

# Savita Oil Technologies Limited

50th Annual Report 2010-2011



# **Marching Ahead** Towards Cleaner, Greener & Sustainable **Energy** Resources



**Your company is part of the global movement to  
preserve our fragile eco system**

## Savita Oil Technologies Limited

### Fiftieth Annual Report 2010 - 2011

#### BOARD OF DIRECTORS

Mr. G. N. Mehra - Chairman and Managing Director  
Mr. C. V. Alexander - Executive Director  
Mr. N. B. Karpe  
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  
Corporation Bank  
DBS Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
Standard Chartered Bank  
Union Bank of India

#### AUDITORS

G. M. Kapadia & Co.  
Chartered Accountants  
Mumbai

#### REGISTERED OFFICE

66/67, Nariman Bhavan,  
Nariman Point,  
Mumbai - 400 021  
Tel. No.: 91-22-6624 6200 / 6624 6228  
Fax No.: 91-22-2202 9364

#### FACTORIES

17/17A, Thane Belapur Road,  
Turbhe, Navi Mumbai,  
Maharashtra - 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: 91-22-6772 0300/6772 0400  
Fax: 91-22-2859 1568/2850 8927  
E-mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

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Dear Shareholder,

**Sub: Green Initiative in Corporate Governance – Electronic Mode for service of documents**

The Ministry of Corporate Affairs (“MCA”) has taken “**Green Initiative in the Corporate Governance**” by allowing paperless compliances by companies pursuant to its circular No.18/2011 dated April 29, 2011.

As per the aforesaid circular, Company is required to obtain email addresses of its members for sending the Notice with Balance Sheet, Profit & Loss Account, Auditors’ Report, Directors’ Report and Explanatory Statement, etc. through email by giving an advance opportunity to every shareholder to register his email address and changes therein, if any, from time to time with the Company.

In view of the aforesaid circular of MCA, we would earnestly request you to provide/update with us your email address so that all future communication including Notices calling General Meetings, Annual Reports, etc. from the Company’s side can be sent to you in electronic form.

The “Green Initiative” taken by MCA is appreciated and we trust you will actively participate in this initiative and contribute to the global efforts being made for protection of the environment.

Thanking you and assuring you of our best services at all times.

For Savita Oil Technologies Limited

**U. C. Rege**  
Company Secretary & VP - Legal

Mumbai  
30th July 2011

## NOTICE

NOTICE is hereby given that the **Fiftieth Annual General Meeting** of the Members of **SAVITA OIL TECHNOLOGIES LIMITED** will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4<sup>th</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 on **Saturday, 17<sup>th</sup> September 2011 at 11.00 A.M.** to transact the following business:

### ORDINARY BUSINESS:

1. To receive and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2011, 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. H. A. Nagpal, 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 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 **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 1<sup>st</sup> October 2011 up to 30<sup>th</sup> September 2012 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."

By Order of the Board

**U. C. Rege**

Company Secretary & VP - Legal

Mumbai  
30th July 2011

### 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 **12.9.2011 to 17.9.2011** (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 **17.9.2011**. 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

**U. C. Rege**  
 Company Secretary & VP - Legal

Mumbai  
 30th July 2011

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

##### Item No. 5

The Board of Directors in its meeting held on 15<sup>th</sup> May 2011 re-appointed Mr. C. V. Alexander, as a Whole-time Director of the Company from 1<sup>st</sup> October 2011 up to 30<sup>th</sup> September 2012, subject to the approval of the Members by Special Resolution at the ensuing Annual General Meeting. Separate Agreement in this regard has been executed between the Company and Mr. C. V. Alexander on 30<sup>th</sup> July 2011.

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: ` 94,500/- (Rupees Ninety Four Thousand Five Hundred 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 ` 100/- and ` 4,000/- 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:

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 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. 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 this 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. C. V. 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.

By Order of the Board

**U. C. Rege**  
Company Secretary & VP - Legal

Mumbai  
30th July 2011



## REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting the **Fiftieth Annual Report**, together with the Audited Accounts for the year ended 31<sup>st</sup> March 2011.

### 1. FINANCIAL RESULTS

₹ in lacs

	Year ended 31.3.2011	Year ended 31.3.2010
Total Income	1,55,877	1,18,693
Profit before Depreciation & Tax	18,568	14,881
Depreciation	2,530	2,031
Profit before Tax	16,038	12,850
Provision for Taxation:		
Current	5,075	3,740
Deferred	30	480
Provision for taxation no longer required	—	(9)
Profit for the year after Tax	10,933	8,639
Balance brought forward from previous year	19,049	13,864
Profit available for appropriation	29,982	22,503
Appropriations:		
Proposed Dividend	2,920	2,190
Tax on Dividend	474	364
General Reserve	1,100	900
Balance carried to Balance Sheet	25,488	19,049

### 2. COMPLETION OF GOLDEN JUBILEE

On 19<sup>th</sup> July 2011 your Company will be completing 50 glorious years since its formation. Your Company was incorporated as a Private Limited Company by late Shri D. C. Mehra and his son late Shri N. K. Mehra on 19<sup>th</sup> July 1961. The journey of the last 50 years has been both, challenging and rewarding. It is with a sense of great pride that we can reflect on the progress made by your Company over the last five decades. From being a small manufacturer of White Oils in the 1960s, your Company has now grown to become the leading manufacturer of Specialty Oils (White Oils and Transformer Oils) not only in India but across the Asian continent. Your Company went Public in 1994 and over the years has created multiple drivers for growth by adding new businesses to its portfolio like the Lubricating Oils Division in 1994 and the Renewable Energy Division in 1999.

Your Directors acknowledge the invaluable contribution of the employees; both past and present, in bringing your Company to its current position of strength and success. Your Directors also recognize and appreciate the important role played by all its business associates, in this mutually beneficial journey. Your Directors are confident that they shall continue to receive the same co-operation from all its stakeholders in the future as well.

### 3. DIVIDEND

Your Directors are pleased to recommend a dividend of 200% for the year ended 31<sup>st</sup> March 2011 as against 150% for the previous year on the paid up Equity Share Capital of ₹ 1,460 lacs. The aforesaid Dividend is inclusive of special dividend at the rate of 50% on the occasion of completion of Golden Jubilee year of your Company.

## 4. OPERATIONS

Your Company's sales turnover touched a new high of ` 1,71,993 lacs against ` 1,31,200 lacs in the year 2009-10 resulting in a growth of 31%. However, the sales volume marginally increased to 2,56,837 KLs/MTs during 2010-11 from 2,54,767 KLs/MTs achieved in 2009-10. The net profit of the Company increased to ` 10,933 lacs as against ` 8,639 lacs for the previous year, recording an increase of 27%.

During the year under review, the Crude Oil prices kept increasing steadily albeit with a reduced degree of volatility. As could be expected, Base Oil prices also moved up in tandem with global Crude Oil prices. However, the consistent demand for your Company's products enabled your Company to post record turnover and profits in the year under review.

Your Company did not add any Wind Power capacity during the financial year 2010-11 due to lack of sites with good wind regimes. Hence, the total installed capacity in Wind Power sector of your Company remained at 43.15 MW as in the previous financial year.

During the financial year 2010-11, your Company's Wind Power Plants situated in the states of Maharashtra, Karnataka and Tamil Nadu generated 71.22 million units during the year under review against 63.95 million units generated in the previous year.

Your Company has also got 9.45 MW of its Wind Energy Plants approved by UNFCCC in its CDM regime. Your Company has so far received a total of 52,193 Carbon Emission Reductions from the above project.

## 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 Annexure to this Report.

## 8. DIRECTORS

Mr. H. A. Nagpal retires by rotation u/s 256 of the Companies Act, 1956 and being eligible, offers himself for re-appointment.

Mr. C. V. Alexander has been re-appointed as the Whole-time Director of your Company by the Board of Directors in its Meeting held on 15<sup>th</sup> May 2011. His re-appointment as the Director of your Company is subject to the approval of the members at the ensuing Annual General Meeting. Relevant Item of the Notice along with the Explanatory Statement to be sent to the Shareholders be treated as an Abstract of the terms and conditions u/s 302 of the Companies Act, 1956 of his appointment.

The Board of Directors recommends their re-appointments 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, your Company has transferred a sum of ` 4.87 lacs to the Investor Education and Protection Fund, which was the dividend amount due and payable for the year 2002-03 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 procedures for handling these risks are reviewed and streamlined by your Company on a continuous basis. Your Company's manpower is being trained from time to time to handle and minimise these risks.