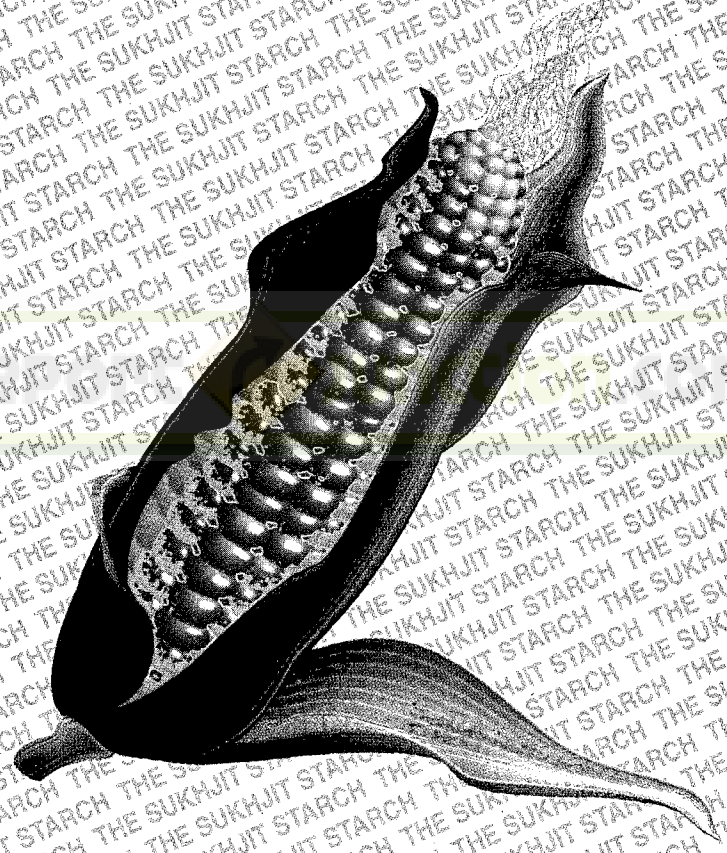


65th Annual Report 2008-2009



THE SUKHJIT STARCH & CHEMICALS LIMITED



CERTIFICATE

Certificate no. 3934

THE SUKHJIT STARCH & CHEMICALS LIMITED

SARAI ROAD, PHAGWARA,
DISTT. KAPURTHALA – 144 401. (PUNJAB) ; INDIA.



QS Zürich AG certifies that the Management System of the above mentioned company has been assessed and meets the requirements established by the following rules :

ISO 9001: 2000

The management system includes :

**MANUFACTURE OF MAIZE STARCH, DEXTRINS,
MODIFIED STARCHES & ITS BY PRODUCTS AND DERIVATIVES
LIKE GLUTEN, MAIZE OIL, MAIZE OIL CAKE, DEXTROSE
MONOHYDRATE, DEXTROSE ANHYDROUS, SORBITOL AND
MALTODEXTRIN (LIQUID & POWDER)**

EA Sector 3

In the course of the validity of the present certificate the enterprise management system must permanently satisfy the requirements of the international regulations.

The fulfilment of these regulations will be regularly controlled by QS Zürich AG.

For precise and updated information concerning possible changes occurred in the certification object of the present certificate, please contact
qszcpl@gmail.com



First certification date : 30.07.2005

Date of issue : 08.07.2008

Expiration date : 07.07.2011

QS Zürich AG
P.O. Box 6335
CH-8050 Zürich
qs-zuerich@quality-service.ch



SCESm 047
www.sas.ch

Direction



CERTIFICATE

Certificate no. 3709

SUKHJIT AGRO INDUSTRIES

(A UNIT OF THE SUKHJIT STARCH & CHEMICALS LTD.)
VILL. GUR PLAH (BATHU) SUB. TEH. HAROLI,
DISTT. UNA (H.P.) 174 301. INDIA.



QS Zürich AG certifies that the Management System of the above mentioned company has been assessed and meets the requirements established by the following rules :

**HACCP-The Code of Practice CAC/RCP1-1969, Rev. 3 (1997),
Amd. (1999)/FAO/WHO Codex Alimentarius Commission
- The Standard of ELOT 1416:2000**

The management system includes :

**MANUFACTURE & SUPPLY OF MAIZE STARCH, ITS BYPRODUCTS LIKE
GLUTEN, GERM, BRAN (COARSE & FINE) & DERIVATIVES LIKE DEXTRINES,
MODIFIED STARCHES, LIQUID GLUCOSE, DEXTROSE MONOHYDRATE,
HIGH MALTOSE SYRUP & MALTO DEXTRINE (POWDER & SYRUP)**

EA Sector 3

In the course of the validity of the present certificate the enterprise management system must permanently satisfy the requirements of the international regulations.

The fulfilment of these regulations will be regularly controlled by QS Zürich AG.

For precise and updated information concerning possible changes occurred in the certification object of the present certificate, please contact qszcpl@gmail.com



Audit date : 19.04.2008

Date of issue : 21.04.2008

Expiration date : 20.04.2011

QS Zürich AG
P.O. Box 6335
CH-8050 Zürich
qs-zuerich@quality-service.ch



Direction



CERTIFICATE

Certificate no. 3710

SUKHJIT AGRO INDUSTRIES

(A UNIT OF THE SUKHJIT STARCH & CHEMICALS LTD.)

VILL. GUR PLAH (BATHU) SUB. TEH. HAROLI,
DISTT. UNA (H.P.) 174 301. INDIA.



QS Zürich AG certifies that the Management System of the above mentioned company has been assessed and meets the requirements established by the following rules :

WHICH HAS BEEN IN CONFORMANCE TO THE REQUIREMENTS OF WHO-GMP

The management system includes :

**MANUFACTURE & SUPPLY OF MAIZE STARCH, ITS BYPRODUCTS LIKE
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MODIFIED STARCHES, LIQUID GLUCOSE, DEXTROSE MONOHYDRATE,
HIGH MALTOSE SYRUP & MALTO DEXTRINE (POWDER & SYRUP)**

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CH-8050 Zürich
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Direction

THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA

BOARD OF DIRECTORS

Sh. S.C. Jindal - Chairman

Sh. V.K. Sardana

Sh. A.K. Sardana

Sh. Naresh Sardana

Sh. S.K. Anand

Sh. V.P. Kapahi

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 Y.K. Sud & Company

Chartered Accountants

Durga Niwas, Opp. Friends Cinema,
Jalandhar.

REGISTERED OFFICE

Phagwara-144 401 (Pb.)

ANNUAL REPORT & ACCOUNTS 2008-2009

The Sukhjit Starch & Chemicals Limited, Phagwara



NOTICE

NOTICE is hereby given that the 65th 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 the 25th day of August, 2009 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 31.3.2009.
2. To declare dividend on the Equity Shares for the year ended 31.3.2009.
3. To appoint Director in place of Shri V.K. Sardana who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint 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.

By Order of the Board

Place : Phagwara.

Dated : 27th June, 2009

S.M. JINDAL

Executive Director & Secretary

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. The 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 31.3.2009 and Profit & Loss Account for the year ended on that date together with the Auditors' Report and Directors' Report 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 the Share Transfer Books of the Company shall remain closed from 17th August, 2009 to 25th August, 2009 (both days inclusive).
4. The Members are requested to notify any change in their address immediately to the Registrar-cum-Share Transfer Agents of the company.
5. The Dividend Warrants, to the resident members of the Company, will be posted within 30 days from the date of declaration of dividend.

The Sukhjit Starch & Chemicals Limited, Phagwara



6. The Members are hereby informed that the Dividends, which remain unclaimed/unencashed over a period of 7 years, have to be transferred by the Company to the 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 thereafter.
7. The Members, who have not encashed their dividend warrants for the financial year 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007 and 2007-2008 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
2001-2002	25.09.2002	24.09.2009
2002-2003	24.09.2003	23.09.2010
2003-2004	17.09.2004	16.09.2011
2004-2005	27.09.2005	26.09.2012
2005-2006	20.09.2006	19.09.2013
2006-2007	12.09.2007	11.09.2014
2007-2008	27.08.2008	26.08.2015

8. The Provisions of section 109A and 109B of the Companies Act, 1956 have extended the nomination and transmission facility to the share holders of a 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.
9. The shares of the Company are under the compulsory demat list, so trading in the equity shares can only be made in dematerialized form. In case you have not dematerialized your shares, you may do so by opening an account with a depository participant.
10. Information under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai in respect of Directors seeking appointment/re-appointment at the Annual General Meeting is given hereunder :
 - (a) Shri V.K. Sardana retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.
 Shri V.K. Sardana is Managing Director, Teama Consortium India Ltd., Calcutta and has long Management and Administrative experience. He holds 32,092 shares of our company.
 - (b) Shri S.C. Jindal retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.
 Shri S.C. Jindal is a businessman and has life long business experience to his credit. He does not hold any other directorship and holds 85,620 shares of our company.

The Sukhjit Starch & Chemicals Limited, Phagwara

**DIRECTORS' REPORT**

Dear Share Holders :

Your Directors' are pleased to present before you the 65th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2009 :-

1. FINANCIAL RESULTS

	2008-09 (Rs. in Lacs)	2007-08 (Rs. in Lacs)
Sales & Other income	21277.43	19326.80
Profit before tax & depreciation	1942.96	2635.55
Profit before tax but after depreciation	1431.51	2271.85
Provision for taxes	(269.00)	(257.05)
Profit After Tax	1162.51	2014.80
Taxes relating to previous years	(1.98)	(8.61)
Surplus brought forward	334.26	359.77
Surplus available for appropriation	1494.79	2365.96
Proposed dividend (including Corporate Tax)	(345.36)	(431.70)
Transfer to General Reserve	(700.00)	(1600.00)
Surplus carried forward	449.43	334.26

2. PERFORMANCE

The gross sales and other income of the company have increased from Rs. 193.27 Crores to Rs. 212.77 Crores showing a growth of 10%. Operating Profits of the Company i.e. Profit Before Tax & Depreciation has decreased from Rs. 26.36 Crores to Rs. 19.43 Crores which after providing Depreciation of Rs. 5.11 Crores (Rs. 3.64 Crores) and taxation of Rs. 2.71 Crores (2.66 Crores) leaves a net profit of Rs. 11.61 Crores (Rs. 20.06 Crores). The profits of the company have been adversely impacted by the unprecedented increase in the prices of raw material. The Government had revised the minimum support price from Rs. 640 per Qtl. to Rs. 840 per Qtl. during the year under reference which pushed up the cost of production steeply affecting the operating profits of the Company.

3. FUTURE PROSPECTUS

As required under the Corporate Governance, the Management Discussion and Analysis, forming part of this report, reflects the current state of affairs of business.

The new unit of the Company in H.P. has become fully operational and it has contributed significantly to the sales of the company.

The company has also undertaken expansion of Nizamabad Unit last year (totally out of internal accruals of the Company) and commissioning is expected to be in place by July, 2009. It is expected that the operations of the Company will grow more than 15% during the current year.

4. 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. The detailed report appears in the Annexures forming part of this report.

The Sukhjit Starch & Chemicals Limited, Phagwara



5. DIVIDEND

The Directors are pleased to recommend a dividend @ 40% for the financial year ended 31st March, 2009 against 50% last year.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2009, the applicable Accounting Standards have been followed alongwith proper explanations relating to material departures;
- (ii) 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 ;
- (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 ; and
- (iv) that the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2009 on a 'going concern' basis.

7. DEPOSITS

All the deposits have been timely 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 on 31/03/2009.

8. SUBSIDIARY COMPANIES

- (a) The Vijoy Steel & General Mills Company Ltd., Phagwara : The company has maintained its performance and it is expected that it will perform reasonably well during the current year.
- (b) Sukhjit Finance Ltd., Phagwara : The operations of the company have been cut down substantially to ward off unnecessary losses.
- (c) Scott Industries Ltd., Phagwara : The company has started showing upward trend in sales and it will continue improving its performance in the current year.

9. CONTINGENT LIABILITY

The Disputed Liabilities, not adjusted as expense in the accounts include Rs. 14.85 crores (Rs. 11.83 Crores prev. year) on account of Central Excise Duty / Service Tax in appeals. The major item, consists of Rs. 14.80 crores (Rs. 11.72 crores Prev. Year) excluding penalty and interest on account of demands raised by Central Excise Department since 01.04.1997 alleging sale of Maize Starch as that of Modified Starch. The demand is totally baseless/frivolous since the chemical examiner of **CENTRAL REVENUE LABORATORY** has clearly held the product to be Maize Starch. Moreover, the product being manufactured by the company for the last over five decades has been sold as Maize Starch, accepted by the market as Maize Starch and classified by the Department, itself, as Maize Starch from time to time. Hon'ble High Court has since stayed the demand and the matter is subjudice.

The Sukhjit Starch & Chemicals Limited, Phagwara



10. PERSONNEL

Pursuant to Section 217 (2A) of the Companies Act, 1956, the details of the employees who were in receipt of remuneration over Rs. 24.00 lacs if employed throughout the year or Rs. 2.00 lacs p.m. if employed for a part of the year is given below :

(a) The Persons employed through out the year and were in receipt of remuneration aggregating not less than Rs. 2400000/- for the year :

No.	Name	Age	Designation	Gross Remuneration (Rs.)
1.	Sh. I.K. Sardana	63	Managing Director	32,05,044/-
2.	Sh. K.K. Sardana	61	Jt. Managing Director	29,47,465/-
3.	Sh. S.M. Jindal	77	Executive Director & Secretary	26,25,097/-

Qualification	Experience	Date of Joining	Last Employment/Designation Held
B.A.	43 Years	02.08.1967	The Sukhjit Starch & Chemicals Ltd., Phagwara Sales Manager
B.A.	38 Years	18.01.1972	The Sukhjit Starch & Chemicals Ltd., Phagwara G.M. (Commercial)
B.Sc., LLB	50 Years	15.06.1960	The Sukhjit Starch & Chemicals Ltd., Phagwara Executive Director (Comm.) & Secretary

(b) The Persons employed for a part of the year and were in receipt of remuneration at a rate not less than Rs. 200000/- per month — Nil —

Note : The Remuneration shown above includes salaries, allowances, commission, contribution to provident fund and perquisite values in accordance with Income tax rules.

11. DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Shri V.K. Sardana and Shri S.C. Jindal retire by rotation and being eligible, the Board recommend their reappointment.

12. AUDITORS

M/s. Y.K. Sud & Company, Chartered Accountants, the retiring Auditors of the Company, have confirmed their eligibility to be re-appointed as Auditors of the Company at the ensuing Annual General Meeting. The Board of Directors recommend the reappointment of M/s. Y.K. Sud & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

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,

S.C. JINDAL

Chairman

Dated : 26th June, 2009