

Pioneer Distilleries Limited

Regd. Office: 'UB House', Plot No.36, Street No.4, Srinagar Colony, Hyderabad 500 073



NOTICE

NOTICE IS HEREBY GIVEN OF THE TWENTIETH ANNUAL GENERAL MEETING of the Company to be held at Hotel Green Park, Greenlands, Begumpet, Hyderabad 500 016 on Tuesday, August 27, 2013 at 10.00 a.m. for the following purposes:

1. To receive and consider the accounts for the year ended March 31, 2013 and the reports of the Auditors and Directors thereon;
2. To elect a Director in the place of **Mr. Ashok Capoor**, who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. Appointment of Mr. Chhaganlal Meghraj Jain as a Director:

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

RESOLVED that Mr. Chhaganlal Meghraj Jain, who was appointed as an Additional Director by the Board of Directors of the Company and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.

5. Appointment of Mr. Ranjan Satsangi as the Manager:

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

RESOLVED that pursuant to Section 269 of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Mr. Ranjan Satsangi as "Manager" of the Company for a period of 2 years w.e.f. August 05, 2013, without remuneration.

By Order of the Board,

Place: Bangalore
Date: May 09, 2013

SANTHOSH KUMAR KEERTHI
Company Secretary



Notice (Contd.)

NOTES:

1. Please refer to the Explanatory Statement given hereunder.
2. **ASHAREHOLDERENTITLEDTOATTENDTHEMEETINGANDVOTETHEREATMAYAPPOINT APROXYTOATTENDANDVOTEONHISBEHALFONLYONAPOLL.SUCHAPROXYNEED NOTBEAMEMBEROFTHECOMPANY.**

The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for holding of the meeting.

3. The Transfer Books and Register of Members will remain closed from Friday, August 23, 2013 to Tuesday, August 27, 2013 (both days inclusive).
4. Members are requested to intimate immediately to the Company's Registrars and Transfer Agents, M/s. Venture Capital and Corporate Investments Private Limited, Regd. Office: 12-10-167, Bharat Nagar, Hyderabad 500 018, in case of physical form and to their respective Depository Participants, in case of shares held in dematerialized/electronic form:
 - a. any change in their registered addresses along with PIN Code Number;
 - b. details about their email addresses, if any, so that all notices and other statutory documents which are required to be sent to the Members, as per the provisions of the Companies Act, 1956, can be sent to their email addresses, as a measure of "Green Initiative" introduced by the Ministry of Corporate Affairs (MCA); and
 - c. details about their bank account number, name of the bank, bank's branch name and address to enable the Company to draw dividend warrant payable accordingly.
5. Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address as stated in Note No.4 above.
6. Members may please address all their documents/correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note No.4 above.
7. Nomination facility for shares is available for members. The prescribed format in this regard can be obtained from the Company's Registrars and Transfer Agents, at the address as stated in Note No.4 above.
8. The Company's equity shares are under compulsory dematerialisation. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialised.



Notice (Contd.)

Members having the physical share certificates are advised to consider opening of a Demat Account with an authorised Depository Participant and arrange for dematerialising their shareholdings in the Company.

9. In terms of Section 205A and 205C of the Companies Act, 1956, the amount of dividend declared for the financial year 2006-07 and thereafter remaining unclaimed for a period of seven years from the due date of payment shall hereafter be transferred to the Investor Education and Protection Fund on the respective due dates.
10. Members may kindly note that once the Unclaimed/Unpaid Dividend is transferred to the Fund, no claim shall lie against the Fund or the Company in respect of the individual amounts which were Unclaimed and Unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.
11. Members attending the Annual General Meeting are requested to bring with them the following:
 - a. Members holding shares in dematerialized form, their DP & Client ID Number.
 - b. Members holding shares in physical form, their Folio Numbers.
 - c. Copy of the Annual Report and Notice, as no copies thereof would be distributed at the Meeting.
 - d. The Attendance Slip duly completed and signed in terms of specimen signature lodged with the Company.

The Company would accept only the Attendance Slip from a member actually attending the Meeting; or from the person attending as a proxy under a valid proxy form registered with the Company not less than 48 hours prior to the Meeting. Attendance Slips of Members/valid proxies not personally present at the Meeting, or relating to Proxies which are invalid, will not be accepted from any other member/person.

The Meeting is for members or their proxies only. Please avoid being accompanied by non-members/children.

12. The Company has designated an exclusive email id viz., pdlinvestor@ubmail.com to enable the investors to post their grievances and monitor its redressal.
13. Corporate members are required to send to the Company a certified copy of the Board Resolution pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
14. The details required to be given in pursuance of Clause 49 of the Listing Agreement in case of Director being reappointed is given in the Corporate Governance section of the Annual Report.



Notice (Contd.)

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956:

Item No.4 - Appointment of Mr. Chhaganlal Meghraj Jain as a Director:

Mr. Chhaganlal Meghraj Jain (Mr. C.L. Jain) has been appointed as an Additional Director of the Company on March 21, 2013 and would be holding office as a Director up to the date of this Annual General Meeting.

Mr. C.L. Jain, aged 79 years, is a Chartered Accountant and a Company Secretary by profession having more than 46 years of corporate experience in various organizations including ICI and Hindustan Unilever Ltd. He was Finance Director of Hoechst India Ltd. He was also external faculty member at Bajaj Institute of Management for 17 years. He was also Chairman of Banking and Finance Committee of Bombay Chamber of Commerce & Industry for 4 years. Apart from Directorships he holds in esteemed public Companies, he is also a trustee of some Public Charitable Trusts.

A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the appointment of Mr. C.L. Jain as a Director of the Company at this Annual General Meeting.

Mr. C.L. Jain does not hold any shares in the Company.

The Board recommends the Resolution under Item No.4 to the members for their approval.

None of the Directors other than Mr. C.L. Jain is interested or concerned in the Resolution.

Item No.5 - Appointment of Mr. Ranjan Satsangi as the Manager:

Pursuant to Section 269 of the Companies Act, 1956, Mr. Ranjan Satsangi, Divisional Vice President – Manufacturing of United Spirits Limited, holding company of the Company, has been appointed as “Manager” without remuneration, for a period of 2 (Two) years w.e.f. August 05, 2013, subject to the approval of the members.

The Board recommends the resolution under Item No.5 to the members for their approval.

None of the Directors are interested or concerned in this item of business.

By order of the Board of Directors
for **PIONEER DISTILLERIES LIMITED**

Place: Bangalore
Date: May 09, 2013

SANTHOSH KUMAR KEERTHI
Company Secretary

C O N T E N T S

Report of the Directors	3
Corporate Governance Report	8
Management Discussion & Analysis Report	23
Independent Auditor's Report	27
Balance Sheet	33
Statement of Profit and Loss	34
Cash Flow Statement	35
Notes to the Financial Statements	36

**Board of Directors**

P. A. Murali
Chairman

Ashok Capoor

M. R. Doraiswamy Iyengar

C.L. Jain

Company Secretary

Santhosh Kumar Keerthi

Auditors

Lodha & Co.,
Chartered Accountants,
6, Karim Chambers, 40,
A. Doshi Marg, (Hamam Street),
Mumbai 400 001

Registered Office

‘UB House’, Plot No.36
Street No.4, Srinagar Colony,
Hyderabad 500 073

Registrars & Transfer Agents

Venture Capital and Corporate Investments
Private Limited
H.No.12-10-167, Bharat Nagar,
Hyderabad 500 018
Tel: 040 2381 8475/76,
Fax: 040 2386 8024



Report of the Directors

Your Directors have pleasure in presenting the Annual Report of your Company and the audited accounts for the year ended March 31, 2013.

FINANCIAL RESULTS

The Summary of Financial Performance of the Company for the year 2012-13 is as under:

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Net Sales	10362.99	10445.25
Add: Other income	2.35	1.25
Add: Increase / (Decrease) in stocks	722.78	(233.44)
Total Income	11088.12	10213.06
Less: Expenditure	11861.67	10520.13
Profit / (Loss) before depreciation, interest and tax	(773.55)	(307.07)
Less: Interest	1030.44	1292.36
Less: Depreciation	927.34	930.93
Profit / (Loss) before Tax	(2731.33)	(2530.36)
Provision for Taxation :		
• Tax relating to earlier years	54.43	-
Profit / (Loss) after Tax	(2785.76)	(2530.36)
Add: Balance brought forward from previous year	(3752.37)	(1401.06)
Balance carried to Balance Sheet	(6538.13)	(3931.42)

DIVIDEND

In view of Loss, your Directors do not recommend any Dividend on the equity shares of the Company.

PERFORMANCE OF THE COMPANY

The Company has registered a Turnover of Rs.10362.99 Lakhs for the financial year ended March 31, 2013. The Loss before Tax of your Company during the financial year amounted to Rs.2731.33 Lakhs.

The Company has incurred losses mainly due to higher Input Cost and non availability of good quality Molasses.



Report of the Directors (Contd.)

PROSPECTS

Keeping in view the emerging demand for Grain Based Alcohol, the Company has installed Grain Based facility. Plans are afoot to install a Dried Distillers Grains and Solubles (DDGS) facility for the Grain Spirit plant and to retrofit the 100 KLPD primary distillery plant from atmospheric pressure to multi pressure to improve quality and recoveries.

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

In view of further expansion plans / programmes and diversification into value added products, your Company expects to report growth in the turnover and profitability in future.

EROSION OF ENTIRE NET WORTH

As reported last year, consequent upon the erosion of your Company's entire net worth, a reference has been made to the Board for Industrial and Financial Reconstruction (BIFR) pursuant to Section 15 of Sick Industrial Companies (Special Provisions) Act, 1985 and the same has been registered with the BIFR.

DISINVESTMENT

United Spirits Limited (USL), holding company / promoters of the Company has divested 55,100 equity shares (0.41%) of the Company on October 23, 2012 through 'Offer for Sale' through Stock Exchange mechanism and with this promoters holding has come down from 81.99 % to 81.58 %. Your promoters are exploring the various possibilities of bringing down their holding to 75%.

DEPOSITORY SYSTEM

The trading in the equity shares of your Company is under compulsory dematerialization mode. As on May 03, 2013 equity shares representing 91.91 % of the equity share capital are in dematerialization form. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialization of the Company's shares.

MEGA PROJECT STATUS

Your Company has been granted Mega Project status under Package Scheme of Incentives (PSI), 2007 by the State Government of Maharashtra vide their letter dated February 11, 2013 for the proposed expansion of Malt Spirit plant capacity from 12 Kilo Litres Per Day (KLPD) / 36.0 Lac Bulk Litres (BLS) per annum to 24 KLPD / 72.0 BLS per annum, bottling plant capacity of Indian Made Foreign Liquor (IMFL) from 0.6 Lac cases per month / 7.2 Lac cases per annum to 4.0 Lac cases per month / 48.0 Lac cases per annum and Extra Neutral Alcohol 160 KLPD / 480.0 Lac BLS per annum at the existing factory site at Balapur (V), Dharmabad, Nanded, Maharashtra. Your Company, therefore, is eligible for various incentives under PSI, 2007, inter alia, i). electricity duty exemption for a period of 15 years from the date of commencement of commercial production. ii). Industrial Promotion Subsidy (IPS) equivalent to 100% of eligible investments under PSI, 2007 made with in a period of 5 years from October 19, 2012.



Report of the Directors (Contd.)

DIRECTORS

Mr. S.G. Ruparel ceased to be a Director with effect from February 11, 2013 on his demise. The Board of Directors express their profound grief and sorrow on the demise of Mr. S.G. Ruparel and place on record their deep appreciation of his valuable contribution during his tenure as a Director of your Company.

Mr. C.L. Jain was appointed as an Additional Director on March 21, 2013 and will hold office in terms of Section 260 of the Companies Act, 1956 up to the date of the ensuing Annual General Meeting.

A Notice in writing has been received by your Company from a member signifying his intention to propose the appointment of Mr. C.L Jain as a Director at the ensuing Annual General Meeting.

Mr. Ashok Capoor, retire by rotation and being eligible, offers himself for re-appointment.

As per declarations received, none of the Directors of the Company is disqualified to be appointed as a Director of any Public Limited Company in terms of Section 274 (1) (g) of the Companies Act, 1956.

AUDITORS

M/s. Lodha & Co., Chartered Accountants, the retiring Auditors, are eligible for re-appointment at the ensuing Annual General Meeting and it is necessary to fix their remuneration.

CORPORATE GOVERNANCE REPORT

A report on the Corporate Governance is annexed separately as part of this report along with a certificate of compliance from Auditors. Necessary requirements of obtaining certifications / declarations in terms of Clause 49 of the listing agreement with the stock exchanges 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 any deposits from public during the year.

LISTING OF EQUITY SHARES OF THE COMPANY

The Equity Shares of your Company continue to be listed with BSE Limited, National Stock Exchange of India Limited and Pune Stock Exchange Limited. The Annual Listing fees for the year 2013-14 have been paid to these Stock Exchanges.



Report of the Directors (Contd.)

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 and Protection Fund, pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956.

HUMAN RESOURCES

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

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 the Board of Directors) Rules, 1988, the required information relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo is annexed.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the Section 217 (2AA) of the Companies Act, 1956, in relation to financial statements for year 2012-13, the Board of Directors reports that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) accounting policies have been selected and applied consistently and that 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 as at the end of the financial year and of the loss of the Company for the year ended March 31, 2013;
- (iii) proper and sufficient care have 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;
- (iv) the annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENT

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

By Authority of Board

Bangalore
May 09, 2013

P.A.MURALI
Chairman