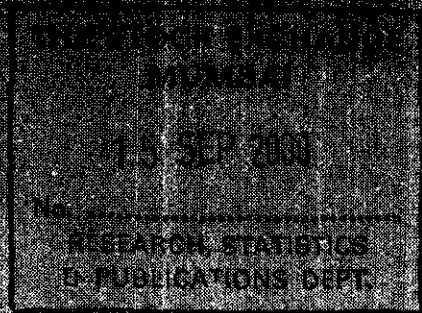


6 Annual Report 1999-2000



Report Junction

**Piccadily
Agro Industries
Limited**

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PICCADILY Agro Industries Ltd.

BOARD OF DIRECTORS

Sh. Venod Kumar Sharma, Chairman
 Sh. Sham Sunder Sharma, Director
 Smt. Raj Rani, Director
 Sh. Vinod Dada, Director
 Sh. Harvinder Chopra, Executive Director
 Sh. R.K. Gupta, Nominee Director (HSIDC)
 Sh. Kuldip Singh, Director

AUDITORS

M/s Jain & Associates
 SCO 819-820,
 Sector 22-B, Chandigarh

BANKERS

Punjab National Bank
 Oriental Bank of Commerce

**REGISTERED OFFICE &
FACTORY**

Village Bhadson,
 Umri-Indri Road,
 Tehsil Indri, Distt. Karnal
 Haryana

CORPORATE OFFICE

276, Capt. Gaur Marg,
 Okhla, New Delhi

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PICCADILY Agro Industries Ltd.

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NOTICE

Notice is hereby given that the 6th Annual General Meeting of the Share Holders of the Company will be held on Wednesday i.e 27th Sept., 2000 at 11.00 A.M. at the Registered Office of the company i.e. Vill. Bhadson, Teh. Indri, Umri-Indri Road, Distt. Karnal, Haryana to transact the following business :-

As Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit & Loss Account of the Company for the year ended on that date and the Auditors & Directors Report thereon.
2. To appoint a Director in place of Sh. Venod Kumar Sharma, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Smt. Raj Rani, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Sh. Kuldip Singh, who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution :
 "Resolved that M/s Jain & Associates, Chartered Accountants be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting, at a remuneration to be decided by the Board of Directors."

As Special Business

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary resolution :-
 "Resolved that Sh. Harvinder Chopra, be and is hereby appointed as Executive Director of the company for a period of three years with effect from 2nd April, 2000 on a monthly remuneration of Rs. 20, 000/- and house rent allowance of Rs. 10, 000/- and other benefits as may be permitted by the rules and regulations of the company.
 Further resolved that the Board of Directors of the company be and are hereby authorised to alter terms and conditions of appointment, salary structure within the limits provided by Schedule XIII of Companies Act 1956 at any time."
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special resolution :-
 "Resolved that the revised audited Balance Sheet as at 31st March, 1998 and the Profit & Loss Account of the Company for the year ended on that date and the revised Auditors & Directors Reports thereon be & is hereby ratified & re-adopted".
8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special resolution :-
 "Resolved that the revised audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account of the Company for the year ended on that date and the revised Auditors & Directors Reports thereon be & is hereby ratified & re-adopted".

By Order of the Board

Place : Chandigarh
 Date : 29/07/2000

Sham Sunder Sharma
 Director

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.
2. The Register of Member and Share Transfer Books of the Company will remain closed from 16th Sept., to 30th Sept., 2000.
3. Share Holders are requested to advise the Company immediately of any change in their address.
4. 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.
5. Members are requested to bring at the meeting their copies of the Annual Report.
6. 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.
7. The revised Annual Accounts for the year 1997-98 and 1998-99 are also enclosed.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.**Item No. 6**

Sh. Harvinder Chopra was appointed as an Executive Director of the company with effect from 2nd April, 1998 and his term matured on 1/04/2000. Board of Directors has reappointed him as an Executive Director of the company for a period of three years, as he is having wide experience in successfully managing the corporates. The Board of Directors recommend his appointment and none of the Director except. Sh. Harvinder Chopra is interested in the resolution.

Item No. 7 & 8

The Sugar Production Scheme, 1993 introduced by Govt. of India, Ministry of Food, Directorate of Sugar, Krishi Bhawan, New Delhi dated 10.03.93 is applicable to the Company that is the additional free sale sugar quota has been released and on account of the same excess price than the levy sugar price is to be paid to the Financial Institutions/Commercial Banks against the term loans and hence to that extent i.e. the said price is excess received on such sale being Rs. 312.00 lacs & Rs. 416.00 lacs for the year 1997-98 & 1998-99 being payments made to Financial Institutions/Commercial Banks has been treated as a capital receipt on the basis of various Hon'able High Courts Judgements under Income Tax Act and not the income of the company. Accordingly an amount of Rs. 312 lacs and Rs. 416 lacs has been debited to the Profit & Loss Account for the year 1997-98 and 1998-99 respectively and the same has been transferred to Capital Reserve Account, thereby increasing the Reserves of the company. Amended accounts are again enclosed after making the technical tax adjustment for your approval.

None of the Directors is interested in the resolution.

DIRECTORS REPORT

Dear Share Holders

You Directors have pleasure in presenting their 6th Annual Report together with Audited Annual Accounts of the company for the ended on 31st March, 2000.

Financial Results

Particulars	31/03/2000	31/03/1999
Sales & Other Income	5561.40	5794.33
Profit Before Interest	959.19	1298.80
Depreciation & Taxation		
Less :		
Interest	875.44	928.34
Depreciation	256.72	260.14
Provision for Taxation	0.23	11.82
Net Profit	(-) 173.21	(+) 98.50

Review of Operations

The mill commenced crushing operation for the season 1999-2000 on 24th Nov., 1999 and closed on 22nd April, 2000. The comparative Operational results for the last two seasons are as follows :-

	Season 1999-2000	Season 1998-1999
Duration	151	158
Sugar Cane Crushed in Qtls.	40,99,844	41,01,400
Recovery (Percent)	9.46%	9%
Sugar Produced in bags	3,89,085	3,71,000

During the year under review the Company has incurred a loss of Rs. 173.21 lakhs. The loss has been incurred due to provision of Rs. 416 lakhs made under sugar Incentive Scheme 1993. The Sugar Production Scheme, 1993 introduced by Govt. of India, Ministry of Food, Directorate of Sugar, Krishi Bhawan, New Delhi dated 10.03.93 is applicable to the Company that is the additional free sale sugar quota has been released and on account of the same excess price than the levy sugar price is to be paid to the Financial Institutions/Commercial Banks against the term loans and hence to that extent i.e. the said price is excess received on such sale being Rs. 416.00 lacs being payments made to Financial Institutions/Commercial Banks has been treated as a capital receipt on the basis of various Hon'able High Courts Judgements under Income Tax Act and not the income of the company. Accordingly the amount of Rs. 416 lacs has been charged to Profit & Loss Account and has been transferred to Capital Receipt under heading of Reserves & Surplus.

This year the statutory minimum price recommended by the State Government was Rs. 110/- against the last year price of Rs. 95/-, has also effected the profitability of the company to a great extent.

Further India has imported huge quantity of sugar from the outside. Such large scale imports have accentuated the glut of sugar coupled with sharp increase in production. Sugar Industry has carried forward a large stock of 6.5 million tonnes as on 1st Oct. 1999 and closing stock at the end of the year 1999-2000 is estimated as much higher figure over 8.5 million tonnes. This has exposed the industry to unremunerative prices of sugar.

Revision of Annual Accounts for the year 1997-98, 1998-99 & 1999-2000

The Board of Directors of the Company have revised the Annual Accounts for the year 1997-98, 1998-99 & 1999-2000 in pursuance of the Sugar Production Scheme, 1993 introduced by Govt. of India, Ministry of Food, Directorate of Sugar, Krishi Bhawan, New Delhi dated 10.03.93 is applicable to the Company that is the additional free sale sugar quota has been released and on account of the same excess price than the levy sugar price is to be paid to the Financial Institutions/Commercial Banks against the term loans and hence to that extent i.e. the said price in excess received on such sale being Rs. 416.00 lacs, Rs. 416 & Rs. 312 lacs for the year 1999-2000, 1998-99 & 1997-98 respectively, being payments made to Financial Institutions/Commercial Banks has been treated as a capital receipt on the basis of various Hon'ble Highcourt's Judgements under Income Tax Act and not the income of the company. Copies of the Annual Revised Accounts are enclosed herewith this report.

Out Look of Future

The Government of India has raised import duty on sugar to 40% on 29th Dec., 1999 and which was further stepped upto 60% on 9th February 2000. The imported sugar was also effectively brought under the purview of levy obligation of 30% as applicable indigenous sugar industry. These decisions have indeed proved to be in the larger National interest, which includes all the three segments -sugar cane farmers, sugar industry as well as consumers. All these steps have resulted in the curb of unnecessary of sugar imports. Further the prices, which remained depressed during the year, will look up this year.

Industry Overview

India has been witnessing a surplus position in one of the largest agro based industry for the last consecutive three years and the sugar production is expected to be 180 lakh tonnes.

In India, shift of demand is taking place from alternative sweeteners, Gur & Khandsari to sugar at a rapid pace. The per capita consumption of sugar which used to be 6kg in early nineties has now gone upto 15 kg, whereas a total consumption of all the three sweeteners taking together has improved only marginally to 23 kg's now as against 20 kg. Secondly the growth of population is another important factor while computing the sugar demand. The above said factors will lead to more demand of sugar and which will ultimately lead to remunerative price of the sugar.

Expansion Programme

During the year the company has submitted a proposal for the financial assistance to the Industrial Development Bank of India and Sugar Development Fund for the raising the installed capacity from 2500 TCD to 5000 TCD. The total cost of the scheme is estimated to be Rs. 2698 lacs. IDBI and SDF has already sanctioned term loan of Rs.1290 lacs and Rs.711.22 lacs respectively. The expansion will be in full swing after the disbursement of term loan.

Directors

Smt. Raj Rani, Sh. Venod Kumar Sharma and Sh. Kuldip Singh Directors of the company retire(s) by rotation and are eligible for the reappointment. Smt. Raj Rani, Sh. Venod Kumar Sharma and Sh. Kuldip Singh Directors have offered themselves for re-appointment.

Fixed Deposit

During the year company has not accepted any fixed deposit u/s 58-A of companies act 1956.

Particulars of Employees u/s 217(2A) of Companies Act 1956

No employee/Director has drawn salary in excess of Rs. 50,000/- p.m. If employed for a part of the year and Rs.6,00,000/- p.a for the whole year. Hence particulars of employees as required under section 217(2A) of the Companies Act, 1956 have not been given.

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Auditors

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

Annual Fees to Stock Exchange

The company has made the full payment of Annual Listing fee for the year 2000-2001 to all the stock exchanges, where its shares are listed. These are:-

1. Ludhiana Stock Exchange Association Limited
2. Delhi Stock Exchange Association Limited
3. Jaipur Stock Exchange Limited
4. The Stock Exchange, Ahmedabad
5. The Stock Exchange, Mumbai
6. The Madras Stock Exchange Limited

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 energy, technology absorption and foreign exchange earning and outgo is annexed and forms part of the report.

Personnel & Industrial Relations

There has been full harmony in the inter personal relations of the employees. The Board of Directors wishes to express its appreciation for the service rendered by the officers, staff and workers of the company at all levels for their dedication and loyalty.

Acknowledgement

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

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for Piccadily Agro Industries Limited

Dated : 29/7/2000

Place : Chandigarh

Raj Rani

Director

Sham Sunder Sharma

Director

ANNEXURE TO THE DIRECTORS REPORT FOR THE YEAR 1999-2000

INFORMATION AS PER SECTION 217(1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.

1. CONSERVATION OF ENERGY

The company has commenced crushing operations w.e.f 24th Nov.1999 and all the necessary steps have been taken by the Company to conserve the energy at all the levels by optimum utilisation.

	1999-2000	1998-99
A. ELECTRICITY		
Purchased		
Unit	KWH	KWH
Total Units	222625	201657.00
Total Amount (Rs.)	1518303	1196957.00
Rate per Unit (Rs.)	6.82	5.93
B. OWN GENERATION		
i) Through Diesel Generator		
Unit	KWH	KWH
Total Unit	325000	569000
Units per litre of Diesel oil	3.79	3.81
Cost per unit (Rs.)	3.47	2.73
ii) Through Steam Turbine/Generator		
Unit	KWH	KWH
Total Units	14200000	11976000.00
Fuel Consumed (Bagasse & Fire Wood)	58153.84	50926.06
Units per ton of fuel	244.17	235.16
Total Cost	29076920	25463030.00
(estimated realised value of bagasse & fire wood)		
Cost/Unit Rs.	2.05	2.12
2. Coal	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. Other		
i) Processing of Sugar		
(Bagasse used for manufacture of steam for processing)		
Quantity (M. Ts)	51692.30	40013.34
Total Cost (estimated realised value of Bagasse)	25846150.00	20006670.00

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ii) Fibrizor Turbine & Feed Water Pump Turbine (Bagasse used for manufacture of Steam for fibrizor turbine & feed water pump turbine)		
Quantity M.T.	19089.74	30313.31
Total Cost	9544870.00	15156568.25
Average Rate	500.00	500.00

The Company uses (Bagasse a by-product) as fuel in common boilers for generation of steam for generation of power through Steam Power Turbine, for Fibrizor Turbine & Feed Water Pump Turbine and also for use in processing of sugar in boiling house.

Consumption per unit of production

(per MT of sugar Produced)

Electricity (including generation by Dg set and steam power turbine)	373.60	353.76
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Bagasse (for manufacture of steam used in processing of sugar)	1.32	1.11
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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 has not imported any technology for its plant. The company is using well proved indigenous technology for sugar.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earning	Nil
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Foreign Exchange Outgo	Nil
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for Piccadily Agro Industries Limited

Dated : 29/7/2000
Place : Chandigarh

Sham Sunder Sharma
Director

Raj Rani
Director

AUDITORS REPORT

The Members of
M/s Piccadily Agro Industries Limited

- (i) We have examined the attached Balance Sheet of M/s. PICCADILY AGRO INDUSTRIES LIMITED as at 31st March, 2000 and the annexed Profit and Loss Account for the year ended on that date which are the revised statements of the original Balance Sheet and Profit and Loss Account covered by our Audit report dated 4th July, 2000.
- (ii) The Board of Directors of the company has reopened and revised the aforesaid accounts in accordance with the clarification issued by the Department of Company Affairs, Govt. of India, keeping in view the requirement of Taxation Laws.
- (iii) The Balance Sheet and Profit & Loss Accounts for the year ending 31st March, 2000 have been revised on account of Sugar Production Scheme introduced by Govt. of India, Ministry of Food, Directorate of Sugar, Krishi Bhawan, New Delhi dt. 10th March, 1993 in pursuance of note No. 10 to the Balance Sheet wherein the higher sale price realised from the additional free sale quota which is to be utilised for payment of term loan to the Financial Institution/Commercial Bank which is being treated as a capital receipt which has been provided in the Profit & Loss Account on the basis of various High Courts judgements under Income Tax Act and to that extent the figures of net profit as well as provision of tax have been changed. The effect of such changes are as under :-

In Profit and Loss Account

Reduction in profits Rs. 383.18 lacs

In Balance Sheet

Due to revision of Balance Sheet as on 31st March, 1998 the changes are increase in Capital Receipts under the head Reserve & Surplus Rs. 312.00 lacs, reduction in Profit & Loss Account under the head Reserves & Surplus Rs. 220.88 lacs, increase in Profit & Loss Account under the head Miscellaneous Expenditure Rs. 73.63 lacs and decrease in Current Liabilities Rs. 17.49 lacs.

Due to revision of Balance Sheet as on 31st March, 1999 the changes and effects of the same are increase in Capital Receipts under the head Reserve & surplus Rs. 416.00 lacs, reduction in Profit & Loss Account (Transfer from Profit and Loss Account) under the head Reserve & Surplus Rs. 362.45 lacs, increase in Loans and Advances under the head Current Assets Rs. 22.38 lacs and decrease in Current Liabilities and Provisions Rs. 31.17 lacs.

Due to revision in Accounts for the year ending 31.03.2000 the changes and effect of the same are increase in Capital Receipts under the head Reserves & Surplus is Rs. 416.00 lacs and reduction in Profit & Loss Account (Transfer from Profit & Loss account) under the head Reserve & Surplus Rs. 209.97 lacs, increase in Profit & Loss Account under the head Miscellaneous Expenditure Rs. 173.21 lacs, increase in Current Assets Rs. 0.09 lacs and decrease in Current Liabilities and provision Rs. 32.73 lacs.

The aggregate effect of the changes in Balance Sheet upto 31.03.2000 are:-

Increase in Capital Receipts under the head Reserve & Surplus Rs. 1144.00 lacs. Decrease in Profit and Loss Account under the head Reserve & Surplus Rs. 891.81 lacs, increase in Profit & Loss Account under the head Miscellaneous Expenditure Rs. 148.33 lacs, increase in Current Assets Rs. 22.47 lacs and decrease in Current Liabilities and Provisions Rs. 81.39 lacs.

- (iv) As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of sec 227 (4-A) of the Companies Act, 1956, we annex here to a statement on the matters specified in paragraphs 1 of the said order.