

11th
Annual Report
2004-2005



Piccadily
Agro Industries
Limited

BOARD OF DIRECTORS

Sh. Siddhartha Vashishta, Managing Director
 Sh. Sham Sunder Sharma, Director
 Smt. Raj Rani, Director
 Sh. Vinod Dada, Director
 Sh. Harvinder Chopra, Executive Director
 Sh. Kuldip Singh, Director
 Sh. Mahavir Singh, Nominee Director
 Sh. J. S. Cheema, 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,
 Srinivas puri,
 New Delhi

AUDIT COMMITTEE

Sh. Vinod Dada
 Sh. Kuldip Singh
 Sh. Siddhartha Vashishta
 Sh. J. S. Cheema

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NOTICE

Notice is hereby given that the 11th Annual General Meeting of the Share holders of the company will be held on. Friday, 30th September, 2005 at 10.30 A.M. at the Registered office of the Company i.e. Village Bhadson, 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 2005 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. Harvinder Chopra, who retires by rotation and being eligible offers himself for re-appointment.
- 3 To appoint a Director in place of Sh. Sham Sunder Sharma who retires by rotation and being eligible offers himself for re-appointment.
- 4 To appoint a Director in place of Sh. Vinod Dada, who retires by rotation and being eligible offers himself for re-appointment.
- 5 To appoint Auditors and fix their remuneration.

As Special Business

- 6 To consider and if thought fit, to pass the following Resolution with or without modification as a ordinary resolution: "Resolved that Sh. J.S. Cheema, who was appointed as an Additional Director of the Company pursuant to article 133 of Company's Articles of Association by the Board of Directors and holds office till the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice under section 257 of the Act, ibid from a member of the Company be and is hereby appointed as Director of the company liable to retire by rotation."
- 7 To consider and if thought fit to pass with or without modification the following resolution as a special resolution: "Resolved that pursuant to the provisions of sections 198, 269, 309 and Schedule XIII and other applicable provisions if any, of the Companies Act 1956, Sh. Harvinder Chopra be and is hereby appointed as Executive Director of the company for a period of three years from 2nd April, 2005 on a monthly remuneration of Rs. 50,000 (Rupees Fifty Thousand Only) as a basic salary and a House Rent Allowance of Rs. 16,000 (Rupees Sixteen Thousand Only) per month and other benefits as may be permitted by the rules & regulations of the company, but not exceeding the limits provided in Schdule XIII of Companies Act 1956. Further resolved that the Board of Director of the company be & is here by authorized to alter terms and conditions of appointment, salary structure within the limits provided by Schedule XIII of Companies Act, 1956 at any time "
- 8 To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution: "Resolved that pursuant to Section 293 (1)(d) and other applicable provisions, if any, of the Companies Act 1956, consent of the share holders of the company be and is hereby accorded to the Board of Directors of the company to borrow from time to time for the company by ways of loans, securities, any other debt instrument issued by the company, long/short term financial assistance, bridge loans from banks/financial institutions, Sugar Development Fund (SDF) to buy/hire machinery or to take on lease provided that the moneys already borrowed by the company alongwith moneys to be borrowed shall not exceed to the total amount of Rs. 250 Crores (Rupees Two Hundred & Fifty Crores)."
- 9 To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution "Resolved that pursuant to Section 293(1)(a) and all other applicable provisions, if any of the Companies Act, 1956 and subject to such consents and approvals as may be necessary, the Board of directors of the Company be and is hereby authorized to mortgage and/or charge all or any of the present and future movable and immovable properties of the Company, situated at Village Bhadson, Umri-Indri Road, Teh. Indri, Distt Karnal, together with all buildings and structure and all plants and machinery attached to the earth both present and future and the whole of the undertaking of the Company relating to any unit of the company already set up / or to be setup in future for the purpose of securing the financial assistance from Sugar Development Fund (SDF) or its agencies, Financial Institution(s)/ Bank(s)/ Body(ies) Corporate.

Resolved further that the Board of Directors be and is hereby authorized to finalize the documents to secure the facilities/borrowings and to do all such acts, deeds, matters and things as may be necessary, desirable, expedient for implementing the above resolution and to resolve any question or difficulty which may arise in relation thereto, or otherwise considered by the Board of Directors."

By order of the Board

Place : Chandigarh

Date : 28-7-2005

Niraj Sehgal
Company Secretary

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 Members and shares transfer books of the company will remain closed from 16th September 2005 to 30th September 2005.
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.

EXPLANATORY STATEMENT

Item no. 6

Sh. J.S. Cheema aged 48 years has been appointed as Additional Director of the Company on 30th October 2004. He is Bachelor of Engineering in Mechanical from Panjab University and ANSI in Sugar Engg from National Sugar Institute Kanpur. He has already worked with Federation of Cooprative Sugar Mills, Punjab for Seven years, Bhagwanpura Sugar mills for two years, Mukerian Sugar Mills for three years and has been associated with the Company from 1995 in various capacities. He has extensive experience in commissioning and running of Sugar mills.

Your Directors therefore recommend this resolution for your approval

None of the Directors except Sh. J.S. Cheema is interested in this resolution

Item no. 7

Sh. Harvinder Chopra, aged 44 years Executive Director of the Company, whose term has matured on 1.4.2005 as Executive Director of the Company. Sh Harvinder Chopra is a Chartered Accountant and is having wide experience in Finance, Accounts, Administration and other fields. He brings with him more than two decades experience in the above captioned spheres. He has been managing the affairs of the company from the start of the Mill. He is also Director of Victor Textiles Ltd., K.N. Land Development & Leasing Ltd. & Piccadilly Sugar and Allied Industries Ltd. His appointment for a period of three years will be beneficial and in the interest of the Company.

None of the Directors except Sh. Harvinder Chopra is interested in the resolution.

Item No 8 & 9

The Company is in the process of establishing the Co-Generation Power Project & Ethanol project with the total cost of Rs. 6500 lacs (approx). at Village Bhadson, Umri-Indri Road, Teh. Indri, Distt Karnal, Haryana. The terms & conditions for availing such financial assistance may provide the borrowing of the requisite amount under clause 293(1)(d) of the Companies Act 1956. The company will make an application for financial assistance bridge loans from Banks / Financial Institution, Sugar Development Fund (SDF) etc for availing Rs. 6500 Lacs (approx). for setting up abovementioned projects. The terms & conditions for availing the said financial assistance inter alia may provide for the creation of the security by way of mortgage/charge on immovable properties by way of hypothecation movable assets of the company or mortgage of fixed assets in favour of lenders. The creation of mortgage/charge requires approval of the members under section 293(1)(a) & 293 (1) (d) of the Companies Act, 1956 for creating the charge on all or any part of the assets of the Company.

None of the Director is concerned or interested in this resolution.

DIRECTOR'S REPORT**Dear Shareholders**

Your Directors have the pleasure in presenting their 11th Annual report together with Audited Accounts of the company for the year ended 31st March 2005.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	31 st March, 2005	31 st March, 2004
Sales & other Income	6913.36	6325.27
Profit before Interest & Depreciation	845.64	1031.56
Less: Interest	316.29	363.37
Depreciation	336.70	333.80
Profit before Tax	192.65	334.39

Review of the operations & Indian Sugar Industry.

The Mill commenced crushing operations for the season 2004-2005 on 2nd December, 2004 & closed on 19th April, 2005. The comparative operational results for the last two seasons are as follows:-

Particulars	Season 2004-2005	Season 2003-2004
Duration (Days)	138	141
Sugarcane Crushed (Quintals)	32,30,276	39,48,205
Recovery (%)	9.71	10.40
Sugar produced (Bags)	3,15,808	4,14,572

During the year the Mill operated for 138 days & crushed 32,30,276 quintals of Sugar Cane. The Mill could not achieve the target crushing due to large fluctuation in the cultivation of sugar cane in the entire country. After undergoing a long period of Sugar surplus & extremely low sugar prices, a well balanced sugar situation has emerged following a steep decline in the production of sugar in the previous year 2003-2004 to 140 lakh tones from the level of 201 lakh tones in 2002-2003. For the current year i.e. 2004-05 the estimated sugar production will be 125 lakh tones. As per the forecast of Indian Sugar Mills Association (ISMA) in the year 2005-2006 the production will rise to 175-182 lakh tonnes. The government has only fixed Statutory Minimum Price in respect of sugarcane & no other subsidies, operation of buffer stock, incentives on exports are provided.

The average price realization for the current year is Rs. 1652/- per quintal as compared to the price of Rs. 1314/- of last year.

Directors

Sh. Sham Sunder Sharma, Sh. Vinod Dada & Sh. Harvinder Chopra, Directors of the company retire by rotation and are eligible for the re-appointment. During the year Sh. J.S. Cheema was appointed as additional Director of the company.

Delisting of Shares

The shares of the company have been delisted from the following Stock Exchanges

- i) The Ludhiana Stock Exchange Association Ltd.
- ii) Delhi Stock Exchange Association Ltd.
- iii) Jaipur Stock Exchange Ltd.
- iv) Madras Stock Exchange Ltd.
- v) The Stock Exchange, Ahmedabad

The shares of the company are now only listed on The Stock Exchange- Mumbai (BSE)

Dividend

Your Directors express their inability to recommend dividend for the year ended 31st March, 2005.

Fixed Deposits

During the year company has not accepted any fixed deposits u/s 58-A of Companies Act, 1956.

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 reappointment. The Board recommends their reappointment as Statutory Auditors for the company for the year 2005-2006

Corporate Governance

The report on Corporate Governance is annexed as a part of this report.

Personnel

The particulars of employees, as per Section 217(2A) of Companies Act 1956 read with the Companies (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 energy, technology absorption and foreign earning and outgo is annexed and forms part of the report.

Director's Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Director's give hereunder the Director's responsibility statement relating to the Accounts of the company.

1. All the applicable Accounting standards have been followed in the preparation of the accompanying accounts.
2. 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 true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2005 and of the profit and 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 the 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 Accounts on going concern basis.

Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Suppliers, Customers, Farmers and all other concerned with the company during the year under review.

For Piccadily Agro Industries Limited

Place: - Chandigarh

(Siddhartha Vashishta)

(Raj Rani)

Dated: - 28-7-2005

Managing Director

Director

Annexure to the Directors Report for the year 2004-2005

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 2005

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 cane crushing per hour have been achieving quite appreciable. Some of the significant measures taken are:-
- 1) In order to increase profitability and minimize energy conservation 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 line juice 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:-

The company has commenced crushing operation w.e.f. 02/12/2004 and all the necessary steps have been taken by the company to conserve the energy at all the levels by optimum utilization.

		2004-2005	2003-2004
A	ELECTRICITY		
	Purchased		
	Unit	KWH	KWH
	Total Units	Nil	Nil
	Total Amount(Rs.)	Nil	Nil
	Rate per unit(Rs.)	Nil	Nil
B.	OWN GENERATION		
i)	Through Diesel Generator		
	Unit	KWH	KWH
	Total Unit	726751	608981
	Units per Litre of Diesel Oil	8.26	8.36
	Cost Per Unit(Rs.)	4.06	3.38
ii)	Through steam Turbine/Generator		
	Unit	KWH	KWH
	Total Units	10,429,280	15,501,336
	Units per Ton of fuel(Bagasse)		
	Cost per Unit(Rs.)	Steam produced by use of own bagasse	Steam produced 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		
	Sugar (Qtls)	338,000	509,000
	Electricity(Units)	33	32
	Other(Specify)	Nil	Nil
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 the manufacture of sugar.		
C.	FOREIGN EXCHANGE EARNING AND OUTGO		
	Foreign Exchange Earning	Nil	
	Foreign Exchange Outgo	Nil	

For Piccadily Agro Industries Limited

Place : Chandigarh
Dated : 28-7-2005

(Siddhartha Vashishta)
Managing Director

(Raj Rani)
Director

CORPORATE GOVERNANCE

Piccadilly Agro Industries Limited's, net objective is to create shareholders value by consistently practiced good corporate governance, values of transparency, professionalism and accountability. Our Corporate Governance policies recognize the accountability of the Board and the importance of its decisions to all our constituents including investors, employees bankers etc. The company's essential character and complexion are shaped by the very values of transparency, professionalism and accountability.

The non-executive Directors on our Board are highly qualified and experienced individuals, who are active participants in the decision making process and provide strategic guidance and objective judgment to the company.

1. (A) General Body Meeting

Location and time for last 3 Annual General Meetings:

Year	Meeting	Location	Date	Time
2002	AGM	Piccadilly Agro Industries Limited Village :Bhadson ,Umri-Indri Road, Tehsil Indri Distt Karnal, Haryana	Monday 30/09/2002	9.00 A.M.
2003	AGM	Piccadilly Agro Industries Limited Village :Bhadson ,Umri-Indri Road, Tehsil Indri Distt Karnal, Haryana	Tuesday 30/09/2003	11.00 A.M.
2004	AGM	Piccadilly Agro Industries Limited Village :Bhadson ,Umri-Indri Road, Tehsil Indri Distt Karnal, Haryana	Wednesday 29/09/2004	4.00 P.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

16th September to 30th September 2005.

(C) Dividend Payment Date

The company had not declared any dividend.

2. Means of Communication

The quarterly results are published in The Hindustan Times, Indian Express, Danik Tribune & Hari Bhoomi.

3. Board of Directors

The Board consists of Eight 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 name of the Directors are following:-

Name of Directors	Status
1. Sh. Sham Sunder Sharma	Promoter Director
2. Smt. Raj Rani	Promoter Director
3. Sh. Vinod Dada	Independent Director
4. Sh. Siddhartha Vashishta	Promoter Director
5. Sh. Harvinder Chopra	Independent Director
6. Sh. Kuldip Singh	Independent Director
7. Sh. Mahavir Singh	Nominee Director
8. Sh. J. S. Cheema	Independent Director