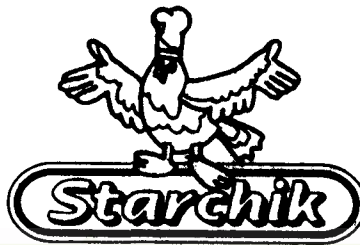




# **Starchick Specialities Limited**



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## **Eleventh Annual Report 2002-2003**



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**STARCHIK SPECIALITIES LIMITED**

**BOARD OF DIRECTORS**

**MANAGING DIRECTOR**

Shri Harbans Singh

**WHOLETIME DIRECTOR**

Shri Sarabjot Singh

**DIRECTORS**

Shri R. P. Vaidya

Shri Amarjyot 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,

Salabad, Hyderabad - 500 004

Phone: 23298898

**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: 55615699



## NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of the Company will be held on 30<sup>th</sup> September, 2003 at 2.30 p.m. at the Registered Office of the Company at "Poultry Bhavan", 6-1-85/5, Saifabad, Hyderabad – 500 004 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31.3.2003 and the Profit & Loss Account for the year ended on 31.3.2003 together with the reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri Amarjyot Singh, 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. Venu Gopal & Chenoy are eligible for re-appointment.

### SPECIAL BUSINESS:

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

"RESOLVED THAT subject to the provisions of the applicable laws, guidelines, rules and regulations including the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, Listing Agreement with the Stock Exchange, SEBI (Delisting of Securities) Guidelines 2003 and the rules framed thereunder in this regard and subject to such other approvals, permissions and sanctions as may be required from the stock exchanges with which the equity shares of the Company are listed, the consent of the Members be and is hereby accorded to de-list the equity shares of the Company from the Hyderabad, Chennai and Delhi Stock Exchanges.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to make such applications, and do all such things and acts for delisting the Company's shares from the Hyderabad, Chennai and Delhi Stock Exchanges."

**for and on behalf of the Board of Directors  
of Starchik Specialities Limited**

Place : Hyderabad  
Date : 30-06-2003

**HARBANS SINGH**  
Managing Director

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Transfer Books of the Company will remain closed from Friday, 26<sup>th</sup> September 2003 to Tuesday, the 30<sup>th</sup> September 2003 (both days inclusive).
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item # 4 is annexed hereto and forms part of the notice.

**EXPLANATORY STATEMENT**

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

**Item # 4**

Your Company's shares are at present listed at the Mumbai, Hyderabad, Chennai and Delhi Stock Exchanges. After introduction of screen based trading by the Mumbai Stock Exchange, the volumes at regional stock exchanges have come down drastically.

As per the Guidelines issued by the Securities and Exchange Board of India for voluntary delisting of shares from all Stock Exchanges other than the Mumbai Stock Exchange and National Stock Exchange, the prior approval of members by way of a special resolution has to be obtained.

The Board of Directors recommend the resolution for the members' approval, as they find no justification in continuation of listing in the Stock Exchanges at Hyderabad, Delhi and Chennai as there has been no trading on the said exchanges of the Company's shares. Further it is informed that the delisting of shares from these Stock Exchange will help in reduction of costs in terms of listing fees and reduced compliance. However your company shares will continue to be listed on the Stock Exchange, Mumbai.

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

Your directors recommend the said resolution for your approval.

**for and on behalf of the Board of Directors  
of Starchik Specialties Limited**

Place : Hyderabad  
Date : 30-06-2003

**HARBANS SINGH**  
Managing Director



## DIRECTORS' REPORT

Your Directors' have pleasure in presenting the Eleventh Annual Report of the Company together with the Audited Accounts of your Company for the year ended 31st March 2003.

### **FINANCIAL RESULTS:**

Your Company's performance during 2002-2003 is summarized below:

(Rs. in lakhs)

Sl. #	Particulars	2002-03	2001-02
1.	Sales	841.83	413.19
2.	Other Income	0.06	25.50
3.	<b>Total Income (1+2)</b>	<b>841.89</b>	<b>438.69</b>
4.	Operating Expenditure	839.59	488.56
5.	<b>Profit / Loss before depreciation and Misc. Exp written off (3-4)</b>	<b>2.30</b>	<b>-49.87</b>
6.	Depreciation	22.48	23.28
7.	Misc. Exp. written off	7.82	7.82
8.	<b>Net Profit (+) / Loss (-) (5-6)</b>	<b>-28.00</b>	<b>-80.97</b>

During the year under review, your company achieved a turnover of Rs. 841.83 lakhs for the year ended 31<sup>st</sup> March 2003 as against Rs. 413.19 lakhs during 2001-02 an increase by 103.74%. The Net Loss for 2002-03 declined by 65.42% and stood at Rs. 28.00 lakhs as against a loss of Rs. 80.97 lakhs for the year 2001-02.

As it has been informed, the Company has closed the operations of its plant and is now only undertaking trading activity in live birds. In the trading activity the volumes are very high and hence the increase in the turnover, but the margins being low, hence the loss. However the Company has reduced its overheads to the bare minimum and therefore not incurring any cash losses.

The industry scenario for dressed and frozen chicken is still at a very nascent stage and the preference of the consumer is still for the conventional fresh chicken. Hence it is decided that the Company will continue only to undertake trading activity till such time the market demand for frozen and dressed chicken increases and it would be economically viable to operate the plant.

### **DIVIDEND:**

Due to the losses incurred by the Company, Board of Directors is unable to recommend any dividend for the year 2002-03.

### **DELISTING OF SHARES**

The Company proposes to delist its equity shares from the Stock Exchanges at Hyderabad, Chennai and Delhi, during the current year. Necessary resolution has been proposed for the approval of the members. However, Company's shares will continue to be listed on Mumbai Stock Exchange.

**DIRECTORS:**

In accordance with provisions of Section 256 of the Companies Act, 1956 and the Articles of Association, Shri Amarjyot Singh, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Narendra Luther, Chairman resigned from the Board during the year under review. Your Board of Directors places on record their appreciation for his enormous contribution to the Company during his tenure as Chairman and Director. No other director has been appointed in his place.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

The Directors confirm:

- (i) 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;
- (ii) that the Directors 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 profit/ loss of the Company for that period;
- (iii) that the Directors 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;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

**FIXED DEPOSITS:**

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

**INDUSTRIAL AND PERSONNEL RELATIONS:**

Last year, the processing plant was closed. The services of all employees of the Company were terminated and all terminal benefits that were 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:**

In pursuance of the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, the Directors are to report that no employee was in receipt of emoluments as provided in the said Section.

**AUDITORS:**

**M/s. Venugopal & Chenoy, Chartered Accountants**, the present statutory auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for their



re-appointment. The Company has received confirmation from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

**ADDITIONAL INFORMATION AS REQUIRED U/S 217 (1) (e) OF THE COMPANIES ACT, 1956:**

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 (**Annexure- 1**).

**CORPORATE GOVERNANCE:**

The report on Corporate Governance and Management Discussion Analysis Report are annexed hereto as **Annexure – 2 & 3 respectively** and they form part of Directors' Report.

**ACKNOWLEDGMENTS:**

Your Directors express their appreciation for the support received from the Bank, Government Authorities, Customers and Vendors. Your directors wish to thank the Shareholders for the confidence reposed in the Company.

Your directors also wish to place on record their appreciation for the hard work and commitment of the executives, staff and workers of the Company at all levels.

**On behalf of the Board of Directors**

Place: Hyderabad  
Date : 30.06.2003

**(R.P.VAIDYA)**  
Chairman



**ANNEXURE - 1****INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

- a) Energy Conservation Measures taken: **Not Applicable as presently engaged only in trading activity.**
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : **Nil**
- 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 : **Not Applicable**

**FORM-A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Particulars	2002-03	2001-02
<b>A. POWER AND FUEL CONSUMPTION:</b>		
<b>Electricity</b>		
a) <b>Purchased : Units (KWH)</b>	Nil	208937
Total Amount (Rs.)	Nil	1368225
Rate/Unit (Rs.)		6.55
b) <b>Own Generation</b>		
Through diesel generator: Units (KWH)	Nil	28740
Units per litre of diesel oil		3.75
Cost per Unit (Rs.)		4.92
<b>B. CONSUMPTION PER UNIT OF PRODUCTION:</b>		
Electricity consumption Per kg of dressed/frozen chicken	Nil	0.59 Units

**FORM - B****DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

- A. RESEARCH AND DEVELOPMENT (R&D) : **Not Applicable**
- B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION : **Not Applicable**

**FORM - C****FOREIGN EXCHANGE EARNINGS AND OUTGO****(In Rupees)**

Particulars	2002-03	2001-02
a) Foreign Exchange earned	Nil	Nil
b) Foreign Exchange used	Nil	40073

**ANNEXURE- 2****Report on Corporate Governance**

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges and best practices followed on Corporate Governance, the details of Compliance by the Company are as under:

**1. Company's philosophy on Corporate Governance:**

The Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of the operation, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

The Company is committed to achieving the highest standards of corporate governance. It believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

**2. Board of Directors:****2.1. Composition:**

The Board of Directors consists of 4 directors. The composition and category of Directors is as follows:

Sl. #	Category	Name of the Directors
1.	Managing Director and Non- Independent Director	Harbans Singh
2.	Executive and Non- Independent Director	Sarabjot Singh
3.	Non- Executive and Non- Independent Director	Amarjot Singh
4.	Non- Executive and Independent Director	R. P. Vaidya

**2.2. Board Meeting and Procedures:****A. Institutionalized decision making process:**

With a view to institutionalize all corporate affairs and setting up systems and procedures for advance planning of matters requiring discussion/ decisions by the Board, the Company has defined guidelines for the meetings of Board of Directors and Committees.

**B. Scheduling and selection of Agenda Items for Board Meeting:**

- i) According to the Companies Act, 1956, the Company is under legal obligation to hold minimum of four Board Meetings in each year after the end of each quarter. On requisition, an additional Board Meeting will be duly called and convened by giving proper notice to all the directors of the Company. The Board also authorised to pass any resolution of urgent nature by circulation.
- ii) The meetings are usually held at the Registered Office of the Company in Hyderabad.
- iii) The Agenda for the meeting is prepared in consultation with the Managing Director/ Director keeping in view all the matters including operational matters to be discussed by the board.