



PIONEER
DISTILLERIES LIMITED

NINTH
ANNUAL REPORT 2000-2001

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COMPANY INFORMATION

BOARD OF DIRECTORS

Sri K.V. Rajeshwar Rao
Sri K. Suhan Rao
Sri L. Venkateswara Rao
Sri S. Gopalan
Sri H. Anantha Krishnan
Sri D. Sudhakara Rao
Sri K. Sudhir Rao
Sri I.S.Rao
Sri J.K. Devani

Chairman
Managing Director
Whole Time Director
Nominee Director- IREDA
Nominee Director- LIC
Nominee Director- IDBI
Director
Director
Director

AUDITOR

Sri P. Subhash
Chartered Accountant
1-1-261/29, 2nd Floor,
Chikkadpally,
Hyderabad- 500 020
ANDHRA PRADESH.

COMPANY SECRETARY

Ms. Y. Sailaja

REGISTERED OFFICE

Balapur Village
Dharmabad Taluk
Nanded District
MAHARASHTRA- 431 809.

CORPORATE OFFICE

7-1-19/3, Kundanbagh
Begumpet, Hyderabad- 500 016
ANDHRA PRADESH.

BANKERS

State Bank of Mysore
Industrial Finance Branch
Ameerpet, Hyderabad.
ANDHRA PRADESH.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Ninth Annual General Meeting of the members of Pioneer Distilleries Limited will be held on, Thursday, the 23rd day of August, 2001 at 12.00 P.M. at the Registered Office of the Company at Balapur Village, Dharmabad Taluk, Nanded District, Maharashtra- 431809 to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2001 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri L. Venkateswara Rao, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri I.S. Rao, who retires by rotation and being eligible offers himself for reappointment.
4. To reappoint Sri P. Subhash as Auditor who shall hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix his remuneration.

Special Business

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a special resolution.

“RESOLVED THAT subject to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be and are hereby altered in the following manner:

- i) In Article 6, the words fully convertible preference shares/optionally fully convertible cumulative preference shares be inserted after the words preference shares in line no.2.

- ii) In Article 21, following clause numbered as (c) be inserted as under:
For the purpose of this Article:

1. “Beneficial Owner” shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996.

“Depositories Act” shall mean the Depositories Act, 1996 or any statutory modification(s) or re-enactment thereof.

“Depository” means a Company formed under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992.

“SEBI” means Securities Exchange Board of India and “Security” means such security as may be specified by SEBI from time to time

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.
3. Every person subscribing to/ acquiring securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his securities with a depository, the Company shall intimate such depository the details of allotment of the security and, on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the securities.

4. All securities held by the depository shall be dematerialized and held in a fungible form.
5. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of the beneficial owner.
(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.
6. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
7. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and

transferee both of whom are entered as beneficial owners in the records of a depository.

8. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
9. Nothing contained in the Act or these Articles regarding necessity of having distinctive numbers for securities issued by the Company shall apply to the securities held in a depository.
10. The Register and Index of Beneficial owners, maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles and the Act".

iii) In Article 71, the words partly/fully or optionally be inserted before the word convertible in line no.2.

iv) After the existing Article 71, the following articles 71A, 71B and 71C headed as "Debenture Trust Deed", "Debenture Trustees" and "Debenture Redemption Reserve" respectively be inserted as under:

71A Subject to the provisions of the Act, a trust deed for securing any issue of debentures shall be executed and a copy of the trust deed shall be open to inspection to any member or debentureholder of the Company. The member or the debentureholder shall be entitled to obtain copies of such trust deed on payment of such sum prescribed by the Act.

71B The Company shall subject to the provisions of the Act, before the issue of debentures by way of prospectus or a letter of offer to the public appoint one or more debenture trustees for such debentures. The Company shall ensure that debenture trustee or trustees have given their consent to the Company to be so appointed and their appointment is in accordance with the provisions of the Act.

71C The Company shall create a debenture redemption reserve for the redemption of such debentures to which adequate amounts shall be credited from out of the profits every year.

v) After the existing Article 96, the following Article 96A headed as " Passing of resolutions by postal ballot" shall be inserted as under:

Subject to the provisions of the Act, the Company may, and in case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot shall get any resolution passed by means of a postal ballot, instead of transacting the business in general meeting of the Company.

- vi) After the existing Article 166, the following article 166A headed as "Dividends when to be deposited" shall be inserted as under:

The Board of Directors may declare interim dividend and the amount of dividend including interim dividend shall be deposited in a separate bank account within five days from the date of declaration of such dividend.

- vii) In Article 173, the word 30 days shall be substituted for the words 42 days wherever they occur.

- viii) After the existing Article 184, the following Article 184A headed as "Audit Committee" shall be inserted as under:

"The Company shall constitute a Committee of the Board which shall consist of not less than three Directors and such number of other Directors as the Board may determine of which two-thirds of the total number of members shall be Directors, other than Managing or Whole-Time Directors."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals and consents as may be required, the consent of the Company be and is hereby accorded to the payment of the following remuneration to Sri K. Suhan Rao, Managing Director for the period 01.01.2001 to 28.04.2005 (both days inclusive)

Salary: Rs.50,000/- per month and the following allowances and perquisites.

- i. H.R.A as per the Company Rules.
- ii. 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.
- iii. Leave Travel Concession: For self and family once in a year in accordance with the rules of the Company.
- iv. Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
- v. Personal Accident Insurance: For an amount the annual premium of which does not exceed Rs. 4,000/- (Rupees Four Thousand Only).
- vi. Free use of Company's car for business purposes.
- vii. Residential telephone shall be provided. However all personal long distance calls shall be billed by the Company.

- viii. Earned Leave: On full pay and allowances as per the Rules of the Company. Leave accumulated but not availed of during the tenure may be allowed to be encashed as per the rules of the Company.

PERQUISITES

- i. Company's contribution to the Provident Fund as per the Rules of the Company.
- ii. Company's contribution towards Pension/Superannuation Fund as per the Rules of the Company but it shall not, together with Company's contribution to Provident Fund, exceed 25% of the salary.
- iii. Gratuity shall be payable in accordance with the Rules of the Company.

FURTHER RESOLVED THAT the above mentioned remuneration may be paid as the minimum remuneration to Sri K. Suhan Rao in the absence or inadequacy of profits in any financial year."

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a special resolution.

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions if any, of the Companies Act, 1956 and subject to the Securities and Exchange Board of India (SEBI) Guidelines and also subject to such permissions, approvals and sanctions as may be necessary the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "The Board" which term shall be deemed to include any Committee of the Board) to create and issue 2,00,000 Optionally Fully Convertible Debentures (OFCDs) of Rs.100/- each to be offered in the following manner:

- i) The OFCDs shall be issued to the term lending financial institutions as part of the restructuring of term loan proposal.
- ii) The OFCDs shall carry interest @ 13% p.a. with effect from 1st April, 2002.
- iii) The OFCDs shall be redeemable in 3 equal annual installments commencing from the year 2007-08 and ending by the year 2009-10.
- iv) The option of conversion of OFCDs shall be exercised by the debentureholders during the currency of OFCDs on such terms as may be decided upon by the institutions at the time of exercise of such option.
- v) The exercise of option of conversion, if any, shall be subject to and in accordance with the SEBI Guidelines prevalent at the time of conversion.

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a special resolution.

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions if any, of the Companies Act, 1956 and subject to the Securities and Exchange Board of India (SEBI) Guidelines and also subject to such permissions, approvals and sanctions as may be necessary the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “The Board” which term shall be deemed to include any Committee of the Board) to create and issue 2,00,000 Optionally Fully Convertible Cumulative Preference Shares (OCCPS) of Rs. 100/- each to be offered in the following manner:

- i) The OCCPS shall be issued to the term lending financial institutions as part of the restructuring of term loan proposal.
- ii) The holders of the shares shall be entitled to receive a cumulative preferential dividend of 12% per annum.
- iii) The option of conversion of OCCPS shall be exercised by the preference shareholders during the currency of OCCPS on such terms as may be decided upon by the institutions at the time of exercise of such option.
- iv) The exercise of option of conversion, if any, shall be subject to in accordance with the SEBI Guidelines prevalent at the time of conversion.

For and on behalf of the Board

Place : HYDERABAD
Date : 5th July, 2001

Sd/-
K. SUHAN RAO
MANAGING DIRECTOR

NOTES

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 5 to 8 of the notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
3. The proxy form should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 17th August, 2001 to 21st August, 2001. *(Both days inclusive).*

INFORMATION TO BE FURNISHED IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT ENTERED INTO WITH THE PUNE AND MUMBAI STOCK EXCHANGES:

- (i) Sri L. Venkateswara Rao, is one of the promoters of the Company and has been a Director on the Board of the Company since its incorporation. He is an Engineer by qualification and has been working whole time for the Company. He retires by rotation and being eligible has offered himself for reappointment.
- (ii) Sri I.S. Rao, is a Chartered Accountant by profession and has been associated with the Company for the past 6 years. He has about 20 years of experience and held senior positions both in public and private sector enterprises. He has also been an advisor to a number of medium and large scale industries. He retires by rotation and being eligible has offered himself for reappointment.
- (iii) Sri D. Sudhakara Rao has been appointed as the nominee Director of Industrial Development Bank of India (IDBI) on the Board of the Company with effect from 08.03.2001.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5

The alteration to the Articles of Association of the Company will ensure compliance with the amendments made to the Companies Act.

Your Directors therefore request your approval. None of the Directors is in any way concerned or interested in the resolution.