

SVC RESOURCES LIMITED

ANNUAL REPORT

2014 - 2015

Directors

Rajesh Baheti – Chairman

Mohammed Ali – Managing Director

Zalak Shah – Non Executive Independent Director

Dr. Riyaz Khan – Non Executive Independent Director

Om Prakash Chugh – Non Executive Independent Director

Auditors

D N Khatri & Associates, Chartered Accountants

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DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

To the Members,

Your Directors have pleasure in presenting this Annual Report of your Company together with the Audited Statements of Accounts for the year ended March 31, 2015.

Some of the members had expressed displeasure on the style of working of the previous Board of Directors and filed a Company Petition before Company Law Board for their ouster from the Company citing Oppression and Mismanagement.

The Company Law Board vide its order dated December 11, 2013 directed an Extraordinary General Meeting to be held on January 11, 2014. In the said meeting, members removed all the then Directors of the Company and appointed 3 new directors on the Board. The said appointment and removal was confirmed by the Company Law Board, Principle Bench, New Delhi vide its order dated April 4, 2014.

The Old Board had also irregularly allotted 1,08,44,426 Equity Shares to themselves, their relatives and associate company on May 8, 2013 and 2,97,00,000 Equity Shares to another associate company on August 5, 2013. The said shares have been cancelled by the Company Law Board, Principle Bench, New Delhi vide its order dated June 4, 2015.

The old board did not handover the old records of the Company. Hence, the new Board filed a Company Petition No. 10 of 2014 for handover of old records and for cancellation of irregular allotments. Company Law Board, Principle Bench, Delhi vide its order dated June 4, 2015 directed the old Board of directors to forthwith handover all records to the new Board. The Company is yet to receive any records from the old board.

	(Rs. in Lacs)	
Financial Results	Year Ended 31.03.2015	Year Ended 31.03.2014
Income	-	-
Profit before Tax	(7.58)	(3.09)
Less : Provision for Taxation	-	-
Profit after Tax	(7.58)	(3.09)
Add : Profit brought forward from Previous Year	-	-
Balance carried forward	(7.58)	(3.09)

DIVIDEND

As there was no income in the year under review the Company expresses its inability to give any dividend for the year under review.

REGISTERED OFFICE

The members of the company have approved the Shifting of Registered Office of the Company from 3, Prime Rose, Near Airtel Gallery, Lokhandwala Complex, Andheri (West), Mumbai – 400 053 to Office No.8, Rainbow House, Above Idea Showroom, Opp Deepak Hospital, Savedi, Ahmednagar – 414 003. The resolution was approved by the members on January 23, 2015 through Postal Ballot. The said shifting is subject to the approval of Central Government.

BUSINESS SEGMENT

Your Company primarily operates in the business segment of mining and trading.

RISK & CONCERNS

Subsequent to the Company Law Board, Principle Bench, Delhi vide its order dated June 4, 2015, the company is trying to recover from its financial mess done by its old board. The Board is confident of its recovery. The company has complained to Economic Offence Wing regarding misappropriation of funds and is also in the process of reporting the same to Serious Fraud Investigation Office.

OPPORTUNITIES

The overall downturn in the fuel prices will only benefit the company and lower the operational cost of the company.

THREATS

The Board of directors perceives that competition from established players and change in government policies as major threats. These coupled with Price volatility, Trade policy uncertainties and Environmental concerns also possess its own challenges.

The Company business is of cyclic nature which has its own problems.

OVERVIEW

SVC Resources Limited (SVC) is a BSE listed company. SVC is a professionally managed Company with the Board Members having rich and varied experience in Exploration, Mining, Processing, Trading, Finance and other fields.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The present internal control systems are commensurate with its size.

SUBSIDIARY

As per records available from BSE Website and MCA Website, Company has only one overseas subsidiary SVC Resources FZC, Sharjah, UAE. However, the company has no records pertaining to its subsidiary. Hence, subsidiary accounts are not enclosed.

PUBLIC DEPOSITS

As the Old Board has not handed over the books of accounts, statutory records and minutes book, the company is not in a position to ascertain acceptance of public deposits. Company Law Board, New Delhi, vide its order dated June 4, 2015 has directed the old board to handover books of accounts and other records to the new board. However, the old board is yet to hand over the same.

DIRECTORS

During the year under review the following directors were removed by the members in their Extraordinary General Meeting held on January 11, 2014 and confirmed by Company Law Board, Principle Bench, Delhi vide its order dated April 4, 2014

1. Ashok Gupta
2. Akshat Gupta
3. Vinod Bansal
4. Vinay Poddar
5. Siddharth Bihani
6. Abhijeet Mittal
7. Kunal Raheja

The members appointed the following directors in their Extraordinary General Meeting held on January 11, 2014 and confirmed by Company Law Board, Principle Bench, Delhi vide its order dated April 4, 2014:

1. Mr. Zalak Shah
2. Mr. Om Prakash Chugh
3. Dr. Riyaz Khan

The Board of Directors appointed Mr. Mohammed Ali as Managing Director in their Meeting held on April 9, 2014.

Pursuant to successful completion of voluntary Open Offer given by Lorgan Lifestyle Limited to the members of SVC as per SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 2011, Mr. Rajesh Baheti has been appointed as

Chairman of the Company in the Board Meeting held on October 7, 2014 and Lorgan Lifestyle Limited became the new promoter of the company.

Mr. Rajesh Baheti, Chairman is liable to retire by rotation and being eligible, has offered himself for re-appointment.

Mr. Mohammed Ali's re-appointment as Managing Director is subject to approval of members in the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

Pursuant to SEBI Circular, compliance of Corporate Governance is not mandatory. However, the company has complied with the provisions of Clause 49 of the Listing Agreement.

A separate section on Corporate Governance forms part of the Directors' Report and 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 organisation.

AUDITORS

Statutory Auditors

M/s D N Khatri, Chartered Accountants were appointed as Statutory Auditor of the Company in the previous AGM held on August 28, 2015 and their term expires at the ensuing AGM, being eligible, the Board has recommended their re-appointment.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Person) Rules, 2014, the Company has appointed M/s Ramesh Chandra Bagdi & Associates to undertake the Secretarial Audit of the Company.

In terms of provisions of Section 204(1) of the Companies Act, 2013, Secretarial Audit Report is annexed to this Board Report.

COMMENTS ON AUDITORS' REPORT:

The notes referred to in the Auditors' Report are self explanatory and as such they do not call for any further explanation.

PARTICULARS OF EMPLOYEES

The Company has no directors or employees who are in receipt of remuneration exceeding the sum prescribed under section 197 of the Companies Act, 2013 read with Rule (5) of Companies (Appointment and Remuneration of Managerial Person) Rules, 2014

BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and clause 49 of the Listing Agreement, the Board has carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders' Relationship Committee, including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed to this report.

DIRECTORS RESPONSIBILITY STATEMENT

As the Old Board has not handed over the books of accounts, statutory records and minutes book, the company is not in a position to confirm and ascertain the genuineness of various balances and advances shown in the Annual Report for the year ended March 31, 2013.

The accounts for the current year has been prepared on the basis of Bank Statements and records available in public domain.

Company Law Board, Principle Bench, New Delhi, vide its order dated June 04, 2015 has directed the old board to handover books of accounts and other records to the new board. However, the old board is yet to hand over the same.

Pursuant to Section 134 of the Companies Act, 2013 the Directors state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) Appropriate accounting policies have been selected and applied consistently and have 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 March 31, 2015 and of the profit and loss of the Company for the year ended March 31, 2015;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis;
- (e) Proper internal financial controls were followed by the Company and such internal financial controls are adequate and were operating effectively;
- (f) Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTOR

Pursuant to Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Independent Directors of the Company have given the declaration to the Company that they qualify the criteria of independence as required under the Act.

VIGIL MECHANISM

The Company has established a Vigil Mechanism that enables the Directors and Employees to report genuine concerns. The Vigil Mechanism provides for (a) adequate safeguards against victimization of persons who use the Vigil Mechanism; and (b) direct access to the Chairperson of the Audit Committee of the Board of Directors of the Company in appropriate or exceptional cases.

CORPORATE SOCIAL RESPONSIBILITY

The Company has incurred loss in the year under review. Hence, the CSR Provisions does not apply to the company.

RELATED PARTY TRANSACTIONS

No transactions were carried out between any of the related parties in the year under review.

RISK MANAGEMENT

The Company has devised and implemented a mechanism for risk management and has developed a Risk Management Policy. The Policy provides for creating a

Risk Register, identifying internal and external risks and implementing risk mitigation steps.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith.

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, and Government and Statutory Authorities for their continued support.

Place: Mumbai
Date: September 02, 2015

For and on behalf of the Board
For **SVC Resources Limited**

Rajesh Baheti
Chairman