

**SVC RESOURCES LIMITED**

**ANNUAL REPORT**

**2016 - 2017**

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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 Annual Audited Statements of Accounts for the year ended March 31, 2017.

Despite of Company Law Board Order dated April 04, 2014 for change in management of the Company and Company Law Board Order dated June 04, 2015 the Old management did not handover all records of the Company to the new management.

|                                    | <b>(Rs. in Lakhs)</b>            |                                  |
|------------------------------------|----------------------------------|----------------------------------|
| <b>Financial Results</b>           | <b>Year Ended<br/>31.03.2017</b> | <b>Year Ended<br/>31.03.2016</b> |
| Income                             | 51.39                            | 19.04                            |
| Less: Expenditure                  | 44.79                            | 16.88                            |
| Profit before Tax                  | 6.60                             | 2.16                             |
| Less : Income Tax For Current Year | -                                | 0.22                             |
| Profit after Tax                   | 6.60                             | 1.94                             |

**DIVIDEND**

As there was minimal income in the current year, to strengthen the financial position of the Company and to augment working capital your directors regret to declare any dividend.

**RESERVES & SURPLUS**

Total profit of Rs.6.60/- Lakhs for the financial year is proposed to be transferred to the General Reserve.

**BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIR**

Your Directors have pleasure to inform you that Company has succeeded in starting the trading from the previous financial year and has generated gross revenue of Rs.51 lacs and profit after tax is 6.60 lacs.

**CHANGES IN SHARES CAPITAL**

During the financial year, the Company has issued 20,667 Equity Shares to Mr. Akhilesh Malvi, Managing Director of the Company on preferential basis for rounding off of paid up share capital of the Company for the purpose of consolidation of share capital of the Company.

Further company has consolidated its entire authorised, issued, subscribed and paid-up share capital by increasing the nominal value of the equity shares from Rs.1/- (Rupees One only) each to Rs. 10/- (Rupees Ten only) each so that every 10 (Ten) equity shares with nominal value of Rs.1/- (Rupees One only) each

held by a member are consolidated and re-designated into 1 (one) equity share with nominal value of Rs.10/- (Rupees Ten only) each.

### **REGISTERED OFFICE AND CORPORATE OFFICE**

During the period under review there is no change in Registered Office Address and Corporate Office Address of the Company.

### **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.

### **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 as old management has not handed over the records to the new management despite of the Company Law Board Order. 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. The new management of the Company has not accepted any deposit from public since the new management has taken charge of the Company.

**PARTICULARS OF LOANS GIVEN, GUARANTEES GIVEN OR INVESTMENTS MADE UNDER SECTION 186 OF COMPANIES ACT, 2013**

Particulars of loans, guarantees and investments made by Company pursuant to Section 186 of the Companies Act, 2013 are given in the notes to the financial accounts and forms part of the Annual Report.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the period under review Mr. Tushar Moghe, Chief Financial Officer of the Company vacated the office with effect from June 23, 2016.

Re-appointment of Whole time Director has been considered during the year.

**COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

Company's policy relating to directors appointment, payment of remuneration and discharge of their duties is annexed herewith as Annexure II.

**CORPORATE GOVERNANCE**

Pursuant to Regulation 15(2) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015, compliance of Corporate Governance is not mandatory. However, the company has complied with the provisions of Regulation 17 to 27 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent possible. A separate section on Corporate Governance forms part of the Directors' Report as Annexure IV.

**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****Statutory Auditors**

M/s. Jain and Jain, Chartered Accountants were appointed as Statutory Auditor of the Company in the previous AGM held on September 30, 2016 for

the period of five years i.e upto March 31, 2021 and being eligible the Board has recommended their re-appointment.

The Auditors have given a qualified Audit Report with the following qualification:-

***Basis for Disclaimer of Opinion***

*So far as information and explanations given to us, the Old Management of the Company was removed in an Extraordinary General Meeting held on January 11, 2014 and supported by the an order of the Company Law Board, Delhi dated April 4, 2014.*

*Thereafter, the Old Management did not hand over books of accounts, statutory records, minutes books, bank statements, subsidiary details and any other records/documents to the New Management. Since then, the New Management of the Company is engaged in a legal battle with the Old Management. As such, the Company does not have books of accounts or any other records. In this regard, the Company had filed petition with the Company Law Board, Delhi. The case was decided in favor of the New Management on June 4, 2015. However, the New Management is yet to receive the books of accounts and other records of the company from the Old Management.*

*We have not been able to access the books of accounts and other records of the company; the elements making up the Balance Sheet and the Statement of Profit and Loss and Cash Flow.*

***Disclaimer of Opinion***

*Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.*

**Management Representation**

Subsequent to Company Law Board Order dated June 04, 2015 the new management is in continues touch for handover of Books of Accounts and Statutory Records. The company has also filed a complaint with the police station for the same. The company is yet to receive Books of Accounts and Statutory Records. Financial statements have been prepared on the basis of records available with the Company, Banks, BSE and Government Authorities.

**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. J.S. Virani & 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 as Annexure III.

**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.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company did not receive any complain during the year 2016-17.

**BOARD EVALUATION**

Pursuant to the provisions of Companies Act, 2013 and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015, 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 as Annexure I.

**TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Company does not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

**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 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, 2017 and of the profit and loss of the Company for the year ended March 31, 2017;

(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 Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015, 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 MEGHANISM**

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. The web link for the Whistle Blower Policy is <http://svcreources.co.in/wp-content/uploads/2015/12/Whistle-Blower-Policy.pdf>

#### **CORPORATE SOCIAL RESPONSIBILITY**

The provision of Corporate Social Responsibility 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. The web link for related party transaction policy is <http://svcreources.co.in/wp-content/uploads/2015/12/Related-Party-Transaction.pdf>

**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.

**SEPARATE INDEPENDENT DIRECTOR MEETING**

The Board of Directors of the Company meets once in every Financial Year without the presence of Executive Directors and Management of the Company. The role of the Committee is as per the provisions of Companies Act, 2013 as well as the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT 9 is Annexed herewith as Annexure V

**SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS**

BSE Limited suspended the trading in securities of the Company On August 21, 2015, the Company had applied to BSE Limited for revocation of suspension and got the same revoked on June 07, 2016 along with monetary penalty.

**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: May 25, 2017**

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

**Chairman**

**ANNEXURE TO DIRECTORS' REPORT****Annexure I****A. CONSERVATION OF ENERGY****(a) Major energy conservation measures taken during the year:**

The Company has taken adequate measures to conserve energy by continuous monitoring and effective use of energy, which is continuous process.

**(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:** No additional investment proposed.**(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

Since it is continuous process of monitoring and usage, the impact is not quantifiable.

**(d) Electricity consumed during the year - NIL****B. TECHNOLOGY ABSORPTION**

Particulars with respect to technology absorption are given below:

**A. Research and Development (R & D)**

- i. Specific areas in which R & D carried out by the Company:  
The Company has not carried out any research and development activities during the year under review.
- ii. Benefits derived as a result of the above R & D: Not Applicable
- iii. Future plan of Action: Nil
- iv. Expenditure on R & D.: Nil

**B. Technology absorption, adaption and innovations: Nil****C. FOREIGN EXCHANGE EARNINGS AND OUTGO: Nil****Annexure II****POLICY RELATING TO DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

**Extracts of the Policy are as under:**

**Appointment of Directors:**

The appointments of Directors are recommended by the Nomination and Remuneration Committee of the Company however all the appointments are subject to approval of Board of Directors of the Company.

**Remuneration to Directors and Key Managerial Personnel:**

None of the directors are entitled to any Remuneration or any sitting fees however reimbursement of expenses is allowed wherever expense is made for the Company.

Company Secretary and Chief Financial Officer of the Company are entitled to fixed remuneration which is fixed by the Managing Director of the Company.

**Discharge of Duties:**

Directors and KMP are required to perform all the duties which are mentioned under the Articles and all other duties as may be prescribed by the Board of Directors of the Company.