

Annual Report

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SAVITA CHEMICALS LIMITED
43rd ANNUAL REPORT 2003-2004

FIVE YEAR PERFORMANCE AT A GLANCE

Rupees in lacs

PARTICULARS	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
A. REVENUE AND APPROPRIATIONS					
SALES AND OTHER INCOME	46,698	32,852	25,832	22,106	17,941
PROFIT BEFORE TAX	3,642	2,415	1,352	1,017	1,752
PROFIT AFTER TAX	2,817	1,989	1,120	786	1,235
DIVIDEND %	75	45	35	30	40
B. ASSETS EMPLOYED					
NET FIXED ASSETS	4,778	3,602	3,443	3,817	4,158
INVESTMENTS	1,229	1,408	947	911	1,390
NET CURRENT ASSETS	9,676	8,315	8,580	5,534	3,528
DEFERRED TAX	(624)	(408)	(498)	(393)	(292)
TOTAL	15,059	12,917	12,472	9,869	8,784
C. FINANCED BY					
EQUITY SHARES	876	876	876	876	876
RESERVES	12,356	10,315	8,808	8,104	7,636
LOAN FUNDS	1,827	1,726	2,788	889	272
TOTAL	15,059	12,917	12,472	9,869	8,784

SAVITA CHEMICALS LIMITED

Forty - Third Annual Report
2003 - 2004

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 Naroли, 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-Third 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 7th August, 2004 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, 2004 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 Mr. S. R. Pandit, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. B. Karpe, 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.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following as Special Resolution:

"RESOLVED THAT, in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003, or any amendment or modification thereof, and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company ("the Board") consent be and is hereby accorded to de-list the Ordinary Shares of the Company from the stock exchanges at Ahmedabad and Delhi."

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 2nd August, 2004 to 7th August, 2004 (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 7th August, 2004. For shares held in the dematerialised 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 more than one folio to enable the Company to consolidate the said folios into one folio and (b) notify immediately, any change in their recorded 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 Agent 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
29th May, 2004

C. V. Alexander
Secretary

ANNEXTURE TO THE NOTICE

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

Item No. 6

The Company's shares at present are listed with the following stock exchanges:

1. The Stock Exchange, Mumbai (BSE)
2. The National Stock Exchange of India Limited, Mumbai (NSE)
3. The Stock Exchange Ahmedabad, Ahmedabad
4. The Delhi Stock Exchange Association Limited, Delhi

It is observed from the data on trading volumes that the Company's shares are not traded in material volumes at stock exchanges other than BSE and NSE; substantial percentage of volume of Company's shares are transacted in BSE and NSE. The trading volume of Company's shares in other stock exchanges is either nil or insignificant. BSE and NSE have the nationwide trading terminals, which facilitate trading by members/investors across the country. Therefore, to continue trading in stock exchanges other than BSE and NSE neither serves the interest of the members/investors nor that of the Company.

The Board of Directors of your Company ("the Board") at its meeting held on 29th May, 2004 approved voluntary de-listing of Company's shares from stock exchanges at Ahmedabad and Delhi and accordingly recommended the proposal of de-listing for members' approval. The Company's shares will, however, continue to be listed on BSE and NSE.

De-listing of the Company's shares from the above stock exchanges will also result in saving the cost on account of listing fees.

In accordance with Securities & Exchange Board of India (De-listing of Securities) Guidelines, 2003, consent of the members by way of Special Resolution is required for voluntary de-listing of Company's shares.

None of the Directors of your Company is interested in this Special Resolution.

Your Directors recommend this Special Resolution for your approval.

By Order of the Board of Directors

Mumbai
29th May, 2004

C. V. Alexander
Secretary

SAVITA CHEMICALS LIMITED

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting the Forty - Third Annual Report, together with the Audited Accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS

	Rupees in lacs	
	Year ended 31.3.2004	Year ended 31.3.2003
Total Income	46,698	32,852
Profit before Depreciation and Tax	4,220	2,856
Depreciation	578	441
Profit before Tax	3,642	2,415
Provision for Taxation :		
Current	610	515
Deferred	215	(89)
Profit for the year after tax	2,817	1,989
Balance brought forward from previous year	1,592	347
Profit available for appropriations	4,409	2,336
Appropriations:		
Proposed Dividend	657	394
Tax on Dividend	84	50
General Reserve	350	300
Balance carried to Balance Sheet	3,318	1,592

2. DIVIDEND

Your Directors are pleased to recommend a regular dividend of 50% and a special dividend of 25%, on the occasion of 10th anniversary year of Company's shares being listed on the stock exchanges on the paid up Equity Share Capital of Rs.876.13 lacs for the year ended 31st March, 2004.

3. OPERATIONS

With some signs of an economic recovery in the country in the year under review, your Company was able to turn out another commendable performance with sales turnover at Rs. 45,246 lacs against Rs. 32,256 lacs in the year 2002-03, showing a growth of 40%. The net profit of the Company at Rs. 2,817 lacs as against Rs. 1,989 lacs for the previous year, has also kept pace with the increase in sales. Addition of new customers, both in the domestic and the export markets was the key driver for this increase in sales.

Your Company also added further capacity to its Wind Power segment by commissioning four new wind energy generators of 950 KW each in the State of Karnataka in July 2003. Further investments in this segment will be considered by your Company on the basis of their economic viability.

Further expansion in the manufacturing capacity at the Silvassa plant was also carried out during the course of the year.

Global crude oil prices, in recent days, have risen to their highest levels in the last eleven years. Robust demand for crude oil from some of the major economies such as USA and Japan, as well as the emerging economies such as China and India, along with continuing tensions in the Middle East have been primarily responsible for this sustained rise in crude oil prices.

With global economies showing early signs of an economic recovery, demand for crude oil is likely to remain strong and any drop in crude oil prices will only be possible if substantial export of crude oil from Iraq commences and OPEC agrees to further enhance its output of crude oil. The movements in prices of crude oil are significant for your Company as they have a bearing on the Base Oil prices, the key raw material for your Company.

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" by way of an 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 Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is furnished by way of Annexure to this Report.

7. DIRECTORS

Mr. S. R. Pandit and Mr. N. B. Karpe retire by rotation under Section 256 of the Companies Act, 1956 and being eligible, offer themselves for re-appointment. The Board of Directors recommends their re-appointment as Directors.

8. CORPORATE GOVERNANCE

A separate statement on Corporate Governance along with the Auditors' Certificate on its compliance and Management Discussions 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 explanations 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, 2004 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 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 Stock Exchange Ahmedabad (Code: 51114/SAVITA CHEM) and The Delhi Stock Exchange Association Limited (Code: 7610) . The Listing Fees for the year 2004-2005 have been paid by the Company in time.

It has been observed that your Company's shares are very thinly traded on stock exchanges at Ahmedabad and Delhi. As you are aware, The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE) have nationwide terminals which facilitate trading by members/investors across the country. Therefore, to continue trading in stock exchanges other than BSE and NSE does not serve any purpose. The Board therefore recommends the de-listing of your Company's shares from the stock exchanges at Ahmedabad and Delhi.

13. ACKNOWLEDGEMENTS

The Board acknowledges its sincere appreciation for the support and co-operation that the Company has received from its bankers, financial institutions, agents and business associates, as well as employees at all levels. The Directors also express their gratitude to the shareholders for the kind support they have offered at all times.

For and on behalf of the Board

Mumbai
29th May, 2004

G. N. Mehra
Chairman and Managing Director

SAVITA CHEMICALS LIMITED

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) Fuel used in Thermopac was changed to LDO from HSD.
- ii) Asbestos sheets used in covering godowns were partially replaced by transparent sheets which provide better natural light during day time. This reduces the need of electrical lighting.
- iii) The replacement of conventional lighting system by energy efficient lighting systems was continued.

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

The Company intends to continue the process of replacing conventional lights and motors by energy efficient lights and motors. Upgradation of steam traps wherever required will also be done.

c) IMPACT OF THE ABOVE MEASURES

The above measures have led your Company to reduce its overall energy cost due to reduction in both electricity and steam costs.

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 export turnover of your Company has increased from Rs. 3,376 lacs in the previous year to Rs.3,440 lacs in the year 2003-2004, showing a growth of 2%. Your Company has continued to consolidate its position in its current markets as well as steadily explore new markets for its products.

D. TOTAL FOREIGN EXCHANGE USED AND EARNED

Rupees in lacs

(i) CIF Value of Imports	22,961
(ii) Expenditure in foreign Currency	556
(iii) Foreign Exchange earned	2,876

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, 2004

Name of Employee	Age	Designation	Gross remuneration (Rupees)	Qualifications	Experience (In years)	Date of joining	Previous Employment/ Position held
Mr. G. N. Mehra	43	Chairman and Managing Director	5,255,172	B.E.(Chem.), M.B.A.	21	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.

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

2003-2004 2002-2003

A. POWER & FUEL CONSUMPTION**1. Electricity****a. Purchased Units (million)****1.052*** 0.666*

Total amount (Rs.lacs)

45.91 34.27

Average rate/unit (Rs.)

4.37 5.15**b. Own Generation****i) Through Diesel Generation Unit****22,224** 50,751

Units per Litre of Diesel Oil

3.05 2.44

Cost / Unit (Rs.)

6.77 7.81**ii) Through Steam Turbine Generators****Nil** Nil**iii) Through Wind Turbines**

Units (million)

0.745 0.920

Total Amount (Rs. lacs)

33.46 51.59

Average rate/Unit (Rs.)

4.49 5.61**2. Coal****Nil** Nil**3. Furnace Oil**

Quantity (KL)

230 236

Total Amount (Rs. lacs)

35.05 36.92

Average Rate (Rs. per KL)

15,217 15,630**4. Others****Nil** Nil**B. CONSUMPTION PER UNIT OF PRODUCTION***

Particulars	Year	Transformer Oil	Liquid Paraffins	Petroleum Sulfonates	Petroleum Jellies	Lubricants	Others
Electricity	2003-04	4	12	25	21	6	4
(KWH)	2002-03	4	11	21	18	5	4
Furnace Oil	2003-04	1	3	5	5	1	1
(In litres)	2002-03	1	4	8	6	2	1

* Units net of wind power generation

SAVITA CHEMICALS LIMITED

FORM - B

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 the development of new product variants for both Transformer Oils and Liquid Paraffins. These variants are tailor-made Speciality Oils for new customers.

2. BENEFITS DERIVED

The development of new variants of Speciality Oils led to the addition of new customers for these products, both in the domestic and export markets.

3. FUTURE PLAN OF ACTION

Development work will be continued for developing new formulations and new variants for Speciality Oils with a special focus on meeting the requirements of new customers in both domestic and overseas markets.

4. EXPENDITURE ON RESEARCH AND DEVELOPMENT

	Rupees in lacs
a) Capital	2.47
b) Recurring	41.39
Total	<u>43.86</u>

Total R & D expenditure as percentage of total turnover 0.10

5. TECHNOLOGY ABSORPTION AND ADAPTATION

The variants that were developed during the year have also been introduced into our product range and are being marketed to customers.

For and on behalf of the Board

Mumbai
29th May, 2004

G. N. Mehra
Chairman and Managing Director