

THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA

BOARD OF DIRECTORS

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

BANKERS

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

AUDITORS

M/s Y.K. Sud & Company
Chartered Accountants
Ambika Towers, 4th Floor,
Police Line Road, Jalandhar-144001.

REGISTERED OFFICE

Phagwara-144 401 (Pb.)

REGISTRAR & SHARE TRANSFER AGENTS

M/s. Skyline Financial Services (Pvt.) Ltd.
D-153A, 1st Floor, Okhla Industrial Area,
Phase-I, New Delhi-110020
Tel. : 011-26812682, 83
Fax : 011-26812684

ANNUAL REPORT & ACCOUNTS 2011-2012



NOTICE

NOTICE is hereby given that the 68th Annual General Meeting of the Members of The Sukhjit Starch & Chemicals Ltd. will be held at the Registered Office of the Company at Phagwara on Thursday, the 9th day of August, 2012 at 10.00 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit & Loss Account for the year ended 31.3.2012.
2. To declare dividend on the Equity Shares for the year ended 31.3.2012.
3. To appoint Director in place of Shri S.C. Jindal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Shri V.K. Sardana, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

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

By Order of the Board

Sd/-

S.M. JINDAL

Executive Director & Secretary

Place : Phagwara.

Dated : 30th May, 2012



NOTES :

1. A Member, entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the commencement of the meeting.
2. Shareholders intending to seek any clarification on the accounts in the meeting are requested to inform the company at least seven days in advance from the date of the Annual General Meeting. A copy of the Balance Sheet as at 31.3.2012 and Profit & Loss Account for the year ended on that date together with the Auditors' Report and Directors' Report thereon are also enclosed. Members are, however, requested to bring their copies of the Annual Report to the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 4th August, 2012 to 9th August, 2012 (both days inclusive).
4. Members are requested to notify any change in their addresses immediately to the Registrar-cum-Share Transfer Agents of the Company.
5. Dividend Warrants, to the resident members of the Company will be posted within 30 days from the date of declaration of dividend.
6. Members are hereby informed that the Dividends which remain unclaimed/unencashed over a period of 7 years have to be transferred by the Company to the Investor Education & Protection Fund (IEPF) constituted by the Central Government under section 205C of the Companies Act, 1956. Further, under the amended provisions of the Companies Act, 1956 no claim shall lie for the unclaimed dividends either from the company or the IEPF thereafter.
7. Members, who have not encashed their dividend warrants for the financial year 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009 and 2009-2010, Interim Dividend 2010-2011 and Final Dividend 2010-2011 may approach the company for revalidation of the original dividend warrants or for obtaining duplicate dividend warrants. The unpaid/unclaimed amount will be deposited to the Investors Education and Protection Fund as per the given schedule :

Dividend for Financial Year	Date of Declaration	Due date for Deposit
2004-2005	27.09.2005	26.09.2012
2005-2006	20.09.2006	19.09.2013
2006-2007	12.09.2007	11.09.2014
2007-2008	27.08.2008	26.08.2015
2008-2009	25.08.2009	24.08.2016
2009-2010	09.08.2010	08.08.2017
2010-2011 (Interim Dividend)	11.01.2011	10.01.2018
2010-2011 (Final Dividend)	01.08.2011	31.07.2018



8. Provisions of section 109A and 109B of the Companies Act, 1956 have extended the nomination and transmission facility to the share-holders/members. The share-holders can avail the above facility by furnishing to the Company the particulars of their nominee(s). Every person who becomes the nominee, by virtue of Section 109A, may upon the production of such evidence, as may be required by the Board, elect either to get himself registered as the holder of the securities or to make such transfers as the case may be, as the deceased holder could have made.
9. The shares of the Company are under the compulsory demat list, so trading in the equity shares can only be made in the dematerialized form. In case you have not dematerialized your shares, you may do so by opening an account with a depository participant.
10. Information under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai in respect of Directors seeking appointment/re-appointment at the Annual General Meeting is given hereunder :
 - (a) Shri S.C. Jindal retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Shri S.C. Jindal is a businessman and has life long business experience to his credit in diverse fields. He holds 35220 shares of our Company.
 - (b) Shri V.K. Sardana retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Shri V.K. Sardana is Managing Director of Teama Consortium India Ltd., Kolkata and has life long Managerial & administrative experience. He holds 32092 shares of our Company.

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

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

ITEM NO. 6

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

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

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



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

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

ITEM NO. 7

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

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

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

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



DIRECTORS' REPORT

Dear Share Holders :

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

1. FINANCIAL RESULTS

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

2. PERFORMANCE

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

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

3. FUTURE PROSPECTUS

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

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



4. CORPORATE GOVERNANCE

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

5. DIVIDEND

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

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2012, the applicable Accounting Standards have been followed alongwith proper explanations relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year so ended ;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- (iv) that the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2012 on a 'going concern' basis.

7. DEPOSITS

All the deposits have been renewed/repaid as per the provisions of Section 58-A of the Companies Act, 1956 and rules made thereunder. The company had no unclaimed/unpaid deposits on 31/03/2012.

8. SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

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

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



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

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

9. CONTINGENT LIABILITY

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

10. PERSONNEL

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

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

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



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

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

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

11. DIRECTORS

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

12. AUDITORS

M/s. Y.K. Sud & Company, Chartered Accountants, the retiring Auditors of the Company, have confirmed their eligibility to be re-appointed as Auditors of the Company at the ensuing Annual General Meeting. The Board of Directors recommend re-appointment of M/s. Y.K. Sud & Company, Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

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

13. ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the co-operation received from the bankers and place on record their deep sense of appreciation for the devoted services of the executives, staff and workers of the Company for its success.

Yours truly,
For and on behalf of the Board,

S.C. JINDAL

Chairman

Dated : 29th May, 2012



ANNEXURE 'A'

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.

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

(B) CONSUMPTION PER MT TON OF PRODUCTION

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

(*) Variation due to change in product mix.

II. TECHNOLOGY ACQUISITION, ADAPTATION AND INNOVATION

The Company has not entered into any technical collaboration agreement. It has not acquired any technical know-how from any foreign source so far.

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

IV. INVESTMENT IN RESEARCH

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



V. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. The Foreign Exchange Earnings of the Company have been Rs. 695.15 lacs (Rs. 178.78 lacs during previous year) on a F.O.B. basis.
2. The Company has imported capital goods of Rs. 629.43 lacs (Rs. 36.19 lacs during previous year) on a C.I.F. basis, raw materials and consumables of Rs. 8.79 lacs (Rs. 9.24 lacs during previous year) and incurred foreign travelling expenditure of Rs. 18.01 lacs (Rs. 3.91 lacs during Previous 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 2,21,800 equity shares in the subscribed & fully paid up capital of 2,30,640 equity shares of Rs. 10/- each	Holding 46,17,100 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 (Rs. lacs)			
(a) For the year ended 31.3.2012	(5.38)	(25.96)	(93.22)
(b) For the previous financial years of the subsidiary of the company	(0.42)	(305.78)	(197.13)
4. Net aggregate amount of subsidiary company's profit less losses or vice versa dealt with or provided for in the company's accounts (Rs. lacs)			
(a) For the company's financial year ended 31.3.2012	—	—	—
(b) For the previous financial years of the subsidiary since it became subsidiary	7.08	296.09	—



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 build a bond of trust with its employees, customers, creditors, business associates 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 and the meetings of the Board and Committees thereof have been held as frequently as required for proper 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 2011-2012, Eleven Board meetings were held on : 27.04.2011, 28.04.2011, 09.06.2011, 10.06.2011, 26.07.2011, 27.07.2011, 31.10.2011, 01.11.2011, 26.12.2011, 13.02.2012 & 14.02.2012.

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	Attendance of Meetings during 2011-12		No. of the Directorships held in other Indian public limited Companies	No. of the Committees Positions held in other Indian Public limited Companies
		Board Meetings	AGM		
Shri S.C. Jindal	Independent Chairman	10	Yes	-	-
Shri I.K. Sardana	Managing Director	11	Yes	2	3 (member)
Shri K.K. Sardana	Jt. Managing Director	11	Yes	2	-
Shri S.M. Jindal	Executive Director	11	Yes	3	-
Shri V.K. Sardana	Non Executive Director	10	Yes	1	-
Shri A.K. Sardana	Non Executive Director	10	Yes	-	-
Shri Naresh Sardana	Non Executive Director	4	No	-	-
Shri S.K. Anand	Independent Director	9	Yes	1	-
Shri V.P. Kapahi	Independent Director	10	Yes	-	-

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 of 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 Chairman – Independent Director
 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	22
Shri K.K. Sardana	Member	24	17
Shri S.M. Jindal	Member	24	21

(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 the Chairman, Shri S.C. Jindal and Shri S.K. Anand, Members and Shri S.M. Jindal as the 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 the Chairman, Shri S.C. Jindal and Shri V.P. Kapahi as the 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	(Amount in Rs. lacs)		Total
			Perquisite Value	Retirement Benefits	
Sh. I.K. Sardana	40.62	13.54	13.56	3.27	70.99
Sh. K.K. Sardana	39.50	13.54	7.84	3.17	64.05
Sh. S.M. Jindal	39.50	13.54	3.35	3.17	59.56

Remuneration Paid to the 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 approvals/sanctions obtained in the beginning and approval of the shareholders obtained by way of a 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 meeting. The Company does not have any Stock Option Scheme.

4. GENERAL BODY MEETINGS

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

Date	Location	Time
25/08/2009	Regd. Office, Phagwara	10.00 A.M.
09/08/2010	Regd. Office, Phagwara	10.00 A.M.
27/07/2011	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, their Relatives or the Management which could have potential conflict with the interest of the company. However, the transactions with related parties in the ordinary course of business, in terms of AS-18, are given in the Notes on financial statements 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 had been 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 : sukhjit@sukhjitgroup.com

Website : www.sukhjitgroup.com

(ii) Sukhjit Starch Mills

Armour Road, Mubarak Nagar,

Nizamabad (A.P.)

Phone No. (08462) 239102, 238622

Fax No. (08462) 239330

E-mail : sukhjit.starch@gmail.com

(iii) Sukhjit Starch Industries

WBIIDC Growth Centre,

N.H. 34, Narayanpur,

MALDA (W.B.)

Phone No. (03512) 263027, 263029

Fax No. (03512) 263026

E-mail : sukhjitmalda@gmail.com

(iv) The Sukhjit Agro Industries

Village Bathu (Gurplah)

Tehsil Haroli, Distt. UNA (H.P.)

Phone No. (01975) 257311, 257314

Fax No. (01975) 257312

E-mail : sukhjitagro@gmail.com



ANNEXURE 'C'

8. GENERAL SHAREHOLDERS INFORMATION

- (a) Annual General Meeting Date, Time & Place : 9th August, 2012, at 10.00 A.M. at the Registered Office of the Company at Phagwara.
- (b) Financial Year : 2011-2012
- (c) Date of Book Closure : 4th August, 2012 to 9th August, 2012. (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 Skyline Financial Services (Pvt.) Ltd., D-153 A, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi - 110020 and approved by Share Transfer Committee of the Company.
- (h) Dematerialization of Shares : The Company's Equity shares are held in dematerialised form on NSDL & CDSL as per detail given here under.
64,86,276 shares i.e. 87.89% of equity capital has been dematerialized as on 31.03.12 out of which promoter's shares are 43,42,275 (100% of the Promoters share holding is held in Demat form) and public shares are 2144001 (70.58% of the total Public Share Holding is held in Demat form).
- (i) Unclaimed Shares Demat Suspense Account : In terms of Clause 5A of the Listing Agreement, the Company reports as under :

	No. of Shares Holders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying on the date of opening of the suspense account	516	65432
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	3	286
Number of shareholders to whom shares were transferred from the suspense account during the year	3	286



ANNEXURE 'C'

Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2012 513 65146

The voting rights on the shares outstanding in the suspense account as on 31st March, 2012 shall remain frozen till the rightful owners of such shares claim the shares.

(j) 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

(k) Distribution of Shareholding as on 31.3.2012

Category	No. of Shares	Percentage
1. Promoters (including 3,22,006 shares of NR.s)	43,42,275	58.84%
2. Banks, Financial Institutions, Govt. institutions etc.	20,514	0.28%
3. Corporate Bodies	1,85,674	2.52%
4. NRIs/FFIs/OCBs	8,448	0.11%
5. General Public	28,22,909	38.25%
Total No. of shares	<u>73,79,820</u>	<u>100.00%</u>

(l) Market Price Data : High / low quotations on the Bombay Stock Exchange during each month for the year 2011-2012 & performance in comparison to BSE Index :

Month	MARKET PRICE (RS.)		BSE INDEX	
	High	Low	High	Low
April, 2011	364.90	245.00	19811.14	18976.19
May, 2011	310.00	250.00	19253.87	17786.13
June, 2011	337.50	281.60	18873.39	17314.38
July, 2011	330.00	288.00	19131.70	18131.86
Aug., 2011	308.70	235.00	18440.07	15765.53
Sept., 2011	272.45	237.00	17211.80	15801.01
Oct., 2011	285.00	235.00	17908.13	15745.43
Nov., 2011	266.95	163.10	17702.26	15478.69
Dec., 2011	202.90	154.50	17003.71	15135.86
Jan., 2012	196.00	156.00	17258.97	15358.02
Feb., 2012	199.80	162.50	18523.78	17061.55
March, 2012	195.00	166.00	18040.69	16920.61



ANNEXURE 'C'

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS SEGMENT :

The company is engaged in the manufacture of Starch and Starch derivatives. This industry is in the fledging stage and has shown a growth of about 20% (CAGR) in the past five years. Despite past healthy growth, the size of industry is still very small being below one billion US Dollars. Per capita consumption of Starch is very low as compared to global average and it is just 3% of per capita consumption of the U.S. The momentum of growth is expected to continue at the same pace in the next five to ten years as the industry shifts to high value products and per capita consumption of Starch improves. The consumption of Starch has increased four folds in the last decade in the neighbouring economy of China which outpaced their GDP growth in the higher proportions. Similar replay in the Indian economy is expected to increase the use of starch and its derivatives, manifolds in the coming decade.

There is a direct co-relation of sugar consumption and starch consumption pattern in many emerging economies where use of sugar has been substantially reduced in the last decade with a corresponding increase in the consumption of Starch and Starch Sweeteners. Our economy is still continuing with a wide gap of per capita consumption of sugar viz-a-viz Starch i.e. sugar consumption of 20 Kgs against starch consumption of 1.4 Kgs only. So higher growth is expected in the industry in the coming years to bridge the wide gap.

OPPORTUNITIES & THREATS :

Starch and its derivatives have found more than 1000 applications in the developed economies and their use has started gaining ground in India. 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 plastic bags etc. It may find its increased use in innovative applications such as ethanol and biodegradable plastics. Major demand drivers for Starch and its derivatives include four industrial sectors i.e. Processed Food & Confectionery, Pharmaceuticals, Paper and Textiles. The consumption of processed food in India is extremely low as compared to other Asian countries like China and Malaysia. This sector has a potential to show a growth of more than 10% per annum in the coming years. Food and Confectionery industries having size of one billion US Dollars is also growing around 5% per annum. The Pharmaceutical industry is expected to grow @ 15% per annum for some years as per capita expenditure of healthcare improves which is quite low viz-a-viz global average. Paper and Textile industries are also expected to grow @ 10% per annum as there is an increased demand for paper due to its wider usage and lack of low cost substitutes. Future growth prospects of these sectors are expected to ensure an annual growth of 15% - 20% for the industry of Starch and its derivatives.

Key risks in the industry come from basic raw material which is Maize - an agriculture produce and its availability and price fluctuate from year to year owing to natural vagaries. An invariable revision of MSP by the Govt. also increases the cost disproportionately. The company has most of its plants located in the major Maize growing states of the country which mitigates the raw material risks to some an extent and ensures raw material availability



at the most competitive cost with adequate supplies during Rabi and Kharif seasons. The company enjoys well established credit worthiness and integrity amongst maize suppliers and has become the most preferred buyer in all the maize procurement areas.

On the marketing side, the company has additional advantage to cope up with the market risks due to multi-locational presence which has not only improved market visibility to company's products but the logistic advantage helps it serve its customers at most competitive incidence of freight with regular supplies.

The concept of quality assurance is main feature of Sukhjit's dimensions. The Quality Control Systems are rigorously applied in all the plants to produce high quality finished goods. The Company has well established Quality Policy i.e. **"We believe that quality is the life line of every business. We are committed to satisfy our customers by manufacturing and supplying quality product to their entire satisfaction"**. The company has various Quality Assurance Certifications i.e. ISO-9001:2008, HACCAP & WHO-GMP. The Company is well known for its standard quality products and fair market policies reflected by its long term business relationship with many leading corporates in the user sectors such as Dabur, Wrigley, Perfetti, Hindalco, Cadbury, Cremica, Marico, Cadila Pharmaceuticals, Berger Paints, Ballarpur, Parle, Nestle, Dr. Reddy's Laboratories & others.

OUTLOOK :

The expansion of Malda Unit has been completed and trial runs have already started. The expansion of the unit will increase the overall capacity of the Company by about 50% in term of Maize grind and by over 100% that of Dextrose Monohydrate. Since the unit is situated in the strategic location of the Eastern Sector, the fall out of the expansion is expected to show up in the running year with higher exports to Bangladesh and other neighbouring countries. The company has already stepped up its exports achieving higher export turnover during the year i.e. Rs. 6.95 crores against Rs. 1.79 crores previous year registering an increase of 288%. The higher capacity utilization of this unit is expected to increase overall turnover of the company by over 20% in the running year with reasonable profits.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY :

The company has an effective Internal Control System which duly commensurates with its size and nature of business. The system fully ensures that all the transactions are properly authorised, recorded and reported correctly & promptly. 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 are applicable to the company from time to time.

COMPANY'S FINANCIAL PERFORMANCE AND ANALYSIS :

The Sale of the Company has not increased on the expected lines owing to demand constraints for uncertain economic conditions which prevailed during the year under reference. Due to slow down in the demand for some products, pricing pressure on the sale of finished goods led to substantial fall in the profits of the Company which has gone down by over 40%. Higher raw material cost of Maize during the Kharif Season (due to lower crop in



Andhra & Karnataka) also took its toll on the profits. The interest cost also increased by more than 60% as there were repeated hikes in the interest rates by the banks during the year under reference.

The Company continues to enjoy good rating i.e. A1 (A One) for its short term bank facilities and A+ (A Plus) rating for long term facilities from Credit Analysis & Research Ltd. (CARE). The Company has good Working Capital Management Policy in place and exercises stringent controls over funds deployment, timely collection of customers' outstanding and effective control over materials' procurement. The efficient use of self generated cash flows (Internal Accruals) affords major strength to the Company to have an easy access to the working capital facilities at the competitive cost.

Corporate Social Responsibility

The company is quite conscious of its social responsibilities and firmly believes in its commitments towards social upliftment and community welfare for sustainability in business. The company has established various institutions, which have been, under its patronage, running successfully for the promotion of education, healthcare, sports and preservation of environment. The organizations include a Post Graduate College for Women, a Nursing College, B.Ed. College for Women, Six Higher Secondary Schools, Blood Donors Council/Bank, National Rural Development Society, Anathalaya Trust and various sports associations among others.

The company has commissioned State of the art facilities to convert its biodegradable waste into valuable energy resulting in substantial saving of petroleum products and reducing the company's carbon footprints significantly over the years.

The company has various ISO/WHO-GMP Certifications for all its manufacturing units. It accords top priority to workmen's health and safety. The company has been awarded a number of Safety Awards by the State Govt.(s) consecutively for many years.

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 contribute 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 leadership development providing good professional environment in order to equip them with necessary drive and skill in their respective functional areas.

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, 2012.

FOR THE SUKHJIT STARCH & CHEMICALS LTD.

Place : Phagwara
Dated : 29th May, 2012

(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, 2012 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, 2012, 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 : 29th May, 2012

(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, 2012, 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 2012 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 2012.
 - 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 that date.

FOR Y.K. SUD & COMPANY
CHARTERED ACCOUNTANTS

Place : Jalandhar.
Dated : 29th May, 2012

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



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 stock 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. We have broadly reviewed the records maintained by the company in pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Govt. under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
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, 2012 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.17.54 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 of 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 : 29th May, 2012

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



BALANCE SHEET AS ON 31ST MARCH, 2012

	NOTE	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	737.98	737.98
(b) Reserves & Surplus	2	<u>14,361.43</u>	<u>12,537.49</u>
		15,099.41	13,275.47
2. NON CURRENT LIABILITIES			
(a) Long Term Borrowings	3	5,555.18	3,029.06
(b) Deffered Tax Liability (Net)	4	<u>781.78</u>	<u>758.78</u>
		6,336.96	3,787.84
3. CURRENT LIABILITIES			
(a) Short Term Borrowings	5	5,420.79	6,014.17
(b) Trade Payables	6	1,588.99	1,599.81
(c) Other Current Liabilities	7	1,185.46	271.10
(d) Short Term Provisions	8	<u>240.55</u>	<u>417.67</u>
		8,435.79	8,302.75
	TOTAL	<u>29,872.16</u>	<u>25,366.06</u>
ASSETS			
1. NON CURRENT ASSETS			
(a) Fixed Assets	9		
(i) Tangible		11,243.98	10,594.94
(ii) Intangible		9.87	10.38
(iii) Capital work in progress	10	<u>5,120.16</u>	<u>926.20</u>
		<u>16,374.01</u>	<u>11,531.52</u>
(b) Non Current Investments	11	1,025.06	925.16
(c) Long Term Loans & Advances	12	243.70	253.70
(d) Other Non Current Assets	13	<u>234.35</u>	<u>194.90</u>
		17,877.12	12,905.28
2. CURRENT ASSETS			
(a) Current Investments	14	1,062.93	1,274.00
(b) Inventories	15	5,856.28	5,918.51
(c) Trade Receivables	16	3,446.35	3,354.05
(d) Cash & Cash Equivalents	17	156.53	517.83
(e) Short Term Loans & Advances	18	1,096.44	1,173.27
(f) Other Current Assets	19	<u>376.51</u>	<u>223.12</u>
		11,995.04	12,460.78
	TOTAL	<u>29,872.16</u>	<u>25,366.06</u>

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: 29th May, 2012

DIRECTORS

S.C. JINDAL
A.K. SARDANA
NARESH SARDANA
K.K. SARDANA
S.K. ANAND
V.P. KAPPAHI



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	NOTE	FOR THE YEAR ENDED 31.3.2012 (RS. LACS)	FOR THE YEAR ENDED 31.3.2011 (RS. LACS)
1. Revenue From Operations	20	35,345.19	33,866.92
2. Other Income	21	149.80	74.15
3. Total Revenue		<u>35,494.99</u>	<u>33,941.07</u>
4. Expenses			
Cost of Materials Consumed	22	23,881.31	21,129.23
Change in Inventories of Finished Goods & Work in Progress	23	(547.92)	(118.23)
Employee Benefits Expenses	24	1,858.20	1,541.13
Financial Costs	25	1,119.38	697.34
Depreciation and Amortisation Exp.	9	713.30	663.97
Other Expenses	26	5,704.50	5,083.04
Total Expenses		<u>32,728.77</u>	<u>28,996.48</u>
5. Profit Before Tax (3-4)		2,766.22	4,944.59
6. Tax Expense :			
- Current Tax	545.00		983.00
- Deferred Tax	23.00		82.00
- Taxes Relating to Previous Yrs.	(11.68)		1.92
		556.32	1,066.92
7. Profit for the year		2,209.90	3,877.67
8. Earning per equity share			
(a) Basic		29.95	52.54
(b) Diluted		29.95	52.54
(c) 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 : Jalandhar
Dated : 29th May, 2012

DIRECTORS

- S.C. JINDAL
- A.K. SARDANA
- NARESH SARDANA
- K.K. SARDANA
- S.K. ANAND
- V.P. KAPAH



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	For the Year Ended 31st March, 2012 (Rs. Lacs)	For the Year Ended 31st March, 2011 (Rs. Lacs)
FLOWS FROM OPERATING ACTIVITIES		
Net Profit before tax	2,766.22	4,944.59
ADJUSTMENTS FOR NON-CASH ITEMS		
Depreciation	713.30	663.97
Provision for Doubtful Debts	9.50	-
ADJUSTMENTS FOR NON-OPERATING ACTIVITIES		
Interest received	(65.94)	(28.88)
Interest paid	1,100.96	684.81
(Profit) Loss on sale of investments/assets	(59.76)	(33.27)
FLOWS FROM OPERATIONS BEFORE WORKING CAPITAL	<u>4,464.28</u>	<u>6,231.22</u>
CHANGES IN WORKING CAPITAL		
Trade and other receivables	(178.24)	(853.55)
Inventories	62.23	(189.63)
Trade Payables	(10.82)	495.98
Other Liabilities	60.86	(190.03)
FLOWS FROM OPERATING ACTIVITIES	<u>4,398.31</u>	<u>5,493.99</u>
Direct Taxes Paid	(753.44)	(970.25)
NET FLOWS FROM OPERATING ACTIVITIES	3,644.87	4,523.74
FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,586.76)	(3,119.47)
Sale of Fixed Assets	28.29	39.18
Other Investments	144.16	(897.43)
Interest received	65.94	28.88
NET FLOWS FROM INVESTING ACTIVITIES	(5,348.37)	(3,948.84)
FLOWS FROM FINANCING ACTIVITIES		
Loans raised for working capital	(593.38)	(570.03)
Term Loans raised	3,173.35	-
Repayment of Term Loan	(212.50)	(437.42)
Other Loans raised	415.27	2,218.56
Dividends paid	(339.58)	(772.45)
Interest paid	(1,100.96)	(684.81)
NET FLOWS FROM FINANCING ACTIVITIES	1,342.20	(246.15)
Net Cash Flows during the year	(361.30)	328.75
Cash & cash equivalents at the beginning of the year	517.83	189.08
Cash & cash equivalents at the end of the year	156.53	517.83

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 : 29th May, 2012

DIRECTORS

S.C. JINDAL
A.K. SARDANA
NARESH SARDANA
K.K. SARDANA
S.K. ANAND
V.P. KAPALI



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
1. SHARE CAPITAL		
AUTHORISED		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>1,000.00</u>	<u>1,000.00</u>
ISSUED, SUBSCRIBED & PAID UP		
73,79,820 Equity Shares of Rs. 10/- each fully paid up (*)	<u>737.98</u>	<u>737.98</u>
	<u>737.98</u>	<u>737.98</u>

(*) Include Nil (Prev. Year 36,89,910) Equity Shares of Rs. 10/- each allotted as Bonus Shares by Capitalisation of Reserves, in the last five years.

The Detail of shareholders holding more than 5% shares :

Name of the shareholders	As on 31st March, 2012		As on 31st March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sh. Inder Krishan Sardana	494,601	6.70	494,601	6.70
Sh. Kuldeep Krishan Sardana	538,066	7.29	534,194	7.24
Sh. Dhiraj Sardana	390,081	5.29	384,988	5.22
Sh. Bavdeep Sardana	409,394	5.55	409,394	5.55
Sh. Puneet Sardana	377,511	5.12	377,511	5.12
Sh. Pankaj Sardana	369,473	5.01	361,136	4.89

2. RESERVES & SURPLUS

CAPITAL RESERVE		
Capital Subsidy :	298.29	268.29
Add : Received during the year	<u>-</u>	<u>30.00</u>
	298.29	298.29
SECURITY PREMIUM		87.14
		87.14
GENERAL RESERVE		
As per Last Balance Sheet	11,461.18	8,461.18
Add : Transferred from Profit & Loss Account	<u>1,500.00</u>	<u>3,000.00</u>
	12,961.18	11,461.18
PROFIT & LOSS ACCOUNT		
As per last Balance Sheet	690.88	500.51
Add : Profit for the year	<u>2,209.90</u>	<u>3,877.67</u>
	2,900.78	4,378.18
Less : Appropriations		
(a) Interim Dividend	-	295.19
(b) Final Dividend (Proposed)	<u>332.09</u>	<u>295.19</u>
Total Dividend	332.09	590.38
(c) Corporate tax on dividend	53.87	96.92
(d) Transferred to General Reserve	<u>1,500.00</u>	<u>3,000.00</u>
Surplus Carried Forward	1014.82	690.88
	<u>14,361.43</u>	<u>12,537.49</u>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
3. LONG TERM BORROWINGS		
SECURED LOANS		
Term Loan from Bank(s)	2,110.85	-
Secured against hypothecation of Plant & Machinery, Building, other fixed assets and Equitable Mortgage of Building & Factory Land of Malda unit (The Term Loan is repayable in sixteen equal quarterly installments. First Installment from March, 2012)		
UNSECURED LOANS		
Fixed Deposits (includes Rs. 1,77,28,000/- from Directors, previous year Rs. 1,25,11,000/-) (For a Period from 1 to 3 years)	2,356.73	2,138.85
Security Deposits	135.06	94.37
Other Long Term Liabilities	952.54	795.84
	<u>5,555.18</u>	<u>3,029.06</u>
4. DEFERRED TAX LIABILITY (NET)		
As per last Balance Sheet	758.78	676.78
Add : Provision for the year on account of timing difference arising on depreciation as per Income Tax Act & Companies Act and on account of other provisions	23.00	82.00
	<u>781.78</u>	<u>758.78</u>
5. SHORT TERM BORROWINGS		
SECURED		
Cash Credit limits from Bank(s)		
(i) Secured against hypothecation of raw material, stores, semi-finished goods and finished goods	3,240.10	3,965.14
(ii) Secured against Book Debts	680.69	549.18
UNSECURED		
Short Term Borrowings from Bank(s)	1,500.00	1,499.85
	<u>5,420.79</u>	<u>6,014.17</u>
6. TRADE PAYABLES		
Sundry creditors for goods supplied		
(i) Micro, Small & Medium Enterprises (*)	31.11	22.96
(ii) Others	846.69	804.65
Sundry Creditors for Expenses	466.59	502.81
Other Creditors (**)	244.60	269.39
	<u>1,588.99</u>	<u>1,599.81</u>

(*) There was no amount outstanding for more than 45 days to any of the above Micro, Small & Medium Enterprise. Since, No amount was overdue to these enterprises, so no interest was payable/paid during the year (Prev. year NIL)

(**) Include Rs. 189.46 lacs (Prev. Year Rs. 262.04 lacs) as advance from Sundry Customers for supply of Goods.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
7. OTHER CURRENT LIABILITIES		
Term Loan Repayment to the Bank(s) within the year	850.00	-
Dividend Payable	62.25	58.75
Taxes payable	92.84	81.00
Interest Payable on Fixed Deposits	180.37	131.35
	<u>1,185.46</u>	<u>271.10</u>
8. SHORT TERM PROVISIONS		
Proposed Dividend	332.09	295.19
Corporate Tax on Dividend	53.87	47.89
Provision for Tax	1,913.00	2,264.90
Less : Income Tax in advance	<u>(2,058.41)</u>	<u>(2,190.31)</u>
	<u>240.55</u>	<u>417.67</u>
10. FIXED ASSETS		
Capital Work in Progress		
Building under construction	698.94	184.12
Machinery under Errection	4,160.70	742.08
Furniture / Fixtures under Construction	11.96	-
Preoperative Expenses	248.56	-
	<u>5,120.16</u>	<u>926.20</u>
11. NON CURRENT INVESTMENTS		
Membership (Investment) – The Country Club (At Cost)	0.65	0.65
UNQUOTED FULLY PAID (AT COST)		
SUBSIDIARIES		
(i) The Vijoy Steel & General Mills Co. Ltd. 221800 Shares (Prev. Year 223800 shares) of face value Rs. 10/- each	20.90	21.10
(ii) Sukhjit Finance Limited 4617100 Shares (Prev. Year 4612600 shares) of face value Rs. 10/- each Less Provision	263.21	263.11
(iii) Scott Industries Limited 4400000 Shares (Prev. Year 4400000 shares) of face value Rs. 10/- each	440.00	440.00
	<u>724.11</u>	<u>724.21</u>
INVESTMENT IN GOVT. SECURITIES - UNQUOTED (AT COST)		
National Saving Certificate	0.08	0.08
INVESTMENT IN UNITS OF MUTUAL FUNDS UNQUOTED (AT COST)		
UTI GILT Advantage Fund		
Long term plan - Dividend Reinvestment 800000 units (Prev. year 800000 units) of Face value Rs. 10 per unit	100.22	100.22



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
INVESTMENT IN DEBENTURES / UNITS OF MUTUAL FUNDS		
QUOTED (AT COST)		
(i) Tata Capital Ltd. 20 Non-Convertible Debentures (Prev. Year 20 deb.) of Face Value of Rs. 500000/- per debenture	100.00	100.00
(ii) Kotak Fixed Maturity Plan (18 M) 1000000 units (Pre. Year Nil) of Face Value Rs. 10/- per unit	100.00	-
	<u>200.00</u>	<u>100.00</u>
	<u>1,025.06</u>	<u>925.16</u>
Aggregate Amount of Unquoted Investments - Rs. 825.06 lacs (P.Y. Rs. 825.16)		
Aggregate Amount of Quoted Investments - Rs. 200 lacs (P.Y. 100)		
Market Value of Quoted Investments - Rs. 204.12 lacs (P.Y. Rs. 102.83 lacs)		
12. LONG TERM LOANS & ADVANCES		
Unsecured - Considered Good		
Fixed Deposit with Subsidiaries	107.00	107.00
Advances against Purchase of Property	136.70	146.70
	<u>243.70</u>	<u>253.70</u>
13. OTHER NON CURRENT INVESTMENTS		
Security/Other Deposits	234.35	194.90
	<u>234.35</u>	<u>194.90</u>
14. CURRENT INVESTMENTS		
INVESTMENT IN UNITS OF MUTUAL FUNDS / DEBENTURES		
UNQUOTED (AT COST)		
(i) NIFG Canara Robeco Infrastructure Growth Fund 93095.4228 units (Prev. Year 93095.4228 units) of Face value of Rs. 10 per unit	24.00	24.00
(ii) Reliance Quant Plus Fund 362011.917 units (Prev. Year 735603.477 units) of Face value of Rs. 10 per unit	50.00	100.00
(iii) Reliance Monthly Income Plan Nil units (Prev. Year 1630385 units) of Face value of Rs. 10 per unit	-	350.00
(iv) HDFC Monthly Income Plan Nil units (Prev. Year 1094993 units) of Face value of Rs. 10 per unit	-	250.00
(v) Reliance RSF Balanced Fund 216294.784 units (Prev. Year 216294.784 units) of Face value of Rs. 10 per unit	50.00	50.00
(vi) Reliance Small Cap Fund 749126.529 units (Prev. Year 749126.529 units) of Face value of Rs. 10 per unit	75.00	75.00



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
(vii) HDFC Prudence Fund 36107.630 units (Prev. Year 36107.630 units) of Face value Rs. 10 per unit	75.00	75.00
(viii) Future Corporate Resources Ltd. 5 Non Convertible Debentures (Prev. Year Nil) of Face Value Rs. 2000000/- per debenture	100.85	-
	<u>374.85</u>	<u>924.00</u>
INVESTMENT IN UNITS OF MUTUAL FUNDS / DEBENTURES QUOTED (AT COST)		
(i) UTI Yearly Fixed Maturity Plan Nil units (Prev. Year 1000000 units) of Face value Rs. 10 per unit	-	100.00
(ii) UTI Yearly Fixed Maturity Plan Nil units (Prev. Year 1000000 units) of Face value Rs. 10 per unit	-	100.00
(iii) Kotak Yearly Fixed Maturity Plan Nil units (Prev. Year 500000 units) of Face value Rs. 10 per unit	-	50.00
(iv) Kotak Yearly Fixed Maturity Plan (13M) 500000 units (Prev. Year Nil units) of Face value Rs. 10 per unit	50.00	-
(v) Reliance Fixed Horizon Fund Nil units (Prev. Year 1000000 units) of Face value Rs. 10 per unit	-	100.00
(vi) National Highway Authority of India 2472 Bonds (Prev. Year Nil units) of Face value Rs. 1000 per bond	24.72	-
(vii) UTI Yearly Fixed Maturity Plan 1099990 units (Prev. Year Nil units) of Face value Rs. 10 per unit	110.00	-
(viii) UTI Yearly Fixed Maturity Plan 999990 units (Prev. Year Nil units) of Face value Rs. 10 per unit	100.00	-
(ix) UTI Yearly Fixed Maturity Plan 1000000 units (Prev. Year Nil units) of Face value Rs. 10 per unit	100.00	-
(x) Tata Power Co. Ltd. 30 Non Convertible Debentures (Prev. Year Nil) of Face Value Rs. 1000000/- per debenture	303.36	-
	<u>688.08</u>	<u>350.00</u>
	<u>1,062.93</u>	<u>1,274.00</u>

Aggregate Amount of Unquoted Investments - Rs. 374.84 lacs (P.Y. Rs. 924 lacs)

Aggregate Amount of Quoted Investments - Rs. 688.08 lacs (P.Y. Rs. 350 lacs)

Market Value of Quoted Investments - Rs. 711.27 lacs (P.Y. Rs. 356.76 lacs)



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
15. INVENTORIES		
Stores, Spares, Fuel & Other Raw Materials (at cost or net realisable value whichever is lower)	1,362.77	1,069.74
Loose Tools (at cost or net realisable value whichever is lower)	13.83	13.31
Raw Materials Basic (at cost or net realisable value whichever is lower)	3,144.88	4,048.57
Stock in Process (at cost or net realisable value whichever is lower)	512.10	417.21
Finished Goods (at cost or net realisable value whichever is lower and Bye Products at net realisable value)	822.70	369.68
	<u>5,856.28</u>	<u>5,918.51</u>
16. TRADE RECEIVABLES		
Unsecured		
Over Six months		
Considered Good	46.06	39.30
Considered Doubtful	47.52	35.07
	<u>93.58</u>	<u>74.37</u>
Less : Provision	9.50	-
	<u>84.08</u>	<u>74.37</u>
Others Considered Good	3,362.27	3,279.68
	<u>3,446.35</u>	<u>3,354.05</u>
17. CASH AND CASH EQUIVALENTS		
Cash in Hand		
Balance with Scheduled Banks in		
Current Accounts (*)	83.47	449.04
Fixed Deposit Accounts (**)	54.69	57.95
	<u>138.16</u>	<u>506.99</u>
	<u>156.53</u>	<u>517.83</u>
<p>(*) Include Balances of Rs. 62.25 lacs (P.Y. Rs. 58.75 lacs) in the Unclaimed Dividend Accounts. (**) Include deposits of Rs. 5.30 lacs (P.Y. Rs. 21.27 lacs) with the maturity of more than one year.</p>		
18. SHORT TERM LOANS & ADVANCES		
Unsecured - Considered Good		
Advances against Capital Goods	192.06	469.39
Advances to Subsidiaries	817.95	628.02
Other Advances	86.43	75.86
	<u>1,096.44</u>	<u>1,173.27</u>
19. UNUTILISED CENVAT ON CAPITAL GOODS		
Recoverable in cash or kind or for value to be received Considered Good (*)	253.15	145.84
Prepaid Expenses	35.69	35.22
Interest & Other recoverables	87.67	42.06
	<u>376.51</u>	<u>223.12</u>
<p>(*) Include Rs. 157.20 lacs (P.Y. Rs. 48.89 lacs) as Unutilised Cenvat on Capital Goods & Rs. 54.62 lacs (P.Y. Rs. 57.39 lacs) as Advances to Sundry Suppliers for purchase of material(s).</p>		



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	FOR THE YEAR ENDED 31.3.2012 (RS. LACS)	FOR THE YEAR ENDED 31.3.2011 (RS. LACS)
20. REVENUE FROM OPERATIONS		
(i) Sales		
Starches	10,797.14	12,036.09
Dextrines & Textilose	1,935.54	1,780.87
Glucose	14,839.55	12,896.40
Sorbitol	2,678.45	2,551.77
By-products	6,211.28	5,527.19
Misc. Sales	516.39	579.36
	<u>36,978.35</u>	<u>35,371.68</u>
(ii) Less : Excise Duty	1,633.16	1,504.76
Net Sales (i-ii)	<u>35,345.19</u>	<u>33,866.92</u>
21. OTHER INCOME		
Interest Received	65.94	28.88
Profit on Sale of Assets/Units	59.76	33.27
Other Income (*)	24.10	12.00
	<u>149.80</u>	<u>74.15</u>
(*) Include Rent Received of Rs. 8.01 lacs (P.Y. Rs. 7.09 lacs) & Transport Subsidy of Rs. 9.79 lacs (P.Y. Nil)		
22. COST OF MATERIALS CONSUMED		
Opening Stock of Basic Raw Material	4,048.57	4,342.26
Purchase of Basic Raw Material	20,927.34	18,865.84
	<u>24,975.91</u>	<u>23,208.10</u>
Less Closing Stock of Basic Raw Material	3,144.88	4,048.57
Effective Consumption of Basic Raw Materials	<u>21,831.03</u>	<u>19,159.53</u>
Other Raw Materials, Consumables & Stores	2,050.28	1,969.70
	<u>23,881.31</u>	<u>21,129.23</u>
23. CHANGES IN INVENTORIES OF FINISHED GOODS & WORK IN PROGRESS		
Opening Stock of Finished Goods	369.68	355.18
Opening Stock of Work in Progress	417.21	313.48
	<u>786.89</u>	<u>668.66</u>
Closing Stock of Finished Goods	822.70	369.68
Closing Stock of Work in Progress	512.11	417.21
	<u>1,334.81</u>	<u>786.89</u>
	<u>(547.92)</u>	<u>(118.23)</u>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	FOR THE YEAR ENDED 31.3.2012 (RS. LACS)	FOR THE YEAR ENDED 31.3.2011 (RS. LACS)
24. EMPLOYEE BENEFITS EXPENSES		
Wages & Salaries	1,599.41	1,329.05
Cont. to PF, ESI, Superannuation & Other Funds	131.51	108.07
Workmen & Staff Welfare	127.28	104.01
	1,858.20	1,541.13

INFORMATION UNDER AS-15 "EMPLOYEE BENEFITS":

Defined Benefit Plan

Defined benefit plans include Gratuity which is determined on the basis of actuarial valuation at the end of the year and contributions are deposited with SBI Life Insurance Company Ltd. under separate trust, and charged to the Profit & Loss Account of the relevant year. The required disclosures are given hereunder :

(Rs. lacs)

	Gratuity Fund with S.B.I. Life Insurance 2011-12	2010-11 (*)
A Reconciliation of opening & closing balances of Defined Benefit Obligation		
(a) Present Value of Obligation as at the beginning of the year	322.86	
(b) Current Service Cost	31.41	
(c) Interest Cost	24.83	
(d) Actuarial (Gain)/Loss	24.05	
(e) Benefit Paid	(24.80)	
(f) Present Value of Obligation as at the close of the year	378.35	
B Reconciliation of opening & closing balances of Fair Value of Plan Assets		
(a) Fair Value of Plan Assets as at the beginning of the year	322.86	
(b) Expected Return on Plan Assets	25.83	
(c) Actuarial (Gain)/Loss	1.61	
(d) Actual Company Contribution	50.45	
(e) Benefit Paid	(24.80)	
(f) Fair Value of Plan Assets as at the close of the year	375.95	
C Reconciliation of Fair Value of Assets & Obligation		
(a) Present Value of Obligation	378.35	
(b) Fair Value of Plan Assets	375.95	
(c) Amount recognized in the Balance Sheet	2.40	
D Expenses recognized during the year		
(a) Current Service Cost	31.41	
(b) Interest Cost	24.83	
(c) Expected Return on Plan Assets	(25.83)	
(d) Actuarial (Gain)/Loss	22.44	
(e) Net Cost	52.85	
E Actuarial Assumptions		
(a) Discount Rate (per annum)	8.00%	
(b) Expected Rate of Return on Assets (per annum)	8.00%	
(c) Salary Escalation Rate	8.00%	

(*) The gratuity fund with SBI Life Insurance Company Ltd. commenced on 31st March, 2011.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		FOR THE YEAR ENDED 31.3.2012 (RS. LACS)	FOR THE YEAR ENDED 31.3.2011 (RS. LACS)
25. FINANCE COSTS			
Interest Expense		1,100.96	684.81
Other Borrowings Cost/Bank Charges		18.42	12.53
		<u>1,119.38</u>	<u>697.34</u>
26. OTHER EXPENSES			
MANUFACTURING EXPENSES			
Power and Fuel & Others	4,295.84		3,722.19
Machinery Repair	281.78		275.90
Building Repair	55.54		57.29
		<u>4,633.16</u>	<u>4,055.38</u>
ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES			
Printing & Stationery	13.29		12.54
Professional/Legal Expenses	21.53		13.80
Directors' Fee	1.86		1.15
Travelling Expenses	130.33		116.65
Auditors' Remuneration	4.62		3.34
Rent Paid	23.87		20.12
Electricity & Water Charges	25.04		14.34
Entertainment	4.59		6.06
Postage, Telegram & Telephones	23.42		23.62
Advertisement	9.82		13.71
Subscription	10.97		5.65
General Charges	8.92		7.24
Insurance Expenses	27.83		24.14
Other Repairs & Maintenance	21.74		26.78
Commission & Brokerage	353.61		340.14
Provision for Doubtful debts	9.50		-
Other Govt. Taxes, Levies & Fees	22.45		18.75
Rebate & Discount	107.53		102.18
Directors' Commission	67.71		122.81
Charity & Donation	6.05		4.53
Carriage & Forwarding Charges	176.66		150.11
		<u>1,071.34</u>	<u>1,027.66</u>
		<u>5,704.50</u>	<u>5,083.04</u>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

FIXED ASSETS AS ON 31ST MARCH, 2012

NOTE 19

ASSETS	TANGIBLE ASSETS							INTANGIBLE ASSETS		PREVIOUS YEAR
	LAND	BUILDING	FURNITURE & FIXTURE	PLANT & MACHINERY	ELECTRIC FITTING & OTHER EQUIPMENT	VEHICLES	TOTAL	COMPUTER SOFTWARE		
COST										
Cost as on 1.4.2011	1,914.17	3,198.18	163.02	8,961.97	604.60	216.20	15,058.14	11.23		13,130.91
Additions	510.43	263.10	13.69	508.91	32.20	59.87	1,388.20	4.61		1,953.64
Sale/Adjustments	29.28	--	--	--	--	4.14	33.42	1.23		15.19
Total as on 31.3.2012	2,395.32	3,461.28	176.71	9,470.88	636.80	271.93	16,412.92	14.61		15,069.36
DEPRECIATION										
Upto 31.3.2011	--	1,048.09	100.02	2,893.16	278.31	143.62	4,463.20	0.85		3,809.35
For the Year	--	157.56	12.43	460.61	48.16	30.14	708.90	4.40		663.97
On Sale/Adjustments	--	--	--	--	--	3.16	3.16	0.51		9.28
Upto 31.3.2012	--	1,205.65	112.45	3,353.77	326.47	170.60	5,168.94	4.74		4,464.04
NET VALUE										
As at 31.3.2012	2,395.32	2,255.63	64.26	6,117.11	310.33	101.33	11,243.98	9.87		10,605.32
As at 31.3.2011	1,914.17	2,150.08	63.00	6,068.82	326.29	72.58	10,594.94	10.38		



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

27. Figures for the previous year have been recasted/regrouped wherever necessary.

28. **Contingent Liabilities not provided for include :**

- (i) **Bank Guarantees** issued for Rs. 173.04 lacs (Prev. Year Rs. 126.30 lacs) in favour of West Bengal State Electricity Board & Himachal Pradesh State Electricity Board for power connection of Malda unit & Gurplah unit, Commissioner of Customs / Jt. Director of Foreign Trade for import of machinery under EPCG licence etc.
 - (ii) **Central Excise Duty** : Disputed liabilities not adjusted as expenses in the accounts include Rs. 18.80 crores (Prev. year Rs. 17.24 crores) on account of Central Excise Duty in dispute. The major item consists of Rs. 17.54 crores (Prev. year 17.06 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. Other items include Show Cause Notice concerning demand of Rs. 1.19 crores (Previous Year Nil) on exempted goods and the case is pending before The Commissioner, Central Excise. In other cases, the decisions are in favour of the Company and the department is in appeal before the Tribunal.
 - (iii) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances) : Rs. 937.62 lacs (Prev. year Rs. 962.91 lacs)
 - (iv) Export obligation pending to be fulfilled is US\$ 32.81 lacs (Prev. year US\$ 21.81 lacs) under the EPCG scheme of the Central Government against import of capital goods at concessional rates. The average export obligation to be maintained every year is US\$ 3.42 lacs (Prev. year US\$ 1.80 lacs). The company has achieved an export turnover of US\$ 14.36 lacs during the year under reference (Prev. Year US\$ 3.98 lacs).
29. National Saving Certificates of Rs. 0.08 lacs (Prev. year Rs. 0.08 lacs) are pledged to the Govt. authorities as security.
30. Short term loans & advances include Rs. 817.95 lacs (Prev. year Rs. 628.02 lacs) due from the subsidiary companies and Long term loans & advances include Rs. 107 lacs (Prev. year Rs. 107 lacs) as fixed deposit with subsidiary.

31. Earnings per share :	Current Year	Previous Year
(a) Net profit after tax available for Equity shareholders (Rs. in Lacs)	2,209.90	3,877.67
(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)	29.95	52.54
(d) Diluted earnings per share Rs. 10/- each (Rs.) (a/b)	29.95	52.54

32. **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



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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

(Amount Rs. Lacs)

Particulars	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Total
Rent Paid			4.63 (4.63)	4.63 (4.63)
Remuneration		194.60 (192.52)	54.91 (41.57)	249.51 (234.09)
On account of sales	19.26 (0.38)			19.26 (0.38)
On account of Purchases	114.13 (131.96)			114.13 (131.96)
Rent received	0.12 (0.84)			0.12 (0.84)

	<u>2011-12</u> (Rs. Lacs)	<u>2010-11</u> (Rs. Lacs)
33. (a) Managerial Remuneration paid/payable to the Executive Directors :		
(i) Salaries	119.62	92.00
(ii) Commission	40.62	73.69
(iii) Contribution to retirement benefit funds	9.62	7.50
(iv) Perquisites	24.74	19.33

(b) Computation of Net Profit u/s 349 of the Companies Act, 1956 for Payment of Commission to Directors :

	<u>2011-12</u> (Rs. Lacs)	<u>2010-11</u> (Rs. Lacs)
Net Profit as per Profit & Loss Account	2,766.22	4,944.59
Add : Commission to Directors	67.71	122.81
Directors Sitting Fee	1.85	1.15
	<u>2,835.78</u>	<u>5,068.55</u>
Less : Profit on sale of Assets/Shares	59.76	33.28
Balance :	<u>2,776.02</u>	<u>5,035.27</u>
Commission @ 1% on Net Profits to Directors	27.08	49.12
Commission @ 1.5% on Net Profits to Mg. Director, Jt. Mg. Director & Exe. Director	40.63	73.69
Net Profit (as per Section 349)	<u>2,708.31</u>	<u>4,912.46</u>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-12 (Rs. Lacs)	2010-11 (Rs. Lacs)
34. AUDITORS' REMUNERATION INCLUDES :		
Audit Fee	3.00	2.00
Tax Audit Fee	0.42	0.42
For Other Matters	-	-
Reimbursement of out of pocket expenses (*) Including service tax on Audit fee	1.20 *	0.92 *
35. EARNINGS IN FOREIGN EXCHANGE		
(i) Export of goods on F.O.B. basis	695.15	178.78
36. VALUE OF IMPORTS ON C.I.F. BASIS (excluding canalised items)		
(i) Raw Materials and Consumables	8.79 *	9.24
(ii) Capital Goods	629.43	36.19
37. EXPENDITURE IN FOREIGN CURRENCY		
Remittance in foreign currency		
(a) Foreign Travelling Expenses	18.01	3.91
38. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND PERCENTAGE OF EACH TO TOTAL CONSUMPTION		
(i) Raw Materials		
(a) Imported	-	-
(b) Indigenous	23,663.83	20,852.92
	(100%)	(100%)
(ii) Spare & Components		
(a) Imported	8.79	9.24
	(4.04%)	(3.34%)
(b) Indigenous	208.69	267.07
	(95.96%)	(96.66%)

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 : 29th May, 2012

DIRECTORS

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



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 Principles 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/materialized.

2. FIXED ASSETS

The fixed assets are accounted for at their original cost of acquisition and subsequent improvements thereto including 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. LEASES

The operating lease where the Company is Lessee and substantially all the risks and rewards of ownership are retained by the Lessor, the lease is classified as operating lease and rentals are charged to the Profit & Loss Account on an accrual basis.

4. 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.

5. IMPAIRMENT

Impairment loss, if any, is provided to the extent carrying cost of an asset exceeds its realizable value.

6. 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.

7. INVENTORIES

Raw materials, stores and spares, packing material, components, stock in process, finished goods and goods held for resale are valued at lower of cost and net realisable value. Bye Products are valued at net realisable value. The costs are, in general, determined on weighted average basis. Due allowance is made for obsolete items, if any.

8. EMPLOYEE BENEFITS

- (i) Short term employee benefits are charged to the profit and loss account of the year in which the employee renders service. These benefits include Annual leave encashment, Ex-gratia etc.
- (ii) Defined contribution plants comprises contribution to Employees Provident Fund, Employee Pension Scheme and Employee State Insurance with the Government. These contributions are recognized as expenses during the periods employees perform services. Contribution to Superannuation Plan for certain category of employees (to provide an agreed benefit) are deposited with the Life Insurance Corporation of India and charged to the Profit and Loss Account on the same basis.
- (iii) Defined benefit plans include Gratuity which is determined on the basis of actuarial valuation at the end of the year and contributions are deposited with SBI Life Insurance Company Ltd. under separate trust, and charged to the Profit and Loss Account of the relevant year.



9. REVENUE RECOGNITION

- (i) The revenue is recognized when it can be reliably measured and reasonably expected to realize. Sales are inclusive of Excise Duty wherever applicable.
- (ii) Dividend income is accounted for when the right to receive the payment is established.
- (iii) Interest income is recognized on time proportion basis taking into consideration the outstanding amount and the applicable rate of interest.

10. 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.

Any income or expenditure on account of exchange difference (on transaction) is recognized in the Profit and Loss Account except Long term liabilities relating to the acquisition of Fixed Assets where they are adjusted to the cost of asset and depreciated over the balance life of the asset.

11. RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue expenditure on research and development are charged off as and when incurred. However, the capital expenditure is considered as part of the Fixed Assets and depreciated on the same basis as other fixed assets.

12. 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.

13. GOVERNMENT GRANTS/SUBSIDIES

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 intended to compensate.

14. 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 and Loss Account of the period in which they are incurred.

15. PROVISIONS/CONTINGENCIES

Provision is recognized when there is a present obligation as a result of a past event and it is probable that the outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Contingent liabilities are not recognized and are disclosed by way of Notes on financial statements.



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, 2012, 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, 2012

Subsidiary Company	Total Assets (in lacs)	Total Revenues (in lacs)
The Vijoy Steel & General Mills Co. Ltd.	252.14	123.12
Sukhjit Finance Ltd.	165.70	0.10
Scott Industries Ltd.	1,004.58	413.72

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 2012.

- 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, 2012.
- 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 : 29th May, 2012

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



CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2012

	NOTE	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	737.98	737.98
(b) Reserves & Surplus	2	13,934.51	12,234.79
(c) Minority Interest		<u>9.74</u>	<u>12.10</u>
		14,682.23	12,984.87
2. NON CURRENT LIABILITIES			
(a) Long Term Borrowings	3	5561.02	3,039.45
(b) Deffered Tax Liability (Net)	4	724.67	726.91
(c) Long Term Provisions	5	<u>29.46</u>	<u>26.95</u>
		6,315.15	3,793.31
3. CURRENT LIABILITIES			
(a) Short Term Borrowings	6	5,420.79	6,084.78
(b) Trade Payables	7	1,744.24	1,771.98
(c) Other Current Liabilities	8	1,185.46	271.10
(d) Short Term Provisions	9	<u>240.55</u>	<u>416.51</u>
		8,591.04	8,544.37
	TOTAL	<u>29,588.42</u>	<u>25,322.55</u>
ASSETS			
1. NON CURRENT ASSETS			
(a) Fixed Assets	10		
(i) Tangible		11,708.99	11,060.79
(ii) Intangible		9.87	10.38
Less : Lease Equalisation		(14.30)	(14.30)
(iii) Capital work in progress	11	<u>5,156.66</u>	<u>973.11</u>
		16,861.22	12,029.98
(b) Non Current Investments	12	315.57	224.15
(c) Long Term Loans & Advances	13	147.75	165.21
(d) Other Non Current Assets	14	<u>242.93</u>	<u>203.42</u>
		17,567.47	12,622.76
2. CURRENT ASSETS			
(a) Current Investments	15	1,076.87	1,287.94
(b) Inventories	16	6,287.77	6,363.10
(c) Trade Receivables	17	3,804.10	3,727.88
(d) Cash & Cash Equivalents	18	171.23	529.39
(e) Short Term Loans & Advances	19	278.49	545.24
(f) Other Current Assets	20	<u>402.49</u>	<u>246.24</u>
		12,020.95	12,699.79
	TOTAL	<u>29,588.42</u>	<u>25,322.55</u>

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 : 29th May, 2012

DIRECTORS

- S.C. JINDAL
- A.K. SARDANA
- NARESH SARDANA
- K.K. SARDANA
- S.K. ANAND
- V.P. KAPAH



CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	NOTE	FOR THE YEAR ENDED 31.3.2012 (RS. LACS)	FOR THE YEAR ENDED 31.3.2011 (RS. LACS)
1. Revenue From Operations	21	35,858.23	34,466.60
2. Other Income	22	148.60	74.41
3. Total Revenue		<u>36,006.83</u>	<u>34,541.01</u>
4. Expenses			
Cost of Materials Consumed	23	24,196.54	21,493.50
Change in Inventories of Finished Goods & Work in Progress	24	(526.53)	(146.66)
Employee Benefits Expenses	25	1,977.98	1,667.66
Financial Costs	26	1,132.78	710.23
Depreciation and Amortisation Exp.	10	756.44	707.98
Other Expenses	27	5,855.33	5,259.06
Total Expenses		<u>33,392.54</u>	<u>29,691.77</u>
5. Profit Before Tax (3-4)		2614.29	4849.24
6. Provision for Taxation :			
- Current Tax	545.00		983.00
- Deferred Tax	(2.24)		84.38
- Taxes Relating to Previous Yrs.	<u>(11.68)</u>		1.92
7. Profit after Tax		531.08	1069.30
8. Add/(Less) Minority Interest		2,083.21	3,779.94
9. Profit for the year		2.12	2.62
10. Earning per equity share		2,085.33	3,782.56
(a) Basic		28.23	51.22
(b) Diluted		28.23	51.22
(c) Face Value Per Share (Rs.)		10.00	10.00

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- V.P. KAPPAHI



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	For the Year Ended 31st March, 2012 (Rs. Lacs)	For the Year Ended 31st March, 2011 (Rs. Lacs)
FLAWS FROM OPERATING ACTIVITIES		
Net Profit before tax	2,614.29	4,849.24
ADJUSTMENTS FOR NON-CASH ITEMS		
Depreciation	756.44	707.98
Provision for sub standard assets	15.95	23.93
Provision for Doubtful debts	13.51	4.43
Bad Debts Written off	2.54	1.39
Provision for gratuity	2.51	3.14
ADJUSTMENTS FOR NON-OPERATING ACTIVITIES		
Interest & Dividends received	(66.04)	(29.00)
Interest paid	1,113.23	696.73
Profit on sale of assets	(58.54)	(34.06)
Flows from operations before working capital changes	4,393.89	6,223.78
CHANGES IN WORKING CAPITAL		
Trade and other receivables	22.20	(723.89)
Inventories	75.33	(264.22)
Trade Payable	(27.74)	505.47
Other Liabilities	60.86	(226.84)
FLAWS FROM OPERATING ACTIVITIES	4524.54	5514.30
Direct Taxes Paid	(753.44)	(970.25)
NET FLOWS FROM OPERATING ACTIVITIES	3,771.10	4,544.05
FLAWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,629.87)	(3,156.65)
Sale of Fixed Assets	38.30	50.63
Investments made	144.08	(885.23)
Acquisition of Minority Interest	(2.58)	(2.65)
Interest & Dividend received	66.04	29.00
NET FLOWS FROM INVESTING ACTIVITIES	(5,384.03)	(3,964.90)
FLAWS FROM FINANCING ACTIVITIES		
Borrowings for (Repayments of) working capital Loan	(663.99)	(582.03)
Term Loans raised	3,168.80	0
Repayment of Term Loan	(212.50)	(427.02)
Other Loans raised	415.27	2,218.56
Dividends paid	(339.58)	(772.45)
Interest paid	(1,113.23)	(696.73)
NET FLOWS FROM FINANCING ACTIVITIES	1,254.77	(259.67)
Net Cash Flows during the year	(358.16)	319.48
Cash & cash equivalents at beginning of the year	529.39	209.91
Cash & cash equivalents at the end of the year	171.23	529.39

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.
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Memb. No. 16875
Place : Jalandhar
Dated : 29th May, 2012

DIRECTORS

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



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
1. EQUITY SHARE CAPITAL		
AUTHORISED		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>1,000.00</u>	<u>1,000.00</u>
ISSUED, SUBSCRIBED & PAID UP		
73,79,820 Equity Shares of Rs. 10/- each fully paid up (*)	<u>737.98</u>	<u>737.98</u>
	<u><u>737.98</u></u>	<u><u>737.98</u></u>

(*) Including Nil (Prev. Year 36,89,910) Equity Shares of Rs. 10/- each allotted as Bonus Shares by Capitalisation of Reserves, in the last five years.

The Detail of shareholders holding more than 5% shares :

Name of the shareholders	As on 31st March, 2012		As on 31st March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sh. Inder Krishan Sardana	494,601	6.70	494,601	6.70
Sh. Kuldeep Krishan Sardana	538,066	7.29	534,194	7.24
Sh. Dhiraj Sardana	390,081	5.29	384,988	5.22
Sh. Bavdeep Sardana	409,394	5.55	409,394	5.55
Sh. Puneet Sardana	377,511	5.12	377,511	5.12
Sh. Pankaj Sardana	369,473	5.01	361,136	4.89

2. RESERVES & SURPLUS

CAPITAL RESERVE

Capital Subsidy :	523.06	493.03
Add/(Less) : On Consolidation of Accounts	0.35	0.03
Add : Received during the year	<u>-</u>	<u>30.00</u>
	523.41	523.06
SHARE PREMIUM	87.14	87.14

GENERAL RESERVE

As per Last Balance Sheet	11,461.18	8,461.18
Add : Transferred from Profit & Loss Account	<u>1,500.00</u>	<u>3,000.00</u>
	12,961.18	11,461.18

PROFIT & LOSS ACCOUNT

As per last Balance Sheet	163.41	68.15
Add : Profit for the year	<u>2085.33</u>	<u>3,782.56</u>
	<u>2248.74</u>	<u>3,850.71</u>
Less : Appropriations		
(a) Interim Dividend	-	295.19
(b) Final Dividend (Proposed)	<u>332.09</u>	<u>295.19</u>
Total Dividend	<u>332.09</u>	<u>590.38</u>
(c) Corporate tax on dividend	53.87	96.92
(d) Transferred to General Reserve	<u>1,500.00</u>	<u>3,000.00</u>
Surplus Carried Forward	<u><u>362.78</u></u>	<u><u>163.41</u></u>
	<u><u>13,934.51</u></u>	<u><u>12,234.79</u></u>



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
3. LONG TERM BORROWINGS		
SECURED LOANS		
Term Loan From Bank(s) Secured against hypothecation of Plant & Machinery, Building, other fixed assets and Equitable Mortgage of Building & Factory Land of Malda unit (The Term Loan is repayable in sixteen equal quarterly installments. First Installement from March, 2012)	2,110.85	-
TERM LOAN FROM BANK Secured against Vehicles	5.84	10.40
UNSECURED LOANS		
Fixed Deposits (includes Rs. 1,77,28,000/- from Directors, previous year Rs. 1,25,11,000/-) (For a Period from 1 to 3 years)	2,356.73	2,138.85
Security Deposits	135.06	94.37
Other Long Term Liabilities	952.54	795.83
	<u>5,561.02</u>	<u>3,039.45</u>
4. DEFERRED TAX LIABILITY (NET)		
As per Last Balance Sheet	726.91	642.53
Add : Provision for the year due to timing difference arising on :		
(a) Depreciation as per Income Tax Act & Companies Act	28.62	79.07
(b) Brought forward losses	(30.09)	6.29
(c) Gratuity & other provisions	(0.77)	(0.98)
	<u>(2.24)</u>	<u>84.38</u>
	<u>724.67</u>	<u>726.91</u>
5. LONG TERM PROVISIONS		
Provision for Gratuity	29.46	26.95
	<u>29.46</u>	<u>26.95</u>
6. SHORT TERM BORROWINGS		
SECURED		
Cash Credit from Bank(s)		
(a) Secured against hypothecation of raw material, stores, semi-finished goods and finished goods	3,240.10	4,006.14
(b) Secured against Book Debts	680.69	578.79
UNSECURED		
Short Term Borrowings from Bank(s)	1,500.00	1,499.85
	<u>5,420.79</u>	<u>6084.78</u>
7. TRADEPAYABLES		
Sundry creditors for goods supplied		
(a) Micro, Small & Medium Enterprises (*)	31.11	22.96
(b) Others	938.38	927.31
Sundry Creditors for Expenses	482.77	500.27
Other Creditors (**)	291.98	321.44
	<u>1,744.24</u>	<u>1,771.98</u>

(*) There was no amount outstanding for more than 45 days to any of the above Micro, Small & Medium Enterprise. Since, No amount was overdue to these enterprises, so no interest was payable/paid during the year (Prev. Year NIL)

(**) Include Rs. 189.46 lacs (P.Y. Rs. 262.04 lacs) as advance from Sundry Customers for supply of Goods.



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
8. OTHER CURRENT LIABILITIES		
Term Loan Repayment to the Bank(s) within the year	850.00	-
Dividend Payable	62.25	58.75
Taxes payable	92.84	81.00
Interest Payable on Fixed Deposits	180.37	131.35
	<u>1,185.46</u>	<u>271.10</u>
9. SHORT TERM PROVISIONS		
Proposed Dividend	332.09	295.19
Corporate Tax on Dividend	53.87	47.89
Provision for Tax	1,913.00	2,264.90
Less : Income Tax in advance	<u>(2,058.41)</u>	<u>(2,191.47)</u>
	<u>240.55</u>	<u>416.51</u>
10. FIXED ASSETS		
Capital Work in Progress		
Building under construction	735.44	231.03
Machinery under Errection	4,160.70	742.08
Furniture / Fixutre under Construction	11.96	-
Preoperative Expenses	248.56	-
	<u>5,156.66</u>	<u>973.11</u>
11. INVESTMENT IN EQUITY SECURITIES		
Membership (Investment) – The Country Club (At Cost)	0.65	0.65
INVESTMENT IN GOVT. SECURITIES - UNQUOTED (AT COST)		
National Saving Certificate	0.08	0.08
INVESTMENT IN UNITS OF MUTUAL FUNDS UNQUOTED (AT COST)		
UTI GILT Advantage Fund	100.22	100.22
Long term plan - Dividend Reinvestment 800000 units (Prev. Year 800000 units) of Face value Rs. 10/- per unit		
UNQUOTED FULLY PAID - OTHERS (AT COST)		
(i) M/s Hindustan Engineering & Industries Ltd. 70152 shares of Rs. 10/- each fully paid up and 245848 shares of Rs. 10/- each of M/s Malanpur Steel Ltd. Issued in lieu of 316000 shares of M/s Hindustan Development Corp. Ltd.	85.80	85.80
(ii) M/s Santosh Securities Ltd. 5000 share of Rs. 10/- each fully paid up Less : Provision	1.75 <u>(72.93)</u>	1.75 <u>(64.35)</u>
	14.62	23.20



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
INVESTMENT IN DEBENTURES / UNITS OF MUTUAL FUNDS		
QUOTED (AT COST)		
(i) Tata Capital Ltd. 20 Non-Convertible Debentures (Prev. Year 20 deb.) of Face Value of Rs. 500000/- per debentures	100.00	100.00
(ii) Kotak Fixed Maturity Plan (18 M) 1000000 units (Pre. Year Nil) of Face Value Rs. 10/- per unit	100.00	-
	<u>200.00</u>	<u>100.00</u>
	<u>315.57</u>	<u>224.15</u>
Aggregate Amount of Quoted Investments - Rs. 200 lacs (P.Y. Rs. 100 lacs)		
Aggregate Amount of Unquoted Investments - Rs. 115.57 lacs (P.Y. Rs. 124.15 lacs)		
Market Value of Quoted Investments - Rs. 204.12 lacs (P.Y. Rs. 102.83 lacs)		
13. LONG TERM LOANS & ADVANCES		
Unsecured - Considered Good		
Advances against Purchase of Property	136.70	146.70
Other Loans & Advances	73.70	73.79
Less : Provision for Sub Standard Assets	(62.65)	(55.28)
	<u>147.75</u>	<u>165.21</u>
14. OTHER NON CURRENT INVESTMENTS		
Security/Other Deposits	242.93	203.42
	<u>242.93</u>	<u>203.42</u>
15. CURRENT INVESTMENTS		
INVESTMENT IN UNITS OF MUTUAL FUNDS / DEBENTURES		
UNQUOTED (AT COST)		
(i) NIFG Canara Robeco Infrastructure Growth Fund 93095.4228 units (Prev. Year 93095.4228 units) of Face value Rs. 10 per unit	24.00	24.00
(ii) Reliance Quant Plus Fund 362011.917 units (Prev. Year 735603.477 units) of Face value Rs. 10 per unit	50.00	100.00
(iii) Reliance Monthly Income Plan Nil units (Prev. Year 1630385 units) of Face value Rs. 10 per unit	-	350.00
(iv) HDFC Monthly Income Plan Nil units (Prev. Year 1094993 units) of Face value Rs. 10 per unit	-	250.00
(v) Reliance RSF Balanced Fund 216294.784 units (Prev. Year 216294.784 units) of Face value Rs. 10 per unit	50.00	50.00
(vi) Reliance Small Cap Fund 749126.529 units (Prev. Year 749126.529 units) of Face value Rs. 10 per unit	75.00	75.00



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
(vii) HDFC Prudence Fund	75.00	75.00
- 36107.630 units (Prev. Year 36107.630 units) of Face value Rs. 10 per unit		
(viii) Future Corporate Resources Ltd.	100.85	-
5 Non Convertible Debentures (Prev. Year Nil) of Face Value Rs. 2000000/- per debenture		
	<u>374.85</u>	<u>924.00</u>
INVESTMENT IN UNITS OF MUTUAL FUNDS / DEBENTURES QUOTED (AT COST)		
(i) UTI Yearly Fixed Maturity Plan	-	100.00
Nil units (Prev. Year 1000000 units) of Face value Rs. 10 per unit		
(ii) UTI Yearly Fixed Maturity Plan	-	100.00
Nil units (Prev. Year 1000000 units) of Face value Rs. 10 per unit		
(iii) Kotak Yearly Fixed Maturity Plan	-	50.00
Nil units (Prev. Year 500000 units) of Face value Rs. 10 per unit		
(iv) Kotak Yearly Fixed Maturity Plan (13M)	50.00	-
500000 units (Prev. Year Nil units) of Face value Rs. 10 per unit		
(v) Reliance Fixed Horizon Fund	-	100.00
Nil units (Prev. Year 1000000 units) of Face value Rs. 10 per unit		
(vi) National Highway Authority of India	24.72	-
2472 Bonds (Prev. Year Nil units) of Face value Rs. 1000 per bond		
(vii) UTI Yearly Fixed Maturity Plan	110.00	-
1099990 units (Prev. Year Nil units) of Face value Rs. 10 per unit		
(viii) UTI Yearly Fixed Maturity Plan	100.00	-
999990 units (Prev. Year Nil units) of Face value Rs. 10 per unit		
(ix) UTI Yearly Fixed Maturity Plan	100.00	-
1000000 units (Prev. Year Nil units) of Face value Rs. 10 per unit		
(x) Tata Power Co. Ltd.	303.36	-
30 Non Convertible Debentures (Prev. Year Nil) of Face Value Rs. 1000000/- per debenture		
	<u>688.08</u>	<u>350.00</u>



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
QUOTED FULLY PAID - OTHERS (AT COST)		
(i) M/s Sanghi Polyester Ltd. 4900 shares (Prev. Year 4900 shares) of Rs. 10/- each fully paid up	0.26	0.26
(ii) M/s Reliance Industries Ltd. 4900 shares (Prev. Year 4900 shares) of Rs. 10/- each fully paid up	0.12	0.12
(iii) M/s PTL Enterprises Ltd. 5000 shares (Prev. Year 5000 shares) of Rs. 10/- each fully paid up	1.26	1.26
(iv) M/s Tele Data Informatics Ltd. 29122 shares (Prev. Year 29122 shares) of Rs. 10/- each fully paid up 6761 shares (Prev. Year 6761 shares) of M/s Tele Data Marine Ltd. 6761 shares (Prev. Year 6761 shares) of M/s Tele Data Tehnology Solution Ltd.	11.39	11.39
(v) M/s T T Ltd. 3625 shares (Prev. Year 3625 shares) of Rs. 10/- each fully paid up	0.43	0.43
(vi) M/s Tata Tele Services Ltd. 2000 shares (Prev. Year 2000 shares) of Rs. 10/- each fully paid up	0.48	0.48
	<u>13.94</u>	<u>13.94</u>
	<u>1,076.87</u>	<u>1,287.94</u>

Aggregate Amount of Quoted Investements - Rs. 702.02 lacs (P.Y. 363.95 lacs)
 Aggregate Amount of Unquoted Investments - Rs. 374.85 lacs (P.Y. Rs. 924 lacs)
 Market Value of Quoted Investments - Rs. 716.67 lacs (P.Y. Rs. 363.33 lacs)

16. INVENTORIES

Stores, Spares, Fuel & Other		
Raw Materials (at cost or net realisable value whichever is lower)	1,366.54	1,075.12
Loose Tools (at cost or net realisable value whichever is lower)	13.83	13.31
Raw Materials Basic (at cost or net realisable value whichever is lower)	3,334.81	4,228.61
Stock in Process (at cost or net realisable value whichever is lower)	623.14	551.08
Finished Goods (at cost or net realisable value whichever is lower and Bye Products at net realisable value)	949.45	494.98
	<u>6,287.77</u>	<u>6,363.10</u>



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS ON 31.3.2012 (RS. LACS)	AS ON 31.3.2011 (RS. LACS)
17. TRADE RECEIVABLES		
Unsecured		
Over Six months		
Considered Good	252.38	245.62
Considered Doubtful	205.27	178.96
	<u>457.65</u>	<u>424.58</u>
Less : Provision	<u>57.71</u>	<u>41.66</u>
	399.94	382.92
Other Considered Goods	3,404.16	3,344.96
	<u>3,804.10</u>	<u>3,727.88</u>
18. CASH AND CASH EQUIVALENTS		
Cash in Hand		
Balance with Scheduled Banks in		
Current Accounts (*)	95.72	456.04
Fixed Deposit Accounts (**)	<u>54.69</u>	<u>57.96</u>
	150.41	514.00
	<u>171.23</u>	<u>529.39</u>
19. SHORT TERM LOANS & ADVANCES		
Unsecured - Considered Good		
Advance against Capital Goods	192.06	469.39
Other Advances	86.43	75.85
	<u>278.49</u>	<u>545.24</u>
20. OTHER CURRENT ASSETS		
Recoverable in cash or kind or for value to be received Considered Good (*)	279.13	168.96
Prepaid Expenses	35.69	35.22
Interest & Other recoverables	87.67	42.06
	<u>402.49</u>	<u>246.24</u>

(*) Include Balances of Rs. 62.25 lacs (P.Y. Rs. 58.75 lacs) in the Unclaimed Dividend Accounts.

(**) Include deposits of Rs. 5.30 lacs (P.Y. Rs. 21.27 lacs) with the maturity of more than one year.

(*) Include Rs. 157.20 lacs (P.Y. Rs. 48.89 lacs) as Deffered Cenvat on Capital Goods & Rs. 54.62 lacs (P.Y. Rs. 57.39 lacs) as Advances to Sundry Suppliers for purchase of material(s).



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	FOR THE YEAR ENDED 31.3.2012 (RS. LACS)	FOR THE YEAR ENDED 31.3.2011 (RS. LACS)
21. REVENUE FROM OPERATIONS		
Sales	37,546.82	35,974.72
Less : Excise Duty	1,688.59	1,508.12
Net Sales	<u>35,858.23</u>	<u>34,466.60</u>
22. OTHER INCOME		
Interest Received	65.94	28.88
Dividend Received	0.10	0.12
Profit on Sale of Assets/Units	58.54	34.06
Other Non-operative Income (*)	24.02	11.35
	<u>148.60</u>	<u>74.41</u>
(*) Include Rent Received of Rs. 8.01 lacs (P.Y. Rs. 7.09 lacs) & Transport Subsidy of Rs. 9.79 lacs (P.Y. Nil)		
23. COST OF MATERIALS CONSUMED		
Opening Stock of Basic Raw Material	4,228.61	4,474.75
Purchase of Basic Raw Material	21,234.96	19,210.50
	<u>25,463.57</u>	<u>23,685.25</u>
Less Closing Stock of Basic Raw Material	3,334.81	4,228.60
Effective Consumption of Basic Raw Materials	22,128.76	19,456.65
Other Raw Materials, Consumables & Stores	2,067.78	2,036.85
	<u>24,196.54</u>	<u>21,493.50</u>
24. CHANGES IN INVENTORIES OF FINISHED GOODS & WORK IN PROGRESS		
Opening Stock of Finished Goods	494.98	489.39
Opening Stock of Work in Progress	551.08	410.01
	1,046.06	899.40
Closing Stock of Finished Goods	949.45	494.98
Closing Stock of Work in Progress	623.14	551.08
	1,572.59	1,046.06
Change in Inventories	<u>(526.53)</u>	<u>(146.66)</u>
25. EMPLOYEE BENEFITS EXPENSES		
Wages & Salaries	1,706.72	1,443.88
Cont. to PF, ESI, Superannuation & Other Funds	137.74	116.42
Workmen & Staff Welfare	133.52	107.36
	<u>1,977.98</u>	<u>1,667.66</u>



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	FOR THE YEAR ENDED 31.3.2012 (RS. LACS)	FOR THE YEAR ENDED 31.3.2011 (RS. LACS)
26. FINANCE COSTS		
Interest	1,113.23	695.93
Other Borrowings Cost/Bank Charges	19.55	14.30
	<u>1,132.78</u>	<u>710.23</u>
27. OTHER EXPENSES		
MANUFACTURING EXPENSES		
Power and Fuel & Others	4,309.27	3,745.91
Machinery Repair	273.59	259.04
Building Repair	55.54	57.29
Other Charges	85.60	110.02
	<u>4,724.00</u>	<u>4,172.26</u>
ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES		
Printing & Stationery	13.96	13.13
Professional/Legal Expenses	23.54	15.81
Directors' Fee	1.86	1.15
Travelling Expenses	136.58	122.96
Auditors' Remuneration	5.39	4.07
Rent Paid	23.87	20.12
Electricity & Water Charges	25.04	14.34
Entertainment	5.06	6.32
Postage, Telegram & Telephones	26.82	26.59
Advertisement	9.89	13.91
Subscription	10.97	5.65
General Charges	9.96	8.06
Insurance Expenses	29.52	25.94
Other Repairs & Maintenance	26.35	29.72
Commission & Brokerage	364.19	345.43
Provision for Doubtful debts	13.51	4.43
Other Govt. Taxes, Levies & Fees	23.16	19.27
Rebate & Discount	110.12	102.18
Directors' Commission	67.71	122.81
Charity & Donation	6.05	4.67
Provision for Sub Std. Assets	15.95	23.93
Carriage & Forwarding Charges	181.83	156.31
	<u>1,131.33</u>	<u>1,086.80</u>
	<u>5,855.33</u>	<u>5,259.06</u>



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

FIXED ASSETS (CONSOLIDATED) AS ON 31ST MARCH, 2012

Amount (Rs. Lacs)

INTANGIBLE ASSETS

PARTICULARS	LAND	BUILDING	FURNITURE & FIXTURE	PLANT & MACHINERY	ELECTRIC FITTING & OTHER EQUIPMENT	VEHICLES	TOTAL 31.03.2012	COMPUTER SOFTWARE	PREVIOUS YEAR
OWNED ASSETS									
COST									
Cost as on 1.4.2011	1,943.64	3,398.79	175.50	9,328.26	644.56	248.62	15,739.37	11.23	13,785.86
Additions	562.69	263.10	13.69	509.56	32.80	59.87	1,441.71	4.61	1,990.83
Sale/Adjustments	29.28	-	-	29.84	-	4.14	63.26	1.23	26.12
Total as on 31.3.2012	2,477.05	3,661.89	189.19	9,807.98	677.36	304.35	17,117.82	14.61	15,750.57
DEPRECIATION									
Upto 31.3.2011	-	1,119.52	109.04	3,082.98	304.94	156.25	4,772.73	0.85	4,088.03
For the Year	-	164.15	13.28	479.05	50.47	33.98	740.93	4.40	695.08
On Sale/Adjustments	-	-	-	18.62	-	3.16	21.78	0.51	9.54
Upto 31.3.2012	-	1,283.67	122.32	3,543.41	355.41	187.07	5,491.88	4.74	4,773.57
NET VALUE									
As on 31.3.2012	2,477.05	2,378.22	66.87	6,264.57	321.95	117.28	11,625.94	9.87	10,977.00
As on 31.3.2011	1,943.64	2,279.27	66.47	6,245.28	339.62	92.37	10,966.65	10.38	9,697.84
ASSETS GIVEN ON LEASE :									
COST									
Cost as on 1.4.2011	-	-	-	308.77	10.77	-	319.54	-	319.54
Additions	-	-	-	-	-	-	-	-	-
Sale/Adjustments	-	-	-	-	-	-	-	-	-
Total as on 31.3.2012	-	-	-	308.77	10.77	-	319.54	-	319.54
DEPRECIATION									
Upto 31.3.2011	-	-	-	216.91	8.47	-	225.38	-	212.47
For the Year	-	-	-	10.79	0.32	-	11.11	-	12.90
On Sale/Adjustments	-	-	-	-	-	-	-	-	-
Upto 31.3.2012	-	-	-	227.70	8.79	-	236.49	-	225.37
NET VALUE									
As on 31.3.2012	-	-	-	81.07	1.98	-	83.05	-	94.17
As on 31.3.2011	-	-	-	91.86	2.30	-	94.16	-	107.07
GRAND TOTAL									
As at 31.3.2012	2,477.05	2,378.22	66.87	6,345.64	323.93	117.28	11,708.99	9.87	11,071.17



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

28. 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.
29. The previous year figures have been recast/regrouped wherever necessary.
30. The subsidiaries (which along with The Sukhjit Starch & Chemicals Limited, the parent, constitute the Group) considered in the preparations of these consolidated financial statements are :

Name	Percentage of Voting Power As at 31.3.2012
The Vijoy Steel & General Mills Co. Limited	96.17%
Sukhjit Finance Limited	93.27%
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.

31. 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.

32. Contingent Liabilities not provided for include :

- (a) **Bank Guarantees** issued for Rs. 173.04 lacs (Prev. Year Rs. 126.30 lacs) in favour of West Bengal State Electricity Board for Power connection for Malda unit and Himachal Pradesh State Electricity Board for power connection of Gurplah unit, Commissioner of Customs / Jt. Director of Foreign Trade for import of machinery under EPCG licence etc.
- (b) **Central Excise Duty** : Disputed liabilities not adjusted as expenses in the accounts include Rs. 18.80 crores (Prev. year Rs. 17.24 crores) on account of Central Excise Duty in dispute. The major item consists of Rs. 17.54 crores (Prev. year 17.06 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 subjdice. Other items include Show Cause Notice concerning demand of Rs. 1.19 crores (Previous Year Nil) on exempted goods and the case is pending before The Commissioner, Central Excise. In other cases, the decisions are in favour of the Company and the department is in appeal before the Tribunal.
- (c) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances) : Rs. 937.62 lacs (Prev. year Rs. 962.91 lacs)
- (d) Export obligation pending to be fulfilled is US\$ 32.81 lacs (Prev. year US\$ 21.81 lacs) under the EPCG scheme of the Central Government against import of capital goods at concessional rates. The average export obligation to be maintained every year is US\$ 3.42 lacs (Prev. year US\$ 1.80 lacs). The company has achieved an export turnover of US\$ 14.36 lacs during the year under reference (Prev. Year US\$ 3.98 lacs).

33. **Earnings per share :**

	Current Year	Previous Year
(a) Net profit after tax available for Equity shareholders (Rs. in Lacs)	2,083.21	3,779.94
(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)	28.23	51.26
(d) Diluted earnings per share Rs. 10/- each (Rs.) (a/b)	28.23	51.26



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

34. 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. Lacs)

Particulars	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Total
Rent Paid			4.63 (4.63)	4.63 (4.63)
Remuneration		194.60 (192.52)	54.91 (41.57)	249.51 (234.09)
Rent received	0.12 (0.84)			0.12 (0.84)
On account of sales	19.26 (0.38)			19.26 (0.38)
On account of Purchases	114.13 (131.96)			114.13 (131.96)

	<u>2011-12</u>	<u>2010-11</u>
	(Rs. Lacs)	(Rs. Lacs)
35. Managerial Remuneration paid/payable to the Executive Directors		
(i) Salaries	119.62	92.00
(ii) Commission	40.62	73.69
(iii) Contribution to retirement benefit funds	9.62	7.50
(iv) Perquisites	24.74	19.33

36. 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.



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

PRIMARY SEGMENT INFORMATION
For the year ended March 31, 2012 (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	35,494.87	33,940.23	413.72	477.75	0.10	1.13	99.36	122.10	-	-	36,008.05	34,541.21
- Internal Sales	0.12	0.84	-	-	-	-	23.76	26.30	(23.88)	(27.14)	-	-
Total Revenue	35,494.99	33,941.07	413.72	477.75	0.10	1.13	123.12	148.40	(23.88)	(27.14)	36,008.05	34,541.21
2. Segment Result												
- Profit before Tax	2,766.10	4,943.75	(117.39)	(53.49)	(27.84)	(36.52)	(6.60)	(4.50)	-	-	2,614.29	4,849.24
- Provision for Taxation	(556.32)	(1,066.92)	24.20	(3.70)	-	-	1.05	1.32	-	-	(531.08)	(1,069.30)
- Profit after Taxation	2,209.78	3,876.83	(93.20)	(57.19)	(27.84)	(36.52)	(5.55)	(3.18)	-	-	2,083.21	3,779.94
3. Segment Assets												
- Segment assets	29,872.16	25,366.06	853.89	1,005.02	165.70	185.30	245.73	276.55	(1,649.06)	(1,460.38)	29,588.42	25,322.55
- Segment Liabilities	13,990.97	11,331.81	854.89	788.58	26.38	18.14	234.23	208.43	(924.94)	(736.19)	14,181.53	11,610.77
- Capital Expenditure	5,586.77	2,672.99	33.73	24.28	18.54	-	1.25	12.90	-	-	2,540.30	2,710.17



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 Principles 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/materialized.

2. FIXED ASSETS

The fixed assets are accounted for at their original cost of acquisition and subsequent improvements thereto including 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. LEASES

The operating lease where the Company is Lessee and substantially all the risks and rewards of ownership are retained by the Lessor, the lease is classified as operating lease and rentals are charged to the Profit & Loss Account on an accrual basis.

4. 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.

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 the pro-rata basis, with reference to the month of addition / installation. A Lease equalization account has been created representing the difference between annual lease charged and Statutory depreciation as per guidelines issued by The Institute of Chartered Accountants of India, in this regard.

5. IMPAIRMENT

Impairment loss, if any, is provided to the extent carrying cost of an asset exceeds its realizable value.

6. 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.

7. INVENTORIES

Raw materials, stores and spares, packing material, components, stock in process, finished goods and goods held for resale are valued at lower of cost and net realisable value. Bye Products are valued at their net realisable value. The costs are, in general, determined on weighted average basis. Due allowance is made for obsolete items, if any.

8. EMPLOYEE BENEFITS

- (i) Short term employee benefits are charged to the profit and loss account of the year in which the employee renders service. These benefits include Annual leave encashment, Ex-gratia etc.
- (ii) Defined contribution plans comprises contribution to Employees Provident Fund, Employee Pension Scheme and Employee State Insurance with the Government. These contributions are recognized as expenses during the periods employees perform services. Contribution to Superannuation Plan for certain category of employees (to provide an agreed benefit) are deposited with the Life Insurance Corporation of India and charged to the Profit and Loss Account on the same basis.



- (iii) Defined benefit plans include Gratuity which is determined on the basis of actuarial valuation at the end of the year and contributions are deposited with SBI Life Insurance Company Ltd. under separate trust, and charged to the Profit and Loss Account of the relevant year.

9. REVENUE RECOGNITION

- (i) The revenue is recognized when it can be reliably measured and reasonably expected to realize. Sales are inclusive of Excise Duty wherever applicable.
- (ii) Dividend income is accounted for when the right to receive the payment is established.
- (iii) Interest income is recognized on time proportion basis taking into consideration the outstanding amount and the applicable rate of interest.

10. 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.

Any income or expenditure on account of exchange difference (on transaction) is recognized in the Profit and Loss Account except Long term liabilities relating to the acquisition of Fixed Assets where they are adjusted to the cost of asset and depreciated over the balance life of the asset.

11. RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue expenditure on research and development are charged off as and when incurred. However, the capital expenditure is considered as part of the Fixed Assets and depreciated on the same basis as other fixed assets.

12. 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.

13. GOVERNMENT GRANTS/SUBSIDIES

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 intended to compensate.

14. 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 and Loss Account of the period in which they are incurred.

15. PROVISIONS/CONTINGENCIES

Provision is recognized when there is a present obligation as a result of a past event and it is probable that the outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Contingent liabilities are not recognized and are disclosed by way of Notes on financial statements.



FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(AMT. RS. LACS)

Particulars	Sukhjit Finance Limited	Scott Industries Limited	Vijoy Steel & General Mills Co. Limited
Issued and Subscribed Share Capital	495.00	440.14	23.06
Reserves & Surplus / (Accumulated Losses)	(355.68)	(290.44)	(5.16)
Total Assets	165.70	1,004.59	252.14
Total Liabilities	165.70	1,004.59	252.14
Investments	28.56	-	-
Revenue from Operations	0.10	413.72	123.12
Profit / (Loss) before taxation	(27.84)	(117.45)	(6.66)
Provision for taxation (including Deffered Tax)	-	24.20	1.05
Profit / (Loss) after taxation	(27.84)	(93.25)	(5.61)
Proposed Dividend (if any)	Nil	Nil	Nil