

Report  junction.com



***SAVITA CHEMICALS LIMITED***  
***38th ANNUAL REPORT 1998-99***



**A view of the new Wind Energy Plant**

# **SAVITA CHEMICALS LIMITED**

Thirty-Eighth Annual Report  
1998-99

**BOARD OF DIRECTORS** : G.N. MEHRA – Chairman and Managing Director  
MRS. S.N. MEHRA  
D.S. MALVI  
V.D. NARKAR  
A.G. SATSANGI

**SECRETARY** : C.V. ALEXANDER

**BANKERS** : STATE BANK OF INDIA  
UNION BANK OF INDIA  
CORPORATION BANK  
STANDARD CHARTERED BANK

**AUDITORS** : BANSAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
MUMBAI

**REGISTERED OFFICE** : 66/67 NARIMAN BHAVAN  
NARIMAN POINT  
MUMBAI 400 021

**FACTORIES** : 17/17A THANE BELAPUR ROAD  
TURBHE NAVI MUMBAI 400 705  
SURVEY NO. 10/2 KHARADPADA  
POST NAROLI SILVASSA  
DADRA AND NAGAR HAVELI 396 230

**SHARE TRANSFER AGENT** : SHAREPRO SERVICES  
SATAM ESTATE 3RD FLOOR  
ABOVE BANK OF BARODA  
CARDINAL GRACIOUS ROAD  
CHAKALA ANDHERI (EAST)  
MUMBAI 400 099

**Savita Chemicals Limited****NOTICE**

NOTICE is hereby given that the Thirty Eighth Annual General Meeting of the Members of SAVITA CHEMICALS LIMITED will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 on Saturday, the 18th September, 1999 at 11.00 A.M. to transact the following business :

**ORDINARY BUSINESS**

1. To receive and adopt the audited Profit and Loss Account for the year ended 31st March, 1999, and the Balance Sheet as at that date and the Report of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri.D.S.Malvi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs.S.N.Mehra who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass with or without modifications, the following as a SPECIAL RESOLUTION :

"RESOLVED THAT in supersession of the Special Resolution passed on 30-9-1995, pursuant to provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, for a period of 5 years from 1-4-1999, the Directors other than in the whole-time employment or the Managing Director of the Company be paid remuneration by way of commission, a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with provisions of Sections 198, 349 and 350 of the Companies Act, 1956, subject to a ceiling of Rs.1 lakh each per annum."

By Order of the Board of Directors  
for **SAVITA CHEMICALS LIMITED**

Mumbai  
30th July, 1999

C.V. Alexander  
Secretary



## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 13th September, 1999 to 18th September, 1999 (both days inclusive).
5. The payment of dividend, if sanctioned, will be made to the shareholders whose names stand on the Register of Members on 18th September, 1999.
6. The shareholders are requested to (a) intimate, if shares are held in the same name or in the same order and names, but in more than one folio to enable the Company to consolidate the said folios into one folio, and (b) notify immediately any change in their registered address, along with pin code numbers, to the Company.
7. The shareholders are requested to forward shares for transfer and related communication to the Share Transfer Agents or to the Registered Office of the Company.
8. The shareholders seeking information on accounts published herein are requested to kindly furnish their queries to the Company at least ten days before the date of the meeting to facilitate satisfactory replies.
9. The shareholders who attend the meeting are requested to complete the attendance slip and deliver the same at the entrance of the meeting hall.
10. The shareholders are requested to bring their copies of the Annual Report to the meeting.

## ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

### Item No.6

Section 309 of the Companies Act, 1956 permits the payment of remuneration to the non-whole-time Directors of a Company, by way of commission not exceeding one percent of the net profits of the Company, if the Company authorises such payment by a Special Resolution. The Company had passed a Special Resolution on 30-9-1995 approving the payment of remuneration to the non-whole-time Directors not exceeding 1% of the net profit of the Company subject to a maximum amount of Rs.2.5 lakhs per annum to be distributed among them as decided and directed by the Board of Directors.

Considering the growth in the activities of the Company and consequent increase in the responsibilities of the Directors, the remuneration payable to the non-whole-time Directors requires an increase. It is therefore proposed that for a period of 5 years w.e.f. 1-4-99, the remuneration not exceeding 1% p.a. of the net profits of the Company calculated in accordance with the provisions of the Act, subject to a ceiling of Rs.1 lakh each per annum be paid to each of the non-whole-time Directors.

Mr.D.S. Malvi, Mrs.S.N.Mehra, Mr.V.D.Narkar and Mr.Atul Satsangi, non-whole-time Directors of the Company may be deemed to be concerned or interested in the Resolution mentioned at Item No.6 of the Notice to the extent of the remuneration that may be received by them. Also Mr.G.N.Mehra being related to Mrs.S.N.Mehra and Mr.Atul Satsangi may be deemed to be concerned or interested in the said Resolution.

By Order of the Board of Directors  
for **SAVITA CHEMICALS LIMITED**

Mumbai  
30th July, 1999

C.V. Alexander  
Secretary

**Savita Chemicals Limited****REPORT OF THE DIRECTORS  
TO THE MEMBERS**

Your Directors are pleased to present the Thirty Eighth Annual Report, together with the Audited Accounts for the year ended 31st March, 1999.

**1. FINANCIAL RESULTS**

	<b>Rupees in Lakhs</b>	
	<b>Year ended 31-3-1999</b>	<b>Year ended 31-3-1998</b>
Total Income	<b>14542</b>	14235
Profit before depreciation and tax	<b>1646</b>	1674
Depreciation	<b>295</b>	330
Profit before tax	<b>1351</b>	1344
Provision for Taxation	<b>360</b>	450
Profit after tax	<b>991</b>	894
Balance brought forward from previous year	<b>43</b>	56
Provision for taxation of earlier years	<b>10</b>	418
Profit available for appropriation	<b>1024</b>	532
Appropriations :		
Proposed Dividend	<b>307</b>	263
Tax on Dividend	<b>34</b>	26
General Reserve	<b>650</b>	200
Balance carried to Balance Sheet	<b>33</b>	43

**2. DIVIDEND**

Your Directors are pleased to recommend a dividend of 35% (free of tax) for the year ended 31st March, 1999 on the paid up Equity Share Capital of Rs.876.48 Lakhs.

**3. OPERATIONS**

The year 1998-99 was another difficult year for Indian Industry. The recessionary trends in the economy that were evident in the earlier years continued in this year as well. However, inspite of the adverse market conditions, your Company has been able to not only sustain its market share but sales have increased marginally.

Your Company reported a sales turnover of Rs.140 crores this year as against Rs.137 crores for the previous year, with a net profit of Rs.9.91 crores against Rs.8.94 crores for the previous year. Your Company was able to sustain its performance due to focussed marketing efforts and cost reduction measures in its various areas of operation.

The overall economy is now showing signs of a slow but steady recovery. The Company has taken the necessary steps to capitalize on these developments

and all efforts will be made to improve the performance in the forthcoming year.

**4. ESTABLISHMENT OF WIND ENERGY PLANT**

Your Directors have pleasure in reporting to you the establishment of a power plant to generate, distribute, transmit and supply electricity based on Wind Energy at Venkhusavde, Pallani village, Satara district in Maharashtra. The total outlay for setting up the aforesaid plant was Rs.475.50 lakhs. The Plant was commissioned on 20th of March, 1999.

The Power generated from the Plant will be used for captive consumption by your Company and also for supply to third parties on commercial basis. Your Company is entitled to Sales Tax and Income Tax benefits for setting up the said Plant, which shall help the Company garner improved returns from the year 1999-2000.

**5. FIXED DEPOSITS**

The Company has no unpaid fixed deposits.

**6. STATUS ON Y2K COMPLIANCE**

Your Company had initiated actions to redress Y2K compliance in the last quarter of 1998 itself. Your Company has since identified all hardware, software and the operating systems that are likely to be affected and has already commenced procurement of Y2K compliant hardware and equipments. The upgradation of the existing systems both hardware and software to make them Y2K compliant is already under way and this exercise is expected to be completed by September 1999. The cost of these measures is expected to be approximately Rs.20 lakhs.

**7. RESEARCH AND DEVELOPMENT**

The Research and Development Department has been the strong point of the Company over the years. The R & D Department strives on continuous basis to bring about improvements and developments in the existing products besides introducing new products for the Company.

A detailed note on the R & D activities is given in Form "B" which is furnished by way of annexure to this report.

**8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

Information pursuant to 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 relating to the foregoing matters is furnished by way of annexure to this Report.

**9. DIRECTORS**

Mr. D. S. Malvi and Mrs. S. N. Mehra retire by rotation under Section 256 of the Companies Act, 1956 and being eligible, offer themselves for re-appointment.

**10. AUDITORS**

M/s.Bansal & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**11. PARTICULARS OF EMPLOYEES**

The information required to be published under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is given in the Annexure to this Report.

**12. LISTING**

Your Company's shares are listed on The Stock Exchange, Mumbai, The National Stock Exchange of India Ltd., The Delhi Stock Exchange Association Ltd.,

and The Stock Exchange, Ahmedabad. The Annual listing fees for the year 1999-2000 have been paid by the Company in time.

**13. ACKNOWLEDGEMENTS**

Your Directors acknowledge the support received from the Bankers, Financial Institutions, Government Agencies and Customers. We also take this opportunity to record our appreciation of the contribution made by all employees to the operations of the Company during the year. We also thank our esteemed Shareholders for their continued support and encouragement.

On behalf of the Board of Directors

Mumbai,  
30th July, 1999

G.N.Mehra  
Chairman and  
Managing Director

**ANNEXURE TO DIRECTORS' REPORT****PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****A. CONSERVATION OF ENERGY****a) ENERGY CONSERVATION MEASURES TAKEN**

1. Statistical Process Controls are applied on Electrical Systems to monitor and take preventive measures of energy consuming equipments/installations.
2. At some critical processing plants, Heat Exchangers were re-evaluated and replaced where the efficiency was found to be poor.

**b) ADDITIONAL INVESTMENTS AND PROPOSAL FOR REDUCTION IN CONSUMPTION OF ENERGY**

Efforts on continuous basis are undertaken by the Company to reduce the consumption of energy and fuel.

**c) IMPACT OF THE ABOVE MEASURES**

1. The above measures have helped to further reduce the overall energy consumption.

**d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION**

Form "A" enclosed.

**B. TECHNOLOGY ABSORPTION**

Efforts made for technology absorption are detailed in Form "B".

**C. ACTIVITIES RELATING TO EXPORTS**

The efforts of your Company in the previous years have started paying dividends. The Company's products have been well received in overseas markets. During the year, your Company achieved a milestone of highest exports volume clocking a growth of 40% over the previous year. Your Company is confident that in the forthcoming year, it shall surpass all export targets achieved so far.

**D. TOTAL FOREIGN EXCHANGE USED AND EARNED**

	Rupees 000's
(i) CIF value of Imports	4,29,958
(ii) Expenditure in Foreign Currency	23,665
(iii) Foreign Exchange earned	10,026

**FORM - A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

PARTICULARS	1998-99	1997-98
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
a) Purchased Units (Million/KWH)	1.090	1.242
Total amount (Rs.Lakhs)	49.58	51.80
Average Rate/Unit(Rs./KWH)	4.55	4.17
b) Own generation :		
i)Through Diesel Generators	NIL	NIL
ii)Through Steam Turbine/Generators	NIL	NIL
<b>2. Coal</b>	NIL	NIL
<b>3. Furnace Oil</b>		
Quantity (Kilo Litres)	147	218
Total Amount (Rs.Lakhs)	11.85	15.08
Average Rate (Rs.per Kilo Litre)	8061	6919
<b>4. Others</b>	NIL	NIL