

14th ANNUAL Report

2006 - 07



**Piccadily SUGAR &
Allied INDUSTRIES Ltd.**

BOARD OF DIRECTORS

Sh. Harvinder Chopra, Director (Finance)
 Sh. D. K. Sharma, Wholetime Director
 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-A, Chandigarh

AUDIT COMMITTEE

1. Sh. Harvinder Chopra
2. Sh. H. P. S. Mann
3. Sh. D. K. Sharma

REGISTERED OFFICE & FACTORIES

Jakhai 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 14th Annual General Meeting of the Share holders of the company will be held on Saturday i.e. 29th September, 2007 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 2007 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. Ashok Sharma 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 & if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
"Resolved that Sh. D.K. Sharma who was appointed as Additional Director u/s 260 of the Companies Act, 1956 and who holds office, upto the date of this Annual General Meeting and he 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 Director be and is hereby appointed as Director of the company liable to retire by rotation."
6. To consider & if thought fit to pass with or without modification the following resolution as a special resolution:
"Resolved that in accordance with the provisions of sections 198, 269, 309 and read with Schedule XIII and other applicable provisions if any, of the Companies Act 1956, or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Sh. D.K. Sharma as a Whole time Director of the company for a period of three years with effect from 30th October 2006 on a monthly remuneration of Rs. 20,000 (Rupees Twenty Thousand Only) as a basic salary and a House Rent Allowance of Rs. 10,000 (Rupees Ten Thousand Only) per month and other terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting, with a liberty to the Board of Directors (hereinafter referred to as " the Board " which term shall include any committee of the Board constituted to exercise its powers ,including the powers conferred by this resolution) to alter and vary the terms and conditions and/or remuneration , including increase in salary subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.
Further resolved that the Board be & is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution"

By order of the Board
Piccadily Sugar & Allied Industries Limited

Sd/-

Place: Delhi
Date: 31-07-2007

HPS Mann
Director (Cane)

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 share transfer books of the company will remain closed from 16th September 2007 to 30th September 2007.
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 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. D.K Sharma, aged 42 years, is a young and energetic officer of the company. He has been successfully looking after the affairs of Sugar Mill particularly Sugar Cane & Accounts Deptt. and in various other capacities. The Board has appointed Sh. D.K Sharma as Additional Director & Wholetime Director of the Company w.e.f. 30.10.2006. The appointment of Sh. D.K Sharma will be beneficial and in the interest of the company

Item no. 6 Sh. D.K. Sharma, aged 42 years, is a young and energetic worker. He is a Commerce Graduate and has been successfully looking after the affairs of the company particularly Cane and Accounts department. The Board has appointed Sh. D.K. Sharma as Wholetime Director of the Company w.e.f. 30.10.2006 on a basic salary of Rs. 20000/- and Rs. 10000/- as House Rent Allowance on following Terms & Conditions:

The perquisite and allowances payable to the Wholetime Director shall include the House Maintenance Allowance together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, furnishing & repair, medical reimbursement; leave travel concession, club fee, medical insurance and such other perquisite / allowances within the ceiling of Section 198 & 309 of the Companies Act 1956 read with Schedule XIII thereto.

None of the Directors is interested in the resolution.

DIRECTOR'S REPORT**Dear Shareholders**

Your Directors have the pleasure in presenting their 14th Annual report together with Audited Accounts of the company for the year ended 31st March 2007.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	31 st March, 2007	31 st March, 2006
Sales & other Income	5774.94	3730.83
Increase/(decrease) of Stock in trade	895.52	1302.14
Profit before Interest & Depreciation	238.08	264.97
Less: Interest	227.53	190.18
Depreciation	205.37	182.16
(Loss) before tax	(194.82)	(107.37)
Provision for Tax	3.56	2.09
Net (Loss)	(198.38)	(109.46)

Review of the operations : Sugar Unit

The Mill commenced crushing operations for the season 2006-07 on 28-11-06 & closed on 28-03-2007. The comparative operational results for the last two seasons are as follows:-

Particulars	Season 2006-07	Season 2005-2006
Duration (Days)	121	130
Sugarcane Crushed (Quintals)	1895297	1432791
Recovery (Percent)	8.48	8.62
Sugar produced (Bags)	160852	123475

The mill crushed 18, 95,297 quintals of sugarcane as against the crushing of 14,32,791 quintals of the previous year. The mill has produced 1,60,852 bags of sugar against 1,23,475 bags of sugar of previous year. Further mill has produced 86671 qtls of molasses against 74434 of previous year.

Review of the operations : Distillery Unit

The unit has produced 1979711cases of Punjab medium Liquor and produced / purchased Rectified spirit 5961582 (Bulk Liters), Denature Spirit 255824 (Bulk Liters) & Extra Natural Alcohol 356718 (Bulk Liters) till 31st March 2007

Indian Sugar Industry

India is the largest producer of sugar in the world. Sugar output this year is expected about 27.5 million tonnes against 19.3 million tonnes last year i.e. an increase of 82 lakh tonnes in one single year.

The Pressure of higher production and stocks has led to a steep fall in prices by over 25%.

Currently, the Indian sugar industry pays the highest cane price in the world while realising the lowest sugar price.

Directors

During the year Sh. Sham Sunder Sharma, Sh. Siddhartha Vashishta & Shri J.S. Cheema have resigned from the Board of Directors of the company

Sh. Harvinder Chopra and Sh. Ashok Sharma, Directors of the Company retire by rotation and are eligible for the reappointment.

Dividend

Due to Losses, your directors express their inability to recommend dividend for the year ended 31st March 2007.

Auditors

M/s. Jain & Associates, Chartered Accountants, 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 recommend their appointment as Statutory Auditors of the Company for the year 2007-08.

Corporate Governance

The report on Corporate Governance is annexed as part of this 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 accounts.
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 2007 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 Piccadilly Sugar & Allied Industries Limited

Sd/-

Sd/-

Place: Delhi,

(D. K. Sharma)

(H.P.S. Mann)

Date: 31-07-2007

WholtimeDirector

Director (Cane)

Annexure to the Directors Report for the year 2006-2007

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 2007

A CONSERVATION OF ENERGY

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 quite appreciable. Some of the significant measures taken are:

In order to increase profitability and minimize energy consumption company has installed D.C motors which are highly energy efficient in place of conventional motors for driving the mills. High-pressure boilers, double effect pre- evaporator system along with vapor line juice heater and plate type heat exchangers were also maintained.

1) On account of above measures and their efficient working there is considerable saving of bagasse and energy during the financial year.

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

The company has commenced crushing operation w.e.f 28/11/2006 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		2006-2007	2005-2006
Purchased (Unit)		KWH	KWH
Total Units		1088930	1104721
Total Amount(Rs.)		5368427	5313859
Rate per unit(Rs:)		4.93	4.81
b. OWN GENERATION			
i) Through Diesel Generator (Unit)		KWH	KWH
Total Unit		161164	213350
Units per Litre of Diesel Oil		3.64	3.40
Cost Per Unit(Rs.)		8.09	8.60
ii) Through steam Turbine/Generator (Unit)		KWH	KWH
Total Units		8375350	5942600
Units per Ton of fuel(Bagasse)	Steam produced by		
Cost per Unit(Rs.)	use of own bagasse		Steam produced by
2. Coal/Furnace Oil		N.A	use of own bagasse
3. Other		N.A	N.A
4. Consumption of Per Unit of Production			
Sugar (Qtls)		167507	116820
Electricity(Units)		50	51
Distillery (Cases)		1979711	1308162
Electricity(Units)		0.63	1.00
Other(Specify)			
c. <u>Technology Absorption</u>			
i) <u>Research and Development</u>			
No research and development work has been carried out by the company, therefore there is no expenditure under this head.			
ii) <u>Technology Adaptation & Innovation.</u>			
The company has not imported any technology for its plant. The company is using well proved indigenous technology for the sugar.			
d. <u>FOREIGN EXCHANGE EARNING AND OUTGO</u>			
Foreign Exchange Earning		Nil	
Foreign Exchange Outgo		Nil	

For Piccadilly Sugar & Allied Industries Limited

Sd/-

Sd/-

Place: Delhi

(D. K. Sharma)

(H.P.S. Mann)

Date: 31-07-2007

WholetimeDirector

Director (Cane)

CORPORATE GOVERNANCE

Piccadilly Sugar & Allied Industries Limited's net objective is to create shareholders value by consistently practicing 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
2004	AGM	Piccadilly Sugar & Allied Industries Ltd. Jakhal Road, Patran, Distt. Patiala, Punjab	Wednesday 29/09/2004	10.00 AM
2005	AGM	Piccadilly Sugar & Allied Industries Ltd. Jakhal Road, Patran, Distt. Patiala, Punjab	Friday 30/09/2005	4.00 PM
2006	AGM	Piccadilly Sugar & Allied Industries Ltd. Jakhal Road, Patran, Distt. Patiala, Punjab	Saturday 30/09/2006	4.00 PM

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 2007.

(C) **Dividend Payment Date** The company has not declared any dividend

2. **Means of Communication** The quarterly results are published in The Hindustan Times, Indian Express, Punjabi Tribune & Chardi Kalan.

3. **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 directors are following:-

Name of Directors	Status
1. Sh. Harvinder Chopra	Independent Director
2. Sh.H.P.S.Mann	Independent Director
3. Sh. D. K. Sharma	Independent Director
4. 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 Board Meeting	Particulars Last AGM	No. of other Directorship	Members of Committee
Sh. Siddhartha Vashishta*	2	Yes	4	1
Sh. Harvinder Chopra	8	Yes	4	4
Sh. J.S. Cheema*	0	No	1	2
Sh. Sham Sunder Sharma*	1	No	5	1
Sh. D.K. Sharma	6	--	0	2
Sh. HPS Mann	8	Yes	0	4
Sh. Ashok Sharma	0	No	--	1

*Already resigned

During the period starting from July 2006 to July 2007, Eight Board Meeting were held on 31st July 2006, 30th October 2006, 10th January, 2007, 13th January 2007, 31st January 2007 22nd March 2007, 2nd May 2007 & 30th June 2007.

4. **Audit Committee** The Board of the company has constituted an Audit Committee of Three Directors, Sh. Harvinder Chopra, Sh. HPS Mann & Sh. D. K. Sharma. 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