



SAYAJI INDUSTRIES LIMITED

71st



2011-2012

Annual Report

CONTENTS	PAGE
Notice	1
Directors' Report	6
Corporate Governance Report	11
Certificates	16
Management Discussion and - Analysis Report	18
Auditors' Report	21
Balance Sheet	24
Statement of Profit and Loss Account	25
Cash Flow Statement	26
Schedules	29
Proxy Form – Admit Card	47

REGISTERED OFFICE

P.O.Kathwada-Maize Products,
Ahmedabad – 382 430.
Tel. +91 79-22901581 to 85
Fax +91 79-22902424
E-mail
maize@maizeproducts.com

REGISTRARS AND TRANSFER AGENTS

Karvy Computershare Private Ltd.
Plot No. 17-14, Vithalrao Nagar,
Madhapur, Hyderabad-500081
Tel. +91 402342014 to 818
E-mail einward.ris@karvy.com

FACTORY

Maize Products
Ahmedabad, Gujarat.

**SAYAJI
INDUSTRIES
LIMITED****COMPANY INFORMATION****CHAIRMAN AND MANAGING DIRECTOR**

Mr. Priyam B. Mehta

EXECUTIVE DIRECTORS

Mr. Varun P. Mehta

Mr. Vishal P. Mehta

NON EXECUTIVE DIRECTORS

CA Mahendra N. Shah

Mr. Vishvajit M. Mehta

Dr. Gaurang K. Dalal

Dr. Janak D. Desai

CA Chirag M. Shah

BOARD COMMITTEES**AUDIT COMMITTEE**

CA Chirag M. Shah – Chairman

Mr. Priyam B. Mehta

Mr. Vishvajit M. Mehta

Dr. Gaurang K. Dalal

REMUNERATION COMMITTEE

Mr. Priyam B. Mehta – Chairman

CA Mahendra N. Shah

Dr. Janak D. Desai

SHAREHOLDERS GRIEVANCE COMMITTEE

CA Mahendra N. Shah- Chairman

Dr. Gaurang K. Dalal

Mr. Varun P. Mehta

Mr. Vishal P. Mehta

COMPANY SECRETARY

Mr. Rajesh H. Shah

B. Com., LL.B., A.C.S.

AUDITORS

M/s. Deloitte Haskins & Sells,

Chartered Accountants,

Ahmedabad.

LEGAL ADVISORS

M/s.Nanavati & Nanavati,

Advocates,

Ahmedabad.

BANKERS

Punjab National Bank

**SAYAJI INDUSTRIES LIMITED
P.O. KATHWADA - MAIZE PRODUCTS
AHMEDABAD - 382 430.**

NOTICE

Notice is hereby given that the 71st Annual General Meeting of the Members of Sayaji Industries Limited will be held at Bhuriba Lallubhai Mehta Primary School, Kathwada – Maize Products, Ahmedabad-382 430 on Tuesday, the 7th August, 2012 at 9.30 a.m. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss of the Company for the year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To declare dividend on equity shares of the Company.
3. To appoint a Director in place of CA Mahendra N. Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vishvajit M. Mehta who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT subject to provisions of Section 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 the 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 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 CA Chirag M. Shah who was appointed as Additional Director of the Company with effect from 26th July, 2011 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 an **Ordinary Resolution** :

"RESOLVED THAT Dr. Janak D. Desai who was appointed as a Director of the Company with effect from 29th January, 2011 to fill up the casual vacancy caused by the demise of Dr. Biharilal Kanaiyalal and who holds the office upto the date of this Annual General Meeting under Section 262 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."

NOTICE



8. 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 Mr. Vishal Priyam Mehta. as the Executive Director of the Company for a period of 5 years from 26th July, 2011 to 25th July, 2016 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 Mr. Vishal Priyam Mehta be and is hereby approved for the period of 3 years from 26th July, 2011 to 25th July, 2014 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 Mr. Vishal 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 Mr. Vishal 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."

Place : Ahmedabad
Date : May 30, 2012

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 Tuesday, the 31st July, 2012 to Tuesday, the 7th August, 2012 (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 17th August, 2012, 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 31st July, 2012. 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 March 31, 2005 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 9th September, 2012. Members are requested to make their claim to the Company for unclaimed/unpaid dividend for the year 2004-2005 before 9th September, 2012.

Members who have not yet encashed their dividend warrant (s) for the financial year ended on 31st March, 2006 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 certificates, 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 Computershare Private Limited at Plot No. 17-24, Vithal Rao Nagar, Madhapar, Hyderabad- 500 081.**
7. Members are requested to quote their Folio Numbers/ Beneficiary Account 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 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 UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

CA Chirag M. Shah was appointed as Additional Director of the Company with effect from 26th July, 2011. Pursuant to provisions of Section 260 of the Companies Act, 1956, CA Chirag M. Shah 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 CA Chirag M. Shah as a Director of the Company whose period of office shall be liable to determination by retirement by rotation at the Annual General Meeting. Hence necessary Resolution is placed before the meeting for the approval of members.

CA Chirag M. Shah is interested in the resolution as it concerns his appointment. CA Mahendra N. Shah to whom CA Chirag M. Shah is related may also be regarded as interested or concerned in the resolution. No other director is concerned or interested in the resolution. Directors recommend this resolution as proposed in the notice for approval of members.

ITEM NO. 7

Dr. Janak D. Desai was appointed as a Director of the Company with effect from 29th January, 2011 to fill up the casual vacancy caused by the demise of Dr. Biharilal Kanaiyalal. Pursuant to provisions of Section 262 of the Companies Act, 1956, Dr. Janak D. Desai 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. Janak D. Desai as a Director of the Company whose period of office shall be liable to determination by retirement by rotation at the Annual General Meeting. Hence necessary Resolution is placed before the meeting for the approval of members.

Dr. Janak D. Desai 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.

ITEM NO. 8

Mr. Vishal Priyam Mehta is B.Sc.(Business Administration) from Babson College, USA with honours in Economics with specialization in Business Strategy. He was appointed as a Director of the Company with effect from 16th January, 2010 to fill up the casual vacancy caused by the demise of Mr. Bipin Vadilal Mehta, Managing Director of the Company. Subsequently at the meeting of Board of Directors of the Company held on 26th



July, 2011 he was appointed as the Executive Director of the Company for the period of 5 years with from 26th July, 2011 subject to approval of shareholders at this Annual General Meeting of the Company. The Board of Directors of the Company also approved at the said meeting the remuneration to be paid to Mr. Vishal Priyam Mehta for the period of 3 year with effect from 26th July, 2011 subject to approval of shareholders at this Annual General Meeting.

Mr. Vishal 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 functions of the Company like production, purchase and plant operations. He has been instrumental in efforts of the Company to cut the costs at all the levels and de-bottlenecking which has improved the technical parameters of the Company. The Board has, therefore, thought it fit to appoint Mr. Vishal Priyam Mehta as the Executive Director of the Company for the period of five years with effect from 26th July, 2011 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 Mr. Vishal 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 as per the contract with the Executive Director for a period of 3 (Three) years from 26.07.2011 to 25.07.2014 are as follows :

- (a) Salary : upto Rs.3,00,000/- per month as approved by the Board of Directors from time to time, and as permissible under Schedule XIII to the Companies Act, 1956.
- (b) Perquisites : Including residential accommodation, furniture, furnishings and fixtures, gas, electricity, water, medical benefits in India 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 Mr. Vishal 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 Mr. Vishal 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 seven decades back and has shown a consistent growth from year to year.

General Information :

During the year under review, the gross revenues from operations at Rs.36516.23 Lacs (as against Rs. 31524.88 Lacs in the previous year) has increased by 16%. Though, there has been increase in the cost of almost all the inputs during the year under review, with better price realization of finished products, better product mix and continued application of stringent cost cutting measures your Company has been able to maintain its profitability. The Operating Profits of the Company was Rs.1671.63 Lacs as against Rs.1697.17 Lacs in the previous year. The Gross Profit of the Company was Rs.1000.53 Lacs as against Rs.1033.76 Lacs in the previous year and the Net Profit of the Company was Rs.306.77 Lacs as against Rs.307.59 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.10496.56 Lacs as compared to Rs.8563.20 Lacs in the previous year. The gross turnover of export has crossed Rs. 100 Crore mark for the first time in the history of the Company due to long term export oriented marketing policy by exploring new avenues for the products of the Company and acceptability of the products of the Company in International Markets..

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

Information about Mr. Vishal Priyam Mehta :

Mr. Vishal 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 functions of the Company like production, purchase and plant operations. He has been instrumental in efforts of the Company to cut the costs at all the levels and de-bottlenecking which has improved the technical parameters of the Company. It would, therefore be in the interest of the Company to appoint Mr. Vishal Priyam Mehta as the Executive Director of the Company on the terms and conditions as mentioned above. Presently Mr. Vaishal Priyam Mehta is being paid a remuneration upto Rs.3.00 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 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. The efforts put in for de-bottlenecking and automisation has improved the 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.

Mr. Vishal Priyam Mehta is interested in the resolution as it concerns his appointment. Mr. Priyam Bipin Mehta and Mr. Varun Priyam Mehta to whom Mr. Vishal Priyam Mehta is related may also be regarded as interested or concerned in the resolution. No other director is concerned or interested in the resolution. Directors recommend this resolution as proposed in the Notice for Members' approval.

Place : Ahmedabad

Date : May 30, 2012

By order of the Board of Directors

RAJESH H. SHAH

COMPANY SECRETARY



To
THE SHAREHOLDERS,

Your Directors have pleasure in presenting the 71st Annual Report together with Audited Statements of Accounts of the Company for the financial year ended 31st March, 2012.

FINANCIAL RESULTS:

	2011-2012 (Rs. in Lacs)		2010-2011 (Rs. in Lacs)	
Revenue from operations (Gross)	36516.23		31524.88	
Operating Profit before Interest, Depreciation and Taxation	1671.63		1697.17	
Less : Interest	671.10		663.41	
Gross Profit	1000.53		1033.76	
Less: Depreciation	517.00		462.26	
Profit before Tax	483.53		571.50	
Less : Current Taxation	81.51		121.50	
Provision for Deferred Tax	95.25	176.76	142.41	263.91
Net Profit for the year	306.77		307.59	
Add: Balance brought forward from previous year	180.58		65.11	
Amount available for Appropriation	487.35		372.70	
Appropriations :				
Transfer to General Reserve	100.00		100.00	
Proposed Dividend on Equity Shares	79.00		79.00	
Tax on Dividend	12.82	91.82	13.12	92.12
Balance carried forward to Balance Sheet	295.53		180.58	
	487.35		372.70	

YEAR IN RETROSPECT :

During the year under review there has been some increase in the activity of the Company after introduction of some new equipment, de-bottlenecking and automation in some production processes. This has increased the production capacity of the Company and the efficiency of the plants.

Your Directors are pleased to report that during the year under review, the gross revenues from operations of your Company has increased by 16% from Rs.31524.88 Lacs to Rs.36516.23 Lacs. There has been increase in the cost of almost all the inputs during the year under review. However, with better price realization of finished products, better product mix and continued application of stringent cost cutting measures your Company has been able to maintain its profitability. The Operating Profits of the Company was Rs.1671.63 Lacs as against Rs.1697.17 Lacs in the previous year. The Gross Profit of the Company was Rs. 1000.53 Lacs as against Rs.1033.67 Lacs in the previous year and the Net Profit of the Company was Rs.306.77 Lacs as against Rs.307.59 Lacs in the previous year.

The overall technical performance of the Company has continued to show a positive and improved trend.

FUTURE OUTLOOK :

The prices of all inputs including maize, lignite, coal, chemicals, electricity, labour etc. during the current year is showing a sharp upward trend. Your Directors are hopeful that the Company would be able to maintain its profitability by better price realization of its products, improved efficiency and continued application of stringent cost cutting measures at all levels. Efforts are also on to further increase the activity of the Company by introduction of new equipments and concentrating on de-bottlenecking and automation in the existing production processes. This will further improve the quality of the products and efficiency of the plants.

DIVIDEND :

With satisfactory performance of the Company during the year under review, your Directors recommend dividend at the rate of Rs. 100/- per Equity Share (Previous Year Rs.100/- per Equity Share) for the financial year ended 31st March, 2012, 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 31st July, 2012.

The total outflow on account of dividend will be Rs. 91.82 Lacs including dividend tax of Rs. 12.82 Lacs.

TECHNICAL KNOW HOW & SERVICE AGREEMENT WITH TATE & LYLE :

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

EXPORTS :

Your Directors are very happy and proud to Report that export turnover of your Company has for the first time crossed Rs.100 Crore mark during the year under review and your Company is the largest exporter of starches and its derivative products in the starch industry. Export in quantitative terms increased by 14% during the year under review. The Export turnover of the Company increased to Rs.10496.56 Lacs as against Rs.8563.20 Lacs in the previous year which indicates an increase of 21%. The Company intends to continue with its long term export oriented marketing policy by penetrating more in its existing international market and exploring new avenues for its high value products.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and analysis Report as required under Clause 49 of the Listing Agreement with the Stock Exchange has been attached and forms part of this Directors' Report.

GREEN INITIATIVE :

The Company continues to contribute to the green environment by generating electricity in a biogas engine from the biogas procured while treating its effluents, which also results in saving of power cost.

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, there has been an increase in the turnover of your Company in quantitative terms and the Company has been able to achieve better price realization for its products. It is heartening to note that despite of increase in the gross revenues from operations of the Company by 16%, the total receivables at the end of the year increased only marginally and average credit period has been maintained as a result of the untiring efforts on the part of the sole selling agents.

PUBLIC DEPOSITS :

Deposits aggregating Rs.1.41 Lacs due for repayment on or before 31st March, 2012 were not claimed by the depositors on that date. As on the date of this report, from the aforesaid deposits no 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.

CORPORATE GOVERNANCE

Your Company has complied with the requirements regarding Corporate Governance as required under Clause 49 of the Listing Agreement entered into with the Ahmedabad Stock Exchange where the Company's shares are listed. A separate report on Corporate Governance forms the part of this Annual Report. A certificate from the Auditors regarding compliance of conditions of Corporate Governance also forms the part of this report.

DIRECTORS :

CA Chirag M. Shah who was appointed as the additional director on 26th July, 2011 and Dr. Janak D. Desai who was appointed as the director on 29th January, 2011 to fill up the casual vacancy caused by the demise of Dr. Biharilal Kanaiyalal retire at this Annual General Meeting of the Company. The Company has received notices from the shareholders of the Company for their appointment as Directors retiring by rotation.

CA Chirag M. Shah, aged about 44 years is a Chartered Accountant by qualification. He is one of the leading Chartered Accountants of Ahmedabad and has experience in the field of Audit, direct and indirect taxes and financial consultancy. He is the Chairman of the Audit Committee and holds 11 equity shares in the Company.



Dr. Janak Desai, aged about 54 years is M.S., M. Ch. and he is a Senior Urologist with an extensive experience in Endoscopic Surgeries and Urological Cancer Surgeries. He was a council member of Indian Urology Association and Member of various International Organisations. He was also invited to do Radical Prostatectomy (for cancer prostate) and PCNL (for Kidney Stones) at various conferences in India and Abroad. He is a member of Remuneration Committee and holds 12 equity shares in the Company.

Pursuant to Article 108 of the Articles of Association of the Company read with Section 256 of the Companies Act, 1956, CA Mahendra N. Shah and Mr. Vishvajit M. Mehta, Directors of the Company are due to retire at this Annual General Meeting, but being eligible, have offered themselves for reappointment.

CA Mahendra N. Shah, aged about 78 years is a leading and eminent Chartered Accountant at Ahmedabad. He has been practicing in the field of Audit, direct and indirect taxes, financial consultancy since many years at Ahmedabad. He was also a lecturer in Accountancy and Auditing at N C Bodiwala College at Ahmedabad.

Mr. Vishvajit M. Mehta, aged about 82 years is an eminent industrialist located at Baroda. He has been actively associated with Lions Club and has contributed to various social causes.

AUDITORS :

Members are requested to reappoint the Auditors for the current year and fix their remuneration at this Annual General Meeting.

COST AUDITORS

In accordance with the requirements of Central Government and pursuant to Section 233B of the Companies Act, 1956, your Directors have appointed Dalwadi and Associates, Cost Accountants, Ahmedabad as the Cost Auditor of the Company for the financial year ending on 31st March, 2013.

STATUTORY INFORMATION :

There are no employees falling under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

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, 2012 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 the Chairman and Managing Director and the Executive 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 Banker of the Company for extending financial assistance by way of working capital facilities and term loans at competitive rates and also 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 : 30th May, 2012

Priyam B. Mehta
Chairman and 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, 2012.

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. The Company has installed thermic fluid heaters which utilizes bio-gas generated while treating the effluents for drying anhydrous dextrose which replaces electrical heaters and this has resulted in saving of power.
 2. The Company has revamped its existing multiple effect evaporators for refinery plant which has resulted in further saving of steam and has reduced consumption of fossil fuel.
 3. The Company continues to educate and give in-house training to its shop floor personnel which has resulted into reduction of consumption of chemicals by maintaining process parameters.
 4. The Company has installed membranes filter presses for dewatering of gluten to enhance capacity of dryer and reduce fuel consumption.
 5. The Company has modified its water distribution system which has reduced its raw water consumption.

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

1. The Company is planning to reduce consumption of water by further recycling of water and generation of vapor condensate through surface condensates.
2. The Company is planning to improve the efficiency of evaporators by supplying cooled water of desired temperature by revamping/ replacing cooling towers.
3. The Company is planning to install energy saving motors by replacing high voltage motors.
4. The Company is revamping its existing bio-digesters which would improve the efficiency of effluent treatment plants and also increase generation of biogas which will be utilised in preheating processes or for generation of electricity.

(c) Impact of measures taken:

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

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

(A) Power and Fuel Consumption:

		2011-2012	2010-2011
1. Electricity			
a) Purchased			
Units	000 Kwh	11577	8190
Total amount	Rs. in Lacs	686.87	464.54
Rate/Unit	Rs.	5.93	5.67
b) Own Generation			
(i) Through steam turbine/generator Units	000 Kwh	23758	24995
(ii) Through Gas Engine/ Generator Units	000 Kwh	5375	5500
(iii) Others	000 Kwh	2	6
2. Coal/Lignite/DoC			
Quantity	000 tons	80	85
Total cost	Rs. in Lacs	3050.38	2860.56
Average rate	Rs./Ton	3793	3351



3. Diesel Oil				
Quantity	K. Ltrs.		3	4
Total amount	Rs. in Lacs		1.05	1.72
Average Rate	Rs./Ltr.		39.02	38.38
4. Others				
Not Applicable				

(B) Consumption per unit of production.

		Standards	2011-2012	2010-2011
Electricity	Kwh	—	357	365
Diesel	Ltrs.	—	0.02	0.04
Coal	M.T.	—	0.70	0.81
Others		—	NIL	NIL

B. Technology Absorption:

Research and Development (R & D)

Efforts continue at all levels to improve operational efficiency and product upgradation to meet the requirements of domestic and international markets. No specific expenses can be earmarked for R & D as this is an ongoing process at the operational level.

Technology Absorption, Adaptation & Innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:
 - a. As suggested by the expert technicians from abroad, the Company has :
 - (i) eliminated first stage evaporation by incorporating PHE for heating syrup upto desired temperature in Liquid Glucose process.
 - (ii) improved its steeping process in corn wet milling plant by installing PHE and incorporating adequate systems for SO₂ generation.
 - (iii) started acidification of starch slurry by conductivity in place of PH in Liquid Glucose to improve quality.
 - b. The Company has installed mix bed for improving quality of dextrose syrup for production of sorbitol.
 - c. The Company has initiated mechanism of arresting leakages in its production processes to save the in-process materials.
2. Benefits derived as a result of the above efforts :
The recoveries of all products has improved.
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 therefore 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.23 (x) and 23(xi) to the Accounts.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Sayaji Industries Limited believes in good corporate governance to achieve highest standard of transparency, integrity, accountability and good corporate practices which will help all the stakeholders like the shareholders, employees, creditors, lenders and society at large. The Company has been prompt in discharging its statutory and social obligations. The Board of Directors supports the broad principles of corporate governance and is committed to align and direct the actions of the Company to achieve the objectives of transparency, accountability and integrity.

BOARD OF DIRECTORS

BOARD MEETINGS

The Board of Directors comprises eight directors out of which three are Executive Directors and five are Non-Executive Directors. All Non-Executive Directors are Independent Directors and are leading professionals from varied fields whose input bring in independent judgment to the discussions and deliberations in the Board meetings. During the year 2011-12 four Board meetings were held on 06.06.2011, 26.07.2011, 14.11.2011 and 14.02.2012.

Composition and attendance of each Director at the meeting of the Board of Directors and at the last AGM

The composition of the Board of Directors and their attendance at the meetings of Board of Directors during the year and at last Annual General Meeting are given below :

Name of the Director	Category of Directorship	No. of board meetings attended	No. of Directorship held in other Indian public limited Companies	No. of committees positions held in other Indian public limited Companies	Attendance at the last AGM
Mr. Priyam B. Mehta	Executive- Chairman & Managing Director	4	1	-	Yes
Mr. Varun P. Mehta	Executive Director	4	1	-	Yes
Mr. Vishal P. Mehta *	Executive Director	4	-	-	Yes
CA Mahendra N. Shah	Non Executive – Independent Director	4	1	-	Yes
Mr. Vishvajit M. Mehta	Non Executive – Independent Director	3	-	-	Yes
Dr. Janak D. Desai	Non Executive – Independent Director	4	-	-	Yes
Dr. Gaurang K. Dalal	Non Executive – Independent Director	3	1	-	Yes
CA Chirag M. Shah*	Non Executive – Independent Director	3	-	-	No

* Mr. Vishal P. Mehta was appointed as the Executive Director and CA Chirag M. Shah was appointed as a Non Executive Independent Director of the Company with effect from 26.07.2011.

- None of the Non-Executive Directors of the Company have any pecuniary relationships or transactions with the Company except holding qualification shares in the Company.
- There is no compensation package except payment of sitting fees to the Non- Executive Directors.
- The Non-Executive Directors are accomplished professionals in their respective fields and provide valuable inputs at the discussions and deliberations at the meeting of Board of Directors. The details of Director seeking appointment / re-appointment at the ensuing Annual General Meeting as required under Clause 49(IV) (G) of the listing agreement are given in the Directors' Report.

- There is no nominee director on the Board as at 31st March, 2012.
- All the information required to be furnished to the Board of Directors was made available to them along with the detailed notes. This information includes minutes of meeting of Audit Committee, Remuneration Committee, Investor Grievance Committee, information about recruitment of senior officers just below the Board level, materially important litigations, show cause/ demand notices, prosecution and penalty, fatal or serious accidents or dangerous occurrences, material effluent or pollution problems if any, material default in financial obligations if any, sale of material nature of investments, sale of assets which are not in the normal course of business, details of joint venture, acquisition of Companies or collaboration agreement, details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement, non compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non-payment of dividends etc.

AUDIT COMMITTEE

The Company formed an Audit Committee comprising of three Independent Directors and the Chairman and Managing Director of the Company on 26th July, 2011. During the year three Audit Committee meetings were held on 26.07.2011, 14.11.11 and 14.02.12.

The terms of reference and powers of Audit Committee are in compliance with the provisions of Corporate Governance under Clause 49 of the listing agreement and Section 292(A) of the Companies Act, 1956. The minutes of the Audit Committee meetings are circulated to Board of Directors of the Company.

The composition of Audit Committee and particulars of attendance at the Audit Committee meetings during the year under review are given below :

Name of Director	Chairman/ Member	Category of Directorship	No. of meetings attended
CA Chirag M. Shah	Chairman	Non-Executive – Independent	3
Mr. Vishvajit M. Mehta	Member	Non-Executive – Independent	3
Dr. Gaurang K. Dalal	Member	Non-Executive – Independent	2
Mr. Priyam B. Mehta	Member	Executive – Promoter	3

REMUNERATION COMMITTEE

The Company has three Whole time Directors on the board whose appointment and remuneration has been fixed by the Board of Directors in terms of resolution passed by the members in general meeting as per Schedule XIII to the Companies Act, 1956. However, the Board has constituted a Remuneration Committee comprising of Mr. Priyam B. Mehta as Chairman, CA Mahendra N. Shah – Independent Director as Member and Dr. Janak D. Desai – Independent Director as Member to decide/ review the remuneration of Managing Director and Executive Directors of the Company as per the provisions of the Companies Act, 1956.

During the year 2011-12 one meeting of Remuneration Committee was held on 26.07.2011 which was attended by all the members of the Committee

Details of Remuneration paid to Directors

(Rs. in Lacs)

Name of Director	Salary	Perquisites *	Sitting Fees for attending meeting of Board of Directors and Committee meetings
Mr. Priyam B. Mehta	21.12	11.03	-
Mr. Varun P. Mehta	12.00	4.44	-
Mr. Vishal P. Mehta	4.09	0.53	0.15
CA Mahendra N. Shah			0.70
Mr. Vishvajit M. Mehta			0.70
Dr. Janak D. Desai			0.65
Dr. Gaurang K. Dalal			0.50
CA Chirag M. Shah			0.55

* Includes contribution to provident fund of Directors.

INVESTORS GRIEVANCE COMMITTEE

The Investor Grievance Committee has been formed by the Company to oversee the share transfers and for taking care of investor grievances.

The members of Company's Investor Grievance Committee are CA Mahendra N. Shah- Chairman, Dr. Gaurang K. Dalal- Member, Mr. Varun P. Mehta- Member and Mr. Vishal P. Mehta- Member. The meeting of the Investor Grievance Committee was held on 14.11.2011 which was attended by all the members of the committee.

Number of investor complaints received, solved and pending during the period from 1.4.2011 to 31.3.2012

Nature of Complaints	Received	Solved	Pending
Transfer of Shares	17	17	0
Correction of names on securities	3	3	0
Non receipt of dividends	4	4	0
Others	5	5	0

SHARE TRANSFER COMMITTEE

The Board of Directors also constituted Share Transfer Committee for transfer and transmission of shares. The Whole time Directors and Company Secretary are members of the said Transfer Committee. Mostly, every month there are two meetings and the shares are transferred to the transferees within a period of one month as stipulated in the Listing Agreement with the Ahmedabad Stock Exchange.

GENERAL BODY MEETING

Location and time for the last three Annual General Meetings

Year ended	Date	Time	Venue	No. of special resolutions passed
31 st March, 2011	26 th July, 2011	10.30 a.m.	Registered Office of the Company at P.O. Kathwada, Maize Products, Ahmedabad	2
31 st March, 2010	13 th August, 2010	9.30 a.m.	Registered Office of the Company at P.O. Kathwada, Maize Products, Ahmedabad	2
31 st March, 2009	30 th September, 2009	9.30 a.m.	Registered Office of the Company at P.O. Kathwada, Maize Products, Ahmedabad	Nil

DISCLOSURES

Disclosures on materially significant related party transactions

The related party transactions entered during the year are disclosed in the Note 23(xii) to Accounts in this Annual Report.

Code of Conduct

The code of conduct for all board members and senior management of the Company has been prescribed by the Company.

Certification under Clause 49(V)

The Chairman and Managing Director of the Company has furnished the requisite certificate to the Board of Directors under Clause 49(V) of the Listing Agreement.

Cases of Non-compliance/ Penalties

There are no non-compliances by the Company on any matter related to the capital markets during the last three years. Similarly, there are no penalties or strictures imposed on the Company by the Stock Exchange, SEBI or any other Statutory Authorities on any matter related to capital markets during the last three years.



MEANS OF COMMUNICATION

The Company normally publishes the quarterly and annual results in leading English dailies like Economic Times and also in vernacular language.

The Company has its own web-site www.maizeproducts.com on which the quarterly results are displayed.

The management discussion and analysis report is attached to the Directors Report and forms part of the annual report.

GENERAL SHAREHOLDER INFORMATION**Annual General Meeting**

Day and date : Tuesday, 7th August, 2012

Time : 9.30 a.m.

Venue : Bhuriba Lallubhai Mehta Primary School, Kathwada, Maize Products, Ahmedabad-382430.

Financial Calendar (Tentative)

Financial year : April-March

First quarter results : 2nd Week of July, 2012

Half Yearly results : 2nd Week of November, 2012

Third quarter results : 2nd Week of February, 2013

Fourth quarter/ Annual results : 2nd Week/ end of May, 2013

Book Closure Date : Tuesday, 31st July 2012 to Tuesday, 7th August, 2012 (both days inclusive)

Dividend Payment Date : 17th August, 2012

Listing in Stock Exchange(s) : Your Company shares are listed at Ahmedabad Stock Exchange

Notes regarding payment of annual listing fees : The annual listing fees for the year 2012-13 has been already paid by the Company.

Stock code at Ahmedabad Stock Exchange : SAYAJIINDU / 52210

ISIN with NSDL and CDSL : INE327G01016

Market Price data and stock performance

The equity shares of the Company are listed only at Ahmedabad Stock Exchange. There is no trading in the equity shares of the Company at Ahmedabad Stock Exchange since last more than a decade. The data of market price and stock performance is therefore not given.

Compliance Officer

Rajesh H. Shah

Company Secretary &

Sr. Executive Vice President

Sayaji Industries Limited

P.O. Kathwada, Maize Products, Ahmedabad-382430.

Phone : +91(79) 22901581-85, Fax : +91(79) 22902424

e-mail : rhs@maizeproducts.com

Registrar and Transfer Agents

Karvy Computershare Private Limited

Plot No.17-24 Vithalrao Nagar, Madhapur,
Hyderabad-500081.

Phone No : +91(40) 23420814 to 818

e-mail : einward.ris@karvy.com

Share Transfer Systems

Since the Company's shares are traded in the demat segment on Stock Exchange, bulk of the transfer takes place in the electronic form. The transfer of physical shares are handled by Karvy Computershare Private Limited at the address as mentioned above.

Distribution of shareholding as on 31st March, 2012

Sr. No.	Category	No. of Shares Held	% of total Share holding
1	Promoters	59241	74.99
2	Mutual Fund	0	0.00
3	Banks, Financial Institutions, Insurance Companies	14	0.02
4	Foreign Institutional Investors	0	0.00
5	Private Bodies Corporate	19	0.02
6	Indian Public	19726	24.97
7	NRIs/ OCBs	0	0.00
8	GDR/ ADR	0	0.00
	Grand Total	79000	100.00

Distribution of shareholding as on 31st March, 2012

No. of Equity Shares	No. of Folios	% of Total Folios	No. of Shares	% of Share holding
Less than 50	4504	99.01	14971	18.95
51 to 100	16	0.35	1067	1.35
101 to 200	6	0.13	798	1.01
201 to 300	2	0.04	522	0.66
301 to 400	4	0.09	1466	1.86
401 to 500	1	0.02	435	0.55
501 to 1000	3	0.07	2378	3.01
More than 1000	13	0.29	57363	72.61
Total	4549	100.00	79000	100.00

Dematerialization of shares and liquidity

The Company's shares are available for dematerialization on both National Securities Depository Limited and Central Depository Services (I) Limited. Shares of the Company are traded in demat form on Stock Exchange. 22270 Equity being 28.19% of the capital have been dematerialized by investors and bulk of transfer takes place in the demat form.

Outstanding GDRs/ ADRs/ Warrants or any convertible instruments and conversion rate and likely impact on equity : Nil

Plant locations

P.O. Kathwada, Maize Products, Ahmedabad-382 430.

Address for correspondence

Shareholders may correspond with the Company at its Registered Office at

The Secretarial Department

Sayaji Industries Limited

P.O. Kathwada, Maize Products, Ahmedabad-382 430.



Compliance of conditions of Corporate Governance

To the Shareholders of Sayaji Industries Limited
Ahmedabad

We have examined the compliance of the conditions of Corporate Governance by Sayaji Industries Limited ("the Company") for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and based on the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells
Chartered Accountants**

Ahmedabad
May 30, 2012

(H. P. Shah)
Partner
Membership No. 33331

Declaration by the Managing Director

To the Shareholders of Sayaji Industries Limited
Ahmedabad

Declaration by the Chairman & Managing Director Under Clause 49 of the Listing Agreement

I, Priyam B. Mehta, Chairman and Managing Director of Sayaji Industries Limited declare that to the best of my knowledge and belief, all the members of the Board of Directors and senior management personnel have affirmed compliance with code of conduct for the year ended 31st March, 2012.

Ahmedabad
May 30, 2012

Priyam B. Mehta
Chairman & Managing Director

CEO/CFO Certification

To
The Board of Directors
Sayaji Industries Limited
Ahmedabad

CERTIFICATE

We have reviewed the financial results and the cash flow statement of Sayaji Industries Limited for the financial year ended 31st March, 2012 and certify that

- (a) This results and statements, to the best of our knowledge and belief :
- (i) do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- (b) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of Company's code of conduct;
- (c) We accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or the operation of internal controls of which we are aware, and the steps taken and proposed to be taken to rectify this deficiency;
- (d) We have also indicated to the Auditors and to the Audit Committee :
- (i) significant changes in the internal controls with respect to the financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) to the best of our knowledge and belief, there are no instance of fraud involving either the management or employee having a significant role in the Company's internal control systems with respect to financial reporting.

Ahmedabad
May 30, 2012

N J Deora
Sr. Exe. V P (Accounts)

Priyam B. Mehta
Chairman & Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMY

Various domestic and global factors contributed towards a moderation of Indian economic growth to 6.9% in 2011-12 from 8.4% in 2009-10 and 2010-11 and the Government of India is expected to take measures which may be difficult looking to the political scenario to revive economic growth in the near to medium term. There could be a greater risk of high fiscal deficit followed by the increase in current account deficit due to sharp decline in Indian Rupee and rise in oil prices, which may reduce revenue to the government. After moderating towards the end of 2010, inflation has veered up again and remains high.

Tighter monetary policy and modest reduction in the deficit will help cool demand somewhat. However, despite rising risk of political and economic policies, the overall economic outlook of India in the long run is still intact. India is the second most preferred destination for foreign investors according to the report by Ernst & Young, The wealth of high net worth individuals (HNIs) is set to grow by a compounded annual growth rate of 23% over next four years. India has emerged as the world's top recipient of officially recorded remittances for the fourth straight year.

STARCH INDUSTRY – AN OVERVIEW

GLOBAL STARCH MARKET

Starch is one of the most popular biomaterials having diversified applications in various industries like food and beverage, paper, pharmaceuticals, textile, paint, FMCG and animal feed industries across the globe. The global starch market is expected to grow to around 80 million MT by the year 2015. It is expected that the modified starch market would be the fastest growing segment over this period due to rising health awareness and growing functional and nutritional needs in the global economy that are resulting in a higher usage of modified starches. China has the highest production of starch with around 18 million tones surpassing the USA with 13 million tone starch output.

Global corn production for 2012-13 is projected at 945 million MT up 75.3 million MT from 2011-12 in the 6th straight year.

INDIAN STARCH SCENARIO

The Indian organized starch industry has an estimated size of around Rs.3000 Crores. The industry is at a nascent stage comprising around 40 starch and derivative products from corn as against international market which comprises more than 800 such products. Thus there is a huge scope of increase in demand in the coming years. During the period 2005-10, the Indian starch industry grew at a CAGR of 21% and is expected to grow at 15% p.a. in the coming years. The size of the starch industry in India is negligible as compared to international market. The profit of the industry also fluctuate from year to year due to erratic availability of the basic raw material- corn being an agri-product and depends on natural vagaries.

India's maize production may touch 21 million Mts in the 2011-12 crop year (July-June which is marginally lower than 21.28 million Mts in the previous year. The production is expected to be slightly lower in both kharif and rabi seasons but expected to be adequate to meet the demand.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

Per capita consumption of starch in India is very less at approx. 2 kg as compared to global average of around 6 kg and US average of 65 kgs. There is also a huge scope of increase in starch and derivative products in India, around where just 40 starch and derivative products are produced as against around 800 such products globally. All this augurs well for the starch industry in India and Sayaji Industries Limited which is one of the largest players in the Industry with diversified product portfolio is expected to gain from this growth of demand.

THREATS/ RISKS

Risk relating to increased competition in Starch Industry

There has been a huge capacity additions by major players in the starch industry which has led to fierce competition in the industry. Added to this the price of maize and all other input costs have gone up substantially, which may affect the margins of the industry.

Risk mitigation

To ensure safety and prosperity of the business, the Company has indentified and minimised the risks associated with its business.

The growth of starch industry depends on growth of sectors like textile, pharmaceuticals, paper, paints, food, confectioneries, FMCG etc. All these sectors are growing at a healthy rate and this has helped all the players in the starch industry to grow at a healthy rate. The Company has been able to pass on some portion of increased input costs to its client. The Company is the largest exporter in the industry and approx. 30% of the products of the Company are exported. This concentration in the export market has helped the Company to get good prices for its products. The Company also puts more efforts on the products with a better margin and tries to cut costs at all levels by applying stringent cost cutting measures.

Risk relating to decrease in demand

Risk mitigation

The product portfolio of the Company is diversified and the products are supplied to various industries ranging from textile, FMCG, food, paper, paints, pharmaceuticals, confectionery etc. If there is a slow down in some industry, the Company concentrates on the sectors which are growing and supplies to such industries. In addition to above paper, paints, leather, FMCG Products are expected to register good growth with the growth of Indian economy.

Risk relating to scarcity/ quality of raw materials

Risk mitigation

The major raw material of the Company is maize. The Company has since many years established a very efficient maize procurement policy to ensure availability of quality maize at competitive price. The Company also has storing arrangement in and around its plant to ensure that sufficient stock of raw materials is maintained and there is no disruption in the production. For other important input being power, the Company has its own power generating turbine wherein the power is produced at a comparatively lower rate. The Company has also installed a 1 MW biogas engine which generates power from biogas produced while treating its effluents which makes available green energy at a very low cost.

Geographic presence is required for growth

Risk mitigation

Though the Company is located at a far distance from the maize growing area, it is near to the industries which utilizes the products of the Company. Thus the disadvantage is mitigated by being near to the markets which utilizes the products of the Company.

Change in environment regulations

Risk mitigation

The Company has its own state-of-the-art facilities to treat the effluents generated from its manufacturing processes. It has taken all the required measures to ensure that emissions are within the statutory limits prescribed by the pollution control authorities. As indicated above, the Company is generating 1 MW of electricity from the biogas generated while treating its effluents in bio digesters.

BUSINESS OUTLOOK

The Company continues to remain one of the market leaders in the starch industry. The products of the Company are very well accepted in local and international markets due to its quality and applications. There has been continuous increase in the maize grinding activity of the Company. This coupled with better realization of the products of the Company has resulted in the higher gross revenues from operations by 16% during the year 2011-12 as compared to previous year. Despite of consistent rise in the cost of maize and other inputs, the Company has been able to maintain its profitability due to stringent cost cutting measures, de-bottlenecking, automisation and diversified product portfolio. The Operating Profits of the Company was Rs.1671.63 Lacs as against Rs.1697.17 Lacs in the previous year. The Gross Profit of the Company was Rs.1000.53 Lacs as against Rs.1033.67 Lacs in the previous year and the Net Profit of the Company was Rs.306.77 Lacs as against Rs.307.59 Lacs in the previous year.



Exports during the year has increased to Rs.105 Cores and for the first time in the history of the Company the same has exceeded Rs.100 Crore mark during the year 2011-12. The Company is the largest exporter of starches and its derivatives in India. This is possible due to quality of the products of the Company and its ability to adhere to the delivery requirements of its international clientele at competitive rates. The Company has received ISO 9001:2008 which certifies the quality standards of the products and processes which the Company adopts to manufacture its products. Efforts have been put to enlarge the product portfolio of the Company by including the high value products to ensure that the bottom line is improved. Efforts are also on to improve the technical efficiency of the Company with the help of the consultants and experts in the field. The Company has been able to establish its name in the industry and boast of reputed clients like Colgate, Hindustan Unilever, Asian Paints, ITC, Berger Paints, West Coast Papers, Zydus Cadila, Torrent etc. to name a few.

With all the efforts as aforesaid, it is expected that the operating capacity of the Company will increase and the Company may be in a position to improve its bottom line.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has appointed two internal auditors and has an effective internal control system commensurate with its size and nature of business to ensure that all the transactions are properly executed and recorded. The systems are also reviewed by the management and statutory auditors of the Company to ensure efficiency and transparency in the operations of the Company. The system is also in place to ensure that all applicable statutory and legal formalities are complied with by the Company.

COMPANY PERFORMANCE AND ANALYSIS

- Net Sales of the Company has increased in terms of both quantity and value as compared to previous year.
- Export of the Company has crossed Rs.100 Crore mark for the first time during the year under review.
- Profitability of the Company has been more or less maintained despite of increase in the cost of raw materials and other inputs due to stringent cost cutting measures and increased productivity from de-bottlenecking.
- Despite of 16% increase in the turnover of the Company the credit period has been maintained to 28 days due to efforts on the part of sole selling agents of the Company.
- The Company enjoys highest health code from its bankers for many years which has enabled it to borrow at a comparatively lower costs.
- EPS of the Company works out to Rs.388.

INDUSTRIAL RELATIONS

Industrial relations remain cordial. The Company organizes regular training programmes for the workers and executives to ensure that their efficiency remains high and motivation increases. The Company provides ample opportunity to its employees to sharpen their skills by organizing visits of experts in its plant and by visiting the factories of collaborators. The Company has been able to retain its employees for years and has ensured that they also grow with the growth of the Company.

TO THE MEMBERS OF SAYAJI INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Sayaji Industries Limited ("the Company") as at 31st March, 2012, the statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (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 it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss 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 Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 31st March, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No.117365W)

H. P. Shah
Partner
(Membership No.33331)

Ahmedabad
Date: 30th May 2012



ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities, clauses (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Under the circumstances, provisions of clause (iii) (b), (iii) (c) and (iii) (d) of paragraph 4 of the Order are not applicable to the Company.
 In respect of loans, secured or unsecured, taken by the Company from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The Company has taken loans from five Companies during the year. At the year-end, the outstanding balance of such loans taken aggregated Rs.968.50 lacs and the maximum amount involved during the year was Rs.1128 lacs.
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
 - (c) The Company is regular in repaying the principal amounts, wherever stipulated and has been regular in the payment of interest.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

- (viii) In our opinion, the internal audit functions carried out during the year by two firms of Chartered Accountants appointed by the Management. On the basis of reports made by the internal auditors to the management, the internal audit system is commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of Bulk drugs (i.e. Anhydrous Dextrose) and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (c) There were no amounts which have not been deposited as on 31st March, 2012 on account of disputes.
- (xi) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the financial year under report and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not issued any debentures.
- (xiii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xvii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xviii) During the year, no debentures have been issued by the Company and hence the question of creating securities in respect thereof does not arise.
- (xix) During the year, the Company has not raised money by way of public issue.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No.117365W)

H. P. Shah
Partner
(Membership No.33331)

Ahmedabad
Date: 30th May 2012



BALANCE SHEET

SAYAJI INDUSTRIES LIMITED BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	As at 31.03.2012 ₹ in Lacs	As at 31.03.2011 ₹ in Lacs
A EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS:			
(a) Share Capital	2	79.00	79.00
(b) Reserves & Surplus	3	2,742.56	2,527.61
		<u>2,821.56</u>	<u>2,606.61</u>
2 NON CURRENT LIABILITIES			
(a) Long Term Borrowings	4	2,630.40	2,162.68
(b) Deferred Tax Liabilities (Net)	23.vii	851.64	756.39
(c) Long Term Provisions	5	290.45	285.24
		<u>3,772.49</u>	<u>3,204.31</u>
3 CURRENT LIABILITIES			
(a) Short Term Borrowings	6	2,712.66	2,845.94
(b) Trade Payables	7	5,533.53	3,961.34
(c) Other Current Liabilities	8	865.80	1,120.71
(d) Short Term Provisions	9	579.55	531.35
		<u>9,691.54</u>	<u>8,459.34</u>
TOTAL		<u><u>16,285.59</u></u>	<u><u>14,270.26</u></u>
B ASSETS			
1 NON CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	10	8,205.91	6,835.03
(ii) Capital Work-In-Progress		137.31	831.04
		<u>8,343.22</u>	<u>7,666.07</u>
(b) Non Current Investments	11	151.39	151.30
(c) Long Term Loans and Advances	12	233.18	189.85
		<u>8,727.79</u>	<u>8,007.22</u>
2 CURRENT ASSETS			
(a) Inventories	13	4,072.28	3,176.49
(b) Trade Receivables	14	3,032.59	2,666.84
(c) Cash and Cash Equivalents	15	111.49	92.38
(d) Short Term Loans and Advances	16	341.44	327.33
		<u>7,557.80</u>	<u>6,263.04</u>
TOTAL		<u><u>16,285.59</u></u>	<u><u>14,270.26</u></u>

Notes Forming Part of the Financial Statements

1 to 23

As per our attached Report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Priyam B. Mehta
Chairman & Managing Director

Varun P. Mehta
Executive Director

CA Mahendra N. Shah
Director

H. P. Shah
Partner

Dr. G. K. Dalal
Director

Dr. J. D. Desai
Director

CA Chirag M. Shah
Director

N. J. Deora
Sr. Executive V. P. (Accounts)

Rajesh H. Shah
Company Secretary

Ahmedabad
Date: 30th May, 2012.

Ahmedabad
Date: 30th May, 2012.

SAYAJI INDUSTRIES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

STATEMENT OF PROFIT AND LOSS

	Note No.	For the year 2011-12 ₹ in Lacs	For the year 2010-11 ₹ in Lacs
INCOME			
1	17	39,168.05	33,877.96
		2,651.82	2,353.08
		36,516.23	31,524.88
2	18	70.29	34.14
3		36,586.52	31,559.02
4 EXPENDITURE			
(a)	19.a	22,135.74	17,859.23
(b)	19.b	66.39	46.49
(c)	19.c	(210.91)	(83.48)
(d)	20	2,406.43	2,331.43
(e)	21	671.10	663.41
(f)	10	517.00	462.26
(g)	22	10,517.24	9,708.18
		36,102.99	30,987.52
5		483.53	571.50
6		-	-
7		483.53	571.50
8		-	-
9		483.53	571.50
10 Tax Expense:			
(a)		97.00	121.50
(b)		(15.49)	-
(c)		81.51	121.50
(d)		95.25	142.41
		176.76	263.91
11		306.77	307.59
12 Earnings Per Share (of ₹ 100/- each):			
(a)	23.xiii	388.32	427.99
(b)		388.32	427.99

Notes Forming Part of the Financial Statements 1 to 23

As per our attached Report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Priyam B. Mehta
Chairman & Managing Director

Varun P. Mehta
Executive Director

CA Mahendra N. Shah
Director

H. P. Shah
Partner

Dr. G. K. Dalal
Director

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N. J. Deora
Sr. Executive V. P. (Accounts)

Rajesh H. Shah
Company Secretary

Ahmedabad
Date: 30th May, 2012.

Ahmedabad
Date: 30th May, 2012.



SAYAJI INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		483.53		571.50
Adjustments for:				
Depreciation	517.00		462.26	
Interest Expenses	671.10		663.41	
Dividend	(24.13)		(24.07)	
(Profit)/Loss on sale of Fixed Assets	(36.18)		18.47	
(Increase)/Decrease in Misc. Expenses	—		3.03	
(Profit) on Sale of Investment	(0.09)		—	
		<u>1127.70</u>		<u>1123.10</u>
Operating profit before working capital changes		1611.23		1694.60
Adjustments for:				
Trade and Other Receivables	(380.41)		(116.90)	
Inventories	(895.79)		722.89	
Trade Payables	1416.74		841.73	
		<u>140.54</u>		<u>1447.72</u>
Cash Generated From Operations		1751.77		3142.32
Taxes paid		(124.29)		(102.23)
Net Cash From Operating Activities		1627.48		3040.09
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(1194.17)		(1450.86)	
Sale of Fixed Assets	36.20		43.29	
Sale of Investments	6.52		—	
Purchase of Investments	(6.52)		(22.00)	
Dividend Received	24.13		24.07	
Net Cash From Investing Activities		(1133.84)		(1405.50)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Equity Shares (including Premium)	—		294.50	
Proceeds/(repayment) from Borrowings	288.69		(1267.12)	
Interest Paid (Net of interest received - ₹ 6.52 Lacs) (Previous Year - ₹ 3.57 Lacs)	(671.10)		(663.41)	
Dividend & Tax thereon paid	(92.12)		(45.63)	
Net Cash Generated in Financing Activities		(474.53)		(1681.66)
Net Changes in Cash & Cash Equivalents (A-B-C)		19.11		(47.07)
Add: Cash and Cash Equivalents at the beginning of the year		92.38		139.45
Cash and Cash Equivalents at the end of the year		111.49		92.38

Notes:

- The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents include deposits with banks of ₹ 7.70 Lacs (Previous Year ₹ 2.15 Lacs) and unpaid dividend accounts with banks of ₹ 13.57 Lacs (Previous year ₹ 12.07 Lacs), which is not available for immediate use.

As per our attached Report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Priyam B. Mehta
Chairman & Managing Director

Varun P. Mehta
Executive Director

CA Mahendra N. Shah
Director

H. P. Shah
Partner

Dr. G. K. Dalal
Director

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N. J. Deora
Sr. Executive V. P. (Accounts)

Rajesh H. Shah
Company Secretary

Ahmedabad
Date: 30th May, 2012.

Ahmedabad
Date: 30th May, 2012.

SAYAJI INDUSTRIES LIMITED**Notes Forming Part of the Financial Statements**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**i Basis of Preparation of Financial Statements:**

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

ii Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

iii Fixed Assets:

Fixed Assets are stated at cost (Net of Taxes) of acquisition or construction. Cost includes all costs incurred to bring the assets to their present condition and location. They are stated at historical cost less accumulated depreciation. Capital assets under erection/installation are reflected in the Balance Sheet as "Capital work in Progress".

iv Leased Assets:

In case of operating leases, rentals are expensed with reference to lease terms and other considerations. The aggregate lease rentals payable are charged as Rent in the Profit and Loss Account. The leasing arrangements which are not non cancellable are for period of eleven months or longer.

v Depreciation:

Depreciation on all fixed assets is provided on Straight Line Method as per Section 205(2)(b) of the Companies Act, 1956, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on fixed assets purchased/acquired during the year is provided on pro-rata basis according to the period each asset was put to use during the year. Similarly, depreciation on assets sold/discarded/demolished during the year is provided on pro-rata basis.

vi Impairment:

Impairment is ascertained at each balance sheet date in respect of Cash Generating Units. An impairment loss is recognised whenever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

vii Investments:

Long Term Investments are stated at cost. Provision for diminution in value is made, if permanent.

viii Inventories:

Stores, Spares, Chemicals and Packing materials are valued at weighted average cost or net realisable value whichever is lower.

Raw materials and Coal are valued at cost (FIFO basis) or net realisable value whichever is lower.

Finished Goods and Process Stock are valued at cost or net realisable value whichever is lower. Cost thereof is determined on absorption costing method.

By products are valued at net realisable value.



ix Employee Benefits:**a) Defined Contribution Plan.**

The Company's contributions paid/payable for the year to Provident Fund and Superannuation Fund are recognized in the profit and loss account.

b) Defined Benefit Plan

The Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

x Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

xi Revenue Recognition:

(a) Revenue from Sales is accounted on dispatch. Sales are net of discounts and returns. Excise Duty and VAT collected on Sales are shown by way of further deductions from Sales.

(b) Dividend Income is accounted when right to receive the dividend is established.

(c) Revenue in respect of Other Income is recognised when a reasonable certainty as to its realisation exists.

xii Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rates prevailing at the time the transactions are effected. Any income or expense on account of exchange rate difference either on settlement or on translation is recognized in the profit and loss account for the period in which the difference takes place. At the year end, monetary items denominated in foreign currency are reported using the closing rate of exchange. In cases of items which are covered by forward exchange contracts, the differences between the year end rates and rate on the date of contract is recognised as exchange difference and the premium paid on forward contract is recognised over the life of contract. Non monetary foreign currency items are carried at historical cost.

xiii Taxes on Income:

Income tax expense for the year comprises of current tax, deferred tax. Current tax provision is determined on the basis of reliefs, deductions etc. available under the Income Tax Act. Deferred Tax is recognised for all timing differences between book and taxable profit, subject to the consideration of prudence, applying the tax rates that have been enacted or substantively enacted as on the Balance Sheet date.

xiv Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

Note 2: SHARE CAPITAL

	As at 31.03.2012		As at 31.03.2011	
	Number of shares	₹ Lacs	Number of shares	₹ Lacs
(a) Authorised				
Equity shares of ₹ 100 each with voting rights	200,000	200.00	200,000	200.00
(b) Issued, Subscribed and fully paid up				
Equity shares of ₹ 100 each with voting rights	79,000	79.00	79,000	79.00
Total		79.00		79.00
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				
		Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights				
Year ended 31 March, 2012				
- Number of shares		79,000	-	79,000
- Amount (₹)		7,900,000	-	7,900,000
Year ended 31 March, 2011				
- Number of shares		60,000	19,000	79,000
- Amount (₹)		6,000,000	1,900,000	7,900,000
(ii) Details of Shareholders holding more than 5% shares:				
Class of shares / Name of shareholder	As at 31.03.2012		As at 31.03.2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Sujata Priyam Mehta	14,221	18.00	14,221	18.00
C.V.Mehta Private Limited	11,994	15.18	11,994	15.18
Priyam Comm. Ent. Private Limited	10,705	13.55	10,705	13.55
Priyam B. Mehta	9,115	11.54	9,115	11.54
Bini Commercial Ent. Private Limited	5,740	7.27	5,740	7.27

(iii) The Company has issued only one class of shares referred to as Equity Shares having a par value of ₹ 100/-. All Equity Shares carry one vote per share without restrictions and are entitled to Dividend, as and when declared. All shares rank equally with regard to the Company's residual assets.

(iv) The amount of per share dividend recognised as distributions to Equity Shareholders during the year ended March 31, 2012 is ₹ 100/- (Previous Year ₹ 100/-), subject to approval by Shareholders in the ensuing Annual General Meeting.



NOTE 3: RESERVES AND SURPLUS

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
(a) Capital Reserve		
Opening Balance	2.79	2.79
(b) Capital Redemption Reserve		
Opening Balance	53.59	53.59
(c) Securities Premium Account		
Opening Balance	275.50	-
Add : Premium on Shares Issued During the Year	-	275.50
Closing Balance	275.50	275.50
(d) General Reserve		
Opening Balance	2,015.15	1,915.15
Add: Transferred from Surplus in Statement of Profit and Loss	100.00	100.00
Closing Balance	2,115.15	2,015.15
(e) Surplus in Statement of Profit and Loss		
Opening Balance	180.58	65.11
Add: Profit for the Year	306.77	307.59
	487.35	372.70
Less: Transferred to/Appropriations:		
General Reserve	(100.00)	(100.00)
Proposed Dividend on Equity Shares to be distributed to the Shareholders (₹ 100 per share)	(79.00)	(79.00)
Tax on Dividend	(12.82)	(13.12)
Closing Balance	295.53	180.58
Total	2,742.56	2,527.61

NOTE 4: LONG TERM BORROWINGS

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
(a) Term loans		
From Banks		
Secured	1,117.55	1,006.43
(b) Deposits from Public		
Unsecured	594.35	556.25
(c) Deposits from Related Parties		
Unsecured	918.50	600.00
Total	2,630.40	2,162.68

- (i) Term loan from Punjab National Bank of Rs.499.94 lacs (Previous year Rs.700.00 lacs) is collaterally secured by hypothecation of plant and machineries of Kathwada Unit excluding specific plant and machinery, if any, purchased and/or to be purchased under any scheme of financial institution/bank and other assets excluded for the charge and also by mortgage of land and building of Kathwada Unit. This loan is repayable in 20 equal quarterly instalments.
- (ii) Term loans from HDFC Bank of Rs.977.15 lacs (Previous year - Rs.646.95 lacs) are secured by way of equitable mortgage of the buildings at Mumbai. The said loan is repayable in 20 equal quarterly instalments.
- (iii) Vehicle loans from Axis Bank amounting to Rs.43.79 lacs (Previous year Rs.26.88 lacs) are secured by way of hypothecation of respective motor vehicles purchased. The said loans are repayable in 36 equal monthly instalments.

NOTE 5: LONG TERM PROVISIONS

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
Provision for Employee Benefits: (Refer Note. 23.viii)		
(a) Provision for Compensated Absences	78.46	74.88
(b) Provision for Gratuity (Net)	211.99	210.36
Total	290.45	285.24

NOTE 6: SHORT TERM BORROWINGS

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
(a) Deposits from Related Parties (Refer Note.23.xii)		
Unsecured	50.00	476.50
(b) Deposits from Public		
Unsecured	308.99	154.37
(c) Working Capital Loans		
Secured	2,353.67	2,215.07
Total	2,712.66	2,845.94

Working Capital loans are secured by hypothecation of stock of stores, stock-in-trade including stock meant for exports and book debts present and future and collaterally secured by hypothecation of plant & machineries of Kathwada Unit excluding specific plant and machinery, if any, purchased and/or to be purchased under any scheme of financial institution/bank and other assets excluded for the charge and also by mortgage of land and building of Kathwada Unit.

NOTE 7: TRADE PAYABLES

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
Trade Payables (Refer Note 23.vi)		
For Supply of Goods	5,204.63	3,431.13
Others	328.90	530.21
Total	5,533.53	3,961.34

NOTE 8: OTHER CURRENT LIABILITIES

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
(a) Current Maturities of Long Term Debt (Refer Note below)	423.33	452.18
(b) Unpaid Dividends	13.57	12.16
(c) Unpaid Matured Deposits	1.48	18.38
(d) Other payables		
(i) Statutory Remittances	37.05	41.24
(ii) Payables on Purchase of Fixed Assets	147.79	341.92
(iii) Trade/Security Deposits Received	18.73	7.19
(iv) Advances from Customers	175.75	202.82
(v) Others	48.10	44.82
Total	865.80	1120.71

Current Maturities of Long Term Debt (Refer Notes (i) in Note 4 - Long Term Borrowings for details of security.

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
(a) Term Loans		
From Banks		
Secured	423.33	452.18
Total	423.33	452.18

NOTE 9: SHORT TERM PROVISIONS

	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
(a) Provision for Employee Benefits:		
(i) Provision for Bonus	69.00	76.11
(ii) Provision for Compensated Absences	27.75	29.29
(iii) Provision for Gratuity (Net) (Refer Note. 23.viii)	69.41	75.02
	166.16	180.42
(b) Provision - Others:		
(i) Provision for Proposed Equity Dividend	79.00	79.00
(ii) Provision for Tax on Proposed Dividends	12.82	13.12
(iii) Provision - Expenses	321.57	258.81
	413.39	350.93
Total	579.55	531.35

NOTE 10 : FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1 April, 2011	Additions during the year	Disposals during the year	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation for the year	Eliminated on disposal of assets	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
	₹ lacs	₹ lacs	₹ lacs	₹ lacs	₹ lacs	₹ lacs	₹ lacs	₹ lacs	₹ lacs	₹ lacs
A. Tangible Assets										
(a) Land Freehold	0.80	-	-	0.80	-	-	-	-	0.80	0.80
(b) Buildings Owned	1,249.85	228.02	-	1,477.87	333.65	42.91	-	376.56	1,101.31	916.20
(c) Plant and Machinery Owned	10,297.44	1,586.50	-	11,883.94	4,617.58	439.19	-	5,056.77	6,827.17	5,679.86
(d) Furniture and Fixtures Owned	206.90	26.13	0.50	232.53	141.21	9.42	0.48	150.15	82.38	65.69
(e) Vehicles Owned	234.10	47.25	-	281.35	61.63	25.48	-	87.11	194.24	172.47
(f) Others (i) Agricultural Equipments	0.35	-	-	0.35	0.34	-	-	0.34	0.01	0.01
Total	11,989.44	1,887.90	0.50	13,876.84	5,154.41	517.00	0.48	5,670.93	8,205.91	6,835.03
Previous year	10,971.15	1,112.26	93.97	11,989.44	4,724.36	462.26	32.21	5,154.41	6,835.03	

Buildings include:

- Rs.313.42 Lacs (Previous Year Rs.313.42 Lacs) being cost of ownership premises in a co-operative housing society including cost of fifteen shares of the face value of Rs.750/- received under the Bye-laws of the Society in the name of the Company.
- Rs.4.50 Lacs (Previous Year Rs.4.50 Lacs) being cost of ownership premises in cloth market association including cost of one share of the face value of Rs.100/- received under rules and regulations of the association in the name of the Company.

B. Depreciation relating to continuing operations:	For the year ended 31.03.2012 ₹ Lacs	For the year ended 31.03.2011 ₹ Lacs
Depreciation for the year on Tangible Assets	517.00	462.26
Total Depreciation and amortisation	517.00	462.26

Note: Details of Assets Acquired under hire Purchase Agreements:				
	Gross Block		Net Block	
	31.03.2012 ₹ Lacs	31.03.2011 ₹ Lacs	31.03.2012 ₹ Lacs	31.03.2011 ₹ Lacs
Motor Cars	84.71	38.86	74.69	36.53



NOTE 11: NON CURRENT INVESTMENTS

	As at 31.03.2012			As at 31.03.2011		
	Quoted ₹ lacs	Unquoted ₹ lacs	Total ₹ lacs	Quoted ₹ lacs	Unquoted ₹ lacs	Total ₹ lacs
Other Investments						
(a) Investment in Equity Instruments						
(i) Of Associates						
12,00,000 Equity Shares of Sayaji Sethness Limited of ₹ 10 each (Previous Year :12,00,000)	-	120.00	120.00	-	120.00	120.00
(ii) Of Other Entities						
1,000 Equity Shares of ₹ 10 each of Rapicut Carbide Limited (PY 1,000)	0.05	-	0.05	0.05	-	0.05
472 Equity Shares of Punjab National bank of ₹ 10 each (P.Y. 472)	1.84	-	1.84	1.84	-	1.84
4,500 Equity Shares of Cama Hotels Ltd. of ₹ 10 each (P.Y. 4,500)	-	0.58	0.58	-	0.58	0.58
2,500 Equity Shares of Sterling (Guj.) Hospitals Ltd. of ₹ 10 each (P.Y. 2,500)	-	0.25	0.25	-	0.25	0.25
2,15,200 equity shares of Ahmedabad Commodity Exchange of ₹ 10 each (P.Y. - 2,15,200)	-	22.05	22.05	-	22.05	22.05
	1.89	142.88	144.77	1.89	142.88	144.77
(b) Investment in Mutual Funds						
23,300 units of "Principal Emerging Bluechip Fund -Growth Plan" of ₹ 10 each (P.Y.- Nil)	6.52	-	6.52	-	-	-
48,900 units of "Principal PNB Long Term Equity Fund 3 Year Plan - Series II" of ₹ 10 each	-	-	-	6.43	-	6.43
(c) Other Non-Current Investments National Savings Certificate						
		0.10	0.10		0.10	0.10
Total	8.41	142.98	151.39	8.32	142.98	151.30
Less: Provision for Diminution in Value of Investments			-			-
Total			151.39			151.30
Aggregate amount of Quoted Investments			8.41			8.32
Aggregate Market Value of Listed and Quoted Investments			11.22			11.27
Aggregate amount of Unquoted Investments (At Cost)			142.98			142.98

NOTE 12: LONG TERM LOANS AND ADVANCES

	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
(a) Capital Advances		
Unsecured, Considered Good	113.81	113.47
(b) Security Deposits		
Unsecured, Considered Good	5.82	5.61
(c) Advance Income Tax		
(Net of Provisions ₹ 381.50 Lacs) (As at 31.03.2011 ₹ 844.71 Lacs)	113.55	70.77
Total	233.18	189.85

NOTE 13: INVENTORIES

(At Lower of Cost or Net Realisable Value)

	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
(a) Raw Materials	2,108.77	1,486.52
Goods-In-Transit	-	3.78
	2,108.77	1,490.30
(b) Work-In-Progress	959.50	810.48
(c) Finished Goods	668.52	566.97
(d) By Products (At Net Realisable Value)	38.37	78.03
(e) Stores and Spares	237.00	200.10
(f) Coal & Lignite	53.16	25.22
Goods-In-Transit	6.96	5.39
	60.12	30.61
Total	4,072.28	3,176.49

NOTE 14: TRADE RECEIVABLES

	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
Trade Receivables outstanding for a period Exceeding Six Months from the date they were due for payment		
Unsecured, Considered Good	112.68	107.79
Doubtful	21.71	21.71
	134.39	129.50
Less: Provision for Doubtful Trade Receivables	21.71	21.71
	112.68	107.79
Other Trade Receivables		
Unsecured, Considered Good	2,919.91	2,559.05
Total	3,032.59	2,666.84
Trade receivables include debts due from:		
	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
Company in which any director is a director: Sayaji Sethness Limited	107.24	99.85

NOTE 15: CASH AND CASH EQUIVALENTS

	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
(a) Cash on Hand	16.95	20.48
(b) Balances with Banks		
(i) In Current Accounts	21.80	10.04
(ii) In EEFC Accounts	3.83	—
(iii) In Deposit Accounts (Refer Note below)	49.79	47.64
(iv) In Earmarked Accounts		
- Unpaid Dividend Accounts	13.57	12.07
- Balances held as Margin Money or Security against Borrowings, Guarantees and Other Commitments (Refer Note below)	5.55	2.15
Total	111.49	92.38
Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statements is	90.22	78.16
Balances with banks include deposits amounting to ₹ 2.15 lacs (As at 31 st March, 2011 ₹ Nil) and margin monies amounting to ₹ 5.55 Lacs (As at 31 March, 2011 ₹ Nil) which have an original maturity of more than 12 months.		

NOTE 16: SHORT TERM LOANS AND ADVANCES

	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
(a) Loans and Advances to Related Parties (Refer Note.23.xii)		
Unsecured, Considered Good	—	24.54
(b) Security Deposits		
Unsecured, Considered Good	3.82	3.34
(c) Loans and Advances to Employees		
Unsecured, Considered Good	4.24	6.53
(d) Prepaid Expenses - Unsecured, Considered Good	18.19	4.34
(e) Balances with Government Authorities		
(i) CENVAT Credit	43.96	64.38
(ii) PLA Balance	3.18	4.34
	47.14	68.72
(f) Others		
Unsecured, Considered Good	268.05	219.86
Total	341.44	327.33
Short-Term Loans and Advances include Amounts due from:		
	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
Company in which any director is a director : Sayaji Sethness Limited	—	24.54

NOTE 17: REVENUE FROM OPERATIONS

	For the year 2011-12 ₹ Lacs	For the year 2010-11 ₹ Lacs
(a) Sale of Products (Refer Note (i) below)	38,863.02	33,710.54
(b) Less: Excise Duty & VAT	2,651.82	2,353.08
	36,211.20	31,357.46
(c) Other Operating Revenues (Refer Note (ii) below)	305.03	167.42
Total	36,516.23	31,524.88
Note:		
(i) Sale of products comprises :		
<u>Manufactured Goods</u>		
Starches	10,685.31	8,360.95
Processed Foods	16,059.18	15,307.36
Drugs and Pharmaceuticals	3,349.57	3,129.34
By Products and Others	6,035.64	4,503.13
Total - Sale of Manufactured Goods	36,129.70	31,300.78
<u>Traded Goods</u>		
Caramel	81.50	56.68
Total - Sale of Traded Goods	81.50	56.68
Total - Sale of Products	36,211.20	31,357.46
(ii) Other Operating Revenues comprise:		
Export Incentives	239.62	157.97
Net Gain on Foreign Currency Transactions and Translation	54.50	3.14
Others	10.91	6.31
Total - Other Operating Revenues	305.03	167.42

NOTE 18: OTHER INCOME

	For the year 2011-12 ₹ Lacs	For the year 2010-11 ₹ Lacs
(a) Dividend Income:		
From Long-Term Investments		
Associates	24.00	24.00
Others	0.13	0.07
(b) Net Gain on sale of:		
Long-Term Investments	0.09	0.01
(c) Other Non-Operating Income (Refer note below:)	46.07	10.06
Total	70.29	34.14
Note:		
Other Non-Operating Income comprises:		
Rental Income from Operating Leases	2.40	2.40
Profit on Sale of Fixed Assets	36.18	—
Miscellaneous Income	7.49	7.66
Total - Other Non-Operating Income	46.07	10.06



NOTE 19.a: COST OF MATERIALS CONSUMED

	For the year 2011-12 ₹ Lacs	For the year 2010-11 ₹ Lacs
Opening Stock	1,486.53	2,242.38
Add: Purchases	22,757.98	17,103.38
Less: Closing Stock	2,108.77	1,486.53
Total	22,135.74	17,859.23
Materials Consumed comprises:		
Maize	21,788.30	17,706.58
Maize Starch	284.68	135.44
Others	62.76	17.21
Total	22,135.74	17,859.23

NOTE 19.b: PURCHASE OF TRADED GOODS

	For the year 2011-12 ₹ Lacs	For the year 2010-11 ₹ Lacs
Caramel Colour	66.39	46.49
Total	66.39	46.49

NOTE 19.c: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

	For the year 2011-12 ₹ Lacs	For the year 2010-11 ₹ Lacs
<u>Inventories at the End of the Year:</u>		
Finished Goods	706.89	645.00
Work-In-Progress	959.50	810.48
	1,666.39	1,455.48
<u>Inventories at the Beginning of the Year:</u>		
Finished Goods	645.00	729.55
Work-In-Progress	810.48	642.45
	1,455.48	1,372.00
Total	(210.91)	(83.48)

NOTE 20: EMPLOYEE BENEFITS EXPENSE

	For the year 2011-12 ₹ Lacs	For the year 2010-11 ₹ Lacs
Salaries and Wages	2,025.68	1,921.01
Contributions to Provident and Other Funds (Refer Note.23.viii)	206.64	257.52
Staff Welfare Expenses	174.11	152.90
Total	2,406.43	2,331.43

NOTE 21: FINANCE COSTS

	For the year 2011-12 ₹ Lacs	For the year 2010-11 ₹ Lacs
Interest Expense on:		
Borrowings	671.10	663.41
Total	671.10	663.41

NOTE 22: OTHER EXPENSES

	For the year 2011-12 ₹ Lacs	For the year 2010-11 ₹ Lacs
Consumption of Stores and Spare Parts and Packing Materials	3,075.08	2,891.96
Power and Fuel	3,740.98	3,327.63
Rent including Lease Rentals	14.04	13.45
Repairs and Maintenance - Buildings	43.95	76.13
Repairs and Maintenance - Machinery	704.30	733.41
Repairs and Maintenance - Others	125.00	93.17
Insurance	21.42	18.54
Rates and Taxes (Refer Note. No.23.iv)	190.61	193.78
Sales Expenses	1,766.86	1,624.10
Technical Know-How & Service Fees	16.23	30.16
Donations and Contributions	18.63	1.72
Payments to Auditors (Refer Note below)	5.57	6.21
Loss on Fixed Assets Sold	—	18.47
Provision for Doubtful Trade Receivables(Net)	—	14.70
Bad Debts Written Off	15.04	—
Directors Fees	3.25	0.92
Managerial Remuneration	53.21	47.79
General Charges	723.07	616.04
Total	10,517.24	9,708.18

Note:

	For the year 2011-12 ₹ Lacs	For the year 2010-11 ₹ Lacs
Payments to the Auditors comprises :		
As Auditors - Statutory Audit	4.00	4.00
For Tax Audit	0.50	0.50
For Other Services	1.00	1.54
Reimbursement of Expenses	0.07	0.17
Total	5.57	6.21

Payments made to firms in which some of the partners of audit firm are of partners is ₹ 3.90 lacs (Previous year ₹ 1.08 Lacs)



NOTE 23:

- i. The Company prepares and presents its financial statements as per Schedule VI to the Companies Act, 1956, as applicable to it from time to time. In view of revision to the Schedule VI as per a notification issued during the year by the Central Government, the financial statements for the financial year ended 31st March, 2012 have been prepared as per the requirements of the Revised Schedule VI to the Companies Act, 1956. The previous year figures have been accordingly regrouped / re-classified to conform to the current year's classification.

	As at 31.03.2012 ₹ in Lacs	As at 31.03.2011 ₹ in Lacs
ii. Estimated amount of contracts remaining to be executed on capital account (Net of Advance paid)	46.96	100.23
iii. Contingent liabilities not provided for :		
(a) Bills discounted but not matured	365.89	286.27
(b) Guarantees given by the Bankers on behalf of the Company.	53.86	2.15
(c) Demand of Central Excise Department for Excise Duty, which the Company has not admitted and has appealed against.	—	5.08
(d) Disputed demand of Income tax as the Company expects to succeed in the appeal.	5.16	7.20

- iv. Excise Duty shown as deduction from Sales represents the amount of excise duty collected on sales. The difference between excise duty element in the amounts of closing stocks and opening stocks, excise duty paid on samples and inventory written off which is not recoverable from sales (if any) is shown under Note No. 22 of Other expenses".

- v. Balances of receivables, payables and loans and advances parties are subject to their confirmations. These balances are therefore, subject to adjustments, if any, as may be required on settlement of these balances with the parties.

- vi. There are no dues to Micro, Small and Medium Enterprises as at 31st March, 2012. This information as required to disclose under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

- vii. Deferred Tax

	As at 31.03.2012 ₹ in Lacs	As at 31.03.2011 ₹ in Lacs
Deferred Tax Liability:		
Depreciation	(1048.90)	(962.26)
Deferred Tax Assets:		
Unabsorbed Depreciation	64.46	97.76
Provision for Employee benefits	125.76	100.90
Provision for Doubtful Debts	7.04	7.21
Deferred tax asset /(liability) (Net)	(851.64)	(756.39)

viii. Employee Benefits

The present value of gratuity and leave encashment obligations is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Details of post retirement benefits are as follows:

(a) Defined Benefit Plans

- (i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Profit & Loss Account.
- (ii) The Defined Benefit Plan comprises of Gratuity and Leave Encashment. Gratuity is a benefit to an employee based on 15 days last drawn basic salary including dearness allowance (if any) for each completed year of continuous service with part thereof in excess of six months. The plan is funded.
- (iii) Leave Encashment benefit is a benefit to an employee based on 30 days last drawn basic salary including dearness allowance (if any) for each completed year of continuous service with part thereof in excess of six months.

₹ in Lacs

Particulars	Gratuity	Leave Encashment
	_____	_____

**(b) Expenses recognized in Profit & Loss Account
for the period ended March 31, 2012**

Current Service cost	32.17	15.45
Interest Cost	64.66	8.33
Expected return on plan assets	(46.59)	—
Net actuarial losses (gains)	37.42	(4.09)
Total Expenses	87.66	19.69

₹ in Lacs

Particulars	Gratuity	Leave Encashment
	_____	_____

**(c) Reconciliation of Opening and Closing balances
of changes in present value of the Defined
Benefit Obligation**

Opening defined benefit obligation as on April 1, 2011	808.23	104.17
Service cost	32.17	15.45
Interest cost	64.66	8.33
Actuarial losses (gains)	37.42	(4.09)
Benefits paid	(75.03)	(17.65)
Closing defined benefit obligation as at March 31, 2012	867.45	106.21

**(d) Reconciliation of Opening and Closing balances
of changes in fair value of the assets**

Opening fair value of plan assets as at April 1, 2011	522.85	—
Expected return on plan assets	46.59	—
Actuarial gains and (losses)	—	—
Assets distributed on settlements	—	—



Contributions by employer	91.64	—
Benefits paid	75.03	—
Closing balance of fair value of plan assets as at 31.03.2012	586.05	—
(e) Net Liability recognized in the Balance Sheet as at March 31, 2012		
Defined Benefit Obligation as at March 31, 2012	867.45	106.21
Fair Value of plan assets as at March 31, 2012	586.05	—
Present Value of unfounded obligation recognized as liability as at March 31, 2012	281.40	106.21
(f) Actual Return on Plan Assets		
(g) Actuarial Assumptions		
	As at 31st March, 2012	
Discount Rate	8%	
Expected rate of return on plan assets	8%	
Expected rate of salary increase	4%	
Mortality	LIC 1994-96 ultimate tables	
Withdrawal Rates	3%	
Retirement Age	60 years	
Actuarial Valuation Method	Projected unit credit method	

- (i) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.
- (ii) Expected Rate of Return of Plan Assets : This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.
- (iii) Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- (h) Investment details of Plan Assets:** To fund the obligation under the gratuity plan, contributions are made to Life Insurance Corporation Of India, who has invested the funds substantially in Government Securities.

(i) Experience History

	Gratuity			Leave Encashment		
	31.03.2012	31.03.2011	31.03.2010	31.03.2012	31.03.2011	31.03.2010
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Present value of defined benefit obligations at the end of the year	867.45	808.23	726.40	106.21	104.17	89.04
Fair value of plan assets at the end of the year	586.05	522.85	495.30	—	—	—
Net assets / (liability) at the end of the year	(281.40)	(285.38)	(231.10)	(106.21)	(104.17)	(89.04)

(j) Defined Contribution Plans.

₹ 124.86 Lacs recognized as an expense and included in the Note 20 of Employee Benefit Expense under the head "Contribution to Provident and other funds" (Previous year ₹ 122.95 Lacs).

ix. (a) Business Segment

The Company operates in only one business segment i.e. Corn Wet Milling comprising mainly manufacture of Starches, its derivatives and bye products. Accordingly, no further financial information for business segment is required to be given.

(b) Geographical Segment

For the purpose of geographical segment, the turnover is segregated based on the location of the customer and assets are segregated based on the location of the assets.

Segment Revenue	2011-12 ₹ in Lacs	2010-11 ₹ in Lacs
1. Revenue		
(a) India	25965.17	22958.54
(b) Outside India	10551.06	8566.34
Total:	<u>36516.23</u>	<u>31524.88</u>
2. Other Income		
(a) India	70.29	34.14
(b) Outside India	—	—
Total:	<u>70.29</u>	<u>34.14</u>

Segment Assets

1. Carrying amount	13868.22	11980.82
(a) India	8.62	8.62
(b) Outside India	13876.84	11989.44
Total:	<u>13876.84</u>	<u>11989.44</u>
2. Additions	1887.90	1103.64
(a) India	—	8.62
(b) Outside India	1887.90	1112.26
Total:	<u>1887.90</u>	<u>1112.26</u>

x. Details of Imported Materials:

(a) CIF value of Imports				
i) Stores, Spare parts & Chemicals			364.99	(337.95)
ii) Machineries			5.45	(25.31)
(b) Consumption:	Raw Materials		Stores, Spares, Chemicals	
	₹ in Lacs	%	₹ in Lacs	%
1. Imported	—	—	446.93	14.53
	(—)	(—)	(452.72)	(15.65)
2. Indigenous	22135.74	100	2628.15	85.47
	(17859.23)	(100)	(2439.24)	(84.35)
Total:	<u>22135.74</u>	<u>100</u>	<u>3075.08</u>	<u>100</u>
	<u>(17859.23)</u>	<u>(100)</u>	<u>(2891.96)</u>	<u>(100)</u>

xi Particulars regarding Foreign Exchange:

(a) Expenditure on accrual basis in foreign currency:	₹ in Lacs
1) Travelling	21.77
	(19.10)
2) Subscription for periodicals	0.11
	(0.05)



3) Technical Know-how & Service Fees	16.24 (30.16)
4) Commission	68.18 (21.37)
5) Overseas Office Expenses	41.89 (46.53)
b) Earnings in foreign currency: FOB Value of Exports	9910.75 (8052.39)

(Figures in brackets are of Previous Year)

xii Disclosures pertaining to related parties pursuant to Accounting Standard 18:

(a) List of Related Parties and Relationships:

Associate Companies:

Sayaji Sethness Limited
C. V. Mehta (Pvt.) Ltd.
Priyam Commercial Enterprises (Pvt.) Ltd.
Bini Commercial Enterprises (Pvt.) Ltd.
N.B. Commercial Enterprises (Pvt.) Ltd.
Viva Tex Chem Pvt. Ltd.
Varun Travels (Pvt.) Ltd.

Key Managerial Personnel:

Shri Priyam B. Mehta
Shri Varun P. Mehta
Shri Vishal P. Mehta

Relatives of Key Managerial Personnel:

Smt. Sujata P. Mehta

(b) Related Party Transactions and Balances:

Transactions	Associate Companies	Key Managerial Personnel	Relatives of Key Managerial personnel	₹ in Lacs
				Total
Sale of Goods	773.97 (601.42)	— (—)	— (—)	773.97 (601.42)
Purchase of Goods	853.41 (717.38)	— (—)	— (—)	853.41 (717.38)
Inter Corporate Deposits received	94.00 (229.00)	— (—)	— (—)	94.00 (229.00)
Inter Corporate Deposits paid	202.00 (302.50)	— (—)	— (—)	202.00 (302.50)
Interest paid on Deposits	93.62 (97.39)	— (—)	8.42 (8.47)	102.04 (105.86)
Remuneration	— (—)	53.21 (47.79)	— (—)	53.21 (47.79)
Reimbursement of expenses	25.39 (24.76)	— (—)	— (—)	25.39 (24.76)

Services Received	49.12 (38.38)	— (—)	— (—)	49.12 (38.38)
Rent Received	2.79 (2.53)	— (—)	— (—)	2.79 (2.53)
Debit Balances outstanding as on 31.03.2012	107.24 (124.38)	— (—)	— (—)	107.24 (124.38)
Credit Balances outstanding as on 31.03.2012	1045.41 (1087.89)	— (—)	73.97 (74.57)	1119.38 (1162.46)

(Figures in brackets are of Previous Year)

xiii Earnings per Share:		<u>2011-12</u>	<u>2010-11</u>
a) Weighted average number of equity shares of Rs.100/- each.			
Number of Shares at the beginning of the year		79,000	60,000
Number of Shares at the end of the year		79,000	79,000
Weighted average number of equity shares outstanding during the year		79,000	71,868
b) Net Profit after tax available for Equity Shareholders (Rs. In Lacs)		306.77	307.59
c) Basic and diluted Earnings Per Share (Rupees)		388.32	427.99

xiv Disclosures regarding Derivative Instruments:

- a) The Company uses forward exchange contracts to hedge its exposure in foreign currency. There are no contracts entered into for the purpose of speculation.
- b) The information on derivative instruments as on March 31, 2012 is as follows:

Hedged Exposures	Number of Contracts	Foreign Currency Amount	Reporting Currency Amount
Forward cover for export receivables	6	US \$ 525,017	₹ 2,67,22,149
Forward cover for import payables	—	—	—
Unhedged Exposures			
Accounts Receivable		US \$ 2,245,429 Euro 188,675	₹ 11,42,74.816 ₹ 1,26,75,233

As per our attached Report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Priyam B. Mehta
Chairman & Managing Director

Varun P. Mehta
Executive Director

CA Mahendra N. Shah
Director

H. P. Shah
Partner

Dr. G. K. Dalal
Director

Dr. J. D. Desai
Director

CA Chirag M. Shah
Director

N. J. Deora
Sr. Executive V. P. (Accounts)

Rajesh H. Shah
Company Secretary

Ahmedabad
Date: 30th May, 2012.

Ahmedabad
Date: 30th May, 2012.



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SAYAJI INDUSTRIES LIMITED

Registered Office :
P.O. KATHWADA - MAIZE PRODUCTS, AHMEDABAD - 382 430.

PROXY FORM

I/We _____
of _____ in the District of _____ being
a member/members of the above named Company hereby appoint _____
_____ of _____
in the District of _____ or failing him _____
_____ of _____
in the District of _____ as my/our proxy to vote for
me / us on / my / our behalf at the 71st Annual General Meeting of the Company to be held on
Tuesday, 7th August, 2012 at Bhuriba Lallubhai Mehta Primary School, Kathwada – Maize Products,
Ahmedabad-382 430 and the any adjournment thereof.

Signed this _____ day of _____ 2012

L.F. No. / Beneficiary A/c. No. :
Holding :

Signature _____

Re. 1
REVENUE
STAMP

Notes: (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
(2) A proxy need not be a member.
(3) The form must be deposited at the Registered Office of the Company at P.O. Kathwada-
Maize Products, Ahmedabad, not less than 48 hours before the time for holding the meeting.



સયાજી ઇન્ડસ્ટ્રી લિમિટેડ

રજીસ્ટર્ડ ઓફિસ : પો.ઓ. કઠવાડા,
મેઈઝ પ્રોડક્ટ્સ, અમદાવાદ - ૩૮૨ ૪૩૦

વાર્ષિક સામાન્ય સભા

પ્રવેશ પત્ર
ફક્ત એક વ્યક્તિ માટે

તારીખ : ૭-૮-૨૦૧૨

સમય : સવારે ૯-૩૦ વાગે

સ્થળ : ભૂરીબા લલ્લુભાઈ મહેતા પ્રાયમરી સ્કૂલ, કઠવાડા, મેઈઝ પ્રોડક્ટ્સ, અમદાવાદ - ૩૮૨ ૪૩૦.

- શેરહોલ્ડર સાહેબો માટે મંગળવાર, ૭-૮-૨૦૧૨ ના રોજ બોલાવેલ ૭૧મી વાર્ષિક સામાન્ય સભામાં હાજરી આપવા માટે બસની વ્યવસ્થા કરવામાં આવી છે. **બસ સારંગપુર દરવાજા**, અમદાવાદથી સવારના ૮-૪૫ વાગે ઉપડશે.
- સભામાં હાજરી આપવા આવનાર શેર/પ્રોક્ષી હોલ્ડરોને વાર્ષિક અહેવાલની નકલ સાથે લાવવા વિનંતી છે. પેપર અને પ્રિન્ટિંગ ખર્ચમાં થયેલ વૃદ્ધિને કારણે વાર્ષિક સામાન્ય સભામાં વાર્ષિક અહેવાલની નકલ આપવાની પ્રથા બંધ કરી દેવામાં આવી છે વાર્ષિક અહેવાલની ગુજરાતી નકલ આપવાની પ્રથા બંધ કરેલ છે તેની નોંધ લેવી.
- આ પ્રવેશપત્ર ધરાવનાર શેર/પ્રોક્ષી હોલ્ડરને જ સભામાં પ્રવેશ આપવામાં આવશે. સભામાં પ્રવેશ વખતે શેર/પ્રોક્ષી હોલ્ડરે તે સહી કરી સભાના પ્રવેશ દ્વારે આપવું જરૂરી છે. શેર/પ્રોક્ષી હોલ્ડર સાથે આવેલા બીન શેર હોલ્ડર તથા બાળકોને કોઈપણ સંજોગોમાં સભામાં પ્રવેશ આપવામાં આવશે નહીં તેની સભાસદોએ નોંધ લેવી.

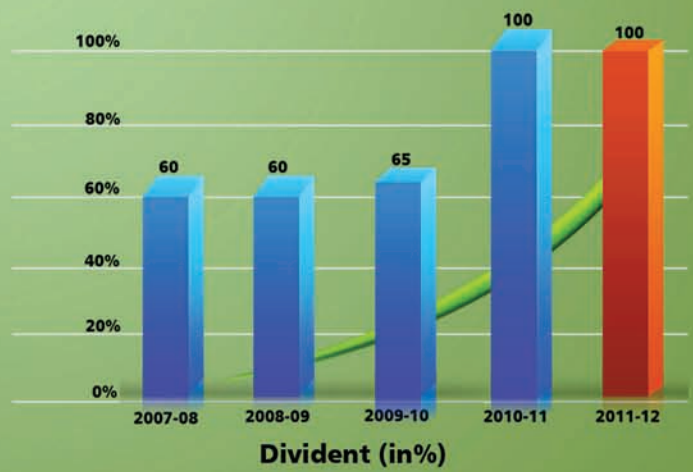
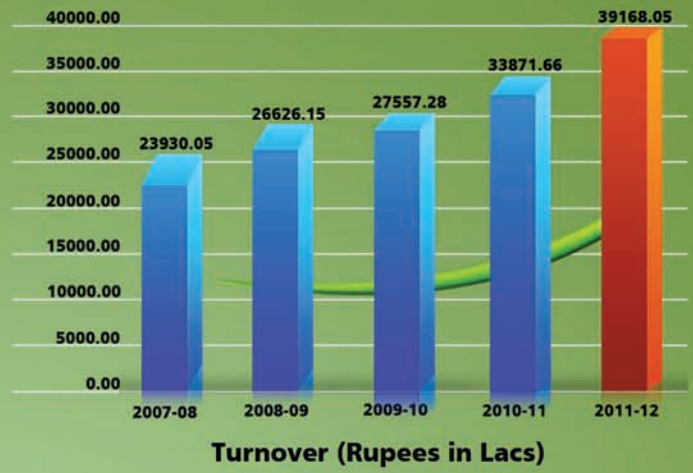
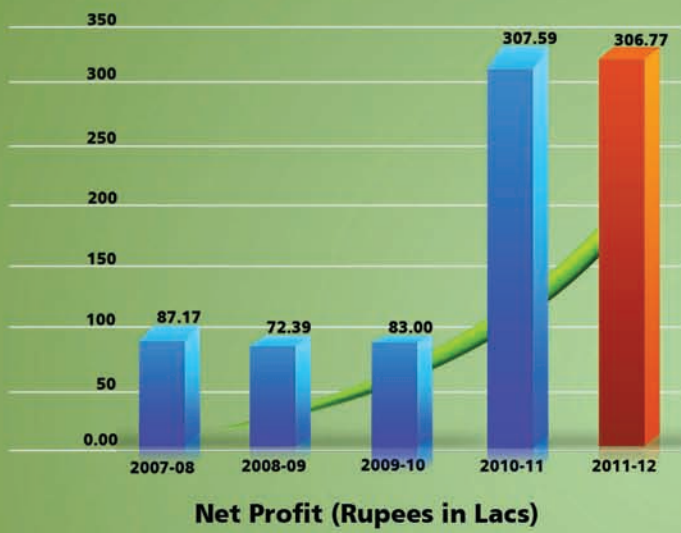
ફોલીઓ નં./
બેનીફિશીએરી A/c. નં. :

શેરની સંખ્યા

હાજર રહેનાર શેર/પ્રોક્ષી હોલ્ડરની સહી



GROWTH AT A GLANCE





SAYAJI INDUSTRIES LIMITED

**Regd. Office : P.O. Kathwada - Maize Products
Ahmedabad - 382 430**