

Pioneer Distilleries limited
Subsidiary of United Spirits Limited

Registered Office:
UB Tower, Level 10
#24 Vittal Mallya Road,
Bengaluru 560 001
Tel: +91 80 4544 8000
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info@pioneerdistilleries.com

7th September 2022

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- 400 051
Scrip Code: PIONDIST

Dear Sirs,

Sub: Notice of 29th Annual General Meeting (AGM) and Annual Report of the Company for Financial Year 2021-22.

Ref: Compliance under Regulation 30 and 34 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR)]

This is to inform you that the 29th Annual General Meeting of the Company will be held on Thursday, 29th September 2022 at 3:30 p.m. through Video Conferencing/Other Audio-Visual Means.

we hereby enclose the following:

- a) Notice of the 29th AGM of the Company along with e-voting instructions and brief details of the agenda items proposed to be transacted there at are given in Annexure 1;
- b) Annual Report for financial year 2021-22

The aforesaid documents are being sent electronically to shareholders whose email addresses are registered with the Company/Depository Participant as on 2nd September 2022 (cut-off date).



The Annual Report along with AGM Notice can also be accessed/downloaded from the weblink given below:

Link- <http://pioneerdistilleries.com/downloads.php>

Necessary intimation by way of advertisement in the newspapers is being issued pursuant to regulation 47 of the SEBI (LODR).

This is for your information and records.

Thank you,

For Pioneer Distilleries Ltd.



J Swaminathan
Company Secretary

Encl: as above

Annexure – 1**Date of Notice:** 21st July 2022**Brief details of the resolution proposed to be transacted at the 29th AGM of the Company**

Sl. No.	Resolutions	Type of resolution (Ordinary/Special)
Ordinary business		
1	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 st March 2022 and the Reports of the Directors' and Auditors thereon.	Ordinary
2	To appoint a Director in place of Mr. Sanjeev Gupta (DIN: 03643328), who retires by rotation and being eligible, offers himself for re-appointment.	Ordinary
3	Re-appointment of M/s Price Waterhouse & Co., Chartered Accountants LLP (FRN304026E/E-300009) as Auditors of the Company.	Ordinary
Special Business		
4	Approval of Related Party Transactions between the Company and United Spirits Limited	Ordinary
5	Appointment of Mr. Nimish Shah (DIN: 05250183) as a Director	Ordinary
6	Re-appointment of Mr. Alokesh Biswas (DIN: 08756326) as a Managing Director of the Company	Special



PIONEER DISTILLERIES LIMITED

(a subsidiary of United Spirits Limited)

29th
**ANNUAL
REPORT**

2021 - 2022

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Managing Director's Message

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present our Annual Report for the Financial Year 2021-22. This has been a challenging year due to unprecedented inflation in input material price particularly molasses, grain and rice husk and same is expected to continue going forward due to Global Geopolitical issues. However, because of improved plant reliability and sustained focus on compliance, our fiscal performance have improved significantly over FY 2020-21.

Despite the turbulent year, our focus on right talent and right infusion of capex have improved plant reliability significantly and same has resulted highest ever capacity utilisation of ENA Plant in FY 2021-22. Our continued focus in process improvement have also yielded highest ever productivity saving during the fiscal. During the year we have consistency in utilities operation which has paid dividend to overall operation of the plant. Our focus on compliance have strengthened further and we have received all critical licenses to operate in this year. Our focus on sustainability continues during the fiscal and we have reduced our water footprint significantly and our target to become Carbon Neutral going forward is well on track. Our company has immense potential of being United Spirits Limited's (USL's) only integrated plant that handles "Grain to Glass" with a clear roadmap for transformation to become the most trusted and respected amongst ENA, Malt Spirit and Indian Made Foreign Liquor (IMFL) manufacturing company in India.

I am able to draw strength from my past experience which has provided me immense insights into the business of the Company apart from the experience gained during the transformation journey into Diageo's Global practices, which has helped in integrating the global best business practices with the Company's manufacturing setup. This is a validation of our Company's transformation journey with a clear focus on following seven important priorities:

- Safety Transformation
- Compliance
- Delighting our customers through world class product
- Organisation and People
- Manufacturing Excellence
- Sustainability
- Operation Reliability and consistency.

It is also a testimony to the strong capabilities we have built over the years, as well as the quality of talent now in the Company. Despite several regulatory challenges which impacted the industry last year, we posted improvement in our performance, underlined by growth in external net sales after adjusting for operating model changes. We delivered an enhancement of gross margin which was made possible through price advantage from raw material cost, mitigation of risks from the various environmental and external interventions through policy advocacy, a relentless focus on productivity and realization of headline pricing.

Strengthening the operations

Our performance has been driven with focus on the four key operational areas – production of Extra Neutral Alcohol (ENA) from Grain, ENA from Molasses, production of best-in-Class Malt Spirit and largescale inhouse maturation. The maturation process is constantly monitored, and the Spirit was rated as the finest in industry by Diageo India's Technical Center and shall be game changer for future growth including manufacturing IMFL brands for United Spirits Limited.

Parallely, we made further progress on our 'fit for purpose' operating model in the above areas of operation. Ontime seasonal purchase, taking competitive advantage by ensuring consistent quality of ENA. Our margins are heavily dependent on the government policies which are more oriented towards increasing the revenue of the government, change in climatic conditions especially monsoon impact, subsidy realization, depreciation and interest on borrowings. In light of the above, I am glad to announce that with the support of United Spirits Limited and Diageo, we are now creating a roadmap to minimize the negative impact, enable sustainability and reduce dependency on the above by increasing operational stability and efficiencies as a key towards consistent earnings.

Our role in society

We constantly endeavor to reduce the harm caused by irresponsible consumption of alcohol and enable the people to make a positive contribution to society. I am pleased to inform that this year we did several work in and around the factory on water rejuvenation and sanitation as part of our quest to improve the life of communities where we operate.

Building a talented and inclusive workplace

Our commitment to enable employees to 'be the best they can be' as a core principle. At the core of our business strategy, we continue to invest in training, exposing people to new technologies and in process improvement methodologies. We have created a roadmap and are in the process of launching policies, competitive reward programmes, coaching and wellbeing initiatives for empowering the employees. Indeed, our achievements in this challenging year bear testimony to the quality of talent in the Company, our growing reputation as an employer, and our focus on leadership development.

I would like to conclude by saying that our core aim is to bring in a significant change in the general perspective of the society towards spirit manufacturing sector and to leave a legacy of a business which will sustain on the core foundations of ethical standards and sustainability. We are ready to embrace the opportunities of tomorrow and to map the next phase of our journey.

On behalf of the Board, I would like to extend our deepest appreciation to the management team for their dedication and commitment in driving your Company forward. Our sincere appreciation also goes to all employees who relentlessly strived against odds and for playing an important role in ensuring that your Company continues to be one of the leading Distillery in Maharashtra. We would also like to express our gratitude to all stakeholders, partners and customers for their support to your Company. Looking forward to your continued support in the coming period too.

Thank you for standing by us in this challenging journey.

Yours sincerely,
Alokesh Biswas
Managing Director

BOARD OF DIRECTORS



Mr. R. Krishnamurthy
(Chairman)



Alokesh Biswas
(Managing Director)



Ms. Srivathsala K N
(Independent Director)



Ms. Mamta Sundara
(Non-Executive Director)



Mr. Sanjeev Gupta
(Non-Executive Director)



Mr. Nimish Shah
(Non-Executive Director
effective 31st Dec 2021)



Mr. Gopal Kothari
(Non-Executive Director
till 22nd Oct 2021)

Committee Membership

-  Audit & Risk Management Committee
-  Stakeholders Relationship Committee
-  Nomination and Remuneration Committee
-  Corporate Social Responsibility Committee

Board of Directors



Mr. R. Krishnamurthy, *Chairman*

Mr. R. Krishnamurthy has completed his Graduation in Commerce, Science and Law. He is also a member of the Institute of Company Secretaries of India. He has a rich experience in Compliance of various Laws and Administration. Mr. R. Krishnamurthy possess relevant experience and knowledge in the field of Law and Administration. Presently, Mr. R. Krishnamurthy practices as an Advocate in Bangalore.



Mr. Alokesh Biswas, *Managing Director*

Mr Alokesh Biswas is an operational professional with an experience of about 20 years in AlcoBev Industry. Mr Biswas joined Diageo India in June 2001, wherein he was responsible for handling manufacturing operations and was also instrumental in carrying out significant improvements in site operations. He has headed most complex operational sites of Diageo India having Distillation, Maturation, Cogen facility and IMFL Bottling Operation.

Mr Biswas have domain expertise in molasses based primary distillation, barley-based malt spirit plant followed by maturation, Grain extra neutral alcohol (ENA) plant having programmable logic controller (PLC) based operations, centrifuge & Multiple Effect Evaporator (MEE) as effluent treatment process in grain based distillery and Fluidised Bed Combustion (FBC) boiler & Back-pressure turbine in captive power plant. He has handled Manufacturing Regional Cluster head role in East and South and delivered Top-line and Bottom -line growth in line with organization expectation. He also played a crucial role in removing all excisable goods after imposition of statutory prohibition of liquor in Bihar.

He graduated as an Chemical Engineer (BE) from National Institute of Technology, Durgapur.



Ms. Srivathsala K.N., *Independent Director*

Ms. Srivathsala is an Entrepreneur and an Angel Investor. She is Mentoring many companies in the area of business strategy and Financial Management. She is also founder of four organisations.

As a mentor she guides entrepreneurs on how to start and grow a profitable business that make a positive impact. She helps them to recognise great business ideas/models from amongst flurry of possible business avenues. She also helps to build a fast-growing organisation on a foundation of strong cultural values.

She is also a mentor at Prahlad Kakkar's Institute of Branding and Entrepreneurship and IIT Mumbai, she has been interacting with students at various levels on financial planning and entrepreneurship. She has conducted various Training and Awareness Programs on Entrepreneurship and Financial Literacy for corporates, public and Students. She is a noted speaker on the topic of Financial Planning and Entrepreneurship in reputed forums such as SEBI, National Stock Exchange, Times Foundation, The Christ University, RBI, Bank of India, many IT companies and WEConnect. Srivathsala's views are quoted in Times of India, Hindu Business Line, Economic Time, Mint etc.

She is a Certified Financial Planner and hold a Post-graduate degree in Commerce from Bangalore University. She is also an Institute of Chartered Accountants India's qualified "Accounting Technician"



Ms. Mamta Sundara, *Non- Executive Director*

Ms. Mamta Sundara has 20 years of experience as a legal professional working in India, Singapore and London across diverse range of businesses including telecom and consumer durables. Ms. Mamta Sundara has joined United Spirits Limited as the General Counsel in February 2015. Prior to that, she has spent 6 years in various roles in Diageo across London, Mumbai and Bangalore, with her last role providing support to the strategy and standards work done within United Spirits Limited. Prior to Diageo, Ms. Mamta Sundara has spent 4 years based in Singapore and providing all legal support for the South East Asia business of the Global Services division of British Telecom.

Ms. Mamta Sundara is a law graduate from the National Law School of India University, Bangalore.



Mr. Sanjeev Kumar Gupta, *Non- Executive Director*

Mr. Sanjeev Gupta is Executive Vice President – Manufacturing Operations at United Spirits Limited – a Diageo Group Company and is part of Diageo India Leadership Team. He is responsible for manufacturing operations of own units, third party manufacturing units, operations excellence and engineering and capital projects for United Spirits Limited.

He has around 30 years of diversified work experience with Unilever in India and Srilanka, Mondelez in South East Asia, Tata steel and Ceat Tyres. In his career spanning across FMCG and Industrial companies, Mr. Gupta has worked in various supply chain functions including manufacturing, Quality Assurance, Manufacturing Excellence, Demand/Supply Planning and Logistics and has been in the country leadership team in Unilever Srilanka and Mondelez in Indonesia and Vietnam.

Prior to joining Diageo, Mr. Gupta was with Mondelez International as Integrated Supply Chain Director and was leading end to end supply chain for Vietnam business.

He is an engineering graduate from IIT Roorkee and post-graduate from NITIE Mumbai.



Mr. Nimish Shah, *Non- Executive Director*

Mr. Nimish Shah is Executive-Vice President – Financial Controller in United Spirits Limited- a Diageo Group Company. He is a qualified Chartered Accountant (ICAI) with over 2 decades of experience through varied roles in business operations with P&L accountability, strategic and business planning, corporate finance, and controllership having worked in organizations such as The Walt Disney Company and Pepsi Co. Inc.

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BOARD OF DIRECTORS :

R Krishnamurthy
Chairman

Alokesh Biswas
Managing Director

Srivathsala K. N.

Mamta Sundara

Sanjeev Gupta

Nimish Shah
(effective 31st December 2021)

CHIEF FINANCIAL OFFICER:

Gopal Kothari
(effective 22nd October 2021)

COMPANY SECRETARY:

J Swamynathan
(effective 23rd October 2021)

AUDITORS:

Price Waterhouse & Co
Chartered Accountants LLP
5th Floor, Tower 'D', The Millenia,
1 & 2 Murphy Road, Ulsoor, Bengaluru - 560 008

REGISTERED OFFICE:

'UB Tower', Level 10, #24,
Vittal Mallya Road, Bangalore-560001.
Tel No. +91 80 4544 8000
Fax No. +91 80 3985 6862

**REGISTRARS &
TRANSFER AGENTS:**

**Venture Capital and Corporate
Investments Private Limited**
H.No.12-10-167,
Bharat Nagar, Hyderabad 500018
Tel: 040 2381 8475/76,
Fax: 040 2386 802

PIONEER DISTILLERIES LIMITED

Corporate Identity Number: L24116KA1992PLC125992

Reg. Office: UB Tower, Level 10, #24, Vittal Mallya Road, Bengaluru – 560 001

Tel: +91 80 4544 8000; Fax: +91 80 3985 6862

Website: www.pioneerdistilleries.com E-mail: pdlinvestor.india@diageo.com

NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting (“AGM”) of the members of Pioneer Distilleries Limited (the “Company”) to be held through video conference (“VC”) / other audio-visual means (“OAVM”) on Thursday, 29th September 2022 at 3:30 p.m. to transact the following businesses:

Ordinary Business:

- 1. To receive, consider and adopt the Audited Financial Statements for the financial year ended March 31, 2022 and the Reports of the Directors' and Auditors thereon.**
- 2. To appoint a Director in place of Mr. Sanjeev Gupta (DIN: 03643328), who retires by rotation and being eligible, offers himself for re-appointment.**
- 3. Re-appointment of M/s Price Waterhouse & Co., Chartered Accountants LLP (FRN304026E/E-300009) as Auditors of the Company.**

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of sections 139, 141, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made there under [including any statutory modification or re-enactment thereof] if any, M/s. Price Waterhouse & Co., Chartered Accountants LLP, (FRN 304026E/E300009) be and is hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the 34th Annual General Meeting of the Company and that the Board of Directors be and is hereby authorised to fix such remuneration as may be recommended by the Audit Committee in consultation with the Auditors and that such remuneration may be paid on a progressive billing basis to be agreed upon between the Auditors and the Board of Directors.

FURTHER RESOLVED THAT any Director of the Company be and is hereby authorised to do all such acts, things and deeds as may be deemed necessary to give effect to the above resolution.”

Special Business:

4. Approval of Related Party Transactions between the Company and United Spirits Limited:

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 2013 (“Act”) read with Rules made thereunder, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (“SEBI Listing Regulations”), other applicable laws/statutory provisions, if any, (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force), the Company's Policy on Related Party Transactions, and subject to such approval(s), consent(s), permission(s) as may be necessary from time to time and basis the approval and recommendation of the Audit Committee and the Board of Directors of the Company, the approval of the Members of the Company be and is hereby accorded to the Company to enter/continue to enter into related party transaction(s)/contract(s)/arrangement(s)/agreement(s) (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise) with United Spirits Limited (“USL”), Holding Company of the Company, an entity falling within the definition of 'Related Party' under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations for (i) Sale of Extra Neutral Alcohol; (ii) Sale of Malt Spirit; (iii) Agreements for tie-up manufacturing of Indian made Foreign Liquor;

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(iv) Arrangements for cost re-charges, on such terms and conditions as detailed in the explanatory statement to this Resolution and as may be mutually agreed between USL and the Company such that the maximum value of the Related Party Transactions, in aggregate, does not exceed a value of Rs.2,48,00,00,000/- (Rupees Two Hundred and Forty Eight Crores Only), for the period from April 01, 2022 until the 30th Annual General Meeting or June 30, 2023 whichever is earlier, without prejudice to the powers of Audit Committee of the Company to approve, authorize and review transactions on a yearly basis.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'Board' which term shall be deemed to include the Audit Committee of the Company and any duly constituted/to be constituted Committee of Directors thereof to exercise its powers including powers conferred under this resolution) be and is hereby authorised to do all such acts, deeds, matters and things as it may deem fit at its absolute discretion and to take all such steps as may be required in this connection including finalizing and executing necessary documents, contract(s), scheme(s), agreement(s) and such other documents as may be required, seeking all necessary approvals to give effect to this resolution, for and on behalf of the Company and settling all such issues, questions, difficulties or doubts whatsoever that may arise and to take all such decisions from powers herein conferred to, without being required to seek further consent or approval of the Members and that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects.”

5. Appointment of Mr. Nimish Shah (DIN: 05250183) as a Director:

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT in accordance with the provisions of Section 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modifications(s) or re-enactment thereof for the time being in force) and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) regulations 2015, Mr. Nimish Shah (DIN: 05250183) , who was appointed as an additional director of the Company with effect from 31st December 2021 and who holds office up to the date of ensuing Annual General Meeting in terms of section 161 of the Act and in respect of whom the Company has received a notice in writing from a Member under section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation..

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

6. Re-appointment of Mr. Alokesh Biswas (DIN: 08756326) as a Managing Director of the Company:

To consider and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder , Securities exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification, variation or re-enactment thereof and based on the recommendation of Nomination and Remuneration Committee, Mr. Alokesh Biswas (DIN: 08756326), be and is hereby reappointed (with benefit of continuity of service) as Managing Director and Chief Executive Officer of the Company with effect from July 01, 2022 for a period of one year (upto June 30, 2023), on the following terms and conditions:

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1	Basic salary	Rs.29,04,087/- per annum
2	Basket of allowances	Rs. 48,90,185 per annum
3	Stock Appreciation Rights	Stock Appreciation Rights Plan as per the rules framed by the Company's Holding Company viz., United Spirits Limited or such other terms and conditions approved by the Board of Directors based on the recommendations of Nomination and Remuneration Committee.
4	Annual Incentive Plan	Rs. 13,55,241 per annum
5	Provident Fund	The Company's contribution to Provident Fund shall be as per the Scheme of the Company, as applicable.
6	Gratuity	Payable in accordance with the Rules of the approved Fund of the Company, as applicable.
7	Insurance	<ul style="list-style-type: none"> i. Group personal accident and term life insurance - Applicable as per the policy of the Company. ii. Group Mediclaim policy – Applicable as per the policy of the Company.
<p>Tax Liability - The taxability of various allowances/reimbursements mentioned above is to be considered in the light of existing tax laws or as amended from time to time. Such other benefits, amenities, facilities, and perquisites as per the rules of the Company, as applicable and as may be permitted by the Board of Directors of the Company.</p>		

FURTHER RESOLVED THAT in accordance with the provisions of the Companies Act, 2013 and other applicable laws, rules regulations etc., if any, the remuneration payable to Mr. Alokesh Biswas (including Salary, Special Allowance, Personal Allowance or equivalent, perquisites, benefits, amenities and facilities) during the tenure of his office as Managing Director of the Company, shall be “minimum remuneration” in the event of inadequacy or absence of profits in financial year 2022-23 with effect from July 01, 2022 to June 30, 2023.

FURTHER RESOLVED THAT the remuneration payable is subject to such other revisions, modifications (including *inter-se* changes in various components of CTC) and increments including any increment to the Basic and Basket of Allowances (BOA), one-time bonus and consequential increase to Company's contribution to Provident Fund, Gratuity, Annual Incentive plan (AIP), Stock Appreciation Rights (SAR) granted by the Company or its Holding Company etc., as may be approved by the Board from time to time based on the recommendation of the Nomination and Remuneration Committee and as per the rules/policy of the Company, within the overall limit of Rs. 1,50,00,000 (Rupees One Crore Fifty Lakhs Only).

FURTHER RESOLVED THAT the Managing Director shall be having substantial powers of management and will be responsible for the general conduct and management of the business and affairs of the Company subject to the superintendence, control, and supervision of the Board of Directors of the Company.

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FURTHER RESOLVED THAT Mr. Alokesh Biswas, be and is hereby authorized to represent the Company as Managing Director before any authority(ies), sign/execute the documents on behalf of the Company, file forms before the Ministry of Corporate Affairs in the capacity of Managing Director and also before such other authorities as may be required under other applicable laws as Managing Director of the Company and also to carry out routine powers of Managing Director of the Company.

FURTHER RESOLVED THAT Mr. J Swaminathan, Company Secretary of the Company, be and is hereby authorized to file necessary e- Form(s) and other filings to be filed with the Registrar of Companies / stock exchanges and to take all further steps as may be required in this regard.

Place: Bengaluru

By Order of the Board

Date: 21st July 2022

J Swaminathan
Company Secretary

NOTES:

Please refer to the explanatory statement given hereunder.

1. The relevant details, pursuant to Regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
2. In view of the continuing COVID-19 pandemic, Ministry of Corporate Affairs vide Circular No. 14/2020 dated April 8, 2020, Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No.19 dated December 08, 2021, Circular No. 21 dated December 14, 2021 and Circular No. 02 dated May 05, 2022 “MCA Circulars” and Securities and Exchange Board of India vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62, dated May13, 2022 issued by SEBI (hereinafter collectively referred to as 'Circulars') permitted companies to hold Annual General Meeting ('AGM') through video conference (“VC”) or other audio visual means (“OAVM”), without the physical presence of members at a common venue. Accordingly, the AGM of the Company will be held through VC/OAVM. In compliance with the provisions of the Companies Act, 2013 (“the Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) and MCA Circulars, the 29th AGM of the Company is being held through VC/ OAVM on Thursday, 29th September 2022 at 03:30 P.M. (IST). The deemed venue for the AGM will be the Registered Office of the Company.
3. In compliance with the aforesaid Circulars, Notice of the AGM along with the Annual Report 2021-22 is being sent through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report for the year 2021-22 will also be available on the Company's website www.pioneerdistilleries.com websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.
4. The Circulars waived the requirement of permitting the members to appoint proxies to attend and vote on his/her behalf, as the AGM is being held through VC. Accordingly, the facility for appointment of proxies by the members will not be available. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can

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attend the AGM through VC and cast their votes through electronic voting (“e-voting”).

5. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the board resolution/authorization letter to the Scrutinizer by email at the email id sudhir.compsec@gmail.com or to the Company at the email ID pdlinvestor.india@diageo.com or upload on the VC portal/e-voting portal.
6. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013 (“the Act”).
7. Members are required to immediately inform the Company's Registrars and Transfer Agents, Venture Capital and Corporate Investments Private Limited (VCC IPL), 12-10-167, Bharat Nagar, Hyderabad – 500 018, in case of shares held in physical form and to the respective Depository Participants, in case of shares held in dematerialized/electronic form, the 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, 2013, can be sent to their email addresses.
8. Members holding shares in physical form, holding 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. 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.
9. Nomination facility for shares, held in physical form, is available for members. The prescribed form in this regard can be obtained from the Company's Registrars and Transfer Agents.
10. The Company's equity shares are under compulsory dematerialization. Accordingly, trading of these shares through the stock exchanges would be facilitated if the share certificates are dematerialized. Members with physical share certificates are advised to consider opening a demat account with an authorised Depository Participant (DP) and arrange for dematerializing their shareholdings in the Company. Members may please note that effective April 1, 2019 transfer of shares are not permitted through physical mode pursuant to SEBI notification dated June 8, 2018.
11. Unclaimed Dividend:

In terms of Section 205A and 205C of the Companies Act, 1956 and Section 124 and 125 of the Companies Act, 2013, the amount of dividend declared and remaining unclaimed for a period of seven years from the due date of payment have been transferred to the Investor Education and Protection Fund (IEPF) on the respective due dates. Accordingly, all unclaimed/unpaid dividend remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the Company for the amounts so transferred to IEPF Account. As per Section 124(6) of the Act read with the IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account.
12. Members may note that the Unclaimed Dividend which are transferred to the Fund can be claimed only by submitting an application in form IEPF 5 to Ministry of Corporate Affairs (MCA) available on website www.iepf.gov.in. Details of unclaimed dividend has been uploaded on the Company's website www.pioneerdistilleries.com.
13. The members are requested to email their grievances for speedy redressal to info@vccilindia.com/ pdlinvestor.india@diageo.com
14. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies

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(Management and Administrations) Rules, 2014, the Company is pleased to provide to members with a facility to exercise their right to vote at the 29th AGM by electronic means and the votes may be cast through electronic voting (e-voting) services provided by Central Depository Services (India) Limited [CDSL].

15. Facility for e-voting shall also be made available during the meeting and members attending the meeting through video conference, who have not already cast their vote by remote e-voting can exercise their vote during the meeting.
16. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
17. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date of Friday, September 22, 2022, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com. However, if he/she is already registered with CDSL for remote e-voting then he/she can use his/her existing user ID and password for casting the vote.
18. The instructions for shareholders voting electronically are as under:

In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below:

The voting period begins on September 26, 2022 at 10.00 a.m. and ends on September 28, 2022 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form as on the cut-off date of September 22, 2022, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

i) Information and instructions for Remote e-voting by Individual Shareholders holding shares of the Company in demat mode:

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on “e-Voting facility provided by Listed Companies”, e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.

Individual demat account holders would be able to cast their vote without having to register again with the e-voting Service Provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.

ii) Pursuant to abovesaid SEBI Circular, Login method for e-voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

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Type of Shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL's Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URLs for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi/Easiest user will be able to see the e-voting option for eligible companies where the evoting is in progress. On clicking the e-voting option, the user will be able to see e-voting page of the e-Voting Service Providers for casting votes along with links of the respective e-voting service provider i.e. CDSL/NSDL/KARVY/LINK INTIME so that the user can visit the e-Voting service providers' website directly.. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a link in https://evoting.cdslindia.com/Evoting/EvotingLoginhome page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in Demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for National Securities Depository Limited ('NSDL') IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on “Access to e-voting” under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a

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Type of Shareholders	Login Method
	mobile. Once the home page of e-voting system is launched, click on the icon “Login” which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider's website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

iii) Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 022-23058738 and 22-23058542
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(iv) Login method for e-voting and joining virtual meeting for **shareholders other than individual shareholders & physical shareholders.**

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID

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- a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
 - 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
 - 6) **If you are a first-time user follow the steps given below:**

	For physical shareholders and other than individual shareholders holding shares in Demat
PAN	Enter your 10 digit alpha-numeric PAN* issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) *Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact info@vccipl.com
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id/folio number in the Dividend Bank details field.

- (v) After entering these details appropriately, click on “SUBMIT” tab.
- (vi) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting on resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (viii) Click on the EVSN of the Company.
- (ix) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (x) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xi) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box

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will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

- (xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xiv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xv) **Facility for Non-Individual Shareholders and Custodians –Remote Voting**
 - o Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - o A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - o After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - o The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - o A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - o Alternatively, Non-Individual shareholders are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; sudhir.compsec@gmail.com pdlinvestor.india@diageo.com respectively, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves

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as a speaker by sending their request in advance atleast **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at pdlinvestor.india@diageo.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at pdlinvestor.india@diageo.com. These queries will be responded appropriately by the company.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
10. If any Votes are casted by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
11. The Members can join the AGM in the VC/OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING:

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to info@vccilindia.com / pdlinvestor.india@diageo.com.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-voting from the CDSL e-voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-223058542/43.

19. Mr. Sudhir V. Hulyalkar, Company Secretary in Practice (CP - 6137); Address: 16/8, Ground Floor, 2nd Cross, Gupta Layout, South End Road (Near South End Circle), Basavanagudi, Bengaluru – 560 004 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
20. The Scrutinizer shall, not later than 48 hours after the conclusion of the AGM make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman or a person authorized by him and the Company will declare the results of the voting forthwith.
21. The results declared along with the Scrutinizer's Report will be placed on the Company's website - www.pioneerdistilleries.com and on the stock exchanges' website, National Stock Exchange of India Limited

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at www.nseindia.com and BSE Limited at www.bseindia.com, immediately after the result is declared by the Chairman or any person authorised by the Company and communicated to the concerned stock exchanges.

22. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 29, 2022. Members seeking to inspect such documents can send an email to pdlinvestor.india@diageo.com.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400 013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Place: Bengaluru

Date: 21st July 2022

By Order of the Board
J Swaminathan

Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3: Re-appointment of Price Waterhouse & Co., Chartered Accountants LLP (FRN304026E/ 300009) as Auditors of the Company.

The members at their meeting held on July 28, 2017 appointed M/s Price Waterhouse & Co., Chartered Accountants LLP, (FRN 304026E/ E-300009) (“PW”) as Statutory Auditors of the Company, to hold office from the conclusion of the 24th Annual General Meeting (“AGM”) till the conclusion of the 29th AGM. The members may please note that PW is one of the reputed international audit firm and one among 'big four' audit firm. Given their expertise in the field of audit, the audit committee recommended their re-appointment to the Board for another term of five years effective from the conclusion of this annual general meeting till the conclusion of 34th AGM of the Company. Accordingly, the Board of Directors at their meeting held on May 19, 2022 have recommended their re-appointment for a further period of five years subject to the approval of members.

The proposed remuneration to be paid to PW, for the ensuing year is Rs. 35,90,000/- (Rupees Thirty-Five Lakhs Ninety Thousand Only) plus applicable taxes, travelling and other out of pocket expenses incurred by them in connection with the statutory audit, other Services and Certification services. The proposed fees is based on the scope of work, knowledge, industry experience, expertise, time and efforts required to be put by PW. The proposed fees are also in line with the industry benchmarks. The remuneration to be paid to Statutory Auditors from the subsequent year onwards shall be mutually agreed between the Board of Directors and Statutory Auditors, from time to time. The resolution under this item seeks the approval of the Members for the said appointment of auditors by way of ordinary resolution. None of the Directors, Key Managerial Personnel (“KMP”) of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 3 of the Notice.

The Board recommends the ordinary resolution set forth in Item No. 3 for your approval.

Item No. 4:

(I) Sale of Extra Neutral Alcohol by the Company to United Spirits Limited, Holding Company of the Company;

Pursuant to the amended provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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effective from April 1, 2022 prior approval of the shareholders is mandated for all material related party transactions, even if such transactions are in the ordinary course of business or at an arm's length basis. The revised threshold for determining materiality is Rs. 1000 crore or 10% of the consolidated turnover as per the last audited financial statements of the listed entity, whichever is lower. This requires taking into account all transactions with a related party to be undertaken during a financial year. In view of SEBI Circular dated April 8, 2022 read with Reg. 23 (8), approval of the shareholders can be obtained in the first general meeting held after the notification of the amended provisions. Accordingly, the Company is seeking shareholders' approval for following related party transactions with United Spirits Limited, the holding company as it exceeds the prescribed materiality thresholds.

Type of transaction	Sale of Extra Neutral Alcohol by the Company to United Spirits Limited ('USL')
Material terms and particulars of proposed transaction	<p>The Company enters into arrangements with USL from time to time for the sale of Extra Neutral Alcohol ("ENA") (both grain & molasses based) to USL ("ENA Supply Arrangement"). As the market price of ENA fluctuates frequently, the price of ENA supplied by the Company to USL is agreed between the Company and USL on periodical basis and on arm's length basis i.e. ensuring that the purchase orders placed by USL with the Company are commensurate with similar long-term arrangement entered into by United Spirits Limited with other ENA suppliers at such relevant times. Under this arrangement, PDL may also be required to carry out re-distillation activity for USL. The arm's length principles and the ordinary course of business concept have been reviewed and opined by an Independent Chartered Accountant firm.</p> <p>For the financial year ended March 31, 2023 and thereafter till the 30th Annual General Meeting of the Company or June 30, 2023 whichever is earlier, approval is sought for a turnover of upto Rs.2,00,00,00,000/- (Rupees Two Hundred Crores Only) per annum (plus applicable taxes and levies) from USL under the ENA Supply Arrangement, which, if aggregated with the amounts under other agreements or arrangements of the Company with USL during the same period, may exceed the threshold of 10% of the annual consolidated turnover of the Company in the previous financial year viz., FY 2021-22.</p> <p>The ENA Supply Arrangement is at arms' length basis, and the rates that the Company charges USL for supply of ENA from time to time is commensurate with similar long term arrangement entered into by USL with other ENA suppliers at such relevant times.</p>
Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	United Spirits Limited, Holding Company of the Company and the nature of concern is non-financial.
Tenure of the proposed transaction	From April 01, 2022 to the 30th Annual General Meeting or June 30, 2023, whichever is earlier.

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Type of transaction	Sale of Extra Neutral Alcohol by the Company to United Spirits Limited ('USL')
Value of the proposed transaction and percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year	ENA Sale– INR 200 Crores. The limit represents around 95% of the annual turnover of the Company for the financial year 2021-22
Whether the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary	No
Justification as to why the RPT is in the interest of the listed entity	The ENA Supply Arrangement is important for the Company, since it is one of the main components of the business and a source of revenue of the Company and is expected to contribute to the improvement of the financial health of the Company in near future. As USL and its associate units are the prominent purchasers of ENA from the Company, the ENA Supply Arrangement is essential for the Company's operations. Prices are at arm's length and the Company gets assured market for supply of ENA.
Copy of the valuation or other external party report, if any such report has been relied upon	The valuation report, wherever relied upon, is available with the Company and any member interested in obtaining the copy of the said report may write to the Company Secretary of the Company.
Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	~2% of Net Sales

(ii) **Sale of Malt Spirit by the Company to United Spirits Limited, Holding Company of the Company;**

Pursuant to the amended provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from April 1, 2022 prior approval of the shareholders is mandated for all material related party transactions, even if such transactions are in the ordinary course of business or at an arm's length basis. The revised threshold for determining materiality is Rs. 1000 crore or 10% of the consolidated turnover as per the last audited financial statements of the listed entity, whichever is lower. This requires taking into account all transactions with a related party to be undertaken during a financial year. In view of SEBI Circular dated April 8, 2022 read with Reg. 23 (8), approval of the shareholders can be obtained in the first general meeting held

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after the notification of the amended provisions. Accordingly, the Company is seeking shareholders' approval for following related party transactions with United Spirits Limited, the holding company as it exceeds the prescribed materiality thresholds.

Type of transaction	Sale of Malt Spirit by the Company to United Spirits Limited ('USL')
Material terms and particulars of proposed transaction	<p>The Company enters into arrangements with USL from time to time for the sale of Malt Spirit to USL ("Malt Spirit Supply Agreement"). As the market price of Malt Spirit fluctuates frequently, the price of Malt Spirit supplied by the Company to USL is agreed between the Company and USL on periodical basis and on arm's length basis i.e. ensuring that the purchase orders placed by USL with the Company are at total of cost of raw materials, fixed conversion cost, maturation costs and mark-up of 8% determined on arm's length basis. Price of Malt Spirit will be determined after adjustment of cost of casks or other consumables supplied by USL for maturation. The arm's length principles and the ordinary course of business concept have been reviewed and opined by an Independent Chartered Accountant firm.</p> <p>For the financial year ended March 31, 2023 and thereafter till the 30th Annual General Meeting of the Company or June 30, 2023 whichever is earlier, approval is sought for a turnover of upto Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) per annum (plus applicable taxes and levies) from USL under the Malt Spirit Supply Arrangement, which, if aggregated with the amounts under other agreements or arrangements of the Company with USL during the same period, may exceed the threshold of 10% of the annual consolidated turnover of the Company in the previous financial year viz., FY 2021-22.</p> <p>The Malt Spirit Supply Arrangement is at arms' length basis, and the rates that the Company charges USL for supply of Malt Spirit from time to time is at total of cost of raw materials, fixed conversion cost, maturation costs and mark-up of 8% determined on arm's length basis.</p>
Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	United Spirits Limited, Holding Company of the Company and the nature of concern is non-financial.
Tenure of the proposed transaction	From April 01, 2022 to the 30th Annual General Meeting or June 30, 2023, whichever is earlier.
Value of the proposed transaction and percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year	Malt Spirit Sale– INR 15 Crores. The limit represents 7.1% of the annual turnover of the Company for the financial year 2021-22

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Type of transaction	Sale of Malt Spirit by the Company to United Spirits Limited ('USL')
Whether the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary	No
Justification as to why the RPT is in the interest of the listed entity	The Malt Spirit Supply Arrangement is important for the Company, since it is one of the main components of the business and a source of revenue of the Company and is expected to contribute to the improvement of the financial health of the Company in near future. As USL and its associate units are the prominent purchasers of Malt Spirit from the Company, the Malt Spirit Supply Arrangement is essential for the Company's operations. Prices are at arm's length and the Company gets assured market for supply of Malt Spirit.
Copy of the valuation or other external party report, if any such report has been relied upon	The valuation report, wherever relied upon, is available with the Company and any member interested in obtaining the copy of the said report may write to the Company Secretary of the Company.
Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	0.15% of Net Sales

(iii) Agreements for tie-up manufacturing of Indian made Foreign Liquor between the Company and United Spirits Limited, Holding Company of the Company;

Pursuant to the amended provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from April 1, 2022 prior approval of the shareholders is mandated for all material related party transactions, even if such transactions are in the ordinary course of business or at an arm's length basis. The revised threshold for determining materiality is Rs. 1000 crore or 10% of the consolidated turnover as per the last audited financial statements of the listed entity, whichever is lower. This requires taking into account all transactions with a related party to be undertaken during a financial year. In view of SEBI Circular dated April 8, 2022 read with Reg. 23 (8), approval of the shareholders can be obtained in the first general meeting held after the notification of the amended provisions. Accordingly, the Company is seeking shareholders' approval for following related party transactions with United Spirits Limited, the holding company as it exceeds the prescribed materiality thresholds.

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Type of transaction	Manufacturing of Indian made Foreign Liquor for United Spirits Limited (USL)
Material terms and particulars of proposed transaction	<p>The Company enters into Tie-up manufacturing (TMU) Agreement with USL from time to time, which involves manufacturing of Indian Made Foreign Liquor (IMFL) for USL, sale and purchase of supplies, materials, IMFL or services to enable tie-up manufacturing. The retention amount or bottling fees (retention charges received from USL for bottling of IMFL under TMU agreement) that may be received by the Company, which, if aggregated with the amounts under other agreements or arrangements of the Company with USL during the same period, may exceed the threshold of 10% of the annual consolidated turnover of the Company as per its audited financial statements for the previous financial year i.e. March 31, 2022. The arm's length principles and the ordinary course of business concept have been reviewed and opined by an Independent Chartered Accountant firm.</p> <p>For the financial year ended March 31, 2023 and thereafter till the 30th Annual General Meeting of the Company or June 30, 2023 whichever is earlier, approval is sought for a turnover of upto Rs.23,00,00,000/- (Rupees Twenty Three Crores Only) per annum (plus applicable taxes and levies) from USL under the TMU Agreement, which, if aggregated with the amounts under other agreements or arrangements of the Company with USL during the same period, may exceed the threshold of 10% of the annual consolidated turnover of the Company in the previous financial year viz., FY 2021-22.</p>
Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	United Spirits Limited, Holding Company of the Company and the nature of concern is non-financial.
Tenure of the proposed transaction	From April 01, 2022 to the 30th Annual General Meeting or June 30, 2023, whichever is earlier.
Value of the proposed transaction and percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year	TMU Arrangement (Bottling /Retention charges, Sale and Purchase of supplies/materials) – INR 23 Crores. The limit represents around 11% of the annual turnover of the Company for the financial year 2021-22
Whether the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary	No

PIONEER DISTILLERIES LIMITED

Type of transaction	Manufacturing of Indian made Foreign Liquor for United Spirits Limited (USL)
Justification as to why the RPT is in the interest of the listed entity	The retention rate charged by the Company therein is commensurate with the market rate of other tie-up manufacturers in Maharashtra, Goa, Diu and Daman in the IMFL industry. The TMU Arrangement is significantly value accretive for the Company. Entering the TMU Arrangement is important for the Company, since it is one of the main components of the business and a source of revenue of the Company and is expected to contribute to the improvement of the financial health of the Company in the near future. As USL and its associate units are the sole purchasers of IMFL from the Company, the TMU Arrangement is essential for the Company's operations. Prices are at arm's length and the Company gets assured market for supply of IMFL.
Copy of the valuation or other external party report, if any such report has been relied upon	The valuation report, wherever relied upon, is available with the Company and any member interested in obtaining the copy of the said report may write to the Company Secretary of the Company.
Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	0.24% of Net Sales

(iv) Arrangements for cost re-charges between the Company and United Spirits Limited, Holding Company of the Company

Pursuant to the amended provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from April 1, 2022 prior approval of the shareholders is mandated for all material related party transactions, even if such transactions are in the ordinary course of business or at an arm's length basis. The revised threshold for determining materiality is Rs. 1000 crore or 10% of the consolidated turnover as per the last audited financial statements of the listed entity, whichever is lower. This requires taking into account all transactions with a related party to be undertaken during a financial year. In view of SEBI Circular dated April 8, 2022 read with Reg. 23 (8), approval of the shareholders can be obtained in the first general meeting held after the notification of the amended provisions. Accordingly, the Company is seeking shareholders' approval for following related party transactions with United Spirits Limited, the holding company as it exceeds the prescribed materiality thresholds.

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Type of transaction	Cost re-charges between the Company and United Spirits Limited ('USL')
Material terms and particulars of proposed transaction	<p>Company is part of Diageo plc Group (United Spirits Limited & its subsidiaries). Several costs are incurred at group level to achieve economies of scale and bring in efficiency in spends. Such common costs are incurred by one entity and recharged to the other, based on proportionate value of services availed by each. Also, certain employees of USL are deputed on part time to the Company for temporary activities or for roles that are part time. Similarly, employees in the Company who are specialised in their respective roles are deputed to USL on part time basis. Salary costs of such employees are recharged between USL and the Company. These recharges will be carried out at cost without any mark-up.</p> <p>For the financial year ended March 31, 2023 and thereafter till the 30th Annual General Meeting of the Company or June 30, 2023 whichever is earlier, approval is sought for a transaction value of upto Rs. 10,00,00,000/- (Rupees Ten Crores Only) per annum (plus applicable taxes and levies) which, if aggregated with the amounts under other agreements or arrangements of the Company with USL during the same period, may exceed the threshold of 10% of the annual consolidated turnover of the Company in the previous financial year viz., FY 2021-22.</p>
Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	United Spirits Limited, Holding Company of the Company and the nature of concern is non-financial.
Tenure of the proposed transaction	From April 01, 2022 to the 30th Annual General Meeting or June 30, 2023, whichever is earlier.
Value of the proposed transaction and percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year	Cost re-charges – INR 10 Crores. The limit represents around 4.7% of the annual turnover of the Company for the financial year 2021-22
Whether the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary	No

PIONEER DISTILLERIES LIMITED

Type of transaction	Cost re-charges between the Company and United Spirits Limited ('USL')
Justification as to why the RPT is in the interest of the listed entity	<p>Achieve economies of scale and bring in efficiency in spends by cross charging several costs which are common in nature and recharged to the other, based on proportionate value of services availed by USL and the Company.</p> <p>Certain employees of USL are deputed on part time to the Company for temporary activities or for roles that are part time. Similarly, employees of the Company who are specialised in their respective roles are deputed to USL on part time basis. Salary costs of such employees are recharged between USL and the Company.</p>
Copy of the valuation or other external party report, if any such report has been relied upon	The valuation report, wherever relied upon, is available with the Company and any member interested in obtaining the copy of the said report may write to the Company Secretary of the Company.
Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	0.10 % of Net Sales

The Board recommends the ordinary resolution set forth in Item No. 4 for your approval.

Item No. 5 : Appointment of Mr. Nimish Shah as a Director:

Mr. Nimish Shah (DIN: 05250183) was appointed as an Additional Director by the Board of Directors w.e.f. December 31, 2021 in accordance with the provisions of Sections 149, 152, 160 and 161 of the Companies Act, 2013 and Articles of Association of the Company on the recommendation of the Nomination and Remuneration Committee. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Nimish Shah shall hold office up to the date of this AGM. The Company has also received notice under Section 160 of the Companies Act, 2013 from a member signifying its intention to propose his appointment.

Mr. Nimish Shah is a qualified Chartered Accountant (ICAI) with over 2 decades of experience through varied roles in business operations with P&L accountability, strategic and business planning, corporate finance, and controllership having worked in organizations such as The Walt Disney Company and Pepsi Co. Inc. He is presently Executive-Vice President – Financial Controller in United Spirits Limited (“USL”).

No director, key managerial personnel or their respective relatives, except Mr. Nimish Shah, to whom the resolution relates, is interested or concerned, financially or otherwise, in the resolution.

Mr. Nimish Shah does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

The Board recommends the ordinary resolution set forth in Item No. 5 for your approval.

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Disclosure relating to Directors pursuant to Regulation 36 (3) of the SEBI Listing Regulations and clause 1.2.5 of the Secretarial Standards on General Meetings:

Name of Director	Mr. Nimish Shah
Date of Birth	November 21, 1974
Age	47 years
Date of Appointment	December 31, 2021
Expertise in specific functional Areas	Accounting, strategic and business planning, corporate finance
Experience	22 years
Brief resume & nature of expertise	Nimish Shah is Executive-Vice President – Financial Controller in United Spirits Limited- a Diageo Group Company. He is a qualified Chartered Accountant (ICAI) with over 2 decades of experience through varied roles in business operations with P&L accountability, strategic and business planning, corporate finance, and controllership having worked in organizations such as The Walt Disney Company and Pepsi Co. Inc.
Qualifications	He is a qualified Chartered Accountant (ICAI)
Terms and conditions of appointment	Mr. Nimish Shah is appointed as Additional Director of the Company effective 31 st December 2021, as more fully described in the resolution and explanatory statement stated above in this regard.
No. of Board meetings attended	Mr. Nimish Shah attended 1 out of 1 Board meeting held in financial year 2021-22 during his tenure w.e.f. appointment as director.
List of other Indian Directorships held	Nil
Chairperson/Member of the Committee of the Board of Directors of the Company	Mr. Nimish Shah is a member of Audit and Risk Management Committee effective from December 31, 2021.
Chairperson/Member of the Committee of the Board of Directors of other companies in which he is a Director	Nil
a. Audit Committee	He is a Member of Audit & Risk Management Committee
b. Stakeholders Relationship Committee	NA
No. of Shares held in the Company	Nil
Relationship with other directors	Not related to any of the directors of the Company

PIONEER DISTILLERIES LIMITED

Item No. 6: Re-appointment of Mr. Alokesh Biswas as a Managing Director:

Mr. Alokesh Biswas was appointed as Managing Director for 2 years w.e.f. 1st July 2020. Accordingly, before his terms could end on 30th June 2022, the board upon recommendation by the Nomination and Remuneration Committee has reappointed him and fixed his remuneration at its meeting held on 19th May 2022 for a further period of one year viz., 1st July 2022 to 30th June 2023. Subsequently there was a revision in his remuneration in accordance with the recommendation and approval by the Nomination and Remuneration Committee and Board of Directors at their meeting held on July 21, 2022, the terms of reappointment including the remuneration are as set out in the resolution.

Disclosure relating to Directors pursuant to Regulation 36 (3) of the SEBI Listing Regulations, Other disclosures to be provided in terms of Sections 196 to 198 read with Schedule V and applicable Rules under the Companies Act, 2013 and clause 1.2.5 of the Secretarial Standards on General Meetings:

(I) General Information:

1. Nature of industry: Alcoholic Beverages
2. Date or expected date of commencement of commercial production: Not applicable, as the Company is an existing Company.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable, Existing Company
4. Financial performance based on given indicators:

The Key Financial Parameters of the Company as on March 31, 2022 is given below:

(INR in Lakhs)

Particulars	2021-22	2020-21
Gross sales	19,164	15,794
Add: Other operating revenue	2,006	946
Add: Other income	301	301
Total Income	21,471	17,041
Less: Cost of goods sold	16,028	13,309
Less: Other costs	5,816	5,598
Earnings before government grant, depreciation, interest and taxes	(373)	(1,866)
Add: Government grant	-	(266)
Earnings before depreciation, interest and taxes	(373)	(2,131)
Less: Interest costs	3,386	3,212
Less: Depreciation	3,437	3,314
Earnings before taxes	(7,196)	(8,657)
Income tax expenses	-	-
Other comprehensive income (Net of tax)	6	(80)
Profit / (loss) available for appropriation	(7,190)	(8,737)

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5. Foreign investments or collaborations:

Company is an indirect subsidiary of Diageo plc (through United Spirits Limited) which owns 75% of the paid-up equity capital of the Company.

(II) Information about the Appointee viz., Mr. Alokesh Biswas:

Name of Director	Mr. Alokesh Biswas
Date of Birth	October 21, 1978
Age	43 years
Date of Appointment	July 01, 2022
Expertise in specific functional Areas	Cost control, Leadership in Liquor operations, driving compliance, heading various teams involving manufacturing, human resource, logistics and commercial, and outsourcing-Franchise-Tie-up Manufacturing Units operations models
Experience	21 years
Brief resume	<p>Mr Alokesh Biswas is an operational professional with an experience of about 21 years in Alcoholic Beverage Industry. Mr Biswas joined Diageo India in June 2001, wherein he was responsible for handling manufacturing operations. He was also instrumental in carrying out significant improvements in site operations. He played key role in efficient operations of Coal Fired Boiler with optimum fuel factor, monitoring and implementing water treatment plant with detailed project report process and introducing overall equipment effectiveness concept in Indian made Foreign Liquor (IMFL) production.</p> <p>Mr. Biswas was leading molasses based primary distillation, barley malt based malt spirit plant, grain extra neutral alcohol (ENA) plant having programmable logic controller (PLC) based operations, centrifuge & Multiple Effect Evaporator (MEE) as effluent treatment process in grain based distillery and Fluidized Bed Combustion (FBC) boiler & condensation cum extraction turbine in captive power plant. He also played a crucial role in removing all excisable goods from different parts of country after statutory prohibition of liquor in states.</p> <p>He is a travel enthusiast, love photography and is a philanthropy. He has been actively involved in community welfare activities like campaigns for environmental awareness, green belt development, campaigns for safer highways in parallel to active participation in Diageo India's 'Road to safety' campaign and supports lesser privileged children for their education apart from his time at work.</p>

PIONEER DISTILLERIES LIMITED

Qualifications	He is Engineering Graduate from National Institute of Technology, Durgapur.																			
Recognition or Awards/Achievements	<p>Mr. Biswas has over 21 years of experience in the Alcoholic Beverage industry. He was instrumental in carrying out significant improvements in site operations. He played key role in efficient operations of Coal Fired Boiler with optimum fuel factor, monitoring and implementing water treatment plant with detailed project report process and introducing overall equipment effectiveness concept in Indian made Foreign Liquor (IMFL) production.</p> <p>Mr. Biswas was leading molasses based primary distillation, barley malt based malt spirit plant, grain extra neutral alcohol (ENA) plant having programmable logic controller (PLC) based operations, centrifuge & Multiple Effect Evaporator (MEE) as effluent treatment process in grain based distillery and Fluidised Bed Combustion (FBC) boiler & condensation cum extraction turbine in captive power plant. He also played a crucial role in removing all excisable goods from different parts of country after statutory prohibition of liquor in states.</p>																			
Job Profile and his suitability	In his current position he leads the transformation journey of the company, to become one of India's best performing, most trusted, respected and best in class 'Grain to Glass' integrated distillation business. His focus has been around building trust amongst stakeholders by delivering consistent performance, with a key focus on compliance and ethics in line with global standards. Mr. Biswas is backed by his rich experience of the industry trends, strategies, leadership in liquor operations, driving compliance and stint with USL on implementation of Manufacturing Excellence, productivity improvement and to steer the Company to deliver consistent improvement and sustainability in line with the Company's vision.																			
Terms and conditions of re-appointment	Mr. Alokesh Biswas was reappointed as Managing Director for further period of 1 year w.e.f. 1st July 2022. Further terms & conditions of remuneration are mentioned in resolution.																			
Remuneration Proposed	As mentioned in the Resolution																			
Past Remuneration	<table><tr><th>Sr. No.</th><th>Financial Year</th><th>Name of the Company</th><th>Remuneration Amount in Rs.</th></tr><tr><td>1.</td><td>2019-20</td><td>United Spirits Limited</td><td>68,92,523</td></tr><tr><td>2.</td><td>2020-21</td><td>Pioneer Distilleries Limited</td><td>83,00,000</td></tr><tr><td>3.</td><td>2021-22</td><td>Pioneer Distilleries Limited</td><td>1,09,27,731</td></tr></table>				Sr. No.	Financial Year	Name of the Company	Remuneration Amount in Rs.	1.	2019-20	United Spirits Limited	68,92,523	2.	2020-21	Pioneer Distilleries Limited	83,00,000	3.	2021-22	Pioneer Distilleries Limited	1,09,27,731
Sr. No.	Financial Year	Name of the Company	Remuneration Amount in Rs.																	
1.	2019-20	United Spirits Limited	68,92,523																	
2.	2020-21	Pioneer Distilleries Limited	83,00,000																	
3.	2021-22	Pioneer Distilleries Limited	1,09,27,731																	

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The remuneration paid to the CEO/MD of the following comparable Companies for the FY 2020-21 are given below for the purpose of comparison:	<table><tr><td>1.</td><td>Radico Khaitan limited</td><td>9.64 Crores</td></tr><tr><td>2.</td><td>Globus Spirits Limited</td><td>2.41 Crores</td></tr><tr><td>3.</td><td>IFB Agro Industries</td><td>2.47 Crores</td></tr></table>			1.	Radico Khaitan limited	9.64 Crores	2.	Globus Spirits Limited	2.41 Crores	3.	IFB Agro Industries	2.47 Crores
1.	Radico Khaitan limited	9.64 Crores										
2.	Globus Spirits Limited	2.41 Crores										
3.	IFB Agro Industries	2.47 Crores										
No. of Board meetings attended	Mr. Alokesh Biswas attended 4 out of 4 board meetings held in the financial year 2021-22											
List of other Indian Directorships held	Nil											
Chairperson/Member of the Committee of the Board of Directors of the Company	Member of the Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Company.											
Chairperson/Member of the Committee of the Board of Directors of other companies in which he is a Director	Nil											
a. Audit Committee	NA											
b. Stakeholders Relationship Committee	NA											
No. of Shares held in the Company	Nil											
Pecuniary Relationship with other directors	Not related to any of the directors of the Company											

(I) Other information:

1. Reasons for loss or inadequate profits:

The Company has been consistently challenged in its efforts to deliver the desired level of financial margins mainly due to various issues like environmental regulations, increase in raw material costs, change in climatic conditions especially monsoon impact, subsidy realization, depreciation and interest on borrowings. Sustainability initiatives, and adherence to the global standards for compliance also were rolled out to enable build trust amongst the community stakeholders for reducing the interventions. Apart from the above, the plant worked at suboptimal capacity and the maintenance of the plant during the year affected the output from the factory. Though we have significantly reduced our operating losses, stoppage of malt plant due to weak demand from United Spirits Limited, Company's holding Company, and low-capacity utilisation of Molasses based Extra Neutral Alcohol plant and due to operating challenges, have impacted our bottomline in F22. Also record inflationary pressure on account of COGS impacted our bottom line.

2. Steps taken or proposed to be taken for improvement:

The Company is working with subject matter experts and rolled out action plan for a phased implementation of the

PIONEER DISTILLERIES LIMITED

must do activities so as to improve the process and compliance. A detailed action plan to reduce downtime through preventive maintenance & standby accessories and reduce effluent discharge including its effective disposal is underway. Steps are also taken to improve revenue from bi-products. Plant is proactively working with regulators in resolving matters that may pose operational challenges. Proceeds from subsidy is expected to bring down debt and reduce interest burden. As Molasses plant is major contributor to our Losses, we have decided to convert same to Grain based plant going forward. Same will have significant positive swing in our P&L.

3. Expected increase in productivity & profits in measurable terms:

The financial performance including the profitability over the last three financial years are given below :-

(Rs. in lakhs)

Financial year	Gross Sales	Profit After Tax	Market Capitalisation
2021-22	19,164	(7,190)	23,235
2020-21	15,794	(8,737)	14,412
2019-20	15,839	(14,885)	12,913

The Board recommends the special resolution set forth in Item No. 6 for your approval.

By Order of the Board

Place: Bengaluru
Date: 21st July 2022

J Swaminathan
Company Secretary

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Disclosure relating to Directors pursuant to Regulation 36 (3) of the SEBI Listing Regulations and clause 1.2.5 of the Secretarial Standards on General Meetings:

Name of Director	Mr. Sanjeev Gupta
Age	55 years
Date of Appointment	7 th March 2018
Expertise in specific functional Areas	Manufacturing operations
Experience	32 years
Brief resume & nature of expertise	<p>Mr. Sanjeev Gupta is Executive Vice President – Manufacturing Operations at United Spirits Limited – a Diageo Group Company and is part of Diageo India Leadership Team. He is responsible for manufacturing operations of own units, third party manufacturing units, operations excellence and engineering and capital projects for United Spirits Limited.</p> <p>He has around 30 years of diversified work experience with Unilever in India and Srilanka, Mondelez in South East Asia, Tata steel and Ceat Tyres. In his career spanning across FMCG and Industrial companies, Sanjeev has worked in various supply chain functions including manufacturing, Quality Assurance, Manufacturing Excellence, Demand/Supply Planning and Logistics and has been in the country leadership team in Unilever Srilanka and Mondelez in Indonesia and Vietnam.</p> <p>Prior to joining Diageo, Sanjeev was with Mondelez International as Integrated Supply Chain Director and was leading end to end supply chain for Vietnam business.</p> <p>He is an engineering graduate from IIT Roorkee and post-graduate from NITIE Mumbai.</p>
Qualifications	He is an engineering graduate from IIT Roorkee and postgraduate from NITIE Mumbai
Terms and conditions of appointment	Mr. Sanjeev Gupta is nominated by United Spirits Limited, holding company and does not receive any remuneration from the Company and accordingly was not paid any remuneration ever since he became a director.
No. of Board meetings attended	Mr. Sanjeev Gupta attended 3 out of 4 Board meeting held in financial year 2021-22.
List of other Indian Directorships held	Nil

PIONEER DISTILLERIES LIMITED

Chairperson/Member of the Committee of the Board of	Nil
Chairperson/Member of the Committee of the Board of Directors of other companies in which he is a Director	Nil
No. of Shares held in the Company	Nil
Relationship with other directors	Not related to any of the directors of the Company

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Report of the Directors

Dear Members,

Your Directors have pleasure in presenting the 29th Annual Report ('Report') of your Company and the audited financial statements for the year ended March 31, 2022.

FINANCIAL SNAPSHOT

The Summary of Financial Performance of the Company for the year 2021-22 is as under: (INR in Lakhs)

Particulars	2021-22	2020-21
Gross sales	19,164	15,794
Add: Other operating revenue	2,006	946
Add: Other income	301	301
Total Income	21,471	17,041
Less: Cost of goods sold	16,028	13,309
Less: Other costs	5,816	5,598
Earnings before government grant, depreciation, interest and taxes	(373)	(1,866)
Add: Government grant	-	(266)
Earnings before depreciation, interest and taxes	(373)	(2,131)
Less: Interest costs	3,386	3,212
Less: Depreciation	3,437	3,314
Earnings before taxes	(7,196)	(8,657)
Income tax expenses	-	-
Other comprehensive income (Net of tax)	6	(80)
Profit / (loss) available for appropriation	(7,190)	(8,737)

Performance of the Company

The Company has achieved a gross sales of Rs. 19,164 Lakhs for the financial year ended March 31, 2022 against the gross sales of Rs. 15,794 Lakhs for the financial year ended March 31, 2021. The Company has reported a loss of Rs. 7,196 Lakhs before tax due to intermittent breakdowns in plant machineries, external challenges leading to frequent shutdowns and delay in stabilization of operations

PIONEER DISTILLERIES LIMITED

Report of the Directors (Contd.)

Board's responses to observations, qualifications and adverse remarks in auditor's report

The statutory and secretarial auditors have given unqualified opinion on the financial statements and in the secretarial audit report for the year ended March 31, 2022 respectively and hence this is not applicable.

Board Meetings

During the year under review, four Board Meetings were held. The details of the same are covered in the Corporate Governance Report.

State of Company's Affairs

Except to the extent as stated under material changes and commitments, there have been no significant or material orders passed during the year by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

The net worth 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.

Material changes and commitments

As per directions issued by Maharashtra Pollution Control Board (MPCB) on November 26, 2019, the Company had submitted High Density Polyethylene (HDPE) Pond completion report on May 17, 2021 and the Company received the consent to operate for a period of 5 years with effect from September 01, 2019 to August 31, 2024.

A suo-moto case was initiated before the Office Of The Chairman Cum VII Additional District And Sessions Judge, Mandal Legal Services Committee, Nirmal against the Company based on the article published in the local newspaper. In response, the Company had also filed its affidavit. As per the last date of hearing viz., November 28, 2019 and the reply and oral submissions filed by the Company, the Court has adjourned the case without fixing a date.

The water board has substantially increased the tariff on water and changed the jurisdiction from Revenue department to Maharashtra Water Resources Regulatory Authority (MWRRA) thereby giving the control of supply and collection of charges towards consumption to Water Resources Department (WRD). As the hike in water charges was having a substantial impact, the Company had approached High Court of Bombay at Aurangabad Bench to avoid any hostile actions. The Company had also obtained a stay order in its favour from the Hon'ble High Court but subsequently withdrew the High Court petition and approached the Primary Dispute Regulation Officer (PDRO).

The Company questioned the increase in levy of water tariff and submitted that the existing water source is a partly assured water supply and water is consumed in the distillery as a process water. On April 27, 2021, PDRO upheld the tariff levied by WRD against which the Company filed an appeal before MWRRA under the provisions of Maharashtra Water Resources Regulatory Authority Act, 2005 on June 7, 2021. The matter is pending before MWRRA for disposal.

The Management Discussion and Analysis Report read with the report on Risk Management contains impact on the business due to regulatory changes.

DEPOSITORY SYSTEM

The trading in the equity shares of your Company is under compulsory dematerialization mode. As on March 31,

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Report of the Directors (Contd.)

2022, equity shares representing 98.29% 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.

Members may please note that effective from 1st April 2019, shares of the listed entity can be traded only in dematerialized mode pursuant to Securities and Exchange Board of India (SEBI) notification SEBI/LAD-NRO/GN/2018/24 published on 08 June 2018.

Change in nature of business, if any

The details of change in nature of business, if any, are provided under Management Discussion and Analysis Report and the Report on Risk Management forming part of this Report.

Dividend

In view of the accumulated losses of the preceding years, your directors could not recommend any dividend on equity shares of the Company.

Transfer to reserve

During the year under review, there was no amount transferred to reserves of the Company.

Capital

The authorized share capital of your Company remains unchanged at 2,00,00,000 equity shares of Rs. 10/- each. The issued, subscribed and paid-up capital of the Company is 1,33,88,200 equity shares of Rs. 10/- each aggregating Rs. 13,38,82,000. There was no change in the issued, subscribed and paid-up capital of the Company during the year under review.

Appointment/Resignation of Directors and Key Managerial Personnel

(i) Re-appointment of Mr. Sanjeev Gupta

As per the provisions of the Companies Act, 2013, Mr. Sanjeev Gupta (Mr. Gupta) retires by rotation at the ensuing annual general meeting (AGM) and being eligible, offered himself for re-appointment. Members may please note that Mr. Gupta, who was appointed as a director at the 27th AGM held on September 29, 2020. Mr. Gupta is not debarred from holding the directorship under any statutory regulations. Details about Mr. Gupta is provided in the Notice of the 29th annual general meeting of the Company.

(ii) Resignation of Mr. Gopal Kothari as Director

The Board at its meeting held on October 22, 2021 noted the resignation of Mr. Gopal Kothari (Mr. Kothari) as a non-executive director of the Company with effect from October 22, 2021.

(iii) Appointment of Mr. Nimish Shah as additional director

The Board through circular resolution passed on December 31, 2021, appointed Mr. Nimish Shah as additional director of the Board. It is proposed to appoint him as director subject to approval of shareholders in ensuing AGM

(iv) Appointment of Mr. Gopal Kothari as Chief Financial Officer

The Board at its meeting held on October 22, 2021 appointed Mr. Gopal Kothari as Chief Financial Officer of

Report of the Directors (Contd.)

the Company with effect from October 22, 2021

(v) Resignation of Mr. B L Akshara as Company Secretary & appointment of Mr. J Swaminathan as Company Secretary

The Board at its meeting held on October 22, 2021 appointed Mr. J Swaminathan as Company Secretary with effect from October 23, 2021 in the place of Mr. B L Akshara, who resigned as a Company Secretary effective end of day October 22, 2021.

(vi) Resignation of Mr. Sanjoy Sarkar as Chief Financial Officer

The Board at its meeting held on October 22, 2021 noted the resignation of Mr. Sanjoy Sarkar, Chief Financial Officer of the Company with effect from October 22, 2021.

Brief profile of the directors being re-appointed/appointed, are provided in the Notice convening this Annual General Meeting (AGM).

As per the declarations received, no Director of the Company is disqualified to be appointed as a Director of any public limited company in terms of Section 164(2) of the Companies Act, 2013.

Independent Directors

Your Company did not appoint any new Independent Director in the financial year 2021-22. Criteria for selection/appointment or reappointment of Independent Directors include skills, expertise of the Director, qualifications, experience and domain knowledge. The required skills of Independent Directors are leadership, managerial experience, diversity, risk management and corporate governance. All our Independent Directors viz., Mr. R Krishnamurthy and Ms. Srivathsala K N possess the aforesaid skills.

Declaration from Independent Directors

Independent Directors have given a declaration pursuant to sub-section (6) of Section 149 of the Companies Act, 2013. In the opinion of the Board, Independent Directors fulfill the conditions specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations) and are independent of the management.

Number of meetings of the Board

The details of the Board Meetings and other Committee Meetings held during the financial year 2021-22 are stated in the Corporate Governance Report which is forming part of this Report.

Board Committees

The Company has the following committees of the Board:

- Audit Committee and Risk Management Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee

The composition of each of the above Committees, their respective roles and responsibilities are provided in the

ANNUAL REPORT 2021-22

Report of the Directors (*Contd.*)

Corporate Governance Report which forms part of this Report.

Policies

The Company has adopted all policies as required to be maintained by the Company under the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations and the same are uploaded on the website of the Company wherever required and the salient features of the policies are detailed in Corporate Governance Report.

Recommendations of the audit committee and other committees

All the recommendations of the Audit Committee and of the other Committees were accepted by the Board.

Details of remuneration to directors

As required under section 197(12) of the Companies Act, 2013 information relating to remuneration paid to Directors during the financial year 2021-22 is provided in the Corporate Governance Report. The Company has also prepared a draft annual return in e-form MGT-7 for FY 2021-22 and uploaded the same on Company's website at <http://pioneerdistilleries.com/downloads.php>. Members may also note that the annual return uploaded on the website is a draft and the final annual return will be uploaded after the same is filed with the Ministry of Corporate Affairs ('MCA').

As stated in the Corporate Governance Report, sitting fees is paid to Independent Directors for attending Board/Committee meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses incurred in attending such meetings.

Board evaluation criteria

Pursuant to the provisions of the Companies Act, 2013 and regulation 17 of the SEBI (LODR) Regulations, the Board has carried out an annual performance evaluation, based on parameters which, *inter alia*, include performance of the Board on deciding strategy, rating the composition & mix of Board members, discharging of their duties and handling critical issues etc. The parameters for the performance evaluation of the Directors include contribution made at the Board meeting, attendance, instances of sharing information on best practices applied in other industries, domain knowledge, vision, strategy and engagement with senior management, etc.

The Independent Directors at their separate meetings, review the performance of non-independent directors and the Board as a whole. Chairperson of the Company after taking into account the views of Executive Director and non-executive directors, reviews the quality, quantity and timeliness of flow of information between the management and the Board for the Board to effectively and reasonably perform their duties. Based on the outcome of the performance evaluation exercise, areas have been identified for the Board to engage itself with and the same would be acted upon. The details of the evaluation process are set out in the Corporate Governance Report which forms part of this Report.

Vigil Mechanism

At PDL, we have an established whistle-blower mechanism known as SpeakUp, which is being independently operated by a third-party agency. We encourage our employees or representatives acting on behalf of the Company, to raise their compliance concerns through this mechanism, apart from other internal reporting channels viz. Line Manager, HR Business Partner, Legal Business Partner and Business Integrity partner.

The SpeakUp channel is available at <https://pioneerdistilleries.com/speakup.php> with services available in English and 5 other regional languages, and compliance concerns can be raised by any aggrieved person through web page or

Report of the Directors (Contd.)

toll-free number. During the year, we have introduced QR code to facilitate the access to SpeakUp channel.

The quality of investigation reports and remedial actions are reviewed and monitored by the Global Business Integrity team and Diageo India Business Integrity team. A structured Breach Management Standard is in place which is in line with the Global Standard, for timely and conclusive resolution of compliance concerns raised through the whistle blower mechanism.

During the year, 2 cases have been reported through Speak-up channel and the same has been investigated and resolved with appropriate actions.

This vigil mechanism has been established to provide adequate safeguards against the victimization of employees, who avail this mechanism for reporting complaints and grievances in good faith and without fear of being punished for doing so. Access to the Chairman of the Audit and Risk Management Committee is provided as required under the Companies Act, 2013 and the SEBI (LODR) Regulations.

Related Party Transactions

The Company has formulated a policy on dealing with Related Party Transactions (RPTs) which has been reviewed by the Audit and Risk Management Committee at regular intervals. This policy is available on the Company's website at <http://www.pioneerdistilleries.com/policies.php>. All related party transactions that were entered into during the financial year, were at arm's length basis and were in the ordinary course of business. Form AOC-2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in the **Annexure-3** to this Report. In accordance with Ind AS 24, the RPTs are disclosed under notes forming part of the Financial Statements.

Meeting amongst Independent Directors

Schedule IV of the Companies Act, 2013, SEBI (LODR) Regulations and Secretarial Standard - 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of Non-Independent Directors. The Independent Directors met amongst themselves without the presence of any other persons on May 07, 2021, July 20, 2021 and October 22, 2021.

Auditors

I) Financial audit

M/s. Price Waterhouse & Co., Chartered Accountants LLP (FRN 304026E/E-300009), were appointed as Statutory Auditors of your Company in the 24th Annual General Meeting (AGM) held on 28 July 2017 for a period of 5 years and their term comes to end at the conclusion of 29th AGM of the Company. The Audit Committee at their meeting held on 19th May 2022, recommended the re-appointment of M/s Price Waterhouse & Co Chartered Accountants LLP, (FRN 304026E/E-300009) ('PW') who have given their consent and willingness to be re-appointed as Auditors of your Company. PW, being one of the reputed international audit firm and given their expertise in the field of audit, the Board of Directors at their meeting held on 19th May 2022 approved the recommendation of the Audit Committee and proposed to re-appoint PW as Auditors of your Company for a period of 5 years, from the conclusion of the ensuing 29th AGM till the conclusion of the 34th AGM of the Company subject to the approval of the members of the Company at the ensuing AGM.

(ii) Secretarial Audit

Pursuant to section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a Secretarial Audit has been carried out by Mr. Sudhir V Hulyalkar,

ANNUAL REPORT 2021-22

Report of the Directors (*Contd.*)

Practicing Company Secretary (FCS: 6040 and CP No. 6137) and his report is annexed as **Annexure – 2**.

Reporting of fraud by Auditors

During the year under review, neither the statutory auditors nor the secretarial auditor have reported to the Audit Committee or the Board, under section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in this Report.

Corporate Governance

A Corporate Governance Report is annexed separately as part of this Report. Board confirms compliance with Secretarial Standards.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report is annexed separately as part of this Report.

Fixed Deposits

The Company has not accepted any deposits from the public during the year. There was no fixed deposit amount that remained unpaid/unclaimed as at the end of the year.

Annual Return

The draft Annual Return of the Company as on March 31, 2022 in e-Form MGT - 7 in accordance with section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at <http://pioneerdistilleries.com/downloads.php>

Transfer to Investor Education and Protection Fund (IEPF)

In terms of Sections 124 and 125 of the Act (erstwhile Section 205A(5) and 205 C of the Companies Act, 1956), read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), both of which were applicable with effect from September 07, 2016, the unclaimed/unpaid dividend remaining unclaimed/unpaid for a period of seven years, have been transferred to the IEPF. There were no amount pending to be transferred to the IEPF account for the financial year ended March 31, 2022.

Necessary compliance under Rule 3 of the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 have been complied with.

Human Resources

Employee relations remained cordial during the year. The ratio of the remuneration of each director to the median employee's remuneration, the names of the top ten employees in terms of remuneration drawn and other details during the financial year 2021-22 in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) & (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure 1** and also in the Corporate Governance Report. None of the employee draws remuneration in excess of the limit prescribed under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Employee stock option scheme

Your Company has not offered any stock options to its employees during the year 2021-22 within the meaning of SEBI (Share Based Employee Benefits) Regulations, 2014.

Report of the Directors (Contd.)

Particulars of loans, guarantees and investments

There are no loans given, investments made, guarantees given, securities provided by the Company and acquired by way of subscription, purchase or otherwise securities of any other body corporate which are covered under the provisions of the Section 186 of the Companies Act, 2013.

Risk Management

The Company has a Risk Management framework. Risk evaluation by the management is an ongoing process within the organization and is periodically reviewed by the Board of Directors. Risk Management has been made part of Audit Committee by renaming the Audit Committee as Audit and Risk Management Committee. The Risk Management policy adopted by the Company has been explained in the Management Discussion and Analysis Report which forms part of this Report.

Internal Financial Controls

Your Company has established and maintained a framework of Internal Financial Controls and compliance systems. Based on Board's review of the effectiveness of the policies and procedures adopted by the Company for ensuring orderly and efficient conduct of its business, including adherence to Company's policy, safeguarding its assets, prevention and detection of frauds and errors and completeness of accounting records and timely preparation of financial statements and the confirmation received from the external parties, the Board has satisfied itself that the Company has laid down internal financial controls, commensurate with size of the Company and that such internal financial controls are broadly adequate and are operating effectively. The certification by the auditors on internal financial control forms part of the audit report.

Corporate Social Responsibility

The Corporate Social Responsibility (CSR) committee has been setup by the Company. The composition and other details have been provided in the Corporate Governance Report.

The Company and its employees have actively participated in engaging with stakeholders and regulatory authorities so as to create positive impact of our existence and operations. This has widely been applauded and reflected with true commitment of creating a sustainable socio-economic growth. Company has focused on community wellbeing in the times of pandemic by helping the government to handle the pandemic situation by providing necessary infrastructure to the local government authorities.

The company did not generate profits in the previous three financial years and the Company continues to report losses and is operating on working capital borrowed from banks and intercorporate loans and advances from the holding company. Therefore, in FY 2021-22 company did not spend on CSR activities. The details are enclosed in **Annexure-5**

The calculation of average of last 3 years profits is given below:

Period	Rs.
FY 18-19	(80,95,16,722)
FY 19-20	(1,08,50,00,000)

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Report of the Directors (Contd.)

Period	Rs.
FY 20-21	(1,08,51,00,000)
Total	(2,97,96,16,722)
Average of last three years profits u/s 198	(99,32,05,574)
2% of Average to be spent for FY 21-22	(1,98,64,111)

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars prescribed under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, are set out in **Annexure 4** to this Report.

Details of significant and material orders passed by the regulators or courts impacting the going concern status and Company's operations in future pursuant to Rule 8 (5)(vii) of the Companies (Accounts) Rules, 2014.

The Company has not received any significant or material orders passed by the regulators or courts or tribunals impacting the Company's going concern status on the Company's operations in future.

Disclosure under the sexual harassment of women at workplace (prevention, prohibition and redressal) Act, 2013

As per requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (SHWWA), the Company has designed and implemented a comprehensive policy and framework to promote a safe and secure work environment, where every person at the workplace is treated with dignity and respect. Moreover, the Company's policy is inclusive and gender neutral. Further, the complaint redressal mechanism detailed in the policy ensures complete anonymity and confidentiality to the parties.

Internal Committees (IC) have been constituted as per the requirement. Maintaining the highest governance norms, each Internal Committee has appointed members who are employees of the Company and an independent external member, having extensive experience in the field. The ICs meet on a half yearly basis to discuss matters on policy awareness, best practices, judicial trends, etc. During the year, ICs have also been trained on nuances of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Internal Committees role is to consider and resolve the complaints reported on sexual harassment at workplace. Investigation is conducted and decisions are made by the IC at the respective location, and a senior woman employee is the presiding officer on every case.

- i) Number of complaints filed during the financial year ending 31st March 2022: No Sexual harassment complaint received during the financial year.
- ii) Number of complaints disposed of during the financial year : Nil
- iii) Number of complaints pending as on end of the financial year: Nil

To build awareness in this area, the Company has been publishing newsletter, emailers, posters, conducting online training module and monthly induction training for newly joined employees. Besides the refresher, virtual training programmes are conducted in the organization on a continuous basis for employees (including blue collared employees), consultants, contractual employees and permanent/contractual workers in regional languages. The Internal Committee has also conducted informal sessions to check the pulse at the grassroot levels

Report of the Directors (Contd.)

Other Disclosures

- a) The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
- b) The Company has not issued any sweat equity shares to its directors or employees.
- c) No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable.
- d) The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable.

Director's responsibility statement

Pursuant to Section 134 (5) of the Companies Act, 2013 in relation to financial statements (together with the notes to such financial statements) for the year 2021-22, the Board of Directors report that:

- (I) in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards have been followed and there are no material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the financial statements on a going concern basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company commensurate with the size and nature of its business and the complexity of its operations and that such internal financial controls are adequate and are operating effectively.
- (vi) Proper systems have been devised to ensure compliance with the provisions of all applicable laws by implementing an automated process having comprehensive systems and securing reports of statutory compliances periodically from the functional unit and such systems are adequate and are operating effectively

Listing of equity shares of the Company

The equity shares of your Company continue to be listed with BSE Limited and National Stock Exchange of India Limited (NSE). The Annual Listing fees for the year 2022-23 have been paid to these stock exchanges.

Disclosure of compliance of secretarial standards:

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings and General Meeting have been complied with by the Company.

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Report of the Directors (*Contd.*)

Acknowledgment

Your Directors place on record their sincere appreciation for the support from employees, shareholders, customers, suppliers, banks, auditors, government of Maharashtra, Telangana & Karnataka and other business associates.

Bengaluru

19th May 2022

By Authority of the Board

R Krishnamurthy

Chairman

PIONEER DISTILLERIES LIMITED

Report of the Directors (Contd.)

Annexure 1

Disclosure in Board's report as per provisions of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No	Requirement	Disclosure			
1	<p>Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year</p> <p>Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year</p>	Name of the Director/KMP	Designation	Ratio to Median remuneration	% Increase
		Alokesh Biswas	Managing Director	22.44:1	16.6%
		R. Krishnamurthy	Chairman, Independent Director	0.67:1	9.4%
		Srivasthala K. N.	Independent Director	0.74:1	8.5%
		Mamta Sundara	Non-Executive Director	NA	NA
		Sanjeev Kumar Gupta	Non-Executive Director	NA	NA
		Gopal Kothari (upto 22 nd October 2021)	Non-Executive Director	NA	NA
		Nimish Shah (w.e.f. 31 st December 2021)	Non-Executive Director	NA	NA
		Sanjoy Sarkar (upto 22 nd October 2021)**	CFO #	NA	NA
		Gopal Kothari (w.e.f. 22 nd October 2021)**	CFO #	NA	NA
		Akshara B. L. (Upto 22 nd October 2021)**	Company Secretary #	NA	NA
		J Swaminathan (w.e.f. 23 rd October 2021)**	Company Secretary #	NA	NA
		<p>1. For Non-executive Directors change in percentage denotes change in remuneration (including commission and sitting fees) and for the period of their Directorship during the year.</p> <p>2. The Independent Directors are getting the remuneration in the form of sitting fees only.</p>			

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Report of the Directors (Contd.)

Sl. No	Requirement	Disclosure
		<p># Employees are on the payroll of the United Spirits Limited (Holding Company) and their salaries have been partly recharged to the Company.</p> <p>**The remuneration paid to Sanjoy Sarkar, Gopal Kothari, Akshara B.L and J Swaminathan is for part of the year. Accordingly, the percentage increase/decrease in their remuneration and ratio of remuneration to median employees is not reported.</p>
2	Percentage increase in the median remuneration of employees in the financial year	The average increase in remuneration in the financial Year 2021-22 compared to the median remuneration of employees in the previous year is 9.5%
3	Number of permanent employees on the rolls of Company	There were 147 employees as on March 31, 2022
4	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	3.4% average increase for non-managerial personnel. The salary increase for managerial personnel is 10%. The annual average salary increase is based on the Company's market competitiveness as against its peer companies.
5	Key parameters for any variable component of remuneration availed by the Directors	The key parameters for the variable pay are the Company's performance and the managerial personnel's performance.
6	Affirmation that the remuneration is as per the remuneration policy of the company	Yes

PIONEER DISTILLERIES LIMITED

Report of the Directors (Contd.)

Information as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name of the employee	Designation	Age	Amount	Qualification	Experience (Years)	Date of joining (dd-mon-yyyy)	Particulars of previous employment
1	Alokesh Biswas	Managing Director	43	10927731	B.Tech Chemical Engineering	22	01-July-2020	Senior General Manager Manufacturing - United Spirits Limited
2	Ashok J. Tahade	Senior Manager - CR	54	5305702	B.Sc., DIFAT, DEPC	31	16-Mar.-2011	General Manager Manufacturing - United Spirits Limited
3	Anoop Saxena	General Manager- Manufacturing	44	6157890	Dip. Chemical Engineering & BSC Graduate	23	01-Dec-2020	Senior Manager- Process United Spirits Limited
4	Sumit Walia	Engineering Head	43	7538928	B.E. Mechanical, MBA	22	10-Jun.-2020	Innovation and Technology Manager - Hindustan Unilever Limited
5	Sudeep Tiwari	Manager - EHS	56	3467662	Diploma in Mechanical Eng. Diploma in Industrial safety	31	02-May-2018	Sr. Manager - EHS - Hindustan Unilever Limited
6	Chakrapani Varre	Manager- Commercial	54	2779536	B.E. Mechanical	31	18-Jul.-2016	Sr. Manager Purchase, ETA General Pvt. Ltd.
7	C. Pavan Kumar	Manager Quality	51	2977755	M.Sc. Bio Tech, MBA	30	1-Nov.-2018	Sr. Manager Quality United Spirits Limited
8	Moger Nagaraj	Senior Manager HR	38	3371005	MSW-HR	13	01-Feb.-2020	Unit HR Manger United Spirits Limited
9	Yashwant Chaurasiya*	Senior Manager F&A	36	2927650	B Com. & LBSTI	15	01-Nov.-2021	United Spirits Limited – Malkajgiri
10	Shivakumar Hanchate	Senior Manager Utilities and Project	51	3341399	BE-Mechanical	27	13-Aug.-2020	R K Powergen Pvt Ltd

* Employed for part of the year

Note:

- None of the employees are related to the directors of the Company. None of the employees hold more than 2% of paid-up equity share capital of the Company.
- Remuneration details are not comparable with last year since many of the employees joined/exited during the year and the figures vary due to variable pay, retirals etc. and other payments made on such joining/exit.

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Report of the Directors (*Contd.*)

Annexure 2

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members of
Pioneer Distilleries Limited
Bangalore

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pioneer Distilleries Limited (CIN: L24116KA1992PLC125992) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2022, complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Pioneer Distilleries Limited ("the Company") for the financial year ended on March 31, 2022 according to the provisions of:

- I. The Companies Act, 2013, (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (No instances for compliance requirements during the year);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI');
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

Report of the Directors (Contd.)

- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (No instances for compliance requirements during the year);
- (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (No instances for compliance requirements during the year)
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (No instances for compliance requirements during the year);
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (No instances for compliance requirements during the year);
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (No instances for compliance requirements during the year); and
 - (j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

vi. Laws specifically applicable to the Company:

- (a) Bombay Prohibition Act, 1949 and rules made thereunder and other applicable state excise laws;
- (b) Food Safety and Standards Act, 2006 and Rules and Regulations made thereunder;

vii. All other Labour, Employee and Industrial or factory and environmental Laws to the extent of necessary permissions, licenses, compliance and control mechanisms as applicable to the Company;

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc as mentioned above wherever applicable.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notices were given to all Directors to schedule the Board meetings, agenda and detailed note on agenda were sent at least seven days in advance and with necessary compliance wherever sent at shorter period and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions are carried through majority and recorded in the minutes and there were no dissenting views.

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Report of the Directors (*Contd.*)

I further report that there are adequate systems and processes in the company commensurate with size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines:

I further report that during the audit period no specific action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc referred to above.

Place: Bangalore

Date: 19th May 2022

Sudhir Vishnupant Hulyalkar

Company Secretary in Practice

FCS No: 6040 and C. P. No: 6137

Peer Review Certificate No. 607/2019

UDIN: F006040D000346754

Report of the Directors (*Contd.*)

Annexure to Secretarial Audit Report

To,

Pioneer Distilleries Limited

Bangalore

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Bangalore

Date: 19th May 2022

Sudhir Vishnupant Hulyalkar

Company Secretary in Practice

FCS No: 6040 and C. P. No: 6137

Peer Review Certificate No. 607/2019

UDIN: F006040D000346754

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Report of the Directors (Contd.)

ANNEXURE 2A

SECRETARIAL COMPLIANCE REPORT OF PIONEER DISTILLERIES LIMITED (CIN: L24116KA1992PLC125992) FOR THE YEAR ENDED MARCH 31, 2022.

I, Sudhir V Hulyalkar, Company Secretary in practice have examined:

- (a) all the documents and records made available to us and explanation provided by **Pioneer Distilleries Limited (“the listed entity”)**,
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) Relevant Forms and attachments as filed with the Registrar of Companies and other authorities of Ministry of Corporate Affairs

for the year ended March 31, 2022 (“Review Period”) in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (No instances for compliance requirements during the year);
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (No instances for compliance requirements during the year);
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (No instances for compliance requirements during the year);
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (No instances for compliance requirements during the year);
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 (No instances for compliance requirements during the year);
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (No instances for compliance requirements during the year);

PIONEER DISTILLERIES LIMITED

Report of the Directors (Contd.)

(j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and circulars/ guidelines issued thereunder;

and based on the above examination, I hereby report that, during the Review Period

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder except in respect of matter specified below:

Sl. No	Compliance requirement (Regulations/circulars /guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1	Regulation 29 of SEBI (LODR) Regulations, 2015	Prior intimation to the stock exchange of board meeting for approval of financial results	The Company has delayed in furnishing prior intimation to the stock exchange regarding the board meeting held on 22nd October 2021.
2	Regulation 18(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Constitution of audit committee	During the period from December 31, 2021 to January 14, 2022, the Audit committee was consisted of total 4 members with only 2 independent directors. Thus 2/3 of the members of Audit Committee were not independent directors during this period.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken e.g., fines, warning letter, debarment, etc.	Observations / remarks of the Practicing Company Secretary, if any.
1	(i) BSE and (ii) NSE	Regulation 29 of SEBI (LODR) Regulations, 2015	Fine was imposed by the stock exchanges	The fine imposed by stock exchanges was paid.

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Report of the Directors (Contd.)

2	(i) BSE and (ii) NSE	Regulation 18(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Fine was imposed by the stock exchanges	The Company has complied with the requirements within 14 days by reconstituting the audit committee with requisite number of independent directors as its members and the fine imposed was paid by the Company.
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(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sl. No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended March 31, 2021	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1	Regulation 23(9) of SEBI (LODR) Regulations, 2015	For the half year ended as on 31.03.2020, the Company did not file the same with the belief that the same is not applicable to the Company as the Company does not have any subsidiaries and there are no related party transactions on a consolidated basis. As informed to me, later based upon communications from stock exchanges, Company has the filed the disclosure for half year ended on 30.09.2020 on February 3, 2021.	As informed to me, later based upon communications from stock exchanges, Company has the filed the disclosure for half year ended on 30.09.2020 on February 3, 2021.	NIL

Place: Bangalore

Date: 19th May 2022

SUDHIR VISHNUPANT HULYALKAR

Company Secretary in Practice
FCS No.: 6040; C. P. No.: 6137
Peer Review Certificate No. 07/2019
UDIN: F006040D000346787

PIONEER DISTILLERIES LIMITED

Report of the Directors (Contd.)

Annexure 3

FORM NO. AOC. 2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2022, which were not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis:

The details of material contracts or arrangement or transactions at arm's length basis existing as on March 31, 2022 and continuing are as follows:

Name of the related party: United Spirits Limited

Nature of relationship: Holding Company

Nature of Contract/ arrangements/transaction	Justification for entering into the Contract or arrangement or transactions	Duration of the contract	Date of approval by the Board	Amount paid as advance (INR)
Sale of Extra Neutral Alcohol, Indian Made Foreign Liquor, Malt Spirit and Others (INR 15,567 lakhs)	Arm's length and in the ordinary course of business	Till March 2022	13.05.2019	Nil

Bengaluru

19th May 2022

By Authority of the Board

R Krishnamurthy
Chairman

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Report of the Directors (Contd.)

Annexure 4

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

CONSERVATION OF ENERGY.

The Company is committed towards the conservation of energy and achieve sustainable operations

Following are the few initiatives that the company has taken up during the year

1. State electricity board power consumption is reduced by 70 %. Currently the entire plant operations are with captive power only.
2. Increased the efficiency of condensate polishing unit and recycling water utilisation is increased. Due to which freshwater consumption reduced in turn Diesel utilisation for freshwater extraction is reduced.
3. SFC of the Turbine is maintained at less than 11.0 against the design of 10.5. Due to which husk consumption is optimised.
4. Being reduction in MTBF from 21 days to 28 days, in plant stop/start, start up fuel losses per each start up, approx. 100 tons husk is reduced.
5. Utilisation of GENA plant lease water in MENA plant molasses dilution, due to which daily 100 m³ to 150 m³ water fresh water saving achieved.
6. At MENA plant internal utilisation of lease water for molasses dilution, freshwater utilisation reduced by 250 m³ and the energy utilised for extraction of the same is saved.
7. By installing new PHE at GENA plant, heat recovery of slurry / liquefaction, slurry heat recovery is implemented due to which steam energy saving per day is 18.5 tons/day.
8. Reduced GENA fermenter fan capacity from 60 HP to 30 HP, by changing drive mechanism.
9. Reduced GENA distillation fan capacity from 80 HP to 45 HP, by changing drive mechanism.
10. By fixing VFD, GENA distillation cooling tower pump, power reduced around 7.5 HP.
11. Due to internal lease water utilisation at MENA plant, 30 HP pump is switched off at water treatment plant.
12. For MALT plant process water application 60 HP pump is replaced with 20 HP.

Following are the other projects undertaken for conservation of energy.

1. Installation of Solar system to drive water pumps used for extraction of water from river.
2. Replacement of LPG stoves with Induction stoves at Canteen.

Report of the Directors (Contd.)

TECHNOLOGY ABSORPTION

a) Research and Development (R & D)

- | | |
|--|-------|
| 1. Specific areas in which R & D carried out | : Nil |
| 2. Benefits derived as a result of the above R & D | : Nil |
| 3. Future plan of action | : Nil |
| 4. Expenditure on R & D | : Nil |

b) Technology absorption, adaptation, and innovation : Nil

Foreign Exchange Earnings and Outgo : 2021-22

- | | |
|--|-------|
| a. Earnings in Foreign Currency | : Nil |
| b. Imports/Expenditure in Foreign Currency | : Nil |

Bengaluru

19th May 2022

By Authority of the Board

R Krishnamurthy
Chairman

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Report of the Directors (Contd.)

Annexure 5

Corporate Social Responsibility (CSR)

THE ANNUAL REPORT ON CSR ACTIVITIES

(Pursuant to Section 135 of Companies Act, 2013 read with
Rule 8 of Companies (CSR Policy) Rules, 2014)

1) Brief outline on CSR Policy of the Company:

CSR Strategy of the Company supports our ambition to become the best performing, most trusted and respected distillery Company in India. Your Company recognizes that its business activities directly affects the lives of people around our plant and in the markets that we operate in. We believe that the communities in which we operate should benefit from our presence.

Many of the authorities have quoted your Company as “Dharmabad ka Vaibhav”. Our sustainability agenda spans our entire value chain – from within the factory gates to the communities in which we operate and efforts are on to reach out all the stakeholders for partnering in our efforts towards creating sustainable development. Our Sustainability & Responsibility Strategy integrates social responsibility into our core business to create value for society and our shareholders.

2) Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Srivathsala K.N.	Independent Director	1	1
2	Mamta Sundara	Non-executive Director	1	1
3	Alokesh Biswas	Managing Director	1	1

3) Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

<https://pioneerdistilleries.com/committees.php>

4) Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): **NA**

5) Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **NA**

PIONEER DISTILLERIES LIMITED

Report of the Directors (Contd.)

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1			
2		NIL	
3			
	Total		

6) Average net profit of the company as per section 135(5).

7) (a) Two percent of average net profit of the company as per section 135(5)

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

(c) Amount required to be set off for the financial year, if any

(d) Total CSR obligation for the financial year (7a+7b-7c).

8) (a) CSR amount spent or unspent for the financial year: **NA**

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount.	Date of transfer

(b) Details of CSR amount spent against ongoing projects for the financial year: **NA**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.	Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency
				State District						Name CSR Registration number

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Report of the Directors (Contd.)

1										
2										
3					NIL					
	Total									

(c) Details of CSR amount spent against other than ongoing projects for the financial year: **NIL**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.
				State	District			
1.	NIL					NIL	NA	NA
	Total					NIL		

(d) Amount spent in Administrative Overheads: **NIL**

(e) Amount spent on Impact Assessment, if applicable: **NIL**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	0
(ii)	Total amount spent for the Financial Year	Nil
(iii)	Excess amount spent for the financial year [(ii)-(I)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years: nil

PIONEER DISTILLERIES LIMITED

Report of the Directors (Contd.)

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1							
2				NIL			
3							
	Total						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **NIL**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1								
2				NIL				
3								
	Total							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s). **NIL**

(b) Amount of CSR spent for creation or acquisition of capital asset. **NIL**

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Report of the Directors (*Contd.*)

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. nil

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Place: Bengaluru

Date: 19th May 2022

Srivathsala K N

Chairperson of CSR Committee

R Krishnamurthy

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC SCENARIO

Global Economy: After an estimated contraction of –3.3 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022. The contraction for 2020 is 1.1 percentage points smaller than projected in the October 2020 World Economic Outlook (WEO), reflecting the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and as economies adapted to new ways of working. The projections for 2021 and 2022 are 0.8 percentage point and 0.2 percentage point stronger than in the October 2020 WEO, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year. Global growth is expected to moderate to 3.3 percent over the medium term—reflecting projected damage to supply potential and forces that predate the pandemic, including aging-related slower labour force growth in advanced economies and some emerging market economies. Thanks to unprecedented policy response, the COVID-19 recession is likely to leave smaller scars than the 2008 global financial crisis. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.

Indian Economy: With India emerging out of the pandemic-induced recession, its GDP improved by 0.4% in the December quarter, and these trends look set to continue in the final quarter of India's financial year, which ends on 31 March 2021. This is evident from high-frequency indicators such as Goods and Services Tax (GST) collections, automobile and tractor sales, rail freight traffic, power demand, Purchasing Managers' Index (PMI), and corporate revenues. Also, with the easing of mobility restrictions, manufacturing activity is reverting to pre-COVID levels. However, services, particularly high contact services, continue to lag.

India's GDP growth is expected to rebound to 10.5% during 2021-22. To further stimulate growth, policies over recent months have been focused on reforms that propagate growth. For example, the manufacturing sector stands to benefit from Production-Linked Incentives (PLIs) announced for key sectors that aim to showcase India as a preferred manufacturing and export hub. Meanwhile, services growth is expected to gain traction in 2H22 (especially contact-intensive services) as vaccine availability and deployment improves. The outlook for growth in agriculture is contingent on the monsoon season, and the sector is expected to maintain growth similar to the current financial year (3%, year-on-year), if the monsoons are normal.

As the Indian economy returns to normalcy, there could be a healthy rise in tax collections as well as an uptick in public revenues arising from the disinvestment process. In this context, it is pertinent to note that the government has indicated that the sale of government stakes in selected State-Owned Enterprises (SOEs) as well as publicly owned banks and India's premier insurance company, is likely to be completed by the next financial year. This large-scale privatization process, coupled with the 6.8% fiscal deficit targeted for 2021-22, is expected to provide headway for incremental expenditures on healthcare and capital creation, which will play a pivotal role in enhancing the focus on sustainable economic development. These initiatives are expected to restore the pandemic-induced hiatus in the generation of new employment opportunities.

The Indian government has undertaken a slew of reforms, including labor reforms, corporate tax cuts and PLIs to steer the economy to recovery in the next financial year. However, key factors that will drive this rebound include normal monsoons, success in averting a full-fledged second wave of COVID, and discretionary spending staying unaffected by cost pressures, particularly those stemming from high pump prices of petrol and diesel.

INDUSTRY OVERVIEW

India is one of the fastest growing alcohol markets in the world. Rapid increase in urban population, sizable middle class population with rising spending power, and a sound economy are certain significant reasons behind increase in consumption of alcohol in India. The Indian alcohol market is growing at a CAGR of 8.8% and it is expected to reach

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

16.8 Billion liters of consumption by the year 2022.. India is the largest consumer of whiskey in the world and it constitutes about 60% of the IMFL market.

Though India is one of the largest consumers of alcohol in the world owing to its huge population, the per capita alcohol consumption of India is very low as compared to the Western countries. The per capita consumption of alcohol per week for the year 2016 was estimated at 147.3 ml and it is expected to grow at a CAGR of 7.5% to 227.1 ml.

A. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE INDIAN SPIRITS MARKET OVERVIEW

Industry performance: The alcobev industry in India has been growing at more than 12% CAGR for the decade starting 2001 making it one of the fastest growing markets in the World. In 2019, the industry experience significant headwinds on back of slower economy growth. The impact of this slowdown has aggravated by the increasing raw material prices.

Market segmentation: The Indian alcobev industry is segmented into IMFL (Indian Made Foreign Liquor), IMIL (Indian Made Indian Liquor), Wine, Beer and imported alcohol. The heavy import duty and taxes levied raised the prices of imported alcohol to a large extent. IMFL category accounts for almost 72% of the market.

Consumption pattern: The states of Karnataka, Maharashtra, West Bengal, Odisha, Telangana, Delhi, Haryana, Punjab etc. are amongst the largest consuming states for alcobev in India. The most popular channel of alcobev sale in India is liquor stores as its consumption is primarily an outdoor activity and supermarkets and malls are present only in the tier I and tier II cities of India.

Constantly changing regulatory environment: Recently, Government in the State of Andhra Pradesh has changed the route to market by setting up state managed retail outlets and discontinuing private retailers. In contrast, State of Chhattisgarh has rolled back from Govt. controlled to private parties which is expected to flourish the industry.

Growth drivers: Indian alcobev industry holds huge growth potential given the low per capita consumption and the demographics and aspirations of the growing younger population. Rapid urbanisation is expected to enhance disposable income, which is favourable for the growth of the industry. The revival in GDP will give a further fillip to alcobev sales as IMFL volumes are seen to grow 1.5x GDP when GDP growth picks up. Favourable demographics with a median age of 27.9 years and growing social acceptability of alcobev consumption are likely to bode well for the industry. The organised players stand to benefit from steady growth in the conversion from country liquor to IMFL given increasing health concerns associated with consumption of country liquor. States like Tamil Nadu and Karnataka have banned the sale of country liquor primarily on account of rising death toll due to consumption of country liquor.

Growing prevalence of premium alcobev: Rapid urbanisation is also leading to spur in aspirational values of people, leading to higher consumption of premium alcobev brands. With more Indians travelling abroad, rising aspirations, favourable environment for imported liquor and higher disposable income, consumers are upgrading towards Premium segments in the country. The rise in premiumisation is clearly reflective in the increased focus of the big players on semi-premium and Premium categories with an increase in launches and increased marketing of these categories. Another trend which is gaining traction in the alcobev space is the growing popularity of grain-based liquor as against traditionally popular molasses based liquor.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

REGULATORY SCENARIO IN INDIAN MARKET

Regulatory oversight of both central and state governments encompass a slew of restrictions on production, movement and sale of alcobev products. Alcobev also falls under the purview of Food Safety and Standards Authority of India (FSSAI). In addition, direct advertising of alcobev products are not permitted in India.

Prohibitively high inter-state duties compel national alcobev players to set-up owned or contract manufacturing setups in every state. Licenses are required to produce, bottle, store, distribute or retail all alcobev products. Distribution is also highly controlled, both at the wholesale and retail levels. In states with government control on pricing, price increase is based on government notifications. In states where retailing is controlled by the state government, there is a specified quota that each player can sell, capping potential to increase market share for our products. These regulations make operations restrictive for the industry players.

- **Goods and Services Tax (GST):**

As one of company's primary product Molasses based ENA is out of the purview of GST while the primary raw material Molasses is a part of GST, input credit offset is not available resulting in increase in the cost of operations. Your company has been working together to put in place a robust mitigation program to reduce the adverse impact on its Operations.

- **Pricing Challenges over Materials:**

Pricing continues to remain a challenge for the category since with continuous increase in excise duties, and raw material prices, end consumer prices continue to experience upsurge with no benefit to your company.

BUSINESS ANALYSIS

Company overview

Pioneer Distilleries Limited (PDL) is a subsidiary of United Spirits Limited (USL), the largest spirits manufacturing company in India, and is a part of Diageo Group, global leader in beverage alcohol with an outstanding portfolio of brands across spirits, beer and wine categories. PDL is a bulk spirits supplier and bottler to USL. In 2011-12, USL acquired PDL and is presently holding 75% shareholding in the Company.

Industry Structure and developments

The Company's business activity falls within a single primary business segment i.e., Potable Alcohol and related products. The Company is running a 160 Kilo Litres Per Day (KLPD) Extra Neutral Alcohol (ENA) manufacturing facility comprising of 100 KLPD of Molasses based ENA and 60 KLPD of Grain based ENA, 12 KLPD Fresh Malt Spirit and 2 Lac cases per month bottling facility at Balapur Village, Dharmabad Taluk, Nanded District, Maharashtra. The other products of the Company are Special Denatured Spirit, commercial grade Carbon-di-Oxide and Distillery Dry Grain Soluble (DDGS) as a by-product of the process. All these facilities are supported by a state of the art pollution control equipment including a multiple effect evaporator followed by a Dryer suitable for a standalone Distillery to ensure ZLD (Zero Liquid Discharge) norms.

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

PRODUCT-WISE PERFORMANCE

The product-wise performance of the Company is given hereunder:

- (i) Extra Neutral Alcohol (ENA): Production of Molasses based ENA (MENA) during the financial year April 01, 2021 to March 31, 2022 has been of the order of 163.74 LBL and production of Grain based ENA (GENA) 179.28 LBL.
- (ii) Absolute Alcohol (Ethanol): Production of Absolute Alcohol during the financial year April 01, 20 21 to March 31, 2022 has been of the order of Nil.
- (iii) Malt Spirit: Production of Absolute Alcohol during the financial year April 01, 2021 to March 31, 2022 has been of the order of 6.06 LBL. The Company has set-up a maturation plant and the malt spirit under maturation as of March 31, 2022 is 24.51 LBL.
- (iv) IMFL Bottling: 13.28 Lakhs Cases.
- (v) CO2: Carbon-di-Oxide Dry Ice: Production of Carbon-di-Oxide Dry Ice during the financial year April 01, 2021 to March 31, 2022 has been of the order of 1636.34 MT.
- (vi) Special Denatured Spirit (SDS): Production of SDS during the financial year April 01, 2021 to March 31, 2022 has been of the order of 717.15 LBL
- (vii) Distillers Dry Grain Soluble (DDGS): Production of DDGS during the financial year April 01, 2021 to March 31, 2022 has been of the order of 3104.06 MT and DWGS is 6378.42 MT Production of Cattle Feed during the financial year April 01, 2021 to March 31, 2022 has been of the order of 1176.44 MT.

OUTLOOK

Your company is part of USL-Diageo Group, leader in India's alcobev industry. Diageo has initiated steps to turnaround the Company with changes at management level, revamp of business process, enhanced supply chain efficiency, engaging with the government and improving work culture. Your Company's focus is to bring in efficiency in production and reduce downtime. This will help the company achieve volumes which will be key to profitability. Your company does not foresee any challenge in terms of demand for its products and has been engaging with third party bottlers to reduce reliance on USL. Disgorging and selling of matured malt stocks was commenced during the year. This ensures stability of margins, reduce working capital requirements. Regulatory overhangs will continue to pose challenges for the alcobev industry. As seen in the past, your Company is well equipped to overcome any such challenges.

Your Company plans to carry out detailed technical study of operations/ machinery. Necessary improvements will be carried out to achieve cost reduction, enhance quality, improve safety and reduce carbon footprint.

B. Strengths

Product portfolio and diversity: The Company's product portfolio extends across GENA, MENA, Fresh Malt Spirit, Matured Malt Spirit and IMFL Bottling.

People Power: The Company's success is led by an empowered and committed team, who are partnering it in the realization of its vision.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

C. Risks & Concerns

The industry is highly regulated by the government with regulations pertaining to: licensing, setting up of new or expansion of distilling and bottling capacities; manufacturing processes and sale of products. Heavy taxes and duties levied on spirit manufacturers add to the industry concerns. Apart from Central Government regulations, every state of India has its own set of regulations, tax rates and duties for inter-state movement of liquor. Inclusion of alcohol within the purview of FSSAI to ensure quality standards will lead to further multiplicity and sometimes duplicity in regulations and regulators and sometimes inconsistencies in regulations.

D. Opportunities

Entry barriers for new players: The alcohol industry in India, being highly regulated, has high entry barriers for new players, thereby creating a favorable environment for the existing players.

Demand for spirits: Indians have higher preference for spirits containing up to 42.8% alcohol content. IMFL category accounts for almost 70% of the Indian Alco-Bev market. Increase in the demand for IMFL year on year has created opportunities for distilleries to produce more and more to meet the demand.

E. Threats

Non-availability of grains due to less production of crop will push the grain prices up, which in turn will affect the margins for GENA and Malt spirit. Similarly, non-availability of Molasses due to government encouraging production ethanol for blending into fuels will push molasses price which in turn will affect the margins for MENA. These events put pressure on the profitability 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 in order to be competitive and sustainable it has to focus on efficiency of the plant by upgrading to modern technology. Accordingly, your Company is gearing up itself to exploit the opportunities by constantly modernizing the machinery 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 new opportunities.

FINANCIAL AND OPERATIONAL PERFORMANCE

The financial statements of the Company are prepared in compliance with the provisions of the Companies Act, 2013 and the Generally Accepted Accounting Principles in India. In terms of the SEBI Listing Regulations, 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 Company has achieved a turnover of Rs. 21,170 Lakhs for the financial year ended March 31, 2022 against the turnover of Rs. 16,740 Lakhs over the previous year. This growth was led by commissioning of several capital expansion projects. The Loss before tax of your Company during the financial year amounted to Rs. 7,196 Lakhs.

The working capital requirement of the Company is financed by the Deutsche Bank, Bangalore.

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

KEY FINANCIAL AND OTHER RATIOS

Key financial ratios arising from the financials are given below for the financial year ended March 31, 2022 and March 31, 2021

Particulars	F22	F21
LEVERAGE RATIOS		
Debt-Equity Ratio	-1.7	-2.0
Current Ratio	0.2	0.2
Interest Cover on operational EBIDTA	-0.2	-0.7
VALUATION RATIOS		
EPS	-53.75	-64.66
P/E Ratio	-1.67x	-0.86x
PROFITABILITY RATIOS		
Return on Networth	NA	NA
Return on Capital Employed	-3%	-12%
LIQUIDITY RATIOS		
Inventory Turnover Ratio	0.5	0.6
Receivable Turnover Ratio	0.0	0.0
Payable Turnover Ratio	7.3	7.4
OPERATIONAL RATIOS		
Net profit Margin (PAT/NSV)	-34%	-52%
Operating Margin (EBIT/NSV)	-19%	-22%

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

- Due to operational challenges on account of intermittent breakdowns, closure of operations, delay in stabilisation of operations resulting in underutilisation of capacity and change in terms of government grant, the Company continued to report operational loss. These losses have resulted in net-worth becoming negative and hence Return on Networth is not computed. This has affected debt-equity ratio, EPS, P/E Ratio, Return on Capital Employed.
- Due to maturation of malt stocks (above 18 months), inventory turnover ratio has come down.
- Receivable (debtors) turnover ratio has improved as your company has started operating on advance payment or immediate payment basis.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

Your Company has clearly laid down policies, guidelines and procedures keeping in mind the nature, size and complexity of business operations. Your Company maintains a proper and adequate system of internal controls with well-defined policies, systems, process guidelines, and operating procedures. Your Company ensures strict adherence to various procedures, laws, rules and statutes. Internal Audit is periodically conducted on these areas. The Board closely oversees the business operations on a regular basis. MIS systems are effectively used to keep all expenses within budgetary allocations and corrective measures are promptly undertaken in case of any variance.

COVID-19 crisis and related uncertainty posed unique set of challenges in performance of certain controls and evaluation of their effectiveness which required physical presence of employees for performance of the controls and auditors to observe the operations of the controls. In this context, management has performed alternate and additional procedures in evaluating the effectiveness of internal control over financial reporting.

HUMAN RESOURCES

The company has a family of 148 permanent employees. The Company believes that people are the important assets and hence it is committed to create an open environment and upskilling which encourages the ideas and enriches the organization's collective knowledge pool. The company aspires to evolve into a future-ready organization centered on promoting a collaborative and cohesive culture.

Your Company is now trying to focus on multiskilling to improve the productivity of the employees by giving trainings and changing roles. Company is also training the employees on Lean Six Sigma and 5s. Performance appraisals take place every six months, giving every employee sufficient time to meet his/ her role requirements in the next six months. There has been no loss of production at the Company's manufacturing unit this due to the relationship that the company has maintained with the employees.

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.

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT *(Contd.)*

COVID-19 ASSESSMENT

In view of the nationwide lockdown due to the outbreak of COVID-19 pandemic, your company's operations at all of its manufacturing, warehousing and office locations were temporarily stopped from March 23, 2020. Operations have since resumed from May 4, 2020 with adequate precautions being taken in accordance with Government guidelines, and a majority of the Group's manufacturing locations are operational as at the date of approval of financial results. Management is taking appropriate action, as necessary, to scale up manufacturing operations in due compliance with the applicable laws. As at the date of approval of financial results, sales have also resumed in a staggered manner across the country. Your company has a prudent liquidity risk management policy for maintenance of required cash and/or has access to funds through adequate unutilized sanctioned borrowing limits from banks and is confident of servicing its debt obligations as they fall due. 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 pandemic. 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.

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Adhering to the basic tenets of integrity, fairness and transparency in all its operations and action must result in sustained growth and long-term benefits to all its stakeholders.

2. BOARD OF DIRECTORS

As on the date of this Report, the Board of Directors of the Company comprises of a Managing Director, three Non-Executive and Non-Independent Directors and two Independent Directors.

Board confirms that in their opinion and as per the declaration received from the independent directors of the Company, the independent directors of your Company fulfilled the conditions specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations) and are independent of the management. None of the directors are *inter-se* related to each other.

None of the Directors of the Board holds directorship in more than 10 public companies, independent director in more than 7 listed companies. Further, none of them is a member of more than 10 committees or Chairperson of more than 5 committees across all public companies in which he/she is a director.

Your Company has a balanced mix of Executive, Non-Executive and Independent Directors from diverse backgrounds, which enables the Board to discharge its duties and responsibilities in an effective manner. The Board has set the following yardsticks in the context of its business and for its effective functioning:



Strategy: Directors help develop proposals on strategy;

Performance: Directors review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

Risk Management: Integrity of financial information and that financial controls and systems of risk management are robust and defensible;

People: Determining appropriate levels of remuneration of Executive Director(s), Key Managerial Personnel and senior management and play a prime role in appointing, and retaining Executive Directors, Key Managerial Personnel and senior management and in succession planning;

Compliance: Maintain checks over the governance, and compliance with the applicable legislation and regulations and the conformity of the Company's practices to accepted governance norms.

The directors' strive to achieve the above through insights obtained from a combination of experience and expertise in their respective areas such as knowledge in the areas of FMCG, Investment Banking, legal, finance, administration, technical knowledge and Global exposure.

During the financial year under review, four Board Meetings were held i.e. on 7th May 2021, 20th July, 2021, 22nd October 2021 and 21st January 2022. The gap between any two Board meetings did not exceed 120 days.

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Corporate Governance Report (Contd.)

Attendance of each Director at the Board Meetings during the Financial Year 2021-22 and the last AGM and the details of number of outside Directorships 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 September 29, 2020	Number of other Companies in which Director (other than the Company)	No. of Committees (other than the Company) as Chairperson/ Member*	Directorship in other listed Company and Category of Directorship
Mr. R. Krishnamurthy	Chairman and Non-Executive Independent Director	4	Yes	1	2	Izmo Limited (Independent Director)
Mr. Alokesh Biswas	Managing Director	4	Yes	0	0	-
Ms. Srivathsala K. N.	Non-Executive Independent Director	4	Yes	10	2	Sobha Limited (Independent Director)
Ms. Mamta Sundara	Non-Executive Director	4	Yes	0	0	-
Mr. Sanjeev Gupta	Non-Executive Director	3	Yes	0	0	-
Mr. Nimish Shah#	Non-Executive Director	1	NA	0	0	-
Mr. Gopal Kothari+	Non-Executive Director	3	Yes	0	0	-

* Membership, chairmanship in Audit and Stakeholders Relationship Committee only.

Mr. Nimish Shah has been appointed as Director effective 31st December 2021.

+ Mr. Gopal Kothari has resigned as Director effective 22nd October 2021.

Note:

- The above details are in respect of their Directorships only in Companies incorporated in India.
- None of the Directors of the Company are related to any other Director.

Directors' Profile

Details of the Directors seeking appointment/re-appointment at this AGM, pursuant to Regulation 36(3) of the SEBI Listing Regulations and as per the provisions mentioned in Clause 1 (1.2.5) of the Secretarial Standard – 2 on General Meetings issued by the council of Institute of Company Secretaries of India have been given along with the Annexure to the Notice of the Annual General Meeting.

Weblink where details of familiarisation programmes imparted to independent directors is disclosed

The details of familiarization program of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <http://pioneerdistilleries.com/policies.php>

Corporate Governance Report (Contd.)

There have been meetings of Independent Directors at regular intervals which were conducted without the presence of other Directors.

Matrix Setting out the core Skills/Expertise/ Competence of the Board of Directors

A chart/ matrix setting out the core skills/expertise/competencies identified by the Nomination and Remuneration Committee in the context of the Company's business and sectors as required for it to function effectively and those actually available with the Board along with the names of Directors who have such skills/expertise/competence, are given below:

Skills / Expertise / Competency					
Name of Director	Leadership	Managerial Experience	Diversity	Risk Management	Corporate Governance
Mr. R. Krishnamurthy	✓	✓	✓	✓	✓
Ms. Srivathsala K. N.	✓	✓	✓	✓	✓
Mr. Alokesh Biswas	✓	✓	✓	✓	✓
Ms. Mamta Sundara	✓	✓	✓	✓	✓
Mr. Sanjeev Gupta	✓	✓	✓	✓	✓
Mr. Nimish Shah	✓	✓	✓	✓	✓

In the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

3. AUDIT AND RISK MANAGEMENT COMMITTEE:

The Audit and Risk Management Committee comprises of the following Directors:

Mr. R. Krishnamurthy Chairman

Ms. Srivathsala K. N.

Mr. Gopal Kothari*

Mr. Sanjeev Gupta\$

Mr. Nimish Shah@

* Stepped down as member with effect from October 22, 2021.

\$ Inducted as member with effect from October 22, 2021 and stepped down as member with effect from January 14, 2022

@ Inducted as member with effect from January 14, 2022.

During the year, the Committee has reviewed the financial statements including Auditors' Report for the year ended 31st March 2022 and has recommended its adoption. In addition, the Committee has also reviewed unaudited quarterly results for 30th June 2021, 30th September 2021 and 31st December 2021, which were subject to a Limited Review by the Statutory Auditors of the Company.

The terms of reference of the Audit and Risk Management Committee covers all the matters specified under the SEBI Listing Regulations as well as the provisions of Section 177 of the Companies Act, 2013 and *inter alia*, includes the following:

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Corporate Governance Report (Contd.)

- 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
- c) 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.
- d) Suggestions for improvement of procedures being followed by the Company.

Mr. J Swaminathan, Company Secretary & Compliance Officer, acts as Secretary of the Committee.

During the financial year under review, five meetings of the Audit and Risk Management Committee were held i.e. on 7th May 2021, 20th July 2021, 22nd October 2021, 21st January 2022, 28th March 2022 and the gap between any two Audit and Risk Management Committee meetings did not exceed 120 days. The details of attendance by members of the Committee are as follows:

Name	No. of Meetings entitled	Meetings attended
Mr. R. Krishnamurthy (Chairman)	5	5
Ms. Srivathsala K. N.	5	5
Mr. Gopal Kothari*	3	3
Mr. Sanjeev Gupta#	0	0
Mr. Nimish Shah**	2	2

* Stepped down as member with effect from October 22, 2021.

Inducted as member with effect from October 22, 2021 and stepped down as member with effect from January 14, 2022

** Inducted as member with effect from December 31, 2021.

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee constituted by the Company comprises of the following Directors:

Ms. Srivathsala K. N. Chairperson

Mr. R. Krishnamurthy

Ms. Mamta Sundara

The terms of reference of the Committee covers all matters specified under the provisions of Section 178 of the Companies Act, 2013 and the provisions of the SEBI Listing Regulations and *inter alia*, includes the following:

Corporate Governance Report (Contd.)

- a) Identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board of Directors their appointment and removal and shall carry out evaluation of every director's performance.
- b) Approve and recommend matters relating to compensation by way of salary, perquisites, benefits etc., to the Managing/Whole Time/Executive Directors of the Company.
- c) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors, a policy relating to the remuneration for the directors including independent directors, key managerial personnel and other employees.
- d) Shall review and recommend to the Board of Directors for approval any mandatory disclosures of the Management compensation.
- e) Shall provide guidance to the Human Resources Department to set up policy and procedure for succession planning of Key Managerial Personnel and other senior management of the Company.
- f) Shall approve any share incentive plans for the employees of the Company.

During the Financial Year under review, three meetings of the Nomination and Remuneration Committee were held i.e. on 7th May 2021, 22nd October 2021 and 21st January 2022. The details of attendance by members of the Committee are as follows:

Name	No. of Meetings entitled	Meetings attended
Ms. Srivathsala K. N.	3	3
Mr. R. Krishnamurthy	3	3
Ms. Mamta Sundara	3	3

Performance Evaluation of Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and regulation 34(3) read with Schedule V(C) (4)(d) of the SEBI (LODR) Regulations, the NRC has prescribed performance evaluation criteria for Independent Directors as well as for the non-independent directors, the committee and the Board as a whole. Such evaluation was carried out during the year for all the Directors and the Committees viz. Audit and Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The Board and Committee members appreciated that the evaluation process of the Company was in par with other major corporates and also compared and benchmarked the Company with other top corporates in terms of involvement, participation, transparency, objectivity, information made available on time, qualitative comments on improvements and diversity on the Board. The evaluation of Independent Directors is undertaken by the entire Board of directors including (a) performance of the directors; and (b) fulfillment of the independence criteria as specified in SEBI (LODR) Regulations and their independence from the management. In the above evaluation, the directors who are subject to evaluation did not participate. The results of evaluation showed high level of commitment and engagement of Board, its various committees. The results of the evaluation were shared with the Board, Chairman of respective Committees and individual Directors. Based on the outcome of the evaluation, the Board and Committees have agreed on an action plan to further improve the effectiveness and functioning of the Board and Committees. The Directors expressed their satisfaction with the evaluation process. During the year under review, the Committee ascertained and reconfirmed that the deployment of "questionnaire" as a methodology, is effective for evaluation of

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Corporate Governance Report (Contd.)

performance of Board and Committees and Individual Directors.

Remuneration of Directors:

The details of remuneration paid to the directors during the financial year April 01, 2021 to March 31, 2022 are given below:

a) Executive Director:

Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Alokesh Biswas (Managing Director)
1	Gross Salary	1,09,27,731
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission as % of Profit Others	-
5	Others	
	Total	1,09,27,731
Ceiling as per the Act @ 5% for 1 Executive Director or limit as per Schedule V, whichever is higher		

b) Non-Executive Directors

At present, the Non-Executive Directors do not draw any remuneration from the Company. Sitting Fees are paid to Independent 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 (INR)
Mr. R. Krishnamurthy	2,90,000
Ms. Srivathsala K. N.	3,20,000
Ms. Mamta Sundara	Nil
Mr. Sanjeev Gupta	Nil
Mr. Gopal Kothari	Nil
Mr. Nimish Shah	Nil

Corporate Governance Report (Contd.)

c) 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.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of the following Directors:

Ms. Srivathsala K. N.

Chairperson

Ms. Mamta Sundara

Mr. Alokesh Biswas

Mr. J Swaminathan

Company Secretary acts as Compliance Officer

The terms of reference of the Committee *inter alia* include specifically to look into redressing of the shareholders grievances like non-receipt of Annual Report, non-receipt of dividends, non-receipt of share certificates and shall operate and cover areas as may be prescribed under the Companies Act, 2013 and other applicable regulations from time to time. The role of the Committee shall *inter-alia* include the following:

- a) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- b) Review of measures taken for effective exercise of voting rights by shareholders.
- c) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- d) Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends, if any and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The Committee met once during the year on 21st January 2022. Ms. Srivathsala K. N., Ms. Mamta Sundara and Mr. Alokesh Biswas attended the meeting.

The Company/Company's Registrars have not received any complaints during the Financial Year 2021-22. Also, there were no complaints pending relating to transfer of shares as on 31st March 2022.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee constituted by the Company comprise of the following Directors:

Ms. Srivathsala K. N.

Chairperson

Mr. Alokesh Biswas

Ms. Mamta Sundara

The Committee met once during the year on 21st January 2022. Ms. Srivathsala K. N., Ms. Mamta Sundara and Mr. Alokesh Biswas attended the meeting.

7. GENERAL MEETINGS

The details of the last three AGMs of the Company held are furnished below:

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Corporate Governance Report (Contd.)

Financial Year ended	Date	Time	Venue
31st March 2021	28th September 2021	3.30 p.m.	Held through Video Conferencing/Other Audio-Visual Means
31st March 2020	29th September 2020	3.30 p.m.	Held through Video Conferencing/Other Audio-Visual Means.
31st March 2019	12th September 2019	3.30 p.m.	The Capitol Hotel, No. 3, Raj Bhavan Road, Bengaluru – 560 001

The following Special Resolutions were passed by the Shareholders at the above three AGMs.

AGM held on	Subject matter of the resolution
28th September 2021	NIL
29th September 2020	1. Appointment of Mr. Alokesh Biswas (DIN: 08756326) as a Managing Director for a period of two years 2. Re-appointment of Mr. R. Krishnamurthy (DIN: 06940830) as an Independent Director for a further period of three years
12th September 2019	Appointment of Mr. Ravi Varma (DIN: 02168293) as a Managing Director for a period of two years.

POSTAL BALLOT

The Company has not passed any resolution at the above AGMs held which was required to be passed through Postal Ballot and no resolutions were passed through postal ballot during the year 2021-22 as per the provisions of the Companies Act, 2013 and the rules framed there under.

8. DISCLOSURES

(a) Disclosure on materially significant Related Party Transactions having potential conflict with the Company's interests at large:

During the period under review, the Company did not enter into any material transaction with any of its related parties having conflict with the Company's interest. All related party transactions are negotiated at an arm's length basis and in the ordinary course of business and are in the best interest of the Company.

The related party transactions entered by the Company during the financial year ended 31st March 2022 have been disclosed in the Notes to Accounts. The Company also has a policy on transaction with related parties, a copy of which can be seen at the website at the following link <http://www.pioneerdistilleries.com/policies.php>

(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets, during the last three years:

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to the capital market during the financial years 2019-20, 2020-21 and 2021-22.

Corporate Governance Report (Contd.)

Pursuant to the notices of fines dated 21st February 2022 received from National Stock Exchange (NSE) and BSE Limited (BSE) for Rs. 2,360/- each for non-compliance of provision of Regulation 18 (1) (b) of SEBI LODR Regulations. The company remitted the aforesaid amount to NSE & BSE respectively.

Apart from this, there are no penalties or strictures being imposed on the Company by the Stock Exchanges, SEBI or any other Statutory Authorities other than as stated in the aforesaid para on any matter related to capital markets, during the last three financial years.

(c) Code of Conduct:

The Board of Directors effective July 19, 2019 adopted a revised Code of Conduct which lays down the procedures to be adhered by the Senior Management and Non-executive Directors including Independent Directors. The Code is applicable to Non-executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code of Conduct reflects the Company's commitment to principles of integrity, transparency and fairness. The Code is a key guiding document governing the compliance and ethics framework of the Company. It is intended to embody the Company's purpose and values, which sets out the Company's collective as well as individual commitment to conduct business in accordance with those principles, and with all relevant laws, regulations and industry standards. We hold ourselves to the principles of Code of Business Conduct (our Code), Standards and Policies, which are embedded through a comprehensive trainings and education programme for all employees. Our Code enables our employees to make the right choices and demonstrate the highest standards of integrity and ethical behavior. Our Code has also been extended to suppliers, contractors and its subsidiaries. The code is available at the website of the Company at the web link <http://www.pioneerdistilleries.com/InvestorRelations/CodeofBusinessConduct.pdf>

All new joiners are required to undertake training on the requirements of our Code within 30 days of joining the employment. Further, all employees are required to complete mandatory e-Learning training module on our Code as part of the annual compliance certification program every year. In addition, during the year virtual trainings on our Code including prevention on sexual harassment at workplace, has also been imparted to all employees including off role employees and all workers (including contractual), in their local languages. The workers have also been empowered by building their capability for training the executives on key policies in the local languages.

The Covid-19 pandemic has created multiple different risks for our business. The spread has been rapid and the impact to the global economic outlook remains uncertain. Protecting our people and our business and supporting our suppliers, customers and communities have been at the forefront of our response to the pandemic. During this pandemic, the Company has reinforced its communications and awareness on key policies.

(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with all the mandatory requirements of SEBI LODR Regulations relating to Corporate Governance.

(e) Policy on Related Party Transactions:

In compliance with Regulation 23, the Company has framed policy on Related Party Transactions and the same is uploaded on our website at <http://pioneerdistilleries.com/policies.php>

(f) Disclosure on utilization of proceeds of preferential issue and qualified institutional placement (QIP):

There were no issue of securities during the year.

(g) Declaration from the Directors:

All the Directors have submitted a declaration that they are not disqualified under sub-section (2) of section 164 of

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Corporate Governance Report (Contd.)

the Companies Act, 2013. Mr. Sudhir V Hulyalkar, a Practicing Company Secretary, has submitted a certificate to the effect that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority, pursuant to requirement under Clause (i) Para 10 Clause (C) of Schedule V of SEBI (LODR) Regulations, 2015. Copy of the Certificate and Declaration by the Chief Executive Officer pursuant to SEBI (LODR) Regulations, 2015 on compliance with the code of conduct by the Board of Directors and senior management is enclosed as part of corporate governance report.

(h) Disclosure of Accounting Treatment:

Your Company has followed all relevant accounting standards while preparing the financial statements.

(i) Remuneration to Auditors:

Pursuant to SEBI (LODR) Regulations, 2015, remuneration paid to the statutory auditors and their network of firms/entities in India during the year by the Company is Rs.47 Lakhs.

Further details on fees to statutory auditors are disclosed in the standalone financial statements.

(j) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to providing and promoting a safe and healthy work environment for all its employees.

The disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is mentioned in the Directors Report.

(k) Other corporate governance requirements

Regulation 24 with respect to Independent Directors on Unlisted Material Subsidiaries is not applicable since the Company does not have material subsidiary Companies.

Regulation 26 with respect to Directors and Senior Management has been complied with to the extent applicable.

Regulation 27 with respect to Quarterly Compliance report has been complied with.

Regulation 46(2)(b) to Regulation 46(2)(i) pertaining to disseminating information on website has been complied with.

Requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, as applicable, with regard to corporate governance has been complied with by your Company.

Other requirements of Corporate Governance as per the SEBI (LODR) Regulations are disclosed on the Company's website at <http://pioneerdistilleries.com/> and as applicable have been disclosed elsewhere in this report and Annexures.

9. MEANS OF COMMUNICATION

The unaudited quarterly results and audited annual results are disclosed to all the stock exchanges, where the equity shares of the Company are listed. The results are normally published in "Business Standard" (English Daily) and "Prajavani" (Kannada Daily). The results are also displayed on the Company's website <https://pioneerdistilleries.com/downloads.php>. The "news & events" clause has been setup on the Company's website as given above for disclosing new updates, if any.

The Company has designated an exclusive Email Id viz. pdlinvestor.india@diageo.com to enable the investors to post their grievances and monitor its redressal.

Corporate Governance Report (Contd.)

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required by Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report is appended and forms part of the Annual Report.

11. GENERAL SHAREHOLDER INFORMATION

a)	Corporate Identification Number	L24116KA1992PLC125992
b)	AGM Date, Time and Venue	29 th day of September 2022 at 3.30 p.m. through video conferencing.
c)	Financial Year	April 01 to March 31
	Tentative Board meeting calendar	
	First Quarterly Results	By July 21, 2022
	Second Quarterly Results	By October 30, 2022
	Third Quarterly Results	By January 30, 2023
	Audited yearly Financial Results	By May 30, 2023
		In addition, Board may also meet on other dates for transacting other urgent business or due to any specific requirements
d)	Cut-off date of E-Voting purpose	September 22, 2022
e)	Dividend payment date	NA
f)	Listing on Stock Exchanges	The shares of the Company are listed on the following Stock Exchanges: 1. BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 2. National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

The Annual Listing fees for the financial year 2022-23 has been paid by the Company to the respective Stock Exchanges.

g)	Stock Code	
	BSE	531879
	NSE	PIONDIST
	ISIN No.	INE889E01010 (NSDL & CDSL) - for Equity Shares

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Corporate Governance Report (Contd.)

h)	Market price data	As per Annexure A		
i)	Stock performance in comparison to BSE Sensex and NSE Nifty	As per Annexure B and Annexure C		
j)	Suspension from trading	NA		
k)	Registrar 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.vccipl.com		
l)	Share Transfer System	The powers to consider and approve share transfers / transmission / transposition / consolidation / subdivision etc. have been delegated to a Committee of Directors named Stakeholder Relationship Committee. The requirements under the SEBI LODR Regulations /Statutory regulations in this regard are being followed. Company's RTA also keeps records of such transfer/transmission of shares.		
m)	Distribution of Shareholding	As per Annexure D		
n)	De-materialization of shares (as on March 31, 2022)	Depositories	Shares	% of Total Issued Capital
		NSDL	1,21,09,336	90.45
		CDSL	10,49,171	7.84
		Total	1,31,58,507	98.29
o)	Outstanding GDRs/ADRs/ Warrants or any other instruments	NA		
p)	Commodity price risk or foreign exchange risk and hedging Activities	NA		
q)	Plant Location	Balapur Village, Dharmabad Taluk, Nanded District, Maharashtra – 421 809		
r)	Address for Correspondence	Shareholder correspondence should be addressed to the Company's Registrars and Transfer Agents (RTA): 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		

PIONEER DISTILLERIES LIMITED

Corporate Governance Report (Contd.)

		<p>Fax: (040) 2386 8024 Email: info@vccilindia.com Website: www.vccipl.com Investors may also write to the Company Secretary, Mr. J Swaminathan, at the Registered Office of the Company at UB Tower, Level – 10, #24, Vittal Mallya Road, Bangalore – 560 001. Tel No. +91 80 4544 8000 Fax No. +91 80 3985 6862 In compliance with the provisions of Regulation 46(2) (j) of the SEBI Listing Regulations, an exclusive email id, viz. pdlinvestor.india@diageo.com has been designated for registering complaints by the Investors and its redressal, which has been displayed on the website of the Company www.pioneerdistilleries.com</p>
s)	List of credit ratings obtained and revisions during the financial year, for all debt instruments or any fixed deposit or any scheme or proposal of the Company involving mobilisation of funds	NA

The following non-mandatory requirements have been adopted by your Company as specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1	Separate post of Chairman & CEO	Mr. Alokesh Biswas is the Managing Director while Mr. R. Krishnamurthy is the Chairman, who is an Independent Director.
2	Reporting of Internal Auditor	The Internal Auditor reports directly to the Audit and Risk Management Committee.

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Corporate Governance Report (Contd.)

ANNEXURE A: MARKET PRICE DATA

Pioneer Distilleries Limited – Market data BSE

Date	High (INR)	Low (INR)	Close (INR)	Volume
Apr-21	108.95	98.05	102.50	15,46,123
May-21	124.00	103.95	122.55	70,46,002
Jun-21	140.25	117.25	132.35	1,99,60,317
Jul-21	136.30	123.25	126.85	1,05,88,478
Aug-21	151.90	124.05	142.00	2,60,49,271
Sep-21	174.90	139.00	170.80	3,82,52,529
Oct-21	197.25	163.40	194.50	4,26,33,364
Nov-21	209.30	178.00	181.45	1,32,00,165
Dec-21	190.05	160.05	181.00	63,58,718
Jan-22	196.00	162.05	174.75	75,18,547
Feb-22	180.30	146.00	175.95	1,57,76,544
Mar-22	184.90	151.05	173.95	1,93,10,122

[Source: This information is compiled from the data available from the website of BSE]

Pioneer Distilleries Limited – Market data NSE

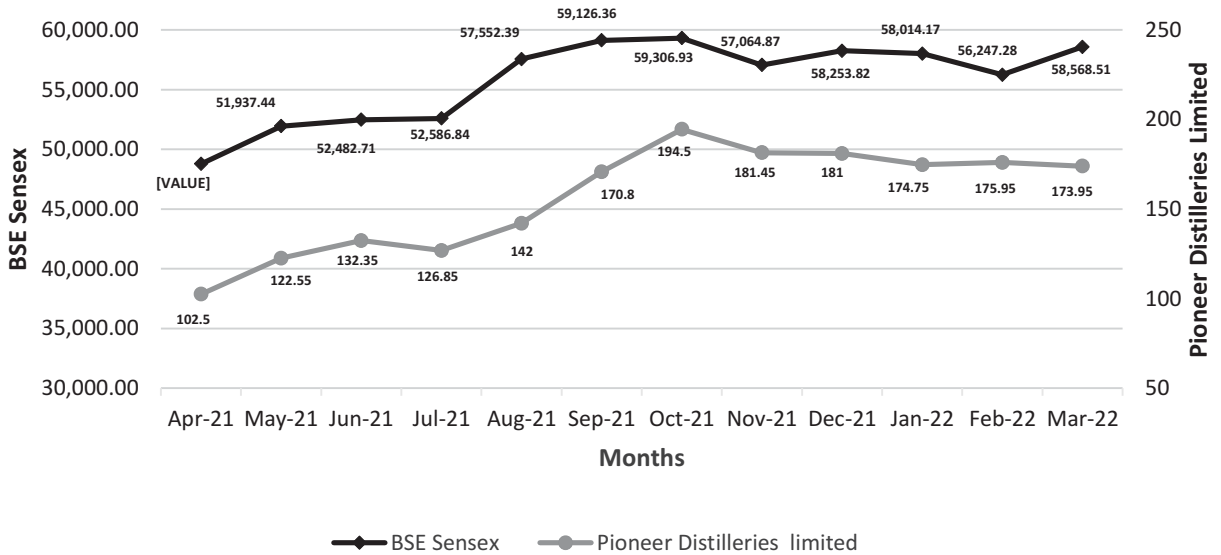
Date	High (INR)	Low (INR)	Close (INR)	Volume
Apr-21	108.50	98.05	103.20	2,22,697
May-21	124.25	100.25	112.10	5,47,283
Jun-21	140.40	120.45	131.25	13,74,164
Jul-21	136.50	123.05	125.95	4,63,566
Aug-21	151.95	124.00	142.35	14,86,058
Sep-21	175.00	140.00	170.90	22,27,116
Oct-21	197.65	163.05	194.90	19,84,976
Nov-21	209.40	173.00	182.20	7,83,179
Dec-21	193.50	171.10	180.70	3,09,510
Jan-22	197.10	165.35	174.75	5,23,266
Feb-22	181.00	161.70	176.60	1,97,644
Mar-22	184.60	150.20	173.55	1,69,143

[Source: This information is compiled from the data available from the website of NSE]

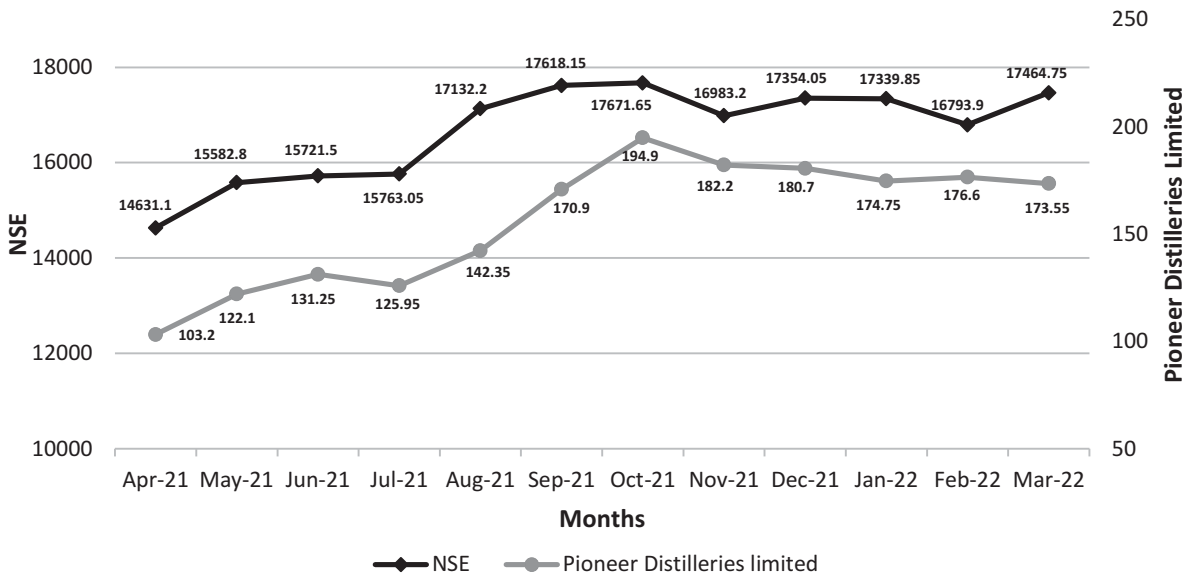
PIONEER DISTILLERIES LIMITED

Corporate Governance Report (Contd.)

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



ANNEXURE C: PIONEER DISTILLERIES LIMITED, SHARE PRICES COMPARED TO NSE



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Corporate Governance Report (Contd.)

ANNEXURE D: DISTRIBUTION OF SHAREHOLDING VALUEWISE (As on March 31, 2022)

Shareholding of Nominal Value			Shareholders		Share Amount	
INR			Number	% to Total	in INR	% to Total
(1)	-	(2)	(3)	(4)	(5)	(6)
Up to	-	5000	4634	89.48	3591900	2.68
5001	-	10000	266	5.14	2234480	1.67
10001	-	20000	111	2.14	1715120	1.28
20001	-	30000	46	0.89	1203250	0.9
30001	-	40000	24	0.46	846690	0.63
40001	-	50000	22	0.42	1020550	0.76
50001	-	100000	27	0.52	1972870	1.47
100001 and above			49	0.95	121297140	90.6
Total			5179	100	133882000	100

CATEGORYWISE

Category	No. of Shares	% of Equity Capital
Promoter	1,00,41,150	75.00
Banks/FI/FII/MF/UTI/Trust/Central/State Government & Insurance Companies	0	0
Resident Body Corporate (including clearing members)	7,50,680	5.61
Resident Individual	18,63,797	13.92
NRI/OCB/FCB and Foreign Nationals	6,99,002	5.22
IEPF Authority MCA	33,571	0.25
Total	1,33,88,200	100.00

PIONEER DISTILLERIES LIMITED

Corporate Governance Report (Contd.)

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Pioneer Distilleries Limited
Bangalore - 560001

I have examined the compliance of conditions of corporate governance, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Pioneer Distilleries Limited (CIN: L24116KA1992PLC125992) (the Company) for the year ended on March 31, 2022.

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 my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with all the applicable conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

Sudhir Vishnupant Hulyalkar

Company Secretary in Practice

FCS No: 6040, CP No. 6137

Place: Bengaluru

Date: 19 May 2022

Peer Review Certificate No. 607/2019

UDIN: F006040D000346732

CERTIFICATE ON DIRECTORS APPOINTMENT AND CONTINUATION ON THE BOARD OF DIRECTORS OF PIONEER DISTILLERIES LIMITED (the Company)

(In terms of Regulation 34(3) read with Para C, Sub Para 10 (i) of the Schedule V to the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015)

I have examined the relevant records of the Company and disclosures made by the directors of the Company, relevant information on disqualification and proclaimed offenders as declared by Courts and disseminated on the website of Ministry of Corporate affairs, the Orders and other information available on the website of Securities and Exchange Board of India and the stock exchanges, Reserve Bank of India and information on willful defaulters as declared by the banks and made available on the web sites of credit information companies registered with the Reserve Bank of India and based on such examination, I hereby certify that none of the directors on the board of **Pioneer Distilleries Limited (CIN: L24116KA1992PLC125992)** as on March 31, 2022 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India and other statutory authorities.

SUDHIR VISHNUPANTHULYALKAR

Company Secretary in Practice

FCS No.: 6040 and C P No.: 6137

Place: Bengaluru

Date: 19 May 2022

Peer Review Certificate No. 607/2019

UDIN: F006040D000346701

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Corporate Governance Report (Contd.)

CEO / CFO CERTIFICATE

To,
The Members,
Pioneer Distilleries Limited

- A. We have reviewed the financial statements for the year ended March 31, 2022 and that to the best of our knowledge and belief
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the auditors and the Audit committee:

1. significant changes in internal control over financial reporting during the year;
2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Alokesh Biswas

Managing Director
Place: Dharmabad

Gopal Kothari

Chief Financial Officer
Place: Bengaluru

Date: 19th May 2022

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirements of Regulation 26(3) read with Schedule V Para D of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Code of Conduct (Code) of the Company has been displayed at the Company's website www.pioneerdistilleries.com. All the members of the Board and the Senior Management personnel have affirmed compliance with the Code for the year ended March 31, 2022.

Place: Dharmabad
Place: 19th May 2022

Alokesh Biswas
Managing Director

Independent Auditor's Report

To the Members of Pioneer Distilleries Limited

Report on Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Pioneer Distilleries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and the total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matters
Assessment of Going Concern as a basis of accounting: (Refer Note 39 to the financial statements) The Company has incurred a loss of Rs.7,190 lacs for the year and its accumulated losses as at the year-end exceeds the share capital. Apart from the erosion of net worth, the Company's current liabilities as at the year-end exceeds the value of current assets. These indicators cast doubt on the ability of the	Our audit procedures included the following: <ul style="list-style-type: none"> ● Understood and evaluated the Company's processes and controls in relation to identifying the risk of going concern and the actions taken by Management to address the risk including the design and operating effectiveness of controls in relation to going concern. ● Verified the letter of financial support received by the Company from the holding company.

Independent Auditor's Report (Contd.)

Key Audit Matters	How our audit addressed the key audit matters
<p>Company to generate adequate cash from operations to meet its financial obligations over the next twelve months. However, the Company has received a letter of financial support from United Spirits Limited, the holding company, to support the operations of the Company in the foreseeable future.</p> <p>Management and the Board of Directors have reviewed and approved the cash flow forecast for the next twelve months. Considering the cash flow forecast and the letter of financial support received from the holding company, Management and the Board of Directors have concluded that there is no material uncertainty, which impacts the ability of the Company to continue as a going concern.</p> <p>The availability of sufficient funding and testing whether the Company will be able to continue meeting its obligations are important for the going concern assumption and, as such, are significant aspects of our audit. The cash flow forecast contains assumptions like revenue growth and improvement in plant operations (increase in capacity utilization) where Management has applied judgements that, in the current external environment, are significant. Hence, this area has been considered as a key audit matter.</p>	<ul style="list-style-type: none"> Assessed the financial condition of the holding company to examine whether it would be able to enable the Company to meet its obligations as they fall due for a period of at least one year from the date of the balance sheet. Evaluated the inputs and assumptions used in the cash flow forecast prepared by Management by evaluating the assumptions and comparing them to external data as well as estimates used in the preparation of financial statements. Verified that the cash flow forecast has been prepared considering the attributes of the prior year approved budget and the current year actual performance and that the assumptions considered in the cash flow forecast are consistent and comparable with those in the prior year approved budget; and that the estimates and assumptions have been updated where applicable. <p>Based on the above work performed, Management's assessment of the going concern assumption in the preparation of financial statements appears reasonable.</p>
Key Audit Matters	How our audit addressed the key audit matters
<p>Assessment of contingent liabilities and provisions for significant litigations:</p> <p>(Refer Notes 14 and 26 to the financial statements)</p> <p>The Company has litigations related to legal and regulatory matters, of which the most significant ones are related to water charges levied on purchase of water for the Company's processing plant.</p> <p>The amount involved in litigations are significant and Management applies judgment in estimating the likelihood of the outcome and the amount of liability, if any.</p> <p>We have considered this as a key audit matter as the amounts are significant to the financial statements and the eventual outcome of these matters is uncertain and</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Understood and evaluated the Company's processes and controls in relation to identifying the risk of not identifying or not disclosing significant litigations and the actions taken by Management to address the risk including the design and operating effectiveness of controls in relation to litigations. Inquired with the Company's internal legal counsel on the status of litigations and examined underlying notices from Government authorities. Verified the underlying calculations supporting the appropriateness of related provision recognised and contingent liability disclosed. Sought and obtained direct confirmation from

Independent Auditor's Report (Contd.)

Key Audit Matters	How our audit addressed the key audit matters
the position taken by Management is based on the exercise of significant judgement, supported by external legal advice, where applicable.	external lawyers assisting the Company in dealing with the litigations. Based on the above work performed, Management's assessment in respect of litigations and related disclosures relating to contingent liabilities, where applicable, appears reasonable.

Other Information

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Directors but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

- The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the 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.
- In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

- Our objectives are to obtain reasonable assurance about whether the financial statements 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 statements.

Independent Auditor's Report (*Contd.*)

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, 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.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's 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 Company's ability 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 statements 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 statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance 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.
11. 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.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Independent Auditor's Report (Contd.)

14. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and 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, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes 14 and 26 to the financial statements.
 - ii. The Company has long term contracts as at March 31, 2022 for which there were no material foreseeable losses. The Company did not have any derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries [refer Note 43(a)(vii) to the financial statements];
 - (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries [refer Note 43(a)(vii) to the financial statements]; and

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Independent Auditor's Report (*Contd.*)

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

15. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Shivakumar Hegde
Partner
Membership Number: 204627
UDIN: 22204627AJGSOY4441

Bengaluru
May 19, 2022

PIONEER DISTILLERIES LIMITED

Annexure A to Independent Auditor's Report

Referred to in paragraph 14(f) of the Independent Auditor's Report of even date to the members of Pioneer Distilleries Limited on the financial statements as of and for the year ended March 31, 2022

Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Pioneer Distilleries Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of internal financial controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements

ANNUAL REPORT 2021-22

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

for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

Shivakumar Hegde
Partner
Membership Number: 204627
UDIN: 22204627AJGSOY4441

Bengaluru
May 19, 2022

PIONEER DISTILLERIES LIMITED

Annexure B to Independent Auditor's Report

Referred to in paragraph 13 of the Independent Auditor's Report of even date to the members of Pioneer Distilleries Limited on the financial statements as of and for the year ended March 31, 2022

- I. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.
- (B) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Intangible assets and accordingly, reporting under this clause is not applicable.
- (C) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (b) The title deeds of all the immovable properties, as disclosed in Note 2 to the financial statements, are held in the name of the Company.
- (c) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) [formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)] and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.
- ii. (a) The physical verification of inventory, excluding stocks with third parties, has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, those have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory
- (b) During the year, the Company has not been sanctioned working capital limits in excess of INR 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.
- iii. (a) The Company has not made any investments, granted secured/ unsecured loans/ advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clauses 3(iii), (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.

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

- v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of excise, value added tax, profession tax and other material statutory dues, as applicable, with the appropriate authorities. Also, refer Note 40 to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of goods and services tax, service tax and duty of excise which have not been deposited on account of any dispute. The particulars of other statutory dues as at March 31, 2022, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (in Rs.)	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1958 and The Maharashtra Value Added Tax Act, 2002	Sales tax/ Value added tax	84,062,547 (*1)	2012-13	The Joint Commissioner Appeals, Amravati, Maharashtra
		1,432,398 (*2)	2014-15	
		235,833,423 (*3)	2015-16	
		122,119,107	2016-17	The Commissioner of Commercial Sales Tax, Nanded, Maharashtra
		1042,914,840	2017-18	The Deputy Commissioner of Sales Tax, Nanded, Maharashtra
	Central Sales Tax	254,210,481	2017-18	
The Income Tax Act, 1961	Income tax	15,186,680 (*4)	2009-10	The Commissioner of Income Tax (Appeals), Bengaluru

(*1) Rs. 14,887,357 has been paid "under protest" by the Company.

(*2) Rs. 1,432,398 has been paid "under protest" by the Company.

(*3) Rs. 12,032,318 has been paid "under protest" by the Company.

(*4) Rs. 15,186,680 has been paid "under protest" by the Company.

- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that have not been recorded in the books of account.

PIONEER DISTILLERIES LIMITED

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

- ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority. Also, refer Note 43(a)(iii) to the financial statements.
- (c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans during the year.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that the Company has used funds raised on short-term basis aggregating INR 1933 lakhs for long-term purposes
- (e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

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

- xiv. (a) The internal audit of the Company is covered under the group internal audit pursuant to which an internal audit is carried out every calendar year. In our opinion, the Company's internal audit system is commensurate with the size and nature of its business.
- xiv. (b) The reports of the Internal Auditor for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations provided by the management of the Company, the Group (United Spirits Limited, the holding company, together with its subsidiaries and its controlled trust) does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has incurred cash losses of INR 4060 lakhs in the financial year and of INR 5378 lakhs in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios [also refer Note 43(b) to the financial statements], ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, and based on our examination of the evidence supporting the assumptions and letter of financial support from United Spirits Limited, the holding company, to enable the Company to meet its financial obligations as they fall due for the foreseeable future, nothing has come to our attention, which causes us to believe that a material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- xx. The provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company. Also, refer Note 38 to the financial statements.

PIONEER DISTILLERIES LIMITED

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

- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of the audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

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

Shivakumar Hegde
Partner
Membership Number: 204627
UDIN: 22204627AJGSOY4441

Bengaluru
May 19, 2022

ANNUAL REPORT 2021-22

Pioneer Distilleries Limited

Balance Sheet as at March 31, 2022

(All amounts in INR lakhs unless otherwise stated)

	Notes	As at March 31, 2022	As at March 31, 2021
<u>Assets</u>			
Non-current assets			
Property, plant and equipment	2	17,544	19,119
Capital work-in-progress	2	601	1,018
Financial assets			
Government grant	3.1	6,178	8,588
Other financial assets	3.2	40	33
Current tax assets (net)	31	230	195
Other non-current assets	4	1,576	1,548
Total non-current assets		26,169	30,501
Current assets			
Inventories	5	7,953	7,084
Financial assets			
Government grant	3.1	2,389	1,706
Trade receivables	6	-	-
Cash and cash equivalents	7	1	1
Other current assets	8	958	767
Total current assets		11,301	9,558
Total assets		37,470	40,059
Equity and liabilities			
Equity			
Share capital	9.1	1,342	1,342
Other equity			
Reserves and surplus	9.2	(36,317)	(29,127)
Total equity		(34,975)	(27,785)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	10	13,627	13,760
Other financial liabilities	11	11,712	10,737
Provisions	14	175	161
Deferred tax liabilities (net)	31	-	-
Total non-current liabilities		25,514	24,658

PIONEER DISTILLERIES LIMITED

Balance Sheet as at March 31, 2022 (Contd.) (All amounts in INR lakhs unless otherwise stated)

	Notes	As at March 31, 2022	As at March 31, 2021
Current liabilities			
Financial liabilities			
Borrowings	12	34,075	32,125
Trade payables	13		
(i) total outstanding dues of micro enterprises and small enterprises		151	193
(ii) total outstanding dues other than micro enterprises and small enterprises		2,577	1,446
Other financial liabilities	11	446	499
Provisions	14	2,826	2,099
Other current liabilities	15	6,856	6,824
Total current liabilities		46,931	43,186
Total liabilities		72,445	67,844
Total equity and liabilities		37,470	40,059

The above Balance Sheet should be read in conjunction with the accompanying notes.

As per our report of even date attached

For and on behalf of the Board of Directors

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

Nimish Shah
Director
DIN: 05250183

Alokesh Biswas
Managing Director
DIN: 08756326

Shivakumar Hegde
Partner
Membership Number: 204627

Gopal Kothari
Chief Financial Officer

Swaminathan J
Company Secretary

Place : Bengaluru
Date : May 19, 2022

Place : Bengaluru
Date : May 19, 2022

ANNUAL REPORT 2021-22

Statement of Profit and Loss for the year ended March 31, 2022

(All amounts in INR lakhs unless otherwise stated)

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from operations	16	21,170	16,740
Other income	17	301	301
Total Income		21,471	17,041
Expenses			
Cost of materials consumed	18	15,695	12,993
Changes in inventories of work-in progress and finished goods	19	333	316
Employee benefits expense	20	1,615	1,284
Finance costs	21	3,386	3,213
Depreciation expense	22	3,437	3,314
Allowance for government grant (net)	25	-	266
Other expenses	23	4,201	4,312
Total expenses		28,667	25,698
(Loss) before taxation		(7,196)	(8,657)
Income tax expense			
Deferred tax charge / (credit)	31	-	-
(Loss) for the year		(7,196)	(8,657)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	30	6	(80)
Other comprehensive income for the year, net of tax		6	(80)
Total comprehensive income for the year		(7,190)	(8,737)
Basic and diluted earnings per share/(loss)	28	(53.75)	(64.66)

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our report of even date attached

For and on behalf of the Board of Directors

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

Shivakumar Hegde

Partner

Membership Number: 204627

Place : Bengaluru

Date : May 19, 2022

Nimish Shah

Director

DIN: 05250183

Gopal Kothari

Chief Financial Officer

Place : Bengaluru

Date : May 19, 2022

Alokesh Biswas

Managing Director

DIN: 08756326

Swaminathan J

Company Secretary

PIONEER DISTILLERIES LIMITED

Statement of Changes in Equity for the year ended March 31, 2022

(All amounts in INR lakhs unless otherwise stated)

(A) Equity Share Capital

Particulars	Note	Amount
Equity share capital As at April 1, 2020	9.1	1,342
Changes in equity share capital		-
Equity share capital As at March 31, 2021	9.1	1,342
Changes in equity share capital		-
Equity share capital As at March 31, 2022	9.1	1,342

(B) Other Equity

Reserves and surplus

Particulars	Note	Capital Reserve	Securities premium	Capital redemption reserve	Accumulated losses	Total
Balance as at April 1, 2020	9.1	660	621	235	(21,906)	(20,390)
Profit/(Loss) for the year			-	-	(8,657)	(8,657)
Other Comprehensive income (OCI), net of tax			-	-	(80)	(80)
Total comprehensive income			-	-	(8,737)	(8,737)
Balance as at March 31, 2021	9.1	660	621	235	(30,643)	(29,127)
Profit/(Loss) for the year			-	-	(7,196)	(7,196)
Other Comprehensive income (OCI), net of tax		-	-	-	6	6
Total comprehensive income			-	-	(7,190)	(7,190)
Balance as at March 31, 2022	9.1	660	621	235	(37,833)	(36,317)

The above statement of changes in equity should be read in conjunction with accompanying notes.

As per our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number - 304026E/E-300009

Shivakumar Hegde

Partner

Membership Number: 204627

Place : Bengaluru

Date : May 19, 2022

Nimish Shah

Director

DIN: 05250183

Gopal Kothari

Chief Financial Officer

Place : Bengaluru

Date : May 19, 2022

Alokesh Biswas

Managing Director

DIN: 08756326

Swaminathan J

Company Secretary

ANNUAL REPORT 2021-22

Statement of Cash Flows for the year ended March 31, 2022

(All amounts in INR lakhs unless otherwise stated)

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
A. Cash flows from operating activities			
(Loss) before tax		(7,196)	(8,657)
Adjustment for :			
Depreciation expense	22	3,437	3,314
Provision for bad and doubtful advances	23	-	18
Allowance for government grant (net)	25	-	266
(Profit) / loss on disposal of property, plant and machinery	23	(13)	(36)
Finance costs	21	3,370	3,202
Unwinding of interest on government grant	17	(301)	(301)
Change in operating assets and liabilities			
(Increase) / decrease in inventory		(869)	2,058
(Increase) / decrease in trade receivables		-	1
(Increase) / decrease in other non-current / current assets		132	(100)
(Increase) / decrease in other financial assets		2,021	855
Increase / (decrease) in trade payables		1,089	(337)
Increase / (decrease) in other financial liabilities		8	74
Increase / (decrease) in other non-current / current liabilities		32	(750)
Increase / (decrease) in non-current / current provisions		747	922
Cash inflow / (outflow) operations		2,457	529
Income tax paid, net		(35)	(4)
Net cash inflow / (outflow) from operating activities (A)		2,422	525
B. Cash flow from investing activities			
Purchase of property, plant and equipment		(1,933)	(1,780)
Proceeds from disposal of property, plant and equipment		89	53
Net cash inflow / (outflow) from investing activities (B)		(1,844)	(1,727)

PIONEER DISTILLERIES LIMITED

Statement of Cash Flows for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

C. Cash flow from financing activities

Proceeds from current borrowings	55,300	82,600
(Repayment) of current borrowings	(61,100)	(80,300)
(Repayment) of non-current borrowings	(234)	(302)
Working capital loan / Bank overdraft (net)	7,822	1,291
Finance costs paid	(2,366)	(2,160)
Net cash inflow / (outflow) from financing activities (C)	(578)	1,129
Net increase / (decrease) in cash and cash equivalents (A+B+C)	-	(73)
Add: Cash and cash equivalents at the beginning of the year	7	74
Cash and cash equivalents at the end of the year	7	1

The Statement of cash flows should be read in conjunction with the accompanying notes.

As per our report of even date

For and on behalf of the Board of Directors

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number - 304026E/E-300009

Shivakumar Hegde

Partner

Membership Number: 204627

Place : Bengaluru

Date : May 19, 2022

Nimish Shah

Director

DIN: 05250183

Gopal Kothari

Chief Financial Officer

Place : Bengaluru

Date : May 19, 2022

Alokes Biswas

Managing Director

DIN: 08756326

Swaminathan J

Company Secretary

ANNUAL REPORT 2021-22

Notes to the financial statements for the year ended March 31, 2022

(All amounts in INR lakhs unless otherwise stated)

1.1 Corporate Overview

Pioneer Distilleries Limited ("the Company") is a public company domiciled and headquartered in India. It is incorporated under the Companies Act, 1956 and its shares are listed on BSE Limited and National Stock Exchange of India Limited ("NSE"). The Company is engaged in the business of processing and selling of extra neutral alcohol ("ENA"), malt spirits and allied products along with bottling operations of Indian Made Foreign Liquor ("IMFL"). The Company is a subsidiary of United Spirits Limited ("USL").

These financial statements were authorised for issue by the Board of Directors on May 19, 2022.

Significant Accounting Policies

1.2 Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by The Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') [Companies (Indian Accounting standards) Rules, 2015] and other related provisions of the Act.

The financial statements have been prepared on historical cost basis except for the following:

- a) Certain financial assets and liabilities are measured at fair value;
- b) Defined benefit employee plan- plan assets are measured at fair value

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing April 1, 2021:

- Extension of COVID-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New amendments issued but not effective:

The Ministry of Corporate Affairs has vide notification dated March 23, 2022 notified the Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective April 1, 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on March 24, 2021 to increase transparency and provide additional disclosures to users of financial statements. These amendments are effective from April 1, 2021.

Consequent to above, the Company has changed the classification/ presentation of:

- current maturities of long-term borrowings; and
- security deposits, in the current year.

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

The current maturities of long-term borrowings has now been included in the “Current borrowings” line item. Previously, current maturities of long-term borrowings and interest accrued were included in “other financial liabilities” line item.

Further, security deposits (which meet the definition of a financial asset as per Ind AS 32, Financial Instruments: Presentation) have been included in “other financial assets” line item. Previously, these deposits were included in “loans” line item.

The Company has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1, Presentation of Financial Statements. The impact of such classifications is summarised below:

(All amounts in INR lacs)

Balance Sheet (extract)	March 31, 2021 (as previously stated)	Increase/ (Decrease)	March 31, 2021 (restated)
Other financial liabilities (current)	733	(234)	499
Current Borrowings	31,891	234	32,125
Loans (non-current)	33	(33)	-
Other financial assets (non-current)	-	33	33

1.3 Foreign Currency transactions

The financial statements are presented in Indian National Rupee, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains / (losses).

1.4 Property, Plant and Equipment and Intangible Assets

Freehold land is carried at historical cost.

All other items are measured at historical cost less accumulated depreciation and impairment losses, if any, except that on adoption of Ind AS, the Company had measured Property, plant and equipment at deemed cost, using the net carrying value as per previous GAAP as at March 31, 2015. Costs include freight, import duties, non-refundable purchase taxes and other expenses directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

ANNUAL REPORT 2021-22

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

The cost of property, plant and equipment which are not ready for their intended use before year end date are disclosed as capital work-in-progress.

Intangible Assets

On adoption of Ind AS, the Company has measured Intangible assets at deemed cost, using the net carrying value as per previous GAAP as at March 31, 2015. Acquired intangible assets are held on the balance sheet at cost less accumulated amortisation and impairment losses, if any.

Computer software acquired or developed are carried at cost less accumulated amortisation and impairment losses, if any. Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of customised computer software applications are recognised as intangible assets under development or intangible assets when ready for intended use, when the following criteria are met:

- a) it is technically feasible to complete the software so that it will be available for use,
- b) there is an ability to use or sell the software,
- c) it can be demonstrated that the software will generate probable future economic benefits,
- d) adequate technical, financial and other resources to complete the development and to use the software are available, and
- e) the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the customised computer software applications include employee costs and other directly attributable costs and are amortised from the point at which the software asset is available for use.

The Company amortises computer software using the straight line method over 5 years.

Depreciation and Amortisation

Depreciation is calculated using the straight line method as per the estimated useful life of assets as below:

Asset category	Useful life (in years)
Buildings	5
-Roads	5.60
-Buildings	
Plant and machinery	7.5-15
Furniture and Fixtures	10
Vehicles	5
Office equipment	3-5
Computers	3

The estimated useful life of Plant and machinery has been determined based on the technical evaluation performed in an earlier year by the Management. The estimated useful life so determined is lower than the useful life indicated in Schedule II of the Act. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. In respect of certain items of plant and equipment for which rates are indicated in Part C

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of Schedule II of the Act, based on the number of shifts, depreciation is provided for the full year on triple shift basis. Intangible assets with finite life are amortised over the useful life using the straight-line method.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss under other income.

Impairment

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/ cash generating unit (CGU) is made.

An impairment loss is calculated as the difference between an asset's or CGU's carrying amount and its recoverable amount. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Impairment of intangible assets is based on their useful economic life and is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Intangible assets that are regarded as having indefinite useful economic life are not amortised and are annually tested for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Impairment reviews compare the net carrying value with the recoverable amount (value in use or fair value less cost to sell, whichever is higher).

1.5 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duties and net of returns, trade allowances, rebates, value added taxes, goods and services tax and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

a. Sale of manufactured goods

Timing of recognition: Revenue is recognised on transfer of control, being on dispatch of goods or upon delivery to customer, in accordance with the terms of sale.

Measurement of revenue: Revenue is measured net of trade discounts, rebates and certain other promotional expenses. Past experience is used to estimate and provide for the discounts and returns.

b. Revenue from tie-up manufacturing arrangements

The Company has entered into Tie-up Manufacturing arrangement with USL, the holding company, wherein the Company manufactures and supplies beverage alcohol on behalf of USL. Under the arrangement, USL has exposure to significant risks and rewards associated with the sale of products, i.e., it has the primary responsibility for providing goods to the customer, has pricing latitude and is also exposed to inventory and

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credit risks. Accordingly, the transactions under such arrangement has been recorded as net revenue, i.e., recognising bottling charges as income from operations. The Company does not present inventory under such arrangement as its own inventory. The net receivables from/ payable to USL are recognised under other current assets/ other current liabilities respectively.

1.6 Inventories

Inventories includes raw materials, work-in-progress, finished goods and stores and spares and are valued at lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, weighted average cost method is used. In case of manufactured inventories and work-in-progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Adequate allowance is made for obsolete and slow moving items.

1.7 Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and performance incentives that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the balance sheet.

(b) Post-employment obligation

The Company's defined benefit plans comprise of gratuity.

The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

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Defined-contribution plan

Under defined contribution plans, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund with the Government and certain state plans like Employees' State Insurance. The Company's payments to the defined contribution plans are recognised as expense during the period in which the employees perform the services that the payment covers.

(c) Other long-term employee benefits obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields of government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

1.8 Leases

As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

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- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, e.g., term and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company uses that rate as a starting point to determine the incremental borrowing rate.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise warehouses.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as expense over the lease term on the same basis as a lease income. The respective leased assets are included in the balance sheet based on their nature.

1.9 Financial Instruments

Financial assets - Initial recognition

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit and loss.

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Subsequent measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both

- (a) the entity's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

(a) Measured at amortised cost

A financial asset is measured at amortised cost, if it is held under the “hold to collect” business model, i.e., held with an objective of holding the assets to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal outstanding. Amortised cost is calculated using the effective interest rate (“EIR”) method by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. On derecognition, gain or loss, if any, is recognised in statement of profit and loss.

(b) Measured at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI, if it is held under the “hold to collect and sell” business model, i.e., held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal outstanding. Such financial assets are measured at fair value with fair value movements recognised in the other comprehensive income (OCI), except for interest income which recognised using EIR method and is recorded in statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. On derecognition, cumulative gain or loss previously recognised in the OCI is reclassified from the equity to statement of profit and loss.

(c) Measured at fair value through profit or loss (FVPL)

Investment in financial asset other than equity instrument, not measured at either amortised cost or FVOCI is measured at FVPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income, if any, recognised in the Statement of Profit and Loss.

Impairment

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost and at FVOCI. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable information including that which is forward-looking.

The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses, i.e., expected cash shortfall.

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32 details how the Company determines whether there has been a significant increase in credit risk.

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For trade receivables only, the Company applies the simplified approach required by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at FVPL.

Financial liabilities measured at amortised cost are subsequently measured at using EIR method. Financial liabilities carried at FVPL are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.10 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions are complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to property, plant and equipment, it is recognised as deferred income and recognised as income in statement of profit and loss over the expected useful life of the related asset. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is recognized at government rate. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

1.11 Taxes on Income

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary

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differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

1.12 Earnings per share ("EPS")

Basic EPS is arrived at based on net profit or (loss) 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.

1.13 Provisions and Contingencies

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The carrying amounts of provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.14 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

1.15 Segmental Information

The Company has identified the Managing Director as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108 "Operating Segments". The CODM evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators. The Company is primarily engaged in the business of manufacture and sale of ENA, malt spirits and allied products along with bottling operations of IMFL. The Company's business activity primarily falls within a single

operating segment based on the nature of activity involved and business risks attached having regard to the internal organisation and management structure. The CODM reviews the Company's performance as a single operating segment and not at any other disaggregated level and hence considers these as a single reportable segment.

1.16 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and deposits which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less, including money market deposits, commercial paper and investments. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

1.17 Trade and other receivables

Trade and other receivables are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method less any allowance for discounts and doubtful debts.

1.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year

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which are unpaid. The amounts are unsecured and are usually paid as per credit period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Profit or Loss over the period of the borrowings using the effective interest method.

1.20 Exceptional items

When an item of income or expense within profit or loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

1.21 Critical Estimates and Judgements

The preparation of the financial statements requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

The areas involving critical estimates and judgements are:

- (I) Impairment of property, plant and equipment - Property, plant and equipment represent a significant proportion of the asset base of the Company. The Company has been incurring losses and has performed an impairment assessment of its property, plant and equipment as at March 31, 2022 using the fair value less costs of disposal approach. [Refer Note 2]
- (ii) Estimation of provisions and contingent liabilities - The Company operates in a regulated environment. The management, based on internal and external expert opinion, has assessed outflow arising from existing litigations and notices received as possible, probable and remote. Provisions are made for matters where outflows are assessed to be probable and disclosed as contingent liability in cases where these are assessed as possible including for matters where the amounts are not quantifiable. Matters where the outflow is assessed to be remote have not been disclosed in the financial statements. [Refer Note 26]

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2 Property, plant and equipment

	Freehold land	Buildings	Plant and machinery	Furniture & fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in-progress [Note (c) below]
Year ended March 31, 2021									
<i>Gross carrying amount</i>									
Opening	394	7,816	28,776	115	17	70	-	37,188	236
Additions	2,009	4	981	-	-	-	-	2,994	3,794
Disposals	-	-	704	0	-	23	-	727	-
Transfers	-	-	-	-	-	-	-	-	(2,994)
Closing	2,403	7,820	29,053	115	17	47	-	39,455	1,036
<i>Accumulated depreciation</i>									
Opening	-	1,736	15,951	31	9	23	-	17,750	-
Depreciation charge for the year	-	487	2,783	11	3	12	-	3,296	-
Impairment charge for the year	-	-	-	-	-	-	-	-	18
Disposals	-	-	687	-	-	23	-	710	-
Closing	-	2,223	18,047	42	12	12	-	20,336	18
Net carrying amount as at March 31, 2021	2,403	5,597	11,006	73	5	35	-	19,119	1,018
Year ended March 31, 2022									
<i>Gross carrying amount</i>									
Opening	2,403	7,820	29,053	115	17	47	-	39,455	1,018
Additions	-	129	1,711	11	-	86	1	1,938	1,530
Disposals	-	-	498	-	12	-	-	510	-
Transfers	-	-	-	-	-	-	-	-	(1,938)
Closing	2,403	7,949	30,266	126	5	133	1	40,883	610
<i>Accumulated depreciation</i>									
Opening	-	2,223	18,047	42	12	12	-	20,336	-
Depreciation charge for the year	-	471	2,932	11	3	20	-	3,437	-
Impairment charge for the year	-	-	-	-	-	-	-	-	9
Disposals	-	-	422	-	12	-	-	434	-
Closing	-	2,694	20,557	53	3	32	-	23,339	9
Net carrying amount as at March 31, 2022	2,403	5,255	9,709	73	2	101	1	17,544	601

a. The Company has not pledged its property, plant and equipment as security.

b. Refer note no. 27 for disclosure on contractual commitments for the acquisition of property, plant and equipment.

c. Capital work-in-progress mainly comprises of civil structures under construction and plant and machinery under installation.

d. For details of property, plant and equipment used in tie-up manufacturing arrangement, refer note 36.

e. The Company has been incurring losses and has performed an impairment assessment of its property, plant and equipment as at March 31, 2022 using the fair value less costs of disposal approach. The Company has engaged external valuers to determine the fair market value of the property, plant and equipment. Since the fair value less costs of disposal is higher than the carrying amount of property, plant and equipment, no impairment has been recognised. A reduction of 10% in the fair market value less costs of disposal of property, plant and equipment would also not result in recognition of impairment loss.

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2.1 Capital work-in-progress ("CWIP")

Movement of CWIP set-out below

	As at March 31, 2022	As at March 31, 2021
Opening CWIP	1,018	236
Additions	1,530	3,811
Assets capitalised during the year	(1,938)	(3,012)
Impairment loss during the year	(9)	(17)
Closing CWIP	601	1,018

The ageing schedule for CWIP is set-out below

	As at March 31, 2022	As at March 31, 2021
Projects in progress		
Less than 1 year	514	883
1-2 years	2	41
2-3 years	15	94
More than 3 years	70	-
Total	601	1018

a) There were no projects under suspension as at March 31, 2022 and March 31, 2021.

b) For CWIP, whose completion is overdue, completion schedule is set-out below:

CWIP As at March 31, 2022	Less than 1 year	To be completed in 1-2 years	2-3 years	More than 3 years
Health, Safety and Environment protection projects	-	-	-	-
Support core growth projects	-	-	-	-
Productivity improvement projects	45	-	-	85
Others	-	-	-	-
Total	45	-	-	85

CWIP As at March 31, 2021	Less than 1 year	To be completed in 1-2 years	2-3 years	More than 3 years
Health, Safety and Environment protection projects	323	-	-	-
Support core growth projects	49	-	-	-
Productivity improvement projects	42	-	93	-
Others	2	-	-	-
Total	416	-	93	-

For CWIP, no project has exceeded its cost compared to its original plan.

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	As at March 31, 2022	As at March 31, 2021
3.1 Government grant (*)		
Non current		
Unsecured, considered good	8,606	11,016
Unsecured, considered doubtful	-	-
(Less) : Loss allowance	(2,428)	(2,428)
	6,178	8,588
Current		
Unsecured, considered good	2,389	1,706
	2,389	1,706
(*) Refer note 25		
	As at March 31, 2022	As at March 31, 2021
3.2 Other financial assets		
Non-current		
Unsecured, considered good		
Security deposits (refer Note 1.2)	40	33
	40	33
	As at March 31, 2022	As at March 31, 2021
4 Other non-current assets		
Unsecured, considered good unless otherwise stated		
Capital advances		
- Considered good [Refer note below]	558	207
- Considered doubtful	16	18
Prepaid expenses	9	17
Balances with government authorities		
- Considered good	688	1,003
- Considered doubtful	-	-
Sales tax receivable		
- Considered good	289	289
- Considered doubtful	88	88
Others	32	32
	1,680	1,654
(Less) : Allowance for doubtful balances	(104)	(106)
	1,576	1,548

Note: Capital advances considered good includes an amount of INR 166 (2021: INR 166) being advance paid towards purchase of land pursuant to an "agreement to sell" entered by the Company with the owners of the land. This matter is currently litigated at the High Court of Bombay.

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
5 Inventories		
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials (*)	3,547	2,521
Work-in-progress	2,999	3,328
Finished goods	728	732
Stores, spares and consumables	679	503
	7,953	7,084

(*) Includes goods in transit amounting to 2022 : INR Nil (2021: INR 21).

Note: Write down of inventory to net realisable value and allowance for obsolete inventories amounted to INR 114 (2021 : INR 135). The net amount is recognised as an expense during the year and is included in Cost of materials consumed in the Statement of Profit and Loss.

	As at March 31, 2022	As at March 31, 2021
6 Trade receivables		
Trade receivables from contract with customers	-	-
Less: Loss allowance	-	-
	-	-
Current portion	-	-
Non-current portion	-	-
Details of securities/categorisation of credit risk of trade receivables		
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total	-	-
Loss allowance	-	-
Total trade receivables	-	-

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

Particular	As at March 31, 2022	As at March 31, 2021
Unsecured, Undisputed		
Unbilled dues	-	-
Not due	-	-
Less than 6 months	-	-
6 months -1 year	-	-
1-2 Years	-	-
2-3 years	-	-
More than 3 years	-	-
sub-total	-	-
Unsecured, credit impaired		
Unbilled dues	-	-
Not due	-	-
Less than 6 months	-	-
6 months -1 year	-	-
1-2 Years	-	-
2-3 years	-	-
More than 3 years	-	-
sub-total	-	-
Unsecured, Disputed		
Unbilled dues	-	-
Not due	-	-
Less than 6 months	-	-
6 months -1 year	-	-
1-2 Years	-	-
2-3 years	-	-
More than 3 years	-	-
sub-total	-	-
Less: Provision for expected credit loss	-	-
Total	-	-

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
7 Cash and cash equivalents		
Balances with banks in current accounts	1	1
	1	1
	As at March 31, 2022	As at March 31, 2021
8 Other current assets		
Unsecured, considered good unless otherwise stated		
Advance to suppliers		
- Considered good	250	215
- Considered doubtful	29	28
Prepaid expenses	520	414
Balances with government authorities	181	131
Other advances (*)	7	7
	987	795
(Less) : Allowance for doubtful balances	(29)	(28)
Total	958	767

(*) Other advances represents advance given to employees

9.1 Equity share capital		
	As at March 31, 2022	As at March 31, 2021
Authorised		
17,500,000 (2021: 17,500,000) equity shares of Rs.10 each	1,750	1,750
2,500,000 (2021: 2,500,000) preference shares of Rs.10 each	250	250
	2,000	2,000
Issued, subscribed and fully paid up		
13,388,200 (2021: 13,388,200) equity shares of Rs.10 each	1,339	1,339
Forfeited shares, partly paid up		
62,400 (2021: 62,400) equity shares, Rs.5 paid up	3	3
	1,342	1,342

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

a) Reconciliation of the number of shares outstanding

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Equity shares:				
Balance as at the beginning of the year	13,388,200	1,339	13,388,200	1,339
Add: Movement during the year	-	-	-	-
Balance as at the end of the year	13,388,200	1,339	13,388,200	1,339

b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any in proportion to their shareholding.

c) Shares held by holding company

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
United Spirits Limited	10,041,150	1,004	10,041,150	1,004

d) Details of shareholders holding more than 5% of the shares in the Company

	Nos.	% of Holding	Nos.	% of Holding
United Spirits Limited, holding company	10,041,150	75.00%	10,041,150	75.00%

- e) There are no shares issued as bonus during the period of five years immediately preceeding the reporting date.
- f) There are no shares bought back during the period of five years immediately preceeding the reporting date.
- g) The Company has not issued any shares for consideration other than cash during the period of five years immediately preceeding the reporting date.

h) Shares held by the promoter at the end of the year

Sr No	Name of promoter	As at March 31, 2022		% Change during the year
		No. of Shares	% of total shares	
1	United Spirits Limited	10,041,150	75.00%	0%

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

9.2 Reserves and surplus

	As at March 31, 2022	As at March 31, 2021
Capital reserve	660	660
Securities premium	621	621
Capital redemption reserve	235	235
Accumulated losses	(37,833)	(30,643)
	(36,317)	(29,127)
	As at March 31, 2022	As at March 31, 2021
(i) Capital reserve		
At the beginning of the year	660	660
Add / (less): Movement during the year	-	-
Total capital reserve	660	660
	As at March 31, 2022	As at March 31, 2021
(ii) Securities premium		
At the beginning of the year	621	621
Add / (less): Movement during the year	-	-
Total securities premium	621	621
	As at March 31, 2022	As at March 31, 2021
(iii) Capital redemption reserve		
At the beginning of the year	235	235
Add / (less): Movement during the year	-	-
Total capital redemption reserve	235	235
	As at March 31, 2022	As at March 31, 2021
(iv) Accumulated losses		
At the beginning of the year	(30,643)	(21,906)
Add: (Loss) for the year	(7,196)	(8,657)
Add: Remeasurement of post employment benefit obligation	6	(80)
Total accumulated losses	(37,833)	(30,643)

Nature and purpose of other reserves

- a) *Capital reserve*
Capital reserve relates to subsidy received and recorded under previous GAAP. The balance is utilised in accordance with the provisions of the Act.
- b) *Securities premium*
Securities premium is credited when shares are issued at premium. The balance is utilised in accordance with the provisions of the Act.
- c) *Capital redemption reserve*
Capital redemption reserve represents reserve created at the time of redemption of redeemable preference shares. The balance is utilised in accordance with the provisions of the Act.

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

10 Non-current borrowings	Maturity date	Terms of repayment	Interest rate	As at March 31, 2022	As at March 31, 2021
Unsecured					
Sales tax deferment [refer note (a) below]	April 21, 2025	Repayable in five equal annual installments (2019-20 to 2024-25)	12% pa	250	455
Term loan from holding company [refer note (b) and (c) below]	August 5, 2026	Principal loan and annual interest is paid on August 5, 2026	8% pa	13,539	13,539
				13,789	13,994
(Less) : Current maturities of Sales tax deferment (refer note 12)				(162)	(234)
				13,627	13,760

Notes:

- (a) Sales tax collected under deferral scheme of State Government of Maharashtra for eleven years (from 1999-00 to 2009-10) and is repayable in five equal annual installments with final installment due in 2024-25.
- (b) The terms are in line with the inter company loan agreement. Further, the Board of Directors of the Company has approved a scheme of amalgamation and arrangement in relation to the proposed merger of the Company with United Spirits Limited, the holding company (refer note 42). Also refer note 35.
- (c) The interest rate on the term loan from holding company is benchmarked to market and reviewed every year.

Net debt reconciliation

	As at March 31, 2022	As at March 31, 2021
Current borrowings	(33,913)	(31,891)
Non-current borrowings (*)	(13,789)	(13,994)
Interest accrued	(11,712)	(10,737)
	(59,414)	(56,622)

(*) Includes current maturities of non-current borrowings.

Net debt movement

	Liabilities from financing activities		
	Current borrowings	Non-current borrowings (**)	Total
Net debt as at April 01, 2020	(28,300)	(23,991)	(52,291)
Cash flows	(3,591)	302	(3,289)
Interest expense	(2,072)	(1,130)	(3,202)
Interest paid	2,072	88	2,160
Net debt as at March 31, 2021	(31,891)	(24,731)	(56,622)
Cash flows	(2,022)	234	(1,788)
Interest expense	(2,258)	(1,112)	(3,370)
Interest paid	2,258	108	2,366
Net debt as at March 31, 2022	(33,913)	(25,501)	(59,414)

(**) Includes current maturities of non-current borrowings and interest accrued but not due.

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

11 Other financial liabilities

Non-current

Interest accrued but not due on loan from holding company (refer note below)

As at March 31, 2022	As at March 31, 2021
11,712	10,737
11,712	10,737

Note: The Company has unconditional right to defer the interest payments until the maturity date, hence, the accrued interest is considered "Non-current". (Also refer note 35).

Current

Security deposits
Capital creditors
Employee payables
Other payables (***)

11	23
273	334
90	86
72	56
446	499

There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at year end. (***) Other payables represents liability towards certain land matters and interest payable on account of delay in payment towards MSMED vendors.

	Maturity date	Terms of repayment	Interest rate	As at March 31, 2022	As at March 31, 2021
12. Current borrowings					
<i>Unsecured</i>					
Bank overdraft	Payable on demand	Payable on demand	6.8% p.a. (2021: 6.8% to 8% p.a)	9,913	2,091
Short-term loan from bank	Payable on demand	Payable on demand		24,000	29,800
Sales tax deferment (refer Note 1.2)	April 21, 2025	Repayable in five equal annual installments (2019-20 to 2024-25)	12% pa	162	234
				34,075	32,125

Note:

(a) United Spirits Limited, the holding company, has furnished a letter of comfort to the bank for the aforesaid bank loans outstanding as at year end.

13 Trade payables

Current

Dues to micro enterprises and small enterprises (refer note 24)
Dues to creditors other than micro enterprises and small enterprises

As at March 31, 2022	As at March 31, 2021
151	193
2,577	1,446
2,728	1,639

Micro and Small enterprises, Undisputed

Not due	55	126
Less than 1 year	29	92
1-2 Years	-	1
2-3 years	-	-
More than 3 years	-	2
sub-total	84	221
Others, Undisputed		
Not due	1,047	924
Less than 1 year	1,283	290
1-2 Years	47	14
2-3 years	12	35
More than 3 years	30	27
sub-total	2,419	1,290

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

Disputed Trade Payable

Micro and Small enterprises, Undisputed

Not due	-	-
Less than 1 year	-	-
1-2 Years	-	-
2-3 years	-	-
More than 3 years	-	-
sub-total	-	-

Others, Disputed

Not due	225	128
Less than 1 year	-	-
1-2 Years	-	-
2-3 years	-	-
More than 3 years	-	-
sub-total	225	128

Total	2,728	1,639
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14. Provisions

Non-current

Employee benefits

Gratuity (refer note 30)

	As at March 31, 2022	As at March 31, 2021
	175	161
	175	161

Current

Employee benefits

Gratuity (refer note 30)

Compensated absences [refer Note (vii) below]

Others (refer notes below)

	26	15
	93	85
	2,707	1,999
	2,826	2,099

Notes: (i) Disclosure under Ind-AS 37 on "Provisions, Contingent Liabilities and Contingent Assets" :

	As at April 1, 2021	Additions during the year	(Utilised)/ (reversed) during the year	As at March 31, 2022
Indirect tax matters [Refer (ii) below]	12	-	-	12
Water charges [Refer (iii) below]	811	556	-	1,367
Compounding of excise matters [Refer (iv) below]	1,121	159	-	1,280
Legal claims [Refer (v) below]	55	-	7	48
	1,999	715	7	2,707

(ii) Relates to goods and services tax on license.

(iii) Relates to a demand raised by a government authority levying increase in water charges consumed for industrial purposes [refer note 26(iii)].

(iv) The Company has entered into a "Supply Agreement" with United Spirits Limited, the holding company, 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 the holding company. In addition, subsequent outflow in connection with the evaporation loss, if any, will be reimbursed by the holding company. The Company has assessed the recovery of such outflow amounting to INR 1,255 (2021: INR 1096) to be in the nature of cost to cost reimbursement and not revenue.

(v) Relates to various legal cases filed against the Company.

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

(vi) Provision is made for probable cash outflow arising out of pending disputes / litigations with regulatory authorities / parties. It is not practicable for the Company to estimate the timing of the cash outflows, if any, in respect of the above, pending resolution of respective proceedings.

(vii) The entire amount of provision is presented as current, as the Company does not have an unconditional right to defer settlement for any of these obligations. In case of compensated absences, based on past experience, the Company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months. Compensated absences not expected to be settled within the next 12 months is INR 82 (2021: INR 78).

	As at March 31, 2022	As at March 31, 2021
15. Other current liabilities		
Advance from customers	100	432
Advance from holding company (refer note 35)		
- Trade advance	6,549	6,163
- Payable / (receivable) towards tie-up manufacturing arrangement (refer note 36)	87	(74)
- Net working capital under tie-up manufacturing arrangement (refer note 36)	(87)	74
Statutory dues	207	229
	6,856	6,824

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward advance from customers and trade advance and how much relates to performance obligations that were satisfied in a prior year:

For the year ended March 31, 2022

	Advance from customers	Trade advance
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sale of ENA and other spirits	432	6,163
Revenue recognised from performance obligations satisfied in previous periods	-	-

For the year ended March 31, 2021

	Advance from customers	Trade advance
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sale of ENA and other spirits	3	7,383
Revenue recognised from performance obligations satisfied in previous periods	-	-

16 Revenue from operations

	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from contracts with customers:		
Sale of ENA and other spirits	18,232	14,840
Sale of services		
Income under tie-up manufacturing arrangement (refer note 36)	932	954
Other operating revenue		
Sale of scrap and by-product	2,006	946
	21,170	16,740

The Company does not have any unsatisfied performance obligations as at the year end.

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

Reconciliation of revenue recognised with contract price:

	March 31, 2022	March 31, 2021
Contract price	21,170	16,740
Adjustments	-	-
Revenue from operations	21,170	16,740

	For the year ended March 31, 2022	For the year ended March 31, 2021
--	--------------------------------------	--------------------------------------

17 Other income

Unwinding of interest on government grant

301	301
301	301

For the year ended March 31, 2022	For the year ended March 31, 2021
--------------------------------------	--------------------------------------

18 Cost of materials consumed (*)

Raw materials, stores, spares and consumables at the beginning of the year

3,024 4,766

Add: Purchases

16,897 11,251

(Less) : Raw materials, stores, spares and consumables at the end of the year

4,226 3,024

15,695 12,993

(*) Cost of materials consumed includes charge of INR 30 (2021: INR 192) towards differences noted during physical verification and consumption of stores, spares and consumables amounting to INR 1,734 (2021: INR 2,640).

19 Changes in inventories of work-in progress and finished goods

For the year ended March 31, 2022	For the year ended March 31, 2021
--------------------------------------	--------------------------------------

Opening balance

Work-in-progress

3,328 3,028

Finished goods

732 1,348

4,060 4,376

Closing balance

Work-in-progress

2,999 3,328

Finished goods

728 732

3,727 4,060

333 316

20 Employee benefits expense

Salaries, wages and bonus

1,343 1,070

Contribution to provident and other funds (refer note 40)

61 58

Gratuity (refer note 30)

41 29

Staff welfare

170 127

1,615 1,284

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

	For the year ended March 31, 2022	For the year ended March 31, 2021
21 Finance costs		
Interest expense		
- Interest on borrowings from holding company (refer note 35)	1,083	1,081
- Interest on working capital loan / bank overdraft	2,258	2,072
- Other interest	19	11
Unwinding of interest on sales tax deferment	26	49
	3,386	3,213
	For the year ended March 31, 2022	For the year ended March 31, 2021
22 Depreciation expense		
Depreciation on property, plant and equipment (refer note 2)	3,428	3,296
Impairment of capital work-in-progress (refer note 2)	9	18
	3,437	3,314
	For the year ended March 31, 2022	For the year ended March 31, 2021
23 Other expenses		
Power and fuel	205	171
Rent	14	17
Sub-contracting wages	873	824
Repairs and maintenance		
Buildings	28	124
Plant and machinery	1,059	1,629
Others	137	189
(Profit) / loss on disposal of property, plant and machinery	(13)	(36)
Rates and taxes	533	341
Water charges (including provision)	653	384
Insurance	107	110
Travelling and conveyance	9	15
Legal and professional	184	216
Provision for bad and doubtful advances	-	18
Directors' sitting fees (refer note 35)	6	6
Auditor's remuneration		
Statutory audit fees	32	25
Limited review fees	12	12
Tax audit fees	2	2
Out-of-pocket expenses	1	1
Printing and stationery	25	15
Security services	145	116
Corporate social responsibility expenditure [refer note 38]	-	3
Miscellaneous expenses	189	130
	4,201	4,312

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

24 Dues to Micro, Small and Medium Enterprises

The disclosures pursuant to the The Micro, Small and Medium Enterprises Development Act, 2016 (MSMED) are as follows:

	As at March 31, 2022	As at March 31, 2021
(i) Principal amount due to suppliers registered under the MSMED and remaining unpaid as at year end	151	193
(ii) Interest due to suppliers registered under the MSMED and remaining unpaid as at year end	44	25
(iii) Principal amounts paid to suppliers registered under the MSMED, beyond the appointed day during the year	1,570	1,056
(iv) Interest paid, under Section 16 of MSMED, to suppliers registered under the MSMED, beyond the appointed day during the year	-	-
(v) Interest paid, other than under Section 16 of MSMED, to suppliers registered under the MSMED, beyond the appointed day during the year	-	-
(vi) Interest due and payable towards suppliers registered under MSMED, for payments already made	19	11
(vii) Further interest remaining due and payable for earlier years	25	14

25 Government grant

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. In accordance with the scheme, the State (through the Directorate of Industries, Mumbai) issues eligibility certificate ("EC") to the Company, which forms the basis for receiving the Government grant. The EC depends on the quantum of VAT collected by the Company and deposited with the State authorities.

Management annually performs a re-assessment of the recoverability of the Government grant receivable carried in the books. On similar lines, an assessment was carried out as at the year end. During the year, based on grant received no additional loss allowances was required. Movement in loss allowance balance is given below:

	As at March 31, 2022	As at March 31, 2021
Opening balance	2,428	2,162
Additions	-	266
Reversals	-	-
Closing balance	2,428	2,428

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
26 Contingent liabilities		
Claims against the Company not acknowledged as debts	67	67
(i) Civil litigations [Refer Note (a) below]	67	67

(ii) The Company had filed a petition before the High Court of Bombay, Aurangabad Bench, challenging multiple demands raised by Water Resources Department, State of Maharashtra, levying increased water charges and an interim relief against any coercive steps had been received. The Company has been in appeal on the matter with Maharashtra Water Resources Regulatory Authority and the Company has paid INR 129.44 (2021: INR 111) "under protest" which is included in "Balances with government authorities" under Note 4 above. During the year, the Company has received further demands from the said Department levying water charges at a higher rate along with taxes and penalties for the period November 2018 to March 2022. Based on a legal opinion obtained, Management has determined that as the Company is carrying adequate provision in the books for the probable rates of water charges applicable to the Company, any further cash outflow on account of this matter is remote.

(iii) The Company has filed a petition before the High Court of Bombay, Aurangabad Bench, challenging the notification increasing the transport pass fees on its raw material and an interim relief has been received. It is not practicable to estimate the potential effect of this claim, but based on legal advice obtained, the Company believes that it is not probable that a significant liability will arise.

Considering the nature of the disputes, it is not practicable to estimate the timing of cash flows, if any, in respect of the above matters.

Note:

(a) Civil litigations - Other civil litigations relate to various claims from third parties under dispute which are lying with various courts/ appellate authorities.

	As at March 31, 2022	As at March 31, 2021
27 Capital commitments		
Estimated amounts of contracts remaining to be executed on capital account and not provided for:		
Property, plant and equipment (net of advances)	1,098	489
28 Basic and diluted earnings / (loss) per share	March 31, 2022	March 31, 2021
(Loss) attributed to equity holders	(7,196)	(8,657)
Weighted average number of equity shares (in numbers)	13,388,200	13,388,200
Nominal value of equity shares (in Rs.)	10	10
Basic and diluted earnings/ (loss) per share (in Rs.)	(53.75)	(64.66)

29 Segment Reporting

The Company has identified the Managing Director as the "CODM" as defined under Ind AS 108 "Operating Segments". The CODM evaluates and reviews the Company's performance and allocates the resources based on analysis of various performance indicators. The Company is primarily engaged in the business of manufacture and sale of ENA, malt spirits and allied products along with bottling operations of "IMFL". The Company's business activity primarily falls within a single operating segment based on the nature of activity involved and business risks having regard to the internal organisation and management structure. The CODM

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

reviews the Company's performance as a single operating segment and not at any other disaggregated level. Hence, there is no separate reportable segment under on Ind AS 108, 'Operating Segment'.

Revenue of approximately INR 14,060 (2021: INR 15,426) are derived from two external customers. There are no revenues or non-current operating assets from external customers outside India.

30 Employee benefit obligations

The Company provides gratuity to employees who are in continuous service for a period of 5 years or more. The amount of gratuity payable on termination/retirement is employee's last drawn salary per month computed proportionately for 15 days salary multiplied for the number of completed years of service. The gratuity scheme is funded through a trust and the fund is managed by an insurance company.

	Present Value of Obligation	Fair Value of plan assets	Net amount
As of April 1, 2020	243	(137)	106
Current service cost	23	-	23
Past service cost	-	-	-
Interest expense / (income)	15	(9)	6
Total amount recognised in profit and loss	38	(9)	29
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / (income)	-	-	-
Net actuarial (gain) / loss			
(Gain) / loss on plan assets	-	(9)	(9)
Change in experience	30	-	30
Change in demographic assumptions	30	-	30
Change in financial assumptions	29	-	29
Total amount recognised to comprehensive income	89	(9)	80
Obligations relating to employees transferred from holding company	-	-	-
Employer contribution	-	-	-
Benefits payment	(39)	-	(39)
As of March 31, 2021	331	(155)	176
As of April 1, 2021	331	(155)	176
Current service cost	31	-	31
Past service cost	-	-	-
Interest expense / (income)	21	(11)	10
Total amount recognised in profit and loss	52	(11)	41

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

Remeasurements

Return on plan assets, excluding amounts included in internet expense / (income)

Net actuarial (gain) / loss(Gain) / loss on plan assetsChange in experience

Change in demographic assumptions

Change in financial assumptions**Total amount recognised to comprehensive income**

Obligations relating to employees transferred

from holding company

Employer contributionBenefits payment

As of March 31, 2022

The net liability disclosed in note 14 relates to funded plan as follows:

	As at March 31, 2022	As at March 31, 2021
Present value of funded obligations	366	331
Fair value of plan assets	(165)	(155)
Deficit of funded plan	201	176

Significant estimates: Actuarial assumptions and Sensitivity

	As at March 31, 2022	As at March 31, 2021
Financial assumptions:		
Discount rate	6.96%	6.44%
Salary escalation rate	10%	10%

Demographic assumptions:

Mortality rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
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Attrition rate:

Executives	13.5%	11%
Staff	2%	2%

Retirement age	58 Years	58 Years
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Sensitivity analysis

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

Discount rate		
a) Discount rate - 100 basis points	(403)	(364)
b) Discount rate + 100 basis points	334	303

Salary escalation rate

a) Rate - 100 basis points	(335)	(303)
a) Rate + 100 basis points	400	362

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(All amounts in INR lakhs unless otherwise stated)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

The major categories of plan asset are as follows:

Equities
Bonds
Gilts
Pooled assets with an insurance company
Other

As at March 31, 2022	As at March 31, 2021
-	-
-	-
-	-
100%	100%
-	-
100%	100%

The defined benefit obligations shall mature after year end as follows:

Year 1
Year 2
Year 3
Year 4
Year 5
Year 6-10

March 31, 2022	March 31, 2021
26	15
16	21
22	11
28	16
37	24
142	129

The weighted average duration of the defined benefit obligation is 14.20 years (2021:13.06 years).

Risk exposure:

Through its defined benefit plans, Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in pre-defined insurance plans. These are subject to interest rate risk and the fund manages interest rate risk through continuous monitoring to minimise risk to an acceptable level.

Change in bond yields

A decrease in bond yields will increase plan liabilities.

Impact of COVID-19

The Company does not foresee any material impact on planned assets due to COVID 19.

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

31 Income taxes

(a) Tax expense recognised in the Statement of profit and loss

	Year ended March 31, 2022	Year ended March 31, 2021
Deferred tax		
(Increase) / Decrease in deferred tax asset	-	-
Total deferred income tax expense / (credit)	-	-

A reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

(b) Reconciliation of effective tax rate

	Year ended March 31, 2022	Year ended March 31, 2021
(Loss) before taxation	(7,196)	(8,657)
Enacted income tax rate in India	25.17%	25.17%
Tax at the enacted income tax rate	(1,811)	(2,179)
Tax effects of amounts which are not deductible in calculating taxable income:		
Corporate social responsibility expenditure	-	1
Expenses not allowable under tax	5	3
Interest on income taxes	-	-
Tax losses for which no deferred income tax was recognised	1,806	2,175
Tax expense / (credit)	-	-

(c) The movement in deferred tax assets and liabilities during the year ended March 31, 2022:

	As at April 1, 2021	Credit / (charge) in Statement of profit and loss	Credit / (charge) in Other comprehensive income	As at March 31, 2022
Deferred tax assets / (liabilities)				
Property, plant and equipment	(386)	240	-	(146)
Carry forward losses (including unabsorbed depreciation)	396	(247)	-	149
Financial liabilities at amortised cost	(10)	7	-	(3)
	-	0	-	0
	As at April 1, 2020	Credit / (charge) in Statement of profit and loss	Credit / (charge) in Other comprehensive income	As at March 31, 2021
Deferred tax assets / (liabilities)				
Property, plant and equipment	(980)	594	-	(386)
Carry forward losses (including unabsorbed depreciation)	1,007	(611)	-	396
Financial liabilities at amortised cost	(27)	17	-	(10)
	-	-	-	-

(d) Deferred tax asset has been recognised to the extent of deferred tax liability arising mainly on account of depreciation. Deferred tax assets has not been recognised on deductible temporary differences, MAT credit and carry

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

forward tax losses as it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom. The total value of unrecognised deferred tax asset amounts to INR 10,640 (2021: INR 8,322). The details of expiry of these unused tax losses, MAT credit and unabsorbed depreciation are given below.

	March 31 2022	Expiry period	March 31 2021	Expiry period
Carried forward business loss	14,884	6 to 8 years	11,707	7 to 8 years
Unabsorbed depreciation	21,265	Indefinite	18,828	Indefinite

	Year ended March 31, 2022	Year ended March 31, 2021
(e) Current tax assets (net)		
Opening Balance [Including paid under protest INR 121 (2021: INR 121)]	195	191
Add: Taxes Paid [Including paid under protest INR 35 (2021: Nil)]	35	4
Less: Current tax payable for the year	-	-
Add / (less): Adjustment towards interest on income tax	-	-
Closing Balance	230	195

32 Financial risk factors

The Company's principal financial liabilities comprise borrowings, advances, deposits, accrued interest and trade and other payables. The purpose of these financial liabilities is to finance the Company's operations and to provide support to its operations. The Company's principal financial assets include government grant, deposits, trade and other receivables and cash and cash equivalents that are derived directly from its operations.

The Company's activities exposes it to Liquidity risk, Market risk and Credit risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below

(a) Liquidity risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management implies maintenance of sufficient cash including availability of funding through an adequate amount of committed credit facilities to meet the obligations as and when due.

The Company manages its liquidity risk by ensuring that it will have sufficient liquidity to meet its short term and long term liabilities as and when due of the Company. Further, the Company has obtained a letter of financial support from the holding company (refer note 39).

(i) Financing arrangements

The Company has access to the following undrawn borrowing facilities as at the end of the reporting period which is sufficient to meet the short-term working capital deficit:

	As at March 31, 2022	As at March 31, 2021
Unsecured facility from bank, repayable at demand	1,087	3,109
Unsecured term loan facility from United Spirits Limited, the holding company.	15,000	15,000

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

(ii) The following is the contractual maturities of the financial liabilities:

As at March 31, 2021	Carrying amount	Payable on demand	Less than 1 month	1-12 months	more than 12 months
Non-derivative liabilities					
Borrowings	46,119	32,125	-	-	14,033
Trade payables	1,639	-	1,639	-	-
Other financial liabilities	11,236	-	499	-	10,737
	58,994	32,125	2,138	-	24,770
As at March 31, 2022	Carrying amount	Payable on demand	Less than 1 month	1-12 months	more than 12 months
Non-derivative liabilities					
Borrowings	47,702	34,075	-	-	13,799
Trade payables	2,728	-	2,728	-	-
Other financial liabilities	12,158	-	446	-	11,712
	62,588	34,075	3,174	-	25,511

(b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Company's treasury team with assistance from the holding company's treasury team manages the Market risk, which evaluates and exercises independent control over the entire process of market risk management.

(i) Foreign currency risk

Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company's functional and presentation currency is INR. The Company does not have any foreign currency transactions and hence is not exposed to the foreign currency risks.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's borrowings from holding company have fixed rate of interest and are carried at amortised cost. Hence, the Company is not subject to the interest rate risk as neither the carrying amount nor the future cash flows will change due to change in the market interest rates. The Company's main interest rate risk arises from working capital loan and short term loan from bank with floating rate.

The exposure of the Company's working capital loan and short term loan from the bank to interest rate of changes at the end of reporting period are as follows:

	As at March 31, 2022	As at March 31, 2021
Floating rate borrowings	33,913	31,891
Fixed rate borrowings	13,789	13,994
Total borrowings	47,702	45,885

Sensitivity

Profit or loss is sensitive to fluctuation in interest rates on floating rate

	As at March 31, 2022	As at March 31, 2021
Interest rates		
Increase by 50 bps	(170)	(159)
Decrease by 50 bps	170	159

The Company does not foresee any material impact on interest rate risk due to COVID-19.

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. The Company is exposed to credit risks from its operating activities, primarily trade receivables, cash and cash equivalents, deposits with banks and other financial instruments.

Credit risk is managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The Company's major sales are to its holding company. USL has extended trade advance to support the operations of the Company. Other sales are mostly on cash basis. Hence, the credit exposure is assessed to be low.

Exposure to the Credit risks

Financial assets for which loss allowance is measured using 12 months Expected Credit Losses ('ECL')

- Deposits

As at March 31, 2022	As at March 31, 2021
40	33
40	33

Exposure to the Credit risks

Financial assets for which loss allowance is measured using Life time "ECL"

- Trade Receivables

- Government Grants

As at March 31, 2022	As at March 31, 2021
-	-
8,567	10,294

Trade and other receivables

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risks on an ongoing basis throughout each reporting period.

To assess whether there is a significant change increase in credit risk the Company compares the risks of default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. It considers the reasonable and supportive forward looking information such as:

(i) Actual or expected significant adverse changes in business.

(ii) Actual or expected significant changes in the operating results of the counterparty.

(iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations

(iv) Significant increase in credit risk on other financial instruments of same counterparty

Refer note 25 for Government Grants.

Ageing of the accounts receivable

Not due

0-30 days

30-60 days

60-90 days

90-180 days

> 180 days

As at March 31, 2022	As at March 31, 2021
-	-
-	-
-	-
-	-
-	-
-	-
-	-

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

Movement in provisions / loss allowances

	As at March 31, 2022	As at March 31, 2021
Opening provision / allowances	2,562	2,640
Add: Additional provision / allowances made	-	284
Less: Provision / allowances write off / reversed	(1)	(362)
Closing provisions / allowances	2,561	2,562

33 Financial instruments

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts, largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts."

34 Capital management

The Company's objectives when managing capital are to :

- ◆ safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- ◆ maintain an optimal capital structure to reduce the cost of capital

On account of COVID-19, the Company has made a detailed assessment of its liquidity position for the next twelve months and noted no material impact. Further, the Company has obtained a letter of financial support from the holding company to support Company's operations for next twelve months.

35 Related Party Disclosure

A Names of related parties and description of relationship

(a) Related Parties where control exists :

Diageo Plc., United Kingdom, ultimate holding company
 Tanqueray Gordan & Company Ltd., United Kingdom, intermediate holding company
 Relay BV, The Netherlands, intermediate holding company
 United Spirits Limited, India, immediate holding company

(b) Fellow subsidairies with whom transactions have taken place:

Sovereign Distilleries Limited, India
 Diageo Business Services India Private Limited, India

(c) Key management personnel :

Non-executive directors
 (i) R Krishnamurthy, Chairman
 (ii) Srivathsala K N
 (iii) Mamta Sundara (*)
 (iv) Sanjeev Kumar Gupta (*)
 (v) Gopal Kothari (*) (upto October 22, 2021)
 (vi) Nimish Shah (*) (from December 31, 2021)

Executive directors

(i) Alokesh Biswas, Managing Director
 (*) No transactions during the year

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

(d) Employees' benefit plans :

Pioneer Distilleries Employees' Gratuity Trust

B Summary of transactions with related parties during the year is as follows:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Immediate holding company [Note (a) and (b)]		
- Sale of goods (excluding taxes)	15,597	14,163
- Finance costs	1,083	1,081
- Income under tie-up manufacturing arrangement	932	954
- Purchases (**)	403	619
- Transfer of employee benefits obligation	9	-
- Interest paid	108	88
- Reimbursement of expense	17	-
- Professional charges (including recharge for KMP services)	43	40
- Rent	3	8
Fellow subsidiaries		
- Professional charges	47	62

35 Related Party Disclosure (contd.)

Key management personnel

Executive directors

- Remuneration

Short-term employee benefits

Post-employment benefits [Note (c)]

Employee share-based payments

113	69
-	-
-	-

Non-executive directors

- Sitting fee

6	6
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Notes :

(a) Excludes gross sale of IMFL amounting to INR 5 (2021: INR 14), purchase of key ingredients amounting to INR 412 (2021: INR 619) under tie-up manufacturing arrangement as explained in note 36(c) and casks supplied by the holding company to the Company without consideration for malt maturation.

(b) The Company has received a letter of financial support from the holding company. Refer note 39.

(c) As the liabilities for defined benefit plans are provided on an actuarial valuation basis for the Company as a whole, the amounts pertaining to Key Management Personnel is not included.

C Outstanding balances as at the year-end are as follows:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Immediate holding company		
- Non-current borrowing	(13,539)	(13,539)
- Interest accrued but not due on above	(11,712)	(10,737)
- Trade advance	(6,549)	(6,163)
- Receivable / (payable) towards tie-up manufacturing arrangement (refer note 36)	(87)	74
Fellow subsidiaries		
- Trade payables	(98)	(57)
Employees' benefit plans		
- Payable towards employee obligations	201	176

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

36 Tie up manufacturing arrangement:

(a) The Company has entered into a tie-up manufacturing agreement with USL, the holding company. 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. Risk and rewards and the control of the activity rests with USL. Further, under the arrangement, the Company is entitled to bottling fees which is determined based on output and volume.

(b) The income under tie-up manufacturing arrangement included in Revenue from operations is as below:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Income under tie-up manufacturing agreement	932	954

(c) The gross sales, excise duty and cost of goods sold (the net impact of which is nil) in respect of the tie up manufacturing arrangement as indicated below in the respect of these operations have not been disclosed by the Company in the Statement of Profit and Loss

	For the year ended March 31, 2022	For the year ended March 31, 2021
Gross sales	58,861	69,517
Excise duty	(42,415)	(50,101)
Cost of goods sold	(16,446)	(19,416)
Net Impact	-	-

(d) The net working capital in respect of the tie up manufacturing arrangement as indicated below have been adjusted with the outstanding balance of USL

	As at March 31, 2022	As at March 31, 2021
Financial assets		
Trade receivable	2,081	2,172
Other current assets	567	85
Inventories	1,109	454
Financial liabilities		
Trade payables	(946)	(768)
Other current financial liabilities	(670)	(70)
Other current liabilities	(1,900)	(1,947)
	241	(74)

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

(e) The details of property, plant and equipment used in tie-up manufacturing arrangements with USL are given below:

	Buildings	Plant and equipment	Total
Year ended March 31, 2021			
Gross carrying amount			
Opening	1,934	1,297	3,231
Additions	-	9	9
Deletion	-	-	-
Closing gross carrying amount	1,934	1,306	3,240
Accumulated depreciation			
Opening	415	356	771
Depreciation charge for the year	84	90	174
Closing accumulated depreciation	499	446	945
Net carrying amount	1,435	860	2,295
	Buildings	Plant and equipment	Total
Year ended March 31, 2022			
Gross carrying amount			
Opening	1,934	1,306	3,240
Additions	28	269	297
Deletion	-	-	-
Closing gross carrying amount	1,962	1,575	3,537
Accumulated depreciation			
Opening	499	446	945
Depreciation charge for the year	86	101	187
Closing accumulated depreciation	585	547	1,132
Net carrying amount	1,377	1,028	2,405

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

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37 Leases

The Company had a leasing arrangement for warehouse facility that is renewable on a periodic basis with a lease term less than 12 months and hence considered short-term lease. Accordingly, lease payment of INR 19 (2021: INR 17) is recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

38 Corporate social responsibility expenditure

	For the year ended March 31, 2022	For the year ended March 31, 2021
Contribution towards ongoing projects	-	-
Contribution towards charity aid foundation India	-	-
Contribution towards developmental disabilities	-	-
Contribution towards skill development	-	-
Accruals towards unspent obligation in relation to:	-	-
(i) Ongoing Project	-	-
(ii) Other than Ongoing Project	-	-
Total	-	-
Amount required to be spent as per Section 135 of the Companies Act	-	-
Amount spent during the year on		
(i) Construction/ acquisition of any assets	-	-
(ii) On purpose other than (i) above	-	3

a) Details of ongoing CSR Project under 135(6) of the Companies Act

Balance as at April 01, 2021		Amount required to be spent during the year	Amount spent during the year		Balance as at March 31, 2022	
With Company	In separate CSR Unspent Account		From Company's bank account	From separate CSR Unspent	with the Company	In separate CSR Unspent
-	-	-	-	-	-	-

b) Details of CSR expenditure under 135(5) of the Companies Act other than ongoing projects

Balance unspent as at April 01, 2021	Amount deposited	Amount required	Amount spent	Balance unspent
-	-	-	-	-

c) Details of excess CSR expenditure under 135(5) of the Companies Act

Balance excess spent as at April 01, 2021	Amount required	Amount spent	Balance excess
-			

Note : Since the Company has incurred losses for the last three immediately preceding the financial year ended March 31, 2022, the Company need not spend any amount with respect to CSR for the year ended March 31, 2022

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

- 39** 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 USL, the holding company, have concluded that there is no material uncertainty on the ability of the Company to continue as a going concern.
- 40** The Company has evaluated the impact of the Supreme Court ("SC") judgement dated February 28, 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to non-inclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to Provident Fund ("PF") under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. There are interpretation issues relating to the said SC judgement. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in the financial statements.
- 41** Once the lockdown due to COVID-19 pandemic was lifted in May 2020, Management had taken appropriate actions to scale up the manufacturing to the levels prior to COVID-19. As a result, the operations of the Company stabilized during the previous year post COVID-19. Temporary disruptions have occurred from time to time during the pendency of curfew or lockdown restrictions, including as a result of the recent surge in the spread of COVID-19 in India.
- The Company has made an assessment of its liquidity position (considering the support letter received from USL) and of the recoverability and carrying values of its assets as at March 31, 2022 and does not foresee any material impact on account of COVID-19. The Company 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, which have largely been reinstated to the original controls and processes. 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 the financial results in assessing the impact of COVID-19 on the results for the year ended March 31, 2022 and no material impact is expected, but the Company will continue to monitor changes in future economic conditions, as they arise.
- 42** "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 (face value of INR 10 each), held by them as on the record date. The Scheme is subject to the receipt of requisite approvals from the relevant statutory authorities. The BSE Limited and the National Stock Exchange of India Limited have issued their no-objection to the draft Scheme and related documents filed, vide observation letters dated October 21, 2020 and October 22, 2020, respectively. The Company, jointly with USL, has filed an application under Sections 230 to 232 of the Companies Act, 2013 on November 27, 2020 with the National Company Law Tribunal, Bangalore ("NCLT"), and again an Interlocutory Application was filed before NCLT on April 7, 2021. The Company had conducted a shareholders meeting approving the Scheme on September 30, 2021 and is currently awaiting the NCLT approval. Subsequently, a joint petition to sanction the Scheme has been filed by USL and the Company with the NCLT on October 2, 2021.

PIONEER DISTILLERIES LIMITED

Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

43 Additional regulatory information

(a) Other regulatory information

(i) Details of benami property held

The Company does not hold any benami property. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The Company has no borrowings from banks and financial institutions on the basis of security of current assets.

(iii) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(iv) Relationship with struck off companies

The Company has no transactions with the companies struck off under the Companies Act, 2013 or the Companies Act, 1956.

(v) Compliance with number of layers of companies

The Company does not have any subsidiaries and hence compliance with Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on Number of Layers) Rules, 2017 ('Layering Rules') is not applicable.

(vi) Compliance with approved scheme(s) of arrangements

Please refer Note 42 above.

(vii) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries).

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

(viii) Undisclosed income

There is no income surrendered or disclosed as income during the current or prior year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(ix) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or prior year.

(x) Revaluation of property, plant and equipment, intangible asset and investment property

The Company has not revalued its property, plant and equipment or intangible assets or both during the current or prior year.

(xi) Title deeds of immovable properties not held in name of the Company

The title deeds of all the immovable properties, as disclosed in note 2 to the financial statements, are held in the name of the Company.

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Notes to the financial statements for the year ended March 31, 2022 (Contd.)

(All amounts in INR lakhs unless otherwise stated)

(1) Property, plant and equipment- Land

(a) Gross carrying value	INR 2,403
(b) Entity/ person in whose name the title deed is held	Pioneer Distilleries Limited
(c) Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Not Applicable
(d) Date since when the property is held	January 11, 2000
(e) If the title deed is not in the name of the entity, the reason	Not Applicable

(xii) Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

(xiii) Utilisation of borrowings availed from banks and financial institutions

The borrowings obtained by the Company from banks have been applied for the purposes for which such loans were taken, the Company has not availed any loans from financial institutions during the year.

(xiv) Loans or advances to specified persons

There are no loans or advances in the nature of loans are granted to promoters, directors, key management personnel and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are: (a) repayable on demand or (b) without specifying any terms or period of repayment.

Notes to the financial statements for the year ended March 31, 2022 (Contd.)
(All amounts in INR lakhs unless otherwise stated)

43 (b) Financial ratios

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for variance
Current ratio	Current Assets	Current Liabilities	0.24	0.22	9%	Not applicable as the variance is less than 25%.
Debt-equity ratio	Debt	Shareholder's Equity	-1.70	-2.04	-17%	Refer Note 1 below.
Debt service coverage ratio	Earnings available for debt service	Debt Service	-0.11	-0.66	-83%	The variance due to decrease in the loss for the year ended March 31, 2022 as compared to March 31, 2021. Refer Note 2 below.
Return on equity ratio	Profit / (Loss) after tax	Average Shareholder's Equity	0.23	0.37	-38%	The variance is due to decrease in the loss for the year ended March 31, 2022 as compared to March 31, 2021.
Inventory turnover ratio	Cost of goods sold	Average Inventory	0.47	0.61	-23%	Not applicable as the variance is less than 25%
Trade receivables turnover ratio	Net Sales	Average Receivables	0.00	0.00	-	Refer Note 3 below.
Trade payables turnover ratio	Net Purchases	Average Payables	7.34	7.36	0%	Not applicable as the variance is less than 25%
Net capital turnover ratio	Net Sales	Working Capital	4.05	3.07	32%	The variance is due to Increase in trade payables and borrowing balances as at March 31, 2022 as compared to the balances as at March 31, 2021.
Net profit ratio	Net Profit / (Loss)	Net Sales	-0.34	-0.52	-34%	The variance is due to decrease in the loss for the year ended March 31, 2022 as compared to March 31, 2021.
Return on capital employed	Earning / (Loss) before interest and taxes (EBIT)	Capital Employed	-0.03	-0.12	-75%	The variance is due to decrease in the EBIT for the year ended March 31, 2022 as compared to March 31, 2021.
Return on investment	Investment Gain	Cost of Investment	-0.19	-0.22	-	Not applicable because Company does not have any investments.

Note:-

- (1) The Company's net worth has eroded as at March 31, 2022 and March 31, 2021 and, hence, debt-equity ratio for both the periods is negative.
- (2) The earnings available for debt service is negative (i.e., loss) for the year March 31, 2022 and March 31, 2021 and, hence, debt service coverage ratio for both periods is negative.
- (3) The Company does not sell goods on credit and, hence, trade receivable turnover ratio is not applicable.

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44 Prior year's figures have been regrouped/ reclassified to conform to this year's classification. Refer note 1.2.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number - 304026E/E-300009

Shivakumar Hegde

Partner

Membership Number: 204627

Place: Bengaluru

Date: May 19, 2022

For and on behalf of the Board of Directors

Nimish Shah

Director

DIN: 05250183

Gopal Kothari

Chief Financial Officer

Place: Bengaluru

Date: May 19, 2022

Alokesh Biswas

Managing Director

DIN: 08756326

Swaminathan J

Company Secretary

PIONEER DISTILLERIES LIMITED

NOTES

Registrar & Transfer Agents

Venture Capital & Corporate Investments Private Limited

12-10-167, Bharat Nagar, Hyderabad - 500 018

Tel.: 040-2381 8475 / 76 Fax : 040 2386 8024