



PIONEER
DISTILLERIES LIMITED

EIGHTH ANNUAL REPORT

· 1999 - 2000

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EIGHTH ANNUAL REPORT - 1999-2000**BOARD OF DIRECTORS**

Sri K.V. Rajeshwar Rao	Chairman
Sri K. Sudhir Rao	Director
Sri I. S. Rao	Director
Sri M.T. Chiddarwar	Nominee Director (SICOM)
Sri H. Anantha Krishnan	Nominee Director (LIC)
Sri S. Gopalan	Nominee Director (IREDA)
Sri L. Venkateshwara Rao	Wholetime Director
Sri J.K. Devani	Additional Director
Sri K. Suhan Rao	Managing Director

AUDITOR

P. Subhash
Chartered Accountant
1-1-261/29, 2nd Floor
Opp: Sunanda Hotel
Chikkadpally,
HYDERABAD - 500 020.

REGISTERED OFFICE & WORKS

Balapur Village
Dharmabad Taluk
Nanded District
MAHARASHTRA - 431 809.

CORPORATE OFFICE

7-1-19/3
Kundanbagh
Begumpet
Hyderabad - 500 016

BANKERS

State Bank of Mysore (Industrial Finance Branch)
HYDERABAD.

N O T I C E

Notice is hereby given that the Eighth Annual General Meeting of the members of Pioneer Distilleries Limited will be held on Wednesday the 27th day of Sep, 2000 at 12.30 P.M. at the Registered Office of the Company located at Balapur Village, Dharmabad Taluk, Nanded District, Maharashtra- 431809 to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the audited Profit and Loss Account for the period ended 31st March, 2000 and the Balance Sheet as on that date and the reports of Directors and Auditors thereon.
- (2) To appoint a Director in place of Sri K. V. Rajeshwar Rao, who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Sri K. Sudhir Rao, who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To reappoint the retiring Auditor to hold office from the conclusion of this meeting until the conclusion of the next meeting and to fix his remuneration.

SPECIAL BUSINESS

- (5) To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 as amended to date and other applicable provisions if any, of the Act, consent of the members of the company be and is hereby accorded, subject to the approval of financial institutions for appointment of Sri K. Suhan Rao, Director to the position of Managing Director for a period of five years with effect from 28/4/2000 and the remuneration be and is hereby fixed on the following terms and conditions :

1. **SALARY** : Rs.20,000/- (Rupees Twenty Thousand Only) per month and the following allowances :
 - a) H.R.A. as per the Company Rules.
 - b) Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of one month salary per year or three months salary in a period of three years.
 - c) Leave Travel Concession :For self and family once in a year in accordance with any rules specified by the company.
 - d) Club Fees : Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
 - e) Personal Accident Insurance : For an amount the annual premium of which does not exceed Rs.4,000/- (Rupees Four Thousand Only).

- f) Free use of company's car on company's business.
- g) Residential Telephone shall be provided. All long distance personal calls shall be duly logged and paid for by the Managing Director.
- h) Earned/Privilege Leave : On full pay and allowance as per rules of the company, Leave accumulated but not availed of during his tenure may be allowed to be encashed as per the rules of the company.

II. PERQUISITES :

- a) Company's contribution towards Provident Fund subject to a ceiling of 10% of Salary.
- b) Company's contribution towards Pension/Superannuation Fund: such contribution together with the contribution to the Provident Fund shall not exceed 25% of Salary.
- c) Gratuity payable in accordance with an approved scheme of the company.

"RESOLVED FURTHER that in pursuance of the provisions of Section 198(4) of the Companies Act, 1956, the above said remuneration may be paid as minimum remuneration to Sri K. Suhan Rao, Managing Director in the absence of profits in any year".

- (6) To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Dr. J.K. Devani, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director of the Company."

BY ORDER OF THE BOARD
FOR PIONEER DISTILLERIES LIMITED

PLACE: HYDERABAD
DATE: 3rd July, 2000

K. SUHAN RAO
MANAGING DIRECTOR

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. Proxy, in order to be effective, must be deposited at the company's Registered Office not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from 9/9/2000 to 11/9/2000 (both days inclusive).
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**Item No.5**

Sri K. Suhan Rao has been appointed as Managing Director with effect from 28/4/2000 by the Board of Directors subject to the approval of the shareholders at the annual general meeting. The Board of Directors feel that for the purpose of efficient running of the company, the services of Sri K. Suhan Rao should be available to the Company for a period of 5 years with effect from 28/4/2000. Your Directors recommend the resolution for your approval. None of the Directors except Sri K. Suhan Rao, Sri. Sudhir Rao and K. V. Rajeshwar Rao are interested in the Resolution.

Item No. 6

Dr. J.K. Devani was appointed as an Additional Director of the Company on 3rd day of July, 2000 by the Board of Directors of the Company. According to the provisions of section 260 of the Companies Act, 1956, he holds office as Director only up to the date of Annual General Meeting. As required by section 257 of the Companies Act, 1956, a notice has been received from the member signifying his intention to propose appointment of Dr. J.K. Devani as a Director along with a deposit of rupees five hundred. The Board consider it desirable that the company should continue to avail itself of his services.

BY ORDER OF THE BOARD
FOR PIONEER DISTILLERIES LIMITED

PLACE: HYDERABAD
DATE: 3rd July, 2000

K. SUHAN RAO
MANAGING DIRECTOR

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the Eighth Annual Report of the Company together with the Audited Accounts for the period ended 31st March, 2000.

1. FINANCIAL RESULTS:

	Six Months period ended 31/03/2000 (Amount Rs. lakhs)
Sales & Other Income	482.53
Profit before depreciation and interest	(18.82)
Interest	229.29
Depreciation	93.19
Profit before tax	(341.30)
Provision for taxation	—
Net Profit / (Net Loss)	(341.30)

2. DIVIDEND:

The Directors do not recommend any dividend because the project was implemented during the year under review.

3. REVIEW OF OPERATIONS DURING THE PERIOD :

The Commercial Operations were commenced with effect from 1.10.1999. The Company could produce 42.94 Lakhs BLs of alcohol in the 6 months period of first commercial production by achieving only 57% Capacity Utilisation as against expected Capacity Utilisation of 75%. Due to frequent break down of the boiler, the Company had to take shut down for 73 days during the period.

4. FUTURE PROSPECTS:

The Company has already taken sufficient remedial measures to overcome the frequent boiler break-down and it is now hopeful of achieving 85 to 90% of targeted production. The export sales (i.e. inter state sales) are also very much encouraging as the Export Pass Fee has been maximum reduced.

5. DIRECTORS:

Sri. K. Sudhir Rao, Managing Director resigned from the position of Managing Director with effect from 28/4/2000 and to continue as a Director of the Company. Sri. Suhan Rao, Executive Director was elevated to the position of Managing Director with effect from 28/4/2000.

Sri. K.V. Rajeshwar Rao and Sri. K. Sudhir Rao Directors who retire by rotation at the ensuing Annual General meeting are being eligible, offers themselves for reappointment.

Dr. J. K. Devani was appointed as an additional director by the Board and his appointment will be regularised at the ensuing Annual General Meeting.

6. DEPOSITS:

The Company has not accepted any deposits from the public during the period under review.

7. AUDITORS:

The present Auditor of the Company Sri. P. Subhash, Chartered Accountant, retires at the conclusion of this Annual General Meeting and he is eligible for reappointment.

8. DISCLOSURE AS PER LISTING AGREEMENT :

CLAUSE 32: The cash flow statement in accordance with Accounting Standard on Cash Flow Statement (As-3) issued by ICAI is appended to this Annual Report. The company's systems and software packages have been upgraded and are Y2K compliant.

CLAUSE 43A : The company shares are listed on the PUNE STOCK EXCHANGE LTD., Shivleela Chambers, 752, Sadashivpeth, R. B. Kumthekar Marg, Pune and THE STOCK EXCHANGE, MUMBAI, P J Towers, Dalal Street, Fort, Mumbai. It is further informed that the annual listing fees to both the stock exchanges for the year 2000-2001 has been paid.

9. CORPORATE GOVERNANCE :

Based upon the recommendations of Shri Kumar Mangalam Birla Committee on Corporate Governance, the Stock Exchanges have amended the listing agreement, requiring the implementation in the case of your company with in the Financial Year 2002 - 2003 and have to be complied with before 31-03-2003 and the company will comply with the same in step-by-step as per listing agreement for greater transparency & for maximum long term shareholders value.

10. PARTICULARS OF EMPLOYEES:

The particulars of employees required under Section 217(2A) of the Companies Act, 1956 read with the provisions contained in Companies (Particulars of Employees) Rules, 1975 as amended to date were not applicable to your Company as none of the employees was in receipt of remuneration which in aggregate is Rs.6,00,000/- or more per year nor was in receipt of remuneration for any part of the year, of Rs.50,000/- or more per month.

11. INDUSTRIAL RELATIONS:

The company has had harmonious industrial relations throughout the period under review at all levels of organisation. The Company would endeavor to maintain this cordial relationship.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo has been given in a separate statement annexed hereto, which forms part of the Directors' Report.

13. ACKNOWLEDGEMENT:

The Directors have pleasure in recording their appreciation for the valuable assistance extended to the Company by the Financial Institutions viz., Industrial Development Bank of India, Life Insurance Corporation of India, SICOM Limited, Indian Renewable Energy Development Agency, State Bank of Mysore (IFB), Hyderabad, State and Central Governments and other Business associates.

Your Directors also place on record their deep sense of appreciation for the dedicated services rendered by all the executives, staff and workers of the Company.

For and on behalf of the Board

Place : Hyderabad

Date : 3rd July, 2000.

(K.V. Rajeshwar Rao)

CHAIRMAN