



PIONEER AGRO EXTRACTS LIMITED

19TH ANNUAL REPORT 2010-2011

BOARD OF DIRECTORS

MR. JAGAT MOHAN AGGARWAL	CHAIRMAN-CUM-MANAGING DIRECTOR
MR. AJAY KUMAR GOEL	JOINT MANAGING DIRECTOR
MR. BHARAT BHUSHAN AGGARWAL	DIRECTOR
MR. ANIL THAPAR	DIRECTOR (WORKS)
MR. SAMEER AGGARWAL	DIRECTOR
MR. VIPAN AGGARWAL	DIRECTOR
MR. ANUJ BANSAL	DIRECTOR
MR. DINESH SHARMA	DIRECTOR

AUDITORS

M/s Anil Vasudeva & Co.,
Chartered Accountants

COST AUDITORS

M/s J. Verma & Associates
Cost Accountants

BANKERS

The Jammu & Kashmir Bank Limited

REGISTERED OFFICE

Chhoti Nehar, Malakpur 145025
Pathankot (Punjab)

FACTORY/WORKS

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

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Pioneer Agro Extracts Limited will be held on Tuesday, the 27th day of September, 2011 at 11:00 AM at the Registered Office of the Company at Chhoti Nehar, Malakpur, Pathankot 145025 (Punjab), to transact the following businesses-

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit & Loss Account for the year ended on that date, Compliance Certificate and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Sameer Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Dinesh Sharma, 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 Board 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 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. Bharat Bhushan 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 appointed as Whole Time Director of the company for a period of five years with effect from 1st September 2011 at a remuneration as may be set out in the explanatory statement.

RESOLVED further that in the event of loss or inadequacy of profit in any financial year of the company during the term of Mr. Bharat Bhushan Aggarwal as Whole Time Director the remuneration and perquisites set out in above be paid or granted to Mr. Bharat Bhushan Aggarwal as minimum remuneration, provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Schedule XIII."

For and on behalf of the Board

Place : Pathankot
Dated : 30.06.2011

Jagat Mohan Aggarwal
Chairman-cum-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.**
Proxies, in order to be effective, must be received at the Registered Office, not less than forty-eight hours before the commencement of this Annual General Meeting i.e. before 11:00 a.m. on 25th September, 2011.
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 23rd day of September, 2011 to 27th day of September, 2011 (both days inclusive) for the purpose of Annual General Meeting.
5. Pursuant to Section 109A 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, of change in their address.
7. The Chairman of the Audit Committee of the Directors shall be present at the Annual General Meeting to reply the queries of members on the Annual Accounts of the Company.
8. Members are requested to bring their copy of the Annual Report to the Meeting.
9. Members who hold shares in dematerialized form are requested to bring their details of Client ID and DP ID for easy reference.
10. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
11. Members having multiple folios are requested to intimate to the Company for consolidation of all folios into one folio.
12. 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.
13. **Information provided as per clause 49VI(A) of the listing agreement**

The following are the details of the directors seeking reappointment or recommended to be appointed as a Director:

Mr. Sameer Aggarwal, age 33 years has been an independent director of the company since August 2002. He is Chartered Accountant by profession and carries with himself over 10 years of experience in Practice. He is also the Chairman of the audit committee and member of remuneration committee. He does not hold any share of the company.



Mr. Dinesh Sharma aged about 57 Years has been director of the company since Feb 2010. He is an eminent educationist and an administrator having experience of over 30 years in the field of administration and professional teaching. He is the member of the audit committee and remuneration committee.

ANNEXURE TO THE NOTICE

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

Item No. 5

Mr. Bharat Bhushan Aggarwal has long experience in Vanaspati & Refined Oil field. The Board of Directors have appointed him as Whole Time Director of the company for a period of five years with effect from 1st September 2011 subject to the approval of shareholders. The remuneration, perquisites etc payable to him shall not exceed Rs. 10000/- p.m.

The Directors recommend the passing of the resolution for the approval of the shareholders.

None of the Directors is concerned or interested in the said resolution except Mr. Bharat Bhushan Aggarwal.

For and on behalf of the Board

Place : Pathankot
Dated : 30.06.2011

Jagat Mohan Aggarwal
Chairman-cum-Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Yours Directors have pleasure in presenting the 19th Annual Report on the operation of the company together with Audited Statement of Accounts for the year ended March 31, 2011.

FINANCIAL HIGHLIGHTS AND OPERATIONS

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

Particulars	(Rs. in Lacs)	
	2009-2010	2010-2011
Operating Profit/(Loss)	291.50	236.44
Interest & Financial charges	101.28	112.41
Net Profit/(Loss) before Depreciation & taxation	190.22	124.03
Depreciation	79.17	99.61
Net Profit/(Loss) after Depreciation but before taxes	111.05	24.42
Provision for Taxation (Deferred Tax)	44.93	4.00
Net Profit/(Loss) after taxation	66.12	20.42
Excess taxation provision written back	4.00	0.00
Income Tax paid	0.00	0.00
Net Profit/(Loss) brought forward from the previous years	(41.72)	(62.14)
Profit/(Loss) carried to Balance Sheet	28.40	(41.72)

DIVIDEND

In view of small profit directors have decided to plough back the profit into the company and thus 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 is Rs.9776.43 lacs as against Rs. 9070.94 lacs during the previous year. The production of vanaspati and refined oils aggregated to 17750.648 M.T. as against 18657.518 M.T. during the previous year.

APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

Mr. Sameer Aggarwal and Mr. Dinesh Sharma are the directors liable to retire by rotation and being eligible have offered themselves for reappointment.

LISTING OF SECURITIES

Shares of the Company are listed on "The Bombay Stock Exchange, Mumbai".

DIRECTORS RESPONSIBILITY STATEMENT

In terms of section 217 (2AA) of the Companies Act, 1956, the Directors of the Company state that:

- (a) in the preparation of annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that 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/loss of the Company for that period;
- (c) the Director have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and for preventing and detecting fraud and other irregularities;
- (d) that the Directors have prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

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

INSURANCE OF FIXED ASSETS

The Fixed Assets of the Company are adequately insured.

AUDITORS

M/s. Anil Vasudeva & Co., Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a 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. Members are requested to consider their reappointment.

AUDITOR'S REPORT.

The observations made in the Auditor's Report together with the Notes on Accounts thereon are self explanatory and require no further clarification from the directors under section 217 (3) of the Companies Act, 1956.

COST AUDITORS

M/s J. Verma & Associates, Cost Accountants, Jalandhar have been appointed as Statutory Cost Auditors of the Company for the financial year 2011-2012 for which approval from the Central Government, Cost Audit Branch, New Delhi has already been received.

PARTICULARS OF EMPLOYEES

There has been no employee who was getting the remuneration in excess of the prescribed limits under section 217 (2A) of the Companies Act, 1956. Therefore, the information as required under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 has not been furnished.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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, wherever applicable, is given in the Annexure A which forms a part of this Report.

EMPLOYEE RELATIONS

Industrial relations during the year under review were cordial and peaceful. The management wishes to place on record, the excellent cooperation and contribution made by the employees, collectively called "PIONEER FAMILY", at all levels of the organisation to the continued growth of the company. There was constant focus on all round organizational development. Various training programs including visionary exercises were conducted for personal as well as professional development of the employees.

COMPLIANCE CERTIFICATE

As per Clause 49 of the Listing Agreement with the Stock Exchanges, the compliance certificate from Chairman and Managing Director and General Manager (Finance) is given as Annexure 'B' to the Directors' Report.

Pursuant to the provisions of section 383A (proviso) of the Companies Act, 1956 read with Company (Compliance Certificate) Rules, 2001, the company has obtained the Compliance Certificate from the Practicing Company Secretary and the copy of the same is attached herewith. Since the Compliance Certificate is self explanatory, so no further comments are required.

CORPORATE GOVERNANCE

A report on the Corporate Governance along with Auditor's certificate is attached to the report, marked as "Annexure C".

SEGMENT WISE PERFORMANCE

Your Company is engaged in the manufacturing of edible oils and vanaspati, which, in context of Accounting Standard 17 as per provisions of Companies (Accounting Standard) Rules 2006 and is considered the only business segment i.e. Edible Oils Segment.

ACKNOWLEDGEMENT

Yours Directors would like to express their grateful appreciation for the support, guidance and co-operation extended to the Company by various agencies of the Central Government, State Government, Financial Institutions, Banks, creditors, customers, distributors and suppliers. Your Directors also wish to place on record their appreciation for the sincere and dedicated services of the executives, staff and workers of the Company at all levels.

Your support as shareholders is greatly valued.

For and on behalf of the Board

Jagat Mohan Aggarwal
Chairman-cum-Managing Director

Place : Pathankot
Dated : 30.06.2011

ANNEXURE "A"**PIONEER AGRO EXTRACTS LIMITED**

Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2009.

I. CONSERVATION OF ENERGY:**a) Energy conservation measures taken:**

- The company has installed the oil to oil heat exchanger like Plate Heat Exchanger and Shell and Tube Exchanger and is being used for heating the cooled oil to bring at working temperature by extracting the heat from excessive heated oil in the process.
- Company has started using the water rejected by RO system in process, thereby reducing the consumption of raw/ground water. This has resulted in reduced consumption of electricity used for pumping water.
- Reducing the pumping of water circulation and water consumption through regular awareness programmes.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- Efforts are going on to find out the feasibility of using of Gas based Generators for reduction of consumption of energy.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The above measures resulted in substantial saving in the consumption of energy and consequent saving in the cost of production of goods.

d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries is specified hereunder in

POWER AND FUEL CONSUMPTION

Particulars	Current Year 31.03.2011	Last Year 31.03.2010
Electricity purchased (Units)	1281700	1688090
Amount (in Rs.)	7245567.24	8612197
Rate per Unit (in Rs.)	5.65	5.10
Own Generation through Diesel Generation (Units)	30770	68977
Amount (In Rs.)	317029	845885
Cost Per unit (in Rs.)	10.30	12.26
Coal/Charcoal (in MT)	2.610	10.250
Charcoal amount (in Rs.)	32825	107115
Furnace oil	Nil	Nil
Fuel Consumption(In MT)	4180.010	7109.375
Amount (in Rs.)	12322097	21636975
Rate per MT	2947.86	3043.44
Diesel (Qnty in Ltrs)	9365	26250
Amount (in Rs.)	317029	820106
Rate per Ltr. (HSD/LDO)	33.85	31.24
Vanaspati & Refined Oil Production	17750.648	18657.518
Consumption per tonne of output		
Electricity	73.94 Units	94.17 Units

II TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B of the Annexure of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

1. Research and Development (R&D)

a) Specific areas in which R&D carried out by the company :

During the year under review, no R&D carried out.