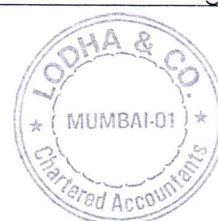



## FORM A

### Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Pioneer Distilleries Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	<p><b>A.</b> The report of statutory auditors contains the following observations on the standalone financial statements:</p> <p>(i) Emphasis of Matters in the Independent Auditors' Report on the financial statements</p> <p>Without qualifying, we draw attention to the following:</p> <p>a) the financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred a loss of Rs.212,953,305 during the year ended March 31, 2014 (loss of Rs.273,132,989 in the previous financial year) and, as of that date, net worth has been substantially eroded. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.</p> <p>The Company's bottling plant and Malt Spirit plant have commenced operations. The parent Company, United Spirits Limited, has provided a letter of support in which it confirms its intention to provide the Company, at least for the forthcoming twelve months, with any financial, technical and administrative support it may require in order to pursue the operation and honour the commitments.</p> <p>Accordingly, management believes that it is appropriate to prepare the financial statements on a going concern basis. Therefore, the financial statements do not include any adjustment relating to the</p>



		<p>recoverability and classification of recorded assets and to the amounts of liabilities that might be necessary should the Company be able to unable continue as a going concern. {Refer Note no.22 (a)}.</p> <p>b) regarding recognition of subsidy received/receivable under PSI Scheme 2007 of Maharashtra Government under the income approach stated in Accounting Standard 12 (Government Grants) as against hitherto being accounted under capital approach. {Refer Note no.22(b)}.</p>
4.	Frequency of observation	<p>Observations A (i) (a) is repetitive from the financial year ended March 31, 2013 and A (i) (b) has been reported for the first time during the year ended March 31, 2014</p>
5.	<p>Signed by-</p> <ul style="list-style-type: none"> <li>Mr. P.A. Murali Chairman</li> <li>Mr. Mukesh Srivastava, Chief Financial Officer</li> <li>Auditor of the Company:</li> </ul> <p>For <b>Lodha &amp; Co</b> Chartered Accountants Firm Registration No:301051E</p> <p><i>R.P. Baradiya</i></p> <p>R.P. Baradiya Partner Membership No: 44101</p> <ul style="list-style-type: none"> <li>Mr. M.R. Doraiswamy Iyengar, Audit Committee Chairman</li> </ul>	<p><i>P.A. Murali</i></p> <p><i>Mukesh Srivastava</i></p> <p><i>R.P. Baradiya</i></p>  <p><i>M.R. Doraiswamy</i></p>