

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

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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:

	2011-12	(In Lacs) 2010-11
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 IX.

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 IX.

(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 IX.

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 Radhesyam 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.