

64th

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ANNUAL REPORT 2004-2005



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 64th Annual General Meeting of the shareholders of the Company will be held on Friday, the 9th day of September, 2005 at 4.30 p.m. at Bhuriba Lallubhai Mehta Primary School, Near Maize Products, Kathwada, Ahmedabad - 382 430, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005, 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 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 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."

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 198, 309, 310 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, Shri Bipinbhai Vadilal Mehta, the Managing Director of the Company, be and is hereby paid the same remuneration as mentioned in the Agreement dated 13th December, 2002 (hereinafter referred to as "the said agreement") executed with him in connection with his appointment as the Managing Director for the remaining tenure of his appointment from 18th November, 2005 to 17th November, 2007."

"FURTHER RESOLVED THAT this modification shall form the part of the said agreement entered into by the Company with Shri Bipinbhai Vadilal Mehta for his appointment as the Managing Director of the Company for the period from 18th November, 2002 to 17th November, 2007 and all other terms and conditions of the said agreement shall remain valid and unchanged."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary to give effect to this resolution."

Place : Ahmedabad
Date : 28th June, 2005.

By order of the Board of Directors
RAJESH H. SHAH
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. 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 Tuesday, the 30th August, 2005 to Friday, the 9th September, 2005 (both days inclusive).
3. The Dividend on shares, if sanctioned by the Annual General Meeting, will be payable at specified Branches of UTI Bank, in India from 14th September, 2005, 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 9th September, 2005. 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, 1998 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 29th June, 2005.
Members who have not yet encashed their dividend warrant (s) for the financial year ended on 31st March, 1999 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 DP's having connectivity with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL) may submit their shares for dematerialisation to their respective DP's.
6. The Members are requested to send all their requests for share transfer, transmission, issue of duplicate share certificates, change of address to **M/s Karvy Computershare Private Limited at Karvy House, 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 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 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 Computershare Private 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 Computershare Private Limited at the earliest.

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 28th June, 2005 convening the Annual General Meeting of the Shareholders of the Company.

Regarding Resolution No. 6

The Company had pursuant to the special resolution passed by the shareholders in the Annual General Meeting held on September 19, 2002 executed agreement dated 13th December, 2002 (hereinafter referred to as "the said agreement") with Shri Bipinbhai Vadilal Mehta for his appointment as the Managing Director of the Company for the period of five years with effect from 18th November, 2002 to 17th November, 2007. Pursuant to the said special resolution and in view of the Notification No. GSR 36(E) dated 16th January, 2002 the remuneration to Shri Bipinbhai Vadilal Mehta as the Managing Director of the Company was approved for the period of three years with effect from 18th November, 2002 to 17th November, 2005 and the same has been mentioned in the said agreement.

It is now proposed to pay the same remuneration to Shri Managing Director as mentioned in the said agreement for the remaining tenure of his appointment with effect from 18th November, 2005 to 17th November, 2007.

All other terms and conditions of the said agreement shall remain valid and unchanged.

These particulars also constitute the abstract of the terms of modification in said agreement entered into with Shri Bipinbhai Vadilal Mehta and required to be sent to every member of the Company pursuant to Section 302 of the Act.

The said agreement dated 13th December, 2002 executed by the company in connection with the appointment of Shri Bipinbhai Vadilal Mehta as the Managing Director is available for inspection at the Registered Office of the Company from 10.30 a.m. to 12.30 p.m. on any working day of the Company upto the date of the Annual General Meeting.

Shri Bipinbhai Vadilal Mehta, the Managing Director is interested in the resolution 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 resolution.

Place : Ahmedabad
Date : 28th June, 2005.

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

To

THE SHAREHOLDERS,

Your Directors have pleasure in presenting the 64th Annual Report together with Audited Statements of Accounts of the Company for the financial year ended 31st March, 2005.

FINANCIAL RESULTS :

	2004-2005 (Rs. In Lacs)	2003-2004 (Rs. In Lacs)
Sales	18844.56	17659.68
Operating Profit before Interest, Depreciation and Taxation	588.19	785.99
Less : Interest	223.51	265.02
Gross Profit	<u>364.68</u>	<u>520.97</u>
Less: Depreciation	190.17	173.10
Profit before Tax	174.51	347.87
Less : Current Taxation	35.00	108.00
Provision for Deferred Tax	<u>32.89</u>	<u>3.15</u>
Net Profit for the year	<u>106.62</u>	<u>236.72</u>
Add: Balance brought forward from previous year	92.93	73.90
Amount available for Appropriation	<u>199.55</u>	<u>310.62</u>
Appropriations :		
Transfer to General Reserve	50.00	150.00
Proposed Dividend on Equity Shares	45.00	60.00
Tax on Dividend	<u>6.03</u>	<u>7.69</u>
Balance carried forward to Balance Sheet	<u>98.52</u>	<u>92.93</u>
	<u>199.55</u>	<u>310.62</u>

YEAR IN RETROSPECT :

During the year under review, despite of severe competition in the starch industry, your company has been able to increase its activity and has achieved a turnover of Rs.18844.56 Lacs as compared to Rs.17659.68 Lacs in the previous year. There has been an all around increase in the cost of almost all inputs, but due to cut-throat competition the same could not be passed on to the customers by matching increase in the price of finished products and therefore profit margins remained under severe pressure. However, with stringent cost cutting measures and reduced cost of interest, your company has been able to achieve net profit after tax of Rs.106.62 Lacs. Efforts to improve performance in all technical areas continued during the year under review.

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, 2005, 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 9th day of September, 2005.

The total outflow on account of dividend will be Rs.51.03 Lacs including dividend tax of Rs.6.03 Lacs.

TECHNICAL KNOW HOW & SERVICE AGREEMENT WITH AMYLUM :

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

EXPORTS :

Export has continued to remain focused area of your company. During the year under review, the export turnover of your company was Rs.4708.13 Lacs as compared to Rs.3607.61 Lacs in the previous year which indicates an impressive growth of 30%. However, rupee continued to remain firm against US Dollar which adversely affected the realization from export turnover and the profit margins. The company shall continue with its long term export oriented marketing policy and sustain its growth in the export market by exploring new avenues for its high value products.

MARKETING :

The company continues its thrust on aggressive marketing to be amongst the front runners in the starch industry. 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.



PUBLIC DEPOSITS :

Deposits totaling Rs.4.95 Lacs due for repayment on or before 31st March, 2005 were not claimed by the depositors or that date. As on the date of this report, deposits aggregating Rs.3.47 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 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, 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.

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, 2005 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. Your Directors also thank Punjab National Bank, the Sole Banker of the company for its continued support. Your 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 : 28th June, 2005

B. V. Mehta
Chairman & Managing Director

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, 2005.

A. Conservation of Energy :

(a) Energy conservation measures taken:

- I. Energy conservation has remained an ongoing process in the company by monitoring power consumption in all manufacturing activities and other related activities. The company has taken various measures to minimize consumption of energy as given below :

1. As a part of condensate recovery project, heat exchanger was installed in boiler house to preheat boiler feed water.
2. The Company has modified biogas reactor of effluent treatment plant as a result of which additional methane gas has been generated and used in different manufacturing processes.
3. The Company has installed a methane gas operated hot water generator.
4. Leaking steam traps were replaced by new steam traps.
5. New pumps with better efficiency were installed in place of old pumps in the Sorbitol inventory section.
6. The power factor is maintained in the range of 0.96 to 0.98 and additional capacitors have been installed.

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

1. The Company is investing in new lignite based boiler and new turbine to save the fuel cost.

(c) Impact of measures taken:

As a result of the aforesaid efforts, the company has been able to reduce consumption of low pressure steam, save fuel and reduce the consumption of energy. After installation of new lignite based boiler and new turbine the company would save substantially on power & fuel cost.

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

(A) Power and Fuel Consumption:

		2004-2005	2003-2004
1. Electricity			
a) Purchased			
Units	000 Kwh	15909	15780
Total amount	Rs. In Lacs	730.58	724.54
Rate/Unit	Rs.	4.59	4.59
b) Own Generation			
(i) Through Diesel Generator			
Units	000 Kwh	516	637
Unit per ltr. of diesel oil	Kwh	3.01	2.79
Cost/Unit	Rs.	10.15	9.15
(ii) Through steam turbine/generator			
Units	000 Kwh	13260	12929
2. Coal			
Quantity	000 tons	48	47
Total cost	Rs. In Lacs	1358.20	1190.64
Average rate	Rs./Ton	2831	2547
3. Furnace Oil			
Quantity	K. Ltrs	1363	2503
Total amount	Rs. In Lacs	160.15	274.38
Average rate	Rs./Ltr.	11.75	10.96
4. Diesel Oil			
Quantity	K. Ltrs	172	228
Total amount	Rs. In Lacs	45.55	51.60
Average rate	Rs./Ltr.	26.56	22.63
5. Others			
Not Applicable			



(B) Consumption per unit of production.

		Standards	2004-2005	2003-2004
Electricity	Kwh	--	317	326
Furnace Oil	Ltrs	--	15	28
Diesel	Ltrs.	--	2	3
Coal	M.T.	--	0.51	0.52
Others		--	NIL	NIL

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

- Efforts have been continued for innovation in products and production processes.
- Efforts have been continued to manufacture cost effective products with constant interaction with the technical advisors to meet the customers' requirement to maintain high standards of their products at comparatively lower costs.

(2) Benefits derived as a result of R & D:

- The company has been able to expand its market base and product range.

(3) Future plan of action:

- To further expand product range by introducing high value products.
- To further improve the working of all manufacturing plants and utilities.
- To make continuous efforts to upgrade technology to improve product quality and further increase efficiency of manufacturing facility to meet international specifications.

(4) Expenditure on R & D:

(a) Capital	Rs. 3.24 Lacs
(b) Recurring	Rs. 27.16 Lacs
(c) Total	Rs. 30.40 Lacs
(d) Total R & D expenditure as a percentage of total turnover.	0.16 %

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

The company has adopted latest world class technology in production process for the storage of maize. Two Silos have been installed along with highly efficient cleaner for separation and removal of various impurities from maize.

2. Benefits derived as a result of the above efforts :

Scientific storage, preservation and efficient cleaning of maize has resulted in less down time for machineries and thereby has increased production efficiency and reduced the cost of handling.

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 plan of action. | : | Part of the technology is not possible to implement, because of cost, lack of adequate computerised infrastructure and instrumentation. |

C. Foreign Exchange earnings and outgo:

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