



THE SUKHJIT
STARCH AND CHEMICALS
LIMITED

EVOLVING WITH NATURE



Transforming

To accelerate growth and
enhance value

79th Annual Report 2022-23

CONTENTS

02-23

CORPORATE OVERVIEW

- 02 Going an extra mile to deliver excellence
- 04 Our journey of creating holistic value
- 06 Managing Director's speech
- 08 Growing on strong foundation
- 10 Driven by robust fundamentals
- 12 Our value-accretive product portfolio
- 14 Operational excellence
- 16 Reputed clientele
- 17 Quality
- 18 Innovating to stay ahead of the curve
- 19 Human resource
- 20 Environmental Social and Governance
- 23 Board of Directors & Corporate information

24-33

NOTICE

- 24 Notice

34-83

STATUTORY REPORTS

- 34 Board's Report
- 41 Management Discussion and Analysis Report
- 46 Report on Corporate Governance

84-164

FINANCIAL STATEMENTS

- 84 Standalone Financial Statements
- 127 Consolidated Financial Statements

Businesses are constantly seeking innovative ways to transform their operations and strategies. This includes adopting new technologies, implementing agile processes, and fostering a culture of continuous improvement. By embracing transformation, we can stay ahead of the competition, adapt to changing market dynamics, and meet the evolving needs of our customers.

Additionally, this allows us to streamline processes, optimise resource allocation, and drive efficiency throughout their entire value chain. As an agro-processing company with a rich history as one of India's oldest starch producers and amongst the largest in terms of production, we support our growth strategy by maintaining an efficient but prudent capital structure while retaining the flexibility to invest in growing the business.

Expanding our presence across different geographies has been a key objective for our company. We hope to increase our market share and acquire a competitive edge by doing so. Our dual strategy of catering to existing consumers while also seeking new ones has helped us extend our market reach, broaden our customer base, and strengthen our market position.

To address evolving customer demands, we focus on optimising our product mix, particularly emphasising high-value offerings. We also have successfully adapted to changing market dynamics by aligning our product portfolio with the needs of our customers. This enables us to stay ahead of the competition.

We have prioritised higher capacity utilisation in line with our commitment to efficiency and volume enhancement. We aim to strive for optimal performance, maximize operational efficiency and productivity, and remain committed to accelerating growth and enhancing long-term value for all our stakeholders.



Reference to
further reading
online

You can also find
this report online:

<https://www.sukhjitgroup.com/annual-report>



Scan the QR to know
more about us



Going an extra mile to deliver excellence

Sukhjit Starch and Chemicals Limited (Sukhjit) has been India's oldest and third-largest producer of starch for more than seven decades. At Sukhjit, we believe that quality is the lifeline of every business and we are committed to satisfying our customers by manufacturing and supplying innovative and best-in-class products for our customers.

Incorporated in 1943, in Phagwara, Punjab, we are the country's most efficient manufacturers of maize starch. We began with a single geographic presence and have since extended to Nizamabad, Malda, and Gurplah, supported by reliable R&D procedures and a dedicated team of experts. Our commitment to quality and innovation has allowed us to consistently meet the growing demands of our customers. With state-of-the-art facilities and continuous improvement initiatives, we strive to stay at the forefront of the maize starch industry in India.

Along with native starch, we manufacture Modified Starches, Dextrins, Liquid Glucose, HMS, Malto-Dextrin, Mono-Hydrate Dextrose, Anhydrous Dextrose, Sorbitol-70% Solution and various by-products, serving a broad range of industries.

Our commitment to constant development clearly demonstrates our philosophy. Our infrastructure, technology, and skills enable us to be a one-stop shop for our B2B clients. Given our consistent compliance with quality parameters, we are able to remain our clients' first choice. We are devoted to quality excellence in order to fulfil our clients' evolving needs.

₹1,435 crore

Revenue for FY23

₹143 crore

EBITDA for FY23

₹70 crore

Profit After Tax for FY23

1250+

Workforce

550,000 TPA

Production Capacity

Value Principles

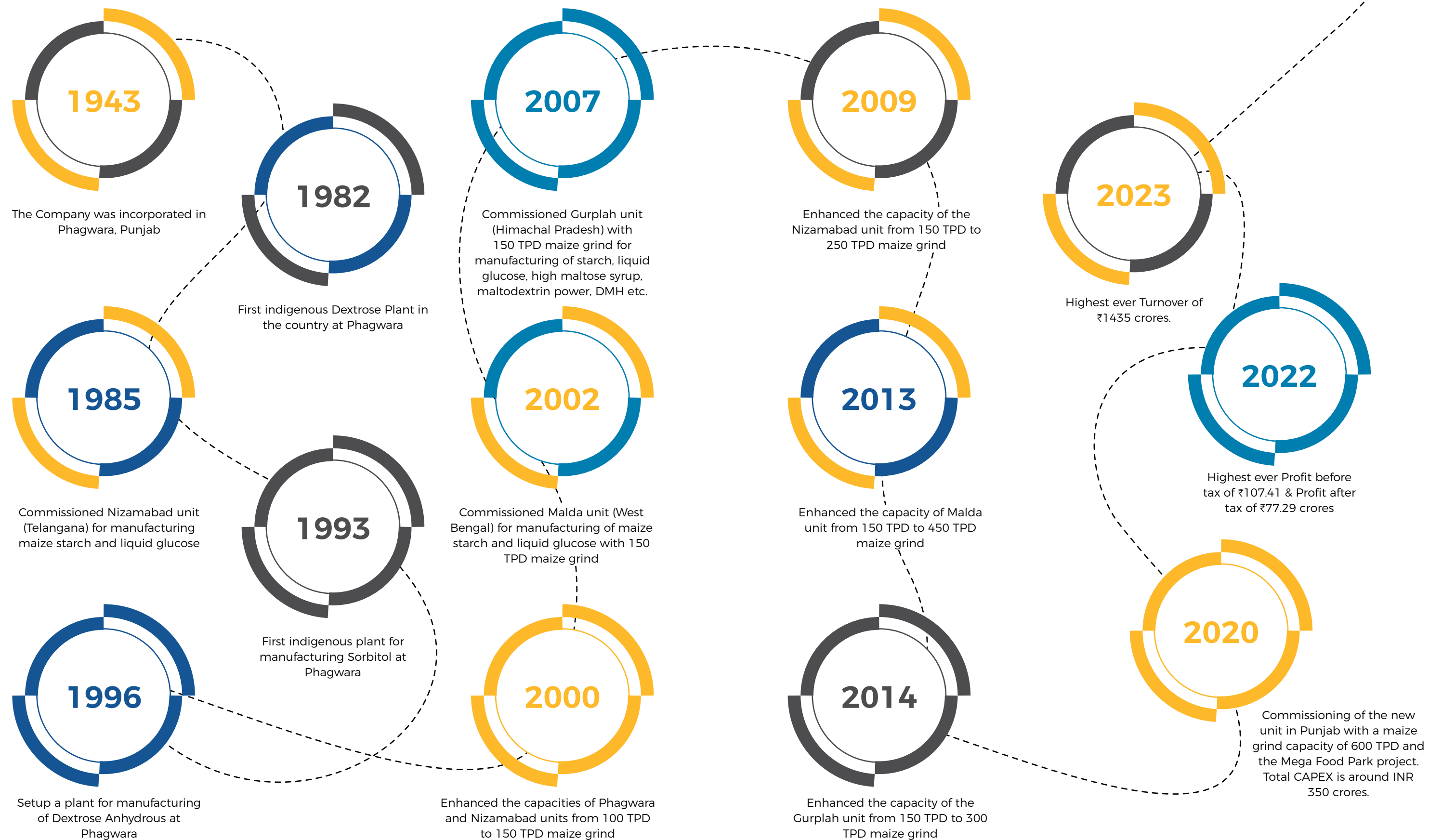


Our Accreditations





Our journey of creating holistic value





Managing Director's Speech



It is interesting to mention in this context that during FY23, we achieved the highest-ever revenue from operations, which stood at ₹1,435 crores.



K. K. SARDANA
Managing Director



I am happy to share that we have successfully completed one more year of transformation with the encouragement and support of all our esteemed stakeholders.

With a rich history dating back to 1943, we have crafted a vibrant legacy, emerging as one of India's oldest and third-largest producers of starch and its derivatives over the decades. Our journey began with the Corn Wet Milling Facility in Punjab, and today we operate four manufacturing locations across the country, catering to a wide range of industries.

In all these years, India's socio-economic landscape has evolved with big transformational changes driven by innovative technologies impacting various aspects of our lives. We recognise this shift and aim to cater to the evolving needs and preferences of its diverse customer base.

Talking about the year under review, FY23 presented a largely volatile business environment globally, worsened by the continued geopolitical tensions in Europe and high inflationary trends in both advanced and emerging economies. While we faced margin pressures due to these macro indicators, our cost optimisation measures helped us strengthen our profitability significantly.

We view these macro tailwinds as growth opportunities and appropriately reconfigure our business model to deliver sustainable value to our customers and stakeholders. It is interesting to mention in this context that during FY23, we achieved the highest-ever revenue from operations, which stood at ₹1,435 crores.

Our product range includes Native Starch, Modified Starches, Dextrins, Liquid Glucose, HMS, Malto-Dextrin, Mono-Hydrate Dextrose, and various by-products, catering to a wide range of industries. These compounds find vital applications in diverse industries like paper, textiles, pharmaceuticals, food and beverages, FMCG and so on.

By offering international quality products at affordable Indian prices, we have successfully differentiated ourselves and built loyalty among our customers across the country.

The strategic plant locations of our manufacturing facilities enable us to serve our key customers effectively and efficiently. We have also continued to invest in our business, capitalising on key industry trends to position ourselves for long-term success. With a wide footprint across the country, we aim to penetrate deeper into the hinterland by leveraging our capacities, world-class customer service, and efficient logistics to ensure affordability.

As part of our transformation agenda, we have been making changes in our manufacturing and delivery processes to better serve its end users. Our capacities at most of the locations were commissioned two-three decades ago and afford us good opportunities to expand to the optimum size at low cost due to other infrastructural facilities already being in place there.

On the capacity expansion front, our new unit in Punjab is operating at high capacities for starch and its derivatives, with plans to achieve full capacity utilisation in the near future. At present, our combined total production capacity is approximately 550,000 TPA compared to a mere 1800 TPA at the time of our inception. Our commitment to operational excellence and prudent resource allocation has resulted in all facilities operating at 80% capacity. We are confident of achieving long-term growth, as the industry globally remains largely attractive.

To fuel our growth trajectory, we have allocated capital expenditures to enhance the capacity of our existing plants. Over the next 24 months, we will increase our daily maize grind capacity from 1600 tonnes to 2000 tonnes. Importantly, these investments are entirely funded through internal accruals, underscoring our financial strength and sustainability. Additionally, we aim to increase the share of high-value starch derivatives to improve our profitability and strengthen our competitive position in the industry.

Looking ahead, we maintain a positive outlook for our company's prospects and remain committed to delivering value to our shareholders. By prioritising key areas such as expansion, customer relationships, and operational efficiency. We are also planning to increase the share of high-value starch derivatives to improve profitability. This strategic move is expected to position us for further growth and strengthen our competitive position in the industry. Our solid foundation, built over the past seven decades, serves as a testament to our legacy and positions us for future success.

We extend our gratitude to our employees, customers, and shareholders for their continued support. Together, we will navigate the challenges and opportunities to capitalise on those that lie ahead and realise our vision for a prosperous future.

Regards,

K. K. Sardana
Managing Director



By offering international quality products at affordable Indian prices, we have successfully differentiated ourselves and built loyalty among our customers across the country.



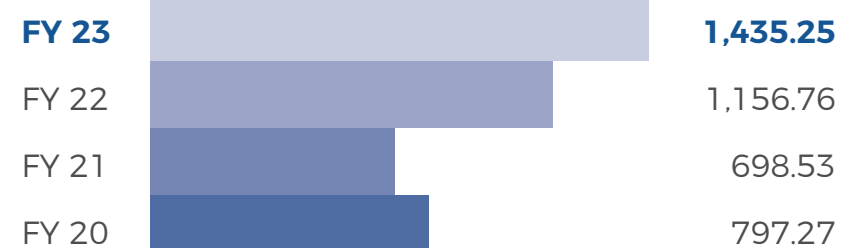


Growing on strong foundation

At Sukhjit, we foster sustainable growth and maximise shareholder value through an optimal capital structure and strategic investment decisions. We prioritise the efficient allocation of capital while maintaining a prudent approach to support our growth strategy. Through our strategic approach, we ensure to capitalise on emerging opportunities and propel the business forward.

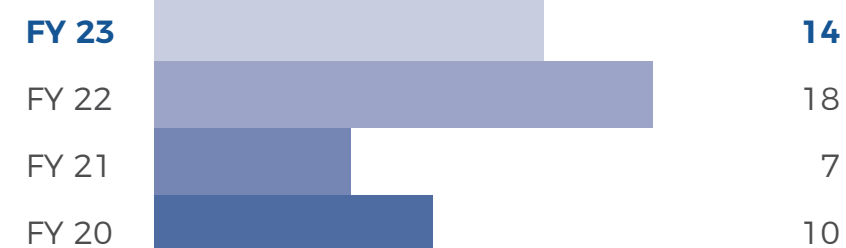
TOTAL INCOME

(₹ in crores)



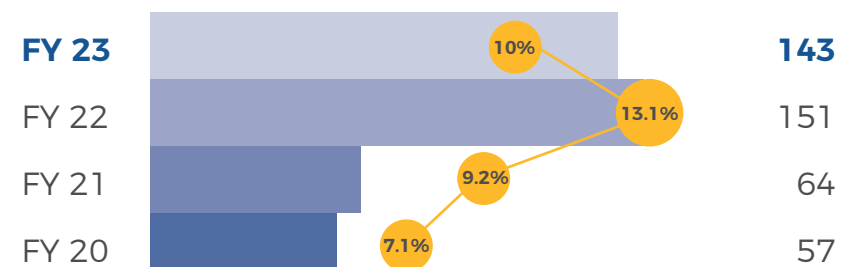
RETURN ON EQUITY (ROE)

(in %)



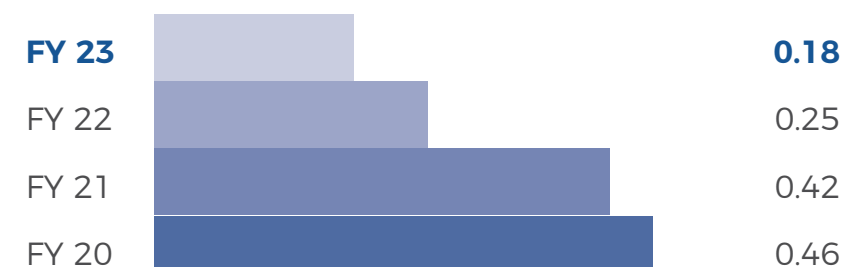
EBITDA (■) & EBITDA MARGIN (—●—)

(₹ in crores)



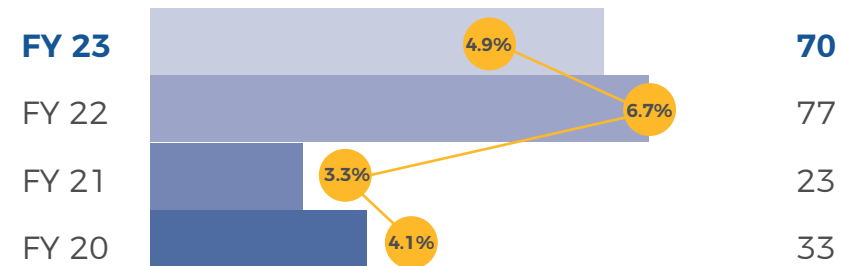
NET DEBT TO EQUITY RATIO

(in times)



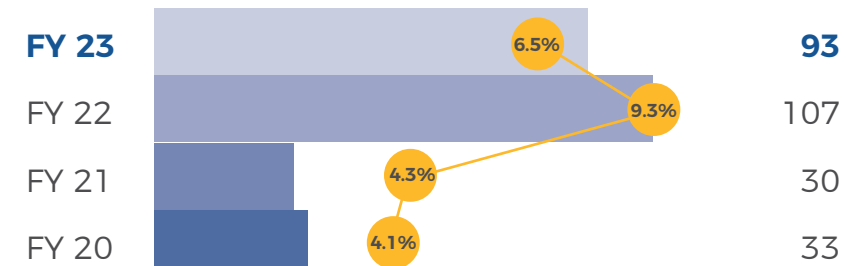
PAT (■) & PAT MARGIN (—●—)

(₹ in crores)



PBT (■) & PBT MARGIN (—●—)

(₹ in crores)





Driven by robust fundamentals

With a remarkable legacy that spans almost eight decades, we are recognised as one of the industry's foremost leaders, driven by our robust fundamentals. We place immense value on the principles of diligence, trust, and credibility. We are not committed not only to operational and financial performance, but also prioritise transparency and best practices.

Environmental commitment

Our investment in cutting-edge facilities to convert biodegradable waste into energy has substantially reduced our carbon footprint and our dependence on non-renewable sources of energy.



Experienced management

Our management has extensive experience in the starch sector and is well-versed in market developments, regulatory compliance, and customer preferences.



Quality and food safety standards

We implement stringent quality control and adhere to strict food safety requirements, ensuring that our products meet the highest quality and safety standards and instil customer trust.



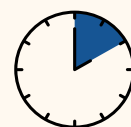
Customer-centric approach

Through a customer-centric approach, we forge strong relationships by understanding unique needs, offering tailored solutions, and providing technical support for optimised product performance.



Advanced R&D expertise

Our robust R&D capabilities drive innovation and continuous improvement, allowing us to develop new formulations, enhance functionalities, and address emerging trends with expertise.



Producing hydrogen from biogas process effluents

We efficiently purify biogas generated from process effluents to produce hydrogen, complying with all regulatory approvals for product quality and safety protocols.



Strong market position

We have developed a good track record of operations, strengthening our strong market position, with a maize grinding capacity of 1,600 tonnes per day (TPD) and roughly 10% share of the domestic market based on installed capacity.



Diverse product portfolio

Our product portfolio encompasses a diverse range of starch products, including native starches, modified starches, and value-added products such as sorbitol, monohydrate dextrose, anhydrous dextrose, maize gluten, maize oil, and cattle/poultry feeds.



Extensive user base diversity

We have the capability to serve a wide range of industries including paper, packaging, pharmaceuticals, personal care, FMCG, and food & beverages, catering to their diverse needs and requirements.



Renowned clientele

We have a strong customer base comprising renowned brands, allowing us to provide exceptional service to our clients.



Our value-accretive product portfolio

We provide a wide range of high-quality maize products and by-products. Our products reflect innovation, versatility, and high quality. We take pride in our 'corn-derived solutions' and their use in a different sectors. With our carefully curated selection of products, we aim to empower individuals and businesses with the tools they need to thrive.



Maize starch

Maize starch (C6H10O5), also known as corn starch or flour is a fundamental ingredient in most of the packaged food and industrial products. It is extracted from the corn kernel and has a distinctive appearance and feel.

END USERS

- Manufacture of sweeteners
- Sizing of paper and textile
- Food thickener
- Stabilizer
- Ethnic sweets
- Manufacture of modified starches
- Bio-plastics
- Pharmaceutical
- Corrugated board
- Bio-plastics
- Frozen food



Liquid glucose

Liquid glucose is a purified concentrated aqueous solution of nutritional saccharides derived from starch that is used in various food and industrial products. The quality of liquid glucose has a direct impact on the quality and performance of the finished products.

END USERS

- Confectionery
- Baking
- Brewing
- Meats
- Ice cream
- Processed fFoods
- Jams and preserves
- Canning
- Frozen foods
- Dairy products



Sorbitol 70%

It is a water-soluble polyhydric alcohol with a sweet taste and high stability. It also possesses humectant and plasticizing characteristics. It is made by reducing glucose and altering the aldehyde group and is used in food products, tobacco conditioning, high-quality papers, and so forth.

END USERS

- Oral hygiene formulation
- Cosmetics
- Processed food industry
- Pharmaceutical industry
- Confectionary
- Frozen foods
- FMCG/Healthcare industry
- Paint industry



Maltodextrin powder

Maltodextrin, a type of preservative, is commonly used as a thickener or filler to increase the volume of processed food. It also increases the shelf life of packaged foods.

END USERS

- Indian sweets
- Baby food
- Instant food
- Confectionary
- Baking
- Ice cream
- Dairy products
- Processed food
- Beverage



Monohydrate dextrose

Dextrose monohydrate, also known as D-Glucose, is a white crystalline powder that is odourless and sweet to taste. It is made by hydrolyzing starch and contains one molecule of water for hydration.

END USERS

- Total or partial replacement for sucrose in baking and other dry mixes, canned products, chewing gum, confections, dairy products, meats, preserves, carriers for colours and flavours.
- Bulking agent for intense sweeteners, beverage powders and dry mixes. Tableting excipient in confections.
- Source of fermentable in baking, and brewing, vinegar and wineS.
- Baked goods.
- Caramel colouring.



Anhydrous dextrose

Anhydrous Dextrose is a white crystalline powder that has no odour and tastes sweet. It is the purest form of dextrose, often known as glucose. It is created by dissolving Dextrose Monohydrate, allowing the solution to evaporate to a solid concentration of 84%-85%, then adding induced seed crystals and crystallizing the mixture at high temperatures.

END USERS

- Injectable solution manufacturing
- Saline solution manufacturing
- Oral re-hydrating agent



Maize gluten

Corn gluten meal, which contains around 65% crude protein, is extensively used as animal feed. It provides protein, energy, and pigments to animals and is used to improve digestion in pets.

END USERS

- Poultry feed
- Animal feed
- Herbicide



Other by-products

In addition to the products listed above, we manufacture several by-products that often serve as nutritional additions to cattle feed. These are also used to produce biodiesel.

END USERS

- Poultry Feed
- Cattle Feed
- Insecticides
- Cooking oil
- Printing Ink
- Pet Food
- Biodiesel

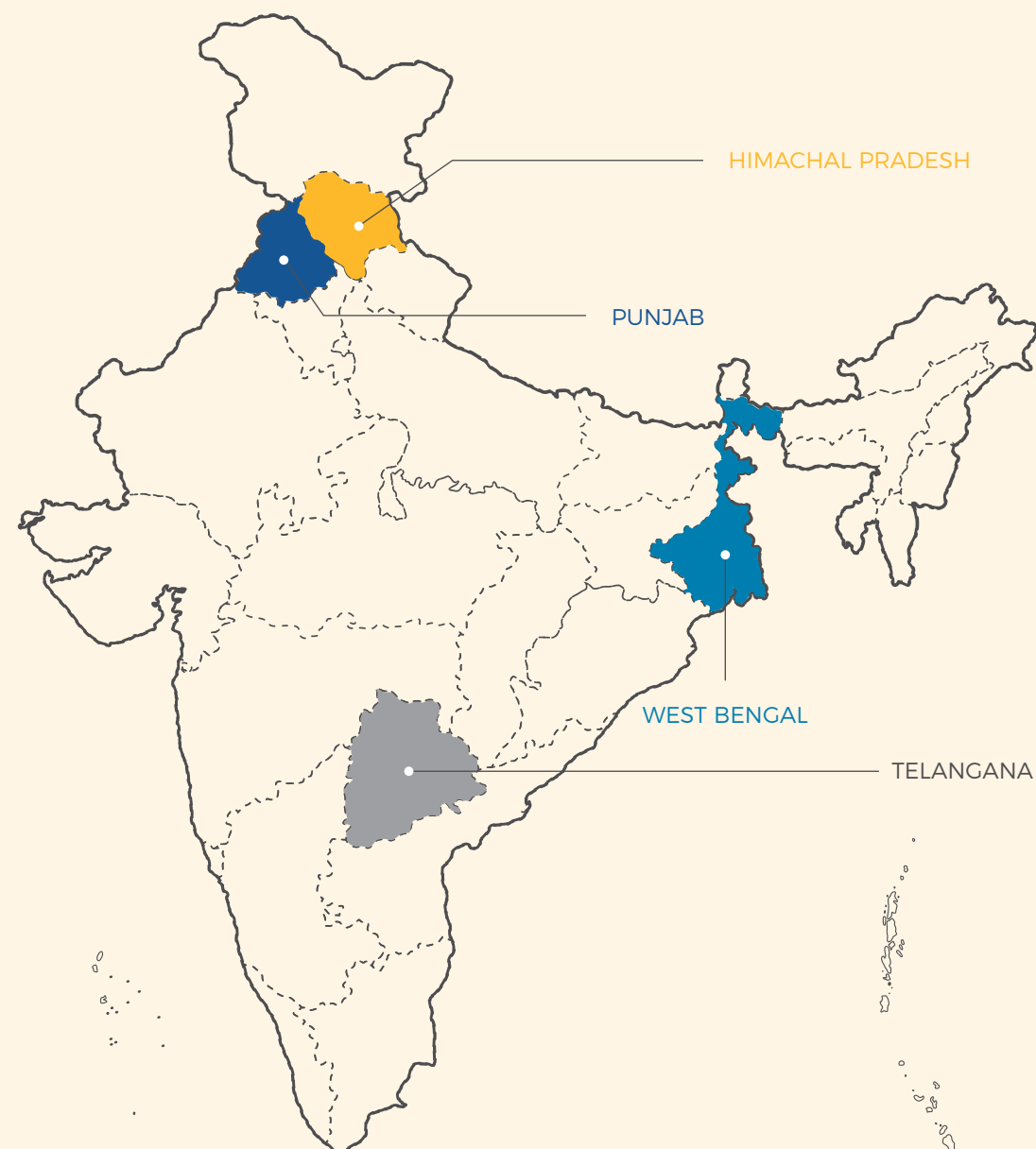


Operational excellence

Our operational excellence and remarkable achievements have become our trademark. Over the years, we have reached many significant milestones and created holistic value. We have built a strong foundation based on innovation, dedication, and a commitment to exceeding customer expectations.

Delivering quality

Our manufacturing facilities are strategically located near maize-producing regions ensuring a steady and reliable supply of raw materials. With skilled labour and efficient transportation infrastructure, we ensure smooth operations and timely delivery. Additionally, our proximity to consumption centres enables quicker turnaround times, optimising the supply chain for enhanced efficiency.



Phagwara

Products

Maize Starch, Monohydrate Dextrose, Sorbitol, Anhydrous Dextrose, Maize Gluten, Maize oil and other by-products.

Capacity

600 TPD



Nizamabad unit

Products

Maize Starch, Liquid Glucose, Maize Gluten, Maize Oil, Cattle Feed and other by-products.

Capacity

250 TPD*

Malda Unit

Products

Maize Starch, Liquid Glucose, Monohydrate Dextrose, Maize Gluten, Maize Germ and other by-products.

Capacity

450 TPD*



Gurplah Unit

Products

Maize Starch, Liquid Glucose, Monohydrate Dextrose, Malto Dextrin Powder, Maize Gluten, Maize germ and other by-products

Capacity

300 TPD*

* tonnes per day



Reputed clientele

We are serving clients across various industries, assisting them in establishing a global footprint for their businesses.



Quality

At Sukhjit, we firmly uphold the principle that quality serves as the lifeblood of every business. Our commitment lies in ensuring the complete satisfaction of our esteemed customers by consistently manufacturing and supplying products of exceptional quality.

**We are offering
international quality
products at affordable
Indian prices**

We implement robust quality control procedures and strictly adhere to stringent food safety standards in order to ensure the excellence of our starch products. Through comprehensive testing, our products consistently meet the highest benchmarks for quality and safety, instilling a sense of confidence in our customers regarding the integrity and dependability of their own products.

Our commitment to maintaining international standards of quality places us at the forefront of the Indian starch industry, providing us with a distinct competitive edge. By prioritising the utmost attention to quality, we strive to continuously meet and exceed customer expectations.



FSSAI

Approval for our
all plants

FSSC 22000

Food safety system
certification (SGS)