

15th

**ANNUAL REPORT
2006-2007**





PIONEER AGRO EXTRACTS LIMITED

15TH ANNUAL REPORT 2006-2007

BOARD OF DIRECTOR

MR. JAGAT MOHAN AGGARWAL	<i>Chairman-cum-Managing Director</i>
MR. AJAY KUMAR GOEL	<i>Joint Managing Director</i>
MR. BHARAT BHUSHAN AGGARWAL	<i>Director</i>
MR. A.K. ARORA	<i>Director(Works)</i>
MR. SAMEER AGGARWAL	<i>Director</i>
MR. VIPIN AGGARWAL	<i>Director</i>
MR. PAWAN KUMAR VERMA	<i>Director</i>
MR. ANUJ BANSAL	<i>Director</i>

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, Madhupur
Pathankot (Punjab)

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PIONEER AGRO EXTRACTS LIMITED

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of Pioneer Agro Extracts Limited will be held on 19th day, September, 2007 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, 2007 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. A.K. Arora, 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-

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. Anuj Bansal, 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 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. Pawan Kumar Verma , Additional Director, be and is hereby appointed as a Non-executive Independent Professional Director of the Company liable to retire by rotation.

For and on the behalf of the Board

JAGAT MOHAN AGGARWAL
Chairman-Cum-Managing Director

Place : Pathankot
Date : 30.06.2007

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 17th day of September, 2007 to 19th day of September, 2007 (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. 5

Mr. Anuj Bansal 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. Anuj Bansal is interested in the proposed resolution.

Item No. 6

Mr. Pawan Kumar Verma 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. Pawan Kumar Verma is interested in the proposed resolution.

For and on behalf of the Board

Place : Pathankot
Dated : 30.06.2007

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



PIONEER AGRO EXTRACTS LIMITED

DIRECTORS' REPORT

To,
The Shareholders of
PIONEER AGRO EXTRACTS LIMITED

Your Directors have pleasure in presenting the 15th Annual Report together with Audited Statement of Accounts for the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS AND OPERATIONS

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

Particulars	(Rs. in Lacs)	
	2006-2007	2005-2006
Operating Profit/(Loss)	177.69	199.61
Interest & Financial charges	72.38	40.43
Net Profit/(Loss) before Depreciation & taxation	105.31	159.18
Depreciation	90.07	92.87
Net Profit/(Loss) after Depreciation but before taxes	15.24	66.31
Provision for Taxation	11.10	2.68
Net Profit/(Loss) after taxation	4.14	63.63
Excess taxation provision written back	0.01	0.00
Net Profit/(Loss) brought forward from the previous years	169.81	106.18
Profit/(Loss) carried to Balance Sheet	173.96	169.81

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.7238.40 lacs as against Rs.5977.32 lacs during the previous year. The production of Vanaspati and refined oils aggregated to 15560.246 M.T. as against 14487.527 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.

APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

Sh. Sameer Aggarwal and Sh. A.K. Arora are the directors liable to retire by rotation and being eligible have offered themselves for reappointment.

During the year, Mr. Anuj Bansal and Mr. Pawan Kumar Verma were appointed as additional directors and hold office of the director up to the date of the ensuing Annual General Meeting. They are being appointed as regular directors in the capacity of Non-Executive Independent Professional Director of the Company.

During the year Mr. Om Sahai, Director left the Company by submitting resignation and other director Mr. L.R. Vasudeva expired during the year.



PIONEER AGRO EXTRACTS LIMITED

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 Parveen Sharma & Associates, Cost Accountants, Jalandhar have been appointed as Statutory Cost Auditors of the Company for the financial year 2007-2008 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 their sincerity and dedication for the development of the Company.

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.

ACKNOWLEDGMENT

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

Place : Pathankot

Dated: 30.06.2007

JAGAT MOHAN AGGARWAL
Chairman-Cum-Managing Director

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

Particulars	Current Year 31.03.2007	Last Year 31.03.2006
Electricity purchased (Units)	1822180	1995630
Amount (in Rs.)	7551366	8225075
Rate per Unit (in Rs.)	4.14	4.12
Own Generation through Diesel Generation (Units)	308260	58050
Amount (In Rs.)	3018492	572248
Cost Per unit (in Rs.)	9.79	9.86
Coal	Nil	Nil
Furnace oil	Nil	Nil
Fuel Consumption(In MT)	11114.460	7877.040
Amount (in Rs.)	19728826	10450794
Rate per MT	1775.06	1326.74
Diesel (Qty in Ltrs)	94000	20894
Amount (in Rs.)	2942349.20	531514.64
Rate per Ltr. (HSD/LDO)	31.30	25.44
Vanaspati & Refined Oil Production	15560.246	14487.527
Consumption per tonne of output		
Electricity	136.92 Units	158.18 Units

FOREIGN EXCHANGE EARNINGS AND OUTGO

- Foreign Exchange Earning (Rs.)	Nil	Nil
- Foreign Exchange Outgo (Rs.)		960330

**By order of the Board
for Pioneer Agro Extract Limited**

JAGAT MOHAN AGGARWAL
Chairman-Cum-Managing Director

Place : Pathankot
Date : 30.06.2007

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 2006-07, Eight Board Meetings were held on the following dates 20th April' 2006, 30th June' 2006, 31st July' 2006, 17th August' 2006, 26th September' 2006, 31st October' 2006, 31st January' 2007 and 10th March' 2007. All the directors attended all the meeting except Sh. Om Sahai and L.R. Vasudeva who did not attend any meeting and were granted leave of absence. Two additional directors i.e. Mr. Pawan Kumar Verma and Mr. Anuj Bansal had joined the Company during the financial year 2006-07. During the financial year 2006-07, Mr. Om Sahai resigned from the Board of Directors and the office of Mr. L.R. Vasudeva became vacant due to his expiring. Sh. Jagat Mohan Aggarwal, Sh. Ajay Goel and Sh. Bharat Bhushan Aggarwal, during the financial year 2006-07, 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. A.K. Arora

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 2006-07 on 21.04.2006, 30.06.2006, 31.07.2006, 31.10.2006 and 31.01.2007. The Audit Committee worked as per its terms of reference as prescribed by the Stock Exchange from time to time. All members attended all the meetings of the Audit Committee.

SHAREHOLDERS/INVESTOR GRIEVANCES COMMITTEE

The Company's shareholders/Investor Grievances Committee met four times on 30th December' 2006, 31st January' 2007, 15th February' 2007 and 15th March' 2007. All the shares lodged for transfer have been duly registered and no transfer of shares is pending as on 31.03.2007.

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.