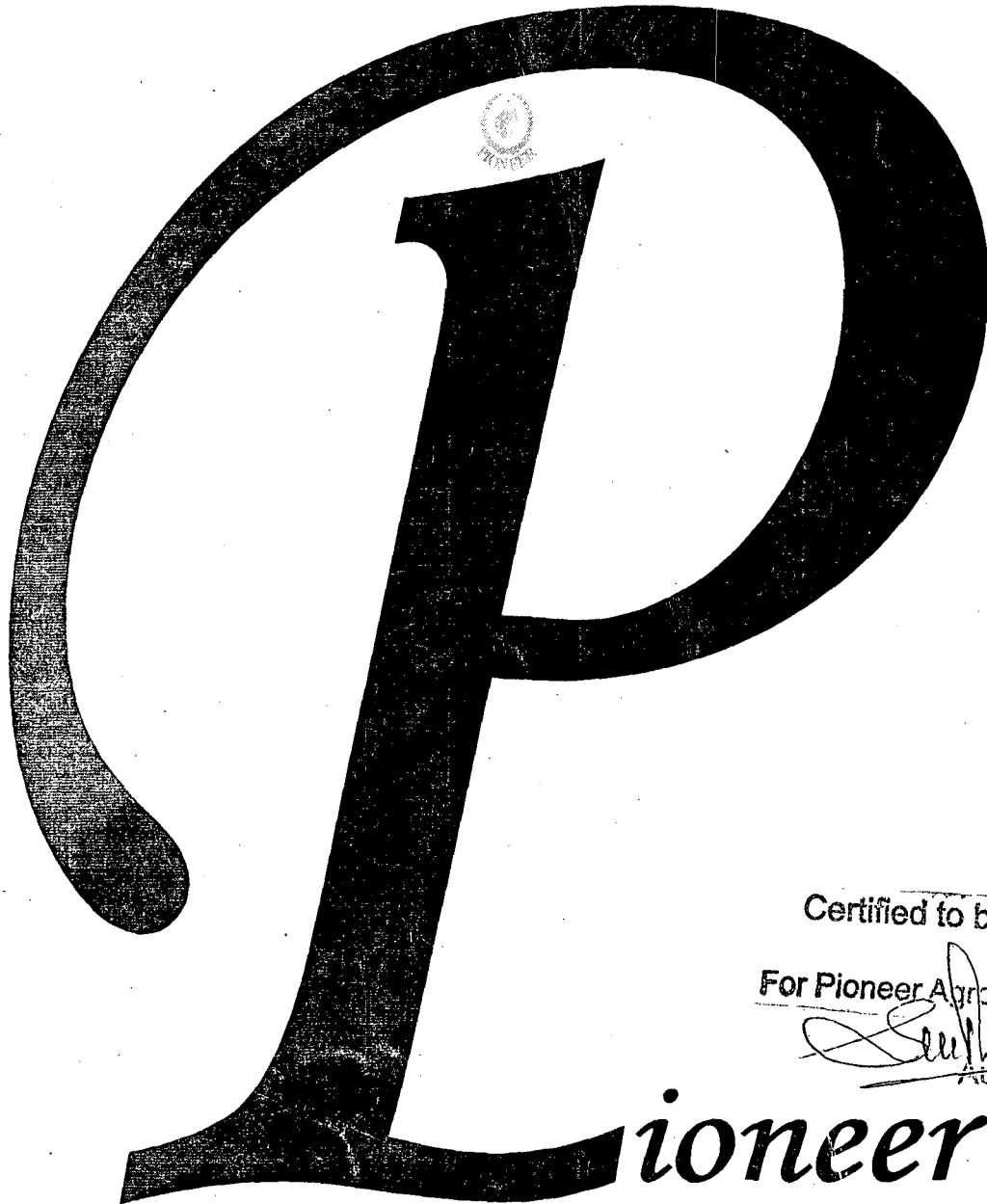


17<sup>th</sup>

**ANNUAL REPORT**

**2007-2008**



Certified to be True Copy

For Pioneer Agro Extracts Ltd.

*[Handwritten Signature]*  
Auth. Signatory

**Pioneer**

**Agro Extracts Limited**

**17<sup>TH</sup> ANNUAL REPORT 2008-2009**

**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. BALDEV KASHTWAL	DIRECTOR
MR. ANUJ BANSAL	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 Seventeenth Annual General Meeting of the Members of Pioneer Agro Extracts Limited will be held on 23<sup>rd</sup> day, September, 2009 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, 2009 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-

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 Section 255 and 257 and other applicable provisions, if any, of the Companies Act 1956 Mr. Anil Thapar, Additional Director, be and is hereby appointed as a 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 Special Resolution –

Resolved that pursuant to the provisions of sections 198, 269, 309, 310, 311 read with schedule XIII of the Companies Act, 1956 or other applicable provisions, if any, company hereby approves the variation in the terms of remuneration of Mr. Jagat Mohan Aggarwal, Managing Director for the remaining period of his tenure in office effective from 1<sup>st</sup> July, 2009 with in the limit of Schedule XIII of the Companies Act, 1956.

Further resolved that the remuneration of Mr. Jagat Mohan Aggarwal, Managing Director of the Company by way of salary, perquisites and

other allowances be and is hereby increased upto Rs. 1,25,000/- P.M from the existing Rs. 20,000/- P.M w.e.f 01.07.2009.

Further resolved that Mr. Jagat Mohan Aggarwal, Managing Director of the Company be and is hereby authorized to receive perquisites as provided in the Schedule XIII of the Companies Act, 1956 over and above the remuneration as mentioned above and these perquisites shall not be included in the computation of the ceiling on remuneration specified in Part II of the Schedule XIII of the Companies Act, 1956

Resolved that all other terms and conditions of appointment of Mr. Jagat Mohan Aggarwal, Managing Director as approved earlier by members shall remain unchanged.

Resolved that the Board of Directors be and is hereby authorized to take all necessary steps as may be necessary to give effect to the above resolution.

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Special 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. Anil Thapar, 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 Director(Works) of the Company for a period of five years with effect from 1<sup>st</sup> April, 2009 at a remuneration as may be set out in the explanatory statement.

Further resolved that in the event of loss or inadequacy of profit in any financial year of the Company during the term of Mr. Anil Thapar as Director (Works) the remuneration set out in above be paid or granted to Mr. Anil Thapar as minimum remuneration, provided that the total remuneration by way of salary, perquisites and other allowances and any increase in remuneration during the tenure shall not exceed the ceiling provided in Schedule XIII and any other applicable provisions of the Companies Act, 1956.

**For and on behalf of the Board**

Place : Pathankot  
Dated : 30.06.2009

**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 21<sup>st</sup> day of September, 2008 to 23<sup>rd</sup> day of September, 2008 (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, 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 dematerialised 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.

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

**Item No. 5 –**

Mr. Anil Thapar 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 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. Anil Thapar is interested in the proposed resolution.

**Item No. 6 –**

The members had, at the Annual General Meeting of the Company held on 24<sup>th</sup> September, 2008, approved the appointment of Mr. Jagat Mohan Aggarwal as Managing Director of the Company for a period of five years commencing from 3<sup>rd</sup> March, 2008.

The remuneration committee reviewed the remuneration package of the Managing Director with a view to make its comparable with the present trends based on the experience which Mr. Jagat Mohan Aggarwal has in the field. Based on various factors the Remuneration committee recommended an increase in remuneration payable to Mr. Jagat Mohan Aggarwal. The Board of Directors has accepted the recommendation of the Remuneration committee and revised the remuneration payable to Mr. Jagat Mohan Aggarwal.

The Board recommends the passing of the resolution as a special resolution.

None of the Director except Mr. Jagat Mohan Aggarwal is interested in the proposed resolution. Mr. Jagat Mohan Aggarwal is interested or concerned in the resolution to the extent of the remuneration payable to him.

The explanation together with the accompanying notice should be treated as an abstract under Section 302 of the Companies Act, 1956.

**Item No. 7 –**

Mr. Anil Thapar is a Post Graduate in Industrial Chemistry (specialization in Oils) having an industrial experience of more than 20 years. He has vast experience in oil sector. His knowledge and experience is of immense help for the overall progress of the Company and hence Board recommends his appointment as Whole Time Director.

The remuneration by way of salary, perquisites, other allowances etc shall not exceed Rs. 30,000/- P.M. and this amount shall be paid to him as minimum remuneration during the proposed reappointment. Any increase in remuneration during his tenure shall be decided by the remuneration committee within the limit of Part II of the Schedule XIII. His terms of reappointment shall be pursuant to the provisions of Section 269 of the Companies Act read together with Schedule XIII.

The Board recommends the passing of the resolution as a special resolution.

None of the Director except Mr. Anil Thapar is interested in the proposed resolution. Mr. Anil Thapar is interested or concerned in the resolution to the extent of the remuneration payable to him.

**For and on behalf of the Board**

Place : Pathankot  
Dated : 30.06.2009

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

## DIRECTORS' REPORT

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

Yours Directors have pleasure in presenting the 17<sup>th</sup> Annual Report together with Audited Statement of Accounts for the year ended March 31, 2009.

### **FINANCIAL HIGHLIGHTS AND OPERATIONS**

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

Particulars	(Rs. in Lacs)	
	2008-2009	2007-2008
Operating Profit/(Loss)	(51.01)	184.43
Interest & Financial charges	88.13	79.51
Net Profit/(Loss) before Depreciation & taxation	(139.14)	104.92
Depreciation	100.12	92.02
Net Profit/(Loss) after Depreciation but before taxes	(239.26)	12.90
Provision for Taxation	1.25	12.40
Net Profit/(Loss) after taxation	(240.51)	0.50
Excess taxation provision written back	1.04	6.73
Income Tax paid	0.00	3.87
Net Profit/(Loss) brought forward from the previous years	177.32	173.96
Profit/(Loss) carried to Balance Sheet	(62.14)	177.32

### **DIVIDEND**

In view of loss suffered 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 is Rs.10124.90 lacs as against Rs. 5891.88 lacs during the previous year. The production of vanaspati and refined oils aggregated to 20224.131 M.T. as against 10591.028 M.T. during the previous year. However, despite doing better, both in quantitative (increase of 90.96% over previous year) and monetary terms (increase of 71.84% over Sales and Other Income figure in previous year) the Company was hit hard by world-wide recession in the past year and suffered loss. However, the Company has come out successfully from it and is doing well in the current fiscal year.

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

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



Mr. Anil Thapar was appointed as additional director of the Company and hold office of the director up to the date of the ensuing Annual General Meeting. He is being appointed as regular director of the Company.

#### **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 Pawan & Associates, Cost Accountants, Jalandhar have been appointed as Statutory Cost Auditors of the Company for the financial year 2009-2010 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.

### **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, 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: 30.06.2009

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

**ANNEXURE "A"**

**PIONEER AGRO EXTRACTS LIMITED**

**POWER AND FUEL CONSUMPTION**

<b>Particulars</b>	<b>Current Year 31.03.2009</b>	<b>Last Year 31.03.2008</b>
Electricity purchased (Units)	2309840	1347130
Amount (in Rs.)	10351048	5984230
Rate per Unit (in Rs.)	4.48	4.44
Own Generation through Diesel Generation (Units)	56850	78020
Amount (In Rs.)	1028626.87	1064613.48
Cost Per unit (in Rs.)	18.09	13.65
Coal (in MT)	103.650	806.18
Coal amount (in Rs.)	305768	2378231
Furnace oil	Nil	Nil
Fuel Consumption(In MT)	9263.647	5495.45
Amount (in Rs.)	20952255	13417881
Rate per MT	2261.77	2441.63
Diesel (Qty in Ltrs)	31685	27000
Amount (in Rs.)	1025977	792259
Rate per Ltr. (HSD/LDO)	32.38	29.34
Vanaspati & Refined Oil Production	20224.131	10591.028
Consumption per tonne of output		
Electricity	117.02 Units	134.56 Units

**EARNINGS AND OUTGO**

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

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

Place : Pathankot  
Date : 30.06.2009

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

## 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 Nine Directors\*. The Board and its committee met at regular intervals. During the financial year 2008-09, six Board Meetings were held on the following dates 16<sup>th</sup> April, 2008, 30<sup>th</sup> June, 2008, 30<sup>th</sup> July, 2008, 30<sup>th</sup> October, 2008, 30<sup>th</sup> January, 2009 and 31<sup>st</sup> March, 2009. All the directors attended all the meeting except Sh. Baldev Kashtwal who did not attend the meeting of 30<sup>th</sup> June, 2008 and was granted leave of absence. After 31<sup>st</sup> March, 2009, one director Mr. Anil Thapar joined the Company as additional director in the capacity of Director (Works). Sh. Jagat Mohan Aggarwal, Sh. Ajay Goel, Sh. Bharat Bhushan Aggarwal and Sh. Baldev Kashtwal also held the position of director in other Company during the financial year 2008-09.

Sh. Jagat Mohan Aggarwal, Sh. Ajay Goel, Sh. Bharat Bhushan Aggarwal and Sh. Sameer Aggarwal attended the last AGM meeting held on 24.09.2008

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 and Sh. A.K. Arora who were paid Rs.2,40,000/-, Rs.96,000/-, Rs.96,000/- and Rs.1,40,040/- per annum respectively.

*(\* Mr. A.K. Arora, Directors (Works) has since resigned from the Directorship and the Company consists of eight directors only. Four of them are independent directors)*

### **AUDIT COMMITTEE**

The Audit Committee met five times during the financial year 2008-09 on 16.04.2008, 30.06.2008, 30.07.2008, 30.10.2008 and 30.01.2009. All members attended all the meetings except Sh. Baldev Kashtwal who could not 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. Baldev Kashtwal as member who replaced Sh. Pawan Verma. Mr. S.M. Parashar, DGM (Finance) is the secretary of the Committee

### **REMUNERATION COMMITTEE**

The remuneration committee met once i.e on 30<sup>th</sup> 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. Baldev Kashtwal

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 30<sup>th</sup> July, 2008 and 30<sup>th</sup> October, 2008. All the shares lodged for transfer have been duly registered and no transfer of shares, complaints is pending as on 31.03.2009. 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.

#### **GENERAL BODY MEETINGS**

The last three Annual General Meetings were held as under –

<b>Year</b>	<b>Day</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
2006	Wednesday	20.09.2006	10.00 A.M	Chhoti Nehar, Malakpur, Pathankot (Regd. Office)
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)

#### **GENERAL SHAREHOLDER INFORMATION**

##### **(A) 17TH ANNUAL GENERAL MEETING**

<b>Day</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
Wednesday	23.09.2009	10 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	30.06.2009
Posting of Annual Report on or before	22.08.2009
Book Closure Dates	21.09.2009 to 23.09.2009 (Both days inclusive)
Last date for the receipt of proxy forms	21.09.2009
17 <sup>th</sup> AGM	23.09.2009
Dividend payment date	--- N.A. ---
Board Meeting to consider unaudited results for the first three quarters of the financial year 2008-09	
Results of the quarter ended on 30 <sup>th</sup> June, 2008	30.07.2009
Results of the quarter ended on 30 <sup>th</sup> September, 2008	End of October, 2009
Results of the quarter ended on 31 <sup>st</sup> December, 2008	End of January, 2010

(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) SHARE HOLDING PATTERN AS ON 31<sup>st</sup> MARCH, 2009**

Share holding as on 31<sup>st</sup> March, 2009 is as follows.

**(I) 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.

**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 30.06.2009 :

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

Place : Pathankot  
Date : 30.06.2009

-sd-  
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 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009, 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

**Place : Pathankot**  
**Dated : 30.06.2009**

**-sd-**  
**(ANIL KUMAR)**  
Proprietor





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>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>24</b>	<b>2289300</b>	<b>894900</b>	<b>52.84</b>	<b>52.84</b>	<b>0</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	0
	(b) Financial Institutions / Banks	1	200000	200000	4.62	4.62			
	(c) Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0	0
	(d) Venture Capital Funds	0	0	0	0.00	0.00	0	0	0
	(e) Insurance Companies	0	0	0	0.00	0.00	0	0	0
	(f) Foreign Institutional Investors	0	0	0	0.00	0.00	0	0	0
	(g) Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0	0
	(h) Any Other (specify)	0	0	0	0.00	0.00	0	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>0</b>
	<b>B 2 Non-institutions</b>								
	(a) Bodies Corporate	18	572249	343549	13.21	13.21	0	0	0
	(b) Individuals				0.00	0.00	0	0	0
	I								
	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	1056	443246	87146	10.23	10.23	0	0	0
	II								
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	18	826500		19.08	19.08	0	0	0

(c)	Any Other (specify)				0.00	0.00	0	0
(c-i)	Hindu undivided Family	3	1005	1005	0.02	0.02	0	0
(c-ii)								
	<b>Sub-Total (B)(2)</b>	<b>1095</b>	<b>1843000</b>	<b>431700</b>	<b>42.54</b>	<b>42.54</b>	<b>0</b>	<b>0</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>1096</b>	<b>2043000</b>	<b>631700</b>	<b>47.16</b>	<b>47.16</b>	<b>0</b>	<b>0</b>
	<b>TOTAL (A)+(B)</b>	<b>1120</b>	<b>4332300</b>	<b>1526600</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued							
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>1120</b>	<b>4332300</b>	<b>1526600</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0</b>

**OPP. S.P.'s Office, Near Dhangu Chowk, Pathankot**  
**Phones : 0186 - 2224737, 2227737 Fax : 0186 - 2224737**  
**Email anilv9@sancharnet.in**

**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, 2009 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 Manufacturing and Companies (Auditor's Report) Order, 2003 issued by the Company Law Board 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 Schedule 22), 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 the Directors of the Company are Directors 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, 2009;
  - (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 : June 30, 2009**

**( ANIL KUMAR )  
Proprietor**

## 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 of 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 were 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 nineteen parties aggregating to Rs.275.32 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 with in 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:
  - (a) 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 no accumulated losses & the company made a loss 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 : June 30, 2009**

**( ANIL KUMAR )**  
**Proprietor**



**PIONEER AGRO EXTRACTS LIMITED, MALAKPUR (PATHANKOT)**  
**BALANCE SHEET AS AT 31st MARCH, 2009**

PARTICULARS	SCHEDULE	AS AT 31.03.2009 (Amount in Rs.)	AS AT 31.03.2008 (Amount in Rs.)
<b>1 SOURCES OF FUNDS</b>			
<b>I. Shareholders funds</b>			
a) Share Capital	I	43585400	43585400
b) Reserve & Surplus	II	30213765	73799165
		<u>54160657</u>	<u>97746057</u>
<b>II. Loan Funds</b>			
Secured Loans	III	56917517	34299789
Unsecured Loans		27633228	84550745
		<u>22710597</u>	<u>57010386</u>
		<u>158349910</u>	<u>154756443</u>
<b>2 APPLICATION OF FUNDS</b>			
<b>I. Fixed Assets</b>			
Gross Block	IV	244147417	233068691
Less: Depreciation		<u>173611662</u>	<u>167055415</u>
Net Block		70535755	66013276
Capital Work in Progress		145415	0
<b>II. Investments</b>			
	V	46531101	46523762
<b>III. Current Assets, Loans &amp; Advances</b>			
<b>a) Current Assets</b>			
- Inventories		80122010	59037761
- Cash & Bank Balances		2733287	812597
- Sundry Debtors		19508232	22873864
b) Loans & Advances		<u>24924999</u>	<u>18627590</u>
		<u>127288527</u>	<u>101351812</u>
Less : Current Liabilities and Provisions	VII	<u>86631922</u>	<u>59773786</u>
Net Current Assets		40656605	41578026
<b>IV. Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)	VIII	481034	641379
		<u>158349910</u>	<u>154756443</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

(**ANIL KUMAR**)  
Proprietor

(**JAGAT MOHAN AGGARWAL**)  
Managing Director

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

Place: Pathankot  
Dated: 30.06.2009

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

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

**PIONEER AGRO EXTRACTS LIMITED, MALAKPUR (PATHANKOT)**  
**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2009**

PARTICULARS	SCHEDULE	AS AT 31.03.2009 (Amount in Rs.)	AS AT 31.03.2008 (Amount in Rs.)
<b>I INCOME</b>			
Sales			
- Vanaspati & Refined		940251887	568539855
- Others		70256913	15636698
Other Incomes	IX	1981315	4820604
Increase (Decrease) in Stocks	X	10065396	5263152
		<u>1022555511</u>	<u>594260309</u>
<b>II EXPENDITURES</b>			
- Raw Material	XI	914630172	509208859
- Excise Duty Paid		14585	0
- Manufacturing, Administrative & Other Expenses	XII	112851525	66448722
- Financial Expenses	XIII	8813015	7950639
- Depreciation		10011971	9201727
- Amortised Expenditure Written off		160345	160345
		<u>1046481613</u>	<u>592970292</u>
III NET PROFIT BEFORE PROVISION FOR TAX		(23526102)	1290018
IV PROVISION FOR TAXATION		124975	1240000
V NET PROFIT FOR THE YEAR		(24051077)	50018
VI EXCESS TAXATION PROVISION OF PREVIOUS YEAR WRITTEN BACK		104186	673907
VII LESS : INCOME TAX PAID		0	387462
VIII BROUGHT FORWARD FROM LAST YEAR		17732421	17395958
IX PROFIT AVAILABLE FOR APPROPRIATION		(6214471)	17732421
X PROFIT TRANSFERED TO GENERAL RESERVE		0	0
XI PROFIT CARRIED TO BALANCE SHEET		(6214471)	17732421
XII NOTES TO THE ACCOUNTS	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

For and on behalf of the board

**(ANIL KUMAR)**  
Proprietor

**(JAGAT MOHAN AGGARWAL)**  
Managing Director

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

Place: Pathankot  
Dated: 30.06.2009

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

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

PIONEER AGRO EXTRACTS LIMITED, MALAKPUR (PATHANKOT)

SCHEDULE FORMING PART OF THE ACCOUNT

PARTICULARS	AS AT 31.03.2009 (Amount in Rs.)		AS AT 31.03.2008 (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
		43585400		43585400
<b>SCHEDULE II: RESERVE &amp; SURPLUS</b>				
<b>A GENERAL RESERVE</b>				
Opening Balance	5000000		5000000	
Additions during the year	0	5000000	0	5000000
<b>B SURPLUS/(DEFICIET), BEING BALANCE IN THE PROFIT &amp; LOSS ACCOUNT</b>				
		(6214471)		17732421
<b>C CAPITAL SUBSIDY</b>				
		10000000		10000000
<b>D REVALUATION RESERVE</b>				
		21428236		21428236
		30213765		54160657
<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.15.76 lakh (Rs.15.76 lakh) Secured by first charge on new hi tech indogenous oil processing plant		3174951		4769552
2 Term Loan (Car Loan From ICICI) Amount payable with in next year Rs.15.40 lakh (Rs.13.33 lakh) Secured by first charge on vehicle		1928569		3213179
<b>WORKING CAPITAL LOAN:</b>				
The Jammu & Kashmir Bank Ltd., Pathankot		51813997		26317058
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 (Jt. 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.				
		56917517		34299789
<b>UNSECURED LOANS:</b>				
- Directors	98045		186725	
- Interest accrued and due on above	2658	100703	209548	396273
- Others	26550194		20675458	
- Interest accrued and due on above	982331	27532525	1638866	22314324
		27633228		22710597

**SCHEDULE-IV : FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2008	Addition during year	Deduct/Adj. during the yr	As at 31.3.2009	Upto 31.03.2008	For the year	Deduct/Adj. during the yr.	As at 31.03.2009	As at 31.03.2009	As at 31.3.2008
Freehold Land	1825129	0	0	1825129	0	0	0	0	1825129	1825129
Building	35300980	458394	0	35759374	21216662	935247	0	22151909	13607465	14084318
Plant & Machinery	165464797	14159809	0	179624606	125599929	6303849	0	131903778	47720827	39864868
Furniture & Fixture	362949	1325	0	364274	316124	8677	0	324801	39473	46825
Electricals Installation	8435177	440257	0	8875434	5888613	857567	0	6746181	2129253	2546564
Vehicles	18936073	176000	4188361	14923712	11552625	1855283	3455724	9952184	4971528	7383448
Office Equipment	2228561	31302	0	2259863	2038341	41346	0	2079687	180176	190220
Laboratory Equipments	515025	0	0	515025	443121	10002	0	453123	61902	71904
<b>Total</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>
<b>PREVIOUS YEAR</b>	219796544	14182823	910676	233068691	158454876	9201727	601189	167055415	66013276	61341668

**SCHEDULE V: INVESTMENTS**

- FDR with Oriental Bank of Commerce	1056101		0
- FDR with The J&K Bank Ltd (including interest accrued)	0		1048762
- 4547500 (4547500) Equity Shares of Rs.10/- of Pioneer Industries Limited (Unquoted)	45475000		45475000
	<u>46531101</u>		<u>46523762</u>

**SCHEDULE VI: CURRENT ASSETS, LOANS AND ADVANCES****CURRENT ASSETS****1 INVENTORIES**

- Stores and Spares	495648		465223
- Stock in trade			
Raw Material	10024913		7170556
Packing Material	2400839		1832190
Chemicals & Consumables	904449		893319
Fuel	8414711		860419
- Stock in Process	11078683		21405476
- Finished Goods			
Vanaspati	31661014		13820096
Refined Oils	14520777		12053699
By Products	620976	80122010	536783
			59037761

**2 CASH AND BANK BALANCES**

- Cash in Hand & Imprest Balances	2733287		711252
- With Scheduled Banks			
In Current Accounts	0	2733287	101345
			812597

**3 SUNDRY DEBTORS**

(Unsecured : Considered Good)

- Over Six Months	82404		75216
- Others	19425828	19508232	22798648
			22873864

**4 LOANS AND ADVANCES**

(Unsecured : Considered Good)

- Advances recoverable in cash or in kind or for value to be received	21902276		14927217
- Balances with Excise Department	6331		10331
- Advance Tax & TDS	1221124		1968421
- Security and Other Deposits	1197460		1197460
- Others	597808	24924999	524161
		127288527	18627590
			101351812

**SCHEDULE VII: CURRENT LIABILITIES AND PROVISIONS****A CURRENT LIABILITIES**

- Sundry Creditors	7594959		5924862
- Advances from Customers	46256		176423
- Other Liabilities	78865732	86506947	52432502
			58533786

**B PROVISIONS**

- Provision for Taxation	124975	124975	1240000	1240000
		86631922		59773786

**SCHEDULE VIII: MISCELLANEOUS EXPENDITURE**

( To the extent not written off or adjusted)

**AMORTISED EXPENDITURE**

Opening Balance	641379		801723
Less : Written off in Profit & Loss Account	160345	481034	160345
		481034	641379

**SCHEDULE IX: OTHER INCOMES**

Interest Income	799804		3260489
Bargain Settlements	469600		0
Profit/Loss on F.Assets Sold	510963		974513
Rent received	196000		0
Discount of Cess on DEPB	0		283480
Miscellaneous Income :			
Rounding Off (under Misc Income Head)	125		
Short/Excess Recovery (under Misc Income Head)	4823	4948	1981315
			302122
		1981315	4820604
			4820604

**SCHEDULE X: INCREASE/DECREASE IN STOCKS**

Opening Stock				
- Finished Products	25873795		23798425	
- Stock in Process	21405476		18517611	
- By Product	<u>536782</u>	47816054	<u>236866</u>	42552902
Closing Stock				
- Finished Products	46181791		25873795	
- Stock in Process	11078683		21405476	
- By Product	<u>620976</u>	57881450	<u>536783</u>	47816054
Increase/(Decrease) in Stocks		<u>10065396</u>		<u>5263152</u>

**SCHEDULE XI: RAW MATERIAL COST**

CONSUMED -	Opening Stock	7170556		4171416	
+	Purchase (Net)	848298170		489768599	
-	Closing Stock	<u>10024913</u>	845443813	<u>7170556</u>	486769459
TRADED			<u>69186359</u>		<u>22439400</u>
			<u>914630172</u>		<u>509208859</u>

**SCHEDULE XII: MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES**

A	<u>Manufacturing Expenses</u>				
	- Packing Material Consumed	57014063		28593850	
	- Fuel Consumed	21934901		16291672	
	- Chemicals and Consumable Consumed	4091825		2291126	
	- Repair and Maintenance				
	- Building	37539		55766	
	- Machinery	<u>2347256</u>	2384795	<u>2364462</u>	2420229
	- Laboratory Expenses	49375		27881	
	- Electricity Expenses	10409325		5984230	
	- D.G.Set Expenses	1028627		1021719	
	- Oil & Oil Products	<u>2712571</u>		<u>1781746</u>	
		99625481		58412452	
B	<u>Establishment Expenses</u>				
	- Wages & Salaries	4949815		4040739	
	- Staff Welfare	45093		27046	
	- Security Expenses	<u>267515</u>	5262423	<u>245938</u>	4313723
C	<u>Administrative and Other Expenses</u>				
	- Rent	164100		196577	
	- Telephone & Postage	297204		270928	
	- Legal, Professional and Consultancy	211815		179960	
	- Printing & Stationery	76393		61409	
	- Insurance	349103		549580	
	- Travelling and Conveyance (Including Director's Travelling Rs.Nil (Rs.1,13,193.76))	289971		305471	
	- Vehicle Repairs & Maintenance	321602		273366	
	- General Expenses	115217		91396	
	- Auditors Remuneration	84200		84200	
	- Sundry fee & subscription	<u>391029</u>	2300634	<u>74131</u>	2087019
D	<u>Selling Expenses</u>				
	- Interest on Dealers Securities	12750		12750	
	- Freight Outwards	2699710		(190497)	
	- Advertisement and Publicity	32969		14942	
	- Brokerage and Commissions	1486005		1090197	
	- Rebate and Incentives	<u>1431553</u>	5662987	<u>708136</u>	1635528
			<u>112851525</u>		<u>66448722</u>

**SCHEDULE XIII: FINANCIAL CHARGES**

Interest on:				
- Term Loan (The J & K Bank Ltd.,Pkt.)	604279		971808	
- Working Capital Limit (Bank)	3316601		4223007	
- Others	<u>4255949</u>	8176829	<u>2589569</u>	7784384
- Bank Charges		<u>636186</u>		<u>166255</u>
		<u>8813015</u>		<u>7950639</u>

# PIONEER AGRO EXTRACTS LIMITED

## 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 capitalised 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.

## PIONEER AGRO EXTRACTS LIMITED

8. AUDITORS REMUNERATION :	CURRENT YEAR		PREVIOUS YEAR	
	Rs.	Rs.		
Audit Fee	56,000	56,000		
Tax Audit Fee	10,500	10,500		
Certification	3,500	3,500		
Out of Pocket Expenses	14,200	14,200		

9. Disclosure as required by Accounting Standard (AS-18) "Related Party Disclosures" issued by the institute of Chartered Accountants of India (ICAI) as follows:-

(a) Names of related parties & description of relationship

(I) Related parties where control exists

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

(II) Key Management Personnel:

(i) Sh. Jagat Mohan Aggarwal	Managing Director
(ii) Sh. Ajay Goel	Joint Managing Director
(iii) Sh. Bharat Bhushan Aggarwal	Director
(iv) Sh. A. K. Arora	Director (Works)

(b) Details of Transactions:

Name/ Nature of Transaction	Current Year		Previous Year	
	Amount(Rs)	Outstanding	Amount(Rs)	Outstanding
(i) Pioneer Industries Limited				
(a) Purchase	878721161		508740628	
(b) Sales	62516309		1251385	
(c) Against shares sold	45475000		45475000	
(d) Advances		Dr 19637283.90		Dr 12553476
(ii) M/s Basheshar Dass Pran Nath Aggarwal & Co.				
(a) Sales	319071	Nil	261426	Dr 1159
(iii) Director				
(a) Remuneration		572040		571040
(b) Guarantee for Secured Loans		56917517		34299789
(iv) Jagat Mohan Aggarwal (HUF)		Cr. 16386		Cr. 950992
(v) M/s Ram Piari Aggarwal Financiers		Cr. 17355		Cr. 246720
(vi) Shuchita Aggarwal		Cr. 2366		Cr. 436815
(w/o Director Jagat Mohan Aggarwal)				
(vii) Jawahar Lal Aggarwal		Cr. 427302		Cr. 395722
(b/o Director Bharat Bhushan Aggarwal)				
(viii) Sweety Goel		Cr. 422097		Cr. 390902
(w/o Director Bharat Bhushan Aggarwal)				
(ix) Bharat Bhushan Aggarwal, Director, Loan		Cr 98658		Nil
(x) Damtal Flour & food Pvt. Ltd.		Cr. 12329		Cr. 5372908
(XI) Jagat Roller Flour Mills		Cr. 13220		Cr. 186147
(XII) Jagat Mohan Aggarwal		Cr. 2045		Cr. 396273
(XIII) Mehak Aggarwal		Cr. 19427		Cr. 1009376
(XIV) Mohinder Pal Aggarwal		Cr. 14418		Cr. 2993600
(XV) Mohinder Pal Aggarwal (HUF)		Cr. 18215		Cr. 177630
(XVI) Ram Piari Aggarwal		Cr. 16322		Cr. 49635
(XVII) Vasu Aggarwal		Cr. 14998		Cr. 1440347
(XVIII) Kanta Aggarwal		Cr. 283541		Cr. 262585
(XIX) Saru		Cr 30949		Nil
(XX) Jagat Mohan Aggarwal, Director Loan		Cr 2045		Nil

10. SEGMENT REPORTING

The Company is dealing in Vanaspati & Refined Oils which in context to AS 17 issued by the Institute of



## PIONEER AGRO EXTRACTS LIMITED

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.

### INSTALLED CAPACITY

Vanaspati	TPD	50	50
Refined Oil	TPD	90	90
Stearic Acid	TPD	10	10
Oxygen Gas	Cylinder per day	150	150

### PRODUCTION

Vanaspati	M.T	12439.208	7451.083
Refined Oil	M.T	7784.923	3139.945
Fatty Acid	M.T	19.655	13.110
Acid Oil	M.T	1.386	10.588
Oxygen Gas	Cylinder	Nil	Nil
Gaard/Spent Earth	M.T	302.785	Nil

### Notes :

- Capacities are based upon the triple shift working of the Company.
- 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)
i. Opening Stock				
Vanaspati	224.352	138.20	314.605	155.12
Refined Oil	180.445	120.54	161.335	82.86
Fatty Acid	23.980	3.36	10.870	1.52
Acid Oil	17.952	2.01	7.364	0.85
ii. Closing Stock				
Vanaspati	821.080	316.61	224.352	138.20
Refined Oil	331.866	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
iii. Sales				
Vanaspati	11843.530	5482.98	7541.335	3899.13
Refined Oil	7633.502	3919.54	3120.835	1711.06
Fatty/Stearic Acid	14.750	1.92	--	--
Acid Oil	--	--	--	--
Oxygen Gas Cylinder	--	--	--	--
Gaard/Spent Earth	302.785	0.75	65.590	0.14
Misc. & other items	--	0.33	--	0.77

### 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	20318.349	8454.44	10661.206	4867.69
ii) Packing	--	570.14	--	285.94
iii) Consumable & Chemicals	--	40.92	--	22.91

### D. IN RESPECT OF GOODS TRADED:

Raw Oil:				
Sales	2014.520	699.57	500.000	155.45
Purchases	2014.520	691.32	500.000	151.38
Vanaspati :				
Sales	1.050	0.53	150.165	75.20
Purchases	1.050	0.54	150.165	73.01
OTHERS:				
Sales	Nil	Nil	Nil	Nil
Purchases	Nil	Nil	Nil	Nil

**PIONEER AGRO EXTRACTS LIMITED**

12. Value of Imports Calculated of CIF basis.

	Current Year (Rs.)	Previous Year (Rs.)
Raw Material	687.89	151.38
Machinery	Nil	Nil
Earning per Share:		
Net Profit after Tax	(240.36)	50,018
No. of Equity Shares	43,32,300	43,32,300
Earning per Share	0.00	0.01

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

(ANIL KUMAR)  
Prop.

(AJAY GOEL)  
Jt. Managing Director

(JAGAT MOHAN AGGARWAL )  
Managing Director

(S. M. PARASHAR)  
DGM-Finance

(BHARAT BHUSHAN AGGARWAL)  
Whole Time Director

Place : Pathankot  
Dated: 30.06.2009

**PIONEER AGRO EXTRACTS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009**

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	2008-2009		2007-2008	
	(Amt in Rs.)		(Amt in Rs.)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and extraordinary items	(23926102)		1290018	
<b>Adjustment for :</b>				
Depreciation (Net)	10011971		9201727	
Interest Payment	8189579		7797134	
Miscellaneous Expenditure	160345		160345	
Profit on fixed assets sold	(510963)		0	
Operating Profit before working capital changes	<b>(6075170)</b>		<b>18449225</b>	
<b>Adjustment for :</b>				
Trade and other Receivables	(2931776)		25005925	
Inventories	(21084249)		(7932047)	
Income Tax Paid	(1135814)		(823555)	
Trade Payable and other Liabilities	27973161		2843172	
Cash generated from operations	<b>(3253848)</b>		<b>37542719</b>	
Interest Paid	(8189579)		(7797134)	
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(11443427)</b>		<b>29745585</b>	
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets (Net)	(15412502)		(13873336)	
Sale proceeds of fixed assets sold	1243600		0	
Decrease in investments	(7339)		(796011)	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(14176241)</b>		<b>(14669347)</b>	
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from long term borrowings (Net)	2043419		(1032363)	
Proceeds from short term loans	25496939		(19459409)	
<b>NET CASH IN FINANCING ACTIVITIES</b>	<b>27540358</b>		<b>(20491772)</b>	
<b>Cash equivalents (A+B+C)</b>	<b>1920690</b>		<b>(5415533)</b>	
Cash & Cash equivalents as :				
at 01.04.2008 (Opening Balance)	<b>812597</b>		<b>6228130</b>	
at 31.03.2009 (Closing Balance)	<b>2733287</b>		<b>812597</b>	

NOTE :- Figures in ( ) brackets represents outflow

For ANIL VASUDEVA & CO.,  
Chartered Accountants

For and on behalf of the board

(ANIL KUMAR)  
Proprietor(JAGAT MOHAN AGGARWAL)  
Managing Director(AJAY KUMAR)  
Jt. Managing Director(S. M. PARASHAR)  
DGM-Finance(BHARAT BHUSHAN AGGARWAL)  
Whole Time DirectorPlace: Pathankot  
Dated: 30.06.2009**AUDITORS CERTIFICATE**

We have examined the attached Cash Flow Statement of Pioneer Agro Extracts Limited for the year ended March 31st, 2009. The statement is based on and is in agreement with the corresponding balance sheet of the Company covered by our report of June 30th, 2009 to the members of the Company.

For ANIL VASUDEVA & Co.,  
Chartered AccountantsPlace : Pathankot  
Dated: 30.06.2009

(ANIL KUMAR)

**BOOK-POST**

*If undelivered please return to :*  
**PIONEER AGRO EXTRACTS LIMITED**  
**REGISTERED OFFICE**  
*Chhoti Nehar, Malakpur-145025*  
*Pathankot(Punjab)*