

BOARD OF DIRECTORS

Ramesh M. Patel	Chairman
Savji D. Patel	Managing Director
Vallabh N. Patel	Director
Dr. B. M. Mewada	Director
Rajesh J. Shah	Director
Rajiv N. Shah	Director

AUDITORS

RAVI & DEV

Chartered Accountants
377-B, First Floor,
J.S.S. Road,
Mumbai – 400 002.

BANKERS

State Bank Of India
Diamond Branch
Magestic Shopping Centre,
J.S.S. Road,
Girgaum, Mumbai – 400004

Bank of India
Bullion Exchange Br.
185, Sheikh Memon Street
Zaveri Bazar,
Mumbai – 400 002.

HDFC Bank Ltd.
1-4, Monica Arcade,
Subhas Lane,
Malad (E), Branch,
Mumbai – 400 097.

JEWELLERY UNIT

Plot No. 102,
Surat SEZ, Diamond Park,
Sachin, GIDC,
Surat – 394230, Gujarat.

CORPORATE OFFICE

1, “Shyam Bungalow”,
199/200, Pushpa Colony,
Manchubhai Road,
Malad (East), Mumbai 400097.
Phone No. 022- 28449514.

SHYAM STAR GEMS LIMITED

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Members of **SHYAM STAR GEMS LIMITED** will be held at Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (E), Mumbai: 400097 on Wednesday **23rd September 2009 at 10.30 A.M.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2009 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. Rajesh Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rajiv Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

**For and On behalf of the
Board of Directors**

Place: Mumbai
Date :29/05/2009

**SAVJI D.PATEL
MANAGING DIRECTOR**

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.
- 2) The Register of Members and Share Transfer Books of the Company will remain closed from **Monday 21st September 2009 to Wednesday, 23rd September 2009** (both days inclusive.)
- 3) Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
- 4) All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & public holidays between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.
- 5) For convenience of members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of meeting. The proxy of a member should mark on the attendance slip as 'proxy'.
- 6) IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTORS' REPORT & AUDITOR'S REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.
- 7) Members are requested to bring their copies of the reports to Annual General Meeting.
- 8) Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with share certificates to the Company.
- 9) In order to exercise strict control over the transfer documents, members are requested to send the transfer documents/ correspondence, if any, directly to:

SHAREX DYNAMIC (INDIA) PRIVATE LIMITED
Unit No. 1, Luthra Ind. Estate, 1st Floor,
Safed Pool, Andheri Kurla Road,
Andheri (E), Mumbai – 400072.
Phone No. 022-28515606/44.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 17th Annual Report together with the Audited Statements of Accounts of the Company for the year ended March 31, 2009.

FINANCIAL RESULTS:

	31/03/2009	31/03/2008
	(In Rs.)	(In Rs.)
Profit/(Loss) before tax for the year	168,035,545	203,345,216
Less: Provision for Current Taxes	-	(5,500,000)
Excess prov. Of earlier yrs. written back	-	58080
Fringe Benefit Tax	(70,000)	(55000)
Deferred Tax	(3780)	680
Profit/(Loss) After Tax for the Year	167,961,765	197,847,616
Less: Proposed Dividend	-	(83,34,480)
Interim Dividend	(4,167,240)	-
Tax on Dividend	(708,223)	(14,16,445)
Transfer to General Reserve	-	(49,46,190)
Add: Profit/(Loss) brought forward	216,627,177	33,476,677
Profit/(Loss) Carried forward	379,713,479	216,627,177

PERFORMANCE:

During the year the company earned profit before tax of Rs.168,035,545/- and profit after tax of Rs.167,961,765/- as against profit before tax of Rs.203,345,216/- and profit after tax of Rs.197,847,616/- for the corresponding previous year.

Though the Industry is facing severe recession in export market, the Management is hopeful that the growth of the Company will be consistent.

DIVIDEND:

During the Year under review Board of Directors of the Company has paid interim dividend of Rs.4,167,240/- i.e. @ 6 % on paid up Capital of the Company.

DIRECTORS:

Mr. Rajesh Shah and Mr. Rajiv Shah retire by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting.

Further, during the year under review Mr. Ramesh Mohanlal Patel was appointed as the Director of the Company w.e.f. 06/11/2008.

Further Mr. Sanjay Jayantilal Bhansali and Mr. Devang Jayantilal Bhansali resigned as the Directors of the Company w.e.f. 06/11/2008.

AUDITORS:

M/s RAVI & DEV, Chartered Accountants, Auditors of the Company retire at the conclusion of this Annual General Meeting. The members are requested to appoint auditors and to fix their remuneration.

Auditors Report : Auditors Report as issued by **M/s RAVI & DEV**, Chartered Accountants, Auditors of the Company is self explanatory and need not calls for any explanation by your Board.

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

The particulars regarding conservation of energy and technology absorption are not applicable to the Company. Further, details regarding foreign exchange earnings and outgo are mentioned in Note Nos. 3 to 5 of Notes to Accounts under Schedule K.

FIXED DEPOSITS:

The Company has not accepted any loans or deposits from public in contravention of Section 58A of the Companies Act, 1956, and rules framed under the Companies (Acceptance of Deposits) Rules, 1975.

AUDIT COMMITTEE:

The Board of Directors have constituted an Audit Committee pursuant to Sec. 292A of the Companies Act, 1956 The Audit Committee consists of following members:

- 1) Mr. Rajesh J. Shah Chairman and Non-Executive, Independent

SHYAM STAR GEMS LIMITED

- 2) Mr. Rajiv Shah Non-Executive and Independent
3) Dr. Bhanuchandra M. Mewada Non-Executive and Independent

DIRECTORS' RESPONSIBILITY STATEMENT as required pursuant to newly inserted Sec. 217(2AA):

- i. that in the preparation of annual accounts for the Financial year 2008-2009, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgements and estimated 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 or loss of the company for that period.
- iii. 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;
- iv. that the directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

The company continue to believe in and accordingly upgrade itself with concept of Corporate Governance. The company has successfully maintained a code of Corporate Governance in all its concerned operations comprehensively. Corporate Governance and Management Discussion & Analysis Report forms part of this Annual Report. The Company has obtained a Certificate from the Auditors for maintenance of Code of Corporate Governance.

PARTICULARS OF EMPLOYEES:

None of the employees of the company is in receipt of remuneration exceeding Rs.24,00,000/- Per annum, if employed for whole of the year or Rs. 2,00,000/- per month if employed for part of the year.

APPRECIATION:

Your Directors place on record their sincere appreciation of the service rendered by the employees of the Company and the Banks. Your Directors are also grateful to shareholders of the Company and local authorities for their continued valuable support and cooperation to the Company.

For and On behalf of the Board of Directors

SAVJI D. PATEL
MANAGING DIRECTOR

RAMESH PATEL
CHAIRMAN

Place: Mumbai
Date : 29/05/2009

CORPORATE GOVERNANCE REPORT

The Corporate Governance Code introduced Securities and Exchange Board of India ("SEBI") as adopted by incorporating a new clause No.49 in the Listing Agreement of the Stock Exchanges and also by applicable provisions of the Companies (Amendment) Act, 2000, is being implemented by the Company. A report on Corporate Governance is given below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company has committed to bring about the good corporate governance practices. It strongly believes in attaining transparency, accountability and equity, in all its operations, and in its interaction with stakeholders including shareholders, employees, the government and the lenders.

2. BOARD OF DIRECTORS

As on 31st March, 2009 the strength of Board of Directors was 06, comprising of 02 Executive Directors and 04 Non-Executive Directors. The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors meets with the requirements of Clause 49 (1) (A) of the Listing Agreement. None of the Directors on the Board is a member on more than ten Committees and Chairman of more than five Committees as per Clause 49 (IV) (B) across all Companies in which they are Directors.

The composition of the Board of Directors and also the number of other Board of Directors of which he is a Member/Chairman as on March 31, 2009, are as under:

Names of Directors	Category of Directorship	Directorship in other companies	Committee Membership(s) of other Companies	
			Member	Chairman
Mr. Savji D. Patel	Managing Director	01	-	-
Mr. Vallabh N. Patel	Executive	-	-	-
Mr. Rajesh Shah	Non-Executive & Independent	01	-	-
Dr. Bhanuchandra Mewada	Non-Executive & Independent	-	-	-
Mr. Rajiv Shah	Non-Executive & Independent	-	-	-
Mr. Ramesh Mohanlal Patel	Non-Executive & Independent	01	-	-

* Directorship in Private Limited Companies are also included in the above table.

None of the Directors holds directorships in more than 15 Companies, membership in committee of Board in more than 10 Companies and Chairmanship of Committee of Board of more than 5 Committees.

BOARD PROCEDURE:

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board's role, functions, responsibility and accountability are clearly defined. All major decisions involving policy formulations, business plans, annual operating budgets, compliance with statutory requirements, major accounting provisions and write-offs are considered by the Board.

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING:

During the year 05 (Five) Board Meetings were held during the financial year ended March 31, 2009, the dates of which are 30/05/2008, 21/07/2008, 22/10/2008, 06/11/2008 & 28/01/2009. The attendance of each Director at Board Meetings and the last Annual General Meeting is as under:

Name of the Director	No. of Board meetings attended	Attendance of last AGM held on 12/09/2008.
Mr. Savji D. Patel	05 (Five)	Attended
Mr. Vallabh N. Patel	05 (Five)	Attended
Mr. Rajesh J. Shah	05 (Five)	Attended
Dr. B.M. Mewada	05 (Five)	Attended
Mr. Ramesh Patel	02 (Two)	—
Mr. Rajiv N. Shah	01 (One)	Attended

During the Financial year 2008-09 the Company paid remuneration to its Executive Directors as per the details given below:

Sr.No.	Name of Directors	Remuneration paid (in Rs.)
1.	Savji D. Patel	6,00,000/-
2.	Vallabh Patel	1,80,000/-

3. AUDIT COMMITTEE:

BROAD TERMS OF REFERENCE

The Audit Committee of the Company, inter-alia, acts as a control mechanism in the financial and other important departments of the Company. The terms of reference of the Audit Committee are in accordance with paragraphs C and D of Clause 49 (II) of the Listing Agreement and as specified by the Board of Directors of the Company.

The Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by the Institute of Chartered Accountants of India during the year. The role of the Audit Committee includes the following:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other service
- Reviewing with management the financial statements before submission to the Board.
- Reviewing with the management and the external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function and procedures.
- Discussion with internal auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with External Auditors before the audit commences, the nature and the scope of Audit as well as have post audit discussion.
- Reviewing the Company's financial and risk management policies.

COMPOSITION

The Audit Committee comprises of three Directors. All these Directors possess knowledge by corporate finance, accounts and company law. The constitution of the Audit Committee is as follows:

S.N	Name of Director	Executive/Non-Executive Independent
1.	Mr. Rajesh J. Shah	Chairman & Non-Executive, Independent
2.	Mr. Rajiv Shah	Non-Executive Independent
3.	Dr.Bhanuchandra M.Mewada	Non-Executive Independent

MEETINGS AND ATTENDANCE

During the financial year ended March 31, 2009, Four Audit Committee Meetings were held on 30/05/2008, 21/07/2008, 22/10/2008 and 28/01/2009.

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The attendance at the Audit Committee Meetings is as under:

Name of Director	No. of meetings attended
Mr. Rajesh J. Shah	4 (Four)
Mr. Rajiv Shah	01 (One)
Dr. Bhanuchandra M. Mewada	4 (Four)

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 12/09/2008 to attend the shareholders' queries.

4. REMUNERATION COMMITTEE:

To review, assess and recommend the appointment of Whole-time Directors.

COMPOSITION

The Remuneration Committee comprises of three Directors as under:

S.N	Name of Director	Executive/Non-Executive Independent
1.	Mr. Rajesh J. Shah	Non-Executive & Independent
2.	Dr. Bhanuchandra Mewada	Non-Executive & Independent
3.	Mr. Vallabh Patel	Executive

However during the financial year 2008-09 Company has revised remuneration of managerial personnel.

SHARE TRANSFER/INVESTOR GRIEVANCE COMMITTEE:

FUNCTIONS

The Board of Directors of the Company has constituted a Committee of Directors which also functions as 'Shareholders'/Investors Grievances Committee', consisting of three members, chaired by Non-Executive Independent Director. The Committee interalia, deals with various matters relating to:

- ❖ transfer/transmission of shares;
- ❖ issue of duplicate share certificates;
- ❖ investors, grievances and redressal mechanism and recommend measures to improve the level of investor services.

Details of shares transfer/transmission approve by the Committee and Shareholders'/Investors' grievances are placed at the Board Meetings from time to time.

COMPOSITION

The constitution of the Committee of Directors is as under:

Name of Director	Executive / Non-Executive Independent
Mr. Rajesh Shah	Chairman, Non-Executive & Independent
Dr. Bhanuchandra Mewada	Non-Executive & Independent
Mr. Savji D. Patel	Executive & Non Independent

DETAILS OF SHAREHOLDERS' COMPLAINTS RECEIVED, NOT SOLVED AND PENDING SHARE TRANSFERS:

The Company had received no investor complaint, which was resolved to the satisfaction of the said investor. Thus there are no investor complaints not solved and pending.

6. GENERAL BODY MEETINGS:

Location and time, where last three Annual General Meetings were held is given below:

Financial Year	Date	Location of the Meeting	Time
2005-2006	29/09/2006	Shri M.S.P Sangh, 139, Govind Nagar, Malad (E), Mumbai - 400 097.	10.30A.M
2006-2007	21/09/2007	Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (East), Mumbai – 400 097.	10.30A.M
2007-2008	12/09/2008	Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (East), Mumbai – 400 097.	10.30A.M

7. DISCLOSURES:

The details regarding related party transactions i.e. transactions of the Company with its Promoters, Directors or Management, their subsidiaries or relatives, not conflicting with the Company's interest, have been shown in Schedule 'K' Notes to Accounts to the Annual Accounts for the year ended 31st March, 2009.

8. MEANS OF COMMUNICATION:

The Company publishes its quarterly audited & unaudited financial results in national & regional newspapers. The Company also sends the financial results to the Stock Exchange immediately after it's approved by the Board. The Company is not displaying the financial results on website. The Company has not sent half yearly report to the shareholders. No representations were made to the Institutional investors or analysts during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS:

a. Industry Structure and Development:

Industry at a glance:-

- ❖ Worldwide gems and jewellery industry has been mounting at a good pace and is currently estimated at over US\$130 billion. In India, it accounts for nearly 20% of total Indian exports.
- ❖ Diamond jewellery consumption is likely to come down due to world economic slowdown. The gems and jewellery sector has been witnessing a lot of changes, as a result of which the manufacturing is largely focused on technological innovations and sophisticated designs.
- ❖ India's dominance in the cutting and polishing segment can be attributed to superior craftsmanship, low cost of Indian labour and superior technology.
- ❖ In India the Gems and Jewellery Industry is well supported by the Government & EXIM policies

b. Mission and Business Strategy:

SSGL exports its wide range of diamond jewellery direct to semi wholesalers in various international markets including Hong Kong, Singapore, Middle East etc. The versatile and passionate design team, craftsmen, workers and their marketing team has ensured customer loyalty, repeat orders, advance orders and endorsement the world over.

Innovative and superior designs, timely delivery and stringent quality control measures have been the contributing factors in SSGL's highly successful export forays, at present the effect of the world economic slow-down is there.

c. Financial and Operating performances:

Your Company's total sales including other income for the financial year 2008-09 is Rs.1,071,630,723/- and profit after tax is Rs. 167,961,765/-.

d. Internal Control System and Adequacy:

There is internal Control System including internal audit in order to ensure efficient use of Company's resources to improve the profit margin of the Company through the effective control on stock and debtors. The Company has adequate internal control procedure commensurate with its size and nature of the business. The Internal Control system provides for well documented policies, guidelines, authorization and procedures. The prime objective is to test the adequacy and effectiveness of all internal controls and to suggest improvement therein. During the year under review, the internal Auditor has reviewed the accounting system and necessary modifications have been incorporated.

e. Outlook Opportunities and threats:

i. Outlook:

It was once said that diamonds are a women's best friend and true to the saying the talisman of these stones is brightening the lives of one and all. Brides today are not only particular about the type of the diamond, but also the cut and metal setting of the stone. It comes in all shapes and many colors like champagne diamond, pink, white, yellow, blue and green.

Jewellery exports from India have risen at a much faster rate. There is clear evidence that India is considered as a low cost jewellery manufacturing centre. This is evident in the faster rate of growth for India's jewellery exports. However, due to severe recessionary conditions in USA and Europe, there has been a marked slowdown in jewellery exports. With some hope of recovery in USA, it is expected that jewellery export will pick up in the current year.

ii. Opportunities:

- ❖ Move up the value chain and have presence in manufacturing and retailing.
- ❖ Industry moving towards consolidation.
- ❖ Shift in buying patterns: Consumer demand is shifting towards diamond and branded jewellery, leading to high growth.
- ❖ Worldwide there has been increased outsourcing of jewellery fabrication to low cost countries like India and China.
- ❖ Long Term Tax holiday and other incentives due to Modern diamond manufacturing facility located in SEZ zone of Surat
- ❖ In India availability of superior design skills and craftsmanship along with cheap labour forms as a catalyst for efficient manufacturing set up.

iii. Threats:

- ❖ Threat from China, Sri Lanka and Thailand's entry in the small diamond segment.
- ❖ Infrastructure bottlenecks, absence of latest technology.
- ❖ Change in government's support and incentives
- ❖ Increase in unorganized sector
- ❖ Possible Long-term threat from other luxury brands & Chinese exports.
- ❖ Threat from starting polishing units in diamond Producing Nations.
- ❖ Threat from world economic slowdown.

f. Human Resources:

The Company regards its human resources as amongst its most valuable assets and proactively reviews policies and process by creating a work environment that encourages initiatives, provides challenges and opportunities and recognizes the performance and potential of its employees. The relations with employees remained cordial during the year.

g. Cautionary Statement:

Details given hereinabove relating to various activities and future plans may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual performance may differ from those expressed or implied.

9. GENERAL SHAREHOLDERS' INFORMATION:

Detailed information in this regard provided in the shareholder information section forms part of this Annual Report.

SHAREHOLDER INFORMATION:

1. Annual General Meeting Scheduled to be Held:

Date : 23rd September 2009
 Time : 10.30 A.M
 Venue : Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (E), Mumbai: 400 097.

2. Date of Book Closure:

Monday 21st September 2009 to Wednesday, 23rd September, 2009
 (both days inclusive.)

3. Financial Calendar:

The financial calendar year of the Company was from 1st April, 2008 to 31st March, 2009.

Financial Reporting for:

Audited Financial Results for the year ending 31 st March, 2008.	Date: 29 th May, 2008
Unaudited Financial Results for the quarter ending 30 th June, 2008.	21 st July, 2008
Unaudited Financial Results for the half year ending 30 th September, 2008.	22 nd October, 2008
Unaudited Financial Results for the quarter ending 31 st December, 2008.	28 th January, 2009

4. Listing on Stock Exchanges:

Equity Shares of the Company are listed on Bombay Stock Exchange Limited.

5. Stock Code: Bombay Stock Exchange Limited: **(BSE): B2 - 526365**

6. Stock Price Data :

The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited are as follows:

MONTH	BSE, MUMBAI		
	High (Rs.)	Low (Rs.)	No. of shares traded
April, 2008	113.20	82.00	1185131
May, 2008	124.75	75.00	691869
June, 2008	141.60	108.00	1465555
July, 2008	195.00	116.75	2753950
August, 2008	181.55	151.25	622429
Sept, 2008	186.96	91.45	1095728
Oct, 2008	86.90	33.20	466492
Nov, 2008	31.55	13.40	381697
Dec, 2008	16.10	11.33	1228187
Jan, 2009	15.89	9.11	279714
Feb, 2009	10.24	7.35	211028
March, 2009	8.34	5.65	258206

7. Address for Correspondence:

Shareholders can correspond to :

Sharex Dynamic (India) Private Limited
 Corp. Office Add : Luthra Indus.Estate,
 1st Flr, Safed Pool, Andheri-Kurla Road, Mumbai: 400 072.
 Tel. Nos. : 022-28515606, 28515644
 Fax No. : 022-228512885
 Web Site : www.sharexindia.com

8. Compliance Officer :

Mr. Hasmukh Thakkar
 Compliance Officer
 Phone No. 022-28449514.

SHYAM STAR GEMS LIMITED

9. Share Transfer System:

Shares sent for transfer in physical to Sharex (India) Private Limited (R&T Agents), are registered and returned with a period of 30 days from the date of receipt, if the documents are in order. The Share Transfer Committee meets generally on a fortnightly basis to consider the transfer proposal. All requests for dematerialisation of shares are processed by the Company and Sharex (India) Private Limited within 21 days.

10. Dematerialisation of shares:

Trading in Equity Shares of the Company is permitted only in dematerialized w.e.f. 29th January, 2001 as per notification issued by the Security & Exchange Board of India (SEBI). As on 31st March, 2009, out of total Equity Capital of 69,45,400, 61,00,775 shares are held in dematerialized form with NSDL and CDSL which aggregates to 87.84%.

11. Distribution of shareholding as on March 31, 2009:

No. of shares held	No. Of shareholders	% of shareholding	% of shares/Deb.
1 to 100	7649	733542	10.56
101 to 200	974	189568	2.73
201 to 500	807	306669	4.42
501 to 1000	298	238641	3.44
1001 to 5000	258	583198	8.40
5001 to 10,000	42	300936	4.33
10,001 to 1,00,000	44	1021205	14.70
1,00,001 and above	9	3571641	51.42
TOTAL	10081	6945400	100.00

12. Shareholding Pattern As on 31st March, 2009

Category	No. Of Shares Held	% of Shareholding
Promoter's holding		
1. Promoters		
- Indian Promoters	2,777,86	40.00
- Foreign Promoters	NIL	-
2. Persons acting in concert	NIL	-
Sub-Total.....	2,777,860	40.00
Non-Promoters holding		
3. Institutional Investors		
a. Mutual Funds and UTI	22,942	0.33
b. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions	NIL	-
c. FIIS	NIL	-
Sub-Total.....	22,942	0.33
4. Others		
a. Private Corporate Bodies	497,474	7.16
b. Indian Public	3,474,891	50.04
c. NRI/OCBs	123,057	1.77
d. Any other (Specify)	-	-
e. Clearing Members	49,176	0.71
Sub-Total.....	4,167,540	59.68
Grand Total.....	69,45,400	100.00

Note: The total foreign shareholding for the year ended 31st March, 2009 is 123,057 shares which in percentage terms is 1.77% of the issued and subscribed capital. Shareholding pattern in case of demated shares has been prepared based on download of data received from NSDL / CDSL as on 31st March 2009.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

SHYAM STAR GEMS LIMITED

We have examined the compliance of conditions of Corporate Governance by SHYAM STAR GEMS LIMITED for the year ended on 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We have to state that in respect of investors grievances, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the shareholders/investor's Grievance Committee.

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 Ravi & Dev
Chartered Accountants

Place: Mumbai
Date: 29/05/2009

Devendra Mehta
(Partner)

AUDITORS' REPORT

To the Members of

Shyam Star Gems Limited
Mumbai.

We have audited the attached Balance Sheet of **SHYAM STAR GEMS LIMITED** as at 31st March, 2009 and both the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this Report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and report thereto.

- 1 As required by the Companies' (Auditor's Report) Order, 2004 issued by the Central Government in terms of sub section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 2 Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by the law have been maintained by the company, so far as appears from our examination of such books.
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. based on representations made by all the directors of the company and the information and explanation as made available, directors of the company do not prima facie have any disqualification as referred to in 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 read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view 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 31st March, 2009 and
 - ii. in the case of Profit and Loss Account, of the profit for the year ended on that date and
 - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **RAVI & DEV**
Chartered Accountants

(DEVENDRA MEHTA)
Partner
Membership No. 82325

Mumbai
May 29, 2009

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in Para 2 of our report of even date)

To the members of
Shyam Star Gems Limited
Mumbai.

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b. As explained to us, the fixed assets have been physically verified by the management during the year at regular intervals, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
c. During the year, the company has not sold substantial part of fixed assets so as to affect its going concern status.
- ii. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
b. The procedures of physical verification of inventories followed

- by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
 - iii. The company has neither taken nor granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and consequently clause 4(iii)(a),(b),(c),(d),(e),(f) and (g) of the Statement on the Companies (Auditor's Report) Order, 2004 are not applicable to the company.
 - iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
 - v. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
b. In our opinion and according to information and explanations given to us, there are no transactions aggregating to Rs. 5,00,000/- or more during the year in respect of any party in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956.
 - vi. In our opinion and according to the information and explanations given to us, the Company did not accept any deposit in contravention of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
 - vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
 - viii. The Central Government has not prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 for any of the product of the company.
 - ix. a. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty cess and other material statutory dues wherever applicable to it.
b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31st March, 2009 for period of more than six months from the date they became payable.
 - c. As per records of the company and in accordance with the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
 - x. The company has neither accumulated losses as at 31st March, 2009 nor it has incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
 - xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
 - xii. The company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
 - xiii. 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.
 - xiv. The company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All investments in shares and other securities have been held by the company in its own name.
 - xv. The company has not given guarantees for loans taken by others from banks or financial institutions.
 - xvi. The company has not taken any term loan.
 - xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
 - xviii. During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
 - xix. During the year the company had not issued any debentures.
 - xx. According to information and explanation given to us the company has not raised money by public issue, therefore, requirement for commenting on the end use of money raised by public issue does not arise.
 - xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **RAVI & DEV**
Chartered Accountants
(DEVENDRA MEHTA)
Partner
Membership No. 82325

Mumbai
May 29, 2009

SHYAM STAR GEMS LIMITED**BALANCE SHEET AS ON 31ST MARCH, 2009**

	Sch.	2009 Rs.	2008 Rs.
I. SOURCES OF FUNDS			
1. <u>Shareholders' Funds</u>			
a. Share Capital	A	69,061,000	69,038,500
b. Advance Against Equity Share Warrant		6,750,000	6,750,000
c. Reserve & Surplus	B	<u>401,659,670</u>	<u>238,573,369</u>
		<u>477,470,670</u>	<u>314,361,869</u>
2. <u>Loan Funds</u>			
a. Secured Loans	C	731,374	1,297,017
b. Unsecured Loans		-	-
		<u>731,374</u>	<u>1,297,017</u>
3. Deferred Tax Liability			
		93,750	89,970
		<u>93,750</u>	<u>89,970</u>
		<u>478,295,794</u>	<u>315,748,856</u>
II. APPLICATION OF FUNDS			
1. <u>Fixed Assets</u>			
Gross Block	D	14,570,658	14,497,479
Less : Depreciation		<u>(4,697,631)</u>	<u>(3,907,416)</u>
Net Block		<u>9,873,027</u>	<u>10,590,063</u>
2. Investments (At Cost)			
	E	9,485,291	4,730,933
3. <u>Current Assets, Loans & Advances</u>			
a. Inventory	F	146,034,397	209,965,726
b. Sundry Debtors		308,634,565	321,108,382
c. Cash & Bank Balances		3,283,869	28,538,174
d. Loans & Advances		91,093,984	26,495,246
Less : Current Liabilities & Provisions	G	<u>(90,109,339)</u>	<u>(285,679,668)</u>
		<u>458,937,476</u>	<u>300,427,860</u>
		<u>478,295,794</u>	<u>315,748,856</u>
Notes to Accounts	K	-	-

In terms of our Report
of even date attached
For RAVI & DEV
Chartered Accountants

(DEVENDRA A. MEHTA)
Partner
Membership No. 82325
Mumbai
May 29, 2009

For & On behalf of the Board of Directors

SAVJI D. PATEL

MANAGING DIRECTOR

RAMESH M. PATEL

CHAIRMAN

VALLABH N. PATEL

DIRECTOR

Mumbai
May 29, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Sch.	2009 <u>Rs.</u>	2008 <u>Rs.</u>
INCOME			
Sales - Export		1,058,427,865	784,711,078
Local		-	79,321,941
Increase/(Decrease) in Stock	H	74,054,633	49,997,058
Other Income	I	13,202,858	46,583,386
TOTAL		<u>1,145,685,356</u>	<u>960,613,463</u>
EXPENDITURE			
Raw Material Consumed & Purchases		962,886,652	717,771,590
Direct & Other Expenses	J	13,972,944	39,015,466
Depreciation		790,215	481,191
Income-tax		-	-
TOTAL		<u>977,649,811</u>	<u>757,268,247</u>
Profit before taxes for the year		168,035,545	203,345,215
<u>Less :</u> <u>Provision for Income Tax</u>			
- Current taxes		-	(5,500,000)
- Excess provision of earlier years written back		-	58,080
- Fringe Benefit Tax		(70,000)	(55,000)
- Deferred Tax		(3,780)	(680)
Profit after tax Available for Appropriation		<u>167,961,765</u>	<u>197,847,615</u>
<u>Less :</u> Proposed Dividend		-	(8,334,480)
Interim Dividend Paid		(4,167,240)	-
Tax on Dividend		(708,223)	(1,416,445)
Transfer to General Reserve		-	(4,946,190)
		<u>163,086,302</u>	<u>183,150,500</u>
<u>Add :</u> Profit brought forward		216,627,177	33,476,677
Profit Carried forward		<u>379,713,480</u>	<u>216,627,177</u>
Weighted Average Number of Equity Shares outstanding during the year		6945400	6605400
Earning per Share - Basic		25.43	29.95
- Diluted		25.43	29.95

Notes to Accounts

K

In terms of our Report of even date attached

For & On behalf of the Board of Directors

For RAVI & DEV

SAVJI D. PATEL

MANAGING DIRECTOR

Chartered Accountants

(DEVENDRA A. MEHTA)

RAMESH M. PATEL

CHAIRMAN

Partner

Membership No. 82325

VALLABH N. PATEL

DIRECTOR

Mumbai

Mumbai

May 29, 2009

May 29, 2009

SHYAM STAR GEMS LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2009 Rs.	2008 Rs.
SCHEDULE 'A' : SHARE CAPITAL		
<u>Authorised</u>		
15000000 (Previous Year : 15000000) Equity Shares of Rs. 10/- each	150,000,000	150,000,000
	150,000,000	150,000,000
<u>Issued, Subscribed & Paid up</u>		
6945400 (Previous Year : 6945400) Equity Shares of Rs. 10/- each	69,454,000	69,454,000
<u>Less : Call Money due</u>	(393,000)	(415,500)
	69,061,000	69,038,500
SCHEDULE 'B' : RESERVE & SURPLUS		
Share Premium Account	17,000,000	17,000,000
General Reserve	4,946,190	4,946,190
Surplus in Profit & Loss Account	379,713,480	216,627,178
	401,659,670	238,573,368
SCHEDULE 'C' : SECURED LOANS		
Car Loans		
ICICI Bank Ltd. (Secured against hypothecation of Motor Car)	-	137,041
HDFC Bank Ltd. (Secured against hypothecation of Motor Car)	731,374	1,159,976
	731,374	1,297,017

SCHEDULE 'D' : FIXED ASSETS

NAME OF ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Cost as on 01.04.08	Addition During the year	Total cost as on 31.03.09	Rate %	As on 01.04.08	for the year	As on 31.03.09	As on 31.03.09	As on 31.03.08
Lease hold Land	1,750,000	-	1,750,000		116,667	116,667	233,334	1,516,666	1,633,333
Building	2,994,515	-	2,994,515	3.34	8,335	100,017	108,352	2,886,163	2,986,180
Machinery	3,237,056	-	3,237,056	4.75	2,172,153	52,550	2,224,703	1,012,353	1,064,903
Mettler	237,189	-	237,189	4.75	118,667	11,266	129,933	107,256	118,522
Motor Car	3,959,035	-	3,959,035	9.50	1,074,208	376,108	1,450,316	2,508,719	2,884,827
Office Equipment	301,151	-	301,151	4.75	43,173	14,304	57,477	243,674	257,978
Electric Installation	232,989	-	232,989	4.75	922	11,067	11,989	221,000	232,067
Computer	428,567	-	428,567	16.21	336,044	18,479	354,523	74,044	92,523
Furniture & Fixture	1,356,977	73,179	1,430,156	6.33	37,247	89,757	127,004	1,303,152	1,319,730
Current Year's Total	14,497,479	73,179	14,570,658		3,907,416	790,215	4,697,631	9,873,027	10,590,063
Previous Year's Total	6,069,407	-	6,069,407		3,701,858	292,314	3,994,172	2,367,549	2,116,338

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 'E' : INVESTMENTS (at cost)

Non Trade - Quoted

Name of the Company	No. of Shares	Face Value	Paid-up Value	2009 Rs.	2008 Rs.
Agro Dutch Ind. Ltd.	11500	10	10	436,453	436,453
Asian Electronics Ltd.	3245	10	10	758,665	758,665
EIH Associates Hotels Ltd.	1500	10	10	304,581	304,581
Kanani Industries Limited	6536	10	10	4,733,322	-
Kanchan International Ltd.	11831	10	10	98,533	98,533
Nirma Limited	400	10	10	22,000	22,000
Numeri Power Systems Ltd.	500	10	10	425,406	425,406
Omni Tech Infosolutions Ltd.	3,000	10	10	147,000	147,000
Real Strips Limited	25,000	10	10	871,163	-
SJ Corporation Limited	10	10	10	5,201	-
Vimta Lab. Ltd.	10021	10	10	1,682,967	1,682,967
Arrow Coated Products Ltd.	40394	10	10	-	855,328
			TOTAL	9,485,291	4,730,933
Market Value of Quoted Shares				6,540,733	3,682,914

SCHEDULE 'F' : CURRENT ASSETS, LOANS & ADVANCES

Inventory

(As valued and certified by management)

(Valued at lower of cost or net realisable value)

Polished Diamonds	144,117,870	137,577,950
Rough Diamonds	-	71,128,713
Rough Rejection	-	437,652
Bullion	1,916,527	821,411
	146,034,397	209,965,726

Sundry Debtors

(Unsecured & considered good)

i. More than six months	88,229,037	-
ii. Others	220,405,528	321,108,382
	308,634,565	321,108,382

Cash & Bank Balances

Balances with Scheduled Banks	2,021,494	23,648,472
HDFC Bank Ltd.-FDR	-	4,074,753
Cash-in-hand	1,262,375	814,949
	3,283,869	28,538,174
	457,952,831	559,612,282

Loans & Advances

(Unsecured and considered good)

Advances receivable in cash or in kind or for value to be received

	91,093,984	26,495,246
	91,093,984	26,495,246
	549,046,815	586,107,528

SHYAM STAR GEMS LIMITED

SCHEDULE ' G' : CURRENT LIABILITIES & PROVISIONS

Current Liabilities

Sundry Creditors	83,409,336	269,028,434
Other Liabilities	320,003	516,021
	83,729,339	269,544,455

Provisions

Provision for taxes	6,225,000	6,225,000
Provision for Fringe Benefit Tax	155,000	85,000
Provision for Proposed Dividend	-	8,334,480
Provision for Tax on Dividend	-	1,490,733
	6,380,000	16,135,213
	90,109,339	285,679,668

SCHEDULE ' H' : VARIATION IN STOCK

Closing Stock	124,051,691	49,997,058
Less: Opening Stock	(49,997,058)	-
	74,054,633	49,997,058

SCHEDULE ' I' : OTHER INCOME

Dividend	19,467	437,329
Exchange Difference	13,128,636	-
Interest (Nett)(T.D.S. Rs.20358/- ; Previous Year: Rs.121183/-)	(9,210)	827,857
Profit on Sale of Investments	63,965	45,318,200
	13,202,858	46,583,386

SCHEDULE ' J' : DIRECT & OTHER EXPENSES

Salaries	2,209,800	1,825,150
Labour Charges	6,432,664	28,038,715
Electricity Charges	176,566	155,803
Consumables	485,438	1,322,885
Printing & Stationery	271,981	254,806
Remuneration to Auditors	220,600	224,720
Telephone Expenses	201,442	183,032
Office Rent	444,000	106,000
Bank Charges	1,068,537	702,845
Motor Car Expenses	74,964	47,252
Travelling Expenses	421,132	332,812
Advertisement Expenses	161,106	301,351
Listing Fee	16,625	76,236
Legal and Professional Fees	181,031	2,154,292
Miscellaneous Expenses	1,353,476	2,531,496
Maintenance Charges	117,833	485,443
Freight Charges	40,651	133,292
Clearing & Forwarding Charges	95,098	139,336
	13,972,944	39,015,466

SCHEDULE ' K' : NOTES TO ACCOUNTS

1. ACCOUNTING POLICIES

- i) The financial accounts are prepared under the historical cost convention on a going concern basis.
The accounting policies not specifically mentioned are consistent with generally accepted accounting principles.
- ii) All items of income and expenditure are accounted for on accrual basis.
- iii) Fixed Assets
Fixed Assets are stated at cost (including adjustments on revaluation) less accumulated depreciation. Cost of acquisition is inclusive of freight, duties and other incidental expenses incurred during construction period and exclusive of cenvat credit availed thereon.
- iv) Depreciation
The depreciation on fixed assets has been provided on Straight Line Method on *Pro rata* basis at the rates specified in Schedule XIV of the Companies Act, 1956.
- v) Foreign Currency Transactions
 - a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
 - b) Foreign currency transactions remaining unsettled till the finalisation of accounts of the year are

translated at contracted rates, when covered by forward exchange contracts and at year end rates, in all other cases.

vi) Investments

Investments are stated at cost.

vii) Stock

a) Closing stock of Finished Goods is stated at lower of the cost or net realisable value on FIFO Basis

b) Raw Materials are valued at Cost on FIFO Basis

c) Rough Rejection is valued at net realisable value

d) Stores items purchased during the year are treated as consumed.

viii) Sales tax

VAT collected by the Company is not treated as part of its income.

ix) Contingent Liability

Contingent Liability, if any, are generally not provided for in the accounts and is shown separately as a note to the accounts.

x) There are no Dues to Micro & Small Enterprises as at 31.03.2009. This information as required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the company.

xi) Taxation

a) Provision for current Tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income tax Act, 1961 and considering assessment orders and decisions of appellate authorities in Company's case.

b) Deferred tax for timing differences between tax profits and book profits is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date.

1. xii) Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date for any indication of impairment based on internal external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount and is charged to the Profit & Loss account in the year of identification as an impaired asset. The impairment loss recognised in prior accounting periods is reversed if there is a change in the estimate of recoverable amount.

2. Pursuant to approval of members by way of special resolution passed at an extraordinary General Meeting held on 4th February, 2008, the company has allotted 5,00,000 share warrants to promoter group on 14th February, 2008. Each warrant carries option/entitlement to subscribe to 1 equity share of Rs.10/- each at a premium of Rs.125. In terms of the special resolution, the said warrants have been issued upon payment of 10% of the amount. The balance 90% of the amount is payable within 18 months.

	2009	2008
	Rs.	Rs.
3. Value of Imports calculated on C.I.F. basis	827,463,796	874,650,273
4. Payment in Foreign Currency-Travelling Expenses	133,700	185,440
5. FOB Value of Exports	1,058,427,865	784,711,078
6. <u>Earnings Per Share</u>		
Profit/(Loss) after tax as per Profit & Loss Account	167,961,765	197,847,615
Weighted Average number of Equity Shares outstanding	6945400	6605400
Basic and Diluted Earning per share	25.43	29.95

7. Major Components of Deferred tax and liabilities arising on accrual of timing differences are :

As On 31.03.2009		As On 31.03.2008	
Deferred Tax		Deferred Tax	
Liabilities	Assets	Liabilities	Assets
Depreciation	93,750	-	89,970

8. Disclosures as required by Accounting Standard AS-18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India are as follows :

i) Key Management Personnel

Mr. Vallabh N. Patel

Mr. Savji D. Patel

Mr. Ramesh M. Patel

SHYAM STAR GEMS LIMITED

ii) Details of Transactions are as follows :

Remuneration 780,000

iii) Debit balances outstanding

Deposit Given 10,000,000

Note : Related party relationship is as identified by the company and relied upon by the Auditors.

9. Quantitative Information required by paragraphs 3 and 4 of Schedule VI of the Companies Act, 1956.

	2009		2008		
	Unit	Qty.	Amount Rs.	Qty.	Amount Rs.
1. Sales & Stock					
a. Opening Stock					
Rough Diamonds	Cts.	233907.60	71,128,713	-	-
Polished Diamonds	Cts.	14427.20	49,997,058	-	-
Rough Rejection	Cts.	43765.20	437,652	-	-
Studded Jewellery					
Polished Diamonds	Cts.	3611.68	87,580,891		
Bullion	Gms.	9050.27	821,411	-	-
b. Closing Stock					
Rough Diamonds	Cts.	-	-	233,907.60	71,128,713
Polished Diamonds	Cts.	21,314.40	124,051,691	14,427.20	49,997,058
Rough Rejection	Cts.	-	-	43,765.20	437,652
Studded Jewellery					
Polished Diamonds	Cts.	776.76	20,066,179	3,611.68	87,580,891
Bullion	Gms.	3,731.47	1,916,527	9,050.27	821,411
c. Sales					
Polished Diamonds	Cts.	-	-	20,996.19	79,321,941
Studded Jewellery	Nos.	6,448	1,058,427,865	2,234	784,711,078
2. Consumption of Raw Material					
Rough Diamonds	Cts.	23,391.50	67,621,969	166,929.65	94,919,053
Polished Diamonds used in Studded Jewellery	Cts.	21,987.16	892,111,084	37,143.85	620,583,964
Bullion	Gms.	19,156	3,153,599	19,795.00	2,268,573
3. Production					
Polished Diamonds	Cts.	6,887.20		35,423.39	
Studded Jewellery	Nos.	6,448		2,234	

	2009 Rs.	2008 Rs.
10. Auditors' Remuneration		
Audit Fee	150,000	150,000
Tax Audit Fee	50,000	50,000
Fee Relating to Other Matters	15,379	225,000
	215,379	425,000
11. Remuneration to the Managing & Whole-time Directors		
Salaries	780,000	610,000
* The Company has not contributed to the provident fund, as the Provident Fund Act is not applicable to the Company.		

12. Additional Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILES

1. Registration Details		
Registration No.	<input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="3"/>	State Code <input type="text" value="1"/> <input type="text" value="1"/>
Balance Sheet Date	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="9"/>	
	Date Month Year	
2. Capital raised during the year (Amount in Rupees thousand)		
Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Right Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
3. Position of Mobilisation and Deployment of Funds		
Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="6"/>	Total Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="6"/>
SOURCES OF FUNDS		
Paid up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="1"/>	Reserve & Surplus <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="0"/>
Share/Warrant Application Money	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Secured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="1"/>
Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Deferred Tax Liability <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="4"/>
Share / Warrant Application Money	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="3"/>	
APPLICATION OF FUNDS		
Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="3"/>	Investments <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="5"/>
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="7"/>	Misc. Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	
4. Performance of Company		
Turnover	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="1"/>	Total Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="5"/>
Profit/(Loss) Before Taxes	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="6"/>	Profit/(Loss) After Taxes <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="2"/>
Earning per share	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="3"/>	Dividend Rate <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
5. Generic names of Principal Products/services of the Company		
Item Code (ITC code)	<input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/>	Production description
	<input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/>	<input type="text" value="D"/> <input type="text" value="I"/> <input type="text" value="A"/> <input type="text" value="M"/> <input type="text" value="O"/> <input type="text" value="N"/> <input type="text" value="D"/> <input type="text" value="S"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="H"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="T"/> <input type="text" value="H"/> <input type="text" value="A"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="D"/> <input type="text" value="U"/> <input type="text" value="S"/> <input type="text" value="T"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="A"/> <input type="text" value="L"/> <input type="text" value="D"/> <input type="text" value="I"/> <input type="text" value="A"/> <input type="text" value="M"/> <input type="text" value="O"/> <input type="text" value="N"/> <input type="text" value="D"/> <input type="text" value="S"/> <input type="text" value="J"/> <input type="text" value="E"/> <input type="text" value="W"/> <input type="text" value="L"/> <input type="text" value="L"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="Y"/>

13. The Figures of previous year have been reworked/regrouped/recasted, wherever necessary to conform to current year's classification.

14. The figures have been rounded off to the nearest rupee.

Signatures to Schedules 'A' to 'K'

In terms of our Report
of even date attached
For RAVI & DEV

Chartered Accountants
(DEVENDRA A. MEHTA)
Partner
M. No.82325
Mumbai
May 29, 2009

For & On behalf of the Board of Directors

SAVJI D. PATEL	MANAGING DIRECTOR
RAMESH M. PATEL	CHAIRMAN
VALLABH N. PATEL	DIRECTOR

Mumbai
May 29, 2009

CASH FLOW STATEMENT

	<u>2009</u>	<u>2008</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before tax	168,035,545	203,345,215
<u>Adjustments for</u>		
Depreciation	790,215	481,191
Interest Paid on Car loan	107,172	76,701
Other Expenses Related to Investing & Financing Activities	32,468	-
Profit on sale of Shares	(63,965)	(45,318,200)
Dividend Received	(19,467)	(437,329)
Interest Received	(97,962)	(904,558)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	168,784,006	157,243,020
<u>Adjustments for Working Capital Changes</u>		
Inventories	63,931,329	(209,965,726)
Trade & Other receivables	(52,032,301)	(291,496,667)
Trade Payables	(185,815,116)	269,370,753
Income Tax Paid	(163,310)	(5,629,723)
Income Tax Refund	70,690	48,129
<i>Cash Utilised in Operations</i>	(A) (5,224,702)	(80,430,214)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(73,179)	(9,656,785)
Sale of Investments	855,328	-
Investment in Shares	(5,609,686)	25,834,182
Profit on Sale of Shares	63,965	45,318,200
Dividend Received	19,467	437,329
Interest Received	43,057	904,559
Other Expenses	(14,968)	-
<i>Cash Utilised in Investing Activities</i>	(B) (4,716,016)	62,837,485
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(107,172)	(76,701)
Interest Received on Call Money	54,905	-
Share Capital	-	15,300,000
Share Premium	-	15,300,000
Dividend Paid	(14,700,676)	(2,994,140)
Loan Received/(Repaid)	(565,644)	928,955
Loan Processing Charges	(17,500)	-
Advance against Equity Share Warrant	-	6,750,000
Call Money Received	22,500	91,500
<i>Cash Utilised in Financing Activities</i>	(C) (15,313,587)	35,299,614
Net Cash Utilised During The Year	(A+B+C) (25,254,305)	17,706,885
Cash & cash equivalents as at 01.04.2008 (Opening Balance)	28,538,174	10,831,289
Cash & cash equivalents as at 31.03.2009 (Closing Balance)	3,283,869	28,538,174

In terms of our Report of even date attached

For RAVI & DEV

Chartered Accountants

(DEVENDRA MEHTA)

Partner

Membership No. 82325

Mumbai

May 29, 2009

For & on behalf of the Board of Directors

SAVJI D. PATEL

MANAGING DIRECTOR

RAMESH M. PATEL

CHAIRMAN

VALLABH N. PATEL

DIRECTOR

Mumbai

May 29, 2009

ATTENDANCE SLIP

SHYAM STAR GEMS LIMITED

Regd. Office: 1, "Shyam Bungalow", 199/200, Pushpa Colony, Manchubhai Road,
Malad (East), Mumbai-400097.

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP. Id*	
---------	--

Regd. Folio No.	
-----------------	--

Client Id	
-----------	--

No. of Shares Held	
--------------------	--

Name and Address of the Share Holder :

I hereby record my presence at 17th Annual General Meeting of the company being held on Wednesday, 23rd September 2009 at 10.30 A.M. at Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (E.), Mumbai- 400 097, and at any adjournment thereof.

Signature of Share Holder/Proxy

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

----- TEAR HERE -----

PROXY FORM

SHYAM STAR GEMS LIMITED

Regd. Office: 1, "Shyam Bungalow", 199/200, Pushpa Colony, Manchubhai Road,
Malad (East), Mumbai-400097.

DP. Id*	
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Regd. Folio No.	
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Client Id*	
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No. of Shares Held	
--------------------	--

I/We _____
being a member/members of Shyam Star Gems Limited hereby appoint _____
_____ of
_____ or failing him
_____ of

as my/our proxy to vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held on Wednesday, 23rd September 2009 at 10.30 A.M and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Please
affix a
1 Rupees
revenue
stamp

Signature

NOTE : The proxy form duly completed must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.
The members are requested to bring the Annual Report with them as a measure of economy.

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