

Price Waterhouse & Co Chartered Accountants LLP

The Board of Directors
Pioneer Distilleries Limited
Roxana Towers, Ground Floor
M.No.7-1-24/1RT/G1&G2 Greenlands
Begumpet, Hyderabad - 500016

Independent Auditor's Report on the Statement of financial results

1. We have audited the accompanying Statement containing the annual audited financial results of Pioneer Distilleries Limited (the "Company") for the year ended March 31, 2018 together with the notes thereon (hereinafter referred to as the "Statement") being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, which we have initialed for identification purposes only.

Management's Responsibility for the financial results

2. The preparation of the accompanying Statement is the responsibility of the management and the Statement has been approved by the Board of Directors. The Management is also responsible for the preparation of the annual statutory financial statements in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act (referred to as the "accounting principles generally accepted in India"), basis which the above Statement containing the annual audited financial results has been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Statement.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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

Price Waterhouse & Co Chartered Accountants LLP

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us:
 - (i) the Statement, together with the notes thereon are presented in the format prescribed under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - (ii) the Annual audited financial results for the year ended March 31, 2018 as set out in the Statement gives a true and fair view of the total comprehensive income (comprising of profit and other comprehensive income) and other financial information for the year ended March 31, 2018 in accordance with the accounting principles generally accepted in India.

Emphasis of Matter

7. We draw your attention to Note 7 of the Statement regarding the figures for the quarter ended March 31, 2018, which are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the third quarter of the current financial year which was subjected to review. Our opinion is not qualified in respect of this matter.

Other Matters

8. The Company had prepared the financial results and financial statements for the year ended March 31, 2017 in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, which were audited by another firm of chartered accountants, who vide their reports dated May 10, 2017 issued unmodified opinion on those financial result and financial statements respectively.
9. The Statement dealt with by this report has been prepared for the express purpose of filing with Stock Exchanges on which the Company's shares are listed. This Statement is based on and should be read with the Annual audited financial statements of the Company for the year ended March 31, 2018 on which we issued an unmodified audit opinion vide our report dated April 24, 2018.

Restriction on Use

10. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 9 above. This report should not be otherwise used by any other party for any other purpose.

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



Gautam Dharamshi
Partner
Membership Number: 042393

Bangalore
April 24, 2018

PIONEER DISTILLERIES LIMITED

Registered Office: Roxana Towers, Ground Floor, M.No.7-1-24/1/RT/G1&G2, Greenlands, Begumpet, Hyderabad
500 016

Tel: +91 04 66747388; Fax: +91 40 66747386

Web: www.pioneerdistilleries.com; Email: info@pioneerdistilleries.com

Corporate Identity Number: L24116TG1992PLC055108

Statement of assets and liabilities as at March 31, 2018

Particulars	Rs. in Lakhs	
	As At March 31, 2018	As At March 31, 2017
	Audited	Audited
ASSETS		
Non-current assets		
Property, Plant and Equipment	27,806	16,672
Capital work - in - progress	350	10,808
Financial asset		
Government Grant	3,343	1,861
Security Deposit	66	143
Deferred tax assets (net)	2,884	5,047
Advance income tax (net)	317	58
Other non - current assets	2,905	2,573
Total-Non-current assets	37,671	37,162
Current assets		
Inventories	4,101	5,443
Financial assets		
Government Grant	16,748	1,544
Trade Receivables	19	142
Cash and Cash Equivalents	22	33
Others financial assets	17	-
Other current assets	598	2,009
Total-current assets	21,505	9,171
Total Assets	59,176	46,333
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,342	1,342
Other Equity	1,216	(5,827)
Total Equity	2,558	(4,485)
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	14,553	14,818
Other financial liabilities	7,548	6,452
Provisions	61	96
Total non-current liabilities	22,162	21,366
Current liabilities		
Financial liabilities		
Borrowings	15,792	7,969
Trade Payables	2,207	2,287
Other Current financial liabilities	1,112	2,523
Provisions	176	135
Current tax liabilities (net)	-	-
Other current liabilities	15,169	16,538
Total - current liabilities	34,456	29,452
Total equity and liabilities	59,176	46,333




PIONEER DISTILLERIES LIMITED

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Statement of Audited Financial Results for the quarter and year ended March 31, 2018

Rs. in Lakhs

PARTICULARS	3 months ended March 31, 2018	3 months ended December 31, 2017	3 months ended March 31, 2017	Year ended March 31, 2018	Previous year ended March 31, 2017
	Audited	Unaudited	Audited	Audited	Audited
1 Income					
(a) Revenue from operations	3,624	3,363	3,464	13,500	9,660
(b) Government grant (refer note 4)	4,805	-	-	16,685	1,655
(c) Other income	61	189	3	281	3
Total income	8,490	3,552	3,467	30,466	11,318
2 Expenses					
(a) Cost of materials consumed	3,167	1,857	2,525	11,174	7,191
(b) Changes in inventories of work in progress and finished goods	(647)	681	353	(911)	193
(c) Excise duty	-	-	4	12	14
(d) Employee benefit expense	302	225	254	1,053	766
(e) Depreciation expense	1,241	823	723	3,661	2,733
(f) Other expenses	734	761	852	3,042	2,836
(g) Finance costs	596	560	517	2,254	1,932
Total expenses	5,393	4,907	5,228	20,285	15,665
3 Profit / (loss) before exceptional items and taxation (1-2)	3,097	(1,355)	(1,761)	10,181	(4,347)
4 Exceptional items (net)	-	-	-	-	-
5 Profit / (loss) before taxation (3+4)	3,097	(1,355)	(1,761)	10,181	(4,347)
6 Income tax expense					
(a) Current tax	917	(30)	-	1,037	-
(b) Deferred tax charge / (credit)	1,021	(418)	(640)	3,180	(1,339)
(c) MAT credit utilised / (availed)	(917)	30	-	(1,037)	-
7 Profit / (loss) for the period (5-6)	2,076	(937)	(1,121)	7,001	(3,008)
8 Other comprehensive income / (expenses) (net of income tax)					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of post-employment benefit obligations	42	-	(12)	42	(12)
Total other comprehensive income for the year, net of tax	42	-	(12)	42	(12)
9 Total comprehensive income / (expenses) (7+8)	2,118	(937)	(1,133)	7,043	(3,020)
10 Paid-up equity share capital (Face value of Rs.10 each)	1,339	1,339	1,339	1,339	1,339
11 Earnings / (loss) per share of Rs. 10/- each (not annualised)					
Basic and diluted (Amounts in Rs.)	15.51	(7.00)	(8.37)	52.29	(22.47)




PIONEER DISTILLERIES LIMITED

Statement of Audited Financial Results for the quarter and year ended March 31, 2018

Notes:

1. Pioneer Distilleries Limited ('the Company') is primarily engaged in the business of Extra Neutral Alcohol, Malt Spirit, Indian Made Foreign Liquor ('IMFL') and allied products. Since the entire business of the Company is evaluated and reviewed by Chief Operating Decision Maker as one reportable segment, the management considers this as a single reportable segment.
2. This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent possible.
3. In terms of SEBI Circular CIR/CFD/CMD/56/2016 dated May 27, 2016, the Company hereby declares that the Statutory Auditors have issued Audit report with unmodified opinion on annual audited financial results for the year ended March 31, 2018.
4. The Company is entitled to government grant from the State of Maharashtra for setting up projects in notified rural area under two phases. These grants are receivable in the form of VAT refunds.

Under Mega Phase II project, the Company is entitled to Government grant amounting to Rs. 26,000 lakhs. Upon receipt of eligibility certificates for Rs. 18,049 lakhs during the year, the Company has recognised Rs. 4,805 lakhs and Rs. 16,685 lakhs representing present value of such receivables as Government Grant income in the Statement of Audited Financial Results for the quarter and year ended March 31, 2018 respectively.

5. (a) The Company has entered into a tie-up manufacturing agreement with United Spirits Limited ('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 18 on 'Revenue', the Company has assessed its relationship with USL to be that of an agent. Risk and rewards 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 and has accordingly -



- a. recorded the income under tie-up manufacturing agreement which is included in Revenue from operations as detailed below:

Rs. in lakhs

	Three Months Ended			Year Ended	
	31/03/2018	31/12/2017	31/03/2017	31/03/2018	31/03/2017
Income	110	177	110	533	445

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

Rs. in lakhs

	Three Months Ended			Year Ended	
	31/03/2018	31/12/2017	31/03/2017	31/03/2018	31/03/2017
Gross sales	12,245	16,602	11,428	51,589	40,344
Excise duty	(8,756)	(14,041)	(9,671)	(41,877)	(33,674)
Cost of goods sold	(3,689)	(2,561)	(1,757)	(9,712)	(6,670)
Net impact	-	-	-	-	-

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

Rs. in lakhs

	As At	
	31/03/2018	31/03/2017
Inventories	1,538	742
Other current assets	289	(187)
Financial liabilities		
Trade payables	(977)	(1,348)
Other current financial liabilities	(876)	(309)
Other current liabilities	(2,001)	(1,858)
	(2,027)	(2,960)

6. In view of the Company's business plan and the letter of financial support received from the holding Company, United Spirits Limited, the financial statements of the Company are prepared on a going concern basis.
7. The figures for last quarter of the current year and of the previous year are the balancing figure between the audited figures in respect of the full financial year and the published year to date figures up to third quarter. The figure up to and of the third quarter were only reviewed by the statutory auditors of the Company and not subjected to the audit.

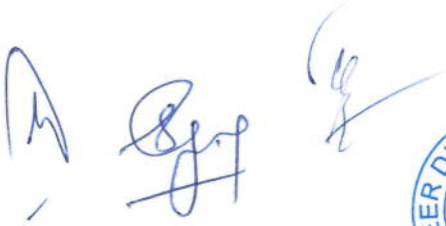
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8. Previous period's figures have been regrouped/ reclassified to conform to the current period's presentation for the purpose of comparability.
9. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on April 24, 2018.

Place: Bangalore
Date: April 24, 2018





By authority of the Board



B. V. Krishna Reddy
Managing Director
DIN-07293482

