

12th Annual Report

2004~2005

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*Piccadily Sugar &
Allied Industries Ltd.*

piccadilly

PICCADILY Sugar and Allied Industries Ltd.

BOARD OF DIRECTORS

Sh. Sham Sunder Sharma, Executive Director
 Sh. Siddhartha Vashishta, Director
 Sh. J. S. Cheema, Wholetime Director
 Sh. Harvinder Chopra, Director (Finance)
 Sh. Ashok Kumar Sharma, Nominee Director (PSIDC)
 Sh. H. P. S. Mann, Director (Cane Development)

AUDITORS

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

AUDIT COMMITTEE

1. Sh. Sham Sunder Sharma
2. Sh. J. S. Cheema
3. Sh. H. P. S. Mann
4. Sh. Siddhartha Vashishta

REGISTERED OFFICE & FACTORIES

Jakhal Road, Patran,
 Distt. Patiala, Punjab

CORPORATE OFFICE

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

CONTENTS	PAGE NO.
Notice	1
Director's Report	2-4
Corporate Governance	5-7
Auditor's Report	8-10
Balance Sheet	11
Profit & Loss Account	12
Schedule to Accounts	13-17
Notes to Accounts	18-22
Balance Sheet Abstract &	23
General Business Profile	
Cash Flow Statement	24

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Share holders of the company will be held on Friday, 30th September, 2005 at 4.00 P.M. at the 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 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. H.P.S. Mann 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 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. J.S. Cheema be and is hereby appointed as Wholtime Director of the company for a period of two years from 30th October, 2004 on a monthly remuneration of Rs. 20,000 (Rupees Twenty Thousand Only) as a basic salary and a House Rent Allowance of Rs. 8,000 (Rupees Eight 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 Schedule 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."

By order of the Board

Place : Chandigarh

J S. Cheema

Date: 28/07/2005

Whole time 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 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 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 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. 5 Sh. J.S. Cheema aged 48 years has been appointed as Wholtime 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 Fedration of Cooperative Sugar Mills, Panjab for Seven years, Bhagwanpura Sugar mills for two years, Mukerian Sugar Mills for three years and has been associated with the Company since 2000 in various capacities. He has extensive experience in commissioning and running 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

DIRECTOR'S REPORT**Dear Shareholders**

Your directors have the pleasure in presenting their 12th 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	3087.42	1974.75
Profit before Interest & Depreciation	447.35	371.98
Less: Interest	146.79	140.50
Depreciation	170.27	164.33
Net Profit	130.29	67.15

Review of the operations & Indian Sugar Industry.

The Mill commenced crushing operations for the season 2004-2005 on 09/12/2004 & closed on 22/02/2005. The comparative operational results for the last two seasons are as follows:-

Particulars	Season 2004-2005	Season 2003-2004
Duration (Days)	76	82
Sugarcane Crushed (Quintals)	696440	959918
Recovery (Percent)	8.96	9.20
Sugar produced (Bags)	62274	89421

During the year the Mill operated for 76 days & crushed 696440 quintals of Sugar Cane. The Mill could not achieve the target crushing due to large fluctuation in the cultivation of sugarcane 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 the year 2002-2003. For the current year i.e. 2004-2005 the estimated sugar production will be 125 lakh tones. As per the forecast of Indian Sugar Mill Association (ISMA) in the year 2005-2006 the production will rise to 175-182 Lakh tones. The government has only fixed Statutory Minimum Price in respect of sugar cane & no other subsidies, operation of buffer stock, incentives on exports are provided.

Rehabilitation Scheme

The company has been declared as Sick industrial company with in the meaning of 'Clause O' of sub section 1 of section 3 of the Sick Industrial Companies (Special Provisions) Act 1985 vide order no 181/2001 dated 3.10.2002 and accordingly the draft rehabilitation proposal was submitted, which is under consideration. However company is regularly repaying Principal and interest to the Oriental Bank of Commerce as per the mutually agreed terms.

Distillery

During the year the company after making the successful trial runs has commenced commercial production of its distillery unit w.e.f 09.06.2004. The company has produced 2853198 bulk liters of Rectified spirit and also produced 833050 cases of Punjab Medium liquor (PML). The Distillery unit has achieved a turnover of Rs.1268.87 lacs and has earned a net profit of Rs. 1.83 Lacs

Directors

Sh. Harvinder Chopra & Sh. H.P.S. Mann, Directors of the company retire by rotation and are eligible for the re-appointment. During the year Sh. J.S. Cheema was appointed as wholetime Director of the company.

PICCADILY Sugar and Allied Industries Ltd.**piccadily****Delisting of Shares**

The shares of the company have been delisted from the Stock Exchanges namely : 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

Due to accumulated losses , 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 & Audit Report

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

The Sales tax amounting to Rs. 63.57 lacs and Cane Cess Rs. 69.73 lacs could not be deposited as the same is included in the proposal submitted to Hon'ble BIFR

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 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 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 preparations 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 Sugar & Allied Industries Limited

Place: - Chandigarh

J.S. Cheema

Harvinder Chopra

Dated: - 28-7-2005

Wholetime Director

Director-Finance

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. 09/12/2004 and all the necessary steps have been taken by the company to conserve the energy at all the levels by optimum utilization.

A	1. ELECTRICITY	2004-2005	2003-2004
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Purchased (Unit-KWH)

Total Units	904744	405254
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Total Amount(Rs.)	5964389	1943572
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Rate per unit(Rs.)	6.59	4.78
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B. OWN GENERATION

- i) **Through Diesel Generator (Unit-KWH)**

Total Unit	12107	6125
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Units per Litre of Diesel Oil	8.26	8.32
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Cost Per Unit(Rs.)	4.06	3.35
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- ii) **Through steam Turbine/Generator (Unit-KWH)**

Total Units	5112000	6846399
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Units per Ton of fuel(Bagasse)	Steam produced by	Steam produced by
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Cost per Unit(Rs.)	use of own bagasse	use of own bagasse
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2. Coal/Furnace Oil	N.A	N.A
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3. Other	N.A	N.A
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4. Consumption of Per Unit of Production

Sugar (Qtls)	62274	105000
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Electricity(Units)	89	69
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Distillery (Cases)	833050	-
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Electricity Units	1.96	-
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Other(Specify)	-	-
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C. 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.

D. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange Earning	Nil
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Foreign Exchange Outgo	Rs. 5.65 Lacs
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For Piccadilly Sugar & Allied Industries Limited

Place: - Chandigarh

Dated: - 28-7-2005

J.S. Cheema
Wholtime Director

Harvinder Chopra
Director-Finance

CORPORATE GOVERNANCE

Piccadilly Sugar & Allied 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. **General Body Meeting:** Location and time for last 3 Annual General Meetings:

Year	Meeting	Location	Date	Time
2002	AGM	At Registered Office	Monday 30/09/2002	4.00P.M
2003	AGM	At Registered Office	Tuesday 30/09/2003	4.00P.M
2004	AGM	At Registered Office	Wednesday 29/9/2004	10.00 A.M

No postal ballot 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 & Punjabi Tribune

3. **Board of Directors** The Board consists of Six 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 directors are following:-

Name of Directors	Status
1. Sh. Sham Sunder Sharma	Promoter Director
2. Sh. Siddhartha Vashishta	Promoter Director
3. Sh. Harvinder Chopra	Independent Director
4. Sh.H.P.S.Mann	Independent Director
5. Sh. Ashok Sharma	Nominee Director
6. Sh. J.S. Cheema	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 Board Meeting	Particular Last AGM	No. of other Directorship	Members of Committee
Sham Sunder Sharma	2	No	5	3
Sh. Siddhartha Vashishta	5	No	5	1
Sh. Harvinder Chopra	8	Yes	4	2
Sh. HPS Mann	5	Yes	-	1
Sh. Ashok Sharma	-	No	-	-
Sh. J.S. Cheema	7	Yes	1	2

During the period starting from 1.04.2004, Eight Board Meetings were held on 20th April 2004, 30th June 2004, 31st July 2004, 30th October 2004, 31st January 2005, 28th April 2005, 30th June 2005, 28th July 2005.

4. **Audit Committee** The Board of the company has constituted an Audit Committee of four Directors, Sh. Siddhartha Vashishta, Sh Sham Sunder Sharma, Sh J.S. Cheema and 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 any 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 292A 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 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 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 meeting was held on 29/06/2004, 29/10/2004, 29/01/2005.
5. **Listing on Stock Exchange.** The shares of the company are listed on The Stock Exchange, Mumbai. (BSE)
 6. **Stock Market Data** Rs. 17/2 was highest and lowest price of the share traded on The Stock Exchange, Mumbai (BSE) during the last 52 Weeks.
 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 Meetings were held.
 8. **Distribution of Shareholding :**

Promoters:	25.55%
Public	60.99%
PSIDC	13.46%
 9. Outstanding GDRs/ADRs warrants or convertible Instruments, conversion date and likely impact on equity. **N.A**
 10. **DISCLOSURES**
 - a) Disclosure on materially significant related party transaction i.e transactions of the company of material nature, with it promoters, directors or the management and their subsidiaries or relatives etc., that may have potential conflict with the interest of the company at large :
None of the transactions with any of the related Parties were in conflict with the interests of the company.
 - b) Details of non compliance by the company, penalties, stricture imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
No penalties, strictures were imposed on the company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.
 11. **Registrar for Demat & Transfer of Shares** Abhipra Capital Ltd., Ground Floor , Abhipra complex , Dilkhush Industrial Area, A-387, G T Karnal Road, Azadpur, Delhi-110033
 12. **Address for Correspondence** Piccadilly Sugar and Allied Industries Limited Jakhal Road, Patran, Distt. Patiala, Punjab
 13. **Plants Location** Piccadilly Sugar and Allied Industries Limited, Jakhal Road, Patran, Distt. Patiala, Punjab
 14. **Annual General Meeting Date, Time & Venue :** Friday, 30th Sept. 2005, at 4.00 P.M. Jakhal Road, Patran, Distt. Patiala Punjab

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Sugar Industry is the second largest agro based industry located in rural areas directly influencing 7.5% of the country's rural population besides about 0.5 million skilled & semi skilled workers, mostly from the rural areas. It has been the focal point for socio economic development by mobilizing rural resource, generating employment & higher income besides creating transport & communication facility. It is thus perceived to be a key component to improve rural economy and to restore the balancing & growth momentum of the agricultural sector.

Current Scenario : After successive four years of high sugar production, which reach its height in the year 2002-03 recording 201.5 lakh tones. The production during the previous year i.e. 2003-04 had dropped to 140 lakh