

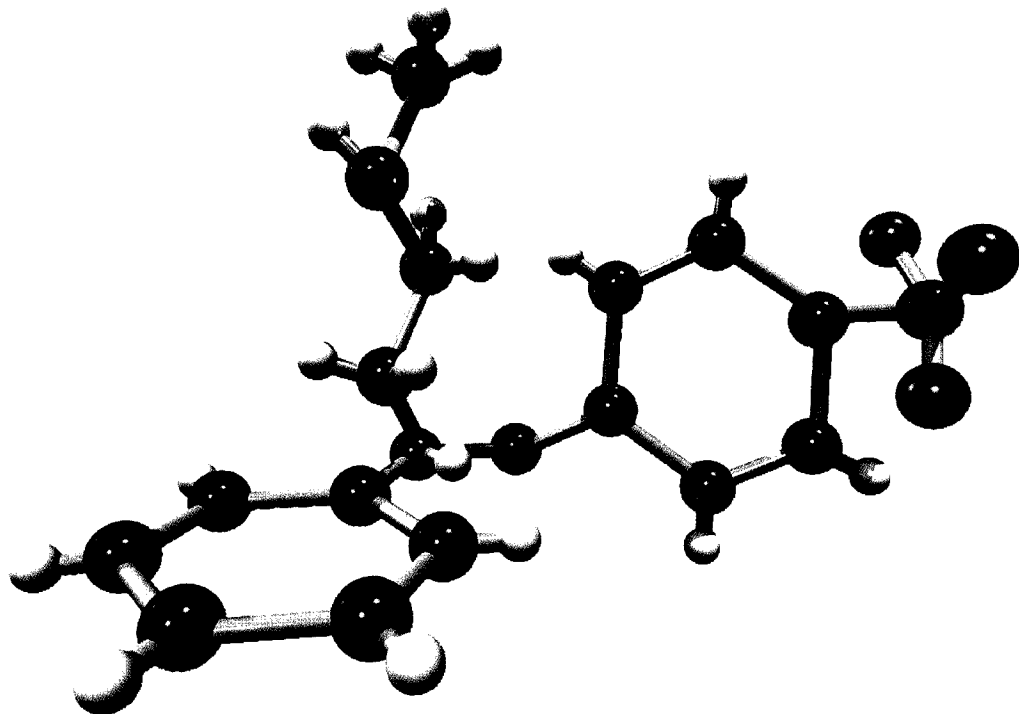


SAVITA OIL TECHNOLOGIES LIMITED

48th Annual Report 2008-2009

Report  nction.com





Only our name and logo
have changed.

The chemistry remains
the same.

**Savita Chemicals Limited is now
Savita Oil Technologies Limited.**

Our business has always been about strong bonds. Powerful forces of attraction and shared goals resulting in ties that bind and bonds that endure. This chemistry of symbiosis and synergy is evident not only at the atomic level in our products, but also at a personal level in our relationship with all our stakeholders.

Our change of name from Savita Chemicals Limited to Savita Oil Technologies Limited reflects the new scope of our business while retaining the brand equity of Savita. Our new identity comprising of a brand symbol and brand line reflect our renewed, refreshed and rejuvenated focus on forging, strengthening and sustaining strong relationships for mutual growth and benefits.

As one of India's leading manufacturers of Petroleum Specialty Products, we reiterate and reinforce our commitment to quality, service and excellence that has and will remain unchanged.



SAVITA OIL TECHNOLOGIES LIMITED

(Formerly 'Savita Chemicals Limited')

Forty-Eighth Annual Report 2008 - 2009

| | |
|---|---|
| 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 |
| CHIEF FINANCIAL OFFICER | : Mr. S. M. Dixit |
| COMPANY SECRETARY & VP – 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 - 396 235 |
| SHARE TRANSFER AGENT | : Sharepro Services (India) Pvt. Ltd. 13 AB, Samhita Warehousing Complex, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072 Tel: 022-2851 1872/6772 0300/6772 0400 |

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NOTICE

NOTICE is hereby given that the Forty-Eighth Annual General Meeting of the Members of **SAVITA OIL TECHNOLOGIES LIMITED** will be held at M. C. Chia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 on **Saturday, 5th September 2009 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 2009, 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. H. A. Nagpal, 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, the re-appointment of Mr. Gautam N. Mehra as Managing Director of the Company from 1st October 2009 up to 30th September 2012 upon terms and conditions including remuneration as set out in the Agreement executed by the Company with Mr. Gautam N. Mehra be and is hereby approved and ratified."

"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 in the said Agreement 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 there under and the terms of the aforesaid Agreement between the Company and Mr. Gautam N. Mehra 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 **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, the re-appointment of Mr. C. V. Alexander as the Whole-time Director of the Company from 1st October 2009 up to 30th September 2010 on remuneration and perquisites and other terms and conditions as set out in the Agreement executed by the Company with Mr. C. V. Alexander be and is hereby approved and ratified."

"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 in the said Agreement 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 there under and the terms of the aforesaid Agreement 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
29th July 2009

U. C. Rege
Company Secretary & VP - 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 **31.8.2009 to 5.9.2009** (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 5.9.2009. 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
29th July 2009**U. C. Rege**
Company Secretary & VP - Legal**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956****Item Nos. 6 & 7**

The Board of Directors in its meeting held on 29th July 2009 re-appointed Mr. Gautam N. Mehra as the Managing Director of the Company for a period from 1st October 2009 up to 30th September 2012, and Mr. C. V. Alexander as a Whole-time Director of the Company for a period from 1st October 2009 up to 30th September 2010, subject to the approval of the Members by Special Resolutions at the ensuing Annual General Meeting. Separate Agreements in this regard have been executed between the Company and the two Directors on 29th July 2009.

The appointments of Mr. Gautam N. Mehra and Mr. C. V. Alexander are 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.

The terms and conditions as contained in the Agreement executed with **Mr. Gautam N. Mehra** are as under:

Remuneration:

- (i) Salary: Rs. 2,10,000/- (Rupees two lacs ten thousand only) per month, in the scale of Rs.2,10,000-25,000-2,60,000.
- (ii) Commission: One per cent of the net profits of the Company subject to overall ceilings as laid down in Sections 198 and 309 of the Companies Act, 1956.
- (iii) Perquisites: Perquisites as classified into three categories A, B and C as follows:

CATEGORY A**(a) Housing:**

- (i) Rent free furnished residential accommodation shall be provided by the Company. In case the accommodation is owned by the Company, an amount equivalent to 10 per cent of the salary shall be taken as the perquisite value.

In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance at the rate of 60 per cent of the salary.

- (ii) The Company shall bear the expenses incurred on upkeep and maintenance of Managing Director's residence and provide and maintain household appliances and bear expenses on furnishings, gas, electricity, water and all utilities, facilities and amenities in the residential accommodation, the monetary value of which may be evaluated as per the Income Tax Rules.
- (b) Medical Expenses / Medical Insurance Premium Reimbursement:
Reimbursement of medical expenses incurred on himself and his family subject to a ceiling of two month's salary in a year, which entitlement may be carried forward up to the expiry of the contract and reimbursement of Medical Insurance premium.
- (c) Leave Travel Concession:
For himself and his family once in a year in accordance with the Rules of the Company for the time being in force.
- (d) Club Fees:
Provision of Membership of any two Clubs including entrance fees.
- (e) Personal Life/Accident Insurance:
The premium of which does not exceed Rs.25,000/- per annum.

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:
Gratuity shall be as per the Company Rules.
- (c) Leave Entitlement & Encashment:
Leave entitlement shall be as per the 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 subject to the perquisite value being added as per the Income Tax Act.
- (b) Telephone:
Provision of telephone facilities subject to he being billed for personal long distance calls.

The terms and conditions as contained in the Agreement executed with **Mr. C. V. Alexander** are as under:

Remuneration:

- (i) Salary: Rs.72,000/- (Rupees seventy two thousand only) per month.
- (.) Perquisites: As classified into three categories A, B and 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) Medical/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:
Gratuity shall be as per the Company Rules.
- (c) Leave Entitlement & Encashment:
Leave entitlement shall be as per the 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 subject to the perquisite value being added as per the Income Tax Act.
- (b) Telephone:
Provision of telephone facility subject to he being billed for personal long distance calls.

Where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay to the Managing Director and 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.

This explanation together with the accompanying Notice be treated as Abstracts of the terms of re-appointments of Mr. Gautam N. Mehra as the Managing Director and Mr. C. V. Alexander as the Whole-time Director of the Company as required under Section 302 of the Companies Act, 1956.

The appointments and remuneration of the Managing Director and the Whole-time Director are required to be approved by the Shareholders in the ensuing General Body Meeting and accordingly these resolutions are placed before the Members of the Company.

None of the Directors of your Company except Mrs. S. N. Mehra, Mr. Gautam N. Mehra and Mr. C. V. Alexander, is in any way concerned or interested in these Special Resolutions.

The Agreements entered into between the Company and the two Directors as well as the copy of the Memorandum and Articles of Association are available for inspection to the Members at the Registered Office of the Company during business hours on any working day up to and including the date of the Annual General Meeting or any adjournments thereof.

Your Directors recommend these Special Resolutions for your approval.

By Order of the Board

Mumbai
29th July 2009

U. C. Rege
Company Secretary & VP - Legal

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting the Forty-Eighth Annual Report, together with the Audited Accounts for the year ended 31st March 2009.

1. FINANCIAL RESULTS

| | Year ended 31.3.2009 | Rupees in lacs Year ended 31.3.2008 |
|--|-------------------------|---|
| Total Income | 116,079 | 93,088 |
| Profit before Depreciation and Tax | 4,494 | 9,939 |
| Depreciation | 1,894 | 1,439 |
| Profit before Tax | 2,600 | 8,500 |
| Provision for Taxation | | |
| Current | 290 | 1,930 |
| Deferred | 825 | 477 |
| Fringe benefit | 52 | 40 |
| Minimum Alternate Tax credit entitlement | (290) | – |
| Provision for taxation no longer required | – | (143) |
| Profit for the year after Tax | 1,723 | 6,196 |
| Balance brought forward from previous year | 13,170 | 9,589 |
| Profit available for appropriation | 14,893 | 15,785 |
| Appropriations: | | |
| Proposed Dividend | 730 | 1,679 |
| Tax on Dividend | 124 | 285 |
| General Reserve | 175 | 650 |
| Balance carried to Balance Sheet | 13,864 | 13,170 |

2. DIVIDEND

Your Directors are pleased to recommend a dividend of 50% for the year ended 31st March 2009 as against 115% for the previous year on the paid up Equity Share Capital of Rs.1,460 lacs.

3. OPERATIONS

Your Company's sales turnover touched a new high of Rs.126,733 lacs as against Rs.102,288 lacs in the year 2007-08, showing a growth of 24%. This increase was primarily due to high prices of raw materials and consequently the finished products. However, sales in volume terms were down by about 10%. The net profit of the Company declined to Rs.1,723 lacs as against Rs.6,196 lacs for the previous year. This sharp decline in net profit was mainly due to an unprecedented fall in the price of basic raw materials (Base Oils) and significant depreciation of the Indian Rupee against the US Dollar.

The Crude Oil prices witnessed unprecedented volatility in the year under review. The Crude Oil prices rose to all time high of USD 147 per barrel in the month of June/July 2008 and then fell even more rapidly to USD 34 per barrel in the month of February 2009. As a consequence, the Base Oil prices were equally volatile, rising and falling almost as sharply as Crude Oil prices. This led to a significant erosion in the Company's profit margin during the second half of the year under review.

The Indian Rupee which was around 40 to a US Dollar in the beginning of April 2008 depreciated to 52 to a US Dollar in early March 2009, a fall of 30% in a span of eleven months. This resulted in substantial foreign exchange losses for your Company.

The year under review witnessed one of the worst global financial upheavals since the "Great Depression" which forced the world economy into a recession. The various remedial and market supporting measures initiated by different Governments and Central Banks world over appear to have yielded results in as much as they have at least served to calm and stabilise the global financial markets. Amongst the global economies, India seems to be better placed to recover from the recessionary trends.

With Crude Oil and Base Oil prices also appearing to have stabilised, your Company has posted a significantly improved performance for the first quarter of the financial year 2009-10 with Petroleum Product sales at 57,969 KLS/MTs as against 53,692 KLS/MTs in the corresponding quarter of the previous year, showing a growth of 8% in volumes. Your

Company's net profit for the first quarter of financial year 2009-10 stood at Rs.1,931 lacs as against Rs.1,649 lacs in the corresponding quarter of the last year, showing an impressive growth of 17%.

Your Company has successfully commissioned seven new Wind Energy Generators since 1st April 2008. Of these, six were commissioned in the last financial year and one was commissioned in April 2009. With this, the total installed capacity for Wind Energy Generation for your Company now stands at 34.9 MW from 26.3 MW in the previous year.

4. CHANGE OF NAME

Your Directors are pleased to inform that your Company has changed its name to SAVITA OIL TECHNOLOGIES LIMITED, a name synonymous with its core competency and business identity.

Your Company was established in the mid 1960s to manufacture specialty chemicals. Over the past four decades, your Company has grown beyond chemicals to specialise in specialty oils and lubricants and this prompted your Company to look for a new business identity that aptly reflected this progression.

The new name has been an outcome of tireless brainstorming and consultation. The process harmonised the creative genes of the employees, important stakeholders and the professional genius of a brand building agency to come up with a name and tagline that not only reflected the core competency of your Company but also highlighted its business philosophy.

Your Company has and will always strive to build and maintain a relationship that leads to a strong bond with all the stakeholders. This human facet of the business is aptly reflected in the new corporate logo which has been made up of two organic rings bonded together. On looking closer, one will notice that the bond also forms the letter "S". The brand line "bonds build businesses" is a philosophy your Company holds close to its heart in building long lasting relationships with all its stakeholders.

5. POSTAL BALLOT

A postal ballot was conducted by your Company for Change of name, Closure of subsidiary, Increase in the authorised share capital and Alteration in the MOA/AOA of the Company in the month of March, 2009. Your Company's Scrutiniser for the postal ballot process submitted her report on 9th April 2009, wherein it was confirmed that all the resolutions proposed through the postal ballot process were approved by the shareholders of the Company with a thumping majority of over 99% of the total ballots received. The result of the postal ballot was intimated by your Company to the Stock Exchanges on 9th April 2009 and also was published in the newspapers on 11th April 2009.

6. CLOSURE OF WHOLLY OWNED SUBSIDIARY

Your Company had established a wholly owned subsidiary company namely 'Solaris International FZE' in Hamriyah Free Zone in Sharjah (United Arab Emirates) in the year 2005-06, for boosting the international business operations of your Company. However, due to various changes in the international business environment, your Directors thought it prudent to close down the operations of the subsidiary. The Directors of your Company earlier had passed a resolution to close down the operations of this subsidiary which was subsequently approved by the members through postal ballot conducted in March 2009. Your Company has already carried out all the necessary formalities involved in closing down the subsidiary and the same are confirmed by the Hamriyah Free Zone Authority.

7. FIXED DEPOSITS

The Company has no overdue / unpaid fixed deposits.

8. 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.

9. 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.

10. DIRECTORS

Mrs. S. N. Mehra and Mr. H. A. Nagpal retire by rotation u/s 256 of the Companies Act, 1956 and being eligible, offer themselves for re-appointment.

Mr. G. N. Mehra and Mr. C. V. Alexander have been re-appointed as the Managing Director and the Whole-time Director of the Company respectively by the Board in its Meeting held on 29th July 2009. Their re-appointments as the Directors of the Company are subject to the approval of the members at the ensuing Annual General Meeting. Item Nos.6 & 7 of the Notice along with the Explanatory Statement be treated as an Abstract of the terms and conditions under Section 302 of the Companies Act, 1956 of their appointments.

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