

19TH ANNUAL REPORT

BOARD OF DIRECTORS

Shri. K. S. Narayana Murthy, Chairman

Shri. H. V. S. Murthy, Managing Director

Shri. J. S. Narayana Murthy, Director

Shri. K. S. Narayana Murthy, Director

Shri. K. S. Narayana Murthy, Director

Shri. K. S. Narayana Murthy, Director

AUDITORS

M/s. Jain & Associates

602, 8th Floor, Sector 29-A, Gurgaon

AUDIT COMMITTEE

1. Shri. K. S. Narayana Murthy, Chairman

2. Shri. H. V. S. Murthy, Managing Director

3. Shri. J. S. Narayana Murthy, Director

4. Shri. K. S. Narayana Murthy, Director

5. Shri. K. S. Narayana Murthy, Director

6. Shri. K. S. Narayana Murthy, Director

7. Shri. K. S. Narayana Murthy, Director

8. Shri. K. S. Narayana Murthy, Director

9. Shri. K. S. Narayana Murthy, Director

10. Shri. K. S. Narayana Murthy, Director

11. Shri. K. S. Narayana Murthy, Director

12. Shri. K. S. Narayana Murthy, Director

13. Shri. K. S. Narayana Murthy, Director

14. Shri. K. S. Narayana Murthy, Director

15. Shri. K. S. Narayana Murthy, Director

16. Shri. K. S. Narayana Murthy, Director

17. Shri. K. S. Narayana Murthy, Director

18. Shri. K. S. Narayana Murthy, Director

19. Shri. K. S. Narayana Murthy, Director

20. Shri. K. S. Narayana Murthy, Director

21. Shri. K. S. Narayana Murthy, Director

22. Shri. K. S. Narayana Murthy, Director

23. Shri. K. S. Narayana Murthy, Director

24. Shri. K. S. Narayana Murthy, Director

25. Shri. K. S. Narayana Murthy, Director

26. Shri. K. S. Narayana Murthy, Director

27. Shri. K. S. Narayana Murthy, Director

28. Shri. K. S. Narayana Murthy, Director

29. Shri. K. S. Narayana Murthy, Director

30. Shri. K. S. Narayana Murthy, Director

31. Shri. K. S. Narayana Murthy, Director

32. Shri. K. S. Narayana Murthy, Director

33. Shri. K. S. Narayana Murthy, Director

34. Shri. K. S. Narayana Murthy, Director

35. Shri. K. S. Narayana Murthy, Director

36. Shri. K. S. Narayana Murthy, Director

37. Shri. K. S. Narayana Murthy, Director

38. Shri. K. S. Narayana Murthy, Director

39. Shri. K. S. Narayana Murthy, Director

40. Shri. K. S. Narayana Murthy, Director

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Piccadily Sugar & Allied Industries Ltd.

BOARD OF DIRECTORS

Sh Kartikeya Sharma, Director
Sh. Harvinder Chopra, Director (Finance)
Sh. Jai Parkash Kaushik, Director
Sh. Ashok Sharma, Nominee Director
Sh. Devinder Sharma, Wholetime Director

AUDITORS

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

AUDIT COMMITTEE

1. Sh. Devinder Sharma, Wholetime Director
2. Sh. Harvinder Chopra, Director (Finance)
3. Sh. Jai Parkash Kaushik, Director

REGISTERED OFFICE & FACTORIES

Jakhal 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 19th Annual General Meeting of the Share holders of the company will be held on, Saturday 29th September, 2012 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 2012 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. Devinder Sharma, who retires by rotation and being eligible offers himself for re-appointment
- 3) To appoint a Director in place of Sh. Kartikeya 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 and if thought fit to pass with or without modification the following resolution as an ordinary resolution:
"Resolved that Sh. Jai Parkash Kaushik who was appointed as an Additional Director with effect from 12/11/2011 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 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 30/06/2012, 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

Sd/-

Place: New Delhi

Dated 14/08/2012

Nikhilesh Verma

(Company Secretary)

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. 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.**
2. The Register of Members and shares transfer books of the company will remain closed from 22nd September 2012 to 30th September 2012.
3. Shareholders are requested to advise the company immediately of any changes in their address.
4. Members are requested to bring at the meeting their copies of the Annual Report.
5. 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.
6. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their depository participants with whom they are maintaining demat accounts. Members holding shares in physical form are requested to advise any change of address to the Company/Registrar and Share Transfer Agent.

ANNEXURE TO THE NOTICE- EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 5

The Board of Directors of the company at its meeting held on 12/11/2011, has appointed Sh. Jai Parkash Kaushik, as Director of the Company

Sh. Jai Parkash Kaushik, who is 62 year old is a Retired IAS officer and is having experience of more than 30 years in Project implementation, administration etc . During his tenure as IAS officer he was looking after affairs of many cooperative sugar Mills i.e. Meham, Kaithal & Shahbad in the State of Haryana .

His last assignment was as Registrar Cooperative Societies Haryana & Chairman Group D Selection Committee of Haryana.

The Appointment of Sh. Jai Parkash Kaushik will be beneficial and in the interest of the company.

Item no.6:

M/s Harvinder & Associates, 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. Sh. Harvinder Chopra is a Partner in 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 19th Annual Report together with Audited Accounts of the Company for the year ended 31st March 2012

FINANCIAL RESULTS:**(Rs. In lacs)**

Particulars	31st March `12	31st March `11
Total Income	3513.19	2631.84
Increase/(decrease) of Stock in trade	75.47	26.63
Profit before Interest & Depreciation	894.43	562.88
Less : Interest	27.87	27.73
Depreciation	265.10	252.81
Profit / (Loss) before Tax	601.46	282.34
Net Profit	618.94	282.34

Review of the operations of Sugar Mill

During the year sugar mill of the company was Leased out for the crushing season 2010-11. Sugar Mill crushed 23552.66 quintals of sugarcane, and produced 1410 bags of sugar. The Mill also produced 2000 quintals of molasses.

Review of the operations of Distillery

The unit has produced 7,18,142 cases of Punjab medium Liquor (PML), 3719709 (Bulk Liters) of Extra Neutral Alcohol (ENA), and 172833 (Bulk Liters) Denature Spirit till 31st March 2012

The unit has recorded a turnover of 2839.90 Lacs .

Indian Sugar Industry

During the season 2011-2012 (October-September) sugar output is expected to be around 26.00 million tones. (Source ISMA Journal)

Sugar exports may touch four million tones (Source ISMA Journal) during the current season ending September 2012, as the government has decided to allow more shipments. In the month of May 2012. The Government also decided to allow unrestricted sugar exports by bringing sugar under the Open General License (OGL). Now the Exports are allowed to ship only after taking registration certificate (export permit from the DGFT under Commerce Ministry).

Directors

Sh. Devinder Sharma Wholtime Director & Sh. Kartikeya Sharma, Director of the Company retires by rotation and are eligible for the reappointment.

During the year Sh. H.P.S. Mann Director cane has resigned from the Board of Directors of the company.

The Board has also appointed Sh. Jai Parkash Kaushik as Director of the company.

Dividend

Due to Accumulated Losses, your directors express their inability to recommend dividend for the year ended 31st March 2012

Auditors

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 re-appointment.

The Company has received letter from Statutory Auditors M/s. Jain & Associates, Chartered Accountants to the effect that their re-appointment , if made would be within the prescribed limits under section 224(1B) of the Companies Act 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said act.

The Notes on Accounts referred to in the Auditors report are self explanatory and do not call any further comments.

Cost Auditors

The Central Government has approved the appointment of Sh. Sanjeev .K. Bansal, Cost Accountant for the financial year 2011-2012 to conduct cost audit for its Sugar unit & Distillery unit.

Corporate Governance

Pursuant to clause 49 of the Listing Agreement with the Bombay Stock exchange Limited (BSE), 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 to 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 2012 and of the Profit 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/-

Sd/-

Place : New Delhi

(Devinder Sharma)

(Jai Parkash Kaushik)

Date : 14/08/2012

Wholtime Director

Director

ANNEXURE TO THE DIRECTORS REPORT FOR THE YEAR 2011-2012

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 2012

1. CONSERVATION OF ENERGY

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 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.

a) 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	2011-12	2010-11
A	Purchased		
	Unit	KWH	KWH
	Total Units	1035765	724777
	Total Amount(Rs.)	6380312	3602214
	Rate per unit(Rs.)	6.16	4.93
B.	OWN GENERATION		
	i) Through Diesel Generator		
	Unit	KWH	KWH
	Total Unit	442395	476017
	Units per Liter of Diesel Oil	4.08	3.99
	Cost Per Unit (Rs.)	9.38	8.86
	ii) Through stream Turbine/Generator		
	Unit	KWH	KWH
	Total Units	000	000
	Units per Ton of fuel(Bagasse)	Steam produced by use of own bagasse	Steam produced by use of own bagasse
2.	Coal/Furnace Oil	N.A	N.A
3.	Other	N.A	N.A
4.	Consumption of Per Unit of Production		
	Sugar (Qtls)	1410	0.00
	Electricity (Units)	-	0.00
	Distillery (cases)	718142	939540
	Rectified Spirit / ENA in BL	3255709	1855447
	Electricity(Units) in cases	2.06	1.28
	Other(Specify) Rectified Spirit /ENA (in BL)	0.45	0.65

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 is also well-proved indigenous technology for the manufacture of Sugar. & Distillery.

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange Earning:

Nil

Foreign Exchange Outgo:

Nil

For Piccadily Sugar & Allied Industries Limited

Place : New Delhi

Date : 14/08/2012

Sd/-
(Devinder Sharma)
Wholtime Director

Sd/-
(Jai Parkash Kaushik)
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Sugar industry majorly contributes to the Indian economy by way of directly paying about Rs. 5500 cores annually to farmers for their sugarcane and by way to fully catering to the domestic demand of sugar as well as earning some foreign exchange by exporting some surplus sugar. The industry is also contributing to economy through better utilization of its by products viz- molasses, co-generation and press mud and helps reduce dependence on fossil fuel.

Typically sugar follows a five year cycle, wherein the production is high in the first three years. In the remaining two years, production comes down as farmers switch over to other crops. Now after three years of high Sugar output, country is looking forward with good output in the next two years.

Future prospects

As per estimates ISMA (Indian Sugar Mills Association) the production in the ensuing season 2012-13 will be higher than the domestic consumption of 22.00 million tones and country will continue to export sugar and based on current sowing, sugar production would touch 25.00 million tones.

Ethanol

Sugar Industry and Ethanol manufacturers have been supplying Ethanol for the last 1- ½ years at provisional price of Rs.27.00 per liter even though their alternate products from molasses are fetching more prices. At present OMCs are saving Rs.20 per Liter of ethanol produced for the blending purpose. The Saumitra Chaudhuri committee (setup by Government of India) submitted its final pricing policy report suggesting linkage of ethanol price with petrol price is not finalized by Government.

Distillery

The Distillery Unit produces Extra Neutral Alcohol (ENA), Punjab Medium Liquor (PML) and Denatured Sprit (DS) using molasses during the year.

The company also proposes to manufacture ethanol from its existing distillery plant from the raw material sufficiently available in house.

The Distillery unit meets with 100% pollution control norms.

Out Look / Projection:

The company's projection on crushing of Sugarcane for the current year 2012-2013 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 obligation of sugar mills to supply 10 % of production as Levy Sugar at a much lower market price for state run welfare programmes , sugar release mechanism for sale of sugar , higher prices of cane fixed by states

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 company has appointed regular staff, technical staff, cane staff along with contractual & seasonal staff for the efficient working units of the company.

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 2012 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 improve 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 Five 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 Kartikeya Sharma	Promoter Director
2	Sh. Devinder Sharma	Whole time Director
3	Sh. Ashok Sharma	Nominee Director
4	Sh. Harvinder Chopra	Professional Director
5	Sh Jai Parkash Kaushik*	Professional Director
	*Appointed on 12/11/2011	

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	8	2
Sh. H.P.S. Mann (Resigned on 20/02/2012)	3	No	-	-
Sh. Ashok Sharma	-	No	-	1
Sh. Devinder Sharma	5	Yes	1	4
Sh. Kartikeya Sharma	4	No	22	-
Sh. Jai Parkash Kaushik (Joined on 12/11/2011)	2	No	-	2

During the period starting from May 2011 to May 2012 five Board Meeting were held on : 30/05/2011 10/8/2011, 12/11/2011, 13/02/2012 & 25/05/2012

3 Audit Committee

The Board of Directors of the company has constituted an Audit Committee of Three Directors, Sh. Harvinder Chopra, Sh. Devinder Sharma & Sh. Jai Parkash Kaushik. 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 review the half yearly and annual financial statement before submission to the Board and also ensure compliance of internal control systems.