

NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of SHRENUJ & COMPANY LIMITED will be held on Wednesday, 10th August, 2011 at 11.00 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, 2011 and Profit & Loss Account for the year ended 31st March, 2011 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2011.
3. To appoint a Director in place of Shri Shobha Singh Thakur, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Keki M. Mistry, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Nihar N. Parikh, 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.

By Order of the Board

SANJAY M. ABHYANKAR
COMPANY SECRETARY

Place : Mumbai
Dated : 28th May, 2011.

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER.

Proxies in order to be effective must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the aforesaid meeting.

2. 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.

3. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 4th August, 2011 to Wednesday, the 10th August, 2011 (both days inclusive).
4. Members are requested to bring their copies of Annual Report to the meeting.
5. 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 Tuesday, the 3rd August, 2011.
6. 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.
7. 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.
8. 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.
9. 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
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
2009-2010	August 13, 2010	August 12, 2017

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.

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

Particulars	Shri S. S. Thakur	Shri Keki M. Mistry	Shri Nihar N. Parikh
Date of Birth	26 th August, 1929	7 th November, 1954	28 th June, 1967
Date of Appointment	29 th November, 1995	1 st September, 2008	27 th April, 1999
Qualification	B.Com, CAIIB	C.A., C.P.A. USA	B. Com
Experience in specific functional area	Shri.Thakur has extensive experience of central banking functions covering management of foreign exchange, exchange rate and external debt, regulation and monitoring of external trade financing, formulation and conduct of monetary policy, foreign technical collaboration, foreign equity investment, exchange market development and supervision of foreign exchange operations of commercial banks and other enterprises.	He has been actively involved in negotiations with joint venture partners and in setting up of HDFC Group Companies. He also worked as a consultant for the Mauritius Housing Company and Asian Development Bank.	A businessman who has adopted modern technology in diamond & Jewellery industry to build up a highly successful Jewellery Export Business.
Achievement	He was a Senior UN Advisor and Advisor to the Governor, Bank of Zambia	He is Vice Chairman & CEO of HDFC Limited and Chairman of Gruh Finance Limited. He has been deputed on consultancy assignments for Commonwealth Development Corporation (CDC) in Mauritius, Thailand, Jamaica and Caribbean Island.	He is an Executive Director of the Company w.e.f. 27 th April, 1999 and driving force behind the Jewellery division of the Company.
Name of the companies in which he holds Directorship	<ul style="list-style-type: none"> ❖ Lafarge India Pvt. Ltd ❖ DSP Black Rock Trustee Co. (Pvt) Ltd ❖ Quantum Information Services Pvt. Ltd ❖ Kotak Mahindra Old Mutual Life Insuranc Co. Ltd ❖ Kamat Hotels (India) Ltd ❖ HDFC Securities Ltd ❖ Urban Infrastructure Venture Capital Ltd ❖ KEC International Ltd ❖ KEC Infrastructures Ltd ❖ Quantum Advisors Co. Pvt. Ltd ❖ KLG Capital Services Ltd ❖ MCX Stock Exchange ❖ Responsive Industries Ltd ❖ Harirani Investment and Trading Pvt. Ltd. 	<ul style="list-style-type: none"> ❖ Housing Development Finance Corporation Ltd. ❖ HDFC Asset Management Co. Ltd. ❖ HDFC Standard Life Insurance Co. Ltd. ❖ HDFC ERGO General Insurance Co. Ltd. ❖ Gruh Finance Ltd. ❖ Infrastructure Leasing & Financial Services Ltd. ❖ Sun Pharmaceuticals Industries Ltd. ❖ The Great Eastern Shipping Co. Ltd. ❖ Greatship (India) Ltd. ❖ Next Gen Publishing Ltd. ❖ Torrent Power Ltd. ❖ Bombay Stock Exchange Ltd. ❖ Griha Investments, Mauritius ❖ India Value Fund Advisors Pvt. Ltd. ❖ Association of Leasing & Financial Services Cos ❖ Intelenet Global Services Pvt. Ltd. 	<ul style="list-style-type: none"> ❖ Shrenuj Lifestyle Limited ❖ Shrenuj Overseas Limited ❖ Sunflower Holdings Ltd. ❖ SHL Gems & Jewellery Ltd. ❖ Astral USA, Inc. ❖ Astral Holdings Inc. ❖ Shrenuj Japan Corporation ❖ Shrenuj Jewelry (Far East) Ltd. ❖ Shrenuj GMBH ❖ Shrenuj USA LLC ❖ Shrenuj Australia Pty.Ltd. ❖ Astral Jewels LLC ❖ Simon Golub & Sons, Inc. ❖ Trapz LLC ❖ Alija International Pty Limited ❖ Riconia Estates Private Limited ❖ Lume Germany Gmbh

Memberships and Chairmanships of committees of the Board in other Companies	<p>AUDIT COMMITTEE</p> <ul style="list-style-type: none"> ❖ HDFC Securities Ltd. ❖ Kotak Mahindra Old Mutual Life Insuranc Co. Ltd ❖ KEC International Ltd ❖ Kamat Hotels (India) Ltd ❖ KLG Capital Services Ltd ❖ Responsive Industries Ltd 	<p>AUDIT COMMITTEE</p> <ul style="list-style-type: none"> ❖ HDFC Standard Life Insurance Co. Ltd. ❖ HDFC ERGO General Insurance Co. Limited. ❖ HDFC Asset Management Co. Ltd. ❖ Gruh Finance Limited ❖ Infrastructure Leasing & Financial Services Limited ❖ Sun Pharmaceuticals Industries Limited ❖ The Great Eastern Shipping Co. Ltd. ❖ Greatship (India) Ltd ❖ Torrent Power Ltd. <p>REMUNERATION COMMITTEE</p> <p>Gruh Finance Limited Infrastructure Leasing & Financial Services Limited</p> <p>INVESTMENT COMMITTEE</p> <ul style="list-style-type: none"> ❖ HDFC Standard Life Insurance Co. Ltd. ❖ HDFC ERGO General Insurance Co. Limited. <p>SHARE TRANSFER COMMITTEE</p> <p>Infrastructure Leasing & Financial Services Limited</p>	<p>AUDIT COMMITTEE</p> <p>NIL</p> <p>SHAREHOLDER GRIEVENCE COMMITTEE</p> <p>NIL</p>
Number of Shares held in the Company	25,000 (0.03%)	25,000 (0.03%)	11,14,832 (1.47%)
Relationship between directors inter-se	No relationship with other directors	No relationship with other directors	No relationship with other directors

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 29th Annual Report of your Company and the Audited Statement of Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS:

The performance of the Company for the financial year ended 31st March, 2011 is summarized below:

	(Rupees in Lacs)	
	Financial Year	
	2010-11	2009-10
Profit before interest and depreciation	11593.21	10301.23
Less : Finance Cost	6756.13	7527.70
Depreciation	797.28	-
Less: Transferred from Reserves	(211.17)	586.11
Profit before tax	4250.97	2374.41
Less : Provision for tax	1184.00	820.00
Deferred Tax Liability	15.00	7.00
Profit after tax	3051.97	1547.41
Add: Excess provision for taxation written back	-	3.35
Net Profit	3051.97	1550.76
Add : Balance Brought Forward from Previous year	6180.43	5235.58
Profit available for appropriation	9232.40	6786.33
APPROPRIATIONS		
General Reserve	350.00	200.00
Proposed Dividend	457.29	348.09
Tax on Proposed Dividend	74.20	57.81
Surplus in Profit & Loss Account	8350.91	6180.43
	9232.40	6786.33

OPERATIONS:

The Company's performance was satisfactory with sales increasing to Rs.155420.97 Lacs from Rs.103522.22 Lacs and Net Profit growing to Rs.3051.97 Lacs from Rs.1550.75 Lacs previous year. The results of the current year include figures of amalgamating companies and are therefore, to that extent, not comparable with those of previous year.

During the year, your Company strengthened several organizational processes across a wide range of functions with a view to enhancing its business capabilities. It continues to deliver strong overall performance this year and its growth plans continue to remain on track.

Revenues from retail and branded jewellery operations have recorded an impressive 82% growth in FY 2010-11, rising to Rs. 15951 Lacs (Rs. 8760.70 Lacs last year). Your Company's focus on retail and branding operations is delivering the desired results. The Company has 114 points of sales in 26 cities across India, reaching over 85% of our target consumer segment. The Company's retail ventures "Diti" in India and "Joliesse" in Hong Kong continue to record impressive growth.

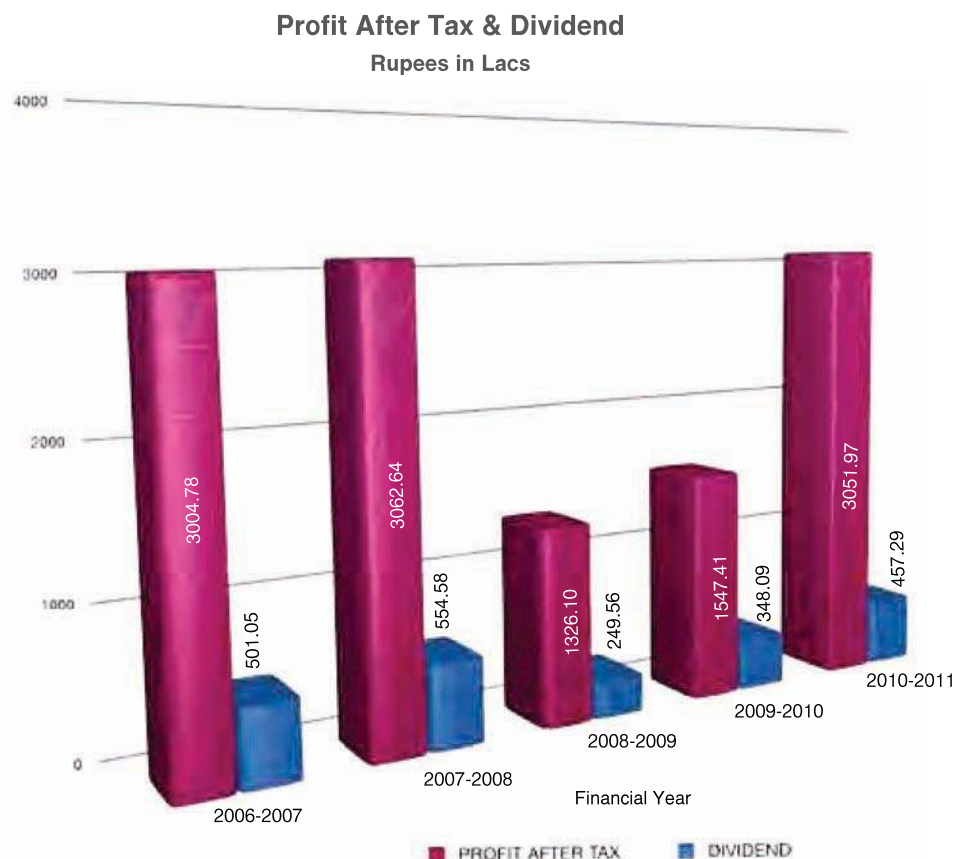
The consolidated sales revenue increased by 30% to Rs. 2,45,651.52 Lacs (Rs. 1,88,995.87 Lacs). Net profit registered a gain of 12% to Rs. 5684.47 Lacs (Rs. 5077.49 Lacs). EPS for the period (Basic & Diluted) stood at Rs. 7.50 (Rs. 7.32) per share (face value of Rs.2/-).

DIVIDEND:

The Board of Directors has recommended payment of a higher final dividend of 30% i.e. 60 paise per share on 7,60,14,995 Equity Shares of Rs. 2/- each, for the year ended 31st March, 2011. The dividend will entail an outflow of Rs.531.48 Lacs (including dividend tax of Rs.74.19 Lacs) on the paid up equity share capital of Rs.1519.70 Lacs. The payment of dividend is subject to the approval of Members at the ensuing annual general meeting of the Company. Equity shares that may be allotted on exercise of Options granted under the Employee Stock Option Scheme before the Book Closure for payment of dividend will rank pari passu with the existing shares and be entitled to receive the dividend. Dividend includes sum of Rs.1.39 Lacs being dividend for previous year paid to the ESOP allottees who have exercised stock options after Board Meeting but before Book closure in the previous year.

PROSPECTS:

Shrenuj Botswana (Pty.) Ltd., a step-down subsidiary has commenced a new jewellery manufacturing facility in Botswana, the very first in the country. This new unit will not only contribute incremental revenue but also lead to improved captive consumption of our high end diamonds produced within Botswana. This unit will also gain from tax advantage enjoyed by Botswana based units for export to the US markets. The Company is adding manpower to create additional capacities that will support Diamond manufacturing operations in Botswana. In addition to the normal bridal jewellery, we have developed a special brand 'ZANZOTH' which will



be first 'Made in Botswana' brand. The Company will also continue to improve the throughput of our existing units through technological and skill upgradations.

The Company has developed many successful international diamond jewellery brands, such as Arisia, Sveni and Bhavya (India and Middle East), Valina and Caro 74 (USA), Fiana (France), Scintilla88 and MasterCut (Australia), and Amante88 (Hong Kong). In addition, Shrenuj is a leading participant in DTC's Forevermark Programme in Japan and India and one of the authorised manufacturers of Platinum Guild International. These brands are managed independently by the company's marketing teams in each country, backed by a strong downstream distribution worldwide. The Company now intends to garner a larger share of the jewellery value chain pie and targets to increase its presence in the higher end of the value chain, i.e. jewellery manufacturing and retailing.

The Company has launched the new "Embrazo" Collection in US during the Christmas Season and is now ready to unveil "Zanzoth" collection in near future.

The Company has recently acquired state of the art Sarin Galaxy 1000 diamond planning machines in Mumbai and Botswana, the very first in their regions. The Company's focus on technology upgradation has helped us remain at the forefront of product quality and efficiencies in manufacturing operations. These machines will ramp up our productivity and reduce tolerance to bare minimum level in diamond operations.

The Company expects to continue its growth momentum in an expanding global diamond and jewellery market by organic and inorganic growth. Overall market sentiments have improved and the consumer confidence indices in all the key markets are showing positive growth.

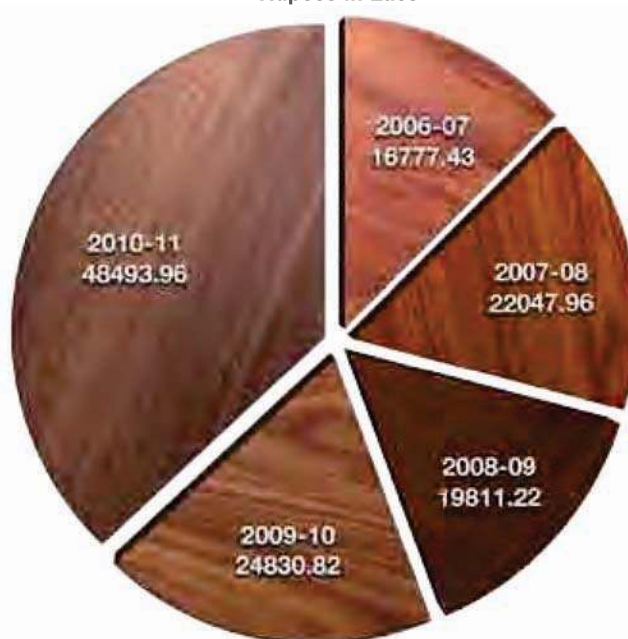
SCHEME OF ARRANGEMENT:

The Company received the Order dated 1st October, 2010 from the Hon'ble High Court, Bombay on 12th October, 2010 sanctioning the scheme of arrangement between Shrenuj Diajewels Limited and Shrenuj Gems & Jewellery Limited, wholly owned subsidiary companies with the Company. The requisite stamp duty was paid on account of amalgamation of Shrenuj Diajewels Limited and Shrenuj Gems & Jewellery Limited with the Company.

Pursuant to the said Order and pursuant to the provisions of the Companies Act, 1956 and relevant provisions of the Memorandum and Articles of Association of the Company, your Board had issued and allotted 60,22,525 Equity Shares of Rs.2/- each to the unsecured lenders of the Company on 27th October, 2010.

Shareholders Fund

Rupees in Lacs



Financial Year

● 2006-07 ● 2007-08 ● 2008-09 ● 2009-10 ● 2010-11

SHARE CAPITAL:

Consequent to the approval of the scheme of arrangement by the Hon'ble High Court, Bombay, the Authorised Share Capital of both the transferor companies i.e. Shrenuj Diajewels Limited and Shrenuj Gems & Jewellery Limited was added to the Authorised Share Capital of the Transferee Company i.e. Shrenuj & Company Limited without any further payment of stamp duty or registration fees and clause V of the Memorandum of Association and Article 2 of the Articles of Association of the Company was replaced accordingly. With this the Authorised Share Capital of the Company is now Rs. 4500 Lacs divided into 22,50,00,000 equity shares of Rs.2/- each.

During the year, Issued, Subscribed and Paid-up Share Capital of the Company has increased from Rs. 1386.45 Lacs to Rs.1519.70 Lacs. The Company has issued and allotted 60,22,525 equity shares to unsecured lenders pursuant to the Scheme of Arrangement and 6,39,850 equity shares of Rs.2/- each were issued and allotted to the employees of the Company pursuant to exercise of stock options under Employee Stock Option Scheme, 2006.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS:

The Company has 8 subsidiary companies, 2 located in India and 6 outside India. It has 18 step-down overseas subsidiaries across the globe.

During the year, two subsidiary companies viz. Shrenuj Gems & Jewellery Limited and Shrenuj Diajewels Limited have merged with the Company. An application for liquidation of Lume Germany GmbH has been made and effective date for the same is 31st March, 2010.

As required under 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 as notified by Companies (Accounting Standard) Rules, 2006.

GENERAL EXEMPTION PROVIDED FROM NOT 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 Circular No.2/2011 dated 8th February, 2011 has granted general exemption to the Company from annexing to this report, the Annual Reports of the subsidiary companies. As per the directives issued under Section 212(8) of the Companies Act, 1956 the Company has fulfilled the conditions specified in the said circular.

Pursuant to the said circular from MCA, a gist of the financial performance of the subsidiary companies is disclosed elsewhere in the Annual Report. If any Member of the Company and subsidiary 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 the Annual Report as Annexure – III.

DIRECTORS:

Shri Shobha Singh Thakur, Shri Keki M. Mistry and Shri Nihar N. Parikh, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. Brief profiles of the Directors proposed to be re-appointed as required under clause 49 of the Listing Agreement are annexed to the Notice convening the Annual General Meeting forming part of the Annual Report.

FIXED DEPOSITS:

During the year under review the Company has accepted fixed deposits of Rs. 80 Lacs from the public. Pursuant to the scheme of arrangement approved by the Hon'ble High Court the deposits outstanding as on 31st March, 2010 were converted into equity shares of the Company.

HUMAN RESOURCE MANAGEMENT:

Human Resource at Shrenuj is positioned to act as a strategic enabler and change catalyst. It seeks to play a key role in making Shrenuj a globally respected professional organization. Your Company continuously invests in human resource development, identifying and grooming management talent, and has a culture of harnessing people power to the maximum. While building a competent workforce ready to take on challenges thrown up by external environment, it also ensures that the Company develops a work culture that maintains a fine balance between the employees' perspective of being an organization which is caring and rewarding and the employer's perspective of being performing and progressive.

In the dynamic and competitive business environment that exists today, Shrenuj believes that the employees are the key differentiators. As a strategic business partner, the Human Resources team is committed to protecting the interest of the stakeholders and supporting the leadership team in building a world class organization.

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 2010-11, the applicable Accounting Standards, to the extent practicable, have been followed and that there are no material departures;
- (ii) That the Directors have adopted such accounting policies 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 ended 31st March, 2011 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:

The Company is committed to uphold the highest standards of Corporate Governance and adhere to the requirements set out by the Securities and Exchange Board of India. 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.

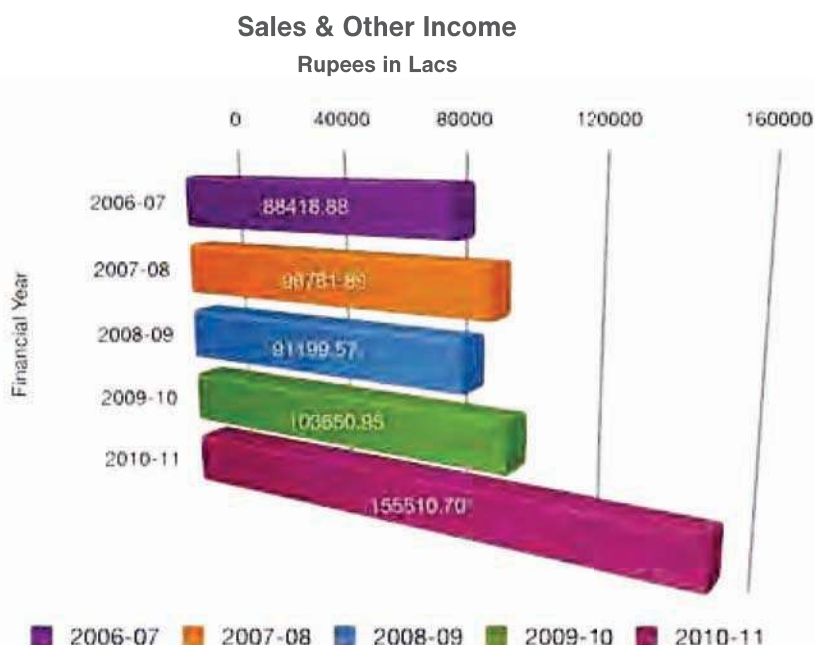
GENERAL SHAREHOLDER INFORMATION:

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

EMPLOYEE STOCK OPTION SCHEME:

The Company had granted 15,65,763 stock options to its existing employees and employees of its subsidiary companies based in India and outside India (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.

Under the said ESOP Scheme the employees have so far been allotted 6,69,850 new equity shares upon exercise of Stock Options upto the date of Board Meeting. During the year, the Options vested under ESOS – 2006 aggregated to 15,65,763 and Options exercised aggregated to 6,39,850. Exercise price of Rs.21/- per Option is not less than the par value of Equity Shares and not more than the price prescribed under Chapter VII of the SEBI (Issue of Capital Disclosure Requirements) Regulation, 2009 on grant date. The Company received a sum of Rs. 134.37 Lacs as Exercise consideration (excluding tax), of which Rs.12.80 Lacs was towards Share Capital and Rs.121.57 Lacs towards Securities Premium.



During the year, 69,500 Options lapsed. Option in Force as at March 31, 2011 stood at 8,56,413. Options granted to Senior Managerial Personnel were:

Shri Nihar N. Parikh	–	4,00,000
Shri C. S. Valand	–	12,000
Shri Vinod M. Shetye	–	12,000
Shri Ashok R. Shah	–	12,000
Shri Ashir S. Doshi	–	12,000
Shri Umesh N. Shah	–	12,000
Shri Shekhar K. Shah	–	12,000

None of the employees received 5% or more of the total no. of options granted during the year. None of the employees were granted equal to or exceeding 1% of the Issued Capital.

Weighted average exercise price is Rs. 21.00 whereas weighted average fair price using Black Scholes model is Rs. 33.20. The significant assumptions used to estimate the fair values of options are:

Method	-	Black Scholes Model
Risk free interest rate (%)	-	7.61%
Expected life (No. of days)	-	421 days
Expected volatility (%)	-	49.39%
Dividend yield (%)	-	25.00%

Market price of the underlying share on grant date 26th May 2009 was Rs. 26.00 on NSE and price as on date of valuation, 31st March 2011 was Rs. 52.30 on NSE. The difference between the employees compensation cost based on intrinsic value and the fair value for the year is Rs. 52.06 lacs and diluted EPS is Rs. 3.96 against basic EPS of Rs.4.03.

AUDITORS AND AUDITORS' REPORT:

The Statutory Auditors of the Company, M/s. Rajendra & Co., Chartered Accountants, Mumbai, retire at the conclusion of the ensuing annual general meeting of the Company and have confirmed their willingness and eligibility for re-appointment and have also confirmed that their re-appointment, if made, will be within the limits prescribed under Section 224(1)(B) of the Companies Act, 1956.

The Board has duly reviewed the Statutory Auditors' Report on the Accounts. The observations and comments appearing in the Auditors' Report are self-explanatory and do not call for any further explanation/clarification by the Board under Section 217(3) of the Companies Act, 1956.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

The Company sends reminder letters to all shareholders whose dividends are unclaimed so as to ensure that they receive their rightful dues. During the year, the Company has transferred a sum of Rs.2,18,421/- to Investor Education & Protection Fund, the amount which was due and payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205C (2) of the Companies Act, 1956. The Company has so far transferred a total sum of Rs.22,13,214.43 to the said Fund.

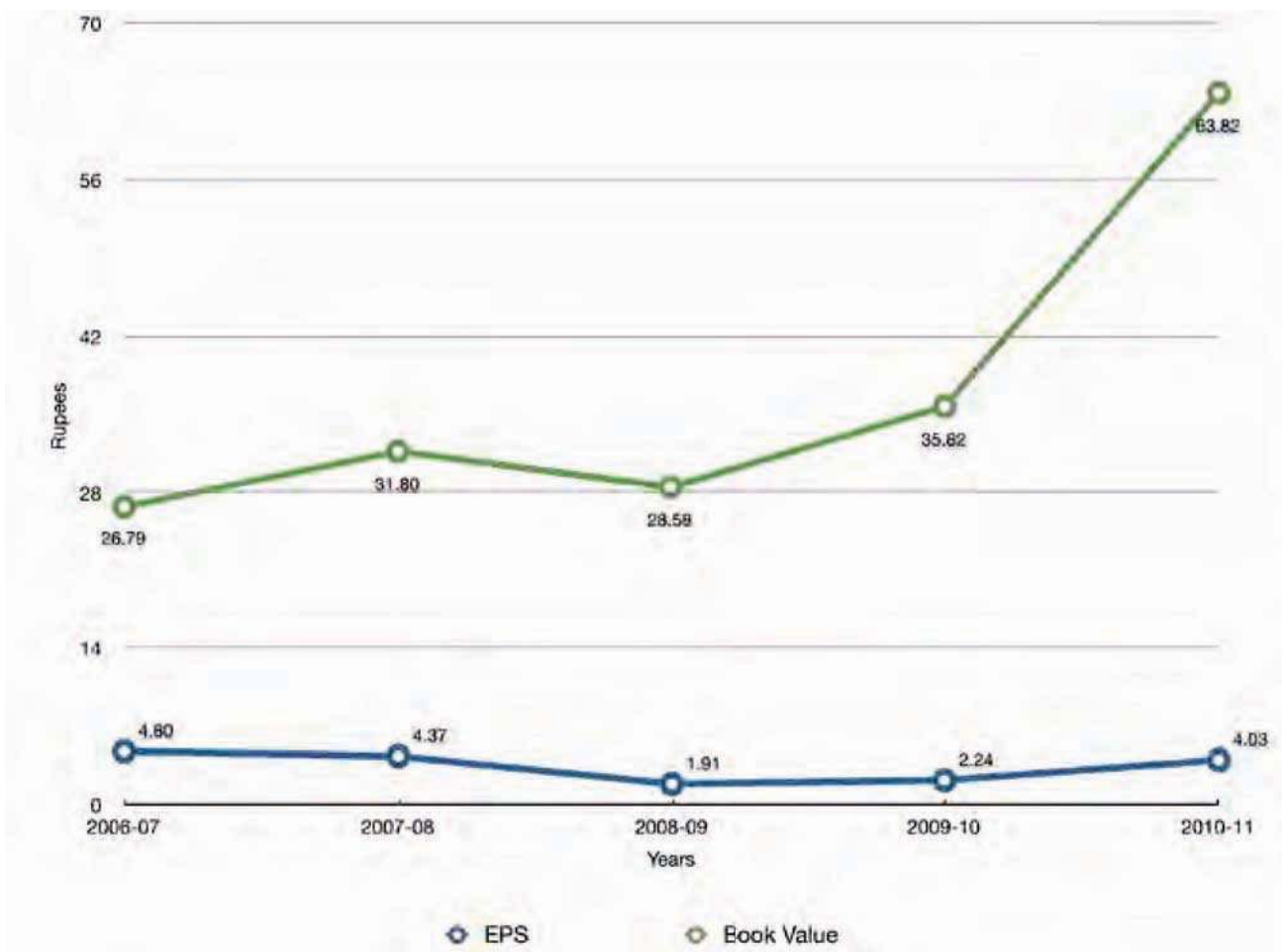
ACKNOWLEDGEMENTS:

Your Directors take this opportunity to thank the Members, Financial Institutions, Banks, Foreign Patrons, Diamond Trading Company Limited, London, Regulatory authorities, Stock Exchanges and all stakeholders for their continued co-operation and support. The Directors would also like to place on record their appreciation to all executives, officers and staff at all levels of the Company for their dedication.

For and on behalf of the Board

Place: Mumbai
Date: 28th May, 2011.

SHREYAS K. DOSHI
CHAIRMAN & MANAGING DIRECTOR

Book Value & EPS

AUDITORS' REPORT

To the Members of SHRENUJ & COMPANY LIMITED

We have audited the attached Balance Sheet of SHRENUJ & COMPANY LIMITED as at 31st March 2011 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 2011 and taken on record by the Board of Directors, we report that, none of the directors are disqualified as on 31st March, 2011 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. 3 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. 70.97 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, 2011;
- (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)

Akshay R. Shah
Partner
Membership No.: 103316

Mumbai
Dated: 28th May, 2011

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 given loans to four wholly owned subsidiary Companies during the year aggregating to Rs. 500.20 lacs, the maximum amount of loans granted by the Company at any time during the year was Rs. 6343.13 lacs and the year-end balance in respect of the said loans outstanding is Rs 6204.47 lacs.
 - b. In our opinion and according to the information and explanation given to us, having regard to the long term involvement of the Company with its wholly-owned subsidiaries, the said interest-free loans are not prima facie prejudicial to the interest of the Company.
 - c. There are no stipulations as regards repayment of principal amounts and all the loans granted are interest free and therefore there is no question of recovering the interest amount.
 - 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 six parties during the year. The year-end balance in respect of the said loans is Rs. 5131.70 lacs.
 - f. Of the above, loan from a Director and two 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, 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, 2011 for a period of more than six months from the date of becoming payable.
- b. The disputed statutory dues aggregating to Rs. 99.76 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 01-02	53.71
				FY 02-03	9.24
				FY 05-06	23.52
			Appellate Tribunal	FY 89-90	3.93
				FY 99-00	3.54
				FY 2000-01	2.07
2.	The Bombay Sales Tax Act	Sales Tax	Commissioner (Appeals)	FY 94-95	3.39
				FY 95-96	0.36
			TOTAL:		99.76

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, and having regard to the long term involvement of the Company with its subsidiaries and associates, 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. The Company has made preferential allotment of shares on exercise of options granted in earlier years under the ESOP Schemes to parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The price at which such shares are allotted is not prima facie prejudicial to the interest of the Company.
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)

Akshay R. Shah
Partner
Membership No.: 103316

Mumbai
Dated: 28th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	31ST MARCH 2011 (Rupees in lacs)	31ST MARCH 2010 (Rupees in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	1,519.70	1,386.45
Reserves and Surplus	B	<u>46,974.26</u>	<u>23,444.37</u>
		48,493.96	24,830.82
Loan Funds			
Secured Loans	C	86,016.92	77,092.29
Unsecured Loans	D	<u>6,318.25</u>	<u>2,848.23</u>
		92,335.17	79,940.52
Deferred Tax Liability (Net)	E	<u>829.60</u>	<u>618.47</u>
		<u>141,658.73</u>	<u>105,389.81</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	F	25,412.12	7,964.87
Less: Depreciation		<u>3,953.95</u>	<u>2,855.60</u>
Net Block		<u>21,458.17</u>	5,109.27
Capital work in progress		<u>3,675.78</u>	<u>737.38</u>
Investments	G	11,642.67	12,681.07
Current Assets, Loan and Advances:			
Inventories	H	84,421.91	60,894.00
Sundry Debtors		67,520.39	54,885.38
Cash and Bank Balances		<u>3,960.05</u>	<u>4,578.26</u>
		155,902.35	120,357.64
Loans and Advances		<u>10,227.35</u>	<u>7,570.87</u>
		166,129.70	127,928.51
Less: Current Liabilities and Provisions:			
Current Liabilities	I	59,145.19	39,656.01
Provisions		<u>2,102.40</u>	<u>1,410.41</u>
		61,247.59	41,066.42
Net Current Assets		<u>104,882.11</u>	86,862.09
		<u>141,658.73</u>	<u>105,389.81</u>
Notes forming part of the accounts	O		

As per our Report of even date

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

Akshay R. Shah
Partner

MUMBAI, 28th May, 2011

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. Surendra A. Dave
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Directors

MUMBAI, 28th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	YEAR ENDED 31ST MARCH, 2011 (Rupees in lacs)	YEAR ENDED 31ST MARCH, 2010 (Rupees in lacs)
INCOME:			
Sales and Services	J	155,420.97	103,522.22
Other Income	K	89.73	128.73
		<u>155,510.70</u>	<u>103,650.95</u>
EXPENDITURE:			
Materials Cost	L	132,239.15	87,191.53
Manufacturing and Other expenses	M	11,678.34	6,158.20
Finance Cost	N	6,756.13	7,527.70
Depreciation		797.28	399.12
Less: Transferred from Reserves (Refer Note No. 2)		<u>(211.17)</u>	<u>—</u>
		<u>151,259.73</u>	<u>101,276.55</u>
Profit before Taxation		4,250.97	2,374.40
Less: Provision for taxation:			
Current Tax		1,184.00	820.00
Deferred Tax		15.00	7.00
		<u>1,199.00</u>	<u>827.00</u>
Profit after Taxation		3,051.97	1,547.40
Add: Balance brought forward		6,180.43	5,235.58
Excess provision for taxation written back		—	3.35
		<u>9,232.40</u>	<u>6,786.33</u>
APPROPRIATION			
Transfer to General Reserve		350.00	200.00
Proposed Dividend		457.29	348.09
Tax on Proposed Dividend		74.20	57.81
Balance carried to Balance Sheet		8,350.91	6,180.43
		<u>9,232.40</u>	<u>6,786.33</u>
Earning per Share of Rs.2 each (Rs.) [Refer note 16 of schedule O]			
- Basic & Diluted		4.03	2.24
Notes forming part of the Accounts	O		

As per our Report of even date

For **RAJENDRA & CO.**,
Chartered Accountants**Akshay R. Shah**
Partner

MUMBAI, 28th May, 2011

Shreyas K. Doshi
Chairman & Managing Director**Sanjay M. Abhyankar**
Company Secretary**Dr. Surendra A. Dave**
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Directors

MUMBAI, 28th May, 2011

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011	(Rupees in Lacs) 2009-2010
(A) Cash flows from operating activities:		
Net Profit before tax and after extraordinary items	4,250.97	2,374.40
Adjustments for:		
Depreciation	586.11	399.12
Provision for leave encashment	197.04	(60.91)
(Profit)/ loss on sale of fixed assets	(1.03)	50.24
Provision for diminution in investments	0.46	(7.90)
Dividend received	(0.80)	(1.98)
Bad Debts and provision for doubtful debts	—	0.80
Finance cost (net)	6,756.13	7,527.70
Profit on sale of investment	(2.34)	(28.95)
Deferred employee compensation	61.21	—
Effects of exchange rate change	(392.38)	2,169.58
	<u>7,204.39</u>	<u>10,047.70</u>
Operating Profit before working capital changes	11,455.37	12,422.10
Adjustments for:		
Trade and other receivables	(8,437.68)	(6,925.66)
Inventories	(17,025.72)	7,704.91
Trade payables	13,751.61	(1,007.72)
Cash generated from operations	(256.42)	12,193.63
Direct taxes paid	(1,086.75)	(871.17)
Net Cash Flow from operating activities	(1,343.18)	11,322.46
(B) Cash flows from investing activities:		
Purchase of fixed assets	(611.11)	(308.42)
Sale of fixed assets	33.15	38.88
Purchase of investments	—	(93.50)
Sale of investments	38.82	49.29
Dividend received	0.80	1.98
Interest income	209.43	536.02
Movement of loans	322.69	(83.97)
Net Cash used in investing activities	(6.22)	140.28

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

	2010-2011	(Rupees in Lacs) 2009-2010
(C) Cash flows from financing activities:		
Proceeds from share capital	12.80	—
Amalgamation expense	(51.14)	—
Proceeds from premium	121.57	—
Proceeds from long term borrowings	—	5,000.00
Repayment of long term borrowings	—	(4,378.33)
Increase in secured borrowings from banks	997.32	(6,465.78)
Increase/ (decrease) in unsecured borrowings	6,260.26	(1,719.21)
Interest paid	(6,852.04)	(8,053.96)
Dividends paid	(348.11)	(254.86)
Tax on dividend	(57.81)	(42.41)
Effects of exchange rate change	212.00	(48.65)
Net Cash used in financing activities	294.85	(15,963.20)
Net increase in cash and cash equivalents (A+B+C)	(1,054.54)	(4,500.46)
Opening balance of cash and cash equivalent	5,014.59	9,078.72
Closing balance of cash and cash equivalent	3,960.05	4,578.26

Notes:

The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 (AS-3) on Cash flow statement issued by the Companies (Accounting Standards) Rules, 2006.

As per our Report of even date

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

Akshay R. Shah
Partner

MUMBAI, 28th May, 2011

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. Surendra A. Dave
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Directors

MUMBAI, 28th May, 2011

SCHEDULE 'A' TO 'O' ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
SCHEDULE 'A' - Share Capital		
Authorised		
22,50,00,000 (17,50,00,000) Equity Shares of Rs. 2/- each	<u>4500.00</u>	<u>3500.00</u>
Issued, Subscribed and Paid-up :		
7,59,84,995 (6,93,22,620) Equity Shares of Rs. 2/- each fully paid-up	<u>1,519.70</u>	<u>1,386.45</u>
	<u>1,519.70</u>	<u>1,386.45</u>

Notes:

- 1) Of the above Equity shares:
 - a) 1,41,22,325 (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 2010-11 the Company has granted Nil (P.Y. 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. During the year, 639,850 (P.Y. - Nil) equity shares have been allotted to eligible employees / Directors of the Company and its subsidiaries on exercise of options.

SCHEDULE 'B' - Reserves and Surplus

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
Revaluation Reserve		
Additions during the year (Refer Note no.2)	13,511.14	—
Less: Transferred to Profit & Loss Account	<u>(138.38)</u>	—
	13,372.76	—
Capital Reserve		
As per last balance sheet	<u>203.34</u>	<u>203.34</u>
	203.34	203.34
Amalgamation reserve		
As per last balance sheet	303.21	303.21
Additions during the year	5,466.63	—
Less: Amalgamation expense	(51.15)	—
Less: Transferred to Profit & Loss Account (Refer Note No. 2)	<u>(72.79)</u>	—
	5,645.90	303.21
Securities premium account		
As per last balance sheet	5,853.51	5,853.51
Additions during the year	<u>2,826.87</u>	—
	8,680.38	5,853.51
General reserve		
As per last balance sheet	10,300.00	10,100.00
Additions during the year	<u>350.00</u>	200.00
	10,650.00	10,300.00
Hedging reserve (Refer note no. 3)		
	70.97	603.88
Surplus as per profit and loss account		
	<u>8,350.91</u>	<u>6,180.43</u>
	<u>46,974.26</u>	<u>23,444.37</u>

SCHEDULE 'A' TO 'O' ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
SCHEDULE 'C' - Secured Loans		
Term Loan from Banks	3,651.32	3,600.00
Term Loan from a company	34.24	—
Working Capital Term Loan from Banks	5,046.74	5,029.58
Working Capital Loan from Banks	77,208.70	67,524.13
Short term loan from banks	75.92	938.58
	<u>86,016.92</u>	<u>77,092.29</u>

Term Loan from Banks includes:

- (a) Rs. 2,914.29 lacs (P.Y. Rs. 3,600 lacs) secured by way of second charge on all the Assets, present & future, of the company, excluding assets of Diajewel Division and Gems & Jewellery Division. The loan is 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.
- (b) Rs. 667.91 lacs (P.Y. Rs. Nil) secured by way of first charge on all assets, both present and future, of the Gems & Jewellery Division of the Company.
- (c) Rs. 69.12 lacs (P.Y. Rs. 29.58 lacs) is secured by hypothecation of specific vehicles.

Term loan from a company was secured by hypothecation of a specific vehicle.

Working Capital Term Loan from Banks include:

- (a) Rs. 3,572.00 lacs (P.Y. Rs.5,000 lacs) secured by way of second charge on all the Fixed Assets, present & future, of the company, excluding assets situated at MIDC Andheri and Seepz ++ unit of the company. The loan 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.
- (b) Rs. 1,474.74 lacs (P.Y. Rs. Nil) secured by hypothecation of stock in trade and book debts of Diajewel division of the Company.

Term loans include amount repayable within one year Rs. 3,902.40 lacs (Previous year Rs. 2,113.71 Lacs)

Working Capital loans from banks are secured as under:

- (a) Primarily by hypothecation of stock in trade and book debts.
- (b) Collaterally by machinery present and future, and mortgage of premises situated at Mumbai.
- (c) 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 Company's Fixed Deposits.

SCHEDULE 'D' - Unsecured Loans

Long term Loans :

Inter Corporate Deposits	5,000.00	—
(from a Company under same management)	5,000.00	—

Short term Loans :

From Directors	9.70	2,235.52
Inter Corporate Deposits	100.00	167.00
From Shareholders	22.00	191.72
From Financial Institution	900.00	—
Fixed Deposits	80.00	196.00
	<u>1,111.70</u>	<u>2,790.24</u>
Temporary Bank Overdraft, since repaid	206.55	57.99
	<u>6,318.25</u>	<u>2,848.23</u>

SCHEDULE 'A' TO 'O' ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
SCHEDULE 'E' - Deferred Tax		
Deferred Tax Assets and Liabilities		
Assets		
Provision for unencashed leave/ gratuity	105.74	39.34
Amalgamation expenses	3.50	3.50
	<u>109.24</u>	<u>42.84</u>
Liability		
Depreciation	938.84	661.31
	<u>829.60</u>	<u>618.47</u>
	<u>829.60</u>	<u>618.47</u>

SCHEDULE 'F' - Fixed Assets

	(Rupees in Lacs)											
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As At 01/04/2010	Acquired on Amalgam- ation	Additions/ Adjustments	Deduction	As At 31/03/2011	As At 01/04/2010	Acquired on Amalgam- ation	For the Year	Deduction	Up to 31/03/2011	As At 31/03/2011	As At 31/03/2010
Freehold Land	545.01	-	6,209.58	-	6,754.59	-	-	-	-	-	6,754.59	545.01
Leasehold Land	-	720.27	-	-	720.27	-	15.70	3.40	-	19.10	701.17	-
Buildings*	1,766.16	3,673.37	4,413.08	0.73	9,851.88	404.06	103.55	312.06	-	819.67	9,032.21	1,362.10
Leasehold Improvements	35.64	-	-	-	35.64	33.86	-	-	-	33.86	1.78	1.78
Plant & Machinery	2,247.47	639.90	255.98	13.74	3,129.61	681.64	68.27	143.94	7.29	886.56	2,243.05	1,565.83
Electrical Installations	473.31	253.10	23.76	0.41	749.76	192.27	26.68	34.45	0.19	253.21	496.55	281.04
Office Equipments	1,069.73	368.29	90.08	11.61	1,516.49	519.55	76.42	93.39	6.63	682.73	833.76	550.18
Furniture & Fixtures	1,006.18	621.74	53.69	16.02	1,665.59	596.37	101.83	82.00	14.77	765.43	900.16	409.81
Vehicles	361.02	30.03	117.67	105.38	403.34	192.57	7.10	30.65	86.89	143.43	259.91	168.45
Yacht	44.52	-	-	-	44.52	9.96	-	3.15	-	13.11	31.41	34.56
Intangible Assets :												
Computer Software	350.93	23.46	20.02	-	394.41	184.40	2.40	65.04	-	251.84	142.57	166.53
Trade Mark	64.90	-	-	-	64.90	40.92	-	12.98	-	53.90	11.00	23.98
Technical Knowhow	-	81.12	-	-	81.12	-	14.89	16.22	-	31.11	50.01	-
Total	7,964.87	6,411.28	11,183.86	147.89	25,412.12	2,855.60	416.84	797.28	115.77	3,953.95	21,458.17	5,109.27
Work in progress at cost and advance Payments against capital expenditure											3,675.78	737.38
											<u>25,133.95</u>	<u>5,846.65</u>
Previous Year	7,825.85	-	291.76	152.74	7,964.87	2,520.10	-	399.12	63.62	2,855.60	5,109.27	-

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

Notes:

Gross Block & CWIP includes Rs. 13511.14 lacs added on revaluation of Land, Building and Office Premises as at 1st Apr'10 based on reports issued by independent valuer.

**SCHEDULE 'A' TO 'O' ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)**

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
SCHEDULE 'G' - Investments		
Long Term		
In Wholly Owned Subsidiary Companies - Unquoted		
- (40,00,000) Equity Shares of Shrenuj Diajewels Ltd. of Rs. 10/- each fully paid up.	- *	400.00
5,000 (5,000) Equity Shares of Shrenuj Overseas Ltd. of Rs.100/- each fully paid up	5.00	5.00
50,000 (50,000) Equity Shares of Shrenuj Lifestyle Ltd. of Rs. 10/- each fully paid up	5.00	5.00
100 (100) Equity Shares of US \$ 0.01 each of Astral USA Inc. fully paid up and additional paid-in capital	1,796.75	1,796.75
38,37,708 (38,37,708) Equity Shares of Shrenuj Mauritius Pvt. Ltd. of MRS 100 each fully paid up	5,424.03	5,424.03
11,210 (11,210) Equity Shares of Shrenuj DMCC of AED 1000 each fully paid up	1,362.39	1,362.39
- (53,00,000) Equity Shares of Shrenuj Gems & Jewellery Pvt. Ltd. of Rs. 10/- each fully paid up	- *	600.00
200 (100) Equity Shares of Shrenuj Japan Corporation of YEN 10000 each fully paid up	47.57	3.48
Share application money pending allotment	-	44.09
100 (100) Equity Shares of Astral Holdings, Inc. of US \$ 1 each fully paid up & additional paid-in capital	2,504.00	2,504.00
In Subsidiary Companies - Unquoted		
37,50,000 (37,50,000) Equity Shares of Daily Jewellery Ltd. of HK\$ 1.00 each fully paid up	170.11	170.11
In Associate company - Unquoted		
28,10,000 (28,10,000) Equity Shares of Kiara Jewellery Pvt. Ltd. of Rs. 10/- each fully paid up	281.00	281.00
3,50,000 (3,50,000) Equity Shares of Arisia Jewellery Pvt. Ltd. of Rs. 10/- each fully paid up	35.00	35.00
	<u>11,630.85</u>	<u>12,630.85</u>
* Adjusted on Amalgamation		
Current Investments		
Others- Unquoted		
2,500 (2,500) Equity Shares of Saraswat Co-Operative Bank Ltd. Of Rs.10/- each fully paid up	0.25	0.25
165 (-) Equity Shares of Global Trendz Retail (P) Ltd.*	1.18	-
Investment in Portfolio Management Services	-	100.48
Less : Provision for diminution in value of Investment	-	62.36
		<u>38.12</u>
* Transferred on account of closure of Portfolio Management Account		
Mutual funds - Quoted		
13,085.58 units of Birla Sun Life Equity Fund	10.00	10.00
20,000.00 units of Kotak Indo World Infra Fund	2.00	2.00
	<u>12.00</u>	<u>12.00</u>
Less : Provision for diminution in value of Investment	1.61	1.15
	<u>10.39</u>	<u>10.85</u>
Mutual funds - Unquoted		
10,000.00 units of Principal Long Term Equity Fund	-	1.00
	<u>11,642.67</u>	<u>12,681.07</u>

SCHEDULE 'A' TO 'O' ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
Aggregate of Unquoted Investments - At Book Value	11,632.28	12,632.10
Aggregate of quoted Investments - At cost	12.00	112.48
Aggregate of quoted Investments - At Market Value	10.39	48.97

SCHEDULE 'H' - Current Assets, Loans and Advances

A. Current Assets

Inventories

(As valued, verified and certified by the Management)

Stores, spares and tools	98.31	48.20
Raw materials	35,627.09	15,123.35
Finished goods	48,696.51	45,722.45
	84,421.91	60,894.00

Sundry Debtors (Unsecured)

Exceeding six months considered good	11,578.00	13,267.22
Exceeding six months considered doubtful	-	-
	11,578.00	13,267.22
Less : Provision for doubtful debts	-	-
	11,578.00	13,267.22

Others - considered good [Refer note 5(1) of schedule O]

	55,942.39	41,618.16
	67,520.39	54,885.38

Cash and Bank Balances

Cash on hand	9.45	9.10
Balance with Scheduled Banks		
In Current Accounts	692.34	2,109.25
In Fixed Deposits *	2,200.74	1,647.37
In Margin Deposit Accounts	1,057.52	812.54
	3,960.05	4,578.26
	155,902.35	120,357.64

* Includes Rs. 1960.34 lacs (P.Y. Rs. 365.63 lacs) pledged with Banks as Security

B. Loans & Advances

(Unsecured, Considered good)

Due from subsidiary companies	6,204.47	6,527.16
Advance recoverable in cash or in kind or for value to be received	1,634.83	371.38
Advance for raw material	1,494.34	-
Advance taxes (net of provision)	893.71	672.33
	10,227.35	7,570.87
	166,129.70	127,928.51

**SCHEDULE 'A' TO 'O' ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)**

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
SCHEDULE 'I' - Current Liabilities and Provisions		
A. CURRENT LIABILITIES		
Sundry Creditors	-	-
Due to Micro, small and medium enterprises	-	-
Others	59,004.96	39,629.29
Interest accrued but not due	113.53	-
Unpaid dividend *	26.70	26.72
	<u>59,145.19</u>	<u>39,656.01</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
B. PROVISIONS		
Provision for leave encashment and gratuity	388.32	184.51
Provision for taxation	1,184.00	820.00
Proposed dividend	456.09	348.09
Tax on proposed dividend	73.99	57.81
	<u>2,102.40</u>	<u>1,410.41</u>
	<u>61,247.59</u>	<u>41,066.42</u>
SCHEDULE 'J' - Sales and Services		
Sales	155,366.17	103,484.85
Service charges	54.80	37.37
	<u>155,420.97</u>	<u>103,522.22</u>
SCHEDULE 'K' - Other Income		
Rent	63.96	36.30
Dividend on current investments	0.80	1.98
Profit on sale of investments	2.34	28.95
Profit on sale of assets	12.68	-
Provision for diminution in investments (no longer required)	-	7.90
Miscellaneous income	9.95	53.60
	<u>89.73</u>	<u>128.73</u>
SCHEDULE 'L' - Materials Cost		
Materials consumed		
Raw Material Stock at commencement	15,123.35	14,493.80
Add: Stock acquired on amalgamation	5,897.28	-
Add: Purchases	144,247.15	71,582.27
	<u>165,267.78</u>	<u>86,076.07</u>
Less: Sale of raw materials	1,933.89	334.77
Stock at close	35,627.09	15,123.35
	<u>37,560.98</u>	<u>15,458.12</u>
	<u>127,706.80</u>	<u>70,617.95</u>
Purchase of finished goods	6,916.83	8,253.33
Variation in stock of finished goods		
Stock at commencement	45,722.45	54,042.70
Add: Stock acquired on amalgamation	589.58	-
Less: Stock at close	48,696.51	45,722.45
	<u>(2,384.48)</u>	<u>8,320.25</u>
	<u>132,239.15</u>	<u>87,191.53</u>

SCHEDULE 'A' TO 'O' ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
SCHEDULE 'M' - Manufacturing & Other Expenses		
Manufacturing Expenses:		
Stores and spares consumed	383.39	146.11
Power and fuel	366.82	197.98
Processing expenses	3,116.04	1,202.00
Rent	50.06	40.54
Rates and taxes	33.11	14.54
Machinery repairs	15.63	2.06
Other manufacturing expenses	178.70	122.00
	4,143.75	1,725.23
Employees' Emoluments:		
Salaries, wages, gratuity, bonus etc.	3,161.84	1,526.86
Contribution to Provident and other funds	192.30	92.40
Welfare expenses	299.44	125.19
	3,653.58	1,744.45
Selling and Distribution Expenses		
Marketing / Advisory expenses	17.17	-
Freight and forwarding charges	183.75	73.45
Sales promotion expenses	199.24	70.41
Advertisement	26.70	44.04
Brokerage & Commission	366.65	79.45
Other Selling & Distribution expenses	554.25	354.65
	1,347.76	622.00
Other Expenses		
Insurance	274.59	217.66
Other repairs	175.25	115.01
Legal and professional charges	142.22	134.86
Travelling, conveyance and vehicle expenses	469.61	307.29
Miscellaneous expenses	1,443.34	1,228.51
Bad Debts written off	-	0.80
Remuneration to auditors	11.03	9.93
Contribution and donation	5.10	2.22
Provision for diminution in investments	0.46	-
Loss on sale / discarded assets	11.65	50.24
	2,533.25	2,066.52
	11,678.34	6,158.20
SCHEDULE 'N' - Finance Cost		
Interest		
On Term loan	1,118.09	868.67
To Banks	5,090.39	5,254.35
Others (net)	399.61	1,226.74
	6,608.09	7,349.76
Other charges	148.04	177.94
	6,756.13	7,527.70

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011**SCHEDULE 'O'****1. SIGNIFICANT ACCOUNTING POLICIES****A Basis of preparation of financial statements:**

- (i) The financial statements have been prepared and presented under the historical cost convention except for certain fixed assets which are revalued in accordance with the provisions of the Companies Act, 1956 and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006' by Central Government, to the extent applicable.
- (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 the financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to the accounting estimates is recognised prospectively in current and future periods.

C. Fixed assets and depreciation:

- i) Fixed assets are stated at acquisition/construction cost net of recoverable taxes and includes amounts added on revaluation less accumulated depreciation and impairment loss if any. Cost of construction include cost attributable to bring the asset to its intended use, and includes related borrowing costs and adjustment arising from exchange rate variation, attributable to fixed assets are capitalised.
- 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 and on amounts added on revaluation, depreciation is provided as aforesaid on residual life of the assets as certified by valuers.

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:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

F. Investments

Long term investments are stated at cost, less any other than, temporary diminution in value.

Current investments are carried at lower of cost or market/ fair value determined on an individual investment basis.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

G. Foreign currency transactions:

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are generally recognised in the profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rate on that date; the resultant exchange differences are recognized in the profit and loss account.

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 also recognised in Profit and Loss Account.

The exchange difference arising on translations and realised gains and losses on foreign currency transactions are generally recognised in Profit and Loss Account, except in case of long term liabilities where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of fixed assets.

Non-monetary foreign currency 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.

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:

a) *Short term employee benefits:*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the year.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)*(b) Post employment benefits:**i) Defined Contribution Plans:*

The Company's provident fund scheme is a defined contribution plan.

The Company's contribution paid/payable under the schemes is recognised as expense in the Profit and Loss account during the period in which the employee renders the related service. The Company makes specified monthly contributions towards employee provident fund.

(ii) Defined Benefit Plans:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees will earn in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary at each balance sheet date using the 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 obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

(iii) Other Long term employment benefits:

Company's liabilities towards Compensated Absences to employees are determined on the basis of valuations, as at balance sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the Profit and Loss Account.

L. Taxation:

Income tax expense comprises of current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

The deferred tax charge or credits and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is virtually/reasonably (as the case may be) certain to be realised.

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:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may or may not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

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.

P. Earnings per share ('EPS'):

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

Q. Employee stock option based compensation:

The Company calculates the compensation cost based on the intrinsic value method wherein the excess of value of underlying equity shares as of the date of the grant of options over the exercise price of such options is recognised and amortised over the vesting period on a straight line basis. The Company follows SEBI guidelines for accounting of employee stock options.

2. In terms of the Scheme of Arrangement (Scheme) sanctioned by the order dated 1st October 2010 of the Hon'ble High Court of Bombay, Shrenuj Diajewels Limited and Shrenuj Gems & Jewellery Limited, wholly owned subsidiaries, have been amalgamated with the Company w.e.f. 01-04-2010.

a) In accordance with the said Scheme:

(i) The asset and liabilities of the transferor companies are taken over at fair value under Purchase method of accounting for Amalgamation and the excess of fair value of assets over liabilities amounting to Rs.5,466.63 Lacs has been credited to the Amalgamation Reserve.

(ii) As per the scheme, some of the fixed assets of the transferee Company have also been revalued and an amount of Rs.13,511.14 Lacs is credited to Revaluation Reserve.

(iii) Consequent to the above, there is an additional charge for depreciation of Rs. 211.17 lacs for the year ended 31st March 2011. An amount of Rs. 138.38 lacs on the revalued assets of the transferee Company has been withdrawn from Revaluation Reserve and an amount of Rs. 72.79 lacs on the excess of fair value over book value of the assets of the transferor Companies has been withdrawn from Amalgamation Reserve as provided in the Scheme. This has no impact on the profit for the period.

b) Pursuant to the scheme, 60,22,525 equity shares of Rs. 2/- each were allotted on 27th October 2010 to the lenders of Unsecured loans at a price of Rs. 46.33 per share on conversion of the said loans into equity and accordingly a sum of Rs.2,669.79 lacs has been credited to Securities Premium Account.

c) The expenses including stamp duty on amalgamation amounting to Rs. 51.15 lacs have been charged to Amalgamation Reserve account.

d) With effect from effective date, the authorised capital of the Company has increased to Rs. 4,500 Lacs.

e) The Figures of current year include figures of amalgamating companies as explained above and are therefore to that extent not comparable with those of the previous year.

3 A (i) 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, 2011, amounting to Rs. 70.97 lacs (previous year notional gain Rs. 603.88 lacs) is reflected in the Hedging Reserve account.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

- (ii) 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, 2011:

Year	Number of Contracts	Notional	Fair Value Gain / (Loss)	Maturity period
Current Year	17	USD 14.46 million	Rs. 139.48 Lacs	Upto 3 yrs
Previous Year	41	USD 56.70 million	Rs. 788.05 Lacs	Upto 4 yrs

Subsequent to the balance sheet date (before finalising the accounts), the Company has utilised / cancelled forward contracts of USD 8.00 million (USD 12.40 million) without incurring any loss. The notional Mark to Market gain of Rs. 68.51 lacs (P.Y. Rs. 184.17 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. 70.97 lacs (P.Y. Rs. 603.88 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. 24,576.79 lacs (Rs. 104,722.00 lacs) whose fair value showed a net gain of Rs. 269.78 lacs (P.Y. loss Rs. 764.85 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. 19,593.30 lacs (P.Y. Rs. Nil) representing receivables and Rs. 75,814.39 lacs (previous year Rs. 15,448.27 lacs) representing payables.

B. 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 40,800 grams (P.Y. 1,000 grams.). The MTM gain of Rs. 18.89 lacs has been accounted for in the Profit and Loss Account.

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 2011 (Contd.)

	2010-2011 (Rs. in Lacs)	2009-2010 (Rs. in Lacs)
5. 1) Debtors includes debts due from Company under the same management SHL Gems & Jewellery Ltd.	88.56	133.30
2) Loans and Advances include Inter-corporate deposits with Company under the same management: SHL Gems & Jewellery Ltd.	-	92.96
6. a) Interest (others) is net of interest received	209.43	536.02
Tax Deducted at Source, on above	12.08	26.98
b) Exchange Fluctuations on monetary items (Net) Credited/(Debited) to Profit and Loss Account	(2,262.12)	(3,820.95)
c) Income/(Expenses) relating to previous year credited/debited to respective account	10.49	(7.92)
7. Payment to Auditors:		
Audit Fees	6.62	5.52
Taxation Matters	2.21	2.21
Tax Audit Fees	1.10	1.10
Certification Fees	1.10	1.10
	11.03	9.93
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	73,330.90	54,102.00
b) Disputed Income Tax Liabilities not provided for	136.04	112.52
c) Disputed Sales Tax Liabilities not provided for	3.76	3.76
d) Corporate Guarantee executed in favor of Third Party	238.16	7.00
e) Bond executed for import of Capital goods	164.89	137.50
f) Letter of Credit against import of goods	15,424.74	12,080.05
9. a) Managerial Remuneration:		
Salary	138.50	123.50
Perquisites	101.11	93.59
Commission on Net Profit	88.35	-
Contribution to Provident and Other Funds	23.37	19.61
	351.33	236.70
Commission on net profits to Non-Executive Directors	18.00	15.00
Directors' Sitting Fees	10.20	8.10
b) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956:		
Net Profit as per Profit & Loss Account	3,051.97	1,547.40
Add: Provision for Taxation	1,199.00	827.00
Depreciation	586.11	399.12
(Profit)/Loss on sale of Fixed Assets	(1.03)	50.24
(Profit)/Loss on sale of Investments	(2.34)	(28.95)
Provision for dimunition	0.46	(7.90)
Directors' Sitting Fees	10.20	8.10
Director's Remuneration	351.33	236.70
Commission on Net Profit to Non-Executive Directors	18.00	15.00
	5,213.70	3,046.71

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
Less: Depreciation under Section 350	797.27	399.12
Net (Profit)/Loss on Sale of Fixed Assets	(1.03)	50.24
	<u>4,417.46</u>	<u>2,597.35</u>
Commission to Chairman and Managing Director @ 1% on Net Profit and to Executive Directors @ 0.50% on Net Profit	44.17	-
	<u>44.18</u>	-
Restricted to, as per Shareholders' Resolution	88.35	-
Commission to Non-Executive Directors @ 1% on Net Profit	44.17	25.97
Restricted by the Board of Directors to	18.00	15.00

10 Licensed and Installed Capacity and Production:
Information in respect of goods manufactured:
 Processed polished diamonds and studded jewellery

	Units	Licence Capacity	Installed Capacity	Production
Diamonds	Carats	Not Applicable	Not Applicable	381677* (314578)
Studded Jewellery	Nos.	— DO —	— DO —	417072 (30381)

* Including manufactured by other on job work basis

11. Value of imported and indigenous Consumption:

	2010-2011		2009-2010	
	(Rs.in Lacs)	%	(Rs.in Lacs)	%
(i) Raw Materials:				
Directly Imported	72,051.08	56.42	53,510.30	75.77
Indigenously obtained	55,655.72	43.58	17,107.65	24.23
	<u>127,706.80</u>	<u>100.00</u>	<u>70,617.95</u>	<u>100.00</u>
(ii) Stores and Spares parts:				
Directly Imported	58.71	15.31	20.84	14.26
Indigenously obtained	324.68	84.69	125.27	85.74
	<u>383.39</u>	<u>100.00</u>	<u>146.11</u>	<u>100.00</u>

	2010-2011 (Rs.in Lacs)	2009-2010 (Rs.in Lacs)
12. Value of Imports on C.I.F. Basis:		
Raw Materials / Purchases	85,060.36	57,550.57
Capital Goods	144.61	101.78
Stores and Spare parts	74.64	22.11

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

	2010-2011 (Rs.in Lacs)	2009-2010 (Rs.in Lacs)
13. Expenditure in Foreign Currency		
Commission	-	9.58
Foreign Travelling	102.08	48.99
Marketing Expenses	36.88	54.02
Export Commission	276.62	21.68
Legal & Professional Charges	40.31	24.12
Interest	432.97	720.30
Others	217.17	57.20
14. Earning in Foreign Exchange:		
F.O.B. Value of goods exported	116,605.60	76,182.68
15. Remittance in Foreign Currency on account of Dividend:		
(a) Year to which dividend relates	2009-10	2008-09
(b) Number of non-resident shareholders whom remittance was made	34	33
(c) Number of Equity Shares on which remittance was made	1,711,570	33,000
	of Rs. 2 each	of Rs. 2 each
(d) Net amount remitted (Rs. in Lacs)	8.56	0.12
16. Earnings Per Share		
i) Profit after Tax available for Equity shareholders	3,051.97	1,550.75
ii) Weighted average number of equity shares		
For Basic & Diluted	75,824,810	69,322,620
iii) Earnings Per Share of Rs.2 each		
Basic & Diluted Rs.	4.03	2.24

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

18. The Ministry of Corporate Affairs, Government of India vide its General Notification No. S.O.301(E) dated 8th February 2011 issued under Section 211 (3) of the Companies Act, 1956 has exempted certain class of Companies from disclosing certain information in their Profit and Loss Account. The Company being an "export oriented company" is entitled to the exemption. Accordingly, disclosures mandated by paragraphs 3(i)(a), 3 (ii) (a), 3(ii) (b) and 3(ii) (d) of Part II, Schedule VI to the Companies Act, 1956 have not been provided.

19. The Ministry of Corporate Affairs, Government of India vide its General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been attached to the Consolidated Financial Statements.

20. Segment Information for the year ended 31 March 2011:

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 2011 (Contd.)

21. 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.104.06 lacs (Rs. 62.95 lacs) for Provident Fund and Rs.12.04 lacs (Rs 9.15 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. 52.64 Lacs (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)		
	2010-2011	2009-2010	2008-2009	2010-2011	2009-2010	2008-2009
a. Reconciliation of opening and closing balances of Defined Benefit Obligation:						
Liability at the beginning of the year	80.99	131.90	123.41	183.99*	136.10	128.41
Current service cost	9.27	12.26	11.74	35.84	18.37	15.45
Interest cost	6.48	6.92	6.24	15.27	9.02	10.10
Acturial (Gain) / Loss	57.58	(57.89)	10.71	4.46	4.68	17.18
Benefit paid	(5.25)	(12.20)	(20.20)	-	(39.50)	(35.04)
Liability at the end of the year	149.07	80.99	131.90	239.56	128.67	136.10
b. Reconciliation of opening and closing balances of Fair Value of Planned Assets:						
Fair Value of planned assets at the beginning of the year	116.57	57.29	59.85	27.06	61.49	94.81
Expected return on planned asset	10.56	8.99	4.14	2.25	3.34	6.18
Employers' contribution	-	82.02	13.50	-	-	100.00
Acturial gain / (loss)	-	(19.53)	-	(0.57)	(1.73)	(4.46)
Benefit paid	(5.25)	(12.20)	(20.20)	-	(39.50)	(35.04)
Fair Value of planned assets at the end	121.88	116.57	57.29	28.74	27.06	61.49
Actual return on planned assets	10.56	8.99	4.14	2.25	3.34	(21.65)
c. Amount recognised in the Balance Sheet						
Liability at the end of the year	149.07	80.99	131.90	239.56	128.67	136.10
Fair Value of planned assets at the end of the year	121.88	116.57	57.29	28.74	27.06	61.49
Amount recognised in the Balance Sheet	27.19	(35.58)	74.61	210.82	101.61	74.61
d. Expenses recognised in the Profit & Loss account:						
Current service cost	9.27	12.26	11.74	35.84	18.37	15.45
Interest cost	6.48	6.92	6.24	15.27	9.02	10.10
Expected return on planned asset	(10.56)	(8.99)	(4.14)	(2.25)	(3.34)	(6.18)
Acturial (Gain) / Loss	57.58	(38.36)	10.71	5.03	2.95	21.65
Net expense recognised in Profit & Loss account	62.77	(28.17)	24.55	53.89	27.00	41.02

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

e. Investment details:

Insurance Policies	% invested	% invested	% invested	% invested	% invested	% invested
	100.00	100.00	100.00	100.00	100.00	100.00

f. Acturial 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	8.25	8.30	8.30
Expected rate of return on planned assets	8.00	8.00	8.00	8.25	8.30	8.30
Salary escalation (per annum)	4.00	4.00	4.00	8.00	5.00	5.00

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

* The above amount includes opening balance of amalgamated companies amounting to Rs 55.32 lacs.

22. 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 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
Ithemba Diamonds (Pty) Ltd	Wholly owned subsidiary
Uxolo Diamond Cutting Works (Pty) Limited	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

* Amalgamated with the Company w.e.f. 1st Apr'10

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)**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 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

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:

	2010-2011	2009-2010
	(Rs. in Lacs)	(Rs. in Lacs)
1) Purchase of Raw Materials / Finished goods		
Shrenuj Diajewels Limited	—	574.65
Shrenuj USA LLC	107.04	95.42
Intergems H.K. Ltd.	3,014.35	4,220.20
Shrenuj Jewellery (Far East) Ltd.	3,551.29	—
Jomard SAS	21.98	—
SWA Trading Ltd.	57.75	213.81
Shrenuj GmbH	11.21	—
Shrenuj Australia Pty. Ltd.	37.61	—
Shrenuj N.V.	31,544.12	19,274.31
Shrenuj DMCC	7,105.97	5,597.43
Astral Jewels, LLC	—	21.91
Kiara Jewellery Pvt. Limited	54.32	0.26
SHL Gems & Jewellery Limited	0.88	61.64
Shrenuj Japan Corporation	13.04	—
Simon Golub & Sons	1,027.53	258.61
Trapz LLC	—	45.94
Shrenuj Gems & Jewellery Ltd	—	2,254.09
Alija International Pty Ltd.	80.91	17.79
Shrenuj Botswana Pty Ltd.	8,732.42	658.00

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

	2010-2011 (Rs. in Lacs)	2009-2010 (Rs. in Lacs)
2) Sale of Raw Materials / Finished goods		
Shrenuj Diajewels Limited	—	603.34
Shrenuj USA, LLC	6,436.35	861.19
Matts Jewellery LLC	—	6.41
Shrenuj DMCC	11,400.46	9,506.55
Shrenuj N.V.	16,430.51	3,800.14
Intergems H.K. Ltd.	9,603.84	11,256.18
Daily Jewellery Ltd.	47.88	26.54
Astral Jewels LLC	—	200.54
SWA Trading Ltd.	—	95.93
Shrenuj GmbH	747.22	122.73
Shrenuj Australia Pty. Ltd.	181.29	—
SHL Gems & Jewellery Ltd.	29.79	22.23
Kiara Jewellery Pvt. Ltd.	539.05	40.96
Shrenuj Jewellery (Far East) Ltd.	702.19	64.37
Shrenuj Japan Corporation	34.53	30.20
Simon Golub & Sons	4,832.30	2,869.62
Alija International Pty. Ltd.	8.21	82.94
Trapz LLC	—	14.14
Shrenuj Gems & Jewellery Ltd	—	718.37
Shrenuj Botswana Pty Ltd.	56.55	632.35
3) Other Services Rendered		
Shrenuj Diajewels Ltd.	—	1.10
K. K. Doshi & Co.	—	0.30
Shrenuj Overseas Ltd.	—	0.15
Shrenuj USA	1.46	0.64
Alija International Pty Ltd.	—	0.79
Simon Golub & Sons	14.77	—
4) Other Services Received		
Shrenuj Overseas Ltd.	—	—
Shrenuj GmbH	0.47	—
Shrenuj Diajewels Ltd.	—	29.56
SHL Gems & Jewellery Ltd.	—	—
Shrenuj Gems & Jewellery Ltd.	—	41.19
Shrenuj NV	—	9.86

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

	2010-2011 (Rs. in Lacs)	2009-2010 (Rs. in Lacs)
5 A) Interest received		
SHL Gems & Jewellery Ltd.	—	5.05
Kiara Jewellery Pvt. Ltd.	0.27	—
5 B) Interest Paid		
Shrenuj Investments & Finance Pvt. Ltd.	84.54	13.06
Kiara Jewellery Pvt. Ltd.	—	10.02
6) Sale of Fixed Assets		
Shrenuj Botswana Pty Ltd.	15.26	28.34
Kiara Jewellery Pvt. Ltd.	—	10.59
7) Outstanding Receivable		
Shrenuj Diajewels Ltd.	—	232.49
Shrenuj USA, LLC	1,856.45	132.47
Shrenuj N.V.	9,888.86	1,979.36
Shrenuj DMCC	9,192.57	6,603.78
Intergems H.K. Ltd.	4,922.12	7,384.83
Shrenuj GmbH	923.99	227.98
Astral Jewels LLC	—	415.87
Shrenuj Jewellery (Far East) Ltd.	560.88	2.47
SWA Trading Ltd.	—	13.12
SHL Gems & Jewellery Ltd.	88.56	133.30
Alija International Pty. Ltd.	0.76	76.50
Shrenuj Japan Corporation	57.31	18.80
Simon Golub & Sons	1,560.11	144.81
Shrenuj Overseas Ltd.	—	0.15
Shrenuj Gems & Jewellery Ltd.	—	312.93
Daily Jewellery Ltd.	29.06	9.74
Trapz LLC	—	37.47
Shrenuj Botswana Pty Ltd.	64.10	609.68
Shrenuj Australia Pty Ltd	135.89	—

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

	2010-2011 (Rs. in Lacs)	2009-2010 (Rs. in Lacs)
8) Outstanding Payable		
Shrenuj Diajewels Ltd.	—	111.41
Intergems H. K. Ltd.	1,465.05	2,033.63
Shrenuj Jewellery (Far East) Ltd.	2,022.80	13.35
SWA Trading Ltd.	—	116.94
Shrenuj USA, LLC	190.18	40.14
Shrenuj GmbH	6.30	42.10
Shrenuj N.V.	13,705.80	11,427.94
Shrenuj DMCC	5,323.06	3,147.42
Simon Golub & Sons	556.71	37.52
Shrenuj Australia Pty Ltd	37.00	—
Alija International Pty. Ltd	39.84	0.02
Trapz LLC	—	36.78
Daily Jewellery Ltd.	—	6.50
Shrenuj Gems & Jewellery Ltd.	—	1,150.71
Shrenuj Botswana Pty Ltd.	7,562.82	631.37
Shrenuj Japan Corporation	46.38	—
Shrenuj Lifestyle Limited	1,442.48	—
9) Investments		
Shrenuj (Mauritius) Pvt. Ltd.	—	93.50
10) Guarantees outstanding		
Astral Holding Inc	7,359.00	4,042.80
Shrenuj Diajewels Ltd	—	4,700.00
Shrenuj N.V.	24,530.00	14,149.80
Shrenuj DMCC	8,697.00	5,390.40
Intergems H.K. Ltd.	9,812.00	9,882.40
SWA Trading Ltd.	1,338.00	1,347.60
Kiara Jewellery Pvt. Ltd.	1,458.00	1,458.00
Shrenuj Gems & Jewellery Ltd.	—	4,147.00
Simon Golub & Sons	8,920.00	8,984.00
Shrenuj Botswana Pty Ltd.	9,098.40	—
Shrenuj U.S.A	1,338.00	—
Shrenuj Jewellery (Far East) Ltd.	780.50	—

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

11) Inter Corporate Deposits given	Opening Balance	Given during the year	Repaid during the year	Closing Balance
Shrenuj Japan Corporation	84.00	—	0.60	83.40
	(94.83)	(8.87)	(19.70)	(84.00)
Astral USA Inc	27.96	—	0.20	27.76
	(31.57)	(3.02)	(6.63)	(27.96)
Astral Holding Inc	5,730.97	347.20	—	6,078.17
	(6,214.81)	(400.90)	(884.74)	(5,730.97)
Shrenuj Lifestyle Limited	—	153.00	137.86	15.14
	—	—	—	—
Shrenuj Gems & Jewellery Ltd	684.23	—	684.23*	—
	(600.26)	(210.56)	(126.59)	(684.23)
SHL Gems & Jewellery Ltd	—	—	—	—
	(92.96)	(—)	(92.96)	(—)

* Adjusted on amalgamation

12) Unsecured Loans received				
Shrenuj Investment & Finance Pvt. Ltd.	167.00	5,118.00	285.00	5,000.00
	(77.00)	(90.00)	—	(167.00)
Kirtilal K. Doshi	471.00	—	471.00	—
	(395.00)	(76.00)	—	(471.00)
Vishal S. Doshi	316.00	162.00	476.00	2.00
	(250.00)	(66.00)	—	(316.00)
Anuj K. Doshi	18.72	91.00	102.72	7.00
	(18.72)	—	—	(18.72)
Suman K. Doshi	113.00	55.00	153.00	15.00
	(60.00)	(53.00)	—	(113.00)
Shreyas K. Doshi	1,443.52	320.00	1,755.82	7.70
	(1,487.00)	(1,361.00)	(1,404.48)	(1,443.52)
Nihar N. Parikh	5.00	—	5.00	—
	(5.00)	—	—	(5.00)
Geeta S Doshi	5.00	—	5.00	—
	—	(5.00)	—	(5.00)
Aman Doshi Trust	—	150.00	150.00	—
	—	—	—	—
Prest Impex Pvt Ltd	—	200.00	100.00	100.00
	—	—	—	—

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

	2010-11	2009-10
1 Remuneration to Directors (Details in Corporate governance report)	351.33	236.70
2 Interest payable to Director	61.35	118.64
3 Interest paid to relative (Mrs. Anjali P. Mehta)	0.35	0.64

As per our Report of even date

For **RAJENDRA & CO.,**
Chartered Accountants**Akshay R. Shah**
Partner

MUMBAI, 28th May, 2011

Shreyas K. Doshi
Chairman & Managing Director**Sanjay M. Abhyankar**
Company Secretary**Dr. Surendra A. Dave**
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Directors

MUMBAI, 28th May, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1	Registration Details	
	Company Identification Number	L99999MH1982PLC026903
	State Code	11
	Balance Sheet Date	31st March, 2011
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	202,906.32
	Total Assets	202,906.32
	Sources of Funds	
	Paid-up Capital	1,519.70
	Reserves & Surplus	46,974.26
	Secured Loans	86,016.92
	Unsecured Loans	6,318.25
	Deferred Tax	829.60
	Application of Funds:	
	Net Fixed Assets	25,133.95
	Investments	11,642.67
	Net Current Assets	104,882.11
	Misc. Expenditure	-
	Accumulated Losses	-
4	Performance of Company	
	Turnover	155,510.70
	Total Expenditure	151,259.73
	Profit before tax	4,250.97
	Profit after tax	3,051.97
	Earning Per Share (Rs.)	4.03
	Dividend Rate %	30%
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

AUDITOR'S 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 2011, and the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended 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.136,260.85 Lacs as at 31st March 2011, total revenues of Rs.197,579.72 Lacs and net cash flows amounting to Rs. 292.05 Lacs for the year then ended and financial statement of six associates in which the share of profit of the Company is Rs. 265.71 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 information as provided by the Management in respect of twelve subsidiary companies, which reflect total assets of Rs.23,542.38 Lacs as at 31st March, 2011, total revenues of Rs.9,928.56 Lacs and net cash flows amounting to Rs(366.07) 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' issued by the Institute of Chartered Accountants of India and Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India
6. On the basis of the information and explanations given to us 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, we are of the opinion that the said 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, 2011;
 - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of the operations of the Group for the year then ended; and
 - c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year then ended.

For **RAJENDRA & CO.**
Chartered Accountants
(Firm Registration No. 108355W)

Akshay R. Shah
Partner
Membership No: 103316

Mumbai
Dated: 28th May, 2011

CONSOLIDATED BALANCE SHEET OF SHRENUJ & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES AS AT 31ST MARCH, 2011

	SCHEDULE	31ST MARCH 2011 (Rupees in lacs)	31ST MARCH 2010 (Rupees in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	1,519.70	1,386.45
Reserves and Surplus	B	51,397.33	28,743.60
		52,917.03	30,130.05
Minority Interest	C	1,087.25	1,222.00
Loan Funds			
Secured Loans	D	136,512.20	121,055.23
Unsecured Loans	E	9,987.79	6,405.35
		146,499.99	127,460.58
Deferred Tax Liability (Net)	F	454.03	391.71
		200,958.30	159,204.34
APPLICATION OF FUNDS			
Fixed Assets	G		
Gross Block		33,324.87	19,456.47
Less: Depreciation		6,032.91	5,091.97
Net Block		27,291.96	14,364.50
Capital work in progress		3,853.62	759.98
Investments	H	2,011.91	1,712.18
Current Assets, Loan and Advances:	I		
Inventories		127,086.66	94,915.24
Sundry Debtors		85,288.93	79,093.24
Cash and Bank Balances		8,723.49	9,854.60
		221,099.08	183,863.08
Loans and Advances		10,326.40	5,917.31
		231,425.48	189,780.39
Less: Current Liabilities and Provisions:	J		
Current Liabilities		60,185.51	45,589.66
Provisions		3,478.02	1,866.32
		63,663.53	47,455.98
Net Current Assets		167,761.95	142,324.40
Preliminary expenses to the extent not written off		38.86	43.28
		200,958.30	159,204.34
Notes forming part of the accounts	P		

As per our Report of even date

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

Akshay R. Shah
Partner

MUMBAI, 28th May, 2011

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. Surendra A. Dave
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Directors

MUMBAI, 28th May, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF SHRENUJ & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	YEAR ENDED 31ST MARCH, 2011 (Rupees in lacs)		YEAR ENDED 31ST MARCH, 2010 (Rupees in lacs)
INCOME:				
Sales and Services	K	245,651.52		188,995.87
Other Income	L	1,117.45		850.05
		<u>246,768.97</u>		<u>189,845.92</u>
EXPENDITURE:				
Materials Cost	M	206,134.88		154,451.96
Manufacturing and Other expenses	N	23,753.93		19,722.24
Finance Cost	O	8,891.27		9,260.98
Depreciation		1088.85		
Less: Transferred from Reserves		<u>211.17</u>	<u>877.68</u>	<u>874.74</u>
			<u>239,657.76</u>	<u>184,309.92</u>
Profit before Taxation			7,111.21	5,536.00
Less: Provision for taxation:				
Current Tax		1,247.09		992.09
Deferred Tax		17.23	1,264.32	(316.55)
			<u>5,846.89</u>	<u>4,860.46</u>
Profit after Taxation			265.71	127.85
Share of Profit / (Loss) in Associate				127.57
Share of (Profits) / Loss transferred to minority			<u>(6.01)</u>	<u>127.57</u>
Profit after Taxation			6,106.59	5,115.88
Tax in respect of earlier year			(65.99)	3.35
Add/(Less) :Prior period expenses			<u>(356.13)</u>	<u>(41.74)</u>
			<u>5,684.47</u>	<u>5,077.49</u>
Add: Balance brought forward		12,617.54		8,152.36
Less: Adjusted on amalgamation		<u>(3,260.88)</u>	<u>9,356.66</u>	<u>13,229.85</u>
			<u>15,041.13</u>	<u>13,229.85</u>
APPROPRIATION				
Transfer to General Reserve			359.29	206.41
Proposed Dividend			457.29	348.09
Tax on Proposed Dividend			74.19	57.81
Balance carried to Balance Sheet			<u>14,150.36</u>	<u>12,617.54</u>
			<u>15,041.13</u>	<u>13,229.85</u>
Earning per Share of Rs.2 each (Rs.)				
- Basic & Diluted			7.50	7.32
Notes forming part of the accounts	P			

As per our Report of even date

For **RAJENDRA & CO.**,
Chartered Accountants**Akshay R. Shah**
Partner

MUMBAI, 28th May, 2011

Shreyas K. Doshi
Chairman & Managing Director**Sanjay M. Abhyankar**
Company Secretary**Dr. Surendra A. Dave**
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Directors

MUMBAI, 28th May, 2011

CONSOLIDATED CASH FLOW OF SHRENUJ & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011	(Rupees in Lacs) 2009-2010
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and after extraordinary items	7,111.21	5,536.00
Adjustments for:		
Depreciation	877.68	874.74
Provision for Leave Encashment	279.55	(55.12)
(Profit)/Loss on sale of Assets	1.22	46.11
(Profit)/Loss on sale of Investments	(0.46)	(36.90)
Deferred revenue expenditure	5.62	5.60
Dividend received	(0.80)	(1.98)
Deferred employee compensation	61.21	—
Provision for Doubtful Debts and Bad Debts	1.66	68.59
Interest Expenses (Net)	8,891.27	9,260.98
Effect of exchange rate change	1,243.57	3,820.95
	<u>11,360.52</u>	<u>13,982.97</u>
Operating Profit before working capital changes	18,471.73	19,518.97
Adjustments for:		
Trade and Other receivables	(10,535.48)	(21,021.84)
Inventories	(32,171.42)	5,136.50
Trade Payables	15,768.93	437.53
Cash generated from operations	(8,466.24)	4,071.16
Direct Taxes paid	(1,036.50)	(263.49)
Net Cash Flow from operating activities	(9,502.74)	3,807.67
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(1,818.20)	(1,321.63)
Purchase of Investments	(299.73)	(730.10)
Sale of Fixed Assets	423.92	0
Dividend received	0.80	1.98
Interest Income	282.73	875.50
Net Cash used in investing activities	(1,410.48)	(1,174.25)

CONSOLIDATED CASH FLOW OF SHRENUJ & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2011

	(Rupees in Lacs)	
	2010-2011	2009-2010
(C) CASH FLOW FROM FINANCE ACTIVITIES:		
Proceeds from Share Capital	12.80	-
Proceeds from Premium	121.57	-
Amalgamation expense	(51.14)	-
Capital contributed by Minority (adjusted for their share of loss)	(140.76)	(430.08)
Increase in Secured Borrowings from Banks	15,456.97	3,829.11
Increase/(Decrease) in Unsecured borrowings	3,582.44	(2,097.84)
Interest Paid (Net)	(9,061.52)	(10,152.50)
Dividends paid	(292.44)	(254.86)
Tax on Dividend	(57.81)	(42.41)
Effects of exchange rate change	212.00	(342.37)
Net Cash used in financing activities	9,782.11	(9,490.95)
Net increase in cash and cash equivalents (A+B+C)	(1,131.11)	(6,857.53)
Opening Balance of Cash and Cash equivalent	9,854.60	16,712.13
Closing Balance of Cash and Cash equivalent	8,723.49	9,854.60

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 Companies (Accounting Standard) Rules, 2006.

As per our Report of even date

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

Akshay R. Shah
Partner

MUMBAI, 28th May, 2011

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. Surendra A. Dave
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Directors

MUMBAI, 28th May, 2011

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
SCHEDULE 'A' - Share Capital		
Authorised 22,50,00,000 Equity Shares of Rs. 2/- each (17,50,00,000)	<u>4,500.00</u>	<u>3,500.00</u>
Issued, Subscribed and Paid-up : 7,59,84,995 (6,93,22,620) Equity Shares of Rs. 2/- each fully paid-up	<u>1,519.70</u>	<u>1,386.45</u>
	<u>1,519.70</u>	<u>1,386.45</u>

Notes:

- 1) Of the above Equity shares:
 - a) 1,41,22,325 (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 2010-11 the Company has granted Nil (P.Y. 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. During the year, 639,850 (P.Y. - Nil) equity shares have been allotted to eligible employees / Directors of the Company and its subsidiaries on exercise of options.

SCHEDULE 'B' - Reserves and Surplus

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
Revaluation Reserve		
Addition during the year	13,511.14	—
Less: Transferred to Profit & Loss Account	(138.38)	—
	<u>13,372.76</u>	—
Capital Reserve		
As per last Balance Sheet	203.34	203.34
Capital Reserve upon consolidation	638.78	641.42
Less: Goodwill Written Off	638.78	641.42
	<u>203.34</u>	203.34
Amalgamation Reserve		
As per last Balance Sheet	303.21	303.21
Additions during the year	5,466.63	—
Less: Amalgamation Expenses	(51.15)	—
Less: Transferred to Profit & Loss Account	(72.79)	—
	<u>5,645.90</u>	303.21
Securities Premium Account		
As per last Balance Sheet	5,853.52	5,853.52
Additions during the year	2,826.87	—
	<u>8,680.39</u>	5,853.52
General Reserve		
As per last Balance Sheet	10,315.61	10,109.20
Add: Transferred from Profit & Loss Account	359.29	206.41
	<u>10,674.90</u>	10,315.61
Exchange Fluctuation Reserve	(1,401.29)	(1,153.50)
Hedging Reserve (Refer note no. 5)	70.97	603.88
Surplus as per Profit and Loss Account	<u>14,150.36</u>	<u>12,617.54</u>
	<u>51,397.33</u>	<u>28,743.60</u>

SCHEDULES TO THE CONSOLIDATED ACCOUNTS (Contd.)

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
SCHEDULE 'C' - Minority Interest		
Minority Interest	<u>1,087.25</u>	<u>1,222.00</u>
SCHEDULE 'D' - Secured Loans		
Term Loan from Banks	6,359.93	8,326.72
Term Loan from a company	34.24	—
Working Capital Term Loan from Banks	5,046.74	5,029.58
Working Capital Loan from Banks	124,995.37	106,760.35
Short Term Loan from banks	<u>75.92</u>	<u>938.58</u>
	<u>136,512.20</u>	<u>121,055.23</u>
SCHEDULE 'E' - Unsecured Loans		
Long Term Loans		
Inter Corporate Deposit	<u>5,000.00</u>	—
	<u>5,000.00</u>	—
Short term Loans from:		
Companies	3,323.17	1,551.38
Directors	9.70	2,235.52
Shareholders	22.00	191.72
Financial Institution	900.00	—
Fixed Deposits	80.00	196.00
Others	<u>444.40</u>	<u>2,165.40</u>
	<u>4,779.27</u>	6,340.02
Temporary Bank Overdraft, since repaid	<u>208.52</u>	<u>65.33</u>
	<u>9,987.79</u>	<u>6,405.35</u>
SCHEDULE 'F' - Deferred Tax		
Deferred Tax Assets and Liabilities		
Assets		
Others	<u>439.78</u>	<u>470.23</u>
	<u>439.78</u>	<u>470.23</u>
Liability		
Depreciation	<u>893.81</u>	<u>861.94</u>
	<u>454.03</u>	<u>391.71</u>
	<u>454.03</u>	<u>391.71</u>

SCHEDULES TO THE CONSOLIDATED ACCOUNTS (Contd.)

SCHEDULE 'G' - Fixed Assets

(Rupees in Lacs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01/04/2010	Additions/ Adjustments	Deduction	As At 31/03/2011	Up to 01/04/2010	For the Year	Deduction	Up to 31/03/2011	As At 31/03/2011	As At 31/03/2010
Freehold Land	545.01	6,209.58	-	6,754.59	-	-	-	-	6,754.59	545.01
Leasehold Land	550.77	170.00	-	720.77	15.70	3.40	-	19.10	701.17	535.07
Buildings*	6,081.57	6,787.09	259.05	12,609.61	569.42	272.76	2.85	839.33	11,770.78	5,512.15
Leasehold Improvements	380.30	70.98	-	451.28	281.10	34.32	-	315.42	135.43	99.20
Plant & Machinery	3,344.98	400.03	36.54	3,708.47	838.15	177.24	8.23	1,007.16	2,701.31	2,506.83
Electrical Installations	726.41	23.76	0.41	749.76	218.95	34.45	0.19	253.21	496.55	507.46
Office Equipments	2,708.62	281.12	102.49	2,887.25	1,458.59	269.30	28.45	1,699.44	1,185.56	1,250.03
Furniture & Fixtures	2,154.84	98.45	21.84	2,231.45	1,115.00	116.17	20.31	1,210.86	1,020.59	1,039.84
Vehicles	663.31	132.73	141.41	654.63	328.72	72.60	87.01	314.31	340.32	334.59
Yacht	44.52	-	-	44.52	9.96	3.15	-	13.11	31.41	34.56
Intangible Assets :										
Computer Software	409.01	23.67	2.68	430.00	200.57	76.26	0.87	275.96	156.72	208.44
Trade Mark	1,226.73	239.49	-	1,466.22	40.92	12.98	-	53.90	1,412.32	1,185.81
Technical Knowhow	81.12	-	-	81.12	14.89	16.22	-	31.11	50.01	66.23
Goodwill	539.28	4.55	8.63	535.20	-	-	-	-	535.20	539.28
Total.....	19,456.47	14,441.45	573.05	33,324.87	5,091.97	1,088.85	147.91	6,032.91	27,291.96	14,364.50
Work in progress at cost and advance Payments against capital expenditure									3,853.62	759.98
									31,145.58	15,124.48
Previous Year	16,477.83	3,341.06	362.42	19,456.47	4,372.97	874.74	155.74	5,091.97	14,364.50	

Notes:

Gross Block & CWIP includes Rs. 13,511.14 lacs added on revaluation of Land, Building and Office Premises as at 1st Apr'10 based on reports issued by independent valuer and Rs. 2,205.74 lacs being added on account of fair valuation of Amalgamating Companies.

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

31ST MARCH, 2011
(Rupees in Lacs)

31ST MARCH, 2010
(Rupees in Lacs)

SCHEDULE 'H' - Investments

Investment - Others	265.02	167.82
Investment in Associates	1,746.89	1,544.36
	2,011.91	1,712.18

SCHEDULES TO THE CONSOLIDATED ACCOUNTS (Contd.)

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (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	158.74	99.17
Raw Materials	40,578.98	30,607.08
Finished Goods	86,348.94	64,208.99
	<u>127,086.66</u>	<u>94,915.24</u>
Sundry Debtors		
Unsecured, Considered doubtful	0.78	8.53
Unsecured, Considered good	85,288.93	79,093.24
	<u>85,289.71</u>	<u>79,101.77</u>
Less: Provision for Doubtful Debts	0.78	8.53
	<u>85,288.93</u>	<u>79,093.24</u>
Cash and Bank Balances		
Cash on hand	41.40	71.97
Balance with Scheduled Banks		
In Current Accounts	3,732.62	6,215.13
In Fixed Deposits	2,361.91	2,072.65
In Margin Deposit Accounts	2,587.56	1,494.85
	<u>8,723.49</u>	<u>9,854.60</u>
	<u>221,099.08</u>	<u>183,863.08</u>
B. Loans & Advances		
(Unsecured, Considered good)		
Due from Associate Companies	285.04	—
Advance for Raw Materials	1,631.27	14.51
Advance recoverable in cash or in kind or for value to be received	6,273.54	4,763.63
Advance Taxes	2,136.55	1,139.17
	<u>10,326.40</u>	<u>5,917.31</u>
	<u>231,425.48</u>	<u>189,780.39</u>
SCHEDULE 'J' - Current Liabilities and Provisions		
A. CURRENT LIABILITIES		
Sundry Creditors		
Due to micro, small and medium enterprises	—	—
Others	60,039.21	45,555.82
Unpaid Dividend *	26.70	26.72
Interest Accrued but not due	119.60	7.12
	<u>60,185.51</u>	<u>45,589.66</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
Provision for Leave Encashment & Gratuity	497.40	217.85
Provision for taxation	2,450.54	1,228.83
Provision for Fringe Benefit Tax	—	13.74
Proposed Dividend	456.09	348.09
Tax on Proposed Dividend	73.99	57.81
	<u>3,478.02</u>	<u>1,866.32</u>
	<u>63,663.53</u>	<u>47,455.98</u>

SCHEDULES TO THE CONSOLIDATED ACCOUNTS (Contd.)

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
SCHEDULE 'K' - Sales and Services		
Sales	243,091.80	186,802.39
Service charges	2,559.72	2,193.48
	<u>245,651.52</u>	<u>188,995.87</u>
SCHEDULE 'L' - Other Income		
Profit on Sale of Investments	2.34	36.90
Profit on Sale of assets	12.68	—
Miscellaneous Income	822.02	617.19
Commission Income	209.69	120.99
Dividend on current investments	0.80	1.98
Insurance Claim	5.96	—
Rent	63.96	72.99
	<u>1,117.45</u>	<u>850.05</u>
SCHEDULE 'M' - Materials Cost		
Materials Consumed*		
Stock at Commencement	26,053.49	22,610.85
Add: Purchases	162,595.74	110,382.31
	<u>188,649.23</u>	132,993.16
Less: Sale of Raw Materials	2,084.55	1,683.65
Stock at Close	41,199.16	26,337.69
Less: Stock Reserve	(620.19)	(284.20)
	<u>40,578.97</u>	26,053.49
	<u>145,985.71</u>	105,256.02
Purchase of Finished Goods	77,735.54	40,549.82
Variation in Stock of Finished Goods		
Stock at Close	86,348.95	68,762.58
Less: Stock at Commencement	68,762.58	77,408.70
	<u>(17,586.37)</u>	8,646.12
	<u>206,134.88</u>	<u>154,451.96</u>

(*) includes exchange difference loss on restatement Rs. 216.36 lacs (P.Y. gain of Rs. 3,014.63 lacs)

SCHEDULES TO THE CONSOLIDATED ACCOUNTS (Contd.)

	31ST MARCH, 2011 (Rupees in Lacs)	31ST MARCH, 2010 (Rupees in Lacs)
SCHEDULE 'N' - Manufacturing and Other Expenses		
Manufacturing Expenses:		
Stores and spares consumed	464.84	309.40
Power and Fuel	383.24	333.30
Processing Expenses	3,177.57	2,108.31
Rent	367.45	906.28
Rates and Taxes	33.11	34.87
Machinery repairs	31.45	29.63
Other Manufacturing Expenses	441.43	686.07
	4,899.09	4,407.86
Employees' Emoluments:		
Salaries, wages, gratuity, bonus etc.	7,824.38	7,046.12
Contribution to Provident and other funds	443.10	205.51
Welfare expenses	718.70	408.75
	8,986.18	7,660.38
Selling and Distribution Expenses		
Marketing Advisory Fees	102.60	70.27
Freight and forwarding charges	420.42	355.06
Sales Promotion Expenses	268.61	120.24
Advertisement	608.82	434.50
Brokerage & Export Commission	1,578.62	1,221.66
Other Selling and Distribution Expenses	1,341.61	1,138.61
	4,320.68	3,340.34
Other Expenses		
Insurance	536.20	803.52
Other Repairs	238.53	191.52
Legal and Professional Charges	757.31	507.27
Travelling, Conveyance and Vehicle expenses	895.88	631.51
Miscellaneous Expenses	3,023.26	1,989.58
Remuneration to Auditors	34.15	66.61
Contribution and Donation	38.67	3.35
Loss on sale / discarded Assets	16.24	46.11
Loss on sale of Investments	0.46	—
Bad Debts written off	(0.39)	60.06
Provision for Doubtful Debts	2.05	8.53
Preliminary expenses written off	5.62	5.60
	5,547.98	4,313.66
	23,753.93	19,722.24
SCHEDULE 'O' - Finance Cost		
Interest		
On Term Loan	1,977.10	1,202.20
To Banks	6,310.26	6,916.85
Others (Net)	379.38	936.89
	8,666.74	9,055.94
Other Charges	224.53	205.04
	8,891.27	9,260.98

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, except for certain fixed assets which are revalued, 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 in accordance with the Accounting Standard AS21 – Consolidated financial Statements".
- In respect of Foreign subsidiaries consolidation is done based on Audited / Unaudited financial statements prepared according to the IFRS / 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.
- In case of foreign subsidiary being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the period. All Assets and Liabilities are converted at rates prevailing at the end of the year. 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.
- Investment in Associates have been accounted under the Equity method of accounting as per AS23 "Accounting for Investment in Associates in Consolidated Financial Statement".

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 31.03.2011	Parent Company
Daily Jewellery Ltd.	Hong Kong	75%	SCL
Shrenuj (Mauritius) Pvt. Ltd.	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

Name of the Company	Country of Origin	% Equity Share Capital held as at 31.03.2011	Parent Company
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 Group AG (LUMEAG)	Switzerland	100%	SMPL
Shrenuj Australia Pty. Ltd. (SAPL)	Australia	100%	SMPL
Shrenuj N.V. (SNV)	Belgium	100%	SMPL
Shrenuj Lifestyle Ltd (SLL)	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
Ithemba Diamonds (Pty) Ltd. (IDPL)	South Africa	85%	SSAP
Uxolo Diamond Cutting Works (Pty) Ltd. (UDCL)	South Africa	85%	SSAP
Astral Holding INC (AHL)	USA	100%	SCL
Simon Golub & Sons Inc. (SGS)	USA	90.02%	AHL
Global Marine Diamond Corporation (GMDC)	USA	100%	DMCC
Shrenuj Shanghai Ltd. (SSL)	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 31.03.2011	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%	SMPL
SWA Trading Ltd.	Israel	33.34%	SMPL
Copem & Shrenuj	Italy	50%	SMPL

4. In terms of the Scheme of Amalgamation (Scheme) sanctioned by the order dated 1st October 2010 of the Hon'ble High Court of Bombay, Shrenuj Diajewels Limited and Shrenuj Gems & Jewellery Limited, wholly owned subsidiaries of the Shrenuj & Co. Ltd, have been amalgamated with the Parent Company w.e.f. 01-04-2010.

a) In accordance with the said Scheme:

- (i) The asset and liabilities of the transferor companies are taken over at fair value under Purchase method of accounting for Amalgamation and the excess of fair value of assets over liabilities amounting to Rs.5,466.63 lacs has been credited to the Amalgamation Reserve.
- (ii) As per the scheme, some of the fixed assets of the transferee Company have also been revalued and an amount of Rs.13,511.14 lacs is credited to Revaluation Reserve.
- (iii) Consequent to the above, there is an additional charge for depreciation of Rs. 211.17 lacs for the year ended 31st March 2011. An amount of Rs. 138.38 lacs on the revalued assets of the transferee Company has been withdrawn from Revaluation Reserve and an amount of Rs. 72.79 lacs on the excess of fair value over book value of the assets of the transferor Companies has been withdrawn from Amalgamation Reserve as provided in the Scheme. This has no impact on the profit for the period.

- b) Pursuant to the scheme, 60,22,525 equity shares of Rs. 2/- each were allotted on 27th October 2010 to the lenders of Unsecured loans at a price of Rs. 46.33 per share on conversion of the said loans into equity and accordingly a sum of Rs.2,669.79 lacs has been credited to Securities Premium Account.
- c) The expenses including stamp duty on amalgamation amounting to Rs. 51.15 lacs have been charged to Amalgamation Reserve account.
- d) With effect from effective date, the authorised capital of the Company has increased to Rs. 4,500 Lacs.
- e) To give effect to the amalgamation of the wholly owned subsidiaries, the opening balance of the surplus in Profit and Loss Account of the transferor companies has been adjusted and transferred to Amalgamation Reserve under the purchase method of accounting under amalgamation.

- 5 A (i) 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, 2011, amounting to Rs. 70.97 lacs (previous year notional gain Rs. 603.88 lacs) is reflected in the Hedging Reserve account.
- (ii) 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, 2011:

Year	Number of Contracts	Notional	Fair Value Gain / (Loss)	Maturity period
Current Year	17	USD 14.46 million	Rs. 139.48 Lacs	Upto 3 yrs
Previous Year	41	USD 56.70 million	Rs. 788.05 Lacs	Upto 4 yrs

Subsequent to the balance sheet date (before finalising the accounts), the Company has utilised / cancelled forward contracts of USD 8.00 million (USD 12.40 million) without incurring any loss. The notional Mark to Market gain of Rs. 68.51 lacs (P.Y. Rs. 184.17 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. 70.97 lacs (P.Y. Rs. 603.88 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. 24,576.79 lacs (Rs. 104,722.00 lacs) whose fair value showed a net gain of Rs. 269.78 lacs (P.Y. loss Rs. 764.85 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. 19,593.30 (P.Y. Rs. Nil) representing receivables and Rs. 75,814.39 lacs (previous year Rs. 15,448.27 lacs) representing payables.

B. 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 40,800 grams (P.Y. 1,000 grams.). The MTM gain of Rs. 18.89 lacs has been accounted for in the Profit and Loss Account.

6. The audited / unaudited financial statements of subsidiaries incorporated outside India are prepared according to International Financial Reporting Standards or Reporting Standard in their country of residence and for the purpose of consolidation, restatement of the said financial statements to Indian GAAP has not been done.
7. For the purpose of consolidation, Astral USA Inc, Astral Jewels, Shrenuj USA, Astral Holding, GMDC, Lume Group AG, Shrenuj South Africa, Shrenuj Australia Pty. Ltd., Alija International Pty. Ltd. Ithema Diamonds Pty. Ltd., Uxolo Diamond Cutting Works and Shrenuj Mauritius Pvt Ltd un-audited financial statements adopted by the respective Board 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. Commitments under Operating Leases:

The Notes to financial statement of Inter-Gems H.K. Ltd state that at the end of the reporting period, the Company as a lease had a total future minimum lease payments payable under non-cancellable operating lease as set out below:

	(Rs. In Lacs)	
	Mar'11	Mar'10
Land & Buildings		
- Within 1 year	57.12	20.51
- In the 2 nd to 5 th year inclusive	34.19	-
	91.31	20.51

At the end of the reporting period, the Company as a lessor had total furniture minimum lease payments receivable under non-cancellable operating lease as set out below:

	(Rs. In Lacs)	
	<u>Mar'11</u>	<u>Mar'10</u>
Land & Buildings		
- Within 1 year	18.53	-
- In the 2 nd to 5 th year inclusive	18.99	-
	<u>37.52</u>	<u>-</u>

10. The Notes to the consolidated financial statement of SGS state that:

- a. Goodwill represents the excess cost of acquiring the assets of C & A Diamonds International, LLC, 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.
- b. During 2005, the Company entered into a sale-leaseback arrangement relating to its operating facility. The Company was a 25% general partner in the partnership which sold the facility in 2005. Following the sale, the Company leased back the property under a ten year operating lease. The Company accounted for the arrangement under the full accrual method. Accordingly, the deferred gain of \$1,147,921 is being amortized and recognized over the term of the lease. A gain in the amount of \$118,750 is reported under other income in the Statements of Operations for the fiscal years ended March 31, 2011 and 2010.

	2010-2011 (Rs. in Lacs)	2009-2010 (Rs. in Lacs)
11 a) Interest (others) is net of interest received	282.73	875.50
b) Exchange Fluctuations on monetary items (Net) Credited/(Debited) to Profit and Loss Account	(2,461.81)	(3,820.95)
c) Income/(Expenses) relating to previous year credited/debited to respective account	10.49	(7.92)
12 Managerial Remuneration:		
Salary	138.50	123.50
Perquisites	101.11	93.59
Commission on Net Profit	88.35	-
Contribution to Provident and Other Funds	23.37	19.61
	<u>351.33</u>	<u>236.70</u>
Commission on net profits to Non-Executive Directors	18.00	15.00
Directors' Sitting Fees	10.20	8.10
13 Contingent Liabilities not provided for in respect of:		
a) Guarantees given by the Company on behalf of Associate in respect of advances given by Bank	2,796.00	2,805.60
b) Disputed Income Tax Liabilities not provided for	136.04	112.52
c) Disputed Sales Tax Liabilities not provided for	3.76	3.76
d) Corporate Guarantee executed in favor of Third Party	238.16	7.00
e) Bond executed for import of Capital goods	164.89	137.50
f) Letter of Credit against import of goods	15,424.74	12,080.05
14 Earnings Per Share		
i) Profit after Tax available for Equity shareholders	5,684.47	5077.49
ii) Weighted average number of equity shares For Basic & Diluted	75,824,810	69,322,620
iii) Earnings Per Share of Rs.2 each For Basic & Diluted - Rs.	7.50	7.32
15 Previous year's figures have been re-grouped and/or rearranged wherever necessary.		

16 Segment Information for the year ended 31st March 2011

(i) Information about Primary Business Segments

(Rupees in Lacs)

	Diamond	Jewellery	Un-allocated	Elimination	Total
Revenue					
External	183967.09 (135971.18)	65330.83 (53110.32)	- -	3646.40 (85.63)	245651.52 (188995.87)
Result					
Segment result	12086.02 (12093.02)	3916.45 (2745.69)	- -	- -	16002.47 (14838.71)
Unallocated income/ (expenditure) (net)	0.00	0.00	(422.11) (38.39)	- -	(422.11) (38.39)
Interest expenses	7242.62 (8379.97)	1931.38 (1756.52)	- -	- -	9174.00 (10136.49)
Interest income	174.33 (764.53)	108.40 (110.98)	- -	- -	282.73 (875.51)
Profit before taxation	5017.73 (4435.84)	2093.47 (1100.15)	(422.11) (38.39)	- -	6689.09 (5497.60)
Provision for taxation – Current tax and Fringe Benefit Tax	-	-	-	-	1247.09 (992.09)
– Deferred tax	-	-	-	-	17.23 (316.55)
Profit after taxation					5424.77 (4822.07)
Minority interest					(6.01) (127.57)
Share in profits of Associates					265.71 (127.85)
Profit for the year					5684.47 (5077.49)
Other Information					
Segment assets	194475.66 (144466.77)	67970.76 (60630.46)	38.87 (423.92)	- -	262485.29 (205521.15)
Segment liabilities	157855.23 (131606.39)	48803.60 (41417.14)	951.43 (609.56)	- -	207610.26 (173633.09)
Share Capital and Reserves	-	-	52917.01 (30130.05)	- -	52917.01 (30130.05)
Minority interest	-	-	1087.25 (1,222.00)	- -	1087.25 (1222.00)
Provision for taxation less payments	-	-	313.99 (103.39)	- -	313.99 (103.39)
Unclaimed dividend and proposed dividend incl. Tax on Dividend	-	-	556.78 (432.62)	- -	556.78 (432.62)

	Diamond	Jewellery	Un-allocated	Elimination	Total
Total of Segment Liabilities	157855.23 (131606.39)	48803.60 (41417.14)	55826.46 (31275.62)	- -	262485.29 (205521.15)
Capital expenditure (including Work in Progress)	658.45 (882.45)	586.55 (391.02)	- -	- -	1245.00 (1273.47)
Depreciation (net)	487.08 (415.77)	390.60 (458.97)	- -	- -	877.68 (874.74)
Non-cash expenses other than depreciation			35.51 (-)	- -	35.51 -

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

Revenue by geographical market	Within India	Outside India	Elimination	Total
External	38854.00 (26503.87)	206797.52 (162492.00)	- -	245651.52 (188995.87)
Carrying amount of segment assets	13977.20 (16042.47)	71311.73 (63050.77)	- -	85288.93 (79093.24)

(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, 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 Gem & 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 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:	2010-2011 (Rs. in Lacs)	2009-2010 (Rs. in Lacs)		
1) Purchase of Raw Materials / Finished goods				
Jomard SAS	21.98	-		
SWA Trading Ltd.	57.75	213.81		
Kiara Jewellery Pvt. Ltd.	54.32	0.26		
SHL Gems & Jewellery Ltd.	0.88	61.64		
Trapz LLC	-	45.94		
2) Sale of Raw Materials / Finished goods				
Kiara Jewellery Pvt. Ltd.	539.05	40.96		
SWA Trading Ltd.	-	95.93		
SHL Gems & Jewellery Ltd.	29.79	22.23		
Trapz LLC	-	14.14		
3) Other Services Rendered/ (Paid)				
K. K. Doshi & Co.	-	0.30		
4) Interest received				
Kiara Jewellery Pvt. Ltd.	0.27	-		
SHL Gems & Jewellery Ltd.	-	5.05		
5) Interest Paid				
Shrenuj Investments & Finance Pvt. Ltd.	84.54	13.06		
Kiara Jewellery Pvt. Ltd.	-	10.02		
6) Outstanding Receivable				
SHL Gems & Jewellery Ltd.	88.56	133.30		
SWA Trading Ltd.	-	13.12		
Trapz LLC	-	37.47		
7) Outstanding Payable				
SWA Trading Ltd.	-	116.94		
Trapz LLC	-	36.78		
8) Guarantees outstanding				
Kiara Jewellery Pvt. Ltd.	1,458.00	1,458.00		
SWA Trading	1,338.00	1,347.60		
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)	-
SHL Gems & Jewellery Ltd.	-	-	-	-
	(92.96)	-	(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.	167.00 (77.00)	5,118.00 (90.00)	285.00 -	5,000.00 (167.00)
Kirtilal K. Doshi	471.00 (395.00)	0.00 (76.00)	471.00 0	0.00 (471.00)
Vishal S. Doshi	316.00 (250.00)	162.00 (66.00)	476.00 0.00	2.00 (316.00)
Anuj K. Doshi	18.72 (18.72)	91.00 (-)	102.72 0.00	7.00 (18.72)
Geeta S. Doshi	5.00 0.00	0.00 (5.00)	5.00 0.00	- (5.00)
Suman K. Doshi	113.00 (60.00)	55.00 (53.00)	153.00 (-)	15.00 (113.00)
Shreyas K. Doshi	1443.52 (1487.00)	320.00 (1361.00)	1755.82 (1404.48)	7.70 (1443.52)
Nihar N. Parikh	5.00 (5.00)	- (-)	5.00 (-)	0.00 (5.00)
Aman Doshi Trust	0.00 -	150.00 -	150.00 -	0.00 -
Prest Impex Pvt Limited	0.00 -	200.00 -	100.00 -	100.00 -

(ii) Details relating to persons referred to in item 3 above (Rs. In Lacs)

	2010-11	2009-10
1) Remuneration to Directors (Details in Corporate governance report)	351.33	236.70
2) Interest to director	61.35	118.64
3) Interest paid to relative (Mrs. Anjali P. Mehta)	0.35	0.64

As per our Report of even date

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

Akshay R. Shah
Partner

MUMBAI, 28th May, 2011

Shreyas K. Doshi
Chairman & Managing Director

Sanjay M. Abhyankar
Company Secretary

Dr. Surendra A. Dave
Keki M. Mistry
S. S. Thakur
Minoo R. Shroff
Directors

MUMBAI, 28th May, 2011

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2011
(Rs. in Lacs)

Sr No.	Name of the Company	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments ⁽¹⁾	Income	Profit Before Taxation	Provision For Taxation	Minority Interest	Share of loss in Associates	Profit after Taxation	Proposed Dividend
1	Shrenuj Overseas Ltd	5.00	7.33	8.14	8.14	-	133.75	3.73	3.47	-	-	0.26	-
2	Shrenuj Lifestyle Limited	5.00	(7.84)	1,494.28	1,494.28	-	89.40	(7.73)	(0.56)	-	-	(7.17)	-
3	Daily Jewellery Ltd (Hong Kong)	221.21	(702.05)	2,039.72	2,039.72	0.22	1,295.74	(16.36)	-	4.09	-	(12.27)	-
4	Shrenuj DMCC (Dubai)	1,331.36	7,971.83	38,462.85	38,462.85	388.56	40,734.05	2,375.02	-	-	-	2,375.02	-
5	Shrenuj Japan Corporation	41.00	(233.48)	206.44	206.44	-	322.94	(112.82)	-	-	-	(112.82)	-
6	Shrenuj (Mauritius) Pvt Ltd	5,664.83	357.88	9,882.53	9,882.53	5,344.11	-	(4.22)	-	-	23.33	19.11	-
7	Shrenuj Jewellery (Far-East) Ltd	49.47	331.99	3,747.45	3,747.45	-	5,254.86	143.85	24.02	-	-	119.83	-
8	Shrenuj South Africa Pty Ltd	317.80	170.67	623.73	623.73	150.82	-	(3.62)	-	-	-	(3.62)	-
9	Shrenuj Botswana Pty Ltd	223.04	139.33	7,370.22	7,370.22	133.80	13,525.28	117.26	9.90	-	-	107.36	-
10	Intergems H.K.	28.73	313.70	15,384.17	15,384.17	107.80	19,419.94	55.02	9.04	0.01	-	45.99	-
11	Shrenuj (Shanghai) Diamonds Pvt Ltd	81.58	72.08	1,753.84	1,753.84	-	3,345.23	59.12	-	(8.87)	-	50.25	-
12	Shrenuj NV	2,731.98	593.20	43,096.01	43,096.01	2.82	91,849.95	228.77	52.73	-	-	176.04	-
13	Shrenuj GMBH	13.47	(130.83)	1,741.05	1,741.05	-	1,890.47	(52.57)	-	-	-	(52.57)	-
14	Lume Group AG	436.33	199.57	1,572.78	1,572.78	-	-	(8.31)	-	-	-	(8.31)	-
15	Shrenuj Australia Pty Ltd	-	(82.52)	540.96	540.96	-	184.69	29.44	8.83	-	-	20.61	-
16	Astral USA, Inc	1,738.00	(439.36)	1,581.09	1,581.09	492.37	-	(9.87)	-	-	-	(9.87)	-
17	Astral Jewels LLC	99.94	(417.56)	233.37	233.37	-	195.58	(1.21)	-	-	-	(1.21)	-
18	Shrenuj USA LLC	449.71	630.45	4,053.86	4,053.86	-	8,186.08	310.95	-	-	-	310.95	-
19	Bernies International LLC	26.07	(30.59)	(6.44)	(6.44)	-	317.69	(24.04)	-	-	-	(24.04)	-
20	Astral Holding Inc	2,524.76	(2,059.72)	3,494.11	3,494.11	10,147.87	-	(124.70)	-	-	-	(124.70)	-
21	Simon Gold & Sons Inc	105.83	8,205.49	20,963.12	20,963.12	-	19,400.42	39.14	(42.51)	-	-	81.65	-
22	Alija International Pty Ltd	0.04	(151.27)	527.58	527.58	-	546.81	(83.35)	-	-	-	(83.35)	-
23	Global Marine Diamond Company	385.77	173.51	561.96	561.96	-	183.52	180.83	-	-	-	180.83	-
24	Ithemba Diamonds Pty Ltd	20.30	(138.86)	77.19	77.19	-	631.88	(47.50)	-	-	-	(47.50)	-
25	Ukolo Diamond Cutting Works Pty Ltd	18.52	5.59	24.11	24.11	-	-	-	-	-	-	-	-

Exchange rates used

For Daily Jewellery Ltd. (Hong Kong): Intergems HK: Shrenuj Jewellery (Far east) Ltd

For Shrenuj (Mauritius) Pvt Ltd

For Astral USA, Inc: Astral Jewels LLC: Shrenuj USA LLC: Shrenuj DMCC:

Bernies: Astral Holding INC: Simon Gold & 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

- 1HK\$ = 5,7602
- 1MRS = 1,5189

- 1US\$ = 44,76
- 1YEN = 0,50745

- 1 RMB Yuan = 6,7074

- 1 EURO = 61,94505

- 1 CHF = 45,5870

- 1 AUSS\$ = 43,6092

- 1 RAND = 6,38365