

18th
ANNUAL REPORT
2011-2012



SHREE METALLOYS LIMITED

EIGHTEENTH ANNUAL REPORT 2011-12**BOARD OF DIRECTORS**

Pratik R. Kabra	<i>Chairman & Managing Director</i>
Jogesh D. Choksi	<i>Executive Director</i>
Devendra P. Jain	<i>Director</i>
Bhupendra Singh Rajput	<i>Director</i>

AUDITORS

M/s. Bharadia Maheshwari & Associates,
Chartered Accountant,
Ahmedabad

BANKERS

Punjab National Bank
ICICI Bank

REGISTRAR & SHARE TRANSFER AGENT

MCS Ltd.
Shatdal Complex,
Ashram Road,
Ahmedabad-380009
Email: mcsamd@relianceemail.net

REGISTERED OFFICE

A/2, North View Apartment,
St. Xaviers College Road,
Navrangpura,
Ahmedabad -380009
Email: shreemetalloys@gmail.com

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NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the members of Shree Metalloys Limited will be held on Friday, 21st day of September, 2012 at 10.30 a.m. at Registered office of the company at A/2, North View Apartment, St. Xaviers College Road, Navrangpura, Ahmedabad – 380009 to transact the following business.

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, Statement of Profits and Loss and Cash Flow Statement for the financial year ended on 31st March, 2012 and Report of Directors and Auditors thereon.
- (2) To appoint a Director in place of Mr. Bhupendra Singh Rajput who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To appoint Auditors of the Company and fix their remuneration.

Regd. Office
A/2, North View Apartment,
St. Xaviers College Road,
Navrangpura, Ahmedabad -380009
Date : 14/08/2012
Place : Ahmedabad

By Order of the Board
For, **Shree Metalloys Limited**

Pratik R. Kabra
Chairman & Managing Director

Notes:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTRERD OFFICE AT LEAST 48 HOURS BEFORE THE TIME OF MEETING.
- 2) All valid proxies must be deposited at the Registered Office of the company at least 48 hours before the commencement of the meeting.
- 3) Members are requested to bring their copies of Annual Report to the meeting.
- 4) Register of members and share transfer books of the company will remain closed from 14/09/2012 to 21/9/2012 (both days inclusive).
- 5) Shareholders desirous of any information on records of accounts are requested to write to the Company before 10 days of Annual General Meeting so as to enable the Management to keep the information ready.
- 6) The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 11.00 a.m. to 5.00 p.m.
- 7) Equity Shares of the Company are available for dematerialisation, as the Company has entered into an agreement with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization services of its Equity Shares. Those Shareholders who wish to hold shares in electronic form may approach their Depository Participant. ISIN No. of the Company's Equity Share is INE914B01012.

• Brief resume of the Director seeking re-election at the 18th Annual General Meeting

Name	Mr. Bhupendra Singh Rajput
Age (Date of Birth)	12/02/1972
Date of Appointment	01/10/2008
Qualification and experience in specific functional area	Chartered Accountant doing practice in the field of Finance and Audit, having more than 13 years of experience.
Directorship held in other ltd. Companies	Mercury Metals Limited
Membership/Chairmanships of Committee in Mercury Metals Limited.	Audit Committee – Chairman Remuneration Committee – Member Shareholders’ Grievances Committee - Member

Regd. Office
A/2, North View Apartment,
St. Xaviers College Road,
Navrangpura, Ahmedabad -380009
Date : 14/08/2012
Place : Ahmedabad

By Order of the Board
For, **Shree Metalloys Limited**

Pratik R. Kabra
Chairman & Managing Director

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 18th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2012.

FINANCIAL RESULTS:

	<u>2011-12</u>	<u>(In Lacs)</u> <u>2010-11</u>
Operating Profit / (Loss) (Before Interest & Depreciation)	35.71	20.32
Less: Interest	21.83	0.55
Profit/(Loss) before Depreciation	13.87	19.77
Less: Depreciation	3.40	2.27
Profit / (Loss) before Tax	10.46	17.50
Less: Provision for Taxation	3.80	5.25
Add/Less: Deferred Tax Assets/provision	0.44	4.53
Less: Prior Period Adjustment	0.45	5.61
Net Profit/(Loss) after Tax	06.65	11.17
Add: Balance brought forward from previous year	64.67	53.50
Profit / (Loss) carried to Balance Sheet	71.31	64.67

During the current fiscal 2011-2012 under review, Sales and other Income have been placed at Rs.6298.91 Lacs compared to Rs. 4789.59 Lacs in the year 2010-2011. Your directors are confident and optimistic of achieving upward growth and achieving much better results in the coming years.

DIVIDEND:

Since the company is on the verge of growth and development your directors are unable to recommend any dividend in the current fiscal.

MANAGEMENT DISCUSSION AND ANALYSIS AND INDUSTRY OUTLOOK:

The board of directors believes in the strict compliance of provisions of listing agreement and believes in better corporate governance. The disclosure standards are adhered and boards of directors as well as top management personnel have adopted code of conduct. The disclosures as required under clause 49 of the listing agreement is forming part of this report as a separate annexure in the form of report.

Your directors are in the process of making diversification of its business in the manufacturing and trading metal and other allied activities. Your directors are optimistic of achieving commendable growth in the coming years.

INSURANCE:

The company has taken sufficient insurance for the properties against risks of fire, strike, riot and earthquake.

PARTICULARS OF EMPLOYEES:

The particulars of the employee of the Company drawing total remuneration of Rs.24,00,000/- per annum or Rs.2,00,000/- per month as required U/S 217 (2A) of the Companies Act, 1956 is Nil.

FIXED DEPOSITS:

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of balance sheet.

DIRECTORS:

Mr. Bhupendra Singh Rajput retires by rotation and being eligible offers himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT - SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:

The Board of Directors states:

- 1) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- 3) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 4) that the Directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**1) CONSERVATION OF ENERGY :**

- A. Energy Conservation measures taken: The Company gives top most priority to energy conservation.
- B. Additional investment and proposal if any being implemented for reduction in consumption of energy : NIL
- C. Energy consumption in terms of electricity, LDO and Gas NIL.
- D. Total energy consumption and energy consumption per unit of production: NIL.

2) TECHNOLOGY ABSORPTION :

- A. Adoption and innovation : N.A.
- B. Research and development (R & D) : NIL

3) FOREIGN EXCHANGE EARNINGS AND OUT GO :**OUT GO**

CIF Value of Import : NIL

Expenditure in Foreign Currency : NIL

EARNING : NIL

CORPORATE GOVERNANCE:

Your directors are pleased to inform you during the year provisions relating to the Corporate Governance as per listing Agreement has become applicable and has complied with the various requirements a report along with certificate is attached forming part of this report.

AUDITORS:

The present Auditors of the Company M/s. Bharadia Maheshwari & Associates, Chartered Accountants, Ahmedabad were appointed as Auditors and will retire at the ensuing Annual General Meeting. M/s. Bharadia Maheshwari & Associates, Chartered Accountants have submitted certificate for their eligibility for appointment under Section 224(1B) of the Companies Act, 1956. Board of Directors of your Company favour their re-appointment as Auditors of the Company and such re-appointment if done, shall be upto the next Annual General Meeting of the Company.

AUDITORS REPORT AND COMMENTS:

Relating to qualification cited by auditors, the Board of Directors of the company like to comment as under:-

1. Non confirmation/non reconciliation of certain deposits as Stated in Note (vii) in Schedule IXX.

The advance given to ASE amounting Rs.3.25 lacs and to VSE amounting Rs.20.50 are in nature of deposit and the Management is perusing the matter with concerned exchanges to recover the amount of deposit from them. Further the Management considers this as recoverable and if required, necessary legal steps will be taken.

2. Valuation of investments at cost as stated in Notes (v) &, (vi) in Schedule IXX.

(v) As present market value of Gujarat State Financial Corporation Ltd are not attractive, therefore the company has not done procedure to register shares of the said company in its name and further not paid the allotment money.

(vi) As the trading in the shares of certain companies are suspended/delisted at BSE therefore the same has been shown under the category of unquoted investment. The management is in process to realize the value of investment and hopeful to do so therefore no provision has been made for the possible diminution in the value of shares held as investment.

3. Non provision for Depreciation on Plant & Machinery as stated in Note (viii) in Schedule IXX.

Remark relating to this qualification has been well explained under point viii of notes of Account. Therefore no further clarification required.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the support extended by Bankers and Office bearers of Government Department and Financial Institutions. Your Directors also place on record their deep appreciation of the services rendered by the Officers, staff and workers of the company at all levels. Your Directors also acknowledge the continued invaluable support extended by you - our shareholders- and the confidence that you have placed in the company.

By Order of the Board
For, **Shree Metalloys Limited**

Date : 14/08/2012
Place : Ahmedabad

Pratik R. Kabra
Chairman & Managing Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management Discussion & Analysis Report Pursuant to Clause 49 of Listing Agreement.

i) Industry Structure and Development

The Company is engaged in the business of trading of ferrous, non ferrous and precious metals. The Company intends to extend its area of operations to manufacturing sector of ferrous and non-ferrous metals. The metal industry in which the Company is dealing is recently having trends of volatility and there are very good chances for the Company to develop its area of operation in the metal industry.

Metals sector have always been in the forefront of a nation's economy and India is no exception. Both ferrous and non ferrous metals are equally important towards building up the country's future. Ferrous metals are definitely more in use in India, but at the same time non ferrous metals are also gradually taking the centre stage and the time is not far when it will be regarded as the future. India is one of the richest reserves of all the raw materials required for the metal industry i.e. land, capital, cheap labour, power, coal etc.

ii) Opportunities and Threats

According to the 46th Quarterly Survey of Projects Investment, as of 31 March 2012 conducted by ProjectsToday, only the non-ferrous metal industry had 93 projects worth Rs 128,986 crore in various stages of planning and implementation. These projects are underway in various states of India.

By the end of 2020, India's non-ferrous metal industry is expected to see a dramatic turnaround with lots of expansion plans would be running at full capacity. The country is heading towards becoming a global player in non ferrous metal industry with most of production plants would be tapping potentials in the foreign markets.

For market players of Metal industry, a major cause of volatility is the cost of raw materials, which has been exacerbated by the change from annual to shorter-term price contracts. Shortages in supply have enabled suppliers to re-engineer the pricing mechanisms. However, this has created challenges for market players. They now have to deal not only with the increased volatility in raw material prices, but also with how to maintain margins with fluctuating demand. These developments are significantly affecting the earnings of the Metal industry and try to achieve stability in Metal market.

iii) Internal Control system and their adequacy

The Company has adequate system of internal control commensurate with its size and operations to ensure orderly and efficient conduct of the business. These controls ensure safeguard of assets, reduction and detection of frauds and error, adequacy and completeness of the accounting record and timely preparation of reliable financial information.

iv) Financial performance with respect to operational performance

The financial performance of the Company for the year 2011-12 is described in the Directors Report.

v) Human Resources/ Industrial Relations

Your Company has undertaken certain employees' Development initiative which have very positive impact on the moral and team spirit of the employees. The Company has continued to give special attention to Human Resource/ Industrial Relations development. Industrial relations remained cordial throughout the year and there was no incident of strike, lock-out etc.

vi) Cautionary Statement:-

Statement in this Management Discussion and Analysis describing the company's objectives, projections, estimated and expectations are "forward looking statements" Actual results might differ, materially from those anticipated because of changing ground realities.

By Order of the Board
For, **Shree Metalloys Limited**

Date : 14/08/2012

Place : Ahmedabad

Pratik Radheshyam Kabra
Chairman & Managing Director

CORPORATE GOVERNANCE REPORT 2011-12

(As required under Clause 49 of the Listing Agreements)

The Directors presents the Company's report on Corporate Governance in accordance with the provisions of clause 49 of the Listing Agreement with stock exchanges.

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Company's philosophy is to constantly achieve business excellence and optimize long term value through ethical business conduct.

Being a value driven organization the Company envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations including everyone it works with, the community it is in touch with and the environment it has an impact. Strong Governance practices by the Company have boosted the level of stakeholder's confidence.

The corporate governance structure in the Company ensures that its Board of Directors is well informed and well equipped to fulfill its overall responsibility by way of providing strategic direction to the senior management, employees, etc. which is needed to meet the aspirations of all stakeholders, including societal expectations. It's initiatives towards adhering to highest standards of governance include: professionalization of the Board; fair and transparent processes and reporting systems. At the highest level the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopt innovative approaches for leveraging resources, converting opportunities into achievements through proper coordination, empowerment and motivation, fostering a healthy all round growth and development to take the Company forward.

THE BOARD OF DIRECTORS

The Board consists of 4 Directors showing the fair combination of Executive, Non-Executive and Independent Directors. The directors are different in respect of the knowledge and expertise in the field. Some of the directors are professionals from different field; some are having the vast knowledge and experience of marketing/production.

Composition of Board and Attendance at board Meetings:

Dates of Board Meetings: 30/04/2011, 28/07/2011, 12/08/2011, 17/08/2011, 9/11/2011, 15/02/2012

Name	Executive/ Non-Executive/ Independent	No. of other Directorships held in other Public Companies	Board meetings attended out of 7	Membership in the committee of other companies	Chairmanship at the committee of other companies	Attended last AGM 30th September, 2010
Mr. Pratik R. Kabra	Executive, Non-independent	None	06	—	—	Yes
Mr. Jogesh D. Choksi (w.e.f.28/07/2011)	Executive Director	None	04	None	None	Yes
Mr. Devendra P. Jain	Non-executive, Independent	Jindal Worldwide Limited	06	—	3	Yes
Mr. Bhupendra Singh Rajput	Non-executive, Independent	Mercury Metals Limited.	06	—	—	Yes
Mr. Kapil Kabra*	-	None	01	—	—	Yes

*** upto 28/07/2011**

As required by the law, the appointment(s) and remuneration(s) of any executive Director(s) requires the approval of shareholders; such approvals are for a period of not more than 5 years and when eligible, they can be re-appointed at the end of the term.

One third of other Directors retire every year and when eligible, qualify for re-appointment.

AUDIT COMMITTEE

Term of reference:

The terms of reference of the Audit committee, as specified by the Board, includes the whole as specified in the clause 49 of the listing agreement, including a review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with regulatory guidelines. The committee members are all non-executive and majority being the independent directors, collectively having requisite knowledge of finance, accounts and company law. The committee recommends the appointment of external auditors and their fees and payments and also takes an overview of the financial reporting process to ensure that financial statements are correct sufficient and credible. The report of the statutory auditors is reviewed along with managements' comments and action-taken reports.

The Audit Committee of the Company is reconstituted on 17/08/2011. The meetings of the Audit Committee were held on 28/07/2011, 12/08/2011, 17/08/2011, 9/11/2011 and 15/02/2012 during the year. The Composition and attendance of directors in Audit Committee during the year is as under-

Sr. No.	Director	Status	No. of Meetings Attended
01	Mr. B. S. Rajput	Chairman	05
02	Mr. Pratik R. Kabra	Member	05
03	Mr. Devendra P. Jain	Member	05
04	Mr. Kapil Kabra*	Member	01

* Mr. Kapil Kabra resigned on 28/07/2011

REMUNERATION COMMITTEE

The remuneration committee consists of 3 directors two of them being non-executive directors. The committee recommends the remuneration packages to the Managing/Executive Directors, to the senior officers, employees etc.

Composition :

The Remuneration Committee of the Company comprises of Shri B. S. Rajput, Chairman of the committee, Shri Devendra Jain and Shri Jogesh D. Choksi, as Members of the Committee.

Meetings and attendance during the year.:

To discuss the agenda requiring decision to fix remuneration of directors, there were two meetings respectively held on 28/07/2011 and 17/08/2011 were held during the year under review.

SHAREHOLDERS & INVESTORS GRIEVANCES COMMITTEE

The Board has constituted Shareholders & Investors' Grievances Committee for the purpose of effective Redressal of the complaints of the shareholders such as Dematerialisation, share Transfer, Non-receipt of Balance Sheet etc.

Composition and Meetings of Committee:

The Shareholders/ Investors Grievance Committee comprises of Shri Pratik R. Kabra as Chairman and Shri Devendra P. Jain and Shri B. S. Rajput as Members of the Committee.

All the matters relating to share Department and investor services were handled by Shareholders and Investors Grievances Committee. The Shareholders and Investors Grievances Committee met five times in the year.

Shri Nimish H. Bavishi is the Compliance Officer of the Company.

Complaints:

During the year there were NIL complaints.

SHAREHOLDER INFORMATION & RELATIONS

The main source of information for shareholders is the Annual Report which includes, inter-alia, the reports of the Directors and the Auditors, Audited Accounts, etc. Shareholders are intimated through print media of quarterly financial results within time periods stipulated from time to time by the stock exchanges.

General Body meetings :

The last 3 Annual General Meetings were held as follows.

	Date	Time	Place
1)	30th September, 2011	11:30 a.m.	A/2, North View Apartment, St. Xaviers College Road, Navrangpura Ahmedabad -380009
2)	30th September, 2010	11:00 a.m.	A/2, North View Apartment, St. Xaviers College Road, Navrangpura Ahmedabad -380009
3)	30th September, 2009	11.00 a..m.	A/2, North View Apartment, St. Xaviers College Road, Navrangpura Ahmedabad -380009

During the year under review, two special resolution relating to appointment of Mr. Pratik Radheshyam Kabra as Managing Director and Mr. Jogesh D. Choksi as Whole Time Director designated as Executive Director were being passed by the shareholders at the previous AGM. Pursuant to the provisions of Sections 192 A of the Companies Act, 1956, there was no matter during the year 2010-11, required to be dealt by the Company to be passed through postal ballot.

Means of Communications :

- In compliance with the requirements of the Listing Agreement, the Company now regularly intimates Unaudited/ Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in Lok Mitra, Ahmedabad (Gujarati) and Free Press Gujarat (English)
- During the year ended on 31st March, 2012, no presentation was made to institutional investors or analyst or any other enterprise.
- Management Discussion and Analysis form part of the Annual Report.

DISCLOSURES:**(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:**

In terms of Section 299 (3) of the Companies Act, 1956, the General Notices of disclosure of interest are obtained from the Directors and accordingly, the Register of Contracts under Section 301 of the Companies Act, 1956 is tabled and signed.

(b) Details of non-compliance by the Company, penalties, and 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.

No strictures and penalties have ever been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities, on matters related to capital markets.

- The Company has adopted a Code of Conduct for its Directors and employees. This Code of Conduct has been communicated to each of them.

(d) Regarding Dematerialisation of Shares:

The Company had appointed MCS Ltd. as its RTA and Equity Shares of the Company are available for dematerialisation, as the Company has entered into an agreement with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization services of its Equity Shares. Those Shareholders who wish to hold shares in electronic form may approach their Depository Participant. ISIN No. of the Company's Equity Share is INE914B01012.

GENERAL SHAREHOLDERS INFORMATION:**A) Annual general meeting :**

Day and Date : Friday, 21st September, 2012,

Time : 10.30 a.m.

Venue : A/2, North View Apartment, St. Xaviers College Road, Navrangpura Ahmedabad -380009

B) Financial Calendar for the year 2012-2013

First quarter	: By end of July 2012
Second quarter	: By end of October, 2012
Third quarter	: By end of January, 2013
Annual results for the Year ended on 31/3/2013	: By end of May 2013
Annual general meeting for The year 2012-13	: By end of September, 2013

C) Book Closure : 14th September, 2012 to 21st September, 2012(both days Inclusive)

D) Listing of Shares and Securities : The company's shares are presently listed at Mumbai and Ahmedabad Stock exchanges.

Stock Code : BSE - 531962

ASE - 36427

E) Market Price Data: Equity Shares of the Company have been traded at the Bombay Stock Exchange during 1st April, 2011 to 31st March, 2012. The information of Stock Price data are submitted here under:

Month	High(Rs.)	BSE Low(Rs.)	Shares Traded (No.)
April, 2011	23.60	14.15	4,809
May, 2011	14.10	12.15	1252
June, 2011	22.16	11.25	824
July, 2011	33.65	23.25	9,949
August, 2011	38.65	33.65	8,351
September, 2011	37.00	30.25	1,061
October, 2011	28.80	15.25	634
November, 2011	25.80	16.00	17,498
December, 2011	43.20	27.05	16,055
January, 2012	47.45	22.55	13,647
February, 2012	27.55	16.50	2,603
March, 2012	18.15	13.55	1,672

F) Category of Shareholding as on 31st March, 2012 :

Category	No. Of Shares	%to Share Capital
Indian Promoters	2706600	51.49
Mutual Funds	—	—
Bank , Financial Institute	—	—
Private Corporate Bodies	422146	8.03
NRI's/OBCs	144136	2.74
FII's	—	—
Indian Public	1983418	37.74
C.M	—	—
Total	52,56,300	100

G) Distribution of Shareholding as on March 31, 2012:

No. of Equity Shares Held	No. of Shareholders	% of Share Holders	No. of Shares Held	% of Shareholding
1 to 500	596	74.59	1,38,772	2.64
501-1000	93	11.64	78,303	1.49
1001-2000	36	4.51	54,486	1.04
2001-3000	16	2.00	41,593	0.79
3001-4000	5	0.63	17,306	0.33
4001-5000	6	0.75	27,625	0.53
5001-10,000	11	1.38	79,287	1.51
10001-50000	13	1.63	4,27,415	8.13
50001-100000	9	1.13	7,60,312	14.46
Above 10,0000	14	1.75	3,631,201	69.08
Total	799	100	5,256,300	100

The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.

H) Registrar And Share Transfer Agent:

The company has appointed below mentioned agency as Registrar and Share Transfer Agents (RTA) of Equity Share of the Company:

MCS Limited

Shatdal Complex, Ashram Road, Ahmedabad-380009 Tel. No. : 079-6582878 Email : mcsamd@relianceemail.net

I) Investor correspondence :

A/2, North View Apartment, St. Xaviers College Road, Navrangpura, Ahmedabad -380009
Tel No. : 079-26300054 / 26300197 Fax No. : 079-26302231 Email : shreemetalloys@gmail.com

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis form a part of the Annual Report.

The above represents the company's philosophy on corporate governance. Auditors' Certificate as required forms a part of this Annual Report.

By Order of the Board
For, **Shree Metalloys Limited**

Date : 14/08/2012
Place : Ahmedabad

Pratik Radhesyam Kabra
Chairman & Managing Director

Certification under Clause 49 (I) (D) of the Listing Agreement

In accordance with Clause 49 sub-clause I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Shree Metalloys Limited have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2012

By Order of the Board
For, **Shree Metalloys Limited**

Date : 14/08/2012
Place : Ahmedabad

Pratik Radhesyam Kabra
Chairman & Managing Director

CHAIRMAN & MANAGING DIRECTOR (CMD) CERTIFICATION:

I, Pratik Radheshyam Kabra, Chairman & Managing Director of Shree Metalloys Limited to the best of my knowledge and belief certify that:

1. I have reviewed the Balance Sheet and Statement of Profit and loss and all its schedules and notes on accounts, as well as cash flow statement and the directors report;
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on my knowledge and information, the financial statements and other financial information included in this report, present in all material respects, a true and fair view of, the company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations;
4. to the best of my knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.
5. I am responsible for establishing and maintaining internal controls over financial reporting for the company, and I have :
 - (a) Designed such disclosure controls and procedures to ensure that material information relating to the company is made known to me by others within those entities, particularly during the period in which this report is being prepared.
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparing of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure, controls and procedures and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent financial year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
6. I have disclosed bad on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of directors.
 - (a) significant changes in internal controls during the year covered by this report;
 - (b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - (c) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.
7. I further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Place : Ahmedabad
Date : 14/08/2012

Pratik Radheshyam Kabra
Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

The Members of
Shree Metalloys Limited
Ahmedabad

We have examined the compliance of the conditions of Corporate Governance by Shree Metalloys Limited for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For, **Khandelwal Devesh & Associates**
Company Secretaries

(Devesh Khandelwal)
Proprietor
FCS :6897
COP : 4202

Date : 14/08/2012
Place : Ahmedabad

AUDITOR'S REPORT**To the Members of
SHREE METALLOYS LIMITED**

1. We have audited the attached Balance Sheet of SHREE METALLOYS LIMITED as at March 31, 2012, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003 issued by the Company Law Board in terms of sub section (4A) of Section 227 of the Companies Act, 1956 and in terms of information and explanation given to us and also on the basis of such checks as we considered appropriate, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order to the extent applicable.
4. *Further to our comments in the Annexure referred to in paragraph 3 above, and paragraph 5 below we report that:*
 - i) 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;
 - ii) In our opinion, proper books of accounts, as required by Law, have been kept by the Company, so far as appears from our examination of those books;
 - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report, are in agreement with the books of accounts;
 - iv) In our opinion The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standard referred to in subsection (3C) of Section 211 of the Companies Act, 1956;
 - v) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon 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:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - b) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date;
 - c) In case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received by the Company from the Directors as on 31st March, 2012, and taken on record by the Board of Directors of the Company, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6.
 - i) ***Non confirmation/non reconciliation of certain deposits as Stated in Note (vii) in Schedule IXX.***
 - ii) ***Valuation of investments at cost as stated in Notes (v) & (vi) in Schedule IXX.***
 - iii) ***Non provision for Depreciation on Plant & Machinery as stated in Note (viii) in Schedule IXX.***

For, **Bharadia Maheshwari & Associates**
Chartered Accountants
(Registration No. 123767W)

(CA Mayur Laddha)

Partner

Membership No:132414

Date : 14/08/2012

Place : Ahmedabad

ANNEXURE OF THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, the fixed assets are being physically verified during the year by the management in accordance with the program of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. As informed to us no material discrepancies have been noticed on such verification.
- b) There was no disposal of a substantial part of fixed assets.
- (ii) a) The inventory has been physically verified during the year by the management at reasonable intervals.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) a) The Company has not granted loans , to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clause 4 (iii) of the Order are not applicable to the Company.
- b) The Company has not taken any loans, secured or unsecured , from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clause 4 (iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods. During the course of audit, we have not observed any major weaknesses in such internal controls.
- (v) a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section; and
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements aggregating during the year to Rupees Five Lacs or more in respect of those parties have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public during the year. Therefore the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
- (vii) In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and the nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 in respect of activities of the Company.
- (ix) According to the information given to us and on the basis of examination of the books of accounts, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State insurance Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise duty, Cess etc. and other material statutory dues with appropriate authorities, as far as applicable to the Company.

According to the information given to us and on the basis of examination of the books of accounts, no undisputed amount payable in respect of above referred tax/cess were outstanding, as at balance sheet date for a period of more than six months from the date they became payable.

- (x) The company does not have accumulated losses as at the Balance Sheet date and has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- (xi) On the basis of our examination and according to the information and explanations given to us, the company does not have any loan from financial institutions or banks.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) In our opinion and according to information and explanation given to us, the company is not a chit fund or nidhi or mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company
- (xiv) In our opinion and according to information and explanation given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanation given to us, the company has not obtained any term loans.
- (xvii) In our opinion and according to the information and explanation given to us and on the basis of our examination of books of accounts, we report that no fund raised on short-term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the period covered by our audit report.
- (xix) The company has not issued any debentures during the year.
- (xx) During the year covered by our audit report the company has not raised any money by way of public issue.
- (xxi) To the best of our knowledge and belief and accordingly to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For, **Bharadia Maheshwari & Associates**
Chartered Accountants
(Registration No. 123767W)

(CA Mayur Laddha)

Partner

Membership No:132414

Date : 14/08/2012
Place : Ahmedabad

BALANCE SHEET AS AT 31 ST MARCH, 2012

S. No.	Particulars	Note No.	As At 31.03.2012 (Rs.)	As At 31.03.2011 (Rs.)
I Equity and Liabilities				
1	Shareholders Funds			
	(a) Share Capital	1	52,563,000	52,563,000
	(b) Reserves and Surplus	2	7,131,879	6,466,552
	Total(1)		59,694,879	59,029,552
2	Non-Current Liabilities			
	(a) Long Term Borrowings	3	611,317	978,095
	(b) Deferred Tax Liabilities (net)		—	965
	Total(2)		611,317	979,060
3	Current Liabilities			
	(a) Short Term Borrowings	4	50,234,814	—
	(b) Trade Payables	5	16,116,262	645,161
	(c) Other current Liabilities	6	930,939	74,325
	(d) Short Term Provisions	7	380,000	525,000
	Total(3)		67,662,015	1,244,486
	Total(1+2+3)		127,968,210	61,253,098
II Assets				
1	Non-Current Assets			
	(a) Fixed Assets			
	Tangible Assets	8	21,181,037	21,428,417
	(b) Non-Current Investments	9	2,350,816	2,350,816
	(c) Deferred Tax assets (net)	10	42,919	—
	(d) Long-term Loans and Advances	11	4,345,293	4,325,293
	Total(1)		27,920,065	28,104,526
2	Current Assets			
	(a) Inventories	12	10,446,975	13,891,270
	(b) Trade Receivables	13	71,319,028	4,676,224
	(c) Cash and Cash Equivalents	14	1,456,558	7,400,303
	(d) Short-term Loans and Advances	15	16,795,723	7,180,776
	(e) Other Current Assets	16	29,862	—
	Total(2)		100,048,145	33,148,573
	Total(1+2)		127,968,210	61,253,098
	Significant Accounting Policies & Notes on Financial Statement	24		

In terms of our report of even date
For **Bharadia Maheshwari & Associates**
Chartered Accountants
(Registration No. 123767W)

(CA Mayur Laddha)

Partner

Membership No: 132414

Date : 14/08/2012

Place : Ahmedabad

On behalf of the Board of Directors

Shree Metalloys Limited

Managing Director

Executive Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2012

S. No.	Particulars	Note No.	For The Year Ended 31.03.2012 (Rs.)	For The Year Ended 31.03.2011 (Rs.)
	Revenue from Operations			
I	Revenue from Operations	17	629,890,792	478,958,609
II	Other Income	18	156,987	663,362
III	Total Revenue	(I+II)	630,047,779	479,621,971
IV	Expenses:			
	Purchase of Stock-in-Trade	19	619,132,491	488,136,528
	Changes in Inventories	20	3,444,295	(13,891,270)
	Employee Benefits Expenses	21	1,447,491	1,361,356
	Finance Costs	22	2,653,611	92,004
	Depreciation and Amortization Expense	8	340,572	226,827
	Other Expenses	23	1,983,238	1,946,499
	Total Expenses		629,001,699	477,871,944
V	Profit Before Exceptional And Extraordinary Items And Tax (iii-iv)		1,046,081	1,750,027
VI	Exceptional Items		—	—
VII	Profit Before Extraordinary Items And Tax (v-vi)		1,046,081	1,750,027
VIII	Extraordinary Items		—	—
IX	Profit Before Tax (vii-viii)		1,046,081	1,750,027
X	Tax Expense			
a	Current Tax		380,000	525,000
b	Earliar Years Tax		44,639	561,051
c	Deferred Tax		(43,884)	(452,581)
XI	Profit(Loss) for the period from Continuing Operations (vii-viii)		665,326	1,116,557
XV	Profit (Loss) for the Period (xi+xiv)		665,326	1,116,557
XVI	Earning Per Equity Share			
a	Basic		0.13	0.21
b	Diluted		0.13	0.21
	Significant Accounting Policies & Notes on Financial Statement	24		

In terms of our report of even date
For **Bharadia Maheshwari & Associates**
Chartered Accountants
(Registration No. 123767W)

(CA Mayur Laddha)

Partner

Membership No: 132414

Date : 14/08/2012

Place : Ahmedabad

On behalf of the Board of Directors

Shree Metalloys Limited

Managing Director

Executive Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Year Ended 31/03/2012		Year Ended 31/03/2011	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
A. Cash Flow from Operating Activities				
Net Profit before tax and Extraordinary Items		1,046,081		1,750,027
Adjusted for				
Add: Depreciation	340,572		226,827	
	<u>340,572</u>		<u>226,827</u>	
		340,572		226,827
Operating Profit before Working Capital Changes		1,386,653		1,976,854
Adjusted for				
Trade and Other Receivable	(66,642,804)		23,450,350	
Inventories	3,444,295		(13,891,270)	
Trade Payable	16,182,715		(574,226)	
Loans & Advances	(9,614,947)		(5,286,816)	
Prepaid Expenses	(29,862)		—	
		<u>(56,660,603)</u>		<u>3,698,039</u>
CASH GENERATED BY OPERATING ACTIVITIES				
Income Taxes paid	(424,639)		(561,051)	
NET CASH GENERATED BY OPERATING ACTIVITIES		(55,698,589)		5,113,842
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(93,193)		(1,568,835)	
Decrease in Investments	—		—	
Increase in Deposits	(20,000)		—	
NET CASH USED IN INVESTING ACTIVITIES		(113,193)		(1,568,835)
C. Cash Flow from Financing Activities				
Increase in Share Capital	—		—	
Increase in Secured Loan	50,234,814		978,095	
Increase in Unsecured Loan	—		—	
Decrease in Secured Loan	(366,778)		—	
NET CASH USED IN FINANCING ACTIVITIES		49,868,036		978,095
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,943,746)		4,523,102
Opening Balance of Cash and Cash Equivalents		7,400,303		2,877,202
Closing Balance of Cash and Cash Equivalents		1,456,557		7,400,303
The previous year's figures have been regrouped and reclassified wherever necessary.				

In terms of our report of even date
For **Bharadia Maheshwari & Associates**
Chartered Accountants
(Registration No. 123767W)

(CA Mayur Laddha)
Partner
Membership No: 132414
Date : 14/08/2012
Place : Ahmedabad

On behalf of the Board of Directors
Shree Metalloys Limited

Managing Director

Executive Director

NOTES TO AND FORMING PART OF BALANCE SHEET AS AT 31-03-2012

Note No.	Particulars	As At 31.03.2012 (Rs.)	As At 31.03.2011 (Rs.)
1	Share Capital:		
	Authorised:		
	10000000 (Previous Year 10000000) Equity Shares of Rs.10/- each	100,000,000	100,000,000
	Issued, Subscribed & Paid up :		
	Shares at the Beginning of the Accounting Period		
	5256300 (P Y 5256300) Equity Shares of Rs.10/- each	52,563,000	52,563,000
	Additions during the year	—	—
	Shares at the End of the Accounting Period		
	5256300 (P Y 5256300) Equity Shares of Rs.10/- each	52,563,000	52,563,000

Share Capital:

Shares in the Company held by each shareholder holding more than 5 per cent shares.(Equity Shares in nos. of Rs. 10 each)

	NO. OF SHARES	% HOLDING	NO. OF SHARES	% HOLDING
Girjaben R Kabra	536300	10.20	536300	10.20
Govindram Laluram Kabra	496000	9.44	496000	9.44
Mercury Metals Limited	453100	8.62	453100	8.62
Hansaben Govindram Kabra	350000	6.66	350000	6.66
Neha Ramprakash Kabra	300000	5.71	0	0.00
Madhuben Ramprakash Kabra	0	0.00	325000	6.18

Note No.	Particulars	As At 31.03.2012 (Rs.)	As At 31.03.2011 (Rs.)
2	Reserve & Surplus:		
	Surplus		
	At the beginning of the Accounting Period	6,466,553	5,349,995
	Additions during the year (Balance in Statement of Profit & loss A/c)	665,326	1,116,557
	Allocations and Appropriations	—	—
	At the End of the Accounting Period	7,131,879	6,466,552
	Grand Total	7,131,879	6,466,552
3	Long Term Borrowings		
	Secured Term Loans from Banks		
	HDFC Bank Car Loan (Secured against Hypothication of Innova Car)	611,317	978,095
	Total	611,317	978,095

SHREE METALLOYS LIMITED

Note No.	Particulars	As At 31.03.2012 (Rs.)	As At 31.03.2011 (Rs.)
Current Liabilities:			
4	Short-Term Borrowings:		
	Cash Credit Facility from		
	Punjab National Bank A/c 0224008700005680	37,588,171	—
	Punjab National Bank A/c 7167008700000031 (Secured against Hypothecation of Stock and Book Debts and Equitable Mortgage of Immovable Properties of Guarantors)	12,646,643	—
		50,234,814	—
5	Trade Payables		
	Sundry Creditors	16,116,262	645,161
		16,116,262	645,161
6	Other Current Liabilities		
	Unpaid Expenses	918,236	59,550
	TDS Payable	9,583	11,895
	Professional Tax Payable	3,120	2,880
		930,939	74,325
7	Short-Term Provisions		
	Provision for Taxation	380,000	525,000
		380,000	525,000

8 Fixed Assets

Assets	As at 01.04.2011	Addition	Deletion	As at 31.03.2012	As at 01.04.2011	Addition	Deletion	As at 31.03.2012	As at 01.04.2011	As at 31.03.2012
1 Plant & Machineries	20,294,499	18,600	—	20,313,099	154,954	—	—	154,954	20,139,545	20,158,145
2 Vehicles (Innova)	1,360,102	—	—	1,360,102	187,160	303,675	—	490,835	1,172,942	869,267
3 Vehicles (Motor Cycle)	—	57,555	—	57,555	—	7,389	—	7,389	—	50,166
4 Office Equipments	144,697	17,038	—	161,735	74,624	11,165	—	85,789	70,073	75,946
5 Computers	302,426	—	—	302,426	256,569	18,343	—	274,912	45,857	27,514
Total of this year	22,101,724	93,193	—	22,194,917	673,307	340,572	—	1,013,879	21,428,417	21,181,037
Grand Total	22,101,724	93,193	—	22,194,917	673,307.00	340,572	—	1,013,879	21,428,417	21,181,037
Total of the Previous Year	20,532,889	1,678,835	110,000	22,101,724	446,480	226,827	—	673,307	21,428,417	20,086,409

SHREE METALLOYS LIMITED

Note No.	Particulars	As At 31.03.2012 (Rs.)	As At 31.03.2011 (Rs.)
9	Non Current Investment:		
a)	In Equity Shares-Unquoted, Fully Paid Up Advance Bio Coal (India) Ltd. (8500 Equity Shares of Rs.10/- each (P Y 8500))	85,000	85,000
b)	Shreeji Phosphate Limited (Formerly Known as Satyam Cement Ltd.) (35000 Equity Shares of Rs.10/- Each (P Y 35000))	530,250	530,250
c)	Zora Pharma Ltd. (26600 Equity Shares of Rs.10/- Each (P Y 26600))	665,000	665,000
d)	The Nawanagar Co-op Bank Ltd. (500 Equity Shares of Rs.10/- (P Y 500))	5,000	5,000
	Quoted at Cost :		
a)	Gujarat State Financial Corporation Ltd (93600 Equity Shares of Rs.10/- Each Partly Paid Rs.5/-) (P Y 93600)	1,048,522	1,048,522
b)	Riddhi Siddhi Gluco Biols Ltd, (800 Equity Shares of Rs.10/- Each (P Y 800))	17,044	17,044
		2,350,816	2,350,816
10	Deferred Tax Assets (Liabilities):		
	Deferred Tax Liability	(965)	453,546
	Deferred Tax Assets	43,884	452,581
	Deferred Tax (Assets) Liabilities	42,919	(965)
11	Long Term Loans And Advances:		
	Security Deposits (Unsecured Considered good unless otherwise stated)	4,345,293	4,325,293
		4,345,293	4,325,293
	Current Assets		
12	Inventories: (As Taken, Valued & Certified by the Management)		
	Raw Materials	—	—
	Work in Process	—	—
	Finished Goods	—	—
	Stock in Trade (in respect of Goods acquired for Trading)	10,446,975	13,891,270
	Stores, Spares & Loose Tools	—	—
	Others	—	—
		10,446,975	13,891,270

SHREE METALLOYS LIMITED

Note No.	Particulars	As At 31.03.2012 (Rs.)	As At 31.03.2011 (Rs.)
13	Trade Receivables: (Unsecured Considered good unless otherwise stated)		
(1)	Debts outstanding for a period exceeding six months from the date they are due	—	—
(2)	Other Debts	71,319,028	4,676,224
		71,319,028	4,676,224
14	Cash & Cash Equivalents :		
	(a) Balance with Banks		
	In Current Accounts:		
	Balance with Scheduled Banks	827,824	6,577,199
	Balance with Other Banks	190,275	151,669
	(b) Cash on Hand	438,460	671,435
		1,456,558	7,400,303
15	Short Term Loans & Advances: (Unsecured considered good unless otherwise stated)		
	Advances Recoverable in Cash or in Kind for the Value to be received		
(1)	Advance to Parties	14,817,434	4,931,448
(2)	Receivable from Revenue Authorities	1,516,196	2,100,603
(3)	Current Years Taxes Recoverable (Net of Liability)	—	—
(4)	Other Advances	462,093	148,725
		16,795,723	7,180,776
16	Other Current Assets:		
	Prepaid Expenses	29,862	—
		29,862	—

**NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31.03.2012**

Note No.	Particulars	As At 31.03.2012 (Rs.)	As At 31.03.2011 (Rs.)
17	Revenue from Operations		
	Sale of Products	629,890,792	478,958,609
	Sale of Services	—	—
	Other Operating Revenues	—	—
		<u>629,890,792</u>	<u>478,958,609</u>
	Less: Excise Duty	—	—
	Net Revenue from Operations	<u>629,890,792</u>	<u>478,958,609</u>
18	Other Income:		
	Interest Income	115,806	193,713
	Dividend Income	10,750	750
	Net Gain/Loss on Exchange Rate	10,538	—
	Other Non—operating Income	—	468,899
	Sundry Balances Written Off	19,893	—
		<u>156,987</u>	<u>663,362</u>
19	Purchases Of Traded Goods	<u>619,132,491</u>	<u>488,136,528</u>
	Total Purchases	<u>619,132,491</u>	<u>488,136,528</u>
20	Changes In Inventories		
	Finished goods		
	At the Beginning of the Accounting Period	13,891,270	—
	At the End of the Accounting Period	10,446,975	13,891,270
	Total	<u>3,444,295</u>	<u>(13,891,270)</u>
21	Employee Benefits Expense		
	Salary and Wages		
	Factory Salary and Wages	30,000	—
	Office Staff Salary	1,126,660	1,137,101
	Marketing Staff Salary & Incentives	—	—
	Director's Remunerations	247,500	133,200
	Other Expenses		
	Workers and Staff Welfare	11,831	34,055
	Bonus	31,500	57,000
	Leave with Wages	—	—
	Total	<u>1,447,491</u>	<u>1,361,356</u>

SHREE METALLOYS LIMITED

Note No.	Particulars	As At 31.03.2012 (Rs.)	As At 31.03.2011 (Rs.)
22	Financial Costs:		
	Interest Expenses		
	Interest to Bank	2,183,904	55,323
	Interest on TDS & Other Taxes	18	176
	Other Borrowing Costs	469,689	36,505
		<u>2,653,611</u>	<u>92,004</u>
23	Other Expenses:		
	Manufacturing Expense :		
	Freight Inward	15,428	23,865
	Power & Fuel	646,018	604,136
	Insurance	34,662	1,915
	Labour Charges	5,090	
	Repairs & Maintenance	—	50,456
	Rent (Factory)	420,000	420,000
		<u>1,121,198</u>	<u>1,100,372</u>
	Administrative Expense		
	Subscription / Membership Fees	5,400	66,180
	Electricity Expenses (Godown)	1,995	—
	Fees & Taxes	84,225	20,636
	General Expenses	147,398	140,596
	Godown Rent	24,000	—
	Insurance	995	—
	Payment to the Auditors	33,708	33,090
	Postage & Courier Exp.	2,635	—
	Legal & Professional Charges	320,158	365,360
	Printing & Stationery	14,800	7,179
	Repair & Maintenance (General)	16,600	25,970
	Telephone Expenses.	43,180	56,083
	Penalties	69,155	—
	Refreshment Expenses	55,316	—
		<u>819,565</u>	<u>715,094</u>
	Selling & Distribution Expense		
	Advertisement Exps.	23,145	16,843
	Freight & Cartage (Outward)	—	7,352
	Travelling Expenses	19,330	106,838
		<u>42,475</u>	<u>131,033</u>
	Grand Total	<u>1,983,238</u>	<u>1,946,499</u>

NOTES-24-:**SIGNIFICANT ACCOUNTING POLICIES, NOTES AND ADDITIONAL INFORMATION FORMING PARTS OF ACCOUNTS:****1. Significant Accounting Policies;****(A) Basis of Preparation of Financial Statement**

The financial statements are prepared under the historical cost convention method in accordance with the generally accepted accounting principles and in accordance with the provisions of the Companies (Accounting Standards) Rules, 2006 by the Central Government. The Company follows mercantile system of accounting.

(B) Revenue Recognition

Sales are recognized upon delivery of goods and are recorded net of trade discounts, rebates, sales tax/ value added tax and excise duty.

(C) Fixed Assets and Depreciation

Fixed Assets are stated at their cost of acquisition net of cenvat/ value added tax, less accumulated depreciation.

Depreciation on fixed assets is provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

(D) Investment

Investment in shares of companies, quoted and unquoted, are stated at cost.

(E) Inventories

Inventories are valued at cost or net realizable value, whichever is lower.

(F) Retirement Benefits

Provision in accounts for any retirement benefit is based on actuarial valuation, if applicable any.

(G) Earning per Share

The basic earning per share is computed by dividing the net profit attributed to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The company has no potential dilutive equity shares outstanding during the year.

(H) Taxation

Provision for Current tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions of Income Tax Act, 1961. Deferred tax resulting from "timing differences" between the accounting and taxable profit for the period is accounted for using the tax rates and laws that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets is recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(I) Contingent Liability

Disclosures for contingent liabilities are considered to the extent of estimates/notices/ demands received by the Company

(J) Foreign Currency Transaction

Foreign currency transactions are recorded at the rates on which they have been settled during the year. Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at year-end and overall net gain\loss is adjusted in the Profit and Loss Account.

2. Notes on accounts;

- i. Balances of Sundry Debtors, Sundry Creditors, Loans and Advances are subject to their confirmation.
- ii. Managerial Remuneration paid or payable during the financial year is as under.

Particulars	For the year ended March 31, 2012 (Rs.)	For the year ended March 31, 2011 (Rs.)
i. Salary	2,47,500	1,33,200
ii. Perquisites	—	—
Total	2,47,500	1,33,200

- iii. Auditors' Remuneration are as under

i. For Audit Fees	22,472	22,060
ii. Tax Audit Fees	11,236	11,030
iii. For Taxation Purpose	—	—
iv. For Company Law Matters	—	—
v. For Management Services	—	—
vi. For Other Services	—	—
vii. Reimbursement Exp	—	—
	33,708	33,090

- iv. Information pursuant to the provisions of the paragraph 3 and 4 of Part-II of Schedule-VI of the Companies Act, 1956:-

(a) S.No.	Particulars	Amount (in Rupees)
1.	CIF Value of Import	NIL
2.	Expenditure in foreign currency	NIL
3.	Earning in foreign Exchange F.O.B Value of Exports	NIL

- (b) Quantitative details of major items traded: (in K.G.)

S.No	Particulars	Opening Stock	Purchase during the year	Sales during the year	Closing Stock
1.	Metal and Scraps				
	Copper Rod/wire	8,485	2,37,168	2,25,754	19,899
	Brass Scrap Honey	34,315	1,21,100	1,55,415	NIL
	Brass Scrap	NIL	96,835	96,835	NIL
	Copper Scrap	NIL	18,040	18,040	NIL
	Copper Scrap Birch	NIL	13,230	13,230	NIL

- (c) Quantitative details stock of Raw material received on job work and production made during the year.

NIL (in K.G.)					
S.No	Particulars	Opening Stock	Purchase during the year	Consumption during the year	Closing Stock

(d) Quantitative details stock of Finished Goods : **Nil** (in K.G.)

S.No	Particulars	Opening Stock	Production during the year for job work	Dispatched to job worker	Closing Stock
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- v. Investments in Equity Shares of Gujarat State Financial Corporation Ltd are considered at cost. These shares (Face Value Rs.10) are partly paid up shares and allotment money of Rs. 5 /- per shares has not been paid. Further these shares are not in the name of the company. No provision has been made for possible diminution in the value of shares.
- vi. Certain investments in shares of listed companies have been shown under unquoted investment, due to no transaction in the stock exchange during the year. No provision has been made for the possible diminution in the value of shares held as investment.
- vii. Advances include a sum of Rs.3.25 lacs with Ahmedabad Stock Exchange and Rs.20.50 lacs with Vadodara Stock Exchange Ltd have been treated as deposits since long. The nature and justification of such deposits are not available, however according to management these are recoverable/realizable.
- viii. Company has started its commercial production on 24.03.2010 in previous year on job work basis on D G Set, as power connection was not released, however power bills for connection load has been issued by PGVCL, Company has written to PGVCL, since no matter has been resolved, Company filed a case in Consumer forum at Rajkot for the disputed amount between them. Due to non release of Power and some technical fault in production thorough D G Set, Company stops its production activity. Changes in configuration of machines has been done during the year, however due to non release of power, management decided to kept plant idle until power release and settlement of dispute with PGVCL of Rs 7,52,453/- (upto March 2011) Company has not provided any depreciation during the year on the plant & machinery, In spite of dispute, expenses for electricity expenses has been accounted and shown as liability of the Company.
- ix. The Company does not have employees, who are covered for retirement benefit scheme. Accordingly AS-15 of Companies (Accounting Standard) Rules, 2006 issued by the Central Government is not applicable.
- x. **Segment Reporting :**

The company's primary business is trading of metals, On the basis of Accounting Standard On " Segment Reporting" [(AS-17) issued by the institute of Chartered Accountants of India], this activity falls within a single primary business segment and accordingly the disclosure requirement of AS-17 in this regard are not applicable.

There being no business outside India, the entire business has been considered as single geographic segment.

- xi. **Related Parties Disclosures :** Accounting Standard-18

Particulars of related Parties

S. No.	Name of the Related Party	Nature of Relationship
1.	Pratik R Kabra	Director
2.	Kabra Agro Farms Pvt. Ltd.	Under the same Management
3.	Shree Extrusions Limited	-do-
4.	Mercury Metals Limited	Associate Concern
5.	Metal Alloys Corporation	Director's Partnership Firm

Details of transactions between the company and related parties and outstanding balances as on 31st March 2012:

S.N.	Name of Party	Particulars of transaction & value	Balance outstanding as on 31.03.11(Rs.)
1.	Pratik R Kabra	Rent Rs.4,20,000	—
2.	Metal Alloys Corporation	Paid & Received Rs. 20,00,000	Nil
3.	Shree Extrusions Ltd.	Sales Rs.6,51,98,592	Nil
4.	Ramprakash L. Kabra	Professional Fees 180000	Nil

7 xii. **Earning Per Share (AS-20)**

As per Accounting Standard (AS) -20 on " Earning Per Share ", the particulars of EPS for equity shareholders are as below :-

Particulars	For the year ended March 31, 2012 (Rs.)	For the year ended March 31, 2011 (Rs.)
Net Profit/ (Loss) as per profit & loss account (Rs,)	6,65,326	11,16,557
Average No. of Equity Shares used for calculating EPS	52,56,300	52,56,300
EPS (Basic and Diluted) (Rs.)	0.13	0.21
Face value of each equity share(Rs.)	10	10

xiii. The position of Deferred Tax assets and Liabilities computed in accordance with the requirements of AS-22 on 'Accounting for taxes on income' by the institute of Chartered Accountants of India is as stated below:

Amount in Rs.

Particulars	As at 31stMarch' 2012	Current Year Charge/(Credit)	As at 31stMarch' 2011
Deferred Tax Liabilities	Nil	Nil	(965)
Deferred Tax Assets	42,918	43,883	Nil
Net Deferred Tax Liabilities	42918	43,883	(965)

The net effect of setting off Deferred Tax Assets and liabilities during the year amounting to Rs. (+)43883 (previous year Rs.(-) 965) is taken as Deferred Tax Expenses/(Income) in the Profit & Loss Account.

- xiv. All the Assets have been verified by the management during the year. There is a regular program of verification. No material discrepancies were noticed on such verification. Provision for impairment of assets has not been made in accordance to AS -28 as prescribed by the Institute of Chartered Accountants of India. In the opinion of Management, it was not possible to ascertain impairment, if any.
- xv. In the opinion of the Board of Directors, the Current Assets, Loans and Advances are stated approximate value, if realized in the ordinary course of business .The provisions of all known liabilities are adequately provided and not in the excess of amount reasonably necessary.
- xvi. There are no delays in payment to Micro and Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The information regarding Micro and Small Enterprise has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.
- xvii. The previous year's figure have been regrouped/ reclassified wherever necessary to make them comparable to current year's figure.

In terms of our report of even date
For **Bharadia Maheshwari & Associates**
Chartered Accountants
(Registration No. 123767W)
(CA Mayur Laddha)
Partner
Membership No: 132414
Date : 14/08/2012
Place : Ahmedabad

On behalf of the Board of Directors
Shree Metalloys Limited

Managing Director

Executive Director

SHREE METALLOYS LIMITED

Regd. Office : A/2, North View Apartment, St. Xaviers College Road, Navrangpura, Ahmedabad – 380009

PROXY FORM

DP Id* _____ Regd. Folio No. _____

Client Id* _____

I/We _____

of _____ in the district of

_____ being a member/members of the above named Company, hereby appoint

Mr./Mrs. _____ of _____ in the

district of _____ or failing him/her Mr./Mrs. _____ of

_____ in the district of _____

as my/our Proxy to vote for me/our behalf at the at the Annual General Meeting of the Company to be held on Friday, the 21st September, 2012 at 10.30 a.m. at A/2, North View Apartment, St. Xaviers College Road, Navrangpura, Ahmedabad – 380009

Signed the _____ day of _____ 2012

Signature _____

Affix Signature Revenue Stamp
--

* Applicable for members holding shares in dematerialised form.

1. The Proxy Form signed across revenue stamp should reach the Company's Registered Office at least 48 hours before the scheduled time of meeting.

SHREE METALLOYS LIMITED

Regd. Office : A/2, North View Apartment, St. Xaviers College Road, Navrangpura, Ahmedabad – 380009

ATTENDANCE SLIP

Full name of the Member attending : _____

Name of Proxy : _____

I hereby record my presence at the Annual General Meeting being held on Friday, the 21st September, 2012 at 10.30 a.m. at A/2, North View Apartment, St. Xaviers College Road, Navrangpura, Ahmedabad – 380009

Regd. Folio No. _____

DP Id* _____

Client Id* _____

No. of Share held _____

Member's/Proxy's Signature

(To be signed at the time of handing over the slip)

* Applicable for members holding shares in dematerialised form.

Note : Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.

BOOK-POST

If undelivered

Please return to :

SHREE METALLOYS LIMITED

Regd. Office : A/2, North View Apartment, St. Xaviers College Road,
Navrangpura, Ahmedabad - 380009