



SHRENUJ

HERITAGE • INNOVATION • PASSION

2009 - 2010

28th
ANNUAL REPORT

Financial Highlights

Operational Highlights

(Rs. In Lacs)

Financial Year	2009 - 10	2008 - 09	2007 - 08	2006 - 07	2005 - 06	2004 - 05	2003 - 04	2002 - 03
Sales & Other Income	103650.95	91199.57	98781.89	88418.88	55731.18	48945.10	40973.98	29393.69
Depreciation	39912	38737	36924	351.98	294.57	259.07	205.95	145.09
Interest	7349.76	6108.07	490315	3801.94	1996.19	1607.61	1677.82	1255.17
Profit After Tax	1547.40	1326.10	3062.64	3004.78	1761.39	1116.83	875.73	623.03

Sources of Funds

(Rs. In Lacs)

Financial Year	2009 - 10	2008 - 09	2007 - 08	2006 - 07	2005 - 06	2004 - 05	2003 - 04	2002 - 03
Shareholder's Fund	24830.82	19811.22	2204796	16777.43	12722.90	11396.74	10657.76	9507.63
Share Capital	1386.45	1386.45	1386.45	1252.61	1090.61	1090.61	1090.61	1090.61
Reserves & Surplus	23444.37	18424.77	20458.17	15321.48	11632.29	10306.13	9567.15	8417.02

Performance Ratios

Financial Year	2009 - 10	2008 - 09	2007 - 08	2006 - 07	2005 - 06	2004 - 05	2003 - 04	2002 - 03
Dividend	25%	18%	40%	40%	35%	30%	25%	22%
Earning Per Share** Rs.	2.24	1.91	4.37	4.80	3.23	2.05	1.61	1.14*
Book Value Per Share ** Rs.	35.82	28.58	31.80	26.79	23.33	20.90	19.54	17.43
Forex Earnings (Rs. In Lacs)	76182.68	75383.02	91996.87	81478.47	52476.29	45017.72	40222.66	28470.78

* Weighted Average

**Face Value Rs.2/- each

Registered Office
 405, Dharam Palace, 100-103
 N.S. Patkar Marg, Mumbai-400 007
 Tel: 022-6637 3500
 Fax: 022-2363 2982 / 6639 0022
 Email: shresedp@vsnl.com

Bankers

Bank of India
 Allahabad Bank
 Export Import Bank of India
 ICICI Bank Ltd.
 IDBI Bank Ltd.
 Karnataka Bank Ltd.
 Punjab National Bank
 RBS N.V.
 Standard Chartered Bank
 State Bank of Hyderabad
 State Bank of India
 State Bank of Patiala
 Syndicate Bank
 Union Bank of India

Company Secretary

Sanjay M. Abhyankar

Auditor

Rajendra & Co.
 Chartered Accountants

Solicitors

Talwar Thakore & Associates
 Advocates & Solicitors

Registrar & Transfer Agents

Sharepro Services (I) Private Limited,
 13AB, Samhita Warehousing Complex, 2nd Floor,
 Nr. Sakinaka Tel. Exchange. Off. Andheri Kurla Road,
 Andheri (E), Mumbai - 400 072.
 Tel : 022 6772 0300 | Fax : 022 2859 1568
 Email : shrenuj@shareproservices.com
 Web: www.shareproservices.com

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Board of Directors



Shri Kirtilal K. Doshi
Chairman Emeritus



Shri Shreyas K. Doshi
Chairman & Managing Director



Shri Vishal S. Doshi
Group Executive Director



Shri Nihar N. Parikh
Executive Director



Dr. B. R. Barwale
Independent Director



Dr. Surendra A. Dave
Independent Director



Shri Keki M. Mistry
Independent Director



Shri Minoo R. Shroff
Independent Director



Shri Suresh N. Talwar
Independent Director



Shri S. S. Thakur
Independent Director

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of SHRENUJ & COMPANY LIMITED will be held on Friday, 13th August, 2010 at 11.30 a.m. at Walchand Hirachand Hall, Lalji Naranji Memorial, Indian Merchants' Chamber Building, Indian Merchants' Chamber Marg, Churchgate, Mumbai - 400 020 to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended 31st March, 2010 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2010.
3. To appoint a Director in place of Shri Minoo R. Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Surendra A. Dave, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Vishal S. Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

Special Business:

7. To consider and, if thought fit, to pass with or without modification(s) as a SPECIAL RESOLUTION the following:
 "RESOLVED THAT in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, and any other laws for the time being in force, consent of the Members of the Company be and is hereby accorded to the Board (the term 'Board' shall include 'Employee Stock Compensation Committee' or such other Committee of the Board) to reprice the terms of unexercised Employee Stock Options (ESOS) issued under the Employee Stock Option Scheme, 2006 to the extent as may be determined by the Board (including a Committee of the Board) in accordance with the Guidelines or any other applicable provisions as may be prevailing at that time."

By Order of the Board

SANJAY M. ABHYANKAR
COMPANY SECRETARY

Place : Mumbai
Dated : 28th May, 2010.

Registered Office:

405, Dharam Palace,
100-103, N.S. Patkar Marg,
Mumbai - 400 007.

NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 7 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER.
Proxies must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the aforesaid meeting.
3. Brief profile of each of the Directors proposed to be re-appointed, as per Serial Number 3, 4 and 5 of the Ordinary Business is given elsewhere in the Annual Report.
4. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Friday, 6th August, 2010 to Friday, 13th August, 2010 (both days inclusive).
5. Members are requested to bring their copies of Annual Report to the meeting.
6. The Dividend, if declared by the Members, will be paid within the prescribed time to those Members, whose names appear on the Company's Register of Members and who are notified as beneficiaries by the depositories, viz. National Securities Depository Ltd. and Central Depository Services (India) Ltd. as on Wednesday, 4th August, 2010.

7. Members are requested to notify immediately any change in their registered address to the Company's Secretarial Department or to the Company's Registrar and Transfer Agents (Sharepro Services (India) Pvt. Ltd.) in respect of their holdings in physical form or their depository participants in respect of their holdings in electronic form.
8. The members are requested to surrender the original share certificate(s) of Rs. 10/- each to the Company, if not submitted. On receipt of the original certificate(s), the Company shall promptly dispatch the sub-divided shares of face value of Rs. 2/- each to the respective shareholders.
9. If any Member of the Company so desires, the Company will make available copy of Annual Accounts of the subsidiary companies and related information for inspection during business hours at the registered office of the Company.
10. Members who wish to claim dividends, which have remained unclaimed, are requested to correspond with the Secretarial Department of the Company or with Sharepro Services (India) Pvt. Ltd. Members are requested to note that dividends not encashed or claimed within seven years from the date they became due for payment, shall be transferred to the Investor Education and Protection Fund ("Fund") as per Section 205C of the Companies Act, 1956. No claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.

Information in respect of such unclaimed dividend when due for transfer to the Fund is given below:

Financial Year	Date of declaration of Dividend	Last date for claiming unpaid dividend
2002-2003	August 11, 2003	August 10, 2010
2003-2004	August 30, 2004	August 29, 2011
2004-2005	August 30, 2005	August 29, 2012
2005-2006	September 15, 2006	September 14, 2013
2006-2007	August 28, 2007	August 27, 2014
2007-2008	August 22, 2008	August 21, 2015
2008-2009	September 8, 2009	September 7, 2016

The Company shall endeavour to send separate letters to the Members who are yet to encash the dividend, indicating that dividend has not yet been encashed by the concerned Member and then the remaining balance will be transferred as per the above dates.

EXPLANATORY STATEMENT:

As required by Section 173(2) of the Companies Act, 1956, (hereinafter referred to as "the Act") the following Explanatory Statement sets out the material facts relating to the Special Business under item No. 7 of the accompanying Notice dated 28th May, 2010.

ITEM NO. 7

Employee Stock Option Scheme - 2006 was approved through postal ballot by the Members of the Company on 6th February, 2007 for issue of 31,31,527 equity shares of Rs. 2/- each, i.e. 5% of then existing paid up capital of the Company. In-principle approvals were obtained for issue of said shares to the directors/employees of the Company and its subsidiary companies from BSE and NSE on 28th February, 2008 and 18th February, 2008 respectively.

First tranche of options were to be issued at a time when the shares of the Company were traded at significantly higher prices. Due to subsequent depressed market conditions caused by global economic slow down there was sharp fall in the market price of the equity shares of the Company. The Stock Options to be issued to the employees therefore became unattractive. The Company has therefore thought it prudent to re-price these options on the basis of current market prices to make them attractive to the employees instead of allowing them to lapse.

It is proposed to re-price the first tranche of options at a price as may be determined by the Board (including a Committee of the Board). However, there will not be any change or modification in the vesting or exercise period.

The Board of Directors recommends the passing of the proposed resolution stated at item no. 7 as Special Resolution and request your approval for the same.

None of the Directors of the Company are interested in the aforesaid Resolution, except to the extent of options that may be granted to them.

By Order of the Board

SANJAY M. ABHYANKAR
 COMPANY SECRETARY

Place : Mumbai
 Dated : 28th May, 2010.

Registered Office:

405, Dharam Palace,
 100-103, N.S. Patkar Marg,
 Mumbai - 400 007.

Details of Directors seeking Appointment/Re-appointment at the Annual General Meeting

Particulars	Dr. Surendra A. Dave	Shri Minoo R. Shroff	Shri Vishal S. Doshi
Date of Birth	August, 03, 1936	January 28, 1929	January 18, 1979
Date of Appointment	September 06, 2003	December 12, 1988	November 01, 2007
Qualification	Ph. D.	B. Sc, ICWA, FCMA (London), FICNA	B. Com
Experience in specific functional area	Wide experience in securities market and banking sector.	He is a well known Business Economist and a Corporate Counsellor to the leading industrial groups for last 40 years.	A youngest businessman who has adopted modern technology in diamond and Jewellery business to build up a highly successful export business.
Achievement	He is a Doctorate (Ph.D) of Economics and Holds a Masters Degree in Economics from the University of Rochester. He was Founder Chairman of SEBI and also Chairman of Unit Trust of India	The Emperor of Japan has conferred the highest civilian award of "The Order of the Rising Sun, Gold Rays With Neck Ribbon" for outstanding contribution in promoting business and friendship with Japan in the year 2000 and was elected as President of the Indo Iranian Friendship Society in 2003.	At a very young age he has earned remarkable respect for himself within the Diamond and Jewellery business. He is the Honorary Consul for Botswana in Mumbai.
Names of the other companies in which he holds the Directorship	<ul style="list-style-type: none"> ➤ Anand Rathi Securities Ltd. ➤ Escorts Ltd. ➤ Centre for Monitoring Indian Economy Pvt. Ltd. ➤ HDFC Ltd. ➤ SBI DFHI Ltd. ➤ Phoenix Township Ltd. ➤ Nippo Batteries Ltd. ➤ Mudra Lifestyle Ltd. ➤ Nitin Fire Protection Ind. Ltd. ➤ White Field Paper Mills Ltd. 	<ul style="list-style-type: none"> ➤ Amzel Automotive Ltd. ➤ (Airflight) AFL Pvt. Ltd. ➤ Nagarjuna Oil Ltd. 	<ul style="list-style-type: none"> ➤ Shrenuj Diajewels Ltd. ➤ Shrenuj Overseas Ltd. ➤ Shrenuj Lifestyle Ltd. ➤ Shrenuj Gems & Jewellery Ltd. ➤ Shrenuj Jewellery Ltd. ➤ Shrenuj Properties Pvt. Ltd. ➤ SHL Gems & Jewellery Ltd ➤ VGS Properties. Pvt. Ltd. ➤ Arisia Jewellery Pvt. Ltd. ➤ Shrenuj DMCC Dubai (UAE) ➤ Astral Holdings Inc. ➤ Shrenuj Jewelry (Far East) Ltd. ➤ SWA Trading Company ➤ Simon Golub & Sons Ltd. ➤ Shrenuj South Africa (Pty) Ltd. ➤ Shrenuj (Mauritius) Pvt. Ltd. ➤ Intergems Hong Kong ➤ Alija International Pty Ltd.
Memberships and Chairmanships of committees of the Board in other Companies	<ul style="list-style-type: none"> ➤ Audit Committee ➤ Escorts Ltd. ➤ HDFC Ltd. ➤ Mudra Lifestyle Ltd. ➤ Nitin Fire Protection Ind. Ltd. ➤ SBI DFHI Ltd. ➤ Phoenix Township Ltd. ➤ Nippo Batteries Ltd. Shareholders /Investors Grievance Committee ➤ Escorts Ltd. ➤ Nitin Fire Protection Ind. Ltd. Remuneration Committee ➤ Escorts Ltd. ➤ Nippo Batteries Ltd. HR Committee ➤ SBI DFHI Ltd. 	NOT APPLICABLE	NOT APPLICABLE
Number of Shares held in the Company	31,495 (0.05%)	64,250 (0.09%)	43,44,179 (6.24%)
Relationship between directors inter-se	No relationship with other directors	No relationship with other directors	Son of Shri Shreyas Kirtilal Doshi, Chairman & Managing Director

DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present the 28th Annual Report of your Company and the Audited Statement of Accounts for the year ended March 31, 2010.

FINANCIAL RESULTS:

The financial performance of Shrenuj & Company Limited for the year ended 31st March, 2010 is summarized below:

	(Rupees in lacs)	
	Financial Year	
	2009-10	2008-09
Profit before interest and depreciation	10301.22	8979.47
Less : Interest	7527.70	6436.00
Depreciation	399.12	387.37
Profit before tax	2374.40	2156.10
Less : Provision for tax	820.00	750.00
Fringe Benefit Tax	—	50.00
Deferred Tax Liability	7.00	30.00
Profit after tax	1547.40	1326.10
Add: Excess Provision for taxation written back	3.35	—
	1550.75	1326.10
Add : Balance Brought Forward from Previous year	5235.58	4301.45
Profit available for appropriation	6786.33	5627.55
APPROPRIATION		
General Reserve	200.00	100.00
Proposed Dividend	348.09	249.56
Tax on Proposed Dividend	57.81	42.41
Surplus in Profit & Loss Account	6180.43	5235.58
	6786.33	5627.55

Note: 1 crore = 10 million

1 lac= 100 thousands

BUSINESS PERFORMANCE:

Remarkable economic recovery was witnessed in the global markets in the second half of FY 2009-10 from the recessionary trends of the previous year. The entire luxury market segment gained from increased consumer spending. Sales performance in diamonds as well as jewellery segments met our target, with marked improvements in margins. Initiatives to improve operational efficiencies and synergising operations worldwide led to reduced costs and improvements in product and service quality.

During the year 2009-10, the Company recorded revenue of Rs. 1,036.51 crores, an increase of 13.65% over the previous year. EBITDA at Rs. 103.01 crores rose to 9.95% of the turnover from 9.49% in FY'09. Net Profit at Rs. 15.51 crores has increased by 17% compared to previous year's profit despite higher interest outgo at Rs. 75.28 crores (Rs. 64.36 crores) due to increased share of rupee borrowings owing to limited availability of USD loans. However, despite the global financial turmoil, the increase in profitability is a reflection of improved operational efficiencies.

There was wide disparity in growth rates across countries resulting in serious impact on risk perceptions. Abundant caution in managing country specific risks had hence to be exercised. The mitigation of this country specific risk was achieved through spreading the distribution footprint across 15 countries in four continents, an initiative that has been the key focus over the past 10 years. In a year where the growth was driven by emerging markets, we were able to swiftly shift focus to high growth markets in the eastern hemisphere while maintaining our position in the western markets, which were reeling under financial crisis. We were also able to penetrate new markets in Northern Africa, Middle East and Europe. Our marketing team in USA introduced new product ranges to create excitement in the otherwise stagnant market.

The group companies worldwide continued to perform well in their respective regions and reported higher than projected growth in sales. The consolidated sales revenue in FY'10 increased by 29% to Rs. 1,889.96 crores (Rs. 1,460.10 crores). Net profit registered a growth of 114% to Rs. 50.77 crores (Rs. 23.72 crores). EPS for the period (basic) stood at Rs. 7.32 (Rs. 3.42) on a face value of Rs. 2/- each.

As a result of our superior product and service offerings over the past few years, we have gained larger market shares in each of the major markets where we operate. We are witnessing high growth in our operations in India and China. Indian and Chinese markets present ample opportunities for us to grow at a rapid pace. We believe that in the years to come, the shift in sales volumes will be towards the Eastern markets.

The volatility in currency rates was also a major cause of concern in FY'10. However, with the rupee stabilizing against US dollar, the adverse MTM reported in FY'09 was turned favourable. The treasury operations of the Company continue to be closely monitored to track currency movements and appropriate measure are taken to hedge currency risks. With the ensuing gain in forex, the net worth of the Company has been restored, in line with the revised projections. We have also taken adequate care to protect against the volatility in gold and precious metal prices.

DIVIDEND:

Considering the robust financial performance during the year and the encouraging outlook for the coming year, the Board of Directors are pleased to recommend payment of a dividend of 25%, i.e. 50 paise per share on 6,96,17,870 Equity Shares of Rs. 2/- each, for the year ended 31st March, 2010, for approval of the Members. The dividend will entail an outflow of Rs. 4.06 crores (including dividend tax) on the paid up equity share capital of Rs. 13.92 crores.

NEW INITIATIVES:

Presence in rough diamond producing countries has assumed a high priority for many years. In 2009, an opportunity emerged for acquiring a diamond manufacturing unit in Botswana, the largest producer of rough diamonds with a global share of 34%. The Management acted swiftly to acquire the assets and approached the Government of Botswana for transferring necessary manufacturing licenses to Shrenuj Botswana (Pty.) Ltd., a step down subsidiary, which was also appointed as a DTC Botswana sightholder in July, 2009.

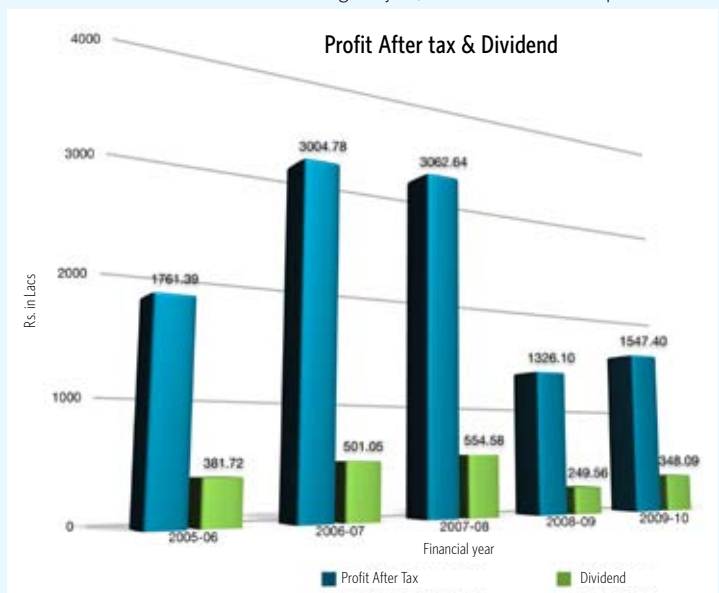
The Company commissioned its manufacturing facility in Botswana in August, 2009, with a workforce of over 150. Shrenuj Botswana operations stand to gain from the sharing of competencies from the other group units across the globe where the management has already upgraded technology. H.E. Lt. Gen. Seretse Khama Ian Khama, President of the Republic of Botswana, formally inaugurated the unit on 7th May, 2010 at a function attended by key members of the government of Botswana and various dignitaries.

In 2009-10, the Company also started its operations in South Africa which will provide continued and direct access to high value rough diamonds directly from the mining sources in Namibia, South Africa, Botswana, Lesotho, Angola and Sierra Leon. At a time when diamond reserves are dwindling, these developments acquire immense importance in sustaining the manufacturing levels in our factories in India and overseas, and also provide trading opportunities.

With the gradual recovery in world economy, consumer interest in jewellery has revived. The Company's retail strategy has focused on high growth-low risk developing markets like India, China, Hong Kong, and Middle East, where net margins are comparable to those in established markets. Our operations in Hong Kong under 'Joliesse' brand continue to attract consumers from Hong Kong as well as visitors from mainland China. During the year, we have shifted a few points of sales from residential areas to more prominent high street locations, leading to higher visibility and greater footfalls.

We are progressing well with our retail expansion in India, under the 'Diti' brand, adding new stores at regular intervals. Diti jewellery's operations are based on a shop-in-shop model targeting upwardly mobile consumers from SEC A and AB. With higher disposable incomes and increased affinity to lifestyle products, we expect retail operations in India to record a high growth rate. We plan to operate 170 points of sales across 29 cities in India within the next two years. Diti continues to create new benchmarks in the Indian jewellery retail segment. It was the first jewellery retailer in India to have exclusive platinum jewellery counters and is the only one to offer platinum coins in India.

The Company plans to increase its presence at the higher end of value chain, i.e. jewellery manufacturing and retailing, while maintaining its focus on diamond processing. The superior and innovative jewellery designing and efficient manufacturing capabilities, significant experience in branding and sales of branded jewellery lines, marketing capabilities and well-developed retail operations will enable the Company to pursue this strategy with great success, thereby improving margins.



One of the key competitive advantages for the Company is its global distribution model for diamonds and jewellery. For the sales of polished diamond distribution, the Company operates on a “hub and satellite” model with five hubs located in major diamond trading centers, viz. US, Belgium, Dubai/UAE, Mumbai and Hong Kong. Each hub caters to retailers and jewellery manufacturers in consumption markets through satellite offices in their region.

The jewellery distribution set up is geared to cater to independent stores as well as large chain format stores in all leading markets. While independent retailers are serviced through travelling sales force, major chain stores are serviced through centralized purchase mechanism. The distribution of branded jewellery is carried out through a franchisee model with offices located in all major markets like US, Germany, France, Dubai, India, Hong Kong, Japan and Australia.

SCHEME OF ARRANGEMENT:

Your Board has approved the following proposal at its meeting held on 26th April, 2010:

- Merger of Shrenuj Diajewels Limited (SDL) and Shrenuj Gems & Jewellery Limited (SGJL), the wholly owned subsidiary companies with the Company (SCL).
- The appointed date for the merger shall be April 1st 2010.
- As SDL and SGJL are wholly owned subsidiaries, no equity shares will be issued in respect of merger of SDL and SGJL with the Company.
- Pursuant to the Scheme of Arrangement and subject to the approval of lenders, loans amounting to Rs. 27.90 crores given by the promoters and some others and outstanding as on March 31, 2010 in the books of the SCL shall be converted into equity shares at the conversion price of Rs. 46.33 per equity share (Face value of Rs. 2/- each).

The conversion price has been determined based on the report of DKP & Associates, Chartered Accountants and fairness opinion given by Fortune Financial Services (India) Limited, Category I Merchant Banker. The said scheme is subject to the approval of requisite majority of the shareholders, lenders, creditors of the Companies, the Hon'ble High Court of Bombay, the permission or approval of the Central Government or any other statutory or regulatory authorities or institution, which by law may be necessary for the implementation of the Scheme.

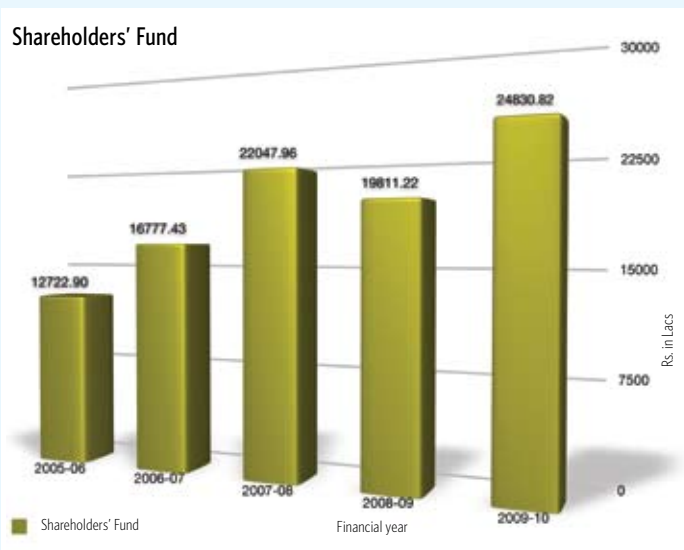
A copy of the Scheme of Arrangement alongwith the requisite enclosures has been submitted to the stock exchanges under clause 24(f) of the Listing Agreement for approval.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS:

The Company has 10 subsidiary companies, 4 located in India and 6 overseas. It has 16 step-down overseas subsidiaries worldwide.

During the year, for rationalization of organization structure, the Company voluntarily liquidated Shrenuj UK Ltd. for consolidating the subsidiaries directly with Shrenuj (Mauritius), Private Limited thereby reducing one tier in the holding structure. Similarly, Matt's Jewellery and Lume Germany GmbH (under liquidation) have been closed and the businesses have been consolidated in SGS and Shrenuj GmbH.

The name of Shrenuj Gems & Jewellery Private Limited has been changed to Shrenuj Gems & Jewellery Limited w.e.f. August 10, 2009 and Shrenuj Glitters Limited to Shrenuj Lifestyle Limited w.e.f. March 17, 2010.



Pursuant to the Listing Agreements with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statement has been prepared in accordance with the Accounting Standards 21, 23 and 27 issued by The Institute of Chartered Accountants of India. Consolidated net profit of the group in the financial year ended 31st March, 2010 stood at Rs. 50.77 crores (Rs. 23.72 crores in the previous year).

Shrenuj Gems & Jewellery Limited

The Company has set up a jewellery manufacturing and trading facility in Seepz, Mumbai for export of gems and diamond studded jewellery. The turnover of the Company for the financial year ended 31st March, 2010 has increased five folds and stood at Rs. 71.03 crores (Rs. 12.78 crores). The Company earned a net profit of Rs. 3.84 crores (loss of Rs. 0.03 crores.)

Shrenuj Lifestyle Limited

In order to diversify the business in various lifestyle products and for expanding the operations in Indian/overseas markets, the main Objects Clause of the Company was changed to support the new lines of business. Consequently in consonance with the Objects Clause of the Company,

the name of the Company was also changed from Shrenuj Glitters Limited to Shrenuj Lifestyle Limited. A fresh Certificate of Incorporation dated 17th March, 2010 was received from Registrar of Companies consequent upon change of name of the Company. The Company will commence its new venture in due course.

Shrenuj Overseas Limited

The Company earned a net profit of Rs. 8.03 lacs (Rs. 4.06 lacs) on an income of Rs. 2.28 crores (Rs. 2.85 crores), including fees received from processing activities carried out during the year.

Shrenuj Botswana (Pty) Limited

During the year, the company acquired the assets of a diamond manufacturing unit in Botswana and was granted necessary licenses by the Government of Botswana and was also appointed as a DTC Botswana sightholder in July, 2009. The Company has commenced its manufacturing activity in Botswana in August, 2009, with a workforce of over 150.

Shrenuj DMCC (Dubai)

Sales and other income during the year were recorded as Rs. 320.47 crores (Rs. 287.79 crores) and the profit after tax stood at Rs. 20.77 crores (Rs. 12.89 crores)

Shrenuj Japan Corporation

The Company's turnover for the year ended 31st March, 2010 was Rs. 12.57 crores (Rs. 5.27 crores) and recorded a net profit of Rs. 20.73 lacs. (Rs. 7.39 lacs).

Daily Jewellery Limited (Hong Kong)

The turnover of the Company for the year ended 31st March, 2010 was Rs. 16.72 crores (Rs. 17.87 crores), registering a loss of Rs. 15.00 lacs (loss of Rs. 85.29 lacs).

Simon Golub & Sons

During the year, the Company has paid off the last tranche of committed bonus payments which were a part of the acquisition of Simon Golub & Sons. The Company has launched two new Marketing initiatives Viz. JewelTouch™ and Embrace™

EXEMPTION FROM ATTACHING THE BALANCE SHEET OF SUBSIDIARY COMPANIES TO THE ANNUAL REPORT OF THE COMPANY U/S. 212(8) OF THE COMPANIES ACT, 1956:

The Government of India, Ministry of Corporate Affairs (MCA), New Delhi vide its letter no. 47/170/2010-CL-III dated 17th March, 2010 has exempted the Company from annexing to this report, the Annual Reports of the subsidiary companies for the financial year ended 31st March, 2010.

Pursuant to the said letter from MCA, a gist of the financial performance of the subsidiary companies is disclosed elsewhere in this Annual Report. However, if any Member of the Company so desires, the Company will make available copies of Annual Accounts of the subsidiary companies and related information. These documents will also be available for inspection during business hours at the registered office of the Company.

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

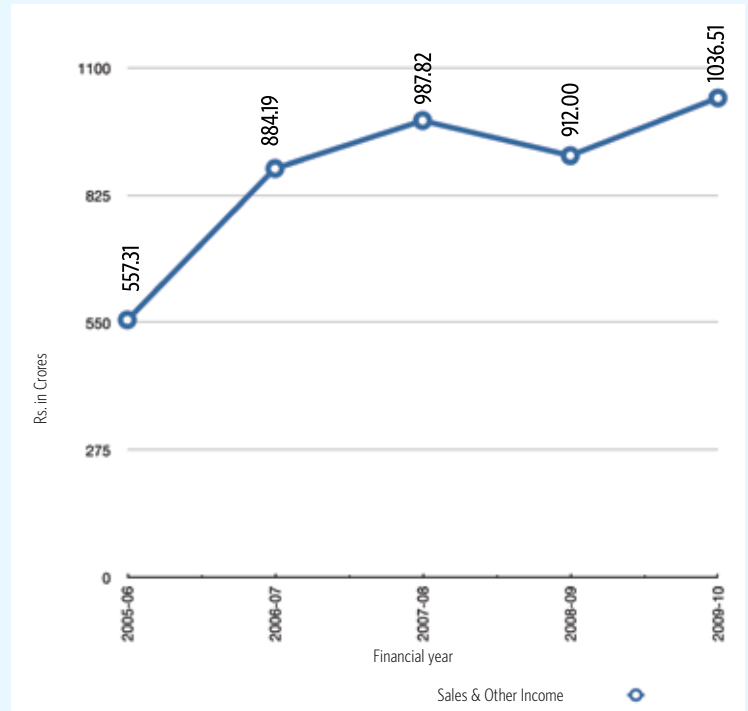
Information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in **Annexure - I** to this Report.

PARTICULARS OF EMPLOYEES:

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the **Annexure - II** to this report.

MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management Discussion and Analysis, which forms part of this Annual Report as **Annexure - III**.



DIRECTORS:

During the year under review, Shri Kirtilal K. Doshi resigned from the Board w.e.f. 29th June, 2009 and has been designated as the Chairman Emeritus of the Company w.e.f. 1st July, 2009 so that the Company continues to derive benefit from his vast experience and valuable guidance.

Shri Shreyas K. Doshi was appointed as the Chairman and Managing Director of the Company w.e.f. 29th June, 2009.

Shri Minoo R. Shroff, Dr. Surendra A. Dave and Shri Vishal S. Doshi Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

FIXED DEPOSITS:

Fixed deposits accepted from the public stood at Rs. 1.96 crores as at March 31, 2010. There were no unclaimed deposits as at March 31, 2010. Under the Scheme of Arrangement the said deposits would be converted into equity shares of the Company.

HUMAN RESOURCE MANAGEMENT:

During the year, the Human Resource Function faced challenges in aligning HR policy and plans to achieve higher levels of performance for attaining business goals. This involved a complex exercise of restructuring our diamond manufacturing operations leading to enhanced productivity, more cordial relations and greater employee involvement and commitment.

Jewellery manufacturing labour wage settlements were concluded in a cordial and cooperative environment. These wage settlements provide for multi-skilling of workmen, gainful deployment with greater mobility and flexibility.

Our continued focus on training and development has helped in upgradation of skills and talent of our employees to cope with the needs of managing the challenges arising out of modernization and introduction of technological changes in our various operations. Our rich heritage of culture and values indeed helped significantly in our Employee Retention Plan.

INSURANCE:

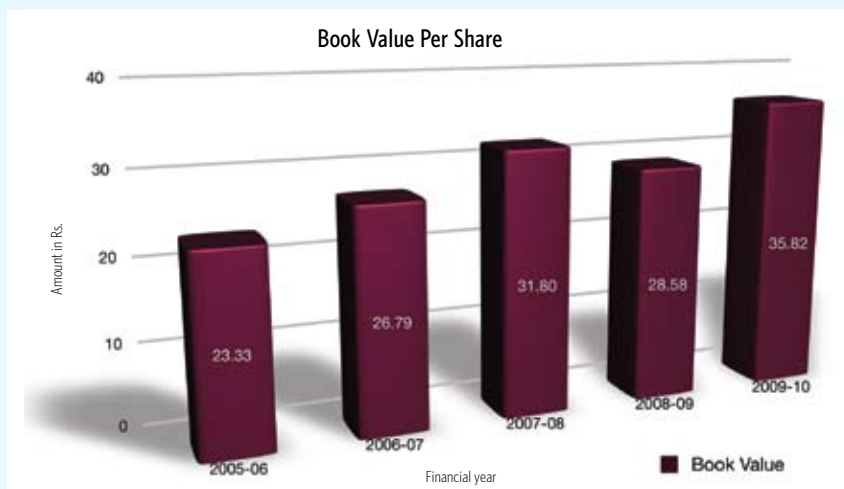
Properties and assets of the Company are adequately insured.

DIRECTOR'S RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm;

- (i) that in the preparation of Annual Accounts for the year 2009-10, the applicable Accounting Standards have been followed and that there are no material departures;
- (ii) that the Directors have adopted such accounting policies in consultation with the Statutory Auditors and have applied them consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the Directors have prepared annual accounts on a going concern basis.



CORPORATE GOVERNANCE:

Your Company is committed to maintain high level of corporate governance as mandated by the Securities and Exchange Board of India, and has complied with all the prescribed requirements. As required by Clause 49 VI of the Listing Agreement, a detailed report on Corporate Governance forms part of the Directors' Report as **Annexure - IV**. The Auditors' Certificate on compliance with Corporate Governance requirements is attached to the Corporate Governance Report. The Chairman & Managing Director's declaration regarding compliance with the Business Conduct Guidelines (Code of Conduct) is also attached to the Corporate Governance Report.

GENERAL SHAREHOLDER INFORMATION:

General Shareholder Information is given in **Annexure - V** to this report.

EMPLOYEE STOCK OPTION SCHEME:

The Company has granted 15,65,763 stock options to its existing employees and employees of its subsidiary companies based in India and overseas (including directors other than promoters) to subscribe to the equity shares of the Company, in accordance with the provisions of the Company's Employee Stock Option Scheme - 2006.

These grants were vested on May 26, 2010 and were available to be exercised on or after the said date. Employee is entitled to exercise all the Options vested upon him in a single tranche or in multiple tranches during the exercise period, i.e. from May 26, 2010 to May 25, 2012 or up to the date of retirement or up to the date of notice of resignation, whichever is earlier. The Options not exercised by this date shall lapse. The shares so allotted shall be subject to lock-in of one year from the date of allotment.

Bombay Stock Exchange Limited and National Stock Exchange of India Limited have granted in-principle approval for issue and allotment of equity shares to the employees of the Company and its subsidiaries under Employee Stock Option Scheme - 2006.

Sr. No.	Particulars	Disclosure
1.	Options granted	15,65,763
2.	The pricing formula	The exercise price for the purpose of the grant of Option shall be the 'market price' within the meaning set out in the Guidelines, i.e., the latest available closing price, prior to the date when Options are granted, on the Stock Exchange where there is highest trading volume on the said date or such other price as may be decided by the Compensation Committee, in accordance with the Guidelines, from time to time. Accordingly, the exercise price was arrived at Rs. 21 per equity share.
3.	Options vested	15,65,763
4.	Options exercised	2,95,250
5.	The total number of shares arising as a results of exercise of option	2,95,250
6.	Options lapsed	Nil
7.	Variation of terms of options	None
8.	Money realised by exercise of options	Rs. 62,00,250/-
9.	Total number of options in force	12,70,513

AUDITORS AND AUDITORS' REPORT:

The Statutory Auditors of the Company, M/s. Rajendra & Co., Chartered Accountants, Mumbai, retire in accordance with the provisions of the Companies Act, 1956 and are eligible for re-appointment. M/s. Rajendra & Co., have sought the re-appointment and confirmed that their re-appointment if made, shall be within the limits prescribed under Section 224(1)(B) of the Companies Act, 1956. The Board recommends the re-appointment of M/s. Rajendra & Co., Chartered Accountants, as the Auditors of the Company. The notes on accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the amount of dividend and matured fixed deposits and interest thereon, if any, lying with the Company as unpaid or unclaimed for a period of seven years, is required to be transferred to the IEPF established by the Central Government. Accordingly, a sum of Rs. 3,65,294/- was transferred during the year under review to the IEPF, being the unclaimed / unpaid dividend for the financial year 2001-02. As per the above referred provisions, the Company has so far transferred a total sum of Rs. 19,94,793.43 to the said fund.

ACKNOWLEDGEMENTS:

Your Company has continued to receive unstinted support from Members, Financial Institutions, Banks, Foreign Patrons, Diamond Trading Company Limited, London, Diamond Trading Company, Botswana and all other trading partners and associates. The Directors wish to place on record their sincere appreciation to them. The Company will continue to build and nurture strong links with all concerned, based on mutuality, respect and co-operation. The Directors would also like to commend exemplary contribution of the employees of the Company at all levels.

For and on behalf of the Board

Place : Mumbai
Date : May 28, 2010.

SHREYAS K. DOSHI
CHAIRMAN & MANAGING DIRECTOR

Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.
A. Conservation of energy

As the Company is not covered in the list of industries required to furnish information in form 'A' relating to Conservation of Energy, the same is not given. Though its operations are not energy-intensive, significant measures are taken to reduce energy consumption by using energy-efficient equipment. The Company constantly evaluates new technologies and invests in them to make its operations more energy-efficient.

Energy costs comprise a very small part of the Company's total cost of operations. However, as a part of the Company's conservation of energy programme, the management has appealed to all the employees / workers to conserve energy. The management has set up an on-going process for optimum utilization of machines. As a part of the Company's energy conservation drive, the management has constituted a Committee to implement and monitor energy conservation. All electricians have undergone a training programme / session on energy conservation.

B Research and Development (R & D)

R & D focused on the Development of new products both for export and local markets. Major emphasis is placed on improving quality standards with enhanced customer satisfaction. This was primarily achieved through process improvements, control on systems, reduction of waste, and energy conservation. Effective use of tools and small group activities with technological support resulted in controlling the variations in processes, maximizing productivity and minimizing the cost of production.

1. Specific areas in which R & D carried out by the Company:

- i) Characterization and evaluation of raw materials and rough diamonds.
- ii) Planning, cutting and polishing of diamonds and manufacturing of jewellery.
- iii) Process software development for preventing human errors.
- iv) Cleaving, kerfing and sawing techniques for diamonds.
- v) Designing of jewellery and development of new cuts in diamonds.
- vi) Waxing, wax setting, casting, sprue grinding, filling and polishing of jewellery.
- vii) Continuously incorporating new quality assurance modules to improve quality of the manufactured products.

Efforts continued in the direction of fine-tuning of jewellery manufacturing and changes in designs. These resulted in improvements in product performance.

2. Benefits derived as a result of R & D activity:

The R & D activities helped to add new quality products to its range such as Embrace set, Caro74 and achieve greater customer acceptance in the retail market. These activities also enabled the Company to reduce waste, increase productivity, achieve higher "customer satisfaction" and derive following benefits:

- a. Improved quality in diamond and jewellery manufacturing
- b. Increased customer base and additional business volumes
- c. Complete production record and process control of each stone individually during entire manufacturing through a proprietary customized software
- d. Reduction in reworks and elimination of manufacturing rejections in jewellery
- e. Improved finish and lustre of diamonds
- f. Ability to calculate precisely the yield on each lot of diamonds and offer promised delivery dates, leading to improvements in buying decisions for rough diamonds and process cycle
- g. New range of products with enhanced safety features and appealing aesthetics
- h. Maintain a lead position in all the markets.

3. Future plan of action

Introduction and promotion of new quality products to expand range of jewellery in order to meet market requirements and surpass customer needs and expectations.

Future benefits are expected to flow in from following initiatives undertaken by the Company:

- High growth in retail segment
- Enhancement of goodwill in B2B segment
- DTC's growth strategy and our excellent relationship with DTC.

4. **Expenditure on R & D for the year ended March 31, 2010.**

a. Capital Expenditure	-	Nil
b. Recurring Expenditure	-	Nil
c. Total	-	Nil
d. Total R & D expenditure as a percentage of total turnover	-	Nil

Expenses incurred on R & D were not material enough to be stated in this report and being an ongoing process becomes difficult to allocate under the above referred heads.

C. **Technology absorption, adoption and innovation**

1. **Efforts in brief made towards technology absorption, adoption and innovation**

Efforts undertaken

Product Improvement: The Company keeps itself abreast of technical developments and innovation in its line of products worldwide and tries to bring about improvements in the products for better yield, quality and cost effectiveness.

Process Improvement: Continued efforts are made in the areas of quality improvement, waste reduction, process capability and cost minimisation specially to improve market acceptance. The Company has gained significantly in terms of process improvements from the inputs given by its managers and staff, leading to higher operating efficiencies and increased life cycle of equipment.

System Improvement: The Company operates in a rapidly changing technological environment. Innovation is an important credo of the organization. We create opportunities for transformational improvements for our clients across geographies and dimensions, using assets and intellectual property developed by practice and innovation. Employees have been encouraged to innovate and we continue to receive value adding advice from our employees.

2. **Benefits derived as a result of the above efforts**

As a result of the above, the following benefits have been achieved:

- Cost reduction
- Meeting global standards of quality and increased export potential
- Improved precision
- Retention of existing customer and expansion of customer base
- Reduction in overtime and elimination of re-work
- Lower inventory stocks resulting in low carrying cost
- Customer returns on account of production defects reduced substantially.

3. **In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information is furnished:**

- Technology imported — Used for Secured Invisible Setting
- Year of import — 2009
- Has technology been fully absorbed? — Yes
- If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action — Not applicable

D. **Foreign Exchange earnings and outgo**

1. **Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; export plans:**

The business development teams regularly visit the markets, customers and end-users of different products/brands. Alongwith the technical team, the business development group participates in all major trade fairs and exhibitions to improve visibility amongst global customers and to get exposed to newer developments and trends in markets.

Inquiries emerging from such trade fairs and exhibitions are followed-up by sales and marketing teams through customer visits and interactions.

With India's growing importance as a low-cost manufacturing base with good health, safety and environment practices, the Company sees great export potential in many of its products across the globe.

During the year under review the Company's exports were Rs. 761.82 crores, i.e. 73.59% of total sales.

2. **Total Foreign Exchange used and earned**

	Current Year	Previous Year
Total Foreign Exchange earned on F.O.B. basis	76182.68	75383.02
Total Foreign Exchange used	58610.35	66482.39

(Rs. in lacs)

ANNEXURE - II

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31st March, 2010.

Name	Designation/ Nature of Duties	Gross Remuneration (Rupees)	Date of Joining	Age/ Experience (Years)	Qualification	Last Employment held
*Shri Kirtilal K. Doshi	Chairman	19,32,000	13.04.1982	87 / 65	B. A. (Hons.)	—
Shri Shreyas K. Doshi	Chairman and Managing Director	1,00,58,268	13.04.1982	59 / 40	F. Y. Science	—
Shri Nihar N. Parikh	Executive Director	56,46,667	01.10.1992	42 / 18	B. Com	—
Shri Vishal S. Doshi	Group Executive Director	59,76,266	01.09.2001	31 / 11	B. Com	—
Shri C. S. Valand	Sr. Vice President - HR & Admin.	43,23,806	02.10.2000	62 / 43	B.A., LL.B., P.G.D.P.M & I.R.	Goodlas Nerolac Paints Ltd.
Shri Vinod M. Shetye	Chief Financial Officer (CFO)	38,45,087	05.08.2002	56 / 37	M.A., CAIIB - IDCM (London Inst of Bankers)	Lord Krishna Bank Limited
Shri Ashok R. Shah	Vice President - Polished Diamond	30,17,040	01.04.1983	59 / 40	S. S. C.	—
Shri Shekhar K. Shah	Vice President - Diamond Sales	31,52,287	01.07.2001	49 / 30	S. S. C.	—

*Except Shri Kirtilal K. Doshi (resigned with effect from 29.06.2009) there was no other person employed for a part of the year, who was in receipt of remuneration for any part of the year, which in the aggregate was more than Rs. 2,00,000/- per month.

Note: Gross Remuneration as shown above includes basic salary, house rent/ any other allowance, expenditure incurred on providing housing and other facilities, bonus, superannuation, leave travel, incentives, medical, taxable value of perquisites and Company's contribution to Provident Fund and Gratuity.

MANAGEMENT DISCUSSION AND ANALYSIS

ANNEXURE - III

2009-10: An overview

The 2009 scenario for diamond and jewellery industry was exceptional. The rate of decline in 2008 was equally matched by the rise in 2009. The economic swings were far more pronounced than ever in the recent past. Consumers across the globe were uncertain whether the recovery was transient or permanent. Luxury markets across the globe were faced with sharp declines in demand. Prices of precious metals recorded sharp movements in both directions. Consumer confidence indices did show some improvements towards the latter half of the year but did not convert into sales of diamond jewellery in all markets. Despite this, the fact that the diamond industry survived the brunt of economic downturns with minimal bankruptcies is remarkable.

The long-term supply fundamentals and the reduced rough diamonds availability will drive the recovery in prices of rough diamonds but the prices are not likely to go back to 2007 levels yet. Russian mining production continued but was being stocked rather than being sold in the market as the demand declined. Towards the end of the year, Russian goods were available again through tender sales. The 2009 pipeline reflects the most severe single-year contraction of the diamond pipeline since World War II, as a result of the economic crisis and the resultant liquidity shortages. The industry managed the crisis remarkably well, and a “free fall” of prices and a spate of bankruptcies and/or insolvencies were avoided.

The amount of “distress” sales was minimal, at least in terms of “what could have been.” The industry realized that the contraction was the logical result of the (reverse) ripple effect, the process of severe de-stocking at all levels of the pipeline. This culminated in about a 50 percent reduction in rough diamond supplies into the pipeline.

Anticipating this fall in demand, producers reduced mining operations. Most of the diamond mines underwent “maintenance” and resumed production only in the latter part of the year.

Consumer Demand Declined Modestly

On the downstream side of the pipeline, worldwide diamond jewellery consumer demand fell by less than 10 percent. The decline was not distributed equally. The most severely hit was the U.S. with a 16 percent reduction, followed by Europe and Japan with a 10 percent fall. In the Asian and Middle Eastern markets, the decline was modest at around 2 percent.

While the U.S. accounts for half of global diamond jewellery consumption, its share of diamond content fell below 43 percent. The Middle East, India and Asia now account for 38 percent of diamond consumption – and this figure is growing. Japan has fallen to less than 5 percent. Europe hovers in the 14 percent area.

Global Mining Output Down 40 Percent

The value of the worldwide mining output fell from \$14.3 billion in 2008 to \$8.4 billion in 2009. In terms of carats, worldwide production went down from 165 million carats in 2008 to 124 million carats in 2009, including industrial qualities.

Botswana’s diamond production was slashed from 32.3 million carats in 2008 down to 17.7 million carats in 2009. De Beers’ mines in South Africa saw an even steeper reduction from 11.96 million carats in 2008 to 4.97 million carats in 2009. The Namibian output fell from 2.1 million carats in 2008 to 929,000 carats in 2009. The Zimbabwean output was out of bounds due to restrictions posed by Kimberley Certification authorities.

The Manufacturers Destocked Heavily

The diamond content in retail sales, measured in polished diamond wholesale prices, went down from \$18.4 billion in 2008 to \$15.9 billion in 2009. In 2009, mostly pipeline stocks were sold, which resulted in new polished diamond production of some \$12.6 billion; this figure was well below the sales of \$15.9 billion.

The \$3 billion stock withdrawal does not only represent what we call the “overhang” but also shows stocks becoming available because of the decision to replenish at a lower level. This is part of the ripple effect. At the end of 2009, we did not see excess stocks in the diamond cutting centers – on the contrary, there was probably a \$0.05 billion shortage at year’s end, causing such a buoyant rough diamond demand in early 2010.

The year ahead: forecast

The year 2009 was unusual, and we expect the 2010 pipeline to look quite different. The most exciting news is that at the end of 2009, the retail level reached a stabilization phase as the downward slide came to a halt. The retail level will move sideways in 2010. Because of the ripple effect, this means that in all upstream levels of the pipeline we expect a healthier demand to materialize.

In 2010, we envisage that rough diamond demand from the cutting centers to go up by some 30 percent to touch \$17 billion. The Rough diamond producers’ sales to industry will jump from its \$7.1 billion to reach \$12 billion.

Indian Diamond Industry: 2009-10

Gems and jewellery form an integral part of Indian tradition. A legacy passed from one generation to another. The components of jewellery include not only traditional gold but also diamond, platinum accompanied by a variety of precious and semi-precious stones. According to Credit Analysis and Research Limited (CARE), the domestic jewellery market in India is pegged at US\$ 16 billion.

India, the largest consumer and importer of gold in the world, imported around 400 tonnes of gold during 2008-09. Global consultancy firm GFMS Ltd estimated India's total gold demand at 432 tonnes in 2009. It has been until now, the undisputed single-largest Gold bullion consumer. Gold imports stood at 739 tonnes during the period April 2009-March 2010.

With consumer consciousness increasing, the future of organised retail in India is very bright. The organised sector of the gems and jewellery industry in India is estimated to grow at 40 per cent per annum to US\$ 2.2 billion by 2010. With the increase in gold prices, and the enhanced footprint of diamond jewellery retail, the diamond content in the overall jewellery sales has increased significantly over the past decade.

The Gem and Jewellery Export Promotion Council's (GJEPC) performance figures for the financial year 2009-10 showcased the true resilience of the Indian industry over the last year when it continued with its consistent plans of building trading relations and penetrating newer markets. Total net exports of gems and jewellery in April 2009-March 2010, touched US\$ 27.67 billion posting a growth of 16.67% over the previous year, according to the GJEPC. In rupee terms, the growth was 21.09%. Cut and polished diamonds registered a growth of 20.11%, resulting in net exports of US\$ 17.54 billion, while there was a marked decline in the exports of rough diamonds from 30.71 million carats in 2008-09 to 24.47 million carats in 2009-10.

OPERATIONAL PERFORMANCE:

While the management was actively consolidating its operations it focussed on optimizing cost efficiencies to enable the business to cope with the economic crisis. The result of this is reflected in the exceptional performance, viewed in perspective of the dwindling consumer confidence. The Company has been able to gain inroads in new markets and strengthen its presence in the existing markets. The Company recorded 29% increase in its sales revenue (consolidated) in the year ending 31 March 2010 to Rs. 1,889.95 crores (Rs. 1,460.10 crores). Net profit registered a growth of 114% to Rs. 50.77 crores (Rs. 23.72 crores).

Having consolidated its business in manufacturing and distribution, the management is now focussed on expanding Company's retail footprint. It has continued its growth in the retail segment in India under the Diti brand and is on schedule to open 100 points of sales across India in this year. The management plans to increase the points of sales to 170 across 29 cities within the next two years. Shrenuj's branded jewellery collections worldwide have also continued to perform well, leaving a positive impact on its EBITDA margins.

Compliance with the Best Practices in the Industry

Compliance with Fair Trade Practices and the Best Practice Principles of the diamond and jewellery industry are entrusted with the Management Services team of the Company. There are qualified and trained individuals in each unit to ensure full compliance not only with the statutory requirements but with the international best practices. The Company follows the Kimberly Process Certification norms for all its imports and exports of rough diamonds and World Diamond Council's System of Warranties for polished diamonds and studded jewellery. In addition, your Company has adhered to many other Best Practices, which include:

Consumer Confidence

The Company respects the faith imposed in its products by its consumers and makes every effort to protect the integrity of its diamonds. In this context, the company undertakes scheduled internal audits for tracking its products throughout the manufacturing and sales cycle. Under BPP guidelines of De Beers and Forevermark, company's systems and procedures are also selectively subjected to third party audits by independent agencies of international repute. The Company has clearly stated its commitment to sustaining consumer confidence and has installed all systems and procedures required to achieve this objective.

Business Practices

Your Company deals only in natural and untreated diamonds ensuring full disclosure to the consumer. Your Company buys its diamonds from sources that are not involved in any conflict, terrorism, or illicit trade activity. Entire procurement of diamonds is from sources that are verifiable and not engaged in any money laundering activity. The Company has appointed a compliance officer to act on best effort basis to prevent any malpractices in procuring diamonds or their sales to customers.

Commitment

The Company has continued its efforts to remain an equal opportunity employer and does not discriminate employees on basis of caste, religion, sex, colour or creed. Your Company ensures the health and welfare of all its employees by providing a safe and healthy work environment. The employee selection and appraisal criterion is highly objective and based on merits of the candidate.

Financial performance:

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and a fair manner the form and substance of transactions, and reasonably present the Company's state of affairs, profits and cash flows.

Results

The financial performance reflects the strength of the Company's leadership, strategy and ability to navigate through challenging economic environment. The Company's revenues grew by 13.65% from Rs. 911.36 crores to Rs. 1036.51 crores. Net profit after tax rose marginally from 1.45% to 1.50%. The consolidated revenues grew by 29% from Rs. 1,460.10 crores to Rs. 1,889.96 crores. Consolidated profit after tax recorded an impressive growth of 114% from Rs. 23.72 crores to Rs. 50.77 crores. The basic EPS on consolidated basis more than doubled from Rs. 3.42 to Rs. 7.32.

Outlook, opportunities and threats

Outlook

The world diamond market has recovered well from the bottoms of 2008-09. The recovery has been prompt and sustained and we expect the trend to continue over the coming years. The US market cannot remain on the margin for long, given its resilience in the past. We also expect the Euro zone to emerge out of the current crisis within the next twelve months. The markets in China and India continue to perform well while the smaller markets of Australia and South East Asia hold promise for the future.

The liquidity position for companies in diamond industry remains a matter of concern as the credit cycles have remained long. However, the profit margins are now stable and have shown some growth over the last quarter. As the consumer demand picks up in the major markets, we expect the stress on cash liquidity to ease, along with overall reduction in debt of the industry.

The price of rough diamonds has shown an upward trend in the recent months. The future of diamond manufacturing entities will depend on securing continued supplies from larger mining companies. The Company was able to add DTC Botswana to its list of reputed suppliers such as DTC, Rio Tinto and Harry Winston during the last year. After stabilizing the functioning of a diamond cutting facility, work has started for setting up a jewellery manufacturing unit in Gaborone. Consistent supply of rough diamonds, favourable business environment and positive support from the government has made Botswana a destination of choice for Shrenuj's business.

The Company is likely to outperform the Indian industry in the coming years, as it has done over the past many years. Management's efforts to rationalize manufacturing operations have yielded desired results. The thrust now is on integrating the new technology for maximizing the output from each unit and maintaining highest levels of quality in products.

In the fast growing jewellery operations of the Company, the efforts to achieve optimal capacity utilization have delivered higher profit margins. Our in-house teams have worked on creating defect-free products and minimizing the process lead-times. We are now rated amongst the best-in-class manufacturers of diamond jewellery by some of the leading national retailers and have received accolades and awards for our performance.

We use the service of in-house designers as well as those of free-lancers in developing product designs as per emerging market trends. We also use innovation in designs as well as in technology to develop new products. The product development is an interactive exercise with inputs from customers as well as consumers. Our product designs have been acclaimed at international forums.

Opportunities

The share of luxury products of disposable incomes is increasing across all growing economies. This augurs well for the jewellery industry. The diamond and jewellery industry is uniquely positioned in the luxury segment as the products are classified not only as lifestyle products but also as high quality investment avenues. The traditional markets such as USA and Europe will continue to account for significant consumption of diamonds and jewellery while China and India will support growth.

The opportunities with bridal jewellery and exciting new products have shown immense potential in recent times. These segments will continue to grow and realise higher profit margins in the US markets. We are well positioned to leverage these opportunities through our specialized distribution team in US.

Larger sized diamonds continue to be in demand. The newly commissioned diamond manufacturing unit in Botswana will cater to the increased demand in the higher value segment for diamonds. This unit will supply polished diamonds to the distribution hubs at Antwerp, Dubai, Mumbai and Hong Kong.

Threats

We are exposed to various threats including the ones related to product, marketing, competition, economic downturns, financial risks and pricing. We have established a wide supply base for the supply of rough diamonds and have adequately hedged its purchase of gold and platinum.

We continue to promote our branded jewellery and retail products through appropriate channels to sustain visibility, brand recall and premiums. In order to sustain our competitive advantage, we continue our efforts on technology and skill upgradations. Our treasury team has taken adequate measures to hedge against the currency fluctuations.

Internal controls and their adequacy:

The Company continues to update its state of the art IT security for its data protection, keeping it abreast with the new developments across the globe. There have been no reports/ instances of any breach of security in the sensitive database. The Company has a well-documented data security policy with pre-defined levels of authority. The Company employs electronic surveillance as well as physical checks at all strategic locations to maintain highest levels of security.

Physical security of its products is ensured through a multi-tier security package and is adequately insured against the foreseeable risks. The levels of hierarchy in each domain are well defined and clearly communicated to members of the staff. The responsibility attached to each level of hierarchy is well understood by the staff and appropriate levels of redundancy and overlap have been built-in as a preventive measure.

Human Resource

During the year, Human Resource Function had a challenging time in aligning HR policy and plans to achieve high level of performance for achieving the business goals. This involved complex exercises of restructuring of our diamond manufacturing operations eventually leading to enhanced productivity, helping creation of cordial relationship and employees' involvement and commitment.

Start-up operations of our newly acquired Botswana Diamond Manufacturing facility paved the way for skill transfer by deputing our experienced personnel for efficient and smooth functioning. This involvement and commitment helped us in quickly transferring the latest technology & skills to the newly acquired Botswana factory by deputing our experienced personnel for upgradation of skills & smooth functioning.

Jewellery manufacturing labour wage settlements were concluded in cordial and cooperative environment. These wage settlements provided for multi-skilling of workmen for their gainful deployment.

The Company launched Employee Stock Options Plan (ESOP), for employees' motivations and creating sense of ownership.

Our continued focus on training and development has helped in up-gradations of Skills and Talent of our employees to cope-up the needs of managing the challenge arising out of modernization and introduction of technological changes in our various operations.

Our rich heritage of culture and values indeed helped significantly for our Employees Retentions Plans.

REPORT ON CORPORATE GOVERNANCE

ANNEXURE - IV

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given below:

I. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

Shrenuj & Company Limited is one of the largest diamond and jewellery manufacturing companies in India having an international presence in 15 countries with a geographically diversified customer base, favourable economies of scale, ability to source roughs from strategic partners, growing retail presence and market linked production mix. The Company's activities are carried out in accordance with good corporate practices.

The Company's policies and practices are not only consistent with the statutory requirement but also underline its commitment to operate in the best interest of the stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a global company, while upholding the core values of transparency, integrity, honesty and accountability. The Company believes that sustained business growth can be attributed to the philosophy that recognizes the need to observe the highest ethical and business standards and share the success with all stakeholders.

CODE OF CONDUCT:

The Company has adopted a Code of Conduct for all Board Members and Senior Management personnel as required under Clause 49 of the Listing Agreements with the Stock Exchanges. The Code is available on the Company's website www.shrenuj.com. As required, a declaration duly signed by the Chairman and Managing Director regarding compliance with the above Code is attached as **Annexure - 1**.

DIAMOND BEST PRACTICE PRINCIPLES:

Shrenuj & Company Limited (SCL) sources about 40% of its rough diamond requirements from Diamond Trading Company (DTC), the rough diamond sales arm of De Beers Group and the leading source of the rough diamonds worldwide. As a sightholder under the DTC's Supplier of Choice program, SCL benefits from an assured and steady source of quality rough diamonds from the DTC at competitive prices, continued advertising and marketing support from DTC to develop its brands and access to DTC's consumer research knowledge base.

The sightholders of the Diamond Trading Company (DTC) are committed to abide by the best practice principles introduced by DTC to ensure that diamond industry runs its business ethically and in a professional way. The Company has formulated its own policies and procedures to adhere to the said principles.

KIMBERLEY PROCESS COMPLIANCE:

The Kimberley Process is an international certification system that regulates the trade in rough diamonds. Its aim is to prevent the trade in conflict diamonds, while helping to protect the legitimate trade in rough diamonds.

The Kimberley Process Certification Scheme outlines the provisions by which the trade in rough diamonds is to occur. The Company is fully compliant with all the procedures outlined in the Kimberley Process. All imports and exports of rough diamonds are routed through the process outlined in the Kimberley Process and documentary evidence of the same is retained in records.

II. BOARD OF DIRECTORS

• Composition of Board

The Board of Directors of the Company consists of nine Directors having varied experience in different areas. Some of them are acknowledged as leading professionals in their respective fields. The composition of the Board is in conformity with the provisions of Clause 49 of the Listing Agreement. Shri Shreyas K. Doshi who is the Chairman & Managing Director of the Company heads the Board. The Board consists of three Executive Directors and six Independent Non-Executive Directors.

None of the Directors is a member of more than 10 committees or Chairman of more than 5 committees of public limited companies in respect of which these membership limits have been stipulated in clause 49 of the Listing Agreements. Necessary disclosures regarding committee positions in other public companies as on March 31, 2010 have been made by all the Directors.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanships/memberships held by them in other companies are given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship/membership of Board committees include only Audit and Shareholders/Investors Grievance Committees.

Name of Director	Category	Attendance at meetings held during 2009-10		Directorship and Chairman/Membership of Board Committees in other Public Limited Indian Companies		
		Board Meeting	Last AGM	Director	Committee Member	Committee Chairman
Shri Shreyas K. Doshi	Chairman & Managing Director	6	Yes	2	—	—
Dr. B. R. Barwale	NED (I)	6	Yes	6	—	1
Dr. Surendra A. Dave	NED (I)	6	Yes	10	7	1
Shri Keki M. Mistry	NED (I)	4	No	13	8	2
Shri Minoo R. Shroff	NED (I)	4	No	2	—	—
Shri Suresh N. Talwar	NED (I)	6	Yes	14	6	4
Shri S. S. Thakur	NED (I)	6	Yes	9	7	4
Shri Nihar N. Parikh	Executive Director	6	Yes	6	—	—
Shri Vishal S. Doshi	Group Executive Director	6	Yes	6	—	—

Note:

- Category: Executive Director, NED (I) – Non Executive Director (Independent)

Changes in the Directorate during the year:

Shri Kirtilal K. Doshi, Chairman resigned from the Board w.e.f. 29th June, 2009 and Shri Shreyas K. Doshi was elected as Chairman of the Board from the said date.

- Information made available to the Board**

The information as required under Clause 49(C)(i) of the Listing Agreement is provided as part of the agenda papers of the Board Meeting. The items on the Board agenda are accompanied by notes giving comprehensive information on the related subjects. In certain matters such as financial/business plans, financial results detailed presentations are made. The agenda and the relevant notes are sent in advance to each Director to enable the Board to discharge its responsibilities effectively and take informed decisions. The Chairman of the Audit committee briefs the Board about the proceedings of the committee meeting. The minutes of the various committee meetings are also placed before the Board.

- Board Meetings**

During the year 2009-10, the Board met six times, on the following dates:

Serial No.	Dates of the Board Meetings held	Total Strength of the Board	No. of Directors present
1.	14 th May, 2009	10	9
2.	29 th June, 2009	10	10
3.	29 th July, 2009	9	8
4.	8 th September, 2009	9	7
5.	29 th October, 2009	9	9
6.	28 th January, 2010	9	9

The time gap between two meetings was not more than four months. Meetings are generally held in Mumbai.

None of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company.

- Details of Directors seeking re-appointment as required under Clause 49 IV (G) of the Listing Agreement entered into with Stock Exchange:**

Shri Minoo R. Shroff

Shri Minoo R. Shroff is a Fellow of the Institute of Management Accountants (U.K.), Fellow of the Institute of Cost and Works Accountants (ICWA), India and Fellow of the Institute of Directors, London. He is a Business Economist and has actively participated in Indian economic and corporate developments.

He has been Corporate Counsellor to leading industrial groups for the last 4 decades. During his long and varied corporate career he has been Chairman and Director of several companies. He still continues to be on the Board of a few companies.

He was past President of following professional and business bodies:

- Bombay Management Association
- All India Manufactures' Organization
- Indo-Japanese Association

The Emperor of Japan conferred the award of “*THE ORDER OF THE RISING SUN, GOLD RAYS WITH NECK RIBBON*” for outstanding contribution in promoting business and friendship with Japan in the year 2000.

He is widely travelled and has participated and presented papers at various international conferences by Harvard Business School, I.L.O. Geneva, Financial Times (London), Business International (USA), Indo Japan Business Council and others countries like U.K., Dubai, Muscat and Iran.

He is the President of Forum of Free Enterprise, Leslie Sawhny Programme of Training for Democracy and Indo Iranian Friendship Society.

Dr. Surendra A. Dave

Dr. Surendra A. Dave is the Chairman of Centre for Monitoring Indian Economy, the premier economic monitoring institution of the country. He has a diversified work experience with Reserve Bank of India, IDBI, SEBI and Unit Trust of India. He was Founder Chairman of SEBI and also Chairman of Unit Trust of India from where he retired in 1996.

By training he is an economist and topped the list of students both at B.A. and M.A. level in economics in the University of Bombay. He started his career with Reserve Bank of India as an economist. He has been associated with various Committees of Government of India dealing with reforms in the Capital Market, Mutual Funds Sector, Insurance Sector and Pensions. He is on the Board of several companies such as HDFC Limited, Escort Limited, SBI DFHI Limited, etc.

Shri Vishal S. Doshi

Shri Vishal S. Doshi, is a member of Board since 2007. He has been designated as Group Executive Director of the Company. He has been instrumental in the launch of number of successful diamond jewellery brands in India (such as Arisia, Sveni and Bhavya) and overseas (such as Joliesse). At a very young age he has earned remarkable respect for himself within the diamond and jewellery business. He is the Honorary Consul for Botswana in Mumbai.

III. COMMITTEES OF DIRECTORS UNDER CORPORATE GOVERNANCE CODE:

A. Mandatory Committees

a. Audit Committee:

- **Composition of the Audit Committee:**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) read with Section 292A of the Companies Act, 1956 and comprises of expert specializing in accounting/financial management.

The Audit Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements, adequacy of provisions for liabilities, and whether the audit tests are appropriately carried out. The Committee also monitors adequacy of financial disclosures, compliance with all relevant statutes and other facets of the Company's operations that are of vital concern to the Company.

The Audit Committee currently comprises of four members, all of whom are Non-executive Independent Directors. The Chairman of the audit committee, Shri S. S. Thakur has sound financial knowledge as well long professional career in the field of banking and foreign exchange. Shri S. S. Thakur, Chairman of the Audit Committee was present at the previous Annual General Meeting held on 8th September, 2009.

The composition of the Audit Committee and particulars of the meetings attended by the members of the Committee are given below:

Name of the Member	Dates of the Audit Committee Meetings held	Total Strength	Number of members present
Shri S. S. Thakur, Chairman	14 th May, 2009	4	3
Dr. Surendra A. Dave	29 th June, 2009	4	4
Shri Keki M. Mistry	29 th July, 2009	4	3
Shri Minoo R. Shroff	29 th October, 2009	4	4
	28 th January, 2010	4	4

The Chairman & Managing Director, Group Executive Director, Chief Financial Officer, Statutory Auditors, Internal Auditors and Vice President - Company Affairs are permanent invitees to the Audit Committee meetings. The Company Secretary acts as the Secretary of the Audit Committee.

- **Terms of Reference**

The powers and terms of reference of the Audit Committee are as mentioned in the Clause 49 II (C), (D) & (E) of the Listing Agreement and Section 292A of the Companies Act, 1956.

b. Shareholders/Investors' Grievance Committee:

• **Composition of the Committee**

The Company has constituted a Shareholders/Investors Grievance Committee of Directors to look into and resolve the complaints of investors relating to transfer, transmission or dematerialisation of shares, non-receipt of dividend/notices/annual reports, etc. The existing composition of the Committee is given below:

Name	Position	Category
Dr. B. R. Barwale	Chairman	Non-Executive Independent Director
Shri S. S. Thakur	Member	Non-Executive Independent Director
Shri Nihar N. Parikh	Member	Executive Director

• **Terms of Reference:**

- Review the existing "Investor Redressal System" and suggest measures for improvement
- Review the reports from Registrar and Share Transfer Agent (RTA) on investors' grievances and take necessary redressal action
- Suggest improvements in investor relations
- Consider and take on record the certificate from a practicing Company Secretary under Clause 47(c) of the Listing Agreement
- Propose to the Board of Directors appointment/re-appointment of RTA, including the terms and conditions, professional service charges/fees
- Decide the frequency of audit of RTA and consider the Secretarial Audit Report thereon.

• **Meeting and attendance during the year**

The Investors Grievance Committee met on February 19, 2010 wherein pending legal cases were reviewed and status reports received from the Registrar and Share Transfer Agents were discussed and noted.

• **Compliance Officer**

Shri Sanjay M. Abhyankar, Company Secretary is designated as the Compliance Officer for complying with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Listing Agreement with the Stock Exchanges in India.

• **Details of Investor Complaints**

The Corporate Secretarial Department of the Company and Sharepro Services (I) Private Limited, RTA attend to all grievances of the shareholders and investors. Barring certain cases pending in Courts/ Consumer Forums relating to disputes over the title of shares, in which either the Company has been made a party or necessary intimation thereof has been received by the Company, all the investor grievances/ correspondences are promptly attended to from the date of their receipt. Continuous efforts are made to ensure that grievances are expeditiously redressed to the satisfaction of the investors.

The Company has delegated the authority for share transfers to Shri Vishal S. Doshi, Group Executive Director and/or Shri Ashir S. Doshi, Vice President - Company Affairs to ensure that the share transfer formalities are attended on a weekly basis.

The details of complaints received, cleared/pending during the Financial Year 2009-10 are given below:

Nature of Complaints	Received	Cleared	Pending
Non-receipt of Share Certificates duly transferred/ Demat of Shares/Issue of Duplicate Shares etc.	11	11	Nil
Non-receipt of Dividend Warrant, Annual Report and Revalidation of Dividend Warrant etc.	3	3	Nil
Letter(s) from SEBI	Nil	Nil	Nil
Letter(s) from Stock Exchanges	Nil	Nil	Nil
Total	14	14	Nil

Number of complaints received during the year as a percentage of total number of members works out to only 0.11%.

B. Non-Mandatory Committees

a. Remuneration/Compensation Committee

• Composition of the Committee and attendance during the year

The Remuneration/Compensation Committee was constituted on 9th May, 2001. The composition of the Remuneration/Compensation Committee is as follows:

Name	Category
Shri Minoo R. Shroff, Chairman	Independent Director
Dr. B. R. Barwale	Independent Director
Shri S. S. Thakur	Independent Director

The meeting of the Remuneration Committee was held on May 26, 2009.

• Terms of Reference

- (i) To approve the annual remuneration plan of the Company
- (ii) To review the overall compensation policy, service agreement and other employment conditions of Whole time/Executive Directors
- (iii) To monitor the implementation of Employee Stock Option Scheme
- (iv) To deal with other matters as the Board may refer to the Committee from time to time.

• Remuneration Policy

The Company's remuneration policy is driven by the success and performance of individual employees of the Company. Through its compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce. It follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined keeping in view business performance as measured through annual appraisal process.

• Remuneration of Whole-time/Executive Directors

The Company pays remuneration by way of salary, benefits, perquisites, allowances (fixed component) and commission (variable component) to its Whole-time/Executive Directors within the limits approved by the Members and the ceilings prescribed in the Companies Act, 1956. Details of the remuneration paid to the whole time/Executive Directors for the financial year 2009-10 are given below:

• Remuneration of Non-Executive Directors:

During the year, the Company paid sitting fee of Rs.15,000/- per meeting to its Non-Executive Directors for attending the meetings of the Board and Board Committees. The Members at the Annual General Meeting of the Company held on 22nd August, 2008 approved the payment of commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 1956. The said commission is decided each year by the Board of Directors and distributed amongst the Non Executive Directors based on their attendance and contribution at the Board and the Committee Meetings.

• Remuneration of Directors for the financial year 2009-10

Name of the Directors	Directors' Position	Salary & perquisites (Rupees)	Commission for FY 2008-09 (Rupees)	Sitting fees (Rupees)	Total (Rupees)
Shri S. K. Doshi	Chairman & Managing Director.	1,00,58,268	—	N. A.	1,00,58,268
Dr. B.R. Barwale	Independent Director	—	2,50,000	1,20,000	3,70,000
Dr. S. A. Dave	Independent Director	—	2,50,000	1,65,000	4,15,000
Shri K. M. Mistry	Independent Director	—	2,50,000	1,20,000	3,70,000
Shri M. R. Shroff	Independent Director	—	2,50,000	1,20,000	3,70,000
Shri S. N. Talwar	Independent Director	—	2,50,000	90,000	3,40,000
Shri S. S. Thakur	Independent Director	—	2,50,000	1,95,000	4,45,000
Shri N. N. Parikh	Executive Director	56,46,667	—	N. A.	56,46,667
Shri V. S. Doshi	Group Executive Director	59,76,266	—	N.A.	59,76,266
Total		2,16,81,201	15,00,000	8,10,000	2,39,91,201

Details of shares of the Company held by the Directors as on May 28, 2010 are as below:

Name	No. of Shares held in the Company	% to the total capital
Dr. Badrinarayan R. Barwale	26,810	0.04
Dr. Surendra A. Dave	31,495	0.05
Shri Minoo R. Shroff	64,250	0.09
Shri Keki M. Mistry	25,000	0.03
Shri Suresh N. Talwar	75,000	0.11
Shri Shreyas K. Doshi	89,77,978	12.90
Shri Nihar N. Parikh	12,04,040	1.73
Shri Vishal S. Doshi	43,44,179	6.24
Total	1,47,48,752	21.19

IV. SUBSIDIARY COMPANIES:

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e., paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Copies of the minutes of the Board meetings of subsidiary companies are tabled at the subsequent Board meetings of the Company.

V. MANAGEMENT REVIEW AND RESPONSIBILITY:

- Management Discussion and Analysis**

Management Discussion and Analysis Report is given in a separate section forming part of the Directors' Report as Annexure III.

- Risk Management Mechanism**

The Company has in place a mechanism to ensure that the risks involved are assessed properly and managed effectively. The management periodically places before the Audit Committee and the Board a report on Risk Assessment and Minimisation for review and deliberation. In view of various risks perceived and to protect the Company by mitigating foreign currency exposure risk, the Company has also formulated and adopted foreign exchange risk policy and the Board has approved the same. The current policy includes hedging of currencies and interest rates.

- Chief Executive Officer (CEO)/Chief Financial Officer (CFO) Certification**

The certificate required under Clause 49(V) of the Listing Agreement duly signed by the Chairman & Managing Director and Chief Financial Officer of the Company was placed before the Board and the same is provided as **Annexure - 2** to this report.

- Secretarial Audit**

Pursuant to SEBI circular No.DFCC/FITPC/CIR-16/2002 dated 31st December, 2002 and as required under regulation 55A of SEBI (Depositories & Participants) Regulations, 1996 the Company obtains a Secretarial Audit Report of reconciliation of total admitted capital with depositories and total issued and listed capital from the qualified Practicing Company Secretary viz. Hemanshu Kapadia & Associates on quarterly basis and submits the same to the Stock Exchanges.

VI. INFORMATION ON GENERAL BODY MEETINGS

- Details of Annual/Extra Ordinary General meetings:**

The last three Annual General Meetings (AGMs) of the Company were held at the following dates, time and venue.

Financial Year	AGM No.	Location	Day and Date	Time	No. of Special Resolutions approved at the AGM
2008-09	27 th	Walchand Hirachand Hall, Lalji Naranji Memorial, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai - 400 020.	Tuesday, 8 th Sept., 2009	11.30 a.m.	1
2007-08	26 th		Friday, 22 nd August, 2008	11.00 a.m.	3
2006-07	25 th		Tuesday, 28 th August 2007	11.00 a.m.	—

No Extra Ordinary General Meeting was held during the year.

The members passed the following special resolutions during the last three Annual General Meetings.

Sr. No.	Date of AGM	Special Resolution
1.	08-09-2009 (27th AGM)	<ul style="list-style-type: none"> Keeping of Register of Members, Index of Members and copies of Annual Returns at any other place in the city in which the Registered Office of the Company is situated.
2	22-08-2008 (26th AGM)	<ul style="list-style-type: none"> Re-appointment and payment of remuneration to Shri Kirtilal K. Doshi, Chairman of the Company. Payment of commission to Non-executive Directors u/s.309(4) of the Companies Act, 1956. Change of registrars and keeping of register of members and other related documents with Sharepro Services (I) Private Limited in terms of Section 163 of the Companies Act, 1956.

- Postal Ballot**

During the year under review, no postal ballots were used/invited for voting or passing of any ordinary or special resolution.

VII. DISCLOSURES

- Disclosure on materially significant related party transactions**

The required statements/disclosures with respect to the related party transactions are placed before the Audit Committee on quarterly basis in terms of Clause 49(IV)(A) and other applicable laws for approval. The said statements are verified by the Internal Auditors before placing to the Audit Committee.

The Company's major related party transactions are generally with its subsidiaries and associates. The related party transactions are entered into based on consideration of various business exigencies such as synergy in operations, industry specialization, liquidity and capital resource of subsidiaries and associates.

Further, for the financial year ended March 31, 2010 there were no material individual transactions with related parties or others or which were not on an arms length basis.

The related party transactions have been disclosed in the notes forming part of the annual accounts.

- Disclosures regarding appointment or re-appointment of directors**

According to the Articles of Association, one third of the directors retires by rotation and, if eligible, offers themselves for re-appointment at the Annual General Meeting of shareholders. Shri Minoo R. Shroff, Dr. Surendra A. Dave and Shri Vishal S. Doshi, will retire in the ensuing Annual General Meeting. The Board has recommended their re-appointment.

- Compliance**

There have been no instances of non-compliances by the Company and no penalties and/or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to the capital markets during the last three years.

- Auditor's Certificate on Corporate Governance**

As required by Clause 49 of the Listing Agreement, the auditor's certificate on corporate governance is given as an annexure to the Directors' Report.

- Communication to Shareholders**

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which include, The Economic Times, Business Standard, DNA (Daily News & Analysis) (leading national English newspapers) and Maharashtra Times (a local (Marathi) newspaper).

The results are also displayed on the Company's website www.shrenuj.com and emailed to the Members who have provided their email id to the Company. The Company also files the requisite information on www.corpfiling.co.in, a website which has been developed and is being maintained by IRIS Business Services (India) Pvt. Ltd. and is the common filing and dissemination portal for all companies listed on the BSE and the NSE.

GENERAL SHAREHOLDERS' INFORMATION
ANNEXURE - V

1.	Date, Time and Venue of Annual General Meeting	Friday, 13 th August, 2010 – 11.30 a.m. Walchand Hirachand Hall, Lalji Naranji Memorial, Indian Merchants' Chamber Building, Indian Merchants' Chamber Marg, Churchgate, Mumbai – 400 020.
2.	Financial Year and Financial Calendar (tentative and subject to change)	i) April – March ii) First Quarter Results – by 14 th August, 2010 iii) Half Yearly Results – by 14 th Nov., 2010 iv) Third Quarter Results – by 14 th Feb., 2011 v) Fourth Quarter and year ending Results – by 30 th May, 2011 vi) Annual General Meeting – July/August., 2011
3.	Dates of Book Closure	6 th August, 2010 to 13 th August, 2010 (Both days inclusive)
4.	Dividend Payment Date	17 th August, 2010
5.	Listing on Stock Exchanges at	Bombay Stock Exchange Limited (BSE) (Exchange Code – 523236) National Stock Exchange of India Limited (NSE) (Exchange Code – SHRENUJ)
6.	Listing fees for 2010-11	The Company has paid the listing fees for the financial year 2010-11 to the aforesaid Stock Exchanges.
7.	ISIN Number for NSDL & CDSL	INE633A01028 The annual custodian fees for the financial year 2010-11 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
8.	Corporate Identity Number (CIN)	CIN, allotted by the Ministry of Corporate Affairs, Government of India is L99999MH1982PLC026903 , and Company Registration Number is 11 – 26903. The Company is registered at Mumbai in the State of Maharashtra, India.
9.	Registrar and Transfer Agents	Sharepro Services (I) Private Limited 13 AB, Samhita Warehousing Complex, 2 nd Floor, Near Sakinaka Telephone Exchange, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072. Tel. No. 022-67720300 Fax No. 022-28591568 Email : shrenuj@shareproservices.com Website : www.shareproservices.com Business Hours : Monday to Friday (10.00 a.m. to 4.30 p.m.) Contact Person: Ms. Anuradha Bekal
	Extension Counter of Sharepro: Sharepro Services (I) Pvt. Ltd. 912, Raheja Center, Free Press Journal Road, Nariman Point, Mumbai – 400 021.	Contact Person : Ms. Maharukh Barucha Tel. Nos. : 022-22825163 / 66134700 Fax No : 022-22825484

10. **Stock Market Data: Annexure A enclosed.**

11. **Share Transfer System:**

95.96% of the equity shares of the Company are in electronic form. Transfer of these shares is done through depositories without any involvement of the Company,

Transfers of shares in physical form are normally processed within 15 days from the date of receipt, provided the documents are complete in all respects. All transfers are first processed by the Share Transfer Agent and then transfer registers are submitted to the Company for approval. Group Executive Director and Vice President - Company Affairs are severally empowered to approve the transfers.

Pursuant to Clause 47(C) of the Listing Agreements, the Company obtains certificate from a Practicing Company Secretary on half-yearly basis to the effect that all the transfers are completed in the statutorily stipulated period. A copy of the certificate so received is submitted to both Stock Exchanges where the shares of the Company are listed.

Details of shares transferred in physical/demat form:

Period (From 1 st April, 2009 to 31 st March, 2010)	No. of Requests/Trades	No. of Shares Transferred
Shares transferred in Physical Form	17	41,515
Shares traded in Demat Form at BSE and NSE	1,41,908	2,16,26,245
Total	1,41,925	2,16,67,760

Liquidity: The Company's shares are actively traded on BSE and NSE. The average daily number of shares traded and the average daily price per share and average daily value of shares traded on BSE and NSE during the Financial Year 2009-10 are given below:

	BSE	NSE
Average daily number of shares traded	44,401	44,231
Average daily price per share (in Rs.)	35.19	36.66
Average daily value of shares traded (Rs. in Lacs)	16.21	15.63
Average shares per trade (Number of shares)	200.00	123.00

12. **ECS Mandate:** Under ECS, shareholders get an option to receive dividend directly into their bank accounts rather than receiving the same through dividend warrants. Shareholders holding shares in physical form, who would like to avail of this facility, are requested to send the ECS mandate to the Company's RTA. Shareholders holding shares in electronic form (demat form) are requested to give the ECS mandate to their Depository Participants directly.
13. **Distribution of Shareholdings and Shareholding Pattern as on 31st March, 2010: Annexure - B is attached.**
14. **Dematerialization of shares and liquidity:** As on 31st March, 2010 out of total holding of 6,93,22,620 equity shares, 6,65,20,854 equity shares representing 95.96% of the paid up capital of the Company are in dematerialised form and balance 28,01,766 equity shares representing 4.04% are in physical form. (Annexure - C enclosed)
15. **Nomination Facility:** Pursuant to the provisions of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nominations in respect of Shares held by them. Shareholders holding Shares in physical form and desirous of making nominations are requested to send their requests to the Company's RTA. Shareholders holding Shares in electronic form (demat form) are requested to give the nomination request to their respective Depository Participant directly.
16. **Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:** The Company had issued 15,000 FCCB's of USD 1000 each on 22nd January, 2007. Out of which 2,000 FCCB's were converted into 17,84,552 equity shares of Rs. 2/- each on 8th January, 2008 and 5,500 FCCB's were converted into 49,07,518 equity shares of Rs. 2/- each on 7th February, 2008. Foreign currency bond holder had exercised the put option and accordingly remaining 7,500 bonds of USD 1000 each has been repaid on 25th January, 2010. These bonds were cancelled and de-listed from Singapore Stock Exchange with effect from Friday, 29th January, 2010.
17. **Plant Locations:** The Company's factories are located at Opera House, Tardeo, Mahalaxmi, Andheri and Seepz (Mumbai).
18. **Address for correspondence:**

Shareholders can address their correspondence to the registered offices situated at 405, Dharam Palace, 100-103, N.S. Patkar Marg, Mumbai - 400 007 or to the Corporate Secretarial Department, situated at 4/12, Sona Udyog Industrial Estate, Parsi Panchayat Road, Andheri (E), Mumbai - 400 069. (E-mail id - shresedp@vsnl.com, Tel. Nos. 022-28389091 or 022-65242257).

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
SHRENUJ & COMPANY LIMITED

We have examined the compliance of conditions of Corporate Governance by **SHRENUJ & COMPANY LIMITED** for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. 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 and the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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 **Rajendra & Co**
Chartered Accountants
(Firm Registration No. 108355W)

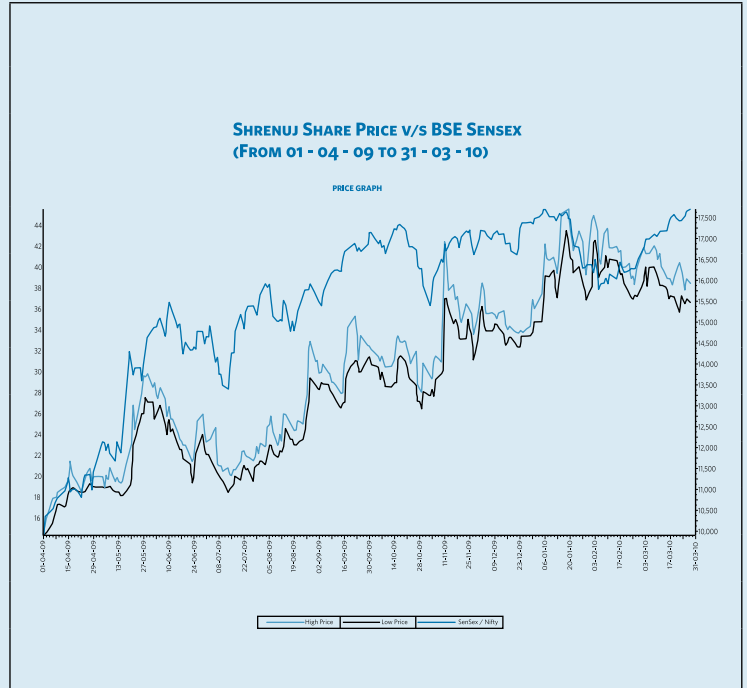
A. R. Shah
Partner
Membership No.: 47166

Place : Mumbai
Dated: 28th May, 2010

Stock Market Data for the Financial Year 2009-10

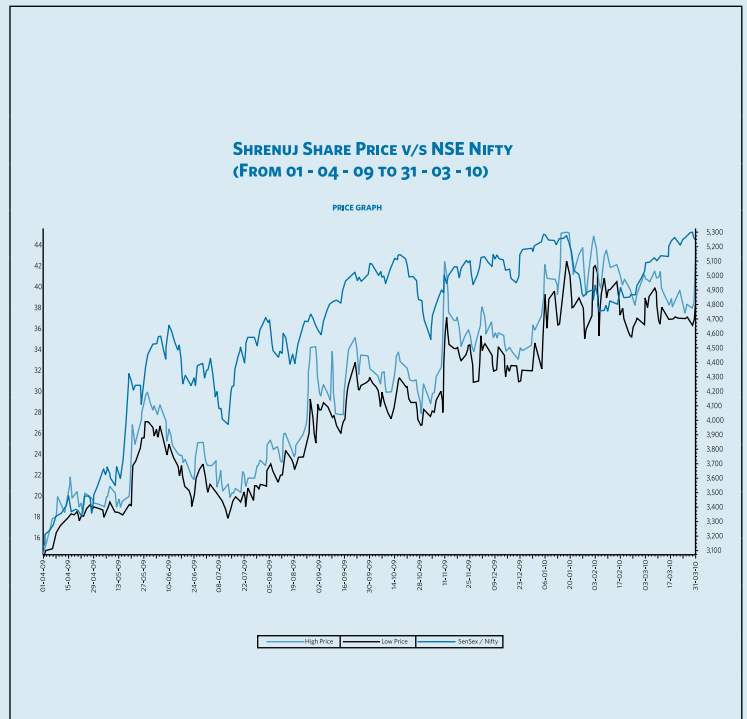
SHARE PRICE / VOLUME (BOMBAY STOCK EXCHANGE)

Period	Low Price (Rupees)	High Price (Rupees)	Total Number of shares traded
April - 2009	14.35	21.40	81,885
May - 2009	18.10	29.80	177,731
June - 2009	19.40	29.00	746,943
July - 2009	18.50	24.70	263,518
August - 2009	21.15	32.90	980,427
September - 2009	26.55	35.35	1,180,857
October - 2009	26.50	33.50	567,828
November - 2009	27.65	42.45	2,792,709
December - 2009	32.35	38.50	357,368
January - 2010	34.75	45.60	2,368,358
February - 2010	37.00	45.00	814,397
March - 2010	35.75	42.85	501,920
Sub Total (A)			10,833,941



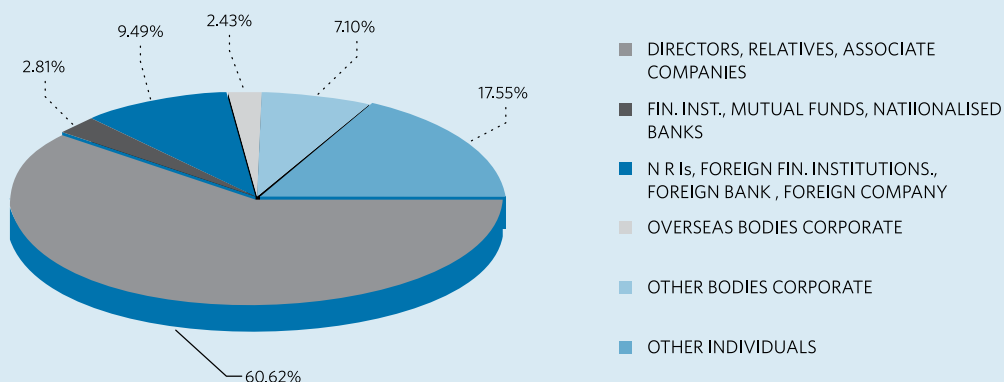
SHARE PRICE / VOLUME (NATIONAL STOCK EXCHANGE)

Period	Low Price (Rupees)	High Price (Rupees)	Total Number of shares traded
April - 2009	14.25	21.90	40,243
May - 2009	18.00	29.90	113,725
June - 2009	19.10	28.85	415,991
July - 2009	17.95	23.50	213,636
August - 2009	21.00	34.40	833,356
September - 2009	26.10	35.30	1,037,451
October - 2009	26.85	33.90	492,750
November - 2009	27.65	42.50	2,915,684
December - 2009	31.05	38.25	354,730
January - 2010	32.25	45.45	2,989,326
February - 2010	35.35	45.00	942,408
March - 2010	36.45	44.00	443,004
Sub Total (B)			10,792,304
TOTAL VOLUME AT BSE & NSE (A + B)			21,626,245



SHRENUJ & COMPANY LIMITED

Equity Shareholding Pattern as on 31st March, 2010



Equity Shareholding Pattern as on 31st March, 2010

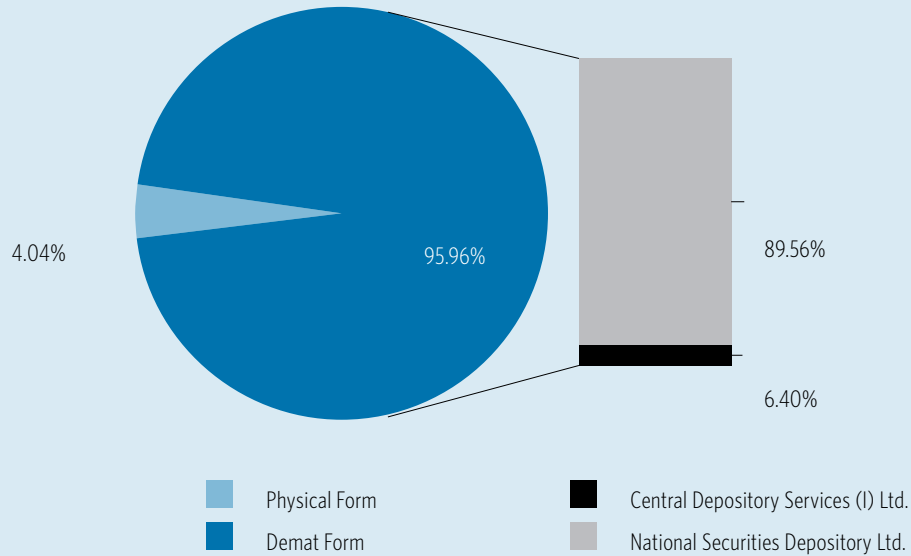
Category	No. of Share held	% of Share holding
Directors, Relatives, Associate Companies	42021569	60.62
Financial Institutions, Mutual Funds, Nationalised Banks	1948190	2.81
Non Resident Individuals, Foreign Financial Institutions, Foreign Banks	6578537	9.49
Overseas Bodies Corporate	1682706	2.43
Other Bodies Corporate	4925227	7.10
Other Individuals	12166391	17.55
TOTAL...	69322620	100.00

Distribution of Shareholdings as on 31st March, 2010

Shareholding of Nominal Value in Rupees	No. of Folios	%	Share Amount	%
Upto 5000	13034	97.90	16150624	11.65
5,001 to 10,000	121	0.91	1817964	1.31
10,001 to 20,000	67	0.50	2024854	1.46
20,001 to 30,000	28	0.21	1384178	1.00
30,001 to 40,000	9	0.07	638948	0.46
40,001 to 50,000	11	0.08	1003698	0.72
50,001 to 1,00,000	15	0.11	2290502	1.65
Above 1,00,001	29	0.22	11334472	81.74
GRAND TOTAL	13314	100.00	138645240	100.00
No. of Shareholders in physical mode	3949	29.66	5603532	4.04
No. of Shareholders in electronic mode	9365	70.34	133041708	95.96

Annexure - C

Shrenuj & Company Limited
Demat Status as on 31st March, 2010.



Physical Form	Demat Form	
2801766	66520854	
	NSDL	CDSL
	62086573	4434281

Annexure - 1

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS
AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2010 received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, employees in the Executive Vice President cadre, Senior Vice President - Human Resource and Administration and the Company Secretary as on March 31, 2010.

Place : Mumbai
Date : May 28, 2010.

Shreyas K. Doshi
Chairman & Managing Director

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

We, Shreyas K. Doshi, Chairman & Managing Director and Vinod M. Shetye, Chief Financial Officer of Shrenuj & Company Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account (consolidated and unconsolidated), and all its schedules and notes to the 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 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 respect, a true and fair view of, the company's affairs, the financial condition, result of operations and cash flows of the Company as of, and for, the period 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, control 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. We have disclosed based on our most recent evaluation, whenever 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 operations 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 weakness in internal control 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;
 - d) instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in the Company's internal control system;

Mumbai, May 28, 2010.

SHREYAS K. DOSHI
CHAIRMAN & MANAGING DIRECTOR

VINOD M. SHETYE
CHIEF FINANCIAL OFFICER

AUDITORS' REPORT

To the Members of SHRENUJ & COMPANY LIMITED

We have audited the attached Balance Sheet of SHRENUJ & COMPANY LIMITED as at 31st March 2010 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 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 purposes of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and 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 and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that, none of the directors are disqualified as on 31st March, 2010 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
 - f) Without qualifying our report, we draw attention to:

Note No. 2 of Schedule O regarding adoption of principles of hedge accounting enunciated in the Accounting Standard (AS) 30 - Financial Instruments Recognition and Measurement, in respect of derivative transaction entered into to hedge foreign currency risk. Accordingly, the net notional gain amounting to Rs. 603.88 lacs on such derivative transactions which have been designated as effective cash flow hedges have been recorded in the Hedging Reserve Account.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:

- (i) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (ii) in so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
- (iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For **Rajendra & Co**
Chartered Accountants
(Firm Registration No. 108355W)

A. R. Shah
Partner
Membership No.: 47166

Place : Mumbai
Dated: 28th May, 2010

ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph 2 of our report of even date

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As explained to us all the fixed assets have been physically verified by the Management at the end of the accounting year, 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. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year, except for inventories lying with third parties in respect whereof the company has obtained necessary confirmations.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. The Company has granted loans to eight Companies during the year aggregating to Rs.2474.37 lacs, the maximum amount of loans granted by the Company at any time during the year was Rs. 7519.83 lacs and the year-end balance in respect of the said loans outstanding is Rs 6527.16 lacs.
 - b. Six of the aforesaid Companies are wholly-owned subsidiaries of the Company and interest-free loans have been granted to them. The other two loans are interest-bearing loans given to the associate of the Company. Based on the audit procedures performed, in our opinion, having regard to the long term involvement of the Company with its wholly-owned subsidiaries, the said six interest-free loans are not prima facie prejudicial to the interest of the Company and in respect of the two interest-bearing loan, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - c. There are no stipulations as regards repayment of principal amounts and in respect of interest-bearing loans the payment of interest is generally regular.
 - d. There are no stipulations as regards repayment of principal amount and therefore, the question of overdue amounts does not arise.
 - e. The Company has taken loans from nine parties during the preceding year. The year-end balance in respect of the said loans is Rs 2594.24 lacs.
 - f. Of the above, loan from three Directors and three relatives is interest free and in respect of other three parties, based on the audit procedures performed by us, in our opinion, the rate of interest and other terms and conditions of the said loans are not prima facie prejudicial to the interest of the Company.
 - g. The interest payments, wherever applicable, have been regularly paid by the Company.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956, in our opinion and according to the information and explanations given to us:
 - a. The transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. In respect of transactions for purchase and sale of goods in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, pricing essentially involves technical appraisal. However, we have been informed by the management, that these transactions have been effected at the prevailing market rates in the given conditions.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No orders in respect of said deposits have been passed by the Company Law Board, National Company Law Tribunal, Reserve Bank of India, Courts of any other Tribunals.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956.
9. In respect of statutory dues:
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues, as may be applicable,

ANNEXURE TO AUDITOR'S REPORT

have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.

- b. The disputed statutory dues aggregating to Rs. 76.24 lacs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the statute	Nature of the Dues	Forum where dispute is pending	Period to which amount relates	Amount (Rs. Lacs)
1.	Income Tax Act, 1961	Income-Tax	Commissioner of Income-Tax (Appeals)	FY 2001-02	53.71
				FY 2002-03	9.24
			Appellate Tribunal	FY 1989-90	3.93
				FY 1999-00	3.54
			FY 2000-01	2.07	
2.	The Bombay Sales Tax Act	Sales Tax	Commissioner (Appeals)	FY 1994-95	3.39
				FY 1995-96	0.36
			TOTAL:		76.24

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, or banks. The Company has not raised any money by issue of debentures.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures or other investments. The investments made by the Company are held in its own name except to the extent of the exemption under Section 49 of the Companies Act, 1956.
15. The Company has given guarantees for loans taken by its subsidiary and associate companies from banks. According to the information and explanations given to us by the management, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interests of the Company.
16. In our opinion, the term loans outstanding at the beginning of the year as well as those raised during the year have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investments during the year.
18. 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 Companies Act, 1956.
19. The Company has not raised any monies by issue of debentures.
20. The Company has not raised any monies by making a public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **Rajendra & Co**
Chartered Accountants
(Firm Registration No. 108355W)

A. R. Shah
Partner
Membership No.: 47166

Place : Mumbai
Dated: 28th May, 2010

Balance Sheet as at 31st March, 2010

	SCHEDULE	(Rupees in Lacs)	
		31ST MARCH 2010	31ST MARCH 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	1,386.45	1,386.45
Reserves and Surplus	B	<u>23,444.37</u>	<u>18,424.77</u>
		24,830.82	19,811.22
Loan Funds			
Secured Loans	C	77,092.29	77,925.07
Unsecured Loans	D	<u>2,848.23</u>	<u>11,971.44</u>
		79,940.52	89,896.51
Deferred Tax Liability (Net)	E	618.47	611.47
		<u>105,389.81</u>	<u>110,319.20</u>
APPLICATION OF FUNDS			
Fixed Assets	F		
Gross Block		7,964.87	7,825.85
Less: Depreciation		<u>2,855.60</u>	<u>2,520.10</u>
Net Block		5,109.27	5,305.75
Capital work in progress		<u>737.38</u>	<u>720.72</u>
		5,846.65	6,026.47
Investments	G	12,681.07	12,600.01
Current Assets, Loan and Advances:	H		
Inventories		60,894.00	68,598.91
Sundry Debtors		54,885.38	48,327.88
Cash and Bank Balances		<u>4,578.26</u>	<u>9,078.72</u>
		120,357.64	126,005.51
Loans and Advances		<u>7,570.87</u>	<u>9,096.34</u>
		127,928.51	135,101.85
Less: Current Liabilities and Provisions:	I		
Current Liabilities		39,656.01	42,071.74
Provisions		<u>1,410.41</u>	<u>1,337.39</u>
		41,066.42	43,409.13
Net Current Assets		86,862.09	91,692.72
		<u>105,389.81</u>	<u>110,319.20</u>
Notes forming part of the accounts	O		

As per our Report of even date

For **RAJENDRA & CO.**,
Chartered Accountants

A.R. Shah
Partner.
MUMBAI, 28th May, 2010

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. B. R. Barwale
Dr. S. A. Dave
Keki M. Mistry
M. R. Shroff
Suresh N. Talwar
Nihar N. Parikh

} Directors

MUMBAI, 28th May, 2010

Profit and Loss Account for the year ended 31st March, 2010

	SCHEDULE	(Rupees in Lacs)	
		YEAR ENDED 31ST MARCH, 2010	YEAR ENDED 31ST MARCH, 2009
INCOME:			
Sales and Services	J	103,522.22	91,136.61
Other Income	K	128.73	62.96
		<u>103,650.95</u>	<u>91,199.57</u>
EXPENDITURE:			
Materials Cost	L	87,191.53	74,532.37
Manufacturing and Other expenses	M	6,158.20	7,687.73
Finance Cost	N	7,527.70	6,436.00
Depreciation		<u>399.12</u>	<u>387.37</u>
		101,276.55	89,043.47
Profit before Taxation		2,374.40	2,156.10
Less: Provision for taxation:			
Current Tax		820.00	750.00
Fringe Benefit Tax		—	50.00
Deferred Tax		7.00	30.00
		<u>827.00</u>	<u>830.00</u>
Profit after Taxation		1,547.40	1,326.10
Add: Balance brought forward		5,235.58	4,301.45
Excess provision for taxation written back		3.35	—
		<u>6,786.33</u>	<u>5,627.55</u>
APPROPRIATION			
Transfer to General Reserve		200.00	100.00
Proposed Dividend		348.09	249.56
Tax on Proposed Dividend		57.81	42.41
Balance carried to Balance Sheet		<u>6,180.43</u>	<u>5,235.58</u>
		<u>6,786.33</u>	<u>5,627.55</u>
Earning per Share of Rs.2 each (Rs.)			
— Basic		2.24	1.91
— Diluted		2.21	1.91
Notes forming part of the Accounts	0		

As per our Report of even date

For **RAJENDRA & CO.,**
Chartered Accountants**A.R. Shah**

Partner.

MUMBAI, 28th May, 2010

Shreyas K. Doshi
Chairman & Managing Director**Sanjay M. Abhyankar**
Company Secretary**Dr. B. R. Barwale**
Dr. S. A. Dave
Keki M. Mistry
M. R. Shroff
Suresh N. Talwar
Nihar N. Parikh

} Directors

MUMBAI, 28th May, 2010

Cash Flow Statement Annexed to the Balance Sheet for the year ended 31st March, 2010

	2009-2010	2008-2009
(Rupees in lacs)		
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and after extraordinary items	2,374.40	2,156.10
Adjustments for:		
Depreciation	399.12	387.37
Provision for Leave Encashment	(60.91)	67.65
(Profit)/Loss on Sale of Fixed Assets	50.24	22.99
Provision for diminution in investments	(7.90)	57.53
Dividend Received	(1.98)	(1.51)
Bad Debts and provision for doubtful debts	0.80	28.45
Finance Cost (Net)	7,527.70	6,436.00
Profit on sale of investment	(28.95)	—
Effects of exchange rate change	2,169.58	5,922.42
	10,047.70	12,920.90
Operating Profit before working capital changes	12,422.10	15,077.00
Adjustments for:		
Trade and Other receivables	(6,925.66)	(15,592.11)
Inventories	7,704.91	(26,528.99)
Trade Payables	(1,007.72)	19,668.66
Cash generated from operations	12,193.63	(7,375.44)
Direct Taxes paid	(871.17)	(1,262.02)
Net Cash Flow from operating activities	11,322.46	(8,637.46)
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(308.42)	(164.74)
Sale of fixed assets	38.88	15.40
Purchase of Investments	(93.50)	(60.39)
Sale of Investments	49.29	—
Dividend Received	1.98	1.51
Interest Income	536.02	319.71
Movement of Loans	(83.97)	(99.20)
Net Cash used in investing activities	140.28	12.29

Cash Flow Statement Annexed to the Balance Sheet for the year ended 31st March, 2010 (contd.)

	2009-2010	2008-2009
		(Rupees in lacs)
(C) CASH FLOW FROM FINANCE ACTIVITIES:		
Proceeds from Long Term Borrowings	5,000.00	—
Repayment of Long Term Borrowings	(4,378.33)	(2,789.06)
Increase in Secured Borrowings from Banks	(6,465.78)	21,105.24
Increase/(Decrease) in Unsecured borrowings	(1,719.21)	3,025.30
Interest Paid	(8,053.96)	(6,745.95)
Dividends paid	(254.86)	(550.41)
Tax on Dividend	(42.41)	(94.25)
Effects of exchange rate change	(48.65)	92.04
Net Cash used in financing activities	(15,963.20)	14,042.91
Net increase in cash and cash equivalents (A+B+C)	(4,500.46)	5,417.74
Opening Balance of Cash and Cash equivalent	9,078.72	3,660.98
Closing Balance of Cash and Cash equivalent	4,578.26	9,078.72

Notes:

- 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our Report of even date

For **RAJENDRA & CO.,**
Chartered Accountants

A.R. Shah
Partner.
MUMBAI, 28th May, 2010

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. B. R. Barwale
Dr. S. A. Dave
Keki M. Mistry
M. R. Shroff
Suresh N. Talwar
Nihar N. Parikh } Directors

MUMBAI, 28th May, 2010

Schedule 'A' To 'O' Annexed to and forming part of the accounts for the year ended 31st March, 2010

	31ST MARCH, 2010	(Rupees in Lacs) 31ST MARCH, 2009
SCHEDULE 'A' - Share Capital		
Authorised		
17,50,00,000 Equity Shares of Rs. 2/- each	3500.00	3500.00
Issued, Subscribed and Paid-up:		
6,93,22,620 Equity Shares of Rs. 2/- each	1,386.45	1,386.45
fully paid-up	1,386.45	1,386.45

Notes:

- 1) Of the above Equity shares:
 - a) 80,99,800 shares were issued pursuant to the scheme of amalgamation without payment being received in cash.
 - b) 66,92,070 shares were issued pursuant to the exercise of option by the holders of Foreign Currency Convertible Bonds.
- 2) The Company has reserved 31,31,527 Equity shares of Rs. 2/- each to be issued to eligible employees of the Company and its subsidiary companies under Employee Stock Option Scheme. During the year 2009-10 the has Company granted 15,65,763 options to the eligible employees for subscribing to equivalent numbers of fully paid up equity shares of the Company at a price of Rs. 21/- per share.
The option would vest over a period of three years from the date of grant based on specified criteria.

	31ST MARCH, 2010	(Rupees in Lacs) 31ST MARCH, 2009
SCHEDULE 'B' - Reserves and Surplus		
Capital Reserve		
As per last Balance Sheet	203.34	—
Additions during the year	—	203.34
	203.34	203.34
Securities Premium Account		
As per last Balance Sheet	5,853.51	5,853.51
Amalgamation Reserve		
As per last Balance Sheet	303.21	303.21
General Reserve		
As per last Balance Sheet	10,100.00	10,000.00
Add: Transferred from Profit and Loss Account	200.00	100.00
	10,300.00	10,100.00
Hedging Reserve (Refer note no. 2)	603.88	(3,270.87)
Surplus as per Profit and Loss Account	6,180.43	5,235.58
	23,444.37	18,424.77

Schedule 'A' To 'O' Annexed to and forming part of the accounts for the year ended 31st March, 2010 (Contd.)

	31ST MARCH, 2010	(Rupees in Lacs) 31ST MARCH, 2009
SCHEDULE 'C' - Secured Loans		
Working Capital Term Loan from Banks	8,629.58	882.09
Working Capital Loans from Banks	67,524.13	65,426.81
Short term loan from banks	938.58	11,616.17
	<u>77,092.29</u>	<u>77,925.07</u>

Working Capital Term Loan from Banks includes:

- Rs. **5000.00** lacs to be secured by way of second charge on all the Fixed Assets, present & future, of the company, and is collaterally secured by pledge of shares standing in name of Promoter group in the Company. These are further guaranteed by some of the Directors in their personal capacity.
- Rs. **3600.00** lacs to be secured by way of second charge on all the Assets, present & future, of the company, and collaterally secured by pledge of Company's investment in Astral Holding Inc. and Simon Golub & Sons Inc. These are further guaranteed by some of the Directors in their personal capacity.
- Rs. **29.58** lacs is secured by hypothecation of vehicles.

Repayable within one year Rs. **2113.71** Lacs (Previous year Rs. 667.04 Lacs)

Working Capital loans from banks are secured as under:

- Primarily by hypothecation of stock in trade and book debts.
- Collaterally by machinery present and future, and mortgage of premises situated at Mumbai.
- Further collaterally by pledge of fixed deposits and guarantee by some of the Directors in their Personal capacity.

Short term loan from banks are secured against Fixed Deposits, pledge of shares by promoters and lien over deposit given by an associate concern.

	31ST MARCH, 2010	(Rupees in Lacs) 31ST MARCH, 2009
SCHEDULE 'D' - Unsecured Loans		
Long term Loans:		
Foreign Currency Convertible Bonds	—	3,804.00
From a Bank	—	<u>3,600.00</u>
		7,404.00
Short term Loans:		
From Directors	2,235.52	2,137.00
From Companies	167.00	132.00
From Shareholders	191.72	78.72
From Financial Institution	—	800.00
Fixed Deposits	<u>196.00</u>	<u>311.50</u>
	2,790.24	3,459.22
Temporary Bank Overdraft, since cleared	5799	<u>1,108.22</u>
	<u>2,848.23</u>	<u>11,971.44</u>

	31ST MARCH, 2010	(Rupees in Lacs) 31ST MARCH, 2009
SCHEDULE 'E' - Deferred Tax		
Deferred Tax Assets and Liabilities		
Assets		
Provision for unencashed leave/ gratuity	39.34	34.53
Amalgamation expenses	<u>3.50</u>	<u>7.00</u>
	42.84	41.53
Liability		
Depreciation	<u>661.31</u>	<u>653.00</u>
	618.47	611.47
	<u>618.47</u>	<u>611.47</u>

Schedule 'A' To 'O' Annexed to and forming part of the accounts for the year ended 31st March, 2010 (Contd.)

SCHEDULE 'F' - Fixed Assets

(Rupees in Lacs)

	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As At 01/04/2009	Additions	Deductions	As At 31/03/2010	Up to 01/04/2009	For the Year	Deductions	Up to 31/03/2010	As At 31/03/2010	As At 31/03/2009
Freehold Land	545.01	—	—	545.01	—	—	—	—	545.01	545.01
Buildings *	1,766.15	—	—	1,766.15	356.27	47.79	—	404.06	1,362.09	1,409.88
Leasehold Improvements	35.64	—	—	35.64	30.97	2.89	—	33.86	1.78	4.67
Plant & Machinery	2,208.09	132.56	93.17	2,247.48	610.14	104.72	33.22	681.64	1,565.84	1,597.95
Electrical Installations	478.01	1.29	5.99	473.31	174.46	22.71	4.90	192.27	281.04	303.55
Office Equipments	1,048.21	46.48	24.95	1,069.74	467.46	68.85	16.76	519.55	550.19	580.75
Furniture & Fixtures	997.18	8.99	—	1,006.17	538.42	57.95	—	596.37	409.80	458.76
Vehicles	350.20	39.46	28.63	361.03	178.56	22.75	8.74	192.57	168.46	171.64
Yacht	44.52	—	—	44.52	6.81	3.15	—	9.96	34.56	37.71
Intangible Assets:										
Computer Software	287.95	62.98	—	350.93	129.07	55.33	—	184.40	166.53	158.88
Trade Mark	64.89	—	—	64.89	27.94	12.98	—	40.92	23.97	36.95
Total.....	7,825.85	291.76	152.74	7,964.87	2,520.10	399.12	63.62	2,855.60	5,109.27	5,305.75
Work in progress at cost and advance Payments against capital expenditure									737.38	720.72
Previous Year	7,681.52	214.63	70.30	7,825.85	2,164.65	387.37	31.92	2,520.10	5,846.65	6,026.47

* Building includes Rs 3,250 being the cost of shares in Co-operative Housing Society.

	31ST MARCH, 2010	31ST MARCH, 2009
SCHEDULE 'G' - Investments		
Long Term		
In Wholly Owned Subsidiary Companies - Unquoted		
4000000 Equity Shares of Shrenuj Diawjewels Ltd. (4000000) of Rs. 10/- each fully paid up.	400.00	400.00
5000 Equity Shares of Shrenuj Overseas Ltd. (5000) of Rs.100/- each fully paid up	5.00	5.00
50000 Equity Shares of Shrenuj Lifestyle Ltd. (Previously Known as Shrenuj Glitters Ltd.) (50000) of Rs. 10/- each fully paid up	5.00	5.00
100 Equity Shares of US \$ 0.01 each of Astral USA Inc. (100) fully paid up & additional paid-in capital	1,796.75	1,796.75
3837708 Equity Shares of Shrenuj Mauritius Pvt. Ltd. (3770514) of MRS 100 each fully paid up	5,424.03	5,330.53
11210 Equity Shares of Shrenuj DMCC (11210) of AED 1000 each fully paid up	1,362.39	1,362.39
6000000 Equity Shares of Shrenuj Gems & Jewellery Ltd. (5300000) of Rs. 10/- each fully paid up Share application money pending allotment	600.00 —	530.00 70.00
100 Equity Shares of Shrenuj Japan Corporation (100) of YEN 10000 each fully paid up Share application money pending allotment	3.48 44.09	3.48 44.09
100 Equity Shares of Astral Holdings, Inc. (100) of US \$ 1 each fully paid up & additional paid-in capital	2,504.00	2,504.00
In Subsidiary Companies - Unquoted		
3750000 Equity Shares of Daily Jewellery Ltd. (3750000) of HK\$ 1.00 each fully paid up	170.11	170.11
In Associate company - Unquoted		
2810000 Equity Shares of Kiara Jewellery Pvt. Ltd. (2810000) of Rs. 10/- each fully paid up	281.00	281.00
350000 Equity Shares of Arisia Jewellery Pvt. Ltd. (350000) of Rs. 10/- each fully paid up	35.00	35.00
	12,630.85	12,537.35

Schedule 'A' To 'O' Annexed to and forming part of the accounts for the year ended 31st March, 2010 (Contd.)

	(Rupees in Lacs)	
	31ST MARCH, 2010	31ST MARCH, 2009
SCHEDULE 'G' - Investments (contd.)		
Current Investments		
Others - Unquoted		
2500 Equity Shares of Saraswat Co-Operative Bank Ltd. (5000) Of Rs.10/- each fully paid up	0.25	0.50
Investment in Portfolio Management Services	100.48	100.48
Less: Provision for diminution in value of Investment	62.36	72.92
	<u>38.12</u>	<u>27.56</u>
Mutual funds - Quoted		
13085.58 (13085.58) units of Birla Sun Life Equity Fund	10.00	10.00
- (43346.90) units of Franklin India Flexi Cap Fund	—	10.00
- (13219.47) units of Kotak 30 Fund	—	10.00
20000.00 (20000.00) units of Kotak Indo World Infra Fund	2.00	2.00
- (4823.461) units of Reliance Vision Fund	—	10.00
- (8138.021) units of HDFC Top 200 Fund	—	10.00
	<u>12.00</u>	<u>52.00</u>
Less: Provision for diminution in value of Investment	1.15	18.40
	<u>10.85</u>	<u>33.60</u>
Mutual funds - Unquoted		
10000.00 units of Principal Long Term Equity Fund	1.00	1.00
	<u>12,681.07</u>	<u>12,600.01</u>
Aggregate of Unquoted Investments - At Book Value	12,632.10	12,538.85
Aggregate of quoted Investments - At cost	112.48	152.48
Aggregate of quoted Investments - At Market Value	48.97	61.16

	(Rupees in Lacs)	
	31ST MARCH, 2010	31ST MARCH, 2009
SCHEDULE 'H' - Current Assets, Loans and Advances		
A. Current Assets		
Inventories		
(As valued, verified and certified by the Management)		
Stores, Spares and Tools	48.20	62.41
Raw Materials	15,123.35	14,493.80
Finished Goods	45,722.45	54,042.70
	<u>60,894.00</u>	<u>68,598.91</u>
Sundry Debtors (Unsecured)		
Exceeding six months considered good	13,267.22	6,438.03
Exceeding six months considered doubtful	—	27.53
	<u>13,267.22</u>	<u>6,465.56</u>
Less: Provision for Doubtful Debts	—	27.53
	<u>13,267.22</u>	<u>6,438.03</u>
Others - considered good	41,618.16	41,889.85
	<u>54,885.38</u>	<u>48,327.88</u>
Cash and Bank Balances		
Cash on hand	9.10	5.99
Balance with Scheduled Banks		
In Current Accounts	2,109.25	436.58
In Fixed Deposits *	1,647.37	8,634.99
In Margin Deposit Accounts	812.54	1.16
	<u>4,578.26</u>	<u>9,078.72</u>
	<u>120,357.64</u>	<u>126,005.51</u>

* Includes Rs. 365.63 lacs (P.Y. Rs. 8643.99 lacs) pledged with Consortium Bankers as Security

Schedule 'A' To 'O' Annexed to and forming part of the accounts for the year ended 31st March, 2010 (Contd.)

	31ST MARCH, 2010	31ST MARCH, 2009
(Rupees in Lacs)		
SCHEDULE 'H' - Current Assets, Loans and Advances (contd.)		
B. Loans & Advances		
(Unsecured, Considered good)		
Due from subsidiary Companies	6,527.16	6,941.47
Advance recoverable in cash or in kind or for value to be received	371.38	1,038.36
Advance for Raw Material	—	518.70
Advance Taxes (net of provision)	672.33	597.81
	7,570.87	9,096.34
	127,928.51	135,101.85

	31ST MARCH, 2010	31ST MARCH, 2009
SCHEDULE 'I' - Current Liabilities and Provisions		
A. CURRENT LIABILITIES		
Sundry Creditors		
Due to Micro, small and medium enterprises	—	—
Others	39,629.29	42,029.96
Interest accrued but not due	—	9.76
Unpaid Dividend *	26.72	32.02
	39,656.01	42,071.74
* <i>There are no amounts due and outstanding to be credited to Investor Education and Protection Fund</i>		
Provision for Leave Encashment & Gratuity	184.51	245.42
Provision for taxation	820.00	750.00
Provision for Fringe Benefit Tax	—	50.00
Proposed Dividend	348.09	249.56
Tax on Proposed Dividend	57.81	42.41
	1,410.41	1,337.39
	41,066.42	43,409.13

Schedule 'A' To 'O' Annexed to and forming part of the accounts for the year ended 31st March, 2010 (Contd.)

	31ST MARCH, 2010	(Rupees in Lacs) 31ST MARCH, 2009
SCHEDULE 'J' - Sales and Services		
Sales	103,484.85	91,112.77
Service Charges	37.37	23.84
	<u>103,522.22</u>	<u>91,136.61</u>
SCHEDULE 'K' - Other Income		
Miscellaneous Income	53.60	25.15
Profit on sale of Investments	28.95	—
Provision for Diminution in investments (no longer required)	7.90	—
Rent	36.30	36.30
Dividend on current investments	1.98	1.51
	<u>128.73</u>	<u>62.96</u>
SCHEDULE 'L' - Materials Cost		
Materials Consumed		
Stock at Commencement	14,493.80	16,019.98
Add: Purchases	<u>71,582.27</u>	<u>94,775.31</u>
	86,076.07	110,795.29
Less: Sale of Raw Materials	334.77	379.16
Stock at Close	<u>15,123.35</u>	<u>14,493.80</u>
	15,458.12	14,872.96
	70,617.95	95,922.33
Purchase of Finished Goods	8,253.33	6,805.84
Variation in Stock of Finished Goods		
Stock at Close	45,722.45	54,042.70
Stock at Commencement	<u>54,042.70</u>	<u>25,846.90</u>
	8,320.25	(28,195.80)
	<u>87,191.53</u>	<u>74,532.37</u>
SCHEDULE 'M' - Manufacturing & Other Expenses		
Manufacturing Expenses:		
Stores and spares consumed	146.11	296.81
Power and Fuel	197.98	231.35
Processing Expenses	1,202.00	2,443.97
Rent	40.54	64.43
Rates and Taxes	14.54	8.52
Machinery repairs	2.06	2.01
Other Manufacturing Expenses	<u>122.00</u>	<u>141.40</u>
	1,725.23	3,188.49

Schedule 'A' To 'O' Annexed to and forming part of the accounts for the year ended 31st March, 2010 (Contd.)

	31ST MARCH, 2010	31ST MARCH, 2009
(Rupees in Lacs)		
SCHEDULE 'M' - Manufacturing & Other Expenses (Contd.)		
Employees' Emoluments:		
Salaries, wages, gratuity, bonus etc.	1,526.86	1,851.12
Contribution to Provident and other funds	92.40	106.40
Welfare expenses	125.19	127.57
	1,744.45	2,085.09
Selling and Distribution Expenses		
Freight and forwarding charges	73.45	111.64
Sales Promotion Expenses	70.41	90.21
Advertisement	44.04	27.73
Commission	79.45	56.49
Other Selling and Distribution Expenses	354.65	704.34
	622.00	990.41
Other Expenses		
Insurance	217.66	107.72
Other Repairs	115.01	114.56
Legal and Professional Charges	134.86	109.35
Travelling, Conveyance and Vehicle expenses	307.29	612.69
Miscellaneous Expenses	1,228.51	357.44
Bad Debts written off	28.33	—
Less: Provision for Doubtful Debts	27.53	—
	0.80	0.92
Provision for doubtful Debts	—	27.53
Remuneration to Auditors	9.93	7.01
Contribution and Donation	2.22	6.00
Provision for diminution in investments	—	57.53
Loss on sale/discarded Assets	50.24	22.99
	2,066.52	1,423.74
	6,158.20	7,687.73
SCHEDULE 'N' - Finance Cost		
Interest		
On Term Loan	868.67	217.70
To Banks	5,254.35	4,770.55
Others (Net)	1,226.74	1,119.82
	7,349.76	6,108.07
Other Charges	177.94	327.93
	7,527.70	6,436.00

Notes Forming Part of accounts for the year ended 31st March, 2010

SCHEDULE 'O'

1. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation of financial statements:

- (i) The Financial statements have been prepared under the historical cost convention in accordance with the normally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- (ii) Accounting Policies not specifically referred to otherwise are consistent with and in consonance with generally accepted accounting principles.

B. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

C. Fixed Assets and Depreciation:

- i) Fixed Assets are stated at acquisition/construction cost less accumulated depreciation. Cost of construction include cost attributable to bring the asset to its intended use, and includes related borrowing costs.
- ii) Depreciation on fixed assets (other than Leasehold Land) has been provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Cost of leasehold land is amortised over the life of the lease period.

D. Intangible Assets are stated at cost of acquisition less accumulated amortisation. These assets are amortised over a period of five years on a straight line basis.

E. Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value and impairment loss is charged to the revenue. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

F. Long term Investments are stated at Cost. Provision for diminution in value is made only if such diminution is other than a temporary in the opinion of the management. Current investments are stated at lower of cost or net realisable value.

G. Foreign currency transactions:

Foreign Currency Transactions (FCT) are initially recognised at the spot rate on the date of the transaction.

Monetary assets and liabilities relating to foreign currency transactions remaining outstanding at the end of the year are translated at year end rates.

In respect of Forward Exchange Contracts (excluding cash flow hedges), the differences between the contract rate and spot rate on the date of the contract is charged to Profit and Loss Account over the period of contract and the difference between the year end rate and spot rate on the date of contract is recognised as exchange difference.

The differences on translations and realised gains and losses on foreign currency transactions are generally recognised in Profit and Loss Account. Non-monetary items are carried at cost.

H. Derivative instruments and hedge accounting:

The Company enters into derivative financial instruments (option contracts and forward contracts) to hedge foreign currency risk of firm commitments and highly probable forecast transactions.

In respect of Derivative financial instruments entered to hedge foreign currency risk of highly probable forecast transactions that qualify as Cash flow hedges, the gains or losses are reflected in the Hedging Reserve Account in the Balance Sheet and are subsequently recognised in the Profit and Loss Account of the period in which the hedged transaction materialises as per principles of hedge accounting enunciated in Accounting Standard (AS) - 30, "Financial Instruments: Recognition and Measurement". In respect of other derivative financial instruments, which are hedges, the gains or losses are accounted for in Profit and Loss Account.

I. Inventories:

- i) Raw Materials are valued at cost or net realizable value whichever is lower. Cost of Raw Materials - for Jewellery division is computed using the First in First out (FIFO) method, - for diamond division, specific items of cost are allocated and assigned to inventory wherever practicable and in other cases, the weighted average method is used to compute cost.
- ii) Stock in Process is considered as part of Stock of Raw Materials and is not valued separately.
- iii) Finished goods - for Jewellery division are valued at estimated cost or net realizable value, whichever is lower, - for Diamond division, polished diamonds are valued at technical estimate of cost or net realizable value, whichever is lower. Cost includes cost of materials consumed and related conversion costs which are technically evaluated by the management, in view of the nature of the variation in the value of individual diamonds, existence of multiple grades and the differentials in conversion costs. The company has therefore complied with AS2 - "Valuation of Inventories" issued by the Institute of Chartered Accountants of India to the extent practicable.
- iv) Stores, Spares parts and Loose Tools are valued at cost.

Notes Forming Part of accounts for the year ended 31st March, 2010 (Contd.)

J. Basis of Accounting:

All significant items of income and expenditure having a material bearing on the financial statements are recognised on accrual basis.

K. Employee's Retirement Benefits:

- (i) Short-term employee benefits are recognised as an expenses at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
- (ii) Post-employment and other long term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined using the actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the profit and loss account.

L. Taxation:

Provision for current taxation is made after considering various reliefs admissible under the provisions of the Income Tax Act.

Deferred tax is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

M. Borrowing Cost:

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

N. Provisions, Contingent Liabilities and Contingent Assets:

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

O. Revenue Recognition:

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Turnover includes sale of goods and services and gain/loss on corresponding hedge contract. Dividend income is recognised when right to receive is established. Interest income is recognised on time proportion basis.

2. (a) As in the previous year, the Company has continued to adopt the principles of AS - 30, "Financial Instruments: Recognition & Measurement" in respect of hedge accounting. Accordingly, in respect of derivative financial instruments which are entered into hedge foreign currency risks of firm commitments or highly probable forecast transactions and which are effective cash flow hedges, the net notional gain on these instruments outstanding as at 31st March, 2010, amounting to Rs. 603.88 lacs (previous year notional loss Rs. 3270.87 lacs) is reflected in the Hedging Reserve account.
- (b) The company, in accordance with its risk management policies and procedures, enters into derivative instruments (option contracts & forward contracts) to manage its exposure to foreign exchange rates. The counter party is generally a bank.

The Company has following outstanding derivative instruments as on 31st March, 2010:

Year	Number of Contracts	Notional	Fair Value Gain/(Loss)	Maturity period
Current Year	41	USD 56.70 million	Rs. 788.05 Lacs	Upto 4 yrs
Previous Year	114	USD 141.23 million	(Rs. 4443.56 Lacs)	Upto 5 yrs

Subsequent to the balance sheet date (before finalising the accounts), the Company has utilised/cancelled forward contracts of USD 12.400 million (USD 67.125 million) without incurring any loss. The notional Mark to Market gain/(loss) of Rs. 184.17 lacs (p.y. loss of Rs. 1172.69 lacs) on such contracts as on 31st March is therefore not reflected in the Hedging Reserve. The balance net Mark to Market gain/(loss) of Rs. 603.88 lacs (p.y. loss of Rs. 3270.87 lacs) has been reflected in the Hedging Reserve.

In addition to the above cash flow hedges, the Company has outstanding derivative instruments aggregating to Rs. 104722 lacs (Rs. 37779.06 lacs) whose fair value showed a net loss of Rs. 764.85 lacs (Rs. 1693.51 lacs), and which is accounted for in the Profit and Loss Account.

As of balance sheet date, the Company has net foreign currency exposures that are not hedged by a derivative instrument or otherwise amounting to Rs. Nil (Previous year Rs. 790.41 lacs) representing receivables and Rs.15448.27 lacs (previous year Rs. 13841.37 lacs) representing payables.

3. Commodity Hedging:

The Company enters into Gold Futures and Options contracts to hedge its commodity related risk. The net outstanding position at the end of the year is 1,000 grams.

4. Suppliers/Service providers covered under Micro, Small Medium Enterprises Development Act 2006, have not furnished the information regarding filing of necessary memorandum with the appropriate authority. In view of this, information required to be disclosed u/s 22 of the said Act is not given.

Notes Forming Part of accounts for the year ended 31st March, 2010 (Contd.)

			(Rs. in Lacs)	
			2009-2010	2008-2009
5.	1)	Debtors includes debts due from Company under the same management SHL Gems & Jewellery Ltd.	133.30	246.46
	2)	Loans and Advances include Inter-corporate deposits with Company under the same management: SHL Gems & Jewellery Ltd. Interest has been charged as stipulated.	92.96	92.96
6.	a)	Interest (others) is net of interest received Tax Deducted at Source, on above	536.02 26.98	319.71 40.45
	b)	Exchange Fluctuations (Net) Credited/(Debited) to Profit and Loss Account	(3,820.95)	(5,922.42)
	c)	Income/(Expenses) relating to previous year credited/debited to respective account	(7.92)	(9.73)
7.	Payment to Auditors:			
		Audit Fees	5.52	4.52
		Taxation Matters	2.21	1.11
		Tax Audit Fees	1.10	0.55
		Certification Fees	1.10	0.83
			<u>9.93</u>	<u>7.01</u>
8.	Contingent Liabilities not provided for in respect of:			
	a)	Guarantees given by the Company on behalf of Subsidiaries and Associates In respect of Advances granted by Banks	54102.00	47436.60
	b)	Disputed Income Tax Liabilities not provided for	112.52	112.52
	c)	Disputed Sales Tax Liabilities not provided for	3.76	3.76
	d)	Corporate Guarantee executed in favor of Third Party	7.00	7.00
	e)	Bond executed for import of Capital goods	137.50	158.00
	f)	Letter of Credit against import of goods	12080.05	1968.38
9.	a) Managerial Remuneration:			
		Salary	123.50	122.28
		Perquisites	93.59	89.57
		Commission on Net Profit	—	—
		Contribution to Provident and Other Funds	19.61	19.20
			<u>236.70</u>	<u>231.05</u>
		Commission on net profits to Non-Executive Directors	15.00	16.25
		Directors' Sitting Fees	8.10	5.05
	b) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956:			
		Net Profit as per Profit & Loss Account	1547.40	1326.10
	Add:	Provision for Taxation	827.00	830.00
		Depreciation	399.12	387.37
		(Profit)/Loss on sale of Fixed Assets	50.24	22.99
		(Profit)/Loss on sale of Investments	(28.95)	—
		Provision for diminution	(7.90)	57.53
		Directors' Sitting Fees	8.10	5.05
		Director's Remuneration	236.70	231.05
		Commission on Net Profit to Non-Executive Directors	15.00	16.25
			<u>3046.71</u>	<u>2876.34</u>
	Less:	Depreciation under Section 350	399.12	387.37
		Net (Profit)/Loss on Sale of Fixed Assets	50.24	22.99
			<u>2597.35</u>	<u>2465.98</u>
		Commission to Chairman and Managing Director @ 1% on Net Profit and to Executive Directors @ 0.50% on Net Profit	—	—
		Restricted to, as per Shareholders' Resolution	—	—
		Commission to Non-Executive Directors @ 1% on Net Profit	25.97	24.66
		Restricted by the Board of Directors to	15.00	16.25

Note: The Remuneration Committee of the Board of Directors have resolved not to pay commission for the year to all the whole-time directors to preserve the resources of the Company, hence no provision for commission has been made.

Notes Forming Part of accounts for the year ended 31st March, 2010 (Contd.)

10 Licensed and Installed Capacity and Production:

A. Information in respect of goods manufactured:

Processed polished diamonds and studded jewellery

	Units	Licence Capacity	Installed Capacity	Production
Diamonds	Carats	Not Applicable	Not Applicable	314578 (334745)
Studded Jewellery	Nos.	--- DO ---	--- DO ---	30381 (98313)

* Including manufactured by other on job work basis

B. Information in respect of Opening Stock, Sales and Closing Stock

(1) Manufactured Goods

Class of Goods	Units	Opening Stock*		Sales		Closing Stock	
		Quantity	Value (Rs. in Lac)	Quantity	Value (Rs. in Lac)	Quantity	Value (Rs. in Lac)
Diamonds	Carats	83168 (138406)	50624.07 (23085.33)	316018 (389983)	86617.27 (73823.88)	81728 (83168)	42111.44 (50624.07)
Studded Jewellery	Nos.	6561 (6947)	1075.73 (852.22)	26855 (98699)	7515.48 (9886.98)	10087 (6561)	1341.69 (1075.73)
			51699.80 (23937.55)		94132.75 (83710.86)		43453.13 (51699.80)

(2) Purchase & Sale of Traded Goods

Class of Goods	Units	Opening Stock		Purchase		Sales		Closing Stock	
		Quantity	Value (Rs. In lacs)	Quantity	Value (Rs. In lacs)	Quantity	Value (Rs. In lacs)	Quantity	Value (Rs. In lacs)
Studded Jewellery	Nos.	965.00	43.82	32,802.00 (28,980.00)	2363.29 (874.23)	33,258.00 (28,015)	2358.38 (831.44)	509.00 (965.00)	6.17 (43.82)
Diamonds	Cts.	8,741.93 (16,379.79)	2,092.44 (1,677.45)	25,813.43 (16,685.27)	5565.10 (5,544.40)	20,817.99 (24,323.13)	6606.09 (6,172.71)	13,737.37 (8,741.93)	2,094.45 (2,092.44)
Precious Stones	Cts.	37,514.24 (49,968.70)	81.17 (81.34)	47,722.27 (33,813.96)	94.10 (88.34)	46,189.05 (46,268.42)	104.03 (93.36)	39,047.46 (37,514.24)	76.50 (81.17)
Others		—	125.47 (150.56)	—	230.83 (298.87)	—	283.60 (304.40)	—	92.20 (125.47)
			2342.90 (1909.35)		8253.32 (6805.84)		9352.10 (7401.91)		2269.32 (2342.90)

C. Materials Consumed

	Units	Year Ended 31st March, 2010		Year Ended 31st March, 2009	
		Quantity	Value	Quantity	Value
(Rough)/Semi polished Diamonds	Carats	402920.34	64474.60	550449.27	88020.47
Polished Diamonds	Carats	19517.36	3364.99	32849.10	3511.21
Precious & Semi Precious Stones	Carats	10644.81	54.47	31554.86	69.79
Gold	Gms.	78348.41	1175.69	217699.58	2494.22
Platinum	Gms.	68900.54	1340.04	36758.50	835.86
Others			208.17		990.79
			70617.95		95922.33

Previous Year's figures are indicated in brackets

Notes Forming Part of accounts for the year ended 31st March, 2010 (Contd.)

11. Value of imported and indigenous Consumption:

	2009-2010		2008-2009	
	(Rs.in lacs)	%	(Rs.in lacs)	%
(i) Raw Materials:				
Directly Imported	53510.30	75.77	77711.57	81.02
Indigenously obtained	17107.65	24.23	18210.75	18.98
	<u>70617.95</u>	<u>100.00</u>	<u>95922.32</u>	<u>100.00</u>
(ii) Stores and Spare Parts:				
Imported	20.84	14.26	95.09	32.04
Indigenous	125.27	85.74	201.72	67.96
	<u>146.11</u>	<u>100.00</u>	<u>296.81</u>	<u>100.00</u>

	2009-2010	2008-2009
12. Value of Imports on C.I.F. Basis:		(Rs.in lacs)
Raw Materials / Purchases	57550.57	64635.47
Capital Goods	101.78	66.06
Stores and Spare parts	22.11	60.05

13. Expenditure in Foreign Currency

Commission	9.58	164.09
Foreign Travelling	48.99	74.44
Marketing Expenses	54.02	260.12
Export Commission	21.68	23.17
Legal & Professional Charges	24.12	33.80
Interest	720.30	662.24
Others	57.20	502.95

14. Earning in Foreign Exchange:

F.O.B. Value of goods exported	76182.68	75383.02
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15. Remittance in Foreign Currency on account of Dividend:

(a) Year to which dividend relates	2008-09	2007-08
(b) Number of non-resident shareholders whom remittance was made	33	40
(c) Number of Equity Shares on which remittance was made	33000	40580
	of Rs. 2 each	of Rs. 2 each
(d) Net amount remitted (Rs. in Lacs)	0.12	0.32

16. Earnings Per Share

i) Profit After Tax available for Equity Shareholders	1550.75	1326.10
ii) Weighted average number of Equity Shares		
For Basic	69322620	69322620
and Diluted Earnings Per Share	70129318	69322620
iii) Earnings Per Share of Rs. 2 each		
Basic Rs.	2.24	1.91
Diluted Rs.	2.21	1.91

17. Previous year's figures have been re-grouped and/or rearranged wherever necessary.

18. Segment Information for the year ended 31st March 2010

As per Accounting Standard 21 on Consolidated Financial Statements and Accounting Standard 23 on Accounting for Investment in Associates in consolidated financial statements issued by Institute of Chartered Accountants of India, the Company has presented consolidated financial Statement, including subsidiaries and associates. Accordingly segment information as required under Accounting Standard 17 on Segment reporting is included under the Notes to Consolidated financial statements.

Notes Forming Part of accounts for the year ended 31st March, 2010 (Contd.)

19. The Disclosure of employee benefit as defined in the accounting standard are given below:

Defined Contribution Plan:

The Company makes Provident Fund and Superannuation Fund contributions as defined contributions retirement benefit plans for qualifying employees. The Company's Provident Fund is under the management of the statutory authorities. The Company has recognised Rs. 62.95 lacs (Rs. 106.40 lacs) for Provident Fund and Rs. 9.15 lacs (Rs 11.21 lacs) for Superannuation contributions in Profit and Loss account. The Contributions payable to this plans by the Company are at rates specified in the rules of the scheme.

Defined Benefit Plan:

The employees Gratuity Fund scheme managed by a trust is a funded defined benefit plan. The present value of obligation is determined based on the actuarial valuation using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The Company has made an arrangement with an Insurer for meeting its Leave Encashment Liability payable at the time of retirement of its employees and a sum of Rs. 55 lacs has been paid as advance against the premium and the same is adjusted against the provision for leave encashment.

	Gratuity (Funded)			Leave Encashment (Funded)		
	2009-2010	2008-2009	2007-2008	2009-2010	2008-2009	2007-2008
a. Reconciliation of opening and closing balances of Defined Benefit Obligation:						
Liability at the beginning of the year	131.90	123.41	81.32	136.10	128.41	91.94
Current service cost	12.26	11.74	11.35	18.37	15.45	15.26
Interest cost	6.92	6.24	6.11	9.02	10.10	7.92
Actuarial (Gain)/Loss	(57.89)	10.71	57.14	4.68	17.18	29.80
Benefit paid	(12.20)	(20.20)	(32.52)	(39.50)	(35.04)	(16.51)
Liability at the end of the year	80.99	131.90	123.41	128.67	136.10	128.41
b. Reconciliation of opening and closing balances of Fair Value of Planned Assets:						
Fair Value of Planned Assets at the beginning of the year	57.29	59.85	74.18	61.49	94.81	—
Expected return on Planned Asset	8.99	4.14	5.77	3.34	6.18	7.34
Employers' contribution	82.02	13.50	14.20	—	100.00	100.00
Actuarial gain/(loss)	(19.53)	—	(1.78)	1.73	(4.46)	3.99
Benefit paid	(12.20)	(20.20)	32.52	(39.50)	(35.04)	16.51
Fair Value of Planned Assets at the end of the year	116.57	57.29	59.85	27.06	61.49	94.81
Actual return on Planned Assets	8.99	4.14	3.99	3.34	(21.65)	11.33
c. Amount recognised in the Balance Sheet						
Liability at the end of the year	80.99	131.90	123.41	128.67	136.10	128.41
Fair Value of Planned Assets at the end of the year	116.57	57.29	59.85	27.06	61.49	94.81
Amount recognised in the Balance Sheet	(35.58)	74.61	63.56	101.61	74.61	33.60
d. Expenses recognised in the Profit & Loss Account:						
Current service cost	12.26	11.74	11.35	18.37	15.45	15.26
Interest cost	6.92	6.24	6.11	9.02	10.10	7.92
Expected return on planned asset	(8.99)	(4.14)	(5.77)	(3.34)	(6.18)	(7.34)
Actuarial (Gain)/Loss	(38.36)	10.71	58.93	2.95	21.65	25.81
Net expense recognised in Profit & Loss Account	(28.17)	24.55	70.62	27.00	41.02	41.65
e. Investment details:						
	%	%	%	%	%	%
	invested	invested	invested	invested	invested	invested
Insurance Policies	100.00	100.00	100.00	100.00	100.00	100.00

Notes Forming Part of accounts for the year ended 31st March, 2010 (Contd.)

f. Actuarial assumptions:

Mortality Table	LIC 1994-96	LIC 1994-96	LIC 1994-96	IALM (94-96)	IALM (94-96)	IALM (94-96)
Discount rate per annum	8.00	8.00	8.00	8.30	7.75	7.75
Expected rate of return on Planned Assets	8.00	8.00	8.00	8.30	8.00	8.00
Salary escalation (per annum)	4.00	4.00	4.00	5.00	5.00	5.00

The above information is certified by an Actuary. The estimates of rate of escalation in salary considered in Actuarial valuation are based on the sector specific industry standards.

20. Related Party transactions:

As per the Directors

1) Parties where control exists:

Shrenuj Diajewels Limited	Wholly owned subsidiary
Shrenuj Gems & Jewellery Ltd.	Wholly owned subsidiary
Shrenuj Lifestyle Limited	Wholly owned subsidiary
Shrenuj Overseas Ltd	Wholly owned subsidiary
Shrenuj DMCC	Wholly owned subsidiary
Shrenuj Japan Corporation	Wholly owned subsidiary
Shrenuj (Mauritius) Pvt. Ltd.	Wholly owned subsidiary
Shrenuj Jewellery (Far East) Ltd.	Wholly owned subsidiary
Shrenuj Botswana (Pty.) Ltd	Wholly owned subsidiary
Shrenuj South Africa (Pty) Ltd.	Wholly owned subsidiary
Shrenuj N.V.	Wholly owned subsidiary
Shrenuj GmbH	Wholly owned subsidiary
Shrenuj Australia Pty. Ltd.	Wholly owned subsidiary
Lume Germany GmbH	Wholly owned subsidiary
Lume Group AG	Wholly owned subsidiary
Astral USA, INC.	Wholly owned subsidiary
Shrenuj USA, LLC	Wholly owned subsidiary
Astral Jewels LLC	Wholly owned subsidiary
Astral Holding INC	Wholly owned subsidiary
Alija International Pty Ltd	Wholly owned subsidiary
Global Marine Diamonds Company	Wholly owned subsidiary
Simon Golub & Sons INC.	Subsidiary
Daily Jewellery Ltd. Hong Kong	Subsidiary
Intergems H.K. Ltd.	Subsidiary
Shrenuj Shanghai Diamonds Pvt. Ltd.	Subsidiary
Bernies International, LLC	Subsidiary

2) Associates:

Kiara Jewellery Pvt. Ltd.
Arisia Jewellery Pvt. Ltd.
Jomard SAS
SWA Trading Ltd.
Copem & Shrenuj
Trapz, LLC
SHL Gems & Jewellery Ltd.
K. K. Doshi & Co.
Shrenuj Investments & Finance Pvt. Ltd.

3) Key Management Personnel and their relatives:

Shri Kirtilal K. Doshi	Chairman (upto 29th June 2009)
Shri Shreyas K. Doshi	Chairman and Managing Director
Shri Nihar N. Parikh	Executive Director
Shri Vishal S. Doshi	Group Executive Director
Mrs. Anjali P. Mehta	Relative

Notes Forming Part of accounts for the year ended 31st March, 2010 (Contd.)

The Following transactions were carried out with the related parties in the ordinary course of business:

(i) Details relating to parties referred to in items 1 and 2 above:

	2009-2010	(Rs. in lacs) 2008-2009
1) Purchase of Raw Materials/Finished goods		
Shrenuj Diajewels Limited	574.65	360.62
Matts Jewellery LLC	—	3.93
Shrenuj USA LLC	95.42	609.84
Intergems H.K. Ltd.	4,220.20	3,980.48
Shrenuj Jewellery (Far East) Ltd.	—	249.03
Jomard SAS	—	59.99
SWA Trading Ltd.	213.81	308.17
Shrenuj GmbH	—	86.14
Shrenuj Australia Pty. Ltd.	—	—
Shrenuj N.V.	19,274.31	12,636.45
Shrenuj DMCC	5,597.43	3,924.87
Astral Jewels, LLC	21.91	45.14
Kiara Jewellery Limited	0.26	499.97
SHL Gems & Jewellery Limited	61.64	110.81
Shrenuj Japan Corpn	—	7.93
Simon Golub & Sons INC.	258.61	276.56
Trapz LLC	45.94	1.00
Shrenuj Gems & Jewellery Ltd	2,254.09	—
Alija International	17.79	—
Shrenuj Botswana Pty Ltd.	658.00	—
2) Sale of Raw Materials/Finished goods		
Shrenuj Diajewels Limited	603.34	553.31
Shrenuj USA, LLC	861.19	2,351.19
Matts Jewellery LLC	6.41	164.04
Shrenuj DMCC	9,506.55	15,317.91
Shrenuj N.V.	3,800.14	5,527.01
Intergems H.K. Ltd.	11,256.18	14,023.12
Daily Jewellery Ltd.	26.54	8.07
Astral Jewels LLC	200.54	510.88
SWA Trading Ltd.	95.93	319.83
Shrenuj GmbH	122.73	517.11
Shrenuj Australia Pty. Ltd.	—	—
SHL Gems & Jewellery Ltd.	22.23	300.68
Kiara Jewellery Pvt. Ltd.	40.96	399.40
Shrenuj Jewellery (Far East) Ltd.	64.37	47.93
Shrenuj Japan Corporation	30.20	22.23
Simon Golub & Sons INC.	2,869.62	318.92
Alija International Pty. Ltd.	82.94	37.27
Trapz LLC	14.14	40.74
Shrenuj Gems & Jewellery Ltd	718.37	—
Shrenuj Botswana Pty Ltd.	632.35	—
3) Other Services Rendered		
Shrenuj Diajewels Ltd.	1.10	349.26
Shrenuj DMCC	—	1.12
K. K. Doshi & Co.	0.30	0.30
Shrenuj Overseas Ltd.	0.15	0.18
Shrenuj USA	0.64	—
Alija International	0.79	—

Notes Forming Part of accounts for the year ended 31st March, 2010 (Contd.)

4) Other Services Received		
Shrenuj Overseas Ltd.	—	63.08
Shrenuj GmbH	—	1.58
Shrenuj Diajewels Ltd.	29.56	28.19
SHL Gems & Jewellery Ltd.	—	6.27
Shrenuj Gems & Jewellery Ltd.	41.19	
Shrenuj NV	9.86	
5 A) Interest received		
SHL Gems & Jewellery Ltd.	5.05	11.54
Kiara Jewellery Pvt. Ltd.	—	6.70
5 B) Interest Paid		
Shrenuj Investments & Finance Pvt. Ltd.	13.06	4.60
Kiara Jewellery Pvt. Ltd.	10.02	—
6) Sale of Fixed Assets		
Shrenuj Botswana Pty Ltd.	28.34	—
Kiara Jewellery Pvt. Ltd.	10.59	—
7) Outstanding Receivable		
Shrenuj Diajewels Ltd.	232.49	431.26
Shrenuj USA, LLC	132.47	1,019.25
Matts Jewellery LLC	—	100.94
Shrenuj N.V.	1,979.36	3,546.13
Shrenuj DMCC	6,603.78	6,029.00
Intergems H.K. Ltd.	7,384.83	6,855.01
Shrenuj GmbH	227.98	428.21
Astral Jewels LLC	415.87	864.89
Shrenuj Jewellery (Far East) Ltd.	2.47	8.37
Kiara Jewellery Pvt. Ltd.	—	155.28
SWA Trading Ltd.	13.12	21.72
SHL Gems & Jewellery Ltd.	133.30	246.47
Alija International Pty. Ltd.	76.50	7.78
Astral USA Inc.	—	40.74
Shrenuj Japan Corporation	18.80	11.55
Simon Golub & Sons INC.	144.81	168.48
Shrenuj Overseas Ltd.	0.15	6.77
Shrenuj Gems & Jewellery Ltd.	312.93	—
Daily Jewellery Ltd.	9.74	—
Trapz LLC	37.47	—
Shrenuj Botswana Pty Ltd.	609.68	—
8) Outstanding Payable		
Shrenuj Diajewels Ltd.	111.41	199.12
Intergems H. K. Ltd.	2,033.63	1,246.80
Shrenuj Jewellery (Far East) Ltd.	13.35	14.53
SWA Trading Ltd.	116.94	25.14
Shrenuj USA, LLC	40.14	327.44
Kiara Jewellery Pvt. Ltd.	—	247.07
Shrenuj GmbH	42.10	95.33
Shrenuj N.V.	11,427.94	8,709.68
SHL Gems & Jewellery Ltd.	—	—

Notes Forming Part of accounts for the year ended 31st March, 2010 (Contd.)

Shrenuj DMCC			3,147.42	880.11
Astral Jewels LLC			—	7.86
Simon Golub & Sons INC.			37.52	277.47
Shrenuj Australia Pty			—	—
Alija International Pty. Ltd			0.02	0.02
Trapz LLC			36.78	1.00
Shrenuj Investment & Finance Pvt. Ltd.			—	3.56
Daily Jewellery Ltd.			6.50	—
Shrenuj Gems & Jewellery Ltd.			1,150.71	—
Shrenuj Botswana Pty Ltd.			631.37	—
9) Investments				
Shrenuj (Mauritius) Pvt. Ltd.			93.50	—
Shrenuj Diajewels Ltd (Share application money pending allotment)			—	70.00
10) Goods sent on consignment				
Intergems H.K. Ltd.			—	85.62
Shrenuj N.V.			—	790.08
Shrenuj Japan Corporation			—	0.75
Trapz LLC			—	23.84
Shrenuj DMCC			—	69.99
11) Guarantees outstanding				
Astral Holding Inc			4,042.80	4,564.80
Shrenuj Diajewels Ltd			4,700.00	4,500.00
Shrenuj N.V.			14,149.80	8,622.40
Shrenuj DMCC			5,390.40	4,057.60
Intergems H.K. Ltd.			9,882.40	8,115.20
SWA Trading Ltd.			1,347.60	1,521.60
Kiara Jewellery Pvt. Ltd.			1,458.00	1,458.00
Shrenuj Gems & Jewellery Ltd.			4,147.00	4,453.00
Simon Golub & Sons INC.			8,984.00	10,144.00
12) Inter Corporate Deposits given				
	Opening Balance	Given during the year	Repaid during the year	Closing Balance
Shrenuj Diajewels Ltd	—	1,226.25	1,226.25	—
	(1,177.81)	(965.23)	(2,143.04)	—
SHL Gem & Jewellery Ltd.	92.96	—	92.96	—
	(166.00)	(39.96)	(113.00)	(92.96)
Kiara Jewellery Pvt. Ltd.	327.42	624.77	952.19	—
	(21.41)	(768.78)	(462.77)	(327.42)
Shrenuj Japan Corporation	94.83	8.87	19.70	84.00
	(74.90)	(19.93)	—	(94.83)
Astral USA Inc	31.57	3.02	6.63	27.96
	(24.93)	(31.57)	(24.93)	(31.57)
Astral Holding Inc	6,214.81	400.90	884.74	5,730.97
	(4,668.26)	(1,546.55)	—	(6,214.81)
Shrenuj Gems & Jewellery Ltd.	600.26	210.56	126.59	684.23
	—	(756.90)	(156.64)	(600.26)
Shrenuj Overseas Ltd.	—	7.00	7.00	—
	—	—	—	—

Notes Forming Part of accounts for the year ended 31st March, 2010 (Contd.)

13) Inter Corporate Deposits received	Opening Balance	Received during the year	Repaid during the year	Closing Balance
Shrenuj Investments & Finance Pvt. Ltd.	77.00	90.00	—	167.00
	(37.00)	(40.00)	—	(77.00)
Kirtilal K. Doshi	395.00	76.00	—	471.00
	(120.00)	(275.00)	—	(395.00)
Vishal S. Doshi	250.00	66.00	—	316.00
	—	(250.00)	—	(250.00)
Anuj K. Doshi	18.72	—	—	18.72
	(18.72)	—	—	(18.72)
Suman K. Doshi	60.00	53.00	—	113.00
	(60.00)	—	—	(60.00)
Shreyas K. Doshi	1,487.00	1,361.00	1,404.48	1,443.52
	(1,068.00)	(1,444.00)	(1,025.00)	(1,487.00)
Nihar N. Parikh	5.00	—	—	5.00
	(5.00)	—	—	(5.00)
Geeta S. Doshi	—	5.00	—	5.00
	—	—	—	—

(ii) Details relating to persons referred to in item 3 above		(Rs. In lacs)	
		2009—10	2008—09
1	Remuneration to Directors (Details in Corporate Governance report)	236.70	231.05
2	Interest payable to Director	118.64	63.44
3	Interest paid to relative (Mrs. Anjali P. Mehta)	0.64	0.64

As per our Report of even date

For **RAJENDRA & CO.,**
Chartered Accountants

A.R. Shah
Partner.
MUMBAI, 28th May, 2010

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. B. R. Barwale
Dr. S. A. Dave
Keki M. Mistry
M. R. Shroff
Suresh N. Talwar
Nihar N. Parikh } Directors

MUMBAI, 28th May, 2010

Balance Sheet Abstract and Company's General Business Profile

1	Registration Details	
	Company Identification Number	L99999MH1982PLC026903
	State Code	11
	Balance Sheet Date	31st March, 2010
2	Capital raised during the year	(Rs. In Lacs)
	Public Issue	—
	Right Issue	—
	Bonus Issue	—
	Private Placement	—
3	Position of Mobilisation and Deployment of Funds	(Rs. In Lacs)
	Total Liabilities	146,456.23
	Total Assets	146,456.23
	Sources of Funds	
	Paid-up Capital	1,386.45
	Reserves & Surplus	23,444.37
	Secured Loans	77,092.29
	Unsecured Loans	2,848.23
	Deferred Tax	618.47
	Application of Funds:	
	Net Fixed Assets	5,846.65
	Investments	12,681.07
	Net Current Assets	86,862.09
	Misc. Expenditure	—
	Accumulated Losses	—
4	Performance of Company	
	Turnover	103,650.95
	Total Expenditure	101,276.55
	Profit before tax	2,374.40
	Profit after tax	1,547.40
	Earning Per Share (Rs.)	2.24
	Dividend Rate %	25%
5	General Names of Three Principal Products/ Service of Company (As per monetary terms)	
	Item Code No.(ITC Code)	710239.01
	Product Description	Polished Diamonds
	Item Code No.(ITC Code)	711319.03
	Product Description	Studded Jewellery

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

(Rs. In Lacs)

Name of Subsidiary Company	1. The Financial year of the Subsidiary Companies ended on	2. Date from which they became Subsidiary Companies	3.		4. The net aggregate amount of the subsidiary Companies Profit/(Loss) so far as it concerns the members of the Holding Company.			
			a. Number of shares held by Shrenuj & Company Ltd with its nominees in the Subsidiaries at the end of the financial year of the Subsidiary Company	b. Extent of interest of Holding Company at the end of the financial year of the Subsidiary Companies	a. Not dealt with in the Holding Company's accounts.		b. Dealt with in Holding Company's accounts:	
					i) For the financial year ended 31.03.2010	ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries	i) For the financial year ended 31st March, 2010	ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries
Shrenuj Dijawels Ltd.	31st March, 2010	18th March, 1996	4000000 Equity Shares of the face value of Rs.10 each fully paid-up	100%	629.16	2223.31	Nil	Nil
Shrenuj Gems & Jewellery Ltd.	31st March, 2010	8th May, 2006	6000000 Equity Shares of the face value of Rs.10 each fully paid-up	100%	384.26	-2.74	Nil	Nil
Daily Jewellery Ltd	31st March, 2010	6th October, 2003	3750000 Equity Shares of the face value of HK\$ 1 each fully paid-up	75%	-11.25	-635.19	Nil	Nil
Shrenuj Overseas Ltd.	31st March, 2010	11th February, 2005	5000 Equity Shares of the face value of Rs.100 each fully paid-up	100%	4.00	3.14	Nil	Nil
Shrenuj (Mauritius) Pvt. Ltd.	31st March, 2010	4th April, 2005	2817571 Equity Shares of the face value of MRS.100 each fully paid-up	100%	-25.58	-59.03	Nil	Nil
Shrenuj DMCC	31st March, 2010	24th July, 2005	11210 Equity Shares of the face value of AED 1000 each fully paid-up	100%	2050.39	354751	Nil	Nil
Astral USA Inc.	31st March, 2010	1st April, 2005	100 Equity Share of the face value of Cent 1 each.	100%	-7.34	-60.32	Nil	Nil
Astral Holdings, Inc.	31st March, 2010	26th February, 2007	100 Equity Share of the face value of Cent 1 each fully paid-up	100%	-151.39	-351.37	Nil	Nil
Shrenuj Japan Corporation	31st March, 2010	25th December, 2006	100 Equity Shares of the face value of YEN 10000 each fully paid-up	100%	20.73	-98.20	Nil	Nil
*Shrenuj Glitters Ltd.	31st March, 2010	16th August, 2005	50000 Equity Shares of the face value of Rs.10 each fully paid-up	100%	-0.11	-0.36	Nil	Nil
Inter-Gems (H.K.) Ltd.	31st March, 2010	20th July, 2006	No Shares Issued	85%	51.76	166.81	Nil	Nil
Shrenuj Jewellery (Far East) Ltd.	31st March, 2010	13th May, 2006	936000 Equity Shares of the face value of HK\$ 1 each fully paid	100%	3.38	209.46	Nil	Nil
Shrenuj Botswana Pty Limited	31st March, 2010	2nd April, 2007	100 Equity Shares of the face value of BWP 1 each fully paid	99%	79.94	-10.69	Nil	Nil
Shrenuj (Shanghai) Diamonds Pvt. Ltd.	31st March, 2010	1st June, 2007	No Shares Issued	100%	28.1	-21.89	Nil	Nil
Shrenuj Gmbh	31st March, 2010	20th March, 2006	No Shares Issued	100%	142.82	-230.13	Nil	Nil
Shrenuj NV	31st March, 2010	23rd September, 2005	No Shares Issued	100%	89.38	139.22	Nil	Nil
Shrenuj Australia Pty. Ltd.	31st March, 2010	1st July, 2006	10 Equity Shares of the face value of AUD 1 each fully paid-up	100%	-0.27	-46.14	Nil	Nil

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

(Rs. In Lacs)

Name of Subsidiary Company	1. The Financial year of the Subsidiary Companies ended on	2. Date from which they became Subsidiary Companies	3.		4. The net aggregate amount of the subsidiary Companies Profit/(Loss) so far as it concerns the members of the Holding Company.			
			a. Number of shares held by Shrenuj & Company Ltd with its nominees in the Subsidiaries at the end of the financial year of the Subsidiary Company	b. Extent of interest of Holding Company at the end of the financial year of the Subsidiary Companies	a. Not dealt with in the Holding Company's accounts.		b. Dealt with in Holding Company's accounts:	
					i) For the financial year ended 31.03.2010	ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries	i) For the financial year ended 31st March, 2010	ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries
Lume Germany GmbH	31st March, 2010	19th December, 2006	No Shares Issued	100%	244.73	-276.98	Nil	Nil
Lume Group AG	31st March, 2010	5th April, 2007	100 Equity Shares of the face value of CHF1000 each fully paid-up	100%	-5.53	92.86	Nil	Nil
Simon Golub & Sons, Inc.	31st March, 2010	7th May, 2007	100 Preferred Voting Shares of US\$ 1000 each fully paid up & 9240.074 Common Non-voting Shares of US\$ 250 each per share fully paid up	85.950%	-696.23	-1007.93	Nil	Nil
Shrenuj USA, LLC	31st March, 2010	7th March, 2005	No Shares Issued	100%	459.39	149.82	Nil	Nil
Astral Jewels, LLC	31st March, 2010	31st March, 2006	No Shares Issued	100%	10.39	-353.05	Nil	Nil
Bernies International LLC	31st March, 2010	1st May, 2005	No Shares Issued	60%	-18.68	0.78	Nil	Nil
Shrenuj South Africa (Pty) Ltd.	31st March, 2010	1st August, 2007	100 Equity Shares of the face value of R1 each fully paid-up	100%	-16.42	1.31	Nil	Nil
Alija International Pty. Ltd.	31st March, 2010	1st April, 2008	50 Equity Shares of the face value of AUD 1 each fully paid-up	100%	-87.58	15.37	Nil	Nil
Global Marine Diamond Company	31st March, 2010	2nd April, 2008	No Shares Issued	100%	Nil	Nil	Nil	Nil

* Name of Shrenuj Glitters Ltd. has been Changed to Shrenuj Lifestyle Ltd.

Shreyas K. Doshi
 Chairman & Managing Director

Sanjay M. Abhyankar
 Company Secretary

Dr. B. R. Barwale
Dr. S. A. Dave
Keki M. Mistry
M. R. Shroff
Suresh N. Talwar
Nihar N. Parikh

} Directors

MUMBAI, 28th May, 2010

AUDITORS' REPORT

To,
The Board of Directors of SHRENUJ & COMPANY LIMITED

1. We have examined the attached Consolidated Balance Sheet of **SHRENUJ & COMPANY LIMITED** ("the Company") and its Subsidiary Companies (collectively referred to as the 'Group') as at 31st March 2010, and the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding entities. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on 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 and the reports of other auditors provide a reasonable basis for our opinion.
3. The financial statements of subsidiaries, which reflect total assets of Rs 62162.80 Lacs as at 31st March 2010, total revenues of Rs 99249.85 Lacs and net cash flows amounting to Rs.(1647.86) Lacs for the year then ended and financial statement of six associates in which the share of profit of the Company is Rs 127.85 Lacs, which have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries/associates, is based solely on their reports.
4. We have relied upon the unaudited financial statements/information as provided by the Management in respect of seven subsidiary companies, which reflect total assets of Rs.189131.31 Lacs Rs 21578.70 Lacs as at 31st March, 2010, total revenues of Rs.67115.87 Lacs and net cash flows amounting to Rs 709.21 Lacs for the year then ended and our opinion in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on such unaudited financial statement / information.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard AS - 21, 'Consolidated Financial Statements' and Accounting Standard AS-23, Accounting for Investments in Associates in Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit as aforesaid, and on the consideration of the separate audit reports on individual audited financial statements of the Company and its Subsidiaries and on the other financial information of the components and management accounts referred to in paragraph 4 above, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2010;
 - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of the operations of the Group for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For **Rajendra & Co**
Chartered Accountants
(Firm Registration No. 108355W)

A. R. Shah
Partner
Membership No.: 47166

Place : Mumbai
Dated : 28th May, 2010

Consolidated Balance Sheet of Shrenuj & Company Limited and its Subsidiary Companies as at 31st March, 2010

(Rupees in Lacs)

	SCHEDULE	31ST MARCH 2010	31ST MARCH 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	1,386.45	1,386.45
Reserves and Surplus	B	<u>28,743.60</u>	<u>21,962.54</u>
		30,130.05	23,348.99
Minority Interest	C	1,222.00	919.50
Loan Funds			
Secured Loans	D	121,055.23	112,128.98
Unsecured Loans	E	<u>6,405.35</u>	<u>15,907.19</u>
		127,460.58	128,036.17
Deferred Tax Liability (Net)	F	391.71	538.78
		<u>159,204.34</u>	<u>152,843.44</u>
APPLICATION OF FUNDS			
Fixed Assets	G		
Gross Block		19,456.47	16,477.83
Less: Depreciation		<u>5,091.97</u>	<u>4,372.97</u>
Net Block		14,364.50	12,104.86
Capital work in progress		<u>759.98</u>	<u>2,416.99</u>
Investments	H	1,712.18	1,231.95
Current Assets, Loans and Advances:	I		
Inventories		94,915.24	100,051.74
Sundry Debtors		79,093.24	59,828.70
Cash and Bank Balances		<u>9,854.60</u>	<u>16,712.13</u>
		183,863.08	176,592.57
Loans and Advances		<u>5,917.31</u>	<u>8,056.70</u>
		189,780.39	184,649.27
Less: Current Liabilities and Provisions:	J		
Current Liabilities		45,589.66	45,931.42
Provisions		<u>1,866.32</u>	<u>1,676.01</u>
		<u>47,455.98</u>	<u>47,607.43</u>
Net Current Assets		142,324.40	137,041.84
Preliminary expenses to the extent not written off		43.28	47.80
		<u>159,204.34</u>	<u>152,843.44</u>
Notes Forming part of Accounts	P		

As per our Report of even date

 For **RAJENDRA & CO.,**
 Chartered Accountants

A.R. Shah

Partner.

MUMBAI, 28th May, 2010

Shreyas K. Doshi

Chairman & Managing Director

Sanjay M. Abhyankar

Company Secretary

Dr. B. R. Barwale
Dr. S. A. Dave
Keki M. Mistry
M. R. Shroff
Suresh N. Talwar
Nihar N. Parikh

} Directors

MUMBAI, 28th May, 2010

Consolidated Profit and Loss Account of Shrenuj & Company Limited and its Subsidiary Companies for the year ended 31st March, 2010

(Rupees in Lacs)

	SCHEDULE	YEAR ENDED 31ST MARCH, 2010	YEAR ENDED 31ST MARCH, 2009
INCOME:			
Sales and Services	K	188,995.87	146,010.03
Other Income	L	850.05	379.42
		<u>189,845.92</u>	<u>146,389.45</u>
EXPENDITURE:			
Materials Cost	M	157,466.59	108,221.47
Manufacturing and Other expenses	N	16,707.61	26,645.83
Finance Cost	O	9,260.98	8,100.30
Depreciation		<u>874.74</u>	<u>782.50</u>
		<u>184,309.92</u>	<u>143,750.10</u>
Profit before Taxation		5,536.00	2,639.35
Less: Provision for taxation:			
Current Tax		992.09	894.14
Fringe Benefit Tax		—	56.02
Deferred Tax		<u>(316.55)</u>	<u>(479.05)</u>
Profit after Taxation		<u>4,860.46</u>	<u>2,168.24</u>
Share of Profit/(Loss) in Associate		127.85	(70.12)
Share of (Profit)/Loss transferred to minority		<u>127.57</u>	<u>271.26</u>
Profit after Taxation		5,115.88	2,369.38
Tax in respect of earlier year		3.35	(0.58)
Add/(Less) :Prior period expenses		<u>(41.74)</u>	<u>3.17</u>
		<u>5,077.49</u>	<u>2,371.97</u>
Add: Balance brought forward		<u>8,152.36</u>	<u>6,175.80</u>
		<u><u>13,229.85</u></u>	<u><u>8,547.77</u></u>
APPROPRIATION			
Transfer to General Reserve		206.41	103.44
Proposed Dividend		348.09	249.56
Tax on Proposed Dividend		57.81	42.41
Balance carried to Balance Sheet		<u>12,617.54</u>	<u>8,152.36</u>
		<u><u>13,229.85</u></u>	<u><u>8,547.77</u></u>
Earning per Share of Rs.2 each (Rs.)			
- Basic		7.32	3.42
- Diluted		7.25	3.42
Notes forming part of the Accounts	P		

As per our Report of even date

For **RAJENDRA & CO.,**
Chartered Accountants

A.R. Shah

Partner.

MUMBAI, 28th May, 2010

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar

Company Secretary

Dr. B. R. Barwale

Dr. S. A. Dave

Keki M. Mistry

M. R. Shroff

Suresh N. Talwar

Nihar N. Parikh

} Directors

MUMBAI, 28th May, 2010

Consolidated Cash Flow of Shrenuj & Company Limited and its Subsidiary Companies for the year ended 31st March, 2010

(Rupees in Lacs)

	2009-2010	2008-2009
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and after extraordinary items	5,536.00	2,639.35
Adjustments for:		
Depreciation	874.74	782.50
Provision for Leave Encashment	(55.12)	81.06
(Profit)/Loss on sale of Assets	46.11	90.26
(Profit)/Loss on sale of Investments	(36.90)	59.20
Deferred revenue expenditure	5.60	5.36
Dividend received	(1.98)	(1.52)
Provision for Doubtful Debts and Bad Debts	68.59	95.32
Interest Expenses (Net)	9,260.98	8,100.30
Effect of exchange rate change	3,820.95	5,236.70
	13,982.97	14,449.18
Operating Profit before working capital changes	19,518.97	17,088.53
Adjustments for:		
Trade and Other receivables	(21,021.84)	(30,824.14)
Inventories	5,136.50	(32,701.84)
Trade Payables	437.53	20,991.34
Cash generated from operations	4,071.16	(25,446.11)
Direct Taxes paid	(263.49)	(1,407.02)
Net Cash Flow from operating activities	3,807.67	(26,853.13)
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(1,321.63)	(3,162.55)
Purchase of Investments	(730.10)	—
Sale of Fixed Assets	—	15.4
Dividend received	1.98	1.52
Interest Income	875.50	411.33
Net Cash used in investing activities	(1,174.25)	(2,734.30)

Consolidated Cash Flow of Shrenuj & Company Limited and its Subsidiary Companies for the year ended 31st March, 2010 (contd.)

	2009-2010	2008-2009
(Rupees in Lacs)		
(C) CASH FLOW FROM FINANCE ACTIVITIES:		
Capital contributed by Minoritiy (adjusted for their share of loss)	(430.08)	(19.87)
Increase/(Decrease) in Long Term Borrowings	(1,507.14)	(1,044.45)
Increase in Secured Borrowings from Banks	5,336.25	39,885.69
Increase/(Decrease) in Unsecured borrowings	(2,097.84)	4,906.17
Interest Paid (Net)	(10,152.50)	(8,173.29)
Dividends paid	(254.86)	(550.41)
Tax on Dividend	(42.41)	(94.25)
Effects of exchange rate change	(342.37)	(853.14)
Net Cash used in financing activities	(9,490.95)	34,056.45
Net increase in cash and cash equivalents (A+B+C)	(6,857.53)	4,469.02
Opening Balance of Cash and Cash equivalent	16,712.13	12,243.11
Closing Balance of Cash and Cash equivalent	9,854.60	16,712.13

Notes:

- 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our Report of even date

For **RAJENDRA & CO.,**
Chartered Accountants

A.R. Shah
Partner.
MUMBAI, 28th May, 2010

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. B. R. Barwale
Dr. S. A. Dave
Keki M. Mistry
M. R. Shroff
Suresh N. Talwar
Nihar N. Parikh } Directors

MUMBAI, 28th May, 2010

Schedules to the Consolidated Accounts

	31ST MARCH, 2010	(Rupees in Lacs) 31ST MARCH, 2009
SCHEDULE 'A' - Share Capital		
Authorised		
17,50,00,000 Equity Shares of Rs. 2/- each (17,50,00,000)	3500.00	3500.00
Issued, Subscribed and Paid-up:		
6,93,22,620 (6,93,22,620) Equity Shares of Rs. 2/- each fully paid-up	1,386.45	1,386.45
	1,386.45	1,386.45

Notes:

- 1) Of the above Equity shares:
 - a) 80,99,800 shares were issued pursuant to the scheme of amalgamation without payment being received in cash.
 - b) 66,92,070 shares were issued pursuant to the exercise of option by the holders of Foreign Currency Convertible Bonds.
- 2) The Company has reserved 31,31,527 Equity shares of Rs. 2/- each to be issued to eligible employees of the Company and its subsidiary companies under Employee Stock Option Scheme. During the year 2009-10 the Company has granted 15,65,763 options to the eligible employees for subscribing to equivalent numbers of fully paid up equity shares of the Company at a price of Rs. 21/- per share. The option would vest over a period of three years from the date of grant based on specified criteria.

	31ST MARCH, 2010	(Rupees in Lacs) 31ST MARCH, 2009
SCHEDULE 'B' - Reserves and Surplus		
Capital Reserve		
As per last Balance Sheet	203.34	—
Addition during the year	—	203.34
Capital Reserve upon consolidation	641.42	641.42
Less: Goodwill Written Off	641.42	641.42
	203.34	203.34
Amalgamation Reserve		
As per last Balance Sheet	303.21	303.21
Securities Premium Account		
As per last Balance Sheet	5,853.52	5,853.52
General Reserve		
As per last Balance Sheet	10,109.20	10,005.75
Add: Transferred from Profit & Loss Account	206.41	103.45
	10,315.61	10,109.20
Exchange Fluctuation Reserve	(1,153.50)	611.78
Hedging Reserve (Refer note no. 4)	603.88	(3,270.87)
Surplus as per Profit and Loss Account	12,617.54	8,152.36
	28,743.60	21,962.54
SCHEDULE 'C' - Minority Interest		
Minority Interest	1,222.00	919.50

Schedules to the Consolidated Accounts (Contd.)

	31ST MARCH, 2010	31ST MARCH, 2009
(Rupees in Lacs)		
SCHEDULE 'D' - Secured Loans		
Working Capital Term Loan from Banks	13,356.30	7,459.44
Working Capital Loans from Banks	106,760.35	93,053.37
Short Term Loan from banks	938.58	11,616.17
	<u>121,055.23</u>	<u>112,128.98</u>
SCHEDULE 'E' - Unsecured Loans		
Long Term Loans		
Foreign Currency Convertible Bonds	—	3,804.00
From a bank	—	<u>3,600.00</u>
	—	7,404.00
Short term Loans from:		
Companies	1,551.38	132.00
Directors	2,235.52	2,137.00
Shareholders	191.72	78.72
Fixed Deposits	196.00	311.50
Others	2,165.40	3,935.39
From Financial Institution	—	<u>800.00</u>
	6,340.02	7,394.61
Temporary Bank Overdraft, since cleared	65.33	1,108.58
	<u>6,405.35</u>	<u>15,907.19</u>
SCHEDULE 'F' - Deferred Tax		
Deferred Tax Assets and Liabilities		
Assets		
Provision for unencashed leave/gratuity	—	35.54
Amalgamation expenses	—	7.00
Voluntary retirement scheme	—	11.13
Others	470.23	190.35
	<u>470.23</u>	<u>244.02</u>
Liability		
Depreciation	861.94	782.80
	<u>391.71</u>	<u>538.78</u>
	<u>391.71</u>	<u>538.78</u>

Schedules to the Consolidated Accounts (Contd.)

SCHEDULE 'G' - Fixed Assets

(Rupees in lacs)

	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As At	Additions	Deduction	As At	Up to	For the	Deduction	Up to	As At	As At
	01/04/2009			31/03/2010	01/04/2009	Year		31/03/2010	31/03/2010	31/03/2009
Freehold Land	552.67	—	—	552.67	—	—	—	—	552.67	552.67
Buildings **	3,902.78	1,817.06	88.97	5,630.87	486.42	108.66	70.90	524.18	5,106.69	3,416.36
Leasehold Improvements	585.21	4.79	—	590.00	302.97	32.31	—	335.28	254.72	282.24
Plant & Machinery	2,753.22	681.99	112.15	3,323.06	724.28	153.32	34.81	842.79	2,480.27	2,028.94
Electrical Installations	733.19	11.72	18.48	726.43	189.32	35.13	5.49	218.96	507.47	543.87
Office Equipments	2,337.37	377.98	61.55	2,653.80	1,255.71	224.15	31.36	1,448.50	1,205.30	1,081.66
Furniture & Fixtures	2,118.78	79.62	29.79	2,168.61	971.24	148.88	3.02	1,117.10	1,051.51	1,147.54
Vehicles	564.45	149.02	50.16	663.31	267.88	73.58	12.74	328.72	334.59	296.57
Yacht	44.52	—	—	44.52	6.81	3.15	—	9.96	34.56	37.71
Intangible Assets:										
Computer Software	358.23	115.06	1.32	471.97	140.40	67.69	(2.58)	210.67	261.30	217.83
Trade Mark	1,204.03	22.70	—	1,226.73	2794	12.98	—	40.92	1,185.81	1,176.09
Technical Knowhow	—	81.12	—	81.12	—	14.89	—	14.89	66.23	—
Goodwill	1,323.38	—	—	1,323.38	—	—	—	—	1,323.38	1,323.38
Total.....	16,477.83	3,341.06	362.42	19,456.47	4,372.97	874.74	155.74	5,091.97	14,364.50	12,104.86
Work in progress at cost and advance Payments against capital expenditure									759.98	2,416.99
									15,124.48	14,521.85
Previous Year	13,512.09	3,089.63	123.89	16,477.83	3,654.00	782.50	63.53	4,372.97	12,104.85	—

** Building includes Rs. 3250/- being the cost of shares in Co-operative Housing Society.

	(Rupees in lacs)	
	31ST MARCH, 2010	31ST MARCH, 2009
SCHEDULE 'H' - Investments		
Investment - Others	167.82	62.88
Investment in Associates	1,544.36	1,169.07
	<u>1,712.18</u>	<u>1,231.95</u>

Schedules to the Consolidated Accounts (Contd.)

	31ST MARCH, 2010	31ST MARCH, 2009	(Rupees in lacs)
SCHEDULE 'I' – Current Assets, Loans and Advances			
A. Current Assets			
Inventories (As valued, verified and certified by the Management)			
Stores, Spares and Tools	99.17	161.03	
Raw Materials	30,607.08	22,610.85	
Finished Goods	<u>64,208.99</u>	<u>77,279.86</u>	
	94,915.24		100,051.74
Sundry Debtors			
Unsecured, Considered doubtful	8.53	77.31	
Unsecured, Considered good	<u>79,093.24</u>	<u>59,828.70</u>	
	79,101.77	59,906.01	
Less: Provision for Doubtful Debts	<u>8.53</u>	<u>77.31</u>	
	79,093.24		59,828.70
Cash and Bank Balances			
Cash on hand	71.97	35.16	
Balance with Scheduled Banks			
In Current Accounts	6,215.13	7,483.59	
In Fixed Deposits	2,072.65	8,705.25	
In Margin Deposit Accounts	<u>1,494.85</u>	<u>488.13</u>	
	9,854.60	16,712.13	
	<u>183,863.08</u>	<u>176,592.57</u>	
B. Loans & Advances			
(Unsecured, Considered good)			
Advance for Raw Materials	14.51	535.21	
Advance recoverable in cash or in kind or for value to be received	4,763.63	6,645.81	
Advance Taxes	<u>1,139.17</u>	<u>875.68</u>	
	5,917.31	8,056.70	
	<u>189,780.39</u>	<u>184,649.27</u>	
SCHEDULE 'J' - Current Liabilities and Provisions			
A. Current Liabilities			
Sundry Creditors			
Due to micro, small and medium enterprises	—	—	
Others	45,555.82	45,876.26	
Unpaid Dividend *	26.72	32.02	
Interest Accrued but not due	<u>7.12</u>	<u>23.14</u>	
	45,589.66		45,931.42
<i>* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund</i>			
Provision for Leave Encashment & Gratuity	217.85	272.97	
Provision for taxation	1,228.83	1,047.32	
Provision for Fringe Benefit Tax	13.74	63.75	
Proposed Dividend	348.09	249.56	
Tax on Proposed Dividend	<u>57.81</u>	<u>42.41</u>	
	1,866.32	1,676.01	
	<u>47,455.98</u>	<u>47,607.43</u>	

Schedules to the Consolidated Accounts (Contd.)

	31ST MARCH, 2010	31ST MARCH, 2009
(Rupees in lacs)		
SCHEDULE 'K' - Sales and Services		
Sales	186,802.39	144,056.80
Service charges	2,193.48	1,953.23
	<u>188,995.87</u>	<u>146,010.03</u>
SCHEDULE 'L' - Other Income		
Profit on Sale of Investments	36.90	—
Miscellaneous Income	617.19	246.89
Commission Income	120.99	71.63
Dividend on current investments	1.98	1.52
Rent	72.99	59.38
	<u>850.05</u>	<u>379.42</u>
SCHEDULE 'M' - Materials Cost		
Materials Consumed		
Stock at Commencement	22,610.85	22,786.24
Add: Purchases	<u>111,210.67</u>	<u>122,948.67</u>
	133,821.52	145,734.91
Less: Sale of Raw Materials	1,683.65	491.78
Stock at Close	<u>30,607.08</u>	<u>22,610.85</u>
	32,290.73	23,102.63
	101,530.79	122,632.28
Purchase of Finished Goods	42,736.09	17,820.42
Variation in Stock of Finished Goods		
Stock at Close	64,493.19	77,408.70
Less: Stock Reserve	284.20	128.84
	<u>64,208.99</u>	<u>77,279.86</u>
Less: Stock at Commencement	<u>77,408.70</u>	<u>45,048.63</u>
	13,199.71	(32,231.23)
	<u>157,466.59</u>	<u>108,221.47</u>

Schedules to the Consolidated Accounts (Contd.)

	(Rupees in lacs)	
	31ST MARCH, 2010	31ST MARCH, 2009
SCHEDULE 'N' - Manufacturing and Other Expenses		
Manufacturing Expenses:		
Stores and spares consumed	309.40	371.80
Power and Fuel	333.30	304.16
Processing Expenses	2,108.31	2,533.20
Rent	906.28	919.66
Rates and Taxes	34.87	42.52
Machinery repairs	29.63	11.05
Other Manufacturing Expenses	<u>686.07</u>	<u>1,401.32</u>
	4,407.86	5,583.71
Employees' Emoluments:		
Salaries, wages, gratuity, bonus, etc.	7,046.12	7,256.84
Contribution to Provident and other funds	205.51	276.13
Welfare expenses	<u>408.75</u>	<u>939.26</u>
	7,660.38	8,472.23
Selling and Distribution Expenses		
Marketing Advisory Fees	70.27	413.49
Freight and forwarding charges	355.06	411.77
Sales Promotion Expenses	120.24	163.08
Advertisement	434.50	261.87
Brokerage & Export Commission	1,221.66	630.80
Other Selling and Distribution Expenses	<u>1,138.61</u>	<u>1,369.29</u>
	3,340.34	3,250.30
Other Expenses		
Insurance	803.52	329.68
Other Repairs	191.52	165.91
Legal and Professional Charges	507.27	545.54
Travelling, Conveyance and Vehicle Expenses	631.51	953.61
Miscellaneous Expenses (*)	(1,025.05)	7,060.69
Remuneration to Auditors	66.61	25.17
Contribution and Donation	3.35	8.85
Loss on sale/discarded Assets	46.11	90.26
Loss on sale of Investments	—	59.20
Bad Debts written off	60.06	60.11
Provision for Doubtful Debts	8.53	35.21
Preliminary expenses written off	<u>5.60</u>	<u>5.36</u>
	1,299.03	9,339.59
	<u>16,707.61</u>	<u>26,645.83</u>

(*) includes exchange difference gain on restatement Rs. 3014.63 lacs (P.Y. loss Rs. 5068.33 lacs)

SCHEDULE 'O' - Finance Cost

Interest		
On Term Loans	1,202.20	511.67
To Banks	6,916.85	6,088.51
Others (Net)	<u>936.89</u>	<u>1,148.51</u>
	9,055.94	7,748.69
Other Charges		
	<u>205.04</u>	<u>351.61</u>
	<u>9,260.98</u>	<u>8,100.30</u>

Schedules to the Consolidated Accounts

Schedule P - NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

a. Basis of Accounting

The financial statements are prepared under the historical cost convention and comply with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

b. Principles of consolidation

The consolidation financial statement relate to Shrenuj & Company Limited (SCL) ("the Company") and its Subsidiary Companies. The consolidated financial statements have been prepared on the following basis: -

The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.

In respect of Foreign subsidiaries consolidation is done based on Audited/Unaudited financial statements prepared according to the Generally Accepted Accounting Principles (GAAP) in their respective countries of origin and no re-statement is done for the same based on Indian GAAP. Subject to the above, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent practicable.

The excess/deficit of cost to the Company of its investment in the Subsidiary Companies is recognised in the financial statements as Goodwill/Capital Reserve and the net amount is transferred to Profit & Loss Account.

In case of foreign subsidiary, revenue items are consolidated at the average rate prevailing during the period. All monetary Assets and Liabilities are converted at rates prevailing at the end of the year. Fixed Assets are stated at the rate prevailing on the date of acquisition. Any exchange difference arising on consolidation is recognized as exchange fluctuation reserve in the Balance Sheet.

Minority interest's share of net profit for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholder of the company.

Minority interest's share of net assets of consolidated subsidiary is identified and presented in the consolidated Balance Sheet separate from liabilities and equity of the Company's shareholders.

c. Other Significant Accounting Policies

These are set out in the notes to accounts under "Statement of Accounting Policies" of the Financial Statements of the Company and subsidiary companies.

2. The Subsidiary companies considered in the consolidated financial statements are:

Name of the Company	Country of Origin	% Equity Share Capital held as at 31.03.2010	Parent Company
Shrenuj Gems and Jewellery Ltd. (SGJL)	India	100%	SCL
Shrenuj Diajewels Limited (SD)	India	100%	SCL
Daily Jewellery Ltd. (DJL)	Hong Kong	75%	SCL
Shrenuj (Mauritius) Pvt. Ltd. (SMPL)	Mauritius	100%	SCL
Astral USA, Inc (ASTRAL)	USA	100%	SCL
Shrenuj USA LLC (SUSA)	USA	100%	ASTRAL
Bernie's International LLC (Bernie)	USA	60%	ASTRAL
Astral Jewels LLC (AJL)	USA	100%	ASTRAL
Shrenuj Japan Corporation (SJC)	JAPAN	100%	SCL
Shrenuj DMCC (SDMCC)	UAE	100%	SCL
Shrenuj Jewellery Far East Ltd. (JOS)	HONG KONG	100%	SMPL
Intergems H.K. Ltd. (INTERGEMS)	HONG KONG	85%	SMPL
Shrenuj GmbH (SGMBH)	GERMANY	100%	SMPL
Lume Germany GmbH (LUME)	GERMANY	100%	SMPL
Lume Group AG (LUMEAG)	SWITZERLAND	100%	SMPL
Shrenuj Australia Pty. Ltd. (SAPL)	AUSTRALIA	100%	SMPL

Schedules to the Consolidated Accounts (contd.)

Name of the Company	Country of Origin	% Equity Share Capital held as at 31.03.2010	Parent Company
Shrenuj N.V. (SNV)	Belgium	100%	SMPL
Shrenuj Lifestyle Ltd. [Previously Know as Shrenuj Glitters Ltd (LUME)]	India	100%	SCL
Shrenuj Overseas Limited (SOL)	India	100%	SCL
Shrenuj Botswana Pty Ltd (SBPL)	Botswana	100%	SMPL
Shrenuj South Africa Pty Ltd (SSAP)	South Africa	100%	SMPL
Alija International Pty. Ltd. (ALIJA)	Australia	100%	SMPL
Astral Holding INC (AHL)	USA	100%	SCL
Simon Golub & Sons Inc. (SGS)	USA	85.95%	AHL
Global Marine Diamond Corporation (GMDC)	USA	100%	DMCC
Shrenuj (Shanghai) Diamonds Pvt. Ltd. (SSDPL)	China	100%	INTERGEMS

3. The significant Associate Companies considered in the consolidated financial statement are:

Name of the Company	Country of Origin	% Equity Share Capital held as at 31.03.2010	Investee Company
Kiara Jewellery Pvt. Ltd. (KIARA)	India	50%	SCL
Arisia Jewellery Pvt. Ltd. (ARISIA)	India	50%	SCL
Trapz LLC (TRAPZ)	USA	33.34%	ASTRAL
Jomard SAS	France	50%	SUK
SWA Trading Ltd.	Israel	33.34%	SUK
Copem & Shrenuj	Italy	50%	SUK

4. (a) As in the previous year, the Company has continued to adopt the principles of AS - 30, "Financial Instruments: Recognition & Measurement" in respect of hedge accounting. Accordingly, in respect of derivative financial instruments which are entered into to hedge foreign currency risks of firm commitments or highly probable forecast transactions and which are effective cash flow hedges, the net notional gain on these instruments outstanding as at 31st March, 2010, amounting to Rs. 603.88 lacs (previous year notional loss Rs. 3270.87 lacs) is reflected in the Hedging Reserve account.
- (b) The company, in accordance with its risk management policies and procedures, enters into derivative instruments (option contracts & forward contracts) to manage its exposure to foreign exchange rates. The counter party is generally a bank.

The Company has following outstanding derivative instruments as on 31st March, 2010:

Year	Number of Contracts	Notional	Fair Value Gain / (Loss)	Maturity period
Current Year	41	USD 56.70 million	Rs. 788.05 Lacs	Upto 4 yrs
Previous Year	114	USD 141.23 million	(Rs. 4443.56 Lacs)	Upto 5 yrs

Subsequent to the balance sheet date (before finalising the accounts), the Company has utilised / cancelled forward contracts of USD 12.400 million (USD 67.125 million) without incurring any loss. The notional Mark to Market gain / (loss) of Rs. 184.17 lacs (p.y. loss of Rs. 1172.69 lacs) on such contracts as on 31st March is therefore not reflected in the Hedging Reserve. The balance net Mark to Market gain / (loss) of Rs. 603.88 lacs (p.y. loss of Rs. 3270.87 lacs) has been reflected in the Hedging Reserve.

In addition to the above cash flow hedges, the Company has outstanding derivative instruments aggregating to Rs. 104722 lacs (Rs. 37779.06 lacs) whose fair value showed a net loss of Rs. 764.85 lacs (Rs. 1693.51 lacs), and which is accounted for in the Profit and Loss Account.

As of balance sheet date, the Company has net foreign currency exposures that are not hedged by a derivative instrument or otherwise amounting to Rs. Nil (Previous year Rs. 790.41 lacs) representing receivables and Rs.15448.27 lacs (previous year Rs. 13841.37 lacs) representing payables.

Schedules to the Consolidated Accounts (contd.)

5 Commodity Hedging:

The Company enters into Gold Futures and Options contracts to hedge its commodity related risk. The net outstanding position at the end of the year is 1,000 grams.

6. The Financial Statements of subsidiaries incorporated outside India are prepared according to International Financial Reporting Standards or Reporting Standard in their country of residence.
7. For the purpose of consolidating Astral USA Inc, Astral Jewels LLC, Shrenuj USA, GMDC, Lume Group AG, Shrenuj N.V. & Shrenuj South Africa (Pty. Ltd.) un-audited management Accounts prepared as per Generally Accepted Accounting Principles in their respective countries have been considered.
8. The Consolidated Financial statements have been prepared in accordance with Accounting Standard AS-21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
9. The Notes to Accounts of DJL state that the financial statement have been prepared on a Going Concern basis not withstanding the significant net liabilities as at 31st March 2010 on the strength of assurance that the directors and shareholders will continue to give financial assistance as it necessary to maintain the Company as a going concern.
10. The Notes to the financial statement of SGS state that goodwill represents the excess cost of acquiring the assets of Matts Jewerly LLC (Previously known as C & A Diamonds International, LLC), in the year 2008-09, over the fair value of net assets acquired at the date of acquisition. The Company evaluates goodwill annually to determine potential impairment by examining the carrying amount of the assets to determine if the carrying amount is recoverable and by comparing the carrying amount to the assets fair market value.

		(Rs. in Lacs)	
		2009-2010	2008-2009
11.	a) Interest (others) is net of interest received	875.51	411.32
	b) Exchange Fluctuations (Net) Credited/(Debited) to Profit and Loss Account	(3,820.95)	(5,922.42)
	c) Income/(Expenses) relating to previous year credited/debited to respective account	(7.92)	12.90
12.	Managerial Remuneration:		
	Salary	123.50	122.28
	Perquisites	93.59	89.57
	Commission on Net Profit	—	—
	Contribution to Provident and Other Funds	19.61	19.20
		236.70	231.05
	Commission on net profits to Non-Executive Directors	15.00	16.25
	Directors' Sitting Fees	8.10	5.05
13.	Contingent Liabilities not provided for in respect of:		
	a) Guarantees given by the Company on behalf of Associates in respect of advances given by Bank	2,805.60	2,979.60
	b) Disputed Income Tax Liabilities not provided for	112.52	112.52
	c) Disputed Sales Tax Liabilities not provided for	3.76	3.76
	d) Corporate Guarantee executed in favor of Third Party	7.00	7.00
14.	Earnings Per Share		
	i) Profit after Tax available for Equity shareholders	5077.49	2371.98
	ii) Weighted average number of equity shares		
	For Basic	69322620	69322620
	For Diluted	70129318	69322620
	iii) Earnings Per Share of Rs.2 each		
	Basic - Rs.	7.32	3.42
	Diluted - Rs.	7.25	3.42
15.	Previous year's figures have been re-grouped and/or rearranged wherever necessary.		

Schedules to the Consolidated Accounts (contd.)

16 Segment Information for the year ended 31st March 2010

(i) Information about Primary Business Segments

(Rs. in Lacs)

	Diamond	Jewellery	Un-allocated	Elimination	Total
Revenue					
External	135971.18 (94872.33)	53110.32 (51168.36)		85.63 (30.66)	188995.87 (146010.03)
Result					
Segment result	12093.02 (8996.14)	2745.69 (1391.92)			14838.71 (10388.06)
Unallocated income/(expenditure) (net)			(41.74) (—)		(41.74) (—)
Interest expenses	8379.97 (6936.11)	1756.52 (1575.51)			10136.49 (8511.62)
Interest income	764.53 (342.76)	110.98 (68.56)			875.51 (411.32)
Profit before taxation	4435.84 (2754.40)	1100.15 (115.03)	(41.74) (—)		5536.00 (2639.35)
Provision for taxation – Current tax and Fringe Benefit Tax					992.09 (950.16)
- Deferred tax					(316.55)
Profit after taxation					479.05
Profit after taxation					4860.46 (2168.24)
Minority interest					127.57 (271.26)
Share in profits of Associates					127.85 (70.12)
Other Information					
Segment assets	144466.77 (133440.10)	60630.46 (66087.29)	423.92 (47.80)		205521.15 (199575.19)
Segment liabilities	131606.39 (117944.74)	41417.14 (56263.80)	609.56 (—)		173633.09 (174208.54)
Share Capital and Reserves			30130.05 (23316.98)		30130.05 (23316.98)
Minority interest				1222.00 (919.50)	1222.00 (919.50)
Provision for taxation less payments			103.39 (774.17)		103.39 (774.17)
Unclaimed dividend and proposed dividend incl. tax on dividend			432.62 (356.00)		432.62 (356.00)
Total of Segment Liabilities	131606.39 (117944.74)	41417.14 (56263.80)	31275.62 (24447.15)		205521.15 (199575.19)
Capital expenditure (including Work in Progress)	882.45 (1223.32)	391.02 (1916.19)			1273.47 (3139.51)
Depreciation	415.77 (335.84)	458.97 (446.65)			874.74 (782.49)
Non-cash expenses other than depreciation					— —

Schedules to the Consolidated Accounts (contd.)

(ii) Information about Secondary Business Segments (Rs. In Lacs)

Revenue by geographical market	Within India	Outside India	Elimination	Total
External	26503.87 (16364.52)	162492.00 (129645.51)		188995.87 (146010.03)
Carrying amount of segment assets	16042.47 (9610.67)	63050.77 (50218.03)		79093.24 (59828.70)

(iii)

- (i) The Company is organised into two main business segments, namely:
 Diamonds - representing Cutting and Polishing of Diamonds
 Jewellery - representing Diamond studded Gold/Platinum jewellery
 Segments have been identified and reported taking into account the nature of products, the differing risks and returns, the organisation structure, and the internal financial reporting systems.
- (ii) Segment Revenue in each of the above domestic business segments primarily includes sales and processing charges in the respective segments.
- (iii) The Segment Revenue in the geographical segments considered for disclosure are as follows:
 (a) Revenue Local includes sales & services to customers located within India.
 (b) Revenue Exports includes sales to customers located outside India.
- (iv) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocable on a reasonable basis.

17 Related Party transactions:

As per the Directors

1) Associates :

SWA Trading Ltd.
 Shrenuj Investments & Finance Pvt. Ltd.
 SHL Gems & Jewellery Ltd.
 Jomard SAS
 Trapz LLC
 Copem & Shrenuj
 Arisia Jewellery Pvt. Ltd.
 K. K. Doshi & Co.
 Kiara Jewellery Pvt. Ltd.

2) Key Management Personnel and their relatives:

Shri Kirtilal K. Doshi Chairman (Upto 29th June 2009)
 Shri Shreyas K. Doshi Chairman & Managing Director
 Shri Nihar N. Parikh Executive Director
 Shri Vishal S. Doshi Group Executive Director
 Mrs. Anjali P. Mehta Relative

The following transactions were carried out with the related parties in the ordinary course of business:

(i) Details relating to parties referred to in items 1 and 2 above: (Rs. in Lacs)

	2009-2010	2008-2009
1) Purchase of Raw Materials / Finished goods		
Jomard SAS	—	59.99
SWA Trading Ltd.	213.81	467.01
Kiara Jewellery Pvt. Ltd.	0.26	509.23
SHL Gems & Jewellery Ltd.	61.64	183.93
Trapz LLC	45.94	214.05

Schedules to the Consolidated Accounts (contd.)

2) Sale of Raw Materials / Finished goods				
Kiara Jewellery Pvt. Ltd.		40.96		401.31
SWA Trading Ltd.		95.93		466.90
SHL Gems & Jewellery Ltd.		22.23		300.68
Trapz LLC		14.14		228.91
3) Other Services Rendered/ (Paid)				
K. K. Doshi & Co.		0.30		0.30
SHL Gems & Jewellery Ltd.		—		(3.15)
4) Interest received				
Kiara Jewellery Pvt. Ltd.		—		6.70
SHL Gems & Jewellery Ltd.		5.05		11.54
5) Interest Paid				
Shrenuj Investments & Finance Pvt. Ltd.		13.06		4.60
Kiara Jewellery Pvt. Ltd.		10.02		—
6) Outstanding Receivable				
Kiara Jewellery Pvt. Ltd.		—		155.80
SHL Gems & Jewellery Ltd.		133.30		246.47
SWA Trading Ltd.		13.12		21.72
Trapz LLC		37.47		40.74
7) Outstanding Payable				
Shrenuj Investments & Finance Pvt. Ltd.		—		3.56
SWA Trading Ltd.		116.94		33.62
Kiara Jewellery Pvt. Ltd.		—		380.16
SHL Gems & Jewellery Ltd.		—		44.43
Trapz LLC		36.78		91.02
8) Guarantees outstanding				
Kiara Jewellery Pvt. Ltd.		1,458.00		1,458.00
SWA Trading		1,347.60		1,521.60
9) Inter Corporate Deposits given	Opening Balance	Given during the year	Repaid during the year	Closing Balance
Kiara Jewellery Pvt. Ltd.	327.42	624.77	952.19	—
	—	(790.19)	(462.77)	(327.42)
SHL Gems & Jewellery Ltd.	92.96	—	92.96	—
	(166.00)	(39.96)	(113.00)	(92.96)
Copem & Shrenuj	4.53	—	—	4.53
	(—)	(4.53)	(—)	(4.53)
10) Inter Corporate Deposits received	Opening Balance	Received during the year	Repaid during the year	Closing Balance
Shrenuj Investments & Finance Pvt. Ltd.	77.00	90.00	—	167.00
	(37.00)	(40.00)	(—)	(77.00)
Kirtilal K. Doshi	395.00	76.00	—	471.00
	(120.00)	275.00	(—)	(395.00)

Schedules to the Consolidated Accounts (contd.)

Vishal S. Doshi	250.00	66.00	—	316.00
	(—)	250.00	(—)	(250.00)
Anuj K. Doshi	18.72	(—)	(—)	18.72
	(18.72)	(—)	(—)	(18.72)
Geeta S. Doshi	0.00	5.00	0.00	5.00
	0.00	0.00	0.00	0.00
Suman K. Doshi	60.00	53.00	(—)	113.00
	(60.00)	(—)	(—)	(60.00)
Shreyas K. Doshi	1487.00	1361.00	1404.48	1443.52
	(1068.00)	(1444.00)	(1025.00)	(1487.00)
Nihar N. Parikh	5.00			5.00
	(5.00)	(—)	(—)	(5.00)

(ii) Details relating to persons referred to in item 3 above

		2009-10	2008-09
1)	Remuneration to Directors (Details in Corporate Governance report)	236.70	231.05
2)	Interest to director	118.64	63.44
3)	Interest paid to relative (Mrs. Anjali P. Mehta)	0.64	0.64

(Rs. In Lacs)

As per our Report of even date

For **RAJENDRA & CO.,**
Chartered Accountants

A.R. Shah

Partner.

MUMBAI, 28th May, 2010

Shreyas K. Doshi

Chairman & Managing Director

Sanjay M. Abhyankar

Company Secretary

Dr. B. R. Barwale

Dr. S. A. Dave

Keki M. Mistry

M. R. Shroff

Suresh N. Talwar

Nihar N. Parikh

} Directors

MUMBAI, 28th May, 2010

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES
FOR THE YEAR ENDED 31ST MARCH, 2010

Sr. No.	Name of the Company	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments(*)	Turnover	Profit Before Taxation	Provision For Taxation	Profit after Taxation	Proposed Dividend
1	Shrenuj Drajewels Ltd.	400.00	2,852.47	7,449.07	7,449.07	—	9,264.85	774.24	145.08	629.16	—
2	Shrenuj Gems & Jewellery Ltd.	600.00	381.52	5,592.59	5,592.59	—	7,103.53	441.52	572.5	384.27	—
3	Shrenuj Overseas Ltd.	5.00	7.33	3.98	3.98	—	226.84	8.03	4.03	4.00	—
4	Shrenuj Lifestyle Ltd. (previously known as Shrenuj Glitters Ltd.)	5.00	(0.66)	4.33	4.33	—	—	(0.11)	—	(0.11)	—
5	Daily Jewellery Ltd (Hong Kong)	221.21	(694.31)	(630.63)	(630.63)	0.22	1,671.95	(15.00)	—	(15.00)	—
6	Shrenuj DMCC (Dubai)	1,331.36	5,760.57	14,552.67	14,552.67	388.56	32,047.35	2,077.41	—	2,077.41	—
7	Shrenuj Japan Corporation	3.71	(108.17)	52.12	52.12	—	1,247.01	20.73	—	20.73	—
8	Shrenuj (Mauritius) Pvt Ltd.	5,669.84	(197.80)	5,231.60	5,231.60	3,918.69	—	(39.97)	—	(39.97)	—
9	Shrenuj Jewellery (Far-East) Ltd.	49.47	213.92	263.39	263.39	—	565.71	3.38	—	3.38	—
10	Shrenuj South Africa Pty Ltd.	317.80	(13.18)	422.37	422.37	93.56	—	(16.42)	—	(16.42)	—
11	Shrenuj Botswana Pty Ltd.	223.04	88.43	1,348.83	1,348.83	—	1,831.13	79.94	—	79.94	—
12	Intergems H.K.	28.73	293.22	6,787.57	6,787.57	102.70	21,421.53	121.46	20.30	101.16	34.23
13	Shrenuj (Shanghai) Diamonds Pvt Ltd	81.58	19.93	115.01	115.01	—	2,036.05	14.42	—	14.42	—
14	Shrenuj NV	1,827.68	296.76	16,525.37	16,525.37	—	57,444.34	95.80	—	95.80	—
15	Shrenuj GMBH	13.47	(76.83)	643.98	643.98	—	1,620.57	142.82	—	142.82	—
16	Lume Germany GMBH	14.56	(13.46)	1.52	1.52	—	0.03	244.73	—	244.73	—
17	Lume Group AG	436.33	57.81	1,219.56	1,219.56	—	140.55	(5.53)	—	(5.53)	—
18	Shrenuj Australia Pty Ltd.	—	(93.36)	2.55	2.55	—	—	(0.27)	—	(0.27)	—
19	Astral USA, Inc	1,738.00	(106.64)	1,914.36	1,914.36	812.60	—	(7.34)	—	(7.34)	—
20	Astral Jewels LLC	99.94	(345.17)	241.51	241.51	—	576.01	(7.68)	—	(7.68)	—
21	Shrenuj USA LLC	449.71	584.72	1,677.90	1,677.90	—	8,954.97	459.38	—	459.38	—
22	Bernies International INC	26.07	(20.16)	324.29	324.29	—	397.04	(18.68)	—	(18.68)	—
23	Astral Holding INC	2,524.76	(2,003.34)	4,348.60	4,348.60	9,865.65	—	(151.39)	—	(151.39)	—
24	Alija International Pty Ltd.	0.04	(58.63)	570.35	570.35	—	669.36	(87.58)	—	(87.58)	—
25	Global Marine Diamond Company (GMDC)	385.77	—	381.82	381.82	—	—	—	—	—	—
26	Simon Golub & Sons INC	102.68	8,323.33	15,078.61	15,078.61	—	19,146.90	(696.23)	—	(696.23)	—

Exchange rates used

For Daily Jewellery Ltd. (Hong Kong); Intergems H.K.; Shrenuj Jewellery (Far east) Ltd

1HK\$ = 6.1651

1AED = 13.0299

1 MRS = 1.4428

1US\$ = 47.82

1 Yen = 0.4976

1 RMB Yuan = 6.9998

1 EURO = 64.1313

1 CHF = 43.6325

1 AUS \$ = 38.1745

1 Rand = 5.6899

For Astral USA, Inc.; Astral Jewels LLC; Shrenuj USA LLC;

Bernies; Astral Holding INC; Simon Golub & Sons INC; GMDC; Shrenuj Botswana

For Shrenuj Japan Corporation

For Shrenuj Shanghai

For Shrenuj NV; Shrenuj GMBH; Lume Germany GMBH

For Lume Group AG

For Shrenuj Australia, Alija International

For Shrenuj South Africa

SHRENUJ & COMPANY LIMITED

Registered Office: 405, Dharam Palace, 100-103, N. S. Patkar Marg, Mumbai 400 007

PROXY FORM TWENTY EIGHTH ANNUAL GENERAL MEETING - 13TH AUGUST, 2010

Regd. Folio No./DP ID No. _____ Client ID No. _____

No. of Shares : _____

I/We _____ resident of _____ in

the district of _____ being a shareholder(s) of the

Company, hereby appoint _____ resident of

_____ in the district of _____ or failing

him _____ resident of _____ in the district of

_____ as my/our proxy to vote for me/us on my/our behalf at the
28th Annual General Meeting of the Company to be held on Friday, 13th August, 2010 at 11.30 a.m. at Walchand Hirachand Hall, Lalji Naranji Memorial, Indian Merchants
Chamber Building, Churchgate, Mumbai 400 020 and at any adjournment thereof.

Signed this _____ day of _____, 2010.

Name & Signature of the Proxy _____

Affix
Re. 1/-
Revenue
Stamp

Notes : 1. This Proxy must be lodged with the Company at its Registered Office at 405, Dharam Palace, 100-103, N.S. Patkar Marg, Mumbai 400 007 not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.

2. Those Members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy form

SHRENUJ & COMPANY LIMITED

Registered Office: 405, Dharam Palace, 100-103, N. S. Patkar Marg, Mumbai 400 007

ATTENDANCE SLIP TWENTY EIGHTH ANNUAL GENERAL MEETING - 13TH AUGUST, 2010

I/we hereby record my/our presence at the 28th Annual General Meeting held on Friday, 13th August, 2010 at 11.30 a.m. at Walchand Hirachand Hall, Lalji Naranji Memorial, Indian Merchants Chamber Building, Churchgate, Mumbai 400 020.

Full Name of the Shareholder / Proxy (in Block Letters)

Signature

Folio No. _____ DP ID. No.* _____ Client ID No.* _____

* Applicable for Members holding shares in electronic form

Notes : 1. Member/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed

2. Member/Proxy desiring to attend the meeting should bring his/her copy of the Annual report for reference at the meeting.



The background features a dark blue color palette with several overlapping, semi-transparent geometric shapes in various shades of blue. Overlaid on these are intricate, wavy patterns composed of numerous thin, light blue lines that create a sense of depth and movement, resembling a wireframe or a complex mesh structure.

HERITAGE. INNOVATION. PASSION