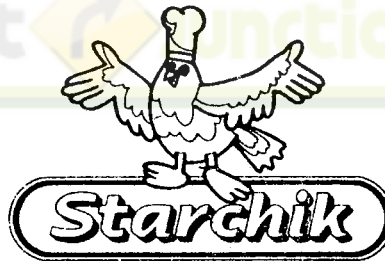




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RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TRA	NA	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		

# Starchik Specialities Limited

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**Sixth Annual Report  
1997-98**

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BRANCH OFFICES		
<b>Chennai</b> C/o. Prakash Air Freight (P) Ltd. 125, Peter Road Chennai - 600 086.	<b>Mumbai</b> A-13, Jeet Nagar Versova Road, Andheri (W) Near Picnic Cottage Mumbai - 400 061.	<b>Goa</b> 1/E, Dias Building Near Old Lyleum College Rua Da Natal, Panjim Goa - 403 001.
RETAIL OUTLETS		
<b>Chicken World</b> 6-3-851/6, Shop 6 Near Indian Bank RBI Quarters, Ameerpet Hyderabad - 500 016.	<b>Chicken World</b> Al-Nasar Apartments Shop No. 3, 3-5-785/16 Sher Gate, King Koti Hyderabad.	<b>Chicken World</b> Shop 2, S. Ground Deccan Corner Gun Rock Secunderabad Cantonment
<b>Chicken World</b> 3-4-767, Barkatpura Hyderabad - 500 027.	<b>Chicken World</b> 3-6-750/1, Himayatnagar Hyderabad - 500 029.	



# Starchik Specialities Limited

## BOARD OF DIRECTORS

### CHAIRMAN

Shri Narendra Luther

### MANAGING DIRECTOR

Shri Harbans Singh

### DIRECTORS

Shri R.P. Vaidya

Shri S.P. Manchanda

Shri N.R. Ganti

Shri Amarjyot Singh

Shri Sarabjyot Singh



M/s. Venugopal & Chenoy  
Chartered Accountants  
Tilak Road, Hyderabad.

## BANKERS

State Bank of India  
Main Branch  
Hyderabad

## REGISTERED OFFICE

"Poultry Bhavan", 6-1-85/5,  
Saifabad, Hyderabad - 500 004.

## FACTORY

38/2, Kilometer Stone  
Kesoram Village  
Chevella Mandal  
R.R. Dist. A.P.



## NOTICE

Dear Shareholders,

Notice is hereby given that the Sixth Annual General Meeting of the members of the Company will be held on Wednesday, the 30th September 1998, at Bhaskara Auditorium, B.M. Birla Museum, Adarsh Nagar, Hyderabad at 4.00 P.M. to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31.03.98 and the Profit and Loss Account for the year ended 31.03.98 together with the reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri Amarjyot Singh, who retires by rotation and being eligible offers himself for reappointment.
3. To declare dividend for the financial year 1997-98.
4. To appoint Auditors and fix their remuneration. The retiring Auditors M/s. Venu Gopal & Chenoy are eligible for reappointment.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in modification of the Resolution passed at the Third Annual General Meeting held on 30th August, 1995 and pursuant to Sections 198, 309, 310 and Schedule XIII (as amended) and other applicable provisions if any of the Companies Act, 1956 the remuneration of Shri Sarabjoyt Singh, Whole Time Director, be and is hereby increased from Rs.12,000/- to Rs.20,000/- per month w.e.f. 01.04.98."

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT the consent of the Company be and is hereby given to the Board of Directors to take necessary steps as may be required for delisting of shares from the Madras and Delhi Stock Exchanges in pursuance of Circular issued by the Ministry of Finance, Stock Exchange Division, Dept. of Economic Affairs and other applicable laws, rules, and regulations which are in force and the regulations, laws and provisions which shall come into force hereinafter."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT if and when permitted by the law and subject to all applicable provisions of the law (including any statutory modification(s) or re-enactment thereof and any ordinance promulgated in this regard for the time being in force and may be enacted/promulgated from time to time) and subject to such other approvals, permissions as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (herein referred to as the 'Board'), the consent of the



Company be and is hereby accorded to the Board to buy-back from the existing holders of shares on a proportionate basis and/or from open market, the shares having such underlying voting rights as may hereafter be notified by the Central Govt. or SEBI or any other regulatory authority from time to time (herein for brevity's sake referred to as "the securities") of the Company, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time.

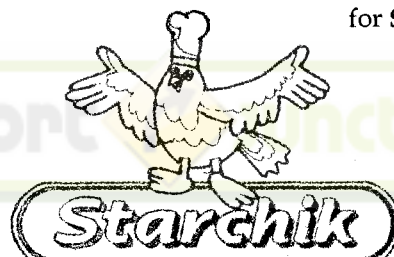
"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper.

"RESOLVED FURTHER that nothing hereinabove contained shall confer any right on any shareholder to offer, or any obligation on the company or the Board to buy back, any Securities."

By order of the Board  
for **STARCHIK SPECIALITIES LIMITED**

Place : Hyderabad  
Date : 30.06.1998

**HARBANS SINGH**  
Managing Director



#### NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A proxy form is enclosed. The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
2. Members are requested to notify immediately the change of address, if any, to the Company's Registered Office.
3. The Register of Members and the Share transfer books of the Company will be closed from 23rd September 1998 to 30th September 1998 (both days inclusive).
4. Dividend as recommended by the Board, if declared at the Annual General Meeting will be paid to those shareholders whose names stand on the Company's Register of Members on 30th September, 1998.
5. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts in respect of items 5 to 7 of the Notice, is attached.
6. Members who desire to have their Bank Account details incorporated in their dividend warrant may please furnish the details in the enclosed format to avoid fraudulent encashment of dividend warrants.
7. Members are requested to consolidate their ledger folios where they are holding shares in different folios in the same sequence of names.
8. The dividend, if declared, will be exempt from income tax in the hands of the members in the terms of the relevant provisions of Income Tax Act, 1997.



## Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

### Item # 5 :

Shri Sarabjyot Singh was appointed as whole time Director for a period of five years w.e.f. 1.10.94 on a remuneration of Rs.12,000/- p.m. alongwith other perquisites.

Shri Sarabjyot Singh has been mainly responsible for marketing and production operations of the Company. The Company's performance has been consistently improving under his guidance and taking into account the prevailing executive remuneration in the industry, the Board of Directors of the Company have considered it proper to increase his remuneration from Rs.12,000/- p.m. to Rs.20,000/- p.m. The increase in remuneration requires the ratification from the members. The Board recommends the resolution for the approval of the members.

None of the Directors of the Company are concerned or interested in the resolution except Shri Sarabjyot Singh and Shri Amarjyot Singh.

The Explanatory statement is, and should be treated as, an abstract under Section 302 of the Companies Act, 1956.

### Item # 6 :

Your Company's equity shares are listed on the Hyderabad, Mumbai, Delhi and Chennai Stock Exchanges. In view of the reasons mentioned below the Board of Directors of the Company have decided to delist the shares from Delhi and Chennai Stock Exchanges :

1. There has been a substantial increase (more than 100%) in the listing fees and to reduce the financial burden on the Company.
2. There have been no transaction of shares in the said Stock Exchanges from past three years.
3. The number of shareholders in each of the Delhi and Chennai Stock Exchanges do not exceed 150 out of the total 6000 (approximately), of which 75% shares have been held by the relatives and friends of Promoters.

Consequent to the delisting of shares in the said Stock Exchanges the Company will continue to be listed in the Mumbai and Hyderabad Stock Exchanges (Regional).

Therefore the said resolution is recommended for your approval.  
None of the Directors are concerned or interested in the said resolution.

### Item # 7 :

Buy back of its own shares or other securities by the Company is presently not allowed under the Companies Act, 1956. It is expected that in due course of time, the law will be amended to allow such buy back.

The buy back of shares as aforesaid would entail investing of an amount which would not be less than the market value of the shares of the Company and shall be met out of the free reserves and/or out of the proceeds of any issue made by the Company specifically for the purpose; or from such sources as may be permitted by law. The shares so bought back shall be dealt with as per the then prevailing law/regulation.

The Board of Directors are of the opinion that it will be in the best interest of the Company if the shareholders approve the said resolution, permitting such buy back, so that the Company will be able to implement this resolution as and when the law is ammended.

The resolution, if approved, will be operative and given effect to from the applicable dates as may be prescribed in this regard. The resolution is an enabling provision aimed facilitating the Company to buy back its shares as soon as legally permissible.

The Directors recommend the resolution for approval of the Shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By order of the Board  
for STARCHIK SPECIALITIES LIMITED

HARBANS SINGH  
Managing Director

Place : Hyderabad  
Date : 30.06.1998



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Sixth Annual Report alongwith the audited accounts of your Company for the year ended 31st March, 1998.

### GENERAL

Politically, the country witnessed a change in the Central Government. Recession continued in the economy. In the field of commerce and trade, unstable market situation continued. The senser registered a sharp drop.

The overall situation has resulted in slowing down of industrial growth. The poultry industry and in particular the processing units continued to face problems of increase in the cost of inputs.

The new budget has imposed central excise duty on the poultry meat and processed chicken. This will hit the poultry processing industry and will further hinder its growth potential. We have represented the matter to the Finance Minister for review and we are hopeful that this duty will be withdrawn keeping in mind that chicken processing industry is still in the stage of infancy.

### FINANCIAL RESULTS

Your company's performance during 1997-98 is summarised below :

(Rs. in lakhs)

	1997-98	1996-97
Total Income	708.36	495.60
Profit before Taxation	32.00	3.39
Tax	0.86	0.44
Net Profit after Tax	31.15	2.95
The product-wise turnover is as under:		
Dressed Chicken	531.58	333.40
Live Birds	1.36	-
Feed Ingredients	-	19.87
Hatching Eggs	161.16	113.53
Others	14.26	28.80

Your Company has achieved a sales turnover of Rs.708.36 lakhs during 1997-98 which is an increase of 43% over the previous year. The net profit after taxation has increased from Rs.2.95 lakhs during 1996-97 to Rs.31.15 lakhs during 1997-98 an increase of 955%.

### PERFORMANCE

During the year 1997-98 the main thrust of your Company was to create awareness about the advantages of the mechanically processed chicken and this was successfully achieved through a scheme of door to door delivery which was introduced for its Hyderabad customers last year.

It is your Company's continued endeavor to widen its customer base and develop innovative marketing techniques for its products and thereby overcome the infrastructural shortcomings faced by the processing units. Keeping this in view, and to develop the concept for sale of branded Starchik Products, it is desirable to own a chain of retail outlets. Your Company has made a beginning by opening its first retail outlet (Chicken World) at Barkatpura, Hyderabad and we hope to open few more shortly in the twin cities of Hyderabad and Secunderabad.

Your Company has already established its brand image at institutional level and now with the focused methods it is set to establish the same in the retail business. We expect to achieve our target for the current financial year.





## EXPORTS

Your Company continued its efforts in exports and achieved a turnover of Rs.161.16 lakhs (US\$ 440302) in the year 1997-98 as against Rs.113.53 lakhs (US\$ 320757) in the year 1996-97 making for an increase of 42%.

## DIVIDEND

Your Board of Directors have after taking into consideration the profit for the year of Rs.31.15 lakhs and reserves of Rs.36.46 lakhs recommended the maiden dividend of 5% for the year 1997-98.

## DIRECTORS

In accordance with provisions of the Companies Act, 1956 and the Articles of Association, Shri Amarjyot Singh, Director, retires by rotation at the Sixth Annual General Meeting and being eligible offers himself for reappointment.

## FIXED DEPOSITS

Your Company has not accepted any deposits from the public during the year.

## INDUSTRIAL AND PERSONNEL RELATIONS

The industrial relations have been cordial.

## PARTICULARS OF EMPLOYEES

Information pursuant to Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is Nil.

## AUDITORS

M/s. Venugopal & Chenoy, Chartered Accountants, who are now Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

## PARTICULARS REGARDING ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The statement giving particulars with respect to 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 the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and forms part of the report.

## ACKNOWLEDGEMENTS

Your directors express their gratitude to the shareholders of the Company for the confidence reposed in the Company.

Your directors gratefully acknowledge the valuable support, guidance and help provided by the State Bank of India and other Government Departments/Agencies.

Your directors wish to place on record their appreciation of the hard work, dedication and commitment of the staff at all levels.

On behalf of the Board of Directors

Place : Hyderabad  
Date : 30.06.1998

**NARENDRA LUTHER**  
Chairman