

# THE SUKHJIT STARCH & CHEMICALS LIMITED



## *56th* *Annual Report* **1999-2000**

## **THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA**

### **BOARD OF DIRECTORS**

Sh. M.N. Sardana-Chairman

Sh. H.C. Sardana

Sh. S.C. Jindal

Sh. A.K. Sardana

Sh. Naresh Sardana

Sh. V.K. Sardana

Sh. I.K. Sardana-Managing Director

Sh. K.K. Sardana-Jt. Managing Director

Sh. S.M. Jindal-Executive Director & Secretary

### **BANKERS**

Punjab National Bank

G.T. Road, Phagwara-144 401

### **AUDITORS**

M/s K.B. Jasuja & Company

Chartered Accountants

B-2/49, Safdarjang Enclave

New Delhi.

### **REGISTERED OFFICE**

Phagwara-144 401. (Pb.)

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## **ANNUAL REPORT & ACCOUNTS 1999-2000**

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**THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA****NOTICE**

Notice is hereby given that the 56th Annual General Meeting of the Members of The Sukhjit Starch & Chemicals Ltd., will be held on Wednesday, the 27th day of September, 2000 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 31.3.2000.
2. To confirm payment of interim dividend.
3. To appoint a Director in place of Shri Naresh Sardana, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri S.C. Jindal, who retires by rotation and being eligible offers himself for re-appointment.
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 pass with or without modification(s) the following resolution as an ordinary resolution :—

"Resolved that pursuant to Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the re-appointment of Shri K.K. Sardana as Joint Managing Director of the Company with effect from 1.9.2000 for period of five years on the terms and conditions including remuneration as are set out in the Explanatory Statement annexed hereto with liberty to the Board of Directors to alter and vary such remuneration within the limits as specified in Schedule XIII to the Companies Act, 1956 and any other amendment thereto or re-enactment thereof and as may be agreed to by the Board of Directors and Shri K.K. Sardana from time to time.

Further resolved that where in any financial year closing after 31st March, 2000, the Company has no profit or its profits are inadequate the company may pay to Shri K.K. Sardana remuneration by way of Salary and allowances not exceeding Rs. 75,000/- per month and in addition thereto perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act including any statutory modifications or re-enactment thereof for the time being in force."

7. To consider and if thought fit pass with or without modification(s) the following resolution as an ordinary resolution :—

"Resolved that pursuant to Section 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the re-appointment of Shri S. M. Jindal as Executive Director of the Company with effect from 1.9.2000 for a period of five years on the terms and conditions including remuneration as are set out in the Explanatory Statement annexed hereto with liberty to the Board of Directors to alter and vary such remuneration within the limits as specified in Schedule XIII to the Companies Act, 1956 and any other amendment thereto or re-enactment thereof and as may be agreed to by the Board of Directors and Shri S.M. Jindal from time to time.

Further resolved that where in any financial year closing after 31st March, 2000, the Company has no profits or its profits are inadequate the company may pay to Shri S.M. Jindal remuneration by way of Salary and allowances not exceeding Rs. 75,000/- per month and in addition thereto perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act including any statutory modifications or re-enactment thereof for the time being in force."

By order of the Board,

**S.M. Jindal**

Executive Director & Secretary

Place : Phagwara

Dated : 25th July, 2000

**THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA****NOTICE****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. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the Meeting.
2. Shareholders intending to seek any clarification of the accounts in the meeting are requested to inform the company at least seven days in advance from the date of the Annual General Meeting. A copy of the Balance Sheet as at March 31, 2000 and the Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Reports thereon are enclosed. Members are, however, requested to bring their copies of Annual Report to the Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 12th September, 2000 to 27th September, 2000 (both days inclusive).
4. Members, who have not encashed their dividend warrants for the financial years 1995-96, 1996-97, 1997-98 and 1998-99 may approach the company for revalidation of the original dividend warrants or for obtaining duplicate dividend warrants.
5. In terms of the provisions of Section 205A of the Companies Act, 1956, the unclaimed Equity Dividend for the financial year(s) upto 1994-95 have been transferred to the General Revenue Account of the Central Government. Those shareholders, who have so far not claimed or collected their dividend for the said financial year(s), may claim the above dividend from the Office of the Registrar of Companies, Punjab. Chandigarh and H.P. at 286, Garha Road, Defence Colony, Jalandhar City-144 001.
6. Members are hereby informed that Dividends which remain unclaimed / unencashed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim shall lie for the unclaimed dividend from IEPF by the shareholders. Shareholders are, therefore, advised to send all unencashed Dividend Warrants / seek payment of unclaimed dividends from the Company after meeting up the necessary requirements.
7. Section 109A of the Companies Act, 1956 has extended nomination facility to individuals holding shares in Companies. Shareholders, in particular, those holding shares in single name, are requested to avail of the above facility by furnishing to the company the particulars of their nominations. Shareholders may please write to the company for prescribed Nomination Form.
8. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, concerning resolution No. 6 & 7 is annexed.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 6 & 7**

The current tenure of Shri K. K. Sardana as Joint Managing Director and Shri S. M. Jindal as Executive Director & Secretary expires on 31.08.2000. Both Shri K.K. Sardana and Shri S. M. Jindal have been working with the company for the last over two decades and have significantly contributed to the expansion and overall development of company's business. The Board of Directors are of the view that it is in the best interest of the company to continue to avail their services. The Board of Directors have, subject to the approval of the members, reappointed them for a further period of five years with effect from 01.09.2000 on the following terms & conditions :—

**THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA****NOTICE****REMUNERATION**

Each appointee shall be paid remuneration by way of salary, perquisites, commission and other allowances as follows :-

**(a) SALARY**

Rs. 42,000/- p.m. with annual increment as may be decided by the Board of Directors from time to time within the overall limits specified under Schedule XIII to the Companies Act.

**(b) COMMISSION**

0.5% of the net profits of the company for each financial year or at such rate as may be decided by the Board of Directors from time to time, within the overall limits specified under Schedule XIII to the Companies Act.

**(c) PERQUISITIES**

Perquisites shall be allowed in addition to salary and commission and shall be restricted to an amount equal to annual salary for each financial year as under :-

- (i) Free furnished accommodation with 10% deduction of salary, medical re-imbursement and leave travel benefit for self and family, club fees subject to a maximum of two clubs and personal accident insurance in accordance with the rules of the company.
- (ii) Contribution to Provident Fund and Superannuation Fund to the extent either singly or put together are not taxable under the Income Tax Act. Gratuity @ 15 days salary for each completed year of service and one full pay and allowances as per rules of the company but not exceeding one month's leave for every 11 months of service. Encashment of leave at the end of tenure will not be included in the computation of ceiling on perquisites.
- (iii) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. However, personal long distance calls of telephone and use of car for private purposes shall be billed by the company to the appointee.

The above limits shall be subject to Schedule XIII to the Companies Act, 1956 and amendments thereto as may be made by the Central Government from time to time and agreed to by the Board of Directors and Shri K.K. Sardana and Shri S.M. Jindal. They shall be entitled to actual entertainment and travelling expenses incurred in the course of company's business as per rules of the company.

Shri K.K. Sardana and Shri S.M. Jindal will not receive any sitting fee for attending the meetings of the Board of Directors of the company and shall not so long as they function as Joint Managing Director and Executive Director of the Company, become interested or concerned directly or through their spouses or minor children in any selling agency of the company without prior approval of the Central Government.

None of the Directors except Shri I.K. Sardana is interested or concerned in the resolution as he is brotherly related to Shri K.K. Sardana.

The explanation together with the accompanying notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956 in respect of re-appointment of Shri K.K. Sardana as Joint Managing Director and Shri S.M. Jindal as Executive Director of the Company.

The Board commends the resolution for approval of the members.

**THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA****DIRECTORS' REPORT**

Ladies and Gentlemen,

Your Directors are pleased to present before you the 56th Annual Report and the Audited Statement of Accounts for the year ending 31st March, 2000.

**1. FINANCIAL RESULTS**

	1999-2000 (Rs. in lacs)	1998-99 (Rs. in lacs)
Sales and other income	5801.40	5856.23
Profit before tax & depreciation	467.26	601.16
Profit before tax but after depreciation	341.39	482.14
Provision for taxes	59.13	108.76
Surplus brought forward	38.54	28.99
Surplus available for appropriation	320.80	402.37
Proposed dividend (Interim Dividend)	110.70	147.60
Corporate tax on dividend	12.18	16.23
Transfer to General Reserve	150.00	200.00
Surplus carried forward	47.92	38.54

**2. PERFORMANCE**

As indicated in the previous year, the Industry had to resort to import of Maize and as expected, an upward trend in the prices was arrested. However, the landed cost of Maize at Phagwara was higher due to freight incidence as compared to the other industrial units located near the port. The selling price of finished goods did not show any corresponding increase thereby adversely affecting the profitability of your company, for the period under review.

**3. FUTURE OUTLOOK**

The company has been able to procure sufficient quantity of raw material i.e. Maize, ensuring continuous running of the plant and we are quite optimistic about the future prospects of the company, barring any unforeseen circumstances.

**4. DIVIDEND**

The Board had declared an Interim Dividend @ 30% for the financial year ended on 31st March, 2000 and has decided to recommend the same as the final dividend.

**5. DEPOSITS**

All the deposits have been repaid/renewed as per the instructions of the depositors and provisions of Section 58-A of the Companies Act, 1956 and the relevant rules made thereunder except for three cases of unclaimed deposits amounting to Rs. 53701/- during the year.

**6. SUBSIDIARY COMPANIES**

- (a) **The Vijoy Steel & General Mills Co. Ltd., Phagwara** : The company continued to reel under recessionary trends during the year under reference. Things have, however, improved during the running year with better margins and it is expected to close the running year with some profits against losses.
- (b) **Sukhjit Finance Ltd., Phagwara** : The company continued to perform under adverse circumstances. However, with industrial scene turning around the company is expected to perform well during the running year. The company declared an Interim Dividend @ 10% for the year ended on 31st March, 2000.

## THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA

### DIRECTORS' REPORT

- (c) **Scott Industries Ltd., Phagwara** : The Company has taken-up Technology Upgradation-cum-Expansion programme to meet the customers requirements. The company achieved turnover of Rs. 394.91 lacs but due to high cost of quota for exports the company suffered net loss of Rs. 33.87 lacs. However, the benefits of this will accrue in the coming years.

#### 7. PERSONNEL

Pursuant to Section 217 (2A) of the Companies Act, 1956, particulars of the employees of the company drawing remuneration above Rs. 50,000/- per month are set out in the Schedule appended hereto which forms part of this report.

#### 8. CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNICAL ADAPTATION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The recommendations of the energy audit have been implemented and extensive modernization 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 (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is appended hereto and forms part of this report.

#### 9. Y2K COMPLIANCE

The company has successfully managed Y2K transition without any disruption at a very insignificant cost.

#### 10. DIRECTORS

The Directors have to report with a heavy heart, the sad and sudden demise of their colleague Shri Ram Nath during the year. Shri Ram Nath had a long association of 40 years and played a key role in the overall growth of the company. The company is deprived of his able and mature guidance.

In accordance with the provisions of the Companies Act, 1956, Shri Naresh Sardana and Shri S.C. 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,

**M. N. Sardana**  
Chairman.

Dated : 22nd July, 2000.

**THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA****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, 2000.

**I A. POWER & FUEL CONSUMPTION**

<b>1. ELECTRICITY</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
(a) Purchase Units-000KWH	16569	15989
Total amount Rs. 000	57037	53566
Rate/Unit Rs.	3.44	3.35
(b) Own Generation		
(i) Through Diesel Generation		
—Units-000KWH	357	456
—Units per litre of Diesel Oil	2.50	2.50
—Cost/Unit Rs.	4.36	3.82
(ii) Through Steam Turbine/Generator		
—Units	Nil	Nil
—Unit per litre of Fuel Oil/Gas	Nil	Nil
—Cost/Unit-Rs.	Nil	Nil
<b>2. Coal (Steam Coal used on Boilers)</b>		
Quantity (M. Tons)	568	840
Total Cost Rs. 000	1396	2307
Average Rate Rs./MT	2458	2740
<b>3. Furnace Oil</b>		
Quantity-K.Litres	364	482
Total Cost Rs. 000	3589	3186
Average Rate-Rs./K.L	9860	6610
<b>4. Others (Rice Husk)</b>		
Quantity-M.Tons	20549	21865
Total Cost-Rs. 000	14795	17272
Average Rate—Rs./MT	720	790



**THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA****ANNEXURE 'A'****(B) CONSUMPTION PER M.TON OF PRODUCTION**

	Standard, if any	CURRENT YEAR	PREVIOUS YEAR
Production	Nil	43607	48879
Electricity-Ton/KWH	Nil	380 *	327 *
Coal-Ton/Kgs	Nil	13	17
Furnace Oil-Ton/Ltr.	Nil	152 **	165 **
Other Rice Husk-Ton/Kgs.	Nil	471	447

\* Variation due to change in product mix.

\*\* Used for production of Gluten 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**

- (i) The pioneer work on Maize continues at the Company's Research & Development Centre.
- (ii) Maize growing has started gaining ground in the State of Punjab. The company expects increased procurement of maize locally.
- (iii) 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 (Rs.)

(a) Capital	Nil
(b) Recurring	188143
(c) Total	188143
(d) Total R & D Expenditure as a percentage of total turnover	0.03%

**V. FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. Foreign Exchange Earnings of the company have been to the tune of Rs. 13962/- (Rs. 10915044/- Previous year) on F.O.B. basis.
2. The Company has imported raw materials and consumables of Rs. 10909540/- (Rs.2429054/- Previous year) on C.I.F. basis and incurred a sum of Rs. Nil (Rs. 113100/- Previous year) as commission to foreign agents, Rs. 9786 (Rs. 16029/- Previous year ) towards subscription to foreign Journals and Rs. 5466/- (Rs. Nil Previous year) on other accounts.

**THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA****STATEMENT OF 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 Ltd.	Scott Industries Ltd.
2. Holding Company's interest	Holding 36,860 equity shares in the subscribed & fully paid up capital of 41,700 equity shares of Rs. 10/- each	Holding 40,32,200 equity shares in the subscribed & fully paid up capital of 49,50,000 equity shares of Rs. 10/- each.	Holding 35,00,000 equity shares in the subscribed & fully paid up capital of 35,01,400 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			
(i) For the year ended 31.3.2000	(—) 7,62,833	46,47,446	(—) 33,85,305
(ii) For the previous financial years of the subsidiary of the Company	13,15,502	96,85,630	(—) 11,01,180
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's financial year ended 31.3.2000	—	40,24,700	—
(ii) For the previous financial years of the subsidiary since it became subsidiary.	7,07,712	1,95,29,129	—

**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, 2000**

(A) Persons employed throughout the financial year and were in receipt of remuneration in aggregate of not less than Rs. 6,00,000/- for the year.

Name of Employee	Designation	Annual Remuneration	Qualification	Exp. in Yrs.	Age Yrs.	Previous Employment	Date of commencement	Relationship with Director
Sh. I.K. Sardana	Managing Director	685812	B.A.	33	54	—	2.8.67	Brother of Sh. K.K. Sardana
Sh. K.K. Sardana	Jt. M.D.	650652	B.A.	28	53	—	18.1.72	Brother of Sh. I.K. Sardana
Sh. S.M. Jindal	E. Dir. & Secretary	629081	B.Sc. LL.B.	40	69	—	15.6.60	—

(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. 50,000/- 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.