

SAYAJI INDUSTRIES LTD.

Annual Report 1998 - 1999

DIRECTORS

Shri Bipin V. Mehta
Shri Priyam B. Mehta
Dr. Biharilal Kanaiyalal
Shri Mahendrabhai N. Shah
Shri Dashrathbhai G. Patel
Shri Vishvajit M. Mehta

MANAGING DIRECTORS

Shri Bipin V. Mehta
Shri Priyam B. Mehta

ASST. COMPANY SECRETARY

Shri Vijay Dave
B.Com., LL.B., A.C.S.

AUDITORS

M/s. C. C. Chokshi & Co.,
Chartered Accountants, Ahmedabad

LEGAL ADVISORS

M/s. Nanavati & Nanavati, Advocates,
Ahmedabad

BANKERS

Punjab National Bank

REGISTERED OFFICE

P.O. Kathwada - Maize Products
Ahmedabad - 382 430.

FACTORIES

Maize Products
Ahmedabad, Gujarat
Tapioca Products
Chalakudy, Kerala

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SAYAJI INDUSTRIES LIMITED

**P.O. KATHWADA - MAIZE PRODUCTS
AHMEDABAD -382 430.**

NOTICE

NOTICE IS HEREBY GIVEN THAT the 58th Annual General Meeting of the Company will be held on Friday, the 10th day of September, 1999 at 4.30 p.m. at the Registered Office of the Company at P.O. Kathwada - Maize Products, Ahmedabad - 382 430, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Vishvajitbhai M. Mehta, who retires by rotation from the Board of Directors in terms of Article 108 of the Articles of Association of the Company, but being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Dashrathbhai G. Patel, who retires by rotation from the Board of Directors in terms of Article 108 of the Articles of Association of the Company, but being eligible, offers himself for reappointment.
5. To appoint auditors and to fix their remuneration and for the purpose to consider and if thought fit, to pass with or without modification, the following resolution as **Ordinary Resolution** :

"RESOLVED THAT Messrs. C.C. Chokshi & Company, Chartered Accountants, be and they are hereby appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, on a remuneration of Rs. 1,05,000/- (Rupees One Lac Five Thousand only) including Service Tax plus actual out of pocket expenses".

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following Resolution as **Ordinary Resolution** :

"RESOLVED THAT consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and / or charging of all the immovable properties and the assets of Kathwada Unit of the Company, present and future, in favour of Punjab National Bank in respect of the Credit Facilities being extended / to be extended to the Company from time to time, for meeting its Funds requirements not exceeding a sum of Rs. 50 Crores in aggregate.

"FURTHER RESOLVED THAT the agreements, documents to be executed for creating mortgage/ charge and all such acts, deeds or things to be done in terms of the above resolution by and under the authority of the Board of Directors be and are hereby confirmed."

Place : Ahmedabad
Date : 25th June, 1999

By Order of the Board of Directors
VIJAY DAVE
ASSISTANT COMPANY SECRETARY

Notes :

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the aforesaid Special Business is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE 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.**

NOTICE



NOTICE

3. The Register of Members and Share Transfer Books of the Company will remain close from 28th August, 1999 to 10th September, 1999 (both days inclusive).
4. The Dividend on shares, if sanctioned by the Annual General Meeting will be payable at specified Branches of Punjab National Bank in India from 15th day of September, 1999, by Dividend Warrants valid for a period of three months to those shareholders whose names appear on the Register of Members of the Company on 10th September, 1999. Thereafter, the dividend shall be paid by Account Payee cheque only at the Registered Office of the Company at P.O.Maize Products, Kathwada, Ahmedabad - 382 430.
5. As per the provisions of Section 115-O of the Income Tax Act, 1961, the tax @ 11% (including surcharge on tax) will be paid by the Company on the Dividend amount and no tax shall be deducted from the Dividend amount payable to shareholders.
6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all dividends which remain unpaid in respect of the Company's Accounting Year ended 31st March, 1995 was required to be transferred to the General Revenue Account of the Central Government on 6th November, 1998. However, pursuant to the amended provisions of Sub Section (5) of Section 205A read with Section 205C of the Companies (Amendment) Ordinance, 1998 issued by the Hon'ble President of India in October, 1998 and subsequent Companies (Amendment) Act, 1999 [hereinafter referred to as the Act], the Dividends which remain unpaid/unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund to be set up in accordance with the provisions of Section 205C of the Companies (Amendment) Act, 1999, as and when the procedure will be prescribed by the Department of Company Affairs. **Accordingly, in due compliance of the amended provisions of the Act, no amount has been transferred to the General Revenue Account of the Central Government. Members can still claim their unpaid dividend in respect of Financial Year ended 31st March, 1995, from the Company.**
7. Members are requested to immediately intimate to the Company any change in their address as registered with the Company, mentioning the Pin Code Number.
8. Members are requested to quote their Folio Numbers in all their correspondence.
9. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company atleast 7 days before the date of the meeting so that the information referred by the members may be made available at the meeting.
10. Members are requested to notify their Bank Account Number so as to ensure the smooth process of payment of Dividends. Change, if any in the Bank Account Number should also be informed to the Company at the earliest.

SAYAJI INDUSTRIES LIMITED

P.O. KATHWADA - MAIZE PRODUCTS
AHMEDABAD -382 430.

EXPLANATORY STATEMENT ANNEXURE TO THE NOTICE

As required by Section 173(2) of the Companies Act, 1956 (the Act) the following explanatory statement sets out all material facts regarding Special Business mentioned in the accompanying notice dated 25th June, 1999 convening the Annual General Meeting of the Shareholders of the Company :

1. Regarding Resolution No. 6 :

The Company has been availing credit facilities of various kinds from the Punjab National Bank, from time to time to meet its working capital requirements. As required by the Bank, these credit facilities are to be secured by charge on the Company's properties which *Inter alia* include mortgage of immovable properties situated at Kathwada Unit of the Company. Mortgage of the said immovable property was not possible due to the restricting provisions of the Urban Land (Ceiling and Regulation) Act, 1976. Now, the said enactment has been repealed and as per the Undertaking given to the bankers in this regard, the Company is required to mortgage the said property with Punjab National Bank in terms of sanction letter dated 7th April, 1999 issued by the bank. With the increase in quantum of business, the Bankers may be approached for additional funds requirements in addition to the present credit facilities sanctioned to the tune of Rs. 3078 lacs.

Section 293 (1) (a) of the Companies Act, 1956, provides *inter alia* that the Board of Directors of a public company shall not, without the consent of the members in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of undertaking/assets of the Company. Accordingly, consent of the members is required for the purpose.

The consent of the members is now being sought under the provisions of Section 293 (1) (a) of the Companies act, 1956 to authorise the Board of Directors to mortgage/ create charge on immovable properties situated at the Kathwada Unit of Company against the credit facilities of any kind not exceeding a sum of Rs. 50 crores.

Copies of the documents giving details of existing Working Capital Facilities assessed by Punjab National Bank together with the terms and conditions attached thereto are available for inspection of the members.

None of the Directors of the Company is directly or otherwise, concerned or interested in this Resolution.

Place : Ahmedabad
Date : 25th June, 1999

By Order of the Board of Directors
VIJAY DAVE
ASSISTANT COMPANY SECRETARY



To

THE SHAREHOLDERS,

Your Directors have pleasure in presenting the 58th Annual Report together with Audited Statements of Accounts of the Company for the financial year ended 31st March, 1999.

FINANCIAL RESULTS :

The highlights of the financial results are as under :

	1998-99 (Rs. in lacs)	1997-98 (Rs. in lacs)
Sales	13427.29	13567.16
Operating Profit before Interest, Depreciation and Taxation	778.84	904.25
Less : Interest	464.36	422.06
Gross Profit	314.48	482.19
Less : Depreciation	140.05	129.33
Taxation	19.00	60.00
Net Profit for the year	155.43	292.86
Less : Short provisions of Tax of earlier years	(2.93)	---
Add : Balance brought forward from previous year	147.53	132.30
Amount available for Appropriation	300.03	425.16
Appropriations :		
Transfer to Capital Redemption Reserve	---	50.59
Transfer to General Reserve	100.00	150.00
Interim Dividend on Preference Shares	---	3.73
Proposed Dividend on Equity Shares	45.00	60.00
Tax on Dividend	4.95	13.31
Balance carried forward to Balance Sheet	150.08	147.53
	300.03	425.16

YEAR IN RETROSPECT :

During the year under review, the technical parameters have shown a positive trend. The Company has increased its production by better utilisation of its production capacities and achieving improved efficiencies. However, sluggishness in the economy, lower demand and trend of falling prices of finished goods have affected the profitability of the Company. The Company has been able to maintain its turnover at Rs. 13,427.29 lacs as against 13,567.16 lacs in the previous year. During the year under review, export turnover is Rs. 878.71 lacs against Rs. 861.40 lacs in the previous year. The Company's efforts of equipping itself with latest and modern equipments are on.

DIVIDEND :

Your Directors recommend dividend at the rate of Rs. 75/- per Equity Share (Previous Year Rs. 100/- per Equity Share) for the financial year ended 31st March, 1999, which if approved by the members at the forthcoming Annual General Meeting will be paid to those members whose names appear on the Register of Members of the Company as on 10th day of September, 1999.

TECHNICAL KNOW HOW & SERVICE AGREEMENT WITH AMYLUM OF BELGIUM :

During the past 10 years, the Company has been benefited by availing the technical expertise of M/s. Amylum, Belgium. Accordingly, in order to continue to avail the advantages of their technical expertise, the Company has renewed its agreement for another 2 years.

MARKETING :

It should be appreciated that the Company could increase its market share notwithstanding the keen competition and entry of the new manufacturers. The Sole Selling Agents of the Company and their expertise in marketing the products of the

Company have made this possible. Similarly, due to efforts put in by the Sole Selling Agents of the Company, the average credit period is under control. During the year under review, the Company has continued to increase its efforts for exporting various products to different countries to earn valuable foreign exchange and also to secure a strong foothold for the Company's products in other countries. For this purpose, the Company has opened a Sales Office in Sharjah, U.A.E., which is fully functional.

FINANCE :

During the year under review, the Company availed a Short Term Loan of Rs. 300 lacs from the Punjab National Bank.

PUBLIC DEPOSITS

Due to the excellent image of the Company, the company was able to increase its Fixed Deposits from the Public and Shareholders. The total amount of Fixed Deposits as on 31st March, 1999 was Rs.687.72 lacs (Previous Year Rs. 530.61 lacs). The Company has no overdue deposits but unclaimed deposits as at the end of the Financial year amounted to Rs. 6.02 lacs, which has since been renewed / repaid.

CAPITAL EXPENDITURE :

During the year under review, the Company has spent Rs. 354.09 lacs on Fixed Assets which includes Rs. 197.28 lacs towards the addition of Plant and Machinery.

SAYAJI MILLS NO. 1 :

As reported in earlier years, the books of accounts and other records of this unit (which was disposed off in 1973) for the years 1972-73 and 1973-74 are yet not fully received by the Company. Under the circumstances, they could not be examined to arrive at a final conclusion which will be done in due course on receipt of requisite records.

DONATIONS :

The Company has made donations of Rs. 1.09 lacs during the year under review.

INSURANCE :

All the properties and insurable interests of the Company including building, plant and machinery, stocks, loss of profit and standing charges and liabilities under legislative enactments are adequately insured.

DIRECTORS :

Pursuant to Article 108 of the Articles of Association of the Company read with Section 256 of the Companies Act, 1956, Shri Vishvajitbhai M. Mehta and Shri Dashrathbhai G. Patel, Directors of the Company are due to retire at the ensuing Annual General Meeting, but being eligible, offer themselves for reappointment.

Y2K COMPLIANCE :

Most of the systems installed and programmes developed are of recent origin. They take care of Y2K compliance. Other changes wherever necessary have also been made and are being made. We expect to complete the same by the end of October, 1999 without incurring much cost and do not anticipate any problems in this regard.

AUDITORS :

At the ensuing Annual General Meeting, members are requested to reappoint the Auditors for the current year and fix their remuneration.

PARTICULARS OF EMPLOYEES AND DISCLOSURE OF PARTICULARS :

Particulars of employees as required in terms of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) (Amendment) Rules, 1994 and forming part of Directors' Report for the year ended 31st March, 1999 are set out in separate Annexure annexed. The particulars required to be disclosed as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1999 are set out in separate Annexure annexed.

APPRECIATION :

Your Directors express their deep sense of appreciation for the valuable and devoted services rendered by both the Managing Directors in the management and conduct of the affairs of the Company by providing able leadership. The Directors also express their appreciation for the devoted services of the Sole Selling Agents and all concerned, directly and indirectly. Your Directors also thank the Bankers and Financial Institutions for their timely help and assistance. Relations with the employees remain cordial. Your directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company.

For and on behalf of the Board of Directors,

Dr. Biharilal Kanalyalal,

Chairman.

Place : Ahmedabad.

Date : 25th June, 1999



ANNEXURE TO DIRECTORS' REPORT.

Information under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1999.

A. Conservation of Energy :**(a) Energy conservation measures taken :**

1. The Company has replaced all old vacuum pumps.
2. The Company has started using low-pressure steam in place of medium pressure steam in various equipments, which has resulted in lower energy consumption and increase in power generation.
3. In order to save energy and increase productivity, the Sorbitol and Dextrose Anhydrous departments have been modernised. Due to changes made in the plants, the energy consumption has been reduced in both the plants.
4. Process pumps in some departments as well as pumps of cooling towers have been replaced by new efficient pumps.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

1. In order to save power consumption, a proposal to replace all the remaining pumps of the process as well as utilities by latest energy efficient pumps after studying the application in detail.
2. Proposal of using fuel additive with fuel oil to reduce consumption of fuel.
3. Proposal of addition of capacitors in order to achieve a good power factor.

(c) Impact of measures taken :

All the above measures have resulted in lower consumption of coal, fuel oil and energy per unit of product.

(d) Total energy consumption and energy consumption per unit of production are as under :

(A) Power and Fuel Consumption		1998-99	1997-98
1. Electricity.			
a) Purchased			
Unit	000 kwh	16547	20165
Total amount	Rs. in lacs	682.21	785.70
Rate / Unit	Rs.	4.12	3.90
(b) Own Generation			
(i) Through diesel generator			
Unit	000 kwh	3474	4421
Unit per ltr. of diesel oil	kwh	3.44	3.40
Cost / Unit	Rs.	3.55	3.41
(ii) Through steam turbine / generator			
Units	000 kwh	8992	7780
2. Coal - Local			
Quantity	000 tones	33	45
Total cost	Rs. in lacs	633.49	870.05
Average rate	Rs / ton	1945	1947
Coal - Imported.			
Quantity	000 tones	9	3
Total cost	Rs. in lacs	214.99	76.78
Average rate	Rs / ton	2344	2373
3. Furnace Oil / LSHS.			
Quantity	K. ltrs	4646	4390
Total amount	Rs. in lacs	300.86	289.53
Average rate	Rs / ltr.	6.48	6.60
4. Diesel Oil			
Quantity	K. ltrs	992	1295
Total amount	Rs. in lacs	107.26	130.54
Average rate	Rs / ltr.	10.81	10.08
5. Others			
Not Applicable.			

(B) Consumption per unit of production :

		Standards	1998-99	1997-98
Electricity	kwh	—	366	444
Furnace Oil / LSHS	ltrs.	—	59	60
Diesel	ltrs.	—	13	18
Coal	M.T.	—	0.53	0.66
Others.		—	NIL	NIL

B. Technology Absorption :**(e) Research and Development (R&D)****1. Specific areas in which R & D carried out by the Company :**

- During the year under review speciality Starches for the packaging industries are developed & marketed.
- Efforts are being made for modernisation of the plants as well as GMP.
- Changes in process parameters are being studied and incorporated in plants for better products to compete in the overseas markets.
- To improve upon the quality of all products, a Reverse Osmosis Plant is installed. This has improved the final products and reduced load on the Effluent Treatment Plant.
- To further process the effluents, a new reactor is being erected and will start working by the end of June, 1999.

2. Benefits derived as a result of R & D :

- Products improvements resulting higher exports.
- BOD & COD values in the effluent discharge are in control.
- With introduction of GMP and instrumentations at all levels has reduced the consumption of chemicals.

3. Future plan of action :

- To make specialised Starch Derivatives for specific applications.
- To generate application data for all the process.

4. Expenditure on R & D :

- Capital Rs. 2.62 lacs
- Recurring Rs. 22.38 lacs
- Total Rs. 25.00 lacs
- Total R & D expenditure as a percentage of total turnover . 0.18%

Technology Absorption, Adaptation & Innovation :

- By continuous in-house working and also interaction with our Collaborators we have been able to increase productivity and improve the quality of all end products.
- Benefits derived as a result of the above efforts, e.g. Cost Reduction, Product Development, Control on water consumption i.e., reduction in water consumption, energy and better acceptances of our products in export markets.
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :
 - Technology imported : From Belgium
 - Year of import : 1986 and onwards.
 - Has technology been fully absorbed : Yes, However certain changes could not be fully absorbed and effected.
 - If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action : Part of the technology is not possible to implement, because of cost, computerisation, Scale of operation e.g. continuous crystallization, multiple effect evaporation, etc.

C. Foreign Exchange earnings and outgo :

- The Company has earned foreign exchange by exporting various Finished products during the year under review.
- The total foreign exchange used for import of materials and expenditure in foreign currency is Rs. 253.81 lacs and total earning of foreign exchange as stated in (f) above works out to Rs. 790.47 lacs.