



**PIONEER**  
**DISTILLERIES LIMITED**

**TENTH**  
**ANNUAL REPORT 2001-2002**

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## COMPANY INFORMATION

### **BOARD OF DIRECTORS**

Shri K.V. Rajeshwar Rao  
Shri K. Suhan Rao  
Shri L. Venkateswara Rao  
Shri S. Gopalan  
Shri H. Anantha Krishnan  
Shri D. Sudhakar Rao  
Shri K. Sudhir Rao  
Dr. J.K. Devani

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

### **AUDITOR**

Shri P. Subhash  
Chartered Accountant  
1-1-261/29, 2<sup>nd</sup> Floor,  
Opp: Sunanda Hotel, Chikkadpally  
Hyderabad- 500 020.

### **COMPANY SECRETARY**

Smt. Y. Sailaja

### **FINANCE MANAGER**

Shri K. Venkateswara Rao

### **REGISTERED OFFICE**

Balapur Village,  
Dharmabad Taluk,  
Nanded District,  
MAHARASHTRA- 431 809.  
Tel: 02465- 44782  
Fax: 02645 44432

### **CORPORATE OFFICE**

7-1-19/3, Kundanbagh,  
Begumpet,  
Hyderabad- 500 016  
ANDHRA PRADESH.  
Tel : 040-3757654-56  
Fax : 040-3757658



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**BANKERS**

State Bank of Mysore  
Industrial Finance Branch,  
Ameerpet, Hyderabad- 500 016

**DMAT REGISTRARS**

Venture Capital and Corporate Investments Limited  
MIG- 134, II Floor  
Bharatnagar Colony  
Hyderabad- 500 018  
Tel: 040-3712250/53

**LISTED AT**

The Pune Stock Exchange Limited  
The Stock Exchange, Mumbai



## NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Tenth Annual General Meeting of the members of Pioneer Distilleries Limited will be held on Saturday, the 23<sup>rd</sup> day of November, 2002 at 1.00 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 period ended 30<sup>th</sup> September, 2002 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 Shri.K.V. Rajeshwar Rao, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri. K. Sudhir Rao, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Shri. 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** after article 62, the following new article 62A be inserted as under:

A holder or joint holder(s) of shares in or debentures (including fixed deposit holders U/s 58A of Companies Act, 1956), of the Company may nominate, a person in the prescribed manner to whom the shares and /or the interest of the members in the capital of the Company or debentures of the Company shall vest in the event of the holder's death. Such members may revoke or vary his/her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Act or such other regulations governing the matter from time to time."

For and on behalf of  
**PIONEER DISTILLERIES LIMITED**

Place: Hyderabad      Sd/-  
Date: 18th Oct, 2002      **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 is annexed herewith.
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. A blank proxy form is enclosed which, to be valid, should be duly completed, stamped and deposited with the Company at least 48 hours before the commencement of the meeting.**
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 20<sup>th</sup> November, 2002 to 22<sup>nd</sup> November, 2002. *(Both days inclusive).*
4. Members are requested to intimate any change in their addresses to the corporate office of the Company at 7-1-19/3, Kundanbagh, Begumpet, Hyderabad - 500 016.
5. Members are requested to bring the Annual Report to the Meeting.

**6. Information to be furnished in pursuance of clause 49 of the Listing Agreement entered into with the Pune and Mumbai stock exchanges:**

- (i) Shri. K.V. Rajeshwar Rao aged about 65 years in one of the main promoters and Chairman of the Company. He is an agriculturist and landlord. He has been actively associated with the Company since incorporation.

He is not a Director on the Board or a member of any committee of any other Company.

- (ii) Shri. K. Sudhir Rao, aged about 42 years is MS in computer science from Jackson State University, USA and has sufficient experience in distillery and software industry. He is one of the main promoters of the Company and has been associated with it since incorporation. He is at present a Director and is on the following committees of the Company:

- Audit Committee- Member

- Share Transfer Committee  
- Member
- Investor Redressal and  
Grievance Committee-  
Member

He is also on the Boards of Raynolds Software Solutions (India) Limited, Hyderabad and Shine Computech Limited, Hyderabad in the capacity of Managing Director. He is on the following Committees of Shine Computech Limited:

- Investor Redressal and  
Grievance Committee-  
Member
- Remuneration Committee-  
Member

He is also a Director of Intelogic Systems Limited, Hyderabad. Apart from the above he is not on the Board of any other Company.

and in the interests of the investors. Therefore your Directors request your approval for the resolution.

None of the Directors of the Company is in any way concerned or interested in the resolution.

For and on behalf of  
**PIONEER DISTILLERIES LIMITED**

Sd/-  
**K. SUHAN RAO**  
Managing Director

Place: Hyderabad  
Date: 18th Oct, 2002

**Explanatory Statement pursuant to  
Section 173(2) of the Companies  
Act, 1956.**

**Item No. 5**

The above article is in accordance with the provisions of the Companies Act

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Tenth Annual Report and the Audited Accounts for the financial period ended 30<sup>th</sup> September, 2002.

### FINANCIAL RESULTS

	(Rupees in Lakhs)	
Particulars	2001-2002	2000-2001
Sales and other income	<b>2646.08</b>	1429.36
Profit before interest and Depreciation	<b>164.30</b>	407.38
Interest	<b>488.69</b>	412.92
Depreciation	<b>268.22</b>	174.86
Provision for Taxation	—	—
Net Loss	<b>(598.60)</b>	(184.39)
Add: Extraordinary Items	<b>271.11</b>	112.93
Prior Period Items	—	2.70
	<b>(327.48)</b>	(68.76)
Loss B/f from the previous Balance Sheet	<b>(410.06)</b>	(341.30)
Net Loss carried to Balance Sheet	<b>(737.55)</b>	(410.06)

### Dividend

The Directors do not recommend any dividend for the year under review.

### Operations

During the financial year 2001-2002, the Company achieved a total turnover of Rs. 2632.14 lakhs with a capacity utilisation of 76%. This is higher compared to the previous year. During the year the Company purchased an additional fermenter, which was taken into line in January, 2002. Apart from this, substantial modifications to the boiler were also carried out. These initiatives and efforts have helped the Company in achieving the aforesaid turnover and capacity utilization.

With regard to the debt burden on the Company, your Directors hereby inform you that your Company has made one time settlement of the dues to SICOM and paid the entire amount in February, 2002. For settling the dues to SICOM, the Company obtained a corporate loan of Rs. 265 lakhs from State Bank of Mysore, Industrial Finance Branch, Hyderabad. Your Directors further inform that the Company has also presented a proposal for one time settlement of dues to the IDBI and LIC. A positive approach to this end will help the Company in substantially reducing the debt burden.

### Future outlook

Your Company has been making consistent efforts in maximising the production and capacity utilization.



It has already implemented all the listing requirements on Corporate Governance stipulated by the Stock Exchanges by constituting the Audit Committee, Investor redressal / grievance committee. The committee meetings are regularly held, the details whereof are given in the report on Corporate Governance.

**Personnel**

The provisions of Section 217(1A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended are not applicable to your Company as none of employees was in receipt of remuneration which in aggregate is Rs 24,00,000/- or more per year nor was in receipt of remuneration for any part of the year, of Rs 2,00,000/- per month.

**Directors**

Shri. I. Seshagiri Rao has resigned as a Director on the Board of the Company with effect from 25<sup>th</sup> August, 2001. Shri K.V. Rajeshwar Rao and Shri. K. Sudhir Rao retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

**Auditors**

Shri. P. Subhash, Auditor of the Company holds office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from him to the effect that his appointment, if made, would

be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Accordingly he will be appointed as auditor of the Company at the ensuing Annual General Meeting. The notes to the accounts are self-explanatory and, therefore, do not call for any further comments.

**Directors' Responsibility Statement pursuant to the provisions of Section 217(2AA) of the Companies (Amendment Act) 2001**

Your Directors hereby confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That such accounting policies have been selected and applied and that such judgements and estimates have been made as 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 profit or loss of the Company for the period.
- That proper and sufficient care for the maintenance of adequate accounting records has been taken in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

## **PIONEER DISTILLERIES LIMITED**

- That the annual accounts of the Company have been prepared on a going concern basis.

### **Disclosure as per the Listing Agreement**

The Company's shares are listed on the Pune Stock Exchange Limited, Shivleela Chambers, 752, Sadashivpeth, R.B. Kumthekar Marg, Pune and The Stock Exchange, Mumbai, PJ Towers, Dalal Street, Fort, Mumbai. It is further informed that the annual listing fees to both the stock exchanges for the year 2001-2002 has been paid.

### **Energy, Technology and Foreign Exchange**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo forms part of this report as Annexure 1.

### **Industrial Relations**

The Company has cordial and harmonious industrial relations at all levels of organisation.

### **Corporate Governance**

The report on Corporate Governance in accordance with the Listing Agreement entered into by the Company forms part of this report.

### **Acknowledgement**

Your Directors would like to express their grateful appreciation for the co-operation extended by IDBI, LIC, IREDA, SICOM and the State Bank of Mysore, IFB, Hyderabad during the year under review.

Your Directors also wish to place on record their gratitude and appreciation to the shareholders and to all the executives, staff and workers of the Company for their devoted services.

For and on behalf of  
**PIONEER DISTILLERIES LIMITED**

Sd/-  
**K. SUHAN RAO**  
Managing Director

Sd/-  
**K. SUDHIR RAO**  
Director

Date: 18th Oct, 2002  
Place: Hyderabad