

# **SVC Resources Limited 2012-2013**

## **BOARD OF DIRECTORS**

Ashok Gupta	Chairman & Managing Director
Vinay Poddar	Director
Akshat Gupta	Director & Compliance Officer
Vinod Bansal	Independent Director
Neha Gandhi	Independent Director
Divesh Koli	Independent Director
Shrishti Deora	Independent Director

## **37<sup>th</sup> Annual Report 2012 – 2013**

## **COMPLIANCE OFFICER**

Akshat Gupta

## **AUDITORS**

M/s. D. P. Agarwal & Co.  
Chartered Accountants

## **REGISTERED OFFICE**

104, Baba House, 1st Floor,  
M.V. Road, Near Cine Magic Cinema,  
Andheri (E), Mumbai-400 093

## **REGISTRAR & SHARE TRANSFER AGENT**

Purva Sharegistry (India) Pvt. Ltd.  
No. 9, Shiv Shakti Industrial Estate  
Gr. Floor, J. R. Boricha Marg  
Lower Parel, Mumbai-400 011

## **ANNUAL GENERAL MEETING**

Date : 30<sup>th</sup> August, 2013

Time : 9 a. m.

Venue : 104, Baba House, 1st Floor,  
M.V. Road, Near Cine Magic Cinema,  
Andheri (E), Mumbai – 400 093

## **Contents**

- ❖ Directors' Report
- ❖ Report on Corporate Governance
- ❖ Auditors' Certificate on Corporate Governance
- ❖ Auditors' Report
- ❖ Balance Sheet
- ❖ Profit & Loss Account
- ❖ Schedules
- ❖ Notes to Accounts
- ❖ Cash Flow Statement
- ❖ Balance Sheet Abstract
- ❖ Statement pursuant to Section 212
- ❖ Auditor's Report on Consolidated Financial Statements
- ❖ Consolidated Balance Sheet
- ❖ Consolidated Profit & Loss A/c.
- ❖ Schedules forming a part of Consolidated Accounts
- ❖ Notes forming a parts of Consolidated Accounts
- ❖ Consolidated Cash Flow Statement

## **SVC Resources Limited 2012-2013**

### **Directors' Report, Management Discussion & Analysis**

To the Members,

Your Directors have pleasure in presenting the 37<sup>th</sup> Annual Report of your Company together with the Audited Statements of Accounts for the year ended March 31, 2013.

(Rs. in Lacs)

Financial Results	Year Ended 31.03.2013	Year Ended 31.03.2012
Income	427.38	1001.02
Profit before Tax	(1,874.13)	(6.20)
Less : Provision for Taxation	0.00	-
Profit after Tax	(1,874.13)	(6.20)
Add : Profit brought forward from Previous Year	413.59	419.79
Balance carried forward	(1,460.54)	413.59

### **DIVIDEND**

With a view to conserve the financial resources, no dividend has been recommended for the year under review.

### **AUTHORISED SHARE CAPITAL**

During the year under audit company has not increased authorized share capital.

The members of the Company approved the increase in the Authorized Share Capital from 7 Crores to 11 Crores on December,20,2010.

The approval of the members was once again sought for the increase in the Authorised Share Capital from 11 Crores to 15 Crores on March 10,2011.

## **SVC Resources Limited 2012-2013**

### **PERFORMANCE & CURRENT YEAR PROSPECTS**

Your Company has diversified into mining and is in the activities of mining of iron ore and trading in minerals.

During the year under review the turnover of your Company was Rs. 427.38 Lacs and company suffered a loss of Rs.(1,874.14) lacs.

The Company activities have been curtailed due to the acts of certain professional directors who have not only created huge dent in the profitability of the Company but have also misappropriated the assets and are defying the attempts of the Company to carry out a detailed investigation by not appearing before the Board to give an account of the same. The Company therefore filed an FIR with the MIDC Andheri Police Station and the matter is under investigation.

The Directors so responsible have also not produced the results of the subsidiary company and also surreptitiously removed the statutory records and books of accounts of the Company to make it difficult for the Company to proceed against them.

The delinquent Directors in order to deflect the investigation are also filing vexatious complaints with various authorities to hamper the operations. Your Directors would continue to scuttle all the activities and require the support of the members to bring the company back into reckoning.

The performance of your subsidiary company SVC Resources FZC, Sharjah, engaged in the business of trading in minerals during the year under review. The consolidated turnover of the company was Rs. 427.38 Lakhs, while the consolidated net profit before tax was Rs.(1,874.14) Lakhs.

Your Company allotted 1,08,44,426 Nos. shares @Rs. 2.63 per share to the Promoters and their relatives and group companies pursuant to Section 81 (3) of the Companies Act, 1956 for loans and advances given to the Company.

Your Company further allotted 2,97,00,000 shares @1.00 per share to a creditor whose liability of Rs.339.81 Lakhs has been adjusted by this allotment u/s 81 (3) of the Companies Act, 1956 as a settlement to pre-empt the reference for arbitration by the creditor.

Your Directors are trying their level best to restore the assets and commence operations and reward the shareholders for which we require your continued support especially to scuttle attempts by a faction who are trying to escape the due process law to recover the assets of the company.

## **SVC Resources Limited 2012-2013**

### **BUSINESS SEGMENT**

Your Company primarily operates in the business segment of mining and trading of iron ore, white earth, ochre, manganese, laterite etc. As per the management's perspective, the risks and returns from its sales do not materially vary geographically. The mines of your company are located at Dhamki and Dilar in the state of Madhya Pradesh.

Your Company offers its services to customers through best industry practices in mining.

### **RISK & CONCERNS**

It is a well known fact that risk is an integral part of any business. If these risks are properly managed, a company will have ample opportunity to run smoothly and expand its activities. As a matter of fact Enterprise Risk Management. (ERM) is a process that covers the entire organization in which all the functions are involved to identify and assess the various strategic, operational, social and economic risks being faced by the company in its day to day activities and thereafter determine the responses to either mitigate the risk or eliminate the same.

Most of the companies in India now recognize ERM as a critical management issue. This is apparent from the importance assigned to ERM within the organization and the resources being devoted to building ERM capabilities.

### **Opportunities**

1. Rapid domestic growth
2. Robust growth in transportation, infrastructure, power capacity addition and packaging
3. Diversification into steel production
4. Exploration and mining opportunities in India and abroad for extraction and trading of high value minerals

### **Threats**

1. Domestic competition from established players
2. Change in government policies
3. Price volatility
4. Trade policy uncertainties
5. Environmental concerns
6. Cyclic nature of industry

## **SVC Resources Limited 2012-2013**

The ever changing business environment necessitates continuous monitoring, evaluation & management of significant risks faced by the organization.

### **OVERVIEW**

SVC Resources Limited is a Public Limited Company engaged in the business of extraction, processing & sale of Ore and exploration & development of mining assets.

Your company will continue to build capabilities and nurture a talent pool with diverse skills set to deliver continuous results. Your Company has also strengthened its presence in mining and trading of minerals.

Your Company is geared up to meet market demands and delivery schedules and is confident of increasing its share in the Indian market. The management has worked steadily to make SVC a company that can deliver sustained, high quality growth.

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company's present internal control systems are commensurate with its size. However, looking at the growth in the size of the Company and its operations it is strengthening these systems further. The Company places great emphasis on the maintenance of effective internal controls, both from the point of view of compliance with statutory requirements as well as supporting the smooth and efficient running of the business.

### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

The employees of your Company are dedicated and loyal to your Company. Though there has been attrition in certain disciplines, the employees in general have remained with your Company through thick and thin. On the part of the Management, it is ensuring all-round comfort levels to its employees, including the required training at all levels based on the need. It is worth highlighting that industrial relations have been cordial all along. Any difference is sorted out through discussions at appropriate levels. The support of workmen needs special mention. The employees of your Company are exposed to Mining Industry. Your Company's diversification project needs people with specific skill and knowledge in other industries viz. up gradation of skills for operating equipment with latest technology. In order to get people with requisite knowledge and skills, your Company has to train /retrain its existing manpower and also to go for fresh induction.

## **SVC Resources Limited 2012-2013**

### **Subsidiary**

Your Company has only one overseas subsidiary SVC Resources FZC, Sharjah, UAE, and final accounts have not been produced by Shri Vishal Singh, Shri Sunil Jain & Mr. Ashish Lodge as they are evading to meet the Board of Directors. The accounts have now been prepared on the basis of available records and based upon last trial balance and transactions during the period.

### **PUBLIC DEPOSITS**

The Company has neither invited nor accepted any public deposits, during the year, under Section 58A of the Companies Act, 1956 and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

### **DIRECTORS**

During the year under review there have been changes in the Board of Directors of your Company.

In accordance with the provisions of the Companies Act, 1956 and pursuant to the provisions of Articles of Association of your Company Mr. Dattatray Sakhalkhar, Mr. Ashish Jain Dr. Mukesh Arora, Mr. Ashish Lodge and Mr. Rajesh Kapoor were removed from the Board of directors of the company due to absence from attending meetings of the Board.

Mr. Sunil Jain and Mr. Vishal Singh were not reappointed in last AGM.

Mr. Akshat Gupta and Mr. Siddharth Bihani were appointed as Additional Director and retire at the forthcoming AGM. Mr. Akshat Gupta has been proposed to be appointed and is eligible to be appointed at the forthcoming Annual General Meeting. Mr. Siddharth Bihani resigned from the Board on 27<sup>th</sup> May, 2013.

Mr. Abhijeet Mittal and Mr. Kunal Raheja were appointed as Additional Directors on 27<sup>th</sup> July, 2012 and they resigned on 3<sup>rd</sup> May, 2013.

Mrs Neha Gandhi, Mrs Shrishti Deora and Mr. Devesh Koli were appointed as Additional Director on 13<sup>th</sup> June 2013 and they retire at the forthcoming AGM.

Mr. R.K. Tiwari and Mr. Chandra Sen resigned from the Board on 25<sup>th</sup> May, 2012

Further, none of the Directors of your Company are disqualified under Section 274(1)(g) of the Companies Act 1956.

Mr. Vinod Bansal, Independent Director retires by rotation and being eligible offer themselves for appointment.

## **SVC Resources Limited 2012-2013**

### **CORPORATE GOVERNANCE**

Your Company follows the principles of effective corporate governance practices. Clause 49 of Listing Agreement deals with Corporate Governance requirements which has been complied by your company.

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from your Company's Auditors on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is included in the Annual Report.

### **HUMAN RESOURCES**

Company encourages a culture that develops and empowers people, promotes team building and nurtures new ideas. The Company's recruitment practice ensures that suitable candidates with merit are recruited and provided with the right opportunities to grow within the organization.

### **AUDITORS**

M/s. D. P. Agarwal & Co., Chartered Accountants, Mumbai, Statutory Auditors of the Company, hold office until the conclusion of ensuing Annual General Meeting and have expressed their unwillingness for re-appointment. The Company has received letter from M/s. Himank Desai & Co., Chartered Accountants, Mumbai to the effect that their reappointment if made would be within prescribed limits under Section 224 (1B) of the Companies Act, 1956. Members are requested to appoint M/s. Himank Desai & Co., Chartered Accountants, Mumbai, as the Statutory Auditors of the Company and authorize the Board of Directors to fix their remuneration.

### **COMMENTS ON AUDITORS' REPORT:-**

Due to non-availability of statutory books, records and other documents, the company could not produce the same to the statutory auditor for carrying out audit. The company has now made arrangements to produce such other documents to carry out the audit which has been found satisfactory by the auditor. The company is still taking steps to ensure restoration of the statutory records so as to bring it back to normalcy. Other than the above facts, the notes referred to in the Auditors' Report are self explanatory and as such they do not call for any further explanation as required under Section 217(3) of the Companies Act, 1956.

### **PARTICULARS OF EMPLOYEES**

People are the backbone of our operations. It is a matter of great satisfaction for your Company that our employees have been very supportive of your Company's plan. By far the employee's relations have been cordial throughout the year.

## **SVC Resources Limited 2012-2013**

There is no information as required pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Amendments Rules, 1988 to be reported.

### **PARTICULARS UNDER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956**

Further, pursuant to the provisions of 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, there is no material information regarding conservation of energy, technology absorption, foreign exchange earnings and out go concerning your Company to be reported.

Your Company has taken the necessary steps to conserve energy, absorb upgraded technology where ever necessary. However there is no material information required under 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 to be reported.

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. In the preparation of the annuals accounts, for the year ended March 31 2013, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed;
2. The Directors had adopted 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 your Company at the end of the financial year and of the profit of the Company for that period
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. Inspite of the internal controls due to acts by certain professional Directors acting in consult have defalcated assets of the company which was beyond the control of the Board of Directors.
4. The Directors had prepared the annual accounts on a going concern basis.

## **SVC Resources Limited 2012-2013**

### **APPRECIATION**

The Board of Directors wishes to convey their appreciation to all your Company's employees for their performance and continued support. The Directors would also like to thank all the Shareholders, Consultants, Customers, Vendors, Bankers, Service Providers, & Government and Statutory Authorities for their continued support.

Place: Mumbai

Date 5<sup>th</sup> August, 2013

**Registered Office:**

104, Baba House, 1st Floor,  
M.V. Road, Near Cine Magic Cinema,  
Andheri (E), Mumbai – 400093

For and on behalf of the Board

For **SVC Resources Limited**

sd/-

**Ashok Gupta**

Chairman & Managing Director

# **SVC Resources Limited 2012-2013**

## **Report on Corporate Governance**

### **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

SVC believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

The corporate governance framework of SVC is based on an effective independent Board, the separation of the Board's supervisory role from the executive management and the constitution of Board Committees, generally comprising a majority of independent/non-executive Directors and chaired by independent/non-executive Directors, to oversee critical areas.

Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures always seek to attain the best practices in corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.

Our corporate governance philosophy is based on the following principles:

1. Satisfy the spirit of the law and not just the letter of the law
2. Be transparent and maintain a high degree of disclosure levels
3. Make a clear distinction between personal conveniences and corporate resources
4. Comply with the laws in all the countries in which the Company operates
5. Have a simple and transparent corporate structure driven solely by business needs
6. Management is the trustee of the shareholders' capital and not the owner

### **BOARD OF DIRECTORS**

#### **Composition of Directors**

At the core of our corporate governance practice is the Board, which oversees how the management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.