

63rd

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ANNUAL REPORT

2003-2004



SAYAJI INDUSTRIES LIMITED

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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.

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SAYAJI INDUSTRIES LIMITED

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

NOTICE

NOTICE IS HEREBY GIVEN THAT the 63rd Annual General Meeting of the Shareholders of the Company will be held on Monday, the 27th day of September, 2004 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, 2004, Profit and 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. Shri 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 & 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 the 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.

Place : Ahmedabd
Date : 14th June, 2004.

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



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. INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 13th September, 2004 to Friday, the 17th September, 2004 (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, 2004, 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 17th September, 2004. 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.
4. 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, 1997 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 13th July, 2004.
Members who have not yet encashed their dividend warrant (s) for the financial year ended on 31st March, 1998 and onwards, are requested to make their claims to the Company without delay.
5. Members are requested to note that Equity Shares of the Company are dematerialised and ISIN of the Company is INE327G01016. The Shareholders having their accounts with DPs having connectivity with National Securities Depository Ltd. (NSDL) and with Central Depository Services (India) Limited (CDSL) may submit their shares for dematerialisation to their respective DPs.
6. The Company has appointed M/s Karvy Consultants Limited as the Registrars and Transfer Agents for carrying out all the work relating to share transfer, transmission, issue of duplicate share certificates in lieu of misplaced/lost certificate, change of address etc., to establish connectivity with NSDL and CDSL and to process the Demat / Remat requests received from the DPs with whom members have opened their respective beneficiary accounts. The Members are requested to send all their requests for share transfer, transmission, issue of duplicate share certificates, change of address etc., to **M/s Karvy Consultants Limited at 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad- 500 034.**
7. Members are requested to quote their Folio Numbers in all their correspondence.
8. Members desirous of obtaining any information concerning the accounts of the Company are requested to send their queries to the Company Secretary at least 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 to the Company/ M/s Karvy Consultants Limited 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/ M/s. Karvy Consultants Limited at the earliest.

To

THE SHAREHOLDERS,

Your Directors have pleasure in presenting the 63rd Annual Report together with Audited Statements of Accounts of the company for the financial year ended 31st March, 2004.

FINANCIAL RESULTS :

	2003-2004 (Rs. In Lacs)	2002-2003 (Rs. In Lacs)
Sales	17659.68	18008.28
Operating Profit before Interest, Depreciation and Taxation	785.99	752.17
Less : Interest	265.02	345.23
Gross Profit	520.97	406.94
Less: Depreciation	173.10	172.81
Profit before Tax and Exceptional Items	347.87	234.13
Less : Old Balances of Sayaji Mills No. 1 written off	---	21.56
Current Taxation	108.00	69.00
Provision for Deferred Tax	3.15	3.68
Net Profit for the year	236.72	139.89
Add: Balance brought forward from previous year	73.90	59.78
Amount available for Appropriation	310.62	199.67
Appropriations :		
Transfer to General Reserve	150.00	75.00
Proposed Dividend on Equity Shares	60.00	45.00
Tax on Dividend	7.69	5.77
Balance carried forward to Balance Sheet	92.93	73.90
	310.62	199.67

YEAR IN RETROSPECT:

Your Directors are pleased to report that inspite of severe competition, your company has increased its activity by 5% as compared to the previous year and has retained its position as a Market Leader of the starch industry. However, turnover in value terms has decreased marginally to Rs.17659.68 Lacs as compared to Rs.18008.28 Lacs in the previous year due to reduction in the prices of finished products as a corollary to reduction in the prices of raw materials. During the year, profitability at all levels has improved mainly on account of better product mix and continued policy of stringent cost control, which has resulted into reduction in power and fuel and interest cost. The overall technical performance of the company has continued to show a positive and improved trend.

DIVIDEND:

In view of improved performance of the company, Your Directors recommend dividend at the rate of Rs.100/- per Equity Share (Previous Year Rs. 75/- per Equity Share) for the financial year ended 31st March, 2004, 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 17th Day of September, 2004.

The total outflow on account of dividend will be Rs.67.69 Lacs including dividend tax of Rs.7.69 Lacs.

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.

EXPORTS:

As reported in the past, your company's main thrust is Export. This has resulted into growth of 12% in export volume during the year under review as compared to previous year. However, due to appreciation in the value of Rupee against US Dollar, though export in hard currency increased by approx. 16% as compared to previous year, the gross export turnover in value terms has increased by approx. 9% to Rs.3607.61 Lacs from Rs.3306.79 Lacs in the previous year. The company shall continue with its long term export oriented marketing policy and sustain its growth in the export market by exploring new avenues in the international market.

Your Directors are pleased to inform that your company has been accorded the status of "Export House" in accordance with the provisions of the Exim Policy by the Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India.

MARKETING:

Due to extensive and effective efforts of the company's sole selling agents, M/s L G & Doctor Associates Private Limited, despite of cut throat competition in the domestic starch industry, your company has been able to achieve higher volume of sales and has also been able to maintain the average credit period at a lower level. The company has also received approval of the central government to the appointment of M/s L G & Doctor Associates Private Limited as the sole selling agents of the company for further period of five years with effect from 1st October 2003 to 30th September, 2008.



PUBLIC DEPOSITS:

55 Deposits totalling Rs.5.64 Lacs due for repayment on or before 31st March, 2004 were not claimed by the depositors on that date. As on the date of this report, deposits aggregating Rs.1.27 Lacs from the aforesaid deposits have been claimed/paid/renewed. Your company continues to be one of the most sought after company amongst the investing community of this region investing in Fixed Deposits.

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. Shri 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.

AUDITORS:

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

SOCIAL RESPONSIBILITY:

As a good corporate citizen, your company is committed to participate in community development projects. For this noble cause, as authorised by the members of the company at the previous annual general meeting Your Directors have donated a sum of Rs.15 Lacs during the year under review to be utilised by the donee for Furniture, Fixtures, Electrical Fittings, Computers and other amenities for the School which is constructed in the premises of the company under "Sarva Siksha Abhiyan" as a part of District Primary Education Programme which will enable the children of the nearby areas to get better education.

STATUTORY INFORMATION:

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.

The information required 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 with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earning/outgo is appended hereto 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 that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- (ii) 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, 2004 and of the profit of the company for that period.
- (iii) 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) 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. The Directors also express their appreciation for the devoted services of the Sole Selling Agents and thank Punjab National Bank, the Sole Banker of the company for its continued support. The Directors wish to place on record their deep sense of appreciation for the devoted services of the company's Executives, Staff, Workers and all those concerned, directly and indirectly with the affairs of the company.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 14th June, 2004

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, 2004.

A. Conservation of Energy:

(a) Energy conservation measures taken:

- I During the year under review, several modifications were made in boiler and turbine for reduction of consumption of energy.
 1. After successful implementation of recovery of the condensate project, condensate recovered from various departments are sent to boiler house directly. This has resulted in saving of low pressure steam and has also reduced consumption of coal.
 2. Flash steam recovered with condensate is being utilised efficiently to heat water at different process stages.
 3. Steam traps of different process streams were replaced by new traps. This has resulted into saving of fuel and has substantially improved generation of power.
 4. Electrical drives with flat belts were introduced in the process in order to save electrical power.
- II During the year under review, project for utilisation of flash steam was successfully implemented. This has reduced consumption of low pressure steam at different stages of process.
- III Old calendriyas (heaters) of steam evaporators were replaced by new calendriyas (heaters). This has resulted in saving of steam.

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

1. Utilisation of methane gas at several process stages as a substitute of steam/ furnace oil.
2. Condensate which still remain unrecovered in the process has to be collected and sent to boiler house.

(c) Impact of measures taken:

Efficient use of condensate in boiler house which has been recovered from various departments and efficient use of flash steam in the process has reduced consumption of low pressure steam and coal thereby reducing fuel cost per unit of production.

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

(A) Power and Fuel Consumption:

		2003-2004	2002-2003
1. Electricity			
a) Purchased			
Units	000 Kwh	15780	13841
Total amount	Rs. in Lacs	724.54	643.93
Rate/Unit	Rs.	4.59	4.65
b) Own Generation			
(i) Through Diesel Generator			
Units	000 Kwh	637	366
Unit per ltr. of diesel oil	Kwh	2.79	3.18
Cost/Unit	Rs.	9.15	7.78
(ii) Through steam turbine/generator			
Units	000 Kwh	12929	14221
2. Coal			
Quantity	000 tons	47	53
Total cost	Rs. in Lacs	1190.64	1420.25
Average rate	Rs./Ton	2547	2683
3. Furnace Oil			
Quantity	K. Ltrs	2503	2176
Total amount	Rs. in Lacs	274.38	237.74
Average rate	Rs./Ltr.	10.96	10.93
4. Diesel Oil			
Quantity	K. Ltrs	228	115
Total amount	Rs. in Lacs	51.60	23.10
Average rate	Rs./Ltr.	22.63	20.10
5. Others			
Not Applicable			

