

18th Annual Report 2010-2011



Piccadily Sugar & Allied Industries Limited

BOARD OF DIRECTORS

Sh Kartikeya Sharma, Director
 Sh. Harvinder Chopra, Director (Finance)
 Sh.H.P.S. Mann, Director (Cane)
 Sh. Ashok Sharma, Nominee Director
 Sh. Devinder Sharma, Wholetime Director

AUDITORS

M/s Jain & Associates
 SCO: 819-820, Sector-22-A, Chandigarh.

AUDIT COMMITTEE

1. Sh. Devinder Sharma, Wholetime Director
2. Sh. Harvinder Chopra, Director (Finance)
3. Sh. H.P.S. Mann, Director (Cane)

REGISTERED OFFICE & FACTORIES

Jakhal Road, Patran,
 Distt. Patiala, Punjab

CORPORATE OFFICE

275, Capt. Gaur Marg,
 Srinivas Puri, New Delhi

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NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Share holders of the company will be held on, Friday, 30th September, 2011 at 10.30 A.M. at Registered office of the company i.e. Jakhal Road, Patran, Distt Patiala, Punjab to transact the following business:-

As Ordinary Business

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit & Loss account of the company for the year ended on that date and the Auditor's and Director's report thereon.
- 2) To appoint a Director in place of Sh. Kartikeya Sharma, who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Sh. Harvinder Chopra who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint Auditors and fix their remuneration.

As Special Business

5. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

"Resolved that Sh. Devinder Sharma who was appointed as an Additional Director with effect from 2/8/2010 u/s 260 of the Companies Act, 1956 and who holds office, up to the date of this Annual General Meeting and who is eligible for re-appointment and in respect of whom the company has received a notice in writing under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Directors be and is hereby appointed as Director of the company liable to retire by rotation."

6. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

"Resolved that pursuant sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 and subject to such consents /approvals as may be required, Sh Devinder Sharma be and is hereby appointed as Whole time Director of the company with effect from 2/8/2010 on the terms and conditions as may be decided by the Board of Directors from time to time.."

By order of the Board

Sd/-

Nikhilesh Verma

(Company Secretary)

Place: New Delhi

Dated 10.8.2011

Notes:-

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. The proxy forms duly signed and completed must be received at the Registered office of the company not less than 48 hours before the time and date fixed for the meeting.**
2. The Register of Members and Share Transfer books of the company will remain closed from 23rd September 2011 to 30th September 2011.
3. Shareholders are requested to advise the company immediately of any changes in their address.
4. Members are requested to bring at the meeting their copies of the Annual Report.
5. Members desiring of any information as regards to accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.
6. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining demat accounts. Members holding shares in physical form are requested to advise any change of address to the Company/Registrar and Share Transfer Agent.

**ANNEXURE TO THE NOTICE- EXPLANATORY STATEMENT PURSUANT
TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item no. 5 & 6**

Sh. Devinder Sharma, aged 44 years, is a graduate, has been appointed as Additional Director by the Board of Directors in its meeting held on 02/8/2010. He has got nearly two decades experience in the various capacities and has got the capability for building and maintaining man power management & exposure to trading activities. He has been associated with Hotel, Textile & Engineering Industry.

The appointment of Sh. Devinder Sharma will be beneficial and in the interest of the company.

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of Notice /documents including Annual report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far are requested to register their e mail addresses, in respect of electronic holdings with the depository through concerned Depository participants. Members who hold shares in physical form are requested to send the same to the company at its Corporate office. /Registrars and Transfer Agents Abhipra Capital Ltd., Ground Floor, Abhipra complex, Dilkhush Industrial Area, A-387, GT Karnal Road, Azadpur, Delhi-110033

DIRECTOR'S REPORT

Dear Share Holders,

Your Directors have the pleasure in presenting their 18th Annual Report together with Audited Accounts of the Company for the year ended 31st March 2011

FINANCIAL RESULTS:

(Rs. In

lacs)

Particulars	31st March '11	31st March '10
Total Income	2631.84	2989.95
Increase/(decrease) of Stock in trade	26.63	37.95
Profit before Interest & Depreciation	562.88	578.49
Less : Interest	27.73	68.68
Depreciation	252.81	241.86
Profit / (Loss) before Tax	282.34	268.15
Net Profit / (Loss)	282.34	268.15

Review of the operations of Sugar Mill

The sugar mill did not commence the crushing operations during the season 2010-2011 due to non availability of sugar cane & adverse conditions prevailing in the market.

The sugar mill has recorded a turnover of Rs.26.54 Lacs

Review of the operations of Distillery

The unit has produced 9,39,540 cases of Punjab Medium Liquor and produced / purchased Rectified Spirit & Extra Neutral Alcohol 2719447 (Bulk Liters), Denature Spirit 107676 (Bulk Liters) till 31st March 2011

The unit has recorded a turnover of Rs.2566.05 Lacs.

Rehabilitation Scheme

Hon'ble Board for Industrial & Financial Reconstruction (BIFR) has passed the necessary orders on 3/12/2010 for discharge of the company from the BIFR as the net worth of the company has become positive as on 30/09/2010 & the company is ceased to be a sick industrial undertaking within the meaning of clause "O" of sub section 1 of the section 3 of the Sick Industrial Companies (Special Provisions) Act 1985. The Bench, accordingly discharged the company from the purview of SICA/ Board for Industrial & Financial reconstruction (BIFR).

Indian Sugar Industry

The past two sugar seasons i.e. 2008-2009 and 2009-2010 have been very difficult years for Indian Sugar industry with regard to the availability of sugar cane and production of sugar.

Sugar output of India, the world's second largest producer could rise by about 10% to 26.5 million tones in 2011-2012. (Source ISMA Publication)

Directors

Sh. Kartikeya Sharma and Sh. Harvinder Chopra, Directors of the Company retire by rotation and are eligible for the re-appointment.

During the year The Hon'ble Board for Industrial & Financial Reconstruction, New Delhi has withdrawn its special director Sh. N.P. Gupta & Sh. Chander Sekhar Singh, Whole Time Director has resigned from the Board of Directors of the Company.

The Board has also appointed Sh. Devinder Sharma as Whole time Director of the Company.

Dividend

Due to accumulated losses, your directors express their inability to recommend dividend for the year ended 31st March 2011.

Auditors

M/s. Jain & Associates, Chartered Accountants Chandigarh, the Statutory Auditors of the Company, retiring at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment.

The Company has received letter from Statutory Auditors M/s. Jain & Associates, Chartered Accountants to the effect that their re-appointment, if made would be within the prescribed limits under section 224(1B) of the Companies Act 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said act.

The Notes on Accounts referred to in the Auditors report are self explanatory and do not call any further comments.

Cost Auditors

The Central Government has approved the appointment of Sh. Sanjeev K. Bansal, Cost Accountant for the financial year 2010-2011 to conduct cost audit for its Sugar unit.

Corporate Governance

Pursuant to clause 49 of the listing Agreement with the Bombay Stock exchange Limited (BSE), Management discussion and Analysis, Corporate Governance Report and Auditors certificate regarding compliance of conditions of corporate governance are made part of the Annual Report.

Personnel

The particulars of employees as per Section 217 (2A) of Companies Act 1956 read with the Company's (particulars of employees) Rules 1975 is Nil.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under Section 217(1)(e) of the Companies Act 1956 read with Companies (disclosure of particulars in the report of Board of Directors) Rule 1988, the information relating to the conservation of the energy, technology absorption and foreign exchange earning and outgo, is annexed and forms part of the report.

Director's responsibility statement

Pursuant to the provisions of Section 217(2AA) of Companies Act 1956, the Directors give hereunder the Directors Responsibility Statement on the accounts of the Company:

1. All the applicable accounting standards have been followed in the preparation of the accompanying account.
2. The Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year 31st March 2011 and the Profit & Loss of the company for the said period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, and
4. The Directors have prepared the Annual Account on going concern basis.

Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance and cooperation received from the financial institutions, banks, suppliers, customers, farmers and all other concerned with the company during the year under review.

For Piccadily Sugar & Allied Industries Limited

Place : New Delhi
Date : 10.08.2011

Sd/-
(Devinder Sharma)
Wholetime Director

Sd/-
(HPS Mann)
Director (Cane).

ANNEXURE TO THE DIRECTORS REPORT FOR THE YEAR 2010-2011

Information as per section 217(1) (e) read with Companies (Disclosure of particulars in the report of Board of Director's) Rules 1988 and forming part of the Directors Report for the year ended 31st March 2011

1. CONSERVATION OF ENERGY

a) As regards energy conservation your company is giving high priority to conservation of energy since very beginning, with the result the figures of steam consumption and power consumption per ton achieving quite appreciable. Some of the significant measures taken are:-

- 1) In order to increase profitability and minimize energy consumption installed D.C motors which are highly energy efficient in place of conventional steam turbine for driving the mills and boilers are maintained. High pressure boilers, double effect pre- evaporator system along with vapor heater and plate type heat exchangers were also maintained.
- 2) On Account of above measures and their efficient working the considerable saving of bagasse and energy saving have been achieved during the financial year.

b) The data achieved with regards to conservation of energy is furnished below:-

All the necessary steps have been taken by the company to conserve the energy at all the levels by optimum utilization.

1 ELECTRICITY		2010-11	2009-10
A	Purchased		
	Unit		
	Total Units	KWH	KWH
	Total Amount(Rs.)	724777	547733
	Rate per unit(Rs.)	36022142	2700322
		4.93	4.93
B.	OWN GENERATION		
	i) Through Diesel Generator		
	Unit		
	Total Unit	KWH	KWH
	Units per Liter of Diesel Oil	476017	213592
	Cost Per Unit (Rs.)	3.99	4.04
	ii) Through stream Turbine/Generator	8.86	8.07
	Unit		
	Total Units	KWH	KWH
	Units per Ton of fuel(Bagasse)	000	000
		Steam produced	Steam produced
		by use of own bagasse	by use of own bagasse
2.	Coal/Furnace Oil	N.A	N.A
3.	Other	N.A	N.A
4.	Consumption of Per Unit of Production	N.A	N.A
	Sugar (Qtls)		
	Electricity (Units)	0.00	0.00
	Distillery (cases)	0.00	0.00
	Rectified Spirit / ENA in BL	939540	1010797
	Electricity(Units) in cases	1855447	1338187
	Other(Specify) Rectified Spirit /ENA (in BL)	1.28	0.75
		0.65	0.57

B. Technology Absorption

- i) Research and Development
No research and development work has been carried out by the company therefore, there is no expenditure under this head.
- ii) Technology Adaptation & Innovation.
The company is also well-proved indigenous technology for Sugar. & Distillery.

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange Earning:

Nil

Foreign Exchange Outgo:

Nil

For Piccadily Sugar & Allied Industries Limited

Sd/-

(Devinder Sharma)
Wholetime Director

Sd/-

(HPS Mann)
Director (Cane).

Place : New Delhi
Date : 10.08.2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The past two sugar seasons i.e. 2008-2009 and 2009-2010 have been very difficult years for Indian Sugar Industry with regard to the availability of sugar cane and production of sugar. The country had to import substantial quantities of sugar to supplement the domestic availability. Lower production of sugar coupled with high import prices resulted in high domestic prices of sugar during the season 2009-2010. The Indian Sugar Mills Association (ISMA) has estimated production of sugar for the season 2010-2011 around 24.2 million tones against the domestic consumption of 22 million tones. The rise in the production is due to payment of high sugar cane prices & good rainfall has encouraged towards sowing more sugar cane. Our country has got an opening balance of sugar over 5 million tones and there is a excess production of sugar around 3 million tones during the season 2010-2011

Since cane cost comprises about 70% of the Sugar sales realization and almost all the countries follow a practice of cane price payment linked to the sugar price one or both by -products price. It is general understanding the linkage of cane price to sugar price will ensure a more stable sugar production and less volatility in the availability of sugar.

Future prospects

India's sugar cane acreage is likely to rise in 2011-12 as farmers still finding the crop remunerative over competing crops, raising hopes the worlds biggest sugar consumer will have surplus for the second straight year beginning October 2011.. Sugar output of India, the world's second largest producer could rise by about 10% to 26.5 million tones in 2011-2012. (Source ISMA Publication)

Exports of Sugar

The Government of India has recently allowed exports of 10,00,000 tonnes of sugar under the open general license after a gap of almost two years because of higher output. It is also expected that government will further allow exports of sugar by another 5,00,000 tonnes in the month of August 2011.

Distillery

The distillery unit with a capacity of 40 KLPD in the sugar mill campus was established in the year 2004. It manufactures not only rectified spirit (RS) but ENA, Punjab Medium Liquor (PML), Denatured Spirit (DS) using spoiled wheat, rice grain fines, molasses as well as required quantity of secondary juice available from sugar cane crushing during the season operation and use own molasses during off season/season operation. The company also proposes to manufacture ethanol from its existing distillery plant from the raw material sufficiently available in house.

Out Look / Projection:

The company's projection on crushing of Sugarcane for the current year 2011-2012 is on the basis of availability of sugarcane.

The company will supply the entire quota of Punjab Medium liquor allotted to its Distillery and is making all efforts for the lifting of open quota by providing incentives to the distributors.

Risk and Concern

The urban people in India are now becoming Health conscious and firmly believe that consuming of sugar in any form has adverse effect on human health. As a result of this people have restricted the consumption of sugar. Studies by various health organizations have found no evidence where the sugar has been related to diabetics or any other illness. However the consumption of sugar in India continue to rise in the last decade.

Internal Control System & their adequacy

The Auditors have felt that the company has a reasonable system of authorization at proper levels with necessary controls on the purchase of sugar cane, issue of materials and components & other related system of internal control is commensurate with the size of the company. They also felt that the company has a reasonable system of recording receipts of raw materials and components and the company is recording the sales and purchase through the software. The Software Engineers regularly check software programme.

Material Development in HRD/IR

The company has appointed regular staff, technical staff, cane staff along with contractual & seasonal staff for the efficient working units of the company.

CORPORATE GOVERNANCE REPORT

In compliance with the Corporate Governance requirements as stipulated in clause 49 of the Listing Agreement with the Stock Exchange, the company has been incorporating for the past few years, a separate section on Corporate Governance in its Annual report. The shareholders and investors would have found the information informative and useful.

Company's policies on the Corporate Governance and due compliance report on specific areas where ever applicable for the financial year ended 31st March 2011 are given here under divided into following areas:

1. Company's philosophy on Corporate Governance

The company adheres to good corporate practices and is constantly striving to improve them and adopt the best practices. It is believed that adherence to business ethics and commitment to Corporate social responsibility would help the company achieve its goal of maximizing value of its stakeholders.

2. Board of Directors

The Board consists of Five Directors. The Directors on our board are highly qualified and experienced individuals who are active participants in the decision-making process and provide guidance and objective judgment to the company. The names of the Director are following: -

Name of Directors	Nature
1 Sh Kartikeya Sharma	Promoter Director
2 Sh. Devinder Sharma	Independent Director
3 Sh. Harvinder Chopra	Independent Director
4 Sh.H.P.S. Mann	Independent Director
5 Sh. Ashok Sharma	Nominee Director

Attendance of each director at the Board meeting, last Annual General Meeting and number of other directorship of each Director in various companies.

Name of Directors	Attendance Particulars		No. of other Directorship	Member of Committee
	Board Meeting	Last AGM		
Sh. Harvinder Chopra	6	Yes	7	1
Sh. H.P.S. Mann	6	Yes	-	4
Sh. Ashok Sharma	-	No	-	1
Sh. Devinder Sharma	6	Yes	-	3
Sh. Kartikeya Sharma	-	-	22	-

During the period starting from June 2010 to May 2011, Six Board Meetings were held on 30th June 2010, 2nd August 2010, 12th November 2010, 14th February 2011, 25th April 2011 & 30th May 2011

3 Audit Committee

The Board of the company has constituted an Audit Committee of three directors, Sh. Harvinder Chopra, Sh. Devinder Sharma & Sh. H.P.S. Mann. The constitution of Audit Committee meets with the requirements of Section 292 A of the Companies Act, 1956.

Terms of Reference

The terms of reference stipulated by the Board to the Audit Committee are following.

- ▶ The members of the Audit Committee shall elect the Chairman from amongst themselves.
- ▶ The Annual report of the company shall disclose the composition of the Audit Committee.
- ▶ Every Audit Committee shall act in accordance with terms of reference to be specified in writing by the Board.
- ▶ The Audit Committee should have discussions with the auditors periodically about internal control systems, the scope of Audit including the observations of the auditors and review the half yearly and annual financial statement before submission to the Board and also ensure compliance of internal control systems.
- ▶ The Audit Committee should have authority to investigate into any matter in relation to the items specified in section 292 A of the Companies Act 1956 or referred to it by the Board and for this purpose, shall have full access to the information contained in the records of the company and external professional advice, if necessary.
- ▶ The Chairman of the Audit Committee shall attend the Annual General meeting of the company to provide any clarification on matters relating to audit.
- ▶ To seek information from any employee.

- ▶ To investigate any activity within its terms of reference.
- ▶ To obtain outside legal or professional advice.
- ▶ To secure attendance of outsiders with relevant expertise, if it considers necessary.
- ▶ Discussion with the internal auditors any significant findings and follow up thereon.
- ▶ The Chairman of the Audit Committee shall attend the Annual General Meeting of the company to provide any clarification on matters relating to audit sought by the members of the company.

During the year the Audit Committee meetings were held on 11/11/2010, 12/02/2011, & 28/5/2011

3. (A) General Body Meeting

Location and time for last 3 Annual General Meetings:

Year	Meeting	Location	Date	Time
2008	AGM	Piccadily Sugar & Allied Industries Limited Jakhal Road, Patran, Distt.Patiala Punjab.	Saturday 27/09/2008	4.00 P.M.
2009	AGM	Piccadily Sugar & Allied Industries Limited Jakhal Road, Patran, Distt.Patiala Punjab.	Saturday 26/09/2009	10.30 A.M.
2010	AGM	Piccadily Sugar & Allied Industries Limited Jakhal Road, Patran, Distt.Patiala Punjab.	Thrusday 23/09/2010	10.30A.M.

No postal ballots were used/ invited for voting at these meetings in respect of special resolution passed in these meetings.

(B) Book Closure Date:- 23rd September to 30th September 2011.

(C) Dividend Payment Date:- The company has not declared any dividend.

4. Means of Communication

The quarterly results are published in the Business Standard & Desh Sewak.

5. Listing of Stock Exchange & Stock Code

The shares of the company continue to be listed on Bombay Stock Exchange Limited, (BSE) & Stock code of the company is 507498

Note: Company has already made the payment of Annual listing Fees for the year 2011-2012

6. Stock Market Data

The details of monthly highest and lowest closing quotations of the equity shares of the company and number of shares traded during the each calendar month at Bombay Stock Exchange limited during the year ended 31st March 2011 are as under :

Month	High (Rs.)	Low (Rs.)	Total no shares traded
April 2010	7.45	6.33	79528
May 2010	8	6.07	127276
June 2010	7.5	6.1	138643
July-November 2010	*	-	-
(Due to reduction of Capital)			
January 2011	15	9.1	116739
February 2011	11	8.38	29346
March 2011	9.78	7.65	69378

7. Share Transfer System

Shares after transfer are dispatched within the time subject to the documents being valid and complete in all respect through share transfer committee. During the year 13 Share Transfer Committee Meeting were held.

