

68th

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ANNUAL REPORT

2008-2009



SAYAJI INDUSTRIES LIMITED

SAYAJI INDUSTRIES LIMITED

DIRECTORS

Shri Bipinbhai V. Mehta
Shri Priyambhai B. Mehta
Dr. Biharilal Kanaiyalal
Shri Mahendrabhai N. Shah
Shri Dashrathbhai G. Patel
Shri Vishvajitbhai M. Mehta
Shri Varunbhai P. Mehta

MANAGING DIRECTORS

Shri Bipinbhai V. Mehta
Shri Priyambhai 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 68th Annual General Meeting of the shareholders of the Company will be held on Wednesday, the 30th day of September, 2009 at 9.30 a.m. at the Registered Office of the Company at P.O. 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, 2009, 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 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 the next Annual General Meeting, on a remuneration of Rs.2,00,000/- (Rupees Two Lacs only) plus applicable service tax and actual out of pocket expenses.

Place : Ahmedabd
Date : 27th July, 2009.

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 Wednesday, the 23rd September, 2009 to Wednesday, the 30th September, 2009 (both days inclusive).
3. The Dividend on shares, if sanctioned by the Annual General Meeting, will be payable at specified Branches of UTI Bank Limited, in India from 7th October, 2009, 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 22nd September, 2009. 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, 2002 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 19th September, 2002. Members are requested to make their claim to the Company for unclaimed/unpaid dividend for the year 2001-2002 before 19th September, 2002.

Members who have not yet encashed their dividend warrant (s) for the financial year ended on 31st March, 2003 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 Central Depository Services (India) Limited (CDSL) may submit their shares for dematerialisation to their respective DPs.
6. The Company has appointed M/s Karvy Computershare Private Limited as the Registrars and Transfer Agents for carrying out all the work relating to transfer, transmission, issue of duplicate share certificates in lieu of misplaced/ lost certificate, change of address etc. and 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 to M/s Karvy Computershare Private Limited at Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad- 500 081.
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.

To

THE SHAREHOLDERS,

Your Directors have pleasure in presenting the 68th Annual Report together with Audited Statements of Accounts of the Company for the financial year ended 31st March, 2009.

FINANCIAL RESULTS :

	2008-2009 (Rs. In Lacs)	2007-2008 (Rs. In Lacs)
Sales	26626.15	24017.39
Operating Profit before Interest, Depreciation and Taxation	1080.08	1060.08
Less : Interest	534.87	544.42
Gross Profit	545.21	515.66
Less: Depreciation	388.08	341.34
Profit before Tax	157.13	174.32
Less : Current Taxation	19.00	21.00
Fringe Benefit Tax	13.50	13.00
Provision for Deferred Tax	52.24	84.74
	<u>84.74</u>	<u>53.15</u>
Net Profit for the year	72.39	87.17
Add: Balance brought forward from previous year	97.47	102.42
Amount available for Appropriation	169.86	189.59
Appropriations:		
Transfer to General Reserve	50.00	50.00
Proposed Dividend on Equity Shares	36.00	36.00
Tax on Dividend	6.12	6.12
	<u>6.12</u>	<u>6.12</u>
Balance carried forward to Balance Sheet	77.74	97.47
	<u>169.86</u>	<u>189.59</u>

YEAR IN RETROSPECT :

During the year under review, your company has achieved a higher turnover of Rs.26626.15 Lacs as compared to Rs.24017.39 Lacs in previous year. This is due to marginal increase in the activity and also due to better realization of finished products prices. There has been a steep increase in all input cost during the year under review. However, by adopting stringent cost cutting measures, your company has been able to maintain its operating profit at Rs.1080.08 Lacs as against Rs.1060.68 Lacs in the previous year. Net profit during the year, however has been slightly reduced to Rs.72.39 Lacs as against Rs.87.17 Lacs in the previous year due to higher impact of depreciation. Efforts to improve performance in all technical areas continued during the year under review.

FUTURE OUTLOOK :

Your directors are of the opinion that there would be increase in the cost of all inputs including maize, lignite, coal, chemicals, packing etc. during the current year due to big deficiency of rain in all parts of India. Added to this, expansion of capacity by some of the existing units has intensified the competition in the industry. Your company would therefore exercise cautious approach during the current year and would try to cut the cost at all levels to maintain its profitability.

DIVIDEND :

Your Directors recommend dividend at the rate of Rs.60/- per Equity Share (Previous Year Rs. 60/- per Equity Share) for the financial year ended 31st March, 2009, 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 22nd September, 2009.

The total outflow on account of dividend will be Rs.42.12 Lacs including dividend tax of Rs.6.12 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 showed a marked increase of 49.87% to Rs.6656.10 Lacs as compared to Rs.4441.17 Lacs in the previous year. Your company is having a cautious approach towards the exports keeping in mind the fluctuation in the Exchange Rate. The company will continue with its long term export oriented marketing policy 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 severe competition in the domestic starch industry, your company has been able to achieve better sales realisation for its products as compared to last year. It is heartening to note that despite of increase in the volumes, your company has been able to reduce the average credit period during the year under review as results of untiring efforts on the part of the sole selling agents.

PUBLIC DEPOSITS :

Deposits totaling Rs.7.66 Lacs due for repayment on or before 31st March, 2009 were not claimed by the depositors on that date. As on the date of this report, deposits aggregating Rs.0.30 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 Dashrathbhai G. Patel and Shri Vishvajitbhai M. Mehta, 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 judgments 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, 2009 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 extending financial assistance at very competitive rates. 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 : 27th July, 2009

Dr. Biharilal 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, 2009.

A. Conservation of Energy :

(a) Energy conservation measures taken :

- I. The following energy conservation measures were taken in the manufacturing activity and every endeavor has been made to ensure the optimal use of energy and conserve energy as far as possible:
 1. Water pumps with conventional design working on cooling towers in various departments were replaced by highly energy efficient pumps.
 2. Remaining work of replacement of barometric condensers in place of water jet ejectors was completed during the year under review.
 3. Conventional gear boxes and motors consuming high power were replaced by efficient gear boxes.
 4. Higher capacity reactor vessels were installed.
 5. Existing triple effect evaporator which was working with barometric condenser was modified and revamped and put into operation with surface condenser

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

1. The company is planning to start gas engine to generate power from bio-gas which will result into lesser utilization of grid power where conventional fuel is being consumed.
2. The company is planning to generate steam from waste heat of bio-gas engine which will help to reduce fuel consumption in existing boiler and eventually reduce power consumption.
3. The company is considering a proposal of utilizing bio-gas in shuttle furnace in place of electricity which will stop consumption of power totally in furnace.
4. The company is considering usage of alternate sources of water in the process which would help reducing consumption of water from bore-well.

(c) Impact of measures taken:

As a result of the aforesaid efforts, there has been substantial power savings during the year under review.

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

(A) Power and Fuel Consumption:

		2008-2009	2007-2008
1. Electricity			
a) Purchased			
Units	000 Kwh	11364	11366
Total amount	Rs. In Lacs	606.43	520.44
Rate/Unit	Rs.	5.34	4.58
b) Own Generation			
(i) Through Diesel Generator			
Units	000 Kwh	25	37
Unit per ltr. of diesel oil	Kwh	2.08	2.10
Cost/Unit	Rs.	36.33	31.59
(ii) Through steam turbine/generator			
Units	000 Kwh	22836	23305
2. Coal			
Quantity	000 tons	75	72
Total cost	Rs. In Lacs	2493.91	1678.67
Average rate	Rs./Ton	3329	2345
3. Furnace Oil			
Quantity	K. Ltrs.	0	0
Total amount	Rs. In Lacs	0	0
Average rate	Rs./Ltr.	0	0
4. Diesel Oil			
Quantity	K. Ltrs.	12	17
Total amount	Rs. In Lacs	4.56	6.13
Average rate	Rs./Ltr.	38.47	35.21
5. Others			
Not Applicable			



(B) Consumption per unit of production.

		Standards	2008-2009	2007-2008
Electricity	Kwh	--	352	348
Furnace Oil	Ltrs.	--	0	0
Diesel	Ltrs.	--	0.12	0.17
Coal	M.T.	--	0.62	0.72
Others		--	NIL	NIL

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

- a. The company has carried out modifications at various stages in reverse osmosis plant to improve quality of water.
- b. Efforts have been made to produce more syrup in high pressure reaction vessel to bring down processing / manufacturing cost of final product.

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

- a. The company has been able to reduce labour, minimize consumption of chemical with higher efficiency and higher productivity. This has also resulted in achieving high standard of quality of final product.
- b. R & D efforts in R.O. plant has helped in reduction of chemicals and also improved final quality of water.

3. Future plan of action:

- a. To introduce and adopt new technology and thereby adding more such machineries whereby power consumption is reduced at various stages of production processes.
- b. To introduce new machineries and systems that would help the company to achieve standard quality of finished product in-house so that dependence on outside job-work is reduced.

4. Expenditure on R & D:

(a) Capital	Rs. 0.31 Lacs
(b) Recurring	Rs. 25.54Lacs
(c) Total	Rs. 25.85Lacs
(d) Total R & D expenditure as a percentage of total turnover.	0.10%

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

The company has adopted new technology in bulk powder packing in some of the departments which has resulted in savings of manpower and improved the output.

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

The aforesaid efforts have resulted in cost reduction, higher output with better efficiency to meet the requirement of international market.

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 : Part of the technology is not possible to implement, because has not taken place, reasons therefore : 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. 12 (d) (II) & (III) in Schedule 17 to the Accounts.

TO THE MEMBERS OF SAYAJI INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Sayaji Industries Limited as at March 31, 2009 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in the paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and, notes thereon and *subject to Note No. 4 of Schedule 17 regarding non-provision of Book Debts considered doubtful of recovery amounting to Rs. 137.62 lacs*, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - (ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For C.C. CHOKSHI & CO.
Chartered Accountants

H. P. Shah
Partner

Membership No. 33331

Place : Ahmedabad
Date : 27th July, 2009

