

62nd

Report  junction.com

ANNUAL REPORT

2002-2003



SAYAJI INDUSTRIES LIMITED



सत्यमेव जयते
भारत सरकार

GOVERNMENT OF INDIA
वाणिज्य एवम् उद्योग मंत्रालय
MINISTRY OF COMMERCE & INDUSTRY
संयुक्त महानिदेशक, विदेश व्यापार का कार्यालय
OFFICE OF THE JOINT DIRECTOR GENERAL OF FOREIGN TRADE

मान्यता प्रमाण पत्र
Certificate of Recognition
निर्यात सदन
EXPORT HOUSE

मैसर्स.....

(आयातक-निर्यातक कोड-संख्या आयकर स्थायी खाता सं.) को
निर्यात-आयात नीति के उपबन्धों के अनुसार एतद् द्वारा निर्यात सदन के रूप में मान्यता दी जाती है।
यह प्रमाण-पत्र, 1 अप्रैल, से 31 मार्च तक वर्षों की अवधि के लिए वैध है।

M/s. **MAIZE PRODUCTS, A DIVISION OF SAYAJI INDUSTRIES LTD,**
PO KATHWADA, AHMEDABAD-382430

(IEC No. **0888009852** and Income Tax PAN No. **AADCS0861R**)

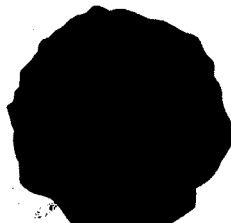
are hereby accorded the status of an **Export House** in accordance with the provisions of the
Exim Policy. This Certificate is valid for a period of **Four** years effective from 1st April, **2003**
to 31st March, **2007**

सं० **Nº 012719**

No

तारीख **11.08.2003**
Date

स्थान **AHMEDABAD**
Place



(**VIJAYKUMAR SHEWALE**)

अतिरिक्त निर्यात आयुक्त/
संयुक्त महानिदेशक, विदेश व्यापार
ADDITIONAL EXPORT COMMISSIONER
JOINT DIRECTOR GENERAL
OF FOREIGN TRADE

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	2
Directors' Report	7
Auditors' Report	11
Balance Sheet	14
Profit and Loss Account	15
Schedules	16
Cash Flow Statement	27



SAYAJI INDUSTRIES LIMITED

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

NOTICE

NOTICE IS HEREBY GIVEN THAT the 62nd Annual General Meeting of the shareholders of the Company will be held on Monday, the 29th day of September, 2003 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, 2003, 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 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.
4. 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.
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 & Co., 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. 1,30,000/- (Rupees One Lac Thirty Thousand Only) plus applicable service tax and 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 pursuant to the provisions of Section 293(1) (e) of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company to contribute in cash or in kind to the Primary School which is being constructed by the Government under "Sarva Shiksha Abhiyan" as part of District Primary Education Programme on land admeasuring approx. 2610 Sq. Meters allocated by the Company near its premises."

"FURTHER RESOLVED THAT the total contribution by the Company in the manner as aforesaid and for other charitable purposes shall not exceed a sum of Rs. 25 Lacs and that the Board of Directors of the Company be and is hereby authorised to give such contribution at the time and subject to such terms and conditions as it may deem appropriate to ensure that the same is utilised for the purposes as mentioned above."

"FUTHER RESOLVED THAT the Board be and is hereby authorised to take all the necessary steps and execute all such agreements, papers, contracts etc. as may be required to give effect to the aforesaid resolution."

7. 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, 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 Priyambhai Bipinbhai Mehta, as the Managing Director of the Company for a period of 5 years from 12th August, 2003 on the remuneration and other terms and conditions as contained in the draft 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 Priyambhai Bipinbhai Mehta."

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

8. 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 294, 294AA and other applicable provisions, if any, of the Companies Act, 1956 or any statutory amendment or substitutions thereof, the consent of the members of the Company be and is hereby accorded to the reappointment of M/s. L. G. & Doctor Associates Private Limited as the Sole Selling Agents for the sale of products manufactured by the Company for a further period of five years from 1st October, 2003 on the terms and conditions contained in the draft agreement placed before the meeting and initialed by the Chairman for the purpose of identification."

"FURTHER RESOLVED THAT such reappointment shall be subject to the approval of Central Government, if required under the law, and the Board of Directors be and is hereby authorised to agree to such terms and conditions as may be prescribed by the Central Government while granting its approval or otherwise considered fit by the Board and accordingly execute the Agreement with the Sole Selling Agents with or without modifications."

Place : Ahmedabd
Date : 3rd June, 2003.

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



NOTICE

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. 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.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 19th September, 2003, to Monday, the 29th September, 2003 (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 7th October, 2003, 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 29th September, 2003. 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.
5. Pursuant to Section 205 A (5) of the Companies Act, 1956, all unclaimed/unpaid dividends in respect of the Company's Accounting Year ended 31st March, 1996 will be transferred to the Investor Education and Protection Fund set up by the Government of India pursuant to Section 205 C of the Companies Act, 1956, within 30 days from 25th September, 2003. The Members are requested to claim their unpaid dividends for the year ended 31st March, 1996 before the due date of transfer.
Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 1997 and onwards, are also requested to make their claims to the Company without delay.
6. The draft agreement for reappointment of Shri Priyambhai Bipinbhai Mehta as the Managing director of the company is open for inspection at the Registered Office on all working days from 11.00 a.m. to 1.00 p.m. upto and including the day of the Annual General Meeting.
7. Members are requested to immediately intimate to the Company, change if any, in their addresses 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 at least 7 days before the date of the meeting to facilitate clarifications if any, during 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.

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 3rd June, 2003 convening the Annual General Meeting of the Shareholders of the Company.

Regarding Resolution No. 6 :

Section 293(1) (e) of the Companies Act, 1956 provides that the consent of the Company in general meeting would be required for contribution to charitable and other funds not directly relating to the business of the company or the welfare of its employees of any amount the aggregate of which exceeds in any financial year, Rs. 50,000/-, or 5% of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater.

"Sarva Siksha Abhiyan" launched under District Primary Education Programme in one of the largest education project for achieving the long cherished goal of universalisation of elementary education in our country. As a responsible corporate citizen, the company intends to contribute to this noble cause of providing needy children with the access to primary education. For this purpose Land admeasuring 2610 sq. meters has been allocated by the Company on which the school building is under construction. It is now proposed to contribute either in cash or in kind to the school to ensure that the children get better education. This would benefit children of the nearby areas including the children of the employees of the company. The Company may also contribute to the other charitable purposes for the benefit of the society at large.

The Consent of the Company is therefore sought for the aforesaid purpose as the contribution as mentioned aforesaid may exceed the limits specified by Section 293(1) (e) of the Companies Act, 1956.

The Board of Directors recommends the resolution for your approval.

None of the Directors is concerned or interested in the Resolution.

Regarding Resolution No. 7 :

Shareholders are aware that Shri Priyambhai Bipinbhai Mehta, the Managing Director of the Company is currently holding the office for a period of 5 years from 12th August, 1998 in terms of Agreement dated 20th August, 1998 as modified by Agreement dated 11th September, 2000. The terms of appointment were approved by the shareholders at the Annual General Meeting held on 29th June, 1998. The abstract of the variation in the terms of Agreement with Shri Priyambhai Bipinbhai 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 Priyambhai Bipinbhai 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 Priyambhai Bipinbhai Mehta as the Managing Director for a further period of 5 years with effect from 12th August, 2003 to 11th August, 2008. The said reappointment was made by the Board of Directors at its meeting held on 3rd June, 2003. 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 special 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 12.08.2003 to 11.08.2006 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 to 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 Priyambhai Bipinbhai 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 agreement with such modifications or variations as they may think fit. The other terms and conditions of the agreement are the usual terms and conditions as per 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 Priyambhai Bipinbhai Mehta by way of salary and perquisites will be not exceeding Rs. 2,50,000/- per month, as approved by the Board of Directors from time to time in accordance with the provisions of Section II of Part II of Schedule XIII to the Act or any other statutory 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 etc. The Company has been established more than six decades back and has shown a consistent growth from year to year.

General Information :

During the year under review, there has been a substantial improvement in the performance of the Company. The Turnover at Rs. 18008.28 Lacs (as against Rs. 13979.32 Lacs in the previous year) has increased by 29%. Similarly the Net Profits at Rs. 139.89 Lacs (as against Rs. 47.06 Lacs in the previous year) has registered an increase of 197%. The Company is concentrating more on Exports and with increased thrust in this direction, it has been able to penetrate in the overseas markets, more particularly in Middle East Market. During the year under review, the Export Turnover of the company is Rs. 3251.17 Lacs as compared to Rs. 2321.17 Lacs in the previous year, which shows an impressive



growth of 40%.

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. 75/- Per Equity Share of the face value of Rs. 100/-.

Information about Shri Priyambhai Bipinbhai Mehta :

Under the guidance and able management of Shri Priyambhai Bipinbhai Mehta, the Company has achieved commendable progress and it would therefore, be in the interest of the Company to reappoint Shri Priyambhai Bipinbhai Mehta as the Managing Director of the Company on the terms and conditions as mentioned above. Presently, Shri Priyambhai Bipinbhai Mehta is being paid a Salary of Rs. 1,10,000/- per month and other perquisites. Additionally he is also entitled to 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. It is now proposed to revise the remuneration payable to him in the manner as mentioned above.

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

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

Regarding Resolution No. 7 :

This resolution relates to the reappointment of M/s. L. G. & Doctor Associates Private Limited as the Sole Selling Agents of the Company for a period of 5 years with effect from 1st October, 2003 for the sale of products manufactured by the Company, as their existing terms of appointment as approved by the Central Government expires on 30th September, 2003.

The previous appointment of the Sole Selling Agents was made pursuant to the consent of the shareholders by a Special Resolution passed at the 57th Annual General Meeting of the Company held on 29th day of June, 1998 and approval of the Central Government was obtained vide its Letter dated 21st December, 1998.

The Shareholders of the Company are aware that there has been a substantial growth in the Turnover and Net profits of the Company as a result of the persistent and untiring efforts on the part of the Sole Selling Agents of the Company; M/s. L. G. & Doctor Associates Private Limited and the Company has been able to strengthen its position as a Market Leader despite the stiff competition and overall recessionary conditions in the Starch Industry.

Keeping in view the aforesaid facts and also the interests of the Company, your Directors have considered it appropriate to avail invaluable services rendered by the Sole Selling Agents for a further period of five years and pay them a Commission as mentioned in the draft agreement proposed to be entered into with them. Other terms of the draft agreement proposed to be entered into with the Sole Selling Agents are the same as approved earlier by the Central Government and the said draft agreement is open for the inspection of the members at the registered office of the company between 11.00 a.m. and 1.00 p.m. on all working days upto and including the day of the Annual General Meeting. The appointment of M/s. L.G.& Doctor Associates Private Limited as the Sole Selling Agents for a further period of five years w.e.f. 1st October, 2003 to 30th September, 2008 will be subject to approval of Central Government, if required.

The Board of Directors recommends the resolution for your approval.

None of the Directors is concerned or interested in the resolution.

Place : Ahmedabd
Date : 3rd June, 2003.

By order of the Board of Directors

RAJESH H. SHAH
COMPANY SECRETARY

To

THE SHAREHOLDERS,

Your Directors present the 62nd Annual Report together with Audited Statements of Accounts of the Company for the financial year ended 31st March, 2003.

FINANCIAL RESULTS :

Highlights of the financial results are as under :

	2002-2003 (Rs. In Lacs)	2001-2002 (Rs. In Lacs)
Sales	18008.28	13979.32
Operating Profit before Interest, Depreciation and Taxation	752.17	642.56
Less : Interest	345.23	416.10
Gross Profit	406.94	226.46
Less : Depreciation	172.81	170.11
Profit before Tax and Exceptional Item	234.13	56.35
Less : Old Balances of Sayaji Mills. No. 1 written off	21.56	---
Current Taxation	69.00	4.25
Provision for Deferred Tax	3.68	5.04
Net Profit for the year	139.89	47.06
Add : Balance brought forward from previous year	59.78	72.72
Amount available for Appropriation	199.67	119.78
Appropriations :		
Transfer to General Reserve	75.00	30.00
Proposed Dividend on Equity Shares	45.00	30.00
Tax on Dividend	5.77	---
Balance carried forward to Balance Sheet	73.90	59.78
	199.67	119.78

YEAR IN RETROSPECT :

Yours Directors are pleased to report that inspite of severe competition and recession, your Company has been able to retain its position as a Market Leader of the domestic starch industry. The company has achieved a turnover of Rs. 18008.28 Lacs as compared to Rs. 13979.32 Lacs in the previous year, which shows an impressive growth of 29%. Your Company has also achieved a growth in its activity by about 10% as compared to previous year. During the year, the cost of various inputs like maize, chemicals, packing materials, fuel etc. has increased considerably. However, despite this, there has been a substantial improvement in the Operating Profit, Gross Profit as well as Net Profit as compared to the previous year as a result of better product mix, higher product realisation and improved productivity. The company has continued with its policy of aggressive marketing and stringent cost cutting measures which has helped in improving profits margins. Your Company has continued to achieve better performance in all technical areas.

DIVIDEND :

In view of improved performance of the Company, your Directors recommend a dividend at the rate of Rs. 75/- Per Equity Share (Previous Year Rs. 50/- Per Equity Share) for the financial year ended 31st March, 2003, 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 29th Day of September, 2003.

The total outflow on account of dividend will be Rs. 50.77 Lacs including dividend tax of Rs. 5.77 Lacs.

TECHNICAL KNOW HOW & SERVICE AGREEMENT WITH AMYLUM (BELGIUM) :

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

EXPORT :

As reported in the past, Your Company is focused on Exports. In continuation with the emphasis in this area, Your Company has been able to penetrate in the overseas markets, more particularly in the Middle East Markets with the increased acceptance of quality of all products. During the year under review, the Export Turnover has increased to Rs. 3251.17 Lacs from Rs. 2321.17 Lacs in the previous year which shows an impressive growth of 40%. The Company shall continue with its long term export oriented marketing policy and sustain its growth in export market by exploring new avenues and introducing more products in the unexplored international market.

MARKETING :

The Company has continued with aggressive long-term marketing policy. Despite domestic cut-throat competition in the starch industry, the company has achieved a higher turnover in the domestic market with the reduced average credit period during the year under review. This has been possible mainly due to effective and extensive marketing efforts of M/s. L.G. & Doctor Associates Private Limited, our sole selling agents. As mentioned earlier, the Company continues its efforts of enhancing exports in the overseas markets.

PUBLIC DEPOSITS :

The Company has no overdue deposits. The unclaimed deposits as at the end of the financial year amounting to Rs. 4.01 Lacs has since been renewed/repaid. Your Company continues to be one of the most sought after company amongst the investing community of this region investing in Fixed Deposits. As mentioned in the last year's report, the company has repaid deposits in excess of the revised reduced limits during the year under review.

