
SVC RESOURCES LIMITED

Annual Report 2017 - 18

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DIRECTORS' REPORT

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, 2018.

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.

Your Company financial performance during the year 2017-18 is summarized below:

| <i>(Rs. in Lakhs)</i> | | |
|---|----------------------------------|----------------------------------|
| Financial Results | Year Ended 31.03.2018 | Year Ended 31.03.2017 |
| Income | 18.20 | 51.39 |
| Less: Expenditure | (26.77) | (44.79) |
| Profit before Extraordinary Items and Tax | (8.57) | 6.60 |
| Add/Less : Extraordinary Items | 68.91 | - |
| Profit Before Tax | 60.34 | 6.60 |
| Less : Tax Expense | 12.16 | - |
| Profit after Tax | 48.18 | 6.60 |
| EPS (in Rs.) | 0.69 | 0.09 |

FINANCIAL SUMMARY

The Company's net profit after tax for the Financial Year ended March 31, 2018 stood at Rs. 48.18 lakhs as against net profit after tax of Rs. 6.60 lakhs in the previous year.

CHANGE IN NATURE OF BUSINESS, IF ANY:

There is no change in the nature of the business of the Company.

TRANSFER TO RESERVES

No amount is transferred to reserves in the financial year under review.

CHANGES IN SHARE CAPITAL

The Company has neither bought back its shares nor has issued any sweat equity or Bonus shares during the year under review.

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.

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.

BUY-BACK / SWEAT EQUITY / BONUS SHARES

The Company has neither bought back its shares nor has issued any sweat equity or Bonus shares during the year under review.

EMPLOYEES STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the Employees.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the Companies Act, none of the Directors are liable to retire by rotation at the ensuing Annual General Meeting.

During the period under review Mr. Akhilesh Malvi was appointed as Managing Director of the Company. Mr. Rajesh Baheti was appointed as Chairman and Chief Financial Officer of the Company. Mr. Ghanshyam Chudasama and Ms. Sanam Barot were appointed as Non-Executive - Independent Directors. Mr. Om Prakash Chugh, Non-Executive - Independent Director and Mr. Riyaz Khan, Non-Executive - Independent Director of the Company vacated the office w.e.f. July 06, 2017.

During the year existing Company Secretary resigned and new Company Secretary was appointed.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is Annexed herewith as Annexure I. Copy of the same is also placed on the website of the Company. The web link for the same is as under:

<http://svcreources.co.in/wp-content/uploads/2018/08/MGT-9-FY-2017-18.pdf>

DETAILS OF SUBSIDIARIES/ASSOCIATES/JOINT VENTURES, IF ANY:

As per records available from BSE Website and MCA Website, Company had 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.

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 II.

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. In the case of any concerns the employees can write to the Chairperson of Audit Committee. The policy on vigil Mechanism forms part of the website of the Company. The Web link for the policy of vigil mechanism is:

<http://svcreources.co.in/wp-content/uploads/2015/12/Whistle-Blower-Policy.pdf>

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has inadequate profit in the year under review. Hence, the Corporate Social Responsibility provisions do 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 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. Details of the Familiarization program for Independent Directors forms part of the website of the Company. The web link of Familiarization program is as under: <http://svcreources.co.in/wp-content/uploads/2015/12/Familiarisation-of-Independent-Director.pdf>

NOMINATION AND REMUNERATION POLICY

Company's policy relating to directors appointment, payment of remuneration and discharge of their duties is annexed herewith as Annexure III. The web link of the policy is : <http://svcreources.co.in/wp-content/uploads/2015/12/Nomination-and-Remuneration-Policy.pdf>

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 stipulated in Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in the Annual Report as Annexure IV.

INDEPENDENT DIRECTOR'S 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 Directors 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.

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.

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 Chairperson 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 Chairperson and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

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. The Company has not given any loan, guarantee or investment during the financial year under review.

The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the products sold by the Company.

MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report. Receivable and payable which are more than 4 years old and are not supported by any documentary evidence are being written off.

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

In compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company had constituted an Internal Complaints Committee for prevention and redressal of complaints of sexual harassment against women. The Board constituted a sexual harassment committee where the chairperson of the Committee is Ms. Sanam Barot. It was also decided that Ms. Tulsa Silwal and Mr. Akhilesh Malvi shall be Members of the Committee. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company did not receive any complaint during the year 2017-18.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

No significant and/or material order was passed by any Regulator, any Court in India or any Tribunal, impacting the going concern status and the Company's operations in future.

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).

AUDITORS**Statutory Auditors**

Subsequent to the year end, M/s. Jain & Jain, Chartered Accountants, Statutory Auditors of the Company, tendered their resignation vide their letter dated August 23, 2018 due to their pre-occupancy with other professional activities. The Board has appointed M/s. Dinesh H Agarwal & Co., Chartered Accountants, as new Statutory Auditor of the Company for a period of three years starting from FY 2018-19 till FY 2020-2021, subject to the approval of the Members in the ensuing Annual General Meeting. The Company has received confirmation from the new Auditor, that their appointment would be within the prescribed limit specified under relevant sections of the Companies Act, 2013 and that they are not disqualified from such appointment.

The Board recommends appointment of M/s. Dinesh H Agarwal & Co., Chartered Accountants as Statutory Auditors of the Company for a period of three years starting from FY 2018-19 till FY 2020-2021.

Members are requested to approve the same.

Statutory Audit Report

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. However the management is yet to receive the old books of account and its impact on the financial statements hence we do not express an opinion on the same.

We also do not express an opinion on write off of sundry receivables of Rs. 2252.87 Lakhs and write back of sundry payables of Rs. 2247.69 Lakhs which is included in extraordinary items in the profit and loss statement.

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 Auditor and Secretarial Audit Report

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 Maithili Nandedkar & Associates, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the Financial Year 2017-2018.

In terms of provisions of Section 204(1) of the Companies Act, 2013, Secretarial Audit Report is annexed to this Board 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 Company Law Board, Principal 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, 2018 and of the profit and loss of the Company for the year ended March 31, 2018;
- (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.

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

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

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 and other fields.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The present internal control systems are commensurate with its size.

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.

ACKNOWLEDGEMENTS

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: August 23, 2018

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

Chairperson