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INDIA

Pioneer Distilleries limited
Subsidiary of United Spirits Limited

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

October 18, 2019

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

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

Dear Sir/Madam,

Sub: Intimation of unaudited results for the quarter and six months ended September 30, 2019.

The Board of Directors of the Company at their meeting held today, considered and have taken on record the Unaudited financial results of the Company for the Quarter and six months ended September 30, 2019 ("UFR"). The Limited Review Report (LRR) thereon received from Statutory Auditors of the Company was placed at the said Meeting. UFR along with the LRR in respect of this UFR are being uploaded on to your websites along with this letter.

Thanking you,

Yours faithfully,

for **Pioneer Distilleries Limited**



B L Akshara
Company Secretary

Encl as above

PIONEER DISTILLERIES LIMITED

Level 10, UB Tower, #24 Vittal Mallya Road, Bengaluru 560 001

Tel: +91 80 2221 0705, Fax: +91 80 3985 6862 | www.pioneerdistilleries.com | CIN: L24116KA1992PLC125992

Statement of Unaudited Financial Results for the quarter and six months ended September 30, 2019

INR in Lakhs except for earnings per share data

PARTICULARS	3 months ended September 30, 2019	3 months ended June 30, 2019	3 months ended September 30, 2018	6 months ended September 30, 2019	6 months ended September 30, 2018	Previous year ended March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
(a) Revenue from operations	3,975	4,316	3,001	8,291	6,132	13,838
(b) Other income	76	85	76	161	152	437
Total income	4,051	4,401	3,077	8,452	6,284	14,275
2 Expenses						
(a) Cost of materials consumed	3,045	3,109	2,012	6,154	4,871	11,612
(b) Changes in inventories of work in progress and finished goods	(108)	303	17	195	(955)	(2,256)
(c) Employee benefit expense	219	279	264	498	519	1,015
(d) Finance costs	825	910	733	1,735	1,402	2,936
(e) Depreciation expense	1,161	1,157	1,245	2,318	2,476	4,861
(f) Others						
(i) Allowance for government grant (refer note 3)	-	-	1,000	-	1,000	2,686
(ii) Other expenses	900	787	785	1,687	1,554	3,128
Total expenses	6,042	6,545	6,056	12,587	10,867	23,982
3 Profit / (loss) before exceptional items and taxation (1-2)	(1,991)	(2,144)	(2,979)	(4,135)	(4,582)	(9,707)
4 Exceptional items (net)	-	-	-	-	-	-
5 Profit / (loss) before taxation (3+4)	(1,991)	(2,144)	(2,979)	(4,135)	(4,582)	(9,707)
6 Income tax expense						
(a) Current tax [Minimum Alternative Tax (MAT)]	-	-	-	-	-	-
(b) Taxes relating to earlier years (MAT)	-	-	179	-	179	131
(c) Deferred tax charge/(credit) (Refer Note 4)	-	6,022	(934)	6,022	(1,430)	(2,999)
(d) MAT credit utilised/availed	-	-	(179)	-	(179)	(131)
7 Profit / (loss) for the period (5-6)	(1,991)	(8,166)	(2,045)	(10,157)	(3,152)	(6,708)
8 Other comprehensive income/ (loss)						
<i>Items that will not be reclassified to profit or loss</i>						
Remeasurements of post-employment benefit obligations	(5)	(5)	-	(10)	-	(21)
Income tax credit/(charge) relating to these items	-	-	-	-	-	8
Other comprehensive income/ (loss) for the period, net of tax	(5)	(5)	-	(10)	-	(13)
9 Total comprehensive income/ (loss) (7+8)	(1,996)	(8,171)	(2,045)	(10,167)	(3,152)	(6,721)
10 Paid-up equity share capital (Face value of INR 10 each)	1,339	1,339	1,339	1,339	1,339	1,339
11 Earnings/ (loss) per share of INR 10 each (not annualised)						
Basic and diluted (Amounts in INR)	(14.87)	(60.99)	(15.27)	(75.86)	(23.54)	(50.10)



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Unaudited Statement of Assets and Liabilities as at September 30, 2019

INR in Lakhs

Particulars	As At September 30, 2019	As At March 31, 2019
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	21,701	23,983
Capital work - in - progress	101	127
Financial assets		
Government grant	8,927	8,777
Loans	38	43
Deferred tax assets (net)	-	6,022
Income tax assets (net)	191	138
Other non - current assets	3,425	3,250
Total non-current assets	34,383	42,340
Current assets		
Inventories	6,716	5,754
Financial assets		
Government grant	1,918	8,929
Trade receivables	47	11
Cash and cash equivalents	41	27
Others financial assets	23	15
Other current assets	617	574
Total current assets	9,362	15,310
Total assets	43,745	57,650
EQUITY AND LIABILITIES		
Equity		
Share capital	1,342	1,342
Other Equity		
Reserves and surplus	(15,672)	(5,505)
Total equity	(14,330)	(4,163)
Non-current liabilities		
Financial liabilities		
Borrowings	13,956	14,171
Other financial liabilities	9,195	8,645
Provisions	144	138
Total non-current liabilities	23,295	22,954
Current liabilities		
Financial liabilities		
Borrowings	23,973	28,083
Trade Payables		
(A) total outstanding dues of micro enterprises and small enterprises	13	41
(B) total outstanding dues other than micro enterprises and small enterprises	1,422	2,175
Other financial liabilities	591	821
Provisions	386	149
Other current liabilities	8,395	7,590
Total current liabilities	34,780	38,859
Total liabilities	58,075	61,813
Total equity and liabilities	43,745	57,650



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Unaudited Statement of Cash Flows for the six months ended September 30, 2019

INR in Lakhs

PARTICULARS	6 months ended September 30, 2019	6 months ended September 30, 2018	Previous year ended March 31, 2019
	Unaudited	Unaudited	Audited
A. Cash flows from operating activities			
Profit/ (loss) before tax	(4,135)	(4,582)	(9,707)
Adjustments for:			
Depreciation expense	2,318	2,476	4,861
Allowance for government grant	-	1,000	2,686
Interest income	-	-	(2)
Provision/ Liabilities no longer required written back	-	-	(131)
Finance costs	1,735	1,402	2,936
Unwinding of interest on government grant	(150)	(151)	(301)
Change in operating assets and liabilities			
(Increase)/ decrease in inventory	(962)	(1,226)	(1,654)
(Increase)/ decrease in trade receivables	(36)	(7)	8
(Increase)/ decrease in other non-current/ current assets	(225)	(97)	(180)
(Increase)/ decrease in other financial assets	7,008	16	25
Increase/ (decrease) in trade payables	(781)	381	9
Increase/ (decrease) in other financial liabilities	(37)	10	(94)
Increase/ (decrease) in other non-current/ current liabilities	805	1,083	(7,578)
Increase/ (decrease) in non-current/ current provisions	233	17	30
Cash generated from/ (used in) operations	5,773	322	(9,092)
Tax paid, net	0	0	0
Net cash generated from/ (used in) operating activities (A)	5,773	322	(9,092)
B. Cash flow from investing activities			
Purchase of property, plant and equipment	(66)	(639)	(1,140)
Proceeds from disposal of property, plant and equipment	-	-	-
Interest received	-	-	2
Net cash used in investing activities (B)	(66)	(639)	(1,138)
C. Cash flow from financing activities			
Proceeds from current borrowings	15,900	1,794	10,300
Repayment of current borrowings	(10,800)	-	-
Repayment of non-current borrowings	(382)	(265)	(265)
Bank overdraft (net)	(9,210)	(374)	1,991
Finance costs paid	(1,201)	(847)	(1,791)
Net cash generated from/ (used in) financing activities (C)	(5,693)	308	10,235
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	14	(9)	5
Add: Cash and cash equivalents at the beginning of the year	27	22	22
Cash and cash equivalents at the end of the year	41	13	27

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PIONEER DISTILLERIES LIMITED

Notes to the Statement of Unaudited Financial Results for the quarter and six months ended September 30, 2019

1. Pioneer Distilleries Limited ('the Company') is primarily engaged in the business of manufacturing and selling Extra Neutral Alcohol, Malt Spirit, and allied products along with Indian Made Foreign Liquor ('IMFL') operations. 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 applicable.

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

The Company has used the 'modified retrospective approach' for transition from the previous standard- Ind AS 17, and consequently, comparatives for previous periods have not been retrospectively adjusted. The impact on adoption of the Indian Accounting Standard 116 on the results for the quarter and six months ended September 30, 2019 is not material.

3. The Company is entitled to certain government grants from the state of Maharashtra for setting up projects in notified rural areas under two phases. These grants are receivable in the form of VAT refunds. During the previous year, the Company had received a communication amending certain terms of eligibility ('Amended Sanction Letter'). The Company had carried out an internal assessment supported by a legal opinion in respect of the above and had filed a revised claim. Subsequently, the said Amended Sanction Letter had been further revised by the concerned Government department restoring certain terms that were amended earlier. Consequently, the Company had recognised an allowance of INR 1,000 lakhs as expected credit loss on account of impairment during the quarter ended September 30, 2018. Further, the Company had reassessed the timing of cash inflows since initial recognition and had recognised an additional allowance of INR 1,686 lakhs during the quarter and year ended March 31, 2019.

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4. During the month of June 2019, management undertook a detailed technical review of plant operations and processes. Based on the recommendations of this review, it is proposed to augment manufacturing infrastructure and processes which involves capital and overhauling spends resulting in temporary reduction in production volumes. Accordingly, the future business plans and projected profits were re-evaluated. Further, in light of reduction in production volumes and increase in cost of materials, overheads and interest, the Company's ability to earn sufficient taxable profits is likely to be impeded resulting in a significant uncertainty regarding utilisation of deferred tax assets (including MAT credit) against unused tax losses and therefore, as a matter of prudence, deferred tax assets amounting to INR 6,022 lakhs (including MAT credit of INR 1,168 lakhs) were written-off during the quarter ended June 30, 2019.
5. The Company has 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 115 on 'Revenue from contracts with customers', the Company has assessed its relationship with USL to be that of an agent. Control of the activities rest with USL. Further, under the arrangement, the Company is entitled to bottling fees which is determined based on output and volume and has accordingly -
- a. recorded the income under tie-up manufacturing agreement which is included in Revenue from operations as detailed below:

INR in lakhs

	Three Months Ended			Six Months Ended		Year Ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
Income under tie-up manufacturing agreement	151	105	113	256	197	468

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

INR in lakhs

	Three Months Ended			Six Months Ended		Year Ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
Gross sales	12,989	12,240	14,371	25,229	24,006	54,814
Excise duty	(9,362)	(8,812)	(10,180)	(18,174)	(16,966)	(39,054)
Cost of goods sold	(3,627)	(3,428)	(4,191)	(7,055)	(7,040)	(15,760)
Net impact	-	-	-	-	-	-

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6. Previous period's figures have been regrouped/ reclassified to conform to the current period's presentation for the purpose of comparability.
7. The figures for the cash flows for the six months ended September 30, 2018 included in the Unaudited Statement of Cash Flows have not been subjected to review by the Auditors as the mandatory requirement for limited review of cash flows is made applicable for periods beginning April 1, 2019, pursuant to Regulation 33(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
8. This Statement of Unaudited Financial Results has been reviewed by the Audit and Risk Management Committee of the Board of Directors and approved by the Board of Directors at their meetings held on October 18, 2019.

Place: Bengaluru
Date: October 18, 2019

By authority of the Board


Ravi Varma
Managing Director
DIN: 02168293








Price Waterhouse & Co Chartered Accountants LLP

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

1. We have reviewed the unaudited financial results of Pioneer Distilleries Limited (the "Company") for the quarter ended September 30, 2019 and the year to date results for the period April 1 to September 30, 2019 which are included in the accompanying "Statement of Unaudited Financial Results for the quarter and six months ended September 30, 2019", the statement of assets and liabilities as on that date and the statement of cash flows for the half-year ended on that date (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), which has been initialled by us for identification purposes.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.
4. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We were neither engaged to review, nor have we reviewed the unaudited statement of cash flows for the six months ended on September 30, 2018 and accordingly we do not express any conclusion on these cash flows in the Statement. As set out in note 7 to the Statement, these figures have been furnished by the Management.

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


Shivakumar Hegde
Partner
Membership Number: 204627
UDIN: 19204627AAAACC2105
Bengaluru
October 18, 2019

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