

16th Annual Report

REPORTJUNCTION.COM 2008-09

**Piccadily SUGAR &
Allied INDUSTRIES Ltd.**

piccadilly**PICCADILY Sugar and Allied Industries Ltd.****BOARD OF DIRECTORS**

Sh. Harvinder Chopra, Director (Finance)
 Sh. Chander Sekhar Singh, (Wholetime Director)
 Sh. Ashok Kumar Sharma, Nominee Director (PSIDC)
 Sh. H. P. S. Mann, Director (Cane)

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. Chander Sekhar Singh

REGISTERED OFFICE & FACTORIES

Jakhal Road, Patran,
 Distt. Patiala, Punjab

CORPORATE OFFICE

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

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PICCADILY Sugar & Allied Industries Ltd.

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NOTICE

Notice is hereby given that the 16th Annual General Meeting of the Share holders of the company will be held on, Saturday, 26th September, 2009 at 10.30 A.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 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. 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 the following resolution as an ordinary resolution:
"Resolved that Sh. Chander Sekhar Singh who was appointed as an Additional Director u/s 260 of the Companies Act, 1956 and who holds office, up to the date of this Annual General Meeting and who 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 reenactment thereof, approval of the Company be and is hereby accorded to the appointment of Sh. Chander Sekhar Singh as a Whole time Director of the company for a period of two years with effect from 20th April 2009 on a monthly remuneration of Basic Pay Rs. 30000/-, House Rent Allowance Rs. 10000/-, Coveyance Allowance Rs. 10000/-, Medical Allowance Rs. 10000/-, Uniform Allowance Rs. 5000/-, Children Allowance Rs. 10000/- 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 reenactment thereof.
Further resolved that the Board be & is here by authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution"
7. To consider and if thought fit to pass with or without modification the following resolution as a special resolution:
"Resolved that pursuant to provisions of section 314 of Companies Act 1956 & other applicable provisions, if any, Company hereby consents for the appointment of M/s Harvinder & Associates, Chartered Accountants with effect from 30/06/2009, a firm in which Sh. Harvinder Chopra, Director finance of the company, is a partner to hold office in the company as Internal Auditors and advisor on accounts, finance and other matters upon the following terms & conditions:
 - 1) The said firm shall attend to such matters as may be assigned to it by the company from time to time.
 - 2) The company shall pay to the said firm the remuneration not exceeding Rs. 15000/- (Rupees Fifteen Thousand only) per month exclusive of all out of pocket expenses.
 - 3) The arrangement shall be in force for a period of three years subject to termination by either party by one-month notice in writing to the other.

Further resolved that Board of Directors be and is hereby authorized to accept on behalf of the company any revision, modification for variation in terms & conditions (including the enhancement of remuneration) of the appointment resolved hereinabove."

By order of the Board

Place: New Delhi

Dated 30-06-2009

Sd/-

Chander Sekhar Singh
(Wholetime 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 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 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.

Annexure to the Notice :- Explanatory Statement pursuant to Section 173(2) of The Companies Act, 1956**Item no. 5 & 6**

Sh. Chander Sekhar Singh, aged 53 years, is a B.Sc. ANSI, Sugar Technologist from A.N.S.I. Kanpur in year 1981 having 28 years in Sugar industry has been appointed as Additional Director & Whole time Director by the Board of Directors in its meeting held on 20/04/2009. He has worked in the various capacities like Manufacturing Chemist, Chief Chemist, Works Manager, and General Manager. Sh. Chander Sekhar Singh has got expert knowledge in the fields of optimum cane crushing capacity utilization with efficient control of Process losses, fuel & power management, conservation of raw water with zero effluent discharge. He has got the capability for building and maintaining man power management & exposure to project work related to the designing, erection and successful commissioning of the sugar plant equipments as well as rehabilitation, modernization and expansion of existing plant and machinery. He has also knowledge of Ethanol Production directly from Cane Juice, import of raw sugar and processing in the existing plant to direct white Consumption sugar or conversion of raw sugar in refine sugar. His previous employment is with M/s Tirupate Sugar Mills Ltd., Bagha. as General Manager (Technical). The perquisite and allowances payable to the Whole time Director shall include the allowances for utilization of gas, electricity, water, furnishing & repair, 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 except Sh Chander Sekhar Singh .

Item no.7:

M/s Harvinder & Associates are Chartered Accountants to conduct internal audit and to provide consultancy on Finance and Accounts. This resolution will enable the company to engage the services of the said firm. The proposed Special resolution is intended to obtain the approval of the company u/s 314 of the Companies Act, 1956, in respect of the said firm to hold office of profit in the company.

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

The Directors recommend the special resolution for your approval.

DIRECTOR'S REPORT

Dear Share Holders,

Your Directors have the pleasure in presenting their 16th Annual Report together with Audited Accounts of the Company for the year ended 31st March '09.

FINANCIAL RESULTS :

(Rs. In lacs)

Particulars	31 st March '09	31 st March '08
Total Income	3958.69	6824.74
Increase/(decrease) of Stock in trade	(1116.75)	(1026.80)
Profit before Interest & Depreciation	294.32	350.96
Less : Interest	102.04	184.28
Depreciation	230.26	228.75
(Loss) before Tax	(37.98)	(62.07)
Provision for Tax	2.50	2.20
Net Loss	(40.48)	(64.27)

Review of the operations of Sugar Mill

The mill commenced crushing operations for the season 2008-09 on 29/1/2009 and closed on 14/02/2009. The mill crushed 34385.15 quintals of sugarcane and has produced 1640 bags of sugar. The Crushing was low due to inadequate supply of sugar cane.

During the company has taken necessary permission from the State Excise Department to make alcohol directly from cane juice and also transferred to the distillery unit 0.35 lac quintals cane juice amounting to Rs 56.74 lacs

The sugar Mill has recorded a turnover of Rs.1303.07 Lacs & incurred a Loss of Rs.282.93 Lacs during the year

Review of the operations of Distillery

The unit has produced 1074736 cases of Punjab medium Liquor and produced / purchased Rectified spirit 3105551 (Bulk Liters), Denature Spirit 58981 (Bulk Liters) & Extra Natural Alcohol 140000 (Bulk Liters) till 31st March 2009.

The unit has recorded a turnover of 3191.12 Lacs and earned a profit of Rs.242.45 lacs

Rehabilitation Scheme

The Company was declared as Sick industrial company within meaning of clause "O" of sub section 1 of the section 3 of the Sick Industrial Companies (Special Provisions) Act 1985. The Company has entered into One Time Settlement with State Bank of Patiala for its dues and payment of principle as well as interest is being made regularly as per settlement.

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 (Estimated)	14.50

• Source :- Indian Sugar Mills Association (ISMA)

The sugar production has also declined to the all time low level in the recent years at 14.5 million tones against the output of 26.8 million tones for the season 2007-08.

Directors

Sh. Harvinder Chopra & 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 2009

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 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 Piccadilly Sugar & Allied Industries Limited

Sd/-

Sd/-

Place : New Delhi

Chander Sekhar Singh

HPS Mann

Date : 30.06.2009

(Wholetime Director)

(Director Cane)

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

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 29.01.09 and all the necessary steps have been taken by the company to conserve the energy at all the levels by optimum utilization.

		2008-2009	2007-2008
1	ELECTRICITY		
A	Purchased		
	Unit KWH	KWH	KWH
	Total Units	772786	1006165
	Total Amount(Rs.)	3230162	4522730
	Rate per unit(Rs.)	4.18	4.50
B.	OWN GENERATION		
	i) Through Diesel Generator		
	Unit	KWH	KWH
	Total Unit	458784	612839
	Units per Litre of Diesel Oil	4.00	3.52
	Cost Per Unit (Rs.)	7.99	8.38
	ii) Through stream Turbine/Generator		
	Unit	KWH	KWH
	Total Units	824000	14337280
	Units per Ton of fuel(Bagasse)	Steam produced	Steam produced
	Cost per Unit(Rs.)	by use of own	by use of own
		bagasse	bagasse
2.	Coal/Furnance Oil	N.A	N.A
3.	Other	N.A	N.A
4.	Consumption of Per Unit of Production		
	Sugar (Qtls)	13900	155940
	Electricity(Units)	59.28	50.16
	Distillery Boxes	1074736	1070140
	Rectified Spirit (in' BL)	3105551	5674085
	Electricity(Units) (in cases)	1.15	1.49
	Electricity(Units) Rectified Spirit (in BL)	0.40	0.28

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- B. Technology Absorption
- Research and Development
No research and development work has been carried out by the company therefore; there is no expenditure under this head.
 - Technology Adaptation & Innovation.
The Company has imported technology for setting up of Bio-Gas plant for M/s Aqua Techno Asia Company, Thailand.
2. Foreign Exchange Earning and Outgo
- | | |
|--------------------------|-----|
| Foreign Exchange Earning | Nil |
| Foreign Exchange Outgo | Nil |
- For Piccadily Sugar & Allied Industries Limited
Sd/- Sd/-
Chander Sekhar Singh HPS Mann)
(Wholetime Director) (Director Cane)
- Place : New Delhi
Date : 30-06-2009

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 14.5 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 26.8 million tones of last crushing 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 2004 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)

Out Look / Projection:

The company's projection on crushing of Sugarcane for the current year 2009-10 is 15 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 93 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 find 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	Nature
1	Sh. Chander Sekhar Singh	Independent Director
2	Sh. Harvinder Chopra	Professional Director
3	Sh. H.P.S. Mann	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 Particulars		No. of other Directorship	Member of Committee
	Board Meeting	Last AGM		
Sh. D.K. Sharma*	4	Yes	1	1
Sh. Harvinder Chopra	6	Yes	-	1
Sh.H.P.S. Mann	6	Yes	4	4
Sh. Ashok Sharma	-	No	-	1
Sh. Chander Sekhar Singh	2			3

* Resigned from the board of directors w.e.f. 20/4/2009