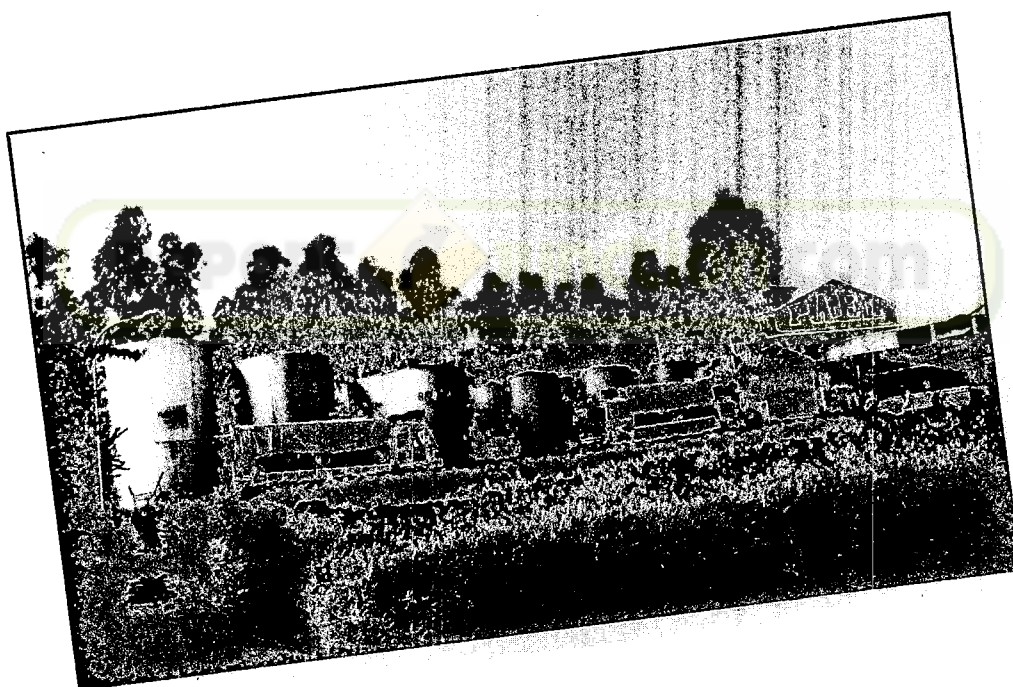




6th Annual Report 1997-98

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	NA		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	NA		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	TX	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		



PIONEER AGRO EXTRACTS LTD.

Board of Directors

Mr. Mohinder Pal Aggarwal
Mr. Jagat Mohan Aggarwal
Mr. Ajay Kumar Goel
Mr. Bharat Bhushan Aggarwal
Mr. V.N. Gupta
Mr. Ishwar Sahai
Mr. R.K. Varshney

Chairman
Managing Director
Jt. Managing Director
Whole Time Director
Executive Director
Technical Director
Director

Management Team

Mr. A.R. Sagar	<i>President (Purchase)</i>
Mr. N.K. Gupta	<i>Vice President (Techno-Commercial)</i>
Mr. A.K. Arora	<i>G.M. (Works)</i>
Mr. R.P. Mehta	<i>G.M. (Admn.)</i>
Mr. Anil Thapar	<i>Manager (Production & Technical)</i>

AUDITORS

M/s Anil Vasudeva & Co.
Chartered Accountants

BANKERS

Oriental Bank of Commerce

REGISTERED OFFICE

Chhoti Nehar Malakpur,
Pathankot,
Distt. Gurdaspur (Punjab)

WORKS

Village & P.O. Tharial
Defence Road, Madhopur
(Punjab)



Chairman's Statement

Dear Shareholders,

I have great pleasure in extending to all of you a hearty welcome to this sixth annual General Meeting of your Company. It gives me a great pleasure in sharing with you the highlights of the operations of your Company for the year ended 31st March, 1998. In 1997-98, your company has achieved a good performance despite an overall slow down of industrial growth in the country. Over the previous year, Sales recorded a strong growth of 27.17% at Rs. 8924 lacs. The gross profits of the company before interest and depreciation is Rs. 313.32 lacs. The net profit of the company is higher by 1715% at Rs. 29.40 lacs. In view of the satisfactory performance, I am pleased to mention that the Board of Directors has recommended a dividend of 10% for the Financial Year 1998.

Having aggressively built assets in the last few years, the focus of the company now is to increase capacity utilisation and operate its plants at the world best practices to further improve its operating margins.

Our key strengths are our employees and their commitments to the progress of your Company. On your behalf, I would like to thank them and look forward to their support in growing the Company even further. I am confident that the Pioneer family

— which embraces all our employees, partners in business and shareholders, who have given us their unstinted support, alongwith the support of our customer and suppliers, will propel the company towards achieving better success in 1999.

I would also like to thank you, for your continued support and confidence in management.

With best wishes

M. P. Aggarwal
Chairman

July 13, 1998

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*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 Sixth Annual General Meeting of the Members of PIONEER AGRO EXTRACTS LIMITED will be held on Monday the 13th July, 1998 at 11 a.m. at Chhoti Nehar, Malakpur (Pathankot) Punjab to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the Year ended on that date and the Report of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Sh. M.P. Aggarwal who retires by rotation and being eligible, offers himself for reappointment.
4. To Appoint a Director in place of Sh. Bharat Bhushan Aggarwal, retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Sh. Ishwar Sahai, who retires by rotation and being eligible offers himself for reappointment.
6. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution : "Resolved that M/s Anil Vasudeva and Co., Chartered Accountants be and are hereby reappointed as auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at the remuneration to be decided by the Board of Directors".

SPECIAL BUSINESS

1. To Consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :
"Resolved that subject to the provisions of section 269 and other Applicable provisions of the Companies Act, 1956, this meeting approves the appointment of Mr. Jagat Mohan Aggarwal as Mg. Director of the company for a period of five years with effect from March 03, 1998 on the remuneration by way of Salary, Commission and perquisites being already paid to him in accordance with Part II of Schedule XIII of the Act and that the Board of Directors be and is hereby authorised to effect modification in the remuneration payable to him in accordance with Schedule XIII of the Companies Act, 1956.
2. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :
"Resolved that subject to the provisions of section 269 and other Applicable provisions of the Companies Act, 1956; this meeting approves the appointment of Mr. Ajay Kumar Goel as Jt. Managing Director of the company for a period of five years with effect from March 03, 1998 on the remuneration by way of Salary, Commission and perquisites being already paid to him in accordance with Part II of Schedule XIII of the Act and that the board of Directors be and is hereby authorised to effect modification in the remuneration payable to him in accordance with Schedule XIII of the Companies Act, 1956.

By order of the Board
Sd/-

JAGAT MOHAN AGGARWAL
Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEEDS NOT BE A MEMBER OF THE COMPANY.
2. The register of member and share transfer books will remain closed from 6th July 1998 to 13th July 1998 (both days inclusive).
3. Dividend, if declared, will be paid to those Shareholders, whose names are on the Company's Register of Members as on 13th July 1998.
4. (a) Members are requested to
 - (i) Intimate about the change of address, if any, to the company.
 - (ii) Intimate about consolidation of folios, if Shareholding are under multiple folios.
- (b) Send their Share Certificates for consolidation into/near marketable lots for their convenience.

PIONEER AGRO EXTRACTS LIMITED



DIRECTOR'S REPORT

Your Directors have pleasure in presenting the 6th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 1998.

OPERATIONS

The performance during the fourth year of operations has been very encouraging and the company has achieved 27.17% increase in the turnover and 1715% increase in the net profits after provision for taxation. The company recorded a turnover of Rs. 8924 lacs. The profit before depreciation and interest is Rs. 313.32 lacs after providing depreciation of Rs. 206.51 lacs and interest of Rs. 73.96 lacs. The Company achieved net profit of Rs. 29.40 lacs after providing for provision for taxation to the tune of Rs. 3.45 lacs.

FINANCE

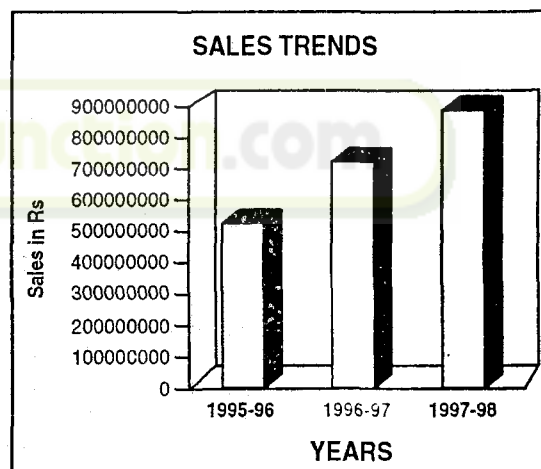
Your company received a principle approval for a Term Loan of Rs. 110.00 lacs from PSIDC under Equipment Finance Scheme for setting up of boiler and Deodoriser for effecting saving in the steam generation cost and ensuring uninterrupted production.

FIXED DEPOSITS

The Company has not accepted Fixed Deposits under section 58A of the Companies Act, 1956 during the year under review.

FINANCIAL HIGHLIGHTS :

	31.03.98 (in lacs)	31.03.97 (in lacs)
Gross Profit Before Interest & Depreciation	313.32	317.37
Interest	73.96	44.64
Depreciation	206.51	268.11
Provision for tax	3.45	3.00
Net Profit	29.40	1.62
Surplus for Appropriation	46.54	63.87
Appropriations :		
General Reserve	—	—
Recommended Dividend	43.32	43.32
Dividend Tax	—	4.33
Balance Carried to Balance Sheet	3.22	16.22



DIVIDENDS :

The Directors recommend the Equity Dividend of 10% for the financial year ended 31.03.98 which will be paid out of distributable profits.

PROMISE VS. PERFORMANCE (In terms of Clause 43 of Listing Agreement)

PARTICULARS	PROJECTIONS	ACTUAL
Sale	2585.09 Lacs	8924.00 lacs
PBID	154.56 Lacs	313.32 lacs

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE :

Information in accordance with the provisions of section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure as part of this report.

DIRECTORS

Sh. M.P. Aggarwal, Sh. B. B. Aggarwal and Sh. Ishwar Sahai retire by rotation and being eligible, offer themselves for reappointment.



PIONEER AGRO EXTRACTS LIMITED

Sh. Jagat Mohan Aggarwal, Managing Director and Sh. Ajay Goel, Joint Managing Director, whose term expired on 2nd March, 1998, being eligible are proposed to be reappointed for a further period of 5 years.

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 employee in drawing a remuneration of Rs. 3.00 lacs or more per annum or Rs. 25,000.00 or more per month, if employed for part of the year is nil.

INDUSTRIAL RELATIONS

The Company believes in preventive and predicative Industrial relations and management thanks to all employees for their continued contribution towards the growth of the organisation.

AUDITORS AND AUDITOR'S REPORT

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. The notes to the accounts referred to in the Auditors report are self explanatory and do not call for any further comments.

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.

Place : Pathankot
Dated : 15th June, 1998

For and on behalf of the Board
SH. MOHINDER PAL AGGARWAL
Chairman

ANNEXURE

CONSERVATION OF ENERGY :

(a) Energy Conservation Measures taken :

1. The company has made concrete efforts for investment in capacity utilisation, cost competition and quality through systematic and close process monitoring and adherence to technological norms.
2. Incorporation of most modern Heat Recovery System in the boiler.
3. Steam Boiler tuned to achieve best combustion by way of monitoring the CO₂ level of flue gases.
4. Automatic shunt capacitor panel which stabilises power factor to the optimum level.
5. Optimisation of refrigeration plant during monsoon and winter season to get designed output of refrigeration capacity.
6. Recycling of water to reduce the water consumption and to minimise discharge of effluents.
8. Insulation of thermic fluid heaters in place of steam heaters.
9. Steam condensate pre heating by integration with process plants leading to reduce steam consumption.
10. Installation of advance process control system.

(b) Additional Investment :

1. Oil to Oil Heat Exchanger cum Coolers and Oil to Oil Spiraflo Heat Exchanger has been installed for saving the energy required for heating and cooling of oil.
2. Auto Servo Stabiliser has been added for providing constant voltage supply to the precision/sensitive equipments.
3. Thereon Cyclone has been put up for prevention of air Pollution.
4. The company has put up Husk fired Thermic Fluid Heater which has substantially reduced the recurring cost as the previous was being run on Diesel.
5. Full utilisation of flash steam and using of steam condensate in the boiler and in oil recovery.
6. New Boiler on latter technology working on bagasse and rice husk consisting of water pre-heater in which the flue gases temperature is utilised in heating of feed water and air feed.

PIONEER AGRO EXTRACTS LIMITED



IMPACT OR MEASURES (A) AND (B)

1. Optimum usage of steam and optimum boiler blow down has resulted in considerable saving during the year.
2. Optimum utilisation of power in different section of plant has resulted in considerable saving.
3. The company is constantly exploring possibilities for cost saving as an on going process.

TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per form B of the Annexure to the rules.

1. Research and Development (R & D)
 - (a) Specified area in which R & D carried out by the company. None
 - (b) Benefits derived out of the above None
 - (c) Future plan of action Efforts are aimed at cost reduction, improvement in quality of existing products and development of new processes. The Benefits of these will of Course accrue to the company.
- (d) Expenditure on R & D
 - (i) Capital Nil
 - (ii) Recurring Nil
 - (iii) Total Nil
 - (iv) Total R & D expenditure as a % age of total turnover Nil
2. Technology Absorption, Adaptation and innovation not Applicable.
3. Foreign Exchange Earnings and outgo :
 - (a) Activities relation to exports market for products and service and export plan. Not Applicable.
 - (b) Total foreign exchange used and eamed Nil

Details of Total Energy Consumption and energy consumption per unit of production as per for A are given hereunder.

POWER AND FUEL CONSUMPTION

	Current Year Ended 31.03.98	Last Year Ended 31.03.97
Electricity (Unit purchased)	71,19,000	50,41,060
Amount Rs.	1,73,91,114	1,11,15,149
Rate Per Unit Rs.	2.44	2.20
Own Generation through Diesel	—	—
Generator Units	7,97,109	3,02,450
Amount Rs.	25,91,580	10,95,108
Cost per unit Rs.	3.25	3.62
Coal	Nil	Nil
Fumace Oil	Nil	Nil
Rice Husk Qnty (in M.T.)	7,791.000	6,344.500
Amount	1,09,91,739	8,10,11,905
Rate per M.T.	1,413	1,217
Diesel Qnty (in litres)	2,86,043	1,35,050
Total Rs.	26,88,804	10,00,720
Rate Per Litre	9.40	7.41
Consumption per tonne of output	Vanaspatti & Refined	Vanaspatti & Refined
Production	26,199.943	20,054.197
Electricity	302 units	266 Units
Rice Husk	297 kgs.	316 kgs

Note : The separate details of Electricity and Rice Husk Consumption per ton of Vanaspatti and Refined are not available.