



# ***SAVITA CHEMICALS LIMITED***

**41st ANNUAL REPORT 2001-2002**

**FIVE YEAR PERFORMANCE AT A GLANCE**

Rupees in lacs

PARTICULARS	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
<b>A. REVENUE AND APPROPRIATIONS</b>					
SALES AND OTHER INCOME	25,832	22,106	17,941	14,534	14,242
PROFIT BEFORE TAX	1,352	1,017	1,752	1,351	1,344
PROFIT AFTER TAX	1,120	786	1,235	991	894
DIVIDEND %	35	30	40	35	30
<b>B. ASSETS EMPLOYED</b>					
FIXED ASSETS - NET	3,443	3,817	4,158	2,895	2,701
INVESTMENTS	972	911	1,390	784	504
NET CURRENT ASSETS	8,555	5,534	3,528	4,337	4,186
DEFERRED TAX	(498)	(393)	(292)	-	-
<b>TOTAL</b>	<b>12,472</b>	<b>9,869</b>	<b>8,784</b>	<b>8,016</b>	<b>7,391</b>
<b>C. FINANCED BY</b>					
EQUITY SHARES	876	876	876	876	876
RESERVES	8,808	8,104	7,636	6,835	6,246
LOAN FUNDS	2,788	889	272	305	269
<b>TOTAL</b>	<b>12,472</b>	<b>9,869</b>	<b>8,784</b>	<b>8,016</b>	<b>7,391</b>

# SAVITA CHEMICALS LIMITED

## Forty-First Annual Report 2001-2002

**BOARD OF DIRECTORS** : G. N. MEHRA - Chairman and Managing Director  
N. B. KARPE  
MRS. S. N. MEHRA  
V. D. NARKAR  
S.R. PANDIT  
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 Forty-First Annual General Meeting of the Members of SAVITA CHEMICALS LIMITED will be held at the M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 on Wednesday, the 25th September, 2002 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, 2002 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 Mrs. S. N. Mehra, who retires by rotation and being eligible, offers herself for re-appointment as a Director not liable to retire by rotation.
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.

### SPECIAL BUSINESS :

5. To appoint a Director in place of Mr. S. R. Pandit who vacates office at this Annual General Meeting and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Mr. N. B. Karpe who vacates office at this Annual General Meeting and being eligible offers himself for re-appointment.
7. To consider and if thought fit, to pass with or without modifications, the following as a Special Resolution:  
 "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act, the re-appointment of Mr. G. N. Mehra as Managing Director of the Company for a period of 3 years with effect from 26th March, 2002 upon the terms and conditions including remuneration as set out in the Agreements executed by the Company with Mr. G. N. Mehra be and is hereby approved and ratified."  
 "FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration, perquisites and any other entitlements including the monetary value thereof as specified in the said Agreements to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with the provisions of the Companies Act, 1956 or re-enactment thereof and or rules or regulations framed thereunder and the terms of the aforesaid Agreements between the Company and Mr. G. N. Mehra shall be suitably modified to give effect to such variation or increase as the case may be."

8. To consider and if thought fit, to pass with or without modifications, the following as a Special Resolution :  
 "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below:

- a) Article 2 (1) of the Articles of Association shall include the following definitions at the appropriate places:
 

"Abridged Prospectus"	"Abridged Prospectus" means a memorandum containing such salient features of a prospectus as may be prescribed.
"Derivative"	"Derivative" has the same meaning as in clause (aa) of Section 2 of the Securities Contracts (Regulation) Act, 1956.
"Hybrid"	"Hybrid" means any security which has the character of more than one type of security, including their derivatives.
"Information Memorandum"	"Information Memorandum" means a process undertaken prior to the filing of a prospectus by which a demand for the securities proposed to be issued by the Company is elicited, and the price and the terms of issue for such securities is assessed, by means of a notice, circular, advertisement or document.
"Officer"	"Officer" includes any Director, Manager or Secretary or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the Directors is or are accustomed to act.
"Option in Securities"	"Option in Securities" has the same meaning as in clause (d) of Section 2 of the Securities Contracts (Regulation) Act, 1956.
"Postal Ballot"	"Postal Ballot" has the same meaning as defined under Section 192A of the Companies Act, 1956.
"Securities"	"Securities" means securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956 and includes hybrids.

**Savita Chemicals Limited**

"Share with Differential Rights" "Share with Differential Rights" means a share that is issued with differential rights in accordance with the provisions of Section 86 of the Companies Act, 1956.

- b) In Article 2 (1) of the Articles of Association of the Company, the definition of "Dividend" shall be altered as follows:  
"Dividend" "Dividend" includes Interim Dividend and Bonus.
- c) After Article 3, the following Article will be introduced as Article 3A and shall read as follows:  
"Share Capital" "Share Capital" of the Company shall be of two types viz.,
  - a) Equity Share Capital
    - i) with voting rights or
    - ii) with differential rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed from time to time under the Act.
  - b) Preference Share Capital
- d) After Article 98, the following Article will be inserted as Article 98A and shall read as follows:  
"Postal Ballot" The Company may pursuant to the provisions of Section 192A of the Companies Act, 1956 and in terms of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, including any statutory modification for the time being in force or re-enactment thereof or any amendments made thereto from time to time and in case of Resolutions as the Central Government may notify from time to time to be conducted only by Postal Ballot shall get the said Resolutions passed by means of a Postal Ballot instead of transacting the business in the General Body Meeting of the Company."

By Order of the Board of Directors

Mumbai,  
12th August, 2002

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 Thursday, the 19th September, 2002 to Wednesday, the 25th September, 2002 (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 25th September, 2002. 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 numbers, 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. The 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

Mumbai,  
12th August, 2002

C. V. Alexander  
Secretary



## EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956

### Item Nos. 5 & 6

In the Board Meeting held on 14th December, 2001, Mr. Sanjeev R. Pandit and Mr. Ninad B. Karpe were appointed as Additional Directors of the Company w.e.f. that date. In accordance with Section 260 of the Companies Act, 1956, they will hold office upto the date of the ensuing Annual General Meeting of the Company. In terms of Section 257 of the Companies Act, 1956, the Company has received Notices from shareholders along with the requisite deposits signifying their intention to propose Mr. Pandit and Mr. Karpe as candidates for the office of Directors. Mr. Pandit and Mr. Karpe have given their consents to act as Directors of the Company, if appointed at the ensuing Annual General Meeting.

The Board of Directors considers that it would be in the interest of the Company to continue to avail of the services of Mr. Pandit and Mr. Karpe as Directors of the Company and therefore recommends their appointment.

None of the Directors other than Mr. Pandit and Mr. Karpe are concerned or interested in the passing of these resolutions.

### Item No. 7

The Board of Directors at its meeting held on 23rd January, 2002 re-appointed Mr. G. N. Mehra as the Managing Director of the Company for a period of 3 years from 26th March, 2002. An Agreement was entered into between the Company and Mr. G. N. Mehra on 11th February, 2002 in this regard. The Board in its meeting held on 12th August, 2002 modified terms of appointment by providing for leave entitlement, leave encashment, use of Company car for personal use and minimum remuneration. Accordingly, the Agreement dated 11th February, 2002 was modified by Agreement dated 12th August, 2002.

The appointment of Mr. G. N. Mehra is subject to the provisions of Sections 198, 269, 309 and other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII to the Act.

The terms and conditions as contained in the aforesaid Agreements are as under :

#### Remuneration:

- i) Salary : Rs. 100,000 (Rupees one lac) per month, in the scale of Rs. 100,000 - 10,000 - 130,000;
- ii) Commission : 1% of the net profits of the Company subject to overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956;
- iii) Perquisites : Perquisites as classified into three categories A, B & C as follows :

#### Category A

##### (a) Housing :

- i) Rent free furnished residential accommodation shall be provided by the Company. In case the accommodation is owned by the Company, an amount equivalent to 10 % of the salary shall be taken as the perquisite value. In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance at the rate of 60 % of the salary.
- ii) The Company shall bear the expenses incurred on upkeep and maintenance of the Managing Director's residence and provide and maintain household appliances and bear expenses on furnishings, gas, electricity, water and all utilities, facilities and amenities in the residential accommodation, the monetary value of which may be calculated as per the Income-tax Rules, 1962.

##### (b) Medical Reimbursement :

Expenses incurred on himself and his family subject to a ceiling of two months' salary in a year or six months' salary over a period of three years.

##### (c) Leave Travel Concession:

For himself and his family once in a year in accordance with the Rules of the Company for the time being in force.

##### (d) Club Fees :

Provision of membership of any two clubs.

**(e) Personal Life / Accident Insurance :**

The premium of which does not exceed Rs.25,000 per annum.

**Category B****(a) Provident Fund / Other Funds :**

Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent that these either singly or put together are not taxable under the Income-tax Act, 1961.

**(b) Gratuity :**

Half a month's salary for each completed year of service.

**(c) Leave Entitlement/Leave Encashment :**

Leave entitlement and leave encashment as per the Rules of the Company.

**Category C****(a) Conveyance:**

Provision of car for Company's business and personal use.

**(b) Telephone :**

Provision of telephone facilities subject to his being billed for personal long distance calls.

**Minimum Remuneration :**

Where in any financial year, the Company has no profit or its profits are inadequate, the Company will pay to the Managing Director, minimum remuneration as provided in Section II of Part II of Schedule XIII to the Companies Act, 1956 as notified from time to time.

As required under Section 302 of the Act, an abstract dated 11th February, 2002 relating to the terms and conditions of the appointment of Mr. G. N. Mehra was sent to the Members of the Company. This may be treated as an abstract under the said Section in respect of the modifications.

The appointment and remuneration of the Managing Director are required to be approved by the shareholders in the first General Meeting after his appointment and accordingly this Resolution is placed before the Members of the Company.

The Board of Directors recommends the passing of the Resolution at Item No. 7.

None of the Directors except Mrs. S. N. Mehra and Mr. A. G. Satsangi being related to Mr. G. N. Mehra and Mr. G. N. Mehra himself, is in any way concerned or interested in the passing of the Resolution.

The Agreements entered into between the Company and Mr. G. N. Mehra as well as the copy of the Memorandum and Articles of Association are available for inspection to the Members at the Registered Office of the Company during business hours on any working day upto and including the date of the Annual General Meeting or any adjournment/s thereof.

**Item No. 8**

Consequent upon the enactment of the Companies (Amendment) Act, 2000, with effect from 13th December, 2000 alterations in the Articles of Association of the Company need to be made to give effect to the various provisions in the amended Act.

The Board of Directors recommends the passing of the Resolution contained in Item No.8 of the accompanying Notice.

None of the Directors may be deemed to be interested or concerned in the passing of this Resolution.

A copy of the Memorandum and Articles of Association together with the proposed amendments are available for inspection to the Members at the Registered Office of the Company during business hours on any working day upto and including the date of the Annual General Meeting or any adjournment/s thereof.

By Order of the Board of Directors

Mumbai,  
12th August, 2002

C. V. Alexander  
Secretary



## REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting the Forty-First Annual Report, together with the Audited Accounts for the year ended 31st March, 2002.

### 1. FINANCIAL RESULTS

	Year ended 31.3.2002	Rupees in lacs Year ended 31.3.2001
Total Income	25,832	22,106
Profit before Depreciation and Tax	1,814	1,484
Depreciation	462	467
Profit before Tax	1,352	1,017
Provision for Taxation – Current	195	100
– Deferred	37	100
Provision for Taxation of earlier years	–	31
Profit for the year after tax	1,120	786
Balance brought forward from previous year	34	34
Profit available for appropriations	1,154	820
Appropriations:		
Proposed Dividend	307	263
Tax on Dividend	–	26
General Reserve	500	497
Balance carried to Balance Sheet	347	34

### 2. DIVIDEND

Your Directors are pleased to recommend a dividend of 35% on the paid up Equity Share Capital of Rs. 876.13 Lacs for the year ended 31st March, 2002.

### 3. OPERATIONS

In line with the global economic trends, the recessionary trends in the Indian Economy also continued in the year 2001-2002. Notwithstanding this continued slowdown in the Indian Economy, your Company was able to show further growth in volumes with sales turnover of Rs. 25,365 lacs as against Rs. 21,593 lacs in the previous year 2000-2001, registering a growth of 18%. The net profit of the Company also increased to Rs. 1,120 lacs during the year as against Rs. 786 lacs in the previous year showing a growth of 43%. This was primarily possible because of higher sale volumes, the prices of Base Mineral Oils which are the key raw materials of the Company remaining more or less steady and implementation of cost reduction measures during the year. The Company also met with significant success in its endeavours to reach out to new export markets and the Company should witness additional volume growth from these new markets in the years to come.

With most of the developed economies of the world still in recession and with global currency and stock markets continuing to be volatile, the current year is expected to be a challenging one. What is significant for your Company is the levels at which the Organisation of Petroleum Exporting Countries (OPEC) is able to hold crude oil prices. As per current trends, the prices of oil will continue to remain firm in the near future.

### 4. FIXED DEPOSITS

The Company has no unpaid fixed deposits.

### 5. RESEARCH AND DEVELOPMENT

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 EARNINGS 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**

The Company had appointed Mr. G. N. Mehra as the Managing Director of the Company with effect from 26th March, 1997 upto 25th March, 2002. The Board of Directors in its meeting held on 23rd January, 2002 re-appointed Mr. G. N. Mehra as the Managing Director for a further period of 3 years with effect from 26th March, 2002. The Board recommends the confirmation of the said arrangement with Mr. G. N. Mehra.

Mrs. S. N. Mehra, Director of the Company retires by rotation under Section 256 of the Companies Act, 1956 and being eligible, offers herself for re-appointment. The Board proposes to appoint Mrs. S. N. Mehra as a non-rotational Director.

The Board appointed Mr. Sanjeev R. Pandit and Mr. Ninad B. Karpe as Additional Directors on 14th December, 2001. Both the Directors retire at the ensuing Annual General Meeting. The Company has received proposals from members for their appointment as regular directors on the Board. The Board of Directors recommends their appointment as Directors.

**8. CORPORATE GOVERNANCE**

A separate statement on Corporate Governance along with the Auditors' Certificate on its compliance is given as a part of the Annual Report.

**9. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departure;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and of the Profit of the Company for the year ended on that date;
- (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.

**10. AUDITORS**

M/s. Bansal & Associates, Chartered Accountants, retire at the conclusion of this Annual General Meeting and are eligible for 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 2001 - 2002 were paid by the Company on time.

**13. ACKNOWLEDGEMENTS**

Your Directors take this opportunity to gratefully acknowledge the support and co-operation 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 all the shareholders.

For and on behalf of the Board

Mumbai,  
12th August, 2002

G. N. Mehra  
Chairman & 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

- Existing lighting equipments have been replaced with energy efficient lighting equipments.
- Power capacitors have been installed to improve the power factor.

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

In line with last year's implementation programme, your Company plans to continue replacing ordinary motors with energy efficient motors. Your Company also would continue to replacing ordinary lighting equipments with low wattage, high luminosity bulbs (C.F.L.) for lighting.

##### c) IMPACT OF THE ABOVE MEASURES

The above measures have helped your Company to 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

In line with last year's growth, your Company's export horizons are growing manifold. The turnover resulting out of export operations of your Company has grown from Rs.647 lacs in the previous year to Rs.1,494 lacs in the year 2001-2002. The Company has had considerable success in adding new customers in different geographic regions of the world and with sustained efforts, your Company is confident that this will lead to a significant increase in the volumes of export in the coming year as well.

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

	Rupees in lacs
(i) CIF value of imports	10,051
(ii) Expenditure in foreign currency	332
(iii) Foreign exchange earned	1,578

#### 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, 2002

Name of the Employee	Age	Designation	Gross remuneration (Rs.)	Qualifications	Experience (In years)	Date of joining	Previous employment/ Position held
Mr. Mehra G.N.	41	Chairman & Managing Director	2,612,449	B.E.(Chem.), M.B.A.	19	01/12/1983	Marketing Executive, Mehra Trading & Investment Company Pvt.Ltd.

##### Notes :-

- Remuneration includes basic salary, allowances, commission paid, Company's contributions to Provident Fund and other perquisites valued in accordance with the Income Tax Rules, 1962.
- The Company has contributed/provided an appropriate amount to/for the Gratuity Fund/ Leave Encashment on actuarial valuation. As the employee-wise break-up of contribution is not available, the same is not included above.
- Experience includes number of years' service elsewhere.
- The nature of employment is contractual and is governed by the rules and regulations of the Company in force from time to time.