

Pioneer Distilleries limited
Subsidiary of United Spirits Limited

Registered Office:
UB Tower, Level 10
#24 Vittal Mallya Road,
Bengaluru 560 001
Tel: +91 80 2221 0705
Fax: +91 80 3985 6862
info@pioneerdistilleries.com

30th October 2020

BSE Limited
Listing Department
Dalal Street,
Mumbai 400 001
Scrip Code: 531879

National Stock Exchange of India Limited
Exchange Plaza, C-1 Block G,
Bandra Kurla Complex,
Bandra East, Mumbai- 400051
Scrip Code: PIONDIST

Dear Sirs,

**Sub: Intimation of Unaudited financial results for the quarter and six months ended
September 30, 2020**

The Board of Directors of the Company at their meeting held today, *Inter - alia* approved the unaudited financial results of the Company for the quarter and six months ended 30th September 2020. ("UFR"). The Limited Review Report ("LRR") thereon, received from the statutory auditors of the company were placed at the said meeting. UFR along with the LRR, Cash Flow Statement and Statement of Assets and Liabilities are enclosed and are being uploaded on to your websites along with this letter.

This is for your information and records.

Thank you,

For Pioneer Distilleries Limited



B L Akshara
Company Secretary

Encl: as above

PIONEER DISTILLERIES LIMITED

Level 10, UB Tower, 824 Vishal Mallya Road, Bengaluru 560 001

Tel: +91 80 2221 0706, Fax: +91 80 2845 4442 | www.pioneerdistilleries.com | CIN: L28116KA1972PLC123752

Statement of Unaudited Financial Results for the quarter and six months ended September 30, 2020

INR in Lakhs except for earnings per share data

PARTICULARS	3 months ended	3 months ended	3 months ended	6 months ended	6 months ended	Year ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
(a) Revenue from operations	5,103	3,294	3,975	8,397	8,291	17,154
(b) Other income	75	75	76	150	161	310
Total income	5,178	3,369	4,051	8,547	8,452	17,464
2 Expenses						
(a) Cost of materials consumed	4,330	2,319	3,045	6,649	6,194	14,618
(b) Changes in inventories of work-in-progress and finished goods	(147)	374	(108)	227	195	(919)
(c) Employee benefits expense	263	297	219	560	498	1,107
(d) Finance costs	764	832	825	1,616	1,735	3,359
(e) Depreciation expense	811	809	1,161	1,620	2,318	4,690
(f) Others:						
(i) Allowance for government grant (net)	-	-	-	-	-	(524)
(ii) Other expenses	849	751	900	1,600	1,687	4,045
Total expenses	6,890	5,382	6,042	12,272	12,537	25,376
3 Profit / (loss) before exceptional items and taxation (1-2)	(1,712)	(2,013)	(1,991)	(3,725)	(4,135)	(8,912)
4 Exceptional items (net)	-	-	-	-	-	-
5 Profit / (loss) before taxation (3+4)	(1,712)	(2,013)	(1,991)	(3,725)	(4,135)	(8,912)
6 Income tax expense						
(a) Current tax	-	-	-	-	-	-
(b) Deferred tax charge/(credit)	-	-	-	-	6,022	6,007
7 Profit / (loss) for the period (5-6)	(1,712)	(2,013)	(1,991)	(3,725)	(10,157)	(14,919)
8 Other comprehensive income/ (loss)						
Items that will not be reclassified to profit or loss						
Remeasurements of post-employment benefit obligations	-	-	(5)	-	(10)	49
Income tax credit / (charge) relating to these items	-	-	-	-	-	(15)
Other comprehensive income/ (loss) for the period, net of tax	-	-	(5)	-	(10)	34
9 Total comprehensive income/ (loss) (7+8)	(1,712)	(2,013)	(1,996)	(3,725)	(10,167)	(14,885)
10 Paid-up equity share capital (Face value of INR 10 each)	1,339	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)	(12.79)	(15.04)	(14.87)	(27.82)	(73.86)	(111.43)



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Unaudited Statement of assets and liabilities as at September 30, 2020

INR in Lakhs

Particulars	As At	As At
	September 30, 2020	March 31, 2020
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	19,821	19,438
Capital work-in-progress	884	236
Financial assets		
Government grant	9,842	9,842
Loans	38	38
Deferred tax assets (net)	-	-
Current tax assets (net)	191	191
Other non-current assets	1,425	3,114
Total non-current assets	32,201	32,859
Current assets		
Inventories	6,520	9,142
Financial assets		
Government grant	1,417	1,267
Trade receivables	64	1
Cash and cash equivalents	8	74
Other current assets	694	936
Total current assets	8,703	11,420
Total assets	40,904	44,279
EQUITY AND LIABILITIES		
Equity		
Share capital	1,342	1,342
Other Equity		
Reserves and surplus	(24,115)	(20,390)
Total equity	(22,773)	(19,048)
Non-current liabilities		
Financial liabilities		
Borrowings	13,736	13,945
Other financial liabilities	10,238	9,744
Provisions	83	106
Total non-current liabilities	24,057	23,795
Current liabilities		
Financial liabilities		
Borrowings	28,958	28,300
Trade Payables		
(A) total outstanding dues of micro enterprises and small enterprises	151	242
(B) total outstanding dues other than micro enterprises and small enterprises	1,226	1,734
Other financial liabilities	559	530
Provisions	1,560	1,152
Other current liabilities	7,166	7,574
Total current liabilities	39,620	39,532
Total liabilities	63,677	63,327
Total equity and liabilities	40,904	44,279



PIONEER DISTILLERIES LIMITED

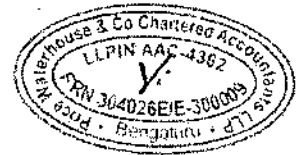
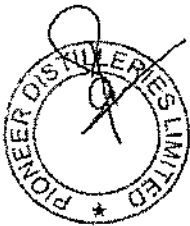
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Unaudited Statement of Cash Flows for the six months ended September 30, 2020

INR in Lakhs

PARTICULARS	6 months ended	6 months ended	Previous year
	September 30, 2020	September 30, 2019	ended March 31, 2020
	Unaudited	Unaudited	Audited
A. Cash flows from operating activities			
(Loss) before tax	(3,725)	(4,135)	(8,912)
Adjustment for:			
Depreciation expense	1,620	2,318	4,690
Provision for bad and doubtful debts	-	-	39
Allowance for government grant (net)	-	-	(524)
Loss on disposal of property, plant and equipment	-	-	115
Finance costs	1,616	1,735	3,396
Interest on income tax reversed during the year	-	-	(53)
Unwinding of interest on government grant	(150)	(150)	(301)
Provision on capital work-in-progress	14	-	-
Change in operating assets and liabilities			
(Increase)/ decrease in inventory	2,622	(962)	(3,388)
(Increase)/ decrease in trade receivables	(63)	(36)	10
(Increase)/ decrease in other non-current/ current assets	106	(225)	(292)
(Increase)/ decrease in other financial assets	-	7,008	7,442
Increase/ (decrease) in trade payables	(599)	(781)	(240)
Increase/ (decrease) in other financial liabilities	10	(37)	(58)
Increase/ (decrease) in other non-current/ current liabilities	(408)	805	(16)
Increase/ (decrease) in non-current/ current provisions	385	233	1,020
Cash generated from/ (used in) operations	1,428	5,773	2,928
Tax paid, net	-	-	-
Net cash generated from/ (used in) operating activities (A)	1,428	5,773	2,928
B. Cash flow from investing activities			
Purchase of property, plant and equipment	(771)	(66)	(495)
Net cash used in investing activities (B)	(771)	(66)	(495)
C. Cash flow from financing activities			
Proceeds from current borrowings	800	15,900	88,605
(Repayment) of current borrowings	-	(10,800)	(79,405)
(Repayment) of non-current borrowings	(283)	(382)	(383)
Working capital loan/ Bank overdraft (net)	(142)	(9,210)	(8,983)
Finance costs paid	(1,098)	(1,201)	(2,220)
Net cash generated from/ (used in) financing activities (C)	(723)	(5,693)	(2,386)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(66)	14	47
Add: Cash and cash equivalents at the beginning of the period	74	27	27
Cash and cash equivalents at the end of the period	8	41	74



PIONEER DISTILLERIES LIMITED

**Statement of Unaudited Financial Results for the quarter and six months ended
September 30, 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.
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. The Company had assessed the timing of cash inflows since initial recognition and had recognised an allowance of INR 3,686 lakhs in an earlier year. Further, considering the impact of COVID-19, Management had estimated a delay in recovering the money from the state government. In line with the expected credit loss (ECL) calculation, an allowance of INR 476 lakhs had been accounted for during the year ended March 31, 2020.
4. The Board of Directors ("Board") of United Spirits Limited ("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 Sections 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 (face value of INR 2 each) for every 47 shares of the Company (face value of INR 10 each) held by them as on the record date. Subsequent to the quarter and six months ended September 30, 2020, the Company has received no-objection vide Observation Letters dated October 21, 2020 and October 22, 2020 from the BSE Limited and the National Stock Exchange of India Limited, respectively, and the Company is in the process of complying with the requirements laid down in their respective observation letters. The Scheme is subject to the receipt of requisite approvals from the other relevant authorities including the National Company Law Tribunal and the respective shareholders and creditors of USL and the Company.
5. 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 '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			Six Months Ended		Year Ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
Income under tie-up manufacturing agreement	276	164	151	440	256	839

- 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			Six Months Ended		Year Ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
Gross sales	21,043	10,817	12,989	31,860	25,229	68,326
Excise duty	(15,163)	(7,798)	(9,562)	(22,961)	(18,174)	(42,037)
Cost of goods sold	(5,880)	(3,019)	(3,627)	(8,899)	(7,055)	(16,289)
Net Impact	-	-	-	-	-	-

6. During the quarter, the Company has entered into a "Supply Agreement" with USL for sale of malt spirit including maturation thereof. As per the terms of the agreement, the evaporation loss during the maturation process is recovered from USL. In addition, subsequent outflow in connection with the evaporation loss, if any, will be reimbursed by USL. The Company has assessed the recovery of such outflow, amounting to INR 112 lakhs, to be in the nature of cost to cost reimbursement and not as revenue.
7. The outbreak of COVID-19 pandemic continues to spread across India and given its unpredictable and evolving nature, though the plant has become operational from May 2020, temporary disruptions have occurred from time to time during the pendency of the lockdowns. Management implemented appropriate actions, as necessary, and scaled up manufacturing operations in due compliance with the applicable laws. 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 September 30, 2020 and has made appropriate provisions, wherever required, on account of COVID-19. The Company has assessed its existing controls and internal financial reporting processes and made appropriate changes, as required, in view of the situation arising due to COVID-19. The Company has also reviewed its contracts/arrangements and does not expect any material impact on account of non-fulfilment of the obligations by any party.
- Management has considered various internal and external information available up to the date of approval of financial results in assessing the impact of COVID-19 on the financial results for the quarter and six months ended September 30, 2020 and will continue to monitor changes in future economic conditions. The eventual outcome of the impact of COVID-19 may be different from that estimated as on the date of approval of these financial results.
8. Previous period's figures have been regrouped/ reclassified to conform to the current period's presentation for the purpose of comparability.



9. This Statement of Unaudited Financial Results has been reviewed by the Audit and Risk Management Committee of the Board of Directors and approved by the Board of Directors at their respective meeting held on October 30, 2020.

Place: Bengaluru
Date: October 30, 2020



By authority of the Board

Alokesh Biswas
Managing Director
DIN: 08756326



Price Waterhouse & Co Chartered Accountants LLP

Review Report

To
The Board of Directors
Pioneer Distilleries Limited
Level 10, UB Tower
#24 Vittal Mallya Road
Bengaluru, Karnataka – 560 001

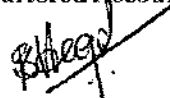
1. We have reviewed the unaudited financial results of Pioneer Distilleries Limited (the "Company") for the quarter and the year to date results for the period ended September 30, 2020 which are included in the accompanying "Statement of Unaudited Financial Results for the quarter and six months ended September 30, 2020", the "Unaudited statement of assets and liabilities as at September 30, 2020" and the "Unaudited statement of cash flows for the six months ended September 30, 2020" together with notes thereon (hereinafter referred as the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), which has been initialled by us for identification purposes.
2. The Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in Ind AS 34 prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.



Price Waterhouse & Co Chartered Accountants LLP

5. We draw your attention to Note 7 to the Statement, which describes the management's assessment of the impact of the outbreak of Corona-virus (COVID-19) on the business operations of the Company and the adjustments made to these financial results. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

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



Shivakumar Hegde
Partner

Membership Number: 204627
UDIN: 20204627AAAACY5956

Bengaluru
October 30, 2020