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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

January 23, 2020

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

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

Dear Sir/Madam,

Sub: Intimation of unaudited results for the quarter and nine months ended December 31, 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 nine months ended December 31, 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 nine months ended December 31, 2019

INR in Lakhs except for earnings per share data

PARTICULARS	3 months ended December 31, 2019	3 months ended September 30, 2019	3 months ended December 31, 2018	9 months ended December 31, 2019	9 months ended December 31, 2018	Previous year ended March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
(a) Revenue from operations	4,990	3,975	4,361	13,281	10,493	13,838
(b) Other income	75	76	75	236	227	437
Total income	5,065	4,051	4,436	13,517	10,720	14,275
2 Expenses						
(a) Cost of materials consumed	4,212	3,045	3,504	10,366	8,375	11,612
(b) Changes in inventories of work in progress and finished goods	(160)	(108)	(518)	35	(1,473)	(2,256)
(c) Employee benefit expense	285	219	300	783	819	1,015
(d) Finance costs	827	825	731	2,562	2,133	2,936
(e) Depreciation expense	1,151	1,161	1,217	3,469	3,693	4,861
(f) Others						
(i) Allowance for government grant (refer note 3)	(1,000)	-	-	(1,000)	1,000	2,686
(ii) Other expenses	1,028	900	847	2,715	2,400	3,128
Total expenses	6,343	6,042	6,081	18,930	16,947	23,982
3 Profit / (loss) before exceptional items and taxation (1-2)	(1,278)	(1,991)	(1,645)	(5,413)	(6,227)	(9,707)
4 Exceptional items (net)	-	-	-	-	-	-
5 Profit / (loss) before taxation (3+4)	(1,278)	(1,991)	(1,645)	(5,413)	(6,227)	(9,707)
6 Income tax expense						
(a) Current tax [Minimum Alternative Tax (MAT)]	-	-	-	-	-	-
(b) Taxes relating to earlier years (MAT)	-	-	-	-	179	131
(c) Deferred tax charge/(credit) (Refer Note 4)	-	-	(511)	6,022	(1,941)	(2,999)
(d) MAT credit utilised/ (availed)	-	-	-	-	(179)	(131)
7 Profit / (loss) for the period (5-6)	(1,278)	(1,991)	(1,134)	(11,435)	(4,286)	(6,708)
8 Other comprehensive income/ (loss)						
Items that will not be reclassified to profit or loss						
Remeasurements of post-employment benefit obligations	(5)	(5)	-	(15)	-	(21)
Income tax credit/(charge) relating to these items	-	-	-	-	-	8
Other comprehensive income/ (loss) for the period, net of tax	(5)	(5)	-	(15)	-	(13)
9 Total comprehensive income/ (loss) (7+8)	(1,283)	(1,996)	(1,134)	(11,450)	(4,286)	(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)	(9.55)	(14.87)	(8.47)	(85.40)	(32.00)	(50.10)

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PIONEER DISTILLERIES LIMITED

Notes to the Statement of Unaudited Financial Results for the quarter and nine months ended December 31, 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') bottling operations. Since the entire business of the Company is evaluated and reviewed by the Chief Operating Decision Maker as one reportable segment, the management considers this as a single reportable segment.
2. This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

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 nine months ended December 31, 2019 is not material. The Company has also assessed the impact of Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments to be 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. During the quarter, the Company has received a revised eligibility certificate as per the above-mentioned Sanction letter and hence the allowance of INR 1,000 Lakhs has been reversed. Allowance for government grant of nine months period ended December 31, 2018 has been reclassified to conform to the current period's presentation for the purpose of comparability.

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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 (net of deferred tax liability arising mainly on account of depreciation), amounting to Rs. 6,022 lakhs (including MAT credit of Rs. 1,168 lakhs) were written-off during the quarter ended June 30, 2019.
5. The Board of Directors ("Board") of United Spirits Limited ("USL"), the holding company, 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 - 232 and 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 for every 47 equity shares held by them as on the record date. Post the merger, equity shares of the Company shall be deemed to be cancelled and the Company will dissolve without being wound up. The Scheme is subject to the receipt of requisite approvals/No-objection letter from the relevant authorities including the National Company Law Tribunal, the Securities and Exchange Board of India, the National Stock Exchange of India Limited, the BSE Limited, and the respective shareholders and creditors of USL and the Company.
6. The Company has a tie-up manufacturing agreement with USL. In terms of this agreement, the Company manufactures, under USL's supervision, brands owned and marketed by USL. Under Ind-AS 115 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			Nine Months Ended		Year Ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
Income	205	151	150	461	347	468

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- 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			Nine Months Ended		Year Ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
Gross sales	17,439	12,989	16,592	42,668	40,597	54,814
Excise duty	(12,576)	(9,362)	(11,842)	(30,749)	(28,807)	(39,054)
Cost of goods sold	(4,863)	(3,627)	(4,750)	(11,919)	(11,790)	(15,760)
Net impact	-	-	-	-	-	-

7. Previous period's figures have been regrouped/ reclassified to conform to the current period's presentation for the purpose of comparability.
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 January 23, 2020.

Place: Bengaluru
Date: January 23, 2020

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 - 560001

1. We have reviewed the unaudited financial results of Pioneer Distilleries Limited (the "Company") for the quarter ended December 31, 2019 and the year to date results for the period April 1, 2019 to December 31, 2019, which are included in the accompanying "Statement of Unaudited Financial Results for the quarter and nine months ended December 31, 2019" (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", 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 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.

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


Shivakumar Hegde
Partner
Membership Number: 204627
UDIN: 20204627AAAAAD9171
Bengaluru
January 23, 2020

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