854,155,182</b>	735,329,118
Short-term provisions	4.4	<b>19,469,663</b>	13,591,355
		<b>2,927,795,208</b>	2,515,377,060
<b>Assets</b>			
<b>Non-current Assets</b>			
Fixed Assets			
Tangible Assets	5.1	<b>1,361,398,254</b>	1,439,173,290
Capital Work-in-Progress		<b>650,977,243</b>	305,235,433
Long term Loans and advances	6	<b>302,052,903</b>	304,711,913
Other Non-Current Assets	7	<b>128,227</b>	124,568
<b>Current Assets</b>			
Inventories	8.1	<b>393,906,950</b>	238,355,219
Trade Receivables	8.2	<b>10,835,881</b>	36,178,890
Cash and Cash Equivalents	8.3	<b>6,249,086</b>	18,563,396
Short term Loans and Advances	8.4	<b>120,922,048</b>	120,815,841
Other Current Assets	8.5	<b>81,324,616</b>	52,218,510
		<b>2,927,795,208</b>	2,515,377,060
<b>Summary of significant accounting policies</b>	16		
The accompanying notes are an integral part of the financial statements	17-28		

This is the Balance Sheet referred to in our report of even date

For **Lodha & Company**  
Chartered Accountants

**R P Baradiya**  
Partner

**P.A. Murali**  
Chairman

**Pratip Sen**  
Manager

**M.R. Doraiswamy Iyengar**  
Director

**Sanjoy Sarkar**  
Chief Financial Officer

Bangalore  
May 09, 2013

**Santhosh Kumar Keerthi**  
Company Secretary



## Statement of Profit and Loss for the period ended March 31, 2013

Amount in Rs

	Notes	Mar-13	Mar-12
<b>Revenue</b>			
Revenue from Operations	9	<b>1,043,207,149</b>	1,047,987,936
Less: Excise Duty	9	<b>6,908,221</b>	3,463,364
		<b>1,036,298,928</b>	1,044,524,572
Other Income	10	<b>234,740</b>	124,568
		<b>1,036,533,668</b>	1,044,649,140
<b>Expenses</b>			
Cost of Materials Consumed	11	<b>1,011,827,600</b>	910,902,487
Change in inventories of Finished Goods, Work-in-Progress	12	<b>(72,278,006)</b>	23,343,778
Employee Benefits expense	13	<b>48,306,897</b>	38,699,295
Finance Costs	14	<b>103,043,642</b>	129,235,820
Depreciation & Amortisation Expense		<b>92,734,413</b>	93,093,444
Other expenses	15	<b>126,032,111</b>	102,411,591
		<b>1,309,666,657</b>	1,297,686,414
<b>Profit / (Loss) before Exceptional, extraordinary items &amp; Taxation</b>		<b>(273,132,990)</b>	(253,037,275)
Exceptional items		-	-
		<b>(273,132,990)</b>	(253,037,275)
Tax Expense:			
Tax relating to earlier years		<b>5,443,437</b>	-
<b>Profit/(Loss) for the year from continuing operations</b>		<b>(278,576,427)</b>	(253,037,275)
Profit / (Loss) for the year		<b>(278,576,427)</b>	(253,037,275)
Basic / Diluted Earnings Per Share (Face value of Rs.10 each)		<b>(20.81)</b>	(18.90)
<b>Summary of significant accounting policies</b>		16	
The accompanying notes are an integral part of the financial statements		17-28	

This is the Statement of Profit and Loss referred to in our report of even date

For **Lodha & Company**  
Chartered Accountants  
**R P Baradiya**  
Partner

**P.A. Murali**  
Chairman

**Pratip Sen**  
Manager

**M.R. Doraiswamy Iyengar**  
Director

**Sanjoy Sarkar**  
Chief Financial Officer

Bangalore  
May 09, 2013

**Santhosh Kumar Keerthi**  
Company Secretary



## Cash Flow statement for the year ended March 31, 2013

	<u>Mar-13</u>	<u>Mar-12</u>
<b>A. Cash Flow from operating activities</b>		
Profit before Exceptional and Other Non-Recurring Items and Taxation from continuing operations	(273,132,990)	(253,037,275)
Adjustments for:		
Depreciation	92,734,413	93,093,444
Loss on sale of Vehicle	-	-
Profit/(Loss) on sale of Investment	-	-
Provision for Doubtful Debts/ Advances/ Deposits (Net)	-	325,240
Sundry balances Written Off	-	-
Misc. Expenses Written Off	-	-
Interest Expense and Finance Charges	103,043,642	129,235,820
	<u>195,778,055</u>	<u>222,654,504</u>
<b>Operating profit before working capital changes</b>	<b>(77,354,934)</b>	<b>(30,382,771)</b>
(Increase)/decrease in Trade and other receivables	25,343,009	28,453,324
(Increase)/decrease in Inventories	(155,551,731)	(58,009,688)
Increase/(decrease) in Trade payables	172,449,404	(3,349,383)
Increase/(decrease) in Other Current Liabilities	124,704,372	74,463,049
Increase/(decrease) in Loans & advances	14,680,707	(196,170,875)
Increase /Decrease in Working Capital Finance	(2,267,995)	9,869,974
	<u>179,357,766</u>	<u>(144,743,599)</u>
<b>Cash generated from operations</b>	<b>102,002,832</b>	<b>(175,126,370)</b>
Direct taxes paid	(5,443,437)	-
	<u>96,559,395</u>	<u>(175,126,370)</u>
<b>Cash generated/ (used in) from operations</b>	<b>96,559,395</b>	<b>(175,126,370)</b>
<b>B. Cash Flow from investing activities</b>		
Purchase of fixed assets	(360,701,186)	(310,055,442)
<b>Net cash used in investing activities</b>	<b>(360,701,186)</b>	<b>(310,055,442)</b>
<b>C. Cash Flow from financing activities</b>		
Government Grants received	1,270,000	47,250,000
Proceeds/(Repayment) of Short Term Loan	-	(41,548,877)
Proceeds/(Repayment) of long term loans	(106,409,014)	148,646,012
Proceeds/(Repayment) of other Long Term Liabilities	456,924,492	474,115,706
Increase in short term loan	3,085,645	(938,480)
Interest and Finance Charges paid	(103,043,642)	(129,235,820)
<b>Net cash used in financing activities</b>	<b>251,827,480</b>	<b>498,288,541</b>
<b>Net (Decrease)/ Increase in cash and cash equivalents</b>	<b>(12,314,310)</b>	<b>13,106,729</b>
<b>Cash and cash equivalents as at March 31, 2012</b>	<b>18,563,396</b>	<b>5,456,667</b>
<b>Cash and cash equivalents as at March 31, 2013</b>	<b>6,249,086</b>	<b>18,563,396</b>
	<u>(12,314,310)</u>	<u>13,106,729</u>

### Notes:

- The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2013 and the related Profit and Loss Statement for the year ended on that date.
- The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements as notified under Section 211(3C) of the Companies Act, 1956 and reallocation required for this purpose are as made by the Company.
- Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

This is the Cash Flow Statement referred to in our report of even date

For **Lodha & Company**  
Chartered Accountants

**R P Baradiya**  
Partner

Bangalore  
May 09, 2013

**P.A. Murali**  
Chairman

**Pratip Sen**  
Manager

**Santhosh Kumar Keerthi**  
Company Secretary

**M.R. Doraiswamy Iyengar**  
Director

**Sanjoy Sarkar**  
Chief Financial Officer



## Notes to the Financial Statements for the year ended March 31, 2013

		(Figures in Rs)	
		<u>Mar-13</u>	<u>Mar-12</u>
<b>1</b>	<b>Share Capital</b>		
	<b>Authorised</b>		
	17500000 Equity Shares of Rs.10 each	<b>175,000,000</b>	175,000,000
	2500000 Preference Shares of Rs.10 each	<b>25,000,000</b>	25,000,000
		<b>200,000,000</b>	200,000,000
	<b>Issued, Subscribed and Paid-up</b>		
	13388200 Equity Shares of Rs.10 each fully paid up	<b>133,882,000</b>	133,882,000
	Forfeited shares (62400@Rs.5 each), paid up	<b>312,000</b>	312,000
		<b>134,194,000</b>	134,194,000
<b>a.</b>	<b>Reconciliation of the number of shares outstanding</b>		
	<b>Equity shares</b>	<u>No. of Shares</u>	<u>March-13</u>
		<u>No. of Shares</u>	<u>March-12</u>
	Number of equity shares at the beginning of the Year	<b>13,388,200</b>	<b>13,388,200</b>
	Equity shares issued during the year	-	-
	Less: Shares bought back during the year	-	-
	Number of equity shares at the end of the Year	<b>13,388,200</b>	<b>13,388,200</b>
	<b>Preference Shares</b>		
	Number of shares at the beginning of the Year	-	-
	Shares issued during the year	-	-
	Less: Shares redeemed during the year	-	-
	Number of shares at the end of the Year	-	-
<b>b.</b>	<b>Terms and rights attached to equity shares</b>		
	The Company has only one class of Equity Shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts.		
<b>c.</b>	<b>Shares held by holding / ultimate holding company and/or their subsidiaries/ associates</b>		
	Out of the equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:		
	<b>Equity shares held by Holding company</b>		
	<b>-United Spirits Limited</b>	<b>10,922,032</b>	<b>10,977,132</b>
		<b>109,220,320</b>	<b>109,771,320</b>
<b>d.</b>	<b>Equity Shares :</b>		
	Fully paid-up pursuant to contract(s) without payment being received in cash	-	-
	Fully paid-up by way of bonus shares	-	-
	Shares bought back	-	-
<b>e.</b>	<b>Details of shareholders holding more than 5% shares in the company</b>		
	United Spirits Limited holds 1,09,22,032 equity shares representing 81.58% of the total paid up equity share capital of the company.		
	No other share holder holds equity shares exceeding 5% of the paid up equity share capital of the company.		





## Notes to the Financial Statements for the year ended March 31, 2013

(Figures in Rs)

	<u>March-13</u>		<u>March-12</u>
<b>2 Reserves and Surplus</b>			
Capital Redemption Reserve (as per last Balance sheet)		<b>23,500,000</b>	23,500,000
Securities Premium Account (as per last Balance sheet)		<b>62,126,600</b>	62,126,600
Other Reserves:			
Capital Reserve (as per last Balance sheet)	<b>82,307,227</b>		18,706,527
Add: Government Subsidy received / receivable during the year	<b>45,593,314</b>		<b>63,600,700</b>
		<b>127,900,541</b>	82,307,227
As per last Balance Sheet			
Surplus as per Statement of Profit and Loss	<b>(375,237,292)</b>		(122,200,017)
Add: Profit / (Loss) for the year	<b>(278,576,428)</b>	<b>(653,813,720)</b>	(253,037,275)
	<b>(653,813,720)</b>		<b>(375,237,292)</b>
		<b>(440,286,579)</b>	<b>(207,303,465)</b>

### A Government Subsidy Package Scheme of Incentive

The Company's manufacturing facility at Balapur Village, Dharmabad, Nanded District has been granted "Mega Project Status" by Government of Maharashtra and therefore is eligible for Industrial Promotion Subsidy (IPS) under Packaged Scheme of Incentive (PSI) 2007. The company has been granted Eligibility Certificate for Rs 10,542.60 Lacs, issued by the Directorate of Industries, Government of Maharashtra in this regard. Entitlement of:

- a. Electricity Duty exemption for the period of 7 years from date of commencement of Commercial Production.
- b. 100% exemption from payment of Stamp duty under the relevant Government resolution of Revenue and Forest Department.
- c. Taxes paid to the State Government within a period of 7 Years.

Further, in terms of the Accounting Standard (AS 12) "Accounting for Government Grants" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, eligible incentive is considered to be in the nature of promoters' contribution.

Therefore, subsidy of Rs.45,593,314/- has been credited to the Capital Reserve.

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Notes to the Financial Statements for the year ended March 31, 2013

(Figures in Rs)

	March-13	March-12
<b>3 Non-Current Liabilities</b>		
<b>3.1. Long-term Borrowings</b>		
<b>Secured</b>		
Term Loans		
From a Bank	655,057,062	601,021,456
Sales tax deferrment	258,826,049	271,370,670
<b>Less :</b>		
<b>Current Maturities</b>		
Term Loans	197,200,000	49,300,000
	<b>716,683,111</b>	<b>823,092,126</b>

All the Defaults in payment of interest and principal repayment dues to a bank have been made regular by 31st March, 2013.

a. Nature of security and terms of repayment of secured borrowings

Nature of Security	Terms of Repayment
(i) Term loan from a bank Rs.10,23,11,748/- (2012 : Rs.12,75,05,861/-) are secured by a charge on fixed assets of the company including Plant & Machinery and building of Bio Gas Electricity Plant	Repayable in 5 equal quarterly installments commencing from Mar-13 along with interest of 14%
(ii) Term loan from a bank Rs.20,66,18,614/- (2012 : Rs.22,36,00,839/-) are secured by a charge on fixed assets of the company including land and building	Repayable in 13 equal quarterly installments commencing from Mar-13 along with interest of 14%
(iii) Term loan from a bank Rs.4,96,92,553/- (2012 : Rs.5,58,54,124/-) are secured by a charge on fixed assets of the company including land and building	Repayable in 9 equal quarterly installments commencing from Mar-13 along with interest of 14%
(iv) Term loan from a bank Rs.29,64,34,147/- (2012 : Rs.19,40,60,632/-) are secured by a charge on entire fixed assets of the company including hypothecation charge over entire Plant & Machinery, building of the proposed expansion project	Repayable in 21 equal quarterly installments commencing from Mar-13 along with interest of 14%

Above loans are further secured by second charge over the entire current assets and by corporate guarantee issued by the Holding Company, United Spirits Limited

**3.2. Other Long term Liabilities**

Due to Holding Company	1,104,176,635	647,252,141
	<b>1,104,176,635</b>	<b>647,252,141</b>



Notes to the Financial Statements for the year ended March 31, 2013

(Figures in Rs)

	March-13	March-12
<b>4. Current Liabilities</b>		
<b>4.1. Short Term Borrowings</b>		
<b>Secured</b>		
Working capital loan from a Bank	149,393,989	151,661,984
	<b>149,393,989</b>	<b>151,661,984</b>
<p>Working capital loan is secured by hypothecation of first charge over the entire current assets, i.e. Raw materials, SIP, Finished Goods, consumables and receivables. Further secured by second charge over fixed asset of the Company and issue of Corporate Guarantee by the holding Company, United Spirits Ltd. The loan carries interest @ 2.75% above Base Rate of the bank</p>		
<b>4.2. Trade Payables</b>		
Raw Material	96,476,378	48,947,842
Others	173,197,236	48,276,368
	<b>269,673,614</b>	<b>97,224,210</b>
<b>4.3. Other Current Liabilities</b>		
Current Maturities of long term borrowings	197,200,000	49,300,000
Sales Tax Deferment	12,520,110	9,729,896
Advance received from Customers	630,004,033	663,351,197
Others:		
Security Deposit-Others	2,000,000	2,000,000
Salaries Payable	3,976,822	4,209,381
Other Liabilities	8,454,217	6,738,644
	<b>854,155,182</b>	<b>735,329,118</b>
<b>4.4. Short-term Provisions</b>		
Provision For Taxation	6,630,960	1,234,293
Employee Benefits:		
Gratuity payable to promoters & erstwhile employees	5,440,000	5,702,886
Provision for Gratuity	5,666,423	4,975,106
Provision for Leave Entitlement	1,732,280	1,679,070
	<b>19,469,663</b>	<b>13,591,355</b>

Notes to the Financial Statements for the year ended March 31, 2013

		(Figures in Rs)						
		GROSS BLOCK			DEPRECIATION		NET BLOCK	
	As at March 31, 2012	Additions	Deletion/ Adjustments	As at March 31, 2013	As at March 31, 2012	For the Period Adjustments	As at March 31, 2013	As at March 31, 2012
<b>5. Fixed Assets</b>								
<b>5.1. Tangible</b>								
Land (Free Hold)	39,387,345	-	-	39,387,345	-	-	39,387,345	39,387,345
Buildings	71,736,350	-	-	71,736,350	23,230,167	1,878,996	46,627,187	48,506,183
Plant and Equipment	1,708,302,835	14,628,522	-	1,722,931,357	359,502,716	90,034,006	1,273,394,635	1,348,800,119
Furniture and Fixtures	1,338,554	-	-	1,338,554	792,390	87,450	458,714	493,151
Computers	2,785,359	164,588	-	2,949,947	2,554,656	170,194	225,097	230,703
Office Equipments	2,609,767	166,266	-	2,776,033	1,317,275	153,482	1,305,276	1,345,504
Vehicles	4,449,514	-	2,295,514	2,154,000	4,039,229	410,285	-	410,285
<b>Previous Year</b>	<b>1,830,609,724</b>	<b>14,959,376</b>	<b>2,295,514</b>	<b>1,843,273,586</b>	<b>391,436,433</b>	<b>92,734,413</b>	<b>1,361,398,254</b>	<b>1,439,173,290</b>
	<b>1,788,448,046</b>	<b>42,161,678</b>	<b>-</b>	<b>1,830,609,724</b>	<b>298,342,989</b>	<b>93,093,444</b>	<b>1,439,173,290</b>	<b>-</b>
<b>5.2. Capital Work-in-progress</b>								
<b>Total</b>								
							<b>650,977,243</b>	<b>305,235,433</b>
							<b>650,977,243</b>	<b>305,235,433</b>



## Notes to the Financial Statements for the year ended March 31, 2013

(Figures in Rs)

	March-13	March-12
<b>6. Long term Loans and Advances</b>		
(Unsecured, considered good unless stated otherwise)		
Capital Advances	192,704,327	200,928,341
Security Deposits - considered good	3,754,841	2,287,521
Others:		
Balance with Statutory/Government Authorities	102,902,010	100,617,639
Pre-paid Expenses	2,691,725	878,412
	<b>302,052,903</b>	<b>304,711,913</b>
<b>7. Other Non-Current Assets</b>		
Unsecured, considered good		
Interest accrued on Deposits	128,227	124,568
	<b>128,227</b>	<b>124,568</b>
<b>8. Current Assets</b>		
<b>8.1. Inventories</b>		
(Valued at lower of Cost or Net Realisable Value)		
Raw Materials	251,818,829	169,267,493
Work-in-Progress	36,817,603	10,678,662
Finished goods	77,964,681	31,825,615
Other Materials, Stores and Spares	27,305,837	26,583,448
	<b>393,906,950</b>	<b>238,355,219</b>
<b>8.2. Trade Receivables</b>		
(Unsecured, considered good unless stated otherwise)		
Exceeding six months:		
Considered Good	914,520	367,291
Considered Doubtful	317,546	325,240
Less: Provision for Doubtful Debts	(317,546)	(325,240)
	<b>914,520</b>	<b>367,291</b>
Others		
Considered Good	9,921,361	35,811,599
	<b>10,835,881</b>	<b>36,178,890</b>
<b>8.3. Cash and Cash Equivalents</b>		
Balances with Banks:		
On Current accounts	5,827,539	18,134,229
On Deposit account	365,854	365,854
Cash on Hand	55,694	63,313
	<b>6,249,086</b>	<b>18,563,396</b>
<b>8.4. Short Term Loans and Advances</b>		
(Unsecured, considered good unless stated otherwise)		
Taxes and Duties paid in advance	362,269	276,842
Sales Tax Receivable	120,559,779	120,538,999
	<b>120,922,048</b>	<b>120,815,841</b>
Less: Provision for Doubtful Advances	-	-
	<b>120,922,048</b>	<b>120,815,841</b>



## Notes to the Financial Statements for the year ended March 31, 2013

(Figures in Rs)

	March-13	March-12
<b>8.5. Other Current Assets</b>		
Subsidy Receivable	48,648,659	16,350,700
Prepaid Expenses	2,606,680	4,811,087
Others	30,069,277	31,056,723
	<b>81,324,616</b>	<b>52,218,510</b>
<b>9. Revenue from Operations</b>		
Sale of Products	1,037,233,102	1,043,504,916
Less: Excise Duty	6,908,221	3,463,364
	<b>1,030,324,882</b>	<b>1,040,041,552</b>
Other Operating Revenue	5,974,046	4,483,020
	<b>1,036,298,928</b>	<b>1,044,524,572</b>
<b>10. Other Income</b>		
Interest Income	234,740	124,568
	<b>234,740</b>	<b>124,568</b>
<b>11. Cost of Materials Consumed</b>		
Materials Consumed:		
Molasses	361,021,478	350,261,243
Others	650,806,122	560,641,244
	<b>1,011,827,600</b>	<b>910,902,487</b>
<b>12. Changes in Inventories of Finished Goods and Work-in-Progress</b>		
Opening Stock:		
Work-in-Progress	10,678,662	39,029,000
Finished Goods	31,825,615	26,819,056
	<b>42,504,278</b>	<b>65,848,056</b>
Closing Stock:		
Work-in-Progress	36,817,603	10,678,662
Finished Goods	77,964,681	31,825,615
	<b>114,782,284</b>	<b>42,504,278</b>
	<b>(72,278,006)</b>	<b>23,343,778</b>
<b>13. Employee Benefits Expenses</b>		
Salaries and Wages	42,924,734	32,495,833
Contribution to Provident and Other Funds	4,066,379	4,007,779
Staff Welfare expenses	1,315,784	2,195,683
	<b>48,306,897</b>	<b>38,699,295</b>
<b>14. Finance Cost</b>		
Interest expenses	102,212,178	128,110,888
Other Borrowing cost	831,464	1,124,931
	<b>103,043,642</b>	<b>129,235,820</b>



## Notes to the Financial Statements for the year ended March 31, 2013

(Figures in Rs)

	<u>March-13</u>	<u>March-12</u>
<b>15. Other Expenses</b>		
Power and Fuel	18,085,376	17,091,930
Rent	8,503,594	9,191,840
Repairs & Maintenance		
Buildings	3,882,993	598,296
Plant and Machinery	48,116,782	47,876,419
Others	7,396,810	2,048,354
Rates and Taxes	8,661,781	6,030,168
Insurance	2,183,732	980,947
Travelling and Conveyance	2,116,158	1,598,977
Legal and Professional	2,247,451	2,309,094
Freight Outwards	108,395	1,441,126
Advertisement and Sales Promotion	362,284	349,303
Directors' Sitting Fee	210,000	279,000
Auditors' Remuneration:		
Audit Fees including Limited Review Fees	983,150	837,550
Taxation Matters	224,720	224,720
Other Services	144,384	129,429
For Reimbursement of expenses	124,650	7,842
Provision for Doubtful Debts/ Advances/ Deposits	-	325,240
Miscellaneous	22,679,851	11,091,355
	<u>126,032,111</u>	<u>102,411,591</u>

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## Notes to the Financial Statements for the year ended March 31, 2013

### 16. Notes to Accounts

#### Statement of Significant Accounting Policies

##### A. Basis of preparation of Financial Statements:

The Financial Statements of the Company are prepared under historical cost convention on accrual basis, in accordance with the Generally Accepted Accounting Principles (GAAP) in India, the Accounting Standards as specified in the Companies (Accounting Standard) Rules 2006, and the relevant provisions of the Companies Act, 1956.

##### B. Fixed Assets:

Fixed assets are stated at their original cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation of the assets concerned. Interest on borrowings attributable to qualifying assets are capitalised and included in the cost of fixed assets as appropriate.

##### C. Depreciation:

Depreciation is provided on the Straight Line Method at rates prescribed in Schedule XIV to the Companies Act, 1956 except the following, which are based on management's estimate of useful life of the assets concerned.

- (i) Computers and Vehicles over a period of three and five years respectively.
- (ii) In respect of certain items of Plant and Machinery for which separate rates are prescribed in Schedule XIV for continuous process plant, depreciation is provided for the full year on continuous process plant basis.

##### D. Revenue Recognition:

Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of products are transferred to the customers. Revenue from product sales is stated inclusive of excise duty, but are net of trade discount and sales tax wherever applicable.

##### E. Inventories:

Inventories are valued at lower of cost and net realisable value. The costs are, in general, ascertained under Weighted Average Method. Finished goods and Work-in-Progress include appropriate portion of manufacturing overheads costs, as applicable. Excise duty payable on stocks in bond is added to the cost.

##### F. Employee Retirement Benefit:

- i. Provident Fund: Contributions payable to the recognized provident fund, which is a defined contribution scheme, is charged to the statement of profit and loss.
- ii. Gratuity: Contribution payable to an approved gratuity fund (a defined benefit plan), determined by an independent actuary based on projected unit credit method at the balance sheet date. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognized immediately in the Statement of Profit and Loss as income or expense.





## Notes to the Financial Statements for the year ended March 31, 2013

- iii. Leave entitlement: Leave entitlement cost which is recognized as a liability at the present value of the defined benefit obligation at the balance sheet date on actual valuation.

### **G Taxes on Income:**

Provision for income tax comprises current taxes and deferred taxes. Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable/ virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

### **H Earnings/(Loss) per Share (EPS):**

Basic EPS is arrived at based on Net Profit after Taxation available to equity shareholders to the weighted average number of equity shares outstanding during the year. The Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

### **I Provisions:**

A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions, other than employee benefits are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

### **J Contingencies:**

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and, to the extent not provided for, are disclosed by way of notes on accounts.

### **K Expenditure:**

Expenses are net of taxes recoverable, where applicable.

### **L Borrowing Costs:**

Borrowing costs incurred for the acquisition of qualifying assets are recognised as part of cost of such assets when it is considered probable that they will result in future economic benefits to the Company while other borrowing costs are expensed in the period in which they are incurred.



## Notes to the Financial Statements for the year ended March 31, 2013

### M. Government Grants:

Government grants in the nature of Promoters contribution are credited to Capital Reserve.

### N. Leases:

Assets acquired on leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis

### O. Impairment:

Impairment loss, if any, is provided to the extent the carrying amounts of assets exceed their recoverable amounts.

Recoverable amount is higher of the net selling price of an asset and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

### 17. Contingent Liabilities:

- |                                     |                                |
|-------------------------------------|--------------------------------|
| i) Disputed Income Tax demand:      | Rs. Nil (2012: Rs.12,13,281/-) |
| ii) Disputed Central Excise demand: | Rs. Nil (2012: Rs.15,89,466/-) |

### 18. Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.13,58,66,669/- (2012: Rs.39,39,00,000/-)

### 19. Employee Benefits :

Defined benefit plan - Gratuity

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lumpsum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Company. The Company has employees' gratuity funds managed by an Insurance Company:

<b>A. Changes in the Present Value of The Obligation (PVO) - Reconciliation of Opening and Closing Balances:</b>	
	<b>Amount in Rs</b>
PVO as at the beginning of the period	52,37,992
Interest Cost	4,08,416
Current service cost	7,93,052
Past service cost - (non vested benefits)	-
Past service cost - (vested benefits)	-
Benefits paid	-9,77,929
Actuarial loss/(gain) on obligation (balancing figure)	4,92,550
PVO as at the end of the period	59,54,082



## Notes to the Financial Statements for the year ended March 31, 2013

<b>B. Changes in the Fair Value of Plan Assets - Reconciliation of Opening and Closing Balances:</b>	<b>Amount in Rs</b>
Fair value of plan assets as at the beginning of the period	2,62,886
Expected return on plan assets	21,031
Contributions	-
Direct Contributions	9,77,929
Benefits paid	-
Direct Benefits Paid	-9,77,929
Actuarial gain/(loss) on plan assets [balancing figure]	3,742
Fair value of plan assets as at the end of the period	2,87,659

### 20. Details of Turnover:

(Amount in Rs)

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
ENA	93,13,62,500	90,19,31,000
Others	9,89,54,688	13,81,10,552
<b>Total</b>	<b>1,03,03,17,188</b>	<b>1,04,00,41,552</b>

### 21. Segment Reporting:

The Company is primarily engaged in the business of Extra Neutral Alcohol and allied products. Since the inherent nature of all activities are integrated and governed by the same set of risk and returns and operating in the same economic environment, these have been grouped as a single segment in the financials. The said treatment is in accordance with the Accounting Standard (AS 17) on "Segment Reporting"

### 22. Transaction with Related Party:

Related parties and transactions with them, as identified by the management in accordance with the Accounting Standard 18, as notified by the Companies (Accounting standard) Rules 2006, are as follows:

United Spirits Limited : Holding Company

Fellow Associates:

1) United Spirits Nepal Private Limited (USNPL), 2) Asian Opportunities & Investment Limited (AOIL), 3) Bouvet-Ladubay S.A.S (BL), 4) Chapin Landais S.A.S (CL), 5) Palmer Investment Group Limited (PIG), 6) Montrose International SA (MI), 7) JIHL Nominees Limited (JIHL), 8) RG Shaw & Company Limited (RGSC), 9) Shaw Darby & Company Limited (SDC), 10) Shaw Scott & Company Ltd (SSC), 11), Thames Rice Milling Company Limited (TRMCL), 12) Shaw Wallace Overseas Limited (SWOL),



**Notes to the Financial Statements for the year ended March 31, 2013**

13) McDowell (Scotland) Limited (MSL), 14) USL Holdings Limited (USLHL), 15) Royal Challengers Sports Private Limited (RCSPL), 16) USL Holdings (UK) Limited, 17) United Spirits (UK) Limited, 18) United Spirits (Great Britain) Limited, 19) SW Finance Co. Limited (SWFCL), 20) Ramanreti Investments & Trading Company Limited (RITCL), 21) Daffodils Flavours and Fragrances Private Limited (DFFPL), 22) Four Seasons Wines Limited (FSWL), 23) United Vintners Limited (UVL), 24) United Alcobev Limited (UAL), 25) McDowell Beverages Limited (MBL), 26) McDowell & Company Limited, 27) Jasmine Flavours and Fragrances Private Limited, 28) Liquidity Inc, 29) Whyte and Mackay Group Limited, 30) Whyte and Mackay Holdings Ltd, 31) Whyte and Mackay Limited (W&M), 32) Whyte and Mackay Warehousing Limited, 33) Bruce & Company (Leith) Limited, 34) Charles Mackinlay & Company Limited, 35) Dalmore Distillers Limited, 36) Dalmore Whyte & Mackay Limited, 37) Edinburgh Scotch Whisky Company Limited, 38) Ewen & Company Limited, 39) Fettercairn Distillery Limited, 40) Findlater Scotch Whisky Limited, 41) Glayva Liqueur Limited, 42) Glentalla Limited, 43) GPS Realisations Limited, 44) Grey Rogers & Company Limited, 45) Hay & MacLeod Limited, 46) Invergordon Distillers (Holdings) Limited, 47) Invergordon Distillers Group Limited, 48) Invergordon Distillers Limited, 49) Invergordon Gin Limited, 50) Isle of Jura Distillery Company Limited, 51) Jarvis Halliday & Company Limited, 52) John E McPherson & Sons Limited, 53) Kensington Distillers Limited, 54) Kyndal Spirits Limited, 55) Leith Distillers Limited, 56) Loch Glass Distilling Company Limited, 57) Longman Distillers Limited, 58) Lycidas (437) Limited, 59) Pentland Bonding Company Limited, 60) Ronald Morrison & Company Limited, 61) St The Sheep Dip Whisky Company Limited, 62) Vincent Street (437) Limited, 63) Tamnavulin-Glenlivet Distillery Company Limited, 64) TDL Realisations Limited, 65) W & S Strong Limited, 66) Watson & Middleton Limited, 67) Wauchope Moodie & Company Limited, 68) Whyte & Mackay Distillers Limited, 69) William Muir Limited, 70) WMB Realisations Limited, 71) Whyte and Mackay Property Limited, 72) Whyte and Mackay de Venezuela CA, 73) KI Trustees Limited, 74) USL Shanghai Trading Company Limited 75) Tern Distilleries Private Limited(Tern), 76) Sovereign Distilleries Limited, 77) Whyte & Mackay Americas Limited, 78) Whyte & Mackay Singapore Limited.

SI No	Name of Related Party	Relationship between the parties	Nature of Transaction	2012-13	2011-12
1	United Spirits Ltd	Holding Company	Purchase of Fixed Assets	Nil	55,48,236
			Sale of Goods	66,95,04,300	71,87,03,825
			Loan Received	50,41,76,635	43,99,70,561
			Interest Expense	2,48,96,752	3,47,80,757
			Corporate Guarantee received	93,44,00,000	93,44,00,000
			Amount due to	1,73,43,58,194	1,30,56,90,234
2	Tern Distilleries Private Limited	Subsidiary of Holding company	Purchase of fixed asset	1,78,575	96,39,000
3	Pioneer Gas Power Ltd	Associate	Loan repaid	Nil	4,14,00,000
4	Key Management Personnel	Mr.Pratip Sen		Nil	Nil



## Notes to the Financial Statements for the year ended March 31, 2013

### 23. Income Tax :

A) Current Taxation : Nil

B) Deferred Taxation

(Amount in Rs)

Particulars	2012-13	2011-12
Tax impact on difference between carrying amount of Fixed Assets in the financial statements & Income Tax	(261,176,217)	(280,622,461)
Impact on account of carry forward Business Losses and unabsorbed Depreciation	435,903,001	332,849,569
Tax Impact of expenses charged in the financial statements but allowable as expenditure in future years	251,689	3,464,475
Deferred Tax Asset / (Liability) (net)	174,978,472	55,691,583
Less not recognised	174,978,472	55,691,583

As a matter of Prudence, net deferred tax asset has not been recognised.

24. A) In the opinion of the management assets other than fixed assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

B) The accounts of certain Banks, Secured Loans, Trade Receivable, Trade Payable, Other Current Liabilities and Loans & Advances are however, subject to formal confirmations/reconciliation & consequent adjustments if any. The Management does not expect any material difference affecting the current period's financial statements on such reconciliations/adjustments.

25. The Company has not received the intimation from the suppliers regarding their status under the Micro, Small and Medium enterprises development Act, 2006 and hence disclosures, if any relating to amounts unpaid as at year end and together with interest paid / payable as required under the said Act have not been given.

26. There are no foreign exchange earnings and outflows during the year.

27. The Company's liability on Sales Tax Deferment provision made up to the year 2009-10 is Rs. 2,878.06 lakhs under the head Unsecured Loans (Schedule 4) which has been collected under deferral scheme of Maharashtra State Government and is repayable in 14 years starting from the end of the 10th year i.e 2010-11. During the year 2012-13 the company has repaid its 3rd installment of Rs.97,29,897/-.



## Notes to the Financial Statements for the year ended March 31, 2013

28. The Company has become subsidiary of United Spirits Limited, the new promoter effective 24th May, 2011.

### 29. Earning Per Share :

Particulars	2012-13	2011-12
Calculation of weighted average no. of equity shares of Rs.10/- each		
Number of equity shares at the beginning of the year	1,33,88,200	1,33,88,200
Number of equity shares issued during the year	0	0
Number of equity shares outstanding at the end of the year	1,33,88,200	1,33,88,200
Weighted average of Equity Shares	1,33,88,200	1,33,88,200
Net Profit after tax (Rs)	(27,85,76,427)	(25,30,37,275)
Basic Earnings per share of Rs.10/- each	(20.81)	(18.90)
Diluted Earnings per share	(20.81)	(18.90)

30. The Company has been incurring losses since last three years and its net worth has been fully eroded. Necessary orders are awaited in respect of reference made to Board for Industrial and Financial Reconstruction. Considering upcoming projects of bottling and malt spirit plant are on course, the management is confident of reversing the losses in the coming years with the committed Financial, Technical and Administrative support from the Holding Company. Accordingly, these financial statements have been prepared on a going concern basis.

31. Previous year's figures have been regrouped or rearranged wherever necessary to be in conformity with the current year's classification.

For and on behalf of the Board

**P.A. Murali**  
Chairman

**M.R. Doraiswamy Iyengar**  
Director

**Pratip Sen**  
Manager

**Sanjoy Sarkar**  
Chief Financial Officer

**Santhosh Kumar Keerthi**  
Company Secretary

Bangalore  
May 09, 2013



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**Pioneer Distilleries Limited**

Regd. Office: 'UB House', Plot No.36, Street No.4, Srinagar Colony, Hyderabad 500 073



**PROXYFORM**

**Folio No. / Client ID:**

**DPID:**

I/We \_\_\_\_\_ being a member of Pioneer Distilleries Limited hereby appoint Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of as my/our proxy to vote for me/us on my/our behalf for or against any resolution, at the Twentieth Annual General Meeting of the Company to be held at Hotel Green Park, Greenlands, Begumpet, Hyderabad 500 016 on Tuesday, August 27, 2013 at 10.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Affix  
Rs.1/-  
Revenue  
Stamp

Note: This form duly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

**PIONEERDISTILLERIESLIMITED**

Regd. Office: 'UB House', Plot No.36, Street No.4, Srinagar Colony, Hyderabad 500 073

**ATTENDANCE SLIP**

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall. Only Members or their Proxies are entitled to be present at the meeting.

**Folio No. / Client ID:**

**DPID:**

Name & Address \_\_\_\_\_

No. of Shares held: \_\_\_\_\_

I hereby record my presence at the Twentieth Annual General Meeting of the Company held at Hotel Green Park, Greenlands, Begumpet, Hyderabad 500 016 on Tuesday, August 27, 2013 at 10.00 a.m.

Members/Proxy's Name

Signature of the Member/Proxy\*

\* Strike out whichever is not applicable