



TWENTIETH ANNUAL REPORT

2012 - 2013



GEMMIA OILTECH (INDIA) LIMITED

GEMMIA OILTECH (INDIA) LIMITED



TWENTIETH ANNUAL REPORT

2012 - 2013

BOARD OF DIRECTORS

Mr. Jude Jeyaprakash, Executive Director

Mr. A. Srinivas

Mr. S. Krishna Kumar

Mr. T. V. Balachandran

Mr. K. Raman

Mr. R. Gopalan

AUDIT COMMITTEE

Mr. T. V. Balachandran, Chairman of the Committee

Mr. A. Srinivas

Mr. S. Krishna Kumar

STATUTORY AUDITORS

M/s. R. Ravindran & Associates
Chartered Accountant

BANKERS

State Bank of Travancore

HDFC Bank Limited

REGISTERED OFFICE

33/8, B. R. Complex, II Floor
C. P. Ramasamy Road, Alwarpet
Chennai 600 018. Tamil Nadu

REGISTRAR AND SHARE TRANSFER AGENT

System Support Services

89, Andheri - Kurla Road (Next to Logitech Park, Above McDonalds)

Sakinaka, Andheri (E), Mumbai – 400 072. Maharashtra

CONTENTS

Sl.No.	PARTICULARS	PAGE No.
1.	Notice	4
2.	Directors' Report	6
3.	Report on Corporate Governance	14
	STANDALONE FINANCIAL STATEMENTS	
4.	Auditors' Report	26
5.	Balance Sheet	30
6.	Profit & Loss Account	31
7.	Cash Flow Statement	32
	CONSOLIDATED FINANCIAL STATEMENTS	
8.	Auditors' Report	45
9.	Balance Sheet	46
10.	Profit & Loss Account	47
11.	Cash Flow Statement	48

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Shareholders of the Company will be held at 12.00 Noon on Monday, September 30, 2013 at Srinivasa Shastri Hall, No.40, I Floor, Luz Church Road, Mylapore, Chennai – 600 004.

ORDINARY BUSINESS

1. **TO RECEIVE, CONSIDER AND ADOPT THE BALANCE SHEET OF THE COMPANY AS ON MARCH 31, 2013 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE ALONG WITH THE DIRECTORS' REPORT AND AUDITORS' REPORT THEREON.**

To consider and if thought fit, to pass with or without modification, the following resolution as an "ordinary resolution"

"RESOLVED THAT the audited balance sheet as at March 31, 2013 and the profit and loss account of the Company for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting, be and the same are hereby, approved and adopted."

2. **TO APPOINT A DIRECTOR, WHO SHALL BE LIABLE TO RETIRE BY ROTATION AND BEING ELIGIBLE FOR RE-APPOINTMENT OFFERS HIMSELF FOR RE-APPOINTMENT**

To consider and if thought fit, to pass with or without modification, the following resolution as an "ordinary resolution"

"RESOLVED THAT Mr. T. V. Balachandran and Mr. S. Krishna Kumar, Directors who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the Company."

3. **TO APPOINT AUDITORS TO HOLD THE OFFICE FROM THE CONCLUSION OF THIS MEETING UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING**

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT M/s. R. Ravindran & Associates, Chartered Accountants, be and hereby appointed as Statutory Auditors of the Company from the conclusion of this Annual General Meeting of the Company until the conclusion of next Annual General Meeting of the Company, at a remuneration as may be mutually decided between M/s. R. Ravindran & Associates, Chartered Accountant and the Board of Directors of the Company."

BY ORDER OF THE BOARD
For **GEMMIA OILTECH (INDIA) LIMITED**

Sd/-
JUDE JEYAPRAKASH
Executive Director

Sd/-
S. KRISHNA KUMAR
Director

Place : Chennai
Date : September 03, 2013

Notes:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The proxy forms, in order to be valid, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A form of proxy is given at the end of the Annual Report. Corporate Members are requested to send certified copy of Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the meeting.
3. Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company. Replies to such written queries received, will be provided only at the meeting.
4. Members holding shares in physical form are requested to notify change of address, if any, to the Company's Registrars and Transfer Agents (RTA), System Support Services 89, Andheri - Kurla Road, (Next to Logitech Park, Above McDonalds), Sakinaka, Andheri (E), Mumbai – 400 072, Maharashtra.
5. Members / proxies are requested to bring the duly filed attendance slip sent herewith for attending the meeting.
6. The Company's Equity shares have been notified for compulsory dematerialization. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialized. Members having the physical share Certificates are advised to consider opening of a Demat Account with an authorized Depository Participant and arrange for dematerializing their shareholdings in the Company.
7. The Share Transfer Register and Register of Members will remain closed from September 26, 2013 to September 29, 2013 (both days inclusive).

DIRECTORS' REPORT

The Board of Directors of Gemmia Oiltech (India) Limited are pleased to present the Twentieth Annual Report for the year ended March 31, 2013, together with the Auditors' Report and Audited Accounts for the Financial year 2012-13.

FINANCIAL PERFORMANCE

The comparative pictures of the financials of the Company for the last two years are presented in the table below.

(In Rs.)

PARTICULARS	2012-13	2011-12
Net Income	81,36,760	8,30,09,700
Expenditure	1,75,52,609	7,57,71,907
Profit before Depreciation, Interest and Tax	(47,13,989)	1,09,62,474
Less: Interest and Finance Charges	39,23,956	31,91,048
Less: Depreciation	7,77,904	5,33,634
Profit /(Loss) Before Tax	(94,15,849)	72,37,792
Less: Provision for Tax	1,75,923	21,35,865
Profit/(Loss) after Tax	(92,39,926)	51,01,927

OPERATIONS REVIEW

On a standalone basis your Company has reported net revenue of Rs. 81.37 Lacs as against Rs. 830.10 Lacs of Revenues registered in the previous year. Total expenditure for the year was Rs. 175.53 Lacs as against Rs. 757.72 Lacs in the previous year.

BUSINESS REVIEW

A detailed business review is being given in the Management Discussion and Analysis Section of the Annual Report.

DIVIDEND

In order to conserve the earnings so as to strengthen the business, your Directors' are not recommending any dividend for the period.

RECENT DEVELOPMENTS

Your Company has made great progress since its expansion of business by entering into oil and natural gas environmental services after altering its main objects contained in the Memorandum of Association in 2011. Your Company has acquired 100% stake in an international company, Gemmia Worldwide S.A., by issue of Global Depository Receipts. The main assets of Gemmia Worldwide S.A., being 51% holding in Oil Tech Global Services (DBA), a group of companies engaged in oil sludge treatment, reservoir cleaning services and oilfield and refinery services and equipment sales to oil and gas companies with assets and operations in Russia, Switzerland and beyond.

SUBSIDIARY COMPANIES

1. **Tamil Box Office (India) Private Limited - TBO (India)**
2. **Pix Aalaya Studios Private Limited (PSPL)**
3. **Gemmia Worldwide S.A.**

After acquisition of Gemmia Worldwide S.A., the company's focus has been on oil and oil related business. Hence, the Company decided to sell the non-core business and of its shareholding in its subsidiaries. As a result, the Company sold 55% stake / shareholding in Tamil Box Office (India) Private Limited and Pix Aalaya Studios Private Limited, thereby resulting in the companies not holding the status of subsidiary of Gemmia Oiltech (India) Limited w.e.f. April, 2013

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. T. V. Balachandran and Mr. S. Krishna Kumar, Directors, retire by rotation and being eligible offer themselves for re-appointment.

AUDITOR

M/s. R. Ravindran & Associates is due to retire at the conclusion of the Twentieth Annual General Meeting. M/s. R. Ravindran & Associates has confirmed their eligibility and willingness to accept office, if re-appointed for the financial year 2013–14. Your Directors recommended the re-appointment of M/s. R. Ravindran & Associates, Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of the Twentieth Annual General Meeting until the conclusion of the Twenty First Annual General Meeting of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Clause 32 of the Listing Agreement entered with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

PARTICULARS OF EMPLOYEES

Particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975 are not applicable since, none of the employee of the Company is drawing in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956.

CONVERSION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Your Company does not carry on any manufacturing activities and hence the disclosure requirement in terms of Sections 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding Conservation of Energy and Technology do not apply to your Company.

During the year under review, there was no Foreign Exchange earnings and outgo for your Company.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report, Managing Director's and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departure have been made from the same;
- ii. appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true a fair view of the state of affairs of the Company as at March 31, 2013 and Profit & Loss Account for the year ended March 31, 2013;
- iii. proper and sufficient care has been taken 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;
- iv. the annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENT AND APPRECIATION

The Directors take this opportunity to thank the Shareholders, Financial Institutions, Banks, Customers, Suppliers and Regulatory & Governmental Authorities for their continued support to the Company. Further, the Directors wish to place on record their appreciation of Employees at all levels for their hard work, dedication and commitment.

BY ORDER OF THE BOARD
For **GEMMIA OILTECH (INDIA) LIMITED**

Sd/-
JUDE JEYAPRAKASH
Executive Director

Sd/-
S. KRISHNA KUMAR
Director

Place : Chennai

Date : September 03, 2013

MANAGEMENT DISCUSSION & ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Foray into Oil and Gas Environmental Services:

Your Company has expanded its activities by entering into oil and natural gas environmental services after altering its main objects contained in the Memorandum of Association. Your Company has acquired 100% stake in an international company, Gemmia Worldwide S.A., by issue of Global Depository Receipts. The main assets of Gemmia Worldwide S.A., being 51% holding in Oil Tech Global Services (DBA), a group of companies engaged in oil sludge treatment, reservoir cleaning services and oilfield and refinery services and equipment sales to oil and gas companies with assets and operations in Russia, Switzerland and beyond.

Oil Tech ("OT") is a group of companies controlled by Gemmia Worldwide S.A. with assets in Russia specializing in processing & disposal of waste sludge from the oil & gas industry. The company has also recently introduced a new service for the automated cleaning of oil storage.

Crude oil lost due to past extraction practices and current inefficiencies and accidents along the petroleum value chain in emerging economies are becoming unacceptable due to increasingly stringent environmental regulations and the high price of oil. It is estimated that in Russia alone, 200 million cubic meters of oily waste can be processed to recover oil and eliminate the environmental hazards. Bringing proven technology to bear in emerging markets from countries with long histories of environmental remediation offers significant profit potential. Gemmia Worldwide has recognized this opportunity and moved to capitalize on it.

Gemmia companies have established supplier relationships with leading Russian petroleum companies, supplying a wide range of oilfield and refinery related equipment. On the back of these supply relationships, environmental services business has been built.

Gemmia is well positioned to build a world class environmental services business because:

- ☞ Russia is the largest oily waste market in the world, with an estimated 200 million cubic meters of sludge in place and a further production of 3.5 million cubic meters per year.
- ☞ The highest levels of the Russian government have recently signaled that environmental problems are to be dealt with and fines for pollution are expected to rise 3-4 times by 2016.
- ☞ The competition is highly fragmented in Russia with currently only 42 small undercapitalized environmental services providers (compared to 3500 environmental services providers in the United States)
- ☞ Gemmia has established supply relationships with large Russian petroleum companies which provide an entry that competitors do not have.
- ☞ Gemmia operates a state of the art 150,000 metric ton oily wastes capacity processing plant in Nefteyugansk, which is the first of at least 12 plants it intends to build over the next five years.
- ☞ Gemmia has an exclusivity agreement for Russia with a U.S. company, Tarmac Intl, the world's leading supplier of LTDD technology.
- ☞ Gemmia have exclusive rights for Supermax automated tank cleaning technology for all markets outside the US and Canada and will be soon manufacturing units with a conservative estimate of building 12 units in place over the next five years.
- ☞ Gemmia strikes business even outside Russia with a presence in Switzerland (a major center of oil trading), India, Indonesia and soon in other countries.

The Company

Gemmia Worldwide S.A. owns 51% in each of a group of affiliated companies known as Oil Tech Global Services (DBA) ("Oil Tech"). Oil Tech companies are engaged in the petroleum service and supply sector in Russia providing:

- o Environmental services for the petroleum industry
- o Oilfield and refinery equipment supply

The remaining 49% in each of the Oil Tech companies is controlled by Oil Tech management.

Vision and mission

Gemmia's vision is to become a world class provider of environmental services to the oil and gas industry focusing on high oil producing and consuming countries outside of the highly competitive North American and European markets, while continuing to generate significant cash flow from its oilfield equipment and services businesses.

Gemmia's mission is to increase shareholder value by applying proven cleantech methods to recover lost oil and energy currently polluting the environment and helping our clients to meet increasing stringent environmental regulations.

History

Oil Tech was formed in 2008 to supply the Russian oilfield equipment supply sector providing a wide range of equipment and services. In early 2010, Oil Tech management spotted the opportunity to supply environmental services to the oil and gas companies with whom Oil Tech had built supplier relationships. This resulted in the construction of a state of the art oily waste processing plant supplying services to Rosneft Yuganskneftegaz, with a second on order and advanced discussions with other customers underway. In 2011, Oil Tech added automated tank cleaning and environmental consulting services to their offerings.

Products and services

Environmental services for the petroleum industry

Gemmia provides environmental services to the petroleum industry including oily wastes treatment, automated tank cleaning and environmental consulting services. Oily wastes treatment includes oil recovery, drill cuttings treatment, sludge and oil contaminated soil remediation. Gemmia is moving into treatment of special situation wastes such as sulfuric acid tar sludge. Automated Storage Tank Cleaning recovers oil and remediates sludge in storage tanks. Consulting services include: Environmental health and safety (EHS) audits, Waste-management strategies design and implementation, Sustainability programs adoption, Ecological infrastructure EPC services and Environmental research and engineering.

Oily Waste Treatment

Gemmia employs a well tested oily wastes treatment method at its 150,000 metric ton capacity plant in West Siberia at Nefteyugansk, Khanty-Mansi commissioned in February, 2011. Tarmac Int. Inc., one of the leading providers of recycling solutions supplied the plant.

We have developed a mixed technology treatment train which maximizes versatility, remediation efficiency, production capacity, processing speed, capex and opex. Our treatment train uses of mechanical methods (thermochemically induced centrifuging) at the pre-treatment stage and thermal methods (direct low temperature thermal desorption) at the main stage.