

15th Annual Report
2008-09

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**Piccadily Agro
Industries Limited**

BOARD OF DIRECTORS

Sh. Kartikeya Sharma, Director
Sh. Vinod Dada, Director
Sh. Harvinder Chopra, Executive Director
Sh. Akhil Dada, Director

AUDITOR

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

BANKER

Punjab National Bank

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. Harvinder Chopra
Sh. Vinod Dada
Sh. Akhil Dada

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NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of the company will be held on, Saturday, 26th September, 2009 at 4.00 P.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 2009 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. Akhil Dada who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Place: New Delhi
Dated 30.06.2009

By order of the Board
Sd/-
Nikhlesh Verma
Company Secretary

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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 2009 to 26th September 2009.
3. Shareholders are requested to advise the company immediately of any changes 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 A
6. Members desiring of any information as regards to accounts are requested to bring the same at an early date so as to enable the management to keep the inform

DIRECTOR'S REPORT

Dear Shareholders

Your Directors have the pleasure in presenting their 15th Annual Report together with Audited Accounts of the company for the year ended 31st March 2009.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	31 st March, 2009	31 st March, 2008
Total Income	14318.65	11792.81
(Increase)/Decrease of Stock in trade	2565.10	(297.39)
Profit before Interest & Depreciation	1932.01	861.71
Less : Interest	346.80	350.40
Depreciation	395.18	359.39
Profit before Tax	1190.04	151.92
Provision for Tax / Deferred Tax	288.62	32.80
Net Profit	901.42	119.12

Review of the operations

1) Sugar Mill

The Mill commenced crushing operations for the season 2008-2009 on 15.12.2008 & closed on 20.03.2009. The comparative operational results for the last two seasons are as follows:-

Particulars	Season 2008-09	Season 2007-08
Duration (Days)	96	129
Sugarcane Crushed (Quintals)	22,58,273	44,68,005
Recovery (%)	10.07	9.67
Sugar produced (Bags)	2,27,370	4,36,956

During the season, the mill operated for 96 days and crushed 22.58 Lacs Quintals of sugar cane. The Sugar Mill has produced 227370 bags of Sugar at an average recovery of 10.07%. The Company could not achieve the target of crushing due to inadequacy of sugarcane cultivation in the northern region of India.

The Sugar unit of the company has achieved turnover and other income of RS. 9517.65 lacs and earned a net profit of Rs. 360.40 lacs during the year.

2) Others

The distillery unit of the company has produced 28.67 lacs cases of Liquor. The products of the distillery are well accepted by the people and have become popular brands in the State of Haryana. The distillery unit has achieved a turnover & other income of Rs 4801.00 lacs & earned a net profit of Rs.541.02 lacs during the year.

Indian Sugar Industry

Our country is witnessing the progressive decline in the production of sugar cane. The following data gives the sugarcane production of our country for the past few years including the latest data for the current year.

Season (1 st Oct. to 30 th Sept.)	Sugar Cane Production (in Million Tonnes)	Sugar production (in Million Tonnes)
2006-07	356	28.40
2007-08	340	26.80
2008-09 (Estimated)	289	14.50

Source :- Indian Sugar Mills Association (ISMA)

The sugar production has also declined to the all time low level in the current season (2008-2009) at 14.50 million tones against the output of 26.8 million tones for the previous season 2007-2008.

Directors

Sh. Harvinder Chopra and Sh. Akhil Dada, Directors of the Company retires by rotation and are eligible for the re-appointment.

Dividend

Your Directors have not recommended any dividend on the equity shares for the year

Auditors

M/s. Jain & Associates, Chartered Accountant, Chandigarh, the Statutory Auditor of the Company, retiring at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their appointment as Statutory Auditors of the Company for the financial year 2009-10

Corporate Governance

Pursuant to clause 49 of the listing Agreement with the Stock Exchange Mumbai, 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 2009 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 Agro Industries Limited

Sd/-

Sd/-

Place: New Delhi

(Kartikeya Sharma)

(Harvinder Chopra)

Date : 30/6/2009

Director

Executive Director.

Annexure to the Directors Report for the year 2008-2009

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 2009

A. CONSERVATION OF ENERGY

- 1) As regard energy conservation your company is giving prime consideration for energy saving since beginning with the result, steam consumption and power consumption has been reduced considerably. The measures taken for this energy saving are as under :-
- The dampers of F.D. I.D. Fans of all boilers are under automation reducing the electric power considerably. Mill has also been taken fully in automation reducing the load on D.C. drive.
 - To reduce the steam consumption in boiling house, the boiling house system of juice boiling and pan boiling has been modified on latest technology.
 - The data achieved with regards to conservation of energy is furnished below:-

The company has commenced crushing operation w.e.f 15.12.2008 and all the necessary steps have been taken by the company to conserve the energy at all the levels by optimum utilization.

ELECTRICITY		2008-09	2007-08
Purchased Unit		KWH	KWH
Total Units		500312	Nil
Total Amount(Rs.)		2341462	Nil
Rate per unit(Rs.)		4.68	Nil
B. OWN GENERATION			
i) Through Diesel Generator			
Unit		KWH	KWH
Total Unit		294362	492348
Units per Litre of Diesel Oil		5.11	5.11
Cost Per Unit(Rs.)		6.38	5.93
ii) Through Steam Turbine			
Unit		KWH	KWH
Total Units		3651240	14337280
Units per Ton of fuel (Bagasse)		Steam produced by use of own bagasse	Steam produced by use of own bagasse
Cost per Unit (Rs.)			
2. Coal/Furnace Oil		N.A.	N.A.
3. Other		N.A.	N.A.
4. Consumption of Per Unit of Production			
Sugar (Qtls in lacs)		2.72	5.21
Other (No. of Cases in lacs)		28.67	21.34
Electricity(Units) Sugar		28.5	31.0
Electricity (Units) Other (cases)		0.63	0.61

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 Piccadilly Agro Industries Limited

Sd/-

Sd/-

(Kartikeya Sharma)

(Harvinder Chopra)

Director

Executive Director

Place : New Delhi

Date : 30-6-2009

Management Discussion and Analysis Report:

India is the largest consumer of sugar in the world with an average annual increase in demand of the order of about 8 lakh tones. For the current 11th plan period, with higher GDP growth, the rate of increase in the consumption of sugar is likely to be higher. The Planning Commission has after a study, come to the conclusion that demand for sugar would continue to rise at the compounded rate of 5.37% per annum. After applying the same growth rate of 5.37% at the end of 11th plan period i.e. in the year 2011-12, the total demand of sugar for domestic consumption in India, would reach a level of 290 lakh tones. To produce this amount of sugar, the requirement of sugar cane would be to the order of 455 million tones. To meet the additional requirement of cane, the area under sugar cane cultivation is required to be increased. This situation calls for a major change in the current practices of sugar cane cultivation and this requires large investment. It bears repetition therefore that beyond the promotional activities by the Sugar factories, Government may also lend its support to accelerate the pace of development activities.

In the recent past, some price increases of finished sugar have taken place but the cost of production has also increased due to high cane prices. Also the sugar production has declined to 14.50 million tones (estimated) - almost half the normal output. The price rise in case of sugar has been the minimal, as compared with various essential commodities.

The Government procures 10% of production of sugar as levy sugar for distribution to the BPL population through ration shops. This sugar is compulsorily requisitioned by the Government from the factories at a price about half the cost of production of sugar, thereby causes serious losses to Sugar industry. The levy price has been fixed at the statutory minimum prices (SMP) of cane fixed by Central Government, but the factories have to pay State advised prices (SAP) which is more than statutory minimum prices (SMP)

Source :- Indian Sugar Mills Association (ISMA)

Future prospects

The sugar output in India is likely to touch 14.5 million tones during the season of 2008-2009 as against the record production of 26.3 million tones of last season 2007-2008. The steep shortfall in the production of sugar has been mainly due to *area under sugarcane has been diverted to other crops and the industry suffered not only due to payment of high cane prices but also due to short duration of the crushing season and there is no nexus between the price of Sugar cane and the finished product sugar.*

In the recent past, some price increases have taken place but not without reason. As a matter of fact sugar cane prices have also increased in the Northern India. The cost of production of sugar has also increased.

Import of Sugar

Once the sugar production declines, then imports of sugar takes place to maintain adequate availability of sugar in the country. In such a situation, the Government has been importing white as well as Raw sugar. White sugar has been imported on duty free basis through Public sector companies like NAFED, STC, MMTC etc upto 10 Lakh tones until 1st August 2009. White sugar imports are around 40000 to 50000 tones.

Similarly raw sugar imports have also been permitted on duty free basis for the same period upto 1st August 2009. In regard to raw sugar, the total contracts which have been executed add upto nearly 3 million tones. Already about 1.5 to 2 million tones have arrived and the balance should arrive very shortly. Some more imports have also been made by traders. Raw sugar is converted into finished sugar by the sugar mills and refineries.

We hope that government of India may lay full emphasis on increasing the cultivation of sugar cane through incentives and will correct the shortcomings of Indian sugar policy.

Ethanol

In October 2007, the Cabinet Committee on Economic Affairs had approved 10 percent ethanol blending on a mandatory basis from October 2008 across the country, excluding J&K and the Northern Eastern States. The deadline however has lapsed and now only 5 percent blending is under implementation. The 5% blending was introduced in November 2007. The Petroleum Ministry has proposed a reduction in the customs duty on denatured alcohol and molasses from 7.5% to 5% to stabilize the 5 % blending in view of dip in the Sugarcane output.

Distillery

The Alcohol Industry in India can be divided into the following five categories .

1. Industrial Alcohol
2. Potable Alcohol.
3. Mixed Distilleries (Industrial Alcohol & Potable Alcohol)
4. Bottling Plants(Purchasing Alcohol and bottling alcoholic beverages)
5. Distilleries producing alcohol from substrates other than molasses.

Majority of distilleries are producing Alcohol from Sugar Cane Molasses and Grain. Alcohol industry is a State controlled and output & inputs are controlled by State Excise Departments. controls the distilleries in most of States. Alcohol industry is second largest source of revenue to the State Exchequers and the Industry turnover is Rs. 6000 Crores.

The Distillery of the company was commissioned in the year 2007 and since then it has been continuously improving the various grades of spirits ENA/RS. The company has ambitious plans to enter into Indian made Foreign Liquor (IMFL) Section by introducing its own brands in the market.

Out Look / Projection:

The company's projection on crushing of Sugarcane for the current crushing season 2009-10 is 25 lac quintals. Company has been making all out efforts to encourage & motivate the farmers to cultivate the crop of sugarcane by providing the guarantee for the cane loans, pesticides, seeds to the cane growers.

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.

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 current strength of the company is 70 and company engages the contract labour during off-season and in season.

CORPORATE GOVERNANCE

In compliance with the Corporate Governance requirements as stipulated in clause 49 of the Listing Agreement with the Stock Exchange Mumbai (BSE), 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 2009 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 better 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 four 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	Status
1. Sh. Kartikeya Sharma	Promoter Director
2. Sh. Vinod Dada	Independent Director
3. Sh. Harvinder Chopra	Professional Director
4. Sh. Akhil Dada	Independent 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	Attendances Particular		No. of other Directorship	Members of Committee
	Board Meeting	Last AGM		
Sh. Vinod Dada	5	Yes	-	4
Sh. Harvinder Chopra	5	Yes	4	3
Sh. Kartikeya Sharma	5	No	18	-
Sh. Akhil Dada	4	No	-	2