

## NOTICE

NOTICE is hereby given that Annual General Meeting of SHREY CHEMICALS LIMITED will be held on 2<sup>nd</sup> September, 2013 at 11.00 a.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, 2013 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. Rajnibhai Kotak 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.

#### **Item No. 1**

**Appointment of Mr. Sanjiv Mohan Gupta 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. Sanjiv Mohan Gupta 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."

#### **Item No. 2**

**Appointment of Mr. Hareshbhai M. Togadiya 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. Hareshbhai M. Togadiya 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."

Item No. 3

Appointment of Mr. Rajeshbhai H. Ruparelia 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. Rajeshbhai H. Ruparelia 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."

Item No. 4

Appointment of Mr. Dipakkumar R. Joshi 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. Dipakkumar R. Joshi 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 : 01.08.2013  
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 26.08.2013 to 02.09.2013 (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.

# 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, 2013.

(Rs. in Lacs)

Financial Results		
Year Ended	Year Ended	
31.03.2013	31.03.2012	
184.72	176.91	Income
5.00	5.12	Profit before Tax
1.54	1.58	Less : Provision for Taxation
3.46	3.54	Profit after Tax

## DIVIDEND

Due to inadequate profits in the previous financial year, the Board has not recommended any dividend for the Financial Year 2012-2013.

## BUSINESS

The Company is in the business of trading of chemicals.

## AUDITOR

The Members are requested to reappoint 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.

## 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. Rajnibhai Korat, Director, is liable to retire by rotation and being eligible, offers himself for re-appointment in the forthcoming Annual General Meeting.

Mr. Sanjiv Mohan Gupta, Mr. Hareeshbhai M. Togadiya, Mr. Rajeshbhai H. Ruparelia and Mr. Dipakkumar R. Joshi was appointed by the Board as Additional Director and they hold the 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.

## **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.

## **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 2013, 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: August 1, 2013

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. 3,26,023.

### 3. Risk and Concern

High Competition in Chemical Industry affects the business of the company. Company is maintaining the quality of product and efficiently handle the clients' relationship.

### 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 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 31<sup>st</sup> March, 2013, the Board of Directors had 3 members comprising of 1 Executive Directors and 2 Non-Executive Directors.

#### 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 20, 2012	5	4
2.	April 30, 2012	5	5
3.	May 29, 2012	5	5
4.	June 7, 2012	5	5
5.	June 9, 2012	5	5
6.	July 27, 2012	5	5
7.	July 31, 2012	3	3
8.	October 31, 2012	3	3
9.	November 19, 2012	3	3
10.	January 31, 2013	3	3
11.	March 15, 2013	3	3
12.	March 31, 2013	3	3

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:



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

Name of Director	Designation	Attended or Not				
		April 30, 2012	June 9, 2012	July 31, 2012	October 31, 2012	January 31, 2013
Mr. Rajnibhai Korat	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Tushar Shah	Member	Yes	Yes	Yes	Yes	Yes

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:

#### Composition:

#### 1) Audit Committee

Currently the Board has three committees:

#### d) Committees 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.

#### c) Management & Function of the Board:

\* Mr. Jignesh Shah and Mr. Prakashsinh Rehvar have resigned during the year under review.

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, 2013	Other Memberships as at March 31, 2013	Committee
Mr. Sanjay Shah	Executive Director	12	Yes	NIL	NIL	
Mr. Tushar Shah	Non-Executive Director	12	Yes	NIL	NIL	
* Mr. Jignesh Shah	Non-Executive Director	5	Yes	NIL	NIL	
* Mr. Prakashsinh Rehvar	Non-Executive Director	6	Yes	NIL	NIL	
Mr. Rajnibhai Korat	Non-Executive Director	12	Yes	NIL	NIL	

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:

- 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.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- 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 1, 2012	July 1, 2012	October 11, 2012	January 1, 2013
Mr. Sanjay Shah	Chairman	Yes	Yes	Yes	Yes
Mr. Rajibhai Korat	Member	Yes	Yes	Yes	Yes

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. Sanjay Shah	Member

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
2011-2012	302, Pig Point Complex, Dr. Yagnik Road, Opp. Swami Vivekananda Statue, Rajkot - 360 001	September 29, 2012 3.45 P.M.	No
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

Financial Year: 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013

Date & Time of Annual General Meeting: 2<sup>nd</sup> September 2013 at 11.00 a.m.

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

Book Closure Date: 26<sup>th</sup> August 2013 to 2<sup>nd</sup> September 2013 (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 2013-14 as per the following schedule:

First Quarter: On or before August 15, 2013  
 Second Quarter: On or before November 15, 2013  
 Third Quarter: On or before February 15, 2014  
 Fourth Quarter: On or before May 30, 2014

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, 2013

No. of Equity Shares Held	Number of Shares Holders	% of Shareholders	No. of Shares of	% of Holding
Between 1 and 5,000	1030	69.69	3028230	4.45
Between 5,001 and 10,000	195	13.19	1707300	2.51
Between 10,001 and 20,000	78	5.28	1203230	1.77
Between 20,001 and 30,000	38	2.57	1024820	1.51
Between 30,001 and 40,000	15	1.01	546450	0.80
Between 40,001 and 50,000	19	1.29	876960	1.29
Between 50,001 and 1,00,000	25	1.69	1962920	2.89
More than 1,00,000	78	5.28	57651900	84.78
<b>Total</b>	<b>1478</b>	<b>100.00</b>	<b>6,80,01,810</b>	<b>100.00</b>

Shareholding Pattern as on March 31, 2013

Category	No. of Shares	% of Shares
A Promoters Holding		
1 Indian Promoters	885386	13.02
2 Foreign Promoters	0	0.00
<b>Sub Total</b>	<b>885386</b>	<b>13.02</b>

Category	No. of Shares	% of Shares
B		
Non-Promoters		
3		
Institutional Investors		
A	0	0.00
Mutual Funds and UTI		
B	0	0.00
Banks, Financial Institutions, Insurance Co. Etc		
C	0	0.00
FII's		
Sub Total	0	0.00
4		
Non-Institutional Investors		
A	3517498	51.73
Private Corporate Bodies		
B	2374682	34.92
Indian Public		
C	22615	0.33
NRI's/Clearing Members/OCB's		
Sub-Total	5914795	86.98
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 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013 : 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 31.03.2013 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, 2012 to 31st March, 2013 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, 2013, 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 : 30.05.2013**

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

**Sd/-**

**[PROPRIETOR]**

**[Gaurang Vora]**

**Membership # 39526**



**Auditor's Report**

To,  
Members of

**Shrey Chemicals Limited**

**Report on Financial Statements**

1. We have audited the accompanying Financial Statements of **Shrey Chemicals Limited** which comprise the Balance Sheet as at 31<sup>st</sup> March 2013, Profit and Loss Account for the year then ended, and other explanatory information.

**Management's Responsibility for the Financial Statements:**

2. Management of the Branch is responsible for the preparation of these Financial Statements that give true and fair view of the financial position and financial performance of the Branch in accordance with the Banking Regulation Act, complying with Reserve Bank of India Guidelines from time to time. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility:**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit opinion.

### Opinion

6. In our opinion, and to the best of our information and according to the explanation given to us, read with the Memorandum of Changes mentioned in paragraph 11 below, the financial statements 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 Branch as at March 31, 2013; and
- (b) in the case of Profit and Loss Account, of the Profit for the year ended on that date;

### Report on Other Legal and Regulatory Requirements

- 7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;
- 8. Subject to the limitations of the audit as indicated in Paragraphs 3 to 5 above and paragraph 10 below, we report that:

### We further report that:

- > The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account and returns;
- > We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
- > In our Opinion, the Balance Sheet and Statement of Profit & Loss Account comply with the Accounting Standards referred to in subsection (3C) of section 211 of the companies Act, 1956.

- > In our opinion, proper books of account as required by law have been kept by the branch so far as appears from our examination of those books;
- > We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit and have found them to be satisfactory.
- > On the basis of written representation received from the directors as on March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- > Since Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

*for, Gaurang Vora & Asso.*

**Chartered Accountants**

**Sd/-**

**(Gaurang Vora)**

**PROPRIETOR**

**MEMBERSHIP NO. : 39526**

**Ahmedabad : 30<sup>th</sup> May, 2013.**

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Shrey Chemicals Limited, on the accounts of the company for the year ended 31<sup>st</sup> March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.  
(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.  
(d) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.  
(e) In our opinion and according to the information and explanations given to us, 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.  
(f) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.  
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii (c) and iii (d) of the order are not applicable to the Company. - **2,69,09,798/-**  
(e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company. -  
4. In our opinion and according to the information and explanations given to us, there is generally no an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. But during the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.  
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

- b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceed five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arise.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has not an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, No maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have not been made and maintained.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us as on 31-03-2010 undisputed Amount of Rs. 534456/-, Rs. 327102/- and Rs. 78062/- were outstanding statutory dues as on 31<sup>st</sup> of March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amounts payable in respect of wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. 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 and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is trading in Shares, Mutual funds & other investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.

17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31<sup>st</sup> March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.

19. The Company has no outstanding debentures during the period under audit.

20. The Company has not raised any money by public issue during the year.

21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For, **Gaurang Vora & Associates.**  
Chartered Accountants

Sd/-

**Gaurang Vora**  
Proprietor

Membership No. : 39526

Place: Ahmedabad  
Date: 30<sup>th</sup> May, 2013

**SHREY CHEMICALS LIMITED**

Balance Sheet as at 31st March, 2013

(Rs.)

Particulars	Note No	As at 31.03.2013	As at 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	67,837,810	67,837,810
(b) Reserves and Surplus	2	(24,365,006)	(24,648,028)
(c) Money received against share warrants		-	-
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	7,203,273	7,203,273
(b) Deferred tax liabilities (Net)	4	140,591	77,947
(c) Other Long term liabilities			
(d) Long term provisions			
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	5	5,389,147	5,363,158
(b) Trade payables			
(c) Other current liabilities	6	1,293,997	1,139,423
(d) Short-term provisions			
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	7	863,185	863,185
(i) Tangible assets			
(ii) Intangible assets			
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(b) Non-current investments	8	5,438,000	5,438,000
(c) Deferred tax assets (net)			
(d) Long term loans and advances	9	26,909,798	26,909,798
(e) Other non-current assets			
<b>(2) Current assets</b>			
<b>Total</b>			
		57,499,812	56,973,583

Place : Ahmedabad  
Date : May 30th, 2013

Sd/-  
Gaurang Vora  
Proprietor  
Membership No. 39526

Place : Rajkot  
Date : May 30th, 2013

Sd/-  
Director  
Sd/-  
Director

For Gaurang Vora & Associates  
Chartered Accountants

For Shrey Chemicals Limited

As Per Our Separate Report Of Even Date Attached Herewith

		Total	
(a) Current investments			
(b) Inventories			
(c) Trade receivables			
(d) Cash and cash equivalents			
(e) Short-term loans and advances			
(f) Other current assets			
		10	4,120,000
		11	17,550,177
		12	302,774
			NIL
			NIL
			4,180,000
			16,912,417
			354,305
			NIL
			NIL
			56,973,583
			57,499,812



## Profit and Loss statement for the year ended 31st March, 2013

Particulars	Note No	For the Year end 31.03.2013	For the Year end 31.03.2012
I. Revenue from operations	13	18,472,474	17,691,457
II. Other Income		NIL	NIL
<b>III. Total Revenue (I + II)</b>		18,472,474	17,691,457
<b>IV. Expenses:</b>			
Cost of materials consumed	14	17,573,156	16,185,127
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		NIL	NIL
Employee benefit expense	15	95,000	90,000
Financial costs		NIL	NIL
Depreciation and amortization expense	16	-	120,400
Other expenses	17	304,078	783,043
<b>Total Expenses</b>		17,972,234	17,178,570
V. Profit before exceptional and extraordinary items and tax	(III - IV)	500,240	512,887
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		500,240	512,887
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)	(VII-VIII)	500,240	512,887
X. Tax expense:			
(1) Current tax		154,574	158,482
(2) Deferred tax		(62,644)	(28,382)
XI. Profit(Loss) from the period from continuing operations	(IX - X)	283,022	326,023
XII. Opening Balance from Previous Year			326,023

(Rs.)

As Per Our Separate Report Of Even Date Attached Herewith.

For Gaurang Vora & Associates  
Chartered Accountants

For Shrey Chemicals Limited

Sd/-

Gaurang Vora

Proprietor

Membership No. 39526

Place : Ahmedabad

Date : May 30th, 2013

Sd/-

Director

Sd/-

Director

Place : Rajkot

Date : May 30th, 2013

XIII. Tax expense of discounting operations			
XIV. Profit/(Loss) from Discontinuing operations			
XV. Profit/(Loss) for the period		609,045	326,023
XVI. Earning per equity share:			
(1) Basic			
(2) Diluted		0.041619751	
(XII - XIII)		326,023	-
(XI + XIV)		609,045	326,023