

69th

ANNUAL REPORT

2009-2010



SAYAJI INDUSTRIES LIMITED

SAYAJI INDUSTRIES LIMITED

DIRECTORS

Shri Priyambhai B. Mehta
Shri Bipinbhai V. Mehta
(Up to 08/09/2009)
Shri Varunbhai P. Mehta
Dr. Biharilal Kanaiyalal
Shri Mahendrabhai N. Shah
Shri Dashrathbhai G. Patel
Shri Vishvajitbhai M. Mehta
Dr. Shri Gaurang K. Dalal
(From 16-1-2010)
Shri Vishalbhai P. Mehta
(From 16-1-2010)

CHAIRMAN & MANAGING DIRECTOR

Shri Priyambhai B. Mehta

MANAGING DIRECTOR

Shri Bipinbhai V. Mehta
(Upto 08-09-2009)

EXECUTIVE DIRECTOR

Shri Varunbhai P. Mehta
(From 16-1-2010)

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 69th Annual General Meeting of the shareholders of the Company will be held on Friday, the 13th August, 2010 at 9.30 a.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, 2010, 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 consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT subject to the provisions of Sections 224 and other applicable provisions if any, of the Companies Act, 1956 M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration of Rs.4,00,000/- (Rupees Four Lacs 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 modifications, the following Resolution as an **Ordinary Resolution** :

"RESOLVED THAT Dr. Shri Gaurangbhai Kantilal Dalal who was appointed as Additional Director of the Company with effect from 16th January, 2010 and holds the office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation."

7. To consider and if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as amended from time to time consent of the Company be and is hereby given to the appointment of Shri Varun Priyam Mehta who is also the Executive Director of N B Commercial Enterprises Private Ltd. as the Executive Director of the Company for a period of 5 years from 16.01.2010 to 15.01.2015 on the terms and conditions mentioned in the draft agreement placed before the Meeting and initialed by the Chairman for the purpose of identification."

"FURTHER RESOLVED THAT remuneration payable to Shri Varun Priyam Mehta be and is hereby approved for the period of 3 years from 16.01.2010 to 15.01.2013 as per the terms and conditions mentioned in the draft agreement placed before the Meeting and initialed by the Chairman for the purpose of identification ensuring that the total remuneration to be paid to Shri Varun Priyam Mehta shall not exceed the limit prescribed under Schedule XIII to the Companies Act, 1956."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to vary the said terms and conditions of appointment and remuneration in such a manner as the Board in their discretion think fit and as acceptable to Shri Varun Priyam Mehta and the Board of Directors of the Company be and is hereby also authorised to enter into the said agreement with such modifications and/or amendments as it may think fit."

8. To consider, and if thought fit, to pass with or without modifications the following resolution as a **Special Resolution** :-

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [SEBI (ICDR) Regulations, 2009] or any other rules, guidelines, notifications, circulars issued by the Securities and Exchange Board of India, the Government of India, the Reserve Bank of India (RBI) or other relevant authority, from time to time, and in terms of the provisions of and the conditions, as prescribed under the Listing Agreement entered into by the Company with the Stock Exchange, Ahmedabad, to the extent applicable and subject to such other approvals, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a committee thereof) the consent of the Company be and is hereby accorded to the Board to create, issue, offer and allot by way of private placement on preferential basis upto 19,000 (Nineteen Thousand) fully paid up Equity Shares of Rs. 100/- for cash at a premium of Rs. 1450/- per equity share aggregating up to Rs.1550/- (Rupees One thousand Five Hundred Fifty only) being the price determined in the manner as specified under SEBI (ICDR) Regulations, (Chapter VII) at its sole discretion upon receipt of the share application money and in accordance with the Share Subscription Agreement / Binding Term Sheet executed/ proposed to be executed amongst the company, Mrs. Sujata Priyam Mehta , Priyam Commercial Enterprises Pvt. Ltd. and Bini Commercial Enterprises Pvt. Ltd. (Promoters of the Company) in one or more tranches and in the manner and on such terms as may be deemed appropriate by the Board to the following promoters of the Company.

Sr. No.	Name of the Promoter	No. of Shares
1	Mrs. Sujata Priyam Mehta	8000
2	Priyam Commercial Enterprises Pvt. Ltd	8000
3	Bini Commercial Enterprises Pvt. Ltd	3000

"FURTHER RESOLVED THAT the Board may in its absolute discretion deem fit, issue, offer and allot the aforesaid shares to the said investors whether or not they are members of the Company, on preferential allotment basis."

"FURTHER RESOLVED THAT all the aforesaid Equity Shares shall be issued at a price determined as on the relevant date of 14th July, 2010, thirty days prior to passing of this resolution, in terms of the SEBI (ICDR) Regulations, 2009 or at such higher price as may be agreed upon by the Investors."

"FURTHER RESOLVED THAT the Equity Shares so issued and allotted shall rank pari-passu in all respect with the existing Equity shares of the Company."

"FURTHER RESOLVED THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized on behalf of the company to do all such things and acts as may be necessary and expedient and to settle any matter that may arise in connection therewith."

"FURTHER RESOLVED THAT the Board be and is hereby authorised to accept any modification(s) as may be stipulated by any Regulatory Authority or modify at its discretion, the terms of issue of the said new Equity Shares, without being required to seek any further consent or approval of the Company in General Meeting."

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 Thursday, the 5th August, 2010 to Friday, the 13th August, 2010 (both days inclusive).
3. The Dividend on shares, if sanctioned by the Annual General Meeting, will be payable at specified Branches of Axis Bank Limited, in India from 23rd August, 2010, 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 5th August, 2010. 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.
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, 2003 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 28th September, 2010. Members are requested to make their claim to the Company for unclaimed/unpaid dividend for the year 2002-2003 before 28th September, 2010.
5. Members who have not yet encashed their dividend warrant (s) for the financial year ended on 31st March, 2004 and onwards, are requested to make their claims to the Company without delay.
6. 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.
7. The Company has appointed M/s Karvy Computer share 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 certificates, 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 Computer share Private Limited at Plot No. 17-24, Vithal Rao Nagar, Madhapar, Hyderabad- 500 081.
8. Members are requested to quote their Folio Numbers / Beneficiary Account Numbers in all their correspondence.
9. 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.
10. Members are requested to notify their Bank Account Number to the Company / M/s Karvy Computer share 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 Computer share 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 following explanatory statement sets out all material facts regarding Special Business mentioned in the accompanying notice dated 14th July, 2010 convening the Annual General Meeting of the Shareholders of the Company.

Regarding Resolution No. 6

Dr. Gaurangbhai K. Dalal was appointed as Additional Director of the Company with effect from 16th January, 2010. Pursuant to provisions of Section 260 of the Companies Act, 1956, Dr. Gaurangbhai K. Dalal holds the office upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956 a notice has been received from a member signifying his intention to propose the appointment of Dr. Gaurangbhai K. Dalal as a Director of the Company at the Annual General Meeting. Hence necessary Resolution is placed before the meeting for the approval of members.

Dr. Gaurangbhai K. Dalal is interested in the resolution as it concerns his appointment. No other director is concerned or interested in the resolution. Directors recommend this resolution as proposed in the notice for approval of members.

Regarding Resolution No. 7

Shri Varun Priyam Mehta is B.Sc. (Business Administration) from Fordham University USA. He was appointed as Additional Director of the Company with effect from 18th October, 2006 and subsequently at the 66th Annual General Meeting of the Company held on 22nd September, 2007 he was appointed as a Director of the Company whose office is liable to retirement by rotation. Board of Directors of the Company at its meeting held on 16th January, 2010 has appointed Shri Varun Priyam Mehta as the Executive Director of the Company for the period of 5 years from 16th January, 2010 subject to approval of shareholders at this Annual General Meeting of the Company.

Shri Varun Priyam Mehta has been actively involved in the day-to-day management of the company since his appointment as a director of the company and looks after all important aspects of the company like production, marketing, finance and plant operations. He has been instrumental in efforts of the company to cut the costs at all the levels and improve its technical parameters. He is also the Executive Director in M/s. N B Commercial Enterprises Private Limited which is located very near to the factory premises of the company. The Board therefore feels that Shri Varun Priyam Mehta would be comfortably in a position to look after all the important aspects of the company while supervising the affairs of M/s N B Commercial Enterprises Private Limited and accordingly the Board has decided to appoint Shri Varun Priyam Mehta as the Executive Director of the Company for the period of five years with effect from 16th January, 2010 subject to approval of shareholders at this Annual General Meeting on the terms and conditions as contained in the draft agreement which is initialed by the Chairman for the purpose of identification and which is open to 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 this Annual General Meeting. These particulars also constitute the abstract of the terms of appointment and remuneration as per draft agreement to be entered into with Shri Varun Priyam Mehta and required to be sent to every member of the company pursuant to Section 302 of the Companies Act, 1956.

Under the provisions of the Companies Act, 1956, the appointment and terms of remuneration of the Executive Director are required to be approved by the company in General Meeting. Accordingly, a resolution is being moved for approval of shareholders.

The Terms of remuneration on the new contract with the Executive director for a period of 3 (Three) years from 16.01.2010 to 15.01.2013 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 and overseas, leave and leave travel facilities, club fees, insurance, retirement benefits, car, residential telephone and communication facilities, employee 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.

Total salary and monetary value of perquisites as computed under the Income Tax Rules shall be within the overall ceiling on remuneration under Section 309 of the Companies Act, 1956 and as per terms and conditions prescribed under Schedule XIII to the Companies Act, 1956 as amended from time to time.

- (c) Commission : Within overall ceiling on remuneration of 5% and 10% of the net profits of the company computed in the manner as laid down under Section 309 (5) of the Companies Act, 1956 in each year.

In the opinion of the Board, the terms and conditions are fair and reasonable and commensurate with his exposure and experience in the management of the company as the Executive Director.

As the appointment of Shri Varun Priyam Mehta is being made in accordance with the conditions and provisions of Schedule XIII to the Companies Act 1956, it would be sufficient to pass a Special Resolution approving such appointment and remuneration.

The resolution placed before the shareholders authorises the Board to execute the draft agreement with such modifications or variations as it may think fit.

Where in any financial year the company has no profit or its profit is inadequate, remuneration payable to Shri Varun Priyam Mehta by way of salary and perquisites will be in accordance with the provision of Section II of Part II of Schedule XIII to the Companies Act, 1956 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 and sale of Starch, its By-Products and its derivatives like 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, the Turnover at Rs.27557 Lacs (as against Rs. 26626 Lacs in the previous year) has increased by 3.50%. Similarly the Gross Profit at Rs.624.60 Lacs (as against Rs.545.21 Lacs in the previous year) has registered an increase of 14.56%. There has also been improvement in the net profit of the Company which stood at Rs.83 Lacs as against 72.39 Lacs in the previous year.

Export has continued to remain focused area of the Company. During the year under review, the gross turnover of export of your company was Rs.6356.63 Lacs as compared to Rs.6656.10 Lacs in the previous year. The gross turnover of export picked up in the second half of the year under review and is also better in the first quarter of the current year. Your company is however exercising a very cautious approach towards the exports keeping in mind the fluctuation in the Exchange Rate. The company also intends to continue with its long term export oriented marketing policy by exploring new avenues for its high value products.

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

Information about Shri Varun Priyam Mehta :

Shri Varun Priyam Mehta has been actively involved in the day-to-day management of the company since his appointment as a director of the company and looks after all important aspects of the company like production, marketing, finance and plant operations. He has been instrumental in efforts of the company to cut the costs at all the levels and improve its technical parameters and it would therefore be in the interest of the Company to appoint Shri Varun Priyam Mehta as the Executive Director of the Company on the terms and conditions as mentioned above. Presently Shri Varun Priyam Mehta is being paid a remuneration upto Rs.2.50 Lacs including 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 Companies Act, 1956.

Other Information :

The Company is also concentrating more on Exports and with increased thrust in this direction, it has been able to penetrate in the overseas markets more particularly the Middle East and African Market. The Company is also concentrating to cut the cost in all areas of operation and as a major step in this direction, it has set up a new gas engine which has reduced the power cost. The Company is also planning to go for automization and debottlenecking of equipments to improve efficiency and quality of products.

Thus with continued application of stringent cost cutting measures and improved efficiency and productivity, the Company expects to further improve its turnover and maintain its profitability in the years to come.

Shri Varun Priyam Mehta is interested in the resolution as it concerns his appointment. Shri Priyambhai Bipinbhai Mehta and Shri Vishal Priyam Mehta to whom Shri Varun Priyam Mehta is related may also be regarded as interested or concerned in the resolution. Directors recommend this resolution as proposed in the Notice for Members' approval.

Regarding Resolution No. 8

Your company is engaged in the business of manufacture and sale of Starch, its derivatives and by- products. To carry on these activities the company has availed working capital facilities from Punjab National Bank, V.B. Branch, Ahmedabad. Punjab National Bank has stipulated certain terms and conditions vide their sanction letter dated 25th July, 2009 while renewing the facilities and also by its letter dated 7th June, 2010, which inter alia includes stipulation to effect an increase in paid up capital of the company and also to increase the net working capital of the company. In order to comply with the terms and conditions stipulated by the Punjab National Bank for renewing the working capital facilities, it is proposed to raise the paid up capital of the company by way of issue of equity shares on preferential basis to the promoters of the company in accordance with the SEBI (ICDR) Regulations, 2009.

The Company is, accordingly proposing to offer, issue and allot up to 19,000 Equity Shares to the promoters of the company as set out in the resolution at a price to be decided as per SEBI (ICDR) Regulations, 2009.

The proposed preferential allotment of the Equity Shares shall be in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009.



INFORMATION AS REQUIRED UNDER REGULATION 73 OF THE SEBI (ICDR) REGULATIONS, 2009 FOR THE PREFERENTIAL ALLOTMENT IS AS FOLLOWS :

(a) Object of the Issue :

To comply with the condition of increasing the paid up capital and improving the net working capital required for the business activities of the Company, as stipulated by Punjab National Bank, V. B. Branch, Ahmedabad the Banker of the Company, the Company proposes to offer, issue and allot upto 19000 Equity Shares of Rs.100/- each to the promoters as specified in the resolution on preferential basis.

(b) Intention of Promoters / Directors / Key Management persons to subscribe to the offer:

The promoters intend to subscribe to the offer in order to infuse capital enabling the Company to increase its paid up capital and improve its net working capital.

(c) Shareholding pattern of the company before and after the issue:

The shareholding pattern before and after the offer is given below :

		Pre Issue		Post Issue	
	CATEGORY	No. of shares held	Percentage of share holding	No. of shares held	Percentage of share holding
A	Promoters' Holding:				
1	Promoters				
	a. Indian Promoters	20219	33.70	28219	35.72
	b. Foreign Promoters	-	-	-	-
2	Persons acting in Concert	19858	33.10	30858	39.06
	Sub - Total (A)	40077	66.80	59077	74.78
B	Non-Promoter's Holding :				
3	Institutional Investors				
	a. Mutual Funds and UTI	343	0.57	343	0.43
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Inst./Non-Government Institutions.	14	0.02	14	0.02
	c. FIIs	-	-	-	-
	Sub - Total (B1)	357	0.59	357	0.45
4	Others				
	a. Private Corporate Bodies	19	0.03	19	0.02
	b. Indian Public	19547	32.58	19547	24.75
	c. NRIs / OCBs	-	-	-	-
	d. Any other	-	-	-	-
	Sub - Total (B2)	19566	32.61	19566	24.77
	Total Non-Promoters' Holding	19923	33.20	19923	25.22
	Grand Total	60000	100.00	79000	100.00

(d) Proposed time within which the allotment shall be completed :

The Board proposes to allot the Equity Shares within a period of 15 days from the date of passing of this resolution by the shareholders or within 15 days from the date of approval of applicable regulatory authorities which ever is later.

- (e) The identity of the proposed allottee(s) and the percentage of post preferential issue capital that may be held by them and change in control, if any, of the issuer consequent to the preferential issue :

Sl. No.	Name of the Proposed Allottee(s)	Category	Pre issue holding	% of Pre-issue Capital	Number of Equity Shares held Post Preferential Issue	% of Post Preferential Issue Capital
1	Sujata Priyam Mehta	Promoter	6153	10.26	14153	17.92
2.	Priyam Commercial Enterprises Pvt. Ltd.	Promoter	2638	4.40	10638	13.47
3.	Bini Commercial Enterprises Pvt. Ltd.	Promoter	2714	4.52	5714	7.23

There will not be any change in control of the company consequent to the aforesaid preferential allotment of equity shares.

- (f) **Undertaking from the company regarding recomputation of the price of the Equity shares in terms of the provision of SEBI (ICDR) Regulation where it is required to do so :**

As the shares of the company are listed on the Stock Exchange for more than 6 (six) months, the same is not applicable to the company.

- (g) **Undertaking that if the amount payable on account of recomputation of price is not paid within the time stipulated in SEBI (ICDR) Regulation the Equity shares shall continue to be locked in till the time, such amount is paid by all the allottees :**

As the shares of the company are listed on the Stock Exchange for more than 6 (six) months, the same is not applicable to the company.

- (h) **Pricing:**

The issue of Equity Shares on preferential basis to the Promoters as set out in the resolution has been done at a price in compliance with the SEBI Pricing Norms as specified in the SEBI (ICDR) Regulations, 2009 or such higher price as may be agreed upon by the Investors.

- (i) **Relevant Date:**

"Relevant Date" for this purpose is the date 30 days prior to the date of this meeting of the Members of the Company, i.e., Wednesday, the 14th July, 2010.

- (j) **Auditor's Certificate:**

C. C. Chokshi & Company, Chartered Accountants Ahmedabad the Statutory Auditors of the Company have certified that the preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations, 2009. A copy of the certificate will be laid before the meeting of the shareholders.

- (k) **Lock-In:**

The Equity Shares to be allotted on a preferential basis to the Promoters as set out in the resolution shall be locked-in for a period as per the requirements of the SEBI (ICDR) Regulations, 2009.

Section 81(1) of the Companies Act, 1956, provides, inter alia, that whenever it is proposed to increase the subscribed capital of the company by further issue / offer and allotment of shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the said section, unless the shareholders decide otherwise by a Special Resolution.

Accordingly, under the said Special Resolution, consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the listing agreements executed by the Company with the Stock Exchange, Ahmedabad authorizing the Board to issue and allot securities, as stated in the Resolution, to persons other than the existing shareholders of the company.

Your Directors recommend the Resolution for your approval.

None of the Directors are interested or concerned in the proposed resolution, save and except Mr. Priyam Bipin Mehta, Mr. Varun Priyam Mehta and Mr. Vishal Priyam Mehta who may be deemed to be interested as they are related to Sujata Priyam Mehta and being Directors and Shareholders of the corporate entities seeking to subscribe the preferential allotment.

To

THE SHAREHOLDERS,

Your Directors have pleasure in presenting the 69th Annual Report together with Audited Statements of Accounts of the Company for the financial year ended 31st March, 2010.

FINANCIAL RESULTS :

		2009-10 (Rs. In Lacs)	2008-09 (Rs. In Lacs)
Sales		27557.28	26626.15
Operating Profit before Interest, Depreciation and Taxation		1214.66	1080.08
Less : Interest		590.06	534.87
Gross Profit		624.60	545.21
Less: Depreciation		434.95	388.08
Profit before Tax		189.65	157.13
Less : Current Taxation	34.50		19.00
Fringe Benefit Tax	----		13.50
Provision for Deferred Tax	72.15	106.65	52.24
Net Profit for the year		83.00	72.39
Add: Balance brought forward from previous year		77.74	97.47
Amount available for Appropriation		160.74	169.86
Appropriations:			
Transfer to General Reserve		50.00	50.00
Proposed Dividend on Equity Shares	39.00		36.00
Tax on Dividend	6.63	45.63	6.12
Balance carried forward to Balance Sheet		65.11	77.74
		160.74	169.86

YEAR IN RETROSPECT :

During the year under review, your company has achieved a higher turnover of Rs.27557.28 Lacs as compared to Rs.26626.15 Lacs in previous year. This is due to a marginal increase in the activity and also due to better realization of finished products prices. There has been an increase in all input cost during the year under review. However, by adopting stringent cost cutting measures, your company has been able to increase its operating profit at Rs.1214.66 Lacs as against Rs.1080.08 Lacs in the previous year. Despite of higher impact of depreciation and taxation your company has been able to achieve a higher Net profit of Rs. 83.00 Lacs during the year under review, as against Rs.72.39 Lacs in the previous year. Efforts to improve performance in all technical areas continued during the year under review.

FUTURE OUTLOOK :

The prices of all inputs including maize, lignite, coal, chemicals, electricity, labour etc. during the current year is expected to be on a higher side. Your directors are hopeful that company may be in a position to pass on part of such price rise to its customers. Expansion of capacity by some of the existing units has immensely intensified the competition in the starch industry. Stringent cost cutting measures have been applied to cut the cost at all levels of operations. Efforts are also on to go for automation and debottlenecking in production processes to improve quality and efficiency and to save on labour cost.

With all the aforesaid efforts your Company is hopeful to improve its turnover and maintain its profitability.

DIVIDEND :

Your Directors recommend dividend at the rate of Rs.65/- per Equity Share (Previous Year Rs. 60/- per Equity Share) for the financial year ended 31st March, 2010, 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 5th August, 2010.

The total outflow on account of dividend will be Rs.45.63 Lacs including dividend tax of Rs.6.63 Lacs.

TECHNICAL KNOW HOW & SERVICE AGREEMENT :

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

EXPORTS :

Exports have continued to remain focused area of the company. During the year under review, the exports turnover was Rs.6356.63 Lacs as compared to Rs.6656.10 Lacs in the previous year. The turnover of exports picked up in the second half of the year under review and is also better in the first quarter of the current year. Your company is however exercising a very cautious approach towards the exports keeping in mind the fluctuation in the Exchange Rate. The company also intends to continue with its long term export oriented marketing policy by exploring new avenues for its high value products.