SAVITA OIL TECHNOLOGIES LIMITED

52nd Annual Report 2012-2013

SAVITA

bonds build businesses

New manufacturing facility at Silvassa

SAVITA
bonds build businesses

Savita Oil Technologies Limited

Fifty-Second Annual Report
2012-2013

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
Group Chief Financial Officer	Mr. S. M. Dixit
Company Secretary & Executive 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: 91-22-6624 6200 / 6624 6228 Fax: 91-22-2202 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: 91-22-6772 0300/6772 0400 Fax: 91-22-2859 1568 E-mail: sharepro@shareproservices.com

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Notice

NOTICE is hereby given that the **Fifty-Second Annual General Meeting** of the Members of **Savita Oil Technologies Limited** will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 on **Saturday, 24th August 2013 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 2013, Statement of Profit and Loss 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 1st October 2013 up to 30th September 2014 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."

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

   "**RESOLVED THAT** in supersession of the Special Resolution passed on 9th September 2008, pursuant to provisions of Section 309 and other applicable provisions of the Companies Act, 1956, with effect from 1st April 2013, the Directors other than in the whole-time employment or the Managing Director of the Company, be paid remuneration by way of commission, a sum not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, subject to a ceiling of ₹3,00,000/- (Rupees Three Lakh only) each per annum in addition to sitting fees as permissible under the provisions of the Companies Act, 1956 and Rules framed there under."

By Order of the Board

Mumbai
26th July 2013

U. C. Rege
Company Secretary & Executive 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 **19.08.2013 to 24.08.2013** (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 **24.08.2013.** 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
26th July 2013

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

Explanatory Statement as required by Section 173 of the Companies Act, 1956

Item No. 5

The Board of Directors in its meeting held on 18th May 2013 re-appointed Mr. C. V. Alexander, as a Whole-time Director of the Company from 1st October 2013 up to 30th September 2014, 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 26th July 2013.

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: ₹1,20,000/- (Rupees One Lakh Twenty Thousand only) per month.

(ii) Perquisites and Allowances: 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 ₹4,500/- 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 Company Rules. He shall be permitted to encash unavailed leave.

Category C

(a) Conveyance:
Provision of car with reimbursement of salary for driver as per the Company's Policy for Company's business and personal use.

(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 Notice along with Explanatory Statement 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 are 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.

Item No. 6

Section 309 of the Companies Act, 1956 permits the payment of remuneration to the Non-Whole-time Directors of a Company by way of commission not exceeding one percent of the net profits of the Company, if the Company authorizes such payment by a Special Resolution. In addition, Section 310 of the Companies Act, 1956 and Rules framed there under prescribe limits on payment of sitting fees to the Non-Whole-time Directors for attending Board meetings of the Company.

The Members of the Company had passed a Special Resolution on 9th September, 2008 approving the payment of remuneration by way of commission not exceeding one percent per annum of the net profits of the Company subject to a ceiling of ₹2,00,000/- per annum to each of the Non-Whole-time Directors.

It is now proposed that with effect from 1st April 2013, each of the Non-Whole-time Directors of the Company be paid a remuneration by way of commission not exceeding one percent of the net profits of the Company calculated in accordance with the provisions of the Act, subject to a ceiling of ₹3,00,000/- each per annum in addition to sitting fees for attending Board Meetings, in accordance with Section 310 of the Companies Act, 1956 and the Rules framed there under.

Mr. N. B. Karpe, Mr. H. A. Nagpal and Mr. S. R. Pandit, Non-Whole-time Directors of the Company may be deemed to be concerned or interested in the Resolution mentioned at Item No.6 of the Notice, to the extent of the remuneration that may be received by them.

Your Directors recommend this Special Resolution for your approval.

By Order of the Board

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

Mumbai
26th July 2013

Report of the Directors to the Members

Your Directors have pleasure in presenting the **Fifty-Second Annual Report**, together with the Audited Accounts for the year ended 31st March 2013.

1. Financial Results

₹ in lacs

	Year ended 31.3.2013	Year ended 31.3.2012
Total Income	2,01,248	1,92,136
Profit before Depreciation & Tax	11,919	12,545
Depreciation	2,514	2,520
Exceptional Income	5,650	-
Profit before Tax	15,055	10,025
Provision for Taxation:		
Current	3,115	4,875
Deferred	1,607	(1,653)
Profit for the year after Tax	10,332	6,803
Balance brought forward from previous year	29,055	25,488
Profit available for appropriation	39,387	32,291
Appropriations:		
Proposed Dividend	2,555	2,190
Tax on Dividend	434	355
General Reserve	1,050	690
Balance carried to Balance Sheet	35,348	29,055

2. Dividend

Your Directors are pleased to recommend a dividend of 175% (₹17.50 per equity share of ₹10/- each) for the year ended 31st March 2013 as against 150% for the previous year on the paid up Equity Share Capital of ₹1,460 lacs, resulting in an outgo of ₹2,990 lacs inclusive of dividend tax.

3. Operations

Your Company's sales turnover during the year 2012-13 touched a new high of ₹2,21,789 lacs against ₹2,11,757 lacs in the year 2011-12 resulting in a growth of about 5%. The sales volume also increased to 2,71,521 KLS/MTs during 2012-13 as against 254,799 KLs/MTs achieved in 2011-12 showing an increase of 6.5% in line with the increase in sales turnover. The net profit of the Company increased to ₹10,332 lacs as against ₹6,803 lacs for the previous year, recording an increase of 52%. This profit included the compensation received from Idemitsu Lube India Pvt. Ltd. (ILIN) on account of premature termination of the Technical Collaboration Agreement for Idemitsu Products during the year.

During the Financial Year 2012-13, your Company's Wind Power Plants situated in the states of Maharashtra, Karnataka and Tamil Nadu generated a total of 94.81 MU against 85.61 MU generated in the previous year. During the year under review, your Company did not find any suitable sites for installing any additional wind mills. As a result, the total installed capacity in Wind Power sector of your Company continues to stand 48.15 MW.

On 2nd May 2013 your Company's Technical Collaboration Agreement for Genuine Products with ILIN was also terminated. This termination will take effect after 180 days from the date of the notice of termination. Your Company has to further inform that termination of this agreement would marginally impact the sales volume of your Company. This impact would be around 6% (six percent) of the total sales volume of the Company for the Financial Year 2012-13.

4. New Plant in Silli, Silvassa

Your Company is in the process of setting up a new green field manufacturing facility at Silli in Silvassa, in the Union Territory of Dadra & Nagar Haveli. This ultra modern facility will be amongst the most sophisticated plants of its kind for the manufacture of petroleum specialty oils in India. This project has been initiated to meet the rising demand for your Company's products. The said plant with an annual licensed production capacity of 1,50,000 MT for manufacture of petroleum specialty products shall serve to augment the overall manufacturing capacity of your Company. The said facility is expected to be operational from August, 2013.

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

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

In its meeting held on 18th May 2013, the Board of Directors re-appointed Mr. C. V. Alexander as the Whole-time Director of your Company. His re-appointment as the Whole-time Director of the 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 be treated as Abstract of the terms and conditions under Section 302 of the Companies Act, 1956 of Mr. C. V. Alexander's appointment.

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

Your Directors with profound grief have to inform you about the sad demise of Mrs. Swaran N. Mehra on 22nd November 2012. She was one of your Company's longest serving Directors and had contributed immensely to the growth of the Company for more than 33 years from 6th December 1976 till she retired on 9th December 2009. Your Directors pay rich tributes to her valuable work and contributions to your 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 ₹5.86 lacs to the Investor Education and Protection Fund, which was the dividend amount due and payable for the year 2004-05 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 has been on a continuous basis reviewing and streamlining its various operational and business risks involved in its business. Your Company also takes all efforts to train its manpower from time to time to handle and minimise these risks.

12. 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 2013 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.

13. Auditors

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

14. 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.

15. Listing

Your Company's shares continue to be listed on BSE Limited and National Stock Exchange of India Limited. The Listing Fees to these two Stock Exchanges for the year 2013-14 have been paid by your Company on time.

16. Acknowledgements

Your Directors are pleased to record their sincere gratitude 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 also appreciate the confidence and faith reposed in them by the shareholders.

For and on behalf of the Board

Mumbai
18th May 2013

Gautam N. Mehra
Chairman & Managing Director