

16th
ANNUAL REPORT
2007-2008



16TH ANNUAL REPORT 2007-2008

BOARD OF DIRECTORS

MR. JAGAT MOHAN AGGARWAL	CHAIRMAN-CUM-MANAGING DIRECTOR
MR. AJAY KUMAR GOEL	JOINT MANAGING DIRECTOR
MR. BHARAT BHUSHAN AGGARWAL	EXECUTIVE DIRECTOR (WORKS)
MR. A.K. ARORA	DIRECTOR
MR. SAMEER AGGARWAL	DIRECTOR
MR. VIPAN AGGARWAL	DIRECTOR
MR. BALDEV KASHTWAL	DIRECTOR
MR. ANUJ BANSAL	DIRECTOR

AUDITORS

M/S ANIL VASUDEVA & CO.
Chartered Accountants

BANKERS

The Jammu & Kashmir Bank Limited

REGISTERED OFFICE

Chhoti Nehar, Malakpur 145 025
Pathankot (Punjab)

WORKS

V&PO Tharial,
Defence Road, Madhopur
Pathankot (Punjab)

**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Pioneer Agro Extracts Limited will be held on 24th day, September, 2008 at 10.00 AM at the Registered Office of the Company 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 March 31, 2008 and the Profit & Loss Account for the year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Anuj Bansal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Vipin Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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

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

Resolved that pursuant to the Article 109 of the Articles of Association of the Company and provisions of Section 255 and 257 and other applicable provisions, if any, of the Companies Act 1956 Mr. Baldev Kashtwal, Additional Director, be and is hereby appointed as a Non-executive Independent Professional Director of the Company liable to retire by rotation.

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

Resolved that subject to the provisions of Section 198, 269, 309, 314 and 316 read together with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Jagat Mohan Aggarwal, who fulfills the conditions specified in Part I and Part II of the Schedule XIII of the companies Act, 1956 be and is hereby reappointed as Managing Director of the Company for a period of five years with effect from 3rd March, 2008 at a remuneration as may be set out in the explanatory statement.

Further resolved that in the event of loss or inadequacy of profit in any financial year of the Company during the term of Sh. Jagat Mohan Aggarwal as Managing Director the remuneration set out in above be paid or granted to Mr. Jagat Mohan Aggarwal as minimum remuneration, provided that the total remuneration by way of salary, perquisites and other allowances and any increase in remuneration during the tenure shall not exceed the ceiling provided in Schedule XIII and any other applicable provisions of the Companies Act, 1956.

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

Resolved that subject to the provisions of Section 198, 269, 309, 314 and 316 read together with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Ajay Goel, who fulfills the conditions specified in Part I and Part II of the Schedule XIII of the companies Act, 1956 be and is hereby reappointed as Joint Managing Director of the Company for a period of five years with effect from 3rd March, 2008 at a remuneration as may be set out in the explanatory statement.

Further resolved that in the event of loss or inadequacy of profit in any financial year of the Company during the term of Mr. Ajay Goel as Joint Managing Director the remuneration set out in above be paid or granted to Mr. Ajay Goel as minimum remuneration, provided that the total remuneration by way of salary, perquisites and other allowances and any increase in remuneration during the tenure shall not exceed the ceiling provided in Schedule XIII and any other applicable provisions of the Companies Act, 1956.

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

Resolved that subject to the provisions of Section 198, 269, 309, 314 and 316 read together with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. A.K. Arora, who fulfills the conditions specified in Part I and Part II of the Schedule XIII of the companies Act, 1956 be and is hereby appointed as Executive Director (Works) of the Company for a period of five years with effect from 3rd March, 2008 at a remuneration as may be set out in the explanatory statement.

Further resolved that in the event of loss or inadequacy of profit in any financial year of the Company during the term of Mr. A.K. Arora as Executive Director (Works) the remuneration set out in above be paid or granted to Mr. A.K. Arora as minimum remuneration, provided that the total remuneration by way of salary, perquisites and other allowances and any increase in remuneration during the tenure shall not exceed the ceiling provided in Schedule XIII and any other applicable provisions of the Companies Act, 1956.

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

Resolved that the Board of the Directors of the Company be and is hereby authorized to execute any plans in future with considering GHGs emission reduction mechanism to promote Environmental, Socio and Economic Development.

Further resolved that the Board of Directors of the Company be and is hereby authorized to determine the size of the project(s) with respect to the capacity and the cost and to own, take on lease or enter into any other arrangement for the purpose of the land at such place(s) as they think most suitable for the project(s) and to take such steps as are necessary to register the project(s) with the CDM Executive Board and to avail the benefits of CERs and/or VERs trading.

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

Resolved that pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby empowered to borrow any sum of money from time to time from one or more of the Company's Bankers and/or from any one or more persons, firms, bodies corporates or financial institutions, Central or State Government whether by way of cash credit advances or deposits, bills 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 movable or immovable 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 not withstanding 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 up to which the money can be borrowed by Board of Directors shall not exceed the sum of Rs. 300 Crores (Rs. Hundred Crore Only) exclusive of interest and the Board of Directors be and is further authorized to execute such deeds or debentures and debenture notes, deposits, receipts and other deeds and instruments containing such conditions and covenants as the Director 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 undertakings of the Company in favour of the financial institutions, lenders and/or banker to secure term loan and working capital assistance together with interest, cost and other charges obtained or to be obtained by the Company.

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

For and on behalf of the Board

Place : Pathankot
Dated : 30.06.2008

Jagat Mohan Aggarwal
Chairman-cum-Managing Director

**NOTE :**

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. The proxy form duly completed and signed should be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the Annual General Meeting.
3. The Equity Shares of your Company are admitted in the Depository System and are available for trading in Depository system of both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN No. allotted to the Company is INE 062E01014.
4. The Register of members and Share Transfer Books of the Company will remain closed from 22nd day of September, 2008 to 24th day of September, 2008 (both days inclusive) for the purpose of Annual General Meeting.
5. Pursuant to amendments in Section 109A and 109B of the Companies Act, 1956, Shareholders can avail nomination facility in respect of their shareholding by using Form 2B of the Companies (Central Government) General Rules & Forms, 1956
6. Members who hold the shares in physical form are requested to notify to the Company, if any, change in their address.
7. Members are requested to bring their copy of the Annual Report to the Meeting.
8. Members who hold shares in dematerialised form are requested to bring their details of Client ID and DP ID for easy reference
9. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
10. Members having multiple folios are requested to intimate to the Company for consolidation of all folios into one folio.
11. For any specific query on the accounts of the Company please write to the Company at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5**

Mr. Baldev Kashtwal was appointed as Additional Director as per the provisions of Section 260 of the Companies Act, 1956 during the year and is liable to retire at the ensuing Annual General Meeting. The Company has received a notice along with a deposit of Rs. 500/- from a Shareholder proposing his appointment under the provisions of Section 257 of the Companies Act, 1956 as candidate for Non-executive independent professional Director.

The Board recommends his appointment as Director liable to retire by rotation and also the resolution as an Ordinary Resolution.

None of the Director except Mr. Baldev Kashtwal is interested in the proposed resolution.

Item No. 6

Mr. Jagat Mohan Aggarwal is the Commerce Graduate. He has more than 23 years of industrial experience. He has been the Managing Director of the Company for the last 15 years. The Board of Directors of the Company at their meeting held on 1st March, 2008 have reappointed him the Managing Director of the Company for another five years period subject to the approval of the shareholders in the General Meeting. At present he is receiving the remuneration by way of salary, perquisites, other allowances etc of Rs. 20,000/- P.M. and this amount shall be paid to him as minimum remuneration during the proposed reappointment. Any increase in remuneration during his tenure shall be decided by the remuneration committee within the limit of Part II of the Schedule XIII. His terms of appointment shall be pursuant to the provisions of Section 269 of the Companies Act read together with Schedule XIII.

Mr. Jagat Mohan Aggarwal is also the Managing Director of another Public Limited Company i.e Pioneer Industries Limited.

The Board recommends the passing of the resolution as a special resolution

None of the Director except Mr. Jagat Mohan Aggarwal is interested in the proposed resolution. Mr. Jagat Mohan Aggarwal is interested or concerned in the resolution to the extent of the remuneration payable to him

Item No. 7

Mr. Ajay Goel is the Post Graduate in commerce. He has more than 30 years of industrial experience. He has been the Joint Managing Director of the Company for the last 15 years. The Board of Directors of the Company at their meeting held on 1st March, 2008 have reappointed him the Joint Managing Director of the Company for another five years period subject to the approval of the shareholders in the General Meeting. At present he is receiving the remuneration by way of salary, perquisites, other allowances etc of Rs. 8,000/- P.M. and this amount shall be paid to him as minimum remuneration during the proposed reappointment. Any increase in remuneration during his tenure shall be decided by the remuneration committee within the limit of Part II of the Schedule XIII. His terms of

reappointment shall be pursuant to the provisions of Section 269 of the Companies Act read together with Schedule XIII.

Mr. Ajay Goel is also the Joint Managing Director of another Public Limited Company i.e. Pioneer Industries Limited.

The Board recommends the passing of the resolution as a special resolution

None of the Director except Mr. Ajay Goel is interested in the proposed resolution. Mr. Ajay Goel is interested or concerned in the resolution to the extent of the remuneration payable to him.

Item No. 8

Mr. A.K. Arora is the graduate in science. He has more than 40 years of technical experience in oil industry. The Board of Directors of the Company at their meeting held on 1st March, 2008 have appointed him the Executive Director (Works) of the Company for five years period subject to the approval of the shareholders in the General Meeting. At present he is receiving the remuneration by way of salary, perquisites and allowances of Rs. 11,670/- P.M and this amount shall be paid to him as minimum remuneration during the proposed appointment. Any increase in remuneration during his tenure shall be decided by the remuneration committee within the limit of Part II of the Schedule XIII. His terms of reappointment shall be pursuant to the provisions of Section 269 of the Companies Act read together with Schedule XIII.

The appointment shall be terminable by the Company by giving one month notice or on payment of one month salary. Further Mr. A.K. Arora shall also require to give one month notice to the Company of his resignation.

Mr. A.K. Arora is the director in the category who are liable to retire by rotation as per provisions of the Section 255 of the Companies Act, 1956

The Board recommends the passing of the resolution as a special resolution

None of the Director except Mr. A.K. Arora is interested in the proposed resolution. Mr. A.K. Arora is interested or concerned in the resolution to the extent of the remuneration payable to him.

Item No. 9

The **Clean Development Mechanism (CDM)** is an arrangement under the Kyoto Protocol allowing industrialised countries with a greenhouse gas reduction commitment to invest in projects that reduce emissions in developing countries as an alternative to more expensive emission reductions in their own countries. A crucial feature of an approved CDM carbon project is that it has established that the planned reductions would not occur without the additional incentive provided by emission reductions credits, a concept known as "additionality".



PIONEER AGRO EXTRACTS LIMITED

In the Board Meeting held on 16.04.2008, the directors discussed the various projects leads towards GHGs emission reduction also eligible under CDM category and directed the Top Management of the Company to submit any plans in future after considering the environmental well being as well as the techno economic viability of the Projects. Depending upon the techno economic viability study, the Board may give its decision to pursue one or more Environment friendly projects.

The Board recommends the passing of the resolution as an ordinary resolution

No Director is personally interested or concerned in the resolution.

Item No. 10

The Company has the plans to set up the CDM Project(s). The Board of Directors of the Company, in their Board Meeting held on 16.04.2008 discussed a number of CDM projects. The Board also decided to take the decision depending upon the techno viability study carried on by the Top Management. But no final decision in this regard has been taken as yet. Once the decision on the same would be taken, the Company would have required to borrow huge sum of money to fund the cost of the Project. Keeping this in view the Board of Directors in its meeting held on 16.04.2008 has recommended the increase in Borrowing Power of the Company to Rs. 300 crore.

None of the Director is personally interested or concerned in the said resolution.

Report Junction.com

For and on behalf of the Board

Place : Pathankot

Dated : 30.06.2008

Jagat Mohan Aggarwal
Chairman-cum-Managing Director



PIONEER AGRO EXTRACTS LIMITED

DIRECTORS' REPORT

To
The Shareholders of
PIONEER AGRO EXTRACTS LIMITED

Yours Directors have pleasure in presenting the 16th Annual Report together with Audited Statement of Accounts for the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS AND OPERATIONS

During the current year operations the financial performance of the Company was as under

Particulars	2007-2008	2006-2007
Operating Profit/(Loss)	184.43	177.69
Interest & Financial charges	79.51	72.38
Net Profit/(Loss) before Depreciation & taxation	104.92	105.31
Depreciation	92.02	90.07
Net Profit/(Loss) after Depreciation but before taxes	12.90	15.24
Provision for Taxation	12.40	11.10
Net Profit/(Loss) after taxation	0.50	4.14
Excess taxation provision written back	6.73	0.01
Income Tax paid	3.87	0.00
Net Profit/(Loss) brought forward from the previous years	173.96	169.81
Profit/(Loss) carried to Balance Sheet	177.32	173.96

DIVIDEND

In view of the inadequate profits during the year under review, your Directors do not recommend the payment of any Dividend for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS

The sales and other income during the year under review was Rs.5891.88 lacs as against Rs. 7238.40 lacs during the previous year. The production of Vanaspati and refined oils aggregated to 10591.028 M.T. as against 15560.246 M.T. during the previous year. Change in Government policies discouraging thereby the import of Vanaspati from the neighbouring countries like Nepal, Sri Lanka helped a bit in improving the performance of Vanaspati Sector all over India.