



**SVC
SUPERCHEM
LIMITED**

**ANNUAL REPORT
2010-2011**

SVC SUPERCHEM LIMITED

BOARD OF DIRECTORS

Mr. Suresh V. Chaturvedi - Promoter Director

Mr. I. G. Mehrotra - Director

Dr. P. P. Shastri - Nominee Director - UTI

Mr. Jaffar Imam - Director

Mr. A. R. Sekar - Nominee Director - GIC

Mr. G. S. Dahotre - Director

Mr. G. S. Tiwari - Director

AUDITORS

M/s. B. M. Chaturvedi & Co., Chartered Accountants, Mumbai.

REGISTERED OFFICE

301, 3rd Floor, Shubham Centre-1, 491, Cardinal Gracias Road,
Andheri (East), Mumbai - 400 099.

PLANT

Chhata - Barsana Road, Chhata, Dist. Mathura (U. P.)

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of SVC Superchem Limited will be held on Monday 26th September, 2011 at 11.00 a.m. at Indian Merchants` Chamber, Walchand Hirachand Hall, 4th Floor, LNM IMC Bldg., Churchgate, Mumbai-400 020 to transact the following business: -

ORDINARY BUSINESS: -

1. To receive, consider and adopt the audited Statement of Accounts for the financial year ended 31st March, 2011 and the Balance Sheet as at that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. G.S. Dahotre, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. B. M. Chaturvedi & Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

By Order of the Board of Directors
For **SVC SUPERCHEM LIMITED**

JAFFAR IMAM
DIRECTOR

Registered Office:

301, Shubham Centre-1, 3rd Floor,
491, Cardinal Gracias Road,
Andheri (East), Mumbai – 400 099.

Place: Mumbai

Dated: 6th August, 2011.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday 15th September, 2011 to Monday 26th September, 2011 (both days inclusive).

4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Sundays between 11.00 a.m. and 3.00 p.m. upto the date of the Annual General Meeting.
5. The Members / Proxies are requested to bring their attendance slip duly filled along with the copy of Annual Report to the Meeting.
6. Members are requested to notify to the Company any change in their addresses specifying full address in block letters with pin code of the post office and their Folio No.
7. Non-Resident members are requested to submit their mandate, if not already submitted.
8. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
9. Members who hold the shares in dematerialized form are requested to write their client ID and DP ID and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
10. In case of joint holders, attendance the meeting, only such joint-holder who is higher in the order of names will be entitled to vote.
11. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
12. Members are requested to refer to the Note on "Green Initiative" appended to this Notice.

INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:-

A Name	Mr. G. S. Dahotre
Age	77 Years
Qualifications	B.Com, CAIIB
Expertise	A Veteran Banker with a distinguished career in Banking spanning over three decades. He retired as the Chairman and Managing Director of Bank of India and was also the Chairman of Dena Bank

Other Directorships:

Name of the Company	Committee	Board
Nil	Nil	Nil

SVC SUPERCHEM LIMITED

Regd. Office : 301, Shubham Centre-1, 3rd Floor, 491, Cardinal Gracias Road, Andheri (East), Mumbai – 400 099

Dear Shareholders,

Sub: Go Green Initiative
Regarding Service of Documents to Shareholders by e-Mail

We wish to inform you that the Ministry of Corporate Affairs, New Delhi ("MCA") has taken a "Green Initiative" in the Corporate Governance by permitting paperless compliances by companies (vide its Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011) and clarified that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s).

We are sure that you would welcome this "Green Initiative" taken by the MCA and our desire to participate in the same. We find that you are holding shares in Electronic form and have got the above email id registered in the Depository records. We intend using your above e-mail id to send henceforth all communications / documents including the Notice calling the Annual General Meeting, Annual Reports, audited financial statements, directors' report, auditors' report etc. You are not required to re-register unless there is a change in your e-mail address. If you desire to update your email addresses, you are requested to do so with your respective DP accounts. Kindly note that if we do not hear from you, the existing email id registered with your Depository Participant will be used by us for sending you the communication(s).

In view of the above, should you desire to receive documents from the Company through the electronic mode, please intimate / update your e-mail IDs to :

- (1) Your Depository Participants (DPs) in respect of shares held in demat form; and
- (2) the Company's Registrar & Transfer Agents, in respect of shares held in physical form, either by sending e-mail at svcsuperchemltd@vsnl.net or sending a letter duly signed by first / sole holder, quoting the full name and folio to the following address:

Sharex Dynamic (India) Pvt. Ltd.
(SVC Superchem Limited)
Unit No. 1, Luthra Industrial Premises,
Andheri-Kurla Road, Safed Pool,
Andheri (E), Mumbai – 400 072.
Tel: 2851 5644 / 2851 5606

You may, however, change your instructions at any time and request us to send you the documents in the physical form only. The documents that we propose e-mailing you will also be available for ready access on our website www.svcsuperchemltd.com

We trust, as a responsible citizen, you will join us in our initiative to conserve our environment through the curtailment of consumption of paper.

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present the 20th Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2011.

ACCOUNTS

As the plant of the Company is closed since last 10 years the Company had no manufacturing, trading or service activities during the financial year ended 31st March, 2011 also and as such no Profit & Loss Account has been prepared for the above financial year and all the expenditure incurred has been added to Capital-work-in progress.

PROJECT

Company's plant has been closed since September, 2000 and with the passage of time, in spite of time to time maintenance by the Company and in the absence of any operation since, then, the corrosion is taking place in the plant due to climatic and cyclonic conditions in the area. It is difficult to express the opinion about the health of the plant on going concern basis or about the losses due to impairment of the assets of the project, since the project and its plant and machinery are one of the highly technologically oriented project whose valuation or its capabilities and conditions are technical subject, and in the absence of independent technical evaluation and health check up of the plant during the year, one cannot determine losses, if any, for making any provision for impairment of the assets of the project or about its status as ongoing project. In order to protect the interest of the shareholders, stake holders, employees and the national assets worth hundreds of Crores of investment, the Company has made necessary security arrangements.

FIXED DEPOSITS

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

PERSONNEL

There is no employee covered pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, hence, no particulars are given.

DIRECTORS

Shri G.S. Dahotre, Director of the company retires by rotation at the ensuing Annual General Meeting and is being eligible offer himself for re-appointment. Mr. G.S. Tiwari, Whole-time Director of the Company has expressed his unwillingness to be re-appointed as the Whole-time Director of the Company however, he will continue as Director till the ensuing Annual General Meeting on 26th September, 2011.

DIRECTORS' RESPONSIBILITY STATEMENT

As required u/s 217 (2AA) of the Companies Act, 1956, the Directors confirm;

- I. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- II. That the Directors had selected such accounting policies and applied them consistently except for the non-provision of interest on all secured loans as mentioned in Note No. B-16 of Schedule H forming part of the Balance Sheet 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 at the end of the financial year.
- III. That the Directors had 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.
- IV. That the Directors have prepared the annual accounts on a going concern basis.

SHIFTING OF REGISTERED OFFICE

The Board of Directors at its meeting held on 6th August, 2011 approved the shifting of registered office of the Company from Phiroze Mansion, 2nd Floor, 4, Stevens' Street, Apollo Bunder, Colaba, Mumbai – 400 039 to 301, 3rd Floor, Shubham Centre -1, 491, Cardinal Gracias Road, Andheri (East), Mumbai – 400 099, with immediate effect.

CORPORATE GOVERNANCE

The Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance, in terms of Clause 49 to the Listing Agreements with Stock Exchange, are complied with.

A separate report on Corporate Governance is being incorporated as a part of the Annual Report along with a certificate from the Auditors of the Company regarding Compliance of the conditions of Corporate Governance which is annexed to the Directors' Report.

RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

As directed by the Securities and Exchange Board of India (SEBI), Reconciliation of Share Capital is being carried out at the specified periodicity by the practicing Company Secretary. The findings of the Reconciliation of Share Capital Audit are regularly taken at the Board Meeting, besides submitting it to the Bombay Stock Exchange Limited.

SECRETARIAL AUDIT REPORT

As a Matter of good Corporate governance practice, the company has appointed a practising Company Secretary to conduct secretarial Audit for the year ended 31st March, 2011.

CODE OF CONDUCT

The Board has adopted, the Code of Ethics and Business for the Non-Executive Directors as also for the employees including Whole-time Director and other Members of Senior Management. The said code has been communicated to all the Directors and Members of the Senior Management.

CEO / CFO CERTIFICATION

As per Sub- clause VIII of Clause 49 of the Listing Agreement, the Company has obtained the CEO / CFO Certification taken on record at the Board meeting held on 6th August, 2011 for the financial year ended 31st March, 2011.

INSIDER TRADING

As directed by the Securities and Exchange Board of India (SEBI), your Company has adopted the Code of Insider Trading. The disclosures obtained under the code are submitted to the Bombay Stock Exchange Limited, Mumbai from time to time. The Company regularly follows the system of Share Trading Window mechanism as per the Insider Regulation.

AUDITORS

M/s B. M. Chaturvedi & Co., Chartered Accountants, the Company's Auditors, retire at the conclusion of the ensuing Annual General Meeting. They have given their consent to act as Auditors of the Company if re-appointed and have confirmed that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

The comment by the Auditors in their report are self explanatory and, in the opinion of the Board, do not require any further clarification.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Your Company has taken sufficient care in the technical design of your PTA plant to optimize the energy consumption to the maximum. After achieving commercial production, based on our actual experience, improvements to the process and technology will be made through our Technical Services and R & D Departments towards further optimization.

FOREIGN EXCHANGE EARNINGS & OUTGO

The Company has not utilized any foreign exchange and has not earned any foreign exchange during the financial year ended 31st March, 2011.

DEMATERIALISATION OF SHARES

As part of its efforts to provide better investor services, your Company has admitted its equity in the Depository System of the National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) since 7.3.2000 and 23.3.2000 respectively and has offered investors the facility to hold the shares in electronic form and enter into script less trades. Your Company has always paid utmost attention to improve investor's relationship. As on 31st March, 2011 approx. 74.62 % of the total shares of the Company has already been dematerialised.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the co-operation and support received from various agencies of the Central and State Governments, all Shareholders and Creditors.

Your Directors also take this opportunity to place on record their appreciation of the dedication and sense of commitment shown by the officers and employees at all levels.

For and on behalf of the Board For and on behalf of the Board

Suresh V. Chaturvedi
Promoter Director

Jaffar Imam
Director

Place : Mumbai.

Date : 6th August, 2011.

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS:

According to the study, India's chemicals and petrochemicals sales are expected to reach US\$200 billion by 2020. Currently, India's revenues from this sector are about US\$65 billion. Experts have observed that new investments are critical to attain projected revenues. In order to boost investments and growth in the petrochemicals sector, the Indian government has announced a national policy for this industry and the Petroleum, Chemical and Petrochemical Investment Region. These plans aim to increase investment, improve and develop new infrastructure, increase domestic demand, and build research and development centers for this sector.

Outlook

India's petrochemicals industry will double production capacity by 2014-15 as per a report by Business Monitor International. The sector, which is showing signs of recovery, is expected to benefit from increases in local and overseas demand. The report also predicts a substantial growth in India's petrochemicals production capacity by 2014-15. Polypropylene production capacity is forecast to increase 180% from 2008 production figures, reaching 5.77 million tpa, while ethylene production is estimated to grow 153% to 7.21 million tpa. Polyethylene capacity is set to increase 156% to 5.52 million tpa. Poly Vinyl chloride (PVC) and polystyrene production are expected to increase to 1.78 million tpa and 920,000 tpa, respectively. Volatility of crude oil prices and erratic global demand have slowed the growth of the domestic petrochemical sector. Industrial Info understands that India has set a growth target of 12% for the ongoing 11th five-year plan period, 2007-2012.

OPPORTUNITIES & THREATS

The report also predicts a substantial growth in India's petrochemicals production capacity by 2014-15. Polypropylene production capacity is forecast to increase 180% from 2008 production figures, reaching 5.77 million tpa, while ethylene production is estimated to grow 153% to 7.21 million tpa. Polyethylene capacity is set to increase 156% to 5.52 million tpa. Polyvinyl chloride (PVC) and polystyrene production are expected to increase to 1.78 million tpa and 920,000 tpa, respectively.

China is India's biggest rival in this sector. Industry experts have observed that in the short term, India's production capacity of ethylene, which is presently much lower than that of China, is not expected to increase. India also lags behind China in per-capita polymer consumption. India consumes about 5.2 kilograms per

capita compared to China's per-capita consumption of 30 kilograms. India's consumption of polymers is about 6.2 million tons, which is only around 3% of the global consumption of 200 million tons. Globally, the contribution of petrochemicals to the chemicals sector is about 40%. In India, this sector accounts for only 20% of the chemicals industry.

Company's plant under construction has been shut down since September, 2000 and with the passage of time, in spite of time to time maintenance by the Company and in the absence of any operation since, then, the corrosion is taking place in the plant due to climatic and cyclonic conditions in the area. It is difficult to express the opinion about the health of the plant on going concern basis or about the losses due to impairment if the assets of the project, since the project and its plant and machinery are one of the highly technologically oriented project whose valuation or its capabilities and conditions are technical subject, and in the absence of independent technical evaluation and health check up of the plant at present, one can determine losses if any, for making any provision for impairment of the assets of the project or about its status as ongoing project. In order to protect the interest of the shareholders, stake holders, employees and the national assets worth Crores of investment, the Company has approached the Hon' able Allahabad High Court. The Hon' able Allahabad High Court has granted temporary stay by preventing PICUP from taking over the physical assets of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established an appropriate system of internal control to ensure that there exist a proper control over all the transactions and that all its assets are properly safeguarded and not exposed to risk arising out of unauthorized use or disposal.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Relation with the employees remained cordial in general throughout the year. As on 31st March, 2011 employee strength has been reduced to bare minimum requirement in view of non-operation of the plant.

For and on behalf of the Board For and on behalf of the Board

Suresh V. Chaturvedi
Promoter Director

Jaffar Imam
Director

Place : Mumbai.

Date : 6th August, 2011.

ANNEXURE- I TO DIRECTOR'S REPORT

REPORT ON CORPORATE GOVERNANCE

The Company has complied fully with all the mandatory requirements of Corporate Governance in all material aspects pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance for the financial year ended 31st March, 2011 is given below: -

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company firmly believes in transparency in its dealings and lays emphasis on integrity and regulatory compliance, which aims to maximize employee and shareholder value. The salient features of the philosophy on Company's Corporate Governance hinges upon transparency and ethical practices in professional working environment conducive to optimal performance with focus on achieving shareholder's long term value growth through Service, Values & Commitment. As shareholders across the globe evince keen interest

During the period under report, 5 Board Meetings were held on 30th April, 2010, 30th July, 2010, 25th September, 2010, 24th November, 2010 and 4th February, 2011.

Name of the Directors	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	Other Directorship	Membership / Chairmanship of Committees of Board
Mr. Suresh V. Chaturvedi	Promoter Director, Non-Independent, Non-Executive	4 / 5	Present	6	Member of Share Transfer & Grievance Committee
Mr. G. S. Dahotre	Independent Non-Executive	5 / 5	Present	Nil	Member of Share Transfer Grievance, Remuneration & Chairman of Audit Committee.
Mr. Jaffar Imam	Non-Independent Non-Executive	3 / 5	Absent	3	Member of Remuneration and Share Transfer & Grievance Committee
Mr. I. G. Mehrotra	Independent Non-Executive	5 / 5	Present	1	Member of Remuneration & Audit Committee
Mr. A. R. Shekar	Independent Non-Executive Nom. of GIC	5 / 5	Present	5	---
Dr. P. P. Shastri	Independent Non-Executive Nom. of UTI	5 / 5	Present	3	Member of Audit Management Committee
Mr. G. S. Tiwari*	Wholetime Director	5 / 5	Present	Nil	---

*Mr. G. S. Tiwari has expressed his unwillingness to be appointed as Wholetime Director at the Board Meeting held on 6th August, 2011.

3. AUDIT SUB COMMITTEE:

The Company has a qualified and independent Audit Sub-committee comprising of three Non-Executive Independent Directors. The Terms of Reference of the Committee are in consonance with provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

in the practice and performance of Companies, Corporate Governance has emerged on the centre stage. The Company is committed to good governance practices that create long term sustainable shareholder value.

2. BOARD OF DIRECTORS

a) Composition : [as on 31st March, 2011]

The strength of the Board is seven Directors. The Board comprises of Executive, Non-Executive and Nominee Directors as under:

- (i) 3 Non-Executive Directors
- (ii) 2 Nominee Directors and
- (iii) 1 Promoter Director.
- (iv) 1 Whole Time Director.

The Non-Executive Directors bring independent judgments in the Board's deliberations and decisions.

b) Attendance of each Director at the Board Meeting / AGM and other Directorships / Memberships of Committees:

During the period under report, 4 meetings of the AuditSub Committee were held on 30th April, 2010, 30th July, 2010, 24th November, 2010 and 4th February, 2011. The attendance of each member of the Committee at the meeting is as under:-

Name of Directors	Status	No. of meetings attended
Mr. G. S. Dahotre	Independent, Non-Executive	4 / 4
Mr. I. G. Mehrotra	Independent, Non-Executive	4 / 4
Dr. P. P. Shastri	UTI - Nominee Director	4 / 4

4. INVESTORS / SHAREHOLDERS' GRIEVANCE COMMITTEE

The Company has a three member Investors / Shareholders Grievance Committee of the Board of Directors to specifically look into the redressal of grievances of the investors. The Committee deals with grievances relating to transfer of shares, non-receipt of Balances Sheet or dividend, complaint letters received from Stock Exchanges, SEBI etc. The Board of Directors has delegated power of approving transfer / duplicate / name deletion / transmission of shares to a Share Transfer Committee. During the financial year ended 31st March, 2011, the Committee met 21 times. The details of the members and their attendance are as follows:-

Name of Directors	No. of meetings attended
Mr. Suresh V. Chaturvedi	21 / 21
Mr. G. S. Dahotre	01 / 21
Mr. Jaffar Imam	21 / 21

5. REMUNERATION COMMITTEE

The Remuneration Committee of the Company consists of Mr. Jaffar Imam - Director, Mr. I. G. Mehrotra – Director and Mr. G. S. Dahotre - Director. No meeting of Remuneration Committee was held during the financial year ended 31st March, 2011.

6. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held at Indian Merchant Chambers (IMC), IMC Bldg., Churchgate, Mumbai – 400 020 as under.

Year	Location	Date & Time
2007-2008	IMC	29.09.2008 11.00 a.m.
2008-2009	IMC	26.09.2009 11.00 a.m.
2009-2010	IMC	25.09.2010 11.00 a.m.

7. REMUNERATION OF DIRECTORS

During the financial year ended 31st March, 2011, the remuneration paid to Mr. G .S. Tiwari as the Whole-time Director is Rs. 2,40,000.00 and perquisites Rs. 2,84,455.00 (Subject to deduction of tax at Source).

- a) The details of sitting fees paid to Non-Executive Directors during the financial year ended 31st March, 2011 (excluding reimbursement of travel and other expenses) are given below: -

Names of Directors	Sitting fees
Mr. Suresh V. Chaturvedi	20,000
Mr. Jaffar Imam	15,000
Mr. G. S. Dahotre	25,000
Mr. I. G. Mehrotra	25,000
Mr. A. R. Sekar - Nominee of GIC	25,000
Dr. P. P. Shastri - Nominee of UTI	25,000
TOTAL	1,35,000

- b) The Company has paid Rs.1,92,000/- to Shri Jaffar Imam, Director towards Professional Charges during the financial year ended 31st March, 2011 subject to deduction of tax at source.

8. DISCLOSURES

- (a) During the year, there were no transactions of material nature with the Directors or the Management or relatives of the Directors of the Company. Except as shown in schedule H to note no. 17 regarding related party disclosures.
- (b) There are no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

9. MEANS OF COMMUNICATION

- a) The Status of the Project is published in the leading newspapers every quarter.
- b) Annual Report is mailed to all the shareholders of the Company.

10. GENERAL SHAREHOLDERS' INFORMATION :

- Annual General Meeting
- ❖ Date and time Monday 26th September, 2011 at 11.00 a.m.
- ❖ Venue Indian Merchants' Chamber, Walchand Hirachand Hall, 4th Floor, LNM IMC Bldg, Churchgate, Mumbai 400 020
- Book Closure dates 15th September, 2011 to 26th September, 2011 (both days inclusive)
- Listing of Equity shares on Stock Exchange Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001.
- Registrar and Transfer Agents M/s. Sharex Dynamic (India) Private Limited
17 / B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai 400 001.
- Stock Code 524488

● **Market Price Data**

Upto date Monthly High and Low of Company's Equity Shares at Bombay Stock Exchange, Mumbai.

Month(s)	High	Low
April, 2010	1.49	1.24
May, 2010	1.38	1.17
June, 2010	1.54	1.16
July, 2010	1.67	1.37
Aug., 2010	1.58	1.29
Sept., 2010	2.21	1.45
Oct., 2010	2.24	1.62
Nov., 2010	2.18	1.50
Dec., 2010	2.17	1.50
Jan., 2011	2.08	1.60
Feb., 2011	1.75	1.17
Mar., 2011	1.55	1.03

● **Shareholding Pattern as on 31st March, 2011.**

Category	No. of Shares held	% of Shareholding
Promoters	58720741	36.00
Associates	2400962	1.47
Mutual Funds & UTI	54400	0.03
Banks	600050	0.37
Corporate Bodies	30479839	18.69
Indian Public	69355249	42.52
NRIs / OCBs	1453092	0.89
Others	31019	0.03
Total	163095352	100.00

● **Distribution of Shareholdings as on 31st March, 2011.**

Share/Debenture Holding of Nominal Value	Share/Debenture Holders	Shares/Debentures
Rs.	Number % to the Total	No. of Shares % to Total
Up to 1000	12421 14.23	988896 0.61
1001 to 2000	27002 30.93	5228180 3.21
2001 to 5000	33820 38.74	13110752 8.04
5001 to 10000	7166 8.21	6132940 3.76
10001 to 50000	5297 6.07	13493232 8.27
50001 to 100000	813 0.93	6600361 4.05
100001 to 1000000	696 0.80	18250069 11.19
1000001 & Above	76 0.09	99290922 60.87
Total	87291 100 %	163095352 100 %

● **Dematerialization of Shares and liquidity**

The Company has signed Agreements with both the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited and the Shares of the company are available for dematerialisation and are being traded in dematerialised form by all investors w.e.f. 7.3.2000

and 23.3.2000. Shareholders of the Company are advised to avail the facility of electronic shares through dematerialisation of physical scrips by opening an account with any of the recognised Depository Participants.

● **Plant Location** : SVC Superchem Ltd.
Chhata Barsana Road,
Chhata, Dist. Mathura, [U.P.]

● **Investor Correspondence.**

(i) For transfer/dematerialization of : M/s. Sharex Dynamic (India) shares, payment of dividend on Private Limited shares, interest and redemption : 17 / B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai 400 001
Tel.: 28515044, 28515606

Note: Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants.

(ii) Any query on Annual Report : Secretarial Department
SVC Superchem Limited
301, 3rd Flr., Shubham Centre-1,
491, Cardinal Gracias Road,
Andheri (E), Mumbai - 400099.
Tel.: 28324296
www.svcsuperchemltd@vsnl.net

AUDITORS' CERTIFICATE

TO THE MEMBERS OF SVC SUPERCHEM LIMITED

We have examined the compliance of conditions of Corporate Governance procedures by SVC Superchem Limited for the period ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our review and according to the information and explanation given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Bombay Stock Exchange Limited have been complied with, in all material respect by the Company and that no investor grievance(s) is / are pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer and Shareholders Grievance Committee of the Board.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **B. M. Chaturvedi & Co.**,
Chartered Accountants
ICAI-FRN - 114317W

B. M. CHATURVEDI
ICAI. M.No. 17607

Place: Mumbai.
Dated: 6th August, 2011.

AUDITORS' REPORT

To the members of

SVC SUPERCHEM LIMITED

We have audited the attached Balance Sheet of **SVC SUPERCHEM LIMITED**, as at 31st March, 2011 and the Cash Flow Statement of the company for the year ended on that date, annexed thereto. No Profit & Loss Account has been prepared as no commercial production has started as on the date of Balance Sheet and no trading or service activities were carried on during the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that,

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of account, as required by law have been kept by the company so far as appears from our examination of those books.
3. The Balance Sheet and Cash Flow Statement dealt with by this report, are in agreement with the books of account.
4. In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply, subject to **Note No.A-12 and other notes** in Schedule 'H' with the mandatory accounting standards referred to in Sub-Section (3C) of Section 211 of Companies Act, 1956.
5. The company under report is covered U/S 274 (1)(g)(B) of the companies act 1956. However, on the basis of written representation received from the Directors of the Company as on 31st March, 2011 and taken on the record by the Board, we report that none of the Directors are disqualified as on 31st March, 2011 from being appointed as Director in the company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon, **subject to (i) Note No.B-4 regarding losses, if any, due to impairment of assets or its status of being going concern, (ii) Note No.B-14 regarding non-provision of lease rentals and late payment charges on such Lease Rentals, (iii) Note No. B-16 regarding non-provision of interest of Rs.647.21 crore read with Note No.B-10(b), (iv) Note No.B-15 regarding amount due to micro, small and medium enterprises creditors and (v) Note No.A-12 of Schedule 'H' regarding AS-15 "Employees benefits"** give the information required by the Companies Act,1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and
 - ii) In case of Cash Flow Statement, of the cash flow for the year ended on that date.
7. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate. We further state that :-
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the reported period at reasonable intervals; We were informed that no material discrepancies except as mentioned in Note B-4 of Schedule 'H' have been noticed on such verification.
 - (c) No substantial part of fixed assets have been disposed of by the company during the year.
- II. (a) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management.
 - (b) In our opinion, according to explanation and information given to us, the procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company has maintained proper records of inventory & no material discrepancies were noticed on physical verification during the year.
- III. (a) The company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956. The company has taken interest free unsecured loans from four companies listed in the register maintained under section 301 of the Act 1956 aggregating to Rs.252.00 Lacs and refunded Rs. 9.50 Lacs during the year. Total outstanding at the year end is Rs.2682.71 Lacs.

- (b) The above referred loans are interest free and other terms and conditions of the above referred loans taken by the company are not prima facie prejudicial to the interest of the company.
 - (c) There is no overdue amount in respect of above referred loan taken by the company since these are repayable on demand and as informed to us it has not been called back by the lenders, therefore the question of overdue amount does not arise.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods ;
 - V. During the year, the company has not entered into any transaction that needs to be entered in the register maintained under section 301 of the Act.
 - VI. The Company has not accepted any deposits, from the public within the meaning of Section 58A and 58AA of the Act and rules framed thereunder.
 - VII. In our opinion, the company has an adequate internal audit system commensurate with its size and nature of its business.
 - VIII. Maintenance of cost records under section 209 (1)(d) of the companies act as prescribed by the Central Government is not applicable to the company as the company is yet to start commercial production
 - IX. According to the information & explanations given to us :
 - a) The company is regular in depositing undisputed statutory dues such as Provident Fund, Investors Education & Protection Fund, Employees state Insurance, Income Tax, Wealth Tax, Saving Tax & any other statutory dues. Whichever is applicable to the company with the appropriate authorities.
 - b) The disputed statutory dues aggregating Rs.7.25 lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under.

Sl No.	Name of the Statute	Nature of Dues	Amount (Rs. in lacs)	Period to which amount relates	Forum where dispute is pending
1	UP Vat Act	VAT/Penalty	1.63	2007-08	Commissioner (Appeals)
	-do	-do-	3.62	2008-09	
2	Customs Act, 1962	Penalties	2.00	2010-11	Central Excise and Service Tax Appellate Tribunal
Total			7.25		

- X. The company has yet to commence commercial operations and no profit and loss account has been prepared, hence subject to Note B-4 of Schedule 'H' neither company has suffered any cash loss during the financial year nor it has accumulated any losses.
- XI. The company has not paid any dues of Banks / Financial Institutions as per original documented re-payment schedule and has defaulted on the same and the matter is now pending before the Debt Recovery Tribunal as referred in Note B-2 and B-3 of Schedule 'H'. Several banks and Financial Institutions, who have provided long term loans and working capital finance along with outstanding interest thereon, has filed legal cases with Debt Recovery Tribunal for recovery of their entire dues as mentioned in Note B-1(a) to (g) and B-16 of Schedule 'H'.
- XII. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The company is not engaged in any chit fund business / nidhi / mutual benefit fund / societies.
- XIV. The Company is not dealing or trading in shares, securities, debentures and other investments.
- XV. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI. The Company has not received any Term loans during the year.
- XVII. The company has raised during the year short term unsecured loans of Rs. 252.00 lacs and have used for the purpose of maintaining the project and debited to capital work-in-progress and is for long Term purpose. Company has not utilized any long term loan for any short term purpose.
- XVIII. The company has not made any preferential allotment of shares during the year.
- XIX. The company has not issued any debenture during the year.
- XX. The company has not raised any money by way of Public Issue during the year.
- XXI. In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

For **B. M. CHATURVEDI & CO.**
Chartered Accountants
ICAI-FRN - 114317W

B. M. CHATURVEDI
ICAI. M.No. 17607
(Partner)

Place : Mumbai
Dated : 6th August, 2011.

SVC SUPERCHEM LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

Rs. in Lacs

	Schedule	AS AT 31.03.2011	AS AT 31.03.2010
SOURCES OF FUNDS			
Shareholders Fund			
Share Capital	A	16,186.37	16,186.37
Reserves & Surplus	B	<u>16,577.92</u>	<u>16,577.92</u>
		32,764.29	32,764.29
Loan Funds			
Secured Loans	C	57,258.01	57,262.98
Unsecured Loans	D	<u>2,682.72</u>	<u>2,499.07</u>
		<u>59,940.73</u>	<u>59,762.05</u>
TOTAL		<u>92,705.02</u>	<u>92,526.34</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	1,715.03	1,713.92
Less: Depreciation		<u>869.89</u>	<u>809.45</u>
Net Block		845.14	904.47
Capital work-in-progress		<u>90,253.47</u>	<u>89,801.94</u>
		91,098.61	90,706.41
Current Assets, Loans & Advances			
Current Assets			
Inventories	F	331.80	333.27
Cash & Bank Balances		41.37	47.29
Loans & Advances		<u>2,277.19</u>	<u>2,502.33</u>
		<u>2,650.36</u>	<u>2,882.89</u>
Less: Current Liabilities & Provisions	G	<u>1,118.96</u>	<u>1,137.97</u>
Net Current Assets		1,531.40	1,744.92
Miscellaneous Expenditure (to the extent not written-off or adjusted)			
Preliminary Expenses		<u>75.01</u>	<u>75.01</u>
TOTAL		<u>92,705.02</u>	<u>92,526.34</u>

Significant Accounting Policies, Notes to Accounts with Balance Sheet Abstract & Company Profile

H

Schedules referred herein above annexed hereto form part of Balance Sheet.

For and on behalf of the Board of Director

This is the Balance Sheet referred to in our report of even date.

For B. M. CHATURVEDI & CO.

Chartered Accountants
ICAI-FRN-114317W

B. M. CHATURVEDI

ICAI M.No.17607

Place : Mumbai

Dated : 6th August, 2011

SURESH CHATURVEDI : Promoter Director
JAFFAR IMAM : Director
I. G. MEHROTRA : Director
G. S. DAHOTRE : Director
DR. P. P. SHASTRI : Nominee Director
A. R. SEKAR : Nominee Director
G. S. TIWARI : Director

SANJAY AGARWAL
Chief Finance Officer

SVC SUPERCHEM LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Rs. in Lacs

	For the year ended 31 st March 2011 (2010-2011)	For the year ended 31 st March 2010 (2009-2010)
A. Cash flow from Pre-operating activities		
Reduction (Addition) in Current Assets	9.01	28.26
Addition (Reduction) in Current Liabilities	4.61	(95.96)
Net Cash generated form Pre-operative Activities A	13.62	(67.70)
B. Cash flow from investing activities		
Reduction (Additions) to Fixed Assets	(1.11)	(0.94)
Reduction (Additions) to Capital work-in-progress	(197.11)	(155.08)
Net Cash used in investing activities B	(198.22)	(156.02)
C. Cash flow from financial activities		
Unsecured Loans received	183.65	236.03
Long Term Loan from Banks	(4.97)	(5.31)
Net cash used in financial activities C	178.68	230.72
Net increase in Cash and Cash Equivalents	(5.92)	7.00
Opening Balance of Cash and Cash Equivalents	47.29	40.29
Closing Balance of Cash and Cash Equivalents	41.37	47.29

(Figures in bracketed represent cash out flow)

This is the Cash Flow statement referred to in our report of even date.

For and on behalf of the Board of Director

For B. M. CHATURVEDI & CO.
Chartered Accountants
ICAI-FRN-114317W

B. M. CHATURVEDI
ICAI M.No.17607
Place : Mumbai
Dated : 6th August, 2011

SURESH CHATURVEDI : Promoter Director
JAFFAR IMAM : Director
I. G. MEHROTRA : Director
G. S. DAHOTRE : Director
DR. P. P. SHASTRI : Nominee Director
A. R. SEKAR : Nominee Director
G. S. TIWARI : Director

SANJAY AGARWAL
Chief Finance Officer

SVC SUPERCHEM LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Rs. in Lacs

	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE A : SHARE CAPITAL		
Authorised		
17,00,00,000 Equity Shares of Rs.10 each	<u>17,000.00</u>	<u>17,000.00</u>
Issued, Subscribed & Paid-up		
16,30,95,352 Equity Shares of Rs. 10 each	16,309.54	16,309.54
Less: Calls in arrears (Other than Directors)	<u>123.17</u>	<u>123.17</u>
TOTAL	<u>16,186.37</u>	<u>16,186.37</u>
SCHEDULE B : RESERVE & SURPLUS		
Share Premium	16,742.97	16,742.97
Less: Calls in arrears (Other than Directors)	<u>252.96</u>	<u>252.96</u>
	16,490.01	16,490.01
General Reserve	42.43	42.43
Profit & Loss Account	45.48	45.48
TOTAL	<u>16,577.92</u>	<u>16,577.92</u>
SCHEDULE C : SECURED LOANS		
Loan from Banks	25,727.69	25,732.66
Loan from Financial Institutions	14,842.57	14,842.57
Non-convertible Debentures	10,185.63	10,185.63
Loan from Others	530.59	530.59
Interest accrued and due	5,971.53	5,971.53
TOTAL	<u>57,258.01</u>	<u>57,262.98</u>
SCHEDULE D : UNSECURED LOANS		
Unsecured Loans	2,682.72	2,499.07
TOTAL	<u>2,682.72</u>	<u>2,499.07</u>

SVC SUPERCHEM LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE E : FIXED ASSETS

Rs. in Lacs

ASSETS	Gross Block				Depreciation				Net Block	
	Cost as at 31.03.10	Additions	Deduction	Cost as at 31.03.11	Upto 31.03.10	Addition	Deduction	Total Depreciation	As at 31.03.11	As at 31.03.10
Freehold Land	208.09	---	---	208.09	---	---	---	---	208.09	208.09
Non factory Building	242.34	---	---	242.34	47.70	3.95	---	51.65	190.69	194.64
Plant & Machinery	1,123.76	---	---	1,123.76	638.22	53.38	---	691.60	432.16	485.54
Furniture & Fixtures	69.42	0.05	---	69.47	65.47	1.23	---	66.70	2.77	3.95
Office Equipment	50.79	0.36	---	51.15	39.72	1.48	---	41.20	9.95	11.07
Computers	18.88	0.70	---	19.58	17.70	0.40	---	18.10	1.48	1.18
Vehicles	0.64	---	---	0.64	0.64	0.00	---	0.64	(0.00)	(0.00)
TOTAL	1,713.92	1.11	---	1,715.03	809.45	60.44	---	869.89	845.14	904.47
(Previous year)	1,712.98	0.94	---	1,713.92	748.78	60.67	---	809.45	904.47	---
Capital WIP*	89,801.94	475.15	23.62	90,253.47	---	---	---	---	90,253.47	89,801.94
(Previous Year)	90,156.46	215.75	570.27	89,801.94	---	---	---	---	89,801.94	---

*[Refer note B-18 & B-19 of Schedule H]

AS AT 31.03.2011

AS AT 31.03.2010

**SCHEDULE F : CURRENT ASSETS,
LOANS & ADVANCES**

Current Assets

Inventories

(as taken, valued and certified by management)

Stores & spares

331.80

331.80

333.27

333.27

Cash & Bank Balance

Cash-in-hand

0.55

4.55

Bank Balances

with scheduled bank

in Current Accounts

40.82

42.74

41.37

47.29

Loans & Advances

(Unsecured, considered good)

Advances recoverable in cash or in
kind or for value to be received

115.76

118.47

Advance tax

2.30

10.21

Cenvat credit receivable/Vat Credit receivable

2,149.42

2,366.94

Security deposits

9.71

6.71

2,277.19

2,502.33

TOTAL

2,650.36

2,882.89

**SCHEDULE G : CURRENT LIABILITIES &
PROVISIONS**

Current Liabilities

Creditors for Capital Assets

679.71

653.34

Other Liabilities

439.25

1,118.96

484.63

1,137.97

TOTAL

1,118.96

1,137.97

**SCHEDULE ANNEXED TO AND FORMING PART OF
BALANCE SHEET AS AT 31st MARCH, 2011**

SCHEDULE "H" : NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of preparation of financial statements:

- a) The financial statements, unless otherwise stated, have been prepared under the historical cost convention and are in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- b) The Company generally follows mercantile system of accounting and unless otherwise stated recognizes significant item of income and expenditure on accrual basis.

2. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialised.

3. Fixed Assets:

Fixed assets are stated at cost net of cenvat. All expenditure pertaining to project under construction and other preoperative expenses and losses including trial run expenses and interest cost (net of income accrued) incurred during the construction period, unless otherwise stated, are capitalized till the commencement of commercial production / till the date assets are put to use.

4. Depreciation:

Depreciation on fixed assets except Capital work-in-progress has been provided on Straight Line method, unless otherwise stated, as per the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

5. Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. Company has not made any evaluation about the recoverable value of its assets, hence the impairment loss, if any, will be written off in the accounts in the Year in which an asset is identified as impaired, as specified in Accounting Standard (AS-28) on impairment of assets.

6. Income-Tax :

No provision for the deferred tax arising out of time difference has been made, as the company has not prepared any Profit & Loss Account as commercial production has not started till the date of Balance Sheet and no trading or service activities were carried out during financial period ended on that date.

7. Foreign Exchange Transaction:

- a) Transactions in foreign currencies are recorded at the exchange rates prevailing at the time of the transactions.
- b) Foreign Currency transactions remaining unsettled at the end of the year are re-stated in rupee value at the year end rates.
- c) Changes in liability arising out of such re-statement pertaining to acquisition of fixed assets is treated as an adjustment to the carrying cost of such fixed assets.

8. Inventories :

Inventories are valued on first-in-first-out basis, at cost.

9. Cenvat Credit:

Cenvat credit is accounted by recording the capital assets / raw material, stores and spares acquired during the year net of Cenvat Credit. Cenvat Credit receivable is shown under "Loans & Advances".

10. Excise duty:

Excise duty is accounted on clearance of goods and provision, as applicable, is made in respect of finished goods lying unsold.

11. Sales:

Sales are accounted net of excise duty and discounts.

12. Retirement Benefits:

Provision for Gratuity and Leave Encashment payable on retirement to the employees are made on the basis of actual period of their services and at prescribed rates irrespective of their eligibility due to short tenure of their services. Company has not made any provisions or Investment as per AS-15 due to closure of plant activity since 2000.

13. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets, unless otherwise stated in terms of Accounting Standard (AS-16) on "Borrowing cost" issued by the Institute of Chartered Accountants of India a qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use.

14. Related Party Transaction:

Related party transaction as identified by the management within the meaning of Accounting Standard (AS-18) regarding "Related Party Disclosure" are provided as per Note No.B-17.

15. Lease Transactions :

The lease rent payable during the project construction period, in terms of the lease agreement entered into by the Company and the "Lessor", is charged to "Capital Work in progress" under the head pre-operative expenses.

16. Contingent liabilities (AS-29)

Contingent liabilities are disclosed in the accounts by way of notes.

B. OTHER NOTES:

1. Secured loans include :-

- a. Non-Convertible Debentures of Rs.10185.63 lacs which were redeemable at par in one or more installments on various dates with redemptions commencing from February, 1999 being the earliest redemption and October, 2007 being the last redemption date. All the above Non-Convertible Debentures have become overdue.
- b) The Working Capital loan from banks including amount of Letter of Credits devolved (net of margin money provided against such devolved Letter of Credit) amounting to Rs. 7175.19 lacs (Rs.7180.16 lacs) are secured / to be secured by way of hypothecation of present and future inventories, books debts and other movable assets of the company and second and subsequent charges on the immovable properties of the Company excluding assets specifically charged to others and is further secured by way of personal guarantee of Promoter Director. Demand Loan against Modvat receivables amounting to Rs.1935.72 lacs

(Rs.1935.72 lacs) are secured / to be secured by way of hypothecation of Modvat receivables of the company and second and subsequent charge on the immovable properties of the company excluding assets specifically charged to others and is further secured by personal guarantee of Promoter Director.

- c. (i) Term Loan from Financial Institutions to the extent of Rs.12329.64 lacs (Rs.12329.64lacs) are secured / to be secured by way of Equitable Mortgage created on immovable properties situated at Chhata, District. Mathura in the State of Uttar Pradesh and are further secured by way of hypothecation of movable properties of the Company both present and future (other than current assets and specific assets charged to others) ranking on a pari-pasu basis which is further secured by personal guarantee of a Promoter Director and (ii) Rs.2512.92 lacs (Rs.2,512.92 lacs) from a Financial Institution under its Bill Discounting Scheme are secured by exclusive charge by way of hypothecation of specific items of machinery purchased under this scheme and guarantee of two corporate bodies.
- d. Non-Convertible Debentures amounting to Rs.10185.63 lacs (Rs.10185.63 lacs) are secured / to be secured by way of first charge (i) by Legal Mortgage on immovable property situated at Palas, District Roha, in the state of Maharashtra (ii) extension of first charge by equitable mortgage ranking pari-pasu on immovable properties situated at Chhata, District. Mathura in the state of Uttar Pradesh. They are further secured on all the movable assets of the Company both present and future (excluding current assets and specific assets charged to others) ranking on a pari-pasu first charge basis with others and are also further secured by personal guarantee of a Promoter Director.
- e. Term Loan from Banks amounting to Rs.16409.64 lacs (Rs.16,409.64lacs) including the loan representing devolved amount of DPG given against long term foreign currency loan) are secured / to be secured by way of Equitable Mortgage of immovable properties situated at Chhata, District. Mathura in the state of Uttar Pradesh and are further secured by way of hypothecation of the movable properties of the Company both present and future (other than current assets and specific assets charged to others) ranking on a pari pasu basis which are further secured by a personal guarantee of a Promoter Director. Further loans amounting to Rs. 207.14 lacs (Rs.207.14 lacs) is exclusively secured by way of hypothecation of the specific fixed assets of the company and are further secured by a personal guarantee of a promoter director.
- f. Advance given by a Financial Institutions of Rs.407.90 lacs to Equipment Vendor for the supply of specific Plants at Company's site and to be leased on commissioning along with arrear of lease rental up to March 2001 provided by Company amounting to Rs.122.69 lacs are included in the capital work in progress. The above outstanding is included in the Term Loan in view of earlier CDR proposal and based on inprinciple confirmation from the said Financial Institution received earlier for converting the above lease finance into term loan as per the then restructuring scheme.
- g. Interest accrued and due amounting to Rs.5971.53 lacs (Rs.5971.53 lacs) on all the above borrowings provided in the Books of accounts by the Company upto

September,1999 together with further interest thereon and not provided by the Company since then read with Note No.B-16, is secured ranking on a pari-pasu basis with respective Secured loans.

- h. The Promoter Director of the Company, his family members and investment companies, have also pledged 228.32 lac shares owned by them to Banks and Financial Institutions as collateral security.
2. Most of lenders have approached DRT for recovery. However, certain bankers and Financial Institutions have assigned their claims to certain Asset reconstruction Company, Foreign bank and other Investment Companies. Company has not replaced those lenders in its books of accounts due to ongoing disputes. PICUP being one of the Secured Creditors has issued notice for taking possession of assets of company, however company has already got stay order from honourable Allahabad High court against the PICUP notice of possession.
3. Due to non-servicing of debt and consequential debt restructuring/OTS proposal and also due to pendency of DRT proceedings, various Banks and institutions have not provided in their books of accounts full Interest/Bank charges and therefore outstanding of such Banks and Financial Institutions is un-reconciled. Neither Interest is provided nor ascertained on the unpaid amounts payable to creditors due to delay in project commissioning and disputes with such parties.
4. Company's Plant under construction has been under shut down since September, 2000 and with the passage of time, inspite of time to time maintenance by the Company and in the absence of any operation since then, the corrosion is taking place in the Plant due to climatic and cyclonic conditions in the area. It is difficult to express the opinion about the health of the Plant on going concern basis or about the losses due to impairment of the assets of the Project, as required under Accounting Standard 28 (AS-28), since the project and its plant & machinery are one of the highly technologically oriented project whose valuation or its capabilities and conditions are technical subject, and in the absence of independent technical evaluation and health check up of the Plant at present, one can not determine losses if any, for making any provision for impairment of the assets of the project or about its status as ongoing project.
5. Amount of Rs.61.93 lac (Rs.61.93 lac) payable to certain financier on account of Equipments / Machineries acquired under the Hire Purchase Agreement having lien on those equipment and machineries are included in the creditors for capital assets.
6. Since commercial production has not commenced during the year, no profit and loss account has been prepared. The necessary details as per Part II of Schedule VI of the Companies Act, 1956 have been disclosed in Note No.B-18 hereinafter. All the expenses incurred during the year have been capitalized as per said Note B-18.
7. Calls in arrears include unpaid Allotment Money related to Debentures which have been converted into Equity Shares as per the terms of issue but in respect of which the Company, in exercise of its lien on such shares, has not issued the share certificates to the defaulting Debenture holders. The Company's lien on such shares will extend to the forfeiture of such shares if considered necessary by the Company.

	(Rs. in lacs)	
	2010-11	2009-10
8. Payment to and Provision for Auditors :		
Audit Fee	1.00	1.00
9. Remuneration to Directors		
Salary allowances and other benefits	5.24	5.31
Retainer-ship Fees	1.92	1.92
	7.16	7.23
10. Contingent Liabilities not provided for in the Accounts are as follows :		
a) Claims against the Company not acknowledged as debt as certified by the management, including matter under litigation as on 31 st March, 2011 Rs.862.84 lacs (P.Y.Rs.872.11 lacs)		
b) Un-provided aggregate Interest is un-ascertainable due to various Debt restructuring proposals as per Note No.B-16 hereinafter and matter being un-reconciled and sub-judice due to arbitrary assignment of debts by certain lenders as per Note No. B-2 and B-3 hereinabove.		
11. Income Tax Assessment of the company have been completed up to Assessment Year 2008-2009. There is no disputed demand outstanding and payable. During the year company has received refund of Income Tax along with interest for Rs.29.12lacs.		
12. The Company had received show cause notice in the year 2003-04 from the Government authorities for demand of duty on imported spares kept beyond permissible time and still lying in Govt. approved Bonded warehouse amounting to Rs.95.57 lacs. Company has responded to said show cause notice and has also made provision of Rs. 69.11 lacs for the above show cause liability net of CVD credit. The matter is still pending before the Govt. authorities.		
13. Excise Department has preferred Appeal before the CESAT Delhi against the order of its Appellant Authorities favouring Company by setting aside their demand notices issued against the Company earlier regarding Cenvat Credit refusal of Rs.141.93 lacs by the assessing authority. The appeals are still pending for hearing and Company is confident that those departmental appeals will also be set aside. Company has received another show cause notice during the earlier year from the Excise authorities that why Cenvat Credit Rs. 217.60 lacs along with interest and penalty should not be recovered from the Company. Company has reversed the said modvats credit of Rs.217.60 lacs under protest and has preferred appeal before the CESAT Delhi and is confident that the relief will be granted by the CESAT. Company has included such reversal of modvat credit of Rs.217.60 lacs in Capital work in progress.		
14. Fixed assets taken on lease amounting to Rs.907.26 lac (Rs.907.26 lac) being lease value net of margin deposit. There is no future obligations pertaining to lease rentals becoming due after the date of Balance Sheet. Outstanding dues pertaining to lease rental payable on the documented rates, excluding late payment charges, are included in sundry		

creditors amounting to Rs.608.76 lacs (Rs. 608.76 lacs) who have exclusive charge on the said leased assets *along* with other as per Note No.B-1-f hereinabove. No provision has been made by the Company for any lease rental or for late payment charges on above arrears as the plant is closed since 2000.

15. As there is no commercial operation or fresh purchases and there are only old creditors, the company is not able to identify creditors covered by Micro, small and medium Enterprises Development Act, 2006 and as such amount payable to them, if any, could not also be ascertained.

16. In view of the various Debt Re-structuring proposals submitted earlier before the lenders and now matter being pending before the Debt Recovery Tribunal and also due to non-commencement of commercial operation of the unit for almost a decade causing non-servicing of its debt to the lender, company has not provided any interest since September, 1999. The Interest at the documented rates not provided by the Company amounted to Rs. 647.21 crores (Rs.543.93 crores) for the year ended on 31st March, 2011 on its secured borrowings.

17. As per Accounting Standard (AS-18) on "Related Party Disclosures" the disclosure of transactions with related parties as defined therein are given below :

A List of related party with whom transactions have taken place and relationship :-

Associate Companies

- I. SVC Growth Fund Pvt. Ltd.
- II. Krishna Suppliers Pvt. Ltd.
- III. Krishna Advisors Pvt. Ltd.
- IV. Akhil Marketing Pvt. Ltd.

Key Management Personnel

- I. Shri G. S. Tiwari
- II. Shri Jaffar Imam

B - Transaction during the Accounting Period with related parties

Nature of Transaction	Associate Companies	Key Management Personnel	Total
a - Loans received			
Opening Balance 01.04.10	2440.22	---	2440.22
	(2208.04)	---	(2208.04)
Received during the year	252.00	---	252.00
	(232.28)	---	(232.28)
Paid during the year	9.50	---	9.50
	(0.11)	---	(0.11)
Closing Balance - 31.03.11	2682.72	---	2682.72
	(2440.22)	---	(2440.22)
b - Expenditure			
Remuneration	---	7.16	7.16
	---	(7.23)	(7.23)
i) No amount in respect of related parties have been written off / written back during the Accounting Period.			
ii) Related party relationship have been identified by the management and relied upon by the Auditors.			
18. Pre-operative expenses subject to Note No.B-14 and B-16 hereinabove in respect of ongoing project up to 31 st March, 2011 are included under the head Capital Work-in-Progress.			

	(Rs. in lacs)	
	For the year	For the year
	ended 31st	ended 31st
	March, 2011	March, 2010
Payment to / for Employees	69.52	61.16
Rent, Rates & Taxes	7.18	5.28
Repairs & Maintenance	26.62	20.07
Power & Fuel	18.03	15.89
Insurance	8.28	4.27
Postage & Telephone	3.41	5.20
Exchange fluctuation	2.90	(7.51)
Printing & Stationery	3.70	2.04
Travelling & Conveyance	22.36	19.17
Professional Charges	35.16	35.16
Audit Fees	1.00	1.00
Miscellaneous Expenses	19.71	13.37
Stores & Spares Consumed	0.91	0.68
Depreciation	60.44	60.67
	<u>279.22</u>	<u>236.45</u>
Less :		
Net Interest & Other expenses	(21.67)	(20.70)
	<u>(21.67)</u>	<u>(20.70)</u>
Pre-operative expenses for the year		
Included in Capital W.I.P.	<u>257.55</u>	<u>215.75</u>

19. During the year the Company has received credit rebates and raised Debit Notes on certain suppliers / contractors / creditors on account of settlement of their claims on OTS basis / deficiency in the quality of material supplied / work executed by them in earlier years amounting to Rs.23.62 lacs (Rs. 570.27 lacs). The above has been reduced from the Capital work-in- progress.
20. In the opinion of the Board, Current Assets, Loans and Advances and other receivable excluding Fixed Assets and Capital-work-Progress have a value on realization, at least equal to the amount at which they are stated in the books of accounts and provision for all known liabilities, except as mentioned otherwise, has been made.

21. Value added tax (VAT) assessment of the company completed up to 2007-2008 and 2008-2009. During the respective year company received penalty notices dated 28.02.2011 and final order dated 21.07.2011 U/s 54 (ii)(i) for Rs.1,62,528/- and Rs.3,61,540/- regarding concession form on procurement of HSD taken / used. Company has preferred appeal before the appellat authority for the stay and waiver of the penalty. Now the company has got stay of 50% penalty, appeal will be decided in the due course of time.
22. Previous year figures have been regrouped, reworked, rearranged and reclassified wherever necessary. Figures in brackets indicate the corresponding figures for the previous year.
23. Additional Information Pursuant to part IV of Schedule VI to the Companies Act, 1956 - General Business Profile.

I) Registration Details :

Registration No. :	11-53232
State Code No. :	11
Balance Sheet Date :	31.03.2011

II) Capital Raised During the period (Rs.in lacs)

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III) Position of Mobilization and Deployment of Funds :

Total Liabilities	92705.02
Total Assets	92705.02

SOURCES OF FUNDS :

Paid-up Capital	16186.37
Reserves & Surplus	16577.92
Secured Loans	57258.01
Unsecured Loans	2682.72

APPLICATION OF FUNDS :

Net Fixed Assets (including Capital Work-in-Progress & Pre-operative Expenditure)	91098.61
Investments	Nil
Net Current Assets	1531.40
Misc. Expenditure etc.	75.01

IV) Performance of Company

Turnover and Expenditure etc.	Nil
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V) Generic Name of Principal Product of company

[As per Monetary Terms]	
Item Code No.	29172
Product Description	Purified Terephthalic Acid (PTA)

Signatures to Schedules A to H

In terms of our report of even date.

For and on behalf of the Board of Directors

For B. M. CHATURVEDI & CO.
Chartered Accountants
ICAI - FRN - 114317W

B. M. CHATURVEDI
ICAI M.No.17607
Place : Mumbai
Dated : 6th August, 2011

SURESH CHATURVEDI : Promoter Director
JAFFAR IMAM : Director
I. G. MEHROTRA : Director
G. S. DAHOTRE : Director
DR. P. P. SHASTRI : Nominee Director
A. R. SEKAR : Nominee Director
G. S. TIWARI : Director

SANJAY AGARWAL
Chief Finance Officer

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