

**14<sup>th</sup>**  
**ANNUAL REPORT**  
**2005-2006**



**14<sup>TH</sup> ANNUAL REPORT 2005-2006**

**BOARD OF DIRECTORS**

MR. JAGAT MOHAN AGGARWAL	CHAIRMAN-CUM-MANAGING DIRECTOR
MR. AJAY KUMAR GOEL	JOINT MANAGING DIRECTOR
MR. BHARAT BHUSHAN AGGARWAL	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)

**FACTORY/WORKS**

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



**NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of Pioneer Agro Extracts Limited will be held on Wednesday September 20, 2006 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, 2006 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. Sameer Aggarwal, 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 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 1<sup>st</sup> September, 2006 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 Sh. Bharat Bhushan Aggarwal as Whole Time Director the remuneration and perquisites set out in above be paid or granted to Sh. 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**

Palace : Pathankot  
Dated : 30.06.2006

**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 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 18<sup>th</sup> day of September, 2006 to 20<sup>th</sup> day of September, 2006 (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.



**ANNEXURE TO THE NOTICE**

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

**Item No. 4**

Sh. 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 1<sup>st</sup> September, 2006 subject to the approval of Shareholders. The remuneration, perquisite 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.

**For and on behalf of the Board**

Palace : Pathankot  
Dated : 30.06.2006

**Jagat Mohan Aggarwal**  
**Chairman-cum-Managing Director**

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## **PIONEER AGRO EXTRACTS LIMITED**

### **DIRECTORS' REPORT**

To  
The Shareholders of  
**PIONEER AGRO EXTRACTS LIMITED**

Yours Directors have pleasure in presenting the 14<sup>th</sup> Annual Report together with Audited Statement of Accounts for the year ended March 31, 2006.

#### **FINANCIAL HIGHLIGHTS AND OPERATIONS**

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

	<b>(Rs. in Lacs)</b>	
<b>Particulars</b>	<b>2005-2006</b>	<b>2004-2005</b>
Operating Profit/(Loss)	199.61	17.68
Interest & Financial charges	40.43	58.47
Net Profit/(Loss) before Depreciation & taxation	159.18	(40.79)
Depreciation	92.87	107.82
Net Profit/(Loss) after Depreciation but before taxes	66.31	(148.61)
Provision for Taxation	2.68	0.00
Net Profit/(Loss) after taxation	63.63	(148.61)
Excess taxation provision for 2004-05 written back	0.00	1.03
Net Profit/(Loss) brought forward from the previous years	106.18	253.76
Profit/(Loss) carried to Balance Sheet	169.81	106.18

#### **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.5965.87 lacs as against Rs. 8877.38 lacs during the previous year. The production of Vanaspati and refined oils aggregated to 13094.672 M.T. as against 13926.435 M.T. during the previous year. Government policies of allowing duty free import of Vanaspati from the neighbouring countries like Nepal, Sri Lanka are mainly responsible for the poor performance of Vanaspati Sector all over India and this trend seems to continue.

#### **APPOINTMENT / RE-APPOINTMENT OF DIRECTORS**

Sh. Sameer Aggarwal and Sh. Vipin aggarwal 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".

**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 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 2006-2007 for which approval from the Central Government, Cost Audit Branch, New Delhi has already been received.



## **PIONEER AGRO EXTRACTS LIMITED**

### **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 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**

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

### **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**

Your 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: 30.06.2006

**JAGAT MOHAN AGGARWAL**  
Chairman-Cum-Managing Director



**ANNEXURE "A"****PIONEER AGRO EXTRACTS LIMITED****POWER AND FUEL CONSUMPTION**

Particulars	Current Year 31.03.2006	Last Year 31.03.2005
Electricity purchased (Units)	1995630	2778890
Amount (in Rs.)	8225075	10193750
Rate per Unit (in Rs.)	4.12	3.67
Own Generation through Diesel Generation (Units)	58050	389019
Amount (In Rs.)	572248	1853854.86
Cost Per unit (in Rs.)	9.86	4.77
Coal	Nil	Nil
Furnace oil	Nil	Nil
Fuel Consumption(In MT)	7877.040	7352.738
Amount (in Rs.)	10450794	8032139
Rate per MT	1326.74	1092.40
Diesel/LDO (Qnty in Ltrs)	20894	80583
Amount (in Rs.)	531514.64	1629701.26
Rate per Ltr. (HSD/LDO)	25.44	20.22
Vanaspati & Refined Oil Production	12983.087	13926.435
Consumption per tonne of output		
Electricity	158.18 Units	199.54 Units

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

**By order of the Board  
For Pioneer Agro Extracts Limited**

Place : Pathankot  
Date : 30.06.2006

**(JAGAT MOHAN AGGARWAL)**  
Chairman

**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 2005-06, Five Board Meetings were held on the following dates 23<sup>rd</sup> April' 2005, 29<sup>th</sup> June' 2005, 30<sup>th</sup> July' 2005, 31<sup>st</sup> October' 2005 and 31<sup>st</sup> January' 2006. All the directors attended all the meeting except Sh. A.K. Arora who did not attend meeting dated 30<sup>th</sup> July, 2005 and 31<sup>st</sup> January, 2006 and was granted leave of absence. Sh. Jagat Mohan Aggarwal, Sh. Ajay Goel and Sh. Bharat Bhushan Aggarwal, during the financial year 2005-06, 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. Sameer Aggarwal
2. Sh. Vipin Aggarwal

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 five times during the financial year 2005-06 on 23.04.2005, 29.06.2005, 30.07.2005, 31.10.2005 and 31.01.2006. 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 two times on 30<sup>th</sup> June, 2005 and 16<sup>th</sup> August, 2006. All the shares lodged for transfer have been duly registered and no transfer of shares is pending as on 31.03.2006.

**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 penalties have been imposed on the Company by the said authorities.