

SHREY CHEMICALS LIMITED

ANNUAL REPORT

2011-2012

REGD OFF: 302, Pig Point Complex, Dr. Yagnik Road, Opp. Swami Vivekananda Status, Rajkot – 360 001

NOTICE

NOTICE is hereby given that Annual General Meeting of SHREY CHEMICALS LIMITED will be held on 29th September, 2012 at 03.45 p.m. at the Registered office of the Company at 302, Pig Point Complex, Dr. Yagnik Road, Opp. Swami Vivekananda Statue, Rajkot.- 360 001, Gujarat to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Directors and auditors thereon.
2. To appoint a Director in place of Mr. Tushar Shah who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

To consider and if thought fit, pass with or without modification(s), the following Resolution as Ordinary Resolution.

Appointment of Mr. Rajnibhai Korat as Director:

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions including any modification or re-enactment thereof, if any, of the Companies Act, 1956, and subject to the approval of shareholders in General Meeting, Mr. Rajnibhai Korat who was appointed as an Additional Director in the meeting of the Board of Directors and whose term expires at the ensuing Annual General Meeting of the company and for the appointment of whom the Company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement of directors by rotation."

"RESOLVED FURTHER THAT all Directors of the Company be and are hereby authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."

Dated : 01.09.2012

Place : Rajkot

BY ORDER OF THE BOARD

Sd/-
Director

Sd/-
Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. Proxy in order to be valid must be received by the company not less than forty-eight hours before the time of holding the Meeting.
2. Members/Proxies should bring the Attendance Slip, duly filled in, for attending the meeting.
3. The Register of Members and share transfer books of the Company will remain closed from 27.09.2012 to 29.09.2012 (both days inclusive).
4. Members desiring any information regarding the accounts are requested to write to the Company at least 7 (Seven) Days before the meeting so as to enable the management to keep the same ready.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4

Appointment of Mr. Rajnibhai Korat as Director of the Company

The Board of Directors appointed Mr. Rajnibhai Korat, held on November 14, 2011 appointed Mr. Rajnibhai Korat as Additional Director of the Company.

Mr. Rajnibhai Korat is a young, dynamic and result oriented individual with around decade long experience and broad expertise. He has contributed on various projects for the last 10 years and excelled in different facets of business like marketing, sales, business development, accounting, business administration, etc.

The Management is of the opinion that his presence on the Board would immensely benefit the Company.

The Company has received a notice under Section 257 of the Companies Act, 1956, from a member proposing his appointment as a Director of the Company.

Your Directors recommend the resolution for your approval.

Except Mr. Rajnibhai Korat, no other Director of the Company is concerned or interested in the resolution.

Directors' Report, Management Discussion & Analysis

To the Members,

Your Directors have pleasure in presenting this Annual Report of your Company together with the Audited Statements of Accounts for the year ended March 31, 2012.

(Rs. in Lacs)

Financial Results	Year Ended 31.03.2012	Year Ended 31.03.2011
Income	176.91	25.66
Profit before Tax	5.12	1.15
Less : Provision for Taxation	1.58	0.71
Profit after Tax	3.54	0.44

DIVIDEND

Due to inadequate profits in the previous financial year, the Board has not recommended any dividend for the Financial Year 2011-2012.

OVERVIEW

BUSINESS

The Company is in the business of trading of chemicals.

CHANGE IN NAME OF THE COMPANY

In order to give a fresh identity to the Company, the name of your Company was changed from Dhvanil Chemicals Limited to **Shrey Chemicals Limited**.

APPOINTMENT OF NEW AUDITORS

The Members of the Company, in their Extraordinary General Meeting held on August 24, 2012 appointed M/s. Gaurang Vora & Associates, Chartered Accountants, Ahmedabad as new Statutory Auditors of the Company as the erstwhile Statutory Auditors has communicated their unavailability to the Company.

The Members are requested to appoint auditors for the current year and to fix their remuneration. M/s Gaurang Vora & Associates, Chartered Accountants have consented for continuation to act as the auditors of the company, if re-appointed.

PERFORMANCE & CURRENT YEAR PROSPECTS

CHANGE IN NAME OF THE COMPANY:

As the Company was incurring inadequate profit, your Management decided to give the Company a fresh identity and decided to change the Name of the Company. The Members of the Company on January 9, 2012 approved the new name Shrey Chemicals Limited.

SHIFTING OF REGISTERED OFFICE OF THE COMPANY

The Company decided to change the Registered Office to the Company for administrative convenience and economical reasons.

The Members, vide a Postal Ballot gave their approval for change of Registered Office from Ahmedabad to Rajkot and the Postal Ballot was approved unanimously by the Members of the Company.

RISK & CONCERNS

Every Company runs the risk of stiff competition from established market players and your Company is not an exception to this universal rule.

The Company's goal in risk management is to understand, measure and monitor the various risks that arise, and to evolve appropriate policies and procedures to mitigate these risks.

The Company manages and reviews the risk management system, policy and strategy from time to time. The Management periodically reviews the risk assessment and minimization procedures and steps taken by it to mitigate these risks.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

In the opinion of the management, the internal control systems are adequate and provide, among other things, reasonable assurance of recording transactions of operations in all material respects and of providing protection against significant misuse or loss of Company assets.

The accounts of the Company are reviewed by the Audit Committee of the Board. Policy and process corrections are undertaken based on input from these auditors.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

The relation of the Company with its employees continued to be harmonious during the year under review.

Our philosophy was redefined towards making it more performance oriented and business driven, at the same time, acknowledging an employee's commitment to growth. We believe that a culture of appreciating all big and small achievements is crucial to develop a motivated, contributing workforce.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act 1956 and the rules there under.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and pursuant to the provisions of Articles of Association of your Company, Mr. Tushar Shah, Director, is liable to retire by rotation and being eligible, offers himself for re-appointment in the forthcoming Annual General Meeting.

Mr. Rajnibhai Korat was appointed by the Board as Additional Director and he assumes office till the ensuing Annual General Meeting.

Further, none of the Directors of your Company are disqualified under Section 274(1)(g) of the Companies Act 1956.

CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is given as an Annexure to this Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Certificate from the Auditor of the company confirming compliance of the Corporate Governance requirements is attached to the Report on Corporate Governance.

AUDITORS

The Company's auditors, M/s. Gaurang Vora and Associates., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

COMMENTS ON AUDITOR'S REPORT:

The notes referred to in the Auditor's Report are self explanatory and as such they do not call for any further explanation as required under section 217(3) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

There is no information as required pursuant to the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Amendments Rules, 1988 to be reported.

PARTICULARS UNDER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956

Further, pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, there is no material information regarding conservation of energy, technology absorption, foreign exchange earnings and out go concerning your Company to be reported.

Your Company has taken the necessary steps to conserve energy, absorb upgraded technology where ever necessary.

Your Company has not earned or used foreign exchange earnings/outgoings during the year under review.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. In the preparation of the annual accounts, for the year ended March 31 2012, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed.

2. The Directors had adopted 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 your Company at the end of the financial year and of the loss of the Company for that period.

3. 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. The Directors had prepared the annual accounts on a going concern basis.

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

Disclosure under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are as follows:

(a) CONSERVATION OF ENERGY:

Your Company has taken the necessary steps to conserve energy.

(b) TECHNOLOGY ABSORPTION:

Your Company has taken the necessary steps to absorb upgraded technology.

(c) FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review, the Company has not incurred any expenditure in foreign currency nor has earned any Foreign exchange income.

APPRECIATION

The Board of Directors wishes to convey their appreciation to all your Company's employees for their performance and continued support. The Directors would also like to thank all the Shareholders, Consultants, Customers, Vendors, Bankers, Service Providers and Government and Statutory Authorities for their continued support.

Place: Rajkot
Date: September 1, 2012

By order of the Board
For Shrey Chemicals Limited
(Formerly Dhvani Chemicals Limited)

Registered Office:
302, Pig Point Complex,
Dr. Yagnik Road,
Opp. Swami Vivekananda Statue
Rajkot - 360 001

Sd/-
Director

Sd/-
Director

SHREY CHEMICALS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Overall Review

The Growth rate has been on the upward trend as compared to the previous year with favorable market conditions which reflect the positive market.

2. Financial Review

During the year the company has earned the profit of Rs. 3,54,405.

3: Risk and Concern

Bullish trend in Equity Markets, Commodities and Real estate will effect volume and profitability of Government Securities business. Changes in rate of Interest will effect Company's Profitability.

4. Internal Control System and their adequacy

The internal control system is looked after by Directors themselves, who also looked after the day to day affairs to ensure compliance of guide lines and policies, adhere to the management instructions and policies to ensure improvements in the system. The Internal Audit reports are regularly reviewed by the management.

5. Environmental Issues

As the company is not in the field of manufacture, the matter relating to produce any harmful gases and the liquid effluents are not applicable.

6. Financial Performance with Respect to Operation Performance

The Company has all the plans for tight budgetary control on key operational performance indication with judicious deployment of funds without resorting to any kind borrowing where ever possible.

7. Cautionary Statement

Statement in this report on Management Discussion and Analysis may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however, differ materially, from those expressed or implied. Important factors that could make a difference to the company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability, and changes in government regulation and tax structure, economic development within India and the countries with which the company has business contacts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward - looking statements, which may be amended or modified in future on the basis of subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

The Company, pursuant to the guidelines of Corporate Governance introduced by Securities and Exchange Board of India (SEBI) furnishes its report as under:

Company's Philosophy on Corporate Governance:

The Company's philosophy on corporate governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

BOARD OF DIRECTORS

a) Size and Composition of the Board:

The Company has a proper blend of Executive and Independent Directors to maintain the independence of the Board. As of the year ended 31st March, 2012, the Board of Directors had 5 members comprising of 2 Executive Directors and 3 Non-Executive Directors. Non - Executive Directors are Independent Director.

b) Details of Board Meetings held during the Financial Year and the number of Directors present:

Sr. No.	Dates on which Board Meeting was held	Total Strength of the Board	No. of Directors Present
1.	April 30, 2011	4	4
2.	July 31, 2011	4	4
3.	September 1, 2011	4	4
4.	October 31, 2011	4	4
5.	November 14, 2011	5	5
6.	December 9, 2011	5	5
7.	February 14, 2012	5	5

The details in regard to the attendance of Directors at Board Meetings/Shareholders Meetings held during the year as also the number of Directorship/s held by them in other Companies and the position of membership of Committee/s are given below:

Name of Director	Category of Director	No. of Board Meeting Attended	Attendance at the Last AGM	Directorships in other Indian Public Companies as at March 31, 2012*	Other Committee Memberships as at March 31, 2012	
					Chairman	Member
Mr. Sanjay Shah	Executive Director	5	Yes	NIL	NIL	NIL
Mr. Tushar Shah	Non-Executive Director	5	Yes	NIL	NIL	NIL
*Mr. Jignesh Shah	Non-Executive Director	5	Yes	NIL	NIL	NIL
*Mr. Prakashsinh Rehvar	Non-Executive Director	5	Yes	NIL	NIL	NIL

Mr. Rajnibhai Korat	Executive Director	4	No	NIL	NIL	NIL
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* Mr. Jignesh Shah and Mr. Prakashsinh Rehvar have resigned during the year under review.

c) Management & Function of the Board:

The day-to-day management of the Company is conducted in consultation and subject to the supervision and control of the Board of Directors.

The required information as enumerated in Annexure I to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings.

d) Committees of the Board:

Currently the Board has three committees:

1) Audit Committee

Composition:

The Audit Committee has been constituted in conformity with the requirements of Section - 292A of the Companies Act, 1956 and Clause - 49 of the Listing Agreement with Stock Exchanges.

At present the Audit Committee comprises of Three Directors. The Chairman of the Audit Committee is Independent Non – Executive Director. Details of the composition, number of meetings held during the year and attendance thereat are as under:

Name of Director	Designation	Attended or Not				
		April 30, 2011	July 31, 2011	September 1, 2011	October 31, 2011	February 14, 2012
Mr. Prakashsinh Rehvar	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Jignesh Shah	Member	Yes	Yes	Yes	Yes	Yes
Mr. Rajnibhai Korat	Member	Yes	Yes	Yes	Yes	Yes

* Subsequent to the year end, the Audit Committee is comprised of Mr. Sanjay Shah, Mr. Tushar Shah, Rajnibhai Korat

Minutes of meetings of the Audit Committee are circulated to members of the Committee and the Board is kept apprised.

Members of the Audit Committee have requisite financial and management expertise.

* Powers of the audit committee includes:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference are broadly as under:

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
- Matters required to be included in the Director's Report in terms of clause 2AA of Section 217 of the Companies Act, 1956
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the Management, external and internal auditors, the adequacy of internal control systems:
- e. Reviewing the periodical financial statements with management before submission to the board for their approval.
- f. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and efficiency of internal audit.
- g. Discussion with internal auditors any significant findings and follow up there on.
- h. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- j. Reviewing the Company's financial and risk management policies.
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

2) Shareholders/Investors Relations Committee

The Shareholders'/Investors' Grievance Committee of the Company comprises of three directors. Details of the composition, number of meetings held during the year and attendance thereat as under:

Name of Director	Designation	Attended or Not				
		April 30, 2011	July 31, 2011	September 1, 2011	October 31, 2011	February 14, 2012
Mr. Tushar Shah	Chairman	Yes	Yes	Yes	Yes	Yes

Mr. Sanjay Shah	Member	Yes	Yes	Yes	Yes	Yes
Mr. Jignesh Shah	Member	Yes	Yes	Yes	Yes	Yes

* Subsequent to the year end, the Shareholders/ Investors Relations Committee is comprised of Mr. Sanjay Shah, Mr. Tushar Shah, Rajnibhai Korat

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent / issues resolved usually within the prescribed time limit except in case of dispute over facts or other legal constraints.

During the year the Company received NIL Complaints from the Members of the Company.

No requests for share transfers are pending except those that are disputed or sub-judice.

Mr. Sanjay S. Shah, Director of the company is the Compliance Officer of the Company.

3) Remuneration Committee:

The Remuneration Committee of the Company comprises of three members. As no Remuneration was paid to any Director, no meeting of the members of the Remuneration Committee was held in the year under review.

Details of composition of Remuneration Committee are as under:

Name of Director	Designation
Mr. Tushar Shah	Chairman
Mr. Jignesh Shah	Chairman
Mr. Prakashsinh Rehvar	Chairman

The terms of reference of the Remuneration Committee, inter alia consists of to recommend to the Board and to the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for executive directors including any compensation payment if required and shall review the same from time to time if required.

e) Remuneration Policy & Remuneration paid to Board of Directors:

Remuneration Policy

At present the company has decided not to pay any remuneration to any directors of the company unless and until the company will achieve good financial performance.

The Company does not have any scheme for grant of stock option to its Directors or Employees nor it pay any commission to any of its Directors.

Code of Conduct for Senior Management

The Company has adopted a Code of Conduct for Directors and Senior Management. It is the responsibility of all employees and Directors to familiarize themselves with the Code and comply with the same.

The Code includes provisions where the employees of the Company can voice their concerns on violation and potential violation of this Code in a responsible and effective manner.

All Board members and senior management personnel have confirmed compliance with the code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the company.

CEO Certification

Chief Executive Office (CEO) certification on financial statements pursuant to the provisions of Clause 49 of the listing agreement is annexed and forms part of the Annual Report of the company.

SHAREHOLDERS INFORMATION:

Location and time of Annual General Meetings held in last three years

For the Year	Location	Date & Time	Whether Special Resolution Passed
2010-2011	UL - 10, Ankur Complex, Opp. X - ray House, 6th. Town Hall, Ellisbridge, Ahmedabad - 380 006	September 30, 2011, 3.45 P.M.	No
2009-10	UL - 10, Ankur Complex, Opp. X - ray House, 6th. Town Hall, Ellisbridge, Ahmedabad - 380 006	September 30, 2010 3.45 P.M.	No
2008-09.	750/A, Khara Kuvani Pole, Bh. Calico Dom., Relief Road, Ahmedabad - 380 001	30th September, 2009 3.45 p.m.	No

Financial Year: 1st April 2011 to 31st March 2012

Date & Time of Annual General Meeting: 29th September 2012 at 3.45 p.m.

Venue: 302, Pig Point Complex, Opp. Swami Vivekananda Statue, Rajkot – 360 001, Gujarat

Book Closure Date: 27th September 2012 to 29th September 2012 (both days inclusive) for Annual General Meeting.

Dividend Payment Date: N.A.

Registered Office: 302, Pig Point Complex, Opp. Swami Vivekananda Statue, Rajkot – 360 001, Gujarat

Compliance Officer: Mr. Sanjay S. Shah, Director

Investor Grievance Email ID: shreychemicals@gmail.com

Financial Calendar:

The Company has announced/expects to announce the unaudited quarterly results for the year 2012-13 as per the following schedule:

First Quarter: On or before August 15, 2012
Second Quarter: On or before November 15, 2012
Third Quarter: On or before February 15, 2012
Fourth Quarter: On or before May 30, 2013

Means of communication:

The quarterly and half-yearly financial results are published in newspapers.

Listing on Stock Exchange:

The shares of the Company are listed on Ahmedabad and Bombay Stock Exchange Limited.

Stock Code - BSE : 531695
 ASE : 14069

Dematerialization Information:

Ms. Cameo Corporate Services Limited is a Registrar and Transfer Agent of the Company to do the work of share transfer/demat/remat.

Distribution of Shareholding as on March 31, 2012

No. of Equity Shares Held	Number of Shares Holders	% of Shareholders	No. of Shares Held	% of Holding
Between 1 and 1,000	376	27.25	364780	0.54
Between 1,001 and 5,000	583	42.25	2576100	3.79
Between 5,001 and 10,000	176	12.75	1517310	2.23
Between 10,001 and 20,000	58	4.2	886940	1.3
Between 20,001 and 30,000	28	2.03	742000	1.09
Between 30,001 and 40,000	23	1.67	840550	1.24
Between 40,001 and 50,000	12	0.87	564070	0.83
Between 50,001 and 1,00,000	35	2.54	2696680	3.97
More than 1,00,000	89	6.45	57813380	85.02
Total	1,380	100.00	6,80,01,810	100.00

Shareholding Pattern as on March 31, 2012

	Category	No. of Shares	% of Shares
A	Promoters Holding		
1	Indian Promoters	16,03,630	23.58
2	Foreign Promoters	0	0.00
	Sub Total	16,03,630	23.58
B	Non-Promoters		
3	Institutional Investors		
A	Mutual Funds and UTI	0	0.00
B	Banks, Financial Institutions, Insurance Co. Etc	0	0.00
C	FII's	0	0.00
	Sub Total	0	0.00
4	Non-Institutional Investors		
A	Private Corporate Bodies	23,64,543	34.77
B	Indian Public	26,74,373	39.33

	Category	No. of Shares	% of Shares
C	NRIs/Clearing Members/OCB's	1,57,635	2.32
	Sub-Total	51,96,551	76.42
	GRAND TOTAL	68,00,181	100.00

Disclosures

(1) There are no materially significant related party transactions of the Company with key managerial personnel which have potential conflict with the interest of the Company at large.

(2) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the period from 1st April 2011 to 31st March 2012 : NIL.

Unclaimed Dividends

The Company will be required to transfer dividends which have remained unpaid/unclaimed for the period of 7 years to the Investor Education & Protection Fund established by the Government. However there is no such unclaimed/unpaid dividend for which Company has to transfer the same to the Investor Education & Protection Fund in this financial year.

Address for Correspondence

Shareholders can do the correspondence at:

To,
Compliance Officer
Shrey Chemicals Limited,
302, Pig Point Complex,
Opp. Swami Vivekananda Statue,
Rajkot – 360 001
Gujarat

DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The Board members and Senior Management have affirmed compliance with the code of conduct.

For Shrey Chemicals Limited

Sd/-
Director

CEO CERTIFICATION

We, Mr. Sanjay S. Shah, Director certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year ended on 31.03.2012 and that to the best of their knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

(i) significant changes in internal control during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) 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.

For Shrey Chemicals Limited

Sd/-

DIRECTOR

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE
GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

1. We have examined the Compliance of conditions of Corporate Governance by **Shrey Chemicals Limited** ("the Company ") for the period from during the year ended 1st April, 2011 to 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.
2. The compliance of conditions of corporate governance is the responsibility of the management .Our examination has been limited to a review of the 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.
3. 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.
4. As required by the Guidance Note issued by the Institute of Chartered Accountant of India we have to state that based on the report given by the Registrar of the Company to the Investor's Grievance Committee, as on 31st March, 2012, there were no investor grievance matter against the Company remaining unattended /pending for more than 30 days.
5. 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.

Place : Ahmedabad

Date : 01.09.2012

**For , Gaurang Vora & Associates
CHARTERED ACCOUNTANTS**

Sd/-

[PROPRIETOR]

[Gaurang Vora]

Membership # 39526

AUDITORS' REPORT

To,
The Members of
SHREY CHEMICALS LIMITED

We have audited the attached Balance Sheet of SHREY CHEMICALS LIMITED as at 31st March 2012 and also the annexed Profit and Loss Account of the Company 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.

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 amount and disclosures in financial 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.

As per the Companies (Auditors report) order, 2003 issued by the Central Government of India in terms of Section 227 (4-A) of the Companies Act, 1956, we do hereby state that the company is exempted under the Companies (Auditors report) order, 2003, on the matter specified paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, 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 purpose of our Audit.
2. 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 the books.
3. The Balance Sheet & Profit & Loss Account dealt with by this report is in agreement with the books of accounts and comply with the Accounting Standards referred to in Sub- Section 3(C) of section 211 of the Companies Act, 1956.

4. According to information and explanations given to us and on the basis of written representations from the directors of the Company, none of the Director is disqualified from being appointed as a director of the Company, under section 274(1) (g) of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet and the Profit and Loss Account, together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view: -
 - a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2012 and
 - b) In the case of the Profit & Loss Account of the **Profit** for the year ended on that date.

For, Gaurang Vora & Associates
Chartered Accountants

Sd/-
(Gaurang Vora)
Proprietor
Firm No. 103110W
Membership : 39526

PLACE : AHMEDABAD
Date : September 01, 2012.

ANNEXURE

(Referred to in paragraph 1 of our report of even date)

- i)
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets ;
 - (b) All the Assets have been physically verified by the management during the year and there is regular program of Verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification ;
 - (c) In our opinion and according to the information and explanation given to us the company has not disposed off substantial part of fixed assets during the year ;
- ii)
 - (a) In our opinion, physical verification of inventory has been conducted by Management at reasonable intervals.
 - (b) The procedure of Physical Verification of inventory not followed by the management.
- iii)
 - (a) As informed to us, the company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. The year end Balance of Loan is **Rs.2,69,09,798/-**
 - (b) In our opinion the rate of interest and other terms and conditions on which loans have been taken from/ granted to companies, firms or other parties listed in the register maintained under section 301 of the companies Act,1956 are not, prima facie, prejudicial to the interest of the company.
 - (c) In respect of the aforesaid loans, the amount is received on demand, the company is receiving the principal amount as & when demanded & has not been receiving any interest.

(d) The aforesaid loan is received on demand & therefore the question of overdue amount does not arise.

(e) The company had not taken loan, secured or unsecured from companies, firms or others parties covered in the register maintained under section 301 of the Act. and the year end balance of loans taken to such parties was **Rs.NIL /-**

(f) In our opinion the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.

(g) In respect of the aforesaid loans, the amount is payable on demand, the company is repaying the principal amount as & when demanded & has not been paying any interest.

(h) The aforesaid loan is repayable on demand & therefore the question of overdue amount does not arise.

iv) In our opinion and according to information & explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and Fixed assets. During the course of audit, no major weakness has been noticed in these internal controls.

v) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the companies Act, 1956 have been so entered.

vi) In our opinion, according to the information and explanations given to us, the company has not taken any deposit from the public.

vii) In our opinion the company has an internal audit system commensurate with its size and nature of its business.

viii) The company has no need to maintained Cost records has been prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Act.

ix) (a) The company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Income tax, Sales-tax, Excise Duty, investors education and protection fund, wealth Tax, Custom Duty, Cess and other material Statutory dues applicable to it. As on 31-03-2010 undisputed Amount of Rs. 534456/-, Rs. 327102/- and Rs. 78062/- were outstanding for a period of more than six month from the date they became payable in respect of Sales Tax arrears for a period of more than six month from the date they became payable as at 31st March 2011.

(b) According to the information and explanation given to us, there are no cases of non-deposits with the appropriate authorities of disputed dues of sales tax /excise duty /custom duty / wealth tax / cess.

x) The company has no any accumulated losses at the end of the current financial year. The company has not incurred any cash losses in current year

xi) According to the information and explanations given to us, the company is not defaulting any repayment of loan.

xii) According to the information and explanations given to us, 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 a chit fund or a nidhi mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.

xiv) According to the information and explanations given to us, the company is not dealing or trading in Shares, Securities, debentures and other

- investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- xv) In our opinion, and explanation given to us the terms and condition on which the company has no given guarantees for loans taken by others from Bank or Financial Institutions are, prima facie, not prejudicial to the interest of the company.
 - xvi) According to the information and explanations given to us company has not received any loan during the year.
 - xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
 - xviii) The company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
 - xix) According to the information and explanations given to us, no debentures and/or preference shares have been issued during the year.
 - xx) The company has not raised any money through a public issue.
 - xxi) Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit

For, Gaurang Vora & Associates
Chartered Accountants

Sd/-

(Gaurang Vora)

Proprietor

Firm No. 103110W

Membership : 39526

PLACE : AHMEDABAD

Date : September 01, 2012.

SHREY CHEMICALS LIMITED

Balance Sheet as at 31st March, 2012

(Rs.)

Particulars	Note No	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	A	67,837,810	67,837,810
(b) Reserves and Surplus	B	(24,619,646)	(24,974,051)
(c) Money received against share warrants		-	-
(2) Share application money pending allotment			
(3) Non-Current Liabilities			
(a) Long-term borrowings	C	-	7,203,273
(b) Deferred tax liabilities (Net)		49,565	49,565
(c) Other Long term liabilities			
(d) Long term provisions			
(4) Current Liabilities			
(a) Short-term borrowings			
(b) Trade payables	D	5,363,158	425,667
(c) Other current liabilities	E	1,139,423	970,941
(d) Short-term provisions			
Total		49,770,310	51,513,205
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	F	-	983,584
(ii) Intangible assets		NIL	NIL
(iii) Capital work-in-progress		NIL	NIL
(iv) Intangible assets under development		NIL	NIL
(b) Non-current investments	G	5,438,000	5,438,000
(c) Deferred tax assets (net)		2,315,878	2,315,878
(d) Long term loans and advances	H	26,909,798	37,804,798

SHREY CHEMICALS LIMITED

Profit and Loss statement for the year ended 31st March, 2012

(Rs.)

Particulars	Note No	For the Year end 31.03.2012	For the Year end 31.03.2011
I. Revenue from operations	L	17,691,457	2,566,053
II. Other Income		NIL	NIL
III. Total Revenue (I +II)		17,691,457	2,566,053
IV. Expenses:			
Cost of materials consumed	M	16,185,127	2,064,904
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		NIL	NIL
Employee benefit expense	N	90,000	72,000
Financial costs		NIL	NIL
Depreciation and amortization expense	F	-	139,372
Other expenses	O	903,443	174,541
Total. Expenses		17,178,570	2,450,817
V. Profit before exceptional and extraordinary items and tax	(III - IV)	512,887	115,236
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		512,887	115,236
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)	(VII-VIII)	512,887	115,236
X. Tax expense:			
(1) Current tax		158,482	21,321
(2) Deferred tax		-	(49,565)
XI. Profit(Loss) from the perid from continuing operations	(IX - X)	354,405	44,350

XII. Profit/(Loss) from discontinuing operations			
XIII. Tax expense of discounting operations			
XIV. Profit/(Loss) from Discontinuing operations	(XII - XIII)		
XV. Profit/(Loss) for the period	(XI + XIV)	354,405	44,350
XVI. Earning per equity share:			
(1) Basic			
(2) Diluted			

As Per Our Separate Report Of Even Date Attached Herewith

For Gaurang Vora & Associates
Firm Registration No :- 103110w
Chartered Accountants

For Shrey Chemicals Limited

Sd/-
Gaurang Vora
Proprietor
Membership No. 39526

Sd/-

Sd/-

Director

Director

Place : Ahmedabad
Date : September 01, 2012

Place : Rajkot
Date : September 01, 2012