

CERTIFICATE • ZERTIFIKAT • CERTIFICAT • प्रमाण पत्र • CERTIFICADO • СЕРТИФИКАТ



CERTIFICATIONS LIMITED

Certificate of Registration

THE SUKHJIT STARCH & CHEMICALS LTD.
Sarai Road, Phagwara, Distt. Kapurthala - 144 401
Punjab; (INDIA)

Equalitas Certifications Limited certifies that the Management System of the above mentioned company has been assessed and meets the requirements established by the following rules:

ISO 9001:2008

The management system includes:

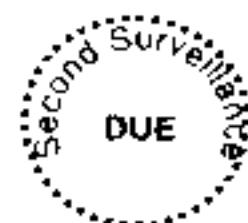
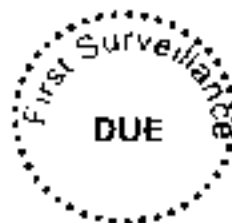
MANUFACTURE OF MAIZE STARCH, DEXTRINS, MODIFIED STARCHES & ITS BY PRODUCTS AND DERIVATIVES LIKE GLUTEN, MAIZE OIL, MAIZE OIL CAKE, DEXTROSE MONOHYDRATE, DEXTROSE ANHYDROUS, SORBITOL AND MALTODEXTRIN (LIQUID & POWDER)

Certificate No. Q +91-0014

ANZSIC Code: C 2140, C 2151

For a renewal of the validity of the present certificate the enterprise management system must permanently satisfy the requirements of the international requirements. The fulfilment of these requirements will be regularly controlled by Equalitas Certifications Limited.

Audit date : 27 Aug 2010
Date of issue : 27 Aug 2010
Expiration date : 23 Aug 2013



JAS-ANZ



Director



Equalitas Certifications Limited

LRI - www.theecl.com

Accreditation to Accreditation System of Australia and New Zealand - ANZSIC Code: 2144101
11, London Circuit, Canberra, ACT 2600, AUSTRALIA.

For more information please contact our sales team on the below mentioned website or call us on +91 11 2610 2610. For more information please email us at info@theecl.com



Certificate of Registration

THE SUKHJIT AGRO INDUSTRIES

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

Equalitas Certifications Limited certifies that the Management System of the above mentioned company has been assessed and meets the requirements established by the following rules.

ISO 9001:2008

The management system includes:

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

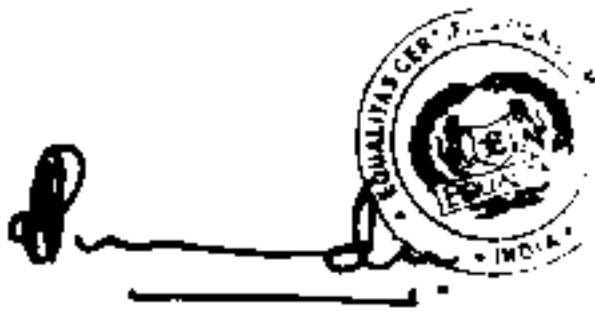
Certificate No: **Q +91-0109** ANZSIC Code: **C 2151**

The holder of this certificate is responsible for the management system and for ensuring that the requirements of these standards are fully and continuously met.

Valid From: **31 May 2011**

Valid Till: **06 Jun 2013**

JAS-ANZ



Equalitas Certifications Limited

URL: www.inecd.com

11, Crown Court, Canberra, ACT 2600, AUSTRALIA

Equalitas Certifications Limited is a registered company in India. The registration number is U11401DL2007PTC015000.



CERTIFICATE

Certificate no. 3710

SUKHJIT AGRO INDUSTRIES

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



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

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

The management system includes :

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

EA Sector 3

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

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

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



Audit date : 19.04.2008

Date of issue : 21.04.2008

Expiration date : 20.04.2011

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



A handwritten signature in black ink, appearing to be 'G. Am'.

Director



EXTRA COPY: NEW REVISED CERTIFICATES ISSUED ON DEC. 09, 2009 (Amended)

This is to certify that
Quality Management System
of
SUKHJIT STARCH MILLS.
Mubaraknagar, Nizamabad-503 003, INDIA.

complies with the requirements of
ISO 9001:2008

This certificate is valid concerning all activities related to :

**Manufacturing and Supply of Maize Starch, Liquid Glucose,
Malto Dextrin, Modified Starches and By Products.**
ANZSIC Code : C 2174, C 2179

Jan. 07, 2009 Jan. 01, 2012 4451
Date of issue Valid until* Certificate No.


Managing Director-Director



TRANSPACIFIC CERTIFICATIONS LIMITED

Website : www.tc-certifications.com E-mail : info@tc-certifications.com
Accreditation by Joint Accreditation System of Australia and New Zealand Accreditation No. 52640001016
11, London Circuit, Canberra, Act 2600, AUSTRALIA

www.jas-anz.com.au/register

*Subject to the terms and conditions set out for the issuance of this certificate and the availability of periodic surveillance audits may require this certificate to be

THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA

BOARD OF DIRECTORS

Sh. S.C. Jindal - Chairman
Sh. V.K. Sardana
Sh. A.K. Sardana
Sh. Naresh Sardana
Sh. S.K. Anand
Sh. V.P. Kapahi
Sh. I.K. Sardana-Managing Director
Sh. K.K. Sardana-Jt. Managing Director
Sh. S.M. Jindal-Executive Director & Secretary

BANKERS

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

AUDITORS

M/s Y.K. Sud & Company
Chartered Accountants
Durga Niwas, Opp. Friends Cinema,
Jalandhar.

REGISTERED OFFICE

Phagwara-144 401 (Pb.)

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 2010-2011



NOTICE

NOTICE is hereby given that the 67th Annual General Meeting of the Members of The Sukhjit Starch & Chemicals Limited, will be held at the Registered Office of the Company, at Phagwara, on Wednesday, the 27th day of July, 2011 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 31.3.2011.
2. To declare final dividend on the Equity Shares for the year ended 31.3.2011.
3. To appoint Director in place of Shri S.K. Anand who retires by rotation and being eligible, offers himself for re-appointment
4. To appoint Director in place of Shri V.P. Kapahi 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, pass with or without modification(s) the following resolution as a special resolution :

"Resolved that pursuant to the provisions of Sub Section (1B) of Section 314 and other applicable provisions of the Companies Act, 1956, if any read with the Directors Relatives (office or place of profit) Rules, 2003, consent of the company 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.

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 prescribed under the Act/Rules."

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

"Resolved that pursuant to the provisions of Section (1B) of Section 314 and other applicable provisions of the Companies Act, 1956, if any, read with the Directors Relatives (office or place of profit) Rules, 2003, consent of the company 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.

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 prescribed under the Act/Rules."

By Order of the Board

Sd/-

S.M. JINDAL

Executive Director & Secretary

Place : Phagwara

Dated : 11th June, 2011

NOTES :

1. A Member, entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
2. The Shareholders, intending to seek any clarification on the accounts, in the meeting, are requested to inform the company at least seven days in advance from the date of the Annual General Meeting. A copy of the Balance Sheet as at 31.3.2011 and Profit & Loss Account for the year ended on that date together with the Auditors' Report and Directors' Report thereon are also enclosed. Members are, however, requested to bring their copies of the Annual Report to the meeting.



3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 16th July, 2011 to 27th July, 2011 (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. The Dividend Warrants, to the resident members of the Company, will be posted within 30 days from the date of declaration of dividend.
6. The Members are hereby informed that the Dividends, which remain unclaimed/unencashed over a period of 7 years, have to be transferred by the Company to the 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 dividend either from the company or from IEPF thereafter.
7. The Members, who have not encashed their dividend warrants for the financial year 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009 and 2009-2010 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
2003-2004	17.09.2004	16.09.2011
2004-2005	27.09.2005	26.09.2012
2005-2006	20.09.2006	19.09.2013
2006-2007	12.09.2007	11.09.2014
2007-2008	27.08.2008	26.08.2015
2008-2009	25.08.2009	24.08.2016
2009-2010	09.08.2010	08.08.2017

8. The Provisions of section 109A and 109B of the Companies Act, 1956 have extended the nomination and transmission facility to the shareholders of a company. The shareholders can avail the above facility by furnishing to the Company, the particulars of their nominee(s). Every person who becomes the nominee, by virtue of Section 109A, may upon the production of such evidence, as may be required by the Board, elect either to get himself registered as the holder of the securities or to make such transfers as the case may be as the deceased holder could have made.
9. The shares of the Company are under the compulsory demat list, so trading in the equity shares can only be made in dematerialized form. In case you have not dematerialized your shares, you may do so by opening an account with a depository participant.
10. Information under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai in respect of Directors seeking appointment/re-appointment at the Annual General Meeting is given hereunder :
 - (a) Shri S.K. Anand retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.
Shri S.K. Anand is B.E. (Elec.) qualified and presently working as the Managing Director of M/s. Nimbua Greenfield (Punjab) Ltd. He has headed many leading organizations successfully controlling/leading their vital managerial/administrative/operational functions. He has worked as Executive Director and Managing Director of M/s. North Eastern Supply Co. of Orissa. He has served Punjab State Electricity Board as Chief Engineer for 4 years and thereafter Member (Distribution) of the Board for quite sometime. He has a rich managerial, administrative and commercial experience to his credit. He holds 1002 shares of our company.
 - (b) Shri V.P. Kapahi retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.
Shri V.P. Kapahi is B.A., C.A.I.I.B. qualified and a retired Senior Executive of a Public Section Bank having long experience in industrial financial besides a strong commercial & managerial capability to his credit. He does not hold any other directorship and holds 1000 shares of our company.
Both the directors have long commercial, administrative and managerial experience to their credit. They are associated with the company as the independent directors since 2006 and have contributed significantly to the overall growth of the Company.
The Board, therefore, recommends their re-appointment. Each of the two Directors and may be deemed to be interested in the resolution relating to their re-appointment.



**EXPLANATORY STATEMENT(S) OF ITEM NO. 6, 7 & 8
(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)**

ITEM NO. 6

Shri Bhavdeep Sardana was appointed as Vice President (Operations) of Nizamabad Unit of the Company with effect from 1/1/2005 at a salary of Rs. 30,000/- p.m. with usual perks, applicable to other senior Executives as per rules of the company. His appointment was duly approved by the Share-holders in the Annual General Meeting as per provisions of section 314 of The Companies Act, 1956.

Shri Bhavdeep Sardana is 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 the profitability. His salary was revised in the financial year 2007-2008 to Rs. 90,000/- p.m. with usual perks as applicable to other senior executives of the company after obtaining consent of the shareholders in their Annual General Meeting dated 12/09/2007 and thereafter necessary approval of the Central Government vide their office letter dated 12/12/2007, in pursuance to the provisions of section 314(1B) of the Companies Act, 1956. His present salary does not commensurate with the responsibilities shouldered by him and not comparable with the remuneration being paid to other senior executives of his level of the company. His salary can only be increased with the approval of shareholders, as required under the provisions of section 314 of the Companies Act 1956 read with the Directors Relatives (Office or Place of Profit) Rules, 2003. The Board, therefore, in the overall interest and future growth of the Company, recommend increase/revision in his salary in the pay scale of Rs. 1,00,000/- to Rs. 2,50,000/- (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 as applicable to the executives of this level from time to time.
3. Facilities of medical re-imburement, 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 at a salary of Rs. 30,000/- p.m. with usual perks, applicable to other senior Executives as per rules of the company. His appointment was duly approved by the Share-holders in the Annual General Meeting as per provisions of section 314 of The Companies Act, 1956.

Shri Dhiraj Sardana is 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 ongoing substantial expansion of Malda unit of the company. His salary was revised in the financial year 2007-2008 to Rs. 90,000/- p.m. with usual perks as applicable to other senior executives of the company after obtaining consent of the shareholders in their Annual General Meeting dated 12/09/2007 and thereafter necessary approval of the Central Government vide their office letter dated 12/12/2007, in pursuance to the provisions of section 314(1B) of the Companies Act, 1956. His present salary does not commensurate with his qualification and experience and not comparable with the remuneration being paid to other senior executives of his level of the company. His salary can only be increased with the approval of shareholders, as per the provisions of section 314 of the Companies Act, 1956 read with the Directors Relatives (Office or Place of Profit) Rules, 2003. The Board, therefore, in the overall interest of the unit and the Company, recommend increase/revision in his salary in the pay scale of Rs. 1,00,000/- to Rs. 2,50,000/- (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 as applicable to the executives of this level from time to time.
3. Facilities of medical re-imburement, 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 J.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 67th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2011 :-

1. FINANCIAL RESULTS	2010-11	2009-10
	(Rs. in Crores)	(Rs. in Crores)
Sales & Other income	354.46	266.28
Profit before tax & depreciation	56.09	24.85
Profit before tax but after depreciation	49.45	18.91
Provision for taxes	(10.65)	(4.47)
Profit After Tax	38.80	14.44
Taxes relating to previous years	0.02	(0.23)
Surplus brought forward from previous year	5.00	4.49
Surplus available for appropriation	43.78	19.17
Proposed dividend (including Corporate Tax)	6.87	5.16
Transfer to General Reserve	30.00	9.00
Surplus carried forward	6.91	5.00

2. PERFORMANCE

The gross sales and other income of the Company have increased from Rs.266.28 Crores to Rs. 354.46 Crores registering an excellent growth of 33%. Operating Profits of the Company have shown manifold growth to Rs. 56.09 Crores against Rs. 24.85 Crores previous year. Profit after providing Rs. 6.64 Crores (Rs. 5.94 Crores) for depreciation and Rs. 10.65 Crores (Rs. 4.47 Crores) for taxation, leave a net profit of Rs. 38.80 Crores (Rs. 14.44 Crores). A sum of Rs. 30.00 Crores has been proposed to be transferred to general reserves against Rs. 9.00 Crores last year.

The increase in sales has been achieved by high capacity utilizing of Nizamabad unit and optimization of capacities at other units of the Company. The company has been able to procure its basis raw material in time and at a right price during the main maize procurement season, leading to lower material cost and higher profitability during the year.

3. FUTURE PROSPECTUS

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

The expansion of Malda Unit is expected to be commissioned by the end of this year and it is expected that the higher capacity utilization by other units of the company will enable an overall increase of over 15% in its operations during the current year.

4. CORPORATE GOVERNANCE

Your company is fully committed to the philosophy of transparency and believes in conducting the business with due compliance of all the applicable laws, rules and regulations. The company has duly implemented the system of Corporate Governance as per the requirements of the Listing Agreement. The detailed report appears in the Annexures forming part of this report.

5. DIVIDEND

The Directors are pleased to recommend a final dividend of 40% taking total dividend to 80% during the financial year ended 31st March, 2011 against 60% last year. The dividend has been recommended with a view to conserve resources for the ongoing expansion at Malda unit and balancing of operations at Gurplah unit of the company.



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, 2011, 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, 2011 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 31/03/2011.

8. SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

- (a) The Vijoy Steel & General Mills Company Ltd., Phagwara : The company has incurred losses due to higher input cost. However, it is expected to perform reasonably well during the current year.
- (b) Sukhjit Finance Ltd., Phagwara : The operations of the company have been shut down to ward off unnecessary losses.
- (c) Scott Industries Ltd., Phagwara : The company has not been able to perform well due to lower sales and overall poor performance of the textile sector in the Country.

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 Statement of the Company and its subsidiaries is attached, which has 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, 2011 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 adjusted as expense in the accounts include Rs. 17.24 crores (Rs. 15.93 Crores prev. year) on account of Central Excise Duty. The major item, consists of Rs. 17.06 crores (Rs. 15.90 crores Prev. Year) excluding penalty and interest on account of demands raised by Central Excise Department since 01.04.1997 alleging sale of Maize Starch as that of Modified Starch. The demand is totally baseless/frivolous since the chemical examiner of **CENTRAL REVENUE LABORATORY** has clearly held the product to be Maize Starch. Moreover, the product being manufactured by the company for the last over six decades has been sold as Maize Starch, accepted by the market as Maize Starch and classified as Maize Starch by the Department, itself, from time to time. Hon'ble High Court has since stayed the demand and the matter is subjudice.

10. UNCLAIMED SHARES DEMAT SUSPENSE ACCOUNT

The company has opened the "unclaimed shares demat suspense account" with M/s India Infoline Ltd. (DP Id. : IN 302269), as required under the SEBI Circular No. CIR/CFD/DIL/10/2010 dated 16th December, 2010 to transfer and maintain the unclaimed shares in the said account.



11. PERSONNEL

Pursuant to Section 217 (2A) of the Companies Act, 1956, the 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) The Persons employed through out the year and were in receipt of remuneration aggregating not less than Rs. 60,00,000/- for the year :

No.	Name	Age	Designation	Gross Remuneration (Rs.)
1.	Sh. I.K. Sardana	65	Managing Director	70,46,096/-
2.	Sh. K.K. Sardana	63	Jt. Managing Director	63,28,660/-

Qualification	Experience	Date of Joining	Last Employment/Designation Held
B.A.	45 Years	02.08.1967	The Sukhjit Starch & Chemicals Ltd., Phagwara Sales Manager
B.A.	40 Years	18.01.1972	The Sukhjit Starch & Chemicals Ltd., Phagwara G.M. (Commercial)

(b) The Persons employed for a part of the year and were in receipt of remuneration at a rate not less than Rs. 500000/- per month — Nil —

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

12. DIRECTORS

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

13. 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 & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

14. 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 : 10th June, 2011



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, 2011.

I. (A) POWER & FUEL CONSUMPTION	CURRENT YEAR	PREVIOUS YEAR
1. ELECTRICITY		
(a) Purchase Units -- 000 KWH	37,590	32,642
Total Amount Rs. 000	1,74,727	1,37,158
Rate/Unit Rs.	4.65	4.20
(b) Own Generation		
(i) Through Diesel Generation		
-- Units -- 000 KWH	491	885
-- Units per Ltr. of Diesel oil	3.25	3.25
-- Cost/Unit Rs.	11.37	9.98
2. COAL (Steam Coal used on Boilers)		
Quantity (M. Tons)	16,563	22,608
Total Cost Rs. 000	73,878	93,837
Average Rate Rs./MT	4,460	4,150
3. OTHERS (Rice Husk / Fire Wood)		
Quantity (M. Tons)	38,104	24,686
Total Cost Rs. 000	1,10,629	65,165
Average Rate Rs./MT	2,903	2,640

(B) CONSUMPTION PER M. TON OF PRODUCTION

	STANDARD, if any	CURRENT YEAR	PREVIOUS YEAR
Production in M. Tons	Nil	1,65,740	1,42,772
Electricity--KWH/Ton.	Nil	227 *	229 *
Coal -- Kgs/Ton.	Nil	100 *	158 *
Others -- Rice Husk -- Kgs/Ton.	Nil	230 *	173 *

(*) Variation due to change in product mix.

II. TECHNOLOGY ABSORPTION, 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.

III. 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.

IV. EXPENDITURE ON R & D

The Company has spent about Rs. 46.70 Lacs during the year under reference (Rs. 34.60 Lacs during prev. year) in pursuit of improving the quality of products line, developing new products and improving their application.



V. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. The Foreign Exchange Earnings of the Company have been Rs. 1,78,78,071/- during the current year (Rs. 2,60,83,653/- during prev. year) on F.O.B. basis.
2. The Company has imported capital goods of Rs. 36,18,638/- (Rs. 24,53,962/- during prev. year) on C.I.F. basis, raw materials and consumables of Rs. 9,23,758/- (Rs. 29,73,431/- during prev. year) and incurred foreign travelling expenditure of Rs. 3,90,653/- (Rs. 1,04,115/- during Prev. Year).

ANNEXURE 'B' STATEMENT SHOWING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956.

1. Name of the Company	The Vijoy Steel & Gen. Mills Co. Ltd.	Sukhjit Finance Ltd.	Scott Industries Ltd.
2. Holding Company's Interest	Holding 2,23,800 equity shares in the subscribed & fully paid up capital of 2,30,640 equity shares of Rs. 10/- each	Holding 46,12,600 equity shares in the subscribed & fully paid up capital of 49,50,000 equity shares of Rs. 10/- each	Holding 44,00,000 equity shares in the subscribed & fully paid up capital of 44,01,400 equity shares of Rs. 10/- each
3. Net aggregate amount of subsidiary company's profits less losses so far as it concerns the members of the holding company and is not dealt with, in company's accounts			
(a) For the year ended 31.3.2011	(3,67,017)	(34,02,600)	(57,40,982)
(b) For the previous financial years of the subsidiary of the company	4,09,888	(2,71,45,873)	(1,39,72,161)
4. Net aggregate amount of subsidiary company's profit less losses or vice versa dealt with or provided for in the company's accounts			
(a) For the company's financial year ended 31.3.2011	—	—	—
(b) For the previous financial years of the subsidiary since it became subsidiary	7,07,712	2,96,08,629	—



ANNEXURE 'C'

CORPORATE GOVERNANCE REPORT

In terms of revised clause 49 of the Listing Agreement with Stock Exchanges :

1. BRIEF NOTE ON COMPANY'S PHILOSOPHY :

The company has always believed in good Corporate Governance, transparency, fair business, integrity, commitment to the values and other Standard Corporate Practices which help the company to maximise long term shareholders value and in building a bond of trust with its employees, customers, creditors, lenders and others. The company has always remained prompt and regular in discharging its statutory obligations and duties.

The Board has constituted various committees of Directors from time to time and the meetings of the Board and Committees thereof have been held as frequently as required for proper conduct and effective control over the affairs of the company. All the Directors, attending the Board and Committee meetings, actively participate in the proceedings and decisions are taken accordingly.

2. BOARD OF DIRECTORS :

The Board of Directors comprises a Non-Executive Independent Chairman, one Managing Director, One Joint Managing Director, one Executive Director, three Non-Executive Directors and two Independent Directors. During the year 2010-2011 Eleven Board meetings were held on : 28.04.2010, 29.04.2010, 17.06.2010, 18.06.2010, 09.08.2010, 26.10.2010, 27.10.2010, 17.12.2010, 27.01.2011, 28.01.2011 & 05.03.2011.

The composition of the Board of Directors and their Attendance at the meetings during the year are given below :

Name of the Director	Category of Directorship	Number of the board meetings attended	No. of the Directorships held in other Indian public limited Companies	No. of the Committees Positions held in other Indian Public limited Companies
Shri S.C. Jindal	Independent Chairman	7	-	-
Shri I.K. Sardana	Managing Director	11	2	4 (member)
Shri K.K. Sardana	Jt. Managing Director	7	2	-
Shri S.M. Jindal	Executive Director	11	3	-
Shri V.K. Sardana	Non Executive Director	9	1	-
Shri A.K. Sardana	Non Executive Director	9	-	-
Shri Naresh Sardana	Non Executive Director	3	-	-
Shri S.K. Anand	Independent Director	9	1	-
Shri V.P. Kapahi	Independent Director	10	-	-

3. COMMITTEES OF THE BOARD

The Board of Directors have constituted the following Committees with adequate delegation of powers :

- (i) **Audit Committee** : The Audit Committee of the Company consists of three Independent Directors. The role of the Audit Committee covers the areas mentioned under clause 49 of the Listing Agreement and Section 292A the Companies Act, 1956 or other matters as may be referred by the Board of Directors from time to time. These, inter-alia, include to oversee the capital & revenue budget of the company, oversee the company's financial reporting process, review with the management the adequacy of internal control system, hold discussions with auditors about the internal control system and scope of audit including observations of the Auditors, review company's financial & risk management policies and review with the management the quarterly, half yearly & annual financial statements before submission to the Board.



ANNEXURE 'C'

The composition of the Audit Committee is given below :

Shri S.C. Jindal Independent Chairman

Shri S.K. Anand Independent Director

Shri V.P. Kapahi Independent Director

Shri S.M. Jindal, Executive Director & Secretary of the Company acts as Secretary of the Committee.

(ii) Share Transfer Committee :

The details of Share Transfer Committee and their meetings are given below :

		Meetings held during the year	Meetings attended
Shri I.K. Sardana	Chairman	24	21
Shri K.K. Sardana	Member	24	16
Shri S.M. Jindal	Member	24	22

(iii) Shareholders/Investors Grievances :

The number of complaints received from the shareholders have been quite negligible during the year under reference. The Board has, however, appointed a Committee of Directors comprising of Shri A.K. Sardana as Chairman, Shri S.C. Jindal and Shri S.K. Anand, Members and Shri S.M. Jindal as Member / Secretary which redress the Investors Grievances or their complaints expeditiously.

(iv) Remuneration Committee :

The company has three Whole Time Directors on the Board whose appointment and remuneration have been fixed by the Board in terms of resolution passed by the members in general meetings as per schedule XIII to The Companies Act, 1956. However, the Board has constituted a Remuneration Committee comprising of Shri S.K. Anand as Chairman, Shri S.C. Jindal and Shri V.P. Kapahi as members, all independent directors of the company to decide/review the remuneration of the whole-time Directors as per provisions of The Companies Act 1956.

Remuneration paid to the Executive Directors during the financial year is given below :-

Name	Salary	Commission	Perquisite Value	Retirement Benefits	(Amount in Rs.)
					Total
Sh. I.K. Sardana	32,40,000	24,56,231	10,87,065	2,62,800	70,46,096
Sh. K.K. Sardana	29,80,000	24,56,231	64,8,829	2,43,600	63,28,660
Sh. S.M. Jindal	29,80,000	24,56,230	19,7,304	2,43,600	58,77,134

Remuneration Paid to Non Executive Directors :

The company has been paying commission @ 1% of the net profits of the company, computed under section 349/350 of the Companies Act, 1956 for the last many years as per necessary approval/sanction obtained at that time and approval of the shareholders obtained by way of special resolution in the Annual General Meeting for continuation of the same. Non Executive Directors are also paid Sitting Fee @ Rs. 3,500/- per meeting besides out of pocket expenses / travelling expenses incurred in connection with attending the said meetings. The Company does not have any Stock Option Scheme.

4. GENERAL BODY MEETINGS

The details of location and time for the last three Annual General meetings are given below:

Date	Location	Time
27/08/2008	Regd. Office, Phagwara	10.00 A.M.
25/08/2009	Regd. Office, Phagwara	10.00 A.M.
09/08/2010	Regd. Office, Phagwara	10.00 A.M.



ANNEXURE 'C'

5. Disclosures regarding materially related party transactions :
No transaction of material nature has been entered into by the Company with its Promoters, Directors, Relatives or the Management which could have potential conflict with the interest of the company. However, the transactions with related parties in ordinary course of business, in terms of AS-18, are given as per point No. 9 of the Schedule T-1 (Notes to Accounts) forming part of this Annual Report.
6. Means of Communication :
Quarterly / six monthly results of the company alongwith the notice of the Board Meetings for approval of the Unaudited financial results were published during the financial year under review as per requirements of the Listing Agreement. Quarterly compliance reports, Demat Status Reports, Shareholding Pattern & other required information were duly communicated / submitted to the Stock Exchange within the prescribed time.
7. LOCATION OF PLANTS
- (i) The Sukhjit Starch & Chemicals Ltd.
Sarai Road, Phagwara (PB.)
Phone No. (01824) 468800, 260216, 260314
Fax No. : (01824) 261669, 262077
E-mail : sukhhjit@sukhhjitgroup.com
Website : www.sukhhjitgroup.com
- (ii) Sukhhjit Starch Mills
Armour Road, Mubarak Nagar,
Nizamabad (A.P.)
Phone No. (08462) 239102, 238622
Fax No. (08462) 239330
E-mail : sukhhjit.starch@gmail.com
- (iii) Sukhhjit Starch Industries
WBIIIDC Growth Centre,
N.H. 34, Narayanpur,
MALDA (W.B.)
Phone No. (03512) 263027, 263029
Fax No. (03512) 263026
E-mail : sukhhjitmalda@gmail.com
- (iv) Sukhhjit Agro Industries
Village Bathu (Gurplah)
Tehsil Haroli, Distt. UNA (H.P.)
Phone No. (01975) 257311, 257314
Fax No. (01975) 257312
E-mail : sukhhjitagro@gmail.com



ANNEXURE 'C'

8. GENERAL SHAREHOLDERS INFORMATION

- (a) Annual General Meeting Date, Time & Place : 27th July, 2011, 10.00 A.M. at the Registered Office of the Company at Phagwara
- (b) Financial Year : 2011-2012
- (c) Date of Book Closure : 16th July, 2011 to 27th July, 2011. (both days inclusive)
- (d) Dividend Payment : Within Statutory period
- (e) Listing on Stock Exchange : Bombay Stock Exchange
- (f) Stock Code : 524542
- (g) Registrars & Share Transfer Agents : The Share Transfers are done by M/s. Skyline Financial Services (Pvt.) Ltd., 246, 1st Floor, Sant Nagar, East of Kailash, New Delhi. Tel. : 011 26812682 Fax : 011-26812684 and approved by Share Transfer Committee of the Company.
- (h) Dematerialisation of Shares : The Company's Equity shares are held in dematerialised form by NSDL & CDSL. 3,48,99,229 shares i.e. 47.29% of equity capital has been dematerialised as on 31.03.11 out of which promoter's shares are 14,31,247 i.e. 33.07% and public shares are 20,58,682 i.e. 67.46%.
- (i) Address for Correspondence : The Sukhjit Starch & Chemicals Ltd.
Sarai Road, Phagwara (Pb.)
Ph. : (01824) 468800, 260216, 260314
Fax : (01824) 261669, 262077
E-mail : sukhjit@sukhjitgroup.com
Website : www.sukhjitgroup.com

(j) Distribution of Shareholding as on 31.3.2011

Category	No. of Shares	Percentage
1. Promoters (including 3,22,006 shares of NRI's)	43,28,115	58.65%
2. Banks, Financial Institutions, Govt. institutions etc.	32,514	0.44%
3. Corporate Bodies	1,37,664	1.87%
4. NRIs/FFIs/OCBs	21,262	0.28%
5. General Public	28,60,265	38.76%
Total No. of shares	<u>73,79,820</u>	<u>100.00%</u>



ANNEXURE C

(k) Market Price Data : High low quotations on the Bombay Stock Exchange during each month for the year 2010-2011 & performance in comparison to BSE Index .

Month	MARKET PRICE (RS.)		BSE INDEX	
	High	Low	High	Low
April, 2010	133.00	120.00	18047.86	17276.80
May, 2010	151.45	127.30	17536.86	15960.15
June, 2010	177.00	128.00	17919.62	16318.39
July, 2010	203.65	162.00	18237.66	17395.58
Aug., 2010	264.00	183.10	18475.27	17819.99
Sept., 2010	288.00	228.30	20267.98	18077.12
Oct., 2010	344.70	262.95	20854.55	19768.96
Nov., 2010	329.85	257.20	21108.64	18954.82
Dec., 2010	289.95	222.25	20552.03	19074.57
Jan., 2011	314.95	252.00	20664.80	18038.48
Feb., 2011	279.60	231.10	18690.97	17295.67
March, 2011	249.60	232.00	19575.16	17792.17

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS SEGMENT : The size of Starch and Starch derivatives industry in India is quite small and has yet to reach one billion US dollars despite the fact that the industry has grown at a much faster rate of over 20% (CAGR) in the five years due to increased use of Starch and Starch Sweeteners in the user industry. Per capita consumption of starch in India is still less than 2 Kgs. as compared to the global average of 6 Kgs. and 65 Kgs. in the US. The momentum of growth is expected to increase in the next five to ten years as the industry shifts to high value products and per capita consumption of starch improves which is much higher even in the neighbouring economy of China i.e. over 10 Kgs. increased from 3.6 Kgs. in 1999. There is a direct correlation of sugar consumption and starch consumption pattern in many emerging economies where gap has been substantially reduced in the last decade with lower growth in sugar consumption and higher growth in starch/starch sweeteners consumption. However, India's economy still continues with a wider gap with per capita sugar consumption of 20 Kgs. against starch consumption of 1.3 kgs. only, so an exponential growth in consumption of Starch/Starch sweeteners is expected in the coming years to fill the wide gap.

OPPORTUNITIES & THREATS : Starch sweeteners are finding increasing use as low cost alternative to sugar in various industries especially Food and Beverages. Besides, Starch is emerging as an environmental friendly alternative to plastics in many applications such as carry bags etc., it may also find its increased use in innovative applications such as ethical and biodegradable plastics. Major users of Starch and its derivatives include Processed Food, Confectionery, Pharmaceuticals, Paper and Textiles, most of which are expected to grow over 10% per annum in the next few years. There is extremely low consumption of processed foods in India as compared to the international standards, which is expected to grow at a faster rate. Similarly higher per capita spending on domestic health care and strong demand in paper due to wide usage and lack of a low cost substitute are expected to provide good impetus to increasing demand for Starch & Starch derivatives. However, rise in Maize procurement cost may adversely affect the profitability of the industry. The reduction in sugar prices may also restrict the use of Starch made sweeteners making sugar a more viable substitute.



ANNEXURE 'C'

OUTLOOK : The company continues to remain on the fore-front of the Starch Industry from efficiency and productivity point of view. Despite consistent rise in input costs of Maize, Company's EBITA per Ton of Maize consumption has remained high in the last may years as the company has been able to optimize its marketing strategies and change product mix to absorb rising Maize cost and protect its profitability. With multi-locational existence of the company, it has been able to derive logistic advantages in respect of raw material procurement at low cost and supply of finished goods to the customers at lower incidence of freight. This has also helped the Company to mitigate major risks to our industry due to wide fluctuations in Maize production/availability in the major Maize producing areas of the country and other locational/geographical risks. The company has diversified product portfolio which is being continuously expanded and manufacturing facilities are certified for high quality standards. Its continuous emphasis on consistency and good quality parameters, the company has reputed clientele from diverse industrial sectors. The company enjoys an enviable goodwill amongst its customers with long term business relationship with many leading multi nationals/reputed Indian corporates like Dabur India, Wrigley India, Perfetti India, Hindalco, Cadbury India, Cremica Agro Foods Ltd., Marico, Cadila Pharmaceuticals, Berger Paints, Balarpur, Parle, Nestle India, Dr. Reddy's Laboratories and others.

The company has undertaken major expansion of its Malda Unit for increasing its capacity three folds in terms of Starch production and additional facilities for manufacture of Dextrose Monohydrate and High Maltose Syrup to cater to the increasing demand of the eastern sector. The project is expected to be completed by end of this year and contribute significantly to the turnover and profitability of the company from the next year. Due to higher capacity utilization at other locations, it is expected that the operations of the company will increase by over 15% in the running year with reasonable profits.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY : The company has an effective Internal Control System which duly commensurates with its size and nature of business. The system fully provides ensures that all the transactions are properly authorised, recorded and reported correctly. The Management continuously reviews the system to carry out various operations of the company transparently, effectively and efficiently, with due protection for the Company's Assets. The system also ensures due compliance of all the Acts, laws and statutory regulations as applicable to the company from time to time.

COMPANY'S FINANCIAL PERFORMANCE AND ANALYSIS : The Sales of the Company have increased both in volumes and in value. The profitability of the company has increased by more than 2.5 times with EPS of the company working out to Rs. 52.54 against Rs. 19.88 last year. The company has been assigned the highest rating i.e. PR1 (PR One) for its short term bank facilities by M/s. Credit Analysis & Research Ltd. (CARE). The rating agency has also assigned PR1+ (PR One Plus) rating to the company's Commercial Paper programme. Strong emphasis has been placed on Working Capital Management of the Company with stringent control over funds deployment, timely collection of customer's outstanding and effective control over procurement of raw material. The company has enjoyed good credit rating i.e. highest health code with its bankers over the years. The working capital management, in fact, derives its major strength from self generated cash flows duly supplemented with the Capacity to have easy access to the necessary credit at competitive cost.

HUMAN RESOURCES DEVELOPMENT INDUSTRIAL RELATIONS : Your company's industrial relations continued to be harmonious during the year under reference. The company believes that the quality of employees and level of motivation largely contributes to the overall success of any business enterprise in the long run. Your company conducts regular in-house training programmes for employees, at all levels, with major thrust on maintaining high level of motivation and on leadership development providing good professional environment in order to equip them with necessary drive and skill in their respective functional areas.

CAUTIONARY STATEMENT : Good expectations stated in this Management Discussion & Analysis may be "Forward Looking Statements" within the meaning of the applicable securities – laws and regulations and future results may be different as company's operations may be affected by change in the demand and supply, price in the domestic and international markets, changes in Government Regulations, Tax Laws or other statutes and more importantly production and availability of the basic raw material (Maize) which is an agriculture produce.



DECLARATION BY THE MANAGING DIRECTOR

To
The Shareholders,
The Sukhjit Starch & Chemicals Ltd.,

Declaration by the Managing Director
under Clause 49 of the Listing Agreement

This is to certify that the Company has adopted a Code of Conduct for its employees including Executive Directors, Non Executive Directors and Senior Management Personnel.

I, I.K. Sardana, Managing Director of The Sukhjit Starch & Chemicals Ltd. declare that to the best of my knowledge and belief, all the members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2011.

FOR THE SUKHJIT STARCH & CHEMICALS LTD.

Place : Phagwara
Dated : 10th June, 2011

(I.K. SARDANA)
Managing Director

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES IN INDIA

CERTIFICATE

To the Shareholders,

We have examined the compliance of conditions of Corporate Governance by The Sukhjit Starch & Chemicals Limited for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that in respect of investor grievances received during the year ended 31st March, 2011, no investor grievances are pending against the company as per the records maintained by the Company and presented to the Investor Services Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR Y.K. SUD & COMPANY
CHARTERED ACCOUNTANTS

Place : Jalandhar.
Dated : 10th June, 2011

(Y.K. SUD)
B.Com., F.C.A.
Prop.
Memb. No. 16875



AUDITORS' REPORT

To
The Members of
The Sukhjit Starch & Chemicals Limited
Phagwara

We have audited the attached Balance Sheet of The Sukhjit Starch & Chemicals Ltd. as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows :

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in Annexure referred to in paragraph 1 above :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of accounts;
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement of the company comply with the Accounting Standards as referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
 - (e) On the basis of the written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors of the company are disqualified as on 31st March 2011 from being appointed as a Director under clause (g) of the Sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with significant Accounting Policies and Notes forming part of accounts, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - i. In the case of the Balance Sheet, of the state of the affairs of the company as at 31st March 2011.
 - ii. In the case of the Profit and Loss Account, of the profit of the company for the year ended on that date and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on the date.

FOR Y.K. SUD & COMPANY
CHARTERED ACCOUNTANTS

(Y.K. SUD)
B.Com., F.C.A.
Prop.
Memb. No. 16875

Place : Jalandhar.
Dated : 10th June, 2011



AUDITORS' REPORT

ANNEXURE TO THE AUDITORS' REPORT.

Annexure to our report of even date to the Members of The Sukhjit Starch & Chemicals Ltd. Phagwara Referred to in Paragraph 1 of our report of even date.

1. In respect of its Fixed Assets :
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets on the basis of available information.
 - (b) As per information given to us the assets have been physically verified by the management at reasonable intervals. The discrepancies noticed on such verifications were not serious and have been properly dealt with in the books of accounts.
 - (c) No substantial part of fixed assets have been disposed off during the year and therefore, do not effect the going concern assumption.
2. (a) Stock of finished goods, stores, spare parts and raw materials have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book recorded were not material.
3. In our opinion and according to the information and explanation given to us, the Company has neither granted or taken any loans, secured or unsecured to or from the Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. The Company has adequate internal control procedure commensurate with the size of the company and nature of its Business with regard to purchase of stores, raw material including components, plant and machinery, equipment and other assets, and for sale of goods. We have not come across any major weakness in internal control.
5. In our opinion and according to the information and explanations given to us, no transaction has taken place with any firm or companies in which the directors are interested, as envisaged under section 301 of Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A/58AA of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from public.
7. In our opinion, the company has Internal Audit System commensurate with the size and nature of its business.
8. As informed to us the Central Govt. has not prescribed the maintenance of cost records by the company under section 209(*) (d) of the companies Act, 1956.
9. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, service tax, cess and other material statutory dues applicable to it.



AUDITORS' REPORT

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) The Excise Department has served upon the company, a Show Cause Notice for the clearance of The Maize Starch alleging the same to be classified as Modified Starch and has raised demands amounting to Rs.17.06 crores since 01.04.1997. The company explained that the said demands are totally baseless/frivolous and has challenged the alleged demands with the Hon'ble High Court of Punjab & Haryana which has since stayed the operation of demand Show Cause Notice.
10. The company does not have accumulated losses at the end of the financial year. The company has not incurred any cash loss during the financial year covered by our audit or during the immediately preceding financial year.
 11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
 12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The company is not chit fund or a nidhi/Mutual benefit fund/Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
 14. Based on our examination of records and evaluation of related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts and timely entries have been made therein in respect of company's activities relating to trading/dealing in shares, securities and other investments and these have been held by the company in its own name.
 15. The company has not given guarantees for loans taken by others from bank or financial institutions.
 16. The term loans have been applied for the purpose for which they were obtained.
 17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.
 18. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Company Act, 1956.
 19. The company has not issued any debentures during the year and therefore the question of creating security in respect thereof does not arise.
 20. The company has not raised any money by way to public issue during the year.
 21. According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

FOR Y.K. SUD & COMPANY
CHARTERED ACCOUNTANTS

Place : Jalandhar
Dated : 10th June, 2011

(Y.K. SUD)
B.Com., F.C.A.
Prop.
Memb. No. 16875



BALANCE SHEET AS ON 31ST MARCH, 2011

SOURCES OF FUNDS	SCHEDULE NO.	AS ON 31.3.2011 RS.	AS ON 31.3.2010 RS.
SHAREHOLDERS' FUNDS			
(a) Share Capital	A	7,37,98,200	7,37,98,200
(b) Reserves & Surplus	B	<u>1,25,37,48,676</u>	<u>93,17,11,769</u>
		1,32,75,46,876	1,00,55,09,969
LOAN FUNDS			
(a) Secured Loans	C	45,14,32,522	55,21,76,641
(b) Unsecured Loans	D	<u>39,33,40,092</u>	<u>17,14,84,502</u>
		84,47,72,614	72,36,61,143
DEFERRED TAX LIABILITY		<u>7,58,78,354</u>	<u>6,76,78,354</u>
TOTAL FUNDS		<u>2,24,81,97,844</u>	<u>1,79,68,49,466</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
(a) Gross Block		1,50,69,36,062	1,31,30,90,970
(b) Less : Depreciation		44,64,04,009	38,09,34,599
(c) Net Block	E	1,06,05,32,053	93,21,56,371
(d) Capital Work In Progress	F	<u>13,95,59,383</u>	<u>2,29,77,064</u>
		1,20,00,91,436	95,51,33,435
INVESTMENTS	G	<u>22,02,16,411</u>	<u>13,04,73,088</u>
A. CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories	H	59,18,50,938	57,28,88,425
(b) Sundry Debtors	I	33,54,05,461	26,52,47,339
(c) Cash & Bank Balances	J	5,17,83,176	1,89,08,184
(d) Loans & Advances	K	<u>13,72,58,718</u>	<u>12,22,83,365</u>
B. CURRENT LIABILITIES & PROVISIONS		1,11,62,98,293	97,93,27,313
(a) Liabilities	L	25,41,00,251	18,88,11,429
(b) Provisions	M	<u>3,43,08,045</u>	<u>7,92,72,941</u>
		28,84,08,296	26,80,84,370
NET CURRENT ASSETS (A - B)		<u>82,78,89,997</u>	<u>71,12,42,943</u>
TOTAL ASSETS		<u>2,24,81,97,844</u>	<u>1,79,68,49,466</u>
NOTES ON ACCOUNTS	T		

M.G. SHARMA
Sr. Vice President & CFO

S.M. JINDAL
Executive Director & Secretary

I.K. SARDANA
Mg Director

As per our separate report of even date
For Y.K. Sud & Co.
Chartered Accountants

(Y.K. Sud)
B.Com., F.C.A.
Prop.
Mem. No. 16875
Place Jalandhar
Dated : 10th June, 2011

Certified to be true copy
For The Sukhjit Starch & Chemicals Ltd.

[Signature]
Executive Director & Secretary

DIRECTORS

✓ S.C. JINDAL
✓ V.K. SARDANA
✓ A.K. SARDANA
✓ K.K. SARDANA
✓ S.K. ANAND
✓ V.P. KAPANI



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE NO.	FOR THE YEAR ENDED 31.3.2011 (RS.)	FOR THE YEAR ENDED 31.3.2010 (RS.)
INCOME			
1. Gross Sales	N	3,53,37,58,579	2,65,51,55,277
2. Less Excise Duty	N1	(15,04,76,345)	(6,97,45,763)
3. Net Sales		3,38,32,82,234	2,58,54,09,514
4. Other Income	N2	1,08,24,833	73,75,421
Total Income		<u>3,39,41,07,067</u>	<u>2,59,27,84,935</u>
EXPENDITURE			
5. Consumption of Materials	O	2,10,11,00,752	1,72,82,71,660
6. Manufacturing Expenses	P	39,98,08,289	33,42,75,537
7. Payments to and Provisions for Employees	Q	15,41,12,804	12,62,99,420
8. Administrative, Selling & Other Expenses	R	10,84,94,679	8,44,26,072
9. Financial Charges	S	6,97,34,476	7,09,76,415
10. Depreciation	E	6,63,97,430	5,94,02,472
TOTAL EXPENDITURE		<u>2,89,96,48,430</u>	<u>2,40,36,51,576</u>
11. Profit Before Tax		<u>49,44,58,637</u>	<u>18,91,33,359</u>
12. Provision for Taxation :			
- Current Tax	9,83,00,000		3,85,00,000
Deferred Tax	82,00,000		62,00,000
		10,65,00,000	4,47,00,000
13. Profit after Tax		38,79,58,637	14,44,33,359
14. Add/(Less) Taxes Relating to Previous Years		(1,91,620)	23,07,671
15. Add Surplus Brought Forward		5,00,50,605	4,49,43,275
16. Surplus Available for Appropriation		43,78,17,622	19,16,84,255
17. APPROPRIATIONS			
(a) Interim Dividend	2,95,19,280		-
(a) Final Dividend (Proposed)	2,95,19,280		4,42,78,920
Total Dividend		5,90,38,560	4,42,78,920
(b) Corporate Tax on Dividend		96,91,549	73,54,729
(c) General Reserve		30,00,00,000	9,00,00,000
(d) Surplus Carried Forward		6,90,87,513	5,00,50,606
18. NOTES ON ACCOUNTS			
Basic Earning per Share (Rs.)		52.54	19.88
Diluted Earning Per Share (Rs.)		52.54	19.88
Face Value Per Share (Rs.)		10.00	10.00

M.G. SHARMA
Sr. Vice President & CFO

S.M. JINDAL
Executive Director & Secretary

I.K. SARDANA
Mg. Director

As per our separate report of even date
For Y.K. Sud & Co.
Chartered Accountants

(Y.K. Sud)
B.Com., F.C.A.
Prop.
Memb. No. 16875
Place Jaandhar
Dated : 10th June, 2011

Certified to be a True copy
For The Sukhjit Starch & Chemicals Ltd

[Signature]
Executive Director

DIRECTORS :

- S.C. JINDAL
- V.K. SARDANA
- A.K. SARDANA
- K.K. SARDANA
- S.K. ANAND
- V.P. KAPANI



SCHEDULES FORMING A PART OF BALANCE SHEET AS ON 31ST MARCH, 2011

		AS ON 31.3.2011 RS.	AS ON 31.3.2010 RS.
SCHEDULE-A			
SHARE CAPITAL			
AUTHORISED			
1,00,00,000 Equity Shares of Rs. 10/- each		<u>10,00,00,000</u>	<u>10,00,00,000</u>
ISSUED, SUBSCRIBED & PAID UP			
73,79,820 Equity Shares of Rs. 10/- each fully paid up including 58,83,799 Equity Shares of Rs. 10/- each allotted as Bonus Shares by Capitalisation of Reserves		<u>7,37,98,200</u>	<u>7,37,98,200</u>
		<u>7,37,98,200</u>	<u>7,37,98,200</u>
SCHEDULE-B			
RESERVES & SURPLUS			
CAPITAL RESERVE			
Capital Subsidy :	2,68,28,520		2,68,28,520
Add : Received during the year	<u>30,00,000</u>	2,98,28,520	-
SHARE PREMIUM			
		87,14,450	87,14,450
GENERAL RESERVE			
As per Last Balance Sheet	84,61,18,193		75,61,18,193
Add : Set aside during the year	<u>30,00,00,000</u>		<u>9,00,00,000</u>
		<u>1,14,61,18,193</u>	<u>84,61,18,193</u>
PROFIT & LOSS ACCOUNT			
		<u>6,90,87,513</u>	<u>5,00,50,606</u>
		<u>1,25,37,48,676</u>	<u>93,17,11,769</u>
SCHEDULE-C			
SECURED LOANS			
PUNJAB NATIONAL BANK			
(i) Cash Credit			
(a) Secured against hypothecation of raw material, stores, semi-finished goods and finished goods		39,65,14,047	38,85,03,352
(b) Secured against Book Debts		5,49,18,475	11,99,31,500
(ii) Term Loan			
Secured against hypothecation of Plant & Machinery, Building, other fixed assets of Gurplah unit and Equitable Mortgage of Factory Land of that unit		-	4,37,41,789
		<u>45,14,32,522</u>	<u>55,21,76,641</u>
SCHEDULE-D			
UNSECURED LOANS			
Fixed Deposits (includes Rs. 1,25,11,000/- from Directors, previous year Rs. 69,46,000/-)		21,38,85,000	16,10,94,000
Interest Payable thereon (including interest payable on cumulative deposits)		1,31,35,327	98,78,061
Other Loans & Advances		<u>16,63,19,765</u>	<u>5,12,441</u>
		<u>39,33,40,092</u>	<u>17,14,84,502</u>



SCHEDULES FORMING A PART OF BALANCE SHEET AS ON 31ST MARCH, 2011

	AS ON 31.3.2011 RS.	AS ON 31.3.2010 RS.
SCHEDULE-G		
INVESTMENTS		
Holiday Home/Clubs	65,000	65,000
LONG TERM UN-QUOTED FULLY PAID		
1. SUBSIDIARIES		
(i) The Vijoy Steel & General Mills Co. Ltd. 2,23,800 Shares of Face Value Rs. 10/- each (P.Y. 2,25,800 Shares)	21,10,054	21,30,054
(ii) Sukhjit Finance Ltd. 46,12,600 Shares of Face Value Rs. 10/- each (P.Y. 46,12,100 Shares)	2,63,11,332	2,63,09,332
(iii) Scott Industries Ltd. 44,00,000 Shares of Face Value Rs. 10/- each	<u>4,40,00,000</u>	4,40,00,000
	7,24,21,386	
2. OTHERS-UNQUOTED		
(a) National Saving Certificates	7,750	7,750
(b) Tata Capital Ltd. 20 Non-Convertible Debentures (Prev. Year Nil) of Face value of Rs. 500000/- per debenture	1,03,00,479	1,03,00,479
(c) NIFG Canara Robeco Infrastructure Growth Fund 93095.4228 units of Face value Rs. 10 per unit	24,00,000	24,00,000
(d) Reliance Equity Opportunity Fund Nil (Prev. Year 174654.185 units) of Face value Rs. 10 per unit	-	50,00,000
(e) UTI GILT Advantage Fund Long term plan - Dividend Reinvestment 800000 units (Prev. year 3217321.591 units) of Face value Rs. 10 per unit	1,00,21,796	4,02,60,473
(f) UTI Yearly Fixed Maturity Plan 1000000 units (Prev. Year Nil) of Face value Rs. 10 per unit	1,00,00,000	-
(g) UTI Yearly Fixed Maturity Plan 1000000 units (Prev. Year Nil) of Face value Rs. 10 per unit	1,00,00,000	-
(h) Kotak Yearly Fixed Maturity Plan 500000 units (Prev. Year Nil) of Face value Rs. 10 per unit	50,00,000	-
(i) Reliance Quant Plus Fund 735603.477 units (Prev. Year Nil) of Face value Rs. 10 per unit	1,00,00,000	-
(j) Reliance Fixed Horizon Fund 1000000 units (Prev. Year Nil) of Face value Rs. 10 per unit	1,00,00,000	-
(k) Reliance Monthly Income Plan 1630385 units (Prev. Year Nil) of Face value Rs. 10 per unit	3,50,00,000	-
(l) HDFC Monthly Income Plan 1094993 units (Prev. Year Nil) of Face value Rs. 10 per unit	2,50,00,000	-
(m) Reliance RSF Balanced Fund 216294.784 units (Prev. Year Nil) of Face value Rs. 10 per unit	50,00,000	-
(n) Reliance Small Cap Fund 749126.529 units (Prev. Year Nil) of Face value Rs. 10 per unit	75,00,000	-
(o) HDFC Prudence Fund 36107.630 units (Prev. Year Nil) of Face value Rs. 10 per unit	<u>75,00,000</u>	-
	14,77,30,025	
TOTAL	<u><u>22,02,16,411</u></u>	<u><u>13,04,73,088</u></u>



SCHEDULES FORMING A PART OF BALANCE SHEET AS ON 31ST MARCH, 2011

	AS ON 31.3.2011	AS ON 31.3.2010
	RS.	RS.
SCHEDULE-H		
INVENTORIES		
Stores, Spares, Fuel & Other	10,69,73,730	7,04,35,204
Raw Materials (at cost or Net realisable value whichever is lower)		
Loose Tools (at cost or Net realisable value whichever is lower)	13,31,086	13,60,987
Raw Materials (Basic) (at cost or Net realisable value whichever is lower)	40,48,57,491	43,42,26,117
Stock in Process (at cost or Net realisable value whichever is lower)	4,17,20,774	3,36,38,625
Finished Goods (at cost or Net realisable value whichever is lower)	3,69,67,857	3,32,27,492
	<u>59,18,50,938</u>	<u>57,28,88,425</u>
SCHEDULE-I		
SUNDRY DEBTORS		
Unsecured Over Six months		
Considered Good	39,30,250	29,16,299
Considered Doubtful	<u>35,06,998</u>	42,52,331
	74,37,248	
– Others	<u>32,79,68,213</u>	25,80,78,709
	<u>33,54,05,461</u>	<u>26,52,47,339</u>
SCHEDULE-J		
CASH & BANK BALANCES		
Cash in Hand	10,83,695	15,79,819
Balance with Scheduled Banks in :		
Current Accounts	4,40,05,764	1,34,54,684
Fixed Deposit Accounts	8,97,822	11,29,459
Margin Accounts	<u>57,95,895</u>	27,44,222
	5,06,99,481	1,73,28,365
	<u>5,17,83,176</u>	<u>1,89,08,184</u>
SCHEDULE-K		
LOANS & ADVANCES		
Recoverable in cash or in kind or for value to be received-		
Considered Good	11,03,40,076	9,68,27,885
Security/Other Deposits	1,94,90,425	1,39,95,858
Prepaid Expenses	35,22,322	19,86,596
Interest & Other Recoverables	39,05,895	94,73,026
	<u>13,72,58,718</u>	<u>12,22,83,365</u>
SCHEDULE-L		
CURRENT LIABILITIES		
Sundry Creditors for Goods Supplied	8,27,60,630	6,91,50,974
Sundry Creditors for Expenses (including Directors' Commission of Rs. 1,22,81,153/- previous year Rs. 46,88,417/-)	4,67,06,792	3,10,85,893
Other Creditors	9,37,63,130	7,33,95,863
Dividend Payable	58,74,987	44,18,869
Taxes payable	80,99,560	45,26,341
Security Deposits	94,36,617	58,30,261
Provision for Taxation	22,64,90,000	12,81,90,000
Less : Income Tax in advance	<u>(21,90,31,465)</u>	<u>(12,77,86,772)</u>
	<u>74,58,535</u>	<u>18,88,11,429</u>
	<u>25,41,00,251</u>	<u>18,88,11,429</u>



SCHEDULES FORMING A PART OF BALANCE SHEET AS ON 31ST MARCH, 2011

	FOR THE YEAR ENDED 31.3.2011 RS.	FOR THE YEAR ENDED 31.3.2010 RS.
SCHEDULE-M		
PROVISIONS		
Proposed Dividend	2,95,19,280	4,42,78,920
Corporate Tax on Dividend	47,88,765	73,54,729
Provision for Gratuity	-	2,76,39,292
	<u>3,43,08,045</u>	<u>7,92,72,941</u>
SCHEDULE-N		
SALES & OTHER INCOME		
Starches	1,20,32,52,080	76,11,14,364
Dextrines & Textilose	17,80,86,590	13,40,08,917
Glucose	1,28,65,88,068	98,89,83,095
Sorbitol	25,51,77,243	21,61,27,130
By-products	55,27,19,055	48,70,66,093
Misc. Sales	5,79,35,543	6,78,55,683
	<u>3,53,37,58,579</u>	<u>2,65,51,55,277</u>
SCHEDULE-N 1		
EXCISE DUTY		
Excise Duty Paid	15,06,78,299	6,97,32,904
Less : Excise Duty on Closing Stock	(2,70,276)	(68,377)
Add : Excise Duty on Opening Stock	68,327	81,181
	<u>15,04,76,345</u>	<u>6,97,45,763</u>
SCHEDULE-N 2		
OTHER INCOME		
Rent Received	7,09,000	5,28,000
Interest & Dividend Received	28,88,133	22,83,483
Misc. income	39,00,204	28,37,273
Profit on Sale of Assets/Units	33,27,496	17,26,665
	<u>1,08,24,833</u>	<u>73,75,421</u>
SCHEDULE-O		
CONSUMPTION OF MATERIALS		
Opening Stock		
Finished Goods	3,55,18,166	4,06,18,525
Raw Materials (Basic)	43,42,26,118	20,62,70,710
Stock in Process	<u>3,13,47,950</u>	<u>2,94,88,624</u>
	50,10,92,234	27,63,77,859
Purchase of Basic Raw Materials	<u>1,88,65,84,699</u>	<u>1,77,89,27,990</u>
	2,38,76,76,933	2,05,52,55,849
Less : Closing Stock		
Finished Goods	3,69,67,857	3,32,27,492
Raw Materials (Basic)	40,48,57,491	43,42,26,117
Stock in Process	<u>4,17,70,774</u>	<u>3,36,38,625</u>
	48,35,46,122	50,10,92,234
Effective Consumption of Basic Raw Materials	1,90,41,30,811	1,55,41,63,615
Other Raw Materials, Consumables & Stores	19,69,69,941	17,41,08,045
	<u>2,10,11,00,752</u>	<u>1,72,82,71,660</u>
SCHEDULE-P		
OTHER MANUFACTURING EXPENSES		
Power and Fuel & Others	36,75,82,588	30,78,50,372
Machinery Repair	2,75,89,510	2,16,72,736
Cartage	46,36,191	47,52,429
	<u>39,98,08,289</u>	<u>33,42,75,537</u>



SCHEDULES FORMING A PART OF BALANCE SHEET AS ON 31ST MARCH, 2011

SCHEDULE-Q	FOR THE YEAR ENDED 31.3.2011 RS.	FOR THE YEAR ENDED 31.3.2010 RS.
PAYMENTS TO & PROVISIONS FOR EMPLOYEES		
Salary, Wages, Bonus & Gratuity (including Rs. 92,00,000/- to Directors prev. year Rs. 60,80,000/-)	13,29,05,384	10,87,90,430
Cont. to PF, ESI, Superannuation & Other Funds (including Rs. 7,50,000/- to Directors prev. year Rs. 5,32,800/-)	1,08,06,832	91,71,200
Workmen & Staff Welfare	<u>1,04,00,588</u>	<u>83,37,790</u>
	<u>15,41,12,804</u>	<u>12,62,99,420</u>
SCHEDULE-R		
ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Printing & Stationery	12,54,232	9,69,051
Professional/Legal Expenses	13,80,378	17,12,619
Directors' Fee	1,15,000	1,30,000
Directors' Travelling Expenses	1,88,986	2,79,877
Travelling Expenses	1,14,75,481	91,84,186
Auditors' Remuneration	3,33,641	3,18,484
Rent Paid	20,11,798	19,11,031
Electricity & Water Charges	14,33,542	8,38,200
Entertainment	6,06,366	3,74,463
Postage, Telegram & Telephones	23,61,569	22,16,386
Advertisement	13,71,284	8,14,364
Subscription	5,65,108	8,00,353
General Charges	7,23,696	5,89,440
Insurance Expenses	24,14,295	24,79,252
Building Repair	57,28,625	39,83,471
Other Repairs & Maintenance	26,78,426	12,62,968
Commission & Brokerage	3,40,14,188	2,73,40,960
Taxes & Other Govt. Levies & Fees	18,74,582	19,76,901
Rebate & Discount	1,00,79,056	75,98,424
Charity & Donation	4,53,356	13,34,771
Carriage & Forwarding Charges	1,50,11,425	1,39,25,906
Mg. Director & Wholetime Directors' Commission	73,68,692	28,13,050
Other Directors' Commission	49,12,461	18,75,367
Balances Written Off/(written back)	<u>1,38,492</u>	<u>(3,03,452)</u>
	<u>10,84,94,679</u>	<u>8,44,26,072</u>
SCHEDULE-S		
FINANCIAL CHARGES		
Interest – On Term Loans/Deposits (including Rs. 8,25,871/- paid to Directors prev. year Rs. 8,33,790/-)	2,28,82,413	2,33,38,038
– On Other Accounts	4,55,98,647	4,67,78,557
Bank Charges	<u>12,53,416</u>	<u>8,59,820</u>
	<u>6,97,34,476</u>	<u>7,09,76,415</u>



SCHEDULES TO THE ACCOUNTS

**SCHEDULE-E
FIXED ASSETS AS ON 31ST MARCH, 2011**

Amount (Rs.)

ASSETS	LAND	BUILDING	FURNITURE & FIXTURE	PLANT & MACHINERY	ELECTRIC FITTING & OTHER EQUIPMENT	VEHICLES	TOTAL	PREVIOUS YEAR
COST								
Cost as on 1.4.2010	10,31,84,650	29,92,65,517	1,54,96,624	81,84,31,314	5,61,75,787	2,05,37,078	1,31,30,90,970	1,14,69,99,338
Additions	8,82,32,235	2,15,61,228	8,04,930	7,77,66,171	54,81,558	15,18,350	19,53,64,472	16,61,96,848
Sale/Adjustments	-	10,09,205	-	(0)	74,880	4,35,295	15,19,380	1,05,216
Total as on 31.3.2011	19,14,16,885	31,98,17,540	1,63,01,554	89,61,97,485	6,15,82,465	2,16,20,133	1,50,69,36,062	1,31,30,90,970
DEPRECIATION								
Upto 31.3.2010	-	9,02,95,323	86,32,284	24,38,95,517	2,56,67,347	1,24,44,128	38,09,34,599	32,15,65,543
For the Year	-	1,50,08,460	13,69,436	4,54,20,093	22,94,004	23,05,437	6,63,97,430	5,94,02,472
On Sale/Adjustments	-	4,94,597	-	-	45,809	3,87,614	9,28,020	33,416
Upto 31.3.2011	-	10,48,09,186	1,00,01,720	28,93,15,610	2,79,15,542	1,43,61,951	44,64,04,009	38,09,34,599
NET VALUE								
As on 31.3.2011	19,14,16,885	21,50,08,354	62,99,834	60,68,81,875	3,36,66,923	72,58,182	1,06,05,32,053	93,21,56,371
As on 31.3.2010	10,31,84,650	20,89,70,194	68,64,340	57,45,35,797	3,05,08,440	80,92,950	93,21,56,371	
SCHEDULE-F								
CAPITAL WORK IN PROGRESS								
Building Under Construction			1,84,12,290				36,56,332	
Machinery Under Errection			7,42,08,132				1,70,29,454	
Furniture			-				55,738	
Advances for Capital Goods			4,69,38,961				22,35,540	
			<u>13,95,59,383</u>				<u>2,29,77,064</u>	



SIGNIFICANT ACCOUNTING POLICIES

1. METHOD OF ACCOUNTING

The company maintains its financial statements on an accrual basis and in accordance with the historical cost convention, generally accepted accounting practices and applicable Accounting Standards as well as the relevant provisions of The Companies Act, 1956. However, certain escalations/claims which are not ascertainable or unacknowledged, are accounted for on their being acknowledged.

2. FIXED ASSETS

The fixed assets are accounted for at their original cost included duties, taxes, freight and incidental charges relating to their acquisition and installation. Interest on borrowings for fixed assets acquisition and revenue expenditure incurred for the period prior to commercial production are considered as a part of the cost of assets.

3. DEPRECIATION

Depreciation on addition to Plant & Machinery has been provided on a straight line method and on other fixed assets on written down value at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on assets added during the year has been provided on pro-rata basis with reference to the month of addition/installation.

4. INVESTMENTS

Investments are valued at cost. Profit and loss are recognised as income or expenditure on their transfer. Long Term Investments are stated at cost less permanent diminution, if any, in value.

5. INVENTORY

Raw materials, stores and spares, packing material, components, stock in process, finished goods, bye products and goods held for resale are valued at lower of cost and net realisable value.

6. EMPLOYMENT BENEFITS

The contribution to Provident and Superannuation Funds are accounted on actual liability basis. Gratuity provisions/contributions are made on actuarial valuation basis.

7. REVENUE RECOGNITION

- (a) Sales are inclusive of Excise Duty wherever applicable.
- (b) Income on investment from dividend/interest are recognised on the basis of declaration or accrual thereof.

8. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions relating to sale of goods are translated at the rates prevailing at the time of settlement of transactions. The transactions remaining unsettled as on the balance sheet date are translated at the contracted rates (where applicable) or at the exchange rates prevailing at the end of the accounting year.

9. RESEARCH & DEVELOPMENT EXPENSES

Expenses on research & development are charged off as and when incurred.

10. TAXATION

- (i) Provision for current tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions of Income Tax Act, 1961.
- (ii) Deferred tax for timing differences between tax profits and book profits is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these assets can be realized in future.

11. GOVERNMENT GRANTS

Grants in the nature of contribution towards capital cost of setting up projects are treated as capital reserve. However, grants or subsidies relating to an expense item is recognized as income over the periods necessary to match them to the costs, which it is intended to compensate.

12. BORROWING COSTS

Borrowing costs directly attributable to the acquisition of qualifying assets are capitalized as a part of the cost of assets till the date of commencement of commercial use of the asset. All other borrowing costs are charged to the Profit & Loss Account.



SCHEDULE-T-I NOTES ON ACCOUNTS

1. Figures for the previous year have been recasted/regrouped wherever necessary.
2. Contingent Liabilities not provided for include :
 - (i) **Bank Guarantees** issued for Rs. 126.30 lacs (Prev. Year Rs. 113.80 lacs) in favour of West Bengal State Electricity Board and Himachal Pradesh State Electricity Board for power connection of Malda Unit and Gurplah unit, Commissioner of Customs / Jt. Director of Foreign Trade for import of machinery under EPCG licence and Excise & Taxation Officer for sale tax subsidy of Gurplah unit.
 - (ii) **Central Excise Duty** : Disputed liabilities not adjusted as expenses in the accounts include Rs. 17.24 crores (Prev. year Rs. 15.93 crores) on account of Central Excise Duty in appeals. The major item consists of Rs. 17.06 crores (Prev. year 15.90 crores) excluding penalty & interest on account of the demands raised by the Central Excise Department since 1.4.1997 against sale of maize starch disputing the classification thereof. The company has challenged the demand before the Hon'ble High Court which has since been stayed by the Hon'ble High Court and the matter is subjudice.
 - (iii) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances) : Rs. 962.91 lacs (Prev. year Rs. 50.31 lacs)
 - (iv) Export obligation pending to be fulfilled is US\$ 21,80,796.71 (Prev. year US\$ 76,203.20) under the EPCG scheme of the Central Government on account of custom duty saved against import of capital goods at concessional rates. The average export obligation to be maintained every year is US\$ 1,80,471 (Prev. year Nil).
3. Buildings of the company at Malda and partly at Phagwara are built on a leased land.
4. National Saving Certificates of Rs. 7,750/- (Prev. year Rs. 7,750/-) are pledged to the Govt. authorities as security.
5. Loans and advances includes Rs. 735.02 lacs (Prev. year Rs. 645.11 lacs) due from the subsidiary companies.
6. Deffered tax has been provided in accordance with the Accounting Standard 22-Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India.
7. An amount of Rs. 22.96 lacs had been due to Micro, Small and Medium Enterprises, as defined in the Micro, Small and medium Enterprises Development Act, 2006 as at March 31, 2011 (Previous year Nil) and there was no outstanding for more than 45 days to those enterprises as on that date.
8. Earnings per share :

	Current Year	Previous Year
(a) Net profit (after tax) available for Equity shareholders (Rs. in Lacs)	3877.67	1467.41
(b) Weighted average number of Equity Shares having face value of Rs. 10/- each outstanding during the year (No. of shares)	73,79,820	73,79,820
(c) Basic earnings per share Rs. 10/- each (Rs.) (a/b)	52.54	19.88
(d) Diluted earnings per share Rs. 10/- each (Rs.) (a/b)	52.54	19.88
9. Related Party Disclosures :
 - (a) List of related parties / Relationships :

SUBSIDIARY COMPANIES

(i) The Vijoy Steel & General Mills Co. Ltd.	:	Subsidiary
(ii) Sukhjit Finance Ltd.	:	Subsidiary
(iii) Scott Industries Ltd.	:	Subsidiary

KEY MANAGEMENT PERSONNEL

(i) Mr. I.K. Sardana		
(ii) Mr. K.K. Sardana		
(iii) Mr. S.M. Jindal		



(b) Transactions with Related Parties in the ordinary course of business :
(Figures in brackets are for the previous year)

(Amount Rs. in Lacs)

Particulars	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Total
Rent Paid			4.63 (4.63)	4.63 (4.63)
Remuneration		192.52 (110.52)	41.57 (36.45)	234.09 (146.97)
On account of sales	0.38 (31.39)			0.38 (31.39)
On account of Purchases	131.96 (151.20)			131.96 (151.20)
Rent received	0.84 (0.84)			0.84 (0.84)

	2010-11 (Rs.)	2009-10 (Rs.)
10. (a) Managerial Remuneration paid/payable to the Manager (s) :		
(i) Salaries	92,00,000	60,80,000
(ii) Commission	73,68,692	28,13,050
(iii) Contribution to retirement benefit funds	7,50,000	5,32,800
(iv) Perquisites	19,33,198	16,26,723
(b) Computation of Net Profit u/s 349 of the Companies Act, 1956 for computation of Commission to Directors :		
Net Profit as per Profit & Loss Account	49,44,58,637	18,91,33,359
Add : Commission to Directors	1,22,81,153	46,88,417
Directors Sitting Fee	1,15,000	1,30,000
	<u>50,68,54,790</u>	<u>19,39,51,776</u>
Less : Profit on sale of Assets/Shares	33,27,496	17,26,665
Balance :	<u>50,35,27,294</u>	<u>19,22,25,111</u>
Commission @ 1% on Net Profits to Directors	49,12,461	18,75,367
Commission @ 1.5% on Net Profits to Mg. Director, Jt. Mg. Director & Exe. Director	73,68,692	28,13,050
Net Profit From business (as per Section 349)	<u>49,12,46,141</u>	<u>18,75,36,694</u>

SCHEDULE -T-II ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 3 TO 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

	2010-11 Rs.	2009-10 Rs.
1. AUDITORS' REMUNERATION INCLUDES :		
Audit Fee	2,00,000	2,00,000
Tax Audit Fee	42,000	42,000
For Other Matters	-	-
Reimbursement of out of pocket expenses	91,641 *	76,484 *
(*) Including service tax on Audit fee		



2. EARNINGS IN FOREIGN EXCHANGE				
(i) Export of goods on F.O.B. basis		1,78,78,171		2,60,83,653
3. VALUE OF IMPORTS ON C.I.F. BASIS				
(excluding canalised items)				
(i) Raw Materials and Consumables		9,23,758		29,73,431
(ii) Capital Goods		36,18,638		24,53,962
4. EXPENDITURE IN FOREIGN CURRENCY				
Remittance in foreign currency				
(a) Foreign Travelling Expenses		3,90,653		1,04,115
5. LICENSED, INSTALLED AND ACTUAL PRODUCTION				
I. Licensed Capacity				
All the units of the Company are separately registered with SIA, Govt. of India and combined licenced capacities are:				
(a) Maize Starch	185000 MTs.			
(b) Glucose	122300 MTs.			
(c) Sorbitol	12000 MTs.			
(d) Dextrine & Textilose	21200 MTs.			
II. Installed Capacity		2010-11 (P.A.)		2009-10 (P.A.)
(a) Starches		165000 M.T.		135000 M.T.
(b) Glucose		107000 M.T.		48000 M.T.
(c) Sorbitol		12000 M.T.		12000 M.T.
(d) Dextrine & Textilose		12000 M.T.		10250 M.T.
III. Actual Production				
(a) Maize Starch		122987.392 M.T.		105099.586 M.T.
Less : Captive Consumption		66953.717 M.T.		62069.411 M.T.
Production for sale		56033.675 M.T.		43030.175 M.T.
(b) Dextrine & Textilose		6630.125 M.T.		5933.425 M.T.
(c) Glucose		51207.840 M.T.		47763.155 M.T.
(d) Sorbitol		8136.650 M.T.		7716.105 M.T.
(e) By Products on dry basis		45064.297 M.T.		39788.815 M.T.
Less : Internal Consumption		1332.360 M.T.		1459.810 M.T.
Production for sale		43731.937 M.T.		38329.005 M.T.
6. CONSUMPTION OF RAW MATERIALS		2010-11		2009-10
(including Sales, if any)				
	Qty. in	Value in	Qty. in	Value in
	<u>M.Tons</u>	<u>Rs.</u>	<u>M.Tons</u>	<u>Rs.</u>
(i) Maize	192560.570	1,90,76,16,551	165798.900	1,52,19,72,375
(ii) Tapioca Starch and other basic Raw Materials	321.000	83,94,170	1267.350	2,89,50,208
(iii) Other items {each being less than 10% of the total consumption}		19,69,69,941	-	15,40,62,813
		<u>2,11,29,80,662</u>		<u>1,70,49,85,396</u>



SCHEDULE 'T-II' NOTES ON ACCOUNTS

7. VALUE OF IMPORTED AND INDIGENOUS

RAW MATERIALS, SPARE PARTS AND PERCENTAGE OF EACH TO TOTAL CONSUMPTION	2010-11 (Rs.)	2009-10 (Rs.)
(i) Raw Materials		
(a) Imported	-	26,68,696
(excluding cannalised items)	-	(0.16%)
(b) Indigenous	2,11,29,80,662	1,70,23,16,700
	(100%)	(99.84%)
(ii) Spares & Components	9,23,758	3,04,735
(a) Imported	(3.34%)	(1.52%)
	2,67,07,202	1,97,40,497
(b) Indigenous	(96.66%)	(98.48%)

8. PARTICULARS OF GOODS SOLD

	2010-11		2009-10	
	Qty. in M. Tons	Value in Rs.	Qty. in M. Tons	Value in Rs.
(i) Starches	55798.925	1,20,32,52,080	43371.500 #	76,11,14,364
(ii) Dextrins & Textilose	6542.525	17,80,86,590	6115.150 ##	13,40,08,912
(iii) Glucose	51062.120	1,28,65,88,068	48314.625	98,89,83,095
(iv) Sorbitol	8203.115	25,51,77,243	7732.175	21,61,27,130
(v) By Products on dry basis	44262.155 *	55,27,19,055	38768.728 *	48,70,66,093
(vi) Misc. Sales		5,79,35,543		6,78,55,683
		<u>3,53,37,58,579</u>		<u>2,65,51,55,277</u>

includes Nil MTs Maize Starch purchased from outside (Prev. Year 269.100 MTs)

includes Nil MTs Yellow Dextrine purchased from outside (Prev. Year 4.350 MTs)

* includes 321.000 MTs. Gluten purchased from outside (Prev. Year 553.000 MTs)

**9. OPENING AND CLOSING STOCK OF
GOODS PRODUCED DURING THE YEAR**

	As on 31.3.2011		As on 31.3.2010		As on 31.3.2009	
	Qty. in M. Tons	Value in Rs.	Qty. in M.Tons	Value in Rs.	Qty. in M.Tons	Value in Rs.
(i) Starches	728.200	1,16,71,664	493.450	69,68,973	565.675	68,66,391
(ii) Dextrins & Textilose	156.900	26,47,078	69.300	10,02,032	246.675	32,18,939
(iii) Glucose	743.800	1,37,90,560	598.080	93,10,983	1149.550	1,68,59,338
(iv) Sorbitol	192.805	42,97,168	259.270	54,60,095	275.340	60,32,147
(v) By Products on dry basis	209.342	39,29,837	418.560	1,04,85,409	305.283	76,41,710

M.G. SHARMA
Sr. Vice President & CFO

S.M. JINDAL
Executive Director & Secretary

I.K. SARDANA
Mg. Director

As per our separate report of even date
For Y.K. Sud & Co.
Chartered Accountants

(Y.K. Sud)
B.Com., F.C.A.
Prop.
Memb. No. 16875
Place : Jalandhar
Dated : 10th June, 2011

— S.C. JINDAL
V.K. SARDANA
A.K. SARDANA
K.K. SARDANA
S.K. ANAND
— V.P. KAPAH



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31st March, 2011 (Rs. in lacs)	Year Ended 31st March, 2010 (Rs. in lacs)
FLOWS FROM OPERATING ACTIVITIES		
Net Profit before tax	4,944.59	1,891.33
ADJUSTMENTS FOR NON-CASH ITEMS		
Depreciation	663.97	594.02
Provision for gratuity	-	31.57
ADJUSTMENTS FOR NON-OPERATING ACTIVITIES		
Interest & Dividend received	(28.88)	(22.83)
Interest paid	684.81	701.17
(Profit) Loss on sale of investments/assets	(33.27)	(17.27)
FLOWS FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES	6,231.21	3,177.99
CHANGES IN WORKING CAPITAL		
Trade and other receivables	(853.55)	(679.10)
Inventories	(189.63)	(2,279.43)
Trade Payable	495.98	(131.11)
Other Liabilities	(190.03)	365.54
FLOWS FROM OPERATING ACTIVITIES	5,493.98	453.91
Direct Taxes Paid	(970.25)	(337.30)
NET FLOWS FROM OPERATING ACTIVITIES	4,523.73	116.61
FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,119.47)	(1,183.40)
Sale of Fixed Assets	39.18	17.99
Other Investments	(897.43)	226.80
Interest & Dividend received	28.88	22.83
NET FLOWS FROM INVESTING ACTIVITIES	(3948.83)	(915.78)
FLOWS FROM FINANCING ACTIVITIES		
Loans raised for working capital	(570.03)	2199.30
Term Loans raised	(437.42)	(445.96)
Other Loans raised	2,218.56	(104.09)
Dividends paid	(772.45)	(344.82)
Interest paid	(684.81)	(701.17)
NET FLOWS FROM FINANCING ACTIVITIES	(246.15)	603.26
Net Cash Flows during the year	328.75	(195.91)
Cash & cash equivalents at beginning of the year	189.08	384.99
Cash & cash equivalents at the end of the year	517.83	189.08

M.G. SHARMA
Sr. Vice President & CFO

S.M. JINDAL
Executive Director & Secretary

I.K. SARDANA
Mg. Director

As per our separate report of even date
For Y.K. Sud & Co.
Chartered Accountants

(Y.K. Sud)
B.Com., F.C.A.
Prop.
Memb. No. 16875
Place : Jalandhar
Dated : 10th June, 2011

DIRECTORS

— S.C. JINDAL
— V.K. SARDANA
— A.K. SARDANA
— K.K. SARDANA
— S.K. ANAND
— V.P. KAPAH



SCHEDULES TO THE ACCOUNTS

SCHEDULE II

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART (IV) OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

I. REGISTRATION DETAILS

Corporate Identity Number L15321PB1944PLC001925 State Code : 16
 Balance Sheet Date 31.3.2011

II. CAPITAL RAISED DURING THE YEAR (Amount in Thousands)

Public Issue	-	Right Issue	-
Bonus Issue	-	Private Placement	-
		Promoters Contribution	-

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Thousands)

Total Liabilities	Rs. 22,48,198	Total Assets	Rs. 22,48,198
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SOURCE OF FUNDS

Paid-up Capital	Rs. 73,798	Reserves & Surplus	Rs. 12,53,749
Secured Loans	Rs. 4,51,433	Unsecured Loans	Rs. 3,93,340
Deffered Tax Liability	Rs. 75,878		

APPLICATION OF FUNDS

Net Fixed Assets	Rs. 12,00,092	Investment	Rs. 2,20,216
Net Current Assets	Rs. 8,27,890		
Accumulated Losses	Rs. Nil		

IV. PERFORMANCE OF COMPANY (Amount in Thousands)

Turnover	Rs. 35,44,584	Total Expenditure	Rs. 30,50,125
Profit/(Loss) before Tax	Rs. 4,94,459	Profit/(Loss) after tax	Rs. 3,87,767
Earning Per Share	Rs. 52.54	Dividend Rate	80%

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As per monetary terms)

Item Code No. 110812, 170230, 350510, 290544, 151521
 Product Description Maize Starch, Liquid Glucose, Dextrose Monohydrate, Dextrins, Sorbitol, Dextrose Anhydrous, Maize Oil & Other By products.

M.G. SHARMA
 Sr. Vice President & CFO

S.M. JINDAL
 Executive Director & Secretary

I.K. SARDANA
 Mg. Director

DIRECTORS

S.C. JINDAL
 V.K. SARDANA
 A.K. SARDANA
 K.K. SARDANA
 S.K. ANAND
 V.P. KAPANI



AUDITORS' REPORT TO THE DIRECTORS' ON CONSOLIDATED ACCOUNTS

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS' ON CONSOLIDATED ACCOUNTS OF THE SUKHJIT STARCH & CHEMICALS LTD.

We have examined the attached consolidated Balance Sheet of The Sukhjit Starch & Chemicals Ltd. and its subsidiaries as at 31st March, 2011, the consolidated Profit and Loss Account and the consolidated cash flow statement for the year ended on that date.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries whose financial statements reflect total assets and total revenues as follows as on 31st March, 2011

Subsidiary Company	Total Assets (in lacs)	Total Revenues (in lacs)
The Vijoy Steel & General Mills Co. Ltd.	231.94	148.40
Sukhjit Finance Ltd.	185.31	1.13
Scott Industries Ltd.	1031.51	477.75

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21-Consolidated Financial Statements issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of The Sukhjit Starch & Chemicals Limited and its subsidiaries included in the consolidated financial statements.

On the basis of information and according to explanations given to us and on the consideration of the separate audit reports on individual audited financial statements. The Sukhjit Starch & Chemicals Limited and its aforesaid subsidiaries, we are of the opinion that in case of Balance sheet, of the state of the affairs of the company as at 31st March 2011.

- i. The consolidated Balance Sheet gives a true and fair view of the Consolidated state of affairs of The Sukhjit Starch & Chemicals Limited and its subsidiaries as at 31st March, 2011.
- ii. The consolidated profit and loss account gives a true and fair view of the consolidated results of operations of The Sukhjit Starch & Chemicals Limited and its subsidiaries for the year then ended and
- iii. The consolidated cash flow statement gives a true and fair view of the consolidated results of operations of The Sukhjit Starch & Chemicals Limited and its subsidiaries for the year then ended in conformity with the accounting principles generally accepted in India.

**FOR Y.K. SUD & COMPANY
CHARTERED ACCOUNTANTS,**

Place : Jalandhar
Dated : 10th June, 2011

(Y.K. SUD)
B.Com., F.C.A.
Prop.
Memb. No. 16875



CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2011

SOURCES OF FUNDS	SCHEDULE NO.	AS ON 31.3.2011 Rs.	AS ON 31.3.2010 Rs.
SHAREHOLDERS' FUNDS			
(a) Share Capital	A	7,37,98,200	7,37,98,200
(b) Reserves & Surplus	B	<u>1,22,34,79,149</u>	<u>91,09,49,849</u>
		1,29,72,77,349	98,47,48,049
MINORITY INTEREST			
		12,10,288	14,57,224
LOAN FUNDS			
(a) Secured Loans	C	45,95,32,782	56,04,38,379
(b) Unsecured Loans	D	<u>39,33,40,091</u>	<u>17,14,84,503</u>
		85,28,72,873	73,19,22,882
DEFERRED TAX LIABILITY			
		7,26,90,964	6,42,52,808
TOTAL FUNDS		<u>2,22,40,51,474</u>	<u>1,78,23,80,963</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
(a) Gross Block		1,60,70,11,333	1,41,05,40,446
(b) Less : Depreciation		49,98,94,554	43,00,50,199
(c) Less : Lease Equalisation		14,30,005	14,30,005
(d) Net Block	E	1,10,56,86,774	97,90,60,242
(e) Capital Work in Progress	F	<u>14,42,49,998</u>	<u>2,76,67,678</u>
		1,24,99,36,772	1,00,67,27,920
INVESTMENTS			
Less Provisions	G	15,79,44,552	6,81,35,206
		<u>(64,35,006)</u>	<u>(51,48,005)</u>
		15,15,09,546	6,29,87,201
A. CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories	H	63,63,10,345	60,98,88,255
(b) Sundry Debtors	I	37,27,88,161	30,43,20,847
(c) Cash & Bank Balances	J	5,29,38,494	2,09,90,595
(d) Loans & Advances	K	7,42,99,924	6,85,10,874
(e) Less : Provision for Sub Standard Assets		<u>(55,27,839)</u>	<u>(44,22,271)</u>
		1,13,08,09,085	99,92,88,300
B. CURRENT LIABILITIES & PROVISIONS			
(a) Liabilities	L	27,12,01,450	20,49,69,445
(b) Provisions	M	<u>3,70,02,479</u>	<u>8,16,53,013</u>
		30,82,03,929	28,66,22,458
NET CURRENT ASSETS (A – B)		82,26,05,156	71,26,65,842
TOTAL ASSETS		<u>2,22,40,51,474</u>	<u>1,78,23,80,963</u>
NOTES ON ACCOUNTS			
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M.G. SHARMA
Sr. Vice President & CFO

S.M. JINDAL
Executive Director & Secretary

I.K. SARDANA
Mg. Director

As per our separate report of even date
For Y.K. Sud & Co.
Chartered Accountants

(Y.K. Sud)
B.Com., F.C.A.
Prop.
Memb. No. 16875
Place : Jalandhar
Dated : 10th June, 2011

— S.C. JINDAL
V.K. SARDANA
DIRECTORS : A.K. SARDANA
: K.K. SARDANA
: S.K. ANAND
— V.P. KAPALI



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	SCHEDULE NO.	FOR THE YEAR ENDED 31.3.2011 (Rs.)	FOR THE YEAR ENDED 31.3.2010 (Rs.)
INCOME			
1. Gross Sales & Other Income	N	3,60,49,13,633	2,74,55,65,634
Less Excise Duty	N 1	15,08,12,346	6,97,45,763
Net Sales		<u>3,45,41,01,287</u>	<u>2,67,58,19,871</u>
TOTAL INCOME		<u>3,45,41,01,287</u>	<u>2,67,58,19,871</u>
EXPENDITURE			
2. Consumption of Materials	O	2,13,46,83,816	1,77,29,91,513
3. Manufacturing Expenses	P	41,14,97,312	35,10,13,655
4. Payments to and Provisions for Employees	Q	16,67,65,902	13,90,58,562
5. Administrative, Selling & Other Expenses	R	11,20,16,202	8,73,54,005
6. Financial Charges	S	7,10,23,112	7,19,82,562
7. Depreciation	L	7,07,98,125	6,37,14,488
8. Provision for Sub-Standard Assets		23,92,569	78,96,547
TOTAL EXPENDITURE		<u>2,96,91,77,038</u>	<u>2,48,90,11,332</u>
9. Profit Before Tax		<u>48,49,24,249</u>	<u>18,68,08,539</u>
10. Provision for Taxation :			
- Current Tax		(9,83,00,000)	(3,85,00,000)
- Deferred Tax		(84,38,156)	(72,12,022)
11. Profit after Tax		37,81,86,093	14,10,96,517
12. Add/(Less) Taxes Relating to Previous Years		-	23,07,621
13. Profit after Tax before Minority Interests		37,81,86,093	14,34,04,138
14. (Add)/Less Minority Interests		(2,61,936)	(2,20,996)
15. Net Profit		37,84,48,029	14,36,25,134
16. Add Surplus Brought Forward		68,14,389	48,22,904
17. Surplus Available for Appropriation		38,52,62,418	14,84,48,038
Wealth Tax paid		1,91,620	-
(a) Interim Dividend		2,95,19,280	4,42,78,920
(b) Final Dividend (Proposed)		2,95,19,280	-
Total Dividend		5,90,38,560	4,42,78,920
(c) Corporate Tax on Dividend		96,91,549	73,54,729
(c) General Reserve		30,00,00,000	9,00,00,000
(d) Surplus Carried Forward		1,63,40,689	68,14,389
18. NOTES ON ACCOUNTS	T		
Basic Earning per Share (Rs.)		51.25	19.43
Diluted Earning Per Share (Rs.)		51.25	19.43
Face Value Per Share (Rs.)		10.00	10.00

M.G. SHARMA
Sr. Vice President & CFO

S.M. JINDAL
Executive Director & Secretary

I.K. SARDANA
Mg. Director

As per our separate report of even date
For Y.K. Sud & Co
Chartered Accountants

(Y.K. Sud)
B.Com., F.C.A.
Prop.
Memb. No: 16875
Place Jaandhar
Dated: 10th June, 2011

DIRECTORS

- S.C. JINDAL
- V.K. SARDANA
- A.K. SARDANA
- K.K. SARDANA
- S.K. ANAND
- V.P. KAPANI



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	AS ON 31.3.2011 Rs.	AS ON 31.3.2010 Rs.
SCHEDULE-A		
SHARE CAPITAL		
AUTHORISED		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>10,00,00,000</u>	<u>10,00,00,000</u>
ISSUED, SUBSCRIBED & PAID UP		
73,79,820 Equity Shares of Rs. 10/ Each fully paid up including 58,83,799 Equity Shares of Rs. 10/- each allotted as Bonus Shares by Capitalisation of Reserves	<u>7,37,98,200</u>	<u>7,37,98,200</u>
	<u><u>7,37,98,200</u></u>	<u><u>7,37,98,200</u></u>
SCHEDULE-B		
RESERVES & SURPLUS		
CAPITAL RESERVE		
As per Last Balance Sheet	4,93,02,817	4,93,02,817
Add/(Less) : on Consolidation of Accounts	3,000	-
Add : Received during the Year	<u>30,00,000</u>	-
	5,23,05,817	4,93,02,817
SHARE PREMIUM		
As Per Last Balance Sheet	87,14,450	87,14,450
GENERAL RESERVE		
As per Last Balance Sheet	84,61,18,193	75,61,18,193
Add : Set aside during the year	<u>30,00,00,000</u>	<u>9,00,00,000</u>
	1,14,61,18,193	84,61,18,193
PROFIT & LOSS ACCOUNT		
	1,63,40,689	68,14,389
TOTAL	<u><u>1,22,34,79,149</u></u>	<u><u>91,09,49,849</u></u>
SCHEDULE-C		
SECURED LOANS		
PUNJAB NATIONAL BANK		
(i) Cash Credit		
(a) Secured against Hypothecation of raw material, stores, semi-finished goods and finished goods	40,06,14,254	39,41,83,657
(b) Secured against Book Debts	5,78,78,998	12,25,12,933
(ii) Term Loan		
Secured against hypothecation of Plant & Machinery, Building Other Fixed Assets of Gurplah Unit and Equitable Mortgage of Factory Land of that unit	10,39,530	4,37,41,789
	<u>45,95,32,782</u>	<u>56,04,38,379</u>
SCHEDULE-D		
UNSECURED LOANS		
Fixed Deposits	21,38,85,000	16,10,94,000
Interest Payable thereon (Including interest payable on cumulative deposits)	1,31,35,327	98,78,061
Other Loans & Advances/Security Deposits	<u>16,63,19,764</u>	<u>5,12,442</u>
	<u><u>39,33,40,091</u></u>	<u><u>17,14,84,503</u></u>
SCHEDULE-E		
CAPITAL WORK IN PROGRESS		
Building under construction	2,31,02,904	83,46,946
Machinery under construction	7,42,08,133	1,70,29,454
Advances for capital goods	4,69,38,961	22,35,540
Furniture	-	55,738
TOTAL	<u><u>14,42,49,998</u></u>	<u><u>2,76,67,678</u></u>



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

SCHEDULE-G			AS ON 31.3.2011	AS ON 31.3.2010
INVESTMENTS			Rs.	Rs.
Holiday Home/Clubs			65,000	65,000
LONG TERM UN QUOTED FULLY PAID				
OTHERS				
	No. of Shares/ Debenture/ Units	Face Value Per Share/ Debenture/ Units (Rs.)		
(a) National Saving Certificates	-	-	7,750	7,750
(b) Tata Capital Ltd. Non Convertible Debentures	20 (20)	5,00,000	1,03,00,479	1,03,00,479
(c) NIFG Canara Robacco Infrastructure Growth Fund	93095.4228 (93095.4228)	10 10	24,00,000	24,00,000
(d) Reliance Equity Oppurtunity Fund	(NIL) (1,74,654.1850)	10	-	50,00,000
(e) UTI Gilt Advantage Fund Long term Plan-Dividend Re-Investment	80,000 (3217321.591)	10 10	1,00,21,796	4,02,60,473
(f) UTI Yearly Fixed Maturity Plan	10,00,000 (NIL)	10	1,00,00,000	-
(g) UTI Yearly Fixed Maturity Plan	10,00,000 (NIL)	10	1,00,00,000	-
(h) Kotak Yearly Fixed Maturity Plan	5,00,000 (NIL)	10	50,00,000	-
(i) Reliance Quant Plus Fund	7,35,603.477 (NIL)	10	1,00,00,000	-
(j) Reliance Fixed Horizon Fund	10,00,000 (NIL)	10	1,00,00,000	-
(k) Reliance Monthly Income Plan	16,30,385 (NIL)	10	3,50,00,000	-
(l) HDFC Monthly Income Plan	10,94,993 (NIL)	10	2,50,00,000	-
(m) Reliance RSF Balanced Fund	2,16,294.784 (NIL)	10	50,00,000	-
(n) Reliance Small Cap Fund	7,49,126.529 (NIL)	10	75,00,000	-
(o) HDFC Prudence Fund	36,107.630 (NIL)	10	75,00,000	-
(p) 70152 shares of Rs. 10/- each of M/s Hindustan Engineering & Industries Ltd. (316000) and 245848 shares of Rs. 10/- each of M/s. Malanpur Steel Ltd. issued in lieu of 316000 shares of Rs. 10/- each fully paid up of M/s. Hindustan Development Corp. Ltd. at cost	316000 (316000)	10 10	85,80,008	85,80,008
(q) M/s. Santosh Securities Ltd.	5,000 (5000)	10	1,75,000	1,75,000
			15,64,85,033	
QUOTED FULLY PAID				
(a) M/s Sanghi Polyester Ltd.	4,900 (4,900)	10	26,430	26,430
(b) Reliance Industries Ltd.	300 (300)	10	11,756	11,756
(c) M/s PTL Enterprises Ltd.	5,000 (5,000)	10	1,26,274	1,26,274
(d) M/s Tele Data Informatics Ltd.	29,122 (29,122)	10	11,38,643	11,38,643
6761 shares of M/s Tele Data Marine Ltd. 6761 shares of M/s Tele Data Technology Ltd.				
(e) M/s. T T Ltd.	3,625 (3,625)	10	43,392	43,392
(f) Tata Tele Services Ltd.	2,000 (NIL)		48024	
(Market value of quoted investments Rs. 6.57 lacs Previous year Rs. 4.03 lacs)			13,94,519	
			15,79,44,552	6,81,35,206



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

SCHEDULE-H	AS ON 31.3.2011	AS ON 31.3.2010
INVENTORIES	Rs.	Rs.
Stores, Spares, Fuel & Other	10,75,12,316	7,11,11,112
Loose Tools (at cost or net realisable value whichever is lower)	13,31,086	13,60,987
Raw Materials (Basic) (at cost or net realisable value whichever is lower)	42,28,60,511	44,74,75,524
Stock in Process (at cost or net realisable value whichever is lower)	5,51,08,299	4,32,91,695
Finished Goods (at cost or net realisable value whichever is lower)	4,94,98,133	4,66,48,937
	<u>63,63,10,345</u>	<u>60,98,88,255</u>
SCHEDULE-I		
SUNDRY DEBTORS		
Unsecured – Over Six months		
– Considered Good	2,45,62,288	35,35,397
– Considered Doubtful	1,78,95,899	1,96,87,593
– Others	<u>33,44,95,812</u>	<u>28,48,20,395</u>
	37,69,53,999	30,80,43,385
Less Provision for Doubtful Debts	<u>(41,65,838)</u>	<u>(37,22,538)</u>
	<u>37,27,88,161</u>	<u>30,43,20,847</u>
SCHEDULE-J		
CASH & BANK BALANCES		
Cash in Hand	15,38,880	19,28,206
Balance with Scheduled Banks in –		
Current Accounts	4,47,05,897	1,51,88,708
Fixed Deposit Accounts	8,97,822	11,29,459
Margin Accounts	57,95,895	27,44,222
	<u>5,29,38,494</u>	<u>2,09,90,595</u>
SCHEDULE-K		
LOANS & ADVANCES		
Recoverable in cash or in kind or for value to be received		
– Considered Good	3,91,50,751	3,48,02,226
– Considered Doubtful	73,79,292	74,27,867
Security/Other Deposits	2,03,41,664	1,48,21,159
Prepaid Expenses	35,22,322	19,86,596
Interest & Other Recoverables	39,05,895	94,73,026
	<u>7,42,99,924</u>	<u>6,85,10,874</u>



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	AS ON 31.3.2011	AS ON 31.3.2010
	Rs.	Rs.
SCHEDULE-L		
CURRENT LIABILITIES		
Sundry Creditors for Goods Supplied	9,50,26,196	1,97,23,887
Sundry Creditors for Expenses	5,00,27,031	3,07,68,577
Other Creditors	9,53,94,331	7,94,08,329
Dividend Payable	58,74,987	44,18,869
Taxes payable	80,99,560	45,26,341
Security Deposits	94,36,617	58,30,761
Provision for Taxation	22,64,90,000	12,82,00,112
Less : Income Tax in Advance	(21,91,47,272)	(12,79,06,931)
	<u>27,12,01,450</u>	<u>20,49,69,445</u>
SCHEDULE-M		
PROVISIONS		
Proposed Dividend	2,95,19,280	4,47,78,920
Corporate Tax on Dividend	47,88,765	73,54,729
Provision for Gratuity	26,94,434	3,00,19,364
	<u>3,70,02,479</u>	<u>8,16,53,013</u>
SCHEDULE-N		
SALES & OTHER INCOME		
Sales	3,59,40,63,017	2,73,79,08,918
Profit on Sale of Assets/Units	34,05,896	17,26,665
Rent Received	6,25,000	4,44,000
Interest & Dividend Received	29,00,233	22,92,433
Misc. Income	39,19,487	31,93,618
	<u>3,60,49,13,633</u>	<u>2,74,55,65,634</u>
SCHEDULE-N 1		
EXCISE DUTY		
Excise Duty Paid	15,10,14,300	6,97,32,904
Less : Excise Duty on Closing Stock	(2,70,276)	(68,322)
Add : Excise Duty on Opening Stock	68,322	81,181
	<u>15,08,12,346</u>	<u>6,97,45,763</u>
SCHEDULE-O		
CONSUMPTION OF RAW MATERIALS		
OPENING STOCK :		
Finished Goods	4,89,39,611	4,95,74,008
Raw Materials (Basic)	44,74,75,525	21,55,02,607
Stock in Process	4,10,01,020	3,91,97,175
	<u>53,74,16,156</u>	<u>30,42,73,790</u>
Purchase of Basic Raw Materials	1,92,10,49,533	1,82,94,76,002
	<u>2,45,84,65,689</u>	<u>2,13,37,49,792</u>
LESS CLOSING STOCK		
Finished Goods	4,94,98,133	4,66,48,937
Raw Materials (Basic)	42,28,60,511	44,74,75,524
Stock in Process	5,51,08,299	4,32,91,695
	<u>52,74,66,943</u>	<u>53,74,16,156</u>
Effective Consumption of Basic Raw Materials	1,93,09,98,746	1,59,63,33,636
Other Raw Materials, Consumables & Stores Consumed	20,36,85,070	17,66,57,877
	<u>2,13,46,83,816</u>	<u>1,77,29,91,513</u>



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	AS ON 31.3.2011 Rs.	AS ON 31.3.2010 Rs.
SCHEDULE-P		
OTHER MANUFACTURING EXPENSES		
Power & Fuel	36,99,07,771	30,94,04,531
Machinery Repair	2,59,04,072	2,00,34,140
Cartage	46,83,502	49,46,859
Other Charges	1,10,01,967	1,66,28,125
	<u>41,14,97,312</u>	<u>35,10,13,655</u>
SCHEDULE-Q		
PAYMENTS TO & PROVISIONS FOR EMPLOYEES		
Salary, Wages, Bonus & Gratuity	14,43,87,683	12,06,27,308
Cont. to PF, ESi, Superannuation & Other Funds	1,16,42,424	98,50,824
Workmen & Staff Welfare	1,07,35,795	85,80,430
	<u>16,67,65,902</u>	<u>13,90,58,562</u>
SCHEDULE-R		
ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Printing & Stationery	13,12,567	10,33,529
Professional/Legal Expenses	15,80,878	18,17,019
Directors' Fee	1,15,000	1,30,000
Directors' Travelling Expenses	1,88,986	2,79,877
Travelling Expenses	1,21,07,873	98,46,423
Auditors' Remuneration	4,06,641	3,79,484
Rent Paid	20,11,798	19,11,031
Electricity & Water Charges	14,33,542	8,38,200
Entertainment	6,32,226	3,93,566
Postage, Telegram & Telephones	26,59,118	24,98,652
Advertisement	13,90,814	8,24,264
Subscription	5,65,108	8,03,953
General Charges	8,05,838	6,35,246
Insurance Expenses	25,94,235	26,43,408
Building Repair	57,28,625	39,83,471
Other Repairs & Maintenance	29,72,497	18,45,476
Commission & Brokerage	3,45,43,412	2,73,40,960
Taxes & Other Govt. Levies & Fees	19,27,082	20,13,085
Rebate & Discount	1,00,79,056	76,00,157
Charity & Donation	4,67,056	13,41,971
Carriage & Forwarding Charges	1,56,30,905	1,45,05,816
Mg. Director & Wholetime Directors' Comm.	73,68,692	28,13,050
Directors' Commission	49,12,461	18,75,367
Bad Debts Written Off	1,38,492	-
Provision for Baddebts	4,43,300	-
	<u>11,20,16,202</u>	<u>8,73,54,005</u>
SCHEDULE-S		
FINANCIAL CHARGES		
Interest - On Term Loans/Deposits	2,28,82,413	2,33,38,038
- On Other Accounts	4,67,10,569	4,76,98,104
Bank Charges	13,50,200	9,46,420
Hire Purchase Charges	79,930	-
	<u>7,10,23,112</u>	<u>7,19,82,562</u>



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

**SCHEDULE-E
FIXED ASSETS AS ON 31ST MARCH, 2011 (CONSOLIDATED)**

Particulars	Land	Building	Furniture & Fixture	Plant & Machinery	Electric Fitting & Other Equipment	Vehicles	Total	Amount (Rs.)	
								31.3.2011	Previous Year
OWNED ASSETS :									
COST									
Cost as on 1.4.2010	10,70,62,302	31,89,53,820	1,67,27,315	85,41,64,165	6,01,10,566	2,15,68,420	1,37,85,86,588	1,21,14,39,432	
Additions	8,82,32,234	2,19,34,881	8,22,812	7,86,60,979	55,41,891	38,89,818	19,90,82,615	16,72,52,372	
Sale/Adjustments	9,30,720	10,09,205	--	--	74,880	5,96,923	26,11,728	1,05,216	
Total as on 31.3.2011	19,43,63,816	33,98,79,496	1,75,50,127	93,28,25,144	6,55,77,577	2,48,61,315	1,57,50,57,475	1,37,85,86,588	
DEPRECIATION									
Upto 31.3.2010	--	9,67,88,255	94,50,997	26,10,16,874	2,81,21,509	1,34,25,304	40,88,02,939	34,66,20,733	
For the Year	--	1,56,58,418	14,52,506	4,72,81,017	25,02,450	26,13,360	6,95,07,751	6,22,15,622	
On Sale/Adjustments	--	4,94,597	--	--	45,809	4,13,364	9,53,770	33,416	
Upto 31.3.2011	--	11,19,52,076	1,09,03,503	30,82,97,891	3,05,78,150	1,56,25,300	47,73,56,920	40,88,02,939	
NET VALUE									
As on 31.3.2011	19,43,63,816	22,79,27,420	66,46,624	62,45,27,253	3,49,99,427	92,36,015	1,09,77,00,555	96,97,83,649	
As on 31.3.2010	10,70,62,302	22,21,65,565	72,76,318	59,31,47,291	3,19,89,057	81,43,116	96,97,83,649	86,48,18,699	
ASSETS GIVEN ON LEASE :									
COST									
Cost as on 1.4.2010	--	--	--	3,08,76,648	10,77,210	--	3,19,53,858	3,19,53,858	
Additions	--	--	--	--	--	--	--	--	
Sale/Adjustments	--	--	--	--	--	--	--	--	
Total as on 31.3.2011	--	--	--	3,08,76,648	10,77,210	--	3,19,53,858	3,19,53,858	
DEPRECIATION									
Upto 31.3.2010	--	--	--	2,04,37,943	8,09,317	--	2,12,47,260	1,97,48,394	
For the Year	--	--	--	12,53,110	37,264	--	12,90,374	14,98,866	
On Sale/Adjustments	--	--	--	--	--	--	--	--	
Upto 31.3.2011	--	--	--	2,16,91,053	8,46,581	--	2,25,37,634	2,12,47,260	
NET VALUE									
As on 31.3.2011	--	--	--	91,85,595	2,30,629	--	94,16,224	1,07,06,598	
As on 31.3.2010	--	--	--	1,04,38,705	2,67,893	--	1,07,06,598	1,22,05,464	
GRAND TOTAL	19,43,63,816	22,79,27,420	66,46,624	63,37,12,848	3,52,30,056	92,36,015	1,10,71,16,779	98,04,90,247	



The company maintains its financial statements on an accrual basis and in accordance with the historical cost convention, generally accepted accounting practices and applicable Accounting Standards as well as the relevant provisions of The Companies Act, 1956. However, certain escalations/claims which are not ascertainable or unacknowledged, are accounted for on their being acknowledged.

The fixed assets are accounted for at their original cost included duties, taxes, freight and incidental charges relating to their acquisition and installation. Interest on borrowings for fixed assets acquisition and revenue expenditure incurred for the period prior to commercial production are considered as a part of cost of assets.

- (a) Depreciation on additions to Plant & Machinery has been provided on a straight line method and on other fixed assets on written down value at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on assets added during the year has been provided on pro-rata basis with reference to the month of addition/installation.
- (b) Depreciation on the leased assets has been provided on straight line basis at the rates specified under Schedule XIV of the Companies Act, 1956 on pro-rata basis, with reference to the month of addition/installation. A lease equalization account has been created representing the difference between annual lease charge and statutory depreciation as per the guidelines issued by The Institute of Chartered Accountants of India, in this regard.

Investments are valued at cost. Profit and loss are recognised as income or expenditure on their transfer. Long Term Investment are stated at cost less permanent diminution, if any, in value.

Raw materials, stores and spares, packing material, components, stock in process, finished goods, bye products and goods held for resale are valued at lower of cost and net realisable value.

The contribution to Provident and Superannuation Funds are accounted on actual liability basis. Gratuity provisions/contributions are made on actuarial valuation basis.

- (a) Sales are inclusive of Excise Duty wherever applicable.
- (b) Income on investment from dividend/interest are recognised on the basis of declaration or accrual thereof.

Foreign currency transactions relating to sale of goods are translated at the rates prevailing at the time of settlement of transactions. The transactions remaining unsettled as on the balance sheet date are translated at the contracted rates (where applicable) or at the exchange rates prevailing at the end of the accounting year.

Expenses on research & development are charged off as and when incurred.

- (i) Provision for current tax is made in the accounts on the basis of estimated tax liability as per the applicable provisions of Income Tax Act, 1961.
- (ii) Deferred tax for timing differences between tax profits and book profits is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax assets are recognised to the extent there is reasonable certainty that these assets can be realised in future.

Grants in the nature of contribution towards capital cost of setting up projects are treated as capital reserve. However, grants or subsidies relating to an expense item is recognized as income over the periods necessary to match them to the costs, which it is intended to compensate.

Borrowing costs directly attributable to the acquisition of qualifying assets are capitalized as a part of the cost of assets till the date of commencement of commercial use of the asset. All other borrowing costs are charged to the Profit & Loss Account.

Stock sold on hire purchase basis are stated at full hire purchase price less instalments received-net of hire purchase financing charges apportioned as income for the year.



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

NOTES TO THE ACCOUNTS

- (i) The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard-21 (AS 21) "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.
- (ii) The previous year figures have been recast/regrouped wherever necessary.
- (iii) The subsidiaries (which along with The Sukhjit Starch & Chemicals Limited, the parent, constitute the Group) considered in the preparation of these consolidated financial statements are :

Name	Percentage of Voting Power as at 31.3.2011
The Vijoy Steel & General Mills Co. Limited	97.03 %
Sukhjit Finance Limited	93.18 %
Scott Industries Limited	99.97 %

These Consolidated Financial Statements are based, in so far as they related to amounts included in respect of subsidiaries, on the audited financial statements prepared for consolidation in accordance with the requirements of AS-21 by each of the aforesaid subsidiaries.

- (iv) Deferred Tax has been provided in accordance with the Accounting Standard AS-22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India.
- (v) Contingent Liabilities not provided for include :
- (a) **Bank Guarantees** issued for Rs. 126.30 lacs (Prev. Year Rs. 113.80 lacs) in favour of West Bengal State Electricity Board and Himachal Pradesh State Electricity Board for power connections of Malda unit and Gurplah unit, Commissioner of Customs / Jt. Director of Foreign Trade for import of machinery under EPCG licence and Excise & Taxation Officer for sale tax subsidy of Gurplah unit.
- (b) **Central Excise Duty** : Disputed liabilities not adjusted as expenses in the accounts include Rs. 17.24 crores (Prev. year Rs. 15.93 crores) on account of Central Excise Duty in appeals. The major item consists of Rs. 17.06 crores (Prev. year 15.90 crores) excluding penalty & interest on account of the demands raised by the Central Excise Department since 1.4.1997 against sale of maize starch disputing the classification thereof. The company has challenged the demand before the Hon'ble High Court which has since been stayed by the Hon'ble High Court and the matter is subjudice.
- (c) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 962.91 lacs (Prev. Year Rs. 50.31 lacs)
- (d) Export obligation pending to be fulfilled is US 21,80,796.71 (Prev. Year US 76,203.20) under the EPCG scheme of the Central Government on account of custom duty saved against import of capital goods at concessional rates. The average export obligation to be maintained every year is US 1,80,471 (Prev. Year Nil).

- (vi) Buildings of the Company at Malda and partly at Phagwara are built on a leased land.

(vii) Earnings per Share :	Current Year	Previous Year
(a) Net profit (after tax) available for Equity Shareholders (Rs. in lacs)	3781.86	1434.04
(b) Weighted Average number of Equity Shares having face value of Rs. 10/- each outstanding during the year (No. of shares)	73,79,820	73,79,820
(c) Basic Earnings per Share Rs. 10/- each (Rs.) (a/b)	51.25	19.43
(d) Diluted Earnings per Share Rs. 10/- each (Rs.) (a/b)	51.25	19.43



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(viii) Related Party Disclosures :

(a) List of Related Parties / Relationships :

SUBSIDIARY COMPANIES

- (i) The Vijoy Steel & General Mills Co. Ltd. : Subsidiary
- (ii) Sukhjit Finance Ltd. : Subsidiary
- (iii) Scott Industries Ltd. : Subsidiary

Key Management Personnel

- (iv) Mr. I.K. Sardana
- (v) Mr. K.K. Sardana
- (vi) Mr. S.M. Jindal

(b) Transactions with Related Parties in the ordinary course of business.

(Figures in brackets are for the previous year)

(Amount Rs. in Lacs)

Particulars	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Total
Rent Paid			4.63 (4.63)	4.63 (4.63)
Remuneration		192.52 (110.52)	41.57 (36.45)	234.09 (146.97)
Rent received	0.84 (0.84)			0.84 (0.84)
On account of sales	0.38 (31.39)			0.38 (31.39)
On account of Purchases	131.96 (151.20)			131.96 (151.20)

(ix) Managerial Remuneration paid/payable to the Manager (s) :	Current Year (Rs.)	Previous Year (Rs.)
(i) Salaries	92,00,000	60,80,000
(ii) Commission	73,68,692	28,13,050
(iii) Contribution to retirement benefit funds	7,50,000	5,32,800
(iv) Perquisites	19,33,198	16,26,723

(x) Interest on overdue lease and hire purchase instalments has not been taken into consideration and will be accounted for on receipt basis.

(xi) Advance lease rental/hire purchase instalments relating to cases maturing within one year have been taken as current liabilities.

(xii) Segment Reporting : The company's operating business are organized and managed separately according to the value of the product. Four primary segments are identified, starch & its derivatives, readymade garments, leasing & hire purchase financing and manufacturing of heavy machinery. Segment information is appended hereto.

M.G. SHARMA
Sr. Vice President & CFO

S.M. JINDAL
Executive Director & Secretary

I.K. SARDANA
Mg. Director

As per our separate report of even date
For Y.K. Sud & Co.
Chartered Accountants

(Y.K. Sud)
B Com., F.C.A.
Prop.
Memb No. 16875
Place Jalandhar
Dated 10th June, 2011

DIRECTORS

- S.C. JINDAL
- V.K. SARDANA
- A.K. SARDANA
- K.K. SARDANA
- S.K. ANAND
- V.P. KAPahi



FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

Amt. Rs. ' 000

<u>Particulars</u>	<u>Sukhjit Finance Limited</u>	<u>Scott Industries Limited</u>	<u>Vijoy Steel & General Mills Co. Limited</u>
Issued and Subscribed Share Capital	49,500	44,014	2,306
Reserves & Surplus/ (Accummulated Losses)	(32,783)	(19,719)	45
Total Assets	49,500	1,04,437	3,810
Total Liabilities	49,500	1,04,437	3,810
Investments	3,714	-	-
Turnover	113	48,111	14,840
Profit/(Loss) before taxation	(3,652)	(5,373)	(511)
Provision for taxation (Including Deffered Tax)	-	(370)	132
Profit/(Loss) after taxation	(3,652)	(5,743)	(379)
Proposed Dividend (if any)	Nil	Nil	Nil



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

**PRIMARY SEGMENT INFORMATION
For the year ended March 31, 2011 (In Rs. Lacs)**

Business Segment	Starch & its Derivatives		Readymade Garments		Leasing/Hire Purchase Financing		Heavy Machinery		Elimination		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1. Segment Revenue												
- External Sales	33,940.23	25,927.00	477.75	699.80	1.13	0.09	122.10	128.27	-	-	34,541.21	26,755.16
- Internal Sales	0.84	0.84	-	-	-	-	26.30	29.08	(27.14)	(29.92)	-	-
Total Revenue	33,941.07	25,927.84	477.75	699.80	1.13	0.09	148.40	157.35	(27.14)	(29.92)	34,541.21	26,755.16
2. Segment Result												
- Profit before Tax	4,943.75	1,890.49	(53.49)	6.46	(36.51)	(33.14)	(4.50)	4.27	-	-	4,849.25	1,868.08
- Provision for Taxation	(1,066.92)	(423.92)	(3.70)	(8.99)	-	-	1.32	(1.13)	-	-	(1,069.30)	(434.04)
- Profit after Taxation	3,876.83	1,466.57	(57.19)	(2.53)	(36.51)	(33.14)	(3.18)	3.14	-	-	3,779.95	1,434.04
3. Segment Assets												
- Segment assets	25,366.05	20,649.33	1,005.02	931.48	185.30	231.46	226.56	248.35	(1460.37)	(1,370.59)	25,322.56	20,690.03
- Segment Liabilities	11,331.81	9,917.45	788.57	661.31	18.14	27.78	208.43	225.12	(736.18)	(646.21)	11,610.77	10,185.45
- Capital Expenditure	3,119.46	1,183.40	24.28	4.01	-	-	12.90	6.54	-	-	3,156.64	1,193.95



THE SUKHJIT STARCH & CHEMICALS LIMITED
SARAI ROAD, PHAGWARA-144401

ATTENDANCE SLIP

Shareholders attending the Meeting in person or by proxy are requested to complete the attendance slip and handover at the entrance of the meeting hall.

I hereby record my presence at the 67th Annual General Meeting of the company held on Wednesday, the 27th day of July, 2011 at 10.00 A.M. at Regd. Office of the Company at Phagwara-144401.

.....
Full Name of the Shareholder
(in Block Letters)
Folio No.....

.....
Signature of the Shareholder

.....
Full Name of Proxy
(in Block Letters)

.....
Signature of the Proxy

The Sukhjit Starch & Chemicals Limited

PROXY FORM

I/We.....of.....in the district of.....being a member/members of the above named Company hereby appoint.....of.....in the district of.....or failing him.....of.....in the district of.....as my/our proxy to vote for me/us on my/our behalf at the 67th ANNUAL GENERAL MEETING of the Company, to be held on Wednesday, the 27th day of July, 2011 and any adjournment thereof.

Signed this.....day of.....2011.

Affix
1 Rupee
Revenue
Stamp

Signature of the Shareholder

- Note :**
1. Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself. The Proxy need not be a member of the company.
 2. The Proxy Form duly completed should be deposited at the Registered Office of the company at least 48 hours before the meeting.