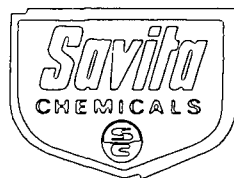


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CS	✓	DPY	✓
RO	✓	DIV	✓
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		

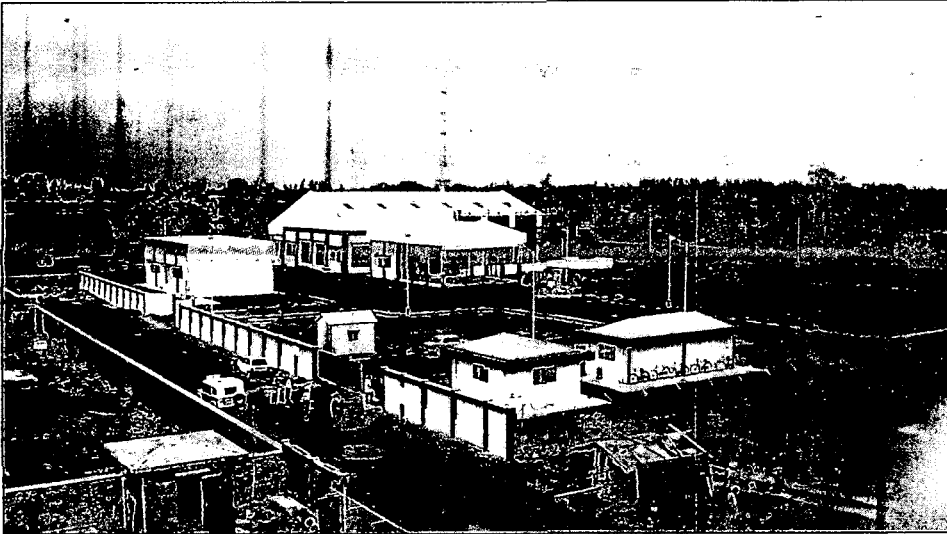
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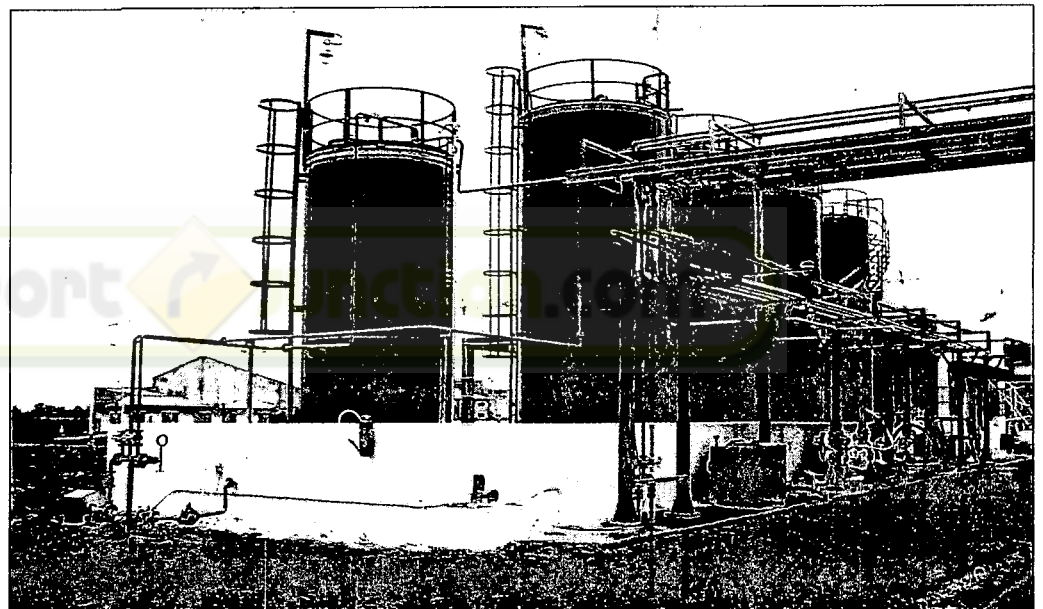
SAVITA CHEMICALS LIMITED

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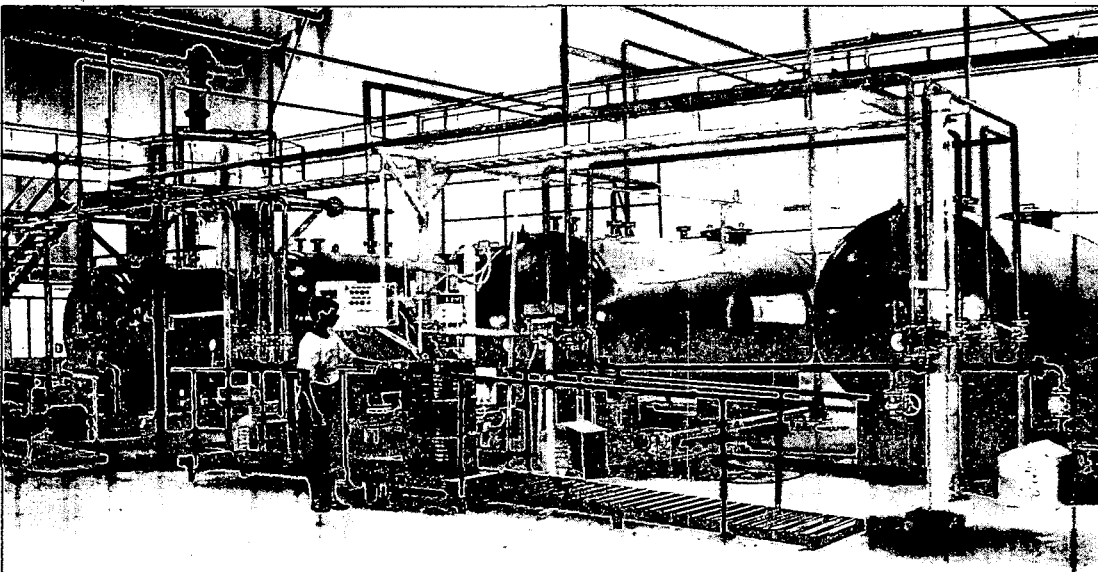
NEW PLANT AT SILVASSA



◀ A bird's eyeview



A view of tank farm ▶



◀ A view of production facilities

SAVITA CHEMICALS LIMITED

Thirty-Seventh Annual Report
1997-98

BOARD OF DIRECTORS : G.N. MEHRA — Chairman and Managing Director
MRS. S.N. MEHRA
D.S. MALVI
V.D. NARKAR
A. 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

FACTORY : 17/17A THANE BELAPUR ROAD
TURBHE NAVI MUMBAI 400 705

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 Thirty 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 Saturday, the 12th September, 1998 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, 1998, and the Balance Sheet as at that date and the Report of the Directors and the Auditors.
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 Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modifications, the following as an ORDINARY RESOLUTION :
 "RESOLVED THAT Shri. Atul Satsangi be and is hereby appointed as a Director of the Company liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without modifications, the following as a SPECIAL RESOLUTION :
 "RESOLVED THAT pursuant to Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the company be amended by insertion of the following as clause 3 (ff) after the existing clause 3 (f) thereof:
 "3 (ff) To promote, develop, generate, distribute, accumulate, transmit, supply, sell electricity and/or power by installing power plant/s, whether based on thermal, hydel, gas, solar, wind energy, tidal energy, co-generation or any other source, whether conventional or non-conventional and to lay down, establish power stations, cables, transmission lines or towers, sub-stations, terminals and any other activities for the aforesaid purposes and to acquire, run or manage any Company or undertaking engaged in similar activities, within the policies, if any, laid down by the Central Government from time to time and for any or all of the aforesaid purposes, to do all the ancillary activities as may be considered necessary or beneficial or desirable."
7. To consider and, if thought fit, to pass with or without modifications, the following as a SPECIAL RESOLUTION :
 "RESOLVED THAT the Articles of Association of the Company be amended by insertion of the following as clause 8-A after the existing clause 8 thereof:
 "8-A. The Company shall have power from time to time to purchase its own fully paid shares and make payment for such purchase out of capital/reserves or otherwise in accordance with the applicable law."
8. To consider and, if thought fit, to pass with or without modifications, the following as a SPECIAL RESOLUTION :
 "RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board of Directors to acquire/ purchase its own fully paid Shares on such terms and conditions and subject to such limits as may be prescribed by law from time to time and subject to the controls as stipulated in Sections 100 to 104 and Section 402 of the Companies Act, 1956, for the time being in force and that the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary or proper to implement this resolution."

By Order of the Board of Directors
for SAVITA CHEMICALS LIMITED

Mumbai,
29th June, 1998.

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. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 1st September, 1998 to 12th September, 1998 (both days inclusive).
5. The payment of dividend, if sanctioned, will be made to the shareholders whose names stand on the Register of Members on 12th September, 1998.
6. The amount of unpaid dividend for the year 1994-95 is due for transfer to the General Revenue Account of the Central Government in terms of provisions of Section 205A(5) of the Companies Act, 1956 on 11th November, 1998. Members who have not encashed their dividend warrants for the aforesaid financial year are requested to approach the Company's Registered Office in this regard.
7. 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 number, to the Company.
8. The shareholders are requested to forward share certificates for transfer and related communication to the Share Transfer Agents or to the Registered Office of the Company.
9. 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.
10. The shareholders who attend the meeting are requested to complete the attendance slip and deliver the same at the entrance of the meeting hall.
11. The shareholders are requested to bring their copies of the Annual Report to the meeting.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No.5

Shri. Atul Satsangi holds a degree of B.Com(Hons.) from Delhi University. Before joining this Company, he was a Director of M/s. Endee Woollen and Silk Mills Pvt. Ltd., Faridabad. He is having experience of over 11 years in the industry. In view of the above, the Board of Directors of the Company appointed Shri. Atul Satsangi as an Additional Director with effect from June 29, 1998 pursuant to the provisions of Article 115 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. The Company has received a notice in writing alongwith a deposit of Rs. 500/- from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Shri. Atul Satsangi as a Director of the Company. Shri. Atul Satsangi holds office only upto the date of the ensuing Annual General Meeting.

The Board is of the opinion that the vast knowledge and varied experience of Shri. Atul Satsangi will be of immense benefit and value to the Company and hence recommends the Resolution set out at Item No. 5 of the accompanying Notice for the approval of the shareholders.

Besides Shri. Atul Satsangi, Shri. G.N. Mehra and Smt. S.N. Mehra being relatives of Shri. Atul Satsangi may be deemed to be concerned or interested in the said Resolution. None of the other Directors of the Company is, in any way, concerned or interested in the resolution.

**Item No.6**

The Company at present is mainly in the business of manufacture, processing, sale and trading of Petroleum Speciality Products, Greases, Oils and the like products. The Company intends to enter into power and/or energy generation for which it may utilise conventional and non-conventional means. The Resolution under this item is sought to empower the Company to enter into this field of operation, the power it does not have under the existing clauses of the Memorandum of Association.

The said venture is expected to give the Company economics of operations through either captive consumption of generated power/energy in its existing operations or sale and supply of the same to various outside parties like Electricity Boards, Companies, etc. In addition to the above, projects falling under this head are classified as "Infrastructure Projects" entitled to Sales Tax and Income-tax concessions.

Section 17 of the Companies Act, 1956 requires the passing of this Resolution as a SPECIAL RESOLUTION. The Board, considering the possible benefits, recommends the said Resolution for the approval of shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

Item No.7 and 8

At present, the Companies Act, 1956 restricts the purchase by a company of its own shares unless the same is done with a view to reduce its capital. Reduction of capital is subject to the controls as stipulated in Sections 100 to 104 and 402 of the Companies Act, 1956.

The basic objective of capital maintenance is to ensure protection for creditors. In a rapidly changing and integrating world, it would be necessary to maintain the capital to be in tune with the need for a company to be competitive in the international arena. One of the essential ingredients for such competitiveness is the ability of a company to reduce the "Cost of Capital". The provision of "buy-back" proposed by the proposed resolution would enable the company to utilise its surplus funds at any given point of time in buying back its own shares advantageously with minimum risk rather than utilise such surplus funds in investments in the shares of other companies.

The provisions in Sections 100 to 107 of the Companies Act, 1956, are based on the provisions of the U.K. Companies Act, 1948 as it existed in the United Kingdom (U.K.) in 1948. There has since been a considerable shift in the concepts and principles underlying the Indian Law in the light of the concepts and principles of the new U.K. Companies Act, 1985 as well as of the Company Law in U.S.A. and other countries, wherein there are provisions for a company to buy back its shares if such an action is considered desirable by the Board of Directors. The Government of India is also considering revision of the Company Law. In view of the above, the Directors feel it advisable to have an enabling power from the shareholders for the purpose. It will be in the fitness of things if shareholders approve the Resolutions set out at item No.7 and 8 of this Notice should the provisions of the Companies Act, 1956, be modified or amended permitting such purchases, so that if so required, your Company could resort to such provision of repurchase in the interest of the shareholders of the Company and within the framework of the stipulations as may be prescribed in the law when revised.

The Directors recommend the resolutions for approval of the shareholders. None of the Directors of the Company is, in any way, concerned or interested in the resolutions.

By Order of the Board of Directors
for **SAVITA CHEMICALS LIMITED**

Mumbai,
29th June, 1998.

C.V. Alexander
Secretary

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting the Thirty Seventh Annual Report on the business and operations of your Company together with the audited accounts for the year ended 31st March, 1998.

1. FINANCIAL RESULTS:

	Rupees in Lakhs	
	Year ended 31-3-1998	Year ended 31-3-1997
Total Income	14242	14281
Profit before depreciation and tax	1674	1595
Depreciation	330	318
Profit before tax	1344	1277
Provision for taxation	450	475
Profit after tax	894	802
Balance brought forward from previous year	56	65
Provision for taxation of earlier years	418	41
Profit available for appropriation	532	826
Appropriations :		
Proposed Dividend	263	245
Tax on Dividend	26	25
General Reserve	200	500
Balance carried to Balance Sheet	43	56

2. DIVIDEND:

Your Directors are pleased to recommend a dividend of 30% (free of tax) for the year ended 31st March, 1998 on the paid up Equity Share Capital of Rs. 876 Lakhs.

3. OPERATIONS:

In spite of clear recessionary trends being evident in the demand for Industrial and Automotive Oils, your Company has been able to maintain its market share and sales volume.

As more and more players enter the Lubricating and Industrial Oil Industry in India, the competition has become extremely fierce. Your Company has taken effective measures in consolidating its position in this market and is also on a continuous basis, assessing the viability of new markets for its products both in India and abroad.

4. ESTABLISHMENT OF A NEW UNIT:

The Company has set up a new unit at Silvassa for the manufacture of Blended Automotive Lubricants and

Industrial Lubricants, Greases and Speciality Oils. This unit started commercial production in March, 1998.

5. ISO-9001 CERTIFICATION:

Your Company achieved a very important milestone by obtaining the ISO-9001 Certification from Det Norske Veritas (DNV), Netherlands for Design, Development and Manufacture of Petroleum Speciality products. This is a very significant achievement, as your Company is now the first manufacturer of Petroleum Specialities in India to receive the ISO-9001 Certification for its products.

6. FIXED DEPOSITS:

The Company has no unpaid fixed deposits.

7. RESEARCH AND DEVELOPMENT:

The Company has a strong R&D Department approved by the Department of Science & Technology, Government of India. The R & D Department has been continuously working on the development of new and improved products, as well as updating of production processes as per international standards. This will result in better productivity, higher yields and conservation of energy.

A detailed note on the R&D activities is given in Form "B" which is furnished by way of annexure to this report.

8. 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 the foregoing matters is furnished by way of annexure to this Report.

9. FORFEITURE OF SHARES:

In spite of repeated reminders and public notice for payment of allotment money on shares allotted in the public issue in 1994, some of the allottees did not remit the allotment money. Hence the Board of Directors at their meeting held on 30th March, 1998 forfeited 7100 partly paid equity shares.

10. DIRECTORS:

Mr. V. D. Narkar retires by rotation under Section 256 of the Companies Act, 1956 and being eligible, offers himself for re-appointment.

Mr. A. Satsangi who was appointed on 29th June, 98 as an Additional Director under Article 115 of the Articles



of Association of the Company, holds office upto the date of the ensuing Annual General Meeting. Notice has been received pursuant to Section 257 of the Companies Act, 1956 alongwith the requisite deposit from a shareholder proposing Shri. Atul Satsangi as a candidate for the office of Director.

11. AUDITORS:

M/s. Bansal & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

12. 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.

13. LISTING:

Your Company's shares are listed on the Stock Exchange, Mumbai, the National Stock Exchange of India Ltd., Mumbai, 29th June, 1998.

The Delhi Stock Exchange Association Ltd. and the Stock Exchange, Ahmedabad. The Annual listing fees for the year 1998-99 have been paid by the Company in time.

14. ACKNOWLEDGEMENTS:

Your Directors are grateful to all the employees of the Company at all levels, agents, bankers, financial institutions and business associates for their commitment, dedication and valuable co-operation without whose support, the Company would not have achieved the present position. The Directors also express their gratitude to the shareholders for faith reposed by them in the Company.

On Behalf of the Board of Directors

G.N. Mehra
Chairman and
Managing Director

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ANNEXURE TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY:**a) ENERGY CONSERVATION MEASURES TAKEN:**

1. Pneumatic Control Systems were installed on the Water storage tanks.
2. Steps to reduce consumption of Isopropyl Alcohol were implemented.

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

Continuous efforts are on to reduce consumption of energy and fuel.

c) IMPACT OF THE ABOVE MEASURES:

1. Consumption of Isopropyl Alcohol is reduced substantially for the year 1997-98.
2. There is a significant reduction in the water consumption due to pneumatic control systems installed on the storage tanks.

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 identified the Indian Ocean rim countries as the thrust area for exporting its products. During the year under report, the Company successfully introduced its products in the South East Asian and African Regions. Your Company's products were also well received in the SAARC region, but due to political and economic turmoil, significant growth was not forthcoming. However, we are hopeful that once this market stabilises, our efforts should pay rich dividends.

D. TOTAL FOREIGN EXCHANGE USED AND EARNED:

	Rupees 000's
(i) CIF value of Imports	427,050
(ii) Expenditure in Foreign Currency	20,975
(iii) Foreign Exchange earned	7,149

FORM - A**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

<u>PARTICULARS</u>	<u>1997-98</u>	<u>1996-97</u>
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased Units (Million/KWH)	1.242	1.698
Total amount (Rs.Lakhs)	51.80	62.35
Average Rate/Unit (Rs./KWH)	4.17	3.67
b) Own generation :		
i) Through Diesel Generators	NIL	NIL
ii) Through Steam Turbine/Generators	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil		
Quantity (Kilo Litres)	218	555
Total Amount (Rs.Lakhs)	15.08	30.95
Average Rate (Rs.per Kilo Litre)	6919	5576
4. Others	NIL	NIL