13th
ANNUAL REPORT
2004-05



Pioneer

Agro Extracts Ltd.

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PIONEER AGRO EXTRACTS LIMITED

13TH ANNUAL REPORT 2004-2005

BOARD OF DIRECTORS

MR. JAGAT MOHAN AGGARWAL	*Chairman-cum-Managing* Director
MR. AJAY KUMAR GOEL	*Joint Managing Director*
MR. BHARAT BHUSHAN AGGARWAL	*Whole- Time Director*
MR. A.K.ARORA	*Director (Works)*
MR. OM SAHAI	*Director*
MR. L.R.VASUDEVA	*Director*
MR. SAMEER AGGARWAL	*Director*
MR. VIPAN AGGARWAL	*Director*

AUDITORS

M/S ANIL VASUDEVA & CO
Chartered Accountants

BANKERS

The Jammu & Kashmir Bank Limited

REGISTERED OFFICE

Chhoti Nehar, Malakpur -145 025
Pathankot (Punjab)
Phone: 0186-2245352-55, Fax: 0186-2245351
E-mail:pioneer1@sancharnet.in

FACTORY/WORKS

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

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NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of Pioneer Agro Extracts Limited will be held on Wednesday, September 21, 2005 at 11:00 PM 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, 2005 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. L.R. Vasudeva, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Om Sahai, 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.

Place : Pathankot
Dated : 29th June, 2005

For and on behalf of the Board

(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.
2. The proxy form duly completed and singed 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.

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4. The Register of members and Share Transfer Books of the Company will remain closed from Monday, 19th September, 2005 to Wednesday, 21st September, 2005 (both days inclusive) for the purpose of Annual General Meeting.
5. Pursuant to recent 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.

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DIRECTORS' REPORT

To
The Shareholders of
PIONEER AGRO EXTRACTS LIMITED

Yours Directors have pleasure in presenting the 13th Annual Report together with Audited Statement of Accounts for the year ended March 31, 2005

FINANCIAL HIGHLIGHTS AND OPERATIONS

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

Particulars	2004-2005 (Rs. in Lacs)	2003-2004
Operating Profit/(Loss)	17.68	172.87
Interest & Financial charges	58.47	57.54
Net Profit/(Loss) before Depreciation & taxation	(40.79)	115.33
Depreciation	107.82	106.94
Net Profit/(Loss) after Depreciation but before taxes	(148.61)	8.39
Provision for Taxation	0.00	4.50
Net Profit/(Loss) after taxation	(148.61)	3.89
Excess taxation provision for 2003-04 written back	1.03	0.00
Net Profit/(Loss) brought forward from the previous years 253.76	249.87	
Profit/(Loss) carried to Balance Sheet	106.18	253.76

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.8877.38 lacs as against Rs. 11712.88 lacs during the previous year. The production of Vanaspati and refined oils aggregated to 13926.435 M.T. as against 23832.269 M.T. during the previous year. During the year under review, the Company has not shown good results. The main reason is non-harmonious tax exemption available in different areas of the Country. The Central Government has withdrawn the excise duty on the manufacturing of refined and vanaspati oil w.e.f 01.03.2005 and it is the good sign for the industry.

APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

Sh. L.R. Vasudeva and Sh. Om Sahai 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 Stock Exchange, Mumbai. During the Financial Year 2004-05, the Company got its shares delisted from Delhi Stock Exchange and had also complied with all the requirements for delisting from Ludhiana Stock Exchange. But Ludhiana Stock Exchange has referred the name of the Company to the SEBI for its opinion to ascertain the eligibility of the Company for inclusion in the Indonext Model

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;

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(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 hold 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 Verma, Verma and Associates, Cost Accountants, Jalandhar have been reappointed as Statutory Cost Auditors of the Company for the financial year 2005-2006 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 AND 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 Conversation 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

The relations with the staff members and the workforce continued to be cordial and satisfactory during the year under review. Your Directors are pleased to acknowledge the sincere and dedicated.

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CORPORATE GOVERNANCE

A report on the Corporate Governance along with Auditor's Certificate is attached to the report.

SEGMENT WISE PERFORMANCE

Your Company is engaged in the manufacturing of edible oils and vanaspati, which, in context of Accounting Standard 17 issued by the Institute of Chartered Accountants of India, 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, shareholders, 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.

For and on behalf of the Board

Place : Pathankot
Dated: 29.06.2005

JAGAT MOHAN AGGARWAL
Chairman-Cum-Managing Director

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ANNEXURE "A"

PIONEER AGRO EXTRACTS LIMITED

POWER AND FUEL CONSUMPTION

Particulars	Current Year (31.3.2005)	Last Year (31.3.2004)
Electricity purchased (Units)	2778890	3606020
Amount (in Rs.)	10193750.00	13696447.00
Rate per Unit (in Rs.)	3.67	3.80
Own Generation through Diesel Generation (Units)	389019	556338
Amount (In Rs.)	1853854.86	2544416.00
Cost Per unit (in Rs.)	4.77	4.57
Coal	Nil	Nil
Furnace oil	Nil	Nil
Fuel Consumption(In MT)	7352.738	7766.458
Amount (in Rs.)	8032139	12394421
Rate per MT	1092.40	1595.89
Diesel/LDO (Qnty in Ltrs)	80583	90873
Amount (in Rs.)	1629701.26	1752529.00
Rate per 1 ltr. (LDO-Rs.19.18/ltr & HSD-Rs.24.71/Ltr)	20.22	19.29
Consumption per tonne of output		
Vanaspati & Refined Oil Production	13926.435	23832.269
Electricity	199.54 Units	151.31 Units

FOREIGN EXCHANGE EARNINGS AND OUTGO

- Foreign Exchange Earning (Rs.)	Nil	Nil
- Foreign Exchange Outgo (Rs.)	12309094	105079082

By order of the Board
For Pioneer Agro Extracts Limited

Place : Pathankot
Date : 29.06.2005

(JAGAT MOHAN AGGARWAL)
Chairman

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CORPORATE GOVERNANCE REPORT

COMPANY'S GOVERNANCE PHILOSOPHY

The Company's Governance philosophy is to have transparency and accountability in all its interactions with the Government, Shareholders and Employees.

BOARD OF DIRECTORS

Company's Board has Eight Directors comprising of four independent directors. The Board and its committee met at regular intervals. During the financial year 2004-05, four Board Meetings were held on the following dates : 23.04.2004, 31.07.2004, 30.10.2004, 31.01.2005. All directors attended all the meeting except Sh. Om Sahai and Sh. Vipan Aggarwal who did not attend any meeting and were granted leave of absence. Sh. Jagat Mohan Aggarwal, Sh. Ajay Goel and Sh. Bharat Bhushan Aggarwal, during the financial year 2004-05, also held the position of directors in a Public Limited Company.

The Directors who will retire by rotation and offer themselves for reappointment are as follows –

1. Sh. L.R. Vasudeva
2. Sh. Om Sahai

No remuneration/sitting fees were paid to the Directors except Sh. Jagat Mohan Aggarwal, Sh. Ajay Goel, Sh. Bharat Bhushan Aggarwal who were paid Rs. 2,40,000/-, Rs. 96,000/- and 96,000/- per annum respectively

AUDIT COMMITTEE

The Audit Committee met four times during the financial year 2004-05 on 23.04.2004, 31.07.2004, 30.10.2004 and 31.01.2005. The Audit Committee worked as per its terms of reference. The Audit Committee directed the audit and risk management function. All members attended all the meetings of the Audit Committee.

SHAREHOLDERS/INVESTOR GRIEVANCES COMMITTEE

The Company's shareholders/Investor Grievances Committee met thrice on 31.07.2004, 30.10.2004 and 31.01.2005. All the shares lodged for transfer have been duly registered and no transfer of shares is pending as on 31.03.2005.

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DISCLOSURES

Disclosure of transaction with any related parties i.e. promoters, Directors, Relatives etc. have been made in the Balance Sheet in Schedule "notes to the accounts". The Company has complied with all the requirements of the Stock Exchanges, SEBI and other Statutory Authorities. No penalities have been imposed on the Company by the said authorities.

GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under –

Year	Day	Date	Time	Venue
2002	Monday	30.09.2002	11.00 A.M	Chhoti Nehar, Malakpur, Pathankot (Regd. Office)
2003	Tuesday	30.09.2003	10.30 A.M	Chhoti Nehar, Malakpur, Pathankot (Regd. Office)
2004	Wednesday	29.09.2004	11.30 A.M	Chhoti Nehar, Malakpur, Pathankot (Regd. Office)

GENERAL SHAREHOLDER INFORMATION

(A) 13TH ANNUAL GENERAL MEETING

Day	Date	Time	Venue
Wednesday	21.09.2005	11 A.M	Chhoti Nehar, Malakpur, Pathankot (Regd. Office)

(B) FINANCIAL CALENDER

Financial Year	1st April, 2005 to 31st March, 2006
Board Meeting for considering the Accounts	29.06 2005
Posting of Annual Report on or before	24.08.2005
Book Closure Dates	19.09.2005 to 21.09.2005 (Both days inclusive)
Last date for the receipt of proxy forms	19.09.2005
13th AGM	21.09.2005
Dividend payment date	— N.A. —

Board Meeting to consider unaudited results for the first three quarters of the financial year 2005-06Results of the quarter ended on 30th June, 2005Results of the quarter ended on 30th September, 2005Results of the quarter ended on 31st December, 2005
30.07.2005End of October, 2005End of January. 2006

(C) REGISTERED OFFICE

Chhoti Nehar, Malakpur, Pathankot

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