

THE SUKHJIT STARCH & CHEMICALS LIMITED



60th
Annual Report
2003-2004

Registration Certificate

*This is to certify that the
Management Systems of*

The Sukhjit Starch & Chemicals Limited

*have been assessed by
International Certifications Ltd
and found to comply with the requirements of*

ISO 9001:2000

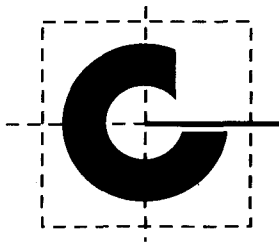
OTBans

12524.02

Managing Director

Certificate Number

JAS-ANZ



Copy of the ISO 9001:2000 Registration Certificate

THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA

BOARD OF DIRECTORS

Sh. V.K. Sardana – Chairman
Sh. H.C. Sardana
Sh. M.N. Sardana
Sh. S.C. Jindal
Sh. A.K. Sardana
Sh. Naresh 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 2003-2004

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

NOTICE is hereby given that the 60th Annual General Meeting of the Members of The Sukhjit Starch & Chemicals Ltd. will be held at the Registered Office of the Company at Phagwara on Friday, the 17th day of September, 2004 at 10.00 A.M. 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 31.3.2004.
2. To declare dividend on Equity Shares for the year ended 31.3.2004.
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 : 29th July, 2004

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 on 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 31.3.2004 and the profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Reports thereon are also enclosed. Members are, however, requested to bring their copies of the Annual Report to the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 6th day of September, 2004 to 17th day of September, 2004 (both days inclusive).
4. Members are requested to notify any change in their address immediately to the Registrar-cum-Share Transfer Agent of the company.
5. Dividend Warrants, to the resident members of the Company will be posted within 30 days from the date of declaration of dividend.
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 Investors Education & Protection Fund (IEPF) constituted by the Central Government under section 205C of the Companies Act, 1956. Further, under the amended provisions of the Companies Act, 1956, no claim shall lie for the unclaimed dividend either from the company or from IEPF.
7. Members who have not encashed their dividend warrants for the financial year 1996-97, 1997-98, 1998-99, 1999-2000, 2000-2001, 2001-2002 and 2002-2003 may approach the company for revalidation of the original dividend warrants or for obtaining duplicate dividend warrants. The unpaid/unclaimed amount will be deposited to the Investors Education and Protection Fund as per the given schedule :

Dividend for Financial Year	Date of Declaration	Due date for Deposit
1996-1997	21.08.1997	20.08.2004
1997-1998	15.09.1998	14.09.2005
1998-1999	16.09.1999	15.09.2006
1999-2000	22.04.2000	21.04.2007
2000-2001	27.09.2001	26.09.2008
2001-2002	25.09.2002	24.09.2009
2002-2003	24.09.2003	23.09.2010

8. Section 109A and 109B of the Companies Act, 1956 has extended the nomination and transmission facility to the share holders of the company. The shareholders can avail the above facility by furnishing to the Company the particulars of their nominee (s). Every person who becomes the nominee by virtue of Section 109A may upon the production of such evidence as may be required by the Board elect either to get himself registered as the holder of the securities or to make such transfers as the case may be as the deceased holder could have made.

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

Ladies & Gentlemen,

Yours Directors are pleased to present before you the 60th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS

	2003-04	2002-03
	(Rs. in Lacs)	(Rs. in Lacs)
Sales & Other income	8554.13	7439.71
Profit before tax & depreciation	550.54	621.63
Profit before tax but after depreciation	328.13	455.45
Provision for taxes	105.87	140.95
Surplus brought forward	86.99	46.93
Surplus available for appropriation	309.25	361.43
Proposed dividend (including Corporate Tax)	149.86	149.44
Transfer to General Reserve	75.00	125.00
Surplus carried forward	84.39	86.99

2. PERFORMANCE

The company has achieved a total turnover of Rs. 85.54 crores for the year ended 31/3/2004 against Rs. 74.40 crores for the year ended 31/3/2003. The profit before tax is Rs. 3.28 crores against Rs. 4.55 crores for the previous year. The Company has provided Rs. 1.05 Crores (Rs. 1.40 crores) for taxation including deferred tax Provision of Rs. 74.50 lacs resulting in net profit after tax of Rs. 2.23 crores against Rs. 3.15 crores for the previous year. Higher cost of raw material which is an agriculture produce, continued impacting profits adversely during the year under reference.

3. FUTURE OUTLOOK

As required under Corporate Governance, Management Discussion and Analysis Report which is forming a part of this report is a reflection of the current state of business. Competition scenario & the increased prices of rawmaterial continues to squeeze the margins of some products. Prevailing drought conditions during the year may further aggravate the situation.

4. EXPANSION

The company has set up its third unit at Malda (West Bengal) to cater to the demand of the Eastern Sector. The unit has commenced production during the year under reference and is yielding favourable results.

5. CORPORATE GOVERNANCE

Your company is fully committed to the philosophy of transparency and believes in conducting the business with due compliance of all the applicable laws, rules and regulations. The company has duly implemented the system of Corporate Governance as per the requirements of the Listing Agreement. Detailed report appears in the Annexures forming part of this report.

6. DIVIDEND

The Directors are pleased to recommend a dividend @ 36% for the financial year ended 31st March, 2004, which with the Corporate Tax on Dividends give an effective pay out of 40.61%.

7. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2A) of the Companies Act, 1956, the Directors confirm :

- that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2004 the applicable Accounting Standards have been followed alongwith proper explanations relating to material departures ;
- that the Directors have selected such accounting policies and applied them consistently and made judgements 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 of the Company for the year so ended ;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting

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

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 ; and

- (iv) that the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2004 on a 'going concern' basis.

8. DEPOSITS

All the deposits have been renewed/repaid as per the provisions of Section 58-A of the Companies Act, 1956 and rules made thereunder. The company has no unclaimed/unpaid deposits.

9. SUBSIDIARY COMPANIES

- (a) The Vijoy Steel & General Mills Company Ltd., Phagwara : The company continued to reel under recessionary conditions during the year under reference.
- (b) Sukhjiti Finance Ltd., Phagwara : The company continued to perform under adverse circumstances, with the small scale units (potential customers of the company) facing industrial sickness. The company has cut down its operations to ward off unnecessary losses.
- (c) Scott Industries Ltd., Phagwara : The company has taken up Technology Upgradation-cum-Expansion Programme to meet the customer requirements. The benefits of which will accrue in the coming years.

10. PERSONNEL

Pursuant to Section 217 (2A) of the Companies Act, 1956 there has been no employee with the company who is in receipt of remuneration over Rs. 24,00,000/- p.a. if employed throughout the year or Rs. 2,00,000/- p.m. if employed for a part of the year, during the financial year under reference.

11. 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.

12. AUDITORS

M/s. K.B. Jasuja & Co., Chartered Accountants, New Delhi, who are the Auditors of the Company, have confirmed their eligibility to be reappointed as Auditors of the Company at the ensuing Annual General Meeting. The Board of Directors recommend appointment of M/s. K.B. Jasuja & Co., Chartered Accountants, as Auditors of the Company for the approval of the Members and fix their remuneration.

13. ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the co-operation received from the bankers 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,

V.K. SARDANA

Chairman

Dated : 28th July, 2004

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, 2004.

I. (A) POWER & FUEL CONSUMPTION

1. ELECTRICITY

	CURRENT YEAR	PREVIOUS YEAR
(a) Purchase Units – 000 KWH	20,300	16,744
Total Amount Rs. 000	78,575	66,425
Rate/Unit Rs.	3.87	3.97
(b) Own Generation		
(i) Through Diesel Generation		
– Units – 000 KWH	255	272
– Units per Ltr of Diesel oil	2.50	2.50
– Cost/Unit Rs.	8.05	7.46

2. COAL (Steam Coal used on Boilers)

Quantity (M. Tons)	12,013	11,346
Total Cost Rs. 000	26,091	26,645
Average Rate Rs./MT	2,174	2,348

3. FURNACE OIL

Quantity (K. Litres)	508	425
Total Cost Rs. 000	7,271	5,700
Average Rate Rs. /KL	14,313	13,411

4. OTHERS (Rice Husk)

Quantity (M. Tons)	16,604	11,299
Total Cost Rs. 000	18,550	8,813
Average Rate Rs./MT	1,117	780

(B) CONSUMPTION PER M.TON OF PRODUCTION

	STANDARD, if any	CURRENT YEAR	PREVIOUS YEAR*
Production	Nil	66,835	56,288
Electricity–Ton/KWH	Nil	304 *	297 *
Coal – Ton/Kgs.	Nil	180	202
Furnace Oil – Ton/Ltr.	Nil	113 **	188 **
Others – Rice Husk – Ton/Kgs.	Nil	248	201

(*) Variation due to change in product mix.

(**) Used for production of Gluten & 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

Research & Development programme already carried out by the company has started bearing fruits and Maize growing has started gaining ground in the State of Punjab. Procurement of Maize from the state is increasing year over year.

THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA**ANNEXURE 'A'****IV. EXPENDITURE ON R & D****Amount for the year (Rs.)**

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

V. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Foreign Exchange Earnings of the Company have been Rs. NIL (Rs. Nil previous year) on F.O.B. basis.
- The Company has imported raw material and consumables of Rs. NIL (Rs. 10,31,755/- Previous Year) on C.I.F. basis and capital goods of Rs. NIL (Rs. 15,90,520/- Previous Year) and incurred a sum of Rs. NIL on foreign travelling expenses (Rs. 1,85,173/- Previous Year).

ANNEXURE 'B' 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 45,160 equity shares in the subscribed & fully paid up capital of 50,000 equity shares of Rs. 10/- each	Holding 41,51,000 equity shares in the subscribed & fully paid up capital of 49,50,000 equity shares of Rs. 10/- each	Holding 44,00,000 equity shares in the subscribed & fully paid up capital of 44,01,400 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			
(a) For the year ended 31.3.2004	(-) 2,37,151	(-) 22,64,174	(-) 5,08,033
(b) For the previous financial years of the subsidiary of the company	(-) 3,77,090	10,58,468	(-) 1,66,34,807
4. Net aggregate amount of subsidiary company's profit less losses or vice versa dealt with or provided for in the company's accounts			
(a) For the subsidiary company's financial year ended 31.3.2004	—	—	—
(b) For the previous financial years of the subsidiary since it became subsidiary	7,07,712	2,96,08,629	—

THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA**ANNEXURE 'C'****CORPORATE GOVERNANCE REPORT**

The company continues to implement the code of Corporate Governance during the year under reference in terms of clause 49 of the Listing Agreement with Stock Exchanges.

1. BRIEF NOTE ON COMPANY'S PHILOSOPHY :

The company has always believed in good Corporate Governance. Transparency, fair business and Standard Corporate Practices help the company to maximise long term shareholders value and in building a bond of trust with its employees, customers, creditors, lenders and others. The company has always remained prompt and regular in discharging its statutory obligations and duties.

The board has constituted various committees of Directors from time to time and the meetings of the Board and Committees thereof have been held as frequently as required for proper and effective control over the affairs of the Company. All the Directors, attending the Board and Committee meetings, actively participate in the proceedings and decisions are taken unanimously.

2. BOARD OR DIRECTORS :

The Board of Directors comprises one Managing Director, one Joint Managing Director, one Executive Director and six Non-executive Directors.

During the year, 14 board meetings were held on : 20.04.2003, 21.04.2003, 12.06.2003, 30.07.2003, 31.07.2003, 24.09.2003, 25.09.2003, 28.10.2003, 29.10.2003, 29.11.2003, 14.12.2003, 15.12.2003, 30.01.2004, 31.01.2004.

The composition of the Board of Directors and their Attendance at the meetings during the year are given below :

Name of the Director	Category of Directorship	Number of board meetings attended
Shri V.K. Sardana	Chairman	8
Shri I.K. Sardana	Managing Director	14
Shri K.K. Sardana	Jt. Managing Director	4
Shri S.M. Jindal	Executive Director	14
Shri S.C. Jindal	Non Executive Director	10
Shri H.C. Sardana	Non Executive Director	4
Shri A.K. Sardana	Non Executive Director	9
Shri Naresh Sardana	Non Executive Director	2
Shri M.N. Sardana	Non Executive Director	4

3. COMMITTEES OF THE BOARD

The Board of Directors have constituted the following Committees with adequate delegation of powers :

- (i) **Audit Committee :** The Audit Committee has been delegated with the powers and entrusted with the duties to oversee the company's financial reporting process and adequacy of internal audit system, scope of audit including observations of the Auditors, adequacy of internal audit system etc. The committee also meets the Operating Management Executives and reviews the operations.

Shri S.C. Jindal Chairman

Shri A.K. Sardana Non Executive Director

Shri Naresh Sardana Non Executive Director

Shri S.M. Jindal, Executive Director & Secretary of the company acts as Secretary of the Committee.

THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA**ANNEXURE 'C'****(ii) Share Transfer Committee :**

The details of Share Transfer Committee and their meetings are given below :

		Meetings held during the year	Meetings attended
Shri I.K. Sardana	Chairman	24	18
Shri K.K. Sardana	Member	24	13
Shri S.M. Jindal	Member	24	22

(iii) Shareholders/Investors Grievances :

The number of complaints received from the shareholders have been quite negligible during the year under reference. The Board has, however, appointed a Committee of Directors comprising of Shri A.K. Sardana, Shri Naresh Sardana and Shri S.M. Jindal as members which will redress the Investors grievances or their complaints expeditiously.

(iv) Remuneration Committee :

The company has three Whole Time Directors on the Board whose appointment and remuneration have been fixed by the Board in terms of resolution passed by the members. In view of this no remuneration committee was constituted.

Remuneration paid to the Executive Directors during the financial year is given below :-

Name	Salary	Commission	Perquisite Value	Retirement Benefits	(Amount in Rs.) Total
Sh. I.K. Sardana	6,96,000	1,64,064	84,246	1,86,582	11,30,892
Sh. K.K. Sardana	6,84,000	1,64,064	75,383	1,83,365	11,06,812
Sh. S.M. Jindal	6,84,000	1,64,063	19,900	82,080	9,50,043

4. GENERAL BODY MEETINGS

The details of location and time for the last three Annual General meetings are given below:

Date	Location	Time
27/09/2001	Regd. Office Phagwara	10.00 A.M.
25/09/2002	Regd. Office Phagwara	10.00 A.M.
24/09/2003	Regd. Office Phagwara	10.00 A.M.

5. Disclosures regarding materially related party transactions :

No transaction of material nature has been entered into by the Company with its Promoters, Directors, Relatives or the Management which could have potential conflict with the interest of the company.

6. Means of Communication :

Quarterly / six monthly results of the company were published during the financial year under review as per requirements of the Listing Agreement.

7. LOCATION OF PLANTS**(i) Sarai Road, Phagwara (PB.)**

Phone No. (01824) 260314, 260216, 260758

Fax No. : (01824) 261669, 262077

E-mail : Sukhjit@comeconnect.com

**(ii) Armour Road, Mubarak Nagar,
Nizamabad (A.P.)**

Phone No. (08462) 239102, 238622

Fax No. (08462) 239330

E-mail : starch@nettlinx.com

(iii) WBIIDC Growth Centre,

N.H. 34, Narayanpur,

MALDA-732 141 (WEST BENGAL)

Phone No. (03512) 262254, 262256

Fax No. (03512) 262255

E-mail : sukhjit_st@sancharnet.in