

17th Annual Report

2009-2010

Piccadily Sugar & Allied Industries Limited

piccadily

BOARD OF DIRECTORS

Sh. Kartikeya Sharma, Director
 Sh. Harvinder Chopra, Independent Director
 Sh. H.P.S. Mann, Independent Director
 Sh. Ashok Sharma, Nominee Director
 Sh. Chander Sekhar Singh, Wholetime Director
 Sh. N.P. Gupta, Special Director (BIFR)

AUDITORS

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

AUDIT COMMITTEE

1. Sh. Chander Sekhar Singh, Wholetime Director
2. Sh. Harvinder Chopra, Independent Director
3. Sh. H.P.S. Mann, Independent Director

REGISTERED OFFICE & FACTORIES

Jakhai Road, Patran,
 Distt. Patiala, Punjab

CORPORATE OFFICE

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

CONTENT'S	PAGE NO.
Notice	1-2
Director's Report	3-5
Management Discussion and Analysis Report	6
Corporate Governance	7-10
Auditor's Report.....	11-13
Balance Sheet.....	14
Profit & Loss Account	15
Schedule to Accounts	16-20
Notes to Accounts	21-25
Balance Sheet Abstract & General Business Profile.....	26
Cash Flow Statement	27-28

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the share holders of the company will be held on, Thursday, 23rd September, 2010 at 10.30 A.M. at 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 2010 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. Chander Sekhar Singh, 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 an ordinary resolution:
"Resolved that Sh. Kartikeya Sharma 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 Directors be and is hereby appointed as Director of the company liable to retire by rotation."
6. To consider and if thought fit to pass with or without modification the following resolution as a special resolution:
"Resolved that the Board of Directors of the company be & is hereby authorized to implement various relief & concessions for rehabilitation as provided to the company in the sanctioned scheme by Hon'able Board for Industrial & Financial Reconstruction (BIFR), New Delhi vide its order dated 1/4/2010 ."

By order of the Board

Sd/-

Nikhlesh Verma

(Company Secretary)

Place: New Delhi

Dated 29.05.2010

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 2010 to 23rd September 2010.
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 PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 5

Sh. Kartikeya Sharma, aged 30 years, is a graduate, has been appointed as Additional Director by the Board of Directors in its meeting held on 29/5/2010. He has worked in the various capacities and has got the capability for building and maintaining man power management & exposure to project work related to the designing, erection and successful commissioning of five Star Hotel, T.V. Channels, Real estate. Further he has been looking after & controlling the day to day activities of sugar mill, distillery & hotels etc

The appointment of Sh. Kartikeya Sharma will be beneficial and in the interest of the company.

Item no. 6

Hon'ble Board for Industrial & Financial reconstruction (BIFR) vide its order dated 1/4/2010 has sanctioned a scheme for the revival of the company. Various relief & concessions have been granted to the company in respect of reduction of paid up Share Capital to the tune of 50 %, refund of sales tax & waiver of penalty & interest on sales tax, waiver of cane cess dues, waiver of surcharge on Electricity Charges, exemption for the applicability of various provisions of Income tax Act 1961 & Loans from Sugar Development Fund, New Delhi for sugar cane development in the command area of mill etc.

DIRECTOR'S REPORT

Dear Share Holders,

Your Directors have the pleasure in presenting their 17th Annual Report together with Audited Accounts of the Company for the year ended 31st March 2010

FINANCIAL RESULTS:

Particulars	(Rs. In lacs)	
	31st March '10	31st March '09
Total Income	2989.95	3958.69
Increase/(decrease) of Stock in trade	37.95	(1116.75)
Profit before Interest & Depreciation	578.49	294.32
Less : Interest	68.68	102.04
Depreciation	241.86	230.26
Profit / (Loss) before Tax	268.15	(37.98)
Provision for Tax	0.00	2.50
Net Profit / (Loss)	268.15	(40.48)

Review of the operations of Sugar Mill

The Sugar Mill did not commence the crushing operations during the season 2009-2010 due to non availability of sugar cane & adverse conditions prevailing in the entire state of Punjab. The farmers of the Punjab have diverted to other crops like wheat, rice etc as sugar cane is 12 months crop. This has resulted in lower availability of sugar cane which has led to steep increase in the purchase price of the sugar cane & decline in the capacity utilization of the sugar mills.

The sugar Mill has recorded a turnover of Rs.5.5 Lacs & incurred a Loss of Rs.278.50 Lacs during the year.

Review of the operations of Distillery

The unit has produced 1010497 cases of Punjab Medium Liquor and produced/purchased Rectified Spirit (RS) & Extra Natural Alcohol (ENA) 2900187 (Bulk Liters), Denature Spirit 43659 (Bulk Liters) till 31st March 2010.

The unit has recorded a turnover of 3667.06 Lacs and earned a profit of Rs.546.65 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. Company had entered into One Time Settlement with State Bank of Patiala for its dues and has already made the payment of entire dues as per settlement.

The Hon' able Board for Industrial & Financial Reconstruction, (BIFR) New Delhi has also approved the Scheme for the rehabilitation of the company on 1/4/2010 and one of the remedial measures envisages 50% reduction in the paid up capital, as a result of this the value of each equity share of Rs 10/- will be reduced to Rs.5/- whereafter two equity shares of Rs 5/- each shall be consolidated into one Equity Share of Rs 10/-. Hence new shares in the ratio of 1 share for every 2 shares held by a shareholder are being issued by the company.

Indian Sugar Industry

The sugar output in India, which was 26 million tones in 2007-2008, declined to 14.7 million tones in 2008-2009 and the production for the current crushing year is estimated at about 16.0 million tones.

Indian Sugar Mills Association (ISMA) has projected an output of sugar to 25 million tones for the crushing season 2010-2011.

Directors

Sh. Chander Sekhar Singh and Sh. HPS Mann, Directors of the Company retire by rotation and are eligible for the

reappointment.

During the year The Hon'able Board for Industrial & Financial Reconstruction (BIFR), New Delhi has appointed Sh. N.P. Gupta as its Special Director on the Board of Directors of the company.

During the year Sh. Kartikeya Sharma was appointed as Additional director of the company.

Dividend

Due to Losses, your directors express their inability to recommend dividend for the year ended 31st March 2010.

Auditors

M/s. Jain & Associates, Chartered Accountant, Chandigarh, the Statutory Auditor's 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 2010-11.

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 2010 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 Sugar & Allied Industries Limited

Sd/-

(Chander Sekhar Singh)
Wholetime Director

Sd/-

(HPS Mann)
Director (Cane).

Place : New Delhi
Date : 29.05.2010

ANNEXURE TO THE DIRECTORS REPORT FOR THE YEAR 2009-2010

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 2010

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 consumption 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:-
All the necessary steps have been taken by the company to conserve the energy at all the levels by optimum utilization.

1	ELECTRICITY	2009-10	2008-09
A	Purchased		
	Unit	KWH	KWH
	Total Units	547733	772786
	Total Amount(Rs.)	2700322	3230162
	Rate per unit(Rs.)	4.93	4.18
B.	OWN GENERATION		
	i) Through Diesel Generator		
	Unit	KWH	KWH
	Total Unit	213592	458784
	Units per Liter of Diesel Oil	4.04	4.00
	Cost Per Unit (Rs.)	8.07	7.99
	ii) Through stream Turbine/Generator		
	Unit	KWH	KWH
	Total Units	000	824000
	Units per Ton of fuel(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)	0.00	13900
	Electricity (Units)	0.00	59.28
	Distillery (cases)	1010797	1074736
	Rectified Spirit / ENA in BL	1338187	3105551
	Electricity(Units) in cases	0.75	1.15
	Other(Specify) Rectified Spirit /ENA (in BL)	-0.57	0.40

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 imported technology for its Bio Methenation plant. The company is also using well-proved indigenous technology for sugar & Punjab Medium Liquour.

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange Earning:
Foreign Exchange Outgo:

Nil
Rs.3.46 Lacs

For Piccadily Sugar & Allied Industries Limited

Place : New Delhi
Date : 29.05.2010

Sd/-
(Chander Sekhar Singh)
Wholetime Director

Sd/-
(HPS Mann)
Director (Cane).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

With a favorable climate and more area sown for sugarcane, the Indian Sugar Mills Association (ISMA) has estimated production for the season 2010-2011 around 25 million tones against the consumption of 23 million tones. The sugar season 2009-2010 commenced with an opening stock of about 4 million tones against 10 million tones of 2008-2009, whereas estimated production was slightly higher at 16 million tones against 14.7 million tones of previous year. The supply & demand gap however, increased substantially to about 6 million tones on account of low carry forward stocks at the beginning of season. The government relaxed the import policy to facilitate import of sugar to meet the supply demand gap by permitting the imports at nil duty, free from levy obligation, and freedom from regulation of release as well as stock limits, denying the domestic industry all benefits. The bulk consumers who account for more than 60 % of total consumption in the country were virtually directed by the government to source their supply of raw material through imports. As a result the domestic industry lost its major customer and also faced competition with imported sugar which is not only duty free but is also free from regulations.

Imports of Sugar

Our country imported about 7 million tones of sugar in 2008-09 and 2009-10 seasons of which 6 million tones is by way of raw sugar and the balance one million tones as white sugar by the imported trade at very high prices and consequently domestic industry also paid much higher cane price.

Prices of Sugar

While the stock position continues to remain tight there has been a sharp correction in the sugar prices since the peaks seen in early this year around Rs 40000/- per tonne which had fallen to Rs.28000/- in the month of April 2010, while the cost of production is around Rs 34000/- per tonne.

Decontrol of Sugar Industry

Sugar is one of the most controlled industries in India. Attempts to decontrol sugar were made in 1971-72 and again in 1978-79 only to be rolled back. It is once again Government of India initiated reform process for decontrol of sugar. The main areas of control are:

1. Allocation of cane area: This purely discretionary power of the State governments. The allocation of cane area becomes more ad hoc when two factories vie for the same area. There is no predictable policy guideline.
2. Restrictions on setting up new factories: There are clear guidelines on the distance between two factories, irrespective of productivity and area under sugarcane.
3. Statutory Minimum price: The cane price is fixed through Fair & Reasonable Price (FRP) and State Advised Price (SAP).
4. Restrictions on sale of sugar: Sugar is being sold by factories on the basis of release orders issued monthly (recently weekly) by the sugar Directorate, Government of India.
5. Levy Sugar: A certain percentage of production in each sugar mill is allocated as levy sugar. This year it is 20% on production of sugar by a Mill. Recently Government of India has announced that it will prepare a proposal for the sugar sector decontrol and the same will be placed before the Ministers of cabinet in the next three months.

Future prospects

Indian Sugar Mills Association (ISMA) has earlier forecasted 23 million tones for 2010-11 has been revised to 25 million tones due to better yield of sugarcane. Output of sugar cane which was 274 metric tones for year 2009-10 has been estimated 300 metric tones for the year 2010-2011. This will reduce the demand & supply gap following an increase in sugar production from 14.5 mt 2008-2009.

Ethanol

Presently 5 % is permitted by Government of India and Group of Ministers endorsed a price of 27 per liter last month. The price is to be notified.

Distillery

The Distillery of the company was commissioned in the year 2004 and since then it has been continuously improving the various grades of spirits Extra Natural Alcohol/Rectified Spirit. The company has ambitious plans to enter into Indian made Foreign Liquor (IMFL) Section by introducing its own brands names in the market.

The company has already constructed one big lagoon along with two small lagoons for spent wash and later on to be converted into bio compost. Further the company is installing Evaporator plant, to provide clean water for irrigation & remaining residue will be used for Biocompost.

A letter of Intent (LOI) has been issued to the company by the Deptt of Excise & Taxation, Haryana for setting up of a distillery in state of Haryana.

Out Look / Projection:

The company's projection's on crushing of Sugarcane for the current year 2010-2011 is on the basis of cane availability of sugarcane. The company will supply the entire quota of Punjab Medium Liquor allotted to its distillery and is making all efforts for the lifting of open quota by providing incentives to the distributors.

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 diabetes 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 31 and company engages the contract labour during off-season and in season.

CORPORATE GOVERNANCE REPORT

In compliance with the Corporate Governance requirements as stipulated in clause 49 of the Listing Agreement with the Stock Exchange, 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 2010 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 corporate social responsibility would help the company achieve its goal of maximizing value of its stakeholders.

2. 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 director are following: -

	Name of Directors	Nature
1	Sh. Chander Sekhar Singh	Independent Director
2	Sh. Harvinder Chopra	Independent Director
3	Sh.H.P.S. Mann	Independent Director
4	Sh. Ashok Sharma	Nominee Director
5	Sh Kartikeya Sharma	Director
6	Sh. N.P. Gupta	Special Director (BIFR)

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. Harvinder Chopra	5	Yes	7	1
Sh. H.P.S. Mann	5	Yes	-	4
Sh. Ashok Sharma	-	No	-	1
Sh. Chander Sekhar Singh	5	Yes	-	3
Sh. N. P. Gupta	-	-	-	-
Sh. Kartikeya Sharma*	-	-	14	-

*Joined the Board of Directors on 29/05/2010