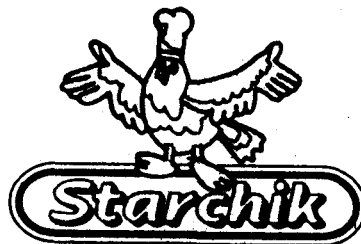




Starchik Specialities Limited



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**Tenth Annual Report
2001-2002**



STARCHIK SPECIALITIES LIMITED

BOARD OF DIRECTORS

CHAIRMAN

Shri. Narendra Luther

MANAGING DIRECTOR

Shri. Harbans Singh

WHOLETIME DIRECTOR

Shri. Sarabjot Singh

DIRECTORS

Shri. R. P. Vaidya

Shri. Amarjot Singh

AUDITORS

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

BANKERS

State Bank of India
Commercial Branch
Hyderabad

REGISTERED OFFICE

"Poultry Bhavan", 6-1-85/5,
Saifabad, Hyderabad - 500 004
Phone: 3298898

FACTORY

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

DEPOSITORY REGISTRAR & SHARE TRANSFER AGENTS

M/s. Ikon Visions Private Limited.
Flat No. 33, Sanali Heavens
8-3-948, Ameerpet,
Hyderabad - 500 073.
Phone: 6615699



NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the members of the Company will be held on Monday, 30th September, 2002 at Bhaskara Auditorium, B. M. Birla Museum, Adarsh Nagar, Hyderabad at 2.30 p.m. to transact the following:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31.3.2002 and the Profit & Loss Account for the year ended on 31.3.2002 together with the reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri R. P. Vaidya, Director, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration. The retiring Auditors M/s. Venugopal & Chenoy are eligible for re-appointment.

for and on behalf of the Board of Directors
For **STARCIK SPECIALITIES LIMITED**

Place: Hyderabad
Date: 1st July, 2002

HARBANS SINGH
Managing Director

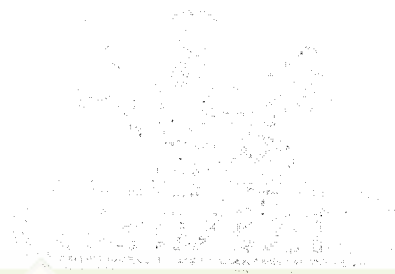
NOTES:

1. A member entitled to attend and vote at the meeting 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 holding shares in physical form are requested to notify any change in their address immediately to the Company's Registrar and Share Transfer Agents M/s. Ikon Visions Private Limited, Flat No. 33, Sanali Heavens, 8-3-948, Ameerpet, Hyderabad - 500 073 and those shareholders holding shares in dematerialised form should intimate the information to their respective Depository Participants and not the Company/STA.
3. The Register of Members and the Share Transfer Books of the Company will be closed from Monday, 23rd September 2002 to Monday, 30th September 2002 (both days inclusive).



4. Members are requested to produce the enclosed attendance slip duly signed as per the Specimen Signature recorded with the Company/Depository Participant for admission to the Meeting Hall.
5. Pursuant to the Provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1998 which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government and once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.

Hence Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1998 are requested to make their claim.



**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Tenth Annual Report along with the audited accounts of your Company for the year ended 31st March 2002

FINANCIAL RESULTS

Your Company's performance during 2001-2002 is summarized below:

(Rs. in lakhs)

	2001-02	2000-01
Sales	413.19	467.73
Other Income	25.50	20.26
Total Income	438.69	487.99
Total Expenditure	519.66	558.26
Profit/(loss) before Taxation	(80.97)	(70.27)
Tax	-	-
Net Profit /(Loss) After Tax	(80.97)	(70.27)

Your company achieved a sales turnover of Rs.413.19 lakhs during 2001-02 as against Rs. 467.73 lakhs during 2000-01, a decrease of 11.66%. The Net Loss for 2001-02 was Rs. 80.97 lakhs as against a loss of Rs. 70.27 lakhs for the year 2000-01.

PERFORMANCE

Our experience over the last 7 years has shown that the concept of plant-processed and frozen chicken has not yet been accepted by the public at large. Because of that the survival of processing units became extremely difficult and the processing plants that were started, are either incurring heavy losses or have closed down their operations. In order to avoid further operational losses and depletion in the capital, your Directors had no choice but to close down the plant. The company had put in a lot of efforts in creating awareness about the quality of its products but it did not succeed in changing the customers preference from fresh product to processed frozen product.

Your Company has also closed down all its Chicken World outlets consequential to the closure of the operations.

Your Company is presently only engaged in the trading of live broiler birds.

DIVIDEND

In the circumstances stated above, your Board of Directors have not declared any dividend for the year 2001-02.



DIRECTORS

In accordance with provisions of the Companies Act, 1956 and the Articles of Association, Shri R P Vaidya Director of the Company, retires by rotation at the Tenth Annual General Meeting and being eligible offers himself for re-appointment.

Mr. R. Srinivasan has resigned as director from the Board during the year under review. Your Directors place on record their appreciation for the support provided by him during his tenure as director. No director is appointed in his place.

AUDIT COMMITTEE

The audit committee met four times during the financial year 2001-02 for considering the quarterly, half yearly and the annual accounts of the Company as per the provisions of the Companies Act, 1956.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- b) That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the for that period.
- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That they have prepared the annual accounts on a going concern basis.

REPLIES TO AUDITORS' REPORT

In reply to Item 4 (xv) of the Auditor's Report since the Company has closed its plant and the Company is curtailing its operations it could not set up Internal Audit System.

In reply to Item 4(xvii) of the Auditor's Report due to financial crunch the company could not meet its liabilities in time. However, as on 31st March, 2002 there were no outstanding dues payable to ESI and PF

FIXED DEPOSITS

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



INDUSTRIAL AND PERSONNEL RELATIONS

During the year under review, the processing plant was closed. The services of all employees of the Company were terminated and all terminal benefits due to them have been paid. There were no disputes with any of the employees and the industrial relations till the end have remained 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. The requisite Certificate to the effect that the reappointment if made, will be within the limit specified in Section 224 (1-B) of the Companies Act, 1956 has been received from them.

PARTICULARS REGARDING ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO

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.

CORPORATE GOVERNANCE

Your Company is taking all steps to implement the requirements of Corporate Governance under Clause 49 of the Listing Agreement which becomes mandatory during the financial year 2002-2003 at a date not later 31st March, 2003.

ACKNOWLEDGMENTS

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 department/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: 1-07-2002

NARENDRA LUTHER
Chairman



**ANNEXURE TO THE DIRECTORS' REPORT
INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT
OF BOARD OF DIRECTOR (S) RULES, 1988**

- a) Energy Conservation Measures taken: The Company is engaged in the continuous process for energy conservation.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Negligible
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: The energy conservation measures have resulted in energy saving
- d) Total Energy consumption and energy consumption per unit of production as per Form A which is detailed below:

FORM-A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	2001-2002	2000-2001
A. POWER AND FUEL CONSUMPTION		
Electricity		
a) Purchased : Units (KWH)	208937.00	396630.00
Total Amount (Rs.)	1368225.00	2258151.00
Rate/Unit (Rs.)	6.55	5.69
b) Own Generation		
Through diesel generator: Units (KWH)	28740.00	42562.00
Units per litre of diesel oil	3.75	3.75
Cost per Unit (Rs.)	4.92	4.43
B. CONSUMPTION PER UNIT OF PRODUCTION		
Electricity consumption		
Per kg of dressed/frozen chicken	0.59 Unit	0.84 Unit

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT (R&D): Not Applicable

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made: Nil
2. Benefits derived: Nil
3. Imported Technology: None

FORM - C

FOREIGN EXCHANGE EARNINGS AND OUTGO

(in Rupees)

	2001-2002	2000-2001
a) Foreign Exchange earned	Nil	Nil
b) Foreign Exchange used:		
i) CIF value of import (Capital goods and raw materials)	-	-
ii) Travel	-	-
iii) Legal Fee	40,073	1,66,135