

61st

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ANNUAL REPORT

2001-2002



SAYAJI INDUSTRIES LIMITED

CONTENTS

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 Rajesh H. Shah
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.

FACTORY

Maize Products
Ahmedabad, Gujarat

Contents	Page
Notice	1
Directors' Report	5
Auditors' Report	9
Balance Sheet	12
Profit and Loss Account	13
Schedules	14
Cash Flow Statement	25
Annexure	26
Proxy Form	27

SAYAJI INDUSTRIES LIMITED

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

NOTICE

NOTICE IS HEREBY GIVEN THAT the 61st Annual General Meeting of the shareholders of the Company will be held on Thursday, the 19th day of September, 2002 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 2002, 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 Dr. Biharilal Kanaiyalal, 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 Mahendrabhai N. Shah, 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 an **Ordinary Resolution** :

"RESOLVED THAT M/s. C.C. Chokshi & Company, Chartered Accountants, be and 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. 1,36,500/- (Rupees One Lac Thirty Six Thousand Five Hundred 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 a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 269, 198 and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act as amended from time to time, the consent of the members of the Company be and is hereby given to the reappointment of Shri Bipinbhai Vadilal Mehta, as the Managing Director of the Company for a period of 5 years from 18th November, 2002 on the remuneration and other terms and conditions as contained in the draft of the agreement placed before the meeting and initialed by the Chairman for the purpose of identification, with power to the Board of Directors to alter and vary the said terms and conditions of reappointment and remuneration in such manner as the Board in their discretion deem fit and as acceptable to Shri Bipinbhai Vadilal Mehta."

"FURTHER RESOLVED THAT Board of Directors are hereby authorised to enter into the said agreement with such modifications or amendments as they may think fit."

Place : Ahmedabd
Date : 5th August, 2002.

By order of the Board of Directors
RAJESH H. SHAH
COMPANY SECRETARY



Notes :

1. The relevant Explanatory Statement pursuant to Section 173(2) 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.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 6th September, 2002, to Thursday, the 19th September, 2002 (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 5th October, 2002, 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 19th September, 2002. 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. (i) No tax at source will be deducted in case of Resident Individual Members if amount of such dividend does not exceed Rs. 2500/- (Rupees Two thousand five hundred only).
(ii) No deduction of tax at source will be made from dividend not covered by Clauses 5 (i) on furnishing a declaration (in duplicate) in Form 15G or any appropriate certificate from the Income-Tax Officer. Such declaration certificate should reach the Company before 19th September, 2002.
(iii) Shareholders who are entitled to dividend exceeding Rs.2500/- (Rupees Two Thousand Five Hundred) are requested to send their Permanent Account Number (PAN) to the Registered Office of the Company before 19th September, 2002.
6. Pursuant to Section 205 C of the Companies Act, 1956, all unclaimed/unpaid dividends in respect of the Company's Accounting Year ended 31st March, 1995 will be transferred to the Investor Education and Protection Fund set up by the Government of India within 30 days from 7th November, 2002. The Members are requested to claim their unpaid Dividends for the year ended 31st March, 1995 before the due date of transfer.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 1996 and onwards, are requested to make their claims to the Company without delay.
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 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.
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.
11. Provisions relating to Clause 49 of the Listing Agreement relating to Audit Committee, Corporate Governance, etc. are not applicable to the Company as the paid up capital of the Company is Rs. 60 Lacs only.

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

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 5th August, 2002 convening the Annual General Meeting of the Shareholders of the Company.

Regarding Resolution No. 6

Shareholders are aware that Shri Bipinbhai Vadilal Mehta, Bsc., M.B.A. (Wharton) (70), the Managing Director of the Company is currently holding the office for a period of 5 years from 18th November, 1997 in terms of Agreement dated 11th October, 1997 as modified by Agreement dated 11th September, 2000. The terms of appointment were approved by the shareholders at the Annual General Meeting held on 14th July, 1997. The abstract of the variation in the terms of Agreement of Shri Bipinbhai Vadilal Mehta, Managing Director of the Company vide agreement dated 11th September, 2000 was sent to the Members of the Company on 11th September, 2000.

Under the management of Shri Bipinbhai Vadilal Mehta, the Company has shown commendable progress as is evident from the Annual Reports that have been adopted by the Shareholders from year to year. The Board of Directors have therefore, considered it in the interest of the Company to reappoint Shri Bipinbhai Vadilal Mehta as Managing Director for a further period of 5 years with effect from 18th November, 2002 to 17th November, 2007. The said reappointment was made by the Board of Directors at its meeting held on 5th August, 2002. The terms of reappointment are contained in the draft agreement which is initialed by the Chairman for the purpose of identification and which is open for inspection of the members as stated in the notice.

Under Section 269 and 309 of the Act, the reappointment and the terms of remuneration of the Managing Director are required to be approved by the Company in General Meeting. Accordingly, a resolution is being moved for the approval of shareholders.

The terms of remuneration of the new contract with the Managing Director for the period of 3 (three) years from 18.11.2002 to 17.11.2005 are as follows :

- (a) Salary : Upto Rs. 2,50,000/- Per month as approved by the Board of Directors from time to time and as permissible under Schedule XIII of the Companies Act, 1956.
- (b) Perquisites : Including residential accommodation, furniture, furnishings and fixtures, gas, electricity, water, medical benefits in India or overseas, leave and leave travel facilities, club fees, insurance, retirement benefits, car, residential telephone and communication facilities, employees stock option schemes etc. as may be approved by the Board of Directors from time to time. Such perquisites may also be provided by way of cash allowances in lieu thereof wherever appropriate.

Salary and the monetary value of perquisites as computed under the Income Tax Rules shall be within the overall ceiling on remuneration under Section 309 of the Act and as per terms and conditions prescribed under Schedule XIII to the Act as amended from time to time.
- (c) Commission : Within the overall ceiling on remuneration of 5% and 10% of the net profits of the Company computed in the manner laid down under Section 309(5) of the Act in each year.

In the opinion of the Board, the terms of remuneration are fair and reasonable and commensurate with his long standing experience in management of the industrial enterprise as Managing Director.

As the reappointment of Shri Bipinbhai Vadilal Mehta is being made in accordance with the conditions and provisions of Schedule XIII to the Act, it would be sufficient to pass a Special Resolution approving such reappointment.

The resolution placed before the shareholders authorises the Board to execute the draft agreement with such modifications or variations as they may think fit. The other terms and conditions of the draft agreement are the usual terms and conditions in the existing agreement with the Managing Director.

Where in any financial year the Company has no profit or its profit is inadequate, remuneration payable to Shri Bipinbhai Vadilal Mehta by way of salary and perquisites will be in accordance with the provisions of Section II of Part II of Schedule XIII to the Act or any other statutory provision, modification or re-enactment thereof.

The relevant information as required by Notification No. GSR 36(E), dated 16th January, 2002 issued by the Central Government for amendment of Schedule XIII to the Companies Act, 1956 is as given below :

Sayaji Industries Limited is engaged in the manufacture of Starches and their derivatives, Liquid Glucose, Dextrose Monohydrate, Anhydrous Dextrose, Sorbitol, Mannitol etc. The Company has been established six decades back and has shown a consistent growth from year to year.

General Information :

During the year under review, there has been a marginal increase in the activity of the company. However, during the year under review, the turnover in value terms has decreased from Rs. 15114.44 Lacs to Rs. 13979.32 Lacs due to falling prices of finished goods and closure of Tapioca Products Unit, Chalakudy. The Company is concentrating more on Exports and with increased thrust in this direction, it has been able to penetrate in the overseas markets. During the year under review, the Export Turnover of the company is Rs. 2321.17 Lacs as compared to Rs. 1196.22 Lacs in the previous year, which shows an impressive growth of approx. 100%.

The Company has been very consistent in payment of dividend to its shareholders. During the year under review, the Directors have recommended a dividend of Rs. 50/- Per Equity Share of the face value of Rs. 100/-.

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

Information about Shri Bipinbhai V. Mehta :

Under the guidance and able management of Shri Bipinbhai Vadilal Mehta, the Company has achieved commendable progress and it would therefore, be in the interest of the Company to reappoint Shri Bipinbhai Vadilal Mehta as the Managing Director of the Company on the terms and conditions as mentioned above. Presently, Shri Bipinbhai Vadilal Mehta is being paid a Salary of Rs. 1,10,000/- and the other perquisites. Additionally he is also entitled to commission of 5% and 10% of the net profit of the Company computed in the manner laid down under Section 309(5) of the Act. It is now proposed to revise the remuneration payable to him in the manner as mentioned above.



NOTICE

Other Information :

Worldwide economic slowdown has continued even during the current year. Our starch industry is also not an exception to this and continued to face severe recession in demand which ultimately led to severe price cutting. In order to remain the market leader in the starch industry, the company has adopted a long term strategy of an aggressive marketing policy. The profit margins of the company remained under severe pressure due to lower realisation of finished goods and increased cost of all inputs. However, due to stringent cost cutting measures and reduction in interest costs, the company has been able to maintain its profitability.

With continued thrust on export, improvement in overall economic conditions and stringent cost cutting measures, the company expects to improve its turnover and profitability in the years to come.

Shri Bipinbhai Vadilal Mehta, Managing Director is interested as it concerns his appointment. Shri Priyambhai Bipinbhai Mehta to whom Shri Bipinbhai Vadilal Mehta is related may also be regarded as interested or concerned in the appointment of Shri Bipinbhai Vadilal Mehta.

The above may also be treated as an abstract of the terms of contract pursuant to Section 302 of the Act.

Place : Ahmedabd
Date : 5th August, 2002.

By order of the Board of Directors
RAJESH H. SHAH
COMPANY SECRETARY

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To

THE SHAREHOLDERS,

Your Directors present the 61st Annual Report together with Audited Statements of Accounts of the Company for the financial year ended 31st March, 2002.

FINANCIAL RESULTS :

Highlights of the financial results are as under :

	2001-2002 (Rs. In Lacs)	2000-2001 (Rs. In Lacs)
Sales	13979.32	15114.44
Operating Profit before Interest, Depreciation and Taxation	642.56	683.84
Less : Interest	416.10	469.25
Gross Profit	226.46	214.59
Less : Depreciation	170.11	163.64
Current Taxation	4.25	5.00
Provision for Deferred Tax	5.04	---
Net Profit for the year	47.06	45.95
Add : Balance brought forward from previous year	72.72	109.83
Amount available for Appropriation.	119.78	155.78
Appropriations :		
Transfer to General Reserve	30.00	50.00
Proposed Dividend on Equity Shares	30.00	30.00
Tax on Dividend	---	3.06
Balance carried forward to Balance Sheet	59.78	72.72
	119.78	155.78

YEAR IN RETROSPECT :

Worldwide economic slowdown has continued even during the current year and our Starch industry is also not an exception and continued to face severe recession in demand which ultimately led to severe price cutting. During the year under review, activity has increased marginally. However, turnover in value terms has decreased from Rs. 15114.44 Lacs to Rs. 13979.32 Lacs due to falling prices of finished goods and closure of Tapioca Products Unit, Chalakudy. Your Company is concentrating more on Exports and with increased thrust in this direction your company has been able to penetrate in the overseas markets. During the year under review, the Export Turnover of your company was Rs. 2321.17 Lacs as compared to Rs. 1196.22 Lacs in the previous year, which shows an impressive growth of approx. 100%.

In order to remain a market leader of the Starch industry, we have adopted a long term strategy of an aggressive marketing policy. During the year under review, profit margins remained under severe pressure due to lower realisation of finished products and increased cost of all inputs. However, due to stringent cost cutting measures and reduction in interest costs, profitability has been maintained during the year under review. Your Company has continued to perform better in all technical areas.

DIVIDEND :

Your directors recommend dividend at the rate of Rs. 50/- per Equity Share (Previous Year Rs. 50/- per Equity Share) for the financial year ended 31st March, 2002, 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 on 19th day of September, 2002.

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 :

As a result of an aggressive marketing policy of your company and with the help of extensive and effective efforts of the Company's Sold Selling Agent, your company continues to remain the market leader of the Starch Industry.

PUBLIC DEPOSITS :

The Company has no overdue deposits. The unclaimed deposits as at the end of the financial year amounting to Rs. 7.49 Lacs has since been renewed/repaid.

Your Company enjoys the highest level of confidence and faith amongst the investing community investing in Fixed Deposits. However, on account of adoption of Accounting Standard 22 (AS-22)-"Accounting for Taxes on Income", there has been a reduction in the limits of accepting Deposits by the Company as on 31st March, 2002. The Company is, therefore, required to repay the excess deposits as per the revised reduced limits.



CAPITAL EXPENDITURE :

During the year under review, the Company has spent Rs.118.98 Lacs on Fixed Assets, which includes Rs. 34.48 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.

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, Dr. Biharlal Kanaiyalal and Shri Mahendrabhai N. Shah, Directors of the Company are due to retire at the ensuing Annual General Meeting, but being eligible, have offered themselves for reappointment.

REAPPOINTMENT OF SHRI BIPINBHAI V. MEHTA AS MANAGING DIRECTOR :

A Special Resolution has been proposed for the reappointment of Shri Bipinbhai V. Mehta, as the Managing Director of the Company for the period of 5 years from 18.11.2002 to 17.11.2007. Shri Bipinbhai V. Mehta, aged 70 Yrs is B.Sc., M.B.A. (Wharton) and under his leadership the company has shown commendable progress. The details of remuneration payable to Shri Bipinbhai V. Mehta for the period of 3 years from 18.11.2002 to 17.11.2005 has been given in the Annexure to the Notice of the ensuring Annual General Meeting.

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 :

Relations with employees remain cordial. Particulars of employees as required in terms of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms the 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 the same by writing to the Company Secretary of the Company.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is appended here to and forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the provisions of sub-section (2AA) of Section 217 of the Companies Act, 1956, your Directors 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, 2002 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 :

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. Your Directors also thank Punjab National Bank, Sole Bankers of the Company for their continued support. 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

Place : Ahmedabad
Date : 5th August, 2002

Dr. Biharlal Kanaiyalal
Chairman

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, 2002.

A. Conservation of Energy :

(a) Energy Conservation measures taken :

- I. During the year under review, several modifications as detailed below were made in Starch and Refinery Plants for reduction of consumption of energy.
 1. Germ Dryers of Starch Plant have been streamlined which has helped us to achieve better efficiency resulting in steam and power savings.
 2. In maize cleaning section, improved layout has resulted in power saving and less mechanical breakdowns.
 3. In corn wet milling section at various places, new efficient pupms have been installed in place of old pumps.
 4. In refinery plant, power intensive pumps with high head were replaced by low head, high flow (discharge) pumps which has saved power considerably.
 5. In order to know actual consumption of electrical energy, new accurate energy meters have been installed at several places.
 6. Recycling of steam condensate at different stages in the process has been started.
- II. During the year review, low pressure steam utilisation was increased, which has resulted in less venting of low pressure steam from turbine. Consequently, power generation has increased.
- III. Due to supply of Methane Gas in worker's canteen, consumption of L.P. gas is totally stopped. This has resulted in saving of purchased fuel.

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

1. In order to achieve total ventless operation of turbine, several other equipments will be provided low pressure steam instead of medium pressure steam. This will improve power generation and reduce load on Boiler.
2. A new most modern burner using furnace oil and methane gas has been ordered for gluten drying section, which will be in operation within a short period. This will eliminate usage of furnace oil totally in gluten drying section.

(c) Impact of measures taken :

All the above measures have reduced consumption of medium pressure steam, L.P. Gas and electrical power, thereby reduing cost per unit of product.

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

(A) Power and Fuel Consumption:

		2001-2002	2000-2001
1. Electricity			
a) Purchased			
Units	000 Kwh	12887	15645
Total amount	Rs. In Lacs	635.49	720.63
Rate/Unit	Rs.	4.93	4.61
b) Own Generation			
(i) Through Diesel Generator			
Units	000 Kwh	355	2594
Unit per ltr. of diesel oil	Kwh	3.60	3.43
Cost/Unit	Rs.	7.06	5.83
(ii) Through steam turbine/generator			
Units	000 Kwh	14137	9933
2. Coal			
Quantity	000 tons	51	48
Total cost	Rs. In Lacs	1179.62	1082.48
Average rate	Rs./Ton	2332	2252
3. Furnace Oil			
Quantity	K. Ltrs	2118	2488
Total amount	Rs. In Lacs	192.33	260.89
Average rate	Rs./Ltr.	9.08	10.48
4. Diesel Oil			
Quantity	K.Ltrs	98	756
Total amount	Rs. In Lacs	18.73	126.00
Average rate	Rs./Ltr.	19.02	16.66
5. Others			
Not Applicable			