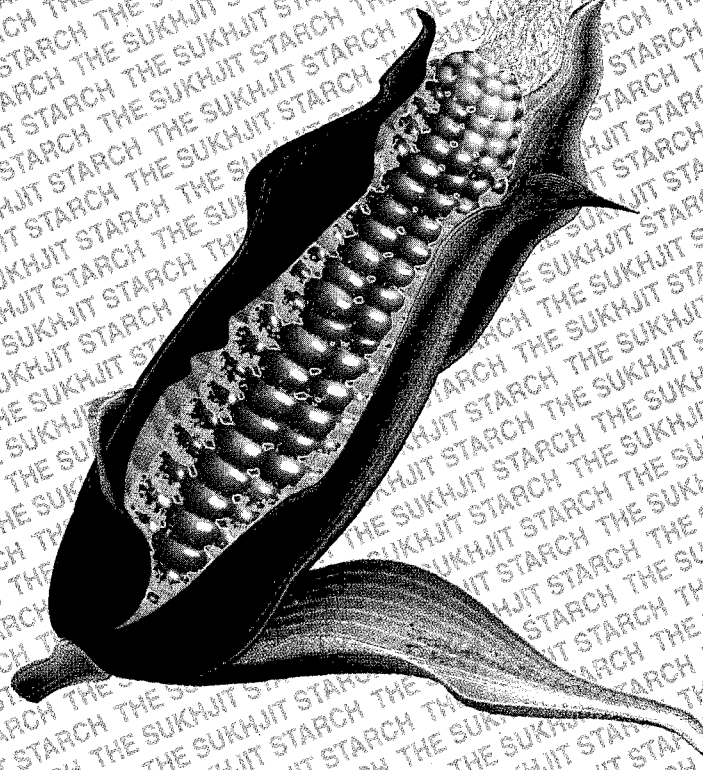


# 65th *Annual Report* 2008-2009



**THE SUKHJIT STARCH & CHEMICALS LIMITED**



# CERTIFICATE

Certificate no. 3934

**THE SUKHJIT STARCH & CHEMICALS LIMITED**

SARAI ROAD, PHAGWARA,  
DISTT. KAPURTHALA – 144 401. (PUNJAB) ; INDIA.



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

**ISO 9001: 2000**

The management system includes :

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

**EA Sector 3**

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

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

For precise and updated information concerning possible changes occurred in the certification object of the present certificate, please contact  
[qszcpl@gmail.com](mailto:qszcpl@gmail.com)



First certification date : 30.07.2005

Date of issue : 08.07.2008

Expiration date : 07.07.2011

QS Zürich AG  
P.O. Box 6335  
CH-8050 Zürich  
[qs-zuerich@quality-service.ch](mailto:qs-zuerich@quality-service.ch)



SCESm 047  
[www.sas.ch](http://www.sas.ch)

Direction



# CERTIFICATE

Certificate no. 3709

## SUKHJIT AGRO INDUSTRIES

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



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

**HACCP-The Code of Practice CAC/RCP1-1969, Rev. 3 (1997),  
Amd. (1999)/FAO/WHO Codex Alimentarius Commission  
- The Standard of ELOT 1416:2000**

The management system includes :

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

### EA Sector 3

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

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

For precise and updated information concerning possible changes occurred in the certification object of the present certificate, please contact [qszcpl@gmail.com](mailto:qszcpl@gmail.com)



Audit date : 19.04.2008

Date of issue : 21.04.2008

Expiration date : 20.04.2011

QS Zürich AG  
P.O. Box 6335  
CH-8050 Zürich  
[qs-zuerich@quality-service.ch](mailto:qs-zuerich@quality-service.ch)



Direction



# CERTIFICATE

Certificate no. 3710

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



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

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

The management system includes :

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

**EA Sector 3**

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

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

For precise and updated information concerning possible changes occurred in the certification object of the present certificate, please contact  
[qszcpl@gmail.com](mailto:qszcpl@gmail.com)



Audit date : 19.04.2008

Date of issue : 21.04.2008

Expiration date : 20.04.2011

QS Zürich AG  
P.O. Box 6335  
CH-8050 Zürich  
[qs-zuerich@quality-service.ch](mailto:qs-zuerich@quality-service.ch)



Direction

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

## **BOARD OF DIRECTORS**

Sh. S.C. Jindal - Chairman

Sh. V.K. Sardana

Sh. A.K. Sardana

Sh. Naresh Sardana

Sh. S.K. Anand

Sh. V.P. Kapahi

Sh. I.K. Sardana-Managing Director

Sh. K.K. Sardana-Jt. Managing Director

Sh. S.M. Jindal-Executive Director & Secretary

## **BANKERS**

Punjab National Bank

G.T. Road, Phagwara-144 401.

## **AUDITORS**

M/s Y.K. Sud & Company

Chartered Accountants

Durga Niwas, Opp. Friends Cinema,  
Jalandhar.

## **REGISTERED OFFICE**

Phagwara-144 401 (Pb.)

---

**ANNUAL REPORT & ACCOUNTS 2008-2009**

---



## **NOTICE**

NOTICE is hereby given that the 65th Annual General Meeting of the Members of The Sukhjit Starch & Chemicals Ltd. will be held at the Registered Office of the Company, at Phagwara, on the 25th day of August, 2009 at 10.00 A.M. to transact the following business :

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit & Loss Account for the year ended 31.3.2009.
2. To declare dividend on the Equity Shares for the year ended 31.3.2009.
3. To appoint Director in place of Shri V.K. Sardana who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Shri S.C. Jindal who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

By Order of the Board

Place : Phagwara.

Dated : 27th June, 2009

**S.M. JINDAL**

Executive Director & 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. The Shareholders, intending to seek any clarification on the accounts, in the meeting, are requested to inform the company at least seven days in advance from the date of the Annual General Meeting. A copy of the Balance Sheet as at 31.3.2009 and Profit & Loss Account for the year ended on that date together with the Auditors' Report and Directors' Report thereon are also enclosed. Members are, however, requested to bring their copies of the Annual Report to the meeting.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 17th August, 2009 to 25th August, 2009 (both days inclusive).
4. The Members are requested to notify any change in their address immediately to the Registrar-cum-Share Transfer Agents of the company.
5. The Dividend Warrants, to the resident members of the Company, will be posted within 30 days from the date of declaration of dividend.



6. The Members are hereby informed that the Dividends, which remain unclaimed/unencashed over a period of 7 years, have to be transferred by the Company to the Investors Education & Protection Fund (IEPF) constituted by the Central Government under section 205C of the Companies Act, 1956. Further, under the amended provisions of the Companies Act, 1956, no claim shall lie for the unclaimed dividend either from the company or from IEPF thereafter.
7. The Members, who have not encashed their dividend warrants for the financial year 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007 and 2007-2008 may approach the company for revalidation of the original dividend warrants or for obtaining duplicate dividend warrants. The unpaid/unclaimed amount will be deposited to the Investors Education and Protection Fund as per the given schedule :

Dividend for Financial Year	Date of Declaration	Due date for Deposit
2001-2002	25.09.2002	24.09.2009
2002-2003	24.09.2003	23.09.2010
2003-2004	17.09.2004	16.09.2011
2004-2005	27.09.2005	26.09.2012
2005-2006	20.09.2006	19.09.2013
2006-2007	12.09.2007	11.09.2014
2007-2008	27.08.2008	26.08.2015

8. The Provisions of section 109A and 109B of the Companies Act, 1956 have extended the nomination and transmission facility to the share holders of a company. The shareholders can avail the above facility by furnishing to the Company, the particulars of their nominee(s). Every person who becomes the nominee, by virtue of Section 109A, may upon the production of such evidence, as may be required by the Board, elect either to get himself registered as the holder of the securities or to make such transfers as the case may be as the deceased holder could have made.
9. The shares of the Company are under the compulsory demat list, so trading in the equity shares can only be made in dematerialized form. In case you have not dematerialized your shares, you may do so by opening an account with a depository participant.
10. Information under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai in respect of Directors seeking appointment/re-appointment at the Annual General Meeting is given hereunder :
  - (a) Shri 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, Teama Consortium India Ltd., Calcutta and has long Management and Administrative experience. He holds 32,092 shares of our company.
  - (b) Shri S.C. Jindal retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.  
 Shri S.C. Jindal is a businessman and has life long business experience to his credit. He does not hold any other directorship and holds 85,620 shares of our company.



## **DIRECTORS' REPORT**

Dear Share Holders :

Your Directors' are pleased to present before you the 65th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2009 :-

### **1. FINANCIAL RESULTS**

	<b>2008-09</b>	<b>2007-08</b>
	<b>(Rs. in Lacs)</b>	<b>(Rs. in Lacs)</b>
Sales & Other income	21277.43	19326.80
Profit before tax & depreciation	1942.96	2635.55
Profit before tax but after depreciation	1431.51	2271.85
Provision for taxes	(269.00)	(257.05)
Profit After Tax	1162.51	2014.80
Taxes relating to previous years	(1.98)	(8.61)
Surplus brought forward	334.26	359.77
Surplus available for appropriation	1494.79	2365.96
Proposed dividend (including Corporate Tax)	(345.36)	(431.70)
Transfer to General Reserve	(700.00)	(1600.00)
Surplus carried forward	449.43	334.26

### **2. PERFORMANCE**

The gross sales and other income of the company have increased from Rs. 193.27 Crores to Rs. 212.77 Crores showing a growth of 10%. Operating Profits of the Company i.e. Profit Before Tax & Depreciation has decreased from Rs. 26.36 Crores to Rs. 19.43 Crores which after providing Depreciation of Rs. 5.11 Crores (Rs. 3.64 Crores) and taxation of Rs. 2.71 Crores (2.66 Crores) leaves a net profit of Rs. 11.61 Crores (Rs. 20.06 Crores). The profits of the company have been adversely impacted by the unprecedented increase in the prices of raw material. The Government had revised the minimum support price from Rs. 640 per Qtl. to Rs. 840 per Qtl. during the year under reference which pushed up the cost of production steeply affecting the operating profits of the Company.

### **3. FUTURE PROSPECTUS**

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

The new unit of the Company in H.P. has become fully operational and it has contributed significantly to the sales of the company.

The company has also undertaken expansion of Nizamabad Unit last year (totally out of internal accruals of the Company) and commissioning is expected to be in place by July, 2009. It is expected that the operations of the Company will grow more than 15% during the current year.

### **4. CORPORATE GOVERNANCE**

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





**5. DIVIDEND**

The Directors are pleased to recommend a dividend @ 40% for the financial year ended 31st March, 2009 against 50% last year.

**6. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2009, 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, 2009 on a 'going concern' basis.

**7. DEPOSITS**

All the deposits have been timely renewed/repaid as per the provisions of Section 58-A of the Companies Act, 1956 and rules made thereunder. The company has no unclaimed/unpaid deposits on 31/03/2009.

**8. SUBSIDIARY COMPANIES**

- (a) The Vijoy Steel & General Mills Company Ltd., Phagwara : The company has maintained its performance and it is expected that it will perform reasonably well during the current year.
- (b) Sukhjit Finance Ltd., Phagwara : The operations of the company have been cut down substantially to ward off unnecessary losses.
- (c) Scott Industries Ltd., Phagwara : The company has started showing upward trend in sales and it will continue improving its performance in the current year.

**9. CONTINGENT LIABILITY**

The Disputed Liabilities, not adjusted as expense in the accounts include Rs.14.85 crores (Rs. 11.83 Crores prev. year) on account of Central Excise Duty / Service Tax in appeals. The major item, consists of Rs. 14.80 crores (Rs. 11.72 crores Prev. Year) excluding penalty and interest on account of demands raised by Central Excise Department since 01.04.1997 alleging sale of Maize Starch as that of Modified Starch. The demand is totally baseless/frivolous since the chemical examiner of **CENTRAL REVENUE LABORATORY** has clearly held the product to be Maize Starch. Moreover, the product being manufactured by the company for the last over five decades has been sold as Maize Starch, accepted by the market as Maize Starch and classified by the Department, itself, as Maize Starch from time to time. Hon'ble High Court has since stayed the demand and the matter is subjudice.



#### 10. PERSONNEL

Pursuant to Section 217 (2A) of the Companies Act, 1956, the details of the employees who were in receipt of remuneration over Rs. 24.00 lacs if employed throughout the year or Rs. 2.00 lacs p.m. if employed for a part of the year is given below :

(a) The Persons employed through out the year and were in receipt of remuneration aggregating not less than Rs. 2400000/- for the year :

No.	Name	Age	Designation	Gross Remuneration (Rs.)
1.	Sh. I.K. Sardana	63	Managing Director	32,05,044/-
2.	Sh. K.K. Sardana	61	Jt. Managing Director	29,47,465/-
3.	Sh. S.M. Jindal	77	Executive Director & Secretary	26,25,097/-

Qualification	Experience	Date of Joining	Last Employment/Designation Held
B.A.	43 Years	02.08.1967	The Sukhjit Starch & Chemicals Ltd., Phagwara Sales Manager
B.A.	38 Years	18.01.1972	The Sukhjit Starch & Chemicals Ltd., Phagwara G.M. (Commercial)
B.Sc., LLB	50 Years	15.06.1960	The Sukhjit Starch & Chemicals Ltd., Phagwara Executive Director (Comm.) & Secretary

(b) The Persons employed for a part of the year and were in receipt of remuneration at a rate not less than Rs. 200000/- per month — Nil —

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

#### 11. DIRECTORS

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

#### 12. AUDITORS

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

#### 13. ACKNOWLEDGEMENT

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

Yours truly,  
For and on behalf of the Board,

**S.C. JINDAL**

Chairman

Dated : 26th June, 2009



## 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, 2009.

I. (A) POWER & FUEL CONSUMPTION	CURRENT YEAR	PREVIOUS YEAR
1. ELECTRICITY		
(a) Purchase Units – 000 KWH	30,533	27,419
Total Amount Rs. 000	1,21,129	1,08,643
Rate/Unit Rs.	3.97	3.96
(b) Own Generation		
(i) Through Diesel Generation		
– Units – 000 KWH	643	386
– Units per Ltr of Diesel oil	3.25	3.25
– Cost/Unit Rs.	9.30	9.60
2. COAL (Steam Coal used on Boilers)		
Quantity (M. Tons)	19,286	13,960
Total Cost Rs. 000	80,497	49,634
Average Rate Rs./MT	4,174	3,555
3. OTHERS (Rice Husk / Fire Wood)		
Quantity (M. Tons)	23,737	25,091
Total Cost Rs. 000	59,558	45,195
Average Rate Rs./MT	2,509	1,801

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

	STANDARD, if any	CURRENT YEAR	PREVIOUS YEAR
Production in M. Tons	Nil	1,28,600	1,16,990
Electricity–KWH/Ton.	Nil	237 *	234 *
Coal – Kgs/Ton.	Nil	150 *	119 *
Others – Rice Husk – Kgs/Ton.	Nil	185 *	214 *

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

## II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

## III. RESEARCH & DEVELOPMENT

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

## IV. EXPENDITURE ON R & D

The Company has spent about Rs. 25.80 Lacs during the year under reference in pursuit of improving the quality of products line, developing new products and improving their application.



**V. FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. The Foreign Exchange Earnings of the Company have been Rs. 2,53,87,385/- during the current year (Rs. 3,26,48,121/- prev. year) on F.O.B. basis.
2. The Company has imported capital goods of Rs. 74,95,703/- (Rs. 5,83,974/- during prev. year) on C.I.F. basis, raw materials and consumables of Rs. 1,37,582/- (Rs. 3,86,150/- during prev. year) and incurred foreign travelling expenditure of Rs. 1,20,526/- (Rs. 1,56,840/- Prev. Year).

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

1. Name of the Company	The Vijoy Steel & Gen. Mills Co. Ltd.	Sukhjit Finance Ltd.	Scott Industries Ltd.
2. Holding Company's Interest	Holding 2,25,800 equity shares in the subscribed & fully paid up capital of 2,30,640 equity shares of Rs. 10/- each	Holding 46,12,100 equity shares in the subscribed & fully paid up capital of 49,50,000 equity shares of Rs. 10/- each	Holding 44,00,000 equity shares in the subscribed & fully paid up capital of 44,01,400 equity shares of Rs. 10/- each
3. Net aggregate amount of subsidiary company's profits less losses so far as it concerns the members of the holding company and is not dealt with, in company's accounts			
(a) For the year ended 31.3.2009	94,907	(54,66,784)	(13,11,647)
(b) For the previous financial years of the subsidiary of the company	69,775	(1,85,88,104)	(1,23,83,839)
4. Net aggregate amount of subsidiary company's profit less losses or vice versa dealt with or provided for in the company's accounts			
(a) For the company's financial year ended 31.3.2009	—	—	—
(b) For the previous financial years of the subsidiary since it became subsidiary	7,07,712	2,96,08,629	—



## ANNEXURE 'C'

### CORPORATE GOVERNANCE REPORT

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

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

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

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

#### 2. BOARD OF DIRECTORS :

The Board of Directors comprises a Non-Executive Independent Chairman, one Managing Director, One Joint Managing Director, one Executive Director, three Non-Executive Directors and two Independent Directors. During the year eleven Board meetings were held on : 28.04.2008, 29.04.2008, 24.06.2008, 21.07.2008, 27.08.2008, 28.08.2008, 21.10.2008, 22.10.2008, 4.11.2008, 27.1.2009 & 28.01.2009.

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

Name of the Director	Category of Directorship	Number of the board meetings attended	No. of the Directorships held in other Indian public limited Companies	No. of the Committees Positions held in other Indian Public limited Companies
Shri S.C. Jindal	Independent Chairman	7	-	-
Shri I.K. Sardana	Managing Director	11	4	1 (member)
Shri K.K. Sardana	Jt. Managing Director	8	3	-
Shri S.M. Jindal	Executive Director	11	3	-
Shri V.K. Sardana	Non Executive Director	8	1	-
Shri A.K. Sardana	Non Executive Director	11	-	-
Shri Naresh Sardana	Non Executive Director	4	-	-
Shri S.K. Anand	Independent Director	8	1	-
Shri V.P. Kapahi	Independent Director	10	-	-

#### 3. COMMITTEES OF THE BOARD :

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

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



## ANNEXURE 'C'

The composition of the Audit Committee is given below :

Shri S.C. Jindal Chairman

Shri S.K. Anand Member

Shri V.P. Kapahi Member

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

### (ii) Share Transfer Committee :

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

		Meetings held during the year	Meetings attended
Shri I.K. Sardana	Chairman	24	21
Shri K.K. Sardana	Member	24	15
Shri S.M. Jindal	Member	24	22

### (iii) Shareholders/Investors Grievances :

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

### (iv) Remuneration Committee :

The company has three Whole Time Directors on the Board whose appointment and remuneration have been fixed by the Board in terms of resolution passed by the members in general meetings as per schedule XIII to The Companies Act, 1956. In view of this no remuneration committee was constituted.

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

					(Amount in Rs.)
Name	Salary	Commission	Perquisite Value	Retirement Benefits	Total
Sh. I.K. Sardana	15,72,000	7,05,890	7,70,914	1,56,240	32,05,044
Sh. K.K. Sardana	16,20,000	7,05,890	4,60,775	1,60,800	29,47,465
Sh. S.M. Jindal	16,20,000	7,05,889	1,38,408	1,60,800	26,25,097

Remuneration Paid to Non Executive Directors :

The company has been paying commission @ 1% of the net profits of the company, computed under section 349/350 of the Companies Act, 1956 for the last many years as per necessary approval/sanction obtained at that time and approval of the shareholders obtained by way of special resolution in the Annual General Meeting held in september 2007 for continuation of the same. Non Executive Directors are also paid Sitting Fee @ Rs. 2,500/- per meeting besides out of pocket expenses / travelling expenses incurred in connection with attending the said meetings. The Company does not have any Stock Option Scheme.

## 4. GENERAL BODY MEETINGS :

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

Date	Location	Time
29/09/2006	Regd. Office, Phagwara	10.00 A.M.
12/09/2007	Regd. Office, Phagwara	10.00 A.M.
27/08/2008	Regd. Office, Phagwara	10.00 A.M.



## **ANNEXURE 'C'**

### **5. DISCLOSURES REGARDING MATERIALLY RELATED PARTY TRANSACTIONS :**

No transaction of material nature has been entered into by the Company with its Promoters, Directors, Relatives or the Management which could have potential conflict with the interest of the company. However, the transactions with related parties in ordinary course of business, in terms of AS-18, are given as per point No. 10 of the Schedule T-1 (Notes to Accounts) forming part of this Annual Report.

### **6. MEANS OF COMMUNICATION :**

Quarterly / six monthly results of the company alongwith the notices 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.

### **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

(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  
WBIIIDC Growth Centre,  
N.H. 34, Narayanpur,  
MALDA (W.B.)  
Phone No. (03512) 263027, 263029  
Fax No. (03512) 263026  
E-mail : sukhjitmalda@gmail.com

(iv) Sukhjit Agro Industries  
Village 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 : 25th August, 2009, 10.00 A.M. at the  
Date, Time & Place Registered Office of the Company at Phagwara.
- (b) Financial Year : 2008-2009
- (c) Date of Book Closure : 17th August, 2009 to 25th August, 2009.  
(both days inclusive)
- (d) Dividend Payment : Within Statutory period
- (e) Listing on Stock Exchange : Bombay Stock Exchange
- (f) Stock Code : 524542
- (g) Registrars & Share Transfer Agents : The Share Transfers are done by M/s. Skyline  
Financial Services (Pvt.) Ltd., 246, 1st Floor, Sant  
Nagar, East of Kailash, New Delhi and approved by  
Share Transfer Committee of the Company.
- (h) Dematerialisation of Shares : The Company's Equity shares are held in  
dematerialised form by NSDL & CDSL. 3156060  
shares i.e. 42.77% of equity capital has been  
dematerialised as on 31.03.09.
- (i) Address for Correspondence : The Sukhjit Starch & Chemicals Ltd.  
Sarai Road, Phagwara (Pb.)  
Ph. : (01824) 468800, 260216, 260314  
Fax : (01824) 261669, 262077  
E-mail : sukhjit@sukhjitgroup.com

### (j) Distribution of Shareholding as on 31.3.2009

Category	No. of Shares	Percentage
1. Promoters	41,33,214	56.01%
2. Banks, Financial Institutions, Govt. institutions etc.	44,898	0.61%
3. Corporate Bodies	1,59,950	2.17%
4. NRIs/OCBs	7,341	0.10%
5. General Public	30,34,417	41.11%
6. Clearing Member	-	-
Total No. of shares	<u>73,79,820</u>	<u>100.00%</u>





## ANNEXURE 'C'

(k) Market Price Data : High low quotations on the Bombay Stock Exchange during each month for the year 2008-2009 & performance in comparison to BSE Index :

Month	MARKET PRICE (RS.)		BSE INDEX	
	High	Low	High	Low
April, 2008	128.00	107.75	17480.74	15297.96
May, 2008	125.00	100.00	17735.70	16196.02
June, 2008	115.05	101.00	16632.72	13405.54
July, 2008	115.00	86.10	15130.09	12514.02
Aug., 2008	123.85	104.00	15579.78	14002.43
Sept., 2008	112.00	95.30	15107.01	12153.55
Oct., 2008	102.80	71.00	13203.86	7697.39
Nov., 2008	91.00	69.00	10945.41	8316.39
Dec., 2008	118.00	78.00	10188.54	8467.43
Jan., 2009	120.50	92.30	10469.72	8631.60
Feb., 2009	121.95	90.10	9724.87	8619.22
March, 2009	114.00	85.25	10127.09	8047.17

## MANAGEMENT DISCUSSION AND ANALYSIS

**BUSINESS SEGMENT :** Corn Processing industry, in India, has shown remarkable growth in the last couple of years. The momentum is expected to sustain for some more years to come owing to increasing and versatile use of Starch and its derivatives. The Indian Starch Industry is still at a nascent stage and deriving around 40 products from Corn whereas more than 500 products of Starch and Starch derivatives are being derived in the international arena. The size of the industry is also negligible compared to the international market. However, profits may tend to fluctuate from year to year due to erratic availability of basic raw material i.e. Maize being an agricultural produce, which suffers from natural vagaries.

**OPPORTUNITIES & THREATS :** The per capita production and consumption of Starch is still much lower as compared to other countries of the world. There is reasonably considerable potential for the increased demand. However, raw material availability and wide fluctuation in the prices continue impacting the profitability of the industry. Higher cost and shortage of basic raw material may impede growth of the industry due to cheaper imports of starch and its derivatives from the neighbouring countries.



## **ANNEXURE 'C'**

**OUTLOOK :** Your company continues to remain on the fore-front of the Starch Industry from efficiency and productivity point of view. The company was the first to start Multi-locational Strategy and is presently having full-fledged manufacturing locations at four different places to have logistic advantages in respect of raw material procurement and supply of finished goods to the customers at lower freight. This has helped the Company to mitigate major risks to our industry in terms of raw material procurement, locational or geographical risks. The company enjoys impeccable level of integrity and enviable goodwill amongst its customers having long term business relationship with leading multi nationals/Indian corporates like Wrigley India Ltd., Dabur India Ltd., Perfetti India Ltd., Godrej, Parle, Hindalco, Cadbury, Ballarpur Industries Ltd. and others. It is worth mentioning here that on the basis of Company's performance for the year 2007-08 Industry 2.0 SMB magazine has ranked the Company as No. 1 under the Chemical Sector and 20th in the Manufacturing Sector amongst the top 500 manufacturing SMBs. The heading of the analysis report states "MEET THE TOP PERFORMERS OF INDIA WHO HAVE SCORED BIG THROUGH INNOVATIVE THINKING, COST OPTIMIZATION STRATEGIES, INTELLIGENT MARKETING AND QUALITY PRODUCTS AND SERVICES AND, OF COURSE, SHEER HARD WORK".

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

**COMPANY'S FINANCIAL PERFORMANCE AND ANALYSIS :** The Sales of the Company have increased both in volumes and in value. The company has been assigned the highest rating i.e. PR1 (PR One) for its short term bank facilities by M/s Credit Analysis & Research Ltd. (CARE). A strong emphasis has been placed on the Working Capital Management of the Company with stringent controls over funds deployment, timely collection of customer's outstanding and effective control over procurement of raw material. The company has enjoyed good credit rating i.e. highest health code with its bankers over the years. The working capital management, in fact, derives its major strength from self generated cash flows duly supplemented with the Capacity to have easy access to the necessary credit.

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

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



**DECLARATION BY THE MANAGING DIRECTOR**

To

The Shareholders,  
The Sukhjit Starch & Chemicals Ltd.,

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

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

I, I.K. Sardana, Managing Director of The Sukhjit Starch & Chemicals Ltd. declare that to the best of my knowledge and belief, all the members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2009.

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

Place : Phagwara  
Dated : 26th June, 2009

**(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, 2009 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, 2009, 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 : 26th June, 2009

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



## AUDITORS' REPORT

To  
The Members of  
The Sukhjit Starch & Chemicals Limited  
Phagwara

We have audited the attached Balance Sheet of The Sukhjit Starch & Chemicals Ltd. as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report as follows :

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in Annexure referred to in paragraph 1 above :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of accounts;
  - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement of the company comply with the Accounting Standards as referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
  - (e) On the basis of the written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors of the company are disqualified as on 31st March 2009 from being appointed as a Director under clause (g) of the Sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with significant Accounting Policies and Notes forming part of accounts, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India ;
    - i. In the case of the Balance Sheet, of the state of the affairs of the company as at 31st March 2009.
    - ii. In the case of the Profit and Loss Account, of the profit of the company for the year ended on that date and
    - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on the date.

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

**(Y.K. SUD)**

B.Com., F.C.A.

Prop.

Memb. No. 16875

Place : Jalandhar.

Dated : 26th June, 2009



## **AUDITORS' REPORT**

### **ANNEXURE TO THE AUDITORS' REPORT :**

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

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



## AUDITORS' REPORT

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (c) The Excise Department has served upon the company, a Show Cause Notice for the clearance of The Maize Starch alleging the same to be classified as Modified Starch and has raised demands amounting to Rs.14.80 crores since 01.04.1997. The company explained that the said demands are totally baseless/frivolous and has challenged the alleged demands with the Hon'ble High Court of Punjab & Haryana which has since stayed the operation of demand Show Cause Notice.
10. The company does not have accumulated losses at the end of the financial year. The company has not incurred any cash loss during the financial year covered by our audit or during the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not chit fund or a nidhi/Mutual benefit fund/Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. Based on our examination of records and evaluation of related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts and timely entries have been made therein in respect of company's activities relating to trading/dealing in shares, securities and other investments and these have been held by the company in its own name.
15. The company has not given guarantees for loans taken by others from bank or financial institutions.
16. The term loans have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.
18. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Company Act, 1956.
19. The company has not issued any debentures during the year and therefore the question of creating security in respect thereof does not arise.
20. The company has not raised any money by way to public issue during the year.
21. According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

FOR Y.K. SUD & COMPANY  
CHARTERED ACCOUNTANTS

(Y.K. SUD)

B.Com., F.C.A.

Prop.

Memb. No. 16875

Place : Jalandhar

Dated : 26th June, 2009



# BALANCE SHEET AS ON 31ST MARCH, 2009

SOURCES OF FUNDS	SCHEDULE NO.	AS ON 31.3.2009 RS.	AS ON 31.3.2008 RS.
<b>SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	A	7,37,98,200	7,37,98,200
(b) Reserves & Surplus	B	<u>83,66,04,441</u>	<u>75,50,87,578</u>
		<b>9,10,40,2641</b>	<b>82,88,85,778</b>
<b>LOAN FUNDS</b>			
(a) Secured Loans	C	37,68,41,791	44,64,93,434
(b) Unsecured Loans	D	<u>18,18,93,333</u>	<u>11,99,51,206</u>
		<b>55,87,35,124</b>	<b>56,64,44,640</b>
<b>TOTAL FUNDS</b>		<b><u>1,46,91,37,765</u></b>	<b><u>1,39,53,30,418</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
(a) Gross Block		1,14,69,99,338	1,03,94,29,790
(b) Less : Depreciation		32,15,65,543	28,05,85,026
(c) Net Block	E	82,54,33,795	75,88,44,764
(d) Capital Work In Progress	F	<u>7,08,34,546</u>	<u>3,93,61,972</u>
		<b>89,62,68,341</b>	<b>79,82,06,736</b>
<b>INVESTMENTS</b>	G	<b>15,31,53,274</b>	<b>14,08,12,136</b>
<b>A. CURRENT ASSETS,</b>			
<b>LOANS &amp; ADVANCES</b>			
(a) Inventories	H	34,49,45,629	37,25,73,810
(b) Sundry Debtors	I	19,68,76,619	20,18,66,480
(c) Cash & Bank Balances	J	3,84,98,598	7,54,83,648
(d) Loans & Advances	K	<u>12,48,01,140</u>	<u>12,18,09,597</u>
		<b>70,51,21,986</b>	<b>77,17,33,535</b>
<b>B. CURRENT LIABILITIES &amp; PROVISIONS</b>			
(a) Liabilities	L	16,49,09,486	19,17,67,366
(b) Provisions	M	<u>5,90,17,996</u>	<u>6,47,76,269</u>
		<b>22,39,27,482</b>	<b>25,65,43,635</b>
<b>NET CURRENT ASSETS (A – B)</b>		<b>48,11,94,504</b>	<b>51,51,89,900</b>
<b>DEFERRED TAX LIABILITY</b>	(-)	<b>6,14,78,354</b>	<b>5,88,78,354</b>
<b>TOTAL ASSETS</b>		<b><u>1,46,91,37,765</u></b>	<b><u>1,39,53,30,418</u></b>
<b>NOTES ON ACCOUNTS</b>	T		

M.G. SHARMA  
Vice President (Finance)

S.M. JINDAL  
Executive Director & Secretary

I.K. SARDANA  
Mg. Director

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

(Y.K. Sud)  
B.Com., F.C.A.  
Prop.  
Memb. No. 16875  
Place : Jalandhar  
Dated : 26th June, 2009

DIRECTORS

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



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	SCHEDULE NO.	FOR THE YEAR ENDED 31.3.2009 (RS.)	FOR THE YEAR ENDED 31.3.2008 (RS.)
<b>INCOME</b>			
1. Gross Sales	N	2,11,69,52,663	1,91,77,09,100
2. Less Excise Duty	N1	(9,07,90,023)	(1,21,50,53,62)
3. Net Sales		2,02,61,62,640	1,79,62,03,738
4. Other Income	N2	1,07,89,945	1,49,71,388
Total Income		2,03,69,52,585	1,81,11,75,126
<b>EXPENDITURE</b>			
5. Consumption of Materials	O	1,32,06,78,015	1,10,95,36,351
6. Manufacturing Expenses	P	28,36,47,933	22,68,63,382
7. Payments to and Provisions for Employees	Q	11,26,79,291	9,35,71,059
8. Administrative, Selling & Other Expenses	R	7,16,58,170	7,03,11,501
9. Financial Charges	S	5,39,92,709	4,73,36,839
10. Depreciation	E	5,11,45,890	3,63,70,485
TOTAL EXPENDITURE		1,89,38,02,008	1,58,39,89,617
11. Profit Before Tax		14,31,50,577	22,71,85,509
12. Provision for Taxation :			
- Current Tax	2,34,00,000		2,60,00,000
- Deferred Tax	26,00,000		(11,15,000)
- Fringe Benefit Tax	9,00,000		8,20,000
		2,69,00,000	2,57,05,000
13. Profit after Tax		11,62,50,577	20,14,80,509
14. Add/(Less) Taxes Relating to Previous Years		(1,97,632)	(8,61,081)
15. Add Surplus Brought Forward		3,34,26,415	3,59,77,089
16. Surplus Available for Appropriation		14,94,79,360	23,65,96,517
<b>17. APPROPRIATIONS</b>			
(a) Proposed Dividend		2,95,19,280	3,68,99,100
(b) Corporate Tax on Dividend		50,16,802	62,71,002
(c) General Reserve		7,00,00,000	16,00,00,000
(d) Surplus Carried Forward		4,49,43,278	3,34,26,415
18. NOTES ON ACCOUNTS	T		

**M.G. SHARMA**  
Vice President (Finance)

**S.M. JINDAL**  
Executive Director & Secretary

**I.K. SARDANA**  
Mg. Director

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

(Y.K. Sud)  
B.Com., F.C.A.  
Prop.  
Memb. No. 16875  
Place : Jalandhar  
Dated : 26th June, 2009

DIRECTORS

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




**SCHEDULES FORMING A PART OF BALANCE SHEET AS ON 31ST MARCH, 2009**

	AS ON 31.3.2009 RS.	AS ON 31.3.2008 RS.
<b>SCHEDULE-A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>10,00,00,000</u>	<u>10,00,00,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
73,79,820 Equity Shares of Rs. 10/- each fully paid up including 58,83,799 Equity Shares of Rs. 10/- each allotted as Bonus Shares by Capitalisation of Reserves	<u>7,37,98,200</u>	<u>7,37,98,200</u>
	<u><u>7,37,98,200</u></u>	<u><u>7,37,98,200</u></u>
<b>SCHEDULE-B,</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
Capital Subsidy :	2,68,28,520	2,68,28,520
<b>SHARE PREMIUM</b>	87,14,450	87,14,450
<b>GENERAL RESERVE</b>		
As per Last Balance Sheet	68,61,18,193	52,61,18,193
Add : Set aside during the year	<u>7,00,00,000</u>	<u>16,00,00,000</u>
	75,61,18,193	68,61,18,193
<b>PROFIT &amp; LOSS ACCOUNT</b>	<u>4,49,43,278</u>	<u>3,34,26,415</u>
	<u><u>83,66,04,441</u></u>	<u><u>75,50,87,578</u></u>
<b>SCHEDULE-C</b>		
<b>SECURED LOANS</b>		
PUNJAB NATIONAL BANK		
(i) Cash Credit		
(a) Secured against hypothecation of raw material, stores, semi-finished goods and finished goods	20,10,01,175	23,73,54,764
(b) Secured against Book Debts	8,66,02,932	6,83,44,264
(c) DD Credit	9,00,000	-
Secured against Cheques/Demand Drafts		
(ii) Term Loan	8,83,37,684	14,07,94,406
Secured against hypothecation of Plant & Machinery, Building, other fixed assets Gurplah unit and Equitable Mortgage of Factory Land of that unit		
	<u>37,68,41,791</u>	<u>44,64,93,434</u>
<b>SCHEDULE-D</b>		
<b>UNSECURED LOANS</b>		
Fixed Deposits (includes Rs. 52,38,000/- from Directors, previous year Rs. 80,08,000/-)	17,01,34,000	10,61,76,000
Interest Payable thereon	1,15,52,790	87,75,206
(including interest payable on cumulative deposits)		
Other Loans & Advances	<u>2,06,543</u>	<u>50,00,000</u>
	<u><u>18,18,93,333</u></u>	<u><u>11,99,51,206</u></u>



**SCHEDULES FORMING A PART OF BALANCE SHEET AS ON 31ST MARCH, 2009**

	AS ON 31.3.2009 RS.	AS ON 31.3.2008 RS.
<b>SCHEDULE-G</b>		
<b>INVESTMENTS</b>		
Holiday Home/Clubs	65,000	65,000
<b>LONG TERM UN-QUOTED FULLY PAID</b>		
<b>1. SUBSIDIARIES</b>		
(i) The Vijoy Steel & General Mills Co. Ltd. 2,25,800 Shares of Face Value Rs. 10/- each	21,30,054	21,30,054
(ii) Sukhjit Finance Ltd. 46,12,100 Shares at Face Value Rs. 10/- each	2,63,09,332	2,63,09,332
(iii) Scott Industries Ltd. 44,00,000 Shares at Face Value Rs. 10/- each	4,40,00,000	4,40,00,000
	<b>7,24,39,386</b>	
<b>2. OTHERS-UNQUOTED</b>		
(a) National Saving Certificates	7,750	7,750
(b) DSP Merrill Lynch Technology.com Fund 1,00,000 units (Prev. Year 147507.352 units) of Face value Rs. 10 per unit	32,41,138	49,00,000
(c) NIFG Canara Robeco Infrastructure Growth Fund 93095.4228 units (Prev. Year Nil) of Face value Rs. 10 per unit	24,00,000	24,00,000
(d) UTI Fixed Term Income Fund 10,00,000 units (Prev. Year Nil) of Face value Rs. 10 per unit	1,00,00,000	-
(e) UTI-GILT Advantage Fund Long term plan - Dividend Re-investment 51,62,807.95 units (Prev. Year Nil) of Face value Rs. 10 per unit	6,50,00,000	-
(f) Unit Trust of India (Fixed Maturity Plan) Nil (Prev. Year 35,00,000 units) of Face Value Rs. 10 per unit	-	3,50,00,000
(g) Reliance Quaterly Interval Fund Nil (Prev. Year 999950.02 units) of Face value Rs. 10 per unit	-	1,00,00,000
(h) UTI Fixed Income Interval Fund Nil (Prev. Year 10,00,000 units) of Face value Rs. 10 per unit	-	1,00,00,000
(i) Reliance Pharma Fund (Growth Plan) Nil (Prev. Year 86541.062 units) of Face value Rs. 10 per unit	-	24,00,000
(j) Kodak Tech Fund (Dividend Plan) Nil (Prev. Year 353669.319 units) of Face value Rs. 10 per unit	-	36,00,000
	<b>8,06,48,888</b>	
<b>TOTAL</b>	<b>15,31,53,274</b>	<b>14,08,12,136</b>


**SCHEDULES FORMING A PART OF BALANCE SHEET AS ON 31ST MARCH, 2009**

	AS ON 31.3.2009 RS.	AS ON 31.3.2008 RS.
<b>SCHEDULE-H</b>		
<b>INVENTORIES</b>		
Stores, Spares, Fuel & Other	6,73,09,952	5,96,62,172
Raw Materials (at cost or Net realisable value whichever is lower)		
Loose Tools (at cost or Net realisable value whichever is lower)	13,07,818	8,68,318
Raw Materials Basic (at cost or Net realisable value whichever is lower)	20,62,20,710	24,90,55,811
Stock in Process (at cost or Net realisable value whichever is lower)	2,94,88,624	2,72,30,832
Finished Goods (at cost or Net realisable value whichever is lower)	4,06,18,525	3,57,56,677
	<u>34,49,45,629</u>	<u>37,25,73,810</u>
<b>SCHEDULE-I</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured – Over Six months		
Considered Good	43,92,646	42,41,490
Considered Doubtful	<u>42,65,389</u>	<u>40,65,521</u>
	86,58,035	83,07,011
– Others	<u>18,82,18,584</u>	<u>19,35,59,469</u>
	<u>19,68,76,619</u>	<u>20,18,66,480</u>
<b>SCHEDULE-J</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand	7,39,266	22,62,769
Balance with Scheduled Banks in :		
Current Accounts	1,41,68,615	3,10,56,068
Fixed Deposit Accounts	2,08,72,126	4,00,17,375
Margin Accounts	<u>27,18,591</u>	<u>21,47,436</u>
	<u>3,77,59,332</u>	<u>7,32,20,879</u>
	<u>3,84,98,598</u>	<u>7,54,83,648</u>
<b>SCHEDULE-K</b>		
<b>LOANS &amp; ADVANCES</b>		
Recoverable in cash or in kind or for value to be received-		
Considered Good	9,22,71,671	8,49,84,237
Income Tax in advance	11,01,97,470	8,30,95,759
Provision for Taxation	<u>(10,25,45,000)</u>	<u>(7,82,45,000)</u>
	76,52,470	48,50,759
Security/Other Deposits	1,34,38,521	1,29,89,060
Prepaid Expenses	20,48,434	20,40,441
Interest & Other Recoverables	<u>93,90,044</u>	<u>1,69,45,100</u>
	<u>12,48,01,140</u>	<u>12,18,09,597</u>


**SCHEDULES FORMING A PART OF BALANCE SHEET AS ON 31ST MARCH, 2009**

	AS ON 31.3.2009 RS.	AS ON 31.3.2008 RS.
<b>SCHEDULE-L</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors for Goods Supplied	8,54,68,236	9,09,36,774
Sundry Creditors for Expenses (including Directors' Commission of Rs. 35,29,448/- previous year Rs. 55,22,076/-)	2,36,05,557	3,13,99,293
Other Creditors	4,04,70,853	5,44,10,594
Dividend Payable	43,63,972	33,18,476
Taxes payable	48,00,607	55,22,138
Security Deposits	62,00,261	61,80,091
	<u>16,49,09,486</u>	<u>19,17,67,366</u>
<b>SCHEDULE-M</b>		
<b>PROVISIONS</b>		
Proposed Dividend	2,95,19,280	3,68,99,100
Corporate Tax on Dividend	50,16,802	62,71,002
Provision for Gratuity	2,44,81,914	2,16,06,167
	<u>5,90,17,996</u>	<u>6,47,76,269</u>
<b>SCHEDULE-N</b>		
<b>SALES &amp; OTHER INCOME</b>		
Starches	52,83,55,723	55,44,84,804
Dextrines & Textilose	12,79,64,819	12,17,11,075
Glucose	79,34,11,731	64,95,25,788
Sorbitol	22,68,14,902	18,56,14,443
By-products	40,42,63,884	34,56,88,327
Misc. Sales	3,61,41,604	6,06,84,663
	<u>2,11,69,52,663</u>	<u>1,91,77,09,100</u>
<b>SCHEDULE-N 1</b>		
<b>EXCISE DUTY</b>		
Excise Duty Paid	9,04,17,454	12,16,32,382
Less : Excise Duty on Closing Stock	(81,181)	(4,53,750)
Add : Excise Duty on Opening Stock	4,53,750	3,26,730
	<u>9,07,90,023</u>	<u>12,15,05,362</u>
<b>SCHEDULE-N 2</b>		
<b>OTHER INCOME</b>		
Rent Received	4,37,600	3,70,500
Interest & Dividend Received	65,30,334	62,22,282
Misc. Income	17,34,362	19,76,629
Profit on Sale of Assets/Units	20,87,649	64,01,977
	<u>1,07,89,945</u>	<u>1,49,71,388</u>
<b>SCHEDULE-O</b>		
<b>CONSUMPTION OF MATERIALS</b>		
Opening Stock		
Finished Goods	3,57,56,677	2,67,16,784
Raw Materials (Basic)	24,90,55,811	17,20,41,987
Stock in Process	2,72,30,832	1,80,51,544
	<u>31,20,43,320</u>	<u>21,68,10,315</u>
Purchase of Basic Raw Materials	1,10,83,19,687	1,07,41,30,409
	<u>1,42,03,63,007</u>	<u>1,29,09,40,724</u>
Less : Closing Stock		
Finished Goods	4,06,18,525	3,57,56,677
Raw Materials (Basic)	20,62,20,710	24,90,55,811
Stock in Process	2,94,88,624	2,72,30,832
	<u>27,63,27,859</u>	<u>31,20,43,320</u>
Effective Consumption of Basic Raw Materials	1,14,40,35,148	97,88,97,404
Other Raw Materials, Consumables & Stores	17,66,42,867	13,06,38,947
	<u>1,32,06,78,015</u>	<u>1,10,95,36,351</u>


**SCHEDULES FORMING A PART OF BALANCE SHEET AS ON 31ST MARCH, 2009**

<b>SCHEDULE-P</b>	<b>AS ON 31.3.2009</b>	<b>AS ON 31.3.2008</b>
<b>OTHER MANUFACTURING EXPENSES</b>	<b>RS.</b>	<b>RS.</b>
Power and Fuel & Others	25,97,18,824	20,57,31,834
Machinery Repair	1,81,18,355	1,48,19,151
Cartage	58,10,754	63,12,397
	<u>28,36,47,933</u>	<u>22,68,63,382</u>
<b>SCHEDULE-Q</b>		
<b>PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</b>		
Salary, Wages, Bonus & Gratuity (including Rs. 48,12,000/- to Directors prev. year Rs. 33,13,000/-)	9,63,67,571	7,96,00,161
Cont. to PF, ESI, Superannuation & Other Funds (including Rs. 4,77,840/- to Directors prev. year Rs. 4,89,960/-)	84,53,729	73,59,115
Workmen & Staff Welfare	78,57,991	66,11,783
	<u>11,26,79,291</u>	<u>9,35,71,059</u>
<b>SCHEDULE-R</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Printing & Stationery	9,82,622	9,15,630
Professional/Legal Expenses	15,06,207	16,88,413
Directors' Fee	1,15,000	99,500
Directors' Travelling Expenses	3,68,152	2,49,823
Travelling Expenses	81,70,138	70,68,038
Auditors' Remuneration	3,14,317	2,68,339
Rent Paid	13,82,603	14,63,526
Electricity & Water Charges	4,47,449	5,47,756
Entertainment	3,60,138	2,70,056
Postage, Telegram & Telephones	22,60,652	20,45,070
Advertisement	6,12,731	7,52,106
Subscription	3,34,698	2,79,819
General Charges	2,63,300	2,68,323
Insurance Expenses	21,71,168	22,73,861
Building Repair	40,60,799	53,62,331
Other Repairs & Maintenance	10,99,928	17,82,629
Commission & Brokerage	2,14,66,450	1,98,92,663
Taxes & Other Govt. Levies & Fees	16,72,274	16,71,684
Rebate & Discount	69,97,728	58,73,498
Charity & Donation	3,03,863	8,11,422
Carriage & Forwarding Charges	1,31,91,977	1,07,64,056
Mg. Director & Wholetime Directors' Commission	21,17,669	33,13,246
Other Directors' Commission	14,11,779	22,08,830
Bad Debts Written Off	46,528	4,40,882
	<u>7,16,58,170</u>	<u>7,03,11,501</u>
<b>SCHEDULE-S</b>		
<b>FINANCIAL CHARGES</b>		
Interest – On Term Loans/Deposits (including Rs. 8,10,418/- paid to directors, prev. year Rs. 10,50,330/-)	2,33,96,677	2,26,24,090
– On Other Accounts	2,98,69,678	2,40,37,534
Bank Charges	7,26,354	6,75,215
	<u>5,39,92,709</u>	<u>4,73,36,839</u>

**SCHEDULE-E**  
**FIXED ASSETS AS ON 31ST MARCH, 2009**

Amount (Rs.)

ASSETS	LAND	BUILDING	FURNITURE & FIXTURE	PLANT & MACHINERY	ELECTRIC FITTING & OTHER EQUIPMENT	VEHICLES	TOTAL	PREVIOUS YEAR
<b>COST</b>								
Cost as on 1.4.2008	8,55,78,591	24,13,97,771	1,20,42,558	63,83,10,423	4,39,73,821	1,81,26,626	1,03,94,29,790	72,59,45,896
Additions	1,16,05,780	2,73,41,145	19,65,363	6,45,05,803	90,43,148	46,80,074	11,91,41,313	31,95,34,995
Sale/Adjustments	-	-	-	73,36,681	1,40,209	40,94,875	1,15,71,765	60,51,101
Total as on 31.3.2009	9,71,84,371	26,87,38,916	1,40,07,921	69,54,79,545	5,28,76,760	1,87,11,825	1,14,69,99,338	1,03,94,29,790
<b>DEPRECIATION</b>								
Upto 31.3.2008	-	6,18,92,942	59,53,933	18,53,36,502	1,58,30,212	1,15,71,437	28,05,85,026	2,49,11,38,32
For the Year	-	1,39,70,262	12,69,792	2,88,55,680	50,39,452	20,10,704	5,11,45,890	3,63,70,485
On Sale/Adjustments	-	-	-	64,89,759	1,02,417	35,73,197	1,01,65,373	48,99,291
Upto 31.3.2009	-	7,58,63,204	72,23,725	20,77,02,423	2,07,67,247	1,00,08,944	32,15,65,543	28,05,85,026
<b>NET VALUE</b>								
As on 31.3.2009	9,71,84,371	19,28,75,712	67,84,196	48,77,77,122	3,21,09,513	87,02,881	82,54,33,795	75,88,44,764
As on 31.3.2008	8,55,78,591	17,95,04,829	60,88,625	45,29,73,921	2,81,43,609	65,55,189	75,88,44,764	
<b>SCHEDULE-F</b>								
<b>CAPITAL WORK IN PROGRESS</b>			<b>AS ON 31.3.2009</b>	<b>AS ON 31.3.2008</b>				
Building Under Construction			1,52,56,949	46,90,986				
Machinery Under Errection			4,95,13,166	2,65,80,134				
Furniture			4,47,114	-				
Advances for Capital Goods			49,78,548	80,90,852				
Electric Installation under errection			6,38,769	-				
			<u>7,08,34,546</u>	<u>3,93,61,972</u>				

SCHEDULES TO THE ACCOUNTS

The Sukhjit Starch & Chemicals Limited, Phagwara





## **SIGNIFICANT ACCOUNTING POLICIES**

### **1. METHOD OF ACCOUNTING**

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

### **2. FIXED ASSETS**

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

### **3. DEPRECIATION**

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

### **4. INVESTMENTS**

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

### **5. INVENTORY**

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

### **6. EMPLOYMENT BENEFITS**

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

### **7. REVENUE RECOGNITION**

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

### **8. FOREIGN CURRENCY TRANSACTIONS**

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

### **9. RESEARCH & DEVELOPMENT EXPENSES**

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

### **10. TAXATION**

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

### **11. GOVERNMENT GRANTS**

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

### **12. BORROWING COSTS**

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



## SCHEDULE-T-I NOTES ON ACCOUNTS

1. Figures for the previous year have been recasted/regrouped wherever necessary.
2. Contingent Liabilities not provided for include :
  - (i) **Bank Guarantees** issued for Rs. 93.32 lacs (Prev. Year Rs. 88.85 lacs) in favour of West Bengal State Electricity Board for power connection of Malda Unit, Himachal Pradesh State Electricity Board for power connection of Gurplah unit, Commissioner of Customs / Jt. Director of Foreign Trade for import of machinery under EPCG licence and Excise & Taxation Officer for sale tax subsidy of Gurplah unit.
  - (ii) **Central Excise Duty** : Disputed liabilities not adjusted as expenses in the accounts include Rs. 14.85 crores (Prev. year 11.83 crores) on account of Central Excise Duty / Service Tax in appeals. The major item consists of Rs. 14.80 crores (Prev. year 11.72 crores) excluding penalty & interest on account of the demands raised by the Central Excise Department since 1.4.1997 against sale of maize starch disputing the classification thereof. The company has challenged the demand before the Hon'ble High Court which has since been stayed by the Hon'ble High Court and the matter is subjudice.
  - (iii) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances) : Rs. 289 lacs (Prev. year Rs. Nil)
  - (iv) Export obligation pending to be fulfilled is US\$ 66,332 (Prev. year US\$ 6,23,522) under EPCG scheme of the Central Government on account of custom duty saved on import of capital goods at concessional rates.
3. Profit & Loss account of the company includes Rs. 1,00,70,702/- (Prev. year Rs. 8,53,375/-) being the amount of Income and Rs. 4,45,559/- (Prev. year Rs. 91,570/-) being the amount of expenditure relating to the prev. year. Thus profit for the year is overstated by Rs. 96,25,143/- (Prev. year overstated by Rs. 7,61,805/-) due to the effect of these items.
4. Land cost includes land amounting to Rs. 37,91,380/- pending registration in the name of the Company. Buildings of the company at Malda and partly at Phagwara are built on leased land.
5. National Saving Certificates of Rs. 7,750/- (Prev. year Rs. 7,750/-) are pledged to the Govt. authorities as security.
6. Loans and advances includes Rs. 575.57 lacs (Prev. year Rs. 435.98 lacs) due from the subsidiary companies.
7. Deffered tax has been provided in accordance with the Accounting Standard 22-Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India.
8. Based on information available with the Company, there are no dues to Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 and there are no dues to Small scale Industrial Undertakings for more than 30 days as at March 31, 2009.
9. Earnings per share :
 

	<u>2008-09</u>	<u>2007-08</u>
(a) Net profit after tax available for Equity shareholders (Rs. in Lacs)	1160.53	2006.19
(b) Weighted average number of Equity Shares having face value of Rs. 10/- each outstanding during the year (No. of shares)	73,79,820	73,79,820
(c) Basic/Diluted earnings per share Rs. 10/- each (Rs.) (a/b)	15.73	27.18
10. Related Party Disclosures :
  - (a) List of related parties / Relationships :
 

<b>SUBSDIARY COMPANIES</b>		
(i) The Vijoy Steel & General Mills Co. Ltd.	:	Subsidiary
(ii) Sukhjit Finance Ltd.	:	Subsidiary
(iii) Scott Industries Ltd.	:	Subsidiary





KEY MANAGEMENT PERSONNEL

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

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

(Figures in brackets are for the previous year)

(Amount Rs. in Lacs)

Particulars	Subsidiaries	Key Management Personnel	Total
Rent Paid		4.20 (3.30)	4.20 (3.30)
Directors Remuneration		87.78 (83.35)	87.78 (83.35)
Rent received	0.37 (0.37)		0.37 (0.37)
On account of sales	81.54 (60.21)		81.54 (60.21)
On account of Purchases	117.55 (112.53)		117.55 (112.53)

11. (a) Managerial Remuneration paid/payable to the Manager (s) :	2008-09 (Rs.)	2007-08 (Rs.)
(i). Salaries	48,12,000	33,13,000
(ii) Commission	21,17,669	33,13,246
(iii) Contribution to retirement benefit funds	4,77,840	4,89,960
(iv) Perquisites	13,70,097	12,18,723

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

Net Profit as per Profit & Loss Account	14,31,50,577	22,71,85,509
Add : Commission to Directors	35,29,448	55,22,076
Directors Sitting Fee	1,15,000	99,500
	14,67,95,025	23,28,07,085
Less : Profit on sale of Assets/Shares	20,87,648	64,01,977
Balance : :	14,47,07,377	22,64,05,108
Commission @ 1% on Net Profits to Directors	14,11,779	22,08,830
Commission @ 1.5% on Net Profits to Mg.	21,17,669	33,13,246
Director, Jt. Mg. Director & Exe. Director		
Net Profit From business (as per Section 349)	14,11,77,929	22,08,83,032

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

	2008-09	2007-08
1. AUDITORS' REMUNERATION INCLUDES :	Rs.	Rs.
Audit Fee	1,55,000	1,55,000
Tax Audit Fee	42,000	42,000
For Other Matters	-	-
Reimbursement of out of pocket expenses	1,17,317 *	71,339 *
(*) Including service tax on Audit fee		



**2. EARNINGS IN FOREIGN EXCHANGE :**

(i) Export of goods on F.O.B. basis	2,53,87,385	3,26,48,121
-------------------------------------	-------------	-------------

**3. VALUE OF IMPORTS ON C.I.F. BASIS :**

(excluding canalised items)

(i) Raw Materials and Consumables	1,37,582	3,86,150
(ii) Capital Goods	74,95,703	5,83,974

**4. EXPENDITURE IN FOREIGN CURRENCY :**

Remittance in foreign currency

(a) Foreign Travelling Expenses	1,20,526	1,56,840
---------------------------------	----------	----------

**5. LICENSED, INSTALLED AND ACTUAL PRODUCTION :**

**I. Licensed Capacity**

All the units of the Company are separately registered with SIA, Govt. of India and combined licenced capacities are:

(a) Maize Starch	101500 MTs.
(b) Glucose	48637 MTs.
(c) Sorbitol	12000 MTs.
(d) Dextrine & Textilose	10250 MTs.

**II. Installed Capacity**

2008-09 (P.A.)

2007-08 (P.A.)

(a) Starches	95000 M.T.	95000 M.T.
(b) Glucose	36000 M.T.	36000 M.T.
(c) Sorbitol	9500 M.T.	9500 M.T.
(d) Dextrine & Textilose	10250 M.T.	10250 M.T.

**III. Actual Production**

(a) Maize Starch	94279.311 M.T.	82343.184 M.T.
Less : Captive Consumption	58604.386 M.T.	44933.009 M.T.
Production for sale	35674.925 M.T.	37410.175 M.T.
(b) Dextrine & Textilose	6380.650 M.T.	5851.800 M.T.
(c) Glucose	43711.395 M.T.	32688.625 M.T.
(d) Sorbitol	7613.545 M.T.	7153.526 M.T.
(e) By Products on dry basis	36186.469 M.T.	34547.326 M.T.
Less : Internal Consumption	966.505 M.T.	661.177 M.T.
Production for sale	35219.964 M.T.	33886.149 M.T.

**6. CONSUMPTION OF RAW MATERIALS :**

2008-09

2007-08

(including Sales, if any)

	Qty. in M.Tons	Value in Rs.	Qty. in M.Tons	Value in Rs.
(i) Maize	151208.938	1,14,87,59,593	135156.010	95,14,27,603
(ii) Tapioca Starch and other basic Raw Materials	165.434	23,95,194	3348.304	4,56,88,982
(iii) Other items (each being less than 10% of the total consumption)		15,72,74,899	-	11,38,69,761
		<u>1,30,84,29,686</u>		<u>1,11,09,86,346</u>



# SCHEDULE 'T-II' NOTES ON ACCOUNTS

## 7. VALUE OF IMPORTED AND INDIGENOUS

RAW MATERIALS, SPARE PARTS AND PERCENTAGE OF EACH TO TOTAL CONSUMPTION	2008-09 (Rs.)	2007-08 (Rs.)
(i) Raw Materials		
(a) Imported	-	-
(excluding cannalised items)	-	-
(b) Indigenous	1,30,84,29,686	1,11,09,86,346
	(100%)	(100%)
(ii) Spares & Components	1,13,537	26,59,451
(a) Imported	(0.58%)	(15.86%)
	1,92,54,432	1,41,09,735
(b) Indigenous	(99.42%)	(84.14%)

## 8. PARTICULARS OF GOODS SOLD

	Qty. in M. Tons	Value in Rs.	Qty. in M. Tons	Value in Rs.
(i) Starches	36384.275	52,83,55,723	37306.400*	55,44,84,804
(ii) Dextrins & Textilose	6358.800 #	12,79,64,819	5907.975 #	12,17,11,075
(iii) Glucose	43338.470	79,34,11,731	32353.590 ##	64,95,25,788
(iv) Sorbitol	7535.070	22,68,14,902	7043.905 *	18,56,14,443
(v) By Products on dry basis	35062.101 **	40,42,63,884	34138.664 **	34,56,88,327
(vi) Misc. Sales		3,61,41,604		6,06,84,663
		<u>2,11,69,52,663</u>		<u>1,91,77,09,100</u>

# includes 16.000 MTs Yellow Dextrine purchased from outside (Prev. Year 48.000 MTs)

## includes NIL MTs Liquid Glucose purchased from outside (Prev. Year 0.200 MTs)

\* includes NIL MTs Sorbitol purchased from outside (Prev. Year 31.544 MTs)

\*\* includes 8.050 MTs. Gluten purchased from outside (Prev. Year 10.700 MTs)

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

	As on 31.3.2009		As on 31.3.2008		As on 31.3.2007	
	Qty. in M. Tons	Value in Rs.	Qty. in M.Tons	Value in Rs.	Qty. in M.Tons	Value in Rs.
(i) Starches	565.675	68,66,391	1275.025	1,45,64,150	1171.250	1,27,87,913
(ii) Dextrins & Textilose	246.675	32,18,939	208.825	28,28,582	217.000	24,61,127
(iii) Glucose	1149.550	1,68,59,338	776.625	1,18,66,351	441.390	57,04,540
(iv) Sorbitol	275.340	60,32,147	196.865	33,71,820	55.700	10,34,113
(v) By Products on dry basis	305.283	76,41,710	139.370	31,25,774	381.185	47,29,091

M.G. SHARMA  
Vice President (Finance)

S.M. JINDAL  
Executive Director & Secretary

I.K. SARDANA  
Mg. Director

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

(Y.K. Sud)  
B.Com., F.C.A.  
Prop.  
Memb. No. 16875  
Place : Jalandhar  
Dated : 26th June, 2009

DIRECTORS

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



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Year Ended 31st March, 2009 (Rs. in lacs)	Year Ended 31st March, 2008 (Rs. in lacs)
<b>FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	1,431.51	2,271.86
<b>ADJUSTMENTS FOR NON-CASH ITEMS</b>		
Depreciation	511.46	363.70
Provision for gratuity	28.76	29.76
<b>ADJUSTMENTS FOR NON-OPERATING ACTIVITIES</b>		
Interest & Dividend received	(65.30)	(62.22)
Interest paid	532.67	466.62
(Profit) Loss on sale of investments/assets	(20.88)	(64.01)
<b>FLOWS FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES</b>	<b>2,418.22</b>	<b>3,005.71</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Trade and other receivables	19.98	(440.21)
Inventories	276.28	(1,150.90)
Trade Payable	(132.61)	588.81
Other Liabilities	(183.09)	(326.99)
<b>FLOWS FROM OPERATING ACTIVITIES</b>	<b>2,398.78</b>	<b>1,676.42</b>
Direct Taxes Paid	(262.01)	(296.76)
Fringe Benefit Tax	(9.00)	(8.20)
<b>NET FLOWS FROM OPERATING ACTIVITIES</b>	<b>2,127.77</b>	<b>1,371.46</b>
<b>FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,506.13)	(1,347.90)
Sale of Fixed Assets	34.94	75.54
Investments in subsidiaries	-	(2.38)
Other Investments	(123.41)	118.00
Interest & Dividend received	65.30	62.22
<b>NET FLOWS FROM INVESTING ACTIVITIES</b>	<b>(1,529.30)</b>	<b>(1,094.52)</b>
<b>FLOWS FROM FINANCING ACTIVITIES</b>		
Loans raised for working capital	(171.95)	730.16
Term Loans raised	(524.57)	(301.84)
Other Loans raised	619.42	(22.33)
Dividends paid	(358.54)	(288.64)
Interest paid	(532.67)	(466.62)
<b>NET FLOWS FROM FINANCING ACTIVITIES</b>	<b>(968.31)</b>	<b>(349.27)</b>
Net Cash Flows during the year	<b>(369.84)</b>	<b>(72.33)</b>
Cash & cash equivalents as at beginning of the year	<b>754.83</b>	<b>827.16</b>
Cash & cash equivalents as at the end of the year	<b>384.99</b>	<b>754.83</b>

**M.G. SHARMA**  
Vice President (Finance)

**S.M. JINDAL**  
Executive Director & Secretary

**I.K. SARDANA**  
Mg. Director

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

(Y.K. Sud)  
B.Com., F.C.A.  
Prop.  
Memb. No. 16875  
Place : Jalandhar  
Dated : 26th June, 2009

**DIRECTORS**

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



## **SCHEDULES TO THE ACCOUNTS**

### **SCHEDULE-U**

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

#### **I. REGISTRATION DETAILS**

Corporate Identity Number L15321PB1944PLC001925 State Code : 16  
Balance Sheet Date 31.3.2009

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

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

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

Total Liabilities	Rs. 14,69,137	Total Assets	Rs. 14,69,137
-------------------	---------------	--------------	---------------

##### **SOURCE OF FUNDS**

Paid-up Capital	Rs. 73,798	Reserves & Surplus	Rs. 8,36,604
Secured Loans	Rs. 3,76,842	Unsecured Loans	Rs. 1,81,893

##### **APPLICATION OF FUNDS**

Net Fixed Assets	Rs. 8,96,268	Investment	Rs. 1,53,153
Net Current Assets	Rs. 4,81,194	Deffered Tax Asset	Rs. (-) 61,478
Accumulated Losses	Rs. Nil		

#### **IV. PERFORMANCE OF COMPANY (Amount in Thousands)**

Turnover	Rs. 21,27,743	Total Expenditure	Rs. 19,84,592
Profit/(Loss) before Tax	Rs. 1,43,151	Profit/(Loss) after tax	Rs. 1,16,053
Earning Per Share	Rs. 15.73	Dividend Rate	40%

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

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

**M.G. SHARMA**  
Vice President (Finance)

**S.M. JINDAL**  
Executive Director & Secretary

**I.K. SARDANA**  
Mg. Director

DIRECTORS

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



## **AUDITORS' REPORT TO THE DIRECTORS' ON CONSOLIDATED ACCOUNTS**

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

We have examined the attached consolidated Balance Sheet of The Sukhjit Starch & Chemicals Ltd. and its subsidiaries as at 31st March, 2009, the consolidated Profit and Loss Account and the consolidated cash flow statement for the year ended on that date.

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

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

We did not audit the financial statements of subsidiaries whose financial statements reflect total assets and total revenues as follows as on 31st March, 2009

<b>Subsidiary Company</b>	<b>Total Assets (in lacs)</b>	<b>Total Revenues (in lacs)</b>
The Vijoy Steel & General Mills Co. Ltd.	24.75	131.24
Sukhjit Finance Ltd.	236.83	0.30
Scott Industries Ltd.	810.56	654.52

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

On the basis of information and according to explanations given to us and on the consideration of the separate audit reports on individual audited financial statements. The Sukhjit Starch & Chemicals Limited and its aforesaid subsidiaries, we are of the opinion that in case of Balance sheet, of the state of the affairs of the company as at 31st March 2009.

- The consolidated Balance Sheet gives a true and fair view of the Consolidated state of affairs of The Sukhjit Starch & Chemicals Limited and its subsidiaries as at 31st March, 2009.
- The consolidated profit and loss account gives a true and fair view of the consolidated results of operations of The Sukhjit Starch & Chemicals Limited and its subsidiaries for the year then ended and
- The consolidated cash flow statement gives a true and fair view of the consolidated results of operations of The Sukhjit Starch & Chemicals Limited and its subsidiaries for the year then ended in conformity with the accounting principles generally accepted in India.

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

Place: Jalandhar  
Dated : 26th June, 2009

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


**CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2009**

SOURCES OF FUNDS	SCHEDULE NO.	AS ON 31.3.2009 Rs.	AS ON 31.3.2008 Rs.
<b>SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	A	7,37,98,200	7,37,98,200
(b) Reserves & Surplus	B	81,89,58,364	72,58,40,013
		<b>89,27,56,564</b>	<b>79,96,38,213</b>
<b>MINORITY INTEREST</b>		<b>16,78,220</b>	<b>20,77,125</b>
<b>LOAN FUNDS</b>			
(a) Secured Loans	C	38,63,99,584	45,46,81,346
(b) Unsecured Loans	D	18,18,93,333	11,99,51,206
		<b>56,82,92,917</b>	<b>57,46,32,552</b>
<b>TOTAL FUNDS</b>		<b>1,46,27,27,701</b>	<b>1,37,63,47,890</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
(a) Gross Block		1,24,33,93,290	1,13,61,54,703
(b) Less : Depreciation		36,63,69,127	32,14,78,598
(c) Less : Lease Equalisation		14,30,005	14,30,005
(d) Net Block	E	87,55,94,158	81,32,46,100
(e) Capital Work in Progress	F	7,55,25,160	4,40,52,586
		<b>95,11,19,318</b>	<b>85,72,98,686</b>
<b>INVESTMENTS</b>	G	9,06,78,335	7,82,60,643
Less Provisions		42,90,004	34,32,003
<b>A. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Inventories	H	37,47,84,788	39,59,42,212
(b) Sundry Debtors	I	23,66,45,784	23,72,98,299
(c) Cash & Bank Balances	J	4,01,21,884	7,62,15,332
(d) Loans & Advances	K	9,89,35,150	10,32,11,268
(e) Less : Provision for Sub Standard Assets		(2,84,48,299)	(2,52,93,502)
		<b>72,20,39,307</b>	<b>78,73,73,609</b>
<b>B. CURRENT LIABILITIES &amp; PROVISIONS</b>			
(a) Liabilities	L	17,86,94,816	20,53,71,931
(b) Provisions	M	6,10,83,653	8,47,02,204
		<b>23,97,78,469</b>	<b>29,00,74,135</b>
<b>NET CURRENT ASSETS (A - B)</b>		<b>48,22,60,838</b>	<b>49,72,99,474</b>
<b>DEFERRED TAX LIABILITY</b>		<b>(5,70,40,786)</b>	<b>(5,30,96,306)</b>
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off/adjusted)			
Preliminary Expenses		-	17,396
<b>TOTAL ASSETS</b>			
<b>NOTES ON ACCOUNTS</b>	T	<b>1,46,27,27,701</b>	<b>1,37,63,47,890</b>

M.G. SHARMA  
Vice President (Finance)

S.M. JINDAL  
Executive Director & Secretary

I.K. SARDANA  
Mg. Director

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

(Y.K. Sud)  
B.Com., F.C.A.  
Prop.  
Memb. No. 16875  
Place : Jalandhar  
Dated : 26th June, 2009

DIRECTORS

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



**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	SCHEDULE NO.	AMOUNT (RS.) ENDED 31.3.2009	AMOUNT (RS.) ENDED 31.3.2008
<b>INCOME</b>			
1. Gross Sales & Other Income	N	2,20,63,10,160	2,00,26,07,745
Less Excise Duty	N 1	9,07,91,075	12,15,08,066
Net Sales		2,11,55,19,085	1,88,10,99,679
<b>TOTAL INCOME</b>		<b>2,11,55,19,085</b>	<b>1,88,10,99,679</b>
<b>EXPENDITURE</b>			
2. Consumption of Materials	O	1,36,27,58,441	1,14,52,00,268
3. Manufacturing Expenses	P	29,95,85,093	24,12,62,116
4. Payments to and Provisions for Employees	Q	12,42,63,855	10,44,83,767
5. Administrative, Selling & Other Expenses	R	7,39,68,659	7,48,06,571
6. Financial Charges	S	5,52,87,177	4,85,99,884
7. Depreciation	E	5,56,25,420	4,11,87,491
8. Provision for Sub-Standard Assets		65,87,908	53,88,451
<b>TOTAL EXPENDITURE</b>		<b>1,97,80,76,553</b>	<b>1,66,09,28,548</b>
9. Profit Before Tax		13,74,42,532	22,01,71,131
10. Provision for Taxation :			
– Current Tax		(2,34,00,000)	(2,60,04,210)
– Deferred Tax		(39,44,480)	12,79,418
– Fringe Benefit Tax		(9,51,420)	(8,60,406)
11. Profit after Tax		10,91,46,632	19,45,85,933
12. Add/(Less) Taxes Relating to Previous Years		(1,93,505)	(8,61,081)
13. Profit after Tax before Minority Interests		10,89,53,127	19,37,24,852
14. (Add)/Less Minority Interests		(3,98,906)	(5,19,356)
15. Net Profit		10,93,52,033	19,42,44,208
16. Add Surplus Brought Forward		6,953	89,32,847
17. Surplus Available for Appropriation		10,93,58,986	20,31,77,055
(a) Proposed Dividend		2,95,19,280	3,68,99,100
(b) Corporate Tax on Dividend		50,16,802	62,71,002
(c) General Reserve		7,00,00,000	16,00,00,000
(d) Surplus Carried Forward		48,22,904	6,953

**18. NOTES ON ACCOUNTS**

T

**M.G. SHARMA**  
Vice President (Finance)

**S.M. JINDAL**  
Executive Director & Secretary

**I.K. SARDANA**  
Mg. Director

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

(Y.K. Sud)  
B.Com., F.C.A.  
Prop.  
Memb. No. 16875  
Place : Jalandhar  
Dated : 26th June, 2009

DIRECTORS

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





# SCHEDULES TO THE CONSOLIDATED ACCOUNTS

<b>SCHEDULE-A</b>	<b>AS ON 31.3.2009</b>	<b>AS ON 31.3.2008</b>
<b>SHARE CAPITAL</b>	<b>Rs.</b>	<b>Rs.</b>
<b>AUTHORISED</b>		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>10,00,00,000</u>	<u>10,00,00,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
73,79,820 Equity Shares of Rs. 10/- Each fully paid up including 58,83,799 Equity Shares of Rs. 10/- each allotted as Bonus Shares by Capitalisation of Reserves	<u>7,37,98,200</u>	<u>7,37,98,200</u>
	<u>7,37,98,200</u>	<u>7,37,98,200</u>
<b>SCHEDULE-B</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
As per Last Balance Sheet	4,93,02,817	4,93,07,641
Add/(Less) : On Consolidation of Accounts	-	(4,824)
	<u>4,93,02,817</u>	<u>4,93,02,817</u>
<b>SHARE PREMIUM</b>		
As Per Last Balance Sheet	87,14,450	87,14,450
<b>GENERAL RESERVE</b>		
As per Last Balance Sheet	68,61,18,193	52,61,18,193
Add/(Less) : On Consolidation of Accounts	-	-
Add : Set aside during the year	7,00,00,000	16,00,00,000
	<u>75,61,18,193</u>	<u>68,61,18,193</u>
<b>PROFIT &amp; LOSS ACCOUNT</b>	48,22,904	6,953
<b>TOTAL</b>	<u>81,89,58,364</u>	<u>74,41,42,413</u>
<b>SCHEDULE-C</b>		
<b>SECURED LOANS</b>		
<b>PUNJAB NATIONAL BANK</b>		
(i) Cash Credit		
(a) Secured against Hypothecation of raw material, stores, semi-finished goods and finished goods	20,80,25,263	24,25,04,147
(b) Secured against Book Debts	8,91,36,637	7,13,82,793
(c) DD Credit	9,00,000	-
Secured against Cheques/Demand Drafts		
(ii) Term Loan	8,83,37,684	14,07,94,406
Secured against hypothecation of Plant & Machinery, Building Other Fixed Assets of Gurplah Unit and Equitable Mortgage of Factory Land of that unit	<u>38,63,99,584</u>	<u>45,46,81,346</u>



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### SCHEDULE-D UNSECURED LOANS

Fixed Deposits  
Interest Payable thereon  
(Including interest payable on cumulative deposits)  
Other Loans & Advances/Security Deposits

AS ON 31.3.2009

AS ON 31.3.2008

Rs.

Rs.

17,01,34,000

10,61,76,000

1,15,52,790

87,75,206

2,06,543

50,00,000

18,18,93,333

11,99,51,206

### SCHEDULE-F

#### CAPITAL WORK IN PROGRESS

Building under construction  
Machinery under construction  
Electric Fitting under erection  
Advances for capital goods  
Pre Operative Expenses  
(Pending Capitalisation)  
Furniture

1,99,47,563

93,81,600

4,95,13,166

2,65,80,134

6,38,769

-

49,78,548

80,90,852

4,47,114

-

TOTAL

7,55,25,160

4,40,52,586

### SCHEDULE-G INVESTMENTS

Holiday Home/Clubs  
LONG TERM UN QUOTED FULLY PAID  
OTHERS

65,000

65,000

	No. of Shares/ Units	Face Value Per Share/ Units (Rs.)		
(a) National Saving Certificates	-	-	7,750	7,750
(b) DSP Merrill Lynch Technology.com Fund	100000	10	32,41,138	49,00,000
	(147507.352)	10		
(c) NIFG Canara Robacco Infrastructure	93095.42	10	24,00,000	24,00,000
Growth Fund	(93095.42)			
(d) UTI Fixed Income Interval Fund	1000000	10	1,00,00,000	
	(NIL)			
(e) UTI Gilt Advantage Fund	5162807.95		65000000	
Long term Plan dividend Re-Investment	(NIL)	10		
(f) Unit Trust of India	NIL			
(Fixed Maturity Plan)	(3500000)	10	-	3,50,00,000
(g) Reliance Quaterly Interval Fund	NIL			
	(999950.02)	10	-	1,00,00,000
(h) UTI Fixed Income Interval Fund	NIL			
	(1000000)	10	-	1,00,00,000
(i) Reliance Pharma Fund (Growth Plan)	NIL	10		24,00,000
	(86541.062)			
(j) Kodak Tech Fund (Dividend Plan)	NIL			
	(353663.32)	10		36,00,000
(k) M/s Hindustan Development Corp. Ltd.	355800	10	85,80,008	85,80,008
	(355800)			
(l) M/s Santosh Securities Ltd.	5000	10	1,75,000	1,75,000
	(5000)			
QUOTED FULLY PAID			8,94,03,896	
(a) M/s Sanghi Polyester Ltd.	4,900	10	26,431	26,431
	(4,900)			
(b) Reliance Industries Ltd.	83	10	11,756	11,756
	(83)			
(c) M/s PTL Enterprises Ltd.	5000	10	1,26,274	2,02,039
	(8000)			
(d) M/s Tele Date Informatics Ltd.	20122	10	10,44,978	8,92,659
	(13522)			
6761 shares of M/s Tele Data Marine Ltd.			12,09,439	
6761 shares of M/s Tele Data Technology Ltd.				
(Market value of quoted investments				
Rs. 2.65 lacs Previous year Rs. 7.36 lacs)				
			9,06,78,335	7,82,60,643



## **SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

<b>SCHEDULE-H</b>	<b>AS ON 31.3.2009</b>	<b>AS ON 31.3.2008</b>
<b>INVENTORIES</b>	<b>Rs.</b>	<b>Rs.</b>
Stores, Spares, Fuel & Other	6,78,77,955	6,03,10,039
Loose Tools (at cost or net realisable value whichever is lower)	13,07,818	8,68,318
Raw Materials Basic (at cost or net realisable value whichever is lower)	21,55,02,607	26,03,65,757
Stock in Process (at cost or net realisable value whichever is lower)	3,91,97,175	3,00,65,382
Finished Goods (at cost or net realisable value whichever is lower)	4,95,74,008	4,29,89,498
Stock on Hire	13,25,225	13,43,218
	<u>37,47,84,788</u>	<u>39,59,42,212</u>
<b>SCHEDULE-I</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured – Over Six months		
– Considered Good	58,31,555	1,05,24,215
– Considered Doubtful	2,04,77,730	1,53,22,939
– Others	<u>21,29,11,610</u>	21,14,51,145
	23,92,20,895	
Less Provision for Doubtful Debts	(25,75,111)	–
	<u>23,66,45,784</u>	<u>23,72,98,299</u>
<b>SCHEDULE-J</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand	9,57,128	25,64,643
Balance with Scheduled Banks in –		
Current Accounts	14,05,424	3,14,85,878
Fixed Deposit Accounts	2,08,72,126	4,00,17,375
Margin Accounts	1,68,87,206	21,47,436
	<u>4,01,21,884</u>	<u>7,62,15,332</u>
<b>SCHEDULE-K</b>		
<b>LOANS &amp; ADVANCES</b>		
Recoverable in cash or in kind or for value to be received		
– Considered Good	3,71,35,418	4,79,92,964
– Considered Doubtful	2,83,41,772	2,83,43,932
Income Tax in Advance	11,04,15,085	8,31,46,411
Less : Provision for Taxation	(10,26,56,085)	(7,82,93,601)
Security/Other Deposits	1,42,60,482	30,36,021
Prepaid Expenses	20,48,434	20,40,441
Interest & Other Recoverables	93,90,044	1,69,45,100
	<u>9,89,35,150</u>	<u>10,32,11,268</u>



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	AS ON 31.3.2009	AS ON 31.3.2008
	Rs.	Rs.
<b>SCHEDULE-L</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors for Goods Supplied	9,40,83,789	9,75,90,635
Sundry Creditors for Expenses	2,72,92,147	3,59,10,807
Other Creditors	4,20,46,662	5,66,21,693
Dividend Payable	43,63,972	33,18,476
Taxes payable	47,07,985	57,50,229
Security Deposits	62,00,261	61,80,091
	<u>17,86,94,816</u>	<u>20,53,71,931</u>
<b>SCHEDULE-M</b>		
<b>PROVISIONS</b>		
Proposed Dividened	2,95,19,280	3,68,99,100
Corporate Tax on Dividend	50,16,802	62,71,002
Provision for Gratuity	2,65,47,571	2,32,29,702
	<u>6,10,83,653</u>	<u>6,63,99,804</u>
<b>SCHEDULE-N</b>		
<b>SALES &amp; OTHER INCOME</b>		
Sales	2,19,54,44,872	1,98,75,43,269
Profit on Sale of Assets/Units	20,87,649	64,09,259
Rent Received	3,99,800	3,32,700
Interest & Dividend Received	65,38,784	62,65,274
Misc. Income	18,39,055	20,57,243
	<u>2,20,63,10,160</u>	<u>2,00,26,07,745</u>
<b>SCHEDULE-N 1</b>		
<b>EXCISE DUTY</b>		
Exise Duty Paid	9,04,18,506	12,16,35,086
Less : Excise Duty on Closing Stock	(81,181)	(4,53,750)
Add : Excise Duty on Opening Stock	4,53,750	3,26,730
	<u>9,07,91,075</u>	<u>12,15,08,066</u>
<b>SCHEDULE-O</b>		
<b>CONSUMPTION OF RAW MATERIALS</b>		
<b>OPENING STOCK :</b>		
Finished Goods	4,29,89,498	3,13,35,494
Raw Materials (Basic)	26,03,65,757	17,58,83,037
Stock in Process	3,00,65,382	2,32,93,316
	33,34,20,637	23,05,11,847
Purchase of Basic Raw Materials	1,15,36,69,994	1,11,39,61,006
	1,48,70,90,631	1,34,44,72,853
<b>LESS CLOSING STOCK</b>		
Finished Goods	4,95,74,008	4,29,89,498
Raw Materials (Basic)	21,55,02,607	26,03,65,757
Stock in Process	3,91,97,175	3,00,65,382
	30,42,73,790	33,34,20,637
Effective Consumption of Basic Raw Materials	1,18,28,16,841	1,01,10,52,216
Other Raw Materials, Consumables & Stores Consumed	17,99,41,600	13,41,48,052
	<u>1,36,27,58,441</u>	<u>1,14,52,00,268</u>



# SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	AS ON 31.3.2009	AS ON 31.3.2008
	Rs.	Rs.
<b>SCHEDULE-P</b>		
<b>OTHER MANUFACTURING EXPENSES</b>		
Power & Fuel	26,09,71,136	20,69,36,250
Machinery Repair	1,83,34,425	1,48,52,187
Cartage	58,84,530	64,87,256
Other Charges	1,43,95,002	1,29,86,423
	<u>29,95,85,093</u>	<u>24,12,62,116</u>
<b>SCHEDULE-Q</b>		
<b>PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</b>		
Salary, Wages, Bonus & Gratuity	10,69,81,229	8,96,86,666
Cont. to PF, ESI, Superannuation & Other Funds	90,94,132	79,38,986
Workmen & Staff Welfare	81,88,494	68,58,115
	<u>12,42,63,855</u>	<u>10,44,83,767</u>
<b>SCHEDULE-R</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Printing & Stationery	10,35,197	9,78,610
Professional/Legal Expenses	16,19,867	18,87,406
Directors' Fee	1,15,000	99,500
Directors' Travelling Expenses	3,68,152	2,49,823
Travelling Expenses	88,10,006	77,41,334
Auditors' Remuneration	3,75,317	3,28,339
Rent Paid	13,82,603	14,63,526
Electricity & Water Charges	4,80,403	5,78,252
Entertainment	3,68,458	2,78,191
Postage, Telegram & Telephones	25,25,208	23,12,183
Advertisement	6,15,905	7,93,715
Subscription	3,36,698	2,82,272
General Charges	3,15,772	3,04,396
Insurance Expenses	23,37,575	24,85,756
Building Repair	40,60,799	53,62,331
Other Repairs & Maintenance	13,26,622	22,43,066
Commission & Brokerage	2,14,66,450	1,98,92,663
Taxes & Other Govt. Levies & Fees	17,25,983	17,05,400
Rebate & Discount	70,15,411	59,52,354
Charity & Donation	3,22,063	8,18,122
Carriage & Forwarding Charges	1,35,88,233	1,13,16,514
Mg. Director & Wholetime Directors' Comm.	21,17,669	33,13,246
Directors' Commission	14,11,779	22,08,830
Bad Debts Written Off	46,528	21,93,349
Loss on sale of Fixed Assets	1,83,565	-
Preliminary Expenses Written Off	17,396	17,393
	<u>7,39,68,659</u>	<u>7,48,06,571</u>
<b>SCHEDULE-S</b>		
<b>FINANCIAL CHARGES</b>		
Interest - On Term Loans/Deposits	2,33,96,677	2,26,24,090
- On Other Accounts	3,09,80,347	2,51,33,655
Bank Charges	9,10,153	8,42,139
	<u>5,52,87,177</u>	<u>4,85,99,884</u>

**SCHEDULE-E**  
**FIXED ASSETS AS ON 31ST MARCH, 2009 (CONSOLIDATED)**

Amount (Rs.)

Particulars	Land	Building	Furniture Fixture	Plant Machinery	Electric Fitt- ing Other Equipment	Vehicles	Total 31.3.2009	Previous Year 31.3.2008
<b>OWNED ASSETS :</b>								
<b>COST</b>								
Cost as on 1.4.2008	8,94,56,243	26,10,76,086	1,32,72,095	67,30,54,948	4,77,05,384	1,96,36,089	1,10,42,00,845	78,87,93,242
Additions	1,16,05,780	2,73,41,145	19,66,517	6,48,51,809	90,43,148	50,06,281	11,98,14,680	32,14,58,704
Sale/Adjustments	--	--	--	75,36,681	1,40,209	48,99,203	1,25,76,093	60,51,101
Total as at 31.3.2009	10,10,62,023	28,84,17,231	1,52,38,612	73,03,70,076	5,66,08,323	1,97,43,167	1,21,14,39,432	1,10,42,00,845
<b>DEPRECIATION</b>								
Upto 31.3.2008	--	6,71,04,022	66,15,230	19,91,47,469	1,78,59,334	1,27,45,195	30,34,71,250	26,92,05,403
For the Year	--	1,46,11,302	13,47,628	3,05,55,595	52,40,795	21,29,054	5,38,84,374	3,91,65,138
On Sale/Adjustments	--	--	--	65,75,259	1,02,417	40,57,215	1,07,34,891	48,99,291
Upto 31.3.2009	--	8,17,15,324	79,62,858	22,31,27,805	2,29,97,712	1,08,17,034	34,66,20,733	30,34,71,250
<b>NET VALUE</b>								
As on 31.3.2009	10,10,62,023	20,67,01,907	72,75,754	50,72,42,271	3,36,10,611	89,26,133	86,48,18,699	80,07,29,595
As on 31.3.2008	8,94,56,243	19,39,72,064	66,56,865	47,39,07,479	2,98,46,050	68,90,894	80,07,29,595	51,95,87,841
<b>ASSETS GIVEN ON LEASE :</b>								
<b>COST</b>								
Cost as on 1.4.2008	--	--	--	3,08,76,648	10,77,210	--	3,19,53,858	3,19,53,858
Additions	--	--	--	--	--	--	--	--
Sale/Adjustments	--	--	--	--	--	--	--	--
Total as on 31.3.2009	--	--	--	3,08,76,648	10,77,210	--	3,19,53,858	3,19,53,858
<b>DEPRECIATION</b>								
Upto 31.3.2008	--	--	--	1,72,91,595	7,15,753	--	1,80,07,348	1,59,84,993
For the Year	--	--	--	16,90,767	50,279	--	17,41,046	20,22,355
On Sale/Adjustments	--	--	--	--	--	--	--	--
Upto 31.3.2009	--	--	--	1,89,82,362	7,66,032	--	1,97,48,394	1,80,07,348
<b>NET VALUE</b>								
As on 31.3.2009	--	--	--	1,18,94,286	3,11,178	--	1,22,05,464	1,39,46,510
As on 31.3.2008	--	--	--	1,35,85,053	3,61,457	--	1,39,46,510	1,59,68,865
<b>GRAND TOTAL</b>								
As at 31.3.2009	10,10,62,023	20,67,01,907	72,75,754	51,91,36,557	3,39,21,789	89,26,133	87,70,24,163	81,46,76,105





## **SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **1. METHOD OF ACCOUNTING**

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

#### **2. FIXED ASSETS**

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

#### **3. DEPRECIATION**

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

#### **4. INVESTMENTS**

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

#### **5. INVENTORY**

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

#### **6. EMPLOYEE BENEFITS**

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

#### **7. REVENUE RECOGNITION**

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

#### **8. FOREIGN CURRENCY TRANSACTIONS**

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

#### **9. RESEARCH & DEVELOPMENT EXPENSES**

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

#### **10. TAXATION**

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

#### **11. GOVERNMENT GRANTS**

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

#### **12. BORROWING COSTS**

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

#### **13. STOCK ON HIRE**

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



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### NOTES TO THE ACCOUNTS

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

Name	Percentage of Voting Power as at 31.3.2009
The Vijoy Steel & General Mills Co. Limited	97.90 %
Sukhjit Finance Limited	93.17 %
Scott Industries Limited	99.97 %

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

- (iv) Deferred Tax has been provided in accordance with the Accounting Standard AS-22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India.

- (v) Contingent Liabilities not provided for include :

(a) **Bank Guarantees** issued for Rs. 93.32 lacs (Prev. Year Rs. 88.85 lacs) in favour of West Bengal State Electricity Board for power connection of Malda Unit, Himachal Pradesh State Electricity Board for power connection of Gurplah unit, Commissioner of Customs / Jt. Director of Foreign Trade for import of machinery under EPCG licence and Excise & Taxation Officer for sale tax subsidy of Gurplah unit.

(b) **Central Excise Duty** : Disputed liabilities not adjusted as expenses in the accounts include Rs. 14.85 crores (Prev. year 11.83 crores) on account of Central Excise Duty / Service Tax in appeals. The major item consists of Rs. 14.80 crores (Prev. year 11.72 crores) excluding penalty & interest on account of the demands raised by the Central Excise Department since 1.4.1997 against sale of maize starch disputing the classification thereof. The company has challenged the demand before the Hon'ble High Court which has since been stayed by the Hon'ble High Court and the matter is subjudice.

(c) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 289 lacs (Prev. Year Rs. NIL)

(d) Export obligation pending to be fulfilled is U\$ 66,332 (Prev. Year U\$ 6,23,522) under EPCG scheme of the Central Government on account of custom duty saved on import of capital goods at concessional rates.

- (vi) Land cost includes land amounting to Rs. 37,91,380/- pending registration in the name of the company. Buildings of the Company at Malda and partly at Phagwara are built on leased land.

(vii) Earnings per Share :	Current Year	Previous Year
(a) Net profit after tax available for Equity Shareholders (Rs. in lacs)	1089.53	1,937.25
(b) Weighted Average number of Equity Shares of Rs. 10/- each outstanding during the year (No. of shares)	73,79,820	73,79,820
(c) Basic/Diluted Earnings per Share Rs. 10/- each (Rs.) (a/b)	14.76	26.25





## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### (viii) Related Party Disclosures :

#### (a) List of Related Parties / Relationships :

##### SUBSIDIARY COMPANIES

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

##### Key Management Personnel

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

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

(Figures in brackets are for the previous year)

(Amount Rs. in Lacs)

Particulars	Subsidiaries	Key Management Personnel	Total
Rent paid		4.20 (3.30)	4.20 (3.30)
Directors Remuneration		87.78 (83.35)	87.78 (83.35)
Rent received	0.37 (0.37)		0.37 (0.37)
On account of sales	81.54 (60.21)		81.54 (60.21)
On account of Purchases	117.55 (112.53)		117.55 (112.53)

#### (ix) Managerial Remuneration paid/payable to the Manager (s) :

	Current Year (Rs.)	Previous Year (Rs.)
--	-----------------------	------------------------

- |  |             |             |
|--|-------------|-------------|
| (a) Salaries                                 | 48,12,000/- | 33,13,000/- |
| (b) Commission                               | 21,17,669/- | 33,13,246/- |
| (c) Contribution to retirement benefit Funds | 4,77,840/-  | 4,89,960/-  |
| (d) Perquisites                              | 13,70,097/- | 12,18,723/- |

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

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

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

**M.G. SHARMA**  
Vice President (Finance)

**S.M. JINDAL**  
Executive Director Secretary

**I.K. SARDANA**  
Mg. Director

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

(Y.K. Sud)  
B.Com., F.C.A.  
Prop.  
Memb. No. 16875  
Place : Jalandhar  
Dated : 26th June, 2009

DIRECTORS

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



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year Ended 31st March, 2009 (Rs. in lacs)	Year Ended 31st March, 2008 (Rs. in lacs)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	1,374.43	2,201.71
<b>Adjustments for non-cash items</b>		
Depreciation	556.25	411.87
Provision for sub standard assets	65.88	53.88
Preliminary Expenses	0.17	0.17
Bad Debts written off	0.47	21.93
Provision for gratuity	33.18	32.47
<b>Adjustments for non-operating activities</b>		
Interest Dividends received	(65.39)	(62.65)
Interest paid	543.77	477.58
Profit on sale of assets	(20.87)	(64.09)
<b>Flows from operations before working capital changes</b>	<b>2,487.89</b>	<b>3,072.87</b>
<b>Changes in working capital</b>		
Trade and other receivables	23.07	(212.74)
Inventories	211.57	(1,224.57)
Trade Payables	(277.24)	585.26
Other Liabilities	(31.49)	(536.22)
<b>Flows from operating activities</b>	<b>(74.09)</b>	<b>(1,388.27)</b>
Direct Taxes Paid		
Income Tax	(272.69)	(287.77)
Fringe Benefit Tax	-	(8.60)
<b>Net Flows from operating activities</b>	<b>2141.11</b>	<b>1,388.23</b>
<b>FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,512.87)	(1,367.13)
Sale of Fixed Assets	39.29	75.61
Investments	(124.17)	116.06
Acquisition of Minority Interest	(3.99)	2.74
Capital Subsidy	-	-
Interest Dividend Received	65.39	62.65
<b>NET FLOWS FROM INVESTING ACTIVITIES</b>	<b>(1,536.35)</b>	<b>(1,110.07)</b>
<b>FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings for (Repayments of) working capital loans	(158.25)	734.84
Term Loans raised	(524.57)	(301.84)
Other Loans raised	619.42	(22.40)
Dividends Paid	(358.53)	(288.65)
Interest Paid	(543.77)	(477.58)
<b>NET FLOWS FROM FINANCING ACTIVITIES</b>	<b>(965.70)</b>	<b>(355.63)</b>
<b>Net Cash Flows during the year</b>	<b>(360.94)</b>	<b>(77.47)</b>
Cash and cash equivalents at the beginning of the year	<b>762.15</b>	<b>839.62</b>
Cash and cash equivalents at the end of the year	<b>401.21</b>	<b>762.15</b>

**M.G. SHARMA**  
Vice President (Finance)

**S.M. JINDAL**  
Executive Director Secretary

**I.K. SARDANA**  
Mg. Director

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

(Y.K. Sud)  
B.Com., F.C.A.  
Prop.  
Memb. No. 16875  
Place : Jalandhar  
Dated : 26th June, 2009

DIRECTORS

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

**PRIMARY SEGMENT INFORMATION**  
For the year ended March 31, 2009 (In Rs. Lacs)

Business Segment	Starch its Derivatives		Readymade Garments		Leasing/Hire Purchase Financing		Heavy Machinery		Elimination		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>1. Segment Revenue</b>												
– External Sales	20,369.53	18,111.38	654.50	575.07	0.30	0.44	131.24	126.62			21,155.57	18,813.51
– Internal Sales	0.37	0.37	–	–	–	–	–	–	(0.37)	(0.37)	–	–
Total Revenue	20,369.90	18,111.75	654.50	575.07	0.30	0.44	131.24	126.62	(0.37)	(0.37)	21,155.57	18,813.51
<b>2. Segment Result</b>												
– Profit before Tax	1431.14	2,271.48	(0.54)	5.98	(58.65)	(76.29)	2.48	0.54	–	–	1,374.43	2,201.71
– Provision for Taxation	(270.98)	(265.66)	(12.51)	0.95	(0.02)	(0.03)	(1.38)	0.28	–	–	(284.89)	(264.46)
– Profit after Taxation	1160.16	2,005.82	(13.05)	6.93	(58.67)	(76.32)	1.10	0.82	–	–	1,089.54	1,937.25
<b>3. Segment Assets</b>												
– Segment assets	17,545.43	1,7107.54	899.14	876.24	265.19	320.57	185.68	128.12	(1,299.98)	(1,237.45)	17,595.46	17,195.02
– Segment Liabilities	7,826.62	8,229.88	635.18	611.20	28.36	25.08	166.12	110.94	(575.57)	(330.04)	8,080.71	8,647.06
– Capital Expenditure	1,506.13	1,347.89	5.37	12.15	–	–	1.37	7.09	–	–	1,512.87	1,367.13

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

The Sukhjit Starch Chemicals Limited, Phagwara



# **THE SUKHJIT STARCH & CHEMICALS LIMITED**

## **ACCOUNTS OF THE SUBSIDIARY COMPANIES**

**SUKHJIT FINANCE LIMITED  
THE VIJOY STEEL & GENERAL MILLS CO. LTD.  
SCOTT INDUSTRIES LIMITED**

---

**ANNUAL REPORT 2008-2009**

---

## Sukhjit Finance Limited, Phagwara

### BOARD OF DIRECTORS

Sh. I.K. Sardana  
Sh. K.K. Sardana  
Sh. S.M. Jindal  
Sh. M.G. Sharma

### AUDITORS

M/s Manchanda & Company  
Chartered Accountants  
Railway Road, Phagwara.

### REGISTERED OFFICE

Sukhjit Road,  
Phagwara-144 401.

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present before you the 13<sup>th</sup> Annual Report together with the Audited Accounts for the year ended on 31st March, 2009.

### 1. FINANCIAL RESULTS

	2008-2009 (Rs. in lacs)	2007-2008 (Rs. in lacs)
Income from Operations	0.30	0.44
Profit Before Tax	(58.65)	(76.30)
Less : Provision for Taxation :	(0.02)	(0.03)
Profit After Tax	(58.67)	(76.33)
Add : Surplus Brought Forward	(199.50)	(123.17)
Surplus carried forward to balance Sheet	(258.17)	(199.50)

### 2. OPERATIONS

The company has cutdown its operations to ward off unnecessary losses and is in the process of recovering its old dues.

### 3. DIVIDEND

The Board of Directors is unable to recommend any Dividend for the year ended 31.3.2009 due to losses in previous years.

### 4. DEPOSITS

The Company had repaid all the public deposits and do not have any public deposit outstanding as on 31.3.2009. The Company is not accepting any new deposits from public.

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2009, the applicable Accounting Standards have been followed along with proper explanation relating to material departures ;
- that the Directors had 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 Loss of the Company for the year so ended ;
- 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
- that the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2009 on a 'going concern' basis.

### 6. AUDITORS

M/s. Manchanda & Company, Chartered Accountants, Railway Road, Phagwara retire from the office of the Auditors and are eligible for re-appointment as Auditors of the Company.

### 7. DISCLOSURE OF SPECIAL PARTICULARS

The information as per Section 217(1) (e) of the Companies Act, 1956 with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 for the year ended 31st March, 2009 is given below :

#### (a) Conservation of Energy & Technical Arrangements

The Company is a Non Banking Finance Company, so the provisions relating to these are not applicable.

#### (b) Foreign Exchange Earnings & Outgo

The company has neither earned nor spent any foreign exchange during the year under review.

#### (c) Particulars of Employees

There had been no employee with the company who was in receipt of remuneration in aggregate of not less than Rs. 24,00,000/- p.a. or Rs. 2,00,000/- p.m. if employed for a part of the year.

### 8. DIRECTORS

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

### 9. ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the co-operation and devoted services rendered by the employees of the Company at all levels.

Yours truly,  
For and on behalf of the Board,

Place : Phagwara.  
Dated : 24th June, 2009

I.K. SARDANA  
Chairman

## **AUDITORS' REPORT**

To  
The Members of  
Sukhjit Finance Limited,  
Phagwara.

We have audited the attached Balance Sheet of **Sukhjit Finance Limited** as at 31<sup>st</sup> March, 2009 and also the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief, are necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of the books;
  - (c) The Balance Sheet, the Profit and Loss Account and the cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
  - (e) On the basis of written representations received from the directors, as on March 31, 2009 and taken in record by the board of directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our knowledge and belief and according to the explanations given to us, the said accounts, read together with the Schedules, give the information required by the Companies Act, 1956 in the manner, as required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. In the case of Balance Sheet of the state of affairs of the company as on 31<sup>st</sup> March, 2009.
    - ii. In the case of Profit & Loss Account of the Loss for the year ended on that date.
    - iii. In the case of Cash Flow Statement of the cash flows for the year ended on that date.

**For MANCHANDA & COMPANY**  
Chartered Accountants

**(RAHUL MANCHANDA)**  
Partner  
Memb. No. 098558

Place : Phagwara.  
Dated : 24th June, 2009

### **Annexure to the Auditor's Report Referred to in paragraph 3 of our report of even date :**

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed of a major part of the plant and machinery.

2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) The procedures 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) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that no such transactions that need to be entered into the register maintained under section 301 have carried out.
6. The company has not accepted the deposits from the Shareholders or public during the year.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of any cost records under section 209(1)(d) of the Companies Act, 1956.
9. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty were outstanding, as at 31st March, 2009 for the period more than six months from the date they became payable.  
(c) According to the records of the company, there are no dues of sales tax, income tax, custom duty/wealth tax, excise duty/cess which have not been deposited on account of any dispute.
10. The company has accumulated losses more than 50% of its net worth. The company has incurred cash loss of Rs. 0.83 Lacs (Previous year 1.90 Lacs) during the financial year covered by our audit or during the immediately preceding financial year.
11. The company does not have any obligation for repayment of dues to a financial institution, bank or debenture holders.
12. The company has not granted any loans and advances and is not required to maintain any records for basis of such loans.
13. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transaction and contracts and timely entries have been made in those records.
14. The company has not given any guarantee for loans taken by others from bank or financial institutions.
15. No term loans have been raised or maintained during the year.
16. The company has not made any borrowings for short term or long term financing.
17. The company has not made any allotment of shares during the year.
18. During the period covered by our audit report, the company has not issued any debentures.
19. No public issues have been floated during the year.
20. Based upon the audit procedures performed and information and explanations given 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 Manchanda & Company  
Chartered Accountants

(Rahul Manchanda)  
Partner  
Memb. No. 098558  
Place : Phagwara  
Dated : 24th June, 2009

**BALANCE SHEET AS ON 31ST MARCH, 2009**

	SCHEDULE	AS ON 31.3.2009 AMOUNT (RS.)	AS ON 31.3.2008 AMOUNT (RS.)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A	4,95,00,000	4,95,00,000
		<u>4,95,00,000</u>	<u>4,95,00,000</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	B	3,34,49,497	3,34,49,497
Less : Depreciation		2,00,75,458	1,83,06,015
Less : Lease Adjustment Account		<u>14,30,005</u>	<u>14,30,005</u>
Net Block		1,19,44,034	1,37,13,477
Capital Work in Progress (Building)		<u>46,90,614</u>	<u>46,90,614</u>
		<b>1,66,34,648</b>	<b>1,84,04,091</b>
<b>INVESTMENTS</b>			
	C	99,64,447	98,87,893
Less : Provisions		<u>42,90,004</u>	<u>34,32,003</u>
		<b>56,74,443</b>	<b>64,55,890</b>
<b>(A) CURRENT ASSETS,</b>			
<b>LOANS &amp; ADVANCES</b>			
Stock on Hire		13,25,226	13,43,218
Sundry Debtors	D	29,00,353	27,15,253
Cash & Bank Balances	E	90,561	89,542
Loans & Advances	F	2,83,41,772	2,83,43,934
Less : Provision for Sub-standard Assets		<u>2,84,48,299</u>	<u>2,52,93,502</u>
		<b>42,09,613</b>	<b>71,98,445</b>
<b>(B) CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	G	<u>28,35,944</u>	<u>25,08,365</u>
		<b>28,35,944</b>	<b>25,08,365</b>
<b>NET CURRENT ASSETS (A-B)</b>			
		<b>13,73,669</b>	<b>46,90,080</b>
Deferred Tax Liability		—	—
Profit & Loss Account		<u>2,58,17,240</u>	<u>1,99,49,939</u>
		<u>4,95,00,000</u>	<u>4,95,00,000</u>
<b>NOTES ON ACCOUNTS</b>	K		

As per our separate report of even date  
For MANCHANDA & COMPANY  
Chartered Accountants

(RAHUL MANCHANDA)  
Partner  
Memb. No. 098558

Place : Phagwara  
Dated : 24th June, 2009

DIRECTORS

I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL  
M.G. SHARMA



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2009**

	SCHEDULE	FOR THE YEAR ENDED 31.03.2009 AMOUNT (RS.)	FOR THE YEAR ENDED 31.03.2008 AMOUNT (RS.)
<b>INCOME</b>			
Income from Operations	H	29,659	44,291
		<u>29,659</u>	<u>44,291</u>
<b>EXPENDITURE</b>			
Payments to & Provisions for Employees	I	17,386	1,09,595
Operating & Administrative Expenses	J	95,334	1,25,089
Depreciation		17,69,443	20,50,752
Provision for Sub-standard Assets/Investments		<u>40,12,797</u>	<u>53,88,451</u>
<b>Total Expenditure</b>		<b>58,94,960</b>	<b>76,73,887</b>
Profit (–Loss) before Tax		(58,65,301)	(76,29,596)
Prov. for Fringe Benefit Tax		(2,000)	(3,000)
Profit after Tax		(58,67,301)	(76,32,596)
Add : General Reserve B/F		—	—
Add/(Less) : Profit & Loss Account B/F		(1,99,49,939)	(1,23,17,343)
Profit & Loss Account C/F		(2,58,17,240)	(1,99,49,939)
<b>NOTES ON ACCOUNTS</b>	K		

As per our separate report of even date  
For MANCHANDA & COMPANY  
Chartered Accountants

(RAHUL MANCHANDA)  
Partner  
Memb. No. 098558

Place : Phagwara  
Dated : 24th June, 2009

DIRECTORS [ I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL  
M.G. SHARMA

## SCHEDULES TO THE ACCOUNTS

### SCHEDULE 'A'

#### SHARE CAPITAL

##### AUTHORISED

50,00,000 Equity Shares of Rs. 10/- each

AS AT 31.3.2009  
AMOUNT (RS.)

5,00,00,000

AS AT 31.3.2008  
AMOUNT (RS.)

5,00,00,000

##### ISSUED, SUBSCRIBED & PAID UP

49,50,000 Equity Shares of  
Rs. 10/- each fully paid up

4,95,00,000

4,95,00,000

4,95,00,000

4,95,00,000

### SCHEDULE 'C'

#### INVESTMENTS

##### FULLY PAID-QUOTED

- (a) 4900 shares of Rs. 10/- each fully paid up of  
M/s Sanghi Polyster Ltd. at cost
- (b) 83 shares of Rs. 10/- each fully paid up of  
M/s Reliance Industries Ltd. at cost
- (c) 5000 shares (P.Y. 8000) of Rs. 10/- each fully  
paid up of M/s PTL Enterprises Ltd. at cost
- (d) 20122 shares (P.Y. 13522) of Rs. 10/- each fully  
paid up of M/s Tele Data Informatics Ltd. at cost  
6761 shares of M/s Tele Data Marine Ltd.  
6761 shares of M/s Tele Data Technology Ltd.

26,431

26,431

11,756

11,756

1,26,274

2,02,039

10,44,978

8,92,659

##### FULLY PAID-UNQUOTED

- (a) 355800 shares of Rs. 10/- each fully paid up of  
M/s Hindustan Development Corp. Ltd. at cost.
- (b) 5000 shares of Rs. 10/- each fully paid up of  
M/s Santosh Securities Ltd. at cost

85,80,008

85,80,008

1,75,000

1,75,000

(Market Value of Quoted Investment Rs. 2.65 Lacs  
Previous Year Rs. 7.36 Lacs)

99,64,447

98,87,893

### SCHEDULE 'D'

#### SUNDRY DEBTORS

##### UNSECURED, CONSIDERED DOUBTFUL

Debts outstanding for  
a period exceeding six months

29,00,353

27,15,253

29,00,353

27,15,253

### SCHEDULE 'E'

#### CASH & BANK BALANCES

Cash in hand

1,730

1,611

Balance with Scheduled Banks  
in Current Accounts

88,831

90,561

87,931

89,542

**SCHEDULE 'B'**  
**FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2009**

**SCHEDULES TO THE ACCOUNTS**

Sukhjit Finance Limited, Phagwara

FIXED ASSETS PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ADDITION	SALE/	COST		AS ON	ADJUSTMENT/	FOR THE	AS ON	AS ON	AS ON
	ON DURING	ADJUSTMENT	AS ON		01.04.2008	TRANSFER	YEAR	31.3.2009	31.3.2009	31.3.2008
	01.04.2008 THE YEAR		31.3.2009							
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
OWNED ASSETS										
Land	9,30,720	—	—	9,30,720	—	—	—	—	9,30,720	9,30,720
Furniture & Fixture	99,009	—	—	99,009	69,440	—	6,267	75,707	23,302	29,569
Office Equipments	4,65,910	—	—	4,65,910	2,29,227	—	22,130	2,51,357	2,14,553	2,36,683
	14,95,639	—	—	14,95,639	2,98,667	—	28,397	3,27,064	11,68,575	11,96,972
ASSETS GIVEN ON LEASE										
Plant & Machinery	3,08,76,648	—	—	3,08,76,648	1,72,91,595	—	16,90,767	1,89,82,362	1,18,94,286	1,35,85,053
Office Equipments	10,77,210	—	—	10,77,210	7,15,753	—	50,279	7,66,032	3,11,178	3,61,457
	3,19,53,858	—	—	3,19,53,858	1,80,07,348	—	17,41,046	1,97,48,394	1,22,05,464	1,39,46,510
Grand Total	3,34,49,497	—	—	3,34,49,497	1,83,06,015	—	17,69,443	2,00,75,458	1,33,74,039	1,51,43,482
Previous Year	3,34,49,497	—	—	3,34,49,497	1,62,55,263	—	20,50,752	1,83,06,015	1,51,43,482	
Capital Work in Progress (BLDG.)	46,90,614	—	—	46,90,614						

**SCHEDULES TO THE ACCOUNTS**

	AS AT 31.3.2009 AMOUNT (RS.)	AS AT 31.3.2008 AMOUNT (RS.)
<b>SCHEDULE 'F'</b>		
<b>LOANS &amp; ADVANCES</b>		
Recoverable in Cash or in Kind or for value to be received		
Unsecured – Considered Doubtful	<u>2,83,41,772</u>	<u>2,83,43,934</u>
	2,83,41,772	2,83,43,934
Advance Income Tax	8,000	8,400
Less : Provision for Taxation	<u>8,000</u>	<u>8,400</u>
	<u>2,83,41,772</u>	<u>2,83,43,934</u>
<b>SCHEDULE 'G'</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	<u>28,35,944</u>	<u>25,08,365</u>
	<u>28,35,944</u>	<u>25,08,365</u>
<b>SCHEDULE 'H'</b>		
<b>INCOME</b>		
Interest / Finance Charges	1,209	30,359
Dividend Received	8,450	6,650
Profit on Sale of Shares/Assets	—	7,282
Misc. Income	20,000	—
	<u>29,659</u>	<u>44,291</u>
<b>SCHEDULE 'I'</b>		
<b>PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</b>		
Salaries	<u>17,386</u>	<u>1,09,595</u>
	<u>17,386</u>	<u>1,09,595</u>
<b>SCHEDULE 'J'</b>		
<b>OPERATING &amp; ADMINISTRATIVE EXPENSES</b>		
Printing & Stationery	5,450	5,360
Postage, Telegram & Telephone	848	925
Travelling Expenses	—	4,940
Legal & Professional Charges	2,000	75,300
Electricity & Water Charges	32,954	30,496
Auditors' Remuneration	5,000	5,000
Bank & other charges	7,349	940
Fees & Taxes	1,528	1,028
Repair & Maintenance	4,450	—
Charity & Donation	—	1,100
Loss on Sale of Shares/Assets	<u>35,755</u>	<u>—</u>
	<u>95,334</u>	<u>1,25,089</u>

## **NOTES ON ACCOUNTS**

### **SCHEDULE 'K'**

1. Figures of the previous year have been recast/regrouped wherever necessary.
2. The Provision of the Gratuity Act are not applicable to the Company.
3. Interest on overdue lease and hire purchase instalments has not been taken into consideration and will be accounted for on receipt basis.
4. Advance lease rental/hire purchase instalments relating to cases maturing within one year have been taken as current liabilities.
5. There was no employee employed with the company who was in receipt of remuneration aggregating to Rs. 24,00,000/- or more per annum if employed throughout the year and Rs. 2,00,000/- or more per month if employed for the part of the year.

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **1. SYSTEM OF ACCOUNTING**

The company prepares its financial statements on Historical Cost Method. Revenue/Expenses are recognised on their accrual with necessary provisions for all known liabilities and losses.

#### **2. REVENUE RECOGNITION**

- (a) Lease rentals are recognised in equal monthly/quarterly instalments as accrued over the period of lease. The lease income for the period is determined by creating lease equalisation account which represents the difference between the annual lease charge and statutory depreciation as per the guidelines issued by The Institute of Chartered Accountants of India.
- (b) Hire purchase financing charges are recognised under the sum of digits method.
- (c) Profit on sale of Investments & Dividends are recognised on receipt basis and interest on accrual basis except on overdue Lease & Hire Purchase instalments.

#### **3. DEPRECIATION**

- (a) **Owned Assets** : Owned assets are depreciated on a straight line basis at the rates specified under Schedule XIV of the Companies Act, 1956 on pro-rata basis with reference to the month of addition/installation.
- (b) **Leased Assets** : Leased assets are depreciated on a straight line basis at the rates specified under Schedule XIV of the Companies Act, 1956, on pro-rata basis, with reference to the month of addition/installation. A lease adjustment account has been created representing the difference between annual lease charge and statutory depreciation as per the guidelines issued by The Institute of Chartered Accountants of India, in this regard.

#### **4. INVESTMENTS**

Investments are stated at cost and profit or loss is recognised on their sales. Long term investments are stated at cost less other than temporary demuntion, if any, in value.

#### **5. STOCK ON HIRE**

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

#### **6. TAXATION**

Deferred tax assets are recognised to the extent there is reasonable certainty that these assets can be realised in future in accordance with the Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India.

#### **7. RELATED PARTY DISCLOSURE**

- (a) Parties which significantly influence the Company :  
M/s The Sukhjit Starch & Chemicals Ltd. Phagwara (Holding Company)
- (b) Parties which are significantly influenced by the Company : NIL
- (c) No Payments made to related party during the current year or the previous year.

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009**

	For the Year Ended 31st March, 2009 (Rs. in lacs)	For the Year Ended 31st March, 2008 (Rs. in lacs)
<b>FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	(58.65)	(76.30)
<b>Adjustments for non-cash items</b>		
Depreciation	17.69	20.51
Provision for sub-standard assets	40.13	53.88
Bad Debts written off	—	—
<b>Adjustments for non-operating activities</b>		
Agriculture Income	—	—
Loss (Profit) on sale of investments	—	—
<b>Flows from operations before working capital changes</b>	<b>(0.83)</b>	<b>(1.91)</b>
<b>Changes in working capital</b>		
Trade and other receivables	(1.66)	6.87
Trade Payables	3.28	5.82
	<b>1.62</b>	<b>12.69</b>
<b>Flows from operating activities</b>	<b>0.79</b>	<b>10.78</b>
Direct Taxes Paid	(0.02)	(0.03)
<b>NET FLOWS FROM OPERATING ACTIVITIES</b>	<b>0.77</b>	<b>10.75</b>
<b>FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	—	—
Sale of fixed assets	—	—
Agricultural Income	—	—
Purchase of Investments	(0.76)	(10.95)
<b>NET FLOWS FROM INVESTING ACTIVITIES</b>	<b>(0.76)</b>	<b>(10.95)</b>
<b>FLOWS FROM FINANCING ACTIVITIES</b>		
Other Loans raised (repaid)	—	—
<b>NET FLOWS FROM FINANCING ACTIVITIES</b>	<b>—</b>	<b>—</b>
<b>Net Cash Flows during the year</b>	<b>0.01</b>	<b>(0.20)</b>
<b>Cash &amp; cash equivalents at the beginning of the year</b>	<b>0.90</b>	<b>1.10</b>
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>0.91</b>	<b>0.90</b>

As per our separate report of even date  
For MANCHANDA & COMPANY  
Chartered Accountants

(RAHUL MANCHANDA)  
B.Com, ACA  
Partner  
Memb. No. 098558

Place : Phagwara  
Dated : 24th June, 2009

DIRECTORS

I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL  
M.G. SHARMA

**SCHEDULE TO THE BALANCE SHEET OF NON BANKING FINANCE COMPANIES FOR THE YEAR ENDING 31/03/2009**

Particulars	(Rs. in lakhs)	
Liabilities side :		
1. Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not paid	Amount outstanding	Amount overdue
(a) Debentures : Secured	—	—
: Unsecured (other than falling within the meaning of public deposits*)	—	—
(b) Deferred Credits —	—	—
(c) Term Loans	—	—
(d) Inter-corporate loans and borrowings (Holding Company)	NIL	—
(e) Commercial Paper	—	—
(f) Public Deposits * —	—	—
(g) Other Loans (specify nature)	—	—
Please See Note 1 below		
2. Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
(a) In the form of Unsecured debentures	— N. A. —	
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security.	— N. A. —	
(c) Other Public deposits	— N. A. —	
Assets side :		
	Amount Outstanding:	
3. Break-up of Loans and Advances Including bills receivable (other than those Included in (4) below) :		
(a) Secured		
(b) Unsecured	— N. A. —	
4. Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	107.75	
(b) Operating lease	—	
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	13.43	
(b) Repossessed Assets	—	
(iii) Hypothecation loans counting towards EL/HP activities	84.52	
5. Break up of Investments :		
Current Investments :		
1. Quoted :		
(i) Shares (a) Equity		—
(b) Preference		—
(ii) Debentures and Bonds		—
(iii) Units of mutual funds		—
(iv) Government Securities		—
(v) Others (Please specify)		—
2. Unquoted :		
(i) Shares (a) Equity		—
(b) Preference		—
(ii) Debentures and Bonds		—
(iii) Units of mutual funds		—
(iv) Governement Securities		—
(v) Others (Please specify)		—

<b>Long Term Investments :</b>			
1. Quoted :			
(i) Shares	(a) Equity		12.09
	(b) Preference		—
(ii) Debentures and Bonds			—
(iii) Units of mutual funds			—
(iv) Government Securities			—
(v) Others (Please specify)			—
2. Unquoted : (Net of Provision)			
(i) Shares	(a) Equity		44.65
	(b) Preference		—
(ii) Debentures and Bonds			—
(iii) Units of mutual funds			—
(iv) Government Securities			—
(v) Others (Please specify)			—
6. Borrower Group-wise classification of all leased assets, stock on hire and loans and advances :			
Please see note 2 below			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related parties **			
(a) Subsidiaries	—	—	—
(b) Companies in the same group	—	—	—
(c) Other related parties	—	—	—
2. Other than related parties	205.52	—	205.52
Total			
7. Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :			
Please see Note 3 below :			
Category	Market value	Book value Break-up or fair value or NAV	(Net of Provision)
1. Related parties **			
(a) Subsidiaries	—	—	—
(b) Companies in the same group	—	—	—
(c) Other related parties	—	—	—
2. Other than related parties	2.65	99.64	
Total			
** As per Accounting Standards of ICAI (Please see Note 3)			
8. Other Information			
Particulars	Amount		
(i) Gross Non-Performing Assets			
(a) Related Parties		—	
(b) Other than related parties		323.66	
(ii) Net Non Performing Assets			
(a) Related parties		—	
(b) Other than related parties		39.18	
(iii) Assets acquired in satisfaction of debt		—	
Notes :			
1. As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies, Acceptance of Public Deposits (Reserve Bank) Directions, 1998.			
2. Provisioning norms shall be applicable as prescribed in the non Banking Financial Companies Prudential norms (Reserve Bank) Direction, 1998.			
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments has been disclosed irrespective of whether they are classified as long term or current in column (5) above.			



## SCHEDULES TO THE ACCOUNTS

### SCHEDULE 'L'

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

#### 1. REGISTRATION DETAILS

Corporate Identity Number L65921PB1995PLC015742 State Code : 16  
Balance Sheet Date 31-03-09

#### 2. CAPITAL RAISED DURING THE YEAR (Amount in Thousands)

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

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

Total Liabilities	Rs.	49,500	Total assets	Rs.	49,500
-------------------	-----	--------	--------------	-----	--------

#### SOURCES OF FUNDS

Paid up Capital	Rs.	49,500	Reserves & Surplus	Rs.	Nil
Secured Loans	Rs.	Nil	Unsecured Loans	Rs.	Nil

#### APPLICATION OF FUNDS

Net Fixed Assets	Rs.	16,635	Investments	Rs.	5,674
Net Current Assets	Rs.	1,374	Deffered Tax Assets	Rs.	Nil
Accumulated Losses	Rs.	25,817			

#### 4. PERFORMANCE OF THE COMPANY (Amount in Thousands)

Turnover	Rs.	30	Total Expenditure	Rs.	5,895
Profit/(Loss) before Tax	Rs.	(5,865)	Profit/(Loss) after Tax	Rs.	(5,867)
Earning per share	Rs.	Nil	Dividend Rate		Nil

#### 5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(As per monetary terms)

Item Code No.	Nil
Product Description	Leasing/Hire Purchase Financing/ Financial Advisory Services etc.

DIRECTORS

I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL  
M.G. SHARMA

## The Vijoy Steel & General Mills Co. Ltd., Phagwara

---

### BOARD OF DIRECTORS

Sh. I.K. Sardana  
Sh. K.K. Sardana  
Sh. S.M. Jindal

### AUDITORS

M/s Manchanda & Company  
Chartered Accountants  
Railway Road,  
Phagwara.

### REGISTERED OFFICE

G.T. Road,  
Phagwara-144 401.

---

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased in presenting before you the 62nd Annual Report of the company alongwith Audited Statement of Accounts for the year ended on 31st March, 2009.

1. **PERFORMANCE** : The Company has maintained its performance and it is expected that it will perform reasonably well during the current year.

2. **DIVIDEND**

The Board of Directors is unable to recommend any Dividend for the year ended 2008 due to losses in the previous years.

3. **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2009, the applicable Accounting Standards have been followed along with proper explanation relating to material departures ;
- (ii) that the Directors had 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, 2009 on a 'going concern' basis.

4. **DISCLOSURE OF SPECIAL PARTICULARS**

The information as per Section 217 (1) (e) of the Companies Act, 1956 with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 for the year ended 31st March, 2009 is given below :

- (a) **CONSERVATION OF ENERGY** : The company is already using power capacitors under Energy Conservation Programme. The company is making all out efforts with due controls to ensure that there is no idle running of the machines and electric motors to save the energy.
- (b) **TECHNICAL ARRANGEMENTS** : The company has not entered into any technical (Foreign or indigenous) collaboration arrangement. It has not incurred any expenditure for acquiring any technical know-how either indigenous or foreign.
- (c) **FOREIGN EXCHANGE EARNINGS & OUTGO** : The company has neither earned any foreign exchange nor incurred any expenditure in foreign exchange during the year under reference.
- (d) **PARTICULARS OF EMPLOYEES** : There had been no employee with the company who was in receipt of remuneration in aggregate of not less than Rs. 24,00,000/- p.a. or Rs. 2,00,000/- p.m. if employed for a part of the year.

5. **DIRECTORS** : Shri S.M. Jindal, retires by rotation and being eligible, the Board recommends his reappointment.

6. **AUDITORS** : M/s. Manchanda & Company, Chartered Accountants, Railway Road, Phagwara retire from the office of the Auditors and are eligible for re-appointment as Auditors of the Company.

7. **ACKNOWLEDGEMENT** : Your Directors acknowledge with gratitude the co-operation and devoted services rendered by the employees of the Company at all levels.

Yours truly,  
For and on behalf of the Board,

Place : Phagwara  
Dated : 24th June, 2009

I.K. SARDANA  
Chairman

**AUDITORS' REPORT**

To  
The Members of  
The Vijoy Steel & General Mills Co. Ltd.  
G.T. Road, Phagwara.

1. We have audited the attached Balance Sheet of **The Vijoy Steel & General Mills Company Limited, G.T. Road, Phagwara** as at 31st March, 2009 and also the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of misstatement. An audit includes examining on test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the over all financial statement presentations. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief, are 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;
  - (c) The Balance Sheet, the Profit and Loss Account and the cash flow statement dealt with by this report are in agreement with the books of accounts;
  - (d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
  - (e) On the basis of written representations received from the directors, as on March 31, 2009 and taken in record by the board of directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our knowledge and belief and according to the explanations given to us, the said accounts, read together with the Schedules, give the information required by the Companies Act, 1956 in the manner, as required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. In the case of Balance Sheet of the state of affairs of the company as on 31st March, 2009.
    - ii. In the case of Profit & Loss Account of the Profit for the year ended on that date.
    - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For MANCHANDA & COMPANY**  
Chartered Accountants

**(Rahul Manchanda)**  
Partner  
Memb. No. 098558

Place : Phagwara  
Dated : 24th June, 2009

**Annexure to the Auditors' Report referred to in paragraph 3 of our report of even date :**

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed of any major part of Plant and Machinery.

## The Vijoy Steel & General Mills Co. Ltd., Phagwara

---

2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures 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) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that no such transactions that need to be entered into the register maintained under section 301 have carried out.
6. The company has not accepted the deposits from the Shareholders or public during the year.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of any cost records under section 209(1)(d) of the Companies Act, 1956.
9. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty were outstanding, as at 31st March, 2009 for the period more than six months from the date they became payable.
- (c) According to the records of the company, there are no dues of sales tax, income tax, custom duty/wealth tax, excise duty/cess which have not been deposited on account of any dispute.
10. The accumulated losses of the company are 35% (Previous Year 37.59%) of its net worth. The company has not incurred any cash loss during the financial year covered by our audit or during the immediately preceding financial year.
11. The company does not have any obligation for repayment of dues to a financial institution, bank or debenture holders.
12. The company has not granted any loans and advances and is not required to maintain any records for basis of such loans.
13. Based on our examination of the records and evaluation of the 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 in those records.
14. The company has not given any guarantee for loans taken by others from bank or financial institutions.
15. No term loans have been raised or maintained during the year.
16. The company has not made any borrowings for short term or long term financing.
17. The company has not made any allotment of shares during the year.
18. During the period covered by our audit report, the company has not issued any debentures.
19. No public issues have been floated during the year.
20. Based upon the audit procedures performed and information and explanations given 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 Manchanda & Company  
Chartered Accountants

(Rahul Manchanda)  
Partner  
Memb. No. 098558  
Place : Phagwara  
Dated : 24th June, 2009

**BALANCE SHEET AS ON 31ST MARCH, 2009**

	SCHEDULE	AS ON 31.03.2009 AMOUNT (RS.)	AS ON 31.03.2008 AMOUNT (RS.)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	23,06,400	23,06,400
Reserves & Surplus	2	<u>15,03,638</u>	<u>15,03,638</u>
		<u><b>38,10,038</b></u>	<u><b>38,10,038</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	3	50,45,893	49,09,218
Less : Depreciation		<u>33,22,091</u>	<u>31,50,664</u>
Net Block		<b>17,23,802</b>	17,58,554
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	4	1,57,46,797	98,53,222
Sundry Debtors	5	5,50,522	6,23,660
Cash & Bank Balances	6	26,015	68,505
Loans & Advances	7	<u>5,20,490</u>	<u>5,08,733</u>
<b>TOTAL (A)</b>		<b>1,68,43,824</b>	1,10,54,120
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Liabilities	8	1,61,97,038	1,07,81,558
Provisions	9	<u>4,14,566</u>	<u>3,12,585</u>
<b>TOTAL (B)</b>		<b>(1,66,11,604)</b>	1,10,94,143
<b>NET CURRENT ASSETS (A-B)</b>		<b>2,32,220</b>	(40,023)
<b>DEFERRED TAX ASSETS</b>		<b>5,18,590</b>	6,59,140
<b>PROFIT &amp; LOSS ACCOUNT</b>		<b>13,35,426</b>	14,32,367
<b>NOTES OF ACCOUNTS</b>	15	<u><b>38,10,038</b></u>	<u><b>38,10,038</b></u>

Auditors' Report  
As per our separate report of even date  
For MANCHANDA & COMPANY,  
Chartered Accountants,

(RAHUL MANCHANDA)  
Partner  
Memb. No. 098558

Place : Phagwara  
Dated : 24th June, 2009

For and On behalf of the Board

DIRECTORS [ I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2009**

	SCHEDULE	FOR THE YEAR ENDED 31.03.2009 • AMOUNT (RS.)	FOR THE YEAR ENDED 31.03.2008 AMOUNT (RS.)
<b>INCOME</b>			
Sales & Other Income	10	1,31,24,174	1,26,61,992
<b>EXPENDITURE</b>			
Consumption of Raw Material	11	1,05,77,803	1,02,33,433
Manufacturing Expenses	12	2,59,477	3,19,314
Payments to and provisions for employees	13	15,99,536	15,41,878
Selling & Other Expenses	14	2,80,455	3,47,537
Depreciation		<u>1,71,427</u>	<u>1,78,973</u>
Total Expenditure		<u>1,28,88,698</u>	<u>1,26,21,135</u>
Profit (Loss) Before Tax		2,35,476	40,857
Provision For Tax			
Income Tax			
For Current Year		-	(4,210)
For Previous Year		4,210	-
Deffered Tax		(1,40,550)	36,530
Fringe Benefit Tax			
For Current Year		(2,112)	(2,190)
For Previous Year		<u>(83)</u>	<u>(1,755)</u>
Profit (Loss) After Tax		96,940	28,375
Surplus (Deficit) Brought forward		<u>(1,43,23,67)</u>	<u>(15,01,598)</u>
Deficit Carried forward		<u>(13,35,426)</u>	<u>(14,32,366)</u>

Auditors' Report  
As per our separate report of even date  
For MANCHANDA & COMPANY,  
Chartered Accountants,

(RAHUL MANCHANDA)  
Partner  
Memb. No. 098558

Place : Phagwara  
Dated : 24th June, 2009

For and On behalf of the Board

DIRECTORS

I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL

**SCHEDULES FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2009**

	AS ON 31.03.2009 AMOUNT (RS.)	AS ON 31.03.2008 AMOUNT (RS.)
<b>SCHEDULE (1)</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
2,50,000 Equity Shares of Rs. 10/- each	<u>25,00,000</u>	<u>25,00,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
2,30,640 Equity Shares of Rs. 10 each		
fully paid up	<u>23,06,400</u>	<u>23,06,400</u>
	<u>23,06,400</u>	<u>23,06,400</u>
<b>SCHEDULE (2)</b>		
<b>RESERVES &amp; SURPLUS</b>		
Capital Reserve	13,950	13,950
General Reserve	<u>14,89,688</u>	<u>14,89,688</u>
	<u>15,03,638</u>	<u>15,03,638</u>
<b>SCHEDULE (4)</b>		
<b>INVENTORIES</b>		
Raw Material	52,57,108	70,17,806
Semi Finished Goods	77,42,411	8,10,000
Finished Goods	<u>27,47,278</u>	<u>20,25,416</u>
	<u>1,57,46,797</u>	<u>98,53,222</u>
<b>SCHEDULE (5)</b>		
<b>SUNDRY DEBTORS</b>		
Over Six Months but considered Good	1,08,680	82,018
Doubtful	4,36,432	5,15,314
Others	5,410	26,328
	<u>5,50,522</u>	<u>6,23,660</u>
<b>SCHEDULE (6)</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand	10,624	13,017
Balances with Scheduled Bank	<u>15,391</u>	<u>55,488</u>
	<u>26,015</u>	<u>68,505</u>
<b>SCHEDULE (7)</b>		
<b>LOANS &amp; ADVANCES</b>		
Recoverable in cash or in kind	1,87,156	2,53,027
Income Tax Advance	3,000	8,000
Less Provisions for fringe benefit tax	(2,112)	(9,740)
Security Deposit	<u>3,32,446</u>	<u>2,57,446</u>
	<u>5,20,490</u>	<u>5,08,733</u>
<b>SCHEDULE (8)</b>		
<b>CURRENT LIABILITIES</b>		
Creditors	22,99,836	15,44,210
Expenses Payable	3,20,110	2,70,721
Other Current Liabilities	<u>1,35,77,092</u>	<u>89,66,627</u>
	<u>1,61,97,038</u>	<u>1,07,81,558</u>
<b>SCHEDULE (9)</b>		
<b>PROVISIONS</b>		
Gratuity	<u>4,14,566</u>	<u>3,12,585</u>
	<u>4,14,566</u>	<u>3,12,585</u>

**SCHEDULES FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2009**

	AMOUNT AS ON 31.03.2009 (RS.)	AMOUNT AS ON 31.03.2008 (RS.)
<b>SCHEDULE (10)</b>		
<b>SALES &amp; OTHER INCOME</b>		
Sales	1,31,11,071	1,26,61,258
Interest Income	-	734
Miscellaneous Income	13,103	-
	<u>1,31,24,174</u>	<u>1,26,61,992</u>
<b>SCHEDULE (11)</b>		
<b>CONSUMPTION OF RAW MATERIAL</b>		
<b>OPENING STOCK</b>		
Raw Material	70,17,806	16,66,330
Semi Finished Goods	8,10,000	12,86,540
Finished Goods	20,25,416	10,62,890
	<u>98,53,222</u>	<u>40,15,760</u>
Purchase	1,64,71,378	1,60,70,895
	<u>2,63,24,600</u>	<u>2,00,86,655</u>
<b>LESS : CLOSING STOCK</b>		
Raw Material	52,57,108	70,17,806
Semi Finished Goods	77,42,411	8,10,000
Finished Goods	27,47,278	20,25,416
	<u>1,57,46,797</u>	<u>98,53,222</u>
Effective Consumption of Raw Material	<u>1,05,77,803</u>	<u>1,02,33,433</u>
<b>SCHEDULE (12)</b>		
<b>MANUFACTURING EXPENSES</b>		
Power & Fuel Charges	2,45,070	2,38,370
Cartage & Freight	14,407	80,944
	<u>2,59,477</u>	<u>3,19,314</u>
<b>SCHEDULE (13)</b>		
<b>PAYMENT TO AND PROVISIONS FOR EMPLOYEES</b>		
Salary & Wages	11,64,320	12,22,188
Contribution to Employee Welfare Schemes	1,72,321	1,46,576
Other Payments	2,62,895	1,73,114
	<u>15,99,536</u>	<u>15,41,878</u>
<b>SCHEDULE (14)</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Printing & Stationery	6,232	3,661
Travelling & Conveyance	41,412	35,336
Telephone Expenses	16,282	13,373
Rent	13,800	13,800
Auditors' Remuneration	18,000	17,000
Charity & Donation	14,600	5,100
Rates & Taxes	16,308	11,424
Repair & Replacements	1,02,521	2,03,266
Rebate & Discount	-	8,718
General Expenses	16,816	2256
Insurance	14,424	-
Bank Charges	3,060	4,758
Professional charges	17,000	28,845
	<u>2,80,455</u>	<u>3,47,537</u>



**SCHEDULE (3)**  
**FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2009**  
**DETAILS OF FIXED ASSETS**

AMOUNT (RS.)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	COST AS	ADDITIONS	TOTAL AS	UPTO	FOR	TOTAL AS	AS ON	AS ON
	ON 1.4.2008	DURING YEAR	ON 31.03.2009	31.03.2008	THE YEAR	ON 31.03.2009	31.3.2009	31.3.2008
Building	5,26,653	—	5,26,653	4,35,349	4,565	4,39,914	86,739	91,304
Furniture & Fixture	54,750	—	54,750	40,775	2,529	43,304	11,446	13,975
Plant & Machinery	23,82,491	1,36,675	25,19,166	14,23,538	1,39,727	15,63,265	9,55,901	9,58,953
Generator	1,42,537	—	1,42,537	1,42,152	54	1,42,206	331	385
Tools & Tackles	1,44,948	—	1,44,948	1,28,189	2,331	1,30,520	14,428	16,759
Electric Fitting	6,73,059	—	6,73,059	5,84,327	16,060	6,00,387	72,672	88,732
Water Line & Hand Pump	43,304	—	43,304	31,352	2,163	33,515	9,789	11,952
Patterns	3,66,193	—	3,66,193	3,44,382	3,948	3,48,330	17,863	21,811
Laboratory	19,063	—	19,063	19,015	9	19,024	39	48
Cycle	810	—	810	790	4	794	16	20
Library Books	1,000	—	1,000	795	37	832	168	205
Land	5,54,410	—	5,54,410	—	—	—	5,54,410	5,54,410
<b>Total</b>	<b>49,09,218</b>	<b>1,36,675</b>	<b>50,45,893</b>	<b>31,50,664</b>	<b>1,71,427</b>	<b>33,22,091</b>	<b>17,23,802</b>	<b>17,58,554</b>
<b>Previous Year</b>	<b>42,00,388</b>	<b>7,08,830</b>	<b>49,09,218</b>	<b>29,71,692</b>	<b>1,78,973</b>	<b>31,50,664</b>	<b>17,58,553</b>	<b>12,28,695</b>

Auditor's Report  
As per our separate report of even date  
For MANCHANDA & COMPANY,  
Chartered Accountants,

RAHUL MANCHANDA  
Partner  
Memb. No. 098558  
Place : Phagwara  
Dated : 24th June, 2009

For and On behalf of the Board

DIRECTORS

I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL

The Vijoy Steel & General Mills Co. Ltd., Phagwara

**SCHEDULE 16**  
**SIGNIFICANT ACCOUNTING POLICIES**

**1. METHOD OF ACCOUNTING**

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

**2. FIXED ASSETS**

Fixed assets are accounted for at their original cost including duties, taxes, freight and incident charges relating to their acquisition and installation and revenue expenditure incurred for the period prior to commercial production is considered as a part of the cost of assets.

**3. DEPRECIATION**

Fixed assets are depreciated on a W.D.V. at the rates specified under Schedule XIV of the Companies Act, 1956 on pro-rata basis with reference to the month of addition/installation.

**4. INVENTORY**

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

**5. FOREIGN CURRENCY TRANSACTIONS**

There were no foreign currency transactions during the year.

**6. TAXATION**

Deferred Tax is provided for during the year in accordance with the Accounting Standard 22, accounting for taxes on income, issued by The Institute of Chartered Accountants of India. No provision for income tax is required as the company has unabsorbed accumulated losses.

**7. AUDITORS REMUNERATION (including service-tax where applicable)**

	Current Year (Rs.)	Previous Year (Rs.)
For Statutory Audit	13000.00	12000.00
For Tax audit	5000.00	5000.00
For Taxation Matters	-	-
	<u>18000.00</u>	<u>17000.00</u>

**8. RELATED PARTY DISCLOSURE**

(a) Party which significantly influence the company :

M/s THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA (HOLDING COMPANY)

(b) Parties which are significantly influenced by the company : NIL

(c) Related Party Disclosers

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Sale of Goods	117.55	112.53
Purchase of Goods	81.54	60.21
Rent Paid	0.13	0.13

(Amount Rs. in Lacs)

9. Figures for the previous year have been recast / re-grouped wherever necessary.

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009**

	For the Year Ended 31st March, 2009 (Rs. in lacs)	For the Year Ended 31st March, 2008 (Rs. in lacs)
<b>FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	2.35	0.41
<b>Adjustments for non-cash items</b>		
Depreciation	1.71	1.79
Provision for gratuity	1.02	(0.66)
<b>Adjustments for non-operating activities</b>		
Interest & Other Income	(0.13)	(0.01)
<b>Flows from operations before working capital changes</b>	<b>4.95</b>	<b>1.53</b>
<b>Changes in working capital</b>		
Trade and other receivables	0.68	(3.04)
Inventories	(58.94)	(57.57)
Trade Payables	54.15	64.95
	<b>(4.11)</b>	<b>4.34</b>
<b>FLOWS FROM OPERATING ACTIVITIES</b>	<b>0.84</b>	<b>5.87</b>
Direct Taxes Paid	(0.03)	(0.03)
<b>NET FLOWS FROM OPERATING ACTIVITIES</b>	<b>0.81</b>	<b>5.84</b>
<b>FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1.37)	(7.09)
Interest & Other Income	0.13	0.01
<b>NET FLOWS FROM INVESTING ACTIVITIES</b>	<b>(1.24)</b>	<b>(7.08)</b>
<b>FLOWS FROM FINANCING ACTIVITIES</b>	-	-
<b>NET FLOWS FROM FINANCING ACTIVITIES</b>	-	-
Net Cash Flows during the year	(0.43)	(1.24)
Cash & cash equivalents at the beginning of the year	0.69	1.93
Cash & cash equivalents at the end of the year	0.26	0.69

**AUDITORS' REPORT**

As per our separate report of even date  
For MANCHANDA & COMPANY,  
Chartered Accountants,

(RAHUL MANCHANDA)

Partner

Memb. No. 098558

Place : Phagwara

Dated : 24th June, 2009

For and On behalf of the Board

DIRECTORS

I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL

## SCHEDULE TO THE ACCOUNT

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

#### 1. REGISTRATION DETAILS

Corporate Identity Number L19113PB1945PLC001956 State Code : 16  
Balance Sheet Date 31.3.2009

#### 2. CAPITAL RAISED DURING THE YEAR

(Amount in '000)

Public Issue	Nil	Right Issue	—
Bonus Issue	Nil	Private Placement	Nil

#### 3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Amount in '000')

Total Liabilities	Rs. 3,810	Total Assets	Rs. 3,810
-------------------	-----------	--------------	-----------

##### SOURCES OF FUNDS

Paid up capital	Rs. 2,306	Reserves & Surplus	Rs. 1,504
Secured loans	Rs. Nil	Unsecured Loans	Rs. —

##### APPLICATION OF FUNDS

Net fixed assets	Rs. 1,724	Investment	Nil
Net current assets	Rs. 232	Misc. Expenditure	Nil
Deferred tax	Rs. 519		
Accumulated losses	Rs. 1,335		

#### 4. PERFORMANCE OF COMPANY

(Amount in '000')

Turnover/Total income	Rs. 13,124	Total expenditure	Rs. 12,889
Profit/(Loss) before tax	Rs. 235	Profit/(Loss) after tax	Rs. 97
Earning per share	0.42	Dividend	Nil

#### 5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(As per monetary terms)

Item Code No.	820840
Product description	Agricultural implements such as Wheat Thresher and Toka Machines

For and On behalf of the Board

DIRECTORS [ I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL

**BOARD OF DIRECTORS**

Sh. I.K. Sardana  
Sh. K.K. Sardana  
Sh. S.M. Jindal

**AUDITORS**

M/s Manchanda & Co.  
Chartered Accountants  
Railway Road, Phagwara.

**REGISTERED OFFICE**

Sukhjot Road,  
Phagwara-144 401.

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present before you the 11th Annual Report together with the Audited Accounts for the year ended on 31st March, 2009.

**1. FINANCIAL RESULTS**

	<b>2008-2009</b> (Rs. in lacs)	<b>2007-2008</b> (Rs. in lacs)
Income from Operations	654.52	575.10
Profit/(Loss) before tax & Dep.	24.60	31.62
Profit/(Loss) after tax and Dep.	(1.26)	5.41
Deferred Tax	(12.04)	1.28
Profit/(Loss) Brought Forward	(123.70)	(130.39)
Profit/(Loss) Carried Forward	(137.00)	(123.70)

**2. OPERATIONS**

Your Company has achieved a turnover of Rs. 654.52 Lacs (Rs. 575.10 Lacs during the previous year) showing an increase of around 13.81%. Your company has started showing upward trend in sales and it will continue improving its performance in the current year.

**3. DIVIDEND**

In view of the losses suffered by the company in the Previous years, the Board does not recommend any dividend for the year under reference.

**4. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2009, the applicable Accounting Standards have been followed along with proper explanation relating to material departures ;
- that the Directors had 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 ;
- 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
- that the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2009 on a 'going concern' basis.

**5. DISCLOSURE OF SPECIAL PARTICULARS**

The information as per Section 217 (1) (e) of the Companies Act, 1956 with Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 for the year ended 31st March, 2009 is given below :

- Conservation of energy** : Your company continues to put in its efforts to conserve energy under Energy Conservation Programme and through better utilisation of equipment and proper production planning.
- Technical arrangements** : The company has not entered into any technical (Foreign or indigenous) collaboration arrangement. It has not incurred any expenditure for acquiring any technical know-how either indigenous or foreign.

**(c) Foreign Exchange Earnings & Outgo**

	<b>2008-2009</b> (Rs. in lacs)	<b>2007-2008</b> (Rs. in lacs)
1. Foreign Exchange Earnings on Exports		1.49

**2. Foreign Exchange used on account of**

(i) Foreign Travel	--	--
(ii) CIF Value of Imports -	--	--
Capital Goods	--	--
Raw Materials & Consumables	--	--

- Particulars of Employees** : There had been no employee with the company who was in receipt of remuneration in aggregate of not less than Rs. 24,00,000/- p.a. or Rs. 2,00,000/- p.m. if employed for a part of the year.

**6. DIRECTORS**

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

**7. AUDITORS**

M/s. Manchanda & Company, Chartered Accountants, Railway Road, Phagwara retire from the office of the Auditors and are eligible for re-appointment as Auditors of the Company.

**8. ACKNOWLEDGEMENT :**

Your Directors acknowledge with gratitude the co-operation and devoted services rendered by the employees of the Company at all levels.

Yours truly,  
For and on behalf of the Board,

Place : Phagwara.  
Dated : 24th June, 2009

I.K. Sardana  
Chairman

## **AUDITORS' REPORT**

To  
The Members of  
Scott Industries Limited,  
Phagwara.

We have audited the attached Balance Sheet of Scott Industries Ltd. as at 31<sup>st</sup> March, 2009 and also the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Sub-section 4(A) of section 227 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.

Further to our comments in the Annexure referred to above, we report that :

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief, are necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of the books.
- (c) The balance sheet, the profit & loss account and the cash flow statement dealt with by this report are in agreement with the books of accounts.
- (d) In our opinion, the balance sheet and the profit and loss account comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956; to the extent applicable.
- (e) On the basis of the written representations received from the directors as on March 31, 2009 and taken in record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of the Sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our knowledge and belief and according to the explanations given to us, the said accounts, read together with the Schedules, give the information required by the Companies Act, 1956, in the manner, as required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. In the case of the balance sheet, of the state of the affairs of the company as on 31<sup>st</sup> March, 2009.
  - ii. In the case of the profit and loss account, of the loss for the year ended on that date.
  - iii. In case of Cash Flow Statement, the cash flows for the year ended on that date.

**For MANCHANDA & COMPANY**  
Chartered Accountants,

**(RAHUL MANCHANDA)**  
Partner  
Memb. No. 098558

Place : Phagwara.  
Dated : 24th June, 2009

### **Annexure to the Auditors' report Referred to in paragraph 3 of our report of even date :**

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed of a major part of the plant and machinery.

2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures 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) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that no such transactions that need to be entered into the register maintained under section 301 have carried out.
6. The company has not accepted the deposits from the Shareholders or public during the year.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of any cost records under section 209(1)(d) of the Companies Act, 1956.
9. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty were outstanding, as at 31st March, 2009 for the period more than six months from the date they became payable.
- (c) According to the records of the company, there are no dues of sales tax, income tax, custom duty/wealth tax, excise duty/cess which have not been deposited on account of any dispute.
10. The company does not have accumulated losses more than 50% of its net worth. The company has not incurred any cash loss during the financial year covered by our audit or during the immediately preceding financial year.
11. The company does not have any obligation for repayment of dues to a financial institution, bank or debenture holders.
12. The company has not granted any loans and advances and is not required to maintain any records for basis of such loans.
13. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transaction and contracts and timely entries have been made in those records.
14. The company has not given any guarantee for loans taken by others from bank or financial institutions.
15. No term loans have been raised or maintained during the year.
16. The company has not made any borrowings for short term or long term financing.
17. The company has not made any allotment of shares during the year.
18. During the period covered by our audit report, the company has not issued any debentures.
19. No public issues have been floated during the year.
20. Based upon the audit procedures performed and information and explanations given 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 Manchanda & Company  
Chartered Accountants

(Rahul Manchanda)

Partner

Memb. No. 098558

Place : Phagwara

Dated : 24th June, 2009

**BALANCE SHEET AS ON 31ST MARCH, 2009**

SOURCES OF FUNDS	SCHEDULE	AS ON 31.3.2009 AMOUNT (RS.)	AS ON 31.3.2008 AMOUNT (RS.)
<b>1. SHAREHOLDERS' FUNDS</b>			
Share Capital	1	4,40,14,000	4,40,14,000
Reserves & Surplus		<u>-</u>	<u>-</u>
		<b>4,40,14,000</b>	<b>4,40,14,000</b>
<b>2. LOAN FUNDS</b>			
(a) Secured Loans	2	95,57,793	81,87,912
(b) Unsecured Loans	3	<u>4,11,84,451</u>	<u>4,02,03,333</u>
			23,50,999
		<b><u>9,47,56,244</u></b>	<b><u>9,24,05,245</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>3. FIXED ASSETS</b>	4		
(a) Gross Block		5,78,98,562	5,83,66,197
(b) Less : Depreciation		<u>2,14,06,035</u>	<u>1,94,36,893</u>
Net Block		<b>3,64,92,527</b>	<b>3,89,29,304</b>
<b>4. (A) CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Inventories	5	1,27,67,137	1,21,71,962
(b) Sundry Debtors	6	3,63,18,289	3,20,92,906
(c) Cash & Bank Balances	7	15,06,710	5,73,637
(d) Loans & Advances	8	<u>28,29,088</u>	<u>38,56,973</u>
Total (A)		<b>5,34,21,224</b>	<b>4,86,95,478</b>
<b>(B) LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
(a) Liabilities	9	1,11,25,237	1,14,19,274
(b) Provisions	10	<u>16,51,091</u>	<u>13,10,950</u>
Total (B)		<b>(1,27,76,328)</b>	<b>(1,27,30,224)</b>
<b>5. NET CURRENT ASSETS (A-B)</b>		<b>4,06,44,896</b>	<b>3,59,65,254</b>
<b>6. DEFERRED TAX ASSETS</b>		<b>39,18,978</b>	<b>51,22,908</b>
<b>7. MISCELLANEOUS EXPENDITURE</b>			
Preliminary Expenses		-	17,396
Profit & Loss Account		<u>1,36,99,843</u>	<u>1,23,70,383</u>
<b>NOTES TO ACCOUNTS</b>	17	<b><u>9,47,56,244</u></b>	<b><u>9,24,05,245</u></b>

**AUDITOR'S REPORT**

As per our separate report of even date  
For MANCHANDA & COMPANY,  
Chartered Accountants,

(RAHUL MANCHANDA)  
Partner  
Memb. No. 098558

Place : Phagwara  
Dated : 24th June, 2009

For and On behalf of the Board

AMAN SETIA  
Company Secretary

DIRECTORS { I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2009**

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED 31.3.2009 AMOUNT (RS.)	FOR THE YEAR ENDED 31.3.2008 AMOUNT (RS.)
<b>INCOME</b>			
1. Sales & Other Income	11	6,54,51,519	5,75,09,801
Less Excise Duty		1,052	2,704
Net Sales		<u>6,54,50,467</u>	<u>5,75,07,097</u>
<b>EXPENDITURE</b>			
2. Consumption of Raw Material	12	3,15,02,623	2,72,91,307
3. Manufacturing Expenses	13	1,56,77,683	1,24,69,624
4. Payments to & Provisions for Employees	14	99,67,642	92,61,235
5. Administrative, Selling & Other Expenses	15	45,50,673	40,66,430
6. Financial Charges	16	12,91,408	12,56,857
7. Depreciation		<u>25,38,660</u>	<u>25,87,281</u>
8. Total Expenditure		<u>6,55,28,689</u>	<u>5,69,32,734</u>
9. Profit (Loss) Before Tax		(78,222)	5,74,363
10. Provision for Taxation			
Income Tax		—	—
Fringe Benefit Tax		<u>(47,308)</u>	<u>(33,461)</u>
11. Profit (Loss) After Tax		(1,25,530)	5,40,902
12. Deffered Tax Adjustment		(12,03,930)	1,27,888
13. Surplus (Deficit) Brought Forward		(1,23,70,383)	(1,30,39,173)
14. Deficit Carried Forward		<u>(1,36,99,843)</u>	<u>(1,23,70,383)</u>

**AUDITOR'S REPORT**

As per our separate report of even date  
For MANCHANDA & COMPANY,  
Chartered Accountants,

(RAHUL MANCHANDA)  
Partner  
Memb. No. 098558

Place : Phagwara  
Dated : 24th June, 2009

AMAN SETIA  
Company Secretary

For and On behalf of the Board

DIRECTORS [ I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL

**SCHEDULES FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2009**

	AS ON 31.3.2009 AMOUNT (RS.)	AS ON 31.3.2008 AMOUNT (RS.)
<b>SCHEDULE #1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
50,00,000 Equity Shares of Rs.10/-Each	5,00,00,000	5,00,00,000
<b>Issued, Subscribed &amp; Paid Up Capital</b>		
44,01,400 Equity Shares of Rs. 10/- Each	4,40,14,000	4,40,14,000
Fully Paid Up	<u>4,40,14,000</u>	<u>4,40,14,000</u>
<b>SCHEDULE #2</b>		
<b>SECURED LOANS</b>		
Cash Credit		
(a) Secured agst. Hypothecation of Raw Material, Stores, Semi Finished Goods and Finished Goods	70,24,088	51,49,383
(b) Secured Against Book Debt	<u>25,33,705</u>	<u>30,38,529</u>
	<u>95,57,793</u>	<u>81,87,912</u>
<b>SCHEDULE #3</b>		
<b>UNSECURED LOANS</b>		
Deposits	<u>4,11,84,451</u>	<u>4,02,03,333</u>
	<u>4,11,84,451</u>	<u>4,02,03,333</u>
<b>SCHEDULE #5</b>		
<b>INVENTORIES</b>		
Store & Spares	5,68,003	5,52,917
Raw Materials	40,24,789	43,87,090
Work in Process	19,66,140	20,24,550
Finished Goods	<u>62,08,205</u>	<u>52,07,405</u>
	<u>1,27,67,137</u>	<u>1,21,71,962</u>
<b>SCHEDULE #6</b>		
<b>SUNDRY DEBTORS</b>		
Over Six Months		
Considered Good	13,30,229	62,00,707
Considered Doubtful	1,28,75,555	80,26,851
Less Provision for bad debts	(25,75,111)	—
Others	<u>2,46,87,616</u>	<u>1,78,65,348</u>
	<u>3,63,18,289</u>	<u>3,20,92,906</u>
<b>SCHEDULE #7</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand	2,05,508	2,87,246
Balances with Scheduled Banks		
In Current Accounts	<u>13,01,202</u>	<u>2,86,391</u>
	<u>15,06,710</u>	<u>5,73,637</u>

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED  
MARCH 31, 2009**

<b>SCHEDULE #8</b>	<b>AS ON 31.3.2009</b>	<b>AS ON 31.3.2008</b>
<b>LOANS &amp; ADVANCES</b>	<b>AMOUNT (RS.)</b>	<b>AMOUNT (RS.)</b>
Sundry Advances (unsecured but considered good)	22,33,931	33,63,667
Security Deposit	4,89,515	4,89,515
Tax paid in advance	2,06,615	37,252
Less : Provision for Taxes	<u>(1,00,973)</u>	<u>(33,461)</u>
	<u>28,29,088</u>	<u>38,56,973</u>
<b>SCHEDULE #9</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors For Goods	63,15,717	51,09,651
Sundry Creditors For Expenses	33,66,480	42,40,793
Other Current Liabilities	<u>14,43,040</u>	<u>20,68,830</u>
	<u>1,11,25,237</u>	<u>1,14,19,274</u>
<b>SCHEDULE #10</b>		
<b>PROVISIONS</b>		
Gratuity	16,51,091	13,10,950
	<u>16,51,091</u>	<u>13,10,950</u>
<b>SCHEDULE #11</b>		
<b>SALES &amp; OTHER INCOME</b>		
Sales	6,53,78,877	5,73,93,579
Job Work Charges Received	71,590	70,168
Export Incentives	-	7,809
Interest Received	-	35,608
Miscellaneous Income	-	2,637
	<u>6,54,50,467</u>	<u>5,75,09,801</u>
<b>SCHEDULE #12</b>		
<b>CONSUMPTION OF RAW MATERIALS</b>		
Opening Stock		
Finished Goods	52,07,405	35,55,820
Raw Material	43,87,090	21,74,720
Stock In Process	<u>20,24,550</u>	<u>39,55,232</u>
	1,16,19,045	96,85,772
Add : Purchase	<u>2,88,78,929</u>	<u>2,54,64,448</u>
	4,04,97,974	3,51,50,220
Less : Closing Stock		
Finished Goods	62,08,205	52,07,405
Raw Material	40,24,789	43,87,090
Stock In Process	<u>19,66,140</u>	<u>20,24,550</u>
	1,21,99,134	1,16,19,045
Effective Consumption of Raw Material	<u>2,82,98,840</u>	<u>2,35,31,175</u>
Other Raw Material Stores & Spares Consumed	<u>32,03,783</u>	<u>37,60,132</u>
	<u>3,15,02,623</u>	<u>2,72,91,307</u>

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED  
MARCH 31, 2009**

<b>SCHEDULE #13</b>	<b>FOR THE YEAR ENDED</b>	<b>FOR THE YEAR ENDED</b>
<b>MANUFACTURING EXPENSES</b>	<b>31ST MARCH 2009</b>	<b>31ST MARCH 2008</b>
Power & Fuel	10,07,242	9,66,046
Machinery Repair	2,16,070	33,036
Freight & Cartage Inward	59,369	93,915
Job Work Charges	1,43,95,002	1,13,76,627
	<u>1,56,77,683</u>	<u>1,24,69,624</u>
<b>SCHEDULE #14</b>		
<b>PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</b>		
Wages & Salaries	94,31,952	87,54,722
Contribution to P.F. & Other Funds	4,68,082	4,33,295
Employees Welfare	67,608	73,218
	<u>99,67,642</u>	<u>92,61,235</u>
<b>SCHEDULE #15</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Rent	24,000	24,000
Printing & Stationery	40,893	53,959
Postage, Telegram & Telephone	2,47,426	2,52,615
Newspaper & Periodicals	2,000	2,453
Travelling & Conveyance	5,98,456	6,33,020
Taxes & Registration	33,373	21,264
Legal & Professional	94,660	94,848
Audit Fee	38,000	38,000
Insurance	1,51,983	2,11,895
Repair & Maintenance	1,19,723	2,57,171
Entertainment	8,320	8,135
Advertisement	3,174	7,000
Freight & Taxes Outward	3,96,256	5,28,258
General Charges	30,809	93,314
Charity & Donation	3,600	500
Rebate & Discount	17,683	70,138
Preliminary Expenses	17,396	17,393
Bad Debts	-	17,52,467
Bad Debts Provision	25,75,111	-
Loss on Sale of fixed assets	1,47,810	-
	<u>45,50,673</u>	<u>40,66,430</u>
<b>SCHEDULE #16</b>		
<b>FINANCIAL CHARGES</b>		
Interest paid to Bank	11,10,669	10,96,121
Bank Charges	1,80,739	1,60,736
	<u>12,91,408</u>	<u>12,56,857</u>

**SCHEDULE #4**  
**FIXED ASSETS AS ON 31ST MARCH, 2009**  
**FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2009**

AMOUNT (RS.)

PARTICULARS	LAND	BUILDING	FURNITURE & FIXTURE	PLANT & MACHINERY	ELECTRIC FITTINGS & EQUIPMENT	VEHICLES	TOTAL	PREVIOUS YEAR
<b>GROSS BLOCK</b>								
Opening as on April 01-2008	2392542	19056141	10,89,622	3,17,41,776	25,77,463	15,08,653	5,83,66,197	4,32,47,866
Additions	-	-	1,154	2,09,332	-	3,26,207	5,36,693	12,14,877
Sale/Adjustments	-	-	-	2,00,000	-	8,04,328	10,04,328	-
Closing as on March 31, 2009	23,92,542	1,90,56,141	10,89,622	3,17,41,776	25,77,463	15,08,653	5,83,66,197	5,71,51,320
<b>DEPRECIATION</b>								
Up to 31.3.2008	-	47,66,279	5,51,082	1,17,79,546	11,67,010	11,72,976	1,94,36,893	1,68,49,612
For the Year	-	6,36,475	69,040	15,51,642	1,63,153	1,18,350	25,38,660	25,87,281
on Sale/Adjustment	-	-	-	85,500	-	4,84,018	5,69,518	-
Total	-	54,02,754	6,20,122	1,32,45,688	13,30,163	8,07,308	2,14,06,035	1,94,36,893
<b>NET BLOCK</b>								
As on March 31, 2009	23,92,542	1,36,53,387	4,70,654	1,85,05,420	12,47,300	2,23,224	3,64,92,527	3,89,29,304
As on March 31, 2008	23,92,542	1,42,89,862	5,38,540	1,99,62,230	14,10,453	3,35,677	3,89,29,304	4,03,01,708

As per our separate report of even date.  
For MANCHANDA & COMPANY  
Chartered Accountants,

AMAN SETIA  
Company Secretary

For and On behalf of the Board

RAHUL MANCHANDA  
Partner  
Memb. No. 098558

DIRECTORS

I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL

Place : Phagwara  
Dated : 24th June, 2009

SCHEDULES TO THE ACCOUNTS

Scott Industries Limited, Phagwara

## **SCHEDULE 'Q'**

### **NOTES TO ACCOUNTS**

1. Figures for the previous year have been recast/regrouped wherever necessary.
2. Contingent Liabilities not provided for include :  
Gratuity Provisions made on actuarial basis.
3. Duty Draw Back on exports has been accounted for on accrual basis.

### **SIGNIFICANT OF ACCOUNTING POLICIES**

#### **1. METHOD OF ACCOUNTING**

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

#### **2. FIXED ASSETS**

Fixed assets are accounted for at their original cost including duties, taxes, freight and incident charges relating to their acquisition and installation, and revenue expenditure incurred for the period prior to commercial production is considered as a part of the cost of assets.

#### **3. DEPRECIATION**

Fixed assets are depreciated on a straight line basis at the rate specified under Schedule XIV of the Companies Act, 1956. On pro-rata basis with reference to the month of addition/installation.

#### **4. INVENTORY**

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

#### **5. FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions relating to sale of goods have been converted into rupee terms at the rates prevailing at the time of settlement of transactions. The transactions remaining unsettled as on the balance sheet date are translated at the notional rate.

#### **6. DEFERRED TAX**

During the year the Company has accounted for Deferred Tax in accordance with the Accounting Standards 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India.

Deferred Tax for timing differences between tax profits and book profits is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred Tax Assets are recognised to the extent there is reasonable certainty that these assets can be realized in future.

#### **7. RELATED PARTY DISCLOSURES**

- (a) Party which significantly influence the Company :  
M/S THE SUKHJIT STARCH & CHEMICALS LTD. PHAGWARA (HOLDING COMPANY)
- (b) Parties which are significantly influenced by the Company : NIL
- (c) The Company has paid rent Rs. 0.24 lacs (Previous Year Rs. 0.24 lacs) to M/s The Sukhjit Starch & Chemicals Ltd., Phagwara.

## SCHEDULES TO THE ACCOUNTS

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

	Current Year (Rs.)	Previous Year (Rs.)
1. Auditors remuneration includes		
Audit Fee	30,000	30,000
Tax Audit Fee	8,000	8,000
Reimbursement of out of pocket Expenses (Service Tax on Audit Fee)	-	-
2. There was no employee with the company who was in receipt of remuneration aggregating to Rs. 24,00,000/- or more p.a. if employed throughout the year and Rs. 2,00,000/- or more p.m. if employed for part of the year.		
3. EARNINGS IN FOREIGN EXCHANGE		
(i) Export of goods on F.O.B. basis	Nil	1,49,062
(ii) Royalty, know-how, interest, dividend	Nil	Nil
4. VALUE OF IMPORTS ON C.I.F. BASIS (Excluding Canalised items)		
(i) Raw Materials and consumables	Nil	Nil
(ii) Components and spare parts	Nil	Nil
(iii) Capital Goods	Nil	Nil
5. EXPENDITURE IN FOREIGN CURRENCY		
Remittance in foreign currency for		
(i) Dividend, Interest, royalty	Nil	Nil
(ii) Foreign travelling expenses	Nil	Nil
(iii) Commission to foreign agents	Nil	Nil
6. LICENSED, INSTALLED AND ACTUAL PRODUCTION	Current Year (p.a)	Previous Year (p.a.)
Readymade Garments		
(i) Licensed Capacity	N.A.	N.A.
(ii) Installed Capacity	3,65,000 pcs	3,65,000 pcs
(iii) Actual Production	4,71,814 pcs	4,12,523 pcs
Purchase	Nil	Nil
Fabric		
(i) Licensed Capacity	-	-
(ii) Installed Capacity	6,00,000 Kgs.	6,00,000 Kgs.
7. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND PERCENTAGE OF EACH TO TOTAL CONSUMPTION	Current Year (Rs.)	Previous Year (Rs.)
(i) Raw material		
(a) Imported	Nil	Nil
(b) Indigenous	2,82,98,840 (100%)	2,35,31,175 (100%)
(ii) Spares & Components		
(a) Imported	NIL	NIL
(b) Indigenous	32,03,783 (100%)	37,60,132 (100%)

**QUANTITATIVE INFORMATION REGARDING OPENING AND CLOSING STOCK, PRODUCTION, PURCHASE & SALES DURING THE YEAR 2008-09**

YARN (FIGURES IN KG)	CURRENT YEAR	PREVIOUS YEAR
Opening Stock	37,36,765	24,17,815
Purchase during the year	19,55,05,115	15,36,90,830
Total Yarn Available	19,92,41,880	15,61,08,645
Consumption		*
In House production	13,49,53,890	11,76,46,680
Third party production	4,85,70,270	3,23,55,650
Sale of Yarn	53,51,730	8,25,630
Shortage during production	8,71,680	15,43,920
Total Consumption	18,97,47,570	15,23,71,880
Closing Stock	94,94,310	37,36,765

FABRIC (FIGURES IN KG)	CURRENT YEAR	PREVIOUS YEAR
Opening Stock	2,38,34,995	1,04,61,800
In House Production	13,49,53,890	11,76,46,680
Third Party Production	4,85,70,270	3,23,55,650
Purchase	1,00,78,750	4,58,78,600
Total Fabric Available	21,74,37,905	20,63,42,730
Consumption		
For In House production of RMG	11,88,91,900	12,04,91,705
Sale	7,64,42,370	5,41,25,650
Shortage in process	83,02,060	78,90,380
Total Consumption	20,36,36,330	18,25,07,735
Closing Stock	1,38,01,575	2,38,34,995

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

**1. REGISTRATION DETAILS**

Corporate Identity Number L18101PB1997PLC020568 State Code : 16  
Balance Sheet Date 31-3-2009

**2. CAPITAL RAISED DURING THE YEAR (Amount in Thousands)**

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

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

Total Liabilities	Rs. 94,756	Total Assets	Rs. 94,756
-------------------	------------	--------------	------------

**SOURCES OF FUNDS**

Paid up Capital	Rs. 44,014	Reserves & Surplus	Rs. -
Secured Loans	Rs. 9,558	Unsecured Loans	Rs. 41,184

**APPLICATION OF FUNDS**

Net Fixed Assets	Rs. 36,492	Investments	Rs. -
Net Current Assets	Rs. 40,645	Miscellaneous Expenditure	Rs. -
Accumulated Losses	Rs. 13,700	Deferred Tax Asset	Rs. 3,919

**4. PERFORMANCE OF COMPANY (Amount in Thousands)**

Turnover	Rs. 65,452	Total Expenditure	Rs. 65,530
Profit/(Loss) before Tax	Rs. (78)	Profit/(Loss) after Tax	Rs. (1329)
Earnings per share	Rs. -	Dividend Rate	-

**5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY**

(As per monetary terms)

Item Code No.	Nil
Product Description	Readymade Garments & Knitted Fabric

AMAN SETIA  
Company Secretary

For and On behalf of the Board

DIRECTORS  
I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009**

	Year Ended 31st March, 2009 (Rs. in lacs)	Year Ended 31st March, 2008 (Rs. in lacs)
<b>FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	(0.78)	5.74
<b>Adjustments for non-cash items</b>		
Depreciation	25.39	25.87
Preliminary Expenses	0.17	0.17
Provision for gratuity	3.40	3.36
Bad Debts Provision	25.75	17.52
<b>Adjustments for non-operating activities</b>		
Interest & Dividends received	—	(0.36)
Interest paid	11.11	10.96
Loss on sale of assets	1.48	—
<b>Operations Profits before working capital changes</b>	<b>66.52</b>	<b>63.26</b>
<b>Change in working capital</b>		
Increase in Trade and other receivables	(57.18)	(73.93)
Increase in Inventories	(5.95)	(19.64)
Decrease in Trade Payables	(2.94)	18.87
	<b>(66.07)</b>	<b>(74.70)</b>
<b>Cash generated from operation</b>	<b>0.45</b>	<b>(11.44)</b>
Direct Taxes Paid	(1.02)	(0.37)
<b>NET FLOWS FROM OPERATING ACTIVITIES</b>	<b>(0.57)</b>	<b>(11.81)</b>
<b>FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5.37)	(12.15)
Sale of fixed assets	2.87	—
Interest & Dividend received	—	0.36
<b>NET FLOWS FROM INVESTING ACTIVITIES</b>	<b>(2.50)</b>	<b>(11.79)</b>
<b>FLOWS FROM FINANCING ACTIVITIES</b>		
Loans raised (repaid) for working capital	13.70	4.68
Other Loans raised	9.81	26.18
Interest Paid	(11.11)	(10.96)
<b>NET FLOWS FROM FINANCING ACTIVITIES</b>	<b>12.40</b>	<b>19.90</b>
Net Cash Flows during the year	<b>9.33</b>	<b>(3.70)</b>
Cash & cash equivalents at the beginning of the year	<b>5.74</b>	<b>9.44</b>
Cash & cash equivalents at the end of the year	<b>15.07</b>	<b>5.74</b>

For MANCHANDA & COMPANY,  
Chartered Accountants,

(RAHUL MANCHANDA)  
Partner  
Memb. No. 098558

AMAN SETIA  
Company Secretary

For and On behalf of the Board

DIRECTORS

I.K. SARDANA  
K.K. SARDANA  
S.M. JINDAL

Place : Phagwara  
Dated : 24th June, 2009