

# THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA

## BOARD OF DIRECTORS

Sh. S.C. Jindal - Chairman  
Sh. V.K. Sardana  
Sh. Naresh Sardana  
Sh. S.K. Anand  
Sh. V.P. Kapahi  
Smt. Ravi Chowdhry  
Sh. I.K. Sardana-Managing Director  
Sh. K.K. Sardana-Jt. Managing Director

## BANKERS

Punjab National Bank  
G.T. Road, Phagwara-144 401.

HDFC Bank Limited  
The Mall, Lower Ground Floor 1,  
Ludhiana - 141001

## 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, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi-110 020  
Tel. : 011-26812682, 83  
Fax : 011-26812684

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## ANNUAL REPORT & ACCOUNTS 2015-2016

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## **NOTICE**

NOTICE is hereby given that the 72nd Annual General Meeting of the Members of The Sukhjit Starch & Chemicals Ltd. will be held on Wednesday, the 27th day of July, 2016 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 31.03.2016.
2. To appoint Director in place of Shri V.K. Sardana (DIN : 00528271), who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of Auditors for a further period of 1 year i.e. from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting as per the provisions of Companies Act, 2013 and to fix their remuneration.

Place : Phagwara.

Dated : 25th May, 2016

By Order of the Board  
Sd/-

**AMAN SETIA**

Vice President (Finance)  
& Company Secretary

### **NOTES :**

1. A Member, entitled to attend and a 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 31.03.2016 and Profit & Loss Account for the year ended on that date together with the Independent 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 22nd July, 2016 to 27th July, 2016 (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. 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 request to our RTA M/s Skyline Financial Services Pvt. Ltd. in respect of shares held in physical form and with 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. in electronic form.



6. The notice of the AGM along with the Annual Report for the Financial Year 2015-16 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.
7. Members are hereby informed that, Dividends which remain unclaimed / unencashed for 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 125 of the Companies Act, 2013. Further, under the amended provisions of the Companies Act, 2013 no claim shall lie for unclaimed dividends either from the company or the IEPF thereafter.
8. Members, who have not encashed their dividend warrants for the financial year 2008-2009, 2009-2010, Interim and Final Dividend 2010-2011, 2011-2012 , 2012-2013, 2013-2014, 2014-15 and Interim Dividend 2015-2016 may approach the company for revalidation of the original dividend warrants or for obtaining duplicate dividend warrants. The unpaid / unclaimed amount will be deposited in 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>
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
2013-2014	29.07.2014	28.07.2021
2014-2015	29.07.2015	28.07.2022
2015-2016 (Interim Dividend)	11.03.2016	10.03.2023

9. 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 an 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.
10. 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 notify their PANs to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PANs to the Company / RTA.
11. Information under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai in respect of Director 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 & Service Pvt. Ltd. He has life long Management & administrative experience. He holds 32092 shares 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, therefore, recommends his re-appointment.  
 Shri. V.K. Sardana, may deemed to be interested in the resolution relating to the said re-appointment.



12. (a) In accordance with the provisions of section 108 of The Companies Act, 2013 read with the Companies (Management & Administration) Rules, 2014, the shareholders may exercise their option to transact 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 enable 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 24th July, 2016

End of e-voting : Upto 5.00 P.M. on 26th July, 2016

E-voting shall not be allowed beyond 5.00 P.M. on 26th July, 2016. During 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 21st July, 2016. The date of determination of shareholders for the purpose of dispatch of notice is 27th June, 2016.

- (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 a centralized server with adequate **'cyber security'**.

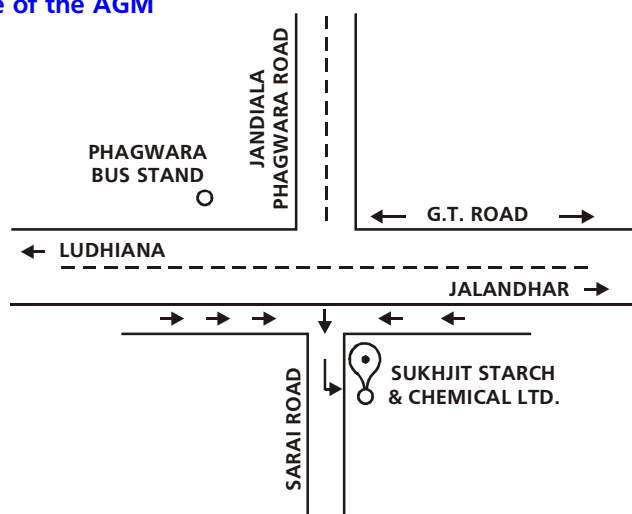
It also helps the shareholders to cast their vote from anywhere and at any time during E-voting period.

**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.

**Route Map to the venue of the AGM**





## **DIRECTORS' REPORT**

Dear Share Holders :

Your Directors are pleased to present before you the 72nd Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2016 :-

### **1. FINANCIAL RESULTS**

	<b>2015-16</b>	<b>2014-15</b>
	<b>(₹ in Crores)</b>	<b>(₹ in Crores)</b>
Sales & Other income	568.43	534.17
Earning before Interest, tax and Depreciation	63.07	65.55
Less :-		
– Interest	15.28	17.77
– Depreciation	12.11	13.29
– Provision for taxes (including Deferred Tax)	12.63	11.28
Profit After Tax	23.05	23.20
Surplus brought forward from previous year	9.21	10.43
Surplus available for appropriation	32.26	33.63
Dividend (including Corporate Tax)	4.44	4.43
Transfer to General Reserves	20.00	20.00
Surplus carried forward	7.81	9.21

### **2. PERFORMANCE**

The sales and other income of the company has improved from ₹ 534 crores to ₹ 568 crores despite there being a demand compression for some finished goods used by the FMCG sector which was adversely affected from poor rural demand due to consecutive droughts in the Country. The Earnings before Interest, tax and Depreciation came in at ₹ 63.07 crores (₹ 65.55) which after interest of ₹ 15.28 crores (₹ 17.77 crores) and depreciation of ₹ 12.11 crores (₹ 13.29 crores) resulted in Net profit before tax at ₹ 35.68 crores (₹ 34.49 crores). The availability of basic raw material being maize remains a concern throughout the year due to consecutive droughts in the major maize producing states of the country. The availability of the basic raw material at higher price did impact the operating margin of the Company.

### **3. FUTURE PROSPECTUS**

With the prediction of good monsoon in the current year, we expect that raw material position will become comfortable from the months of October/November of the running year i.e. when the kharif crop (major crop of maize) comes in the market. We are putting our conscious efforts to show an overall improvement in Key operational parameters with constant focus on maintaining operational efficiency and optimum product mix.



#### 4. MANAGEMENT DISCUSSION AND ANALYSIS

As per Clause 49 of the Listing Agreement with the Bombay Stock Exchange, Management's discussion and analysis report is annexed herewith marked as 'Annexure A' and forms a part of this report.

#### 5. 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. In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchange, the Company has duly implemented the system of Corporate Governance. The report on Corporate Governance as stipulated under the Listing agreement is annexed herewith marked as 'Annexure B' to this report.

#### 6. DIVIDEND

The Company has declared and paid Interim Dividend @50% (i.e. ₹ 5/- per share) in March 2016. The directors have decided to maintain the dividend at the same rate of 50% (i.e. ₹ 5/- per share) for the FY 2015-16 as declared for the previous financial year 2014-15.

#### 7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3c) of the Companies Act, 2013, the Directors state that:

- (i) in the preparation of the Annual Accounts for the financial year ended 31st March, 2016, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- (ii) 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) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the Annual Accounts for the financial Year ended 31st March, 2016 on a 'going concern' basis;
- (v) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
- (vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### 8. DEPOSITS

All the deposits have been accepted/ renewed / repaid as per the provisions of the Act. The company had no unclaimed / unpaid deposits on 31/03/2016.

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

- (a) The Vijoy Steel & General Mills Company Ltd., Phagwara: The Company has incurred operational loss for the year under reference due to lower productivity. It expects to improve upon its performance during the running year.



- (b) Scott Industries Ltd., Phagwara: The Company has shut down its operations. Most of its assets have been already disposed off and efforts are on to realize the dues from its old customers.
- (c) Sukhjit Mega Food Park & Infra Ltd., Phagwara : The Company has been incorporated as an SPV for setting up the Mega Food Park in Punjab, which has been approved by the Ministry of Food Processing Industries (MoFPI), Govt. of India, New Delhi under its Mega Food Park Scheme. The Project is in the initial stages of getting various Govt. consents/approvals and will be in a position to take effective steps for commissioning during the year under reference.

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, 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 the Companies Act, 2013.

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, 2016 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 who may be interested in seeking such information and are also available for inspection by any shareholder of the Company at the registered office of the Company. The Company shall furnish a copy of details of annual accounts of subsidiaries to any shareholder on demand.

#### 10. CONTINGENT LIABILITY

Disputed Liabilities, not provided as expense in the accounts, comprise of ₹ 27.18 Crores. The amount mainly includes ₹ 24.94 Crores as disputed Central Excise Duty (excluding penalty and interest) demand raised by the Central Excise Department since 01/04/1997 alleging the sale of Maize Starch as that of Modified Starch. Since the matter is subjudice, the Department has continuously been issuing the show cause notices against the differential duty. However, pertinent to mention that 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. The company has been manufacturing Maize Starch by following the standard Wet Milling Process for the last many decades and the product is sold and accepted by the market as Maize Starch, so the company does not foresee any liability to crystallize on this account. Other items include show cause notice concerning demand of ₹ 1.19 crores on exempted goods and the case is pending before the Commissioner, Central Excise and ₹ 1.05 Crores wrongly levied for R&C measures by A.P. Northern Power Distribution Company Ltd., Nizamabad against exemption enjoyed by the unit, the matter is pending before the Hon'ble High Court of Andhra Pradesh.

#### 11. PARTICULARS OF REMUNERATION TO DIRECTORS AND DISCLOSURES

In terms of the provisions of section 197 (12) of The Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of Directors/KMP are set out in the 'Annexure C' to the Directors' Report.

However, in view of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the detail of the employees who are





in receipt of remuneration over ₹60.00 Lacs p.a. if employed throughout the year or ₹ 5.00 Lacs p.m. if employed for a part of the year during 2014-15 given below :

**(A) Persons employed through out the year and were in receipt of remuneration aggregating not less than ₹ 60.00 Lacs for the year:**

Sr. No.	Name	Age	Designation	Gross Remuneration (₹ Lacs)
1	Shri I.K. Sardana	70	Managing Director	109.30
2	Shri K.K. Sardana	68	Jt. Managing Director	102.32

Qualification	Experience	Date of Joining	Last Employment/ Designation Held
B.A.	50	02.08.1967	The Sukhjit Starch & Chemicals Ltd., Phagwara Sales Manager
B.A.	45	18.01.1972	The Sukhjit 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 ₹ 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 the income tax rules.

## 12. DIRECTORS

- In accordance with the provisions of the Act, Shri V.K. Sardana retires by rotation and being eligible, the Board recommends their reappointment.
- The Company has received declarations from all the independent directors of the company confirming that they meet the criteria of independence as prescribed in subsection (6) of Section 149 of the Companies Act, 2013 and clause 49 of the listing agreement with stock exchange.
- Based on evaluation criteria laid down under the Nomination and Remuneration Policy of the Company, framed in accordance with the provisions of section 178 of the Companies Act, 2013, the Nomination & Remuneration Committee rates the performance of the board and its committees which, inter-alia, includes evaluation of leadership abilities, contribution to corporate objectives & plans, regular monitoring, effective decision making ability, attendance and contribution at Board and Committee meetings etc.



### 13. INTERNAL FINANCIAL CONTROLS

Internal financial control systems of your company ensure the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals and compliance with all the applicable laws & regulations. The Internal & External Auditors of the Company also measures the effectiveness of internal controls through periodical checks and ensure that company has an effective internal control system duly commensurate with its size and nature of business. The management reviews the systems periodically to systematically improve business processes in regard to its effectiveness and efficiency.

### 14. VIGIL MECHANISM

Pursuant to Section 177 of the Companies Act, 2013 & rules made there under and Clause 49 of the Listing Agreement with the Stock Exchange, the Company has established a vigil mechanism, which also incorporates a Whistle Blower Policy, for Directors and employees to report genuine concerns and also its commitment to open communication & the best practices of Corporate Governance. Whistle Blower Policy of the Company stands placed on the Company's website at the link: [http://sukhjitgroup.com/whistle\\_blower\\_policy.html](http://sukhjitgroup.com/whistle_blower_policy.html).

### 15. AUDIT COMMITTEE

The Board has constituted Audit Committee of the Company with Sh. V.P. Kapahi as Chairman and Shri S.K. Anand, Shri K.K. Sardana and Shri S.C. Jindal as its members. All the recommendations made by the Audit Committee were accepted by the Board.

### 16. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The report on Corporate Social Responsibility activities conducted during the financial year 2015-16 is annexed herewith marked as 'Annexure D' to this report.

### 17. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company has not entered into any material transaction with its Promoters, Directors, Key Managerial Personnel or their Relatives which could have potential conflict with the interest of the Company. Their salaries/ remuneration have been fixed after due consideration by the Nomination and Remuneration Committee / Board / Shareholders as per applicable provisions of the Act. However, the transactions with subsidiary Companies are incurred after due appraisal and approval at Director's level / Audit Committee, which are in the ordinary course of business and are at per arm's length price, in terms of AS-18 and given as per Point No. 6 of the Notes to Accounts forming part of the Annual Report. Policy on related party transactions of the company stands placed on the Company's website at the link: [http://sukhjitgroup.com/Policy\\_dealing.html](http://sukhjitgroup.com/Policy_dealing.html)

### 18. MEETINGS OF THE BOARD

The Board of Directors held six meetings during the year under reference and details thereof appear in report on Corporate Governance of the Annual report.

### 19. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Particulars of loans given and Investments made are provided in the standalone financial statement. The Company has given /provided some small Guarantees/ Securities to the Govt. / other Departments in the ordinary course of business. However, there is no third party Guarantee/ security given / provided by the Company.