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BOARD OF DIRECTORS :
(as on 05.08.2011)

P A MURALI,
Chairman

ASHOK CAPOOR,
Director

M R DORAISWAMY IYENGAR
Director

S G RUPAREL,
Director

COMPANY SECRETARY: SANTHOSH KUMAR KEERTHI

STATUTORY AUDITORS :
N G RAO & ASSOCIATES
6-3-1186/A/6, IInd Floor,
Chinna Balareddy Building,
Begumpet, Hyderabad - 500016.

REGISTERED OFFICE :
8-2-311/C, Mithila Nagar,
Road No. 10, Banajara Hills,
Hyderabad – 500 034, (A.P)
Tel: 040-2354 2895, 2354 2920
Fax: 040-2354 2921
Email: info@pioneerdistilleries.com

REGISTRARS AND SHARE TRANSFER AGENTS :
Venture Capital and Corporate Investments Pvt Ltd
H.No.12-10-167, Bharat Nagar,
Hyderabad -500 018
Ph. No: 040-23818475/76,
Fax: 040-23868024

FACTORY ADDRESS :
Balapur Village, Dharmabad Taluk,
Nanded District, Maharashtra- 431 809
Ph. no: 02465-203686/701, Fax: 02645-203688
Email: factory@pioneerdistilleries.com

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the Annual Report of your Company together with the Audited Accounts for the year ended March 31, 2011.

FINANCIAL PERFORMANCE:

The Summary of Financial Performance of the Company for the year 2010-11 is as under:

(Rs. in lakhs)

Particulars	2010-11	2009-2010
Net Sales	5060.39	4658.45
Add: Other income	508.52	93.99
Add: Increase /(Decrease) in stocks	(1174.14)	1115.81
Total Income	**4394.77**	**5868.25**
Less: Expenditure	**6119.97**	**4604.92**
Profit/(Loss) before depreciation, interest and tax	**(1725.20)**	**1263.34**
Less: Interest	472.63	293.54
Less: Depreciation	485.88	386.72
Less: Preliminary Expenses Written Off	3.01	4.80
Profit/(Loss) before Tax	**(2686.72)**	**578.27**
Provision for Taxation :		
Current Tax	0	126.40
Deferred Tax	224.12	133.33
Profit/(Loss) After Tax	**(2910.84)**	**318.54**
Dividend & Dividend Tax (2009-10)	9.36	0
Add: Balance brought forward from previous year	1587.38	1607.83
APPROPRIATIONS:		
1. Equity Dividend	0	126.48
2. Preference Dividend	0	10.68
3. Dividend Distribution Tax	0	23.31
4. Transfer to Capital Redemption Reserve	0	170.00
5. Preference Shares Redemption Premium	68.25	8.50
Balance carried to Balance Sheet	(1401.06)	1587.38

DIVIDEND:

In view of Loss, your Directors do not recommend any dividend on the Equity Shares of the Company.

REVIEW OF OPERATIONS :

The Company has registered a Turnover of Rs. 5568.91 Lakhs for the financial year ended March 31, 2011. The Loss Before Tax of your Company during the financial year amounted to Rs. 2686.72 Lakhs.

The Company has incurred losses mainly due to higher input costs and unfavourable market conditions. In order to reduce the cost of power, the Company has commissioned the 5MW gas based power plant.

ACQUISITION BY UNITED SPIRITS LIMITED:

The Promoters of your Company entered into Share Purchase Agreement with United Spirits Limited (USL) on September 13, 2010. In terms of Share Purchase Agreement, USL has acquired 7,322,280 equity shares constituting 54.69% of the Paid-Up Equity Capital of the Company. Further, 977,212 equity shares constituting 7.30% and 2,677,640 equity shares constituting 20.00% of the Paid-Up Equity Capital of the Company, have been acquired by United Spirits Limited from the Open Market and through Open Offer respectively, thereby acquiring a total of 10,977,132 equity shares aggregating 81.99% of the Paid-up Equity Capital of your Company. Consequently, United Spirits Limited has become the Holding Company of your Company.

PROSPECTS:

Keeping in view the emerging demand for Grain based Alcohol, your Company has already installed Grain based facility. Plans are afoot to install a fresh production facility for Malt Spirit shortly. Your Company also proposes to set up an Indian Made Foreign Liquor (IMFL) Bottling plant. Both these facilities will come on stream during the fiscal 2011-12.

The expansion would enable the Company to substantially increase the revenue.

Barring unforseen circumstances, your Company expect to report significant growth in the turnover and profitability in the coming years.

DIRECTORS:

Consequent to the change of Management, Mr P A Murali, Mr Ashok Capoor, Mr M R Doraiswamy Iyengar and Mr S G Ruparel have been appointed as Additional Directors with effect from August 5, 2011 at the Board Meeting held on August 5, 2011.

At the same meeting, all the erstwhile Directors, viz., Mr K V Rajeshwar Rao, Mr K Sudhir Rao, Mr K Suhan Rao, Mr L Venkateswara Rao, Mr V Subramanian, Mr C V Kamalaker, Mr H Anantha Krishnan and Mr C V Krishnaiah, have resigned from the Board of Directors of the Company.

Mr P A Murali, Mr Ashok Capoor, Mr M R Doraiswamy Iyengar and Mr S G Ruparel will hold office in terms of Section 260 of the Companies Act, 1956 up to the date of the ensuing Annual General Meeting.

Notices in writing have been received by your Company from Members signifying their intention to propose the appointment of Mr P A Murali, Mr Ashok Capoor, Mr M R Doraiswamy Iyengar and Mr S G Ruparel as Directors, liable to retire by rotation, at the ensuing Annual General Meeting.

APPOINTMENT OF MANAGER:

Pursuant to Section 269 of the Companies Act, 1956, the Board of Directors have appointed Mr Pratip Sen, Assistant Vice President - Manufacturing of United Spirits Limited, holding company of your Company, as "Manager" of your Company for a period of 2 years with effect from August 5, 2011, without remuneration, subject to your approval at the ensuing Annual General Meeting.

STATUTORY AUDITORS:

M/s N G Rao & Associates, Chartered Accountants, Hyderabad, were appointed as Auditors of the Company by the Members to hold office from the conclusion of the last Annual General Meeting till the conclusion of the forthcoming Annual General Meeting. M/s N G Rao & Associates, Chartered Accountants, are not seeking re-appointment.

At the meeting of the Board of Directors of the Company held on August 5, 2011, your Directors have proposed the appointment of M/s Lodha & Co., Chartered Accountants, Mumbai, as Statutory Auditors of the Company to hold office from the conclusion of the forthcoming Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors, subject to your approval.

M/s Lodha & Co., Chartered Accountants, Mumbai have expressed their willingness to act as statutory auditors of the Company and have further confirmed that the said appointment, if made, would be in conformity with the provisions of Section 224(1B) of the Act.

SHIFTING OF REGISTERED OFFICE:

Pursuant to the decision taken by the Board of Directors of the Company, the Registered Office of the Company will be shifted from 8-2-311/C, Mithila Nagar, Road No.10, Banjara Hills, Hyderabad 500034 to "UB House", Plot No 36, Street No.4, Srinagar Colony, Hyderabad 500 073, with effect from August 19, 2011.

CORPORATE GOVERNANCE REPORT:

A report on the Corporate Governance is annexed separately as part of this report along with a certificate of compliance from a Company Secretary in practice. Necessary requirements of obtaining certifications/ declarations in terms of Clause 49 have been complied with.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report is annexed and forms an integral part of the Annual Report.

FIXED DEPOSITS:

The Company has not accepted nor invited any Deposits from the public during the year under review and hence no deposit is due for repayment as on March 31, 2011.

LISTING OF SHARES OF THE COMPANY

The Equity Shares of your Company continue to remain listed with Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Pune Stock Exchange Limited. The listing fees for the years 2010-11 and 2011-12 have been paid to these Stock Exchanges.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

As on date, no amount of dividend has remained unclaimed and unpaid for more than 7 years, which are required to be transferred to the Investor Education Protection Fund, pursuant to the provisions of Sec 205A (5) and 205C of the Companies Act, 1956.

HUMAN RESOURCES

Employee relations remained cordial at all Company's locations.

The Company has no employee in respect of whom Statement under 217 (2A) of the Companies Act, 1956, is required to be annexed.

CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

Energy conservation is a focus area for the Company for both cost control and social responsibility. A report in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out as Annexure to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the Section 217(2AA) of the Companies, Act, 1956, your Directors confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.

(ii) the accounting policies are in line with those generally accepted and have consistently been followed and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss for the year under review.

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Annual Accounts of the Company have been prepared on a going concern basis.

ACKNOWLEDGEMENTS:

Your Directors place on record their sincere appreciation for the continued support from shareholders, employees, customers, suppliers, banks and financial institutions and other business associates.

By Authority of the Board

Place: Hyderabad
Date: August 05, 2011

P A MURALI
Chairman

ANNEXURE

CONSERVATION OF ENERGY

With reference to energy conservation and cost reduction, steps taken by the Company at its manufacturing Unit were as under:

* Steam Turbines were retrofitted to maximize generation of electricity.
* Cooling Towers were revamped to reduce consumption of electricity for process.
* Automation of Boilers were carried out to reduce power of consumption.
* Replacing existing pumps with energy efficient ones helped to reduce electrical energy.

TECHNOLOGY ABSORPTION

a) Research and development (R & D):

1. Specific areas in which R & D carried out by the company	: NIL
2. Benefits derived as a result of the above R&D	: NIL
3. Future plan of action	: To further develop more value added products and improve the quality of the products.
4. Expenditure on R & D	: NIL

b) Technology, absorption, adaptation and innovation

The Company is making continuous efforts for improving productivity, quality and manufacture of value added products.

Foreign Exchange Earnings and outgo:	**2010-11**	**2009-2010**
	Rs.	**Rs.**
a. Earnings in Foreign Exchange	Nil	Nil
b. Expenditure in Foreign Currency	Nil	Nil

By Authority of the Board

Place: Hyderabad
Date: August 05, 2011

P A MURALI
Chairman

CORPORATE GOVERNANCE REPORT

1. Our Philosophy on Corporate Governance:

Pioneer Distilleries Limited has committed to implement sound Corporate Governance practices with a view to bring about transparency in its operations and maximizing shareholders value. The Company's core philosophy on the code of Corporate Governance is to ensure fair and transparent business practices, accountability for performance, compliance with laws in all areas in which the Company operates and transparent and timely disclosure of financial and management information.

2. Board of Directors:

a) Composition of Board

The Board of Directors of the Company ("the Board") as on the March 31, 2011 comprised of 8 Directors, which included a Non-executive Chairman Mr K V Rajeshwar Rao, five Non-executive Directors, viz., Mr L Venkateswara Rao, Mr V Subramanian, Mr C V Kamalaker, Mr H Anantha Krishnan and Mr C V Krishnaiah, and two Executive Directors, viz., Mr K Sudhir Rao, Vice-Chairman and Mr K Suhan Rao, Managing Director.

The Non-executive Chairman was the promoter of the Company and the Board complied with the requirement of at least half of the Board to be of Independent Directors.

During the financial year 2010-11, Six (06) Board Meetings were held i.e. on April 08, 2010, May 28, 2010, July 24, 2010, August 28, 2010, November 13, 2010 and February 14, 2011.

b) Attendance of each Director at Board Meetings during the financial year 2010-11, at the last Annual General Meeting (AGM) and number of other Directorships and Chairmanships / Memberships of Committees of each Director in various companies as on date are given hereunder:

Name of the Director	Category	Attendance		Number of other Directorships	No of Committees (other than the Company) in which Chairman / Member
		Board Meetings	At last AGM	As Director	
Mr K. V. Rajeshwar Rao*	Non – Executive Chairman	05	Yes	01	Nil
Mr K. Sudhir Rao*	Executive Director / Vice Chairman	06	Yes	03	01 (Chairman)
Mr K. Suhan Rao*	Executive Director / Man aging Director	06	Yes	03	02

Name of the Director	Category	Attendance		Number of other Directorships	No of Committees (other than the Company) in which Chairman/Member
		Board Meetings	At last AGM	As Director	
Mr L. Venkateswara Rao*	Non-Executive	06	Yes	Nil	Nil
Mr V. Subramanian*	Non-Executive Independent	05	Yes	01	03 (Chairman)
Mr C. V. Kamalaker*	Non-Executive Independent	03	No	Nil	Nil
Mr H. Anantha Krishnan*	Non-Executive Independent	04	No	Nil	Nil
Mr C V Krishnaiah*	Non-Executive Independent	05	No	01	03
Mr P A Murali**	Non-Executive Chairman	NA	NA	19	Nil
Mr Ashok Capoor**	Non-Executive Director	NA	NA	01	Nil
Mr M R Doraiswamy Iyengar**	Non-Executive Independent Director	NA	NA	03	04 (Chairman of all)
Mr S G Ruparel**	Non-Executive Independent Director	NA	NA	06	03 (Chairman of 01)

Notes: 1) * Resigned w.e.f 05.08.2011

2) ** Mr P A Murali, Mr Ashok Capoor, Mr M R Doraiswamy Iyengar and Mr S G Ruparel were appointed as Additional Directors on the Board w.e.f 05th August, 2011