

Annual Report

Report  junction.com



SAVITA CHEMICALS LIMITED
42nd ANNUAL REPORT 2002-2003

FIVE YEAR PERFORMANCE AT A GLANCE

Rupees in lacs

PARTICULARS	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
A. REVENUE AND APPROPRIATIONS					
SALES AND OTHER INCOME	32,852	25,832	22,106	17,941	14,534
PROFIT BEFORE TAX	2,415	1,352	1,017	1,752	1,351
PROFIT AFTER TAX	1,989	1,120	786	1,235	991
DIVIDEND %	45	35	30	40	35
B. ASSETS EMPLOYED					
NET FIXED ASSETS	3,602	3,443	3,817	4,158	2,895
INVESTMENTS	1,408	947	911	1,390	784
NET CURRENT ASSETS	8,315	8,580	5,534	3,528	4,337
DEFERRED TAX	(408)	(498)	(393)	(292)	-
TOTAL	12,917	12,472	9,869	8,784	8,016
C. FINANCED BY					
EQUITY SHARES	876	876	876	876	876
RESERVES	10,315	8,808	8,104	7,636	6,835
LOAN FUNDS	1,726	2,788	889	272	305
TOTAL	12,917	12,472	9,869	8,784	8,016

SAVITA CHEMICALS LIMITED

Forty-Second Annual Report

2002 - 2003

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.: 2288 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

Savita Chemicals Limited

NOTICE

NOTICE is hereby given that the Forty Second 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, 6th September, 2003 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, 2003 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.V.D. Narkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. A.G. Satsangi, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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

Mumbai
31st May, 2003

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, 1st September, 2003 to Saturday, 6th September, 2003 (both dates inclusive).
4. The payment of dividend, if approved, will be made to the shareholders whose names stand on the Register of Members on 6th September, 2003. 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
31st May, 2003

C. V. Alexander
Secretary

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting the Forty Second Annual Report, together with the Audited Accounts for the year ended 31st March, 2003.

1. FINANCIAL RESULTS

	Year ended 31.3.2003	Rupees in lacs Year ended 31.3.2002
Total Income	32,852	25,832
Profit before Depreciation & Tax	2,856	1,814
Depreciation	441	462
Profit before Tax	2,415	1,352
Provision for Taxation :		
Current	515	195
Deferred	(89)	37
Profit for the year after tax	1,989	1,120
Balance brought forward from previous year	347	34
Profit available for appropriations	2,336	1,154
Appropriations :		
Proposed Dividend	394	307
Tax on Dividend	50	—
General Reserve	300	500
Balance carried to Balance Sheet	1,592	347

2. DIVIDEND

Your Directors are pleased to recommend a dividend of 45% on the paid-up Equity Share Capital of Rs. 876.13 lacs for the year ended 31st March, 2003.

3. OPERATIONS

Industrial recession continues to haunt the global economies and India is no exception to the same. In spite of such adverse conditions your Company was able to show a commendable performance with the sales turnover touching an all time high of Rs. 32,256 lacs against Rs. 25,226 lacs in the previous year 2001-2002 showing a growth of 28%. The net profit of the Company at Rs. 1,989 lacs increased by 77% from Rs. 1,120 lacs for the year 2001-2002. This was possible because of concentrated efforts in marketing the Company's products, better realisations and cost reduction measures during the year. The growth in export revenues also added to the overall performance.

The Company during the year also commissioned a 750 KW Wind Energy Generator in Karnataka. This was the first machine to be commissioned outside the State of Maharashtra and will further augment the Wind Power capacity of the Company. Additional expansion of manufacturing capacity at the Turbhe and Silvassa Plants were also carried out during the course of the year.

In spite of the war in Iraq having come to an end, global crude oil prices have not declined as was widely expected to happen after the war. OPEC has managed to keep the crude oil prices firm so far. It remains to be seen how crude oil prices will react, once Iraq resumes significant exports of crude oil. This will also have a direct effect on Base Oil prices, which in turn have a significant impact on the profitability of your Company.

Savita Chemicals Limited

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 EARNING AND OUTGO

Information pursuant to Section 217(I) (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

Mr. A. G. Satsangi and Mr. V. D. Narkar retire by rotation under Section 256 of the Companies Act, 1956 and being eligible, offer themselves for re-appointment. The Board of Directors recommend their appointment as Directors.

8. CORPORATE GOVERNANCE

A separate statement on Corporate Governance along with the Auditors' Certificate on its compliance and Management Discussion and Analysis are given separately as 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 departures;
- (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 as at 31st March, 2003 and of 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 re-appointment.

11. PARTICULARS OF EMPLOYEES

The information required to be published under the provisions of the 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 Stock Exchange, Ahmedabad (Code: 51114/SAVITA CHEM). The Listing Fees for the year 2003-2004 have been paid by the Company on time.

13. ACKNOWLEDGEMENTS

The Board desires to place on record its appreciation for the support and co-operation that the Company received from employees at all levels, financial institutions, bankers, agents and business associates. The Directors are also grateful to the shareholders for the kind support they have offered at all times.

For and on behalf of the Board

Mumbai
31st May, 2003

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

- i) Additional power capacitors were installed.
- ii) Energy efficient lighting system was installed in the newly constructed warehouse.
- iii) Variable speed drive inverters have been provided in the Pilot plants.
- iv) Timer arrangements have been provided at some locations for the lighting system in the plants.

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

During the financial year, two numbers 7.5 HP energy efficient motors were provided. Depending upon their performance, replacement of higher horse power motors will be taken up. Existing ten numbers of thermo dynamic steam traps will be replaced with ball and float steam traps which are more suitable for steam conservation.

c) IMPACT OF THE ABOVE MEASURES

The above measures have helped your Company to reduce the overall steam and 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

As was indicated last year, the export business of your Company is showing consistent growth. The export turnover of your Company has increased from Rs. 1,494 lacs in the previous year to Rs. 2,640 lacs in the year 2002-2003, showing a robust growth of 76%. During the year, your Company has consolidated its position in the existing markets and in addition, was successful in adding new markets to its fold.

Your Directors take great pleasure in informing you that your Company has been conferred with the Export House status by the Ministry of Commerce this year, which should help in further enhancing the export performance in the future.

D. TOTAL FOREIGN EXCHANGE USED AND EARNED

	Rupees in lacs
(i) CIF Value of Imports	14,381
(ii) Expenditure in foreign Currency	600
(iii) Foreign Exchange earned	2,703

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, 2003

Sr. No.	Name of Employee	Age	Designation	Gross remuneration (Rs.)	Qualifications	Experience (In years)	Date of joining	Previous Employment/ Position held
1.	Mr. G. N. Mehra	42	Chairman and Managing Director	3,571,984	B.E.(Chem.), M.B.A.	20	1/12/1983	Marketing Executive Mehra Trading & Investment Company P. 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 an appropriate amount to the Gratuity Fund on actuarial valuation. As the employee-wise break-up of contribution is not available, the same is 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.

Savita Chemicals Limited

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

<u>PARTICULARS</u>	<u>2002-2003</u>	<u>2001-2002</u>
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a. Purchased Units (Million)	0.666*	0.916*
Total amount (Rs. lacs)	34.27	42.84
Average rate/unit (Rs.)	5.15	4.68
b. Own Generation		
i) Through Diesel Generation		
Quantity (KL)	33	30
Total Amount (Rs. lacs)	6.21	5.25
Average Rate (Rs. per KL)	19,051	17,435
ii) Through Wind Turbines		
Units (Million)	0.920	0.518
Total Amount (Rs. lacs)	51.59	24.70
Average Rate/Unit (Rs.)	5.61	4.77
2. Coal	Nil	Nil
3. Furnace Oil		
Quantity (KL)	236	190
Total Amount (Rs. lacs)	36.92	22.03
Average Rate (Rs. per KL)	15,630	11,569
4. Others	Nil	Nil

B. CONSUMPTION PER UNIT OF PRODUCTION*

Particulars	Year	Transformer Oil	Liquid Paraffins	Petroleum Sulfonates	Petroleum Jellies	Lubricants	Others
Electricity	2002-03	4	11	21	18	5	4
(KWH)	2001-02	7	22	43	36	11	7
Furnace Oil	2002-03	1	4	8	6	2	1
(in ltrs.)	2001-02	1	4	9	7	2	1

* units net of wind power generation

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 carried out work on Process Optimisation and Product Development for new customers. Various variants of our Speciality Oils were developed to meet the diverse requirements of new customers.

2. BENEFITS DERIVED

As a result of the new product variants that were developed, the Company could add new customers for its Speciality Oils.

3. FUTURE PLAN OF ACTION

R & D would continue to focus on Process Optimisation to reduce the cost of manufacturing as well as continue to develop new products to meet the diverse demands of potential customers.

4. EXPENDITURE ON RESEARCH AND DEVELOPMENT

	Rupees in lacs
a) Capital	Nil
b) Recurring	37.48
Total	<u>37.48</u>
Total R & D expenditure as percentage of total turnover	0.12%

5. TECHNOLOGY ABSORPTION AND ADAPTATION

Products and processes developed during the year are being incorporated for development of new markets and new customers.

For and on behalf of the Board

Mumbai
31st May, 2003

G. N. Mehra
Chairman and Managing Director

Savita Chemicals Limited

CORPORATE GOVERNANCE

Corporate Governance is the road map, which guides and directs the Board of Directors of the Company to govern the affairs of the Company in a manner most beneficial to the shareholders, creditors, Government and the society at large.

1. PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's corporate philosophy envisages complete transparency and adequate disclosures in all facets of its operations to all its stakeholders i.e shareholders, creditors, Government, depositors and employees. The Company believes in achieving highest standards of corporate governance and tries that all its actions and operations serve the underlying purpose of enhancing overall shareholder value over a sustained period of time.

2. BOARD OF DIRECTORS

The Company has a broad-based Board of Directors with a Managing Director heading the business, two promoter non-executive Directors and three non-promoter non-executive independent Directors.

The members on the Board possess adequate experience, expertise and skills necessary to manage the affairs of the Company in the most efficient manner.

The composition and category of the Directors on the Board of the Company are:-

Categories and names of Directors

Director	Category	No.of outside Directorships	No.of outside Committee memberships
Mr.G.N.Mehra	Executive-CMD/Promoter	9	—
Mrs.S.N.Mehra	Non-Executive-Promoter	9	—
Mr.A.G.Satsangi	Non-Executive-Promoter	1	—
Mr.N.B.Karpe	Non-Executive-Non-Promoter	1	—
Mr.V.D.Narkar	Non-Executive-Non-Promoter	9	8
Mr.S.R.Pandit	Non-Executive-Non-Promoter	2	—

Number of Board Meetings with dates

During the period 1st April, 2002 to 31st March, 2003, the Board met seven times with a maximum gap of three months between two meetings. The Board Meetings were held on 29th April, 2002, 29th July, 2002, 12th August, 2002, 18th October, 2002, 28th October, 2002, 12th December, 2002 and 27th January, 2003.

Attendance of Directors at the Board Meetings held during 2002-2003 and the last Annual General Meeting

Name of the Director	Attendance		Last AGM attended
	No. of meetings held during the tenure of Director		
	<u>Held</u>	<u>Attended</u>	
Mr.G.N.Mehra	7	7	Yes
Mrs.S.N.Mehra	7	5	Yes
Mr.A.G.Satsangi	7	4	Yes
Mr.N.B.Karpe	7	6	Yes
Mr.V.D.Narkar	7	7	Yes
Mr.S.R.Pandit	7	7	Yes

Details of remuneration paid/to be paid (Rupees in lacs) to the Directors for the year 2002-2003

	All elements of remuneration package taken together	Commission*
<u>Managing Director</u>		
Mr.G.N.Mehra		
Salary	12.00	
Perquisites	9.03	
Contribution to PF	1.45	27.54
<u>Non-executive Directors</u>		
Mrs.S.N.Mehra	Nil	1.00
Mr.A.G.Satsangi	Nil	1.00
Mr.N.B.Karpe	Nil	1.00
Mr.V.D.Narkar	Nil	1.00
Mr.S.R.Pandit	Nil	1.00

* Subject to approval of shareholders.