

THE SUKHJIT STARCH & CHEMICALS LIMITED



MD	✓		BKC	✓
CT	✓		DPY	✓
RC	✓		DIV	✓
TRA	✓		AC	✓
ACM	✓		SHI	✓
IE	✓			



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53rd
Annual Report
1996-97



NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the members of The Sukhjit Starch & Chemicals Limited, Phagwara, shall be held on Friday, 1st June 1997 at 10.00 A.M. at the Registered Office of the company at Phagwara to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Director's Report, Auditor's Report, Audited Profit and Loss Account for the year ended 31-3-1997.
2. To declare dividend on Equity Shares for the year ended 31-3-1997.
3. To appoint Director in place of Shri S.C. Jindal, who retires by rotation and being eligible for reappointment.
4. To appoint Director in place of Shri Ram Nath, who retires by rotation and being eligible for reappointment.
5. To appoint Auditor to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification the following special resolution:

"Resolved that the company hereby, pursuant to the provision of section 314 and other provisions of the Companies Act, 1956, approve the appointment of Shri S.M. Jindal as Manager-Business Development with effect from 1st June 1997 at a salary of Rs. 10,000/- p.m. with usual benefits of Provident Fund, Medical etc. as per rules of the company, and annual increment as may be decided by the Board of Directors from time to time subject to a condition that his total remuneration (as defined under section 198 of the Act) will not exceed 10% of the net profit of the company for any financial year."

Punjab National Bank

G.T. Road, Phagwara-144 401

By Order of the Board.

(Sd/- M. Jindal)

Executive Director & Secretary

AUDITORS

M/s. K.B. Jasuja & Company

Chartered Accountants

B-2/49, Safdarjang Enclave

New Delhi.

Place : Phagwara

Dated : 1.7.1997

NOTES:

(a) 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. The instrument appointing proxy should be deposited at the Registered Office of the company not less than 48 HOURS before the commencement of the meeting.

REGISTERED OFFICE:

Phagwara-144:401 (Pb.) (Pb.)
The Registrar of Companies, Punjab, has issued a certificate of incorporation for the company on 1st June 1997. The company is a public limited company and its shares are listed on the stock exchange of India.

ANNUAL REPORT & ACCOUNTS 1996-97

NOTICE

Notice is hereby given that the 53rd Annual General Meeting of the members of The Sukhjit Starch & Chemicals Ltd. will be held on Thursday, the 21st day of August, 1997, at 10-00 A.M. at the Registered Office of the company at Phagwara: to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit & Loss Account for the year ended 31-3-1997.
2. To declare dividend on Equity Shares for the year ended 31-3-1997.
3. To appoint Director in place of Shri S.C. Jindal, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Director in place of Shri Ram Nath, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS :

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

"Resolved that the company hereby, pursuant to the provisions of Section 314 and other applicable provisions, if any, of The Companies Act, 1956, approves the appointment of Shri Dhiraj Sardana as Manager-Business Development with effect from 1st June, 1997 at a salary of Rs. 10,000/- p.m. with usual benefits of Provident Fund, Medical etc. as per rules of the company and annual increment as may be decided by the Board of Directors from time to time subject to a condition that his total remuneration (as defined under section 198 of the Act) will not exceed Rs. 20,000/- p.m."

By Order of the Board,

(S.M. Jindal)

Executive Director & Secretary

Place : Phagwara

Dated : 1.7.1997

NOTES :

- (a) 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. The instrument appointing proxy should however, be deposited at the Registered Office of the company not less than FORTYEIGHT HOURS before the commencement of the meeting.
- (b) Shareholders, intending to seek any clarification on the accounts in the meeting are, requested to inform the company at least 7 days in advance from the date of the Annual General Meeting.
- (c) The Register of Members and Share Transfer Books will remain closed from 14th August, 1997 to 21st August, 1997 (both days inclusive) for the purpose of payment of dividend.
- (d) Dividend Warrants to the members of the company will be posted within 42 days from the date of declaration of dividend.

NOTICE

(e) Pursuant to the provisions of the Government of India, 1986, at 28.6.

Under the f

Members' enclosure (f) Members

EXPLANATION

(Pursuant to)

Mr. Dhiraj Sardana, Finance Officer, October 1997. With his signature, have taken his regular to the company. Dhiraj Sardana of section of section by the members of Rs. 20,000/- recommended.

Non-Executive Mr. Dhiraj

By

S.M. Jindal

Executive

Place

Date

THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA

NOTICE

(e) Pursuant to Section 205A of The Companies Act, 1956, all the unclaimed dividends upto the financial year ended 31-3-1993 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not encashed their dividend warrants upto the said period, are requested to claim the amount from the Registrar of Companies, Punjab, H.P. & Chandigarh at 286, Garha Road, Defence Colony, Jalandhar.

Unclaimed dividends for the other years will be due for transfer to the Central Government on the following dates :

Financial Year ended	Due on
31-3-1994	11-10-1997
31-3-1995	14-11-1998
31-3-1996	30-10-1999

Members who have not encashed their dividend warrants may approach the company for encashment of dividend warrants or for obtaining duplicate instruments.

(f) Members are requested to notify immediately any change in their addresses to the company.

EXPLANATORY STATEMENT TO ITEM NO. 6

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

Mr. Dhiraj Sardana returned to India in September, 1996 after completing his B.B.A. in Business & Finance from the University of Northumbria (U.K.). He was appointed as a Management Trainee in October, 1996 to look after export promotion and other business development activities of the company. With his sincere efforts and the kind of exposure he has to the overseas markets, exports of the company have taken a quantum jump during the year ending 31-3-1997. The board has, therefore, considered his regular appointment as Manager-Business Development with effect from 1st June, 1997, subject to the approval of the members in the General Meeting by way of a special resolution. Since Mr. Dhiraj Sardana is related to Mr. I.K. Sardana and Mr. K.K. Sardana, his appointment attracts the provisions of section 314 of the Companies Act, 1956, which provides that his appointment can be approved by the members by way of a special resolution in the general Meeting upto a total remuneration of Rs. 20,000/- per month. The board finds his appointment in the interest of the company and therefore, recommends for the approval of the members.

None of the Directors except Shri I.K. Sardana, father of Mr. Dhiraj Sardana and Mr. K.K. Sardana, Mr. Dhiraj Sardana's uncle, is interested or concerned in the resolution.

By Order of the Board,

S.M. Jindal

Executive Director & Secretary

Place : Phagwara.

Dated : 1-7-1997

DIRECTORS' REPORT

NOTICE

DIRECTOR

Ladies and Gentlemen,
On behalf of the Board of Directors, I have pleasure in presenting the 53rd Annual Report and the Audited Statement of Accounts for the year ending 31st March, 1997.

2. FINANCIAL RESULTS

	1996-97	1995-96
(Rs. in Lacs)	(Rs. in Lacs)	(Rs. in Lacs)
Sales and other income	5644.78	5043.78
Profit before tax & Depreciation	718.55	644.72
Profit before tax but after depreciation	612.05	538.32
Provision for taxes	105.00	43.59
Surplus brought forward	10.61	40.23
Surplus available for appropriation	517.66	534.96
Proposed dividend	186.54	124.35
Corporate Tax on Dividend	18.65	
Transfer to General Reserves	300.00	400.00
Surplus carried forward	12.47	

3. PERFORMANCE :

In spite of the continued recessionary trends, your company has been able to further improve upon its performance, turn-over up by 11%, profit before tax (after depreciation) up by 14%, due to its inherent strengths, increased productivity and better sales realizations. The company has been able to almost double its exports as compared to the previous year. The company continues to remain ahead of the industry.

4. FUTURE OUTLOOK :

The new financial year commenced on a happy note and preceding 3 months have shown a healthy trend as the prices of finished products have improved compared to the previous year, and that of raw materials have shown a downward trend. The company has been able to cover sufficient raw materials to ensure continuous working till the arrival of the next crop.

5. DIVIDEND :

In view of the improved performance and better prospects in the future, your Directors are pleased to recommend a dividend of 60% which, with a Corporate Tax on Dividend will increase the pay out to 66% as against 40% previous year. (Subject to Tax).

6. DEPOSITS :

There have been no cases of unclaimed and unpaid deposits during the year. All the deposits have been repaid/renewed as per instructions of the depositors and provisions of Section 58-A of The Companies Act, 1956 and the relevant rules made thereunder.

7. SUBSIDIARY COMPANIES :

(a) The Vijoy Steel & General Mills Co. Ltd., Phagwara continues to perform well despite recession in the steel industry.

(b) SUKHJIT FINANCE LTD. :

The financial year 1996-97 was one of the difficult years for Non-banking Finance Companies due to general economic recession, sluggish capital market and inadequate liquidity. However, the company has been able to perform reasonably well. It has earned a profit of Rs. 117.06 Lacs before tax.

Statement in respect of (a) and (b) is annexed here to pursuant to Section 212 of The Companies

DIRECTORS' REPORT

Act, 1956 and forms an integral part of this report.

8. PERSONNEL :

Pursuant to Section 217 (2A) of the Companies Act, 1956, particulars of the employees of the company drawing remunerations above Rs. 25,000/- per month are set out in the schedule.

9. CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNICAL ADAPTATION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The recommendations of the energy audit are being implemented and extensive modernisation of the Starch Plant has been done, which has resulted in saving of power, fuel etc. directly.

The information pursuant to Section 217 (1) (e) of The Companies Act, 1956 read with the provisions of The Companies (Disclosures of Particulars in the report of the Board of Directors) Rules, 1988 is appended hereto and forms part of this report.

10. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 Shri Ram Nath and Shri Satish Chander Jindal retire by rotation and being eligible, the Board recommends their reappointment.

11. ACKNOWLEDGEMENT :

Your Directors would like to express their grateful appreciation for the co-operation received from the bankers, Punjab National Bank, and place on record their deep sense of appreciation for the devoted services of the Executives, staff and workers of the company for its success.

Yours truly,

for and on behalf of the Board,

(H.C. SARDANA)

Chairman

Dated 21st day of June 1997.

ANNEXURE 'A'

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997

A. POWER & FUEL CONSUMPTION

CURRENT YEAR

PREVIOUS YEAR

1. ELECTRICITY

(a) Purchased Units 000 KWH	16246	15778
Total Amount Rs. 000	43082	34788
Rate/Unit Rs. KWH	2.65	2.20
(b) Own Generation		
(i) Through Diesel Generation		
- Units 000 KWH	1174	1119
- Units per litre of Diesel Oil	2.40	2.38
- Cost/Units Rs.	3.35	2.95
(ii) Through Steam Turbine/Generator		
- Units	Nil	Nil
- Units per litre of fuel oil/gas	Nil	Nil
- Cost/Unit - Rs.	Nil	Nil

2. Coal (Steam Coal used on Boilers)

Quantity (M.Tons)	4146	1869
Total Cost - Rs. 000	9627	3802
Average Rate - Rs / MT	2339	2034

3. Furnance Oil

Quantity (K.Litres)	389	340
Total amount Rs. 000	2670	1993
Average rate - Rs. / K.Litre	6850	5862

4. Others (Rice Husk used on Boilers)

Quantity M.Tons	18394	18030
Total Cost - Rs. 000	12144	14867
Rate Units - Rs./MT	660	825

B. CONSUMPTION PER M.TON OF PRODUCTION

	Standard, if any		
Production	Nil	47422	43030
Electricity - Ton KWH	Nil	343*	367*
Coal Ton / Kgs	Nil	87	43
Furnance Oil - Ton/Ltr.	Nil	128**	132**
Other Rice Husk-Ton/Kgs.	Nil	388	419

* Variation due to change in product mix.

** Used for production of Gluton and Fine Maize husk only.

II. Technology Absorption, Adaptation and Innovation :

The company has not entered into any technical collaboration agreement. It has not acquired any technical know-how from any foreign source so far.

III. Research & Development :

- The pioneer work on maize continues at the company's Research & Development Centre.
- Maize growing has started gaining ground in the State of Punjab. The company expects increased procurement of Maize locally. The company has procured 53,250 bags of maize this year against 36,499 bags previous year.
- Future Plan of Action : The Company proposes to continue research work in developing suitable varieties of seed by which both the industry and the farming community could benefit.

IV. Expenditure on R & D

Amount for the year

(a) Capital	-
(b) Recurring	189966
(c) Total	189966
(d) Total R & D Expenditure as a percentage of total turnover	0.34%

V. Foreign Exchange Earnings & Outgo :

- Foreign Exchange earnings of the company have been to the tune of Rs. 1,96,10,171/- (Rs. 99,12,762/- p. year) on F.O.B. basis.
- The Company has imported other raw materials/consumables of Rs. 18,81,379/- (Rs. 20,62,788/-), components and spares Rs. Nil (Rs. 79,420/-), capital goods Rs. Nil (Rs. 15,66,912/-) on C.I.F. basis and incurred a sum of Rs. 2,27,064/- (Rs. 58,185/-) on foreign travel, paid Rs. 1,85,747/- (Rs. Nil) as commission to foreign Agents and Rs. 11,335/- (Rs. Nil) towards membership fee for credit cards of The American Express Bank Ltd., U.S.A.

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THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA**STATEMENT SHOWING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

1. Name of the Company	: The Vijoy Steel & Gen. Mills Co. Ltd.	Sukhjit Finance Limited
2. Holding Company's Interest	: Holding 36860 equity shares in the subscribed & fully paid up capital of 41700 equity shares of Rs. 10/- each	Holding 4000000 equity shares in the subscribed & fully paid up capital of 4950000 equity shares of Rs. 10/- each
3. Net aggregate amount of subsidiary Company's profits less losses so far as it concerns the members of the holding company and is not dealt with in Company's accounts.		
(a) For the year ended 31-3-97	263700	8740712
(b) For the previous financial years of the subsidiary of the Company	1115600	3459488
4. Net aggregate amount of subsidiary company's profit less losses or vice versa dealt with or provided for in the company's accounts.		
(i) For the subsidiary company financial year ended 31-3-97	73720	5112329
(ii) For the previous financial years of the subsidiary since it became subsidiary	486552	5112329

PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 217 (2-A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.

(A) Persons employed throughout the financial year and were in receipt of remuneration in aggregate of not less than Rs. 300000/- for the year.

Name of Employee	Designation	Annual remuneration	Qualification	Experience	Age	Previous Employment	Date of Commencement	Relationship with Director
Sh. I.K. Sardana	Managing Director	594635/-	B.A.	30 Yrs.	51 Yrs.	-	2-8-1967	Brother of Sh. K.K. Sardana
Sh. K.K. Sardana	Jt. Managing Director	557915/-	B.A.	25 Yrs.	50 Yrs.	-	18-1-1972	Brother of Sh. I.K. Sardana
Sh. S.M. Jindal	Ex. Dir. & Secretary	550682/-	B.Sc. LL.B.	37 Yrs.	66 Yrs.	-	15-6-1960	-

(B) Persons employed for the part of the year and were in receipt of remuneration in aggregate at the rate of not less than Rs. 25000/- per month.

— — — NIL — — —

NOTES :

1. Remuneration-shown above includes Salaries, Commission, Contribution to P.F., Superannuation and perquisites valued in accordance with Income-tax Rules.
2. All the appointments are on non-contractual basis and other terms & conditions as per rules of the company.

THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA

THE SUKHJIT

AUDITORS' REPORT

To
The Shareholders of
The Sukhjit Starch & Chemicals Ltd.,
Phagwara

We have audited the attached Balance Sheet of The Sukhjit Starch & Chemicals Ltd., Phagwara as at 31st March, 1997 and also the Profit & Loss Account of the Company for the year ended on that date and annexed here to and report that :

1. As required by Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books.
 - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit & Loss Account together with the notes thereon and attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - (i) In the case of Balance Sheet, of the State of affairs of the company as at 31st March, 1997.
 - (ii) In the case of Profit & Loss Account, of the profit of the company for the year ended on that date.

FOR K.B. JASUJA & COMPANY,

Chartered Accountants,

(K.B. JASUJA)

B.COM. F.C.A.

PROP.

NEW DELHI.

DATED : 21st June 1997

ANNEXURE TO AUDITORS' REPORT :

(Annexure to our report of even date to the Members of The Sukhjit Starch & Chemicals Ltd., Phagwara)

1. The Company has maintained proper records showing full particulars (including quantitative details and situation of its fixed assets. As per information given to us the fixed assets have been physically verified by the management. The discrepancies noticed on such verification were not serious and have been properly dealt with in the books of account.
2. None of the fixed assets as appearing in the account of the company on the Balance Sheet date has been revalued at any time during the year.
3. Stock of finished goods, stores, spare-parts and raw materials have been physically verified at reasonable intervals during the year by the management which is considered reasonable.
4. In our opinion, the procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.

AUDITORS' REPORT

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FOR K.B. JASUJA & COMPANY,
Chartered Accountants,

(K.B. JASUJA)
B.COM. F.C.A.
(PROP.)
PLACE : NEW DELHI
DATED : 21st June 1997