SAVITA OIL TECHNOLOGIES LIMITED

(Formerly 'Savita Chemicals Limited')

Forty-Ninth Annual Report
2009 - 2010

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 (Resigned w.e.f. 8.12.2009) 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 - 396 230
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. No. : 022-2851 1872/6772 0300/6772 0400 Fax No. : 022-2859 1568/2850 8927 E-mail: sharepro@shareproservices.com

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NOTICE

NOTICE is hereby given that the Forty-Ninth Annual General Meeting of the Members of **SAVITA OIL TECHNOLOGIES LIMITED** will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 on **Thursday, 22nd July 2010 at 3.30 P.M.** to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Audited Balance Sheet as at 31st March 2010, 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, the re-appointment of Mr. C. V. Alexander as the Whole-time Director of the Company from 1st October 2010 up to 30th September 2011 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 thereunder 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."

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

   "**RESOLVED THAT** in supersession of the earlier resolutions and pursuant to and under Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow a sum not exceeding **Rs.300,00,00,000** (Rupees Three Hundred Crores only) notwithstanding that the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Capital of the Company and its free reserves not set apart for any specific purpose."

By Order of the Board

Mumbai
29th May 2010

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 **16.7.2010 to 22.7.2010** (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 22.7.2010. 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 May 2010

U. C. Rege
Company Secretary & VP - Legal

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

Item No. 6

The Board of Directors in its meeting held on 29th May 2010 re-appointed Mr. C. V. Alexander, as the Whole-time Director of the Company from 1st October 2010 up to 30th September 2011, subject to the approval of the Members by Special Resolution at the ensuing Annual General Meeting. An Agreement in this regard has been executed between the Company and Mr. Alexander on 29th May 2010.

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.

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

Remuneration:

(i) Salary: Rs.82,000 (Rupees Eighty Two 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.3,500 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:

Contribution to Provident Fund as per the Company's Rules applicable from time to time to the extent that this is 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 for Company's business and personal use. Provision of reimbursement for expenses of a driver as per the Company Policy.

(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 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 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.

The appointment and remuneration of the Whole-time Director is required to be approved by the shareholders in the ensuing General Body Meeting and accordingly the resolution is placed before the Members of the Company.

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

The Agreement entered into between the Company and Mr. Alexander 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 this Special Resolution for your approval.

Item No. 7

Section 293 (1) (d) of the Companies Act, 1956 provides that the Company can borrow in excess of the paid up capital and free reserves only if the proposal is approved at the meeting of the Members of the Company.

The Board considered it expedient to have the limit of Rs,300,00,00,000 (Rupees Three Hundred Crores only) consequent to the increase in the net worth of the Company. None of the Directors of the Company is, in any way, concerned or interested in the resolution.

Your Directors recommend this Resolution for your approval.

By Order of the Board

Mumbai
29th May 2010

U. C. Rege
Company Secretary & VP - Legal

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting the Forty-Ninth Annual Report, together with the Audited Accounts for the year ended 31st March 2010.

1. FINANCIAL RESULTS

Rupees in lacs

	Year ended 31.3.2010	Year ended 31.3.2009
Total Income	**118,693**	116,079
Profit before Depreciation & Tax	**14,881**	4,494
Depreciation	**2,031**	1,894
Profit before Tax	**12,850**	2,600
Provision for Taxation:		
Current	**3,740**	290
Deferred	**480**	825
Fringe benefit	**–**	52
Minimum Alternate Tax credit entitlement	**–**	(290)
Provision for taxation no longer required	**(9)**	–
Profit for the year after Tax	**8,639**	1,723
Balance brought forward from previous year	**13,864**	13,170
Profit available for appropriation	**22,503**	14,893
Appropriations:		
Proposed Dividend	**2,190**	730
Tax on Dividend	**364**	124
General Reserve	**900**	175
Balance carried to Balance Sheet	**19,049**	13,864

2. DIVIDEND

Your Directors are pleased to recommend a dividend of 150% (Rs.15 per Equity Share of Rs.10 each) for the year ended 31st March 2010 as against 50% (Rs.5 per Equity Share of Rs.10 each) for the previous year on the paid up Equity Share Capital of Rs.1,460 lacs. This would result in an outgo of Rs.2,190 lacs as dividend in addition to a tax outgo of Rs.364 lacs.

3. OPERATIONS

Your Company's sales turnover touched a new high of Rs. 131,200 lacs during the year under review against Rs.126,733 lacs in the year 2008-09. The sales in volume terms during the year 2009-10 also touched a new high of 254,767 KLs/MTs, showing an increase of about 33%. The net profit of the Company jumped to Rs.8,639 lacs as against Rs.1,723 lacs for the previous year.

During the year under review, the Crude Oil prices crept up steadily, however the volatility was not as intense as in the previous year. As a consequence, Base Oil price movement also showed a reduced volatility. This coupled with the general improvement in the economy and the increased demand for your Company's products resulted in your Company clocking record profits during the year.

The Indian Rupee which had jumped to 52 to a US Dollar in early March 2009 slowly and steadily appreciated to about 46 to a US Dollar during the year under review. This resulted in net gains on foreign exchange in the financial year 2009-10 against losses for the last year for your Company.

Last year, the global economies faced one of the worst recessionary periods in many decades. The remedial measures adopted by the Governments world over since then have resulted in stablising various economies. In fact, some of the economies have started showing positive signs of growth and India seems to be one of the first economies to recover from the recessionary trends.

Your Company added 9.05 MW wind power projects in its portfolio, the highest ever capacity addition in a year. Of these, 3 of 1500 KW each were commissioned in the state of Tamil Nadu and 3 of 1250 KW each and 1 of 800 KW were commissioned in the state of Maharashtra. With this, the total installed capacity of Wind Power generation of your Company stands at 43.15 MW as against 34.10 MW in the previous year.

4. FIXED DEPOSITS

The Company has no overdue / unpaid fixed deposits.

5. 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.

6. 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.

7. DIRECTORS

Mr. S. R. Pandit and Mr. N. B. Karpe retire by rotation u/s 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 29th May 2010. His re-appointment as the Director of the Company is subject to the approval of the members at the ensuing Annual General Meeting. Item No.6 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 his appointment.

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

Mrs. S. N. Mehra has resigned as a Director of the Company w.e.f. 8th December 2009 due to health reasons. Mrs. Mehra was associated with the Company for more than 34 years and has contributed significantly to the overall growth and development of the Company. Your Directors are grateful to Mrs. Mehra for her valuable work and contributions to the Company over the last three decades.

8. 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.

9. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the Company has transferred a sum of Rs.4.12 lacs to the Investor Education and Protection Fund, which was the dividend amount due and payable for the year 2001-02 and remained unclaimed and unpaid for a period of 7 years, as provided in Section 205A(5) of the Companies Act, 1956.

10. RISK ASSESSMENT AND MANAGEMENT

Your Company is aware of the various operational and business risks in its functioning. The 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.

11. 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 judgments 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 2010 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.

12. AUDITORS

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

13. 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.

14. LISTING

Your Company's shares continue to be listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Listing Fees to these two Stock Exchanges for the year 2010-11 have been paid by your Company on time.

15. ACKNOWLEDGEMENTS

Your Directors are grateful to your 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 thankful for the confidence and faith reposed in them by the shareholders.

For and on behalf of the Board

Mumbai
29th May 2010

Gautam N. Mehra
Chairman & Managing Director

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 -

- Providing metal halide lamps in the plant godown.
- Replacing old Motors with energy efficient motors.
- Installing wind turbine ventilators in the plants.
- Replacing Reciprocating type Air Compressor with Screw type Air Compressor.
- Maintaining Power Factor at unity resulting in cash incentive from MSEB.

ii) Reduced the consumption of Furnace Oil & LDO by 5% by addition of Fuel Additives.

b) IMPACT OF THE ABOVE MEASURES

The overall energy consumption and fuel usage for the Company has been reduced as a result of the above measures.

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

Your Company proposes to add more Screw type Air Compressors in the Instrumentation area.

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) for your Company in the year 2009-10 stood at Rs.16,763 lacs as against Rs.16,882 lacs in the year 2008-09. Although the turnover in value terms was more or less stagnant, the volumes in the year under review jumped 34% over the previous year. Your Company has been consolidating its position in its existing markets and has succeeded in adding new customers to its international business portfolio.

D. TOTAL FOREIGN EXCHANGE USED AND EARNED

		Rupees in lacs
(i)	CIF Value of Imports	73,562
(ii)	Expenditure in Foreign Currency	492
(iii)	Foreign Exchange earned	17,383

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 2010:

	Name of Employee	Age	Designation	Gross Remuneration (Rupees)	Qualification	Exp. (in years)	Date of joining	Previous Employment/ Position held
1.	Mr. G. N. Mehra	48	Chairman and Managing Director	7,069,170	B.E. (Chem), M.B.A., Univ. of California (Berkeley)	27	1.12.1983	Marketing Executive, Mehra Trading & Investment Company Pvt. Ltd.
2.	Mr. M. K. Wazir	60	President - Marketing	4,137,677	B. Sc. Chief Engineer (Marine)	37	1.6.1994	Senior Manager (Marketing), Pennzoil India Ltd.
3.	Mr. J. R. Khona	67	President – Business Development	3,488,110	B. Sc. (Hons), D. M. M.	46	13.6.1994	General Manager (Marketing Services), Castrol India Ltd.
4.	Mr. R. K. Bhatia	64	Vice President – Marketing	2,479,965	B.E. (Chem)	40	1.3.1971	Works Superintendent
5.	Mr. S. M. Dixit	51	Chief Financial Officer	3,622,123	B. Com., A.C.A., A.I.C.W.A.	27	9.6.1994	Deputy General Manager, Precision Fasteners Ltd.
6.	Mr. V. K. Rishi	48	Vice President – International Business Division	2,518,963	B.E. (Chem)	27	11.8.2003	Chief Operating Officer, IOL Technologies Pvt. Ltd.
7.	Mr. U. C. Rege	44	Company Secretary & Vice President - Legal	3,004,418	B. Pharm., M.M.S., A.C.S.	19	1.1.2008	Company Secretary & Corporate Legal Head, Savita Polymers Ltd.

Notes:

1. Remuneration includes basic salary, allowances, commission paid, Company's contribution to Provident Fund, encashment of leave 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.
5. None of the above persons are related to each other in any way.