

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

Ambika Towers, 4th Floor,

Police Line Road, Jalandhar-144001.

REGISTERED OFFICE

Phagwara-144 401 (Pb.)

REGISTRAR & SHARE TRANSFER AGENTS

M/s. Skyline Financial Services (Pvt.) Ltd.

D-153A, 1st Floor, Okhla Industrial Area,

Phase-I, New Delhi-110020

Tel. : 011-26812682, 83

Fax : 011-26812684

ANNUAL REPORT & ACCOUNTS 2011-2012



NOTICE

NOTICE is hereby given that the 68th 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 Thursday, the 9th day of August, 2012 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 31.3.2012.
2. To declare dividend on the Equity Shares for the year ended 31.3.2012.
3. To appoint Director in place of Shri S.C. Jindal, 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.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification(s) the following resolution(s) as a special resolution(s) :
"Resolved that pursuant to the provisions of Section 314 and other applicable provisions of The Companies Act, 1956, the consent of the Company be and is hereby granted to the appointment of Shri Pankaj Sardana as Vice President (Operations) at Nizamabad Unit of the company with effect from 1st August, 2012 on the terms and conditions as are set out in the explanatory statement annexed hereto, with the liberty to the Board of Directors to alter/vary and/ or modify the terms of appointment and to decide the annual increment in accordance with the provisions of Section 314 of The Companies Act, 1956 read with The Directors' Relatives (Place of Profit) Rules, 2003 amended to date."
7. To consider and if thought fit to pass with or without modification(s) the following resolution(s) as a special resolution(s) :
"Resolved that pursuant to the provisions of Section 314 and other applicable provisions of The Companies Act, 1956, the consent of the Company be and is hereby granted to the appointment of Shri Puneet Sardana as Vice President (Operations) at Malda Unit of the company with effect from 1st August, 2012 on the terms and conditions as are set out in the explanatory statement annexed hereto, with the liberty to the Board of Directors to alter/vary and/ or modify the terms of appointment and to decide the annual increment in accordance with the provisions of Section 314 of The Companies Act, 1956 read with The Directors' Relatives (Place of Profit) Rules, 2003 amended to date."

Place : Phagwara.

Dated : 30th May, 2012

By Order of the Board

Sd/-

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. 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 31.3.2012 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 Share Transfer Books of the Company shall remain closed from 4th August, 2012 to 9th August, 2012 (both days inclusive).
4. Members are requested to notify any change in their addresses immediately to the Registrar-cum-Share Transfer Agents 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 the Dividends which remain unclaimed/unencashed over a period of 7 years have to be transferred by the Company to the Investor 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 dividends either from the company or the IEPF thereafter.
7. Members, who have not encashed their dividend warrants for the financial year 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009 and 2009-2010, Interim Dividend 2010-2011 and Final Dividend 2010-2011 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
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
2008-2009	25.08.2009	24.08.2016
2009-2010	09.08.2010	08.08.2017
2010-2011 (Interim Dividend)	11.01.2011	10.01.2018
2010-2011 (Final Dividend)	01.08.2011	31.07.2018



8. Provisions of section 109A and 109B of the Companies Act, 1956 have extended the nomination and transmission facility to the share-holders/members. The share-holders 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 the 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 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 in diverse fields. He holds 35220 shares of our Company.
 - (b) 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 of Teama Consortium India Ltd., Kolkata and has life long Managerial & administrative experience. He holds 32092 shares of our Company.

Both the directors have long association with the company and contributed significantly to the overall growth of the Company over the years, the board, therefore, recommended their re-appointment. Each of the two Directors may be deemed to be interested in the resolution relating to their re-appointment.

**EXPLANATORY STATEMENT(S) OF ITEM NO. 6, 7
(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)**

ITEM NO. 6

The Company has four units located in different States across the country. The Board of Directors feel that the Company should expand/upgrade the capacities of all the units before looking at a new location. There is an imperative need to strengthen the Management structure of the units and increase managerial resources to face up, expanding business operations and continuously increasing competition.

The Board considered and appreciated the qualifications of Shri Pankaj Sardana who is a young and energetic professional having rich experience of more than eight years to his credit in the field of Production Management and Marketing, besides General Management and Administrative Skills. The Board has, therefore, subject to the approval of the members, appointed Shri Pankaj Sardana as Vice President (Operations) of Nizamabad Unit on the following terms and conditions :

1. Salary Rs. 70,000/- p.m.
2. He will be entitled to free accommodation with reasonable furnishing as per rules of the Company.



3. He will be eligible to the benefits of Provident fund, Superannuation fund and Group Gratuity scheme as per rules of the company as applicable to the executives of this level from time to time.
4. Facilities of medical re-imbursement, leave travel assistance and company's car, telephone etc. will be available to him as per the rules of the company subject to a condition that cost of personal journey and personal telephone calls will be recoverable from him on an actual basis.
5. He will be covered under Personal Accident Insurance and Mediclaim Insurance as applicable to other senior executives of the Company from time to time.
6. His annual increment will be decided by the Board of Directors from time to time subject to a condition that the total remuneration shall not exceed the limits specified in Section 314 of The Companies Act, 1956 read with The Directors' Relatives (Place of Profit) Rules, 2003 amended to date.

None of the Directors except Shri I.K. Sardana, being father of Shri Pankaj Sardana, is concerned or interested in this resolution.

ITEM NO. 7

The Company has four units located in different locations in four different states. The Board of Directors felt that the Company should expand the capacities of all the units before looking at a new location. So there is an imperative need to strengthen the Management structure of the units to fix up expanding business operations and continuously increasing competition.

The Board considered and appreciated the qualifications of Shri Puneet Sardana who is a young and qualified Management Graduate having rich experience of more than eight years to his credit in the field of Production Management and Marketing, besides General Management and Administrative Skills. The Board has, therefore, subject to the approval of the members, appointed Shri Puneet Sardana as Vice President (Operations) of Malda Unit on the following terms and conditions :

1. Salary Rs. 70,000/- p.m.
2. He will be entitled to free accommodation with reasonable furnishing as per rules of the Company.
3. He will be eligible to the benefits of Provident fund, Superannuation fund and Group Gratuity scheme as per rules of the company as applicable to the executives of this level from time to time.
4. Facilities of medical re-imbursement, leave travel assistance and company's car, telephone etc. will be available to him as per the rules of the company subject to a condition that cost of personal journey and personal telephone calls will be recoverable from him on an actual basis.
5. He will be covered under Personal Accident Insurance and Mediclaim Insurance as applicable to other senior executives of the company from time to time.
6. His annual increment will be decided by the Board of Directors from time to time subject to a condition that the total remuneration shall not exceed the limits specified in Section 314 of The Companies Act, 1956 read with The Directors' Relatives (Place of Profit) Rules, 2003 amended to date.

None of the Directors except Shri K.K. Sardana, being father of Shri Puneet Sardana, is concerned or interested in this resolution.



DIRECTORS' REPORT

Dear Share Holders :

Your Directors' are pleased to present before you the 68th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2012 :-

1. FINANCIAL RESULTS

	2011-12	2010-11
	(Rs. in Crores)	(Rs. in Crores)
Sales & Other income	354.94	339.41
Earning before Interest, tax and Depreciation	45.99	63.06
– Less Interest	11.19	6.97
– Depreciation	7.14	6.64
– Provision for taxes	5.56	10.67
Profit After Tax	22.10	38.78
Surplus brought forward from previous year	6.91	5.00
Surplus available for appropriation	29.01	43.78
Proposed dividend (including Corporate Tax)	3.86	6.87
Transfer to General Reserve	15.00	30.00
Surplus carried forward	10.15	6.91

2. PERFORMANCE

The revenue from operations have not shown the expected growth due to pricing pressure on the sale of finished goods owing to uncertain economic conditions. The company has, however, achieved higher export turnover of Rs. 6.95 Crores during the year against Rs. 1.79 crores previous year showing a remarkable increase of 288%. The Company intends to increase its focus on exports in order to diversify its markets and secure high realization for finished goods.

The profits of the Company have shown a downward trend due to higher cost of raw material i.e. maize which is an agriculture produce, production and availability of which violently fluctuated during the year. The prices of finished goods remained under pressure for most part of the year and the interest cost has also increased exorbitantly (by over 60%) due to repeated hikes in the interest rates by the banks during the year under reference.

3. FUTURE PROSPECTUS

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

The expansion of Malda Unit has reached its final stage and trial runs have already begun for some plants. The higher capacities are expected to be fully operational from July, 2012 enabling the Company to achieve higher level of sales during the current year.



4. CORPORATE GOVERNANCE

Your company is fully committed to the philosophy of transparency and believes in conducting its 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.

5. DIVIDEND

The Directors are pleased to recommend a dividend of 45% for the financial year ended 31st March, 2012 against 80% last year. The Board has recommended lower dividend with a view to conserve resources for financing the expanding operations of Malda Unit and owing to lower profitability during the year under reference.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2012, 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, 2012 on a 'going concern' basis.

7. 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 had no unclaimed/unpaid deposits on 31/03/2012.

8. SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

- (a) The Vijoy Steel & General Mills Company Ltd., Phagwara : The company has incurred a small loss due to higher input cost. However, it continues to provide an adequate engineering support to the company.
- (b) Sukhjit Finance Ltd., Phagwara : The operations of the company have almost been shut down to ward off unnecessary losses and efforts are being made to realize overdues and the available assets of the Company.
- (c) Scott Industries Ltd., Phagwara : The company has continued with bad performance owing to overall poor performance of the textile sector in the country. The board is considering various alternatives for necessary turn around including change in the business line.

There has been no material change in the nature of business of the Subsidiaries.



As required under the Listing Agreement with the Bombay Stock Exchange, a Consolidated Financial Statements of the Company and its subsidiaries are attached, which have been prepared in accordance with the relevant Accounting Standard(s) as prescribed under Section 211 (3C) of the Companies Act, 1956.

In pursuance to the general circular issued by the Ministry of Corporate Affairs, the Balance Sheet, Profit & Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. A statement containing the requisite financial details of the company's subsidiaries for the financial year ended 31st March, 2012 is annexed to the consolidated results in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any shareholder of the Company/its subsidiaries who may be interested in seeking such information and are also available for inspection by any shareholder of the Company/its subsidiaries at the registered office of the Company/its subsidiary companies. The Company shall furnish a copy of details of annual accounts of subsidiaries to any shareholder on demand.

9. CONTINGENT LIABILITY

Disputed Liabilities, not provided as expense in the accounts, of Rs. 18.80 Crores mainly include Rs. 17.54 Crores on account of disputed Central Excise Duty excluding penalty and interest. The amount is on account of demand raised by Central Excise Department since 01/04/1997 alleging the sale of Maize Starch as that of Modified Starch. The product has been repeatedly got tested by the Department from its Central Revenue Laboratory where it has been clearly held to be Maize Starch. So the demand is totally baseless and without any substance and has since been stayed by the Hon'ble Punjab and Haryana High Court.

10. PERSONNEL

Pursuant to Section 217(2A) of the Companies Act, 1956 details of the employees who were in receipt of remuneration over Rs. 60.00 Lacs if employed throughout the year or Rs. 5.00 Lacs p.m. if employed for a part of the year is given below :

(A) Persons employed through out the year and were in receipt of remuneration aggregating not less than 60,00,000/- for the year :

Sr. No.	Name	Age	Designation	Gross Remuneration (Rs. Lacs)
1.	Shri I.K. Sardana	66	Managing Director	70.99
2.	Shri K.K. Sardana	64	Jt. Managing Director	64.05



Qualification	Experience	Date of Joining	Last Employment / Designation Held
B.A.	46 Years	02.08.1967	The Sukjit Starch & Chemicals Ltd., Phagwara Sales Manager
B.A.	41 Years	18.01.1972	The Sukjit Starch & Chemicals Ltd., Phagwara G.M. (Commercial)

(B) Persons employed for a part of the year and were in receipt of remuneration at a rate not less than Rs. 5,00,000/- per month — NIL —

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

11. DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Shri S.C. Jindal and Shri V.K. Sardana 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 re-appointment of M/s. Y.K. Sud & Company, Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

The company has appointed M/s Khushwinder Kumar & Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2011-12 with the deemed approval of the Central Government. The cost audit report for the said year is due to be filed with the Ministry of Corporate Affairs on or before 30th September, 2012.

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 : 29th May, 2012



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, 2012.

		CURRENT YEAR	PREVIOUS YEAR
I. (A) POWER & FUEL CONSUMPTION			
1. ELECTRICITY			
(a) Purchase Units – 000 KWH		38,421	37,590
Total Amount Rs. 000		1,91,402	1,74,727
Rate/Unit Rs.		4.98	4.65
(b) Own Generation			
(i) Through Diesel Generation			
– Units – 000 KWH		532	491
– Units per Ltr. of Diesel oil		3.25	3.25
– Cost/Unit Rs.		12.58	11.37
2. COAL (Steam Coal used on Boilers)			
Quantity (M. Tons)		11,091	16,563
Total Cost Rs. 000		61,583	73,878
Average Rate Rs./MT		5,552	4,460
3. OTHERS (Rice Husk / Fire Wood)			
Quantity (M. Tons)		47,177	38,104
Total Cost Rs. 000		1,57,049	1,10,629
Average Rate Rs./MT		3,329	2,903

(B) CONSUMPTION PER MT TON OF PRODUCTION

	STANDARD, if any	CURRENT YEAR	PREVIOUS YEAR
Production	Nil	1,66,776	1,65,740
Electricity–KWH/Ton.	Nil	230 *	227 *
Coal – Kgs/Ton.	Nil	67 *	100 *
Others – Rice Husk – Kgs/Ton.	Nil	283 *	230 *

(*) Variation due to change in product mix.

B. TECHNOLOGY ACQUISITION, 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.

C. 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 Company continues its research work to upgrade its products with wider & improved applications.

D. PATENTING ACTIVITY

The Company has spent about Rs. 49.04 Lacs during the year under reference (Rs. 46.70 Lacs prev. year) in pursuit of improving the quality of products line, developing new products and improving their application.