

Annual Report

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SAVITA CHEMICALS LIMITED
47th ANNUAL REPORT 2007-2008

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SAVITA CHEMICALS LIMITED

Forty-Seventh Annual Report 2007 - 2008

BOARD OF DIRECTORS	: Mr. G. N. Mehra - Chairman and Managing Director Mr. C. V. Alexander - Executive Director Mr. N. B. Karpe Mrs. S. N. Mehra Mr. S. R. Pandit Mr. H. A. Nagpal (Additional Director w.e.f. 26th July 2008)
CHIEF FINANCIAL OFFICER	: Mr. S. M. Dixit
COMPANY SECRETARY AND V P - LEGAL	: Mr. U. C. Rege
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.: 022-6624 6200 / 6624 6228 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.: 022-6772 0300 - 351-352

SAVITA CHEMICALS LIMITED

NOTICE

NOTICE is hereby given that the Forty-Seventh 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 **Tuesday, 9th September 2008 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 2008, 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 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 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 up to 30th September 2009 with effect from 1st October 2008 on remuneration and perquisites and other terms and conditions as contained here below:

Remuneration:

- (i) Salary: Rs.61,000/- (Rupees Sixty One 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 and his spouse 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 & Encashment:
Leave entitlement shall be as per the Rules of the Company. 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."

7. To consider and if thought fit, to pass with or without modifications, the following as **Ordinary Resolution**:

"RESOLVED THAT Mr. H. A. Nagpal be and is hereby appointed as Director of the Company."

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

"RESOLVED THAT in supersession of the Special Resolution passed on 28th September 2005, pursuant to provisions of Section 309 and other applicable provisions of the Companies Act, 1956, with effect from 1st April 2008, the Directors other than in the Whole-time employment or the Managing Director of the Company, be paid remuneration by way of commission, a sum not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, subject to a ceiling of Rs.2,00,000/- (Rupees two lacs only) each per annum in addition to sitting fees as permissible under the provisions of the Companies Act, 1956 and Rules framed thereunder."

By Order of the Board

Mumbai
26th July 2008

U. C. Rege
Company Secretary and V P - Legal

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 1.9.2008 to 9.9.2008 (both days inclusive).
4. The payment of dividend, if approved, will be made to the shareholders whose names stand on the Register of Members on 9.9.2008. 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 seven 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
26th July 2008

U. C. Rege
Company Secretary and V P - Legal

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 26th July 2008 re-appointed Mr. C. V. Alexander, as a Whole-time Director of the Company for a period up to 30th September 2009 with effect from 1st October 2008, 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.

Item No.7

In the Board Meeting held on 26th July 2008, Mr. H. A. Nagpal was appointed as Additional Director of the Company w.e.f. that date. In accordance with Section 260 of the Companies Act, 1956 (the Act), he will hold office up to the date of the ensuing Annual General Meeting of the Company. In terms of Section 257 of the Act, the Company has received Notice from a shareholder along with the requisite deposit signifying his intention to propose Mr. H. A. Nagpal as candidate for the office of Director. Mr. H. A. Nagpal has given his consent to act as Director of the Company, if appointed at the ensuing Annual General Meeting.

None of the Directors other than Mr. H. A. Nagpal is concerned or interested in passing of this Ordinary Resolution.

The Directors of your Company consider that it would be in the interest of the Company to continue to avail the services of Mr. H. A. Nagpal as Director of the Company and therefore recommend his appointment.

Item No.8

Section 309 of the Companies Act, 1956 permits the payment of remuneration to the Non-Whole-time Directors of a Company by way of commission not exceeding one percent per annum of the net profits of the Company, if the Company authorises such payment by a Special Resolution. In addition, Section 310 of the Companies Act, 1956 and Rules framed thereunder prescribe limits on payment of sitting fees to the Non-Whole-time Directors for attending Board Meetings of the Company.

The Company had passed a Special Resolution on 28th September 2005 approving the payment of remuneration by way of commission not exceeding one percent per annum of the net profits of the Company subject to a ceiling of Rs.1,00,000/- per annum to each of the Non-Whole-time Directors.

It is now proposed that with effect from 1st April 2008, each of the Non-Whole-time Directors of the Company be paid a remuneration by way of commission not exceeding one percent of the net profits of the Company calculated in accordance with the provisions of the Act, subject to a ceiling of Rs.2,00,000/- each per annum in addition to sitting fees for attending Board Meetings, in accordance with Section 310 of the Companies Act, 1956 and the Rules framed thereunder.

Mr. N. B. Karpe, Mrs. S. N. Mehra, Mr. S. R. Pandit and Mr. H. A. Nagpal, Non-Whole-time Directors of the Company may be deemed to be concerned or interested in the Resolution mentioned at Item No.8 of the Notice, to the extent of the remuneration that may be received by them. Also Mr. Gautam N. Mehra being related to Mrs. S. N. Mehra, may be deemed to be concerned or interested in the said Resolution.

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

By Order of the Board

Mumbai
26th July 2008

U. C. Rege
Company Secretary and V P - Legal





REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting the Forty-Seventh Annual Report, together with the Audited Accounts for the year ended 31st March 2008.

1. FINANCIAL RESULTS

	Rupees in lacs	
	Year ended 31.3.2008	Year ended 31.3.2007
Total Income	93,088	82,855
Profit before Depreciation and Tax	9,939	7,034
Depreciation	1,439	987
Profit before Tax	8,500	6,047
Provision for Taxation		
Current	1,930	895
Deferred	477	547
Fringe Benefit	40	37
Provision for taxation no longer required	(143)	(158)
Profit for the year after Tax	6,196	4,726
Balance brought forward from previous year	9,589	6,872
Profit available for appropriation	15,785	11,598
Appropriations:		
Interim Dividend	–	949
Proposed Dividend	1,679	365
Tax on Dividend	286	195
General Reserve	650	500
Balance carried to Balance Sheet	13,170	9,589

2. DIVIDEND

Your Directors are pleased to recommend a higher dividend of 115% for the year ended 31st March 2008 as against 90% for the previous year on the paid up Equity Share Capital of Rs.1,460 lacs.

3. OPERATIONS

Your Company recorded another commendable performance in the year 2007-08 with gross sales turnover at Rs.102,288 lacs against Rs.90,538 lacs in the year 2006-07, showing a growth of 13%. The net profit of the Company stood at Rs.6,196 lacs as against Rs.4,726 lacs for the previous year showing an increase of 31%. The growth in net profit was mainly driven by higher volumes due to stronger demand for your Company's products.

During the year under review, four new Wind Energy Generators were commissioned by your Company. Of these, 1 number of 1,650 KW and 2 numbers of 800 KW each were in Maharashtra and 1 number of 1,250 KW was commissioned in Karnataka. These projects have taken the installed capacity for Wind Energy generation of your Company to 26.3 MW from 21.8 MW in the previous year.

4. WHOLLY OWNED SUBSIDIARY IN UNITED ARAB EMIRATES

Your Company has received approval from the Central Government for not publishing the Annual Accounts of the subsidiary along with the Annual Accounts of your Company for the year ended 31st March 2008. However, the Annual Accounts and the related detailed information of the subsidiary will be made available to the Members on demand and these shall be kept for inspection by any Member, at the Registered Office of your Company as well as the Registered Office of the Subsidiary Company.

SAVITA CHEMICALS LIMITED

5. FIXED DEPOSITS

The Company has no overdue / unpaid fixed deposits.

6. 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.

7. 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 an Annexure to this Report.

8. 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.

Mr. C. V. Alexander has been re-appointed as the Whole-time Director of the Company by the Board in its Meeting held on 26th July 2008. His re-appointment as the Director of the Company is subject to the approval of the Members 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. Till 31st December 2007, he was also serving as 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.

Mr. H. A. Nagpal was appointed as Additional Director by the Board on 26th July 2008. He vacates his office at the ensuing Annual General Meeting of the Company. The Company has received proposal from a shareholder of the Company for his appointment as regular Director on the Board.

The Board of Directors recommends their re-appointment as Directors of the Company.

9. 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.

10. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the Company has transferred a sum of Rs.2.91 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 7 years, as provided in Section 205A(5) of the Companies Act, 1956.

11. 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.

12. 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 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 2008 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 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.

13. AUDITORS

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

14. 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.

15. LISTING

Your Company's shares continue to be listed on Bombay Stock Exchange Limited (Code: 24667) and National Stock Exchange of India Limited (Code: SAVITA CHEM-EQ). The Listing Fees to these two Stock Exchanges for the year 2008-09 have been paid by the Company on time.

16. ACKNOWLEDGEMENTS

Your Directors are grateful to the Company's bankers, financial institutions, agents and business associates as well as employees at all levels for their valuable support and co-operation extended at all times. Your Directors are also grateful for the confidence and faith reposed in them by the shareholders.

For and on behalf of the Board

Mumbai
26th July 2008

Gautam 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

Electrical unit consumption reduced by

- Providing energy conserving CF Lamps for efficient lighting.
- Replacing 51 copper chokes with electronic chokes for tube fittings.
- Replacing 5 old motors with new energy efficient motors.
- Replacing 34 old air conditioner units with new energy efficient air conditioner units.
- Installing variable speed drive at Pilot Plant.
- Maintaining power factor all the time at unity and availed cash incentive from MSEB.

b) IMPACT OF THE ABOVE MEASURES

The above energy conservation measures have reduced the overall energy consumption and fuel usage for the Company.

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

It is proposed to replace the existing Cooling Tower with energy efficient and space saving modern cooling tower. As a continuous practice, efforts are always on to replace the existing lighting with metal halide lamps wherever possible so as to get more illumination coupled with longer life.

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

Your Company has achieved an export turnover (FOB value) of Rs.13,521 lacs in the year 2007-08 as against Rs.11,902 lacs in the year 2006-07, showing an increase of 13%. As a corporate policy, your Company, while on one hand has been striving on a continuous basis to consolidate its relationships with its various multinational customers for Transformer Oil and White Mineral Oils, on the other hand has also been exploring avenues for business in new territories. Strict adherence to quality standards and competitive pricing has given an excellent recognition to your Company's products amongst global customers. All efforts shall be undertaken by your Company to consolidate further on these relationships to maintain growth of your Company in international markets.

D. TOTAL FOREIGN EXCHANGE USED AND EARNED

	Rupees in lacs
(i) CIF Value of Imports	53,112
(ii) Expenditure in foreign currency	265
(iii) Foreign Exchange earned	13,706

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 2008:

Name of Employee	Age	Designation	Gross Remuneration (Rupees)	Qualification	Experience (in years)	Date of joining	Previous Employment/ Position held
Mr. Gautam N. Mehra	46	Chairman and Managing Director	8,924,662	B.E. (Chem.), Punjab Univ. (Chandigarh) M.B.A., Univ. of California (Berkeley)	25	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.