

# Annual Report

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**SAVITA CHEMICALS LIMITED**  
46th ANNUAL REPORT 2006-2007

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# SAVITA CHEMICALS LIMITED

## Forty-Sixth Annual Report 2006 - 2007

**BOARD OF DIRECTORS**

: G. N. Mehra - Chairman and Managing Director  
C. V. Alexander - Executive Director and Secretary  
N. B. Karpe  
Mrs. S. N. Mehra  
V. D. Narkar (Expired on 17.7.2007)  
S. R. Pandit

**BANKERS**

: State Bank of India  
Union Bank of India  
Corporation Bank  
Standard Chartered Bank

**AUDITORS**

: G. M. Kapadia & Co.  
Chartered Accountants  
Mumbai

**REGISTERED OFFICE**

: 66/67, Nariman Bhavan,  
Nariman Point,  
Mumbai - 400 021  
Tel. No.: 022-2288 3061 / 62 / 63 / 64  
Fax No.: 022-2202 9364

**FACTORIES**

: 17/17A, Thane Belapur Road,  
Turbhe,  
Navi Mumbai - 400 703

Survey No. 10/2, Kharadpada,  
Post Naroli, Silvassa,  
Dadra and Nagar Haveli - 396 230

**SHARE TRANSFER AGENT**

: Sharepro Services (India) Pvt. Ltd.  
Satam Estate, 3rd Floor,  
Above Bank of Baroda,  
Cardinal Gracious Road,  
Chakala, Andheri (East),  
Mumbai - 400 099  
Tel. No.: 022-2821 5168 / 2834 7719

# SAVITA CHEMICALS LIMITED

## NOTICE

NOTICE is hereby given that the Forty-Sixth 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 Wednesday, 12th September 2007 at 11.00 A.M., to transact the following business:

### ORDINARY BUSINESS:

1. To receive and adopt the Audited Balance Sheet as at 31st March 2007, Profit and Loss Account and Cash Flow Statement for the year ended on 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.
4. To appoint a Director in place of Mr. C. V. Alexander, 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 pursuant 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, consent of the Company be and is hereby accorded to the re-appointment of Mr. C. V. Alexander as the Whole-time Director of the Company for a period upto 30th September 2008 with effect from 1st October 2007 on remuneration and perquisites and other terms and conditions as contained here below:  
Remuneration:  
(i) Salary: Rs.53,000/- (Rupees fifty three thousand only) per month.  
(ii) Perquisites: As classified into three categories A, B & C as follows:

#### CATEGORY A

- (a) House Rent Allowance at the rate of 25% of the salary.
- (b) Education Allowance and Special Allowance of Rs.100/- and Rs.3,000/- per month respectively.
- (c) Medical Expenses Reimbursement:  
Reimbursement of medical expenses incurred on himself and his family subject to a ceiling of 5% of the salary.
- (d) Leave Travel Allowance:  
For himself and his family once in a year in accordance with the Rules of the Company for the time being in force.
- (e) Bonus as per the Rules of the Company.
- (f) Performance linked incentive as per the Policy of the Company.
- (g) Personal Life/Accident Insurance:  
For himself in accordance with the Rules of the Company.

#### CATEGORY B

- (a) Provident Fund, etc:  
Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Company's Rules applicable from time to time to the extent that these either singly or put together are not taxable under the Income Tax Act.



## (b) Gratuity:

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

## (c) Leave Entitlement &amp; Encashment:

Leave entitlement shall be as per Company Rules. He shall be permitted to encash unavailed leave.

**CATEGORY C**

## (a) Conveyance:

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

## (b) Telephone:

Provision of telephone facility subject to being billed for personal long distance calls."

**"FURTHER RESOLVED THAT** where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay to the Whole-time 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."

**"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 hereinabove 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 Agreement to be executed between the Company and Mr. C. V. Alexander shall be suitably modified to give effect to such variation or increase as the case may be."

By Order of the Board

Mumbai  
30th July 2007

C. V. Alexander  
Director and 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 6.9.2007 to 12.9.2007 (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 12.9.2007. 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 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 numbers, 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 fill in 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

Mumbai  
30th July 2007

C. V. Alexander  
Director and Secretary

# SAVITA CHEMICALS LIMITED

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

### Item No.6

The Board of Directors of the Company at its meeting held on 30th July 2007, re-appointed Mr. C. V. Alexander, as a Whole-time Director of the Company for a period up to 30th September 2008 with effect from 1st October 2007, subject to the approval of the Members at the ensuing Annual General Meeting. An Agreement in this regard shall be executed between the Company and Mr. C. V. Alexander containing the terms and conditions as stated in the Resolution under Item No.6.

The appointment of Mr. C. V. Alexander 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.

Where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay to the Whole-time 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.

Mr. C. V. Alexander has crossed the age of 70. Hence, as per Schedule XIII to the Companies Act, 1956, his re-appointment and remuneration are required to be approved by the shareholders by Special Resolution in the ensuing Annual General Meeting and accordingly this Resolution is placed before the Members of the Company.

This explanation together with the accompanying Notice be treated as an Abstract of the terms of re-appointment of Mr. C. V. Alexander as the Whole-time Director of the Company as required under Section 302 of the Companies Act, 1956.

None of the Directors of your Company except Mr. C. V. Alexander himself, is in any way concerned or interested in this Special Resolution.

The Agreement to be entered between the Company and Mr. C. V. Alexander as well as the copy of the Memorandum and Articles of Association shall be made available for inspection to the Members at the Registered Office of the Company during business hours on any working day.

The Directors of your Company recommend this Special Resolution for your approval.

By Order of the Board

Mumbai  
30th July 2007

C. V. Alexander  
Director and Secretary



## REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting the Forty-Sixth Annual Report, together with the Audited Accounts for the year ended 31st March 2007.

### 1. FINANCIAL RESULTS

Rupees in lacs

	Year ended 31.3.2007	Year ended 31.3.2006
Total Income	82,855	61,449
Profit before Depreciation and Tax	7,034	6,048
Depreciation	987	904
Profit before Tax	6,047	5,144
Provision for Taxation		
Current	895	1,075
Deferred	547	287
Fringe Benefit	37	33
Provision for taxation no longer required	(158)	—
Profit for the year after Tax	4,726	3,749
Balance brought forward from previous year	6,872	4,872
Profit available for appropriation	11,598	8,621
Appropriations:		
Interim Dividend	949	—
Proposed Final Dividend	365	1,095
Tax on Dividend (including on Interim Dividend)	195	154
General Reserve	500	500
Balance carried to Balance Sheet	9,589	6,872

### 2. DIVIDEND

Your Directors are pleased to recommend a final dividend of 25% for the year ended 31st March 2007 in addition to the interim dividend of 65% paid earlier in the year 2006-07, on the increased Paid-up Equity Share Capital of Rs.1,460 lacs.

### 3. OPERATIONS

Your Company recorded another commendable performance in the year 2006-07 with gross sales turnover at Rs.90,538 lacs against Rs. 68,047 lacs in the year 2005-06, showing a growth of 33%. The net profit of the Company stood at Rs.4,726 lacs as against Rs.3,749 lacs for the previous year showing an increase of 26%. The growth in net profit of the Company kept pace with growth in sales turnover due to product price increases and cost reduction measures.

During the year under review, four new Wind Energy Generators were commissioned by your Company. Of these, two were of 1,250 KW each and two were of 1,650 KW each. All of these were commissioned in the State of Maharashtra. These projects have taken the installed capacity for Wind Energy generation of your Company to 21.8 MWs.

### 4. BONUS SHARES

During the year under review, your Company issued 5,840,833 Equity Shares of face value of Rs.10/- each by way of Bonus Shares. This issue of shares has taken the Paid-up Equity Share Capital of your Company to Rs.1,460 lacs from the earlier Rs.876 lacs.

# SAVITA CHEMICALS LIMITED

## 5. WHOLLY OWNED SUBSIDIARY IN UNITED ARAB EMIRATES

Your Company had established a wholly owned subsidiary company, Solaris International FZE, in Sharjah (United Arab Emirates) in the financial year 2005-06. This subsidiary company is still in its infancy stage. During the financial year 2006-07, the business operations of the subsidiary company are being developed in a gradual manner. The Annual Accounts of the subsidiary company have been attached to this Annual Report.

## 6. FIXED DEPOSITS

The Company has no overdue / unpaid fixed deposits.

## 7. RESEARCH AND DEVELOPMENT

A note on the R & D activities and Technology Absorption is given in Form 'B' by way of an Annexure to this Report.

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

## 9. DIRECTORS

Your Directors, with profound grief, have to inform you about the sad demise of your Company's Director, Mr. V. D. Narkar, who passed away on 17th July 2007. Late V. D. Narkar was associated with the Company for more than 15 years. Your Directors pay rich tributes to his valuable work and contributions to your Company.

Mrs. S. N. Mehra & Mr. C. V. Alexander retire by rotation under Section 256 of the Companies Act, 1956 and being eligible, offers themselves for re-appointment. The Board of Directors recommends their re-appointment as Directors.

Mr. C. V. Alexander has been re-appointed as the Whole-time Director of the Company by the Board in its Meeting held on 30th July 2007. His re-appointment as the Director of the Company is subject to the approval at the ensuing Annual General Meeting. He is a postgraduate in Arts and graduate in Law. He has been with the Company for over 3 decades and continues to be the Secretary of the Company. He has made valuable contributions to the growth of the Company over the years. Item No. 6 of the Notice together with Explanatory Statement be treated as an Abstract of the terms and conditions under Section 302 of the Companies Act, 1956 of his appointment.

## 10. CORPORATE GOVERNANCE

A statement on Corporate Governance along with the Auditors' Certificate regarding its compliance and Management Discussion and Analysis are given separately as part of the Annual Report.

## 11. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, your Company has transferred a sum of Rs.2.92 lacs to the Investor Education and Protection Fund, which was the dividend amount due and payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205A(5) of the Companies Act, 1956.

## 12. RISK ASSESSMENT AND MANAGEMENT

Your Company is aware of the various operational and business risks in its business. The codified procedures for handling these risks are reviewed and streamlined by the Company on a continuous basis. The Company's manpower is being trained from time to time to handle and minimise these risks.





### 13. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements of Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors of your 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 your Company as at 31st March 2007 and profit 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 your Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the Annual Accounts on a 'going concern' basis.

### 14. AUDITORS

M/s. G. M. Kapadia & Co., Chartered Accountants, retire at the conclusion of this Annual General Meeting and are eligible for re-appointment.

### 15. 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.

### 16. LISTING

Your Company's shares continue to be listed on The Bombay Stock Exchange Limited (Code: 24667) and The National Stock Exchange of India Limited (Code: SAVITA CHEM-EQ). The Listing Fees to these two Stock Exchanges for the year 2007-08 have been paid by your Company on time.

### 17. ACKNOWLEDGEMENTS

Your Directors record their sincere appreciation for the valuable support and co-operation that your Company has received from its bankers, financial institutions, agents and business associates as well as employees at all levels. Your Directors are also grateful for the confidence and faith reposed in them by the shareholders.

For and on behalf of the Board

Mumbai  
30th July 2007

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) Electrical unit consumption reduced by

- i) Providing CFL lamps for efficient lighting.
- ii) Replacing copper chokes for tube fittings with electronic chokes.
- iii) Replacing old motors with energy efficient motors.
- iv) Replacing 5 nos. of 5 HP Pumps with 1 canned motor pump of 12.5 HP.
- v) Installing overhead tank for water supply to the entire Plant, thereby reducing the operating hours of water pump.

##### (II) Fuel saving by

- i) Adding fuel additives for LDO used for Thermic Fluid Heater.
- ii) Maintaining Power Factor at unity throughout the year.

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

The Company intends to pursue rainwater harvesting thereby reducing the consumption of water supply by MIDC. The Company is also examining the feasibility of further synchronising its Plant operations.

#### c) IMPACT OF THE ABOVE MEASURES

The above measures have resulted in reduction for the Company in overall energy costs, water consumption and fuel usage.

#### 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 (FOB value) of your Company has shown a steady growth from Rs.6,801 lacs in the year 2005-06 to Rs.11,902 lacs in the year 2006-07, showing an increase of 75%. The focus has been on building long-term supply arrangements for various multinational customers for Transformer Oils & White Mineral Oils and expanding the deliveries into newer territories. Our adherence to the international quality standards and competitive deliveries has reinforced our relationship with many large customers. Your Company shall strive to consolidate further on these relationships to maintain growth of your Company in international business.

### D. TOTAL FOREIGN EXCHANGE USED AND EARNED

	Rupees in lacs
(i) CIF Value of Imports	49,825
(ii) Expenditure in Foreign Currency	692
(iii) Foreign Exchange earned	12,441

### 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 2007:

Name of Employee	Age	Designation	Gross Remuneration (Rupees)	Qualification	Experience (in years)	Date of joining	Previous Employment/ Position held
Mr. G. N. Mehra	45	Chairman and Managing Director	8,114,832	B.E. (Chem.), Punjab Univ. (Chandigarh) M.B.A., Univ. of California (Berkeley)	24	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.