

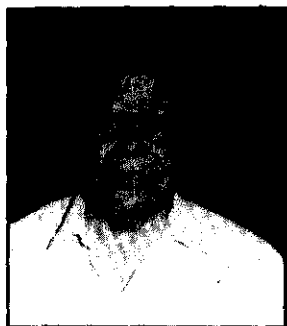


**7th  
Annual  
Report  
1998-99**



**PIONEER AGRO EXTRACTS LTD.**

# CHAIRMAN'S STATEMENT



**Dear Shareholder,**

I on behalf of both myself and my colleagues on the Board, extend my warm welcome to all of you present, to this 7th Annual General Meeting of our Company. It gives me great pleasure in sharing with you the highlights of the operations of your Company for the year ended 31st March, 1999 and its plan and prospects for the years to come.

The year 1998-99 was indeed yet another year of great performance, characterised by achievement of several milestones. The Company crossed the barriers of Rs. 100.00 crores mark and achieved a turnover of Rs. 114.29 crores. I am sure you will be pleased with the results that our Company has achieved during 1998-99. Thanks to an increase in Profits After Tax from Rs. 29.40 lacs to Rs. 53.48 lacs this year, showing an increase of 81.90 %. The Board of Directors recommend the payment of dividend at the rate of 10 % of the paid-up value of the equity shares.

The Shareholders will be all the more happy that these results have been achieved in the face of a recession under which there has been hardly an increase in the volume growth of the industry.

As a expansion project the Company has bought a latest technology from Westfalia Germany, which has recently been put to trials. The shareholders will be pleased to know that the Subsidiary Company also recently brought the Plant and Machinery for the establishment of a Wheat Gluten and Starch Plant of Westfalia Germany.

At Pioneer we have taken initiatives towards the corporate governance. The Company has taken several initiatives and chalked out plans and programmes for the next years to come taking into account the prevailing policies and environmental factors. Marketing and distribution are the key elements to achieve success for a consumer product Company like ours. We attach considerable importance to this and that is why we have substantially increased our advertisement budget. We shall continue to expand our distribution network even further.

Our key strength are our employees and their commitment to the progress of your Company. On your behalf and on behalf of all my colleagues I would like to thank and look forward to their support in growing the Company even further. We owe special thanks to our customers, banker and employees for the contributions made by them. I at the same time like to acknowledge the very keen and sincere efforts put in by Westfalia Separator AG (WSAG) & Westfalia Separator India Limited (WSIL) for extending all the faith and support for the on-going R & D on very critical process. My special thanks to Mr. Narula (CEO) WSIL for his confidence and faith bestowed upon. I would also like to thank our shareholders for their continued support and confidence.

May I conclude by extending my best wishes to all of you, our Shareholders, Colleagues and Staff.

Best Wishes.

**(Mohinder Pal Aggarwal)**  
*Chairman*

## **BOARD OF DIRECTORS**

<b>Mr. MOHINDER PAL AGGARWAL</b>	<i>Chairman</i>
<b>Mr. JAGAT MOHAN AGGARWAL</b>	<i>Managing Director</i>
<b>Mr. AJAY KUMAR GOEL</b>	<i>Jt. Managing Director</i>
<b>Mr. BHARAT BHUSHAN AGGARWAL</b>	<i>Whole Time Director</i>
<b>Mr. V.N. GUPTA</b>	<i>Executive Director</i>
<b>Mr. ISHWAR SAHAI</b>	<i>Technical Director</i>
<b>Mr. R.K. VARSHNEY</b>	<i>Director</i>

## **MANAGEMENT TEAM**

<b>Mr. A.K. ARORA</b>	<i>G.M. (Works)</i>
<b>Mr. R.P. MEHTA</b>	<i>G.M. (Administration)</i>
<b>Mr. D.K. MITTAL</b>	<i>G.M. (Operations)</i>
<b>Mr. R.S. VIG</b>	<i>Manager (M.S.)</i>
<b>Mr. S.M. PARASHAR</b>	<i>Manager Finance</i>
<b>Mr. VINOD SALARIA</b>	<i>Manager Accounts</i>
<b>Mr. D.K. BHASIN</b>	<i>Company Secretary</i>

### **Auditors**

**M/S ANIL VASUDEVA & CO.,**  
*Chartered Accountants*

### **Bankers**

**ORIENTAL BANK OF COMMERCE**

### **Registered Office**

CHHOTI NEHAR, MALAKPUR  
PATHANKOT, DISTT. GURDASPUR,  
PUNJAB - 145 025

### **Works**

VILLAGE & P.O. THARIAL  
DEFENCE ROAD, MADHOPUR, PUNJAB



People are more concerned with success than reality  
and their ego gets inflated with each success,  
therefore, each time we succeed, we lose. So  
he who seeks success through perfection in

his work is an artist and that

is why chances of success

improve with every

attempt, thus, work

incessantly but give

up all attachments to work.

**NOTICE**

Notice is hereby given that the Seventh Annual General Meeting of the Members of Pioneer Agro Extracts Limited will be held on Monday, the 31st May, 1999 at 11.00 A.M at Chhoti Nehar, Malakpur 145 025 (Pathankot) Punjab to transact the following businesses :—

**ORDINARY BUSINESS**

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare dividend on the Equity Shares.
3. To appoint a Director in place of Sh. Jagat Mohan Aggarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sh. R.K. Varshney who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration and for the purpose to consider and, if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

Resolved that M/S Anil Vasudeva & Co., Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold the office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting at such remuneration and out of pocket expenses as may be fixed by the Managing Director of the Company.

**SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution:

Resolved that pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents, approvals, permissions or licences of the Public or Other Financial Institutions or such other authorities, institutions, agencies as may be required, the Board of Directors of the Company be and is hereby authorised to invest by way of subscription, purchase or otherwise in the equity shares or give any guarantee, or provide security, in connection with a loan made by any other person(s) or make any loan to Pioneer Industries Limited a sum not exceeding Rs. 8.00 crores notwithstanding that the investment whether by way of subscription, purchase or acquisition of the equity shares or by way of loan(s) or by way of any guarantee or security in connection with a loan(s) made by any other person to the said Company together with the existing investment(s) of the Company shall be in excess of higher of the sixty percent of the paid up equity share capital and free reserves of the Company or hundred percent of free reserves of the Company.

7. To consider and, if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

Resolved that pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 the



Board of Directors are empowered to borrow any sum or sums of money from time to time from one or more of the Company's bankers and/or from any one or more other persons, firms, bodies corporate or financial institutions, Central or State Government whether by way of cash credit advances or deposits, loans or bill discounting or issue of debentures including bonds and whether unsecured or secured by mortgage, charge, Hypothecation or lien or pledge of the Company's assets and properties whether immovable or movable or stock in trade (including raw material, stores, spares, parts and components in stock or in transit) and work in progress and all or any of undertakings of the Company notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up share capital and its free reserves that is to say the reserves not set apart for any specific purpose but so however that the total amount upto which the money may be borrowed by the Board of Directors and outstanding at anytime shall not exceed the sum of Rs. 25 crores (Rs. Twenty five crores only) exclusive of interest and the Directors are further authorised to execute such deeds of debenture and debenture notes, deposit receipts and other deeds and instruments or writing and containing such conditions and covenants as the directors may think fit.

Resolved further that the consent of the company be and is hereby accorded under section 293(1)(a) of the Companies Act, 1956 to the Board of Directors of the Company for mortgage/charging of all the immovable or movable properties of the Company wherever situated present and future and the whole of the undertaking of the Company in favour of financial institutions and/or bank to secure term loan and working capital assistance together with interest, cost and other charges obtained/to be obtained by the Company.

Resolved further that the mortgage/charge/Hypothecation created and/or all agreements/documents executed/to be executed and all acts done in terms of above resolution by and with the authority of the Board of Directors be hereby confirmed and ratified.

By Order of the Board

Sd/-

Dated : 14th April, 1999

Place : Pathankot

Jagat Mohan Aggarwal  
Managing Director

#### **NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the item no 6 and 7 is annexed hereto and forms part of the this Notice.
3. The Register of Members and the Share Transfer Books of remain closed from Wednesday, the 26th May, 1999 to Monday, the 31st day of May, 1999 (Both days inclusive).
4. The dividend, if declared, will be paid to those shareholders, whose names appear in the Register of Members on Monday, the 31st day of May, 1999.
5. The Members are requested to bring their copy of the Annual Report along with them at the Annual General Meeting.



6. The Members are requested to :
- Intimate about the change in address, if any, to the Company immediately,
  - Advise us about the consolidation of all folios, if the members are holding shares in identical order of names under more than one folio,
  - Always quote their folio number in all correspondence with the Company for the speedy disposal,
  - Claim your previous dividend(s), if any. Please apply for the duplicate warrants, if the dividend warrants have been lost/misplaced,
7. The Individual Shareholders can take the facility of nomination. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the guardian is also given. Non-individuals including society, trust, body corporate, karta of HUF and holders of Power of Attorney cannot nominate. For further details in this regards the shareholders may contact the Secretarial Department of the Company.

### **ANNEXURE TO THE NOTICE**

#### ***EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956***

**Item No. 6** It is proposed to make the further investment the unutilised/surplus funds in Pioneer Industries Limited, which is subsidiary of the Company for the long term capital requirements of the said subsidiary company. Under the newly incorporated Section 372 A of the Companies Act, 1956 the approval by way of special resolution is required if the proposed investment by way of subscription, purchase or acquisition of the equity shares or by way of loan(s) or by way of any guarantee or security in connection with a loan(s) made by any other person to the said Company together with the existing investment(s) of the Company is in excess of higher of the sixty percent of the paid up equity share capital and free reserves of the Company or hundred percent of free reserves of the Company. The proposed further investment alongwith the existing investment of the Company may exceed the said limits and hence the said resolution. The resolution under consideration is enabling in nature.

The Directors recommend the passing of the resolution for the approval of the shareholders. None of the Director is concerned or interested in the said resolution except being member/director of the said Companies.

**Item No. 7** At the Annual General Meeting of the Company held on 28th September, 1996 the shareholders had, by an Ordinary Resolution passed under section 293(1)(d) and under section 293(1)(a) authorised the Board of Directors of the Company to borrow monies upto Rs. 12.00 crores notwithstanding that the same might exceed the aggregate of the paid-up share capital and free reserves of the Company. With a view to raising funds for financing various expansion and diversification proposals of the Company and for other requirements, it is proposed to increase the said limit to Rs. 25.00 lacs. The approval of the shareholders is thereof sought to the enabling resolution, authorising the Board of Directors to borrow monies in excess of the aggregate of the paid-up share capital and free reserves of the Company at any time upto an increased limit of Rs. 25.00 crores.

The Directors recommend the passing of the resolution for the approval of the shareholders. None of the Director is concerned or interested in the said resolution.



**DIRECTOR'S REPORT**

Your Directors have pleasure in presenting the 7th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 1999.

**OPERATIONS**

During the fifth year of its operation the Company crossed the barrier of Rs. 100.00 crore mark and achieved the turnover of Rs. 114.29 crores, marking an increase of 28.07 % against the previous year turnover of Rs. 89.24 crores.

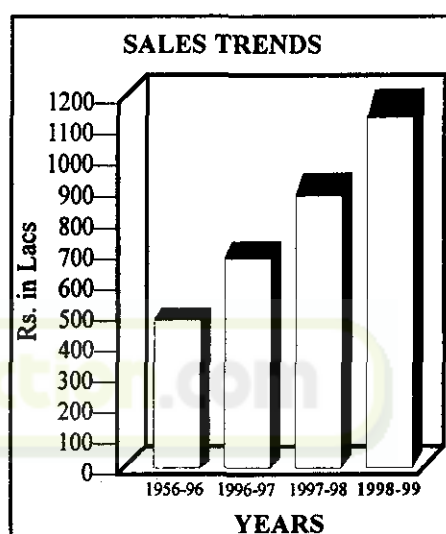
The net profits after provision for taxation of Rs. 7.00 lacs is Rs. 53.48 lacs (Previous year 29.40 lacs after provision of taxation of Rs. 3.45 lacs).

**FINANCES**

The working capital Cash Credit Limit of your Company has been increased from Rs. 150.00 lakhs to Rs. 250.00 lakhs.

**FINANCIAL HIGHLIGHTS**

	31.03.99 (in lacs)	31.03.98 (in lacs)
Gross Profit Before Interest & Depreciation	376.46	313.32
Interest	106.59	73.96
Depreciation	209.39	206.51
Provision for tax	7.00	3.45
Net Profit	53.48	29.40
Surplus for Appropriation	56.70	46.54
<b>Appropriations :</b>		
General Reserve	—	—
Recommended Dividend	43.32	43.32
Dividend Tax	8.66	—
Add : Excess Appropriation written back	0.56	—
Balance Carried to Balance Sheet	5.26	3.22

**DIVIDENDS**

The Board of Directors recommend a Dividend at 10 % amounting to Rs. 43.32 lacs which is tax free in the hands of the shareholders (Previous year at 10 % which was tax free in the hands of the shareholders, amounting to Rs. 43.32 lacs) for the financial year ended 31.03.99 which will be paid out of distributable profits.

**COMPANY'S PROSPECTS AND FUTURE PLANS**

The Company wishes to improve the productivity of the by-products which form a major constituent of the Company's production. The Board of Directors think that there is a lot of scope for improvement in that area.





## **PIONEER AGRO EXTRACTS LIMITED**

The Company has also purchased and successfully commissioned a centrifugal separator purchased from M/S Westfalia Separator, AG, Germany for the purpose of upgradation of the Industrial Grade Hard Oil into Grade I Oil which is a major raw material of the Company. With the production going into full swing, the Company will achieve better turnover and profitability.

### **SUBSIDIARY COMPANY**

The Company's Subsidiary viz Pioneer Industries Limited is yet to start its business. As required under Section 212 of the Companies Act, 1956, the Audited Statement of Accounts, the Report of the Board of Directors and the Auditor's Report of the subsidiary company for the year ended 31st March, 1999 are annexed.

### **NEW MELLINIUM**

We are at the edge of the completion of the 19th Century. The next century is knocking our doors. However the biggest problem ahead at the beginning of the century is the Y2K problem. The Company is in the process of the finalisation of the tie-ups to face the said problem. In the opinion of the Board the Company will shortly come out with the contingency plans to overcome the said problem.

The Company has initiated steps to meet Y2K requirement effectively and in the opinion of the Board of Directors the expenditure to ensure the Y2K compliance is not expected to have any material impact.

The Company is confident that the preventive steps taken in advance are sufficient to meet the Y2K requirements.

We hope that the years ahead should be memorable and exciting.

### **FIXED DEPOSITS**

The Company has not accepted Fixed Deposits from the Public under Section 58A of the Companies Act, 1956 (read with Companies (Acceptance of Deposits) Rules, 1975) during the year under review.

### **DIRECTORS**

Sh. Jagat Mohan Aggarwal and Sh. R.K. Varshney are the directors liable to retire by rotation and being eligible offer themselves for re-appointment.

### **EMPLOYEES**

Information to be provided under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 (as amended upto date),

None of the employees is drawing a remuneration of Rs. 6.00 lakhs or more per annum or Rs. 50000/- or more per month, if employed for part of the year.

### **ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of the Board) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in the Annexure A for part of this report.

### **LISTING REQUIREMENTS**

The equity shares of the Company are listed at the Stock Exchanges at Ludhiana, Delhi & Mumbai and the Company has made the compliances of the Listing Requirements.

**AUDITOR'S REPORT**

The Auditors Report together with the Notes to Accounts referred to in the Schedule XIV of the Annual Report are self explanatory and therefore do not call for any further comments.

**INDUSTRIAL RELATIONS**

The performance of the Company bears testimony to the cordial and harmonious industrial relations at all levels of the organisation and the Directors wish to put on record their appreciation for the contributions made by the Company's entire work force, the counsellors, coordination and the facilitation at all levels of operations for the success and the progress of the Company.

**AUDITORS**

M/s Anil Vasudeva and Co., Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limit under section 224(1B) of the Companies Act, 1956. Accordingly the said auditors will be appointed as auditors of the company at the ensuing Annual General Meeting.

**ACKNOWLEDGMENT**

Your Directors would like to express their grateful appreciation for co-operation received from IDBI, PSIDC, Bankers, Shareholders and Clients during the year under review.

Your Directors wish to place on record their deep sense of appreciation for the devoted service of the executives, staff and workers of the company for its success. While acknowledging and appreciating this, the Board hopes that the staff will continue to give out their best in the years ahead in maintaining the continuing development of the Company as a major constituent of the Company's economy.

For and on behalf of the Board

Sd/-

Dated : 14th April, 1999

Place : Pathankot

Sh. Mohinder Pal Aggarwal  
Chairman

**ANNEXURE A TO DIRECTORS REPORT**

(Particulars required under the Companies (Disclosure of the Particulars in the Report of the Board of Directors) Rules, 1998)

**CONSERVATION OF ENERGY:—****(a) Energy Conservation Measures taken :**

1. Use of the latest technology for continues Blow Down System at Boiler.
2. Optimal utilisation of the Automatic Shunt Capacitors.
3. Utilisation of condensed distilled water in Cell Room to reduce the load of the water treatment plant to reduce electricity cost.
4. Stoppage & Recycling of the coil cooling water to reduce the requirement of the fresh water and load of Effluent Treatment Plant.
5. Drive for the better utilisation of the refrigeration plant to get designed output of refrigeration capacity.