

16th Annual Report

2009-2010



Piccadily Agro Industries Limited

BOARD OF DIRECTORS

Sh. Kartikeya Sharma, Director
 Sh. Vinod Dada, Director
 Sh. Harvinder Chopra, Managing Director
 Sh. Akhil Dada, Director

AUDITORS

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

BANKER

Punjab National Bank

REGISTERED OFFICE & FACTORIES

Village Bhadson,
 Umri-Indri Road,
 Tehsil-Indri, Distt. Karnal
 Haryana

CORPORATE OFFICE

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

AUDIT COMMITTEE

Sh. Harvinder Chopra, Managing Director
 Sh. Vinod Dada, Director
 Sh. Akhil Dada, Director

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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, Thursday, 23rd September, 2010 at 04.00 P.M. at the Registered office of the company i.e. Village Bhadson, Umri - Indri Road, Tehsil-Indri, District Karnal, Haryana 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 declare a Dividend on equity shares
- 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 a Director in place of Sh. Vinod Dada, who retires by rotation and being eligible offers himself for re-appointment.
- 5) To appoint Auditors and fix their remuneration.

As Special Business

6. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

"Resolved that in accordance with the provisions of sections 198, 269, 309 and read 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. Harvinder Chopra as Managing Director of the company for a period of three years with effect from 2nd August, 2010 on a monthly remuneration of Basic Pay Rs. 5,00,000/- (Rs Five lacs only) 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 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
Sd/-
Kartikeya Sharma
(Director)

Place: New Delhi
Dated 02.08.2010

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. (a) The company has already notified closure of Register of members and Share Transfer Books from Thursday 16th September 2010 to Thursday 23rd September 2010 (both days inclusive) for determining the names of members eligible for dividend on Equity shares, if declared at the meeting.
(b) The dividend on Equity shares, if declared will be paid on or after 23rd September 2010 to those members whose names shall appear on the company's Register of members on September 15th 2010: in respect of the shares held in dematerialized form, the dividend will be paid to the members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date.
3. 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.
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 6

The Board of Directors of the company at its meeting held on 2/8/2010, has appointed Sh. Harvinder Chopra as Managing Director of the Company for a period of three years w.e.f. 2/8/2010 subject to approval of members, earlier he was working as Executive Director of the company.

Sh Harvinder Chopra is a qualified Chartered Accountant and is having experience of 25 years in Finance, Accounts, Project implementation, administration etc. He has been associated with the company from the inception, designing, construction, commissioning, expansion & successful running of the units at Bhadson, Umri- Indri road, Indri, Karnal, Haryana.

Reimbursement of expenses incurred on travelling, telephone and club membership shall be reimbursed and not considered as perquisite

DIRECTORS' 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 2010

FINANCIAL RESULTS:

Particulars	(Rs. In lacs)	
	31st March '10	31st March '09
Total Income	16989.26	14318.65
Increase/(decrease) of Stock in trade	718.33	(2585.10)
Profit before Interest & Depreciation	2957.08	1932.02
Less : Interest	392.97	346.80
Depreciation	570.89	395.18
Profit before Tax	1993.22	1190.04
Provision for Tax/Deferred Tax	1008.67	288.62
Net Profit	984.55	901.42

Review of the operations of Sugar Mill**1) Sugar Mill**

Sugar Mill commenced crushing operations for the season 2009-10 on 6.12.2009 and closed on 25.03.2010. The comparative operational results over the last two seasons are as follows:

Particulars	Season 2009-10	Season 2008-09
Duration (Days)	110	96
Sugarcane Crushed (Quintals)	2910239	2258273
Recovery (%)	9.43	10.07
Sugar produced (Bags)	275275	227370

During the season, the mill operated for 110 days and crushed 29.10 Lac Quintals of sugar cane. The Sugar Mill has produced 275275 bags of Sugar at an average recovery of 9.43%. The mill also produced 136515 quintals of molasses at an average recovery of 4.69%. The Sugar unit of the company has achieved turnover & other income of Rs 8765.91 lacs and earned a net profit of Rs.254.50 lacs during the year.

2) Distillery Unit

The distillery has produced 37.95 lacs cases of country liquor. The products of the distillery are well accepted by the people and have become popular brands in the State of Haryana. The distillery division has achieved a turnover & other income of Rs 8223.35 lacs & earned a net profit of Rs.730.05 lacs during the year. The distillery has sold 37.98 lac cases of liquor during the year.

Dividend

Your Directors have recommended a dividend of 10 % (Rs 1/- per equity share) for the financial year ended 31st March 2010 amounting to Rs.275.93 lacs (inclusive of Dividend tax of Rs 40.08 lacs). The dividend will be paid to the members whose names appear in the register of Members as on September 15, 2010; in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date.

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. Details of the Sugar cane production are as under:

Season	Sugar cane production (in Million tones)
1st October to 30th September	
2007-2008	340
2008-2009	274
2009-2010	300 (estimated)

Source: Indian Sugar Mills Association (ISMA)

Directors

Sh. Kartikeya Sharma & Sh. Vinod Dada, Directors of the Company retire by rotation and are eligible for the reappointment.

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 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 & 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 Agro Industries Limited

Sd/-

(Harvinder Chopra)
Managing Director

Sd/-

(Kartikeya Sharma)
Director.

Place : New Delhi

Date : 2/8/2010

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

As regard energy conservation your company is giving prime consideration for energy saving since beginning with the result, steam consumption and power consumption has been reduced considerably. The measures taken for this energy saving are as under :-

- The dampers of F.D. I.D. Fans of all boilers are under automation reducing the electric power considerably. Mill has also been taken fully in automation reducing the load on D.C. drive.
- To reduce the steam consumption in boiling house, the boiling house system of juice boiling and pan boiling has been modified on latest technology.
- The data achieved with regards to conservation of energy is furnished below:-

The Sugar unit of the company commenced the crushing w.e.f. 6.12.2009 and distillery unit remained operational through out the year, all the necessary steps have been taken by the company to conserve the energy at all the levels by optimum utilization.

A POWER & FUEL CONSUMPTION		2009-10	2008-09
1	ELECTRICITY		
a)	Purchased Unit	KWH 539903	KWH 500312
	Total Units	2521349	2341462
	Total Amount(Rs.)	4.67	4.68
	Rate per unit(Rs.)		
b)	OWN GENERATION		
i)	Through Diesel Generator		
	Unit	KWH 1253580	KWH 294362
	Total Unit	4.80	5.11
	Units per Liter of Diesel Oil	6.48	6.38
	Cost Per Unit (Rs.)		
ii)	Through Steam Turbine/Generator		
	Unit	KWH 9732480	KWH 8651240
	Total Units	Steam produced by use of own bagasse	Steam produced by use of own bagasse
	Units per Ton of fuel(Bagasse)		
	Cost per Unit(Rs.)		
iii)	Through Steam Turbine/Generator		
	Unit	KWH 3254571	KWH
	Others (Rice Husk)	Rice Husk used for steam production; the produced steam is used for Alcohol & Power generation	
	Total Units		
	Units per Ton of fuel (Rice Husk)		
	Cost per Unit(Rs.)		
2.	Coal/Furnace Oil	N.A	N.A
3.	Consumption of Per Unit of Production		
	Sugar (in lac Qlts)	2.75	2.72
	Other (no of cases in lacs)	37.95	28.67
	Electricity(Units) - Sugar	29.0	28.50
	Electricity(Units) - Case	0.86	0.63

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 using well-proved indigenous technology for its sugar plant. However, the company has imported engineering & technology consultancy for its Bio-Methanisation Gas plant from Aqua Techno Asia Company Ltd, Thailand.

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange Earning
Foreign Exchange Outgo

Nil
Rs3.55 lacs
For Piccadily Agro Industries Limited

Sd/-
(Harvinder Chopra)
Managing Director

Sd/-
(Kartikeya Sharma)
Director.

Place : New Delhi
Date : 2/8/2010

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 domestic 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.

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) by the respective governments
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 of sugar for 2010-11 has been revised to 25 million tones of sugar 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 million tones in 2008-2009 & 16 million tones in 2009-2010

Ethanol

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

Distillery

The Distillery of the company was commissioned in the year 2007 and since then it has been continuously improving the various grades of spirits ENA/ RS.

The distillery plant meets out 100% pollution control norms, the treated effluent is not discharged outside and in turn is mixed and cured with organic mass like press mud of sugar mills and suitable organic manures to manufacture Bio compost, a bio fertilizer used successfully in growing the crop of sugarcane.

In a short span of time the company has been able to produce liquor along with Sugar. The Company's approach of understanding the market, market demands, consumer satisfaction has yielded it as one of topmost seller of country liquor in Haryana

Backward Integration

The very first backward integration project has come in the form of setting up automatic 750 ml & 180ml PET bottle plant .The unit is now producing 630 lacs of pet bottles per annum to cater for distillery's own consumption. The unit has not only eliminated the pressure of PET bottle suppliers but has also provided a kind of diversified manufacturing base for future business.

Out Look / Projection:

The company's projection on crushing of Sugarcane for the current year 2010-2011 is 35 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 70 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 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. Kartikeya Sharma	Promoter Director
2	Sh. Vinod Dada	Independent Director
3	Sh. Akhil Dada	Independent Director
4	Sh. Harvinder Chopra	Professional 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. Kartikeya Sharma	6	No	18	-
Sh. Vinod Dada	8	Yes	2	4
Sh Akhill Dada	8	No	-	2
Sh. Harvinder Chopra	8	Yes	6	3

During the period starting from June 2009 to May 2010, eight Board Meetings were held on 30th June 2009, 31st July 2009, 29th September 2009, 31st October 2009, 30th November 2009, 30th January 2010, 23rd March 2010, 29th May 2010

3 Audit Committee

The Board of the company has constituted an Audit Committee of three Directors, Sh. Harvinder Chopra, Sh. Vinod Dada & Akhil Dada. 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.
- » The Audit Committee should have authority to investigate into any matter in relation to the items specified in section 292 A 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 external 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 seek information from any employee.
- » 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 meetings were held on 29/06/2009, 30/10/2009, 28/01/2010 & 28/5/2010

4. (A) General Body Meeting

Location and time for last 3 Annual General Meetings:

Year	Meeting	Location	Date	Time
2007	AGM	Piccadily Agro Industries Limited, Village Bhadson, Umri-Indri Road, Tehsil Indri, Distt Karnal, Haryana	Saturday 29/09/2007	10.30AM
2008	AGM	Piccadily Agro Industries Limited, Village Bhadson, Umri-Indri Road, Tehsil Indri, Distt Karnal, Haryana	Saturday 27/9/2008	10.30 AM
2009	AGM	Piccadily Agro Industries Limited, Village Bhadson, Umri-Indri Road, Tehsil Indri, Distt Karnal, Haryana	Saturday 26/9/2009	4.00 PM

During the year postal ballots were invited for amending Memorandum of Association in pursuance to Section 17 read with Section 192 A and rules issued there under and other applicable provisions, if any, of the Companies Act, 1956. The Object Clause - III A of the Memorandum of Association of the company stands altered through Postal Ballot by the members of the company by inserting the following sub clause no. 4 & 5 after sub clause no 3:

4. To carry on all or any of the business of manufacturers, importers, exporters, dealers in all types and grades of Beer and its allied products.
5. To carry on all or any of the business of manufacturers, importers, exporters, dealers in all types and grades of milk, milk products, diary products, chocolates etc., and its allied products.

In terms of the scrutinizer Report, the result on the proposed special resolution as per the votes, cast through ballot papers received by post was passed as per following details :

- A. 1,61,73,839 votes were casted in favour of the Resolution
- B. 2,400 votes were casted against the Resolution
- C. 20 no's ballot Forms considered invalid

