

70th  
*Annual Report*  
2013-2014



**The Sukhjit Starch**  
& Chemicals Limited



# **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

## **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-144 001.

## **REGISTERED OFFICE**

Sarai Road, Phagwara  
Distt. Kapurthala, Punjab-144 401  
CIN : L15321 PB1944 PLC001925

## **REGISTRAR & SHARE TRANSFER AGENTS**

M/s. Skyline Financial Services (Pvt.) Ltd.  
D-153A, Ist Floor, Okhla Industrial Area,  
Phase-I, New Delhi-110 020  
Tel. : 011-26812682, 83  
Fax : 011-26812684



## **NOTICE**

NOTICE is hereby given that the 70th Annual General Meeting of the Members of The Sukhjit Starch & Chemicals Ltd. will be held on Tuesday, the 29th day of July, 2014 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 31.03.2014.
2. To declare dividend on the Equity Shares for the year ended 31.03.2014.
3. To appoint Director in place of Shri V.K. Sardana (DIN : 00528271), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for a period of 3 years i.e. from the conclusion of the 70th Annual General Meeting till the conclusion of the 73rd Annual General Meeting, subject to ratification by the members every year in the Annual General Meeting as per the provisions of Companies Act, 2013 and to fix their remuneration.

### **SPECIAL BUSINESS**

5. To consider and if thought fit to pass with / without modification(s) the following resolution as an ordinary resolution :

"RESOLVED THAT pursuant to the provisions of Section 73, 74, 75 and 76 of The Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 and other applicable provisions of the Companies Act, 2013 or any other law(s), for the time being in force, the consent of the members be and is hereby granted for acceptance of deposits (unsecured) by the Company from its members and the public.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to decide/ approve the terms & conditions for acceptance / renewal / repayment of deposits and / or to do all other acts, things and deeds as may be required for the said purpose or is incidental thereto to comply with the provisions of the Companies Act, 2013 and rules made thereunder and / or any other law(s) for the time being in force."

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution :

"RESOLVED THAT pursuant to the provisions of section 188 and other applicable provisions, if any, of the Companies Act, 2013, read with the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, the consent of the members be and is hereby granted to increase / revise the salary of Shri Bhavdeep Sardana. Sr. Vice President & CEO, for the time being of the Gurplah Unit of the Company as per particulars given in the Explanatory Statement annexed hereto.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to effect such modification(s) in the remuneration of Shri Bhavdeep Sardana as per the provisions of the Act and as may be agreed to between the Board of Directors and Shri Bhavdeep Sardana, within the overall limits, if any, prescribed under the Act / Rules."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution :

"RESOLVED THAT pursuant to the provisions of section 188 and other applicable provisions, if any, of the



Companies Act, 2013, read with the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, consent of the members be and is hereby granted to increase / revise the salary of Shri Dhiraj Sardana. Sr. Vice President & CEO, for the time being of the Malda Unit of the Company as per particulars given in the Explanatory Statement annexed hereto.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to effect such modification(s) in the remuneration of Shri Dhiraj Sardana as per the provisions of the Act and as may be agreed to between the Board of Directors and Shri Dhiraj Sardana, within the overall limits, if any, prescribed under the Act / Rules."

Place : Phagwara.

Dated : 31st May, 2014

By Order of the Board  
Sd/-

**AMAN SETIA**

Vice President (Finance)  
& Company 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. Members 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 31.03.2014 and Profit & Loss Account for the year ended on that date together with the Independent Auditors' Report and the 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 19th July, 2014 to 29th July, 2014 (both days inclusive).
4. Members holding shares in physical form, are requested to notify any change in their bank accounts, addresses and E-mail IDs etc. immediately to the Registrar-cum-Share Transfer Agents of the Company and members holding shares in Demat form, should furnish the said particulars to their respective Depository Participants.
5. The payment of dividend, after its approval at the AGM, will be made on 04.08.2014 as under :
  - (a) To all Beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as on the close of business hours on 18th July, 2014.
  - (b) To all Members in respect of shares held in physical form after giving effect to the valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 18th July, 2014.
6. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail IDs by sending written requests to our RTA M/s Skyline Financial Services Pvt. Ltd. in



respect of shares held in physical form and to the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve them documents / all communications including Annual Report, Notices, circulars etc. electronically.

7. The notice of the AGM along with the Annual Report, 2013-14 is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
8. Members are hereby informed that, 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 and under the amended provisions of the Companies Act, 1956 no claim shall lie for unclaimed dividends either from the company or the IEPF thereafter.
9. Members, who have not encashed their dividend warrants for the financial year 2006-2007 to 2012-2013 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 :

<b>Dividend for Financial Year</b>	<b>Date of Declaration</b>	<b>Due date for Deposit</b>
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
2011-2012	09.08.2012	08.08.2019
2012-2013	06.08.2013	05.08.2020

10. Members holding shares in single name and physical form are advised to make nomination in respect of their share-holding in the Company. Every person who becomes the nominee, under the provision of the Act, 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.
11. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demant Accounts. Members holding shares in physical form can submit their PAN to the Company / RTA.



12. 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 :

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 M/s. Teama Consortium India Ltd., Kolkata and Director of M/s. Britannia Sales & Services Pvt. Ltd. He has life long Management & administrative experience. He holds 32092 shares in the capital of our company.

He has long association with the Company and has contributed significantly to the overall growth of the company over the years, the board strongly feels that his reappointment will continue benefiting the company, therefore, recommends his re-appointment.

Shri V.K. Sardana, himself and Shri A.K. Sardana, being the brother of Shri V.K. Sardana may be deemed to be interested in the resolution relating to the said re-appointment.

13. (a) In accordance with the provision of section 108 of the Companies Act, 2013 read with the Companies (Management & Administration) Rules, 2014, the shareholders may exercise their option to participate through electronic voting system and the company is providing the facility for voting by electronic means (e-voting) to all its members. The Company has engaged the services of National Securities Depository Ltd. (NSDL) to provide e-voting facilities and enabling the members to cast their vote in a secured manner. It may be noted that this e-voting facility is optional. This facility will be available at the link [www.evoting.nsdl.com](http://www.evoting.nsdl.com) during the following voting period :

Commencement of e-voting : From 9.00 A.M. on 22nd July, 2014

End of e-voting : Upto 6.00 P.M. on 23rd July, 2014

E-voting shall not be allowed beyond 6.00 P.M. on 23rd July, 2014. During the E-Voting period, the shareholders of the company, holding shares either in physical form or dematerialized form, as on the closing of business hours of the cut off date, may cast their vote electronically. The cut-off date of e-voting is 20th June, 2014.

- (b) "Voting by electronic means" or "electronic voting system" means a 'secured system' based process of display of electronic ballots, recording of votes of the members and the number of votes polled in favour or against, such that the entire voting exercised by way of electronic means gets registered and counted in an electronic registry in the centralized server with adequate 'cyber security'.

It also helps the shareholders to cast their vote from anywhere and at any time during E-voting period.

**Process / Manner of e-voting - For the Shareholders :**

The detailed instructions for E-voting have been given separately in the attached format for E-voting.

In case of any queries, you may refer the frequently asked questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

- (c) The login ID and password for e-voting are being sent to the members, who have not registered their e-mail IDs with the company, along with physical copy of the notice. Those members who have registered





their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting by e-mail.

- (d) The Company has appointed Mr. Parminder Singh Rally, a Practicing Company Secretary, Membership No. 6861, as 'scrutinizer' for conducting and scrutinizing the e-voting process in a fair and transparent manner.

## **EXPLANATORY STATEMENT OF ITEM NO. 5, 6 & 7 (PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013)**

### **ITEM NO. 5**

The provisions of the Companies Act, 2013 governing Acceptance of Deposits by the Companies and rules made thereunder i.e. Companies (Acceptance of Deposit) Rules, 2014 have come into force with effect from 01.04.2014 as per notification(s) issued by the Central Government in March, 2014. The company holds some deposits accepted from its members/public under the Companies Act, 1956 and rules made under that Act and has been repaying these deposits and interest thereon in accordance with the relevant provisions. The statutory provisions of the new Companies Act require the company to seek shareholders approval for the acceptance of fresh deposits or renewal of the earlier deposits, besides other requirements like credit rating and issuance of necessary circular/advertisement etc. The provisions of the Companies Act, 2013 and rules thereunder permit the Company to accept deposits upto 10% from its members and upto 25% from public, of the aggregate of its paid up capital and free reserves. The borrowings of the Company together with deposits accepted under the aforesaid provisions/limits, in pursuance to the Companies (Acceptance of Deposit Rules) 2014 will be well within the limits/restrictions prescribed under section 180(1) (c) of the Companies Act, 2013.

The Directors seek your approval through this resolution for accepting fresh deposits/renewal of the earlier deposits by the company, in consonance with the provisions of the Companies Act, 2013 and rules made thereunder.

None of the Directors, Key Managerial Personnel and relatives thereof may be deemed to be concerned/interested in the resolution except to the extent of deposits, if any, they hold, under the deposit scheme uniformly applicable to all the members of the Company and the public.

### **ITEM NO. 6**

Shri Bhavdeep Sardana was appointed as Vice President (Operations) of Nizamabad Unit of the Company with effect from 1/1/2005 & his appointment was duly approved by the Shareholders in the Annual General Meeting as per provisions of section 314 of The Companies Act, 1956.

Shri Bhavdeep Sardana is a qualified Engineer from a leading University of U.K. He has made substantial contribution in improving the operations of Nizamabad Unit while working as Vice President (Operations) of that Unit and thereafter in commissioning and successful running of Gurplah Unit of the Company, where productivity and efficiency has considerably improved with substantial increase in profitability. His salary was revised in the financial year 2007-2008 to ₹ 90,000/- p.m. with usual perks as applicable to other Senior Executives of the Company with the consent of the shareholders in the Annual General Meeting dated 12/09/2007 and necessary approval of the Central Government vide their letter dated 12/12/2007, in pursuance to the provisions of section 314 (1B) of the Companies Act, 1956. Thereafter his salary was increased / revised in the pay scale of ₹ 1,00,000/- to ₹ 2,50,000/- p.m. with usual perks as applicable to Senior Executives of the Company after obtaining consent of the shareholders in the Annual General Meeting held on 27/07/2011, in pursuance to the Directors Relatives (office or place of profit) Rules, 2003. The approval of shareholders is required under the provisions of section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 to increase his



salary in future. The Board, therefore, in the overall interest and future growth of the Company, recommends increase / revision in his salary in the pay scale of ₹ 2,50,000/- to ₹ 5,00,000/- p.m. (with annual increment as the management may deem fit as per the rules of the Company) with usual perks as applicable to other Senior Executives of his level i.e. :

1. He will be entitled to free accommodation with reasonable furnishing as per rules of the company.
2. He will be eligible to the benefits of Provident Fund, Superannuation fund and group gratuity scheme as per rules of the company from time to time.
3. Facilities of medical re-imbursement, leave travel assistance and company's car, telephone subject to a condition that cost of personal journey and personal telephone calls will be recoverable from him on an actual basis. Any change in the terms may be made as agreed to by the Board of Directors and Shri Bhavdeep Sardana.
4. Personal accident insurance and mediclaim insurance policies as per rules of the company.

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

#### ITEM NO. 7

Shri Dhiraj Sardana was appointed as Vice President (Operations) of Malda Unit of the Company with effect from 1/4/2005 & his appointment was duly approved by the Shareholders in the Annual General Meeting as per provisions of section 314 of The Companies Act, 1956.

Shri Dhiraj Sardana is a B.B.A. in Business & Finance from a leading University of U.K. and has strongly improved and strengthened the Management functions of Malda Unit raising its productivity, efficiency and profitability considerably. He has played a key role in developing export market for the company and actively involved in the successful commissioning of the substantial expansion of Malda Unit of the Company. His salary was revised in the financial year 2007-2008 to ₹ 90,000/- p.m. with usual perks as applicable to other Senior Executives of the Company with the consent of the shareholders in the Annual General Meeting dated 12/09/2007 and necessary approval of the Central Government vide their letter dated 12/12/2007, in pursuance to the provisions of section 314 (1B) of the Companies Act, 1956. Thereafter his salary was increased / revised in the pay scale of ₹ 1,00,000/- to ₹ 2,50,000/- p.m. with usual perks as applicable to Senior Executives of the Company after obtaining consent of the shareholders in the Annual General Meeting held on 27/07/2011, in pursuance to the Directors Relatives (office or place of profit) Rules, 2003. The approval of shareholders is required under the provisions of section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 to increase his salary in future. The Board, therefore, in the overall interest and future growth of the Company, recommends increase / revision in his salary in the pay scale of ₹ 2,50,000/- to ₹ 5,00,000/- p.m. (with annual increment as the management may deem fit as per the rules of the Company) with usual perks as applicable to other Senior Executives of his level i.e. :

1. He will be entitled to free accommodation with reasonable furnishing as per rules of the company.
2. He will be eligible to the benefits of Provident Fund, Superannuation fund and group gratuity scheme as per rules of the company from time to time.
3. Facilities of medical re-imbursement, leave travel assistance and company's car, telephone subject to a condition that cost of personal journey and personal telephone calls will be recoverable from him on an actual basis. Any change in the terms may be made as agreed to by the Board of Directors and Shri Dhiraj Sardana.
4. Personal accident insurance and mediclaim insurance policies as per rules of the company.

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





## **DIRECTORS' REPORT**

Dear Share Holders :

Your Directors are pleased to present before you the 70th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2014 :-

### **1. FINANCIAL RESULTS**

	<b>2013-14</b>	<b>2012-13</b>
	<b>(₹ in Crores)</b>	<b>(₹ in Crores)</b>
Sales & Other income	508.91	420.10
Earning before Interest, tax and Depreciation	51.58	51.33
Less :-		
– Interest	16.65	14.12
– Depreciation	12.27	8.85
– Provision for taxes (including Deferred Tax)	6.62	6.78
Profit After Tax	16.04	21.58
Surplus brought forward from previous year	12.41	10.15
Surplus available for appropriation	28.45	31.73
Proposed dividend (including Corporate Tax)	3.02	4.32
Transfer to General Reserves	15.00	15.00
Surplus carried forward	10.43	12.41

### **2. PERFORMANCE**

The sales and other income of the company have increased from ₹ 420.10 crores for the year ended 31/03/2013 to ₹ 508.91 crores for the year ended 31/03/2014 registering an increase of over 21%. The operating profits have, however, remained static owing to higher cost of raw material as there was a undue revision in MSP of Maize (our basic raw material) by the Government last year and this higher cost could not be immediately factored into the selling prices of finished goods due to recessive trends in the economy during the year under review. The raw material prices have, however stabilized in the running year and we expect that sufficient quantity of maize will be available at reasonable prices to ensure continuous running of all our manufacturing facilities with reasonable profits.

### **3. FUTURE PROSPECTUS**

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

A higher capacity utilization of the expansions of Malda Unit and Gurplah Unit is expected to contribute to the sales of the company significantly with reasonable increase in profits. The overall turnover of the company may further show a growth of about 15% during the running 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 appearing in the Annexures forms part of this report.

#### 5. DIVIDEND

The Directors are pleased to recommend a dividend of 35% for the financial year ended 31st March, 2014 against 50% last year owing to lower net profits and to conserve funds for expanding business operations.

#### 6. CREDIT RATING

The company continues to enjoy good credit rating i.e. A1 (A one) for its short term bank facilities and A+ (A Plus) for its long term facilities from Credit Analysis and Research Ltd. (CARE). The rating reflects company's financial discipline & prudent working capital management.

#### 7. 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, 2014, 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, 2014 on a 'going concern' basis.

#### 8. DEPOSITS

All the deposits have been renewed/repaid during the financial year ended 31/03/2014, 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 31/03/2014.

#### 9. SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

- (a) The Vijoy Steel & General Mills Company Ltd., Phagwara : The company has shown a turn around with a net profit for the year under reference. The company is expected to improve upon its performance in the years to come.