



SHYAM STAR GEMS LIMITED

***18th
Annual Report
2009-2010***

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.

NOTICE

Notice is hereby given that the 18th 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, 15th September 2010 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, 2010 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 consider declaration of dividend
3. To appoint a Director in place of Mr. Savjibhai Patel , who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ramesh Patel, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s. Ravi & Dev, Chartered Accountants, Mumbai, as the Auditors and to fix their remuneration.

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

Place: Mumbai
Date : 5th August, 2010

**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 **Wednesday 8th September 2010 to Wednesday, 15th September 2010** (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: 400 072.
Phone No.: 022-28515606/44

SHYAM STAR GEMS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 18th Annual Report together with the Audited Statements of Accounts of the Company for the year ended March 31, 2010.

FINANCIAL RESULTS:

	31/03/2010 (In Rs.)	31/03/2009 (In Rs.)
Profit/(Loss) before tax for the year	(18,685,966)	168,035,545
Less: Provision for Current Taxes		
Excess prov. of earlier yrs. written back	-	-
Fringe Benefit Tax	-	(70,000)
Deferred Tax	15,470	(3780)
Profit/(Loss) After Tax for the Year	(1,86,70,496)	167,961,765
Less: Proposed Dividend	(3,472,700)	-
Interim Dividend	-	(4,167,240)
Tax on Dividend	(576,772)	(708,223)
Transfer to General Reserve	-	-
Add: Profit/(Loss) brought forward	379,713,480	216,627,178
Profit/(Loss) Carried forward	356,993,512	379,713,480

PERFORMANCE:

During the year the company incurred loss before tax of Rs.18,685,966/- and Loss after tax of Rs.18,670,496/- as against profit before tax of Rs.168,035,545/- and profit after tax of Rs.167,961,765/- for the corresponding previous year. The loss was incurred mainly due to fall in value of dollar vis-a-vis Indian rupee in respect of outstanding export payments which were realised during the year. Though the Industry is facing competition in the present market, the Management is hopeful for the growth of the Company in the coming years.

DIVIDEND:

The Directors are pleased to recommend a dividend @ 5% i.e. Re.0.50 per equity share of Rs.10/- each for financial year 2009-10.

DIRECTORS:

During the year under review, Mr. Savjibhai Patel and Mr. Ramesh Patel retire by rotation and being eligible offers themselves for reappointment at the forthcoming Annual General Meeting.

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.

FORFEITURE OF SHARE WARRANTS ISSUED ON PREFERENTIAL BASIS:

During the year under review, 500000 Share Warrants issued on preferential basis were forfeited due to non receipt of balance 90% amount due on such share warrants, which was one of the condition as mentioned in terms and conditions of said issue of share warrants.

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
- 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 2009-2010, 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 continued 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 RAMESH PATEL
MANAGING DIRECTOR CHAIRMAN

Place: Mumbai
Date : 5th August, 2010

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, 2010 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, 2010, 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	01	-	-
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 11 (Eleven) Board Meetings were held during the financial year ended March 31, 2010, the dates of which are 11/04/2009, 15/04/2009, 29/05/2009, 30/06/2009, 27/07/2009, 01/08/2009, 21/08/2009, 01/10/2009, 14/10/2009, 14/01/2010 and 22/01/2010. 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 23/09/2009.
Mr. Savji D. Patel	11	Attended
Mr. Vallabh N. Patel	11	Attended
Mr. Rajesh J. Shah	10	Attended
Dr. B.M. Mewada	09	Attended
Mr. Ramesh Patel	09	Attended
Mr. Rajiv N. Shah	05	Attended

During the financial year 2009-10 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 being Non Executive Directors. All these Directors possess knowledge by corporate finance, accounts and company law.

The constitution of the Audit Committee is as follows:

S.No.	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, 2010, Four Audit Committee Meetings were held on 29/05/2009, 30/06/2009, 14/10/2009 and 14/01/2010.

The attendance at the Audit Committee Meetings is as under:

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

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 23/09/2009 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.No.	Name of Director	Executive/Non-Executive Independent
1.	Mr. Rajesh J. Shah	Chairman, Non-Executive & Independent
2.	Dr. Bhanuchandra Mewada	Non-Executive & Independent
3.	Mr. Vallabh Patel	Executive & Non Independent

However during the financial year 2009-10 Company has not 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 executive Director. The Committee inter-alia, 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:

SHYAM STAR GEMS LIMITED

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
2006-2007	21/09/2007	Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (East), Mumbai – 400 097.	10.30 A.M
2007-2008	12/09/2008	Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (East), Mumbai – 400 097.	10.30 A.M
2008-2009	23/09/2009	Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (East), Mumbai – 400 097.	10.30 A.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, 2010.

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\$135 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 international markets. The marketing team has ensured customer loyalty, repeat orders, advance orders, the marketing team is in negotiation with new clients in overseas market. Innovative and superior designs, timely delivery and stringent quality control measures have been the contributing factors in SSGL's highly successful export forays, however due to the world economic slow-down; the Company's financial strength is hampered to a great extent as can be reflected in the total turnover of the Company.

c. Financial and Operating performances:

Your Company's total sales including other income for the financial year 2009-10 is Rs.57,28,810/- and loss for the year is Rs.18,670,496/-.

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 commensurable 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. Segment wise performance:

The Company has following segments and their performance is as under:

	Polished Diamonds	Diamond Studded Jewellery	(Rs. in lacs) TOTAL
SEGMENT REVENUE			
External Revenue	292.84	191.16	484.00
Inter Segment Revenue	-	-	-
RESULT			
Segment Result	(21.48)	(167.72)	(189.20)
Unallocated Expenses	-	-	10.25
Provision for Current Tax	-	-	-
Earlier Years Provision Written Back	-	-	-
Deferred Tax	-	-	0.15
Provision for Fringe Benefit Tax	-	-	-
PROFIT AFTER TAX	-	-	(186.86)
Capital Employed			
Segment Assets - Segment Liabilities	1902.27	125.33	2027.50
Unallocated	-	-	2520.01
TOTAL			4547.51

f. 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.

g. 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.

h. 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 : 15th September, 2010
Time : 10.30 A.M.
Venue : Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (E), Mumbai: 400097.

2. Date of Book Closure:

Wednesday 8th September, 2010 to 15th September, 2010
(both days inclusive.)

3. Financial Calendar:

The financial calendar year of the Company was from 1st April, 2009 to 31st March, 2010.

Financial Reporting for:

Audited Financial Results for the year ending 31 st March, 2009.	Date: 29 th May, 2009
Unaudited Financial Results for the quarter ending 30 th June, 2009.	30 th July, 2009
Unaudited Financial Results for the half year ending 30 th September, 2009.	14 th October 2009
Unaudited Financial Results for the quarter ending 31 st December, 2009.	14 th January, 2010

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, 2009	11.14	5.75	334096
May, 2009	16.95	9.12	287396
June, 2009	30.4	17.75	1552670
July, 2009	27.7	16.9	463392
August, 2009	22.85	17.8	395177
Sept, 2009	26.45	21.5	543940
Oct, 2009	25.85	19	550054
Nov, 2009	27.9	19.5	763284
Dec, 2009	25.5	20.1	223722
Jan, 2010	24.65	19.25	227956
Feb, 2010	23.75	16.5	132695
March, 2010	19.5	14.55	135214

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 Thakker
Compliance Officer

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, 2010, out of total Equity Capital of 69,45,400, 61,66,075 shares are held in dematerialized form with NSDL and CDSL which aggregates to 88.79%.

11. Distribution of shareholding as on March 31, 2010:

No. of shares held	No. Of shareholders	% of shareholding	% of shares/Deb.
1 to 100	7490	715033	10.30
101 to 200	1047	203423	2.93
201 to 500	925	355789	5.12
501 to 1000	375	307241	4.42
1001 to 5000	287	643253	9.26
5001 to 10,000	43	297077	4.28
10,001 to 1,00,000	29	780376	11.24
1,00,001 and above	10	3643208	52.45
TOTAL	10206	6945400	100.00

12. Shareholding Pattern As on 31st March, 2010.

Category	No. Of Shares Held	% of Shareholding
Promoter's holding		
1. Promoters		
- Indian Promoters	2,777,860	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	NIL	-
b. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions	NIL	-
c. FIIS	NIL	-
Sub-Total.....	-	-
4. Others		
a. Private Corporate Bodies	612,125	8.81
b. Indian Public	34,25,987	49.33
c. NRI/OCBs	1,27,817	1.84
d. Any other (Specify)	-	-
e. Clearing Members	1611	0.023
Sub-Total.....	41,67,540	59.98
Grand Total.....	69,45,400	100.00

Note: The total foreign shareholding for the year ended 31st March, 2010 is 1,27,817 shares which in percentage terms is 1.84% of the issued and subscribed capital. Shareholding pattern in case of demat shares has been prepared based on download of data received from NSDL / CDSL as on 31st March 2010.

CERTIFICATION BY MANAGING DIRECTOR:

I, Savji D. Patel, Managing Director of **SHYAM STAR GEMS LIMITED**, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account and all the schedules and notes on accounts, as well as the cash flow statements, and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Company's disclosure, controls and procedures; and
 - d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. I have disclosed based on my most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions):
 - a) all deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
 - b) significant changes in internal controls during the year covered by this report;
 - c) all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 - d) instances of significant fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal controls system.
7. In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors, as decided by the audit committee;
8. I affirm that I have not denied any personnel access to the audit committee of the Company (in respect of matters involving alleged misconduct) and I have provided protection to 'whistleblowers' from unfair termination and other unfair or prejudicial employment practices; and
9. I further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

By Order of the Board of Directors

Place: Mumbai
Dated: 5th August, 2010

SAVJI D. PATEL
Managing Director

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, 2010 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.

Place: Mumbai
Date: 5th August, 2010

For Ravi & Dev
Chartered Accountants
FRN : 108752W

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, 2010 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 :
- 2 i. in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2010 and
 - ii. in the case of Profit and Loss Account, of the loss 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
FRN : 108752W
(DEVENDRA MEHTA)
Partner
Membership No. 82325

Mumbai
June 29, 2010

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

- 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 does not have any accumulated losses as at 31st March, 2010. The Company has incurred cash losses during the financial year ended on that date however, it has not incurred cash losses 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
FRN : 108752W
(DEVENDRA MEHTA)
Partner
Membership No. 82325

Mumbai
June 29, 2010

SHYAM STAR GEMS LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2010

	Sch.	2010 Rs.	2009 Rs.
I. SOURCES OF FUNDS			
1. <u>Shareholders' Funds</u>			
a. Share Capital	A	69,061,500	69,061,000
b. Advance Against Equity Share Warrant		-	6,750,000
c. Reserve & Surplus	B	385,689,702	401,659,670
		<u>454,751,202</u>	<u>477,470,670</u>
2. <u>Loan Funds</u>			
a. Secured Loans	C	256,413	731,374
b. Unsecured Loans		-	-
		<u>256,413</u>	<u>731,374</u>
3. Deferred Tax Liability			
		78,280	93,750
		<u>78,280</u>	<u>93,750</u>
		<u>445,085,895</u>	<u>478,295,794</u>
II. APPLICATION OF FUNDS			
1. <u>Fixed Assets</u>			
Gross Block	D	91,048,808	14,570,658
<u>Less</u> : Depreciation		(5,488,618)	(4,697,631)
Net Block		<u>85,560,190</u>	<u>9,873,027</u>
2. Investments (At Cost)			
	E	207,810,355	9,485,291
3. <u>Current Assets, Loans & Advances</u>			
a. Inventory	F	96,457,048	146,034,397
b. Sundry Debtors		27,159,383	308,634,565
c. Cash & Bank Balances		10,416,582	3,283,869
d. Loans & Advances		44,217,667	91,093,984
<u>Less</u> : Current Liabilities & Provisions	G	(16,535,330)	(90,109,339)
		<u>161,715,350</u>	<u>458,937,476</u>
		<u>455,085,895</u>	<u>478,295,794</u>
Notes to Accounts	K	-	-

In terms of our Report
of even date attached

For RAVI & DEV
Chartered Accountants
FRN : 108752W

(DEVENDRAA. MEHTA)

Partner

Membership No. 82325

Mumbai

June 29, 2010

For & On behalf of the Board of Directors

SAVJI D. PATEL

MANAGING DIRECTOR

VALLABH N. PATEL

DIRECTOR

Mumbai

June 29, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Sch.	2010	2009
		<u>Rs.</u>	<u>Rs.</u>
INCOME			
Sales - Export		19,115,962	1,058,427,865
Local		29,283,831	-
Increase/(Decrease) in Stock	H	(29,067,616)	74,054,633
Other Income	I	(13,603,367)	13,202,858
TOTAL		<u>5,728,810</u>	<u>1,145,685,356</u>
EXPENDITURE			
Raw Material Consumed & Purchases		20,509,733	962,886,652
Direct & Other Expenses	J	3,114,056	13,972,944
Depreciation		790,987	790,215
Income-tax		-	-
TOTAL		<u>24,414,776</u>	<u>977,649,811</u>
Profit/(Loss) before taxes for the year		<u>(18,685,966)</u>	<u>168,035,545</u>
<u>Less : Provision for Income Tax</u>			
- Current taxes		-	-
- Excess provision of earlier years written back		-	-
- Fringe Benefit Tax		-	(70,000)
- Deferred Tax		15,470	(3,780)
Profit/(Loss) after tax		<u>(18,670,496)</u>	<u>167,961,765</u>
<u>Add : Profit Brought Forward</u>		379,713,480	216,627,178
<u>Less : Proposed Dividend</u>		(3,472,700)	-
Interim Dividend Paid		-	(4,167,240)
Tax on Dividend		(576,772)	(708,223)
		<u>356,993,512</u>	<u>379,713,480</u>
Profit Carried forward			
Weighted Average Number of Equity Shares outstanding during the year		6,945,400	6,945,400
Earning per Share - Basic		(2.69)	24.18
- Diluted		(2.69)	24.18
Notes to Accounts	K		

In terms of our Report of even date attached
For RAVI & DEV
Chartered Accountants
FRN : 108752W

(DEVENDRAA. MEHTA)
Partner
Membership No. 82325
Mumbai
June 29, 2010

For & On behalf of the Board of Directors

SAVJI D. PATEL

MANAGING DIRECTOR

VALLABH N. PATEL

DIRECTOR

Mumbai
June 29, 2010

SHYAM STAR GEMS LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2010 Rs.	2009 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</u> : Call Money due	(392,500)	(393,000)
	69,061,500	69,061,000
SCHEDULE 'B' : RESERVE & SURPLUS		
Capital Reserve	6,750,000	-
Share Premium Account	17,000,000	17,000,000
General Reserve	4,946,190	4,946,190
Surplus in Profit & Loss Account	356,993,512	379,713,480
	385,689,702	401,659,670
SCHEDULE 'C' : SECURED LOANS		
Car Loans		
HDFC Bank Ltd.	256,413	731,374
(Secured against hypothecation of Motor Car)	256,413	731,374

SCHEDULE 'D' : FIXED ASSETS

NAME OF ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Cost as on 01.04.09	Addition During the year	Total cost as on 31.03.10	Rate %	As on 01.04.09	for the year	As on 31.03.10	As on 31.03.10	As on 31.03.09
Land	-	76,478,150	76,478,150	-	-	-	-	76,478,150	-
Lease hold Land	1,750,000	-	1,750,000	-	233,334	116,667	350,001	1,399,999	1,516,666
Building	2,994,515	-	2,994,515	3.34	108,352	100,017	208,369	2,786,146	2,886,163
Machinery	3,237,056	-	3,237,056	4.75	2,224,703	52,550	2,277,253	959,803	1,012,353
Mettler	237,189	-	237,189	4.75	129,933	11,266	141,199	95,990	107,256
Motor Car	3,959,035	-	3,959,035	9.50	1,450,316	376,108	1,826,424	2,132,611	2,508,719
Office Equipment	301,151	-	301,151	4.75	57,477	14,304	71,781	229,370	243,674
Electric Installation	232,989	-	232,989	4.75	11,989	11,067	23,056	209,933	221,000
Computer	428,567	-	428,567	16.21	354,523	18,479	373,002	55,565	74,044
Furniture & Fixture	1,430,156	-	1,430,156	6.33	127,004	90,529	217,533	1,212,623	1,303,152
Current Year's Total	14,570,658	76,478,150	91,048,808		4,697,631	790,987	5,488,618	85,560,190	9,873,027
Previous 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

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	2010 Rs.	2009 Rs.
Agro Dutch Ind. Ltd.	11,500	10	10	436,453	436,453
Asian Electronics Ltd.	3,245	5	5	758,665	758,665
EIH Associates Hotels Ltd.	1,500	10	10	304,581	304,581
Flawless Diamond (India) Ltd.	15,000	1	1	57,741	-
Goldstone Infratech Ltd.	5,000	4	4	165,577	-
Kanani Industries Limited	81,804	5	5	14,561,889	4,733,322
Kanchan International Ltd.	11,831	10	10	98,533	98,533
Nirma Limited	400	5	5	22,000	22,000
Numeri Power Systems Ltd.	1000	10	10	425,406	425,406
Omni Tech Infosolutions Ltd.	3,000	10	10	147,000	147,000
Real Strips Limited	15,000	10	10	522,698	871,163
Reliance Industries Ltd.	2,000	10	10	2,154,844	-
SJ Corporation Limited	100	1	1	5,201	5,201
Vimta Lab. Ltd.	10,021	2	2	1,682,967	1,682,967
			(A)	<u>21,343,555</u>	<u>9,485,291</u>
Agarwal Marbles India Pvt. Ltd.	70,00,000	10	10	70,000,000	-
G. R. Infratech Pvt. Ltd.	60,00,000	10	10	60,000,000	-
Jalal Lifestyles Pvt. Ltd.	15,50,000	10	10	15,500,000	-
M/s. Max Flex & Imaging System Pvt. Ltd.	94,834	10	10	18,966,800	-
M/s. Jasamrit Technology Pvt. Ltd.	13,00,000	10	10	13,000,000	-
Quality Zinc Pvt. Ltd.	9,00,000	10	10	9,000,000	-
			(B)	<u>186,466,800</u>	<u>-</u>
TOTAL			(A+B)	<u>207,810,355</u>	<u>9,485,291</u>

Market Value of Quoted Shares

22,354,635 6,540,733

2010 2009
Rs. Rs.

SCHEDULE 'F' : CURRENT ASSETS, LOANS & ADVANCES

Inventory

(As valued and certified by management)
(Valued at lower of cost or net realisable value)

Polished Diamonds	95,289,276	144,117,870
Bullion	1,167,772	1,916,527
	<u>96,457,048</u>	<u>146,034,397</u>

Sundry Debtors

(Unsecured & considered good)

i. More than six months	12,783,571	88,229,037
ii. Others	14,375,812	220,405,528
	<u>27,159,383</u>	<u>308,634,565</u>

Cash & Bank Balances

Current Account with Scheduled Banks	2,844,087	2,021,494
FDR with HDFC Bank	6,706,192	-
Cash-in-hand	866,303	1,262,375
	<u>10,416,582</u>	<u>3,283,869</u>
	<u>134,033,013</u>	<u>457,952,831</u>

Loans & Advances

(Unsecured and considered good)
Advances receivable in cash or in kind or for value to be received

	44,217,667	91,093,984
	<u>44,217,667</u>	<u>91,093,984</u>
	<u>178,250,680</u>	<u>549,046,815</u>

SHYAM STAR GEMS LIMITED

	2010 Rs.	2009 Rs.
SCHEDULE ' G' : CURRENT LIABILITIES & PROVISIONS		
<u>Current Liabilities</u>		
Sundry Creditors	5,503,000	83,409,336
Other Liabilities	602,858	320,003
	6,105,858	83,729,339
<u>Provisions</u>		
Provision for taxes	6,225,000	6,225,000
Provision for Fringe Benefit Tax	155,000	155,000
Provision for Proposed Dividend	3,472,700	-
Provision for Tax on Dividend	576,772	-
	10,429,472	6,380,000
	16,535,330	90,109,339
SCHEDULE ' H' : VARIATION IN STOCK		
Closing Stock	94,984,075	124,051,691
Less: Opening Stock	(124,051,691)	(49,997,058)
	(29,067,616)	74,054,633
SCHEDULE ' I' : OTHER INCOME		
Dividend	30,689	19,467
Exchange Difference	(14,628,469)	13,128,636
Interest (Nett)(T.D.S. Rs.92093/- ; Previous Year: Rs.20358/-)	868,736	(9,210)
Profit on Sale of Investments	125,677	63,965
	(13,603,367)	13,202,858
SCHEDULE ' J' : DIRECT & OTHER EXPENSES		
Salaries	1,290,600	2,209,800
Labour Charges	-	6,432,664
Electricity Charges	66,571	176,566
Consumables	-	485,438
Printing & Stationery	72,238	271,981
Remuneration to Auditors	220,600	220,600
Telephone Expenses	148,083	201,442
Office Rent	510,000	444,000
Bank Charges	114,919	1,068,537
Motor Car Expenses	38,130	74,964
Motor Car Insurance	15,376	-
Travelling Expenses	95,840	421,132
Advertisement Expenses	51,181	161,106
Listing Fee	58,466	16,625
Legal and Professional Fees	77,833	181,031
Miscellaneous Expenses	279,181	1,353,476
Maintenance Charges	95,466	117,833
Freight Charges	(26,676)	40,651
Clearing & Forwarding Charges	6,248	95,098
	3,114,056	13,972,944

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 31.03.2010. 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. During the period Share application warrants amounting to Rs. 67,50,000/- were forfeited and added to reserves and surplus of the company

	2010	2009
	Rs.	Rs.
3. Value of Imports calculated on C.I.F. basis	-	827,463,796
4. Payment in Foreign Currency-Travelling Expenses	101,725	133,700
5. FOB Value of Exports	19,115,962	1,058,427,865
6. <u>Earnings Per Share</u>		
Profit/(Loss) after tax as per Profit & Loss Account	(18,670,496)	167,961,765
Weighted Average number of Equity Shares outstanding	6945400	6945400
Basic and Diluted Earning per share	(2.69)	24.18

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

	As On 31.03.2010		As On 31.03.2009	
	Deferred Tax		Deferred Tax	
	Liabilities	Assets	Liabilities	Assets
Depreciation	78,280	-	93,750	-

In view of prudence the company has not provided for deferred tax assets in respect of carried forward losses under income-Tax Act, 1956.

- 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.

	Unit	2010		2009	
		Qty.	Amount Rs.	Qty.	Amount Rs.
1. Sales & Stock					
a. <u>Opening Stock</u>					
Rough Diamonds	Cts.	-	-	233,907.60	71,128,713
Polished Diamonds	Cts.	21314.40	124,051,691	14,427.20	49,997,058
Rough Rejection	Cts.	-	-	43,765.20	437,652
<u>Studded Jewellery</u>					
Polished Diamonds	Cts.	776.76	20,066,179	3,611.68	87,580,891
Bullion	Gms.	3731.47	1,916,527	9,050.27	821,411
b. <u>Closing Stock</u>					
Rough Diamonds	Cts.	-	-	-	-
Polished Diamonds	Cts.	16,320.04	94,984,075	21,314.40	124,051,691
Rough Rejection	Cts.	-	-	-	-
<u>Studded Jewellery</u>					
Polished Diamonds	Cts.	38.66	305,201	776.76	20,066,179
Bullion	Gms.	2,111.29	1,167,772	3,731.47	1,916,527
c. <u>Sales</u>					
Polished Diamonds	Cts.	4,994.36	-	-	-
Studded Jewellery	Nos.	-	19,115,962	6,448	1,058,427,865
2. Consumption of Raw Material					
Rough Diamonds	Cts.	-	-	23,391.50	67,621,969
Polished Diamonds used in Studded Jewellery	Cts.	738.10	19,760,978	21,987.16	892,111,084
Bullion	Gms.	1,620	748,755	19,155.55	3,153,599
3. Production					
Polished Diamonds	Cts.	-	-	6,887.20	
Studded Jewellery	Nos.	542	-	6,448	
				2010	2009
				Rs.	Rs.
10. Auditors' Remuneration					
Audit Fee				150,000	150,000
Tax Audit Fee				50,000	50,000
Fee Relating to Other Matters				-	15,379
Service Tax				200,000	215,379
11. Remuneration to the Managing & Whole-time Directors					
Salaries				780,000	780,000

* 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

<p>1. Registration Details Registration No. 6 8 2 8 3</p> <p>Balance Sheet Date 3 1 0 3 2 0 1 0 Date Month Year</p> <p>2. Capital raised during the year (Amount in Rupees thousand)</p> <p>Public Issue N I L</p> <p>Bonus Issue N I L</p> <p>3. Position of Mobilisation and Deployment of Funds</p> <p>Total Liabilities 4 5 5 0 8 6</p> <p>SOURCES OF FUNDS</p> <p>Paid up Capital 6 9 0 6 2</p> <p>Share/Warrant Application Money N I L</p> <p>Unsecured Loans N I L</p> <p>Share / Warrant Application Money -</p> <p>APPLICATION OF FUNDS</p> <p>Net Fixed Assets 8 5 5 6 0</p> <p>Net Current Assets 1 6 1 7 1 5</p> <p>Accumulated Losses N I L</p> <p>4. Performance of Company</p> <p>Turnover 3 4 7 6 9</p> <p>Profit/(Loss) Before Taxes - 1 8 6 8 6</p> <p>Earning per share - 2 . 8 3</p> <p>5. Generic names of Principal Products/services of the Company</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Item Code (ITC code)</td> <td>Production description</td> </tr> <tr> <td>7 1 0 2 3 9 1 0</td> <td>D I A M O N D S O T H E R T H A N</td> </tr> <tr> <td>7 1 1 3 1 9 1 0</td> <td>I N D U S T R I A L D I A M O N D S</td> </tr> <tr> <td></td> <td>J E W L L E R Y</td> </tr> </table>	Item Code (ITC code)	Production description	7 1 0 2 3 9 1 0	D I A M O N D S O T H E R T H A N	7 1 1 3 1 9 1 0	I N D U S T R I A L D I A M O N D S		J E W L L E R Y	<p>State Code 1 1</p> <p>Right Issue N I L</p> <p>Private Placement N I L</p> <p>Total Assets 4 5 5 0 8 6</p> <p>Reserve & Surplus 3 8 5 6 9 0</p> <p>Secured Loans 2 5 6</p> <p>Deferred Tax Liability 7 8</p> <p>Investments 2 0 7 8 1 0</p> <p>Misc. Expenditure N I L</p> <p>Total Expenditure 5 3 4 8 2</p> <p>Profit/(Loss) After Taxes - 1 8 6 7 0</p> <p>Dividend Rate % 0 5</p>
Item Code (ITC code)	Production description								
7 1 0 2 3 9 1 0	D I A M O N D S O T H E R T H A N								
7 1 1 3 1 9 1 0	I N D U S T R I A L D I A M O N D S								
	J E W L L E R 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
FRN : 108752W
(DEVENDRA A. MEHTA)
Partner
M. No.82325
Mumbai
June 29, 2010

For & On behalf of the Board of Directors

SAVJI D. PATEL	MANAGING DIRECTOR
VALLABH N. PATEL	DIRECTOR

Mumbai
June 29, 2010

CASH FLOW STATEMENT

	2010	2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before tax	(18,685,966)	168,035,545
<u>Adjustments for</u>		
Depreciation	790,987	790,215
Interest Paid on Car loan	53,399	107,172
Other Expenses Related to Investing & Financing Activities	20,731	32,468
Profit on sale of Shares	(125,677)	(63,965)
Dividend Received	(30,689)	(19,467)
Interest Received	(922,135)	(97,962)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES:	(18,899,350)	168,784,006
<u>Adjustments for Working Capital Changes</u>		
Inventories	49,577,349	63,931,329
Trade & Other receivables	328,513,282	(52,032,301)
Trade Payables	(77,623,481)	(185,815,116)
Income Tax Paid	(161,783)	(163,310)
Income Tax Refund	-	70,690
<i>Cash Utilised in Operations</i>	(A) 281,406,017	(5,224,702)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Land	(76,478,150)	(73,179)
Sale of Investments	680,573	919,293
Investment in Shares	(198,879,960)	(5,609,686)
Dividend Received	30,689	19,467
Interest Received	920,935	43,057
Other Expenses	(20,731)	(14,968)
<i>Cash Utilised in Investing Activities</i>	(B) (273,746,644)	(4,716,016)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(53,399)	(107,172)
Interest Received on Call Money	1,200	54,905
Dividend Paid	-	(14,700,676)
Loan Received/(Repaid)	(474,961)	(565,644)
Loan Processing Charges	-	(17,500)
Call Money Received	500	22,500
<i>Cash Utilised in Financing Activities</i>	(C) (526,660)	(15,313,587)
Net Cash Utilised During The Year	(A+B+C) 7,132,713	(25,254,305)
Cash & cash equivalents as at 01.04.2009 (Opening Balance)	3,283,869	28,538,174
Cash & cash equivalents as at 31.03.2010 (Closing Balance)	10,416,582	3,283,869

In terms of our Report of even date attached
For RAVI & DEV
 Chartered Accountants
 FRN : 108752W

(DEVENDRA MEHTA)
 Partner
 Membership No. 82325

Mumbai
 June, 29 2010

For & on behalf of the Board of Directors

SAVJI D. PATEL MANAGING DIRECTOR

VALLABH N. PATEL DIRECTOR

Mumbai
 June, 29 2010

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 18th Annual General Meeting of the company being held on Wednesday, 15th September 2010 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*	
---------	--

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

Client Id*	
------------	--

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 18th Annual General Meeting of the Company to be held on Wednesday, 15th September 2010 at 10.30 A.M and at any adjournment thereof.

Signed this _____ day of _____ 2010.

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.

Book Post



SHYAM STAR GEMS LIMITED

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

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