

70th  
*Annual Report*  
2013-2014



**The Sukhjit Starch**  
& Chemicals Limited



# **THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA**

## **BOARD OF DIRECTORS**

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

## **BANKERS**

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

## **AUDITORS**

M/s Y.K. Sud & Company  
Chartered Accountants  
Ambika Towers, 4th Floor,  
Police Line Road, Jalandhar-144 001.

## **REGISTERED OFFICE**

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

## **REGISTRAR & SHARE TRANSFER AGENTS**

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



## **NOTICE**

NOTICE is hereby given that the 70th Annual General Meeting of the Members of The Sukhjit Starch & Chemicals Ltd. will be held on Tuesday, the 29th day of July, 2014 at 10.00 A.M. at the Registered Office of the Company at Phagwara to transact the following business :

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit & Loss Account for the year ended 31.03.2014.
2. To declare dividend on the Equity Shares for the year ended 31.03.2014.
3. To appoint Director in place of Shri V.K. Sardana (DIN : 00528271), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for a period of 3 years i.e. from the conclusion of the 70th Annual General Meeting till the conclusion of the 73rd Annual General Meeting, subject to ratification by the members every year in the Annual General Meeting as per the provisions of Companies Act, 2013 and to fix their remuneration.

### **SPECIAL BUSINESS**

5. To consider and if thought fit to pass with / without modification(s) the following resolution as an ordinary resolution :  
"RESOLVED THAT pursuant to the provisions of Section 73, 74, 75 and 76 of The Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 and other applicable provisions of the Companies Act, 2013 or any other law(s), for the time being in force, the consent of the members be and is hereby granted for acceptance of deposits (unsecured) by the Company from its members and the public.  
FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to decide/ approve the terms & conditions for acceptance / renewal / repayment of deposits and / or to do all other acts, things and deeds as may be required for the said purpose or is incidental thereto to comply with the provisions of the Companies Act, 2013 and rules made thereunder and / or any other law(s) for the time being in force."
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution :  
"RESOLVED THAT pursuant to the provisions of section 188 and other applicable provisions, if any, of the Companies Act, 2013, read with the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, the consent of the members be and is hereby granted to increase / revise the salary of Shri Bhavdeep Sardana. Sr. Vice President & CEO, for the time being of the Gurplah Unit of the Company as per particulars given in the Explanatory Statement annexed hereto.  
FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to effect such modification(s) in the remuneration of Shri Bhavdeep Sardana as per the provisions of the Act and as may be agreed to between the Board of Directors and Shri Bhavdeep Sardana, within the overall limits, if any, prescribed under the Act / Rules."
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution :  
"RESOLVED THAT pursuant to the provisions of section 188 and other applicable provisions, if any, of the



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

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

Place : Phagwara.

Dated : 31st May, 2014

By Order of the Board  
Sd/-  
**AMAN SETIA**  
Vice President (Finance)  
& Company Secretary

**NOTES :**

1. A Member, entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the commencement of the meeting.
2. Members intending to seek any clarification on the accounts in the meeting are requested to inform the company at least seven days in advance from the date of the Annual General Meeting. A copy of the Balance Sheet as at 31.03.2014 and Profit & Loss Account for the year ended on that date together with the Independent Auditors' Report and the Directors' Report thereon, are also enclosed. Members are, however, requested to bring their copies of the Annual Report to the meeting.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 19th July, 2014 to 29th July, 2014 (both days inclusive).
4. Members holding shares in physical form, are requested to notify any change in their bank accounts, addresses and E-mail IDs etc. immediately to the Registrar-cum-Share Transfer Agents of the Company and members holding shares in Demat form, should furnish the said particulars to their respective Depository Participants.
5. The payment of dividend, after its approval at the AGM, will be made on 04.08.2014 as under :
  - (a) To all Beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as on the close of business hours on 18th July, 2014.
  - (b) To all Members in respect of shares held in physical form after giving effect to the valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 18th July, 2014.
6. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail Ids by sending written requests to our RTA M/s Skyline Financial Services Pvt. Ltd. in



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

7. The notice of the AGM along with the Annual Report, 2013-14 is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
8. Members are hereby informed that, Dividends which remain unclaimed/unencashed over a period of 7 years, have to be transferred by the Company to the Investor Education & Protection Fund (IEPF) constituted by the Central Government under section 205C of the Companies Act, 1956 and under the amended provisions of the Companies Act, 1956 no claim shall lie for unclaimed dividends either from the company or the IEPF thereafter.
9. Members, who have not encashed their dividend warrants for the financial year 2006-2007 to 2012-2013 may approach the company for revalidation of the original dividend warrants or for obtaining duplicate dividend warrants. The unpaid/unclaimed amount will be deposited to the Investors Education and Protection Fund as per the given schedule :

<b>Dividend for Financial Year</b>	<b>Date of Declaration</b>	<b>Due date for Deposit</b>
2006-2007	12.09.2007	11.09.2014
2007-2008	27.08.2008	26.08.2015
2008-2009	25.08.2009	24.08.2016
2009-2010	09.08.2010	08.08.2017
2010-2011 (Interim Dividend)	11.01.2011	10.01.2018
2010-2011 (Final Dividend)	01.08.2011	31.07.2018
2011-2012	09.08.2012	08.08.2019
2012-2013	06.08.2013	05.08.2020

10. Members holding shares in single name and physical form are advised to make nomination in respect of their share-holding in the Company. Every person who becomes the nominee, under the provision of the Act, may upon the production of such evidence, as may be required by the Board, elect either to get himself registered as the holder of the securities or to make such transfers as the case may be, as the deceased holder could have made.
11. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demant Accounts. Members holding shares in physical form can submit their PAN to the Company / RTA.



12. Information under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai in respect of Directors seeking appointment/re-appointment at the Annual General Meeting is given hereunder :

Shri V.K. Sardana retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

### **ITEM NO. 5**

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

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

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

### **ITEM NO. 6**

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

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



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

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

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

#### **ITEM NO. 7**

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

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

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

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





## **DIRECTORS' REPORT**

Dear Share Holders :

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

### **1. FINANCIAL RESULTS**

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

### **2. PERFORMANCE**

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

### **3. FUTURE PROSPECTUS**

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

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



#### 4. CORPORATE GOVERNANCE

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

#### 5. DIVIDEND

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

#### 6. CREDIT RATING

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

#### 7. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2014, the applicable Accounting Standards have been followed alongwith proper explanations relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year so ended ;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- (iv) that the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2014 on a 'going concern' basis.

#### 8. DEPOSITS

All the deposits have been renewed/repaid during the financial year ended 31/03/2014, as per the provisions of Section 58-A of the Companies Act, 1956 and rules made thereunder. The company had no unclaimed/unpaid deposits on 31/03/2014.

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

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



(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 shut down its operations owing to huge losses over the years. Most of its assets have been disposed off during the year under reference, and efforts are on to realize the dues from its customers.

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, the Consolidated Financial Statements of the Company and its subsidiaries are attached, which have been prepared in accordance with the relevant Accounting Standard(s) 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, 2014 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.

#### 10. CONTINGENT LIABILITY

Disputed Liabilities, not provided as expense in the accounts, comprise of ₹ 22.15 Crores mainly ₹ 20.90 Crores on account of disputed Central Excise Duty on Maize Starch excluding penalty and interest 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 the matter is subjudice. The company has been manufacturing Maize Starch by following the standard Wet Milling Process for the last many decades and the product is sold and accepted by the market as Maize Starch, so the company does not foresee any liability to crystallize on this account. Other major item relates to show cause notice concerning demand of ₹ 1.19 crores on exempted goods and the case is pending before The Commissioner, Central Excise.

#### 11. PERSONNEL

In terms of the provisions of section 217 (2A) of The Companies Act, 1956 and rules made thereunder (amended to date), the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, in view of the provisions of section 219(b)(iv) of the said Act, the aforesaid schedule is not annexed to the Annual Report being sent to the Members of the Company.

Any member interested in obtaining the particulars may write to the company.



## 12. DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Shri V.K. Sardana retires by rotation and being eligible, the Board recommend his reappointment.

## 13. AUDITORS

M/s. Y.K. Sud & Company, Chartered Accountants, the retiring Auditors of the Company, have confirmed their eligibility to be re-appointed as Auditors of the Company at the ensuing Annual General Meeting. The Board of Directors have recommend the 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 73rd Annual General Meeting subject to ratification in the Annual General Meeting as per the provisions of Companies Act, 2013.

The Board of Directors recommend, subject to the approval of the Central Government, the re-appointment of M/s. Khushwinder Kumar & Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2014-15. The cost audit report for the financial year ended 31st March, 2014 is due to be filed with the Ministry of Corporate Affairs on or before the 30th September, 2014 and the cost audit report for the financial year ended 31/03/2013 was duly filed on 28/09/2013.

## 14. ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the co-operation received from the bankers, customers and other business associations. They 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 : 30th May, 2014



## 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, 2014.

I. (A) POWER & FUEL CONSUMPTION	CURRENT YEAR	PREVIOUS YEAR
<b>1. ELECTRICITY</b>		
(a) Purchase Units – 000 KWH	51,864	43,544
Total Amount ₹ 000	3,70,499	2,79,944
Rate/Unit ₹	7.14	6.43
(b) Own Generation		
(i) Through Diesel Generation		
– Units – 000 KWH	423	1,241
– Units per Ltr. of Diesel oil	3.25	3.25
– Cost/Unit ₹	16.17	14.63
<b>2. STEAM COAL (Used in Boilers)</b>		
Quantity (M. Tons)	1,860	4,990
Total Cost ₹ 000	11,919	33,015
Average Rate ₹/MT	6,407	6,616
<b>3. RICE HUSK (Used in Boilers)</b>		
Quantity (M. Tons)	72,224	59,868
Total Cost ₹ 000	2,89,802	2,08,790
Average Rate ₹/MT	4,013	3,487

### (B) CONSUMPTION PER M.TON OF PRODUCTION

	STANDARD, if any	CURRENT YEAR	PREVIOUS YEAR
Production	Nil	2,07,386	1,78,792
Electricity–KWH/Ton.	Nil	250 *	244 *
Coal – Kgs/Ton.	Nil	9 *	28 *
Others – Rice Husk – Kgs/Ton.	Nil	348 *	335 *

(\*) Variation due to change in product mix.

### II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

### III. RESEARCH & DEVELOPMENT

Research & Development programme already carried out by the company has started bearing fruits and Maize growing has started gaining ground in the State of Punjab. Procurement of Maize from the state is increasing year over year.

### IV. EXPENDITURE ON R & D

The Company has spent about ₹ 54.08 Lacs during the year under reference (₹ 51.50 Lacs during prev. year) in pursuit of improving the quality of products line, developing new products and improving their applications.



**V. FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. The Foreign Exchange Earnings of the Company have been ₹ 936.56 lacs (₹ 745.90 lacs during previous year) on a F.O.B. basis.
2. The Company has imported capital goods of ₹ 104.54 lacs (₹ 212.48 lacs during previous year), Spare parts, components and consumables of ₹ 17.00 lacs (₹ 62.11 lacs during previous year) on a C.I.F. basis and incurred foreign travelling expenditure of ₹ 9.54 lacs (₹ 0.68 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 (96.17%) in the subscribed & fully paid up capital of 2,30,640 equity shares of ₹ 10/- each	Holding 46,22,100 equity shares (93.38%) in the subscribed & fully paid up capital of 49,50,000 equity shares of ₹ 10/- each	Holding 44,00,000 equity shares (99.97%) in the subscribed & fully paid up capital of 44,01,400 equity shares of ₹ 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 (₹ lacs)			
(a) For the year ended 31.3.2014	1.83	(2.22)	(14.78)
(b) For the previous financial years of the subsidiary of the company	0.57	(336.90)	(368.75)
4. Net aggregate amount of subsidiary company's profit less losses or vice versa dealt with or provided for in the company's accounts (₹ lacs)			
(a) For the company's financial year ended 31.3.2014	—	—	—
(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 the Stock Exchange :

#### **1. BRIEF NOTE ON COMPANY'S PHILOSOPHY :**

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

The Board has constituted various committees of Directors from time to time and the meetings of the Board and Committees thereof have been held as frequently as required for proper 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 Financial year 2013-2014, Eight Board meetings were held on : 31.05.2013, 01.06.2013, 05.08.2013, 06.08.2013, 22.10.2013, 23.10.2013, 27.01.2014 & 28.01.2014.

The composition of the Board of Directors and their attendance at the meetings during the year is given below :

<b>Name of the Director</b>	<b>Category of Directorship</b>	<b>Number of Board Meetings Attended</b>	<b>No. of the Directorships held in other Indian public limited Companies</b>	<b>No. of the Committees Positions held in other Indian Public limited Companies</b>
Shri S.C. Jindal	Independent Chairman	6	–	–
Shri I.K. Sardana	Managing Director	8	2	3 (member)
Shri K.K. Sardana	Jt. Managing Director	6	2	–
Shri S.M. Jindal	Executive Director	8	3	–
Shri V.K. Sardana	Non Executive Director	8	1	–
Shri A.K. Sardana	Non Executive Director	6	–	–
Shri Naresh Sardana	Non Executive Director	6	–	–
Shri S.K. Anand	Independent Director	8	–	–
Shri V.P. Kapahi	Independent Director	8	–	–

#### **3. COMMITTEES OF THE BOARD**

The Board of Directors have constituted the following Committees with an 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 177 of the Companies Act, 2013 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 V.P. Kapahi	Independent Chairman
Shri S.K. Anand	Independent Director
Shri S.C. Jindal	Independent Director
Shri S.M. Jindal	Executive Director

(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	18
Shri S.M. Jindal	Member	24	23

(iii) Corporate Social Responsibility (CSR) Committee :

The committee has been constituted with Shri K.K. Sardana as chairman, Shri A.K. Sardana and Shri V.P. Kapahi as members in consonance with section 135 of The Companies Act, 2013, Schedule VII thereto and the rules made thereunder. Its activities will, inter-alia, include framing/monitoring of the CSR Policy of the Company & undertaking the necessary steps for its implementation and recommending the amount of expenditure to be incurred on CSR activities.

(iv) Stake Holders Relationship Committee :

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, Shri. S.K. Anand and Shri. S.M. Jindal, as the Members which take care of stake-holders/investors relationship, redress the Investors Grievances or their complaints (if any) expeditiously.

(v) Nomination & 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 the applicable provisions of the Companies Act. However, the Board has constituted a Nomination & Remuneration Committee comprising of Shri S.K. Anand as the Chairman, Shri S.C. Jindal, Shri V.P. Kapahi and Shri I.K. Sardana as the members. The role of the committee inter alia covers the areas mentioned under section 178 of The Companies Act, 2013.

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

Name	Salary	Commission	(Amount in ₹ Lacs)		Total
			Perquisite Value	Retirement Benefits	
Sh. I.K. Sardana	53.52	10.71	15.75	4.33	84.31
Sh. K.K. Sardana	52.20	10.71	9.75	4.22	76.88
Sh. S.M. Jindal	52.20	10.71	3.68	4.22	70.81

Remuneration Paid to the Non Executive Directors :

The company has been paying commission @ 1% of the net profits of the company, computed under section 197/198 of the Companies Act, 2013 (Section 349 of the Companies Act, 1956) for the last many years as per the necessary approvals/sanctions of the shareholders obtained by way of a special resolution in the Annual General Meeting from time to time. Non Executive Directors are also paid Sitting Fee @ ₹ 9,000/- 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.





## ANNEXURE 'C'

### 4. GENERAL BODY MEETINGS

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

Date	Location	Time
27/07/2011	Regd. Office, Phagwara	10.00 A.M.
09/08/2012	Regd. Office, Phagwara	10.00 A.M.
06/08/2013	Regd. Office, Phagwara	10.00 A.M.

### 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 as per Point No. 9 of the Schedule T-I (Notes on Accounts) forming part of this Annual Report.

### 6. Means of Communication :

Quarterly / six monthly results of the company alongwith the notice of the Board Meetings for approval of the Unaudited financial results were published during the financial year under review as per requirements of the Listing Agreement. Quarterly compliance reports, Demat Status Reports, Shareholding Pattern & other required information were duly communicated / submitted to the Stock Exchange within the prescribed time.

### 7. LOCATION OF PLANTS

- (i) The Sukhjit Starch & Chemicals Ltd.  
Sarai Road, Phagwara (PB.)  
Phone No. (01824) 468800, 260216, 260314  
Fax No. : (01824) 261669, 262077  
E-mail : 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  
WBII DC 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 : 29th July, 2014 at 10.00 A.M. at the  
Date, Time & Place Registered Office of the Company at Phagwara.
- (b) Financial Year : 2013–2014
- (c) Date of Book Closure : 19th July, 2014 to 29th July, 2014.
- (d) Dividend Payment : Within Statutory period
- (e) Listing on Stock Exchange : Bombay Stock Exchange
- (f) Stock Code : 524542
- (g) CIN : L15321 PB1944 PLC 001925
- (h) 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  
Phone No. (011) 26812682  
E-mail ID : admin@skylinerta.com
- (i) Dematerialization of Shares : The Company's Equity shares are held in  
dematerialised form on NSDL & CDSL.  
68,87,274 shares i.e. 87.91% of equity capital have  
been dematerialized as on 31.03.14 out of which  
promoter's shares are 44,43,115 (100% of the  
Promoters share holding is held in Demat form)  
and public shares are 20,44,159 (69.61% of the total  
Public Share Holding is held in Demat form).
- (j) Unclaimed Shares Demat Suspense Account : In terms of Clause 5A of the Listing Aggrement, the  
Company reports as under :

	<b>No. of Shares Holders</b>	<b>No. of Equity Shares</b>
Aggregate number of shareholders and the outstanding shares in the suspense account lying on the date of opening of the suspense account	509	64,840
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	2	180
Number of shareholders to whom shares were transferred from the suspense account during the year	2	180



**ANNEXURE 'C'**

Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2014

	507	64,660
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The voting rights on the shares outstanding in the suspense account as on 31st March, 2014 shall remain frozen till the rightful owners of such shares claim the shares.

(k) 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

(l) Distribution of Shareholding as on 31.3.2014

Category	No. of Shares	Percentage
1. Promoters (including 2,90,706 shares of NRI's)	44,43,115	60.21%
2. Banks, Financial Institutions, Govt. institutions etc.	28,314	0.38%
3. Corporate Bodies	2,34,340	3.18%
4. NRIs/FFIs/OCBs	9,002	0.12%
5. General Public	26,65,049	36.17%
Total No. of shares	<u>73,79,820</u>	<u>100.00%</u>

(m) Market Price Data : High / low quotations on the Bombay Stock Exchange during each month for the Financial year 2013-2014 & performance in comparison to BSE Index :

Month	MARKET PRICE (₹)		BSE INDEX	
	High	Low	High	Low
April, 2013	220.00	180.00	19622.68	18144.22
May, 2013	217.00	180.00	20443.62	19451.26
June, 2013	205.60	171.35	19860.19	18467.16
July, 2013	202.00	181.20	20351.06	19126.82
Aug., 2013	193.90	167.95	19569.20	17448.71
Sept., 2013	177.00	155.25	20739.69	18166.17
Oct., 2013	170.00	146.50	21205.44	19264.72
Nov., 2013	175.90	146.20	21321.53	20137.67
Dec., 2013	175.00	150.00	21483.74	20568.70
Jan., 2014	207.75	167.00	21409.66	20343.78
Feb., 2014	212.00	170.00	21140.51	19963.12
March, 2014	260.00	185.00	22467.21	20920.98



## ANNEXURE 'C'

### MANAGEMENT DISCUSSION AND ANALYSIS

#### **BUSINESS SEGMENT :**

Sukhjit Starch and Chemicals Limited (SSCL) is engaged in developing, manufacturing and distribution of maize starch, dextrine, liquid glucose, maltro-dextrin, mono-hydrate dextrose, anhydrous dextrose, sorbitol-70% solution and related by-products. SSCL has one research and development laboratory at Phagwara & has got first entry mover advantages. Your company is one of the largest starch manufacturers in India.

Management believes that Quality is the life line of every business and the Company is committed to satisfy customers by manufacturing & supplying quality products to their entire satisfaction. The management works with a vision to maximize shareholder's value by optimal use of available resources through prudent operational measures. It believes in following transparent and ethical business practices.

SSCL has full-fledged manufacturing facilities at four different locations and these are located in the major maize producing regions of the country. This gives SSCL logistic advantages in respect of raw material procurement and supply of finished products at lower freight cost to the regional customers. Multi-locational presence also helps SSCL to improve market visibility of its products. In the last few years, your company has aggressively expanded its geographical markets in India and its client base includes many multinational companies and leading corporates in the user industry.

Your Company's products that are supplied to Paper, Pharma and FMCG industries are value added products which offer higher realization and better contribution. Four industrial sectors (Pharma, Food and Beverages, Textile and Paper) which are demand drivers for the industry are doing well & expected to continue the uptrend in 2015.

#### **RAW MATERIAL SCENARIO :**

Maize has found significant usage in starch industry which is growing at 15% annually. The Global production of maize stood at 950mn tonnes+ in which India accounts for a production of 23mn tonnes+ (USA produces 33% of the total global production). Prices are highly Volatile and long experience of Management helps to keep average buying prices at lower end. Price at Nizamabad saw a volatility of about 40% between High and low price. We expect that the maize prices in US could fall to a 5 years low due to higher production and stiff export competition. There are no imports of maize happening in India for last couple of years. We expect demand for maize to be around 40-44 mn tonnes by 2022 due to an increasing industrial usage.

#### **PERFORMANCE AND FUTURE OUTLOOK :**

Last year, increase in raw material cost (owing to abrupt increase in MSP of maize by the Government) resulted in higher raw material cost, thereby adversely affecting our operating profits. Power crisis in the Southern Grid for a major part of the year affected our operations at Nizamabad Unit badly. The sales of the company have, however increased by over 20% during the year under reference owing to optimal operationalization of the expansions at Malda Unit.

With better raw material situation and reasonable prices of the maize crop, we are cautiously optimistic about the current year. Growth of the starch industry is linked to the level of consumption in the country as well as demand from end user industries. We are focusing on diversification across customers and end-markets. The industry has the potential to grow at 15-20% per year. In the last two years, we have spent over ₹ 100 crores in capex resulting in the enhanced capacity of our Malda unit to three times of its original size with an additional facility for the key product dextrose monohydrate having capacity of 50 tonnes per day. Expansion of Himachal Pradesh unit will also start



delivering in this fiscal.

#### **OPPORTUNITIES :**

Ongoing reforms in different value chains, would empower the farmers and create a viable environment for investors. Government needs to create crop neutral incentive structure and help in scaling up production of the good Quality Maize. A further boost to starch industry could also come from using maize starch in the production of polyactic acid polymers, which could be processed to produce sustainable fibers and plastics, an alternative to complete ban of plastic bags.

India is on the threshold of a maize revolution. The introduction of new hybrid seeds that can survive low winter conditions, off-season diseases and pests with high productivity has made maize a profitable alternative even for small farmers in UP, Bihar, Andhra Pradesh and Karnataka. Increase in rabi production, along with increased acreage and supply, has turned India into a net exporter. The rise in rural incomes has provided a further fillip to the demand for cereals and protein foods and shifted poultry farms from backyards to an organized business.

In the last decade, maize production in India has nearly doubled from around 12+ million tonnes to around 23+ million tonnes last year. This increase in production has resulted in expanding the export market for the crop. Industry also witnessed active participation of private players which helped in driving Private Public Partnerships successfully. Your company will focus on research activities to develop new products in the coming years and creating facilities to recycle waste.

#### **CONCERN :**

The main concerns of the starch industry are maize prices and power. There is a lack of technology upgradation, structural problems, abrasion by the Government and improper irrigation facilities in maize production. Major changes in country's trade policy every year make the investors uncertain. Also, a suitable price mechanism needed to be created to ensure that domestic prices do not go overboard. The challenge for the starch industry to match up to international standards also exists.

Your Company recognizes the importance of a well structured system to identify and manage the different elements of risk. The inherent risks across operational, strategic and tactical issues are mapped in terms of likelihood of occurrence and materiality.

#### **RESEARCH & DEVELOPMENT (R&D) :**

Your company will continue to focus on new products and application development, keeping abreast with latest developments worldwide, process reengineering to optimize product cost and providing customized solutions to the user industry. To cater to various applications, your company has configured its R&D with application labs with a team of well qualified and industry specific specialists that gives total solutions to the customers in various industries.

#### **HUMAN RESOURCE DEVELOPMENT :**

Maintaining a healthy and productive workforce is a smart strategy of business and promoting health is a proven key in health care practices. Your company strives to ensure that it gives high priority to work life balance and hence undertakes various initiatives through employee engagement programs.

The company carries out various trainings, programs and conferences to create awareness amongst the employees and the workers so as to prevent them from any fatal or mishap. We also maintain high priority towards keeping the highest standards of safety norms while maintaining operational integrity. In pursuance to that, your company



ensures that an employee and worker feels secured while undertaking his routine tasks with complete determination and confidence and thus safeguarding their health and life.

Your company always encourages discussion and debate on the new ideas. The work environment of the company enables its employees to work together in a trusting and respectful manner.

#### **INTERNAL CONTROL SYSTEM :**

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

#### **CORPORATE SOCIAL RESPONSIBILITY :**

Before Corporate Social Responsibility (CSR) found a place in corporate lexicon, the company is already investing part of its profits for the larger good of the society. Over the years, we have been striving to achieve a fine balance of economic, environmental and social imperatives, while also paying attention to the needs and expectations of our internal as well as external stakeholders.

The CSR efforts are primarily focused on promotion of education from primary to post graduate levels, providing infrastructure support in & around our operational areas, water management, women empowerment, initiatives for physically and mentally challenged people, promotion of sports etc. The company has continuously contributed to rural/public/educational development programmes and actively helped in establishing various Schools, Colleges, Blood Bank etc. The company is also committed to the environment and has commissioned state of the art facilities to convert its de-bio-degradable waste into valuable energy which over the years has resulted in substantial saving of petroleum products thereby reducing the company's carbon foot print significantly.

Our major CSR activities include :

#### **EDUCATION :**

The Company has promoted the establishment of various educational Institutions which, under its patronage have been running successfully.

- A Post Graduate College for women imparting quality education to over 2000 girl students with latest and "state of the art" Infrastructural facilities at the lowest possible cost with all concessions to the needy and poor students. It has been accredited 'A' by NAAC, selected 'Star College in Life Sciences' by DBT, New Delhi, Government of India and awarded the status of "College with Potential for Excellence" by U.G.C., New Delhi.
- Seven other educational institutions including one B.Ed. college for women and six higher secondary schools imparting quality education to over 5000 students with due concessions to all the students from economically backward and rural areas.



- Promoted an old age education centre called 'Foot Path' to impart necessary education to the old persons with workable computer knowledge.

#### **HEALTH & SAFETY :**

The company has joined hands with many organizations to promote health & safety of needy people and some of the contributions includes :

- A Blood donor council which, besides, organizing blood donation awareness camps, donates free blood to number of Thalassaemia patients on a regular basis and at concessional cost to the others.
- Bi-monthly free dental care camps with supplies of free dentures to old people.
- Free eye care and operation camps for the needy and poor patients of the area on a regular basis.
- Cancer awareness camps have been organized periodically, to create necessary awareness, early detection and control.

#### **OTHER ACTIVITIES :**

Contribution to National Rural Development society engaged in enhancing sewerage facilities in surrounding rural/backward areas. The Environment Association has, inter-alia, planted and maintaining number of trees in the surrounding areas.

The Company continues to extend support to the sportspersons by way of extensive assistance towards their training and participation in tournaments. Various Sports organizations have been established to promote sports/other activities enabling to channelize youth energy for productive uses.

Your Company also extends full support towards preservation of Heritage Monuments and promotion of cultural heritage. The Managing Director of the company is Convener of Kapurthala Chapter of Indian National Trust for Art & Culture Heritage (Punjab).

#### **CAUTIONARY STATEMENT :**

Good expectations stated in this Management Discussion & Analysis may be "Forward Looking Statements" within the meaning of the applicable securities - laws and regulations, 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. Significant disruption in any of in-house facilities or third party locations due to internal/third party lapses even on the short term basis due to economic, political & Social unrest or by any event which is Force Majeure, may lead to impair the ability of the company to produce and meet the supply schedule which could expose it to claims from customers.



**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, 2014.

**FOR THE SUKHJIT STARCH & CHEMICALS LTD.**

Place : Phagwara  
Dated : 30th May, 2014

**(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, 2014 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, 2014, 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 : 30th May, 2014

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





## **INDEPENDENT AUDITORS' REPORT**

To  
The Members of  
The Sukhjit Starch & Chemicals Limited  
Phagwara

We have audited the attached financial statements of The Sukhjit Starch & Chemicals Ltd. as at 31st March, 2014, the Profit and Loss Account and also the Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS :**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting standards notified under the Companies Act, 1956 (the Act) read with General Circular 15/2013 dated 13 the Sept., 2013 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material statements, whether due to fraud or error.

### **AUDITORS' RESPONSIBILITY :**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standard on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedure selected depends upon the Auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

### **OPINION :**

In our opinion and to the best of our information and according to explanations given to us, the aforesaid 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 case of balance sheet, of the state of the affairs of the company as at 31st March 2014.
- (ii) In 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 cash flow statement, of the cash flow for the year ended on that date.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS :**

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 enclose 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 refers to in paragraphs 1 & 2 above, we state that :
  - (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) As per information and explanations given to us, none of the Directors of the company are disqualified from being appointed as a Director under clause (g) of the Sub-section (1) of Section 274 of the Companies Act, 1956;

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

Place : Jalandhar.  
Dated : 30th May, 2014

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



## **INDEPENDENT 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 nor 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.



## INDEPENDENT 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, 2014 for a period of more than six months from the date they became payable.
- (c) The company has a disputed Central Excise liability of ₹ 22.15 crores (not provided in the accounts), which mainly include ₹ 20.90 crores against sale of Maize Starch since 01.04.1997. The company has explained that the Excise department is alleging the clearance of Maize Starch as that of Modified Starch, so it is totally baseless and it does not foresee any liability to crystallize on this account.

The other major item concerns a demand of ₹ 1.19 crores on exempted goods and the case is pending before The Commissioner, Central Excise.

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 a 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 : 30th May, 2014

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



**BALANCE SHEET AS ON 31ST MARCH, 2014**

	NOTE	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
<b>EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	737.98	737.98
(b) Reserves & Surplus	2	<u>17,389.45</u>	<u>16,087.63</u>
		<b>18,127.42</b>	<b>16,825.61</b>
<b>2. NON CURRENT LIABILITIES</b>			
(a) Long Term Borrowings	3	7,231.07	7,451.34
(b) Deferred Tax Liability (Net)	4	<u>1,521.78</u>	<u>1,111.78</u>
		<b>8,752.85</b>	<b>8,563.12</b>
<b>3. CURRENT LIABILITIES</b>			
(a) Short Term Borrowings	5	8,921.20	7,183.13
(b) Trade Payables	6	2,433.98	2,364.63
(c) Other Current Liabilities	7	1,907.19	1,725.19
(d) Short Term Provisions	8	<u>302.19</u>	<u>431.70</u>
		<b>13,564.56</b>	<b>11,704.65</b>
	<b>TOTAL</b>	<b><u>40,444.83</u></b>	<b><u>37,093.38</u></b>
<b>ASSETS</b>			
<b>1. NON CURRENT ASSETS</b>			
(a) Fixed Assets :	9		
(i) Tangible		19,828.36	17,996.48
(ii) Intangible		7.43	10.93
(iii) Capital work in progress	10	<u>1,041.27</u>	<u>1,456.59</u>
		<u>20,877.06</u>	<u>19,464.00</u>
(b) Non Current Investments	11	974.94	1,125.16
(c) Long Term Loans & Advances	12	151.70	136.70
(d) Other Non Current Assets	13	<u>272.59</u>	<u>268.15</u>
		<b>22,276.29</b>	<b>20,994.01</b>
<b>2. CURRENT ASSETS</b>			
(a) Current Investments	14	1,077.08	952.08
(b) Inventories	15	9,245.43	8,340.90
(c) Trade Receivables	16	5,205.43	4,789.32
(d) Cash & Cash Equivalents	17	884.01	330.73
(e) Short Term Loans & Advances	18	1,610.15	1,578.48
(f) Other Current Assets	19	<u>146.44</u>	<u>107.86</u>
		<b>18,168.54</b>	<b>16,099.37</b>
	<b>TOTAL</b>	<b><u>40,444.83</u></b>	<b><u>37,093.38</u></b>

**M.G. SHARMA**  
Sr. Vice President & CFO

**AMAN SETIA**  
Vice President (Finance)  
& Company 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 : 30th May, 2014

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

DIRECTORS



**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

PARTICULARS	NOTE	FOR THE YEAR ENDED 31.3.2014 (₹ LACS)	FOR THE YEAR ENDED 31.3.2013 (₹ LACS)
1. Revenue From Operations	20	50,741.20	41,871.59
2. Other Income	21	149.85	138.81
3. <b>Total Revenue</b>		<b><u>50,891.05</u></b>	<b><u>42,010.40</u></b>
4. Expenses :			
Cost of Materials Consumed	22	34,545.81	27,875.46
Change in Inventories of Finished Goods & Work in Progress	23	(344.27)	(306.10)
Employee Benefits Expense	24	2,545.90	2,111.82
Financial Costs	25	1,664.65	1,412.02
Depreciation and Amortisation Exp.	9	1,227.03	885.38
Other Expenses	26	8,986.13	7,196.34
<b>Total Expenses</b>		<b><u>48,625.25</u></b>	<b><u>39,174.92</u></b>
5. <b>Profit Before Tax (3-4)</b>		<b>2,265.80</b>	2,835.48
6. Tax Expense :			
- Current Tax	220.00		340.00
- Deferred Tax	410.00		330.00
- Taxes Relating to Previous Yrs.	<u>31.78</u>		<u>7.58</u>
		<b>661.78</b>	<b>677.58</b>
7. <b>Profit for the year</b>		<b>1,604.02</b>	2,157.90
8. <b>Earning per equity share :</b>			
(a) Basic		21.74	29.24
(b) Diluted		21.74	29.24
(c) Face Value Per Share (₹)		10.00	10.00

**M.G. SHARMA**  
Sr. Vice President & CFO

**AMAN SETIA**  
Vice President (Finance)  
& Company 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 : 30th May, 2014

DIRECTORS

S.C. JINDAL  
V.K. SARDANA  
A.K. SARDANA  
NARESH SARDANA  
K.K. SARDANA  
S.M. JINDAL  
S.K. ANAND  
V.P. KAPAHI



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
<b>FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	2265.81	2,835.48
<b>ADJUSTMENTS FOR NON-CASH ITEMS</b>		
Depreciation	1227.02	885.38
Provision for Doubtful Debts	7.54	4.34
<b>ADJUSTMENTS FOR NON-OPERATING ACTIVITIES</b>		
Interest received	(83.53)	(73.32)
Interest paid	1605.59	1,386.85
Profit on sale of investments/assets	(41.76)	(31.73)
<b>FLOWS FROM OPERATIONS BEFORE WORKING CAPITAL</b>	<b>4,980.67</b>	<b>5,007.00</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Trade and other receivables	13.66	(1,091.38)
Inventories	(904.53)	(2,484.62)
Trade Payables	69.35	775.64
Other Liabilities	23.92	37.17
<b>FLOWS FROM OPERATING ACTIVITIES</b>	<b>4,183.07</b>	<b>2,243.81</b>
Direct Taxes Paid	(763.80)	(705.29)
<b>NET FLOWS FROM OPERATING ACTIVITIES</b>	<b>3,419.27</b>	<b>1,538.52</b>
<b>FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,759.22)	(3,981.01)
Sale of Fixed Assets	160.91	37.37
Other Investments	10.22	117.75
Interest received	83.53	73.32
<b>NET FLOWS FROM INVESTING ACTIVITIES</b>	<b>(2,504.56)</b>	<b>(3,752.57)</b>
<b>FLOWS FROM FINANCING ACTIVITIES</b>		
Loans raised for working capital	1,738.07	1,762.34
Term Loans raised	1,000.00	1,726.65
Repayment of Term Loan	(1,350.10)	(850.00)
Other Loans raised	279.83	1,519.52
Dividends paid	(423.63)	(383.42)
Interest paid	(1,605.59)	(1,386.85)
<b>NET FLOWS FROM FINANCING ACTIVITIES</b>	<b>(361.42)</b>	<b>2,388.24</b>
Net Cash Flows during the year	<b>553.29</b>	<b>174.19</b>
Cash & cash equivalents at the beginning of the year	<b>330.72</b>	<b>156.53</b>
Cash & cash equivalents at the end of the year	<b>884.01</b>	<b>330.72</b>

**M.G. SHARMA**  
Sr. Vice President & CFO

**AMAN SETIA**  
Vice President (Finance)  
& Company 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 : 30th May, 2014

DIRECTORS

S.C. JINDAL  
V.K. SARDANA  
A.K. SARDANA  
NARESH SARDANA  
K.K. SARDANA  
S.M. JINDAL  
S.K. ANAND  
V.P. KAPAHI



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
<b>1. EQUITY SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,00,00,000 Equity Shares of ₹ 10/- each	<u>1,000.00</u>	<u>1,000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
73,79,820 Equity Shares of ₹ 10/- each fully paid up	<u>737.98</u>	<u>737.98</u>
	<u>737.98</u>	<u>737.98</u>

The Details of shareholders holding more than 5% shares :

Name of the shareholder	As on 31st March, 2014		As on 31st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sh. Inder Krishan Sardana	5,20,146	7.05	5,14,395	6.97
Sh. Kuldeep Krishan Sardana	5,44,559	7.38	5,40,977	7.33
Sh. Dhiraj Sardana	4,06,843	5.51	3,99,080	5.40
Sh. Bhavdeep Sardana	4,12,234	5.59	4,10,859	5.57
Sh. Puneet Sardana	3,99,198	5.41	3,86,747	5.24
Sh. Pankaj Sardana	3,92,958	5.32	3,82,167	5.17

**2. RESERVES & SURPLUS**

**CAPITAL RESERVE**

Capital Subsidy : 298.29 298.29

**SECURITIES PREMIUM RESERVE**

87.14 87.14

**GENERAL RESERVE**

As per Last Balance Sheet 14,461.18 12,961.18

Add : Transferred from Profit & Loss Account 1,500.00 1,500.00

**15,961.18** 14,461.18

**PROFIT & LOSS ACCOUNT**

As per last Balance Sheet 1,241.01 1,014.82

Add : Profit for the year 1,604.02 2,157.90

2,845.03 3,172.72

Less : Appropriations :

(a) Final Dividend (Proposed) 258.29 368.99

(b) Corporate tax on dividend 43.90 62.71

(c) Transferred to General Reserve 1,500.00 1,500.00

Surplus Carried Forward 1,042.84 1,241.02

17,389.45 16,087.63





**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
<b>3. LONG TERM BORROWINGS</b>		
<b>SECURED :</b>		
Term Loan(s) from Bank(s)	637.40	1,487.50
(i) Secured against hypothecation of Plant & Machinery, Building, other fixed assets and Equitable Mortgage of Building & lease hold rights of Factory Land of Malda unit (The Term Loan is repayable in sixteen equal quarterly installments. First Installment from March, 2012)		
(ii) Secured against hypothecation of Plant & Machinery & other movable fixed assets of Gurplah unit. (The Term Loan is repayable in twelve equal quarterly installments. First Installment from May, 2013)	500.00	1,000.00
(iii) Secured against extended charge on Plant and Machinery & other movable fixed assets of Gurplah unit. (The Term Loan is repayable in twenty equal quarterly installments. First Installment from July, 2014)	850.00	0.00
<b>UNSECURED :</b>		
Fixed Deposits (include ₹ 4,90,59,000/- from Directors, previous year ₹ 2,84,35,000/-) (Maturity period ranging from 1 to 3 years)	4,131.98	3,827.95
Security Deposits	116.50	133.36
Other Long Term Liabilities	995.19	1,002.53
	<u>7,231.07</u>	<u>7,451.34</u>
<b>4. DEFERRED TAX LIABILITY (NET)</b>		
As per last Balance Sheet	1111.78	781.78
Add : Provision for the year on account of timing difference arising on depreciation as per the Income Tax Act & the Companies Act and on account of other provisions	410.00	330.00
	<u>1521.78</u>	<u>1,111.78</u>
<b>5. SHORT TERM BORROWINGS</b>		
<b>SECURED :</b>		
Cash Credit limits from Bank(s)		
(i) Secured against hypothecation of raw material, stores, semi-finished goods and finished goods	5,434.66	4,515.03
(ii) Secured against Book Debts	1,986.54	168.10
<b>UNSECURED :</b>		
Short Term Borrowings from Bank(s)	1,500.00	2,500.00
	<u>8,921.20</u>	<u>7,183.13</u>
<b>6. TRADE PAYABLES</b>		
Sundry creditors for goods supplied		
(i) Micro, Small & Medium Enterprises (*)	33.10	17.92
(ii) Others	1,410.13	1,323.08
Sundry Creditors for Expenses	688.34	612.48
Other Creditors (**)	302.41	411.15
	<u>2,433.98</u>	<u>2,364.63</u>

(\*) There was nil amount outstanding for more than 45 days and no overdue amount to the Micro, Small & Medium Enterprise, so no interest was payable/paid during the year (Prev. year NIL)

(\*\*) Include ₹ 229.71 lacs (Prev. Year ₹ 244.02 lacs) as advances from Sundry Customers for supply of Goods.



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
<b>7. OTHER CURRENT LIABILITIES</b>		
Term Loan Repayment to the Bank(s) within the year	1,500.00	1,350.00
Unclaimed Dividends	72.88	64.80
Taxes payable	116.12	108.45
Interest accrued but not due on Fixed Deposits	218.19	201.94
	<u>1,907.19</u>	<u>1,725.19</u>
<b>8. SHORT TERM PROVISIONS</b>		
Proposed Dividend	258.29	368.99
Corporate Tax on Dividend	43.90	62.71
	<u>302.19</u>	<u>431.70</u>
<b>10. FIXED ASSETS</b>		
<b>Capital Work in Progress :</b>		
Building under construction	116.00	591.94
Machinery under Errection	907.81	864.65
Furniture / Fixture under Construction	2.41	-
Electric Installation under Errection	15.05	-
	<u>1,041.27</u>	<u>1,456.59</u>
<b>11. NON CURRENT INVESTMENTS</b>		
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 221800 shares) of face value ₹ 10/- each	20.90	20.90
(ii) Sukhjit Finance Limited 4622100 Shares (Prev. Year 4622100 shares) of face value ₹ 10/- each	263.31	263.31
(iii) Scott Industries Limited 4400000 Shares (Prev. Year 4400000 shares) of face value ₹ 10/- each	440.00	440.00
	<u>724.21</u>	<u>724.21</u>
INVESTMENT IN GOVT. SECURITIES/UNITS OF MUTUAL FUNDS - UNQUOTED (AT COST) :		
National Saving Certificate	0.08	0.08
UTI GILT Advantage Fund		
Long term plan - Dividend Reinvestment Nil units (Prev. year 800000 units) of Face value ₹ 10/- per unit	-	100.22



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
INVESTMENT IN DEBENTURES / UNITS OF MUTUAL FUNDS		
QUOTED (AT COST) :		
(i) Tata Capital Ltd. 20 Non-Convertible Secured Debentures (Prev. Year 20 deb.) of Face Value of ₹ 500000/- per debenture	100.00	100.00
(ii) HDFC Yearly Fixed Maturity Plan (370 days) 1500000 units (Pre. Year Nil) of Face Value ₹ 10/- per unit	150.00	-
(iii) HDFC Yearly Fixed Maturity Plan (13 M) 1000000 units (Pre. Year 1000000 units) of Face Value ₹ 10/- per unit	-	100.00
(iv) UTI Yearly Fixed Maturity Plan (13 M) 1000000 units (Pre. Year 1000000 units) of Face Value ₹ 10/- per unit (Maturing in April, 2014 Hence, classified under Current Investments)	-	100.00
	<u>250.00</u>	<u>300.00</u>
	<u>974.94</u>	<u>1,125.16</u>
Aggregate Amount of Unquoted Investments - ₹ 724.94 lacs (P.Y. ₹ 825.16 lacs)		
Aggregate Amount of Quoted Investments - ₹ 250 lacs (P.Y. ₹ 300 lacs)		
Market Value of Quoted Investments - ₹ 261.37 lacs (P.Y. ₹ 309.60 lacs)		
<b>12. LONG TERM LOANS &amp; ADVANCES</b>		
Unsecured - Considered Good		
Advances against Purchase of Property	<u>151.70</u>	<u>136.70</u>
	<u>151.70</u>	<u>136.70</u>
<b>13. OTHER NON CURRENT ASSETS</b>		
Unsecured - Considered Good		
Security/Other Deposits	<u>272.59</u>	<u>268.15</u>
	<u>272.59</u>	<u>268.15</u>
<b>14. CURRENT INVESTMENTS</b>		
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 ₹ 10/- per unit	24.00	24.00
(ii) Reliance Quant Plus Fund Nil units (Prev. Year 362011.917 units) of Face value of ₹ 10/- per unit	-	50.00
(iii) Reliance Dynamic Bond Fund 305939.510 units (Prev. Year 637930.045 units) of Face value of ₹ 10/- per unit	50.00	100.00
(iv) UTI Bond Fund 820533.425 units (Prev. Year 285715.102 units) of Face value of ₹ 10/- per unit	300.00	100.00



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
(v) Reliance RSF Balanced Fund Nil units (Prev. Year 216294.784 units) of Face value of ₹ 10/- per unit	-	50.00
(vi) Reliance Small Cap Fund Nil units (Prev. Year 749126.529 units) of Face value of ₹ 10/- per unit	-	75.00
(vii) HDFC Prudence Fund 36107.630 units (Prev. Year 36107.630 units) of Face value of ₹ 10/- per unit	75.00	75.00
(viii) UTI Floating Rate Fund 4831.258 units (Prev. Year Nil units) of Face value of ₹ 10/- per unit	100.00	-
	<u>549.00</u>	<u>474.00</u>
<b>INVESTMENT IN UNITS OF MUTUAL FUNDS / DEBENTURES QUOTED (AT COST) :</b>		
(i) Kotak Yearly Fixed Maturity Plan Nil units (Prev. Year 1500000 units) of Face value ₹ 10/- per unit	-	150.00
(ii) National Highway Authority of India 2472 Bonds (Prev. Year 2472 Bonds) of Face value ₹ 1000/- per bond	24.72	24.72
(iii) HDFC Yearly Fixed Maturity Plan 1000000 units (Prev. Year 1000000 units) of Face value ₹ 10/- per unit (Prev. Year classified under Non current investments)	100.00	-
(iv) UTI Yearly Fixed Maturity Plan 1000000 units (Prev. Year 1000000 units) of Face value ₹ 10/- per unit (Prev. Year classified under Non current investments)	100.00	-
(v) Tata Power Co. Ltd. 30 Non Convertible Secured Debentures (Prev. Year 30 Deb) of Face Value ₹ 1000000/- per debenture	303.36	303.36
	<u>528.08</u>	<u>478.08</u>
	<u><u>1,077.08</u></u>	<u><u>952.08</u></u>

Aggregate Amount of Unquoted Investments - ₹ 549 lacs (P.Y. ₹ 474 lacs)

Aggregate Amount of Quoted Investments - ₹ 528.08 lacs (P.Y. ₹ 478.08 lacs)

Market Value of Quoted Investments - ₹ 564.27 lacs (P.Y. ₹ 519.60 lacs)



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
<b>15. INVENTORIES</b>		
Raw Materials Basic (at cost or net realisable value whichever is lower)	5,274.63	4,735.89
Stock in Process (at cost or net realisable value whichever is lower)	823.36	742.62
Finished Goods (at cost or net realisable value whichever is lower and By Products at net realisable value)	1,161.82	898.29
Stores, Spares, Fuel & Other Raw Materials (at cost or net realisable value whichever is lower)	1,971.36	1,951.51
Loose Tools (at cost or net realisable value whichever is lower)	14.26	12.59
	<u>9,245.43</u>	<u>8,340.89</u>
<b>16. TRADE RECEIVABLES</b>		
Unsecured		
Over Six months		
Considered Good	126.52	217.94
Considered Doubtful	37.68	21.70
	<u>164.20</u>	<u>239.64</u>
Less : Provision for Doubtful debts	21.38	13.84
	<u>142.82</u>	<u>225.80</u>
Others Considered Good	5,062.61	4,563.52
	<u>5,205.43</u>	<u>4,789.32</u>
<b>17. CASH AND CASH EQUIVALENTS</b>		
Cash in Hand		
Balance with Scheduled Banks in	22.36	18.65
Current Accounts (*)	225.31	152.04
Fixed Deposit Accounts (**)	636.34	160.04
	<u>861.65</u>	<u>312.08</u>
	<u>884.01</u>	<u>330.73</u>
<p>(*) Include Balances of ₹ 65.30 lacs (P.Y. ₹ 64.80 lacs) in the Unclaimed/ Unpaid Dividend Accounts.                  (**) (i) Include deposits of ₹ 36.34 lacs (P.Y. ₹ 60.04 lacs) held as margin money / security against LCs / Bank gaurantees                  (ii) ₹ 24.51 lacs (P.Y. ₹ 7.14 lacs) with the maturity of more than one year.</p>		
<b>18. SHORT TERM LOANS &amp; ADVANCES</b>		
Unsecured - Considered Good		
Recoverable in cash or kind or for value to be received Considered Good (*)	153.55	186.91
Advances against Capital Goods	55.53	143.58
Advances to Subsidiaries	293.30	658.12
Other Advances	91.76	86.75
Income Tax in advance(**)	2,121.01	2,371.12
Less : Provision for Tax	<u>(1,105.00)</u>	<u>(1,868.00)</u>
	<u>1,016.01</u>	<u>503.12</u>
	<u>1,610.15</u>	<u>1,578.48</u>
<p>(*) Include ₹ 30.23 lacs (P.Y. ₹ 70.96 lacs) as Unutilised Cenvat on Capital Goods &amp; ₹ 74.19 lacs (P.Y. ₹ 82.60 lacs) as Advances to Sundry Suppliers for purchase of materials.                  (**) Includes MAT</p>		
<b>19. OTHER CURRENT ASSETS</b>		
Prepaid Expenses	51.86	39.99
Interest & Other recoverables	94.58	67.87
	<u>146.44</u>	<u>107.86</u>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	FOR THE YEAR ENDED 31.3.2014 (₹ LACS)	FOR THE YEAR ENDED 31.3.2013 (₹ LACS)
<b>20. REVENUE FROM OPERATIONS</b>		
(i) Sales :		
Starches	16,227.09	12,642.24
Dextrines & Textilose	2,388.61	2,182.78
Glucose	20,686.13	16,446.03
Sorbitol	3,832.96	3,943.20
By-products	9,912.44	8,376.41
Misc. Sales	458.82	591.17
	<u>53,506.05</u>	<u>44,181.83</u>
(ii) Less : Excise Duty	2,764.85	2,310.24
Net Sales (i-ii)	<u>50,741.20</u>	<u>41,871.59</u>
<b>21. OTHER INCOME</b>		
Interest Received	83.53	73.32
Profit on Sale of Assets/Units	41.76	31.73
Other Income (*)	24.56	33.76
	<u>149.85</u>	<u>138.81</u>
(*) Include Rent Received of ₹ 10.71 lacs (P.Y. ₹ 9.34 lacs) & Transport Subsidy of ₹ Nil (P.Y. ₹ 15.44 lacs)		
<b>22. COST OF MATERIALS CONSUMED</b>		
Opening Stock of Basic Raw Material	4,735.89	3,144.88
Purchase of Basic Raw Material	32,112.28	27,077.24
	<u>36,848.17</u>	<u>30,222.12</u>
Less : Closing Stock of Basic Raw Material	5,274.63	4,735.89
Effective Consumption of Basic Raw Material	<b>31,573.54</b>	<b>25,486.23</b>
Other Raw Materials, Consumables & Stores	2,972.27	2,389.23
	<u>34,545.81</u>	<u>27,875.46</u>
<b>23. CHANGES IN INVENTORIES OF FINISHED GOODS &amp; WORK IN PROGRESS</b>		
Opening Stock of Finished Goods	898.29	822.70
Opening Stock of Work in Progress	742.62	512.11
	<u>1,640.91</u>	<u>1,334.81</u>
Closing Stock of Finished Goods	1,161.82	898.29
Closing Stock of Work in Progress	823.36	742.62
	<u>1,985.18</u>	<u>1,640.91</u>
Change in Inventories	<u>(344.27)</u>	<u>(306.10)</u>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	FOR THE YEAR ENDED 31.3.2014 (₹ LACS)	FOR THE YEAR ENDED 31.3.2013 (₹ LACS)
<b>24. EMPLOYEE BENEFITS EXPENSE</b>		
Wages & Salaries	2,220.05	1,828.42
Cont. to PF, ESI, Superannuation & Other Funds	174.70	153.56
Workmen & Staff Welfare	151.15	129.85
	<u>2,545.90</u>	<u>2,111.83</u>

**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 a separate trust, and charged to the Profit & Loss Account of the relevant year. The required disclosures are given hereunder :

	(₹ lacs)	
	Gratuity Fund with S.B.I. Life Insurance	
	2013-14	2012-13
<b>A Reconciliation of opening &amp; closing balances of Defined Benefit Obligation</b>		
(a) Present Value of Obligation as at the beginning of the year	421.03	378.35
(b) Current Service Cost	40.46	37.05
(c) Interest Cost	32.36	29.88
(d) Actuarial (Gain)/Loss	47.25	(4.47)
(e) Benefit Paid	(33.10)	(19.78)
(f) Present Value of Obligation as at the close of the year	508.00	421.03
<b>B Reconciliation of opening &amp; closing balances of Fair Value of Plan Assets</b>		
(a) Fair Value of Plan Assets as at the beginning of the year	448.75	375.95
(b) Expected Return on Plan Assets	40.39	31.96
(c) Actuarial (Gain)/Loss	(0.48)	1.73
(d) Actual Company Contribution	69.00	58.90
(e) Benefit Paid	(33.10)	(19.78)
(f) Fair Value of Plan Assets as at the close of the year	524.56	448.75
<b>C Reconciliation of Fair Value of Assets &amp; Obligation</b>		
(a) Present Value of Obligation	508.00	421.03
(b) Fair Value of Plan Assets	524.56	448.75
(c) Amount recognized in the Balance Sheet	16.56	27.72
<b>D Expenses recognized during the year</b>		
(a) Current Service Cost	40.46	37.05
(b) Interest Cost	32.36	29.88
(c) Expected Return on Plan Assets	(40.39)	(31.96)
(d) Actuarial (Gain)/Loss	47.73	(11.20)
(e) Net Cost	80.16	23.78
<b>E Actuarial Assumptions</b>		
(a) Discount Rate (per annum)	8.00%	8.00%
(b) Expected Rate of Return on Assets (per annum)	8.50%	8.50%
(c) Salary Escalation Rate	8.00%	8.00%



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

**25. FINANCE COSTS**

Interest Expense	1,605.59	1,386.85
Other Borrowings Costs/Bank Charges	59.06	25.17
	<u>1,664.65</u>	<u>1,412.02</u>

**26. OTHER EXPENSES**

**MANUFACTURING EXPENSES :**

Power and Fuel & Others	7,057.94	5,636.14
Machinery Repair	359.06	319.10
Building Repair	83.52	51.55
	<u>7,500.52</u>	<u>6,006.79</u>

**ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES :**

Printing & Stationery	16.13	11.27
Professional/Legal Expenses	35.59	20.56
Directors' Fee	1.47	1.47
Travelling Expenses	152.62	144.01
Auditors' Remuneration	5.53	5.25
Rent Paid	25.47	23.08
Electricity & Water Charges	29.22	30.58
Entertainment	4.94	3.71
Postage, Telegram & Telephones	29.53	24.61
Advertisement	21.75	13.00
Subscription	16.87	12.06
General Charges	11.68	13.02
Insurance Expenses	45.69	40.32
Other Repairs & Maintenance	46.09	24.30
Commission & Brokerage	446.84	398.98
Provision for Doubtful debts	7.54	4.34
Other Govt. Taxes, Levies & Fees	29.98	21.94
Rebate & Discount	139.07	97.92
Directors' Commission	54.38	70.13
Charity & Donation	7.88	12.20
Carriage & Forwarding Charges	357.34	216.80
	<u>1,485.61</u>	<u>1,189.55</u>
	<u>8,986.13</u>	<u>7,196.34</u>





NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Amount (₹ Lacs)

FIXED ASSETS AS ON 31ST MARCH, 2014

NOTE : 9  
TANGIBLE ASSETS

INTANGIBLE ASSETS

ASSETS	LAND	BUILDING	FURNITURE & FIXTURE	PLANT & MACHINERY	ELECTRIC FITTING & OTHER EQUIPMENTS	VEHICLES	COMPUTER SOFTWARE	TOTAL	PREVIOUS YEAR
<b>COST</b>									
Cost as on 1.4.2013	2,447.74	4,600.49	202.63	15,770.94	705.95	294.27	20.15	24,042.17	16,427.53
Additions	10.34	1,182.03	8.58	1867.90	79.72	24.99	1.00	3,174.56	7,644.56
Sale/Adjustments	--	--	--	118.50	0.16	21.04	--	139.70	29.92
Total as on 31.3.2014	2,458.08	5,782.52	211.21	17,520.34	785.51	298.22	21.15	27,077.03	24,042.17
<b>DEPRECIATION</b>									
Upto 31.3.2013	--	1,393.14	127.48	3,944.98	377.59	182.34	9.21	6,034.74	5,173.67
For the Year	--	275.13	14.70	845.37	51.06	36.26	4.51	1,227.03	885.38
On Sale/Adjustments	--	--	--	2.52	0.10	17.91	--	20.53	24.29
Upto 31.3.2014	--	1,668.27	142.18	4,787.83	428.55	200.69	13.72	7,241.24	6,034.74
<b>NET VALUE</b>									
As at 31.3.2014	2,458.08	4,114.25	69.03	12,732.51	356.97	97.52	7.43	19,835.79	18,007.43
As at 31.3.2013	2,447.74	3,207.34	75.16	11,825.96	328.36	111.92	10.93	18,007.43	



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1. Figures for the previous year have been recasted/regrouped wherever necessary.
2. **Contingent Liabilities not provided for include :**
  - (i) **LCs / Bank Guarantees** issued for ₹ 251.51 lacs (Prev. Year ₹ 285.14 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 provided as expenses in the accounts, comprise ₹ 22.15 crores mainly ₹ 20.90 crores on account of disputed Central Excise Duty on Maize Starch excluding penalty and interest 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 the matter is subjudice. The Company has been manufacturing Maize Starch by following the standard Wet Milling Process for the last many decades and the product is sold and accepted by the market as Maize Starch, so the company does not foresee any liability to crystallize on this account. Other items include Show Cause Notice concerning demand of ₹ 1.19 crores on exempted goods and the case is pending before The Commissioner, Central Excise. In other cases, for ₹ 0.06 crores, 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) : ₹ 5.50 crores (Prev. year ₹ 6.75 crores)
  - (iv) Export obligation pending to be fulfilled is US\$ 0.21 lacs (Prev. year US\$ 19.08 lacs) in next 6 years under EPCG scheme of the Central Government against import of capital goods at concessional rates. The company has achieved an export turnover of US\$ 15.89 lacs during the year under reference (Prev. Year US\$ 13.73 lacs).
3. National Saving Certificates of ₹ 0.08 lacs (Prev. year ₹ 0.08 lacs) are pledged to the Govt. authorities as security.
4. Short term loans & advances include ₹ 293.30 lacs (Prev. year ₹ 658.12 lacs) due from the subsidiary companies.
5. **Earnings per share :**

	Current Year	Previous Year
(a) Net profit after tax available for Equity shareholders (₹ in Lacs)	1604.02	2,157.90
(b) Weighted average number of Equity Shares having face value of ₹ 10/- each outstanding during the year (No. of shares)	73,79,820	73,79,820
(c) Basic earnings per share ₹ 10/- each (₹) (a/b)	21.74	29.24
(d) Diluted earnings per share ₹ 10/- each (₹) (a/b)	21.74	29.24
6. **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, 2014**

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

(Amount ₹ Lacs)

Particulars	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Total
Rent Paid			7.00 (5.77)	7.00 (5.77)
Remuneration		232.00 (216.60)	97.70 (65.54)	329.70 (282.14)
On account of sales	2.69 (Nil)			2.69 (Nil)
On account of Purchases	93.38 (103.28)			93.38 (103.28)
Rent received	0.06 (0.06)			0.06 (0.06)

	<u>2013-14</u> (₹ Lacs)	<u>2012-13</u> (₹ Lacs)
7. (a) <b>Managerial Remuneration</b> paid/payable to the Executive Directors :		
(i) Salaries	157.92	136.72
(ii) Commission	32.13	42.08
(iii) Contribution to retirement benefit funds	12.77	11.13
(iv) Perquisites	29.18	26.67

(b) **Computation of Net Profit u/s 198 of the Companies Act, 2013** for Payment of Commission to Directors :

	<u>2013-14</u> (₹ Lacs)	<u>2012-13</u> (₹ Lacs)
Net Profit as per Profit & Loss Account	2265.80	2,835.48
Add : Commission to Directors	54.38	70.13
Directors Sitting Fee	1.47	1.47
	<u>2321.65</u>	<u>2,907.08</u>
Less : Profit on sale of Assets/Shares	41.76	31.73
Balance :	<u>2279.89</u>	<u>2,875.35</u>
Commission @ 1% on Net Profits to Directors	22.24	28.05
Commission @ 1.5% on Net Profits (*) to Mg. Director, Jt. Mg. Director & Exe. Director	32.14	42.08
Net Profit	<u>2225.51</u>	<u>2,805.22</u>

(\*) Total Remuneration restricted to 10% of Profits



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	2013-14 (₹ Lacs)	2012-13 (₹ Lacs)
<b>8. AUDITORS' REMUNERATION INCLUDES :</b>		
Audit Fee	4.00	3.50
Tax Audit Fee	0.42	0.42
For Other Matters	-	-
Reimbursement of out of pocket expenses (* ) Including service tax on Audit fee	1.11 *	1.33 *
<b>9. EARNINGS IN FOREIGN EXCHANGE</b>		
(i) Export of goods on a F.O.B. basis	936.56	745.90
<b>10. VALUE OF IMPORTS ON A C.I.F. BASIS</b> (excluding canalised items)		
(i) Components/Spare Parts/Consumables	17.00	62.11
(ii) Capital Goods	104.54	212.48
<b>11. EXPENDITURE IN FOREIGN CURRENCY</b>		
Remittance in foreign currency on Foreign Travelling	9.54	0.68
<b>12. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND PERCENTAGE OF EACH TO TOTAL CONSUMPTION</b>		
(i) Raw Materials :		
(a) Imported (excluding canalised items)	-	-
(b) Indigenous	34,210.43 (100%)	27,640.11 (100%)
(ii) Spare & Components :		
(a) Imported	33.63 (10.03%)	35.94 (17.29%)
(b) Indigenous	301.75 (89.97%)	171.92 (82.71%)

**M.G. SHARMA**  
Sr. Vice President & CFO

**AMAN SETIA**  
Vice President (Finance)  
& Company 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 : 30th May, 2014

DIRECTORS

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



## **STATEMENT ON 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 the commercial production are considered as a part of the cost of assets.

### **3. LEASES**

The operating lease where the Company is a Lessee and substantially all the risks and rewards of ownership are retained by the Lessor, 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 the 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 a 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. By Products are valued at their net realisable value. The costs are, in general, determined on a 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 which are deposited with the Government. These contributions are recognized as expenses during the periods employees perform services.
- (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 a separate trust, and charged to the Profit and Loss Account of the relevant year. 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.



#### **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 the sale of goods are translated at the rates prevailing at the time of settlement of the 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 fixed assets are capitalized as a part of the cost of assets till the date of commencement of commercial use of the fixed 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.



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE BOARD OF DIRECTORS OF THE SUKHJIT STARCH & CHEMICALS LTD. REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We have audited the attached Consolidated financial statements of The Sukhjit Starch & Chemicals Ltd. as at 31st March, 2014, the Consolidated Profit and Loss Account and Also the Consolidated Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

#### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS :**

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company in accordance with the accounting standards notified under the Companies Act, 1956 (the Act) read with General Circular 15/2013 dated 13 the Sept., 2013 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material statements, whether due to fraud or error.

#### **AUDITORS' RESPONSIBILITY :**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the standard on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the consolidated financial statements. The procedure selected depends upon the Auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

#### **OPINION :**

In our opinion and to the best of our information and according to explanations given to us, the aforesaid 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 case of consolidated Balance Sheet, of the Consolidated state of affairs of The Sukhjit Starch & Chemicals Limited and its subsidiaries as at 31st March, 2014.
- ii. In case of consolidated profit and loss account, of the consolidated profit The Sukhjit Starch & Chemicals Limited and its subsidiaries for the year ended on that date and
- iii. In case of consolidated cash flow statement, of the consolidated cash flow of The Sukhjit Starch & Chemicals Limited and its subsidiaries for the year ended on that date.



## INDEPENDENT AUDITORS' REPORT

We did not audit the financial statements of subsidiaries whose financial statements reflect total assets and total revenues as follows as on 31st March, 2014

Subsidiary Company	Total Assets (in ₹ lacs)	Total Revenues (in ₹ lacs)
The Vijoy Steel & General Mills Co. Ltd.	116.88	112.55
Sukhjit Finance Ltd.	132.17	5.06
Scott Industries Ltd.	283.83	193.57

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.

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

Place : Jalandhar  
Dated : 30th May, 2014

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

## FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

Particulars	(Amt. in ₹ LACS)		
	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 / (Accummulated Losses)	(363.18)	(383.65)	2.50
Total Assets	132.17	283.83	116.88
Total Liabilities	132.17	283.83	116.88
Investments	28.57	-	-
Revenue from Operations	5.06	193.57	112.55
Profit / (Loss) before taxation	(2.38)	70.71	9.82
Provision for taxation	-	(85.49)	(1.28)
Profit / (Loss) after taxation	(2.38)	(14.78)	8.54
Proposed Dividend (if any)	Nil	Nil	Nil





**CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2014**

	NOTE	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
<b>EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	737.98	737.98
(b) Reserves & Surplus	2	16,866.19	15,583.39
(c) Minority Interest		<u>9.02</u>	<u>9.09</u>
		<b>17,613.19</b>	<b>16,330.46</b>
<b>2. NON CURRENT LIABILITIES</b>			
(a) Long Term Borrowings	3	7,180.78	7,405.34
(b) Deferred Tax Liability (Net)	4	1,519.23	1,023.07
(c) Long Term Provisions	5	<u>6.08</u>	<u>5.11</u>
		<b>8,706.09</b>	<b>8,433.52</b>
<b>3. CURRENT LIABILITIES</b>			
(a) Short Term Borrowings	6	8,921.20	7,183.13
(b) Trade Payables	7	2,444.50	2,378.66
(c) Other Current Liabilities	8	1,904.87	1,723.07
(d) Short Term Provisions	9	<u>302.19</u>	<u>431.70</u>
		<b>13,572.76</b>	<b>11,716.56</b>
	<b>TOTAL</b>	<b><u>39,892.04</u></b>	<b><u>36,480.54</u></b>
<b>ASSETS</b>			
<b>1. NON CURRENT ASSETS</b>			
(a) Fixed Assets :	10		
(i) Tangible		19,990.54	18,300.68
(ii) Intangible		<u>7.56</u>	<u>11.09</u>
		<u>19,998.10</u>	<u>18,311.77</u>
Less : Lease Equalisation		14.30	14.30
(iii) Capital work in progress	11	<u>1,041.26</u>	<u>1,456.59</u>
		<u>21,025.06</u>	<u>19,754.06</u>
(b) Non Current Investments	12	265.35	415.57
(c) Long Term Loans & Advances	13	155.38	144.07
(d) Other Non Current Assets	14	<u>276.20</u>	<u>278.40</u>
		<b>21,721.99</b>	<b>20,592.10</b>
<b>2. CURRENT ASSETS</b>			
(a) Current Investments	15	1,091.02	966.02
(b) Inventories	16	9,320.45	8,456.84
(c) Trade Receivables	17	5,392.33	5,083.42
(d) Cash & Cash Equivalents	18	894.86	338.41
(e) Short Term Loans & Advances	19	1,324.95	935.89
(f) Other Current Assets	20	<u>146.44</u>	<u>107.86</u>
		<b>18,170.05</b>	<b>15,888.44</b>
	<b>TOTAL</b>	<b><u>39,892.04</u></b>	<b><u>36,480.54</u></b>

**M.G. SHARMA**  
Sr. Vice President & CFO

**AMAN SETIA**  
Vice President (Finance)  
& Company 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 : 30th May, 2014

**DIRECTORS**  
S.C. JINDAL  
V.K. SARDANA  
A.K. SARDANA  
NARESH SARDANA  
K.K. SARDANA  
S.M. JINDAL  
S.K. ANAND  
V.P. KAPAH I



**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

PARTICULARS	NOTE	FOR THE YEAR ENDED 31.3.2014 (₹ LACS)	FOR THE YEAR ENDED 31.3.2013 (₹ LACS)
1. Revenue From Operations	21	50,836.73	42,226.46
2. Other Income	22	343.42	70.81
3. <b>Total Revenue</b>		<u>51,180.15</u>	<u>42,297.27</u>
4. Expenses :			
Cost of Materials Consumed	23	34,583.95	27,977.87
Change in Inventories of Finished Goods & Work in Progress	24	(330.94)	(109.41)
Employee Benefits Expense	25	2,580.93	2,155.54
Financial Costs	26	1,659.73	1,410.07
Depreciation and Amortisation Exp.	10	1,236.21	901.12
Other Expenses	27	9,116.79	7,236.06
<b>Total Expenses</b>		<u>48,846.67</u>	<u>39,571.25</u>
5. <b>Profit Before Tax (3-4)</b>		2,333.48	2,726.02
6. Provision for Taxation :			
- Current Tax	220.61		340.00
- Deferred Tax	496.16		298.40
- Taxes Relating to Previous Yrs.	31.78		7.58
		<u>748.55</u>	<u>645.98</u>
7. <b>Profit after Tax</b>		1,584.93	2,080.04
8. Add Minority Interest		0.07	0.14
9. Profit for the year		1,585.00	2,080.18
10. <b>Earning per equity share :</b>			
(a) Basic		21.48	28.19
(b) Diluted		21.48	28.19
(c) Face Value Per Share (₹)		10.00	10.00

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Sr. Vice President & CFO

**AMAN SETIA**  
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As per our separate report of even date  
For Y.K. Sud & Co.  
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V.P. KAPAHI



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
<b>FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	2,333.48	2,726.02
<b>ADJUSTMENTS FOR NON-CASH ITEMS</b>		
Depreciation	1,236.22	901.12
Provision for sub standard assets	3.69	3.69
Provision for Doubtful debts	28.17	20.32
Provision for gratuity	0.97	(23.14)
<b>ADJUSTMENTS FOR NON-OPERATING ACTIVITIES</b>		
Interest & Dividends received	(83.59)	(73.42)
Interest paid	1,600.60	1,384.49
Loss/(Profit) on sale of assets	(235.33)	59.60
<b>Flows from operations before working capital changes</b>	<b>4,884.20</b>	<b>4,998.68</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Trade and other receivables	(251.06)	(1,195.43)
Inventories	(863.60)	(2,169.08)
Trade Payables	65.86	634.42
Other Liabilities	23.72	35.06
<b>FLOWS FROM OPERATING ACTIVITIES</b>	<b>3,859.12</b>	<b>2,303.65</b>
Direct Taxes Paid		
Income Tax	(763.80)	(705.29)
<b>NET FLOWS FROM OPERATING ACTIVITIES</b>	<b>3,095.32</b>	<b>1,598.36</b>
<b>FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,759.22)	(3,974.68)
Sale of Fixed Assets	487.33	121.12
Investments made	10.22	10.85
Acquisition of Minority Interest	(0.07)	(0.64)
Interest & Dividend received	83.59	73.42
<b>NET FLOWS FROM INVESTING ACTIVITIES</b>	<b>(2,178.15)</b>	<b>(3,769.93)</b>
<b>FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings for (Repayments of) working capital Loans	1,738.07	1,762.34
Term Loans raised	1,000.00	1,720.81
Repayment of Term Loan	(1,350.10)	(850.00)
Other Loans raised	275.54	1,473.52
Dividends paid	(423.63)	(383.42)
Interest paid	(1,600.60)	(1,384.49)
<b>NET FLOWS FROM FINANCING ACTIVITIES</b>	<b>(360.71)</b>	<b>2,338.76</b>
Net Cash Flows during the year	<b>556.45</b>	<b>167.18</b>
Cash & cash equivalents at beginning of the year	<b>338.41</b>	<b>171.23</b>
Cash & cash equivalents at the end of the year	<b>894.86</b>	<b>338.41</b>

**M.G. SHARMA**  
Sr. Vice President & CFO

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

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K.K. SARDANA  
S.M. JINDAL  
S.K. ANAND  
V.P. KAPAH  
DIRECTORS



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
<b>1. EQUITY SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,00,00,000 Equity Shares of ₹ 10/- each	<u>1,000.00</u>	<u>1,000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
73,79,820 Equity Shares of ₹ 10/- each fully paid up	<u>737.98</u>	737.98
	<u>737.98</u>	<u>737.98</u>

The Details of shareholders holding more than 5% shares :

Name of the shareholder	As on 31st March, 2014		As on 31st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sh. Inder Krishan Sardana	5,20,146	7.05	5,14,395	6.97
Sh. Kuldeep Krishan Sardana	5,44,559	7.38	5,40,977	7.33
Sh. Dhiraj Sardana	4,06,843	5.51	3,99,080	5.40
Sh. Bhavdeep Sardana	4,12,234	5.59	4,10,859	5.57
Sh. Puneet Sardana	3,99,198	5.41	3,86,747	5.24
Sh. Pankaj Sardana	3,92,958	5.32	3,82,167	5.17

**2. RESERVES & SURPLUS**

**CAPITAL RESERVE**

Capital Subsidy :	523.81	523.41
Add on Consolidation of Accounts	<u>0.00</u>	<u>0.40</u>
	<b>523.81</b>	<b>523.81</b>

**SECURITIES PREMIUM RESERVE**

**87.14**      87.14

**GENERAL RESERVE**

As per Last Balance Sheet	14,461.18	12,961.18
Add : Transferred from Profit & Loss Account	<u>1,500.00</u>	<u>1,500.00</u>
	<b>15,961.18</b>	<b>14,461.18</b>

**PROFIT & LOSS ACCOUNT**

As per last Balance Sheet	511.25	362.78
Add : Profit for the year	<u>1,585.00</u>	<u>2,080.18</u>
	2,096.25	2,442.96

Less : Appropriations :

(a) Final Dividend (Proposed)	258.29	368.99
(b) Corporate tax on dividend	43.90	62.71
(c) Transferred to General Reserve	<u>1,500.00</u>	<u>1,500.00</u>
Surplus Carried Forward	<u>294.06</u>	<u>511.26</u>

**16,866.19**      **15,583.39**



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
<b>3. LONG TERM BORROWINGS</b>		
<b>SECURED :</b>		
Term Loan(s) from Bank(s)	637.40	1,487.50
(i) Secured against hypothecation of Plant & Machinery, other fixed assets and Equitable Mortgage of Building & lease hold rights of Factory Land of Malda unit (The Term Loan is repayable in sixteen equal quarterly installments. First Installment from March, 2012)		
(ii) Secured against hypothecation of Plant & Machinery & other movable fixed assets of Gurplah unit. (The Term Loan is repayable in twelve equal quarterly installments. First Installment from May, 2013)	500.00	1,000.00
(iii) Secured against extended charge on Plant & Machinery & other movable fixed assets of Gurplah unit. (The Term Loan is repayable in twenty equal quarterly installments. First Installment from July, 2014)	850.00	—
<b>UNSECURED :</b>		
Fixed Deposits (include ₹ 4,90,59,000/- from Directors, previous year ₹ 2,84,35,000/-) (Maturity Period ranging from 1 to 3 years)	4,081.69	3,781.95
Security Deposits	116.50	133.36
Other Long Term Liabilities	995.19	1,002.53
	<u>7,180.78</u>	<u>7,405.34</u>
<b>4. DEFERRED TAX LIABILITY (NET)</b>		
As per Last Balance Sheet	1,023.08	724.67
Add : Provision for the year due to timing difference arising on :		
(a) Depreciation as per Income Tax Act & Companies Act	370.34	298.08
(b) Brought forward losses	126.11	(7.20)
(c) Gratuity & other provisions	<u>(0.30)</u>	7.52
	496.15	298.40
	<u>1,519.23</u>	<u>1,023.07</u>
<b>5. LONG TERM PROVISIONS</b>		
Provision for Gratuity	6.08	5.11
	<u>6.08</u>	<u>5.11</u>
<b>6. SHORT TERM BORROWINGS</b>		
<b>SECURED :</b>		
Cash Credit from Bank(s)		
(a) Secured against hypothecation of raw material, stores, semi-finished goods and finished goods	5,434.66	4,515.03
(b) Secured against Book Debts	1,986.54	168.10
<b>UNSECURED :</b>		
Short Term Borrowings from Bank(s)	1,500.00	2,500.00
	<u>8,921.20</u>	<u>7,183.13</u>



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
<b>7. TRADE PAYABLES</b>		
Sundry creditors for goods supplied :		
(a) Micro, Small & Medium Enterprises (*)	33.10	17.92
(b) Others	1413.06	1,387.19
Sundry Creditors for Expenses	695.60	562.35
Other Creditors (**)	302.74	411.20
	<u>2444.50</u>	<u>2,378.66</u>
<p>(*) There was nil amount outstanding for more than 45 days and no overdue amount to the Micro, Small &amp; Medium Enterprise, so no interest was payable/paid during the year (Prev. Year NIL)</p> <p>(**) Include ₹ 244.02 lacs (P.Y. ₹ 189.46 lacs) as advances from Sundry Customers for supply of Goods.</p>		
<b>8. OTHER CURRENT LIABILITIES</b>		
Term Loan Repayment to the Bank(s) within the year	1,500.00	1,350.00
Unclaimed Dividends	72.88	64.80
Taxes payable	116.12	108.45
Interest accrued but not due on Fixed Deposits	215.87	199.82
	<u>1,904.87</u>	<u>1,723.07</u>
<b>9. SHORT TERM PROVISIONS</b>		
Proposed Dividend	258.29	368.99
Corporate Tax on Dividend	43.90	62.71
	<u>302.19</u>	<u>431.70</u>
<b>11. FIXED ASSETS</b>		
<b>Capital Work in Progress :</b>		
Building under construction	116.00	591.94
Machinery under Errection	907.80	864.65
Furniture / Fixture under Construction	2.41	-
Preoperative Expenses	15.05	-
	<u>1,041.26</u>	<u>1,456.59</u>
<b>12. NON CURRENT INVESTMENTS</b>		
Membership (Investment) - The Country Club (AT COST)	0.65	0.65
INVESTMENT IN GOVT. SECURITIES/UNITS OF MUTUAL FUNDS - UNQUOTED (AT COST) :		
(i) National Saving Certificate	0.08	0.08
(ii) UTI GILT Advantage Fund	-	100.22
Long term plan - Dividend Reinvestment Nil units (Prev. Year 800000 units) of Face value ₹ 10/- per unit		
UNQUOTED FULLY PAID - OTHERS (AT COST) :	85.80	85.80
(i) Hindustan Engineering & Industries Ltd. 70152 shares of ₹ 10/- each fully paid up and 245848 shares of ₹ 10/- each of Malanpur Steel Ltd. issued in lieu of 316000 shares of Hindustan Development Corp. Ltd.		



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
(ii) Santosh Securities Ltd.	1.75	1.75
5000 shares of ₹ 10/- each fully paid up		
Less : Provision for Sub Std. Investments	<u>(72.93)</u>	<u>(72.93)</u>
	<b>14.62</b>	<b>14.62</b>
<b>INVESTMENT IN DEBENTURES/UNITS OF MUTUAL FUNDS</b>		
<b>QUOTED (AT COST) :</b>		
(i) Tata Capital Ltd.	100.00	100.00
20 Non-Convertible Secured Debentures (Pre. Year 20 deb.)of Face Value of ₹ 500000/- per debenture		
(ii) HDFC Yearly Fixed Maturity Plan (370 days)	150.00	-
1500000 units (Pre. Year Nil) of Face Value ₹ 10/- per unit		
(iii) HDFC Yearly Fixed Maturity Plan (13 M)	-	100.00
1000000 units (Pre. Year 1000000 units) of Face Value ₹ 10/- per unit (Maturing in April 2014, Hence classified under current investments)		
(iv) UTI Yearly Fixed Maturity Plan (13 M)	-	100.00
1000000 units (Pre. Year 1000000 units) of Face Value ₹ 10/- per unit (Maturing in April 2014, Hence classified under current investments)		
	<u>250.00</u>	<u>300.00</u>
	<u><b>265.35</b></u>	<u><b>415.57</b></u>

Aggregate Amount of Unquoted Investments - ₹ 15.35 lacs (P.Y. ₹ 115.57 lacs)

Aggregate Amount of Quoted Investments - ₹ 250 lacs (P.Y. ₹ 300 lacs)

Market Value of Quoted Investments - ₹ 261.37 lacs (P.Y. ₹ 309.60 lacs)

**13. LONG TERM LOANS & ADVANCES**

Unsecured - Considered Good

Advances against Purchase of Property

Other Loans & Advances

Less : Provision for Sub Standard Assets

151.70	136.70
73.70	73.70
<u>(70.02)</u>	<u>(66.33)</u>
<u><b>155.38</b></u>	<u><b>144.07</b></u>

**14. OTHER NON CURRENT ASSETS**

Unsecured - Considered Good

Security/Other Deposits

<u>276.20</u>	<u>278.40</u>
<u><b>276.20</b></u>	<u><b>278.40</b></u>

**15. CURRENT INVESTMENTS**

INVESTMENT IN UNITS OF MUTUAL FUNDS / DEBENTURES

UNQUOTED (AT COST) :

(i) NIFG Canara Robeco Infrastructure Growth Fund	24.00	24.00
93095.4228 units (Prev. Year 93095.4228 units) of Face value of ₹ 10/- per unit		
(ii) Reliance Quant Plus Fund	-	50.00
Nil units (Prev. Year 362011.917 units) of Face value of ₹ 10/- per unit		



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
(iii) Reliance Dynamic Bond Fund 305939.510 units (Prev. Year 637930.045 units) of Face value of ₹ 10/- per unit	50.00	100.00
(iv) UTI Bond Fund 820533.425 units (Prev. Year 285715.102 units) of Face value of ₹ 10/- per unit	300.00	100.00
(v) Reliance RSF Balanced Fund Nil units (Prev. Year 216294.784 units) of Face value of ₹ 10/- per unit	-	50.00
(vi) Reliance Small Cap Fund Nil units (Prev. Year 749126.529 units) of Face value of ₹ 10/- per unit	-	75.00
(vii) HDFC Prudence Fund 36107.630 units (Prev. Year 36107.630 units) of Face value of ₹ 10/- per unit	75.00	75.00
(viii) UTI Floating Rate Fund 4831.258 units (Prev. Year Nil units) of Face Value ₹ 10/- per unit	100.00	-
	<b>549.00</b>	<b>474.00</b>
<b>INVESTMENT IN UNITS OF MUTUAL FUNDS / DEBENTURES QUOTED (AT COST) :</b>		
(i) Kotak Yearly Fixed Maturity Plan Nil units (Prev. Year 15,00,000 units) of Face value ₹ 10/- per unit	-	150.00
(ii) National Highway Authority of India 2472 Bonds (Prev. Year 2472 Bonds) of Face value ₹ 1000/- per bond	24.72	24.72
(iii) UTI Yearly Fixed Maturity Plan 1000000 units (Prev. Year 1000000 units) of Face value ₹ 10/- per unit (Prev. Year classified under Non current investments)	100.00	-
(iv) HDFC Yearly Fixed Maturity Plan 1000000 units (Prev. Year 1000000 units) of Face value ₹ 10/- per unit (Prev. Year classified under Non current investments)	100.00	-
(v) Tata Power Co. Ltd. 30 Non Convertible Secured Debentures (Prev. Year 30 Deb) of Face Value ₹ 1000000/- per debenture	303.36	303.36
	<b>528.08</b>	<b>478.08</b>





**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
QUOTED FULLY PAID - OTHERS (AT COST) :		
(i) Sanghi Polyester Ltd. 4900 shares (Prev. Year 4900 shares) of ₹ 10/- each fully paid up	0.26	0.26
(ii) Reliance Industries Ltd. 300 shares (Prev. Year 300 shares) of ₹ 10/- each fully paid up	0.12	0.12
(iii) PTL Enterprises Ltd. 5000 shares (Prev. Year 5000 shares) of ₹ 10/- each fully paid up	1.26	1.26
(iv) Tele Data Informatics Ltd. 29122 shares (Prev. Year 29122 shares) of ₹ 10/- each fully paid up 6761 shares (Prev. Year 6761 shares) of Tele Data Marine Ltd. 6761 shares (Prev. Year 6761 shares) of Tele Data Tehnology Solution Ltd.	11.39	11.39
(v) T T Ltd. 3625 shares (Prev. Year 3625 shares) of ₹ 10/- each fully paid up	0.43	0.43
(vi) Tata Tele Services Ltd. 2266 shares (Prev. Year 2000 shares) of ₹ 10/- each fully paid up	0.48	0.48
	13.94	13.94
	1,091.02	966.02

Aggregate Amount of Unquoted Investements - ₹ 549 lacs (P.Y. ₹ 474 lacs)  
 Aggregate Amount of Quoted Investments - ₹ 542.02 lacs (P.Y. ₹ 492.02 lacs)  
 Market Value of Quoted Investments - ₹ 569.55 lacs (P.Y. ₹ 524.07 lacs)

**16. INVENTORIES**

Raw Materials Basic (at cost or net realisable value whichever is lower)	5,325.79	4,810.75
Stock in Process (at cost or net realisable value whichever is lower)	823.36	742.62
Finished Goods (at cost or net realisable value whichever is lower and Bye Products at net realisable value)	1,189.58	939.38
Stores, Spares, Fuel & Other Raw Materials (at cost or net realisable value whichever is lower)	1,967.46	1,951.50
Loose Tools (at cost or net realisable value whichever is lower)	14.26	12.59
	9,320.45	8,456.84



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	AS ON 31.3.2014 (₹ LACS)	AS ON 31.3.2013 (₹ LACS)
<b>17. TRADE RECEIVABLES</b>		
Unsecured		
Over Six months		
Considered Good	126.97	424.25
Considered Doubtful	244.76	168.81
	<u>371.73</u>	<u>593.06</u>
Less : Provision for Doubtful Debts	<u>42.01</u>	<u>73.16</u>
	<b>329.72</b>	519.90
Other Considered Goods	<b>5062.61</b>	4,563.52
	<u><b>5392.33</b></u>	<u>5,083.42</u>
<b>18. CASH AND CASH EQUIVALENTS</b>		
Cash in Hand		
Balance with Scheduled Banks in	<b>24.04</b>	20.37
Current Accounts (*)	234.48	158.00
Fixed Deposit Accounts (**)	<u>636.34</u>	<u>160.04</u>
	<b>870.82</b>	318.04
	<u><b>894.86</b></u>	<u>338.41</u>
<p>(*) Include Balances of ₹ 65.30 lacs (P.Y. ₹ 64.80 lacs) in the Unclaimed / Unpaid Dividend Accounts.  (**) (i) Include deposits of ₹ 36.34 lacs (P.Y. ₹ 60.04 lacs) held as margin money / security against LCs / Bank gurantees  (ii) ₹ 24.51 lacs (P.Y. ₹ 7.14 lacs) with the maturity of more than one year.</p>		
<b>19. SHORT TERM LOANS &amp; ADVANCES</b>		
Unsecured - Considered Good		
Recoverable in cash or kind or for value	<b>161.35</b>	201.49
to be received Considered Good (*)		
Advance against Capital Goods	<b>55.53</b>	143.58
Other Advances	<b>92.06</b>	87.70
Income Tax in advance (**)	2,121.01	2,371.12
Less : Provision for Tax	<u>(1,105.00)</u>	<u>(1,868.00)</u>
	<b>1,016.01</b>	503.12
	<u><b>1,324.95</b></u>	<u>935.89</u>
<p>(*) Include ₹ 30.23 lacs (P.Y. ₹ 70.96 lacs) as Unutilized Cenvat on Capital Goods &amp; ₹ 74.19 lacs (P.Y. ₹ 82.60 lacs) as advance to sundry suppliers for purchase of materials.  (**) Includes MAT</p>		
<b>20. OTHER CURRENT ASSETS</b>		
Prepaid Expenses	<b>51.86</b>	39.99
Interest & Other recoverables	<b>94.58</b>	67.87
	<u><b>146.44</b></u>	<u>107.86</u>



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	FOR THE YEAR ENDED 31.3.2014 (₹ LACS)	FOR THE YEAR ENDED 31.3.2013 (₹ LACS)
<b>21. REVENUE FROM OPERATIONS</b>		
(i) Sales	53,601.58	44,537.76
(ii) Less : Excise Duty	<u>2,764.85</u>	<u>2,311.30</u>
Net Sales (i - ii)	<u><u>50,836.73</u></u>	<u><u>42,226.46</u></u>
<b>22. OTHER INCOME</b>		
Interest Received	83.53	73.32
Dividend Received	0.06	0.10
Profit/(Loss) on Sale of Assets/Units	235.33	(59.60)
Other Non-operative Income (*)	<u>24.50</u>	<u>56.99</u>
	<u><u>343.42</u></u>	<u><u>70.81</u></u>
(*) Include Rent Received of ₹ 10.71 lacs (P.Y. ₹ 9.34 lacs) & Transport Subsidy of ₹ Nil (P.Y. ₹ 15.44 lacs)		
<b>23. COST OF MATERIALS CONSUMED</b>		
Opening Stock of Basic Raw Material	4,810.75	3,334.81
Purchase of Basic Raw Material	<u>32,130.14</u>	<u>27,069.11</u>
	36,940.89	30,403.92
Less : Closing Stock of Basic Raw Material	<u>5,325.79</u>	<u>4,810.75</u>
Effective Consumption of Basic Raw Material	31,615.10	25,593.17
Other Raw Materials, Consumables & Stores	<u>2,968.85</u>	<u>2,384.70</u>
	<u><u>34,583.95</u></u>	<u><u>27,977.87</u></u>
<b>24. CHANGES IN INVENTORIES OF FINISHED GOODS &amp; WORK IN PROGRESS</b>		
Opening Stock of Finished Goods	939.38	949.45
Opening Stock of Work in Progress	<u>742.62</u>	<u>623.14</u>
	1,682.00	1,572.59
Closing Stock of Finished Goods	1,189.58	939.38
Closing Stock of Work in Progress	<u>823.36</u>	<u>742.62</u>
	<u>2,012.94</u>	<u>1,682.00</u>
Change in Inventories	<u><u>(330.94)</u></u>	<u><u>(109.41)</u></u>
<b>25. EMPLOYEE BENEFITS EXPENSE</b>		
Wages & Salaries	2,247.85	1,864.27
Cont. to PF, ESI, Superannuation & Other Funds	178.09	157.51
Workmen & Staff Welfare	<u>154.99</u>	<u>133.76</u>
	<u><u>2,580.93</u></u>	<u><u>2,155.54</u></u>



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	FOR THE YEAR ENDED 31.3.2014 (₹ LACS)	FOR THE YEAR ENDED 31.3.2013 (₹ LACS)
<b>26. FINANCE COSTS</b>		
Interest	1,600.60	1,384.49
Other Borrowings Costs/Bank Charges	59.13	25.58
	<u>1,659.73</u>	<u>1,410.07</u>
<b>27. OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES :</b>		
Power and Fuel & Others	7,062.73	5,645.21
Machinery Repair	352.04	316.94
Building Repair	83.52	51.55
Other Charges	6.41	-
	<u>7,504.70</u>	<u>6,013.70</u>
<b>ADMINISTRATIVE, SELLING &amp; DISTRIBUTION EXPENSES :</b>		
Printing & Stationery	16.23	11.40
Professional/Legal Expenses	36.18	21.74
Directors' Fee	1.47	1.47
Travelling Expenses	153.37	146.17
Auditors' Remuneration	6.08	5.90
Rent Paid	25.47	23.08
Electricity & Water Charges	29.22	30.58
Entertainment	4.94	3.71
Postage, Telegram & Telephones	29.72	25.76
Advertisement	21.75	13.00
Subscription	16.87	12.06
General Charges	12.55	14.89
Insurance Expenses	45.98	41.53
Other Repairs & Maintenance	46.73	26.11
Commission & Brokerage	446.84	398.98
Provision for Doubtful debts	28.17	20.32
Other Govt. Taxes, Levies & Fees	37.85	22.43
Rebate & Discount	229.09	100.09
Directors' Commission	54.38	70.18
Charity & Donation	8.13	12.20
Provision for Sub Std. Assets	3.69	3.69
Carriage & Forwarding Charges	357.38	217.07
	<u>1,612.09</u>	<u>1,222.36</u>
	<u>9,116.79</u>	<u>7,236.06</u>



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

**FIXED ASSETS (CONSOLIDATED) AS ON 31ST MARCH, 2014** Amount (₹ Lacs)

**TANGIBLE ASSETS** **INTANGIBLE ASSETS**

NOTE : 10

PARTICULARS	LAND	BUILDING	FURNITURE & FIXTURE	PLANT & MACHINERY	ELECTRIC FITTING & OTHER EQUIPMENTS	VEHICLES	COMPUTER SOFTWARE	TOTAL	PREVIOUS YEAR
<b>OWNED ASSETS</b>									
<b>COST</b>									
Cost as on 1.4.2013	2,529.47	4,801.11	204.51	15,817.05	776.51	317.99	20.33	24,466.97	17,132.42
Additions	10.34	1,182.03	8.58	1,867.90	79.72	24.99	1.00	3,174.56	7,674.75
Sale/Adjustments	13.48	190.56	0.30	118.50	26.71	21.03	-	370.58	340.20
Total as on 31.3.2014	2,526.33	5,792.58	212.79	17,566.45	829.52	321.95	21.33	27,270.95	24,466.97
<b>DEPRECIATION</b>									
Upto 31.3.2013	-	1,476.06	129.28	3,976.29	409.43	188.36	9.24	6,188.66	5,496.61
For the Year	-	275.33	14.73	847.40	53.05	38.51	4.53	1,233.55	898.02
On Sale/Adjustments	-	77.81	0.25	2.52	20.10	17.91	-	118.59	205.97
Upto 31.3.2014	-	1,673.58	143.76	4,821.17	442.37	208.96	13.77	7,303.61	6,188.66
<b>NET VALUE</b>									
As on 31.3.2014	2,526.33	4,119.00	69.03	12,745.28	387.15	112.99	7.56	19,967.34	18,278.31
As on 31.3.2013	2,529.47	3,325.05	75.23	11,840.76	367.08	129.63	11.09	18,278.31	-
<b>ASSETS GIVEN ON LEASE :</b>									
<b>COST</b>									
Cost as on 1.4.2013	-	-	-	159.80	10.77	-	-	170.57	319.54
Additions	-	-	-	-	-	-	-	-	-
Sale/Adjustments	-	-	-	-	-	-	-	-	148.95
Total as on 31.3.2014	-	-	-	159.80	10.77	-	-	170.57	170.59
<b>DEPRECIATION</b>									
Upto 31.3.2013	-	-	-	128.06	9.07	-	-	137.13	236.49
For the Year	-	-	-	2.43	0.24	-	-	2.67	3.10
On Sale/Adjustments	-	-	-	-	-	-	-	-	102.46
Upto 31.3.2014	-	-	-	130.49	9.31	-	-	139.80	137.13
<b>NET VALUE</b>									
As on 31.3.2014	-	-	-	29.31	1.46	-	-	30.77	33.46
As on 31.3.2013	-	-	-	31.76	1.70	-	-	33.46	-
<b>GRAND TOTAL</b>									
As at 31.3.2014	2,526.33	4,119.00	69.03	12,774.59	388.61	112.99	7.56	19,998.10	18,311.77



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

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 31.3.2014
The Vijoy Steel & General Mills Co. Limited	96.17%
Sukhjit Finance Limited	93.38%
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) **LCs / Bank Guarantees** issued for ₹ 251.51 lacs (Prev. Year ₹ 285.14 lacs) in favour of West Bengal State Electricity Board & Himachal Pradesh Electricity Board, for Power connection of Malda unit and 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.
- (b) **Central Excise Duty** : Disputed liabilities, not provided as expenses in the accounts, comprise ₹ 22.15 crores mainly ₹ 20.90 crores on account of disputed Central Excise Duty on Maize Starch excluding penalty and interest 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 the matter is subjudice. The Company has been manufacturing Maize Starch by following the standard Wet Milling Process for the last many decades and the product is sold and accepted by the market as Maize Starch, so the company does not foresee any liability to crystallize on this account. Other items include Show Cause Notice concerning demand of ₹ 1.19 crores on exempted goods and the case is pending before The Commissioner, Central Excise. In other cases, for ₹ 0.06 crores, 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) : ₹ 5.50 crores (Prev. year ₹ 6.75 crores)
- (d) Export obligation pending to be fulfilled is US\$ 0.21 lacs (Prev. year US\$ 19.08 lacs) in next 6 years under EPCG scheme of the Central Government against import of capital goods at concessional rates. The company has achieved an export turnover of US\$ 15.89 lacs during the year under reference (Prev. Year US\$ 13.73 lacs).

33. Earnings per share :	Current Year	Previous Year
(a) Net profit after tax available for Equity shareholders (₹ in Lacs)	<b>1,584.93</b>	2,080.04
(b) Weighted average number of Equity Shares having face value of ₹ 10/- each outstanding during the year (No. of shares)	<b>73,79,820</b>	73,79,820
(c) Basic earnings per share of ₹ 10/- each (₹) (a/b)	<b>21.48</b>	28.19
(d) Diluted earnings per share of ₹ 10/- each (₹) (a/b)	<b>21.48</b>	28.19



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

**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 for the previous year)

(Amount ₹ Lacs)

Particulars	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Total
Rent Paid			7.00 (5.77)	7.00 (5.77)
Remuneration		232.00 (216.60)	97.70 (65.54)	329.70 (282.14)
On account of sales	2.69 (NIL)			2.69 (NIL)
On account of Purchases	93.38 (103.28)			93.38 (103.28)
Rent received	0.06 (0.06)			0.06 (0.06)

	<u>2013-14</u>	<u>2012-13</u>
	(₹ Lacs)	(₹ Lacs)
<b>35. Managerial Remuneration</b> paid/payable to the Executive Directors		
(i) Salaries	<b>157.92</b>	136.72
(ii) Commission	<b>32.13</b>	42.08
(iii) Contribution to retirement benefit funds	<b>12.77</b>	11.13
(iv) Perquisites	<b>29.18</b>	26.67

**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, 2014

**PRIMARY SEGMENT INFORMATION**  
For the year ended March 31, 2014 (₹ 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
<b>1. Segment Revenue</b>												
– External Sales	50,888.31	42,010.34	193.57	169.84	0.06	0.10	98.21	116.99	–	–	51,180.15	42,297.27
– Internal Sales	2.74	0.06	–	–	5.00	2.35	14.34	13.54	(22.08)	(15.95)	–	–
Total Revenue	50,891.05	42,010.40	193.57	169.84	5.06	2.45	112.55	130.53	(22.08)	(15.95)	51,180.15	42,297.27
<b>2. Segment Result</b>												
– Profit before Tax	2,265.80	2,835.42	70.71	(112.59)	(2.38)	(5.14)	3.18	8.33	(3.83)	–	2,333.48	2,726.02
– Provision for Taxation	(661.78)	(677.58)	(85.49)	34.18	–	–	(1.28)	(2.59)	–	–	(748.55)	(645.98)
– Profit after Taxation	1,604.02	2,157.84	(14.78)	(78.41)	(2.38)	(5.14)	1.90	5.74	(3.83)	–	1,584.93	2,080.04
<b>3. Segment Assets</b>												
– Segment assets	40,444.83	37,317.14	283.83	542.13	134.23	134.23	114.33	150.90	(1085.18)	(1663.86)	39,892.04	36,480.54
– Segment Liabilities	20,795.63	19,379.75	227.34	555.74	0.35	0.05	91.32	131.07	(355.02)	(939.59)	20,759.62	19,127.02
– Capital Expenditure	2,759.23	3,980.99	–	30.00	–	–	–	0.18	–	–	2,759.23	4,011.17





## **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 the commercial production are considered as a part of the cost of assets.

### **3. LEASES**

The operating lease where the Company is a Lessee and substantially all the risks and rewards of ownership are retained by the Lessor, 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 the 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 a 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 a 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. By Products are valued at their net realisable value. The costs are, in general, determined on a 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 which are deposited with the Government. These contributions are recognized as expenses during the periods employees perform services.
- (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 a separate



trust, and charged to the Profit and Loss Account of the relevant year. 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 & Loss Account on the same basis.

#### **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 the sale of goods are translated at the rates prevailing at the time of settlement of the 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 a 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 fixed assets are capitalized as a part of the cost of assets till the date of commencement of commercial use of the fixed 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.

## THE SUKHJIT STARCH & CHEMICALS LIMITED

Regd. Office : Sarai Road, Phagwara-144401 Distt. Kapurthala, Punjab  
 Email : sukhjit@sukhjitgroup.com Website : www.sukhjitgroup.com  
 C.I.N. : L15321PB1944PLC001925

### ATTENDANCE SLIP ANNUAL GENERAL MEETING - JULY 29, 2014 AT 10.00 A.M.

DPID.		Name & Address of the registered shareholder
Client ID/Regd. Folio No.		
No. of Shares held		

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.  
 I hereby record my presence at the **ANNUAL GENERAL MEETING** of the Company being held on Tuesday the 29th day of July, 2014 at its Regd. office at Sarai Road, Phagwara-144401, Distt. Kapurthala, Punjab

.....  
 Member's/Proxy's Signature

Note : Please complete this and hand it over at the entrance.

### FORM NO. MGT-11 PROXY FORM

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

CIN :	L15321PB1944PLC001925
Name of the Company :	<b>The Sukhjit Starch &amp; Chemicals Limited</b>
Registered Office :	Sarai Road, Phagwara-144401, Distt. Kapurthala, Punjab
Name of the members (s) :	
Registered address :	
E-mail Id :	
Folio No./Client ID	

I/We, being the member (s) of ..... shares of the above named company, hereby appoint.

1.	Name			
	Address			
	E-mail ID	Signature		
	or failing him			
2.	Name			
	Address			
	E-mail ID	Signature		
	or failing him			
3.	Name			
	Address			
	E-mail ID	Signature		

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Tuesday, July 29, 2014 at 10.00 A.M. at its Regd. Office at Sarai Road, Phagwara-144401, Distt. Kapurthala, Punjab and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

1.	2.	3.	4.
----	----	----	----

Signed this..... day of ..... 2014.

Signature of shareholder : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

Affix Revenue Stamp
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**Note : This form of proxy in order to be effected should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

**PUNJAB**

The Sukhjit Starch & Chemicals Ltd.  
Sarai Road, Phagwara-144 401 (Pb.) INDIA  
Phones : 01824-260314, 260216,  
Fax : 01824-261669, 262077  
E-mail : [sukhjit@sukhjitgroup.com](mailto:sukhjit@sukhjitgroup.com)  
Website : [www.sukhjitgroup.com](http://www.sukhjitgroup.com)

**ANDHRA PRADESH**

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Website : [www.sukhjitgroup.com](http://www.sukhjitgroup.com)

**WEST BENGAL**

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Website : [www.sukhjitgroup.com](http://www.sukhjitgroup.com)

**HIMACHAL PRADESH**

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Vill. Bathu (Gurplah), UNA (HP) INDIA  
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E-mail : [sukhjitagro@gmail.com](mailto:sukhjitagro@gmail.com)  
Website : [www.sukhjitgroup.com](http://www.sukhjitgroup.com)



**The Sukhjit Starch**  
& Chemicals Limited  
*Evolving with Nature*

