

**SHREENATH COMMERCIAL  
AND FINANCE LTD**

**27<sup>TH</sup> ANNUAL REPORT  
F.Y.2010-11**

**27<sup>th</sup> ANNUAL REPORT**

**BOARD OF DIRECTORS**

SMT TANU GIRRAJ AGARWAL	-	Director
SHRI GIRRAJ KISHOR AGRAWAL	-	Whole Time Director
SMT APRAJITA AGGARWAL	-	Director
SHRI PROMOD DHAMIJA	-	Director
MS VISHAKHA AJAY SOMAIYA	-	Company Secretary

**AUDITORS:**

M/S. PRAVEEN CHANDAK & ASSOCIATES,  
403, NEW SWAPANALOK CHS LTD,  
NATAKWALA LANE,  
BORIVALI(W),  
MUMBAI-400092.

**REGISTERED OFFICE :**

E/109, CRYSTAL PLAZA,  
NEW LINK ROAD, OPP. INFINITY MALL,  
ANDHERI (WEST),  
MUMBAI : 400053.

**REGISTAR & TRANSFER AGENT :**

SHAREX DYNAMIC PRIVATE LIMITED,  
LUTHRA INDUSTRIAL PREMISES,  
UNIT NO. 1, SAFED POOL, ANDHERI (E),  
MUMBAI – 400 072.

**NOTICE**

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of **SHREENATH COMMERCIAL & FINANCE LIMITED** will be held on 10<sup>th</sup> August 2011 at **3:30 P.M** at the Registered Office at E-109 Crystal Plaza, New Link Road, Opp. Infinity Mall, Andheri West, Mumbai 400053 to transact the following business.

**ORDINARY BUSINESS**

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2011, the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint Mrs. Tanu Agrawal as Director of the company, who retires by rotation and, being eligible, offers themselves for reappointment.
3. To appoint auditor and to fix his remuneration in consultation with the board.

**REGISTERED OFFICE**

E/109, CRYSTAL PLAZA,  
NEW LINK ROAD, OPP. INFINITY MALL,  
ANDHERI (WEST),

MUMBAI : 400053.  
DATED : 13/07/2011

**BY ORDER OF THE BOARD**

Sd/-  
**Shri. Girraj Agrawal**  
Chairman

**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/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) The Register of Members and the Transfer Book of the Company will remain closed from 09/08/2011 to 10/08/2011 (both days inclusive.)
- 3) Members / Proxies should bring attendance slip duly filled in for attending the meeting. Members are also requested to bring their copies of Annual Report.
- 4) Members are requested to notify immediately any change in their address details to the Company's Registrar and share transfer agents for shares held in demat / physical form at Sharex India Private Limited, Luthra Industrial Premises, Unit No. 1, Safed Pool, Andheri (E), Mumbai – 400 072
- 5) Printed copies of the Balance Sheet, Profit and Loss Account, Director's Report, the Auditor's Report and every other documents required by the law to be annexed or attached to the Balance Sheet for the period ended 31st March, 2011 are enclosed herewith.
- 6) Members seeking any information with regard to accounts are requested to write to the company at least one week in advance so as to enable the management to keep the information ready.
- 7) Proxies in order to be effective must be deposited duly stamped and signed at the Registered Office of the Company not less than 48 hours before the meeting.

**REGISTERED OFFICE**

E/109, CRYSTAL PLAZA,  
NEW LINK ROAD, OPP. INFINITY MALL,  
ANDHERI (WEST),

MUMBAI : 400053.  
DATED : 13/07/2011

**BY ORDER OF THE BOARD**

Sd/-  
**Shri. Girraj Agrawal**  
Chairman

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE  
FORTHCOMING ANNUAL GENERAL MEETING  
(In pursuance of Clause 49 (vi) (A) of the Listing Agreement)**

**Director seeking re-appointment**

Name of the Director	Tanu Giriraj Agarwal
Date of Birth	14/10/1968
Date of Appointment.	22/09/2009
Expertise in any specific functional Area	B.Sc
Qualification	HR and Administration
Directorships held in other companies (excluding foreign – Companies)	Rockon Fintech Ltd. Axon Infotech Ltd. Banas Finance Ltd. Tilak Finance Ltd. Five XFinance & Investment Ltd. Kayaguru Health Solutions Private Ltd. Kayaguru Insurance Broker Private Ltd. Kayaguru Wellness Private Ltd. Handful Investrade Pvt. Ltd.
Committee position held in other Companies	Member in Audit, Remuneration and Shareholders Grievance Committee in Axon Infotech Ltd. Member in Audit, Remuneration and Shareholders Grievance Committee in Tilak Finance Ltd. Member in Audit, Remuneration and Shareholders Grievance Committee in Banas Finance Ltd.

**BOARD OF DIRECTORS' REPORT**

**To  
The Members**

Your Directors present their 27<sup>th</sup> Annual Report with Audited Statement of Accounts for the year ended on March 31, 2011.

**Financial Results**

*(Amt. In Lacs)*

Particulars	Year Ended 31/03/2011	Year Ended 31/03/2010
Income	2910.96	121.79
Profit before Dep. & Int.	124.88	45.03
Depreciation	17.51	3.72
Interest	0.00	0.00
Profit after Depreciation & Interest	107.37	41.31
Provision for Taxation	24.57	3.90
Provison for Tax (deferred)	8.61	8.86
Tax Adjustment for earlier years	0.00	0.79
Profit after Tax	74.19	27.76
Net profit/ (Loss)	74.19	27.76
Amount Available for Appropriation	74.19	27.76
Balance carried to Balance Sheet	74.19	27.76

**FINANCIAL HIGHLIGHTS**

During the year Company's total sales including other income is Rs 2910.96 lacs as compared to Rs.121.79 lacs in the previous year and thereby registering an increase of 2290% as compared to the previous year.

**DIVIDEND**

Your Directors decided to plough back the profit and therefore dividend is not declared.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Girraj Kishor Agrawal retire by rotation at the ensuing Annual General Meeting, and being eligible offers himself for reappointment.

Mr. Samarth Aggarwal, Mr. Sundeep Kalra, Mr. Amit Khanna and Mr. Rishabh Gulati have resigned from the post of Directors with effect from July 13, 2011

**DEPOSITS**

Your company has not accepted any deposits within the meaning of Section 58A of The Companies Act, 1956.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March 2011 the applicable accounting standards have been followed, along with proper explanation relating to all material departures.

- (ii) That they have, in the selection of the accounting policies, consulted the statutory auditors and have 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 financial year and of the profit of the Company for that period.
- (iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2011 on a going concern basis.

#### **AUDITORS**

M/s Pravin Chandak & Associates , Chartered Accountants statutory auditors of the Company retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a certificate from them under Section 224(1-B) & 226(3) of the Companies Act, 1956.

#### **AUDITORS REPORT**

Observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

#### **FOREIGN EXCHANGE**

There is no inflow and outflow of Foreign Exchange.

#### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

The particulars under the companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, on conservation of energy and Technology absorption is not applicable

#### **PARTICULARS OF EMPLOYEE**

The information required under section 217(2A) of the Companies Act 1956, read with the Companies (particulars of employees) Rules 1975, forms part of this report - Not applicable.

#### **LISTING OF SHARES**

Equity shares of your Company are listed on Bombay Stock Exchange only and the Company has paid the necessary Listing fees for the year 2010 – 2011.

#### **SUBSIDIARY COMPANY**

##### **GSR TECHNO CONSULTANCY PRIVATE LIMITED**

The Company is engaged in the business of development of software and allied activities thereto.

#### **SUB DIVISION OF EQUITY SHARES OF THE COMPANY**

In order to improve the liquidity of the Company's shares in the stock market and to make it affordable to the small investors, the Board of Directors of the Company ("the Board") at their meeting held on September 24th, 2010, considered it desirable to sub-divide the nominal value of the equity portion of the authorised share capital of the Company.

The shareholders may please note that presently the nominal value of the equity shares is Rs.10/- each and consequent to the sub-division, subject to SEBI approval and such other statutory and regulatory approvals, each share is being divided into 10 (Ten) equity shares of Re.1/- each.

### **CORPORATE GOVERNANCE COMPLIANCE**

As required under the listing agreement with the stock exchange, corporate governance and management discussion and analysis report form part of this Annual Report.

### **SOFTWARE DEVELOPMENT**

The company is currently under development of software activities.

### **ACKNOWLEDGEMENT**

The Board of Directors wishes to express sincere thanks to Bankers, Shareholders, clients, Financial Institutions, customers, sup-pliers and employees of Companies for extending support during the year.

**FOR & ON BEHALF OF THE BOARD**

PLACE : MUMBAI  
DATED : 13/07/2011

**Girraj Agrawal**  
Chairman

**CORPORATE GOVERNANCE REPORT**

**A) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company believes in transparent dealings and integrity and compliance of rules and regulations. The Company firmly believes that good corporate governance is pre-requisite to meet the stakeholders' requirements and needs. The mandatory requirements of the code of Corporate Governance as per clause 49 of the listing agreement have been implemented by your Company.

**B) BOARD OF DIRECTORS**

The Board Of Directors Comprises of Mr. Girraj Kishor Agrawal as Whole Time Director and Mrs. Tanu Giriraj Agarwal as Non Executive Director, Smt. Aprajita Aggarwal as Independent and Executive Director and Mr Promod Dhamija, as Independent and Non Executive Directors.

a) The composition of the Board of Directors and their attendance at the meetings during the period and at the last Annual General Meeting as also number of other directorships, membership of committees are as follows: -

Name of Director	Status	No. of Board meetings Attended	Attendance at last AGM	No. of other Director ships	Committee Membership	
					Member	Chairman
Mr. G K agarwal	W.T.D	19	Yes	9	9	0
Smt Tanu Agarwal	P.N. E	19	Yes	9	9	0
Smt. Aprajita Aggarwal	I.E.D	16	Yes	Nil	3	0
Mr. Promod Dhamija	I.N.E.D	16	Yes	Nil	3	3

I.E.D Independent Executive Director  
W.T.D Whole Time Director  
I.N.E.D Independent Non Executive Director  
P.N.E Promoter Non Executive

**Notes:**

During the period ended 31<sup>st</sup> March 2011, 19 Board Meetings were held on the following dates:

13/04/2010, 30/04/2010 , 17/05/2010, 03/06/2010, 14/07/2010, 22/07/2010, 02/08/2010, 13/08/2010, 29/08/2010, 14/09/2010, 15/09/2010, 29/09/2010, 06/10/2010, 09/10/2010, 12/11/2010, 25/11/2010, 24/01/2011, 01/03/2011 and 18/03/2011.

**CODE OF CONDUCT**

The board has laid down a code of conduct for Board members and senior management staff of the Company. The Board members and senior management staff have affirmed compliance with the said code of conduct.

**C) AUDIT COMMITTEE**

The Audit Committee comprises of viz Mr. Promod Dhamija, non-executive Independent Director is Chairman of Audit Committee, Mrs. Aprajita Aggarwal and Mr. Girraj Kishor Agrawal Director are the members of the Committee.

Mrs. Vishakha Mehta is the Secretary of the Committee.

The Committee met four times during the period ended 31<sup>st</sup> March 2011

The terms of reference of the Committee are as per the guidelines set out in Clause 49 of the listing agreement with the Stock Exchanges and section 292A of the Companies Act, 1956 and inter alias it



briefly includes review of quarterly and Annual financial statements, the statutory Auditor's Report on the financial statements, Internal audit reports, internal controls, Accounting policies and to generally interact with the Internal Auditors and Statutory Auditors.

### D) SHARE TRANSFER COMMITTEE

The Committee comprises of Mr. Promod Dhamija, Mrs. Aprajita Aggarwal, and Mr. Girraj Kishor Agrawal. The Committee normally meets twice a month to approve transfer of shares and other shares related matters. Mr. Pramod Dhmanjia is the Chairman of the Committee.

### E) REMUNERATION COMMITTEE

Remuneration Committee comprises of Mr. Promod Dhamija, as Chairman of the committee and Mr. Girraj Kishor Agrawal and Mrs. Aprajita Aggarwal, Directors are committee members. During the year under review, no Meeting was held.

The details of remuneration paid to Chairman and whole time Director of the Company during the period ended 31<sup>st</sup> March 2011 are given below.

Remuneration paid to Directors during the period ended 31<sup>st</sup> March 2011

NAME OF THE DIRECTOR	SALARY	PERQUISITES	CONTRIBUTION TO VARIOUS FUNDS	TOTAL
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
-	-	-	-	-
-	-	-	-	-

### F) GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:-

Year/Period Ended	Date of Meeting	Time
31 <sup>st</sup> March 2008	02/06/2008	09.30 A.M.
31 <sup>st</sup> March 2009	18/09/2009	03:00 P.M.
31 <sup>st</sup> March 2010	23/08/2010	03:30 P.M.

Postal ballot was conducted by the company for the approval of insertion of other object of new business of power project.

### G) DISCLOSURES

1. During the period, there were no transactions materially significant with Company's promoters, directors or management or subsidiaries or their relatives that may have potential conflict with the interests of the Company at large.
2. There were no instances of non-compliance on any matter related to the Capital Markets during the last three years.

### H) MEANS OF COMMUNICATION.

Quarterly, Half Yearly and Yearly financial results are sent to the Stock Exchanges immediately after they are approved by the Board.

**I) GENERAL INFORMATION FOR MEMBERS**

- (i) Annual General Meeting - The 27th Annual General Meeting of the Company will be held on 10/08/2011 at 3-30 p.m. at Registered Office in Mumbai
- (ii) **Financial Calendar** : Last AGM held on 23/08/2010  
 First Quarter Results Declared : Second Week of August, 2010  
 Second Quarter Results Declared : Second Week of November, 2010  
 Third Quarter Results Declared : Last Week of January, 2011  
 Fourth Quarter Results Declared : Last Week of May, 2011
- (iii) Book Closure date: 09/08/2011 to 10/08/2011
- (iv) Dividend payment date: Not applicable
- (v) (i) Listing of Equity Shares : Bombay Stock Exchange  
 (ii) Listing fees is duly paid to the Bombay stock exchange Limited as per listing agreement.
- (vi) (i) **Stock Code BSE CODE : 512105**  
 (ii) **Demat ISIN Numbers in NSDL & CDSL INE 490J01024 for Equity Shares.**

**Stock Market Data at BSE**

Month	High	Low	Close	No. of Shares
April 2010	307.80	136.85	300.25	10668
May 2010	389.95	256.45	376.65	8519
June 2010	417.90	365.00	397.00	17664
July 2010	414.00	382.90	399.00	13882
August 2010	437.00	401.00	428.00	12489
September 2010	485.00	48.75	50.75	57189
October 2010	60.95	46.85	59.90	492597
November 2010	70.00	57.10	67.00	1112188
December 2010	75.60	57.30	71.00	2475563
January 2011	83.60	67.90	72.80	11253043
February 2011	74.00	27.60	27.60	17116092
March 2011	28.70	11.55	19.40	40939547

**vii) REGD. OFFICE:**

E-109 Crystal Plaza, New Link Road,  
Opp.Infinity Mall, Andheri (west), Mumbai 400053.

**(viii) REGISTRAR & TRANSFER AGENTS AND SHARE TRANSFER SYSTEM**

All documents, transfer deeds, demat requests and other communication in relation thereto should be addressed to the R & T Agents at its following address:

**Sharex Dynamic (India) Private Limited,**  
Luthra Industrial Premises,  
Unit No. 1, Safed Pool,  
Andheri (E), Mumbai – 400 072  
Tel : 022 28515606

Share transfers in physical form are processed within about 2 weeks from the date of receipt of the valid and completed documents.

**(ix) INVESTOR RELATION OFFICER : Mr. Girraj Kishor Agrawal**

**(x) Share Transfer System as per Listing Agreement and Companies Act, 1956**

(xi) **DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>st</sup> March 2011**

Shareholders			Shareholding	
No. of Shares	Nos.	%	Holding in Rs.	%
1-5000	609	39.73	789123	0.66
5001-10000	156	10.18	1360049	1.14
10001-20000	227	14.81	3778922	3.16
20001-30000	129	8.41	3384974	2.83
30001-40000	78	5.09	2945038	2.46
40001-50000	77	5.02	3776936	3.16
50001-100000	106	6.91	8778898	7.34
100001- and above	151	9.85	94786060	79.25
Total	1533	100.00	119600000	100.00

Shareholding pattern as on 31.03.2011

Category	No. of Shares held	Percentage of Shareholding
<b>A Promoter's Holding</b>		
1 Promoters		
- Indian Promoters	16850000	14.09
- Foreign Promoters	-	-
2 Persons acting in concert	-	-
Sub – Total	16850000	14.09
<b>B Non-Promoter's Holding</b>	-	-
3 Institutional Investors	-	-
a) Mutual Funds and UTI	-	-
b) Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non Government Institutions)	-	-
<b>C FII's</b>	-	-
Sub – Total	-	-
4 Others	-	-
a) Private Corporate Bodies	27528013	23.02
b) Indian Public	74482469	62.27
c) NRI's/OCB's	321700	0.27
d) Any Other (Please specify) - <b>Clearing Members</b>	417818	0.35
Sub-Total	102750000	85.91
<b>Grand Total</b>	<b>119600000</b>	<b>100%</b>

(xii) **DEMATERIALIZATION OF SHARES.**

As on 31<sup>st</sup> March 2011, **99.99%** of the Company's Shares representing **119599780** Share were held in dematerialized form and the balance **220** Shares were held in physical form.

(xiii) **INVESTOR CORRESPONDENCE**

For Transfer / dematerialisation of shares, payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debenture of the company.

**SHAREX DYNAMIC(INDIA) PRIVATE LIMITED,**

Unit # 1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai - 400 072

**ADDRESS FOR CORRESPONDENCE**

The Company's Registered Office is situated at  
E-109 Crystal Plaza, New Link Road, Andheri (west), Mumbai - 400 053.

Shareholder's correspondence should be addressed to Transfer Agent, SHAREX DYNAMIC (INDIA)  
PRIVATE LIMITED.

Shareholders holding shares in electronic mode should address their correspondence to their respective  
Depository participants.

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORTS

Your Directors are pleased to present the Management Discussion and Analysis Report for the year ended 31<sup>st</sup> March, 2011.

**The management discussion and analysis have been included in consonance with the code of corporate governance as approved by The Securities and Exchange Board of India (SEBI). Investors are cautioned that these discussions contain certain forward looking statements that involve risk and uncertainties including those risks which are inherent in the Company's growth and strategy. The company undertakes no obligation to publicly update or revise any of the opinions or forward looking statements expressed in this report consequent to new information or developments, events or otherwise.**

The management of the company is presenting herein the overview, opportunities and threats, initiatives by the company and overall strategy of the company and its outlook for the future. This outlook is based on management's own assessment and it may vary due to future economic and other future developments in the country.

### OVERVIEW

The operations of the company are centred in the Finance and Share Trading. The Company deals in Shares and Securities.

### INDUSTRY STRUCTURE AND DEVELOPMENT:

The Indian economy has witnessed all round growth in year 2010-11 with increased investment in Financial Market.

The finance industry where the company is also involved, major development have been taken place for past few decades in view of the fact that plethora of finance companies have come into existence with various finance products and there has been tremendous finance growth due to foreign collaboration, foreign equity participation etc, under Finance Division, dealing in equity shares and stock is the main activity of the company.

Coming to Real Estate, especially in the past few decades, there has been tremendous growth in Real Estate business in India. The Company has been dealing in Real Estate business since inception but there has been stiff competition from other Real Estate Companies.

### OPPORTUNITIES AND THEREATS :

Some of the key trends of the industry that are favourable to the company to exploit these emerging opportunities are:

1. Clients are more comfortable with uniform high quality and quick services and security process across the enterprise.
2. The company since involved in the Information Technology enabled services for a very long time there are good prospects for expanding further activities in this direction.
3. The company is also facing server competition from other Information Technology companies and software companies.

Some of the key changes in the industry unfavourable to the company are:

1. Heightened competition
2. Increasing cost of the product

### INITAITIVES BY THE COMPANY

The company has taken following initiatives'

1. Every effort is being made to locate new client base to boost its Real Estate Business and Finance Business.
2. The company is endeavouring to penetrate into newer Real Estate and Financial Activities.

### OUTLOOK

The company is mainly engaged in Finance and related business and Real Estate Business.

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The company is planning to expand and diversify the activities in this time to tap higher revenues.

**RISK AND CONCERNS:**

Due to stiff competitions in the finance fields where the company's activities are centred in, the overall margins are under pressure but maintainable with constant effort and good services.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

1. Compliance of the company with applicable statutes, policies procedures, listing requirements and management guidelines.
2. All transaction are being accurately recorded and verified.
3. Adherence to applicable accounting standards and polices.

**HUMAN RESOURCES/INDUSTRY RELATIONS:**

- ✦ The company provided excellent working environment so that the individual staff can reach his/her full potential.
- ✦ The company is poised to take on the challenges and march towards accomplishing its mission with success.
- ✦ The company maintained good Industrial/Business relation in market which enhanced the Creditworthiness of the Company.

**CAUTIONARY STATEMENT**

Statement in the Management Discussion and analysis describing the company's objectives exceptions or predications may be forwards looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Several factors could make significant difference to the company's operation. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities etc. over which the company does not have any control.

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
**SHREENATH COMMERCIAL AND FINANCE LTD**

1. We have examined the compliance of Corporate Governance by M/s. Shreenath Commercial And Finance Ltd for the period ended on 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR PRAVIN CHANDAK & ASSOCIATES**

Chartered Accountants

Sd/-

**Pravin Chandak**

Partner

M.No. 049391

Place : Mumbai  
Date : 13/07/2011

**AUDITORS REPORT**

To  
The Members  
**M/s Shree Nath Commercial & Finance Ltd.**

- 1) We have audited the attached Balance Sheet of **M/s Shree Nath Commercial & Finance Limited** as at 31<sup>st</sup> March 2011, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standard 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 test basis, evidence supporting the amounts and disclosure in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the over all Financial Statement presentation. We believe that our audit provides reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
- 4) Further to our comments in the Annexure referred to above, we state that
  - a) 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.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
  - e) On the basis of written representation received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India.
    - (i) In the case of Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2011
    - (ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date, and
    - (iii) In the case of the Cash Flow Statement , of the cash flows for the year ended on that date

**FOR PRAVIN CHANDAK & ASSOCIATES**

Chartered Accountants

Sd/-

**Pravin Chandak**

Partner

M.No. 049391

Place : Mumbai  
Date : 30<sup>th</sup> May 2011



**ANNEXURE TO THE AUDITOR'S REPORT ON THE ACCOUNTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH, 2011**

Referred to in paragraph 3 of Auditor's Report of even date on the financial statements as at and for the year ended 31<sup>st</sup> March, 2011.

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

- 1)
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) We have been informed that, the fixed assets have been physically verified by the Management at reasonable intervals. In our opinion the frequency of verification is reasonable with regard to the size of the company and nature of assets. According to information and explanations given to us by the management, no material discrepancy was noticed on such verification.
  - c) During the year the company has not disposed off a substantial part of its fixed assets and accordingly it has no effect on the going concern of the company.
- 2)
  - a) As informed to us, the inventories have been verified by the management with the supporting evidence during the year. In our opinion the frequency of verification is reasonable.
  - b) In our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) On the basis of our examination the records of inventory, we are of the opinion that Company is maintaining proper records of inventory. We are informed that no discrepancies were noticed on physical verification.
- 3)
  - a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
- 5) According to the information and explanations given to us, we are of the opinion that the company has not entered into any contracts or arrangements referred to in section 301 of the Companies Act, 1956.
- 6) No deposits, within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder have been accepted by the Company.
- 7) In our opinion and according to information and explanation given to us, the company has adequate internal audit system commensurate with size of the Company and nature of its business.
- 8) According to the information and explanation given to us the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the activities of the company.
- 9)
  - a) The Company is regular in depositing 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 and other material statutory dues applicable to the company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.

## SHREE NATH COMMERCIAL & FINANCE LTD.

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- b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty, cess which have not been deposited on account of any dispute.
- 10) The Company has no accumulated losses as at 31<sup>st</sup> March, 2011. The company has not incurred any cash losses during the financial year covered by our audit as well as during the immediately preceding financial year.
- 11) According to the records made available to us and information and explanations given to us by the Management, the Company has not taken any financial assistance from bank or financial institution. Accordingly Clause 4(xi) of Companies (Auditor's Report) Order, 2003 is not applicable.
- 12) According to the information and explanation 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) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 14) The Company has maintained proper records of the transactions and contracts for dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investment have been held by the company, in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
- 15) In our Opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
- 16) As per the information and records furnished before us, the Company has not accepted any term loans. According Clause 4(xvi) of Companies (Auditor's Report) Order, 2003 is not applicable.
- 17) According to the information and explanations given to us and on an overall examination of the Cash Flow Statements and Balance Sheet of the company, in our opinion, the funds raised on short-term basis have, prima facie, not been used for long-term investment.
- 18) During the period the company has made allotment of shares on preferential basis as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. As per explanation and information provided to us price at which allotment is made is not prejudicial to the interest of the company.
- 19) During the financial year, company had not issued any debenture. Accordingly Clause 4(xviii) of Companies (Auditor's Report) Order, 2003 is not applicable.
- 20) The Company has not raised any money by way of public issue during the year under audit. Accordingly Clause 4(xx) of Companies (Auditor's Report) Order, 2003 is not applicable.
- 21) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**FOR PRAVIN CHANDAK & ASSOCIATES**

Chartered Accountants

Sd/-

**Pravin Chandak**

Partner

M.No. 049391

Place : Mumbai

Date : 30<sup>th</sup> May 2011

**CEO / CFO CERTIFICATION**

The Board of Directors,

**Shree Nath Commercial & Finance Ltd.**

E/109, Crystal Plaza, Opp. Infinity Mall,  
New Link Road, Andheri (west),  
Mumbai: 400053.

We hereby certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2011 and that to the best of our 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.
2. No transaction is entered into by the company during the year which is fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:
  - a. Significant changes in internal control over financial reporting during the year.
  - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. Instances of significant fraud of which we 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 over financial reporting.

For **SHREENATH COMMERCIAL AND FINANCE LTD**

Sd/-

**Girraj Agrawal**

Whole Time Director

Place: Mumbai

Date: 13/07/2011

**COMPLIANCE CERTIFICATE**

To  
The Members of  
**SHREENATH COMMERCIAL AND FINANCE LTD**

It is hereby certified and examined that as provided in Clause 49 I (D) of the listing agreement with the stock exchanges, the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31<sup>st</sup> March 2011.

For **Shreenath Commercial And Finance Ltd**

Sd/-

**Girraj Kishor Agrawal**

Whole Time Director

**Registered Office:**

E-109, Crystal Plaza,  
New Link Road, Opp. Infinity Mall,  
Andheri (West), Mumbai- 400 053.

Place : Mumbai

Date : 13/07/2011

**BALANCE SHEET AS ON 31.03.2011**

<b>PARTICULARS</b>	<b>SCH. NO.</b>	<b>AS ON 31.03.2011</b>	<b>AS ON 31.03.2010</b>
<b>SOURCES OF FUND :</b>			
<b>SHAREHOLDER'S FUND:</b>			
Share Capital	I	119,600,000	59,800,000
Reserve & Surplus	II	653,502	53,034,130
<b>DEFFERED TAX LIABILITY</b>		1,747,032	886,339
<b>LOAN FUND :</b>			
Unsecured Loan	III	35,550,000	-
<b>TOTAL</b>		<b>157,550,534</b>	<b>113,720,469</b>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS :</b>			
Gross Block	IV	10,428,669	10,800,369
Less : Accu. Depreciation		1,750,740	371,700
<b>NET BLOCK</b>		<b>8,677,930</b>	<b>10,428,669</b>
<b>INVESTMENTS</b>			
25,500 Equity Shares of GSR Technologies Pvt. Ltd.		2,550,000	-
<b>CURRENT ASSETS LOANS &amp; ADVANCES :</b>			
Stock in trade	V	56,905,279	43,806,841
Sundry Debtors	VI	1,852,665	5,078,940
Cash & Bank Balance	VII	5,197,932	8,698,927
Loans & Advances	VIII	87,695,087	53,215,062
		151,650,963	110,799,770
Less : Current Liabilities & Provisions	IX	5,328,360	7,507,970
<b>NET CURRENT ASSETS</b>		<b>146,322,604</b>	<b>103,291,800</b>
<b>TOTAL</b>		<b>157,550,534</b>	<b>113,720,469</b>

**NOTES FORMING PART OF ACCOUNTS**

**XIII**

**AS PER OUR REPORT OF EVEN DATE**

**Pravin Chandak & Associates**

Chartered Accountants

Sd/-

**Pravin Chandak**  
**Partner**

MEMBERSHIP NO. 049391

Place : Mumbai

Date : 30th May 2011

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

**Girraj Kishore Agrawal**  
**DIRECTOR**

Sd/-

**Tanu Agrawal**  
**DIRECTOR**

**SHREE NATH COMMERCIAL & FINANCE LTD.**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

PARTICULARS	SCH. NO.	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b>INCOME :</b>			
Income From Operation	X	291,095,974	12,179,840
		<u>291,095,974</u>	<u>12,179,840</u>
<b>EXPENDITURE :</b>			
Cost of Goods sold	XI	239,145,171	3,853,562
Operating & other expenses	XII	39,462,914	3,823,203
Depreciation		1,750,740	371,700
		<u>280,358,825</u>	<u>8,048,465</u>
<b>Net Profit before Tax</b>		10,737,149	4,131,375
<b>Less : Provision For Tax</b>			
Tax of earlier years		-	78,794
Current Tax		2,457,085	390,255
Deffered Tax		860,693	886,339
<b>Net Profit After Tax</b>		<u>7,419,371</u>	<u>2,775,987</u>
Basic/Diluted Earning Per Share		0.06	0.02

**NOTES FORMING PART OF ACCOUNTS**

**XIII**

**AS PER OUR REPORT OF EVEN DATE**

**Pravin Chandak & Associates**

Chartered Accountants

Sd/-

**Pravin Chandak**

**Partner**

MEMBERSHIP NO. 049391

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

**Girraj Kishore Agrawal**

**DIRECTOR**

Sd/-

**Tanu Agrawal**

**DIRECTOR**

Place : Mumbai

Date : 30th May 2011

## SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>SCHEDULE - I :</b>		
<b>SHARE CAPITAL :</b>		
<b>AUTHORISED :</b>		
120,000,000 Equity Shares of Rs. 1/- each (Previous Year 6,000,000 Equity Shares of Rs. 10/- each)	<u>120,000,000</u>	<u>60,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP :</b>		
119,600,000 Equity Shares of Rs. 1/- each fully paid up (P.Y. 5,980,000 Equity Shares of Rs. 10 each) (Out of the above 59,800,000 Shares issued as bonus shares during the year)	119,600,000	59,800,000
<b>TOTAL RS.</b>	<u>119,600,000</u>	<u>59,800,000</u>

<b>SCHEDULE - II :</b>		
<b>RESERVE &amp; SURPLUS</b>		
(a) Profit & Loss Account		
As per Last Balance sheet	3,391,481	7,942,493
Add/(less): Profit(Loss) for the year	<u>7,419,371</u>	<u>2,775,987</u>
	10,810,852	10,718,480
Less: Capitalisation for issue of Bonus shares	<u>10,157,350</u>	<u>7,327,000</u>
	653,502	3,391,480
(b) General Reserves	-	23,000
Less: Capitalisation for issue of Bonus shares	-	23,000
	-	-
(c) Share Premium A/c.	49,642,650	49,642,650
Less: Capitalisation for issue of Bonus shares	<u>49,642,650</u>	<u>-</u>
	-	49,642,650
<b>TOTAL RS.</b>	<u>653,502</u>	<u>53,034,130</u>

<b>SCHEDULE - III :</b>		
<b>UNSECURED LOANS :</b>		
From Directors	-	-
From Other	<u>35,550,000</u>	<u>-</u>
<b>TOTAL RS.</b>	<u>35,550,000</u>	<u>-</u>

### SCHEDULE -IV FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	AS ON 01/04/2010	ADD/(DED.) DURING THE PERIOD	AS ON 31/03/2010	UPTO 31/03/2010	ADD/(DED.) DURING THE PERIOD	UPTO 31/03/2011	AS ON 31/03/2011	AS ON 31/03/2010	
Computer	10,428,669	- -	10,428,669	-	1,750,740	-	1,750,740	8,677,929	10,428,669
<b>TOTAL Rs.</b>	<u>10,428,669</u>	<u>- -</u>	<u>10,428,669</u>	<u>-</u>	<u>1,750,740</u>	<u>-</u>	<u>1,750,740</u>	<u>8,677,929</u>	<u>10,428,669</u>
<b>PREVIOUS YEAR</b>	-	10,800,369	10,800,369	-	371,700	-	371,700	10,428,669	-

<b>SCHEDULE - V :</b>		
<b>STOCK IN TRADE</b>		
<b>(As taken, valued &amp; certified by management)</b>		
Shares	56,905,279	43,806,841
<b>TOTAL RS.</b>	<u>56,905,279</u>	<u>43,806,841</u>

## SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>SCHEDULE - VI :</b>		
<b>SUNDRY DEBTORS</b>		
<b>(Unsecured, Considered Good)</b>		
Due for more than six months	1,108,140	-
Others	744,525	5,078,940
<b>TOTAL RS.</b>	<b><u>1,852,665</u></b>	<b><u>5,078,940</u></b>
<b>SCHEDULE - VII :</b>		
<b>CASH &amp; BANK BALANCES :</b>		
Balance with Scheduled Banks in Current Account	1,532,927	4,433,993
Cash in Hand	3,665,005	4,264,934
<b>TOTAL RS.</b>	<b><u>5,197,932</u></b>	<b><u>8,698,927</u></b>
<b>SCHEDULE - VIII:</b>		
<b>LOANS &amp; ADVANCES ( Unsecured, considered good)</b>		
Loans & Advances	87,695,087	53,215,062
<b>TOTAL RS.</b>	<b><u>87,695,087</u></b>	<b><u>53,215,062</u></b>
<b>SCHEDULE - IX:</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>		
Advance Received	-	800,000
Sundry Creditors	5,323,603	6,104,908
Other Liabilities	4,757	603,062
<b>TOTAL RS.</b>	<b><u>5,328,360</u></b>	<b><u>7,507,970</u></b>
<b>SCHEDULE - X :</b>		
<b>INCOME FROM OPERATION</b>		
Sales	227,473,374	3,069,194
Commission Income	-	3,441,290
Consultancy Income	57,250,000	5,500,000
Interest on Loan	3,564,721	246,437
Profit/(Loss) on Share Trading	2,727,420	(239,450)
Interest on Fixed Deposits	80,459	162,369
<b>TOTAL RS.</b>	<b><u>291,095,974</u></b>	<b><u>12,179,840</u></b>
<b>SCHEDULE - XI :</b>		
<b>COST OF GOODS SOLD :</b>		
Opening Stock	43,806,841	-
Add : Purchases	252,243,609	47,660,403
Less : Closing Stock - Shares	56,905,279	43,806,841
<b>TOTAL RS.</b>	<b><u>239,145,171</u></b>	<b><u>3,853,562</u></b>
<b>SCHEDULE - XII :</b>		
<b>OPERATING &amp; OTHER EXPENSES</b>		
Transaction Charges	824,720	-
Advertisement Expenses	275,180	27,253
Audit Fees	8,255	11,030
Computer Hiring Charges	29,000	-
Conveyance Expenses	50,862	21,263
Demat & Share Transfer Charges	61,855	109,657



**SCHEDULES FORMING PART OF BALANCE SHEET**

<b>PARTICULARS</b>	<b>AS ON 31.03.2011</b>	<b>AS ON 31.03.2010</b>
Legal & Professional Fees	33,562,507	46,305
Listing Fees	65,000	93,090
Electricity charges	52,120	9,010
Mailing Charges	279	-
Postage & Courier	15,573	16,090
Printing & Stationery	21,434	19,200
Repairs & Maintainance	18,550	18,080
Rent , Rates & Taxes	240,000	87,843
ROC Expenses	421,000	4,000
Salary to Staff	2,968,188	3,280,000
Office & Misc. Expenses	6,742	31,188
Software Expenses	750,000	-
Staff welfare Expenses	19,180	17,373
Telephone Expenses	5,500	14,358
Stamp Duty	59,799	-
Bank charges	7,169	966
Bank interest	-	16,497
<b>TOTAL (A)</b>	<b><u>39,462,914</u></b>	<b><u>3,823,203</u></b>

## ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

### SCHEDULE XIII:

#### 1. SIGNIFICANT ACCOUNTING POLICES :

(a) **Basis of Preparation of Financial Statements**

The financial statements have been prepared on a going concern basis and on accrual basis, under the historical cost convention and in accordance with the generally accepted accounting principles, the accounting standards issued by the Institute of Chartered Accountants of India and provisions of the Companies Act, 1956, which have been adopted consistently by the Company.

(b) **Use of Estimates**

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

(c) **Revenue recognition**

Revenue from sale of goods is recognized when significant risk and rewards of ownership are transferred to the customers. Sales are net of sales return and trade discount.

(d) **Fixed Assets**

Fixed Assets are stated at their historical costs less depreciation and upon provision of Impairment Losses duly recognized as per the provisions of AS28 issued by the Institute of Chartered Accountants of India. Cost of Acquisition is inclusive of taxes and other incidental expenses up to date, the assets are put to use.

(e) **Depreciation**

Depreciation has been provided on straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 on pro-rata basis from the date Assets have been put to use.

(f) **Investments**

Long term investments are stated at cost, Provision for diminution in the value of long term investments is made only if such decline is of a permanent nature.

(g) **Inventories**

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

(h) **Retirement Benefits**

Provision for retirement benefits to employees was not provided on accrual basis, which is not in conformity with Accounting Standard-15 issued by ICAI and the amount has not been quantified because actuarial valuation report is not available. However, in the opinion of the management the amount involved is negligible and has no material impact on the Profit & Loss Account.

(i) **Foreign Currency Transactions**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognized in the profit and loss account and related assets and liabilities are accordingly restated in the Balance Sheet. During the period under review company has not entered into any foreign currency transaction.

(j) **Taxation**

Deferred tax for the year is recognized on timing difference, being the difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future, however when there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

**(k) Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**NOTES TO ACCOUNTS:**

**1. Additional information pursuant to part II of Schedule VI of the Companies Act,1956 :**

	2010-2011 (Rs.)	2009-10 (Rs.)
<b>i) Payment to Directors :</b>		
Directors Remuneration	Nil	1,22,000
<b>ii) Payment to Auditors :</b>		
Statutory Audit Fees	8,255	11,030
<b>iii) Earning in Foreign Exchange:</b>	NIL	NIL
<b>iv) Expenditure in Foreign Exchange:</b>	NIL	NIL
<b>v)</b> Quantitative detail in respect of trading goods is enclosed in ANNEXURE "A".		
<b>vi)</b> Other information are either NIL or Not Applicable.		

**2. Contingent Liabilities not provided for :**

	2010-2011 (Rs.)	2009-10 (Rs.)
Claims against the company not acknowledged as debts	NIL	NIL
Others	NIL	NIL

3. Balances of Debtors, Loans and Advances, Secured Loans, Sundry Creditors & Others are subject to confirmation and reconciliation and consequential adjustments, if any.

4. In the opinion of the Board & to the best of their knowledge & belief the value of realizations of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet & the provisions for all the loans & determined liabilities is adequate and not in excess of the amount.

5. The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been made.

**6. The computation of Earning Per Share :**

	2010-2011 (Rs.)	2009-10 (Rs.)
Profit Attributable to Equity Share Holders (After Tax)	74,19,370.45	2,775,987
Weighted Average Number of Equity Share (Nos.)	119,600,000	119,600,000
Basic/ Diluted Earning Per Share	0.06	0.02
Face Value per Equity Share	1.00	1.00

**7. Major Components of Deferred Tax Assets and Liabilities :**

	<b>010-2011 (Rs.)</b>	<b>2009-10 (Rs.)</b>
1) Deferred Tax Liability on account of Depreciation	1,747,032	8,86,339
2) Deferred Tax Asset	NIL	NIL
<b>Deferred Tax (Liability)</b>	<b>1,747,032</b>	<b>8,86,339</b>

8. According to a technical assessment carried out by the Company, there is no impairment in the carrying cost of cash generating units of the Company in terms of accounting standards-28 issued by the Institute of Chartered Accountants of India.

**9. Related Party Transaction :**

Key Management Persons

Girraj Kishore Agrawal  
Tanu Agrawal

Transaction with Related Parties:-

Nil

10. Balance Sheet Abstract & Company's general business profiles as required by part IV of Schedule VI to the Companies Act, 1956 is enclosed in ANNEXURE "B".

11. **Segment Information:** The Company is engaged in single segment and there are no separate reportable segments as defined in AS-17.

12. Previous year's figures have been regrouped, rearranged and reclassified wherever necessary to conform to the current's classification/ presentation.

**AS PER OUR REPORT OF EVEN DATE**

**Pravin Chandak & Associates**

Chartered Accountants

Sd/-

**Pravin Chandak**  
**Partner**

MEMBERSHIP NO. 049391

Place : Mumbai

Date : 30th May 2011

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

**Girraj Kishore Agrawal**  
**DIRECTOR**

Sd/-

**Tanu Agrawal**  
**DIRECTOR**

**ANNEXURE "A"**

**QUANTITATIVE INFORMATION OF TRADING GOODS FOR YEAR ENDED 31.03.11**

Particulars	Opening Balance		Purchase		Sales		Closing Balance	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
<b>Quoted Shares</b>	156577	6869488.00	4065466	222351609.00	1796918	165951374.00	2485125	54905279.00
<b>Unquoted Shares</b>	226,950	37,695,000	347,710	25,392,000	563,660	55,572,000	11,000	2,000,000
<b>Grand Total</b>	383,527	44,564,488	4,413,176	247,743,609	2,300,578	221,523,374	2,496,125	56,905,279

**ANNEXURE “B”**  
**Balance Sheet Abstract And Company’s General Business Profile**

<b>I. Registration Details</b>		
i)	Registration No.	34867
ii)	State Code	11
iii)	Balance Sheet Date	31.03.11
<b>II Capital Raised During the Year (Rs.)</b>		
i)	Public Issue	NIL
ii)	Right Issue	NIL
iii)	Bonus Issue	-
iv)	Private Placement	-
<b>III. Position of Mobilisation and Development of Fund (Rs.)</b>		
i)	Total Liabilities	157,550,534
ii)	Total Assets	157,550,534
<b>Sources of Funds</b>		
i)	Paid up Capitals	119,600,000
ii)	Reserve & Surplus	653,502
iii)	Secured Loans	-
iv)	Unsecured Loans	35,550,000
v)	Deferred Tax Liability	1,747,032.00
<b>Applications of Funds</b>		
i)	Net Fixed Assets	8,677,930
ii)	Deferred Tax Asset	-
iii)	Investments	2,550,000
iv)	Net Current Assets	146,322,604
<b>IV. Performance of Company (Rs.)</b>		
i)	Turnover	291,095,974
ii)	Total Expenditure	280,358,825
iii)	Profit before tax	10,737,149
iv)	Profit after tax	7,419,370
v)	Basic/Diluted Earning Per Share	0.06
vi)	Dividend Rate	0%

**V. Generic Names of Three principle Products / Services of Company**

Product	Code No.
i) Investment in Shares & Financing	Nil
ii) Consultancy	Nil

**AS PER OUR REPORT OF EVEN DATE**

**Pravin Chandak & Associates**

Chartered Accountants

Sd/-

**Pravin Chandak**

**Partner**

MEMBERSHIP NO. 049391

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

**Girraj Kishore Agrawal**

**DIRECTOR**

Sd/-

**Tanu Agrawal**

**DIRECTOR**

Place : Mumbai

Date : 30th May 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

PARTICULARS	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit Before Tax & extraordinary items	10,737,148	4,131,375
<b>Add / (Less) Non cash items and items considered separately:-</b>		
Depreciation	1,750,740	371,700
Loss on Share Trading	-	(239,450)
Interest Income	-	162,369
<b>Operating Profit before Working Capital Changes</b>	12,487,888	4,425,994
<b>Adjustment For working capital changes:-</b>		
(Increase) / Decrease in Trade & Other Receivable	3,226,275	(5,470,477)
(Increase) / Decrease in Inventories	(13,098,438)	(43,806,841)
Increase / (Decrease) in Trade & Other Payable	(2,179,610)	2,679,211
(Increase)/Decrease in Loans & Advances	(30,312,515)	(8,043,824)
	(42,364,288)	(54,641,931)
<b>Cash generated from operations</b>	(29,876,400)	(50,215,937)
Income tax refund/(paid)	(6,624,595)	(52,942)
<b>Net Cash Flow From Operating Activities (A)</b>	<b>(36,500,995)</b>	<b>(50,268,879)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments	(2,550,000)	(10,800,369)
<b>Net Cash (Used In)/Generated From Investment Activities (B)</b>	<b>(2,550,000)</b>	<b>(10,800,369)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans Borrowed /(Paid)	35,550,000	(31,237,070)
Shares Issued	-	99,642,650
Advance from Customers	-	800,000
<b>Net Cash (Used In)/Generated From Financing Activities (C)</b>	<b>35,550,000</b>	<b>69,205,580</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(3,500,995)</b>	<b>8,136,332</b>
<b>Cash and Cash Equivalents at the Beginning of the year</b>	<b>8,698,927</b>	<b>562,595</b>
<b>Cash and Cash Equivalents at the End of the year</b>	<b>5,197,932</b>	<b>8,698,927</b>

**Notes:-**

- (1) The Above cash flow statement has been prepared by using the indirect methods as per Accounting Standard-3, issued by Institute of Chartered Accountants of India.
- (2) The previous figure have been regrouped/ rearranged wherever necessary to confirm the current year's classification.

**AS PER OUR REPORT OF EVEN DATE****Pravin Chandak & Associates**

Chartered Accountants

Sd/-

**Pravin Chandak****Partner**

MEMBERSHIP NO. 049391

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

**Girraj Kishore Agrawal****DIRECTOR**

Sd/-

**Tanu Agrawal****DIRECTOR**

Place : Mumbai

Date : 30th May 2011

**Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Company**

1	Name of the Subsidiary Company	<b>GSR TECHNO CONSULTANCY PVT LTD</b>
2	The financial year of the Subsidiary Company ended on	31 <sup>st</sup> March, 2011
3	<p>a) Number of Equity Shares held by Shree Nath Commercial &amp; Finance Limited in the Subsidiary as at the end of the financial year of the subsidiary (including shares held by the Nominee)</p> <p>b) Capital and Reserves of the Subsidiary at the end of the financial year of the subsidiary</p> <p>I. Capital</p> <p>II. Reserve &amp; Surplus</p> <p>c) Extent of Interest of Axon Infotech Limited in the capital of Subsidiary at the end of the financial year of the Subsidiary.</p>	<p>25,500</p> <p>Rs. 500,000/-</p> <p>Rs. (30,07,424/-)</p> <p>51%</p>
4	The net aggregate amount of the profits/(losses) of the subsidiary so far as they concern the member of Axon Infotech Limited since it became the subsidiary of Axon Infotech Limited	Rs. (24,64,545/-)
5	<p>The net aggregate amount of the Subsidiary's Profits/(loss) not dealt with in Axon Infotech Limited Account's:</p> <p>a) Profit/(Loss) for the Subsidiaries financial year ended 31st March 2011</p> <p>b) Profit/(Loss) for the previous financial year</p>	<p>Rs. (57,98,,931/-)</p> <p>Rs. 4,96,507/-</p>
6	<p>The net aggregate amount of the profits/(loss) of Subsidiary dealt with in Axon Infotech Limited Account's:</p> <p>a) For the Subsidiary financial year ended 31st March 2011</p> <p>b) For its pervious financial year</p>	<p>Nil</p> <p>Nil</p>



**AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENT**

To

The Board of Directors

M/s SHREE NATH COMMERCIAL & FINANCE LTD.

1. We have audited the attached Consolidated Balance Sheet of **M/s SHREE NATH COMMERCIAL & FINANCE LTD. (the Company) and its Subsidiary (collectively referred to as "the Group)** as at 31<sup>st</sup> March 2011 and also the consolidated Profit & Loss Account and the Consolidated Cash-flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standard 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 test basis, evidence supporting the amounts and disclosure in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the over all Financial Statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. We did not audit the financial statements of **M/s. GSR TECHNO CONSULTANCY PVT LTD (subsidiary)**, whose financial statements reflects total assets of Rs. 9,111,239/- as at 31<sup>st</sup> March 2011, total revenue of Rs. 9,271,513/- and net cash inflows amounting to Rs. 17,11,612/- for the year ended on that date. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated Financial Statements prescribed by the Central Government under Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies.
5. Based on our audit and on consideration of reports of other auditor on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - (i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2011,
  - (ii) In the case of the Consolidated Profit & Loss Account, of the profit for the year ended on that date, and
  - (iii) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For PRAVIN CHANDAK & ASSOCIATES**

Chartered Accountants

Sd/-

Pravin Chandak

Partner

M.No. 049391

Place: Mumbai

Date: 30<sup>th</sup> May, 2011

**SHREE NATH COMMERCIAL & FINANCE LTD.**

**CONSOLIDATED BALANCE SHEET AS ON 31.03.2011**

PARTICULARS	SCH. NO.	AS ON 31.03.2011
<b>SOURCES OF FUND :</b>		
<b>SHAREHOLDER'S FUND:</b>		
Share Capital	I	119,600,000
Reserve & Surplus	II	-
<b>MINORITY INTEREST</b>		(1,228,638)
<b>DEFFERED TAX LIABILITY</b>		1,747,032
<b>LOAN FUND :</b>		
Secured Loan	III	407,660
Unsecured Loan	IV	35,958,578
<b>TOTAL</b>		<b><u>156,484,633</u></b>
<b>APPLICATION OF FUNDS :</b>		
<b>FIXED ASSETS :</b>		
Gross Block	V	12,546,767
Less : Accu. Depreciation		<u>2,649,578</u>
<b>NET BLOCK</b>		<u>9,897,189</u>
<b>GOODWILL ON CONSOLIDATION</b>		<u>1,364,240</u>
<b>CURRENT ASSETS LOANS &amp; ADVANCES :</b>		
Stock in trade	VI	56,905,279
Sundry Debtors	VII	2,900,869
Cash & Bank Balance	VIII	7,364,794
Loans & Advances	IX	<u>82,680,847</u>
		149,851,789
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	X	<u>6,460,582</u>
<b>NET CURRENT ASSETS</b>		143,391,207
<b>MISCELLENEOUS EXPENDITURE</b> (To the extent not w/off)		20,952
<b>BALANCE IN PROFIT &amp; LOSS ACCOUNT</b>		1,811,044
<b>TOTAL</b>		<b><u>156,484,632</u></b>

**NOTES FORMING PART OF ACCOUNTS  
AS PER OUR REPORT OF EVEN DATE**

**Pravin Chandak & Associates**  
Chartered Accountants  
Sd/-  
**Pravin Chandak**  
Partner  
MEMBERSHIP NO. 049391

**XIV**

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**Girraj Kishore Agrawal**  
DIRECTOR

Sd/-  
**Tanu Agrawal**  
DIRECTOR

Place : Mumbai  
Date : 30th May 2011

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

PARTICULARS	SCH. NO.	YEAR ENDED 31.03.2011
<b>INCOME :</b>		
Income From Operation	XI	300,367,487
		<u><b>300,367,487</b></u>
<b>EXPENDITURE :</b>		
Cost of Goods sold	XII	246,614,348
Operating & other expenses	XIII	46,545,749
Depreciation		2,218,367
Preliminary Expenses written off		5,977
		<u><b>295,384,441</b></u>
<b>Net Profit before Tax</b>		4,983,047
<b>Less : Provision For Tax</b>		
Tax of earlier years		-
Current Tax		2,457,085
Deferred Tax		905,522
<b>Net Profit After Tax (before adjustments)</b>		<u><b>1,620,439</b></u>
<b>Less : Adjustments for</b>		
Capital profit		(492,909)
Minority Interest		(2,841,476)
<b>Net Profit After Tax (after adjustments)</b>		<u><b>4,954,824</b></u>
Brought forward from previous year		3,391,481
Less: Utilised for issue of bonus shares		10,157,350
<b>Balance carried to balance sheet</b>		<u><b>(1,811,044)</b></u>
Basic/Diluted Earning Per Share		0.01

**NOTES FORMING PART OF ACCOUNTS  
AS PER OUR REPORT OF EVEN DATE**

**Pravin Chandak & Associates**

Chartered Accountants

Sd/-

**Pravin Chandak**  
Partner

MEMBERSHIP NO. 049391

Place : Mumbai

Date : 30th May 2011

**XIV**

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

**Girraj Kishore Agrawal**  
DIRECTOR

Sd/-

**Tanu Agrawal**  
DIRECTOR

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

PARTICULARS	AS ON 31.03.2011
<b>SCHEDULE - I :</b>	
<b>SHARE CAPITAL :</b>	
<b>AUTHORISED :</b>	
120,000,000 Equity Shares of Rs. 1/- each	<u><b>120,000,000</b></u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP :</b>	
119,600,000 Equity Shares of Rs. 1/- each fully paid up (P.Y. 5,980,000 Equity Shares of Rs. 10 each) (Out of the above 59,800,000 Shares issued as bonus shares during the year)	119,600,000
<b>TOTAL RS.</b>	<u><b>119,600,000</b></u>
<b>SCHEDULE - II :</b>	
<b>RESERVE &amp; SURPLUS</b>	
Share Premium	49,642,650
Less: Capitalization for issue of Bonus shares	49,642,650
<b>TOTAL RS.</b>	-
<b>SCHEDULE - III :</b>	
<b>SECURED LOANS :</b>	
Car Loan (Against hypothecation of Motor car)	407,660
<b>TOTAL RS.</b>	<u><b>407,660</b></u>
<b>SCHEDULE - IV :</b>	
<b>UNSECURED LOANS :</b>	
From Directors	408,578
From Other	35,550,000
<b>TOTAL RS.</b>	<u><b>35,958,578</b></u>
<b>SCHEDULE - VI :</b>	
<b>STOCK IN TRADE</b>	
<b>(As taken, valued &amp; certified by management)</b>	
Shares	56,905,279
<b>TOTAL RS.</b>	<u><b>56,905,279</b></u>
<b>SCHEDULE - VII :</b>	
<b>SUNDRY DEBTORS</b>	
<b>(Unsecured, Considered Good)</b>	
Due for more than six months	1,108,140
Others	1,792,729
<b>TOTAL RS.</b>	<u><b>2,900,869</b></u>
<b>SCHEDULE - VIII :</b>	
<b>CASH &amp; BANK BALANCES :</b>	
Balance with Scheduled Banks in Current Account	2,492,159
Balance with Scheduled Banks in Deposit Account	1,201,258
Cash in Hand	3,671,378
<b>TOTAL RS.</b>	<u><b>7,364,794</b></u>
<b>SCHEDULE - IX:</b>	
<b>LOANS &amp; ADVANCES (Unsecured, considered good)</b>	
Loans & Advances	82,220,338
	(5,474,749)
Advance Tax	423,822
Deposits	36,687
<b>TOTAL RS.</b>	<u><b>82,680,847</b></u>

## Annual Report 2010-2011

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### SCHEDULE - X:

#### CURRENT LIABILITIES & PROVISIONS :

Sundry Creditors	6,107,825
Other Liabilities	4,756
Provisions	348,000
<b>TOTAL RS.</b>	<b><u>6,460,581</u></b>

### SCHEDULE - XI :

#### INCOME FROM OPERATION

Sales	235,489,584
Consultancy Income	58,374,713
Interest on Loan	3,564,721
Profit/(Loss) on Share Trading	2,727,420
Interest on Fixed Deposits	141,550
Other Income	69,500
	<b><u>300,367,487</u></b>

### SCHEDULE - XII :

#### COST OF GOODS SOLD :

Opening Stock	43,806,841
Add : Purchases	259,712,786
Less : Closing Stock - Shares	56,905,279
	<b><u>246,614,348</u></b>

### SCHEDULE - XIII :

#### OPERATING & OTHER EXPENSES

Legal & Professional Fees	34,589,892
Salary	4,359,188
Salaries and incentive of Developers	2,649,976
Transaction Charges	824,720
Software Expenses	750,000
Rent , Rates & Taxes	491,240
ROC Expenses	424,224
Tours & Travelling	365,737
Advertisement Expenses	275,180
Server Hosting Charges & Set up charges	274,982
Conveyance Expenses	155,078
Staff welfare Expenses	145,724
Business Promotion	139,110
Telephone Expenses	135,960
Electricity charges	122,768
Repairs & Maintenance	80,575
Accounts Writing Charges	76,127
Interest on Car Loan	70,962
Listing Fees	65,000
Office & Misc. Expenses	61,888
Demat & Share Transfer Charges	61,855
Stamp Duty	59,799
Printing & Stationery	54,535
Bank charges	51,708
Computer Expenses	44,995
Motor Car Expenses	44,864
Registration Fees	41,796
Audit Fees	38,036
Gateway integration Fees	27,575
Trade Mark Registration	26,472
Postage & Courier	18,842
Membership & Subscription	16,939
<b>TOTAL (A)</b>	<b><u>46,545,749</u></b>

**SCHEDULE -V**  
**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET**  
**FIXED ASSETS**

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK
	AS ON 01/04/2010	ADD/(DED.) DURING THE PERIOD	AS ON 31/03/2011	UPTO 1/04/2010	ADD/(DED.) DURING THE PERIOD	UPTO 31/03/2011	AS ON 31/03/2011	
Computer	10,535,044	248,450 -	10,783,494	8,583	1,837,634 -	1,846,217	8,937,278	
Air-condition	17,899	- -	17,899	2,678	2,490 -	5,167	12,732	
Motor Car	1,051,437	- -	1,051,437	384,833	272,217 -	657,050	394,387	
Office Equipment	100,337	- -	100,337	5,965	13,957 -	19,922	80,415	
Office Furniture	362,500	130,500 -	493,000	29,153	80,489 -	109,642	383,358	
Mobile	-	40,500 -	40,500	-	4,769 -	4,769	35,731	
software (tally)	-	10,500 -	10,500	-	1,783 -	1,783	8,717	
UPS Battery	-	49,600 -	49,600	-	5,028 -	5,028	44,572	
<b>TOTAL RS.</b>	<b>12,067,217</b>	<b>479,550 -</b>	<b>12,546,767</b>	<b>431,211</b>	<b>2,218,367 -</b>	<b>2,649,578</b>	<b>9,897,189</b>	

**ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS**

**SCHEDULE XIV:**

**1. SIGNIFICANT ACCOUNTING POLICES :**

**(a) Basis of Preparation of Financial Statements**

The financial statements have been prepared on a going concern basis and on accrual basis, under the historical cost convention and in accordance with the generally accepted accounting principles, the accounting standards issued by the Institute of Chartered Accountants of India and provisions of the Companies Act, 1956, which have been adopted consistently by the Company.

**(b) Use of Estimates**

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

**(c) Revenue recognition**

Revenue from sale of goods is recognized when significant risk and rewards of ownership are transferred to the customers. Sales are net of sales return and trade discount.

**(d) Fixed Assets**

Fixed Assets are stated at their historical costs less depreciation and upon provision of Impairment Losses duly recognized as per the provisions of AS28 issued by the Institute of Chartered Accountants of India. Cost of Acquisition is inclusive of taxes and other incidental expenses up to date, the assets are put to use.

**(e) Depreciation**

Depreciation has been provided on straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 on pro-rata basis from the date Assets have been put to use.

**(f) Investments**

Long term investments are stated at cost, Provision for diminution in the value of long term investments is made only if such decline is of a permanent nature.

**(g) Inventories**

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

**(h) Retirement Benefits**

Provision for retirement benefits to employees was not provided on accrual basis, which is not in conformity with Accounting Standard-15 issued by ICAI and the amount has not been quantified because actuarial valuation report is not available. However, in the opinion of the management the amount involved is negligible and has no material impact on the Profit & Loss Account.

**(i) Foreign Currency Transactions**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognized in the profit and loss account and related assets and liabilities are accordingly restated in the Balance Sheet. During the period under review company has not entered into any foreign currency transaction.

**(j) Taxation**

Deferred tax for the year is recognized on timing difference, being the difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future, however when there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

**(k) Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**NOTES TO ACCOUNTS:**

**1. Particular of subsidiary:**

GSR TECHNO CONSULTANCY PVT LTD.

a.	Country of Incorporation	India
b.	Percentage Holding	51%
	Date of Financial Statements	31.03.2011

Name of subsidiary	Revenue Post Acquisition	Net Profit/ (Loss) Post Acquisition	Net Assets
GSR TECHNO CONSULTANCY PVT LTD	Rs. 77,26,261/-	Rs. (48,32,442/-)	Rs. 91,11,238

**2. Contingent Liabilities not provided for :**

	2010-2011(Rs.)	2009-2010 (Rs.)
Claims against the company not acknowledged as debts	NIL	NIL
Others	NIL	NIL

3. Balances of Debtors, Loans and Advances, Secured Loans, Sundry Creditors & Others are subject to confirmation and reconciliation and consequential adjustments, if any.
4. In the opinion of the Board & to the best of their knowledge & belief the value of realizations of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet & the provisions for all the loans & determined liabilities is adequate and not in excess of the amount.
5. The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been made.



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### 6. The computation of Earning Per Share :

	2010-2011 (Rs.)
Profit Attributable to Equity Share Holders (After Tax)	1,620,439
Weighted Average Number of Equity Share (Nos.)	119,600,000
Basic/ Diluted Earning Per Share	0.01
Face Value per Equity Share	1.00

### 7. Major Components of Deferred Tax Assets and Liabilities :

	2010-2011 (Rs.)
1) Deferred Tax Liability on account of Depreciation	1,747,032
2) Deferred Tax Asset	NIL
<b>Deferred Tax (Liability)</b>	<b>1,747,032</b>

8. According to a technical assessment carried out by the Company, there is no impairment in the carrying cost of cash generating units of the Company in terms of accounting standards-28 issued by the Institute of Chartered Accountants of India.

### 9. Related Party Transaction :

#### Key Management Persons :

Girraj Kishore Agrawal  
Tanu Agrawal  
Ganpatsingh Rajput

#### Transaction with Related Parties:-

Remuneration Key Management Persons                      Rs. 13,00,000/-

10. **Segment Information:** The Company is engaged in single segment and there are no separate reportable segments as defined in AS-17.

11. This is the first consolidated financial statements of the Company; therefore previous year's figure is not applicable

#### Pravin Chandak & Associates

Chartered Accountants

Sd/-

**Pravin Chandak**

**Partner**

MEMBERSHIP NO. 049391

Place : Mumbai

Date : 30th May 2011

#### FOR AND ON BEHALF OF THE BOARD

Sd/-

**Girraj Kishore Agrawal**  
**DIRECTOR**

Sd/-

**Tanu Agrawal**  
**DIRECTOR**

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**CONSOLIDATED CASH FLOW STATEMENT**


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PARTICULARS	YEAR ENDED 31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net profit Before Tax & extraordinary items	4,983,047
<b>Add / (Less) Non cash items and items considered separately:-</b>	
Depreciation	<u>2,218,367</u>
Miscellaneous Expenditure W/off.	5,977
<b>Operating Profit before Working Capital Changes</b>	7,207,391
<b>Adjustment For working capital changes:-</b>	
(Increase) / Decrease in Trade & Other Receivable	2,178,071
(Increase) / Decrease in Inventories	(13,098,438)
Increase / (Decrease) in Trade & Other Payable	(1,677,092)
(Increase)/Decrease in Loans & Advances	<u>(24,874,453)</u>
	<u>(37,471,912)</u>
<b>Cash generated from operations</b>	<b><u>(30,264,521)</u></b>
Income tax refund/(paid)	(6,932,796)
<b>Net Cash Flow From Operating Activities</b>	<b>(A) <u>(37,197,317)</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed assets	(479,550)
<b>Net Cash (Used In)/Generated From Investment Activities</b>	<b>(B) <u>(479,550)</u></b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Loans Borrowed /(Paid)	35,764,985
Shares Issued	145,000
Share issue expenses	(22,500)
<b>Net Cash (Used In)/Generated From Financing Activities</b>	<b>(C) <u>35,887,485</u></b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(A+B+C) (1,789,383)</b>
<b>Cash and Cash Equivalents at the Beginning of the year</b>	9,154,176
<b>Cash and Cash Equivalents at the End of the year</b>	<b><u>7,364,794</u></b>

**AS PER OUR REPORT OF EVEN DATE**

**Pravin Chandak & Associates**  
Chartered Accountants  
Sd/-  
**Pravin Chandak**  
Partner  
MEMBERSHIP NO. 049391

**FOR AND ON BEHALF OF THE BOARD**

Sd/-	Sd/-	Sd/-
<b>Girraj Kishore Agrawal</b>	<b>Tanu Agrawal</b>	<b>Tanu Agrawal</b>
<b>DIRECTOR</b>	<b>DIRECTOR</b>	<b>DIRECTOR</b>

Place : Mumbai  
Date : 30th May 2011

## SHREENATH COMMERCIAL AND FINANCE LTD

Regd. Off: E/109, Crystal Plaza, Opp. Infinty Mall, Andheri (west), Mumbai : 400053.

### PROXY FORM

Reg. Folio NO \_\_\_\_\_ No. of Shares: \_\_\_\_\_

D.P. I. D\* \_\_\_\_\_ Client ID\* \_\_\_\_\_

I / we \_\_\_\_\_ of

\_\_\_\_\_ Being a shareholder / shareholders of **SHREENATH COMMERCIAL AND**

**FINANCE LTD** Hereby appoint \_\_\_\_\_ or failing him/

her \_\_\_\_\_ as my/our proxy to attend and vote for me / us and on

my/ our behalf at the 27<sup>th</sup> Annual General meeting of the Company to be held on 10/08/2011 at 3:30 P.M. and

at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Signature of the shareholder \_\_\_\_\_

Affix Re. 1/- Revenue Stamp
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Note: The Proxy form duly completed and signed must be deposited at the Registered office of the company not less than 48 hours before the time for holding the Meeting

\*Applicable for shares held in electronic form.

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## SHREENATH COMMERCIAL AND FINANCE LTD

Regd. Off: E/109, Crystal Plaza, Opp. Infinty Mall, Andheri (west), Mumbai : 400053.

### ATTENDANCE SLIP

#### 27<sup>th</sup> Annual General Meeting

Reg.Folio NO. \_\_\_\_\_

No. of shares held \_\_\_\_\_

Name of the Attending Member \_\_\_\_\_

D.P.I.D\* \_\_\_\_\_ Client I.D.\* \_\_\_\_\_

I/We hereby record my/our presence at the 27<sup>th</sup> Annual General Meeting of the company at Regd. Off: E/109, Crystal Plaza, Opp. Infinity Mall, Andheri (west), Mumbai : 400053.

Signature of the shareholder(s), / Proxy/ Representative \_\_\_\_\_

Note:

- 1) Member / proxy holder wishing to attend the meeting must bring the attendance slip to the meeting and hand over the same duly signed at the entrance.
- 2) Member/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

## BOOK POST

If undelivered please return to:

**SHREENATH COMMERCIAL AND FINANCE LTD**  
Regd. Off: E/109, Crystal Plaza,  
Opp. Infinity Mall,  
Andheri (west), Mumbai : 400053.