

PIONEER AGRO EXTRACTS LIMITED

ANNUAL REPORT 2009-2010

**18th**  
**ANNUAL REPORT**

**2009-2010**

MR. JAGAT MOHAN AGGARWAL  
MR. ALAY KUMAR GÖT

JOINT MANAGING DIRECTOR

MR. SHARAT BHUSHAN AGGARWAL  
DIRECTOR

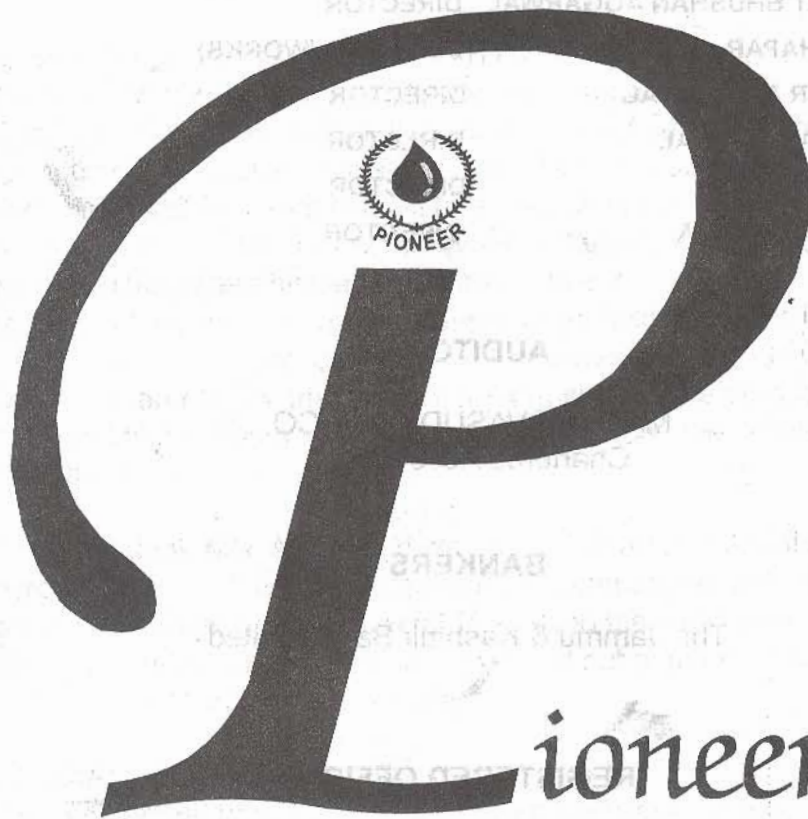
MR. ANIL THAPAR  
DIRECTOR

MR. SAMEER  
DIRECTOR

MR. VIPAN  
DIRECTOR

MR. ANUL  
DIRECTOR

MR. DINESH  
DIRECTOR



**Pioneer**

**Agro Extracts Limited**

FACTORY/WORKS

VARO B. B. B.

District Road, Mathura

(U.P.)



**18<sup>TH</sup> ANNUAL REPORT 2009-2010**

**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

**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 Eighteenth Annual General Meeting of the Members of Pioneer Agro Extracts Limited will be held on Saturday, the 25<sup>th</sup> day of September, 2010 at 11:00 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, 2010 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. Vipin Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Anuj Bansal, 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 pursuant to the Article 109 of the Articles of Association of the Company and provisions of Sec 255 and 257 and other applicable provisions, if any, of The Companies Act, 1956 Mr. Dinesh Sharma, Additional Director, be and is hereby appointed as a Director of the company liable to retire by rotation.

**For and on behalf of the Board**

Place : Pathankot

Dated : 30.05.2010

**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 23rd day of September, 2010 to 25th day of September, 2010 (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.



**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.

**COMPLIANCE CERTIFICATE**

Pursuant to the provisions of section 383A (provision) 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.

**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**

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, 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: 30.05.2010**

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



**PIONEER AGRO EXTRACTS LIMITED**

**POWER AND FUEL CONSUMPTION**

Particulars	Current Year 31.03.2010	Last Year 31.03.2009
Electricity purchased (Units)	1688090	2309840
Amount (in Rs.)	8612197	10351048
Rate per Unit (in Rs.)	5.10	4.48
Own Generation through Diesel Generation (Units)	68977	56850
Amount (In Rs.)	845885	1028626.87
Cost Per unit (in Rs.)	12.26	18.09
Coal/Charcoal (in MT)	10.250	103.650
Coal amount (in Rs.)	107115	305768
Furnace oil	Nil	Nil
Fuel Consumption(In MT)	7109.375	9263.647
Amount (in Rs.)	21636975	20952255
Rate per MT	3043.44	2261.77
Diesel (Qty in Ltrs)	26250	31685
Amount (in Rs.)	820106	1025977
Rate per Ltr. (HSD/LDO)	31.24	32.38
Vanaspati & Refined Oil Production	18657.518	20224.131
Consumption per tonne of output		
Electricity	94.17 Units	117.02 Units

**EARNINGS AND OUTGO**

- Foreign Exchange Earning (Rs.)	Nil	Nil
- Foreign Exchange Outgo (Rs.)	Nil	68788944

By order of the Board  
For Pioneer Agro Extracts Limited

Place : Pathankot

Date : 30.05.2010

(JAGAT MOHAN AGGARWAL)  
Chairman-Cum-Managing Director



sales figure, when compared with the previous year, is the penetration in the Punjab market by manufacturers who have set up their huge capacity plant near the port itself and thus are having competitive edge over us due to costing benefit available with them. However the management is hopeful of overcoming this situation by rationalizing the business modules.

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

Mr. Vipin Aggarwal, Mr. Anuj Bansal are the directors liable to retire by rotation and being eligible have offered themselves for reappointment.

Mr. Dinesh Sharma was appointed as additional director of the Company and hold office of the director up to the date of the ensuing Annual General Meeting.

#### **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. Due to wide fluctuation in the prices of Edible oil, as it is quite difficult for the management to predict the profitability of the company so, no provision for deferred tax has been provided.

**COST AUDITORS**

M/s J. Verma & Associates, Cost Accountants, Jalandhar have been appointed as Statutory Cost Auditors of the Company for the financial year 2010-2011 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 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 their sincerity and dedication for the development of the Company.

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**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: 30.05.2010



**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. The Board and it's committee met at regular intervals. During the financial year 2009-10, six Board Meetings were held on the following dates : 20th May 2009, 30th June 2009, 30th July 2009, 31st Oct 2009, 30th Jan 2010 and 10th Feb 2010. All the directors attended all the meetings except Sh. Baldev Kashtwal who did not attended the meetings of 30th July 2009, 31st Oct 2009 and 30th Jan 2010 and was granted leave of absence. Mr. A. K. Arora resigned from the post of director citing personal reason w.e.f. 30th July, 2009. Sh. Baldev Kashtwal resigned from the post of director citing personal reason w.e.f. 10th Feb 2010. Dr. Dinesh Sharma joined the company as non-executive independent director w.e.f. 10th Feb. 2010. Sh. Jagat Mohan Aggarwal, Sh. Ajay Goel and Sh. Bharat Bhushan Aggarwal also held the position of director in other Company during the financial year 2009-10.

Sh. Jagat Mohan Aggarwal, Sh. Ajay Goel, Sh. Bharat Bhushan Aggarwal and Sh. Sameer Aggarwal attended the last AGM meeting held on 23.09.2009.

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

1. Sh. Vipin Aggarwal
2. Sh. Anuj Bansal
3. Dr. Dinesh Sharma

No remuneration/sitting fees were paid to the Directors except Sh. Jagat Mohan Aggarwal, Sh. Ajay Goel, Sh. Bharat Bhushan Aggarwal and Sh. Anil Thapar who were paid Rs.5,10,000/-, Rs.96,000/-, Rs.96,000/- and Rs.3,60,000/- per annum respectively.



## **AUDIT COMMITTEE**

The Audit Committee met five times during the financial year 2009-10 on 20.04.2009, 30.06.2009, 22.07.2009, 29.10.2009 and 28.01.2010. All members attended all the meetings except Sh. Baldev Kashtwal who did not attend the meeting dated 30.06.2008 and was granted leave of absence. The Audit Committee worked as per its terms of reference as prescribed by the Stock Exchange from time to time. Audit Committee consists of Sh. Sameer Aggarwal as Chairman, Sh. Jagat Mohan Aggarwal as member and Sh. Dinesh Sharma as member who replaced Sh. Baldev Kashtwal. Mr. S.M. Parashar, DGM (Finance) is the secretary of the Committee.

## **REMUNERATION COMMITTEE**

The remuneration committee met once i.e. on 30th June, 2009 to approve the increase in remuneration of Sh. Jagat Mohan Aggarwal, Managing Director. All members attended the meeting. The Remuneration committee consists of Sh. Sameer Aggarwal as Chairman, Sh. Anuj Bansal and Sh. Dinesh Sharma.

Remuneration policy of the Company in respect of Top Management is to recruit and retain best talent in the Company and to ensure appropriate disclosure of remuneration paid to said persons.

## **SHAREHOLDERS/INVESTOR GRIEVANCES COMMITTEE**

The Company's shareholders/Investor Grievances Committee met two times on 20th Jan, 2010 and 24th Feb, 2010. All the shares lodged for transfer have been duly registered and no transfer of shares, complaints is pending as on 31.03.2010. Mr. S.M. Parashar is the Compliance Officer of the Company.

## **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.

**PIONEER AGRO EXTRACTS LIMITED****GENERAL BODY MEETINGS**

The last three Annual General Meetings were held as under

Year	Day	Date	Time	Venue
2007	Wednesday	19.09.2007	10.00 A.M	Chhoti Nehar, Malakpur, Pathankot (Regd. Office)
2008	Wednesday	24.09.2008	10.00 A.M	Chhoti Nehar, Malakpur, Pathankot (Regd. Office)
2009	Wednesday	23.09.2009	10.00 A.M	Chhoti Nehar, Malakpur, Pathankot (Regd. Office)

**GENERAL SHAREHOLDER INFORMATION****(A) 18TH ANNUAL GENERAL MEETING**

Day	Date	Time	Venue
Saturday	25.09.2010	11 A.M	Chhoti Nehar, Malakpur, Pathankot (Regd. Office)

**(B) FINANCIAL CALENDER**

Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March
Board Meeting for considering the Accounts	25.06.2010
Posting of Annual Report on or before	21.08.2010
Book Closure Dates	23.09.2010 to 25.09.2010 (Both days inclusive)
Last date for the receipt of proxy forms	23.09.2010
18 <sup>th</sup> AGM	25.09.2010
Dividend payment date	--- N.A. ---
Board Meeting to consider unaudited results for the first three quarters of the financial year 2009-10	
Results of the quarter ended on 30 <sup>th</sup> June, 2009	30.07.2009
Results of the quarter ended on 30 <sup>th</sup> September, 2009	End of October, 2009
Results of the quarter ended on 31 <sup>st</sup> December, 2009	End of January, 2010

**PIONEER AGRO EXTRACTS LIMITED**



(C) Quarterly and annual results of the Company are generally published in "Pioneer" English Language and "Hari Bhoomi" Hindi Language newspapers only. Results are also sent to stock exchange on which shares are listed immediately after the Board Meeting.

(D) **REGISTERED OFFICE** - Chhoti Nehar, Malakpur, Pathankot (Punjab)

(E) **LISTING OF SECURITIES** : Shares of the Company are listed on "The Stock Exchange, Mumbai."

(F) **STOCK MARKET DATA** : The Equity Shares of the Company have not been frequently traded on any stock exchange for the last three years.

(G) **SHARE TRANSFER AGENT** : The address of the Registrar & Share Transfer Agent i.e M/s. Abhipra Capital Limited is as follows :

Abhipra Capital Limited  
A-387, Dilkhush Industrial Area  
G.T. Karnal Road, Azadpur, Delhi - 110033

(H) **Location of the Plant**  
Pioneer Agro Extracts Limited  
Village & P.O. Tharial, Defence Road,  
Madhopur, Pathankot

**Address for Correspondence**

**(a) Regd. Office**

Pioneer Agro Extracts Limited  
Chhoti Nehar, Malakpur-145025  
Pathankot (Punjab).

**(b) Registrar and Transfer Agent**

M/s. Abhipra Capital Limited  
A-387, Dilkhush Industrial Area  
G.T. Karnal Road, Azadpur, Delhi-110033.

**PIONEER AGRO EXTRACTS LIMITED**



**(I) SHARE HOLDING PATTERN AS ON 31st MARCH, 2010.**  
Share holding as on 31st March, 2010 is as follows.

Statement Showing Shareholding Pattern								
Name of the Company :		PIONEER AGRO EXTRACTS LIMITED						
Scrip Code :		519439	Quarter Ended :			31.03.2010		
Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total		Shares Pledged or otherwise encumbered	
					Number of shares percentage of (A+B)	Number of shares percentage of (A+B+C)	Number of shares	As a percentage
<b>(A) Shareholding of Promoter and Promoter Group<sup>1</sup></b>								
<b>1 Indian</b>								
(a)	Individuals/Hindu Undivided Family	15	2382300	2216900	54.99	54.99	0	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0
(c)	Bodies Corporate	0	0	0	0.00	0.00	0	0
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0
(e)	Any Other (Specify)	0	0	0	0.00	0.00	0	0
(e-i)								
(e-ii)								
<b>Sub Total(A)(1)</b>		<b>15</b>	<b>2382300</b>	<b>2216900</b>	<b>54.99</b>	<b>54.99</b>	<b>0</b>	<b>0</b>
<b>2 Foreign</b>								
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0
(c)	Institutions	0	0	0	0.00	0.00	0	0
(d)	Any Other (Specify)	0	0	0	0.00	0.00	0	0
(d-i)								
(d-ii)								
<b>Sub Total(A)(2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>		<b>15</b>	<b>2382300</b>	<b>2216900</b>	<b>54.99</b>	<b>54.99</b>	<b>0</b>	<b>0</b>
<b>(B) Public shareholding</b>								
<b>1 Institutions</b>								
(a)	Mutual Funds/UTI	0	0	0	0.00	0.00	0	0
(b)	Financial Institutions/Banks	1	200000	200000	4.62	4.62	0	0
(c)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0
(h)	Any Other (Specify)	0	0	0	0.00	0.00	0	0
(h-i)								
(h-ii)								
<b>Sub-Total (B)(1)</b>		<b>1</b>	<b>200000</b>	<b>200000</b>	<b>4.62</b>	<b>4.62</b>	<b>0</b>	<b>0</b>
<b>2 Non-institutions</b>								
(a)	Bodies Corporate	21	533450	544750	12.24	12.24	0	0
(b)	Individuals				0.00	0.00	0	0
Individuals - i, individual shareholders holding nominal share capital up to Rs 1 lakh								
i		1073	441943	89243	10.20	10.20	0	0
Individuals - ii, individual shareholders holding nominal share capital in excess of Rs 1 lakh								
ii		17	733600	0	16.93	16.93	0	0
(c)	Any Other (Specify)	0	0	0	0.00	0.00	0	0
(c-i)	Hindu undivided Family	4	1006	1006	0.02	0.02	0	0
(c-ii)								
<b>Sub-Total (B)(2)</b>		<b>1115</b>	<b>1750000</b>	<b>495000</b>	<b>40.39</b>	<b>40.39</b>	<b>0</b>	<b>0</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>		<b>1116</b>	<b>1950000</b>	<b>695000</b>	<b>45.01</b>	<b>45.01</b>	<b>0</b>	<b>0</b>
<b>TOTAL (A)+(B)</b>		<b>1131</b>	<b>4332300</b>	<b>2851900</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0</b>
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>								
<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>1131</b>	<b>4332300</b>	<b>2851900</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0</b>



**CEO/CFO Certification**

The Managing Director and the official heading the finance function has given the following certificate to the Board in the meeting held on 30.05.2010 :

1. We have reviewed financial statements and the cash flow statements for the year and that to the best of our knowledge and belief:
  - (i) the statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading
  - (ii) the statements together present a true and fair view of the Company's affairs and are in compliance with accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting

-sd-

Place : Pathankot  
Date : 30.05.2010

Jagat Mohan Aggarwal  
Managing Director

-sd-

S. M. Parashar  
DGM-Finance



**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES**

**To the Members  
PIONEER AGRO EXTRACTS LIMITED**

We have examined the compliance of the conditions of Corporate Governance by **Pioneer Agro Extracts Limited** for the financial year ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The condition of the Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2010, no investor grievances are pending against the Company for a period exceeding one month as per records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For ANIL VASUDEVA & CO.**  
Chartered Accountants

-sd-

Place : Pathankot  
Dated : 30.05.2010

**(PRAMOD KUMAR KHOSLA)**  
Partner





**Anil Vasudeva & Co.**  
**CHARTERED ACCOUNTANTS**  
**OPP. S.P.'s Office, Near Dhangu Chowk,**  
**Pathankot**

**Phones : 0186 - 2224737, 2227737**

**Fax : 0186 2224737**

**Email : rashivasudeva@yahoo.com**

**AUDITORS REPORT**

The Members  
Pioneer Agro Extracts Ltd.

- 1) We have audited the attached Balance Sheet of Pioneer Agro Extracts Limited as on 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004, in term of Section 227 (4A) of the Companies Act 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in annexure referred to in paragraph (1) above, we report that:
  - (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;



- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books;
- (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (d) in our opinion, except for non provision of Deferred Tax Liability as required under Accounting Standard AS 22 : 'Accounting for Taxes on income' (refer Note No. 9 of Accounting Standard), the Profit and Loss Account and the Balance Sheet comply with the Mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) On the basis of our review of the confirmations received from the Companies in which such Directors are Directors of the Company and as per information and explanation given to us, none of the Directors are prima facie disqualified from being appointed as Director under clause (g) of sub section 1 of section 274 of the Companies Act 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to Notes on Accounts and our comments in the statement referred to in paragraph 1 above read together with Accounting Policies and Notes on Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of Balance Sheet of the state of affairs of the company as on 31st March, 2010;
- (ii) in the case of Profit and Loss Account of the Profit for the year ended on that date and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **ANIL VASUDEVA & CO.**  
Chartered Accountants

Place : Pathankot  
Dated : May 30th , 2010

**(PRAMOD KUMAR KHOSLA)**  
Partner



**ANNEXURE TO THE AUDITORS REPORT**

Referred to in Paragraph (1) of our report of even date

**1. In respect of its fixed assets:**

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Fixed assets have been physically verified during the year by the management. We are informed that no material discrepancies were noticed by the management on such verification.
- (c) None of the Fixed Assets have been revalued during the year. In our opinion the Company has not disposed off substantial part of Fixed Assets during the year.

**2. In respect of its inventories:**

- (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories. As explained to us, there are no material discrepancies noticed on physical verification of inventory as compared to the book records.

**3. In respect of loans, secured or unsecured, granted or taken by the Company to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.**

- (a) The Company has taken loans from twenty parties aggregating to Rs.362.84 Lacs outstanding at the end of the year.



- (b) In our opinion and according to the information and explanations given to us, interest being paid and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- (c) The Company has granted loans on which interest is being charged. In respect of loans taken by the Company, interest payments are regular & the principal amount is repayable on demand.
- (d) There is no overdue amount in respect of loans taken by the Company.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transaction covered under section 301 of the Companies Act, 1956:
- (a) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Act and exceeding Rs. 5 Lacs in respect of any party during the year have been made at the prices, which are reasonable having regard to prevailing market prices at the relevant times.
6. According to the information and explanation given to us the Company has not accepted deposits from the public within the meaning of section 58A and 58AA.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.



8. The Central Government has prescribed for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the same.
9. In respect of statutory dues:  
The Company has been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Sales Tax, Customs Duty, Excise Duty, Income Tax, cess and any other statutory dues with the appropriate authorities during the year.
10. The Company has accumulated losses. However the company has made profit in this year. The company had made a loss in the immediately preceding previous year.
11. Based on books & records procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
14. As informed and explained to us, the Company has not dealt/traded in securities or debentures during the year.
15. According to the information and explanation given to us, the Company has given guarantee for loans taken by its associates from banks or financial institutions. According to the information and explanation given to us, these are not prima-facie prejudicial to the interest of the Company.



16. The Company has not made any preferential allotment of shares.
17. No Debentures have been issued by the Company and hence the question of creating securities in respect thereof does not arise.
18. The Company has not raised any money through a public issue during the year.
19. According to information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

**For ANIL VASUDEVA & CO.**  
Chartered Accountants

Place : Pathankot  
Dated : May 30th , 2010

**(PRAMOD KUMAR KHOSLA)**  
Partner

**PIONEER AGRO EXTRACTS LIMITED**

**PIONEER AGRO EXTRACTS LIMITED, MALAKPUR (PATHANKOT)  
BALANCE SHEET AS AT 31st MARCH, 2010**

PARTICULARS	SCHEDULE	AS AT 31.03.2010 (Amount in Rs.)	AS AT 31.03.2009 (Amount in Rs.)
<b>1 SOURCES OF FUNDS</b>			
<b>I. Shareholders funds</b>			
a) Share Capital	I	43585400	43585400
b) Reserve & Surplus	II	<u>32256159</u>	<u>75841559</u>
			<u>30213765</u>
			73799165
<b>II. Loan Funds</b>	III		
Secured Loans		65291070	56917517
Unsecured Loans		<u>36446352</u>	<u>101737422</u>
			<u>27633228</u>
		<u>177578981</u>	<u>158349910</u>
<b>2 APPLICATION OF FUNDS</b>			
<b>I. Fixed Assets</b>	IV		
Gross Block		246012528	244147417
Less: Depreciation		<u>183366278</u>	<u>173611662</u>
Net Block			62646250
Capital Work in Progress			0
			145415
<b>II. Investments</b>	V	45475000	45475000
<b>III. Current Assets, Loans &amp; Advances</b>	VI		
a) Current Assets			
- Inventories		67626248	80122010
- Cash & Bank Balances		1208887	3789388
- Sundry Debtors		7709455	19508232
b) Loans & Advances		<u>68271071</u>	<u>24924999</u>
		144815661	128344628
Less: Current Liabilities and Provisions	VII	<u>75678619</u>	<u>86631922</u>
Net Current Assets			69137042
			41712706
<b>IV. Miscellaneous Expenditure</b> (To the extent not written off or adjusted)	VIII	<u>320689</u>	<u>481034</u>
		<u>177578981</u>	<u>158349910</u>
<b>NOTES TO THE ACCOUNTS</b>	XIV		

This is the Balance Sheet referred to in our report of even date to the member of Pioneer Agro Extracts Ltd.

For **ANIL VASUDEVA & CO.,**  
Chartered Accountants

For and on behalf of the board

(**PRAMOD KUMAR KHOSLA**)  
Partner

(**JAGAT MOHAN AGGARWAL**)  
Managing Director

(**AJAY KUMAR**)  
Jt. Managing Director

Place: Pathankot  
Dated: 30.05.2010

(**BHARAT BHUSHAN AGGARWAL**)  
Whole Time Director

(**S. M. PARASHAR**)  
DGM-Finance

**PIONEER AGRO EXTRACTS LIMITED**



**PIONEER AGRO EXTRACTS LIMITED, MALAKPUR (PATHANKOT)  
PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2010**

PARTICULARS	SCHEDULE	AS AT 31.03.2010 (Amount in Rs.)	AS AT 31.03.2009 (Amount in Rs.)
<b>I INCOME</b>			
Sales			
- Vanaspati & Refined		854988123	940251887
- Others		45572745	70256913
Other Incomes	IX	6532826	1981315
Increase (Decrease) in Stocks	X	(11151264)	10065396
		<u>895942430</u>	<u>102255511</u>
<b>II EXPENDITURES</b>			
- Raw Material	XI	778192460	914630172
- Excise Duty Paid		23371	14585
- Manufacturing, Administrative & Other Expenses	XII	93921221	112851525
- Financial Expenses	XIII	11241498	8813015
- Depreciation		9961141	10011971
- Amortised Expenditure Written off		160345	160345
		<u>893500036</u>	<u>1046481613</u>
<b>III NET PROFIT BEFORE PROVISION FOR TAX</b>		2442394	(23926102)
<b>IV PROVISION FOR TAXATION</b>		400000	124975
<b>V NET PROFIT FOR THE YEAR</b>		2042394	(24051077)
<b>VI EXCESS TAXATION PROVISION OF PREVIOUS YEAR WRITTEN BACK</b>		0	104186
<b>VII BROUGHT FORWARD FROM LAST YEAR</b>		(6214471)	17732421
<b>VIII PROFIT AVAILABLE FOR APPROPRIATION</b>		(4172077)	(6214471)
<b>IX PROFIT TRANSFERED TO GENERAL RESERVE</b>		0	0
<b>X PROFIT CARRIED TO BALANCE SHEET</b>		(4172077)	(6214471)
<b>XI NOTES TO THE ACCOUNTS</b>	XIV		

This is the Profit & Loss Account referred to in our report of even date to the member of Pioneer Agro Extracts Ltd.

For **ANIL VASUDEVA & CO.**,  
Chartered Accountants

(**PRAMOD KUMAR KHOSLA**)  
Partner

(**JAGAT MOHAN AGGARWAL**)  
Managing Director

For and on behalf of the board

(**AJAY KUMAR**)  
Jt. Managing Director

Place: Pathankot  
Dated: 30.05.2010

(**BHARAT BHUSHAN AGGARWAL**)  
Whole Time Director

(**S. M. PARASHAR**)  
DGM-Finance



# PIONEER AGRO EXTRACTS LIMITED



## PIONEER AGRO EXTRACTS LIMITED, MALAKPUR (PATHANKOT) SCHEDULE FORMING PART OF THE ACCOUNT

PARTICULARS	AS AT 31.03.2010 (Amount in Rs.)		AS AT 31.03.2009 (Amount in Rs.)	
<b>SCHEDULE I: SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
- 75,00,000 (75,00,000) Equity Shares of Rs. 10/- each	75000000	75000000	75000000	75000000
<b>ISSUED, SUBSCRIBED &amp; PAIDUP CAPITAL</b>				
- 43,32,300 (43,32,300) Equity Shares of Rs.10/- each fully paid up	43323000	43323000	43323000	43323000
<b>SHARES FORFEITED</b>				
- 65,600 (65,600) Equity Shares of Rs.10/- each forfeited (Rs. 4/- paid up)	262400.00	262400	262400	262400
		<u>43585400</u>		<u>43585400</u>
<b>SCHEDULE II: RESERVE &amp; SURPLUS</b>				
<b>A GENERAL RESERVE</b>				
Opening Balance	5000000		5000000	
Additions during the year	<u>0</u>	5000000	<u>0</u>	5000000
<b>B SURPLUS/(DEFICIET), BEING BALANCE IN THE PROFIT &amp; LOSS ACCOUNT</b>				
		(4172077)		(6214471)
<b>C CAPITAL SUBSIDY</b>				
		10000000		10000000
<b>D REVALUATION RESERVE</b>				
		<u>21428236</u>		<u>21428236</u>
		<u>32256159</u>		<u>30213765</u>
<b>SCHEDULE III: LOAN FUNDS</b>				
<b>SECURED LOANS</b>				
<b>TERM LOANS:</b>				
<b>A From Financial Institutions</b>				
1 The J & K Bank Ltd., Pathankot Amount payable with in next year Rs.15.84 lakh (Rs.15.76 lakh) (Secured by first charge on new hi tech indegenous oil processing plant).		1584219		3174951
2 The J & K Bank Ltd., Pathankot Amount payable with in next year Rs.20 lakh (Rs.NIL) (Secured by first charge on new Continuous Bleaching System, Dewaxing Filters, Pouch Packing Machines etc)		8585200		0
3 Term Loan (Car Loan From ICICI) Amount payable with in next year Rs.5.04 lakh (Rs. 15.40 lakh) (Secured by first charge on vehicle)		503716		1928569
<b>WORKING CAPITAL LOAN:</b>				
The Jammu & Kashmir Bank Ltd., Pathankot		54617935		51813997
i) Secured by first charge by way of hypothecation of raw material, stores and spares, stock in process, Receivables and finished products lying at Company's premises				
ii) Secured by first charge on Land & Building and other fixed assets of the company and equitable mortgage of properties belonging to Sh. Jagat Mohan Aggarwal (Mg. Director), Sh. Ajay Goel (Jl. Mg. Director) alongwith brothers and Sh. Bharat Bhushan Aggarwal (Director) alongwith his wife.				
(iii) Further secured under personal gurantee of Managing Director alongwith three other Directors.				
		<u>65291070</u>		<u>56917517</u>
<b>UNSECURED LOANS:</b>				
- Directors	148117		98045	
- Interest accrued and due on above	<u>14051</u>	162168	<u>2658</u>	100703
- Others	33491949		26550194	
- Interest accrued and due on above	<u>2792235</u>	<u>36284184</u>	<u>982331</u>	<u>27532525</u>
		<u>36446352</u>		<u>27633228</u>



**SCHEDULE-IV FIXED ASSETS**

PARTICULARS	GROSS				DEPRECIATION				NET BLOCK	
	As At 1.4.2009	Addition During Year	Deduct/Adj. During The Yr.	As at 31.03.2010	Upto 31.03.2009	For the year	Deduct/Adj. During the yr.	As at 31.03.2010	As at 31.03.2010	As at 31.03.2010
Freehold Land	1825129	0	0	1825129	0	0	0	1825129	1825129	1825129
Building	35759374	276279	0	36035653	22151909	889078	0	23040987	12994666	13607465
Plant & Machinery	179624606	1466109	0	181090715	131903778	7383809	0	139287587	41803128	47720828
Furniture & Fixtures	364274	0	0	364274	324801	7145	0	331946	32329	39473
Electricals Installation	8875434	24380	0	8899814	6746181	298347	0	7044528	1855286	2129253
Vehicles	14923712	0	210000	14713712	9952184	1295003	206526	11040661	3673051	4971528
Office Equipments	2259863	308342	0	2568205	2079687	79148	0	2158835	409370	180176
Laboratory Equipments	515025	0	0	515025	453123	8611	0	461734	53291	61902
<b>TOTAL</b>	<b>244147417</b>	<b>2075110</b>	<b>210000</b>	<b>246012528</b>	<b>173611662</b>	<b>9961141</b>	<b>206526</b>	<b>183366278</b>	<b>62646250</b>	<b>70535754</b>
<b>PREVIOUS YEAR</b>	<b>233068691</b>	<b>15267087</b>	<b>4188361</b>	<b>244147417</b>	<b>167055415</b>	<b>10011971</b>	<b>3455724</b>	<b>173611662</b>	<b>70535754</b>	<b>66013276</b>

# PIONEER AGRO EXTRACTS LIMITED



## SCHEDULE V: INVESTMENTS

- 4547500 (4547500) Equity Shares of Rs.10/- of Pioneer Industries Limited (Unquoted)

45475000

45475000

45475000

45475000

## SCHEDULE VI: CURRENT ASSETS, LOANS AND ADVANCES

### CURRENT ASSETS

#### 1 INVENTORIES

- Stores and Spares	849308		495648	
- Stock in Trade				
Raw Material	12736504		10024913	
Packing Material	3297872		2400839	
Chemicals & Consumables	714693		904449	
Fuel	3297584		8414711	
- Stock in Process	10788749		11078683	
- Finished Goods				
Vanaspatti	14524960		31661014	
Refined Oils	21085386		14520777	
By Products	331092	67626248	620976	80122010

#### 2 CASH AND BANK BALANCES

- Cash in Hand & Imprest Balances	692696		2733287	
- With Scheduled Banks				
In Fixed Deposits	516191	1208887	1056101	3789388

#### 3 SUNDRY DEBTORS

(Unsecured : Considered Good)

- Over Six Months	922277		82404	
- Others	6787178	7709455	19425828	19508232

#### 4 LOANS AND ADVANCES

(Unsecured : Considered Good)

- Advances recoverable in cash or in kind or for value to be received	65128985		21902276	
- Balances with Excise Department	6410		8331	
- Advance Tax & TDS	1241441		1221124	
- Security and Other Deposits	1195160		1197460	
- Others	699074	68271071	597808	24924999
		144815860		128344628

## SCHEDULE VII: CURRENT LIABILITIES AND PROVISIONS

### A CURRENT LIABILITIES

- Sundry Creditors	5671604		7594959	
- Advances from Customers	600588		46256	
- Other Liabilities	69006428	75278619	78865732	86506947

### B PROVISIONS

- Provision for Taxation	400000	400000	124975	124975
		75678619		86631922

## SCHEDULE VIII: MISCELLANEOUS EXPENDITURE

( To the extent not written off or adjusted)

### AMORTISED EXPENDITURE

Opening Balance	481034		641379	
Less : Written off in Profit & Loss Account	160345	320689	160345	481034
		320689		481034

# PIONEER AGRO EXTRACTS LIMITED



## SCHEDULE IX: OTHER INCOMES

Interest Income	4578263		799804	
Bargain Settlements	1163044		469600	
Profit/Loss on F Assets Sold	14026		510963	
Rent received	536000		196000	
Miscellaneous Income	241493		4948	
		<u>6532826</u>		<u>1981315</u>

## SCHEDULE X: INCREASE/DECREASE IN STOCKS

Opening Stock				
- Finished Products	46181791		25873795	
- Stock in Process	11078683		21405476	
- By Product	<u>620976</u>	<u>57881450</u>	<u>536782</u>	<u>47816054</u>
Closing Stock				
- Finished Products	35610345		46181791	
- Stock in Process	10788749		11078683	
- By Product	<u>331092</u>	<u>46730186</u>	<u>620976</u>	<u>57881450</u>
Increase/(Decrease) in Stocks		<u>(11151264)</u>		<u>10065396</u>

## SCHEDULE XI: RAW MATERIAL COST

<b>CONSUMED</b>	Opening Stock	10024913		7170556	
	Purchase( Net)	736071236		848298170	
	Closing Stock	<u>12736504</u>	<u>733359644</u>	<u>10024913</u>	<u>845443813</u>
<b>TRADED</b>			<u>44832815</u>		<u>69186359</u>
			<u>778192460</u>		<u>914630172</u>

## SCHEDULE XII: MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES

<b>A Manufacturing Expenses</b>				
- Packing Material Consumed		38511516		57014063
- Fuel Consumed		22497786		21934901
- Chemicals and Consumable Consumed		4538238		4091825
- Repair and Maintenance				
- Building	150533		37539	
- Machinery	<u>2014864</u>	<u>2165397</u>	<u>2347256</u>	<u>2384795</u>
- Laboratory Expenses		23939		49375
- Electricity Expenses		8612197		10409325
- D.G.Set Expenses		845885		1028627
- Oil & Oil Products		<u>2713802</u>		<u>2712571</u>
		<u>79908759</u>		<u>99625481</u>
<b>B Establishment Expenses</b>				
- Wages & Salaries	6109570		4949815	
- Staff Welfare	28167		45093	
- Security Expenses	<u>309722</u>	<u>6447459</u>	<u>267515</u>	<u>5262423</u>
<b>C Administrative and Other Expenses</b>				
- Rent	138900		164100	
- Telephone & Postage	347414		297204	
- Legal, Professional and Consultancy	348478		211815	
- Printing & Stationery	70499		76393	
- Insurance	335641		348103	
- Travelling and Conveyance (Including Director's Travelling Rs.277308.00 (Rs.Nil))	563738		269971	
- Vehicle Repairs & Maintenance	243287		321802	
- General Expenses	178999		115217	
- Auditors Remuneration	67500		84200	
- Income Tax	7582		0	
- Sundry fee & subscription	<u>172814</u>	<u>2474851</u>	<u>391029</u>	<u>2300634</u>
<b>D Selling Expenses</b>				
- Interest on Dealers Securities	12750		12750	
- Freight Outwards	615791		2689710	
- Advertisement and Publicity	383225		32969	
- Brokerage and Commissions	2504138		1486005	
- Rebate and Incentives	<u>1574249</u>	<u>5090153</u>	<u>1431553</u>	<u>5662987</u>
		<u>93921221</u>		<u>112851525</u>

## SCHEDULE XIII: FINANCIAL CHARGES

Interest on:				
- Term Loan (The J & K Bank Ltd.,Pkt.)	1294400		604279	
- Working Capital Limit (Bank)	1956461		3316601	
- Others	<u>6520043</u>	<u>9770894</u>	<u>4256940</u>	<u>8176829</u>
- Bank Charges		<u>1470604</u>		<u>636186</u>
		<u>11241498</u>		<u>8813015</u>



**SCHEDULES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT**  
**SCHEDULE-XIV: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. RECOGNITION OF INCOME AND EXPENDITURE:**

- i) Revenue/Incomes and Costs/Expenditure are generally accounted for on accrual, as they are earned or incurred.
- ii) The company accounts for excise duty on manufactured goods at their clearance from the factory rather than at the point of manufacture. This has however no impact on the operating results of the Company.

**2. FIXED ASSETS**

Fixed Assets are stated at Cost, less accumulated Depreciation.

**3. Depreciation and Amortisation**

- i) Depreciation on Fixed Assets is provided on Written Down value method on the rates specified in Schedule XIV of the Companies Act, 1956.
- ii) In view of the amendment in Schedule XIV, depreciation on assets costing below Rs.5000 are depreciated at the rate of hundred percent.
- iii) Depreciation on additions to assets or on sale/discardment of assets, is calculated on pro-rata from the date of such addition or up to the date of such sale/discardment, as the case may be.
- iv) Amortised Expenses are being written off equally over a period of seven years starting with effect from Accounting Year 2005-06.
- v) Depreciation on Amount added on revaluation is charged to Profit & Loss Account.

**4. VALUATION OF INVENTORIES:**

Method of Valuation

Raw Material, Packing Material & Consumables

At Cost

Finished Goods

At Cost or net realisable value whichever is lower

Stock in Process

At Cost

By Products

At net realisable value

Stores & Spares

At Cost

The Raw Material, Packing Material and Consumables are valued at cost on FIFO basis.



**5. EXPENDITURE DURING CONSTRUCTION:**

- a) All Indirect expenses including interest on borrowed fund which is attributed to construction or acquisition of Fixed Assets prior to this period is capitalised and added pro - rata to the cost of Building and Plant & Machinery.
- b) The Expenses incurred on Trial runs are also capitalized and added to the cost of Plant & Machinery

**6. RESEARCH AND DEVELOPMENT**

Revenue expenditure including overheads on Research and Development is charged out as expenses through the natural heads of account in the year in which incurred. Expenditure which results in the creation of capital assets is taken to Fixed Assets and depreciation is provided on such assets as are depreciable.

**B. NOTES ON ACCOUNTS**

**1. Contingent Liabilities :**

The company has given corporate guarantee as security for Loan taken by Pioneer Industries Limited a Company to the tune of Rs.21.60 crores and second charge is created on its assets as security for the Loan taken by Pioneer Industries Limited.

2. No provision has been made for the gratuity as the Company is contributing towards Group Gratuity scheme of the LIC in respect of Employees who have put in requisite number of years service.
3. The previous year figures have been regrouped, restated wherever considered necessary to confirm with the current year figures and shown in brackets.
4. Fixed Assets installed and put to use have been certified by the management and relied upon by the auditors, being a technical matter.
5. The debtors and creditors balances remain unconfirmed.
6. The accounts include managerial remuneration to the Managing Director, Joint Managing Director and Whole Time Directors appointed under the Companies Act, 1956 amounting to Rs.5,10,000/- (Rs.240000), Rs. 96,000/- (Rs. 96000) and Rs. 4,56,000/- (Rs.2,36,040) respectively.



7. The Company has Deferred Tax Asset relating to less Depreciation allowable as per Income Tax Act to the extent of Rs.8.65 Lacs. The deferred tax liability relating to the difference in the Opening Fixed Assets as per Book & IT amounts to Rs.62.38 Lacs. In the absence of fair estimation of future taxable income, the Company has not yet created Deferred Tax Liability of Rs. 53.73 Lacs.

**8. AUDITORS REMUNERATION : CURRENT YEAR PREVIOUS YEAR**

	Rs.	Rs.
Audit Fee	46,000	56,000
Tax Audit Fee	10,500	10,500
Certification	3,500	3,500
Out of Pocket Expenses	7,500	14,200

**9. Disclosure as required by Accounting Standard (AS-18) "Related Party Disclosures" as per provisions of Companies (Accounting Standard) Rules,2006 as follows:-**

**(a) Names of related parties & description of relationship**

**(I) Related parties where control exists**

- |  |  |
|--|--|
| (i) Pioneer Industries Limited                   | <i>Due to common director</i>            |
| (ii) M/s Basheshar Dass Pran Nath Aggarwal & Co. | <i>Director being partner</i>            |
| (iii) Jagat Mohan Aggarwal (HUF)                 | <i>Director being Karta</i>              |
| (iv) M/s Ram Piari Aggarwal Financiers           | <i>Mother of Director being prop.</i>    |
| (v) Royal Agencies, Kathua                       | <i>Director being partner</i>            |
| (vi) Damtal Flour & Food (P) Ltd.                | <i>Directors being Director relative</i> |
| (vii) Jagat Roller Flour Mills                   | <i>Partners being Director relative</i>  |
| (viii) Mohinder Pal Aggarwal (HUF)               | <i>Director being Karta</i>              |

**(II) Key Management Personnel:**

- |                                  |                                |
|----------------------------------|--------------------------------|
| (i) Sh.Jagat Mohan Aggarwal      | <i>Managing Director</i>       |
| (ii) Sh.Ajay Goel                | <i>Joint Managing Director</i> |
| (iii) Sh.Bharat Bhushan Aggarwal | <i>Director</i>                |
| (iv) Sh.Anil Thapar              | <i>Director (Works)</i>        |



**(b) Details of Transactions:**

Name/ Nature of Transaction	Current Year Amount(Rs)Outstanding	Previous Year Amount(Rs)Outstanding
<b>(i) Pioneer Industries Limited</b>		
(a) Purchase	769904339	878721161
(b) Sales	45240160	62516309
(c) Against shares sold	45475000	45475000
(d) Advances	Dr 63714751.20	Dr 19637283.90
<b>(ii) M/s Basheshar Dass Pran Nath Aggarwal &amp; Co.</b>		
(a) Sales	305563 Dr 39100	319071 Nil
<b>(iii) Director</b>		
(a) Remuneration	1062000.00	572040
(b) Guarantee for Secured Loans	65291070.00	56917517
(iv) Jagat Mohan Aggarwal (HUF)	Cr. 12714.58	Cr. 16386
(v) M/s Ram Piari Aggarwal Financiers	Cr. 450330.36	Cr. 17355
(vi) Shuchita Aggarwal (w/o Director Jagat Mohan Aggarwal)	Cr. 26082.00	Cr. 2366
(vii) Jawahar Lal Aggarwal (B/o Director Bharat Bhushan Aggarwal)	Cr. 473450.00	Cr. 427302
(viii) Sweety Goel (w/o Director Bharat Bhushan Aggarwal)	Cr. 467684.00	Cr. 422097
(ix) Bharat Bhushan Aggarwal, Director, Loan	Cr 108709.00	Cr 98658
(x) Damtal Flour & food Pvt. Ltd.	Cr 269059.90	Cr. 12329
(XI) Jagat Roller Flour Mills	Cr. 56033.00	Cr. 13220
(XII) Jagat Mohan Aggarwal	Cr. 53459.27	Cr. 2045
(XIII) Mehak Aggarwal	Cr. 119610.00	Cr. 19427
(XIV) Mohinder Pal Aggarwal	Nil	Cr. 14418
(XV) Mohinder Pal Aggarwal (HUF)	Cr. 30103.00	Cr. 18215
(XVI) Ram Piari Aggarwal	Cr. 379132.00	Cr. 16322
(XVII) Vasu Aggarwal	Cr. 80937.00	Cr. 14998
(XVIII) Kanta Aggarwal	Cr. 314163.00	Cr. 283541
(XIX) Saru	Cr. 157768.00	Cr. 30949

**SEGMENT REPORTING**

The Company is dealing in Vanaspati & Refined Oils which in context to AS 17 issued by the Institute of Chartered Accountants of India is the only business segment.





**11. Additional information required by para 3 & 4 of Part II of Schedule VI of the Company's Act 1956.**

**A. PARTICULARS OF LICENCED/INSTALLED CAPACITY**

PARTICULARS	UNIT	CURRENT YEAR	PREVIOUS YEAR
<b>LICENCED CAPACITY</b>			
Vanaspati	TPD	N.A.	N.A.
Refined Oil	TPD	N.A.	N.A.
Stearic Acid	TPD	N.A.	N.A.
Oxygen Gas	Cylinder per day	N.A.	N.A.
<b>INSTALLED CAPACITY</b>			
Vanaspati	TPD	50	50
Refined Oil	TPD	90	90
Stearic Acid	TPD	10	10
Oxygen Gas	Cylinder per day	150	150
<b>PRODUCTION</b>			
Vanaspati	M.T	6341.886	12439.208
Refined Oil	M.T	12315.632	7784.923
Fatty Acid	M.T	3.315	19.655
Acid Oil	M.T	Nil	1.386
Oxygen Gas	Cylinder per day	Nil	Nil
Gaad/Spent Earth	M.T	144.940	302.785

**Notes :**

- A) Capacities are based upon the triple shift working of the Company.
- B) Installed Capacities are certified by the management and relied upon by the Auditors.

**B. PARTICULARS OF STOCKS AND SALES OF FINISHED GOODS**

CLASS OF GOODS	CURRENT YEAR		PREVIOUS YEAR	
	Qty. (M.T)	Value (Rs. in lacs)	Qty. (M.T)	Value (Rs. in lacs)
<b>i. Opening Stock</b>				
Vanaspati	821.080	316.61	224.352	138.20
Refined Oil	331.668	145.21	180.445	120.54
Fatty Acid	28.885	4.04	23.980	3.36
Acid Oil	19.338	2.17	17.952	2.01



**ii. Closing Stock**

Vanaspati	313.487	145.25	821.080	316.61
Refined Oil	461.756	210.85	331.668	145.21
Fatty Acid	14.695	2.06	28.885	4.04
Acid Oil	11.193	1.25	19.338	2.17

**iii. Sales**

Vanaspati	6849.479	3010.06	11843.530	5482.98
Refined Oil	12185.543	5539.82	7633.502	3919.54
Fatty/Stearic Acid	17.505	2.19	14.750	1.92
Acid Oil	8.145	0.88	--	--
Gaad/Spent Earth	144.940	0.90	302.785	0.75
Misc. & other items	--	2.87	--	0.33

**C. ANALYSIS OF MATERIAL CONSUMED**

CLASS OF GOODS	CURRENT YEAR		PREVIOUS YEAR	
	Qty. (M.T)	Value (Rs. in lacs)	Qty. (M.T)	Value (Rs. in lacs)
i) Oil	18768.839	7333.60	20318.349	8454.44
ii) Packing	--	385.12	--	570.14
iii) Consumable & Chemicals	--	45.38	--	40.92

**D. IN RESPECT OF GOODS TRADED:**

**Raw Oil:**

Sales	1249.814	448.88	2014.520	699.57
Purchases	1249.814	446.03	2014.520	691.32

**Vanaspati :**

Sales	2.282	1.04	1.050	0.53
Purchases	2.282	0.97	1.050	0.54

**Refined :**

Sales	2.615	1.41	Nil	Nil
Purchases	2.615	1.32	Nil	Nil

**OTHERS:**

Sales	Nil	Nil	Nil	Nil
Purchases	Nil	Nil	Nil	Nil



**E. VALUE OF IMPORTED AND INDIGENOUS MATERIAL**

	CURRENT YEAR		PREVIOUS YEAR	
	Value (Rs. in lacs)	Percentage	Value (Rs. in lacs)	Percentage
I. Raw Oil				
a) Indigenous	7333.32	100.00	8454.44	100.00

**12. Value of Imports Calculated of CIF basis.**

	CURRENT YEAR (Rs.in Lacs)	PREVIOUS YEAR (Rs.in Lacs)
Raw Material	446.03	687.89
Machinery	Nil	Nil

**Earning per Share:**

Net Profit after Tax	20.42	(240.36)
No. of Equity Shares	43,32,300	43,32,300
Earning per Share	0.48	0.00

13. The company has incurred an expense of Rs.11,22,413 towards developmental cost attributable to in house process improvisation of refined oil and the same is being amortised within a period of seven years beginning April 2005.

14. Schedule I to XIV form an integral part of Balance Sheet and Profit and Loss Account.

'As per our report of even date attached'

For ANIL VASUDEVA & CO.,  
Chartered Accountants

For and on behalf of the board

(PRAMOD KUMAR KHOSLA)  
Partner

(AJAY GOEL)  
Jt.Managing Director

(JAGAT MOHAN AGGARWAL)  
Managing Director

(S. M. PARASHAR) (BHARAT BHUSHAN AGGARWAL)  
DGM-Finance Whole Time Director

Place : Pathankot  
Dated: 30.05.2010

**PIONEER AGRO EXTRACTS LIMITED****PIONEER AGRO EXTRACTS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	2009-2010 (Amt in Rs.)	2008-2009 (Amt in Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and extraordinary Items	2442394	(23926102)
Adjustment for:		
Depreciation (Net)	9961141	10011971
Interest Payment	9783644	8189579
Miscellaneous Expenditure	160345	160345
Profit on fixed assets sold	(14026)	(510963)
Operating Profit before working capital changes	<u>22333498</u>	<u>(6075170)</u>
Adjustment for:		
Trade and other Receivables	(31547295)	(2931776)
Inventories	12495762	(21084249)
Income Tax Paid	(124975)	(1135814)
Trade Payable and other Liabilities	<u>(11228328)</u>	<u>27973161</u>
Cash generated from operations	<u>(8071337)</u>	<u>(3253848)</u>
Interest Paid	<u>(9783644)</u>	<u>(8189579)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u><b>(17854982)</b></u>	<u><b>(11443427)</b></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (Net)	(1929696)	(15412502)
Sale proceeds of fixed assets sold	17500	1243600
Decrease in investments	0	1048762
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u><b>(1912196)</b></u>	<u><b>(13120140)</b></u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings (Net)	14382739	2043419
Proceeds from short term loans	2803938	25496939
<b>NET CASH IN FINANCING ACTIVITIES</b>	<u><b>17186677</b></u>	<u><b>27540358</b></u>
Cash equivalents (A+B+C)	(2580501)	2976791
Cash & Cash equivalents as:		
at 01.04.2009 (Opening Balance)	3789388	812597
at 31.03.2010 (Closing Balance)	1208887	3789388

NOTE :- Figures in ( ) brackets represents outflow

For ANIL VASUDEVA & CO.,  
Chartered Accountants

For and on behalf of the board

(PRAMOD KUMAR KHOSLA)  
Partner(JAGAT MOHAN AGGARWAL)  
Managing Director(AJAY KUMAR)  
Jt. Managing Director(S. M. PARASHAR)  
DGM-Finance(BHARAT BHUSHAN AGGARWAL)  
Whole Time DirectorPlace: Pathankot  
Dated: 30.05.2010**AUDITORS CERTIFICATE**

We have examined the attached Cash Flow Statement of Pioneer Agro Extracts Limited for the year ended March 31st, 2010. The statement is based on and is in agreement with the corresponding balance sheet of the Company covered by our report of May 30th, 2010 to the members of the Company.

For ANIL VASUDEVA & Co.,  
Chartered AccountantsPlace: Pathankot  
Dated: 30.05.2010(PRAMOD KUMAR KHOSLA)  
Partner

# PIONEER AGRO EXTRACTS LIMITED



## BALANCE SHEET ABSTRACT & COMPANYS GENERAL BUSINESS PROFILE

### I. Registration Details :-

Registration Number :

1 2 9 7 5

State Code :

1 6

Balance Sheet Date :

3 1 0 3 2 0 1 0

### II Capital Raised During the year (Amount in Rs. Thousand)

Public Issue

- - - - -

Right Issue

- - - - -

### III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Source of funds

Total Liabilities

1 7 7 5 7 9

Total Assets

1 7 7 5 7 9

Paid-up Capital

4 3 5 8 5

Reserves & Surplus

3 2 2 5 6

Secured Loans

6 5 2 9 1

Unsecured Loans

3 6 4 4 6

Application of Funds

Net Fixed Assets

6 2 6 4 6

Investments

4 5 4 7 5

Net Current Assets

6 9 1 3 7

Misc. Expenditure

3 2 1

Accumulated Losses

- - - - -

### IV Performance of Company (Amount in Rs. Thousand)

Turnover

9 0 0 5 6 0

Total Expenditure

8 9 3 5 0 0

+ -  
+ -

Profit Before Tax

2 4 4 2

Profit After Tax

2 0 4 2

Please tick Appropriate Box (+) for Profit & (-) for Loss

Profit Before Tax

- - - - -

Profit After Tax

- - - - -

### V Generic Names of Three Principal Product/Services of the Company (in monetary terms)

Item Code No. (ITC Code)

1 5 1 6 2 0 0 0 0

Product Description

R E F I N E D

Item Code No. (ITC Code)

1 5 1 5 0 0 0 0 0

Product Description

V A N A S P A T I

For ANIL VASUDEVA & CO.,  
Chartered Accountants

(PRAMOD KUMAR KHOSLA)  
Partner

(JAGAT MOHAN AGGARWAL)  
Managing Director

For and on behalf of the board

(AJAY KUMAR)  
Jt. Managing Director

Place: Pathankot  
Dated: 30.05.2009

(BHARAT BHUSHAN AGGARWAL)  
Whole Time Director

(S. M. PARASHAR)  
DGM-Finance



## PIONEER AGRO EXTRACTS LIMITED

Regd. Office Chhoti Nehar, Malakpur - 145 025 Pathankot (Punjab)

### PROXY FORM

#Folio No. / DP ID No..... # No. Of Equity Shares held.....  
I /We .....of.....in the  
district.....being a Member/Members of the above Company hereby appoint  
Sh. /Smt.....of.....in the district of.....  
Of failing him/her.....of.....in the district of.....as my/our proxy to vote  
for me/us on my/our behalf at the 16th Annual General Meeting of the Company to be held on Saturday the  
25th day of September, 2010 at 11.00 a.m. At the Registered Office of the Company Situated at Chhoti Nehar  
Malakpur, Pathankot (Punjab) and any adjourment thereof.

Signed this .....day of.....2010

Signature.....

- Note :
1. The Form should be signed across the stamp as per specimen signature registered with the Company. The proxy form must reach the registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
  2. Proxy need not e a member of the Company.



## PIONEER AGRO EXTRACTS LIMITED

Regd. Office Chhoti Nehar, Malakpur - 145 025 Pathankot (Punjab)

### ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND TO OVER AT THE ENTRANCE OF THE MEETING HALL.

# Folio No. / DP ID No..... # No. Of Equity Shares held.....

Name of the Member .....  
(In Block Letters)

Name of the Proxy.....  
(If any)

I hereby record my presence at the Annual General Meeting of the Company held on 25th fay of September 2010.

.....  
Signature of the member/Proxy

# Attendance slip without this information will not be accepted  
Please bring your copy of Annual Report at the Meeting Hall.  
No Gift/Gift coupons will be provided to the members.

**BOOK-POST**



If undelivered please return to :  
PIONEER AGRO EXTRACTS LIMITED  
REGISTERED OFFICE  
Chhoti Nehar, Malakpur - 145 025  
Pathankot (Punjab)