

THE SUKHJIT STARCH & CHEMICALS LIMITED



57th
Annual Report
2000-2001

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.)

ANNUAL REPORT & ACCOUNTS 2000-2001

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

Notice is hereby given that the 57th Annual General Meeting of the Members of the The Sukhjit Starch & Chemicals Ltd., will be held on Thursday, the 27th day of September, 2001 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 31.3.2001.
2. To declare dividend on Equity Shares for the year ended 31.3.2001.
3. To appoint Director in place of Shri H.C. Sardana who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Director in place of Shri V.K. Sardana 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.

By order of the Board,

S.M. Jindal

Executive Director & Secretary

Place : Phagwara

Dated : 25th July, 2001

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, 2001 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 17th September, 2001 to 27th September, 2001 (both days inclusive).
4. Members, who have not encashed their dividend warrants for the financial years 1995-96, 1996-97, 1997-98, 1998-1999 and 1999-2000 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 has 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.

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

Ladies & Gentleman,

Your Directors are pleased to present before you the 57th Annual Report and the Audited Statement of Accounts for the year ending 31st March, 2001.

1. FINANCIAL RESULTS	2000-2001 (Rs. in Lacs)	1999-2000 (Rs. in Lacs)
Sales & Other Income	6883.28	5847.41
Profit before tax & depreciation	519.26	467.26
Profit before tax but after depreciation	381.45	341.39
Provision for taxes	118.64	60.00
Surplus brought forward	47.92	38.54
Surplus available for appropriation	310.73	320.80
Proposed Dividend	129.15	110.70
Corporate Tax on Dividend	13.17	12.18
Transfer to General Reserve	150.00	150.00
Surplus Carried Forward	18.41	47.92

2. PERFORMANCE

Sufficient availability of Maize has improved the working of the Company during the year under reference. Sales of the Company have increased from Rs. 56.62 Crores to Rs. 67.57 Crores resulting in better margins as profit before tax and depreciation has increased to Rs. 5.19 Crores (Rs. 4.67 Crores) despite the fact that other income (as included in the above profits) is much lower than the previous year.

3. FUTURE OUTLOOK

Continuous local availability of maize is expected to bode well in the Starch Industry and we feel that your company will assume higher profitability and sustainability in the growth barring unforeseen circumstances in current year.

4. DIVIDEND

The Directors are pleased to recommend a dividend of 35% for the financial year ended 31st March, 2001 as compared to 30% declared last year. Effective pay-out will work out to over 38.57% with Corporate Tax on Dividend.

5. DEPOSITS

All the deposits have been renewed/repaid as per the instructions of the depositors and strictly in accordance with the provisions of Section 58A of the Companies Act, 1956 and rules made thereunder. The company had no unclaimed/unpaid deposit.

6. SUBSIDIARY COMPANIES

(a) **The Vijoy Steel & General Mills Co. Ltd., Phagwara** : The company has not yet come out of the recessionary pressures prevailing in its business. Raw material prices have continued to increase with corresponding little increase in finished products thereby squeezing the profit margin drastically.

(b) **Sukhjot Finance Ltd., Phagwara** : The company continues to perform under adverse circumstances. Bad performance in the industrial sector has adversely affected the operations as well as profitability of the Company.

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

(c) **Scott Industries Ltd., Phagwara** : The company has completed technological upgradation-cum-expansion programme during the year under reference and fall out of all the said programme will show up in the running year.

7. PERSONNEL

Pursuant to Section 217(2A) of the Companies Act, 1956 the company had no employee drawing a salary aggregating to Rs. 12 lacs per annum, if employed throughout the year or Rs. 1 lac per month, if employed for a part of the year.

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. SAFETY, HEALTH AND ENVIRONMENT

Your company accords high importance to safety, health and environment related issues. Regular safety audits are conducted to check the readiness of safety equipment and preparedness of personnel to face any emergency. Mock Drills are frequently carried out to examine the readiness of personnel and identify training needs.

Phagwara Unit has been continuously awarded by the State Government with Certificate for having the lowest frequency rate of accidents in Chemical Industry in the State for the last about 10 years.

Effluent Treatment Plants of the company have been operating very well and treated effluents meet the prescribed limits of the State Pollution Control Boards.

10. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 Shri H.C. Sardana and Shri V.K. Sardana 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, 2001

THE SUKHJIT STARCH & CEMICALS 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, 2001.

I A. POWER & FUEL CONSUMPTION

1. ELECTRICITY	CURRENT YEAR	PREVIOUS YEAR
(a) Purchase Units-000 KWH	17506	16569
Total Amount Rs. 000	65279	57037
Rate/Unit Rs.	3.73	3.44
(b) Own Generation		
(i) Through Diesel Generator		
~ Units—000 KWH	558	357
~ Units per ltr of Diesel Oil	2.50	2.50
~ Cost/Unit Rs.	5.70	4.36
(ii) Through Steam Turbine/Generator		
~ Units—000 KWH	Nil	Nil
~ Units per ltr of Fuel Oil/Gas	Nil	Nil
~ Cost/Unit Rs.	Nil	Nil
2. Coal (Steam Coal used on Boilers)		
Quantity (M. Tons)	100	568
Total Cost Rs. 000	247	1396
Average Rate Rs./MT	2467	2458
3. Furnace Oil		
Quantity (K. Litres)	513	364
Total Cost Rs. 000	6129	3589
Average Rate Rs./KL	11947	9860
4. Others (Rice Husk)		
Quantity (M. tons)	24358	20549
Total Cost Rs. 000	19167	14795
Average Rate Rs./MT	787	720

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

	Standard, if any	CURRENT YEAR	PREVIOUS YEAR
Production	Nil	55204	43607
Electricity-Ton/KWH	Nil	317 *	380 *
Coal – Ton/Kgs	Nil	2	13
Furnace Oil-Ton/Ltr.	Nil	138 **	152 **
Others-Rice Husk-Ton/Kgs	Nil	441	471

(*) Variation due to change in product mix.

(**) Used for production of Gluton & 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.

IV. EXPENDITURE ON R & D**Amount for the year (Rs.)**

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

V. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Foreign Exchange Earnings of the company have been to the tune of Rs. 159198/– (Rs. 13962/- Previous year) on F.O.B. basis.
2. The Company has imported raw material and consumables of Rs. 2040618 – (Rs. 10909540 – Previous year) on C.I.F. basis and incurred a sum of Rs. Nil (Nil Previous year) as commission to foreign agents, Rs. Nil (Rs. 9786/- Previous year) towards subscription to foreign journals and Rs. Nil (Rs. 5466/- Previous year) on other accounts.

THE SUKHJIT STARCH & CEMICALS 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.	Sukhjot 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 40,43,200 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 31.3.2001	(-) 1,29,793	18,50,093	(-) 11,05,713
(ii) For the previous financial years of the subsidiary of the Company	13,29,115	1,03,28,978	(-) 44,87,072
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 31.3.2001	—	40,32,200	—
(ii) For the previous financial years of the subsidiary since it became subsidiary.	7,07,712	2,35,53,829	—

THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA**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, 2001 and also the Profit and Loss Account of the company for the year ended on that date annexed hereto and report that :—

1. As required by the 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 paragraphs 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 purposes 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 and Loss Account dealt with by this report are in agreement with the books of accounts.
 - (d) In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
 - (e) As per the information and explanations given to us, none of the directors of the company is disqualified from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) 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, 2001.
 - (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.

Place : New Delhi

Dated : 22nd day of July, 2001

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 accounts 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.

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

5. The discrepancies noticed on such verification between physical stock and book records were not material and the same have been properly dealt with in the books of account.
6. In our opinion, the valuation of stock of finished goods, stores and spare-parts, raw materials has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the earlier years.
7. According to the information given to us the Company has not taken any loans from the Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
8. The company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or Companies under the same management as defined under Sub-section (1B) of Section 370 of the Act.
9. According to the information given to us, the company has given loans/advances to its employees who are repaying regularly stipulated instalments towards principal amount. No interest is being charged on such loans/advances.
10. On the basis of checks carried out during the course of audit and as per explanations given to us, there is an adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw-materials, including components, plant & machinery, equipment and other assets and for sale of goods.
11. The Company has not made any purchase of stores, raw- materials and components from firms, companies or other parties in which the directors are interested, exceeding Rs. 50,000/- in value as listed in the register maintained under Section 301 of the Act.
12. As explained to us the Company has regular procedure for the determination of unserviceable or damaged stores and raw- materials which are adjusted in the accounts on the basis of technical evaluation. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the explanations given to us, the Company has complied with the provisions of Section 58-A of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the public.
14. In our opinion, reasonable records have been maintained by the company for the sale and disposal of bye-products and scrap.
15. In our opinion and according to the information and explanations given to us, the internal audit system as installed commensurates with the size of the Company and of the nature of business.
16. The Central Govt. has not prescribed the maintenance of cost records for any of the products of the Company under Section 209 of the Companies Act, 1956.
17. According to the records of the Company, the Company has been regular in depositing Provident Fund and Employees State Insurance dues.
18. There was no amount outstanding as on 31.3.2001 in respect of undisputed Income-tax, Sales-tax, Custom-duty and Excise Duty for a period of more than 6 months from the date they become due.
19. The Company has a policy of authorising expenditure based on reasonable checks and balances. The policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to revenue account which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses.
20. The Company is not a sick industrial unit within the meaning of Clause (0) of Sub-section (1) 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

FOR K.B. JASUJA & COMPANY

Chartered Accountants,

(K.B. JASUJA)

B.Com., F.C.A.

Prop.

Place : New Delhi

Dated : 22nd day of July, 2001