

DIAGEO INDIA

Pioneer Distilleries Limited
Subsidiary of United Spirits Limited

Registered Office:
UB Tower, Level 10
#24 Vittal Mallya Road,
Bengaluru 560 007
Tel: +91 80 2221 0705
Fax: +91 80 3985 6862
info@pioneerdistilleries.com

May 19, 2020

BSE Limited,
(Regular Office & Corporate
Relations Dept.) Phiroze Jeejeebhoy
Towers, Dalal Street,
Mumbai 400 001.
Scrip Code: 531879

National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai - 400 051.
Scrip Code: PIONDIST

Dear Sir/Madam,

Sub: Audited Financial Results for the quarter and year ended 31st March 2020.

The Board of Directors of the Company at their meeting held today, considered and approved the Audited financial results of the Company for the quarter and year ended 31st March 2020 ("AFR"), Statement of assets and liabilities as at March 31, 2020, Statement of cash flows for the year ended March 31, 2020 and the Audit Report ("AR") thereon received from the Statutory Auditors of the Company on the financial results were placed at the said Meeting.

AFR along with the Statement of assets and liabilities as at March 31, 2020, Statement of Cash Flows for the year ended March 31, 2020 and the Audit Report ("AR") thereon referred above are being uploaded on to your websites along with this letter.

Kindly take note of the above on your record.

Thanking you,

Yours faithfully,
For Pioneer Distilleries Limited

BHAT
LAKSHMINARA
YANA AKSHARA

Digitally signed by BHAT
LAKSHMINARAYANA
AKSHARA
Date: 2020.05.19
15:49:15 +05'30'

B L Akshara
Company Secretary and Compliance Officer

PIONEER DISTILLERIES LIMITED

Level 19, UB Tower, #24 Vittal Mallya Road, Bengaluru 560 081

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Statement of Financial Results for the quarter and year ended March 31, 2020

INR in Lakhs except for earnings per share data

PARTICULARS	3 months ended March 31, 2020	3 months ended December 31, 2019	3 months ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
	Refer Note 9	Unaudited	Refer Note 9	Audited	Audited
1 Income					
(a) Revenue from operations	3,873	4,990	3,345	17,154	13,838
(b) Other income	74	75	210	310	437
Total income	3,947	5,065	3,555	17,464	14,275
2 Expenses					
(a) Cost of materials consumed	4,252	4,312	3,237	14,618	11,612
(b) Changes in inventories of work-in-progress and finished goods	(954)	(160)	(783)	(919)	(2,256)
(c) Employee benefits expense	324	285	196	1,107	1,015
(d) Finance costs	797	827	803	3,359	2,936
(e) Depreciation expense	1,221	1,151	1,168	4,690	4,861
(f) Others					
(i) Allowance for government grant (net) (refer note 3)	176	(1,000)	1,686	(324)	2,686
(ii) Other expenses	1,330	1,028	728	4,045	3,128
Total expenses	7,446	6,343	7,035	26,376	23,982
3 Profit / (loss) before exceptional items and taxation (1-2)	(3,499)	(1,278)	(3,480)	(8,912)	(9,707)
4 Exceptional items (net)	-	-	-	-	-
5 Profit / (loss) before taxation (3+4)	(3,499)	(1,278)	(3,480)	(8,912)	(9,707)
6 Income tax expense					
(a) Taxes relating to earlier years (MAT)	-	-	(48)	-	131
(b) Deferred tax charges / (credit) (Refer Note 4)	(15)	-	(1,058)	6,007	(2,999)
(c) MAT credit utilised / (availed)	-	-	48	-	(131)
7 Profit / (loss) for the period (5-6)	(3,454)	(1,278)	(2,422)	(14,919)	(6,708)
8 Other comprehensive income / (loss)					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of post-employment benefit obligations	64	(5)	(21)	49	(21)
Income tax credit / (charge) relating to these items	(15)	-	8	(15)	8
Other comprehensive income / (loss) for the period, net of tax	49	(5)	(13)	34	(13)
9 Total comprehensive income / (loss) (7+8)	(3,435)	(1,283)	(2,435)	(14,885)	(6,721)
10 Paid-up equity share capital (Face value of INR 10 each)	1,339	1,339	1,339	1,339	1,339
11 Earnings / (loss) per share of INR 10 each (not annualised)					
Basic and diluted (Amounts in INR)	(26.02)	(9.55)	(18.09)	(111.43)	(50.10)

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Statement of assets and liabilities as at March 31, 2020

INR in Lakhs

Particulars	As At	As At
	March 31, 2020	March 31, 2019
	Audited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	19,438	23,983
Capital work-in-progress	236	127
Financial assets		
Government grant	9,842	8,777
Loans	38	43
Deferred tax assets (net)	-	6,022
Current tax assets (net)	191	138
Other non-current assets	3,114	3,250
Total non-current assets	32,859	42,340
Current assets		
Inventories	9,142	5,754
Financial assets		
Government grant	1,267	8,929
Trade receivables	1	11
Cash and cash equivalents	74	27
Other financial assets	-	15
Other current assets	936	574
Total current assets	11,420	15,310
Total assets	44,279	57,650
EQUITY AND LIABILITIES		
Equity		
Share capital	1,342	1,342
Other Equity		
Reserves and surplus	(20,390)	(5,505)
Total equity	(19,048)	(4,163)
Non-current liabilities		
Financial liabilities		
Borrowings	13,945	14,171
Other financial liabilities	9,744	8,645
Provisions	106	138
Total non-current liabilities	23,795	22,954
Current liabilities		
Financial liabilities		
Borrowings	28,300	28,083
Trade Payables		
(A) total outstanding dues of micro enterprises and small enterprises	242	41
(B) total outstanding dues other than micro enterprises and small enterprises	1,734	2,175
Other financial liabilities	530	821
Provisions	1,152	149
Other current liabilities	7,574	7,590
Total current liabilities	39,532	38,859
Total liabilities	63,327	61,813
Total equity and liabilities	44,279	57,650



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Statement of Cash Flows for the year ended March 31, 2020

INR in Lakhs

PARTICULARS	Previous year ended March 31, 2020	Previous year ended March 31, 2019
	Audited	Audited
A. Cash flows from operating activities		
(Loss) before tax	(8,912)	(9,707)
Adjustment for:		
Depreciation expense	4,690	4,861
Provision for bad and doubtful advances	39	-
Allowance for government grant (net)	(524)	2,686
Interest income	-	(2)
Loss on disposal of property, plant and equipment	115	-
Provision/ Liabilities no longer required written back	-	(131)
Finance costs	3,396	2,936
Interest on income tax reversed during the year	(53)	-
Unwinding of interest on government grant	(301)	(301)
Change in operating assets and liabilities		
(Increase)/ decrease in inventory	(3,388)	(1,654)
(Increase)/ decrease in trade receivables	10	8
(Increase)/ decrease in other non-current/ current assets	(292)	(180)
(Increase)/ decrease in other financial assets	7,442	25
Increase/ (decrease) in trade payables	(240)	9
Increase/ (decrease) in other financial liabilities	(58)	(9)
Increase/ (decrease) in other non-current/ current liabilities	(16)	(7,578)
Increase/ (decrease) in non-current/ current provisions	1,020	30
Cash generated from/ (used in) operations	2,928	(9,092)
Tax paid, net	-	0
Net cash generated from/ (used in) operating activities (A)	2,928	(9,092)
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(495)	(1,140)
Interest received	-	2
Net cash used in investing activities (B)	(495)	(1,138)
C. Cash flow from financing activities		
Proceeds from current borrowings	88,605	10,300
(Repayment) of current borrowings	(79,405)	-
(Repayment) of non-current borrowings	(383)	(265)
Working capital loan/ Bank overdraft (net)	(8,983)	1,991
Finance costs paid	(2,220)	(1,791)
Net cash generated from/ (used in) financing activities (C)	(2,386)	10,235
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	47	5
Add: Cash and cash equivalents at the beginning of the year	27	22
Cash and cash equivalents at the end of the year	74	27

PIONEER DISTILLERIES LIMITED

Statement Financial Results for the quarter and year ended March 31, 2020

Notes:

1. Pioneer Distilleries Limited ('the Company') is primarily engaged in the business of manufacturing and selling Extra Neutral Alcohol, Malt Spirit, and allied products along with Indian Made Foreign Liquor ('IMFL') bottling operations. Since the entire business of the Company is evaluated and reviewed by the Chief Operating Decision Maker as one reportable segment, the management considers this as a single reportable segment.
2. This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

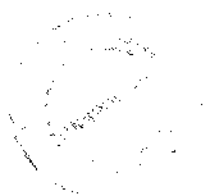
Effective April 1, 2019, the Company adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value.

The Company has used the 'modified retrospective approach' for transition from the previous standard- Ind AS 17, and consequently, comparatives for previous periods have not been retrospectively adjusted. The impact on adoption of the Indian Accounting Standard 116 on the results for the quarter and year ended March 31, 2020 is not material. The Company has also assessed the impact of Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments to be not material.

3. The Company is entitled to certain government grants from the State of Maharashtra for setting up projects in notified rural areas under two phases. These grants are receivable in the form of VAT refunds.

During the prior year, the Company had received a communication from the State authorities, amending certain terms of eligibility ('Amended Sanction Letter'). The Company had carried out an internal assessment supported by a legal opinion in respect of the above and had filed a revised claim. Consequently, the Company had recognised an allowance of INR 1,000 lakhs as expected credit loss ("ECL") on account of impairment during the quarter ended September 30, 2018. Further, The Company had reassessed the timing of cash inflows since initial recognition and had recognised an additional allowance of INR 1,686 lakhs during the quarter and year ended March 31, 2019.

During the quarter ended December 31, 2019, the said Amended Sanction Letter had been further revised by the concerned Government department restoring certain terms that were amended earlier. The Company has received a revised eligibility certificate as per the above-mentioned Sanction letter and hence the allowance of INR 1,000 Lakhs has been reversed during the quarter ended December 31, 2019. Further, considering the impact of COVID-19, Management has estimated a delay in recovering the money from the state government. In line with the ECL calculation, an



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additional allowance of INR 476 Lakhs has been accounted for during the quarter and year ended March 31, 2020.

4. During the month of June 2019, Management undertook a detailed technical review of plant operations and processes. Based on the recommendations of this review, it is proposed to augment manufacturing infrastructure and processes which involves capital and overhauling spends resulting in temporary reduction in production volumes. Accordingly, the future business plans and projected profits were re-evaluated. Further, in light of reduction in production volumes and increase in cost of materials, overheads and interest, the Company's ability to earn sufficient taxable profits is likely to be impeded resulting in a significant uncertainty regarding utilisation of deferred tax assets (including MAT credit) against unused tax losses and therefore, as a matter of prudence, deferred tax assets (net of deferred tax liability arising mainly on account of depreciation), amounting to Rs. 6,022 lakhs (including MAT credit of Rs. 1,168 lakhs) were written-off during the quarter ended June 30, 2019.
5. The Board of Directors ("Board") of USL and the Company at their respective meetings held on December 2, 2019 considered and approved a scheme of amalgamation and arrangement (the "Scheme") in relation to the proposed merger of the Company with USL under Section 230 to 232 and the other applicable provisions of the Companies Act, 2013 and the rules thereof. Upon completion of the merger, the non-promoter shareholders of the Company will receive 10 equity shares of USL for every 47 shares held by them as on the record date. The Scheme is subject to the receipt of requisite approvals/ no-objection letter from the relevant authorities including the National Company Law Tribunal, the Securities and Exchange Board of India, the National Stock Exchange of India Limited, the BSE Limited, and the respective shareholders and creditors of the USL and the Company.
6. The Company has a tie-up manufacturing agreement with USL. In terms of this agreement, the Company manufactures, under USL's supervision, brands owned and marketed by USL. Under Ind-AS 115 on 'Revenue from contracts with customers', the Company has assessed its relationship with USL to be that of an agent. Control of the activities rest with USL. Further, under the arrangement, the Company is entitled to bottling fees which is determined based on output and volume and has accordingly -
 - a. recorded the income under tie-up manufacturing agreement which is included in Revenue from operations as detailed below:

INR in lakhs

	Three Months Ended			Year Ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
Income	378	205	121	839	466

120

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- b. gross sales, excise duty and cost of goods sold (the net impact of which is nil) as indicated below in the respect of these operations are not disclosed by the Company.

	Three Months Ended			Year Ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
Gross sales	15,658	17,439	14,217	58,326	54,814
Excise duty	(11,288)	(12,576)	(10,247)	(42,037)	(39,054)
Cost of goods sold	(4,370)	(4,863)	(3,970)	(16,289)	(15,760)
Net impact	-	-	-	-	-

- c. adjusted the net working capital as indicated below with the outstanding of USL.

Particulars	As At	
	March 31, 2020	March 31, 2019
Financial assets - Trade receivables	2,605	2,777
Inventories	2,347	1,067
Other current assets	856	319
Financial liabilities - Trade payables	(877)	(790)
Other financial liabilities	(1,600)	(602)
Other current liabilities	(2,534)	(2,273)
Net	797	498

7. The networth of the Company has eroded and the current liabilities exceed the current assets as at the year-end. However, the Management and the Board of Directors have reviewed the cash flow forecast for the next twelve months and based on the letter of financial support obtained from United Spirits Limited, the holding company, have concluded that there is no material uncertainty on the ability of the Company to continue as a going concern.
8. Owing to the Government announced lock-down due to the outbreak of the COVID-19 pandemic, the operations of the Company were temporarily suspended from March 21, 2020. The Company has applied for and obtained permission of the State Government to resume the operations at the manufacturing facility in a phased manner from May 4, 2020. The Company continues to closely monitor the situation and take appropriate action, as necessary to scale up operations, in due compliance with the applicable regulations. The Company has made an assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets as at the balance sheet date and has made appropriate provisions, wherever required, on account of COVID-19. The Company has considered various internal and external information available up to the date of approval of financial statements in assessing the impact arising from COVID-19 in the preparation of the financial statements and continues to monitor any material changes to future economic conditions and assess the impact, given the uncertainties associated with it.

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9. The figures for the quarter ended March 31, 2020 and March 31, 2019 are the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the respective financial year, which were subjected to limited review by the statutory auditors.
10. Previous period's figures have been regrouped/ reclassified to conform to the current period's presentation for the purpose of comparability.
11. This Statement of Financial Results, Statement of Assets and Liabilities and Statement of Cash Flows have been reviewed and recommended for approval by the Audit and Risk Management Committee of the Board and approved by the Board of Directors at their respective meetings held on May 19, 2020.

By authority of the Board



R. Krishnamurthy
Chairman
DIN: 06940830

Place: Bengaluru
Date: May 19, 2020



Price Waterhouse & Co Chartered Accountants LLP

Independent auditor's report

To the Board of Directors of Pioneer Distilleries Limited

Report on the Audit of Financial Results

Opinion

1. We have audited the annual financial results of Pioneer Distilleries Limited (hereinafter referred to as the 'Company') for the year ended March 31, 2020 and the statement of assets and liabilities and the statement of cash flows as at and for the year ended on that date, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial results:
 - (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - (ii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 (the "Act") and other accounting principles generally accepted in India, of loss and other comprehensive income and other financial information of the Company for the year ended March 31, 2020 and the statement of assets and liabilities and the statement of cash flows as at and for the year ended on that date.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to Note 8 to the financial results, which explains the uncertainties and the Management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Further, our attendance at the physical inventory verification done by the Management was impracticable under the current lock-down restrictions imposed by the Government and we have therefore, relied on the related alternative audit procedures to obtain comfort over the existence and condition of inventory at year end. Our opinion is not modified in respect of this matter.

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Price Waterhouse & Co. (a Partnership Firm) Converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP Identity no: LLP/INAAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

The Board of Directors' responsibilities for the financial results

5. These financial results have been prepared on the basis of the annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of these financial results that give a true and fair view of the loss and other comprehensive income and other financial information of the Company and the statement of assets and liabilities and the statement of cash flows in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the financial results by the Directors of the Company, as aforesaid.
6. In preparing the financial results, the Board of Directors of the Company are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors of the Company are responsible for overseeing the financial reporting process of the Company.

Auditor's responsibilities for the audit of the financial results

8. Our objectives are to obtain reasonable assurance about whether the financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial results.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls. (Refer paragraph 12 below).
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
 - Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other matters

11. The financial results include the results for the quarter ended March 31, 2020 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which were subject to limited review.
12. The annual financial results dealt with by this report has been prepared for the express purpose of filing with stock exchanges on which the Company's shares are listed. These results are based on and should be read with the audited financial statements of the Company for the year ended March 31, 2020 on which we issued an unmodified audit opinion vide our report dated May 19, 2020.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants



Shivakumar Hegde
Partner

Membership Number: 204627
UDIN: 20204627AAAABI6013

Bengaluru
May 19, 2020