

SAVITA CHEMICALS LIMITED



SAVITA CHEMICALS LIMITED

Fortieth Annual Report
2000-2001

BOARD OF DIRECTORS	:	G. N. MEHRA - Chairman and Managing Director MRS. S.N. MEHRA 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 TEL. NO. 288 3061 - 64
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.

NOTICE

NOTICE is hereby given that the Fortieth 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 15th September, 2001 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, 2001 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.Atul G. Satsangi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting and to fix their remuneration.

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

Mumbai
27th July, 2001

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. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 10th September, 2001 to Saturday, 15th September, 2001 (both days inclusive).
4. The payment of dividend, if sanctioned, will be made to the shareholders whose names stand on the Register of Members on 15th September, 2001. For shares held in the electronic form, dividend will be paid on the basis of beneficial ownership as per details received from the Depositories.
5. 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 number, to the Company.
6. 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.
7. 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.
8. The shareholders who attend the meeting are requested to complete the attendance slip and deliver the same at the entrance of the meeting hall. Shareholders holding shares in dematerialised form, should indicate the DP ID and Client ID numbers in the Attendance Slip.
9. The shareholders are requested to bring their copy of the Annual Report to the meeting.

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

Mumbai
27th July, 2001

C.V.Alexander
Secretary



REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting the Fortieth Annual Report, together with the Audited Accounts for the year ended 31st March, 2001.

1. FINANCIAL RESULTS

	Rupees in Lacs	
	Year ended 31.03.2001	Year ended 31.03.2000
Total Income	22,344	17,941
Profit before Depreciation & Tax	1,484	2,071
Depreciation	467	319
Profit before Tax	1,017	1,752
Provision for Taxation	100	225
Profit after Tax	917	1,527
Provision for deferred Taxation	100	292
Provision for Taxation of earlier years	31	-
Balance brought forward from previous year	34	33
Profit available for appropriation	820	1,268
Appropriations:		
Interim Dividend	-	350
Proposed Dividend	263	-
Tax on Dividend	26	38
General Reserve	497	846
Balance carried to Balance Sheet	34	34

2. DIVIDEND

Your Directors are pleased to recommend a dividend of 30% on the paid up Equity Share Capital of Rs.876.48 Lacs for the year ended 31.03.2001.

3. OPERATIONS

The slow down in the Indian Economy in the year 2000-2001 was evident from the fact that the GDP growth for the year was only 5.2% as compared to 6.4% in the previous financial year. The Industrial production during 2000-2001 also reflected far lower growth at 4.9% compared to 6.7% in the previous year. The impact of the recession in the United States was felt all around the world and the Indian Economy was no exception.

To add to these difficult times, international crude oil prices had an unprecedented rise in the financial year 2000-2001. This was primarily due to the cut back in production announced by the Organisation of Petroleum Exporting Countries (OPEC), who have now demonstrated their reluctance to let crude oil prices fall below USD 25 per barrel. It hence appears likely that the oil prices will continue to remain firm for some

more time to come.

In this economic background, inspite of the recessionary trends, your Company was able to show a significant growth in volumes, with sales turnover rising to Rs.21,777 lacs as against Rs.17,501 lacs in the previous year 1999-2000, registering a growth of 24%. However, the profit margins of the Company were under severe pressure and net profit for the year was Rs.786 lacs as against Rs.1,235 lacs in the previous year, primarily due to the fact that the prices of base mineral oils, which are the Company's main raw materials, increased sharply during the year, consequent to the rise of crude oil prices.

4. FIXED DEPOSITS

The Company has no unpaid fixed deposits.

5. RESEARCH AND DEVELOPMENT

The Research and Development Department has been playing a pivotal role in the growth of the Company over the years. Besides identifying and developing new products, the department has also been providing technical support to customers as well as improving the economy of the current processes being used.

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

6. 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.

7. DIRECTORS

Shri. Atul G. Satsangi, Director of the Company, retires by rotation under Section 256 of the Companies Act, 1956 and being eligible, offers himself for re-appointment.

8. CORPORATE GOVERNANCE

Securities and Exchange Board of India has notified the Code of Corporate Governance to be followed by listed companies. As mentioned last year, your Company has already complied with most of the requirements of the Code and shall endeavour to comply with all the requirements by 31.03.2002.

9. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements of Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors of your Company hereby declare that:

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- (ii) the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the affairs of the Company as at 31st March, 2001 and of profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken 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 annual accounts have been prepared on a 'going concern' basis.

10. AUDITORS

M/s. Bansal & Associates, Chartered Accountants, retire at the conclusion of this 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 continue to be listed on The Stock Exchange, Mumbai (Code : 24667), The National Stock Exchange of India Limited (Code: SAVITA CHEM-EQ), The Delhi Stock Exchange Association Limited (Code: 7610) and The Ahmedabad Stock Exchange (Code: 51114/SAVITA CHEM). The listing fees for the year 2000-2001 were paid by the Company on time.

13. ACKNOWLEDGEMENTS

Your Directors take this opportunity to gratefully acknowledge the support and guidance received from employees of the Company at all levels, agents, financial institutions, bankers and the business associates.

The Directors also wish to express their appreciation for the confidence and faith reposed in them by you all.

For and on behalf of the Board

Mumbai
27th July, 2001

G. N. Mehra
Chairman and
Managing Director

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

1. Improvement in Solvent recovery has been achieved by addition of coolers.
2. Descaling and Retubing of some of the critical heat exchangers has resulted in significant energy saving.

b) ADDITIONAL INVESTMENT PROPOSALS

In case of replacement of motors, your Company plans to now go in for Energy Efficient Motors as well as use of Low Wattage high Luminosity Bulbs (C.F.L.) for lighting.

c) IMPACT OF THE ABOVE MEASURES

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 THE EXPORTS

As reported in the previous year, export operations of your Company have maintained the momentum, by over 100% increase in turnover as well as volumes. We envisage similar growth in the current year as well.

D. TOTAL FOREIGN EXCHANGE USED AND EARNED

	Rupees in Lacs
(i) CIF value of imports	10,391
(ii) Expenditure in foreign currency	113
(iii) Foreign exchange earned	758

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

<u>PARTICULARS</u>	<u>2000-2001</u>	<u>1999-2000</u>
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchase Units (million)	* 0.740	*0.577
Total amount (Rs.lacs)	40.07	27.46
Average rate/unit (Rs.)	5.42	4.76
b) Own Generation		
i) Through Diesel Generator		
Quantity (KL)	24	Nil
Total Amount(Rs.Lacs)	3.50	Nil
Average Rate (Rs.per KL)	14,575.83	Nil
ii) Through Steam Turbine Generators	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil		
Quantity (Kilo Litres)	145	399
Total Amount (Rs. Lacs)	16.82	40.45
Average Rate (Rs.per KL)	11,603.00	10,138.00
4. Others	Nil	Nil

* units net of wind energy generation

B. CONSUMPTION PER UNIT OF PRODUCTION

<u>Particulars</u>	<u>Year</u>	<u>Transformer Oil</u>	<u>Liquid Paraffins</u>	<u>Petroleum Sulfonates</u>	<u>Jellies</u>	<u>Lubricants</u>	<u>Others</u>
Electricity (KWH)	2000-01	6	19	37	31	9	31
	1999-00	6	17	35	29	9	29
Furnace Oil (Litres)	2000-01	1	3	6	5	2	5
	1999-00	4	12	24	20	6	20

FORM-B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT

During the year, R & D activities were carried out on various projects. Among these were different types of Waxes for the Leather, Paper and Textile industries as well as new processes for Natural and Synthetic Sulfonates. New grades of White Oils for both domestic and export markets were also being developed on an ongoing basis.

2. BENEFITS DERIVED

Due to process optimisation, your Company has been able to reduce the cost of production in various processes as well as introduce new products, tailor made to customer requirements.

3. FUTURE PLAN OF ACTION

Your Company plans to continue development work on Sulfonates, Hot Melt Adhesives and Speciality Waxes.

4. EXPENDITURE ON RESEARCH AND DEVELOPMENT:

	Rupees in Lacs
a) Capital	12.05
b) Recurring	38.08
Total	50.13

Total R & D expenditure as percentage of total turnover

0.23%

TECHNOLOGY ABSORPTION AND ADAPTATION

Technology developments are being gradually incorporated into various processes leading to an overall improvement in both the quality and yield of products of the Company.

E. PARTICULARS OF EMPLOYEES

Statement of particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2001.

Name of the Employee	Age (Years)	Designation	Gross remuneration (Rs.)	Qualifications	Experience (In years)	Date of joining	Previous employment/ Position held
Mr. Mehra G.N.	40	Chairman & Managing Director	32,88,845	B.E. (Chem.), M.B.A.	18	01/12/1983	Marketing Executive, Mehra Trading & Investment Company Pvt. Ltd.

Notes :-

1. Remuneration includes basic salary, allowances, commission paid, Company's contribution to Provident Fund and other perquisites valued in accordance with the Income Tax Rules, 1961.
2. The Company has contributed / provided an appropriate amount to / for the Gratuity Fund / Leave Encashment on actuarial valuation. As the employee-wise break-up is not available, the same are not included above.
3. Experience includes number of years' service elsewhere.
4. The nature of employment is contractual and is governed by the rules and regulations of the Company in force from time to time.



For and on behalf of the Board

Mumbai
27 July, 2001

G.N. Mehra
Chairman and
Managing Director

AUDITORS' REPORT TO THE MEMBERS OF SAVITA CHEMICALS LIMITED

We have audited the attached Balance Sheet of SAVITA CHEMICALS LIMITED as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;
 - (d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub section (3C) of Section 211 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 Balance Sheet and Profit and Loss Account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001
and
 - (ii) in the case of the Profit and Loss Account, of the "Profit" of the Company for the year ended on that date.

For BANSAL & ASSOCIATES
Chartered Accountants

Mumbai
27th July, 2001

S.K. Bansal
Partner

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. A major portion of the assets has been physically verified by the management in accordance with a phased programme of verification adopted by the Company. As explained to us, no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
2. None of the fixed assets have been revalued during the current year.
3. The stocks of finished goods, spare parts and raw materials have been physically verified during the year by the management. In respect of materials lying with third parties, certificates confirming stocks held have been received. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from directors, companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and from the Companies under the same management as defined under sub section (1B) of Section 370 of the said Act are not, prima facie, prejudicial to the interest of the Company.
8. In our opinion, the rate of interest and other terms and conditions on which loans have been granted to companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and to the Companies under the same management as defined under sub section (1B) of Section 370 of the said Act are not, prima facie, prejudicial to the interest of the Company.
9. In respect of loans and advances in the nature of loans given by the Company, parties have repaid the principal amounts as stipulated and have also been generally regular in the payment of interest to the Company wherever stipulated. In our opinion, having regard to the nature of loans, reasonable steps have been taken for recovery.