

60th

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ANNUAL REPORT 2000-2001



SAYAJI INDUSTRIES LIMITED

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SAYAJI INDUSTRIES LIMITED

DIRECTORS

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

MANAGING DIRECTORS

Shri Bipin V. Mehta
Shri Priyam B. Mehta

COMPANY SECRETARY

Shri Vijay M. Dave
B.Com., LL.B., F.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 60th Annual General Meeting of the Company will be held on Thursday, the 20th day of September, 2001 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 2001, 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 as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 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 an Ordinary Resolution :

"RESOLVED THAT consent of the members of the Company, be and is hereby given to the Board of Directors of the Company under the provisions of Section 293 (1) (a) or other applicable Section/s, if any, of the Companies Act, 1956, as may be applicable, to sell or otherwise dispose off fixed and other assets of Tapioca Products Unit situated at Chalakudy, in the State of Kerala".

"AND THAT Shri B. V. Mehta and/or Shri P. B. Mehta, Managing Directors of the Company be and they are hereby severally authorised to do all such deeds, things, acts, sign such papers, documents, agreements, file applicable forms / documents with appropriate authorities, etc. as may be required to give effect to the above resolution".

Place : Ahmedabd
Date : 18th July, 2001.

By order of the Board of Directors
VIJAY DAVE
COMPANY SECRETARY

NOTICE



Notes:

1. **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**
2. The Register of Members and Share Transfer Books of the Company will remain close from 5th September 2001 to 20th September 2001 (both days inclusive)
3. The Dividend on shares, if sanctioned by the Annual General Meeting will be payable at specified Branches of Punjab National Bank in India from 8th October, 2001, by Dividend Warrants for a valid period of three months to those shareholders whose names appear on the Register of Members of the Company on 20th September, 2001. Thereafter, the dividend shall be paid by Account Payee Cheque only at the Registered Office of the Company at P.O. Kathwada, Maize Products, Ahmedabad - 382 430.
4. As per the provisions of Section 115-O of the Income Tax Act, 1961, the tax @ 10.20% (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.
5. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year 31.3.1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to forward their claims in prescribed form II to the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to -

Office of Registrar of Companies, Gujarat,
CGO Complex, Opp. Rupal Park,
Near Ankur Bus Stop, Naranpura,
Ahmedabad - 380 013.

Consequent upon the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund to be set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

Members who have not yet encashed their dividend warrant(s) for the financial year 31.3.1995 onwards, are requested to make their claims to the Company accordingly.

6. Members are requested to immediately intimate to the Company any change in their address as registered with the Company, mentioning the Pin Code Number.
7. Members are requested to quote their Folio Numbers in all their correspondence.
8. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary atleast 7 days before the date of the meeting so that the information referred by the members may be made available at the meeting.
9. 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.
10. Provisions relating to Clause 46 of the Listing Agreement relating to Audit Committee, Corporate Governance, etc. are not applicable to the Company, as it has low paid up equity capital.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956

Tapioca Products, a unit of the Company situated at Chalakudy in the State of Kerala, was incurring losses since last few years and become economically non-viable. Considering its adverse impact on the overall profitability of the Company, it was decided to close the operations of the Unit with effect from January 1, 2001. It is therefore, proposed to sell off the fixed and other assets of the Unit which have become idle. This resolution requires the consent of the shareholders, under the provisions of Section 293 (1) (a) of the Companies Act, 1956 as may be applicable. None of the Directors are directly or otherwise concerned or interested in the Resolution.

Place : Ahmedabad
Date : 18th July, 2001.

By order of the Board of Directors
VIJAY DAVE
COMPANY SECRETARY

To

THE SHAREHOLDERS,

Your Directors present the 60th Annual Report together with Audited Statements of Accounts of the Company for the financial year ended 31st March 2001.

FINANCIAL RESULTS :

Highlights of the financial results are as under :

	2000-2001 (Rs. In Lacs)	1999-2000 (Rs. In Lacs)
Sales	15114.44	13763.60
Operating Profit before interest, Depreciation and Taxation	683.84	755.43
Less : Interest	469.25	482.26
Gross Profit	214.59	273.17
Less : Depreciation	163.64	154.50
Taxation	5.00	15.00
Net Profit for the year	168.64	169.50
	45.95	103.67
Add : Balance brought forward from previous year	109.83	150.08
Amount available for Appropriation.	155.78	253.75
Appropriations :		
Transfer to General Reserve	50.00	100.00
Proposed Dividend on Equity Shares	30.00	36.00
Tax on Dividend	3.06	7.92
Balance carried forward to Balance Sheet	72.72	109.83
	155.78	253.75

YEAR IN RETROSPECT :

In spite of overall recession in demand and fierce competition in the Starch Industry, your Company has increased the activity by about 20% compared to previous year. The Company has achieved a higher turnover of Rs. 15114.44 Lacs as compared to Rs. 13763.60 Lacs in the previous year, which shows a growth of 10%. In the severe competitive market, your company's aggressive marketing policy has enhanced its market share in the domestic as well as international markets. The Company's export turnover also has increased to Rs. 1196.22 Lacs from Rs. 921.32 Lacs in the previous year. However, due to steep increase in cost of inputs, the profit margin remained under severe pressure and has been affected during the year under review. The Company has continued to perform better in all technical areas.

TAPIOCA PRODUCTS UNIT, CHALAKUDY :

In view of the unavoidable cash losses and dwindling liquid glucose market in the southern part of the country, the Company has suspended operations at Tapioca Products, Chalakudy from August, 2000 and thereafter, after complying with all requisite legal formalities, has closed the said unit from January 2001.

DIVIDEND :

Your directors recommend dividend at the rate of Rs. 50/- per Equity Share (Previous Year Rs. 60/- per Equity Share) for the financial year ended 31st March, 2001, 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 20th day of September, 2001.

TECHNICAL KNOW HOW & SERVICE AGREEMENT WITH AMYLUM OF BELGIUM :

The Company has continued to avail the benefits of technical expertise from M/s. Amylum N. V. Belgium.

MARKETING :

With the help of extensive and effective efforts of the Company's Sole Selling Agent, the Company could substantially improve the turnover with reduced average credit period as compared to previous year.

PUBLIC DEPOSITS :

Due to the excellent image of the Company, it was able to increase its Fixed Deposits from the Public and Shareholders. The total amount of Fixed Deposits as on 31st March, 2001 was Rs. 748.52 Lacs (Previous Year Rs. 722.21 Lacs). The Company has no overdue deposits but unclaimed deposits as at the end of the financial year amounted to Rs. 10.99 Lacs, which has since been renewed/repaid.



CAPITAL EXPENDITURE :

During the year under review the Company has spent Rs.208.12 Lacs on Fixed Assets, which includes Rs. 169.61 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. 1.81 Lacs during the year under review.

INSURANCE :

All the properties and insurable interests of the Company including buildings, 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 Dasrathbhai G. Patel, Directors of the Company are due to retire at the ensuing Annual General Meeting but being eligible offer themselves for reappointment.

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 forms part of this report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the report is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary of the Company.

DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to the provisions of sub-section (2AA) of Section 217 of the Companies Act, 1956, your Directories confirm :

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- (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 as on 31st March, 2001 and of the profit of the Company for that period.
- (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 on a "going concern" basis.

APPRECIATION :

Yours 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.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 18th July, 2001

Dr. Biharilal Kanaiyalal
Chairman

ANNEXURE TO DIRECTOR'S 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), 1988 and forming part of the Directors' Report for the year ended 31st March 2001.

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

I. During the year under review, several modifications as stated below were made in Turbine generating set in order to improve its capacity, performance and efficiency.

1. Nozzles and Diaphragms of Turbine were changed.
2. Alternator was rewound and reinsulated.
3. Parameters were changed.

Due to this capacity, performance and efficiency of Turbine generating set have been substantially improved. Consequently, company has achieved optimum electricity generation, which is 20-25% more than previous year before alteration.

II. New Cooling Towers, which were installed previous year, were further modified. Due to efficient cooling temperature of barometric condensor was considerably reduced which resulted in less steam requirement in the different types of evaporators. This has saved energy substantially.

III. Due to energy efficient Cooling Towers, horse power of pump feeding to cooling towers were reduced. Instead of bigger pumps which were in operation with wooden tower, smaller pumps with energy efficient motors working with new tower.

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

1. During the year under review, new methane generation reactor was started and put in operation in Effluent Treatment Plant. With this, company has started generating additional quantity of methane gas.
2. Several measures have been taken to prevent frequent failures of electrical motors.

(c) Impact of measures taken :

All the above measures have improved quality, productivity and thereby reducing cost per unit of product.

(d) Total energy consumption and energy consumption per unit of production are as under :**(A) Power and Fuel Consumption:**

		2000-2001	1999-2000
1. Electricity			
a) Purchased			
Units	000 Kwh	15645	15694
Total amount	Rs. In Lacs	750.86	677.14
Rate/Unit	Rs.	4.80	4.31
b) Own Generation.			
(i) Through Diesel Generator.			
Units	000 Kwh	2594	2322
Unit per ltr. Of diesel oil.	Kwh	3.43	3.71
Cost/Unit	Rs.	5.82	4.24
(ii) Through steam turbine/generator			
Units	000 Kwh	9933	9193
2. Coal.			
Quantity	000 tonnes	48	40
Total cost	Rs. In Lacs	1082.48	861.89
Average rate	Rs./ton	2252	2147
3. Furnace Oil.			
Quantity	K. Ltrs	2488	2482
Total amount	Rs. In Lacs	260.89	206.15
Average rate	Rs./Ltr.	10.48	8.31
4. Diesel :			
Quantity	K.Ltrs	756	625
Total amount	Rs. In Lacs	126.00	79.35
Average rate	Rs./Ltr.	16.66	12.69
5. Others			
Not Applicable.			

(B) Consumption per unit of production.

		Standards	2000-2001	1999-2000
Electricity	Kwh	---	377	404
Furnace Oil	Ltrs.	---	33	37
Diesel	Ltrs.	---	10	9
Coal	M.T.	---	0.65	0.63
Others		---	NIL	NIL

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

- A. During the year efforts were made to produce bacteria free starch successfully by suitable chemical dosage and appropriate good manufacturing practice.
- B. Lab trials were taken to refine starch hydrolysate by ultra filtration method. This work is in initial stages. Further investigations for data collection is being continued.
- C. Earlier efforts made for conservation of water were successfully implemented. Company has started using effluent at places where fresh water is not required.
- D. Suitable changes have been made in order to improve filterability of raw syrup in sorbitol plant.

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

- a. Overall improvement in the quality of the products resulting improvement in fetching food orders from export market.
- b. Efficient use of energy resulting in minimising power generation cost per unit of production.

3. Future plan of action.

- a. To develop by-product section more in order to improve efficiency, reduce cost of production and quality.
- b. Continuous efforts in order to optimise process condition after generating enough technical data.

4. Expenditure on R & D. :

(a) Capital	Rs. 3.21 Lacs
(b) Recurring	Rs. 15.32 Lacs
(c) Total	Rs. 18.53 Lacs
(d) Total R & D expenditure as a percentage Of total turnover.	0.12 %

Technology Absorption, Adaptation & Innovation :**1. Efforts, in brief, made towards technology absorption, adaptation and innovation :**

By continuous interaction with our technical advisors, we have installed a continuous converter for Liquid Glucose. This has helped us in manufacturing uniform quality of Liquid Glucose. Process modifications, has helped to reduce usage of excess water. With the absorption of newer technology, we are able to reduce the COD & BOD load in the effluent treatment plant.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

Increase in production, cost reduction and advantages of latest information in technology of starch and derivatives. Application data obtained from technical advisor.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished. :

(a) Technology Imported	:	From Belgium
(b) Year of Import	:	1986 and onwards
(c) Has technology been fully absorbed	:	Yes. We could not implement certain changes because of scale of operation and due to continuous change in technology.
(d) 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, lack of adequate computerised infrastructure and instrumentation.

C. Foreign Exchange earning and outgo :

The above information in respect of Foreign exchange earnings and outgo is set out in Note No.10 (c) (ii) & (iii) in Schedule 17 to the Accounts.