One of the largest gold jewellery companies in India.

Shree Ganesh Jewellery House Limited

Annual Report, 2009-10

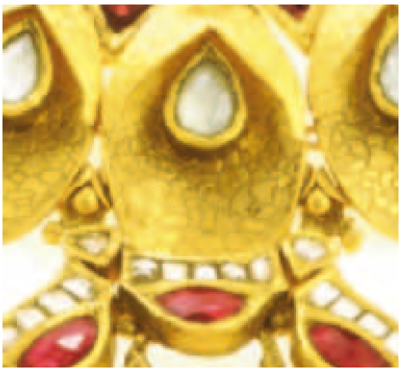
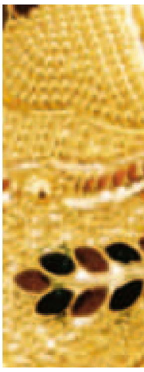
Forward-looking statements

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral –that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Content

Gold jewellery is the largest segment of the global gem and jewellery industry.

India is the largest gold jewellery manufacturing hub in the world.

West Bengal is the leading handmade gold jewellery hub in India.

Shree Ganesh is the largest handmade gold jewellery manufacturer in West Bengal.

Get the message?

Turnover of nearly Rs. 2,950 cr.

Revenue growth of 258% in the last three years.

Return on employed capital of 16.46%.

Economic value-added of Rs. 11,107.11 lacs in 2009-10.

Among India's top five jewellery exporters.

These are some of the things that make Shree Ganesh Jewellery House Limited special.

Parentage

- Promoted by Nilesh Parekh and Umesh Parekh in 2002
- Converted into a public limited company in 2007

Products

- Manufacturer and exporter of gold jewellery (handcrafted and hallmarked), gold enamelled jewellery and gem-studded gold jewellery (diamonds, rubies, emeralds, sapphires, pearls)
- Product portfolio comprises rings, earrings, pendants, bracelets, necklaces, bangles and medallions

Presence

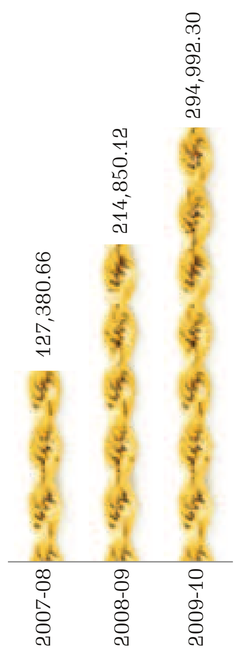
- Headquartered in Kolkata, India
- Manufacturing unit located in Manikanchan SEZ (Special Economic Zone), West Bengal
- Sales and marketing offices in Kolkata, Ahmedabad, Mumbai, Delhi, Hyderabad, Jaipur and Bangalore
- Thirteen retail outlets in India marketing products under the 'GAJA' brand
- Products exported to the UAE, Singapore and Hong Kong
- Listed on the National Stock Exchange and the Bombay Stock Exchange

Pride

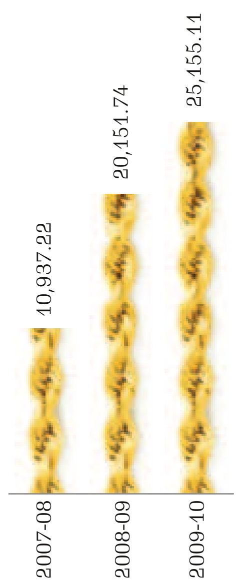
- Awarded 'Outstanding Export Performance and Contribution in the Trade for Plain Precious Metal Jewellery Exports' by Unit from EoU/EPZ for 2008 and 2009
- Received the Four Star Export House certificate from the Joint Director of Foreign Trade, Government of India, in June 2009
- Bestowed Nominated Agency status under the Foreign Trade Policy to import precious metals directly
- Received the 'EPCES Export Awards for the Best SEZ-SSI' in February 2010 for 2007-08
- Rated NSIC-CRSIL SE1A by CRISIL for SMEs in December 2009 to indicate 'Highest performance capacity and highest financial strength'

This is how we have grown over the years

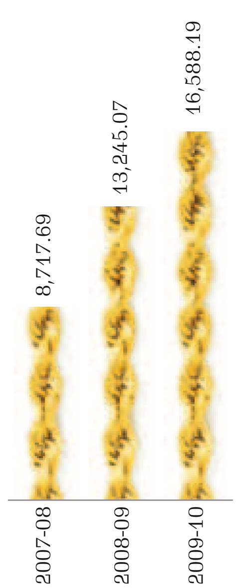
Net turnover
(Rs. in lacs)



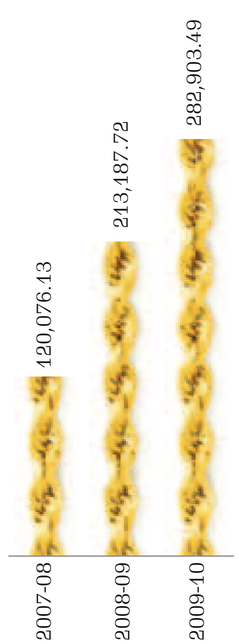
EBIDTA
(Rs. in lacs)



Profit after tax
(Rs. in lacs)



Exports
(Rs. in lacs)



What numbers shareholders must study to appraise our Company correctly

Shree Ganesh Jewellery is in business to enhance value for shareholders. Over the years, we strengthened our business in the following ways:

Growing production: The Company's production increased from 11.50 tonnes in 2007-08 to 12.84 tonnes in 2008-09 to 13.26 tonnes in 2009-10. The higher the production, higher the turnover and higher the profits.

Enriching product mix: In the Company's product mix of medallions, gold jewellery and stones, the value-addition is highest in stones and lowest in medallions. The Company's product mix trended towards stones, from 11.30% of revenues in 2008-09 to 26.63% in 2009-10 with a corresponding decline in gold jewellery.

Higher export margins: Exports continued to be the mainstay of the Company's revenues – 95.90% of revenues in 2009-10 compared with 99.23% in 2008-09. The margin on exports continued to be higher at 7.34% compared with 5.66% for domestic sales rules.

Net cost of funds: The Company's business requires it to borrow funds for working capital needs, which is then deployed with banks as collateral in the form of fixed deposits. The cost of borrowing is generally higher than the return on deployment, which translates into a net interest outflow. However, this net interest outflow of Rs. 3,206.85 lacs in 2009-10 corresponded to an average year-end debt book of Rs. 104,688.74 lacs (including bills discounted), resulting in an average fund cost of 3.06% for 2009-10, well below the prevailing prime lending rate in the country.

Debt-equity ratio: The Company's debt-equity ratio was 2.24 in 2009-10 (2.24 in 2008-09). This correspondingly increased the proportion of zero-cost funds used to fund working capital (parked with banks as collateral) and translated into a comfortable interest cover of 7.85 times during the year under review.

Sundry debtors: The Company marketed products to a client mix that generally paid within an average of 132 days of turnover equivalent (2009-10).

Economic value-added: The Company reported a positive EVA of Rs. 11,107.11 lacs for 2009-10.

EVA summary

PBIT (Rs. in lacs)	24,923.10
Adjusted tax (Rs. in lacs)	995.27
WACC (weighted average cost of capital) (%)	15.69%
Average capital employed (Rs. in lacs)	81,701.91
Cost of capital (Rs. in lacs)	12,820.72
EVA (Rs. in lacs)	11,107.11

Disclamer: A beta of 1.0 and opening listing price on 9 April 2010 were used in the absence of historical price data

Chairman's overview

"I am optimistic that Shree Ganesh Jewellery House will emerge as a USD 1 bn company in revenues within three years from now."

I am pleased to present the first annual report of our Company to our shareholders following our IPO in April 2010.

We have the performance to go with the occasion: revenues increased 37.30% to Rs. 294,992.30 lacs, profit after tax strengthened 25.24% to Rs. 16,588.19 lacs and earnings per share rose from Rs. 30.89 to Rs. 35.87.

Business model

A number of shareholders who meet me ask this question: Where does the Company go from here?

I must answer this within the ambit of the transition in jewellery business environment the world over and how we are attractively placed to capitalise on it.

The ongoing crisis in Europe exposed the high cost vulnerability of that society. As a result, a number of European jewellery manufacturers were liquidated in the last few months, vacating markets that they serviced for decades. Concurrently, China, one of the most price-competitive manufacturers, ceased to be economical in certain sectors as more young men in that country desire to work in offices and less are willing to engage in manual labour.

The Indian argument

As an opportunity-focused manufacturer, India is at the right place at the right time for some good reasons:

- India continues to remain one of the world's most competitive jewellery manufacturing locations.
- West Bengal is perhaps the most competitive handcrafted jewellery manufacturing state in India.
- In a number of regions within West Bengal, jewellery fabrication is not just a profession; it is a family tradition extending across generations, as a result of which the state has the largest community of jewellery artisans in India today.
- Shree Ganesh Jewellery House enjoys a long-standing presence in West Bengal, triggering a reverse-migration of artisan skills back to the state in exchange for suitable employment in the locations of their origin.
- By leveraging skill and scale, Shree Ganesh Jewellery House has emerged as the largest Indian handmade jewellery company.
- The Company has now acquired the critical mass to scale its presence beyond handcrafted jewellery to value-added, machine-made fusion jewellery, branding and retail.

Adding value

At Shree Ganesh Jewellery House, we expect to enhance shareholder value by continuing to focus on what we know best – addressing the preferences of a large Muslim global population by leveraging our insight into their cultures and preferences on the one hand and a large expatriate-cum-resident Indian population on the other.

We intend to grow our visibility across these customer segments through the following initiatives:

- Grow our volumes in the volume end of the business of handcrafted gold jewellery
- Enhance value through our growing presence in diamond jewellery, Italian jewellery, electroforming jewellery, CNC bangles, chains (rope and machine) and rings
- Increase refinements in the handcrafted segment, infuse new technology, train and educate our workers on the next level, refine our design standard and strengthen the industrial discipline in gold jewellery manufacture

Extension into NBFC

In a country like India that purchases Rs. 100,000 cr of jewellery a year and where gold is trusted without question, there are a number of business opportunities to enhance value.

The extension into an NBFC is one of them. The Company intends to institutionalise its presence in the business of loans against gold jewellery, leveraging its long-standing industry presence and respect.

Shareholder value

Our listing in April 2010 enhanced our organisational visibility. Our optimism within the jewellery space comes from the fact that in India, jewellery fabrication is unorganised to the extent of 96% of industry size. As tax structures become more encompassing, the unorganised industry structure will need to formalise; as one of the first movers, we invested in growing our presence through SEZs with accompanying fiscal benefits, which will only enhance our competitiveness further.

In view of this foundation and a favourably evolving global environment, I am optimistic that Shree Ganesh Jewellery House will emerge as a USD 1 bn Company in revenues within three years from now.

Nilesh Parekh
Chairman

Optimism for 2010-11

Counter-slowdown impact: The demand for gold increased, the economic slowdown notwithstanding, indicating that the metal strengthened its position as a safe haven and global insurance during international crisis. For instance, gold demand in Diwali 2009 was estimated at three times the demand in Diwali 2008. This preference is expected to continue.

Pre-emptive buying: The demand for gold is increasing partly due to momentum purchases by investors, consumers and speculators who seek to buy into the metal before its price rises further. This urgency is expected to sustain unless there is a trend break owing to a sharp change in global fundamentals (which appears unlikely).

Incomes: The global economy is expected to rebound from (-) 0.8% growth in 2009 to a projected 3.9% in 2010 (*Source: World Economic Outlook*). This will lead to a rise in incomes, coming down to growing investments in gold jewellery. India reported an attractive 8.6% GDP growth in the last quarter of 2009-10, which augurs well for income growth in 2010-11.

Backward integration: The Company is integrating backwards into gold refining, entailing the purchase of old gold jewellery for refining and onward use. This integration – starting from 2010-11 – is expected to enhance the Company's margins.

Portfolio diversification: The Company is increasing the production of the more profitable Italian fusion jewellery during 2010-11, which is 40-60% lighter than traditional gold jewellery and correspondingly, priced attractively lower. The Company's growing production will service widening demand for this gold jewellery alternative in India.

Increased space: The Company is more than six-folding its working area in the Manikanchan SEZ in Kolkata, which will translate into additional manning, throughput and revenue.

Wider retail presence: The Company is widening its retail presence from four owned retail stores in India to 12, from six franchise stores to 11 and from three shop-in-shops to an estimated six in 2010-11. This wider retail presence will double the quantum of revenues derived out of India and increase Indian revenues as a proportion of overall revenues from 4% in 2009-10 to a projected 12% in 2010-11.

Value-added mix: The Company expects to increase the proportion of value-added studded jewellery from 3% in 2009-10 to an estimated 35% in 2010-11, on a larger turnover.

Our strengths

- **Unique:** The Company is among the largest global players in handcrafted gold jewellery.

- **Experience:** The promoting family enjoys a five-decade experience in the business.

- **Portfolio:** The gold handcrafted product portfolio includes rings, earrings, pendants, bracelets, necklaces, bangles and medallions. The Company intends to introduce machine-made Italian and lightweight jewellery which will increase the non-plain gold handcrafted jewellery from 30% in 2009-10 to 40% in 2010-11, with a corresponding increase in volume.

- **Brand:** The Company's jewellery products are marketed under the GAJA brand in addition to the ownership of seven other brands – Gold Bridals, Gold Elements (22k gold jewellery for men), Marigold (small pieces), Sitaare (for children), YOU (18k diamond heart collection), Distar and GM Gold (one-gram gold) – addressing different categories.

- **Location:** The location of manufacturing units in West Bengal ensures an abundant availability of skilled jewellery craftsmen. The location of the processing capacity in Manikanchan SEZ provides tax incentives and proximity to the Kolkata international airport leads to quick export.

- **Quality:** The Company's high product quality translated into 100% of the income being derived from long-standing repeat customers.

- **Designs:** The Company develops an average 600 designs a month. The Company possesses the capability to transform from design to customised prototype to a designed end product in one of the shortest possible industry tenures.

- **Retail:** The Company's 13 retail stores – owned, franchised and shop-in-shop – accounted for 4.1% of revenues in 2009-10.

- **Financial:** The Company enjoyed a gearing of 2.24, RONW of 35.51% and ROCE of 16.46% as on 31 March 2010.

- **Exports:** Around 95.91% of the Company's revenues were generated through exports in 2009-10; the Company accounted for 0.34% of the country's total export in 2009-10.

- **Customisation:** The Company's strength lies in matching customer requirements with execution capabilities leading to repeat orders.

- **Derisked:** The price fluctuation of gold which comprised more than 90% of raw material cost does not affect the margins as gold is a pass-through commodity for the Company. The price at which the customer fixes the gold content of the jewellery determines the purchase price with the vendor.

- **Refining:** The commissioning of a gold refinery plant (annual installed capacity of 1,000 kg of gold) at Domjur will reduce the refined gold purchases proportion, reducing costs.

- **Nominated Agency:** The Company was bestowed the status of Nominated Agency under Foreign Trade Policy which allows to import of precious metals directly, eliminating intermediaries and resulting in competitiveness.

- **Industry visibility:** Around 50% of the Company's exports are made to the Middle East, which is one of the largest global hubs for gold jewellery sales, enhancing the Company's visibility.

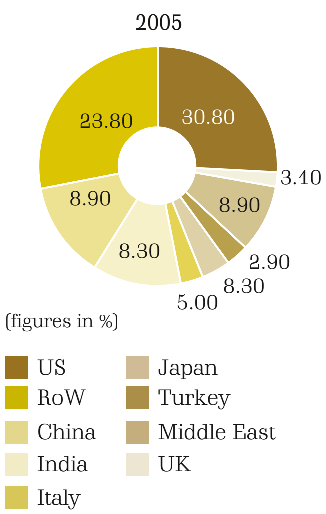
- **Labour edge:** The Company's labour costs are a tenth of that in the developed countries person to person.

- **Other income:** The Company enjoyed a recurring non-manufacturing income of Rs. 5,018.43 lacs (19.95% of EBIDTA) in 2009-10.

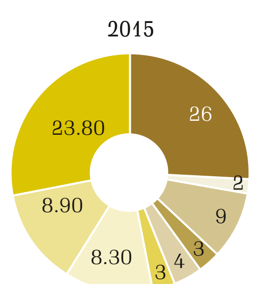
- **Marketing:** Around 95% of the Company's revenues are derived from exports to Singapore, the Middle East and Hong Kong (China), among other countries; a high 50% of exports are directed at super wholesalers in the Middle East.

Management discussion and analysis

India and China together will emerge equivalent to the US market



(figures in %)



(figures in %)

Global economic overview

After a sharp, broad and synchronised global downturn in late 2008 and early 2009, a number of countries reported positive growth in 2009-10. Consequently, global growth is expected to rebound from a negative territory in 2009 to a projected 3.9% in 2010 and 4.3% in 2011 *(Source: World Economic Outlook)*. Interestingly, the growth is expected to be 5.1% in developing countries in 2010 *(Source: World Bank)*.

Indian economic overview

The Indian economy grew 7.4% in 2009-10, compared with 6.7% in 2008-09, following a strong fiscal stimulus, monetary easing, improved consumer confidence, return of risk appetite and large capital inflows. The real turnaround happened in the last quarter of 2009-10, when the economy grew 8.6% *(Source: IBEF)*.

Correspondingly, India's manufacturing output grew 10.9% in 2009-10 against 2.9% in 2008-09 *(Source: CCIL economic research)*.

Global gems and jewellery industry

The global gem and jewellery industry grew across the last decade owing to increasing demand from emerging global economies. Plain diamond jewellery accounted for the largest share of the global jewellery market followed by plain gold jewellery (marked by intensive design, wide design range and a price range that extends from affordable to exclusive). The US has been the largest gems and jewellery customer followed by China, India, the Middle East and Japan. India and China are expected to develop as the largest consumer markets for traditional and branded jewellery. Global jewellery sales are expected to reach USD 230 bn by 2015 *(Source: GJEPC-KPMG report)*.

Natural advantages: The mining of gold and diamonds is focused in Australia, South Africa, other African nations and some parts of Russia. India, Turkey and Israel lead in diamond processing. India and Italy dominate jewellery fabrication. The US, India, Europe, the Middle East and China lead in jewellery consumption.

Jewellery consumption: Jewellery sale is concentrated in eight key world markets, the US being the largest (in excess of 30%). Going forward, China and India together, are expected to equal the US market. Diamond-studded jewellery contributes close to 50% of the total gems and jewellery demand, followed by plain gold jewellery with 40%.

Manufacturing routes: Gold jewellery is either machine-made or handcrafted. While the former facilitates high volumes of generic and lightweight jewellery, the latter makes it possible for gold jewellery to be customised down to individual preferences.

Sales channels: A majority of handcrafted gold jewellery manufactured in India is marketed to the global hub situated in the Middle East to super wholesalers. In turn, these super wholesalers market products to wholesalers who represent various national interests. These wholesalers market their products to regional retailers. By targeting the major part of their output to super wholesalers with whom they enjoy years of exposure, the Indian manufacturers are insulated from risks related to client selection and receivables.

Traditional practice	Emerging trends
Jewellery is considered as an investment	'Wearable' jewellery is now a source of fashion
Marriage and festivals translate into increased demand	Wearability and gifting dimensions distributing demand across the year
Deep trust in the family jeweller	Growing interest in brands that stand for quality and trust
Traditional, ethnic and chunky designs	Demand for fashionable, lightweight and innovative designs
Jewellery largely sold on the prevailing gold price per gram plus margin	Jewellery marketed at fixed prices by branded jewellers

Indian gems and jewellery industry

Gems and jewellery are integral to Indian tradition. The result is that India is the fastest growing jewellery market in the world, estimated at USD 16 billion *(Source: CARE)* and accounting for 60% value share, 85% volume share and 92% pieces share of the world market. In this large, growing and traditional market, family jewellers account for 96% market share, marked by 100,000 jewellery crafting units across India. India consumes nearly 850 tonnes of gold, accounting for 25% of the world gold consumption (nearly 75% goes into making jewellery). India's cumulative gold holding is estimated at 15,000-16,000 tonnes of gold as against the estimated cumulative holdings of all central banks in the world at 35,000 tonnes.

Over the years, India has emerged as the world's largest jewellery fabrication centre, led by the presence of skilled craftsmen, processing skills and historical gold heritage. Going forward, India is expected to maintain its leadership in the fabrication end of the value chain as cost pressures in developed markets encourage fabrication to move to low-cost countries like India and China.

India's gems and jewellery industry provides employment opportunities to 1.30 mn people directly or indirectly and comprises about 450,000 goldsmiths. The combination of skill and affordable cost makes the country unique. For instance, India's wage rate is estimated at a tenth of the cost in developed markets.

Branded jewellery is a relatively recent phenomenon, where jewellery is sold as fashion accessories or as everyday wear. A key driver was the introduction of certification of gold and diamonds, lifetime returns and buy-back schemes. The branded jewellery market is expected to grow at CAGR of 41% across 2009-2012 *(Source: ICICI direct.com research report)*.

Exports: Gems and jewellery export increased 16% from USD 24.49 billion in 2008-09 to USD 28.41 billion in 2009-10. The US and the UK accounted for 70% of this export and accounted for 13% of India's total merchandise exports.

Gold jewellery exports grew 9.38% from USD 8.61 billion in 2008-09 to USD 9.42 billion in 2009-10; gold import was 739 tonnes in 2009-10 compared with 400 tonnes in 2008-09. Since gold jewellery accounted for 80% of the Indian jewellery market, a majority of the imported material was used in manufacture.

Government initiatives: The Indian government encouraged the sector's growth through the following initiatives:

- Permitted 100% foreign direct investment in gems and jewellery through the automatic route
- Reduced import duty on platinum and exempted rough coloured precious gems stones from customs duty; roughs and semi-precious stones are also exempt from import duty
- Permitted the duty-free import of consumables for metals (other than gold and platinum) up to 2% of freight on board value of exports
- Permitted duty-free import entitlement for rejected jewellery up to 2% of freight on board value of exports
- Permitted the import of gold (18 carat and above) under the replenishment scheme
- Permitted the establishment of SEZs and gems and jewellery parks to promote sectoral investments
- Abolished the import duty on polished diamonds in May 2007
- Raised the limit value of jewellery parcels for export through foreign post office (including speed post) from USD 50,000 to USD 75,000 and extended the time for the re-import of branded jewellery remaining unsold from 180 days to 365 days
- Permitted the export of coloured gemstones on a consignment basis

Plain gold jewellery to match the share of diamond jewellery

Gold price % annual change

1 June 2010

	USD	AUD	CAD	CNY	EUR	INR	JPY	CHF	GBP
2005	20.0%	28.9%	15.4%	21.3%	36.7%	24.2%	37.6%	37.8%	33.0%
2006	23.0%	12.6%	23.0%	18.7%	10.6%	20.8%	24.4%	14.2%	8.3%
2007	30.9%	18.3%	12.1%	23.3%	18.4%	16.5%	22.9%	21.7%	29.2%
2008	5.6%	31.3%	30.1%	-2.4%	10.5%	28.8%	-14.4%	-0.1%	43.2%
2009	23.4%	-3.0%	5.9%	23.6%	20.7%	19.3%	26.8%	20.1%	12.7%
2010	9.6%	18.7%	10.2%	9.6%	28.5%	11.5%	7.9%	22.8%	20.1%
Average	18.7%	17.8%	16.1%	15.7%	20.9%	20.2%	17.5%	19.4%	24.4%

Source: goldprice.org

Demand drivers

The demand for gems and jewellery is influenced by various factors:

Tradition: There is a deep-seated Indian belief that gold is a safe counter-cyclical investment.

Celebration: The demand for gold increases around festivals *(Diwali, Akshaya Tritya* and *Dussehra)*, weddings, births, housewarming, religious ceremonies and business commencements. Gold is purchased more for investment than use.

Affluence: India's per capita income increased 5.30% from Rs. 38,695 in 2008-09 to Rs. 40,745 in 2009-10 *(Source: CSO)*. The average net worth of the Indian household is expected to grow from USD 12,000 in 2007 to USD 57,000 in 2017. The annual household income in the top 20 Indian cities is projected to grow 10% over the next eight years. India's urban population is expected to grow from 30% to 40% by 2020. The high net worth individuals' population in India is expected to treble from 2008 to 2018 *(Source: Capgemini and Merrill Lynch Wealth Report 2009)*.

Road ahead

Gold and diamond jewellery is expected to account for 82% of the total gem and jewellery market in 2015. The Indian gem and jewellery industry is expected to grow at a CAGR of 14% across 2009-2012 to a size of USD 30 billion by 2014. Gem and jewellery exports are expected to grow from USD 17 billion in 2006 to USD 25 million by 2012 *(Source: Investment Commission of India)*. The country expects to capture a fourth of the global gold consumption by 2012 and with China, expects to account for 30% (currently 15%) of the jewellery sale market *(Source: Commodity Online, January 2010)*.

Industry SWOT analysis

Strengths

- Abundant availability of skilled cheap labour
- India dominates the diamond processing trade (11 out of 12 diamonds are cut and polished in India)
- Gold and diamond jewellery is expected to account for 82% of the total gems and jewellery market by 2015
- Low cost of production
- Supportive government industrial/EXIM policy
- A large number of gem and jewellery institutions provide a regular supply of trained manpower with the required skills and knowledge

Weakness

- Low indigenous reserves of rough diamonds and gold
- Low labour productivity compared with Sri Lanka, China and Thailand
- Small firms lacking technological and export promotion expertise
- Removal of Generalised System of Preference will affect gold jewellery exports

Opportunities

- Untapped reserves of gems; favourable government policies provide opportunities for foreign direct investment in mining and avenues for global companies to explore precious metals and stones in India
- Established capabilities across the value chain
- India is an attractive potential market in the gem and jewellery sector
- Rising disposable incomes and aspirations
- Rising population of earning youth

Threats

- Volatility in gold prices
- Infrastructure bottlenecks
- Low technology upgradation
- China and Malaysia emerging as potent competitors
- Fragmented industry structure with low transparency
- Emergence of polishing and cutting centres like Angola, Namibia and Botswana

Finance review

The Company prepared its financial statements under the historical cost convention on an accrual basis generally following accepted accounting principles in India (GAAP) and complying with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006 and relevant provisions of the Companies Act, 1956 to the extent applicable.

Total income increased

35.35%

from Rs. 2,21,819.95 lacs in 2008-09 to Rs. 300,243.66 lacs in 2009-10

2009-10 vs 2008-09

- Total income (revenues plus non-core business income) increased 35.35% from Rs. 221,819.95 lacs in 2008-09 to Rs. 300,243.66 lacs in 2009-10
- EBIDTA increased 24.83% from Rs. 20,151.74 lacs in 2008-09 to Rs. 25,155.11 lacs in 2009-10
- PAT increased 25.24% from Rs.13,245.07 lacs in 2008-09 to Rs.16,588.19 lacs in 2009-10
- Earning per share increased from Rs. 30.89 in 2008-09 to Rs. 35.87 in 2009-10
- EBIDTA margin declined from 9.08% in 2008-09 to 8.38% in 2009-10
- Average return on capital employed decreased from 20.49% in 2008-09 to 16.46% in 2009-10

Revenue analysis

The Company's revenues increased 37.30% from Rs. 214,850.12 lacs to Rs. 294,992.30 lacs in 2009-10 due to a rise in demand, production, improving product mix and increased gold value (reflecting in higher-end product realisations).

Revenue by region: Exports increased 32.70% from Rs. 213,187.72 lacs to Rs. 282,903.49 lacs in 2009-10 owing to increase in demand for the plain gold handcrafted jewellery from other countries, especially from the Middle East. Exports comprised 95.90% of the total sales in 2009-10 as against 99.23% in 2008-09, indicating a widening Indian market for the Company's products.

Revenue by marketing channel: Indian revenues derived from the Company's captive retail channel as a percentage of overall Indian revenues was 4.1% in 2009-10 (0.77% in 2008-09).

Revenue by source: Other income comprised 1.67% of the total income (previous year 3.07%) and declined 26.42% from Rs. 6,820.83 lacs in 2008-09 to Rs. 5,018.43 lacs in 2009-10 due to a loss on forex gains. Some 93.53% of other income comprises gross interest on loans given.

Cost analysis

Total operating expenses (including increase in stock) increased 36.41% from Rs. 201,668.21 lacs in 2008-09 to Rs. 275,088.55 lacs in 2009-10. The cost of raw materials comprised 98.06% (previous year 98.60%) of the total operating expenses, indicating the raw material intensive nature of the business. Employee cost comprised 0.59% (previous year 0.55%) of the total operating expenses in 2009-10, indicating India's production competitiveness.

Capital employed

The capital employed by the Company increased 34.77% from Rs. 128,981.55 lacs in 2008-09 to Rs. 173,829.84 lacs in 2009-10, following an increase in net worth.

Own funds: Own funds comprised share capital and reserves, which increased 34.95% from Rs. 39,768.14 lacs in 2008-09 to Rs. 53,665.78 lacs in 2009-10. IPO was made in the March 2010 and the increase in equity capital to Rs. 6,068.24 lacs (60,682,485 shares of Rs. 10 each) transpired in the first quarter of 2010-11. The average return on net worth stood at 35.51% as on 31 March 2010 (previous year 39.79%) as margins on domestic revenue and exports declined to 5.66% (previous year 15.17%) and 7.34% (previous year 7.83%).

Loan funds: Debt increased from Rs. 89,213.41 lacs to Rs. 120,164.06 lacs in 2009-10; debt-equity ratio stood at 2.24 as on 31st March 2010. The borrowing cost was 3.06% in 2009-10 due to the profitable use of post-shipment credit, commercial paper and better negotiations with banks. Interest cover improved from 7.46 times in 2008-09 to 7.84 times in 2009-10.

Gross block

The Company's gross block increased 42.05% from Rs. 1,687.32 lacs in 2008-09 to Rs. 2,396.83 lacs in 2009-10 following an investment in imported machines for jewellery manufacture. Accumulated depreciation, as a percentage of gross block, increased marginally to 29.78% as on 31 March 2010, indicating asset newness.

Working capital

The Company is working capital-intensive. Working capital increased 17.59% from Rs. 72,723.53 lacs in 2008-09 to Rs. 85,519.02 lacs in 2009-10. Working capital (less loan funds), as a proportion of net worth, stood at 94.32% (previous year 94.69%) as on 31 March 2010, indicating that almost 94% of the working capital requirement could be funded through internal accruals. The average working capital cycle increased from 82 days of turnover equivalent to 97 days. The current ratio reduced from 6.38 to 2.34 in 2009-10 due to higher increase in current liabilities (370.89% from Rs. 13,528.47 lacs to Rs. 63,703.67 lacs in 2009-10) than current assets (73.01% from Rs. 86,252 lacs to Rs. 149,222.69 lacs in 2009-10)

Inventories: Inventories increased 157.98% from Rs. 7,390.53 lacs in 2008-09 to Rs. 19,066.29 lacs in 2009-10 following an increase in production, capacity, portfolio and orders (which were dispatched within two-three days after the year end). The average inventory cycle increased from 12 days of turnover equivalent to 16 days in 2009-10.

Sundry debtors: Sundry debtors increased 101.22% from Rs. 71,682.15 lacs in 2008-09 to Rs. 144,241.07 lacs in 2009-10 owing to an increased throughput. The Company reported higher sales in the last quarter of 2009-10 compared with the previous three quarters which resulted in higher outstanding debtors. The average debtors' cycle increased from 94 days of turnover equivalent to 132 days in 2009-10 owing to increase in debtors.

Cash and bank balance: Cash and bank balance increased 21.23% from Rs. 54,323.69 lacs in 2008-09 to Rs. 65,858.62 lacs in 2009-10 due to an increased need to park resources in fixed deposits as collateral, to procure a higher volume of raw material.

Current liabilities and provisions: Current liabilities and provisions increased 370.89% from Rs. 13,528.47 lacs in 2008-09 to Rs. 63,703.67 lacs in 2009-10 primarily owing to increase in sundry creditors. Sundry creditors increased 358.22% from Rs. 13,053.59 lacs in 2008-09 to Rs. 59,814.58 lacs in 2009-10.

Tax

Tax outflow increased from Rs. 99.30 lacs in 2008-09 to Rs. 513.45 lacs in 2009-10. The effective tax rate was a mere 3% as against 33% prevailing in the country, as SEZ units are entitled to certain exemptions and concessions:

1. Exemption from duties of customs under the Customs Act, 1962

2. Exemption from Central Excise Act, 1944

3. Exemption from service tax under the Finance Act, 1994

4. Exemption from levy of taxes on the sale or purchase of goods under the Central Sales Tax Act, 1956

5. Exemption under Section 10 of the Income Tax Act, 1961

6. Treatment of supplies from DTA to SEZ on par with physical exports for the purpose of Income Tax exemptions

7. Suppliers to SEZ entitled to physical export benefits such as drawback, advance licence, DFRC and DEPB

Foreign exchange management

The Company enters into foreign exchange contracts to hedge foreign currency exposure on payment of creditors/ borrowings and receipts from debtors to hedge the price fluctuation risk. Foreign exchange earnings were Rs. 282,903.49 lacs in 2009-10 as against Rs. 213,187.72 lacs in 2008-09 while foreign exchange expenses were Rs. 272,050.82 lacs in 2009-10 as against Rs. 197,549.72 lacs. The Company reported a net forex loss of Rs. 1,815.16 lacs during the year (previous year forex gain of Rs. 2,472.77 lacs) due to unexpected exchange fluctuations.

Derisking Shree Ganesh Jewellery House Limited

Every business is susceptible to risks. We relentlessly endeavour to minimise risks and maximise returns through constant monitoring and decision-making to balance risk and reward.

Economic slowdown risk

Jewellery is perceived to be a product of conspicuous consumption. As a result, purchase decisions are generally postponed during economic slowdowns.

Mitigation measures

On the contrary, gold is perceived as a global insurance during times of uncertainty. India was the largest gold jewellery consumer (405.8 tonnes) in 2009. In the fourth quarter of 2009, India's performance was the strongest at the individual country level, with demand improving 27% to 137.8 tonnes from 108.6 tonnes in the previous year.

Raw material risk

Raw material unavailability, including gold, diamond and precious stones, could affect the business.

Mitigation measures:

- Gold (comprises 90% of raw materials) price fluctuation does not affect margins as the commodity is a pass through. The price at which the customer fixes the gold content of the jewellery determines the price at which the Company fixes the purchase price paid to the vendor. This minimises the Company's exposure to open metal prices

- The Company possesses the status of 'Nominated Agency' under Foreign Trade Policy, which enables it to import precious metals directly, reducing the cost of intermediaries and allowing the charging of a competitive price.

Foreign exchange fluctuation risk

As the Company is export-oriented, it might face a foreign exchange fluctuation risk, which could affect earnings.

Mitigation measures

- The Company entered into 64 forward contracts (previous year 59) in 2009-10 to protect itself from currency fluctuations.

Regulatory risk

Any changes in government regulations could affect business growth and profitability.

Mitigation measures

- The Company's manufacturing facility at Manikanchan SEZ enables it to get certain exemptions and concessions (exemption from duties of customs under Customs Act, 1962, exemption from Central Excise Act 1944, exemption from service tax under Finance Act, 1994).

- The Indian government provided an impetus for the gem and jewellery industry with certain foreign trade policies.

Competition risk

Jewellery manufacture is a low-capital business with no entry barriers resulting in high unorganised competition.

Mitigation measures

- The Company possesses a large design library and rolls out 600 designs a month developed manually and with sophisticated CAD and CAM equipment and also provides products as per customer specifications.
- The Company has 13 retail outlets in India and eight brands for different target customers, creating brand awareness and reducing competition.
- More than 90% of the Company's revenue are generated through export sales, reducing domestic competition.
- The Company tied up with designer Sabyasachi Mukherjee for high-end jewellery designing.
- The Company's marketing team visits international and domestic customers, participates in international trade fairs and jewellery exhibitions, advertises its products through the print and electronic media and interacts with customers through sales and marketing offices (Kolkata, Ahmedabad, Mumbai, Delhi, Hyderabad, Jaipur and Bangalore). The ability to make these investments and present an institutionalised face helps it gain market share.

Inconsistency risk

Handmade jewellery runs the risk of quality inconsistency

Mitigation measures

- The Company's stringent quality control processes are implemented at various stages of product manufacture checking the design, finish, polishing and purity.
- The Company recruits skilled *karigars* from traditionally skilled pockets of Domjur and Malda (West Bengal).
- The Company's products are hallmarked with BIS logo and certified a unique number to ensure absolute transparency and quality assurance.

Theft risk

In a business where a large number of workers need to work personally and directly with high-cost raw material, any theft or misplacement could dent margins. Besides, design theft could lead to probable revenue loss.

Mitigation measures

- The Company is secured through various initiatives – comprehensive surveillance, weight matching of raw material with end-product at the worker level as well as frisking at the exit points of the SEZ.
- The Company has a trademark for high-end jewellery design.

Customer concentration risk

A small number of customers may account for a large proportion of revenues, resulting in a significant loss of revenues in the event of customer attrition

Mitigation measures

- More than 95% of the Company's revenues were generated through exports.
- No single client accounted for more than 17% of the Company's revenues

Geographic concentration risk

A small number of countries may account for a large proportion of revenues, resulting in a significant loss of revenues in the event of a regional slowdown.

Mitigation measures

Nearly 50% of the Company's exports were derived out of the Middle East, which is the largest global hub for gold jewellery sales. The Company enjoys a growing domestic presence (13 retail outlets across the country). Non-UAE exports accounted for 55% of revenues in 2009-10

Contemporary designs risk

In a business influenced by design contemporariness, an inability to keep with the preference of the day could lead to customer attrition.

Mitigation measures

The Company possesses a skilled designer team that develops around 600 designs a month. Also, CAD and CAM machines are available for the designers to leverage technology to enhance accuracy and accelerate design roll-out.

Labour arbitrage risk

It is well known that this business leverages India's wage arbitrage advantage, among other factors. Any increase in wage rates could therefore affect the Company's and country's competitive edge.

Mitigation measures

- The Company has 668 employees including 562 *karigars* and it takes initiatives to recruit, train and retain these employees, especially *karigars*, emphasising human resource investments that enhance its competitive wage.
- The Company's cost of employees, as a proportion of the total operating expenses, was less than 1% compared with the developed nations where this is nearly ten times higher.

Quality variation risk

In a business marked by high human intervention, there is always the threat of quality variation or productivity decline.

Mitigation measures

All work that needs to be completed is controlled through documentation, planning and scheduling. The Company planned its workflow in a manner where quality variations can be arrested immediately. For instance, the Company organises its workflow around teams wherein a member does a specific function which is then passed down to the next person to evolve the product for onward delivery to yet another member. Supervisors manage a given number of workers. The result is an industrial discipline within a creative business.

Funds cost risk

In a business where the cost of working capital to fund collateral is generally higher than the returns earned from its deployment in fixed deposits, there is always the risk of a debt trap, especially as the amounts are sizable.

Mitigation measures

Interest outflow of Rs. 7,821.46 lacs was higher than interest income of Rs. 4,614.61 lacs in 2009-10. However, the net interest outflow of the Company was 12% of the EBIDTA reported during the year. The Company recognises that the net interest cost must be seen as an opportunity cost to stay in business, resulting in business profits.

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the eighth annual report of the Company, together with the audited statement of accounts for the year ended 31 March 2010.

1. Financial results

For the year ended 31 March	2010 (Rs. in crs)	2009 (Rs. in crs)
Sales	2,949.92	2,148.50
Other incomes	52.51	69.69
Total revenue	3,002.43	2,218.19
Profit before interest, depreciation, and tax	251.54	201.51
Less: Depreciation/amortisation	2.32	1.83
Less: Interest and finance charge	78.21	66.23
Profit before tax	171.01	133.44
Provision for taxes	5.13	0.99
Profit after tax	165.88	132.45
Proposed dividend	12.13	2.42
Dividend tax	2.01	0.41
Transfer to general reserve	16.58	Nil

2. Dividend:

Keeping in view the growth made by the Company and the shareholder support received, your Directors have recommended a dividend of Rs. 2 per equity share, of Rs. 10 each on the equity share capital of Rs. 606,824,850 for the year under review. The dividend, if approved by the shareholders will be paid to those members whose names appear on the Register of Members on 26 August 2010.

3. Operations:

The Company's sales were Rs. 2,949.92 crs for the year ended 31 March 2010 as compared with Rs. 2,148.50 crs for the previous year. Thus, there has been an increase in turnover of 37%. The Company's profit after tax grew by 25% to Rs. 165.88 crs as compared with Rs. 132.45 crs for the previous year.

4. Capital:

The issued, subscribed and paid-up share capital of the Company was Rs, 242,729,940/- comprising 24,272,994 equity shares of Rs. 10 each. The Company issued bonus shares in the ratio of 1:1, thereby increasing the capital to Rs. 485,459,880 comprising 48,545,988 equity shares of Rs. 10 each. Further, the Company issued 12,136,497 equity shares (net issue) of Rs. 10 each through Initial Public Offer (IPO) The issued, subscribed and paid-up share capital of the Company now stands at Rs. 606,824,850.

5. Subsidiary companies:

The Statement of the holding Company's interest in subsidiary companies, namely, Gokul Jewellery House Private Limited, Easy Fit Jewellery Private Limited and Shree Ganesh Jewellery House (Singapore) Pte Ltd. as specified in sub-section (3) of Section 212 of the Companies Act, 1956 is attached to the report and accounts of the Company.

6. Human resources:

As on 31 March 2010, your Company had 655 employees. Human resources continue to be a prime area of attention and importance for your Company. In its relentless pursuit of excellence, the Company continues to focus on recruitment and retention, giving priority to meritocracy and ensuring that performance is recognised and subsequently rewarded in an appropriate manner.

Your Company wishes to put on record its deep appreciation for the co-operation and efforts of its employees for the betterment of the organisation.

7. IPO and listing:

The Company successfully completed its Initial Public Offering of shares in April 2010, and the shares of the Company got listed on the National Stock Exchange (NSE) & Bombay Stock Exchange (BSE) on 9 April 2010.

8. Directors' responsibility statement:

Pursuant to the requirements of section 217(2AA) of the Companies Act, 1956, it is hereby confirmed

a. That in the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures;

b. That the Directors have selected such accounting policies and applied them consistently, and made reasonable and prudent judgments and estimates so as to give a true and fair view of the Company's state of affairs at the end of the financial year, and of the profit or loss of the Company for the period under review;

c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. That the Directors have prepared the annual accounts for the period ended 31 March 2010 on a going concern basis.

9. Particulars of employees:

Statement under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in Annexure II to this report.

10. Conservation of energy:

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report or the financial year ended 31 March 2010 are given in Annexure III to this report.

11. Foreign exchange:

Your Company earned foreign exchange of Rs. 2,829.03 crs from gold jewellery export. Foreign exchange outgo and earning details appear in Item 13 of Notes to Accounts for the year under review.

12. Related party transaction:

A statement of related party transactions pursuant to Accounting Standard 18 forms a part of this report.

13. Auditors:

The existing Auditors of the Company, M/s BSR & Associates, retiring auditors expressed their unwillingness for being re-appointed as Auditors. M/s Chaturvedi & Partners gave their consent for being appointed as Auditors of the Company.

14. Directors:

Mr. Pawan Singh Ingty and Mr. Sharad Mohata retire by rotation and being eligible, offer themselves for re-appointment.

15. Acknowledgement:

Your Directors acknowledge with gratitude, the commitment and dedication of the employees, their untiring personal efforts and collective contributions at all levels that has led to the growth and success of the Company. The Directors would also like to thank other stakeholders including banks and business associates who have continued to provide support and encouragement to the Company.

By order of the Board

25A Camac Street, Kolkata- 700 016
Dated – 19 May 2010

Nilesh Parekh
Chairman

Annexure – II to the Directors' Report pursuant to Section 217(2A) of the Companies Act, 1956 for the year ended 31 March 2010

A. Employed and in receipt of remuneration aggregating Rs. 2,400,000 or more:

Name	Age (yrs)	Designation and nature of duties	Gross remuneration (Rs.)	Qualification	Experience (yrs)	Date of commencement of employment	Previous employment/ position held
Mr. Nilesh Parekh	44	Executive Chairman	40,278,659	B.Com	15	01.07.2007	Nil
Mr. Umesh Parekh	43	Managing Director	40,278,659	B.Com	15	01.07.2007	Nil

B. Employed for a part of the year and in receipt of remuneration aggregating Rs. 200,000 or more per month: Nil

Notes:

1. Gross remuneration includes salary, commission, value of perquisites, medical benefits and Company's contribution to provident, superannuation and gratuity funds.
2. The employee holds by himself or with his spouse and dependent children, 2% or more of the equity shares in the Company.

Annexure – III to the Directors' Report pursuant to Section 217(1)(e) of the Companies Act, 1956 for the year ended 31 March 2010:

FORM A

Disclosure of particulars with respect to conservation of energy

The Company is not covered by the Schedule of Industries which is required to furnish information in Form 'A'.

FORM B

Disclosure of particulars with respect to technology absorption

I. **Research and development:** Your Company has one of the finest R&D units in the industry. The R&D team of the Company comprises some of the finest designers and senior craftsman. The Company has been instrumental in developing and introducing several widely acclaimed jewellery designs.

II. **Technology absorption, adaptation and innovation:** The Company does not employ any foreign technology which needs absorption or adaptation.

FORM C

Disclosure with respect to foreign exchange earnings and outgo

I. Total foreign exchange earned – Rs. 2,829.03 cr
II. Total foreign exchange used – Rs. 9.21 cr

Report On Corporate Governance

I. Company's philosophy:

Corporate Governance deals with laws, procedures, practices and implicit rules that determine a Company's ability to take informed managerial decisions vis-a-vis its claimants – in particular, its shareholders, creditors, customers, the state and employees. There is a global consensus regarding the objective of good Corporate Governance maximising long-term shareholder value.

Thus, Corporate Governance is a reflection of a Company's culture, policies, its relationship with its stakeholders and its value commitment. We, at Shree Ganesh, believe that sound Corporate Governance is critical in enhancing and retaining investor trust.

Accordingly, we seek to ensure that we attain our performance rules with integrity.

Our Corporate Governance philosophy is based on the following principles:

- Corporate Governance standards should be complied with in letter and in spirit
- Absolute transparency and disclosure practices should be maintained
- Individual preferences and convenience should be subordinate to corporate conveniences
- External communication regarding how the Company is operates internally should be truthful
- Laws under which the Company operates should be complied with.
- Business needs should drive transparent corporate disclosure.
- Management should act as a trustee of the shareholders' capital and not its owner

Your Company understands that the customer is the purpose of its business and every customer is an important stakeholder of the Company, performing ethically and efficiently to generate long-term value and wealth for all its stakeholders.

Your Company complies with the Corporate Governance Code as enshrined in Clause 49 of the Listing Agreement.

II. Board of Directors:

The composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement with the stock exchange(s). The Company's Board consists of 8 members which comprise:

- Two Executive Directors
- Two Non- Executive Director Non – Independent Directors
- Four Independent Non-Executive Directors

None of the Directors on the Board is a member of more than 10 Committees, or a Chairman of more than 5 Committees across all the companies in which he is a Director.

III. Board meetings:

The Board holds periodic meetings to review and discuss Company performance, its future plans, strategies and other pertinent items relating to the Company. During the year ended 31 March 2010, 8 Board meetings were held on 14 May, 11 August, 28 August, 09 September, 23 September, 23 December, 19 February and 5 March. The last AGM was held on 23 September 2009.

The composition of Board of Directors, their attendance at the Board meetings held during the year and at last Annual General Meeting, as also the number of directorships and chairmanships /memberships of Committees of each Director held in various companies as at 31 March 2010 is:

Name of Director	Category of directorships	Board meetings attended during 09-10	Attendance in last AGM	No. of directorships held in other companies	No. of Committee positions held in other companies as ##	
					Chairman	Member
* Mr. Nilesh Parekh	Executive Chairman	8	Yes	–	–	–
Mr. Umesh Parekh	Managing Director	8	Yes	–	–	–
Mr. Sharad Mohata	Non-Executive	8	Yes	–	–	–
Mr. Hemang Raja	Non-Executive	8	Yes	–	–	–
Mr. Satish Chandra Chaturvedi	Independent	7	Yes	–	–	–
Mr. Pawan Singh Ingty	Independent	8	Yes	1	–	–
Mr. Dwarka Prasad Mathur	Independent	3	Yes	–	–	–
Mr. Tushar Kanti Das	Independent	4	Yes	–	–	–

Other directorship does not include alternate directorship; directorship of private companies, Section 25 companies and of other companies incorporated outside India.

Includes the membership/chairmanship of only Audit Committee, Remuneration Committee and Share Transfer cum Investors' Grievance Committee.

* Mr. Nilesh Parekh is the brother of Mr. Umesh Parekh. Other than this, none of the other Directors are, in any way, related to any other Director as per Section 6 of the Companies Act, 1956.

IV. Code of conduct

The Board of Directors of the Company has laid down, on 19 May 2010, a code of conduct for all Board members and senior management of the Company.

V. Audit Committee

The Audit Committee of the Company comprises three Directors, of which are two are Independent and one is Non-Executive. All these Directors possess knowledge of corporate finance, accounts and company law. The Chairman of the Committee is an Independent Director nominated by the Board. The Company Secretary acts as the Secretary to the Committee. The role and duties of the Audit Committee, defined by the Board of Directors, cover the areas mentioned under Clause 49 of the Listing Agreement (as amended), besides other powers as may be delegated from time to time by the Board of Directors.

During the year under review 3 Audit Committee meetings were held on 14 May 2009, 11 August 2009 and 23 December 2009.

The composition of the Audit Committee and the attendance of members during these meetings are as follows:-

Name	Designation	Status of member	No. of meetings attended
Mr. Satish Chandra Chaturvedi	Chairman	Independent	2
Mr. Pawan Singh Ingty	Member	Independent	3
Mr. Hemang Raja	Member	Non-Executive	3
Mr. Sharad Mohata#	Member	Non-Executive	2

ceased to be the member of the Committee w.e f 9 September 2009

All the above meetings were also attended by the Auditors and the Company Secretary of the Company.

V. Shareholders' Grievance Committee

The Company constituted the Shareholders'/Investors' Grievance Committee to oversee the redressal of shareholders' and/or investors' grievances.

The Board has designated Mr. Mukund Chandak, Company Secretary as the Compliance Officer of the Company. The shareholders may directly mail the Company at investors@sgjhl.com for an early response to their queries.

The composition of the Committee is as follows:

Name	Designation	Status of member
Mr. Satish Chandra Chaturvedi	Chairman	Independent
Mr. Pawan Singh Ingty	Member	Independent
Mr. Sharad Mohata	Member	Non-Executive

During the financial year ended 31 March 2010, no meeting took place and no compliant was received from any shareholder. All valid requests for transfer of shares received during the financial year ended 31 March 2010 have been acted upon by the Company and no such transfer is pending.

V. Remuneration Committee

The Company constituted the Remuneration Committee on 9 September 2009. The remuneration policy of the Company is based on the need to attract the best available talent and is in line with the prevailing trends in the industry.

During the year under review, there was no meeting of the Remuneration Committee, as no revision in remuneration was considered.

The composition of Remuneration Committee is as follows:

Name	Designation	Status of member
Mr. Pawan Singh Ingty	Chairman	Independent
Mr. Satish Chnadra Chaturvedi	Member	Independent
Mr. Hemang Raja	Member	Non-Executive

There was no pecuniary relationship or transactions between the Company and the Non-Executive Directors. Remuneration/sitting fees paid to Executive/Non-Executive Directors of the Company during the financial year ended 31 March 2010 are detailed as under:

Name of Director	Salary and perquisities (Rs. per annum)	Sitting fees (Rs.)	No. of shares held
Mr. Nilesh Parekh	1,800,000	–	8,891,200
Mr. Umesh Parekh	1,800,000	–	9,475,300
Mr. Sharad Mohata	–	120,000	–
Mr. Hemang Raja	–	120,000	–
Mr. Satish Chandra Chaturvedi	–	105,000	–
Mr. Pawan Singh Ingty	–	120,000	–
Mr. Dwarka Prasad Mathur	–	45,000	–
Mr. Tushar Kanti Das	–	60,000	–

V. CEO and CFO certification

As required by Clause 49 of the Listing Agreement, the certificate by Managing Director and Chief Financial Officer of the Company is provided in this annual report.

IX. Details Of Directors appointed/re-appointed

Details of Directors being appointed/re-appointed have been disclosed in the notice of the Annual General Meeting, i.e. brief resume, nature of expertise in specific functional areas, number of Directorships and Committee memberships and their shareholding in the Company.

X. General body meetings

The last three Annual General Meetings were held as under:

Financial Year ended	Day and date	Time	Venue	No. of Special Resolutions passed
31 March 2007	Thursday, 27 December 2007	11.00 A.M.	25A Camac Street, Kolkata – 700 016	Nil
31 March 2008	Tuesday, 30 September 2008	11.00 A.M	Anandlok, 227 A J C Bose Road, Kolkata – 700 020	Nil
31 March 2009	Tuesday, 23 September 2009	3.00 P.M	Avani Signature, 91A/1 Park Street, Kolkata – 700 016	2

No resolution is proposed to be passed by postal ballot in the ensuing Annual General Meeting.

XI. Disclosures

a) The particulars of transactions between the Company and its related parties as per the Accounting Standard (AS-18) are set out in the Notes on Accounts (Note No. 16) - Schedule -18 forming part of the annual report.

b) The Company has duly complied with the requirements of the regulatory authorities on capital market. No penalties have been imposed on the Company by the stock exchanges/SEBI, on any matter related to capital markets during the last three years.

c) A management discussion and analysis report, given in a separate annexure, forms part of this annual report, and is attached herewith.

d) The Company has fully complied with the mandatory requirements of the Listing Agreement and has fulfilled the following non-mandatory requirements as prescribed in Clause 49 of the Listing Agreement with the stock exchanges:

   i. The Company has set up a Remuneration Committee. Please see section VII for details.

XII. Means of communication

Financial results:

The results of the Company are furnished to the stock exchanges on a periodical basis after approval of the Board of Directors.

The results are normally published in prominent newspapers within 48 hours after approval by the Board. The Company's website is www.sgjhl.com, and the periodic results will be duly posted thereon. Official news releases and notices are sent to the stock exchanges where the equity shares of the Company are listed.

XIII. General shareholder information

Annual General Meeting (Financial Year 2009-10):

Day, date & time: Friday, 27 August 2010, 11.00 A.M.

Venue: Vidya Mandir, 1, Moira Street, Kolkata -700 017

Financial calendar (tentative and subject to change):

1. Financial reporting for the quarter ended 30 June 2010: second week of August 2010
2. Financial reporting for the quarter ended 30 September 2010: second week of November 2010
3. Financial reporting for the quarter ended 31 December 2010: second week of February 2011
4. Financial reporting for the year ended 31 March 2011: second week of May 2011
5. Annual General Meeting for the year ended 31 March 2011: September 2011

Dividend:

The Board of Directors has recommended a final dividend of Rs. 2 per share on the paid-up equity capital of the Company. The proposed dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear in the register of members as on the close of business hours on 20 August 2010.

Book closure period:

21 August 2010 to 27 August 2010 (both days inclusive) for Annual General Meeting and payment of dividend.

Listing on stock exchanges and payment of listing fee:

(a) Bombay Stock Exchange Limited (BSE) P.J. Towers, Dalal Street Mumbai – 400 001

(b) National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051

Annual listing fee for the year 2010-11 has been duly paid by the Company to the BSE & NSE.

Stock code:

Bombay Stock Exchange – 533180

National Stock Exchange – SGJHL

- ISIN No. in NSDL & CDSL – INE 553K01019
- Corporate Identification Number – L36911WB2002PLC095086

Market price data

As the Company's equity shares received listing and trading permission from NSE on 6 April 2010 and from BSE on 7 April 2010, the information pertaining to market price data is not applicable to the financial year ended 31 March 2010.

Dematerialisation of shares as on 31 March 2010:

The Company's shares are compulsorily traded in dematerialised form and are available for trading in both the depositories in India – National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Particulars of shares	Equity shares of Rs. 10 each Number	Percentage of total
Dematerialised form		
NSDL	39,460,888	81.29
CDSL	0	0
Physical form	9,085,100	18.71
Total	48,545,988	100

Dematerialisation of shares as on 3 April 2010 i.e post-allotment under the IPO

Particulars of shares	Equity shares of Rs. 10 each Number	Percentage of total
Dematerialised form		
NSDL	49,333,127	81.30
CDSL	2,264,258	3.73
Physical form	9,085,100	14.97
Total	60,682,485	100

Registrar and Transfer Agent:

Link Intime India Private Limited
C13, Kantilal Maganlal Industrial Estate,
Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai – 400 078
Tel : 022 25960320 Fax: 022 25960329
Email: sgjhl.ipo@linkintime.co.in

Share transfer system:

The Company has 81.29 % of its shares are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. The share transfers which are received in physical form are processed, and the share certificates returned within a period of 15-20 days from the date of receipt of the transfer, subject to documents being valid and complete in all respects.

Distribution of shareholding as on 31 March 2010:

Slab of shareholding	No. of shareholders	Percentage	No. of shares	Percentage
Upto 500	–	–	–	–
501-1000	–	–	–	–
1001- 2000	–	–	–	–
2001-3000	–	–	–	–
3001-4000	–	–	–	–
4001-5000	–	–	–	–
5001-10000	–	–	–	–
10001 and above	10	100.00	48,545,988	100.00
Total	10	100.00	48,545,988	100.00

Distribution of shareholding as on 3 April 2010 i.e. post-allotment under the IPO:

Slab of shareholding	No. of shareholders	Percentage	No. of shares	Percentage
Upto 500	20,359	98.61	3,527,054	5.81
501-1000	85	0.41	59,874	0.10
1001- 2000	49	0.24	70,968	0.12
2001-3000	17	0.08	40,465	0.07
3001-4000	17	0.08	58,962	0.10
4001-5000	14	0.07	64,515	0.11
5001-10000	29	0.14	181,618	0.30
10001 and above	77	0.37	56,679,029	93.40
Total	20,647	100.00	60,682,485	100.00

Category of shareholders as on 31 March 2010

Category	No. of shares held	Percentage of shareholdings
Promoters and promoter group	42,879,320	88.33
Institutional investors	5,333,334	10.98
Corporate bodies	333,334	0.69
Indian public	Nil	Nil
NRIs/OCB	Nil	Nil
Total	48,545,988	100

Category of shareholders as on 9 April 2010 i.e post-allotment under the IPO

Category	No. of shares held	Percentage of shareholdings
Promoters and promoter group	42,879,320	70.66
Institutional investors	9,284,131	15.30
Corporate bodies	2,090,552	3.44
Indian public	3,930,228	6.48
NRIs/OCB	20,486	0.03
Fis/banks/MFs	2,477,768	4.08
Total	60,682,485	100

Registered office: 413 Vardaan Market, 25A Camac Street, Kolkata-700016

Corporate office: Avani Signature, Block 402, 91A/1 Park Street, Kolkata-700 016
E-mail: investors@sgjhl.com

Plant location: Module GSW, 4SW & GNE2, Manikanchan SEZ, SDF Building
Sector V, Saltlake, Kolkata – 700 091

Address for correspondence: The Company Secretary
Shree Ganesh Jewellery House Limited
Avani Signature, Block 402, 91A/1 Park Street,
Kolkata-700 016
E-mail: investors@sgjhl.com

For and on behalf of the Board of Directors

19 May 2010
Kolkata

Nilesh Parekh
Chairman

Compliance certificate:

To:
The Members
Shree Ganesh Jewellery House Limited

I have examined the compliance of conditions of Corporate Governance by Shree Ganesh Jewellery House Limited (the Company) for the year ended on 31 March 2010, as stipulated in Clause 49 of the Agreement of the said Company with the stock exchanges.

The Company has made Initial Public Offering (IPO) of 12,136,497 equity shares and has allotted the said shares on 3 April 2010. The Company's equity shares have been listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 9 April 2010.

As provided under Paragraph no. 6 of SEBI Circular No. SEBI/CFD/DIL/1/2004/12/10 dated 29 October 2004, it is considered satisfactory compliance of Clause 49 by the Company, if it has set up its Board of Directors and constituted Committees such as Audit Committee, Shareholders'/Investors' Grievance Committee etc. in accordance with Clause 49 before seeking the in-principle approval for listing, which the Company has complied with. Clause 49 of the Listing Agreement is applicable to the Company, on and from 9 April 2010 i.e on listing of its equity shares.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation there of, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance, as applicable before listing of its equity shares.

I state that no investor grievance was pending for a period exceeding one month against the Company, as per records maintained by the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted its affairs.

B. P. Dhanuka
Practicing Company Secretary
C P No. 6041, FCS 615

Place: Kolkata
Date: 19 May 2010

CEO & CFO certificate:

We, Umesh Parekh, Managing Director and Ashok Prakash Sahni Chief Financial Officer, responsible for the finance function certify that:

(a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2010 and that to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

(b) To the best of our knowledge and belief, no transactions entered into by the company during the financial year ended March 31, 2010 are fraudulent, illegal or violating of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify those deficiencies.

(d) We have indicated to the Auditors and the Audit committee

(i) That there has not been any significant changes in internal control over financial reporting during the year under review;

(ii) That there has not been any significant changes in accounting policies during the financial year 2009-10 requiring disclosure in the notes to the financial statements; and

(iii) That during the year under review, we are not aware of any instances of significant fraud and involvement therein, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Kolkata	Umesh Parekh	Ashok P. Sahni
Date: 19 May 2010	*Managing Director*	*Chief Financial Officer*

Auditors' Report

To the Members of
Shree Ganesh Jewellery House Limited

1. We have audited the attached Balance Sheet of Shree Ganesh Jewellery House Limited (formerly known as Shree Ganesh Jewellery House Private Limited) as at 31 March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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 a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the 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 it appears from our examination of the 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 Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) On the basis of written representations received from directors as on 31 March 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31 March 2010from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956, and

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31 March 2010; and

      ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

      iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For B S R & Associates
Chartered Accountants
Registration No: 116231W

Vikram Advani
Partner
Membership No: 091765

Place: Gurgaon
Date: 20 May 2010

Shree Ganesh Jewellery House Ltd.
(Formerly known as Shree Ganesh Jewellery House Private Limited)

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The Company has a regular programme of physical verification of fixed assets by which all assets are verified annually. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were identified on such verification.

c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

ii) a) The inventory, except for stocks lying with third parties, has been physically verified by the management as at the year end. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties, written confirmations have been obtained at the year end.

b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.

iii) a) The Company has granted loans to 4 companies and firms covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,734.01 lacs and the year end balance of such loans was Rs. 563.02 lacs.

b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to companies and firms listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

c) According to the information and explanations given to us, loans and interest thereon granted to companies and firms listed in the register maintained under Section 301 of the Companies Act, 1956 are recoverable on demand. There are no stipulations made for the recovery of the loan. Accordingly, we cannot comment on the regularity of receipt of principal amounts and interest thereon.

d) There is no overdue amount of more than Rupees one lakh in respect of loans granted to any of the companies, firms or other parties listed in the register maintained under Section 301.

e) The Company has not taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain items of inventories are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.

b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for purchases of certain items of inventories which are for the Company's specialised requirements and similarly for sale of certain goods for the specialised requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appears reasonable.

vi) The Company has not accepted any deposits from the public.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of the business.

viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured/ services rendered by the Company.

ix) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Sales tax, Wealth tax, Customs duty, Cess and other material statutory dues have generally been deposited regularly during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Excise duty, Service tax and Investor Education and Protection Fund.

There were no dues on account of cess under Section 441A of the Act, since the date from which the aforesaid Section has come into force has not yet been notified by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Employees Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth tax, Customs duty, Cess and other material statutory dues were in arrears as at 31 March 2010 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there were no dues of Wealth tax, Customs duty, and Cess which have not been deposited with the appropriate authorities on account of any dispute.

As explained to us, the Company did not have any dues on account of Service Tax and Excise Duty and Investor Education and Protection Fund.

According to the information and explanation given to us, the following Sales Tax and Income Tax dues have not been deposited with the appropriate authorities on account of dispute:

Name of the statute	Nature of the dues	Amount Involved (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
West Bengal Sales Tax Act/Central Sales Tax Act	Claim of export sales rejected by Assessing Authority	Rs. 383.25 lacs	2003-04/ 2006-07	Revisional Board/ Joint Commissioner
Indian Income tax Act, 1961	Various matters arising on income tax proceedings	Rs. 23.65 lacs	2005-06/ 2006-07	Commissioner of Income Tax (Appeals)

x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers and debenture holders.

xii) In our opinion, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.

xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

xvii) 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 investment.

xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.

xix) The Company had unsecured debentures outstanding during the year on which no security or charge was required to be created. There are no outstanding debentures as at the year end.

xx) The Company has made an invitation to the public to subscribe to shares of the Company with initial public offering as at the end of the year. As explained to us, the allotment of shares were completed post the year end. (Also Refer to Note no. 22 on Schedule 21 to the Financial Statements).

xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Associates
Chartered Accountants
Registration No: 116231W

Vikram Advani
Partner
Membership No: 091765

Place: Gurgaon
Date: 20 May 2010

Balance Sheet As at 31 March 2010

(Rs. in Lacs)

	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	2	4,854.60	10,143.97
Reserves and surplus	3	48,811.18	29,624.17
		53,665.78	39,768.14
Loan funds			
Secured loans	4	28,902.79	34,502.79
Unsecured loans	5	6,000.00	564.31
		34,902.79	35,067.10
		88,568.57	74,835.24
APPLICATION OF FUNDS			
Fixed assets	6		
Gross block		2,396.83	1,687.32
Less : Accumulated depreciation		713.77	482.47
Net block		1,683.06	1,204.85
Capital work-in-progress		58.35	186.10
		1,741.41	1,390.95
Investments	7	544.07	555.65
Deferred Tax Asset, net (refer Note 3 on Schedule 21)		764.07	165.11
Current assets, loans and advances			
Inventories	8	19,066.29	7,390.53
Sundry debtors	9	58,979.80	17,535.84
Cash and bank balances	10	65,858.62	54,323.69
Loans and advances	11	4,921.91	6,859.36
Other Current assets	12	396.07	142.58
		149,222.69	86,251.99
Less: Current liabilities and provisions			
Current liabilities	13	62,262.97	13,226.69
Provisions	14	1,440.70	301.78
		63,703.67	13,528.47
Net current assets		85,519.02	72,723.53
		88,568.57	74,835.24
Significant accounting policies	1		
Notes to the accounts	21		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report attached

For B S R & Associates
Chartered Accountants
Registration No: 116231W

For and on behalf of the Board of Directors

Vikram Advani
Partner
Membership No.: 091765

Nilesh Parekh
Chairman

Umesh Parekh
Managing Director

Mukund Chandak
Company Secretary

Place: Gurgaon
Date: 20 May 2010

Place: Kolkata
Date: 19 May 2010

Shree Ganesh Jewellery House Ltd.
(Formerly known as Shree Ganesh Jewellery House Private Limited)

Profit and Loss Account For the year ended 31 March 2010

(Rs. in Lacs)

	Schedule	31.03.2010	31.03.2009
INCOME			
Sale of goods		294,992.30	214,850.12
Job work charges		232.93	149.00
Other income	15	5,018.43	6,820.83
		300,243.66	221,819.95
EXPENDITURE			
(Increase)/Decrease in closing stock of work-in-progress and finished goods	16	(9,039.45)	(909.41)
Cost of raw materials and stones consumed	17	270,806.76	199,428.65
Purchase of traded goods		8,224.58	514.91
Personnel cost	18	1,631.21	1,115.34
Manufacturing and other expenses	19	3,465.45	1,518.72
Depreciation / Amortisation	6	232.01	183.78
Interest and finance charges	20	7,821.46	6,623.59
		283,142.02	208,475.58
Profit before tax		17,101.64	13,344.37
Less:			
Current tax		535.50	100.75
Fringe benefit tax		–	8.50
Deferred tax release (refer Note 3 on Schedule 21)		(22.05)	(9.95)
Profit after tax		16,588.19	13,245.07
Profit and Loss Account Brought Forward		27,561.16	14,600.07
		44,149.35	27,845.14
APPROPRIATIONS			
Proposed Dividend (refer Note 22 on Schedule 21)		1,213.65	242.73
Dividend tax		201.57	41.25
Transfer to General reserve		1,658.82	–
Profit and Loss Account carried forward		41,075.31	27,561.16
		44,149.35	27,845.14
Earning per share (refer Note 4 on Schedule 21)			
- Basic (Rs.)		35.87	30.89
- Diluted (Rs.)		35.87	27.28
Significant accounting policies	1		
Notes to the accounts	21		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report attached

For B S R & Associates
Chartered Accountants
Registration No: 116231W

For and on behalf of the Board of Directors

Vikram Advani
Partner
Membership No.: 091765

Nilesh Parekh
Chairman

Umesh Parekh
Managing Director

Mukund Chandak
Company Secretary

Place: Gurgaon
Date: 20 May 2010

Place: Kolkata
Date: 19 May 2010

Cash Flow Statement For the year ended 31 March 2010

				(Rs. in Lacs)
		31.03.2010		31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before taxation		17,101.64		13,344.37
Adjusted for :				
(Profit)/loss on sale of fixed assets	(0.51)		1.20	
Depreciation /Amortisation	232.01		183.78	
Unrealised foreign exchange loss / (gain) (net)	1,511.95		(943.33)	
Provision for debtors	22.27			
Provision for diminution for investment	0.33			
Interest Income	(4,693.78)		(3,920.52)	
Interest expense	7,821.46		5,629.37	
Advance written off	–		176.67	
		4,893.73		1,127.17
Operating profit before working capital changes		21,995.37		14,471.54
Changes in:				
Trade and other receivables	(46,615.01)		(3,880.39)	
Inventories	(11,675.76)		(440.72)	
Trade payables / other liabilities	48,358.86	(9,931.91)	1,468.17	(2,852.94)
Cash generated from operations		12,063.46		11,618.60
Direct taxes (paid)/refund (net)		(496.61)		(432.64)
NET CASH FROM OPERATING ACTIVITIES		11,566.85		11,185.96
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(587.28)		(232.48)
Proceeds from sale of fixed assets		5.31		0.58
Proceeds from investment		11.25		–
Loans (Given)/Realisation(net)		(563.02)		22.69
NET CASH USED IN INVESTING ACTIVITIES		(1,133.74)		(209.21)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from :				
Short Term Borrowings		75,453.76		105,619.15
Repayment of:				
Long Term Borrowings	(16.13)	–	(28.03)	
Short Term Borrowings	(69,840.94)	(69,857.07)	(86,142.74)	(86,170.77)
Interest paid		(7,916.70)		(5,281.11)
Interest received		4,440.29		3,795.43
Dividend Paid		(283.98)		(250.84)
Share issue expenses		(691.58)		–
NET CASH FROM FINANCING ACTIVITIES		1,144.72		17,711.86
(Decrease) / Increase In Cash & Cash Equivalents (A+B+C)		11,577.83		28,688.61
Opening cash and cash equivalents		54,280.79		25,592.18
Closing cash and cash equivalents		65,858.62		54,280.79
Note				
CASH AND CASH EQUIVALENTS - CLOSING BALANCE				
1. Cash in hand		54.96		38.01
Balances with scheduled banks				
- Current account		2,539.67		2,210.69
[Excluding unrealised foreign exchange gain of Rs. Nil (previous year Rs. 42.90)]				
- Deposit account *		63,263.99		52,032.09
Total		65,858.62		54,280.79

* Includes Rs. 63,261.28 (Previous year Rs. 52,032.40) being margin money deposit against borrowings which are not readily available for other purposes.

2. The above cash flow statement has been prepared under the indirect method set out in Accounting Standard AS 3 "Cash Flow Statement as prescribed by Companies (Accounting Standards) Rules, 2006.
3. Previous year's figure have been rearranged / regrouped wherever necessary

As per our report attached

For B S R & Associates
Chartered Accountants
Registration No: 116231W

For and on behalf of the Board of Directors

Vikram Advani
Partner
Membership No.: 091765

Nilesh Parekh
Chairman

Umesh Parekh
Managing Director

Mukund Chandak
Company Secretary

Place: Gurgaon
Date: 20 May 2010

Place: Kolkata
Date: 19 May 2010

Schedules to the Account

1 SIGNIFICANT ACCOUNTING POLICIES

Background

Shree Ganesh Jewellery House Limited ('the Company') formerly Shree Ganesh Jewellery House Private Limited, was incorporated in 2002. The Company is engaged in the business of manufacture and sale of handcrafted gold jewellery, diamond and studded jewellery. The name of the Company changed to Shree Ganesh Jewellery House Limited on conversion to public limited Company with effect from 14 August 2007.

1. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting following generally accepted accounting principles in India ('GAAP') and comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable.

ii) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

iii) Fixed assets

Fixed assets are carried at cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes freight, duties (net of VAT), taxes and other incidental expenses that are directly attributable to bringing assets to their working condition for their intended use.

iv) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as a 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.

v) Depreciation/ Amortisation

Depreciation on fixed assets is provided under the written down value method at rates derived from the useful lives of such assets, as estimated by management. The rates of depreciation so derived are in line with the rates of depreciation prescribed by Schedule XIV to the Act.

Leasehold properties are amortised over Useful life of the assets as estimated by management or the period of lease, whichever is lower.

Fixed assets individually costing Rs. 5,000 or less, are depreciated fully in the year of acquisition.

Goodwill arising on amalgamation is amortised over its estimated useful life of 5 years.

vi) Impairment of fixed assets

At each Balance Sheet date, management assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs when the carrying value of an asset exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the present value as determined above.

vii) Investments

Long term investments are stated at cost less amount written off, where there is a diminution in value other than temporary.

viii) Inventories

Year-end inventory of raw materials and stones are carried at cost (net of VAT, wherever applicable). The carrying cost of raw materials and stones is appropriately written down when there is a decline in replacement cost of such materials and the finished products in which they will be incorporated are expected to be sold below cost.

Year-end inventory of work in progress and finished goods are valued at the lower of cost and net

Shree Ganesh Jewellery House Ltd.
(Formerly known as Shree Ganesh Jewellery House Private Limited)

Schedules to the Account

Schedules to the Account

1 SIGNIFICANT ACCOUNTING POLICIES *(Contd...)*

realisable value. Cost of work in progress and finished goods comprises of direct material and labour expenses and an appropriate portion of production overheads incurred in bringing the inventory to their present location and condition. Fixed production overheads are allocated on the basis of the production.

In determining cost, first in first out method is used.

Alloys and consumables are charged off to Profit and Loss Account.

ix) Revenue recognition

Revenue from sale of goods is recognised on transfer of risk and rewards of ownership of goods to the buyer. Sales are stated exclusive of sales tax. Excise duty is not applicable to the Company. In respect of contract for sale of goods at prices that are yet to be fixed at the year end, adjustments to the provisional amount billed to the customers are recognised based on the year end closing gold rate.

Revenue from job work are recognised on an accrual basis when the related job work is rendered.

In respect of commodity exchange transactions undertaken by the Company, net gain/loss arising from settlement of such transactions during the year or restatement of such transactions that are pending settlement at the year end are recognised in the Profit and Loss account for the year. In respect of commodity exchange transaction undertaken on behalf of customers, brokerage received/ receivable is recognised on accrual basis when transactions are entered into on behalf of the customers.

Third party sales commission is recognised on an accrual basis in accordance with the terms of the related agreement.

Interest is recognised on time proportion basis.

x) Employee benefits

The Company's obligation towards various employee benefits have been recognised as follows:

Short Term Benefits

Cost of non-accumulated compensated absences is recognised when absences occur. Cost of other short term employee benefits are recognized on accrual basis based on the terms of employment contract and other relevant compensation policies followed by the Company.

Post employment benefits

Monthly contribution to Provident Funds, which is defined contribution scheme, is charged to Profit and Loss account and deposited with the Regional Provident Fund Authorities on a monthly basis.

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried out at the year end 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 obligation under defined benefit plan is based on the market yield on government securities as at the Balance sheet date and have maturity period approximating to the terms of the obligation. Actuarial gains and losses are recognised immediately in the profit and loss account.

Other Long term benefits

Cost of long term benefit by way of accumulating compensated absences that are expected to be availed after a period of 12 months from the year - end are recognised when the employees render the service that increases their entitlement to future compensated absences. The Company determines the liability for such accumulated leaves on the basis of actuarial valuation using the projected unit credit method as at the year end. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

With effect from the current year, the Company has discontinued the a availment/encashment of accumulated compensated absences after a period of 12 months from the year end. The impact of such change is not significant.

1 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

xi) Operating Leases

Lease rentals for operating leases are recognised as expenses in the Profit and Loss Account on a straight line basis over the lease term.

xii) Foreign exchange transactions

Transactions in foreign currency are recognised at the exchange rates prevailing on the date of the transactions. Year-end monetary assets and liabilities denominated in foreign currencies, other than those covered by foreign exchange contracts, are translated at the year-end foreign exchange rates.

Gain / loss from exchange differences arising on settlement of foreign currency transaction or translation of year-end monetary assets and liabilities in foreign currency are recognised in the Profit and Loss Account for the year.

In case of forward exchange contracts, premium or discounts on such contracts are ammortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Profit and Loss Account.

xiii) Taxation

Income tax expense comprises current and fringe benefit taxes (i.e. amount of taxes for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. (Fringe benefit tax has been abolished w.e.f. 01 April 2009.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future except for deferred tax assets arising from unabsorbed depreciation or business losses brought forward from prior years that 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 up or down to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

The Company's units, located in Special Economic Zone are exempted from income tax (current tax) till 31 March 2011 under the provisions of sections 10A and partly exempted till 31 March 2024 under the provisions of Section 10AA of the Income Tax Act, 1961. Deferred tax pertaining to the above units are recognised on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods beyond the periods during which the respective units are exempt from income tax as aforesaid. Deferred tax assets on unabsorbed depreciation and / or carry forward of losses are recognised only if there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. Such assets are reviewed as at each Balance Sheet date to reassess realisability thereof.

xiv) Provisions and contingent liabilities

A provision is recognised in the financial statements when there exists a present obligation as a result of a past event, the amount of which can be reliably estimated and it is probable that an outflow of resources will be required to settle the obligation. Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be reliably estimated.

xv) Earnings Per Share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares and dilutive equity equivalent shares outstanding during the period, except when results would be anti dilutive.

Schedules to the Balance Sheet

As at 31 March 2010

(Rs. in Lacs)

2 SHARE CAPITAL

	31.03.2010	31.03.2009
Authorised		
70,000,000 (Previous year - 35,000,000) Equity Shares of Rs. 10 each	7,000.00	3,500.00
2,666,667 (Previous year - 2,666,667) 0.0001 % Cumulative Convertible Preference Shares of Rs. 300 each.	8,000.00	8,000.00
	15,000.00	11,500.00
Issued, Subscribed and Paid up		
48,545,988 (Previous year - 21,439,661) Equity Shares of Rs. 10 each fully paid up	4,854.60	2,143.97
(of the above share 36,048,144(Previous year 11,775,150) equity share of Rs. 10 each are allotted fully paid up by way of bonus shares out of the securities premium account)		
NIL (Previous year -2,666,666) 0.0001 % Cumulative Convertible Preference Shares of Rs. 300 each fully paid up. (refer Note 21 (a) on Schedule 21)	–	8,000.00
	4,854.60	10,143.97

3 RESERVES AND SURPLUS

	31.03.2010	31.03.2009
Amalgamation reserve	325.59	325.59
Securities premium account		
At the commencement of the year	1,684.54	1,684.54
Additions during the period:		
- On Conversion of Preference Share (refer Note 21 (a) on Schedule 21)	7,733.33	–
- On Conversion of debentures (refer Note 21 (b) on Schedule 21)	483.33	–
Utilised during the period:		
- For issue of bonus shares (24,272,994 (Previous year Nil) equity shares of Rs. 10 each)	2,427.30	
- For Share issue expenses [net of deferred tax Rs. 576.91 (Previous year Rs. Nil)]	1,775.32	
	5,698.58	1,684.54
General reserve		
At the commencement of the year	52.88	52.88
Add: Transfer from Profit and loss account	1,658.82	–
	1,711.70	52.88
Profit and loss account	41,075.31	27,561.16
	48,811.18	29,624.17

4 SECURED LOANS

	31.03.2010	31.03.2009
Loans from Banks		
- Buyers credit*	23,520.31	32,051.71
- Demand Loan**	1,775.28	215.22
- Post Shipment Credit***	3,428.70	2,157.85
- Gold taken on Loan*	176.23	59.61
- Vehicle loan ****	2.27	18.40
	28,902.79	34,502.79

* Buyer's Credit and Gold taken on Loan are secured by lien on fixed deposits.

** Demand loan facility is secured by way of first charge on inventory and book debts / current assets.

*** Post Shipment Credit is secured by first pari passu charge on the current assets, present and future excluding assets having specific charge of respective financing banks.

**** Vehicle loans are secured by hypothecation of the vehicles purchased from the proceeds of the loans.

The above loans include Rs. 28,902.78 (Previous year Rs. 34,500.52) repayable within 1 year.

5 UNSECURED LOANS

	31.03.2010	31.03.2009
- 5,000,000 - 0 % Fully Convertible Debentures (refer Note 21 (b) on Schedule 21)	–	500.00
Short Term Loans		
- From banks	6,000.00	64.31
	6,000.00	564.31

Schedules to the Balance Sheet

As at 31 March 2010

(Rs. in Lacs)

6 FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2009	Addition	Deletion	As at 31.03.2010	As at 01.04.2009	For the year	Deduction/ Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Intangible Assets										
Goodwill	287.86	–	–	287.86	172.71	57.57	–	230.28	57.58	115.15
Tangible Assets										
Freehold Land	159.92	–	–	159.92	–	–	–	–	159.92	159.92
Leasehold Properties (Refer note a & b below)	315.41	76.29	–	391.70	58.41	14.71	–	73.12	318.58	257.00
Buildings	300.44	0.80	–	301.24	80.58	22.07	–	102.65	198.59	219.86
Plant & Machinery	93.01	466.91	5.52	554.40	15.82	27.78	0.71	42.89	511.51	77.19
Furniture, Fixtures & Office Equipments	325.69	80.46	–	406.15	61.73	56.40	–	118.13	288.02	263.96
Computers & related equipments	81.11	52.24	–	133.35	31.76	32.74	–	64.50	68.85	49.35
Vehicles	123.88	38.33	–	162.21	61.46	20.74	–	82.20	80.01	62.42
Total	1,687.32	715.03	5.52	2,396.83	482.47	232.01	0.71	713.77	1,683.06	1,204.85
Previous year	1,374.58	317.71	4.97	1,687.32	301.56	183.78	2.87	482.47	1,204.85	
Capital Work in Progress (including Capital Advances)									58.35	186.10

a) Includes building with gross block Rs. 201.92 (Previous year Rs. 201.92), accumulated depreciation Rs. 37.46 (Previous year Rs. 28.79) and written down value Rs. 164.46 (Previous year Rs. 173.13), jointly held with others.

b) Includes buildings with gross block Rs. 162.84 (Previous year 86.55) and accumulated depreciation Rs. 24.27 (Previous year Rs. 19.03), that are yet to be registered in the name of the Company.

(Rs. in Lacs)

7 INVESTMENTS

	No. of Shares 31.03.2010	No. of Shares 31.03.2009	Face Value per share	31.03.2010	31.03.2009
(Long term, other than trade)					
Unquoted - at cost					
Shares in Subsidiary Companies					
Equity Shares (fully paid up)					
Bajoria Apartments Private Limited*	–	50,000	10	–	5.04
Charturbujh Jewellery House Private Limited*	–	197,500	10	–	19.91
Easy Fit Jewellery Private Limited*	2,471,500	362	10	512.85	88.83
Galaxy Jewel Art Private Limited*	–	10,000	10	–	1.01
Gokul Jewellery House Private Limited	282,500	282,500	10	28.48	28.48
Gold Art Jewellers Private Limited*	–	337,500	10	–	34.02
J T Metals & Minerals Exports Private Limited*	–	31,00,000	10	–	310.10
Mudrika Jewel Private Limited*	–	10,000	10	–	1.01
Safal Jewellers Private Limited*	–	485,000	10	–	48.89
Samukh Exim Private Limited*	–	10,000	10	–	1.01
Shree Ganesh Jewellery House (Singapore) Pte. Ltd.	10,000	10,000	27	2.74	2.74
Shrishti Jewel Art Private Limited*	–	10,000	10	–	1.01
Smart Gold Jewel House Private Limited*	–	10,000	10	–	1.01
Subarna Jewels Private Limited*	–	10,000	10	–	1.01
				544.07	544.07
Equity Shares (fully paid up)					
Damgan Retail Jewellery Private Limited	3,300	3,300	10	0.33	0.33
Share Application Money					
Damgan Retail Jewellery Private Limited		112,500	10	–	11.25
Less: Provision for diminution in value of investments				0.33	–
				–	11.58
				544.07	555.65

* The above Companies have since been amalgamated with Easy Fit Jewellery Private Limited pursuant to the order of the Hon'ble High Court at Calcutta, sanctioning the scheme of amalgamation w.e.f. 01 April 2008.

Schedules to the Balance Sheet

As at 31 March 2010

(Rs. in Lacs)

	Schedule	31.03.2010	31.03.2009
8 INVENTORIES			
(At lower of cost and net realisable value)			
Raw materials and stones		3,223.66	587.35
Work-in-progress		5,294.29	2,383.16
Finished goods		10,548.34	4,420.02
		19,066.29	7,390.53
9 SUNDRY DEBTORS			
(Unsecured)			
Debts outstanding for a period exceeding six months			
- considered good		12,441.84	4,164.23
- considered doubtful		408.28	388.41
		12,850.12	4,552.64
Less: Provision for doubtful debts		408.28	388.41
		12,441.84	4,164.23
Other debts - considered good		46,537.96	13,371.61
		58,979.80	17,535.84
10 CASH AND BANK BALANCES			
Cash in hand		54.96	38.01
Balances with scheduled banks on			
- current accounts		2,539.67	2,253.59
- fixed deposit [including margin money deposit Rs. 63,261.28 (Previous year Rs. 52,032.09)]		63,263.99	52,032.09*
		65,858.62	54,323.69

* Includes Rs. 20.12 prohibited from operations by Income Tax Authorities (Refer Note 2(b) on Schedule 21)

		31.03.2010	31.03.2009
11 LOANS AND ADVANCES			
(Unsecured and considered good)			
Loans			
- to subsidiaries		561.97	464.69
- to body corporate and others		1.06	1.00
- to employees		–	5.95
Advances recoverable in cash or in kind or for value to be received		3,440.40	3,173.43
Balances with sales tax authorities		76.90	52.28
Security deposits		602.45	392.87
Foreign currency receivable		–	2,491.12
Income tax [net of provision for income tax Rs. 1,091.71 (previous year Rs. 556.21)]		239.13	278.02
		4,921.91	6,859.36
Note :			
a) Loans (bearing interest and repayable on demand) to subsidiaries comprises of:			
- Shree Ganesh Jewellery House (Singapore) Pte Ltd		6.96	2.49
(The maximum amount outstanding during the year was Rs. 6.96 (previous year Rs. 2.49)			
- Gokul Jewellery House Private Limited Rs.		292.68	95.06
(The maximum amount outstanding during the year was Rs. 292.68 (previous year Rs. 95.06)			
- Easy Fit Jewellery Private Limited		262.33	14.50
(The maximum amount outstanding during the year was Rs. 1,443.32 (previous year Rs. 14.50)			
- Gold Art Jewellers Private Limited		–	310.32
(The maximum amount outstanding during the year was Rs. Nil (previous year Rs. 310.32)			
- Bajoria Apartments Private Limited		–	54.17
(The maximum amount outstanding during the year was Rs. Nil (previous year Rs. 54.17)			
b) Loans and advances to companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956:			
- Liberson Delcom Private Limited		1.06	1.00

Schedules to the Balance Sheet

As at 31 March 2010

(Rs. in Lacs)

	Schedule	31.03.2010	31.03.2009
12 OTHERS CURRENT ASSETS			
Interest accrued but not due on deposits and loans given		396.07	142.58
		396.07	142.58
13 CURRENT LIABILITIES			
Temporary book overdrafts		23.72	61.36
Sundry creditors [refer Note 23 on Schedule 21]*		59,814.58	13,053.59
Foreign currency payable		2,256.11	–
Other liabilities		168.56	111.74
		62,262.97	13,226.69
* Include amount payable on account of:			
Salaries, wages and bonus		39.81	5.62
Employee benefits		25.47	17.80
Directors Remuneration		765.07	266.92
14 PROVISIONS			
Employee Benefits		25.48	17.80
Provision for proposed dividend (including dividend tax Rs. 201.57 (Previous year Rs. 41.25)		1,415.22	283.98
		1,440.70	301.78

Schedules to the Profit and Loss Account

For the year ended 31 March 2010

(Rs. in Lacs)

	31.03.2010	31.03.2009
15 OTHER INCOME		
Interest (Gross) on		
- deposits with banks [includes tax deducted at source Rs. 92.27 (Previous year Rs. 381.35)]	4,614.61	3,914.20
- loans given	79.17	6.32
Gain on foreign exchange fluctuation (net)	–	2,472.77
Commission	64.45	316.73
Provision no longer required written back	141.57	–
Miscellaneous Income	118.63	110.81
	5,018.43	6,820.83
16 INCREASE IN CLOSING STOCK OF WORK-IN-PROGRESS AND FINISHED GOODS		
Closing Stock		
- Work In Progress	5,294.29	2,383.16
- Finished Goods	10,548.34	4,420.02
Less : Opening Stock		
- Work In Progress	2,383.16	2,070.50
- Finished Goods	4,420.02	3,823.27
	9,039.45	909.41
17 COST OF RAW MATERIAL AND STONES CONSUMED		
Opening stock	587.35	1,056.03
Add : Purchases	273,443.07	198,959.97
Less :Closing stock	3,223.66	587.35
	270,806.76	199,428.65

Schedules to the Profit and Loss Account

For the year ended 31 March 2010

(Rs. in Lacs)

	Schedule	31.03.2010	31.03.2009
18 PERSONNEL COST			
Salaries, wages and bonus		783.97	798.34
Employee benefits		20.61	5.56
Staff welfare expenses		15.51	7.80
Directors Remuneration (refer Note 14 on Schedule 21)		811.12	303.64
		1,631.21	1,115.34
19 MANUFACTURING AND OTHER EXPENSES			
Loss on Forward Contract		–	331.19
Sales promotion expenses		299.83	46.63
Legal and consultancy charges		477.60	115.60
Commission on sales (others)		56.54	231.22
Advances written off		–	176.67
Freight & forwarding charges		–	45.03
Loss on foreign exchange fluctuation (net)		1,815.16	–
Job work charges		156.15	78.00
Alloys and consumables consumed		25.16	22.36
Power and fuel		28.73	20.84
Rent (refer Note 24 on Schedule 21)		99.82	85.21
Repairs & maintenance - others		23.47	21.32
Auditor remuneration (refer Note 11 on Schedule 21)		20.00	29.78
Insurance		20.99	12.78
Rates and taxes		12.15	0.94
Provision for dimidiation in investment		0.33	–
Provision for doubtful debts		22.27	–
Miscellaneous expenses		407.25	301.15
		3,465.45	1,518.72
20 INTEREST AND FINANCE CHARGES			
Interest on			
- Buyers' credit, vehicle loan and acceptances		5,969.67	5,406.09
- others		654.14	223.28
Bank charges and commission		1,197.65	994.22
		7,821.46	6,623.59

21 NOTES TO THE ACCOUNTS

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
1. Estimated Capital Commitments (Net of Advance) not provided for	107.77	432.10
2. a). Contingent Liabilities		
i. Corporate Guarantees given on behalf of subsidiaries	6,500.00	6,000.00
ii. Bills Discounted	85,261.27	54,146.31
iii. Claims against the Company in respect of Income Tax / Sales Tax matters not acknowledged as debts	405.82	169.26

2. b). During the previous year the Income Tax Department had undertaken a search, under Section 132 of the Income Tax Act, 1961, at various premises of the Company and the residential premises of the Directors on 26 March 2009. The books of accounts and certain documents of the Company were seized by the Income Tax authorities and were subsequently returned. Further, Bank balances aggregating Rs. 20.12 remained prohibited from operations by such authorities as on 31 March 2009. Such prohibitory order has since been revoked. Mr. Nilesh Parekh was summoned by the Assistant Director of Income Tax in this regard. There has been no further action initiated by the Income Tax Authorities.

Shree Ganesh Jewellery House Ltd.
(Formerly known as Shree Ganesh Jewellery House Private Limited)

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

3. Deferred tax

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
Deferred tax asset / (liability), net included in the Balance Sheet comprise of :		
Deferred tax assets		
Excess of written down value of assets as per Income Tax Act, 1961 and net book value of such assets	25.75	20.48
(to the extent reversing after the period during which the Company is eligible for exemption under sections 10A and 10AA of the Income-Tax Act, 1961)		
Provision for doubtful debts	135.62	132.02
Other timing differences	602.70	12.61
Deferred tax asset (net)	764.07	165.11

4. Earnings per share

	As at 31.03.2010	As at 31.03.2009
i. a) Calculation of weighted average number of equity shares of Rs. 10 each for basic earning per share.		
Number of equity shares at the beginning of the year	21,439,661	21,439,661
Bonus Share Issue during the year	21,439,661	21,439,661
Conversion of Preference Share during the year	1,578,082	–
Conversion of debenture during the year	106,393	–
Issue of bonus shares for converted preference shares during the year	1,578,082	–
Issue of bonus shares for converted debenture during the year	106,393	–
Weighted average number of equity shares outstanding during the year for basic EPS	46,248,272	42,879,322
b) Net profit attributable to equity shareholders	16,588	13,245.07
c) Basic earnings per equity share (Rs.)	35.87	30.89
ii. a) Calculation of weighted average number of equity shares of Rs. 10 each for dilutive earning per shares		
Number of equity shares at the beginning of the year	21,439,661	21,439,661
Bonus Share Issue during the year	21,439,661	21,439,661
Conversion of Preference Share during the year	1,578,082	–
Conversion of debenture during the year	106,393	–
Issue of bonus shares for converted preference shares during the year	1,578,082	2,666,666
Issue of bonus shares for converted debenture during the year	106,393	166,667
Convertible Preference shares	–	2,666,666
Convertible Debentures	–	166,667
Weighted average number of equity shares outstanding during the year for diluted EPS	46,248,272	48,545,988
b) Net profit attributable to equity shareholders	16,588.19	13,245.07
c) Diluted earnings per equity share (Rs.)	35.87	27.28
(Face value per Equity Share of Rs. 10 each)		
(Face Value per Preference share of Rs. 300 each)		
(Face value per Debenture is Rs. 10 each.)		

* 42,879,322 (Previous year 48,545,988) equity shares outstanding for 365 days including:

- 2,666,666 preference shares converted into equity share on 28 August 2009 for outstanding for 216 days;
- 166,667 debenture converted into equity share on 11 August 2009 outstanding for 233 days; and
- 24,272,994 bonus shares allotted on 23 September 2009.

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

5. Capacity and production *(Rs. in Lacs)*

Class of goods	Unit of quantity	Year ended 31.03.2010 (Actual production)	Year ended 31.03.2009 (Actual production)
Own production -			
Gold Jewellery and articles	Grams *	11,618,115	12,077,824
Medallions	Grams *	–	270
Precious / Semi precious stones	Carats	3,656,773	3,003,524
Production through third parties -			
Gold Jewellery and articles	Grams *	739,731	153,338
Medallions	Grams **	168,272	10,428
Precious / Semi precious stones	Carats	16,817	5,360
Total production -			
Gold Jewellery and articles	Grams *	12,357,846	12,231,162
Medallions	Grams *	168,272	10,698
Precious / Semi precious stones	Carats	3,673,590	3,008,884

Note :

* There is no licensed capacity. Plant and machinery installed can manufacture a wide variety of gold jewellery of different specification and design and hence it is not considered practical to state quantitative details of installed capacity. Precious and semi precious stones are embedded in Gold jewellery and articles.

** After adjusting 270 grams which has been re-issued for production.

6. Details of turnover *(Rs. in Lacs)*

Class of goods	Unit of quantity	Year ended 31 March 2010 Quantity	Year ended 31 March 2010 Value (Rs.)	Year ended 31 March 2009 Quantity	Year ended 31 March 2009 Value (Rs.)
a. Manufactured goods					
Gold Jewellery and articles	Grams *	12,112,066	207,775.08	12,306,610	189,920.01
Medallions	Grams *	169,261	2,540.28	11,754	144.85
Precious / Semi precious stones	Carats	3,899,662	78,559.12	2,769,475	24,267.82
b. Traded goods					
Gold Jewellery and articles	Grams *	396,296	6,117.82	41,000	517.43
Total Sales					
Gold Jewellery and articles	Grams *	12,508,362	213,892.90	12,347,610	190,437.45
Medallions	Grams *	169,261	2,540.28	11,754	144.85
Precious / Semi precious stones	Carats	3,899,662	78,559.12	2,769,475	24,267.82
Total			294,992.30		214,850.12

7. Details of inventories of finished goods** *(Rs. in Lacs)*

Class of goods	Unit of quantity	Year ended 31 March 2010 Quantity	Year ended 31 March 2010 Value (Rs.)	Year ended 31 March 2009 Quantity	Year ended 31 March 2009 Value (Rs.)
Gold Jewellery and articles	Grams *	613,318	10,190.86	222,454	3,150.54
		[222,454]	[3,150.54]	[297,021]	[3,564.86]
Medallions	Grams *	3,759	65.77	2,726	33.69
		[2,726]	[33.69]	[3,782]	[36.43]
Precious / Semi precious stones	Carats	47,040	291.71	273,112	1,235.79
		[273,112]	[1,235.79]	[33,551]	[221.98]
Total			10,548.34		4,420.02
			[4,420.02]		[3,823.27]

Figures in Bracket represent previous year's figure.

* Quantities of production, turnover, finished goods, raw material consumed and traded goods purchased, include gold of different fineness. For reporting purposes, all quantities have been converted to 0.995 fineness of gold.

** Closing stock excludes stock provided by third parties amounting to Rs. 28.35 (Previous year Rs. 87.61) as at the year end.

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

8. Details of raw materials and stones consumed *(Rs. in Lacs)*

Class of goods	Unit of quantity	Year ended 31 March 2010 Quantity	Year ended 31 March 2010 Value (Rs.)	Year ended 31 March 2009 Quantity	Year ended 31 March 2009 Value (Rs.)
Gold Bar	Grams *	12,772,463	201,447.55	12,516,721	155,312.82
Precious / Semi precious stones	Carats	3,674,480	69,359.21	3,008,970	44,115.83
Total			270,806.76		199,428.65

Raw material consumption is after adjustment for shortage / excess / wastage.

9. Details of purchase of trading goods *(Rs. in Lacs)*

Class of goods	Unit of quantity	Year ended 31 March 2010 Quantity	Year ended 31 March 2010 Value (Rs.)	Year ended 31 March 2009 Quantity	Year ended 31 March 2009 Value (Rs.)
Gold Jewellery and articles	Grams *	541,380	8,185.76	41,881	508.46
Medallians	Grams *	2,292	38.82		
Precious / Semi precious stones	Carats	–	–	152	6.45
Total			8,224.58		514.91

* Quantities of production, turnover, finished goods, raw material consumed and traded goods purchased, include gold of different fineness. For reporting purposes, all quantities have been converted to 0.995 fineness of gold.

10. Details of imported and indigenous raw materials and stones consumed. *(Rs. in Lacs)*

Class of goods	Year ended 31 March 2010 Value (Rs.)	Year ended 31 March 2010 Percentage	Year ended 31 March 2009 Value (Rs.)	Year ended 31 March 2009 Percentage
Raw Materials and stones				
Imported	260,535.98	96.21%	195,856.99	98.21%
Indigenous	10,270.78	3.79%	3,571.66	1.79%
Total	270,806.76	100.00%	199,428.65	100.00%

11. Auditors' remuneration *(Rs. in Lacs)*

	Year ended 31.03.2010	Year ended 31.03.2009
Statutory audit fees	12.00	27.00
Others (excluding service tax)	8.00	2.78
	20.00	29.78

(The above does not include Rs. 47.15 (net of service tax) being share issue expenses adjusted against securities premium account)

12. Value of imports on CIF basis *(Rs. in Lacs)*

Raw materials (including goods in transit)	270,696.08	196,707.81
Capital goods	433.02	57.94

13. Expenditure and earnings in foreign currency *(Rs. in Lacs)*

a) Expenditure in foreign currency Foreign travel	18.87	21.08
b) Interest expenditure in foreign currency	902.85	762.89
c) Earnings in foreign currency Exports on FOB basis	282,903.49	213,187.72

14. Remuneration to Directors** *(Rs. in Lacs)*

a) Director's Remuneration	36.00	36.00
b) Commission to executive whole time Directors (refer Note 15 below)	769.57	266.92
c) Sitting fees	5.55	0.72
	811.12	303.64

** The above amount does not include provision for employee benefits which are based on actuarial valuation carried out on an overall Company basis rather than separately.

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

15. Computation of Director's Commission for the year ended 31 March 2010 in accordance with Section 349 of the Companies Act, 1956.

(Rs. in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Profit Before Taxation	17,101.64	13,344.37
Add:		
- Depreciation charged during the year	232.01	183.78
- Director's remuneration	811.12	303.64
	18,144.77	13,831.79
Less:		
- Depreciation under Section 350 of the Companies Act, 1956	232.01	183.78
Profit for the purpose of Directors' commission	17,912.76	13,648.01
Eligible executive Directors' commission thereon - upto 10% of the profit, restricted to	1,791.28	1,364.80

16. The details of employee benefits for the year on account of gratuity which is unfunded defined employee benefit plan is as under.

(Rs. in Lacs)

i) Particulars	Year ended 31.03.2010 Gratuity Unfunded	Year ended 31.03.2009 Gratuity Unfunded
a) Component of Employer Expense		
Current service cost	16.99	15.59
Interest cost	1.35	1.09
Actuarial (Gains) / Losses	(10.71)	(11.55)
Total Expenses recognised in the Statement of Profit & Loss Account	7.63	5.13
b) Change in Defined Benefit Obligation (DBO) during the year ended 31 March 2010		
Present value of DBO at the beginning of period	17.37	12.24
Current service cost	16.99	15.59
Interest cost	1.35	1.09
Actuarial (Gains) / Losses	(10.71)	(11.55)
Benefits Payments	(1.92)	–
Present Value of DBO at the year end	23.08	17.37
Actuarial Assumptions		
Discount Rate	8.90%	8.20%

ii) Particulars	Leave benefit scheme (Unfunded)	Leave benefit scheme (Unfunded)
a) Component of Employer Expense		
Current service cost	–	1.62
Interest cost	–	–
Actuarial (Gains) / Losses	–	(1.19)
Total Expenses recognised in the Statement of Profit & Loss Account	–	0.43
b) Change in Defined Benefit Obligation (DBO) during the year ended 31 March 2010		
Present value of DBO at the beginning of period	–	–
Current service cost	–	1.62
Interest Cost	–	–
Actuarial Losses / (Gains)	–	(1.19)
Present Value of DBO at the year end	–	0.43
Discount Rate	–	8.20%

The Gratuity & Leave Benefit expenses have been recognised as 'Employee Benefit' under Schedule 18 to the Profit and Loss Account.

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Shree Ganesh Jewellery House Ltd.
(Formerly known as Shree Ganesh Jewellery House Private Limited)

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

17. The Company has entered into the forwarding derivative instruments which are outstanding on balance sheet date:

(Rs. in Lacs)

		Year ended 31 March 2010		Year ended 31 March 2009	
Nature of contract	Currency	Number of contract	Foreign currency amount	Number of contract	Foreign currency amount
Forward contract buy	USD	64	905.26	59	722.60
Forward contract sale	USD	7	89.22	2	8.48

The purpose of entering into forward exchange Contract is to hedge foreign currency exposure on payment of creditors/ borrowings and receipts from debtors to hedge price fluctuation risk. During the current year the Company has not entered into any derivative instruments for speculation purpose.

18. Foreign Currency exposure not hedged by derivative instruments or forward cover as on balance sheet date are as follows:-

	Year ended 31.03.2010 Amount in USD	Year ended 31.03.2009 Amount in USD
Debtors	1,344.64	382.04
Creditors	970.14	168.85

19. Related parties disclosure in accordance with AS - 18 prescribed by Companies (Accounting Standard) Rules, 2006

	2009-10	2008-09
i) Enterprises directly / indirectly are under common control with the Company	a) Gokul Jewellery House Private Limited	a) Gokul Jewellery House Private Limited
	b) JT Metals & Minerals Exports Private Limited*	b) JT Metals & Minerals Exports Private Limited*
	c) Bajoria Apartments Private Limited*	c) Bajoria Apartments Private Limited*
	d) Chaturbhuj Jewellery House Private Limited*	d) Chaturbhuj Jewellery House Private Limited*
	e) Gold Art Jewellers Private Limited*	e) Gold Art Jewellers Private Limited*
	f) Safal Jewellers Private Limited*	f) Safal Jewellers Private Limited*
	g) Shrishti Jewel Art Private Limited*	g) Shrishti Jewel Art Private Limited*
	h) Smart Gold Jewel House Private Limited*	h) Smart Gold Jewel House Private Limited*
	i) Samukh Exim Private Limited*	i) Samukh Exim Private Limited*
	j) Galaxy Jewel Private Limited*	j) Galaxy Jewel Private Limited*
	k) Mudrika Jewels Private Limited*	k) Mudrika Jewels Private Limited*
	l) Subarna Jewels Private Limited*	l) Subarna Jewels Private Limited*
	m) Shree Ganesh Jewellery House (Singapore) Pte. Ltd.	m) Shree Ganesh Jewellery House (Singapore) Pte. Ltd.
	n) Easy fit Jewellery Private Limited*	n) Easy fit Jewellery Private Limited*
ii) Associate of the Company	a) Damgan Retail Jewellery Private Limited	a) Damgan Retail Jewellery Private Limited
iii) Individuals owning (directly/indirectly) an interest in the voting power of the Company that gives them control or significant influence (also the key management personnel)	a) Mr. Umesh Parekh - Managing Director	a) Mr. Umesh Parekh - Managing Director
	b) Mr. Nilesh Parekh - Chairman	b) Mr. Nilesh Parekh - Chairman
	c) Mr. Kamlesh Parekh	c) Mr. Kamlesh Parekh
	d) Mrs. Kumud Parekh	d) Mrs. Kumud Parekh
	e) Mrs Sumona Parekh	e) Mrs Sumona Parekh
	f) Mrs. Rani Parekh	f) Mrs. Rani Parekh
	g) Mrs. Priti Parekh	g) Mrs. Priti Parekh
	h) Mr. Karan Parekh	h) Mr. Karan Parekh
	i) Mr. Nischay Parekh	i) Mr. Nischay Parekh
	j) Ms. Vansika Parekh	j) Ms. Vansika Parekh
	k) Ms. Aastha Parekh	k) Ms. Aastha Parekh

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

19. Related parties disclosure in accordance with AS - 18 prescribed by Companies (Accounting Standard) Rules, 2006

	2009-10	2008-09
iv) Enterprise over which persons mention in (iii) are able to exercise significant influence	a) Umesh Parekh (HUF)	a) Umesh Parekh (HUF)
	b) Nilesh Parekh (HUF)	b) Nilesh Parekh (HUF)
	c) Swastik Wheat Product Agencies Private Limited	c) Swastik Wheat Product Agencies Private Limited
	d) Liberson Dealcomm Private Limited	d) Liberson Dealcomm Private Limited
	e) Aastha Complex Private Limited	e) Aastha Complex Private Limited
	f) Kalindi Enclave Pvt Ltd	f) Kalindi Enclave Pvt Ltd
		g) Vanshika Jewels Private Limited (ceased to be a Group company w.e.f. 1 April 2009)
		h) Shree Vinayak Jewellers (Partnership), Mumbai (ceased to be a Group company w.e.f. 14 April 2009)
		i) Safal Properties pvt Ltd (ceased to be a Group company w.e.f. 1 April 2009)

* Since amalgamated with Easy Fit Jewellery Private Limited w.e.f. 01 April 2008

Shree Ganesh Jewellery House Ltd.
(Formerly known as Shree Ganesh Jewellery House Private Limited)

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

19. Related parties disclosure in accordance with AS - 18 prescribed by Companies (Accounting Standard) Rules, 2006

a) Related parties with whom there have been transactions during the year ended 31 March 2010

(Rs. in Lacs)

Name of the party (nature of the relationship)	Sale of goods	Purchase of goods	Security Deposits/ Advances	Rent expense	Job work charges	Remuneration including commission on profit	Loan given	Refund of share application money	Repayment of Loan Given	Interest received / Receivable during the year	Loans Outstanding receivable / (payable) as at the year end	Receivable/ (payable) at year end
i) Enterprises directly / indirectly are common control with the Company												
Shree Ganesh Jewellery House (Singapore) Pte Ltd	–	–	–	–		–	4.11		–	0.36	6.96	–
Easy Fit Jewellery Private Limited	1,802.24	351.79	–	–	32.60	–	1,638.00		1,812.61	58.41	262.33	264.42
Gokul Jewellery House Private Limited	149.95	230.98	–	–		–	511.73		334.45	20.34	292.68	(81.04)
ii) Associate of the Company												
Damgain Retail Jewellery Private Limited	–	–	–	–	–	–	–	11.25	–	–	–	0
iii) Individuals owning (directly/indirectly) an interest in the voting power of the Company (also the key management personnel)												
Mr. Nilesh Parekh	–	–	–	–		402.79	–		–	–	–	(381.29)
Mr. Umesh Parekh	–	–	–	–		402.79	–		–	–	–	(383.79)
iv) Enterprise over which persons mention in (iii) are able to exercise significant influence												
Swastik Wheat Products Agencies Private Limited	–	–	2.50	1.47	–	–	–	–		–	–	(0.20)
Kalindi Enclave Private Limited	–	–	–	1.20	–	–	–	–		–	–	(0.20)
Liberson Dealcomm Private Limited	–	–	–	–	–	–	–	–		0.06	1.06	–
Total	1,952.19	582.77	2.50	2.67	32.60	805.58	2,153.84	11.25	2,147.06	79.17	563.03	(420.02)

Notes to the Account

24 NOTES TO THE ACCOUNTS *(Contd...)*

19. Related parties disclosure in accordance with AS - 18 prescribed by Companies (Accounting Standard) Rules, 2006

b) Related parties with whom there have been transactions during the year ended 31 March 2009

(Rs. in Thousand)

Name of the party (nature of the relationship)	Sale of goods	Purchase of goods	Commission	Loan Taken (Interest Free)	Repayment of Loan taken including opening balance	Job Work Charges Received	Security Deposits/ Advances	Rent	Remuneration including commission on profit	Loan given	Repayment of Loan Given	Interest received/ Receivable during the year	Loans Outstanding receivable /(payable) as at the year end	Receivable/ (payable) at year end
i) Enterprises directly / indirectly are common control with the Company														
Shree Ganesh Jewellery House (Singapore) Pte Ltd	-	-	-	-	-	-	-	-	-	-	-	0.20	2.49	-
Easy Fit Jewellery Private Limited	28.52	-	-	-	-	-	-	-	-	10.19	-	0.47	14.50	28.52
JT Metals & Minerals Exports Private Limited	-	-	-	-	126.87	-	-	-	-	-	-	-	-	-
Gold Art Jewellers Private Limited	814.72	69.26	0.13	-	-	-	-	-	-	650.00	341.00	1.32	310.32	219.45
Bajoria Apartments Private Limited	-	-	-	-	-	-	-	-	-	54.17	-	-	54.17	-
Chaturbhuj Jewellery House Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10
Gokul Jewellery House Private Limited	-	-	-	-	-	28.48	-	-	-	61.52	88.00	6.11	95.06	-
Galaxy Jewels Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mudrika Jewela Private Limited	-	-	-	-	-	-	1.10	-	-	-	-	-	-	1.10
ii) Associate of the Company														
Damgain Retail Jewellery Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Individuals owning (direct /indirectly) an interest in the voting power of the Company (also the key management personnel)														
Mr. Nilesh Parekh	-	-	-	-	-	-	-	-	151.46	-	-	-	-	(133.46)
Mr. Umesh Parekh	-	-	-	20.00	20.00	-	-	-	151.46	-	-	-	-	(133.46)
Mrs. Sumona Parekh	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iv) Enterprise over which pesons mentioned in (iii) are able to exercise significant influence														
Swastik Wheat Products Agencies Private Limited	-	-	-	-	-	-	-	1.00	-	-	-	-	-	2.50
Safal Properties Private Limited	-	-	-	-	-	-	310.00	72.00	-	-	-	-	-	310.00
Kalindi Enclave Private Limited	-	-	-	-	-	-	-	1.60	-	-	-	-	-	-
Liberson Dealcomm Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	1.00	-
Shree Vinayak Jewellers (Partnership), Mumbai	-	-	-	-	-	-	-	-	-	-	-	-	-	30.61
Total	843.24	69.26	0.13	20.00	146.87	28.48	311.10	74.60	302.92	775.88	429.00	8.10	477.53	325.36

Shree Ganesh Jewellery House Ltd.
(Formerly known as Shree Ganesh Jewellery House Private Limited)

Notes to the Account

24 NOTES TO THE ACCOUNTS *(Contd...)*

20. Segment information in accordance with Accounting Standard 17 prescribed by Companies (Accounting Standard) Rules, 2006.

The Company is engaged in the business of manufacture and sale of gold jewellery and other articles of various designs/ specification based on customer's requirements and the Company's manufacturing facilities are located in India. The risk and returns of the Company are affected predominantly by the fact that it operates in different geographical areas i.e. domestic sales and export sales and accordingly geographical segment have been considered as the primary segment information.

In view of the fact that gold jewellery and other articles are manufactured and sold based on design/ specification specified by the customer there are no business segment to be reported under secondary segment information.

Segment information has been prepared in conformity with the accounting policies adopted for preparation and presentation of the financial statements of the Company.

(Rs. in Lacs)

Primary segment disclosures	31 March 2010 (31 March 2009)		
	Domestic	Export	Total
1 Segment revenue			
External sales	12,088.81 [1,662.40]	282,903.49 [213,187.72]	294,992.30 [214,850.12]
Add: Job work charges	232.93 [132.06]	– [16.94]	232.93 [149.00]
Add: Other income	182.01 [110.93]	142.64 [2,789.38]	324.65 [2,900.31]
Add: Interest Income			4,693.78 [3,920.52]
Total Revenue			300,243.66 [221,819.95]
2 Segment results	684.27 [252.14]	20,789.49 [16,686.53]	21,473.76 [16,938.67]
Less : Unallocable administrative expenses			1,244.45 [891.23]
Less: Interest expense			7,821.46 [6,623.59]
Add: Interest Income			4,693.78 [3,920.52]
Profit before tax			17,101.64 [13,344.32]
Less: Current tax			513.45 [99.90]
Profit after Tax			16,588.19 [13,245.07]
3 Segment assets	8,877.33 [3,629.04]	72,174.47 [61,986.06]	81,051.80 [65,615.10]
Add: Unallocable Corporate / other Assets			70,217.24 [22,305.47]
Add: Advance Income-tax (including tax deducted at source) (net)			239.13 [278.02]
Add: Deferred Tax Asset			764.07 [165.11]
Total assets			152,272.24 [88,363.70]
4 Segment liabilities	5,905.12 [646.30]	52,826.83 [9,999.40]	58,731.95 [10,645.70]
Add: Unallocable Corporate / other Liabilities			3,556.50 [2,598.79]
Add: Loan			34,902.79 [35,067.10]
Add: Proposed Dividend (including tax thereon)			1,415.22 [283.98]
Total liabilities			98,606.46 [48,595.57]
5 Cost incurred to acquire fixed assets	– [–]	560.57 [92.47]	560.57 [92.47]
Add: Unallocated (excluding capital advances)			154.46 [225.24]
			715.03 [317.71]

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

(Rs. in Lacs)

Secondary segment	31 March 2010 (31 March 2009) Domestic	Export	Total
6 Depreciation/amortisation	0.04	53.18	53.22
	[0.02]	[34.06]	[34.08]
Add: Unallocated depreciation/amortisation			178.79
			[149.70]
			232.01
			[183.78]
7 Significant non cash expenses other than depreciation and amortisation (included in measuring segment results)	–	–	–
	[–]	[–]	[–]

(Rs. in Lacs)

Secondary disclosures	31 March 2010 (31 March 2009) Domestic	Export	Total
1 Carrying amount of segment assets by location of assets	94,433.73	57,838.51	152,272.24
	[72,130.53]	[16,234.93]	[88,365.46]
2 Cost incurred to acquire segment fixed assets by location of assets (excluding capital advances)	715.03	–	715.03
	[317.71]	[–]	[317.71]

Figures in Bracket represent previous year's figure.

21. a) Pursuant to the approval of the shareholders as on 7 March 2008 and a Shareholders Agreement ('Agreement') dated 12 March 2008, the Company had issued 2,666,666, 0.0001% Cumulative Convertible Preference shares having a value of Rs. 300/- each to an investor in accordance with the terms set out in the Agreement. As per the terms, the Company has converted the Preference Share into Equity Shares on 28 August 2009, in accordance with the procedure stated in the agreement. 2,666,666 no.s of Preference Shares have been converted to Equity Shares at a premium of Rs. 290 per share.

    b) Pursuant to the approval of the Board of Directors as on 7 June 2007 and a Convertible Debenture Subscription Agreement dated 13 June 2007 the Company has issued 5,000,000 0% Fully Convertible Debentures of Rs. 100 each at par. As per the terms of the Agreement, each debenture allotted to the debenture holder would be compulsorily converted to equity shares in case the Company comes out with initial public offer. In the event ,the debentures do not get converted into equity shares by 31 March 2008, the debentures would be mandatorily converted into equity shares at a conversion price laid down in the Agreement based on the audited financial statement for the year 2007-2008. The Company has converted these debentures into 166,667 equity shares on 11 August 2009 at a premium of Rs. 290 per share.

22. The Company has made an initial public offer (IPO) to issue equity shares from 19 March 2010 to 23 March 2010. Monies received till 31 March 2010 were held in trust by the merchant banker with the Escrow Collection Bank on behalf of the bidders till the year end. Subsequent to the year end, the Company has issued and allotted equity shares. Post receipt of the monies the Company plans to the utilise the proceeds of the issue for setting up and expansion of manufacturing units, setting up of retail outlets, meeting working capital requirements and for general corporate purposes. The proposed dividend for the year ended 31 March 2010 has been considered in the accounts after considering the aforesaid allotment as these shares rank pari passu with the shares outstanding as on 31 March 2010 as regards right to dividend for the year.

23. Based on the information available with the Company, there are no dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

24. The Company has taken an office and other premises on operating lease. Minimum lease payment charged during the year to the Profit and Loss account aggregated to Rs. 99.82 (previous year Rs. 85.21).

25. The previous year's figures have been regrouped or reclassified wherever necessary to conform with the current year's presentation.

For and on behalf of the Board of Directors

Place: Kolkata	Nilesh Parekh	Umesh Parekh	Mukund Chandak
Date: 19 May 2010	*Chairman*	*Managing Director*	*Company Secretary*

Shree Ganesh Jewellery House Ltd.
(Formerly known as Shree Ganesh Jewellery House Private Limited)

Balance Sheet Abstract

Information pursuant to Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Companies General Business Profile.

1. Registration Details

Registration No. L36911WB2002PLC095086 State Code 21

Balance Sheet Date 31 (Date) 03 (Month) 2010 (Year)

2. Capital Raised during the year (Rs. in Thousands)

Public Issue: NIL	Bonus Issue: 2427.30
Right Issue: NIL	Private Placement: NIL

3. Position of mobilisation and deployment of funds (Rs. in Thousands)

Total liabilities: 88568.57	Total Assets: 88568.57

Sources of funds

Paid up capital: 4854.60	Reserves and surplus: 48811.18
Secured Loans: 28902.79	Unsecured Loans: 6000.00

Application of funds

Net fixed assets: 1741.41	Investments: 544.07
Net current assets: 85519.02	Misc. expenditure: NIL
Accumulated losses: NIL	Deferred tax assets: 764.07

4. Performance of the Company (Rs. in Thousands)

Turnover (including other income): 300243.66	Total Expenditure: 283142.02
Profit before tax: 17101.64	Profit after tax: 16588.19
Profit before tax: 17101.64	Profit after tax: 16588.19
Basic earning per share (In Rs.): 35.87	Basic earning per share (In Rs.): 35.87
Dividend rate (%): 20	

5. Generic names of three Principal Products/ Services of Company (As per monetary terms)

Item Code No.	Product Description
71131910	Gold Jewellery
71131940	Gold Studded Jewellery

For and on behalf of the Board of Directors

Place: Kolkata	Nilesh Parekh	Umesh Parekh	Mukund Chandak
Date: 19 May 2010	*Chairman*	*Managing Director*	*Company Secretary*

Section 212

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies for the year ended 31 March 2010

1 Name of the Subsidiary Company	Gokul Jewellery House Pvt Ltd	Easy Fit Jewellery Pvt Ltd	Shree Ganesh Jewellery House (Singapore) Pte Ltd
2 The Financial Year of the Subsidiary Company ended	31 March 2010	31 March 2010	31 March 2010
3 Holding Company's Interest as on 31.03.2010			
a. No. of Equity Shares held	282500 shares of Rs. 10/- each	36200 shares of Rs. 10/- each	10000 shares of 1/-Sing $ each
b. Percentage of shareholding	51.45%	100%	100%
	Rs.	Rs.	Singapore $
4 Net Aggregate amount of Profits/Losses of the Subsidiary so far as it concerns the members of the Company			
a. Not dealt with in the Accounts of the Company for the financial year ended 31.03.2010			
i) for the financial year of the Subsidiary	1,250,990.00	14,106,446.00	(9,407.00)
ii) for the previous financial years of the Subsidiary since it became Subsidiary of the Company.	7,063,303.26	(476,090.00)	(7,144.00)
b. Dealt with in the accounts of the Company			
i) for the financial year of the Subsidiary	nil	nil	nil
ii) for the previous financial years of the Subsidiary since it became Subsidiary of the Company.	nil	nil	nil

For and on behalf of the Board of Directors

Place: Kolkata
Dated: 19 May 2010

Nilesh Parekh — *Chairman*
Umesh Parekh — *Managing Director*
Mukund Chandak — *Company Secretary*

Consolidated Auditors' Report

To the Board of Directors
Shree Ganesh Jewellery House Limited

1. We have audited the attached consolidated Balance Sheet of Shree Ganesh Jewellery House Limited ('the Company') , its subsidiaries and interest in associate as described in summary of Significant accounting policies to the consolidated financial statements as at 31 March 2010, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the 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 the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The financial statements of subsidiaries and associate of the Company, whose financial statements reflect total assets of Rs. 198,78 lacs as at 31 March 2010 and total revenues of Rs. 548,94 lacs and cash flows aggregating Rs. 74 lacs as shown in these consolidated financial statements for the year ended then have been audited by other auditors. The reports of these financial statements have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries and interest in associate is based solely on the reports of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements as prescribed by the Companies Accounting Standard Rules,2006 on the basis of separate audited statements of Shree Ganesh Jewellery House Limited, its subsidiaries and Associate included in the consolidated financial statements.

5. In our opinion and to the best of our information and according to the explanations given to us, and on considerating the separate audit reports on individual audited financial statement of the Company subsidiaries and associates, the 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 Shree Ganesh Jewellery House Limited, its subsidiaries and interest in associate as at 31 March 2010;

   b) in the case of the consolidated Profit and Loss Account, of the consolidated results of operation of Shree Ganesh Jewellery House Limited, its subsidiaries and interest in associate for the year ended on that date; and

   c) in the case of the consolidated Cash Flow Statement, of the consolidate cash flows of Shree Ganesh Jewellery House Limited, its subsidiaries and interest in associate for the year ended on that date

For B S R & Associates
Chartered Accountants
Registration No: 116231W

Vikram Advani
Partner
Membership No: 091765

Place: Gurgaon
Date: 20 May, 2010

Consolidated Balance Sheet

As at 31 March 2010

(Rs. in Lacs)

	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	2	4,854.60	10,143.97
Reserves and surplus	3	52,262.32	32,847.97
		57,116.92	42,991.95
Loan funds			
Secured loans	4	29,312.79	34,506.51
Unsecured loans	5	7,743.00	2,712.91
		37,055.79	37,219.42
		94,172.71	80,211.36
APPLICATION OF FUNDS			
Fixed assets	6		
Gross block		2,682.70	1,899.03
Less : Accumulated depreciation		786.57	503.45
Net block		1,896.13	1,395.57
Capital work-in-progress		58.35	186.10
		1,954.48	1,581.67
Investments	7	16.03	25.13
Deferred Tax Asset, net (refer Note 3 on Schedule 21)		767.05	166.00
Current assets, loans and advances			
Inventories	8	20,293.08	7,857.24
Sundry debtors	9	62,881.55	20,823.29
Cash and bank balances	10	71,563.59	59,842.89
Loans and advances	11	5,026.46	9,839.21
Other Current assets	12	396.07	142.58
		160,160.75	98,505.21
Less: Current liabilities and provisions			
Current liabilities	13	66,958.28	19,444.33
Provisions	14	1,440.70	301.78
Minority Interest		326.62	320.55
		68,725.60	20,066.66
Net current assets		91,435.15	78,438.55
		94,172.71	80,211.35
Significant accounting policies	1		
Notes to the accounts	21		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report attached

For B S R & Associates
Chartered Accountants
Registration No: 116231W

For and on behalf of the Board of Directors

Vikram Advani	Nilesh Parekh	Umesh Parekh	Mukund Chandak
Partner	*Chairman*	*Managing Director*	*Company Secretary*
Membership No.: 091765			

Place: Gurgaon
Date: 20 May 2010

Place: Kolkata
Date: 19 May 2010

Shree Ganesh Jewellery House Ltd.
(Formerly known as Shree Ganesh Jewellery House Private Limited)

Consolidated Profit and Loss Account

For the year ended 31 March 2010

(Rs. in Lacs)

	Schedule	31.03.2010	31.03.2009
INCOME			
Sale of goods		347,317.51	285,887.85
Job work charges		234.26	121.21
Other income	15	5,287.37	8,243.99
		352,839.14	294,253.05
EXPENDITURE			
Increase in closing stock of work-in-progress and finished goods	16	(9,069.13)	(1,031.56)
Cost of raw materials and stones	17	283,467.98	213,621.77
Purchase of traded goods		47,011.84	57,563.84
Personnel cost	18	1,680.12	1,138.55
Manufacturing and other expenses	19	3,653.20	1,782.02
Depreciation / Amortisation	6	283.82	199.17
Interest and finance charges	20	8,464.48	7,455.03
		335,492.31	280,728.82
Profit before tax		17,346.83	13,524.23
Less: Current tax		634.19	173.16
Fringe benefit tax		–	9.71
Deferred tax release (refer Note 3 on Schedule 21)		(24.15)	(10.61)
Profit after tax		16,736.79	13,351.97
Less: Minorities Share of Profit		6.07	16.90
Profit and Loss Account Brought Forward		27,762.43	14,711.34
		44,493.15	28,046.41
APPROPRIATIONS			
Proposed Dividend		1,213.65	242.73
Dividend tax		201.57	41.25
Transfer to General reserve		1,658.82	–
Profit and Loss Account carried forward		41,419.11	27,762.43
		44,493.15	28,046.41
Earning per share (refer Note 4 on Schedule 21)			
- Basic (Rs.)		36.18	31.10
- Diluted (Rs.)		36.18	27.47
Significant accounting policies	1		
Notes to the accounts	21		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report attached

For B S R & Associates
Chartered Accountants
Registration No: 116231W

For and on behalf of the Board of Directors

Vikram Advani	Nilesh Parekh	Umesh Parekh	Mukund Chandak
Partner	*Chairman*	*Managing Director*	*Company Secretary*
Membership No.: 091765			

Place: Gurgaon
Date: 20 May 2010

Place: Kolkata
Date: 19 May 2010

Consolidated Cash Flow Statement

For the year ended 31 March 2010

(Rs. in Lacs)

		31.03.2010		31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before taxation		17,346.83		13,524.23
Adjusted for :				
(Profit)/loss on sale of fixed assets	(0.09)		5.72	
Depreciation /Amortisation	283.82		199.17	
Unrealised foreign exchange loss / (gain) (net)	1,904.46		(1,455.20)	
Provision for debtors	22.27		–	
Provision for diminution for investment	0.33		4.00	
Interest income	(4,961.95)		(4,547.30)	
Interest expense	8,464.48		7,455.03	
Advance written off	–	5,713.32	182.48	1,843.90
Operating profit before working capital changes		23,060.15		15,368.13
Changes in:				
Trade and other receivables	(43,961.76)		(5,732.37)	
Inventories	(12,435.84)		(46.42)	
Trade payables / other liabilities	43,967.80	(12,429.80)	2,729.64	(3,049.15)
Cash generated from operations		10,630.35		12,318.98
Direct taxes (paid)/refund (net)		(580.37)		(487.23)
NET CASH FROM OPERATING ACTIVITIES		10,049.98		11,831.75
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(588.57)		(391.53)
Proceeds from sale of fixed assets		12.52		0.58
Interest received		290.95		–
Refund of Share Application Money		11.25		40.30
Purchase of investments		(23.61)		–
Dividend received		0.14		–
Sale of investments		22.37		–
Loans (Given)/Realisation(net)		(112.43)		22.69
NET CASH USED IN INVESTING ACTIVITIES		(387.38)		(327.96)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from :				
Long Term Borrowings	1,132.59			
Short Term Borrowings	75,688.89	76,821.48		106,889.29
Repayment of:				
Long Term Borrowings	(247.24)		(31.36)	
Short Term Borrowings	(69,397.44)	(69,644.68)	(86,287.74)	(86,319.10)
Interest paid		(8,635.51)		(7,104.02)
Interest received		4,535.27		4,357.20
Dividend Paid		(283.98)		(250.84)
Share issue expenses		(691.58)		–
NET CASH FROM FINANCING ACTIVITIES		2,101.00		17,572.53
(Decrease) / increase in cash & cash equivalents (A+B+C)		11,763.60		29,076.32
Opening cash and cash equivalents		59,799.99		30,723.67
Closing cash and cash equivalents		71,563.59		59,799.99

Consolidated Cash Flow Statement *(Contd...)*

(Rs. in Lacs)

		31.03.2010		31.03.2009
Note				
CASH AND CASH EQUIVALENTS - CLOSING BALANCE				
1. Cash in hand		110.13		55.56
Balances with scheduled banks				
- Current account **		3,099.32		2,923.97
[Excluding unrealised foreign exchange gain of Rs. Nil (previous year Rs. 42.90)]				
- Deposit account *		68,354.14		56,820.46
Total		71,563.59		59,799.99

* Includes Rs. 68,176.44 (Previous year Rs. 52,815.08) being margin money deposit against borrowings which are not readily available for other purposes.

** Includes Rs. 20.12 in the books of SGJHL as at 31 March 2009 prohibited from operations by Income Tax Authorities (Refer Note no. 2(b) on Schedule 21).

2. The above cash flow statement has been prepared under the indirect method set out in Accounting Standard AS 3 " Cash Flow Statement as prescribed by Companies (Accounting Standards) Rules, 2006.
3. Previous year's figure have been rearranged / regrouped wherever necessary.

As per our report attached

For B S R & Associates
Chartered Accountants
Registration No: 116231W

For and on behalf of the Board of Directors

Vikram Advani	Nilesh Parekh	Umesh Parekh	Mukund Chandak
Partner	*Chairman*	*Managing Director*	*Company Secretary*
Membership No.: 091765			

Place: Gurgaon
Date: 20 May 2010

Place: Kolkata
Date: 19 May 2010

Schedules to the Consolidated Account

1 SIGNIFICANT ACCOUNTING POLICIES

Background

Shree Ganesh Jewellery House Limited ('the Company') formerly Shree Ganesh Jewellery House Private Limited, was incorporated in 2002. The Company is engaged in the business of manufacture and sale of handcrafted gold jewellery, diamond and studded jewellery. The name of the Company changed to Shree Ganesh Jewellery House Limited on conversion to public limited company with effect from 14 August 2007.

1. Significant accounting policies

i) Principles of Consolidation

The consolidated financial information is prepared in accordance with the principles and procedures prescribed by Accounting Standard 21-"Consolidated Financial Statements" ('AS-21') and Accounting for Investments in Associates in Consolidated Financial Statements (AS-23) prescribed by the Companies (Accounting Standards) Rules, 2006, for the purposes of preparation and presentation of consolidated financial statements.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of similar items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions resulting in unrealised profits. Unrealised losses resulting from intra-group transactions have also been eliminated. The amounts shown in respect of accumulated reserves comprise the amount of the relevant reserves as per the balance sheet of the Company and its share in the post acquisition reserves of its subsidiaries. The difference between the cost of the company's investments in the subsidiary and the equity capital of the subsidiary (as defined in Accounting Standard – 21) as on the date of investment, is treated as Goodwill / Capital Reserve, as the case may be.

The Subsidiary Company considered in the financial statements for the year ended 31 March 2010 are as follows:

Name	Country of Incorporation	% of voting power as at 31.03.2010	Date of subsidiary interest acquired by the Company
Easy Fit Jewellery Private Limited	India	100	04-Feb-08
Shree Ganesh Jewellery House (Singapore) pet Limited	Singapore	100	05-Oct-07
Gokul Jewellery House Private Limited	India	51.45	25-Jun-07

The Subsidiary Companies considered in the financial statements for the year ended 31 March 2009 are as follows:

Name	Country of Incorporation	% of voting power as at 31.03.2009	Date of subsidiary interest acquired by SGJHL
Bajoria Apartments Private Limited*	India	100	21-Jun-07
Chaturbujh Jewellery House Private Limited*	India	100	22-Jun-07
Easy Fit Jewellery Private Limited	India	100	04-Feb-08
Galaxy Jewel Art Private Limited*	India	100	27-Jun-07
Gokul Jewellery House Private Limited	India	51.45	25-Jun-07
Gold Art Jewellers Private Limited*	India	100	26-Jun-07
J.T.Metals and Minerals Exports Private Limited*	India	100	16-May-07
Mudrika Jewels Private Limited*	India	100	27-Jun-07
Safal Jewellers Private Limited*	India	100	29-Jun-07
Samukh Exim Private Limited*	India	100	27-Jun-07
Shree Ganesh Jewellery House (Singapore) Pte Limited	Singapore	100	05-Oct-07
Shrishti Jewel Art Private Limited*	India	100	27-Jun-07
Smart Gold Jewel House Private Limited*	India	100	27-Jun-07
Subarna Jewels Private Limited*	India	100	27-Jun-07

These have been amalgamated with Easy Fit Jewellery Private Limited based on the order vide dated 28 October 2009 of Hon'ble High Court at Calcutta. (Refer note 5 on schedule 21)

The Company has prepared the Consolidated Financial Statements by accounting for investment in associates under the equity method:

Schedules to the Consolidated Account

1 SIGNIFICANT ACCOUNTING POLICIES *(Contd...)*

b) The associate Company considered in the financial statements is as follows :

Name	Country of Incorporation	% of Ownership Interest as on 31.03.2009
Damgan Retail Jewellery Private Limited	India	33%

As the shares in associate were acquired at par value on the date of incorporation (30 October 2006), the carrying value of the investment does not include any goodwill / capital reserve. The Company's share of profit/losses in associate thereafter has been adjusted against profit and loss account and carrying value of investments in terms of AS-23. Further, from the year ended 31 March 2009 the Company has recognised losses to the extent of the investment value and the investment is reported as nil.

ii) Basis of accounting

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting following generally accepted accounting principles in India ('GAAP') and comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable.

iii) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

iv) Fixed assets

Fixed assets are carried at cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes freight, duties (net of VAT), taxes and other incidental expenses that are directly attributable to bringing assets to their working condition for their intended use.

v) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as a 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.

vi) Depreciation/ Amortisation

Depreciation on fixed assets is provided under the written down value method at rates derived from the useful lives of such assets, as estimated by management. The rates of depreciation so derived are in line with the rates of depreciation prescribed by Schedule XIV to the Act.

Leasehold properties are amortised over Useful life of the assets as estimated by management or the period of lease, whichever is lower.

Fixed assets individually costing Rs. 5,000 or less, are depreciated fully in the year of acquisition.

Goodwill arising on amalgamation is amortised over its estimated useful life of 5 years.

vii) Impairment of fixed assets

At each Balance Sheet date, management assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs when the carrying value of an asset exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the present value as determined above.

viii) Investments

Long term investments are stated at cost less amount written off, where there is a diminution in value other than temporary.

ix) Inventories

Year-end inventory of raw materials and stones are carried at cost (net of VAT, wherever applicable). The carrying cost of raw materials and stones is appropriately written down when there is a decline in replacement cost of such materials and the finished products in which they will be incorporated are expected to be sold below cost.

1 SIGNIFICANT ACCOUNTING POLICIES

Year-end inventory of work in progress and finished goods are valued at the lower of cost and net realisable value. Cost of work in progress and finished goods comprises of direct material and labour expenses and an appropriate portion of production overheads incurred in bringing the inventory to their present location and condition. Fixed production overheads are allocated on the basis of production.

In determining cost, first in first out method is used.

Alloys and consumables are charged off to Profit and Loss Account.

x) Revenue recognition

Revenue from sale of goods is recognised on transfer of risk and rewards of ownership of goods to the buyer. Sales are stated exclusive of sales tax. Excise duty is not applicable to the Company. In respect of contract for sale of goods at prices that are yet to be fixed at the year end, adjustments to the provisional amount billed to the customers are recognised based on the year end closing gold rate.

Revenue from job work are recognised on an accrual basis when the related job work is rendered.

In respect of commodity exchange transactions undertaken by the Company, net gain/loss arising from settlement of such transactions during the year or restatement of such transactions that are pending settlement at the year end are recognised in the Profit and Loss account for the year. In respect of commodity exchange transaction undertaken on behalf of customers, brokerage received/ receivable is recognised on accrual basis when transactions are entered into on behalf of the customers.

Third party sales commission is recognised on an accrual basis in accordance with the terms of the related agreement.

Interest is recognised on time proportion basis.

xi) Employee benefits

The Company's obligation towards various employee benefits have been recognised as follows:

Short Term Benefits

Cost of non-accumulated compensated absences is recognised when absences occur. Cost of other short term employee benefits are recognised on accrual basis based on the terms of employment contract and other relevant compensation policies followed by the Company.

Post employment benefits

Monthly contribution to Provident Funds, which is defined contribution scheme, is charged to Profit and Loss account and deposited with the Regional Provident Fund Authorities on a monthly basis.

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried out at the year end 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 obligation under defined benefit plan is based on the market yield on government securities as at the Balance sheet date and have maturity period approximating to the terms of the obligation. Actuarial gains and losses are recognised immediately in the profit and loss account.

Other Long term benefits

Cost of long term benefit by way of accumulating compensated absences that are expected to be availed after a period of 12 months from the year - end are recognised when the employees render the service that increases their entitlement to future compensated absences. The Company determines the liability for such accumulated leaves on the basis of actuarial valuation using the projected unit credit method as at the year end. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

With effect from the current year, the Company has discontinued the availment/encashment of accumulated compensated absences after a period of 12 months from the year end. The impact of such change is not significant.

xii) Operating Leases

Lease rentals for operating leases are recognised as expenses in the Profit and Loss Account on a straight line basis over the lease term.

1 SIGNIFICANT ACCOUNTING POLICIES

xiii) Foreign exchange transactions

Transactions in foreign currency are recognised at the exchange rates prevailing on the date of the transactions. Year-end monetary assets and liabilities denominated in foreign currencies, other than those covered by foreign exchange contracts, are translated at the year-end foreign exchange rates.

Gain / loss from exchange differences arising on settlement of foreign currency transaction or translation of year-end monetary assets and liabilities in foreign currency are recognised in the Profit and Loss Account for the year.

In case of forward exchange contracts, premium or discounts on such contracts are amortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Profit and Loss Account.

xiv) Taxation

Income tax expense comprises current and fringe benefit taxes (i.e. amount of taxes for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. (Fringe benefit tax has been abolished w.e.f. 01 April 2009).

Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future except for deferred tax assets arising from unabsorbed depreciation or business losses brought forward from prior years that 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 up or down to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

The Company's units, located in Special Economic Zone are exempted from income tax (current tax) till 31 March 2011 under the provisions of sections 10A and partly exempted till 31 March 2024 under the provisions of Section 10AA of the Income Tax Act, 1961. Deferred tax pertaining to the above units are recognised on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods beyond the periods during which the respective units are exempt from income tax as aforesaid. Deferred tax assets on unabsorbed depreciation and / or carry forward of losses are recognised only if there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. Such assets are reviewed as at each Balance Sheet date to reassess realisability thereof.

xv) Provisions and contingent liabilities

A provision is recognised in the financial statements when there exists a present obligation as a result of a past event, the amount of which can be reliably estimated and it is probable that an outflow of resources will be required to settle the obligation. Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be reliably estimated.

xvi) Earnings Per Share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares and dilutive equity equivalent shares outstanding during the period, except when results would be anti dilutive.

Schedules to the Consolidated Balance Sheet

As at 31 March 2010

(Rs. in Lacs)

	31.03.2010	31.03.2009
2 SHARE CAPITAL		
Authorised		
70,000,000 (Previous year - 35,000,000) Equity Shares of Rs. 10 each	7,000.00	3,500.00
2,666,667 (Previous year - 2,666,667) 0.0001 % Cumulative Convertible Preference Shares of Rs. 300 each.	8,000.00	8,000.00
	15,000.00	11,500.00
Issued, Subscribed and Paid up		
48,545,988 (Previous year - 21,439,661) Equity Shares of Rs.10 each fully paid up	4,854.60	2,143.97
(of the above share 36,048,144 (previous year 11,775,150) equity share of Rs. 10 each are allotted fully paid up by way of bonus shares)		
NIL (Previous year -2,666,666) 0.0001 % Cumulative Convertible Preference Shares of Rs. 300 each fully paid up. (refer Note 11 (a) on Schedule 21)	–	8,000.00
	4,854.60	10,143.97
3 RESERVES AND SURPLUS		
Capital Reserve		
At the commencement of the year	3,022.28	3,022.28
Less: Deduction on amalgamation (refer Note 5 (a) to 5 (i) on Schedule 21)	2,919.40	–
	102.88	3,022.28
Amalgamation reserve		
At the commencement of the year	325.59	325.59
Add: Acquired on amalgamation (refer Note 5 (a) to 5 (i) on Schedule 21)	260.08	–
	585.67	325.59
Securities premium account		
At the commencement of the year	1,684.54	1,684.54
Additions during the period:		
- On Amalgamation (refer Note 5 (a) to 5 (i) on Schedule 21)	2,697.00	–
- On Conversion of Preference Share (refer Note 11 (a) on Schedule 21)	7,733.33	–
- On Conversion of debentures (refer Note 11 (b) on Schedule 21)	483.33	–
Utilised during the period:		
- For issue of bonus shares (24,272,994 (Previous year Nil) equity shares of Rs. 10 each)	2,427.30	–
- For Share issue expenses (net of deferred tax Rs. 576.91 previous year Rs. Nil)	1,775.32	–
	8,395.58	1,684.54
General reserve		
At the commencement of the year	52.88	52.88
Add: Acquired on Amalgamation (refer Note 5 (a) to 5 (i) on Schedule 21)	0.57	–
Add: Transfer from Profit and loss account	1,658.82	–
	1,712.27	52.88
Foreign currency translation reserve	0.46	0.25
Profit and loss account	41,419.11	27,762.43
Add: Acquired on amalgamation (refer Note 5 (a) to 5 (i) on Schedule 21)	46.35	
	41,465.46	27,762.43
	52,262.32	32,847.97

Shree Ganesh Jewellery House Ltd.
(Formerly known as Shree Ganesh Jewellery House Private Limited)

Schedules to the Consolidated Balance Sheet

As at 31 March 2010

(Rs. in Lacs)

	Schedule	31.03.2010	31.03.2009
4 SECURED LOANS			
Loans from Banks			
- Buyers credit*		23,520.31	32,051.71
- Demand Loan**		1,775.28	215.22
- Post Shipment Credit***		3,428.70	2,157.85
- Gold taken on Loan*		176.23	59.61
- Vehicle loan ****		2.27	22.12
- Term loan*		410.00	
		29,312.79	34,506.51

* Buyer's Credit, Gold taken on Loan and Term loan are secured by lien on fixed deposits.

** Demand loan facility is secured by way of first charge on inventory and book debts / current assets.

*** Post Shipment Credit is secured by first pari passu charge on the current assets, present and future excluding assets having specific charge of respective financing banks.

**** Vehicle loans are secured by hypothecation of the vehicles purchased from the proceeds of the loans.

The above loans include Rs. 29,312.79 (Previous year Rs. 34,504.24) repayable within 1 year.

	31.03.2010	31.03.2009
5 UNSECURED LOANS		
- 5,000,000 - 0 % Fully Convertible Debentures (refer Note 11 (b) on Schedule 21)	–	500.00
Short Term Loans		
- From banks	6,000.00	64.31
- From directors	–	11.55
- From bodies corporate	1,743.00	2,137.05
	7,743.00	2,712.91

6 FIXED ASSETS

Descriptions	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01.04.2009	Addition	Acquired on amalgamation*	Deletion	As at 31.03.2010	As at 01.04.2009	Acquired on amalgamation	For the year	Deduction/ Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Intangible Assets												
Goodwill	330.89	–	80.61	–	411.50	172.72	–	89.81	–	262.53	148.97	158.17
Tangible Assets										–		
Freehold Land	159.92	–	–	–	159.92	–	–	–	–	–	159.92	159.92
Leasehold Properties	376.66	76.29	–	–	452.95	58.42	–	14.71	–	73.13	379.82	318.24
Buildings (refer Note a and b below)	300.44	0.80	–	–	301.24	80.58	–	22.07	–	102.65	198.59	219.86
Plant & Machinery	108.69	467.09	–	12.67	563.11	16.12	–	28.93	0.71	44.34	518.77	92.57
Furniture, Fixtures & Office Equipments	337.13	80.46	–	–	417.59	62.32	–	58.30	–	120.62	296.97	274.81
Computers & related equipments	87.61	52.75	–	–	140.36	33.29	–	34.96	–	68.25	72.11	54.31
Vehicles	197.70	38.33	–	–	236.03	80.01	–	35.04	–	115.05	120.98	117.70
Total	1,899.04	715.72	80.61	12.67	2,682.70	503.46	–	283.82	0.71	786.57	1,896.13	1,395.58
Previous year	1,361.71	549.40		12.08	1,899.03	309.09		199.17	4.81	503.45	1,395.58	
Capital Work in Progress (including Capital Advances)											58.35	186.10

Note:

a) Includes building with gross block Rs. 201.92 (Previous year Rs. 201.92), accumulated depreciation Rs. 37.46 (Previous year Rs. 28.79) and written down value Rs. 164.46 (Previous year Rs. 173.13), jointly held with others.

b) Includes buildings with gross block Rs. 162.84 (Previous year 86.55) and accumulated depreciation Rs. 24.27 (Previous year Rs. 19.03), that are yet to be registered in the name of the Company.

* Refer note No. 5 on Schedule 21.

Schedules to the Consolidated Balance Sheet
As at 31 March 2010

(Rs. in Lacs)

	No. of Shares	Face Value	31.03.2010	31.03.2009
7 INVESTMENTS				
(Long term, other than trade)				
Share Application Money				
Damgan Retail Jewellery Private Limited	112,500	10	–	11.25
(Short term other than trade)				
Quoted - at cost or market value whichever is lower				
Equity Shares			39.03	38.28
Less: Dimunition in value of Investment			23.00	24.40
			16.03	25.13

	31.03.2010	31.03.2009
8 INVENTORIES		
(At lower of cost and net realisable value)		
Raw materials and stones	4,285.23	918.52
Work-in-progress	5,317.30	2,415.00
Finished goods	10,690.55	4,523.72
	20,293.08	7,857.24
9 SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
- considered good	17,830.67	6,572.66
- considered doubtful	408.28	388.41
	18,238.95	6,961.07
Less: Provision for doubtful debts	408.28	388.41
	17,830.67	6,572.66
Other debts - considered good	45,050.88	14,250.63
	62,881.55	20,823.29
10 CASH AND BANK BALANCES		
Cash in hand	110.13	55.56
Balances with scheduled banks on		
- current accounts	3,099.32	2,966.87
- fixed deposit [including margin money deposit Rs. 68,176.44 (Previous year Rs. 52,815.08)]	68,354.14	56,820.46
	71,563.59	59,842.89
11 LOANS AND ADVANCES		
(Unsecured and considered good)		
Loans		
- to body corporate and others	1.06	75.50
- to employees	–	5.95
Advances recoverable in cash or in kind or for value to be received	4,099.88	6,413.62
Balances with sales tax authorities	76.90	151.79
Security deposits	602.46	401.25
Foreign currency receivable	–	2,491.12
Income tax [net of provision for income tax Rs. 1,027.44 (previous year Rs. 852.99)]	246.16	299.98
	5,026.46	9,839.21
Note :		
a) Loans and advances to companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956:		
- Liberson Delcom Private Limited	1.06	1.00

Shree Ganesh Jewellery House Ltd.
(Formerly known as Shree Ganesh Jewellery House Private Limited)

Schedules to the Consolidated Balance Sheet
As at 31 March 2010

(Rs. in Lacs)

	Schedule	31.03.2010	31.03.2009
12 OTHERS CURRENT ASSETS			
Interest accrued but not due on deposits and loans given		396.07	142.58
		396.07	142.58
13 CURRENT LIABILITIES			
Temporary book overdrafts		136.60	62.72
Sundry creditors [refer Note 13 on Schedule 21]		63,864.68	16,953.42
Foreign currency payable		2,256.11	–
Other liabilities		700.89	2,428.19
		66,958.28	19,444.33
- Includes amount payable on account of			
Salaries, wages and bonus		39.81	5.62
Employee benefits		25.47	17.80
Directors Remuneration (refer Note 7 on Schedule 21)		766.03	266.92
14 PROVISIONS			
Employee Benefits		25.48	17.80
Provision for proposed dividend (including dividend tax Rs. 201.57 (Previous year Rs. 41.25)		1,415.22	283.98
		1,440.70	301.78

Schedules to the Consolidated Profit and Loss Account
For the year ended 31 March 2010

(Rs. in Lacs)

	31.03.2010	31.03.2009
15 OTHER INCOME		
Interest (Gross) on		
- deposits with banks [includes tax deducted at source Rs. 153.90 (Previous year Rs. 395.04)]	4,961.89	4,546.88
- loans given	0.06	0.42
Gain on foreign exchange fluctuation (net)	–	3,265.69
Commission	64.45	316.73
Provision no longer required written back	141.57	–
Miscellaneous Income	119.40	114.27
	5,287.37	8,243.99
16 INCREASE IN CLOSING STOCK OF WORK-IN-PROGRESS AND FINISHED GOODS		
Closing Stock		
- Work In Progress	5,317.30	2,415.00
- Finished Goods	10,690.55	4,523.72
Less : Opening Stock		
- Work In Progress	2,415.00	2,070.50
- Finished Goods	4,523.72	3,836.66
	9,069.13	1,031.56
17 COST OF RAW MATERIAL AND STONES CONSUMED		
Opening stock	918.52	1,903.59
Add: Purchases	286,834.69	212,636.70
Less: Closing stock	4,285.23	918.52
	283,467.98	213,621.77

Schedules to the Consolidated Profit and Loss Account

For the year ended 31 March 2010

(Rs. in Lacs)

18 PERSONNEL COST

	31.03.2010	31.03.2009
Salaries, wages and bonus	828.34	820.21
Employee benefits	24.19	5.94
Staff welfare expenses	15.51	7.80
Directors Remuneration (refer Note 7 on Schedule 21)	812.08	304.60
	1,680.12	1,138.55

19 MANUFACTURING AND OTHER EXPENSES

	31.03.2010	31.03.2009
Loss on Forward Contract	3.13	408.93
Sales promotion expenses	300.10	47.69
Legal and consultancy charges	480.84	118.71
Commission on sales (others)	56.54	310.77
Advances written off	–	182.48
Freight & forwarding charges	–	45.33
Loss on foreign exchange fluctuation (net)	1,940.82	–
Job work charges	124.75	87.10
Alloys and consumables consumed	32.48	27.42
Power and fuel	29.63	20.99
Rent (refer Note 13 on Schedule 21)	102.76	88.75
Repairs & maintenance - others	25.87	22.01
Auditor remuneration (refer Note 6 on Schedule 21)	25.50	32.15
Insurance	22.40	15.00
Rates and taxes	12.19	0.94
Provision for diminution in investment	0.33	–
Provision for doubtful debts	22.27	–
Profit and loss from Commodity Transaction	10.54	–
Preliminary expenses written off	–	3.00
Prior period expenses	–	2.43
Miscellaneous expenses	463.05	368.32
	3,653.20	1,782.02

20 INTEREST AND FINANCE CHARGES

	31.03.2010	31.03.2009
Interest on		
- Buyers' credit, vehicle loan and acceptances	6,415.81	6,158.40
- others	790.48	223.07
Bank charges and commission	1,258.19	1,073.56
	8,464.48	7,455.03

Notes to the Account

21 NOTES TO THE ACCOUNTS

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
1. Estimated Capital Commitments (Net of Advance) not provided for	107.77	432.10
2. a). Contingent Liabilities		
i. Corporate Guarantees given on behalf of subsidiaries	6,500.00	6,000.00
ii. Bills Discounted	90,924.87	63,180.24
iii. Claims against the Company in respect of Income Tax / Sales Tax matters not acknowledged as debts	405.82	169.26

2 b). During the previous year the Income Tax Department had undertaken a search, under Section 132 of the Income Tax Act, 1961, at various premises of the Company and the residential premises of the Directors on 26 March 2009. The books of accounts and certain documents of the Company were seized by the Income Tax authorities and were subsequently returned. Further, bank balances aggregating Rs. 20.12 remained prohibited from operations by such authorities as on 31 March 2009. Such prohibitory order has since been revoked. Mr. Nilesh Parekh was summoned by the Assistant Director of Income Tax in this regard. There has been no further action initiated by the Income Tax Authorities.

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

3. Deferred tax

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
Deferred tax asset / (liability), net included in the Balance Sheet comprise of :		
Deferred tax assets		
Excess of written down value of assets as per Income Tax Act, 1961 and net book value of such assets	28.73	21.37
(to the extent reversing after the period during which the Company is eligible for exemption under sections 10A and 10AA of the Income-tax Act, 1961)		
Provision for doubtful debts	135.62	132.02
Other timing differences	602.70	12.61
Total deferred tax assets	767.05	166.00
Deferred tax asset / (liability) (net)	767.05*	166.00

* The net difference of Rs. 576.91 has been adjusted in Securities Premium Account. (Refer in Schedule 3)

4. Earnings per share

	As at 31.03.2010	As at 31.03.2009
i. a) Calculation of weighted average number of equity shares of Rs. 10 each for basic earning per share.		
Number of equity shares at the beginning of the year	21,439,661	21,439,661
Bonus Share Issue during the year	21,439,661	21,439,661
Conversion of Preference Share during the year	1,578,082	–
Conversion of debenture during the year	106,393	–
Issue of bonus shares for converted preference shares during the year	1,578,082	–
Issue of bonus shares for converted debenture during the year	106,393	–
Weighted average number of equity shares outstanding during the year for basic EPS	46,248,272	42,879,322
b) Net profit attributable to equity shareholders	16,730.71	13,335.07
c) Basic earnings per equity share (Rs.)	36.18	31.10
ii. a) Calculation of weighted average number of equity shares of Rs. 10 each for dilutive earning per shares		
Number of equity shares at the beginning of the year	21,439,661	21,439,661
Bonus Share Issue during the year	21,439,661	21,439,661
Conversion of Preference Share during the year	1,578,082	–
Conversion of debenture during the year	106,393	–
Issue of bonus shares for converted preference shares during the year	1,578,082	2,666,666
Issue of bonus shares for converted debenture during the year	106,393	166,667
Convertible Preference shares	–	2,666,666
Convertible Debentures	–	166,667
Weighted average number of equity shares outstanding during the year for dilutive EPS	46,248,272	48,545,988
b) Net profit attributable to equity shareholders	16,730.71	13,335.08
c) Diluted earnings per equity share (Rs.)	36.18	27.47
(Face value per Equity Share of Rs. 10)		
Face Value per Preference share of Rs. 300/- each		
Face value per Debenture is Rs. 10 each.		

* 42,879,322 (Previous year 48,545,988) equity shares outstanding for 365 days including:

- 2,666,666 preference shares converted into equity share on 28 August 2009 for outstanding for 216 days;
- 166,667 debenture converted into equity share on 11 August 2009 outstanding for 233 days; and
- 24,272,994 bonus shares allotted on 23 September 2009.

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

5. Easy Fit Jewellery Private Limited, (Transferee Company) a subsidiary of the Company has filed an application on 5 May 2009 before the Hon'ble High Court at Calcutta for sanction of scheme of amalgamation u/s 391(1) & 391(3) of the Companies Act, 1956 for amalgamation of eleven other subsidiaries of the Company namely, Bajoria Apartments Pvt. Ltd. ("Transferor Company-I"), (ii) M/s. Gold Art Jewellers Pvt. Ltd. ("Transferor Company-II"), (iii) JT Metals & Minerals Exports Pvt. Ltd. ("Transferor Company-III"), (iv) Samukh Exim Pvt. Ltd. ("Transferor Company-IV"), (v) Smart Gold Jewel House Pvt. Ltd. ("Transferor Company-V"), (vi) Galaxy Jewel Art Pvt. Ltd. ("Transferor Company-VI"), (vii) Shrishti Jewel Art Pvt. Ltd. ("Transferor Company-VII"), (viii) Safal Jewellers Pvt. Ltd. ("Transferor Company-VIII"), (ix) Subarna Jewels Pvt. Ltd. ("Transferor Company-IX") (x) Chaturbujh Jewellery House Pvt. Ltd.("Transferor Company-X"), (xi) Mudrika Jewels Pvt. Ltd. ("Transferor Company-XI"). The Company has received the final sanction vide order dated 28 October 2009. Brief summary of the scheme is as below:

   a. The Land and Building belonging to Transferor companies I-XI and all the other assets and liabilities of the Transferor Companies shall be transferred at the value as appearing in the books of the Transferor Companies as at 31 March 2008.

   b. The Reserve & Surplus as appearing in the books of the Transferor Companies shall be appearing in the same manner and under the same classification in the books of the Transferee Company. After taking over the assets and liabilities of the Transferor Companies in the manner as stated in the Scheme as at 31 March 2008 and treating the Reserve & Surplus Account as stated in the books of the Transferor Companies as it is, the net surplus or deficit, if any, arising shall be credited to Amalgamation Reserve or debited to Goodwill Account as the case may be, in the books of the Transferee Company.

   c. In case of any difference in accounting policy between the companies, the impact of the same till the amalgamation, will be quantified and adjusted in the General Reserve of Transferor Companies to ensure that the financial statements of Transferor Companies reflect the financial position on the basis of consistent accounting policy.

   d. To the extent that there are Inter-se investments in shares, inter corporate loans or balances between Transferor Companies and Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of Transferee Company for reduction or any assets or liabilities, as the case may be.

   e. Upon coming into effect of the Scheme and in consideration thereof, the Transferee Company shall, without any further act or deed, issue and allot Equity Shares of the Transferee Company to the members of the Transferor Companies I-XI whose names appear in the Register of Members of the Transferor Companies I-XI on the record date determined by the Board of Directors of the Transferee Company ("Record Date") being a date post filing of the sanction order of the Scheme with the Registrar of Companies in the following manner: -

   2,435,300 Equity shares of Rs. 10 each, fully paid up are to be issued /allotted by the Transferee Company to the erstwhile shareholders of the transferor companies mentioned above in consideration for the net identifiable assets transferred on amalgamation as mentioned below:

(Rs. in Lacs)

Transferor Company	Value of Net Identifiable Assets taken over	Aggregate amount of reserves taken over	Consideration	Goodwill / (Amalgamation Reserve)
Transferor Company i	16.05	11.05	1.15	(3.85)
Transferor Company iii	773.55	463.55	58.90	(251.10)
Transferor Company iv	1.00	–	0.04	(0.96)
Transferor Company v	1.00	–	0.02	(0.98)
Transferor Company vi	1.00	–	0.04	(0.96)
Transferor Company vii	10.20	9.20	0.73	(0.27)
Transferor Company ix	1.00	–	0.02	(0.98)
Transferor Company xi	1.00	–	0.02	(0.98)
Total Amalgamation Reserve				(260.08)
Transferor Company ii	704.29	670.54	51.98	18.23
Transferor Company viii	973.05	924.55	71.78	23.28
Transferor Company x	797.80	778.05	58.86	39.10
Total Goodwill				80.61

   f. Rights and obligation arising from inter corporate loans and balances between the companies mentioned in above (including the Transferee Company) need to be set off for the purpose of accounting for the amalgamation.

   g. Equity shares of Rs. 10 each fully paid up are to be issued/allotted by the Transferee Company in the following manner to effect the amalgamation :

   - 23 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company i
   - 154 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company ii
   - 19 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company iii
   - 4 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company iv
   - 2 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company v
   - 4 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company vi
   - 73 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company vii
   - 148 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company viii
   - 2 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company ix
   - 298 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company x
   - 2 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company xi

   h. The amalgamation of the transferor companies mentioned above with the Transferee Company is accounted for in the books of the Company as an amalgamation in the nature of merger.

   i. The scheme was approved by Hon'ble High Court at Calcutta subsequent to the adoption and approval of the financial statement of Easy Fit Jewellery Private Limited for the previous year by the shareholders of the Company. Accordingly, in case of the stand alone financial statements of Easy Fit Jewellery Private Limited and consolidated financial statements of the Company the effect of amalgamation and the consequent impact thereon on Goodwill, Profit and Loss Account and the other reserves has been recognized in the current year.

6. Auditors remuneration *(Rs. in Lacs)*

	As at 31.03.2010	As at 31.03.2009
Statutory audit fees	22.46	28.99
Others	3.04 #	0.38
Reimbursement of expenses including service tax	–	2.78
	25.50	32.15

The above does not include Rs. 47.15 (net of service tax) being share issue expense adjusted against securities premium account.

7. Remuneration to Directors** *(Rs. in Lacs)*

	As at 31.03.2010	As at 31.03.2009
a) Director's Remuneration	36.96	36.96
b) Commission to executive whole time Directors	769.57	266.92
c) Sitting fees	5.55	0.72
	812.08	304.60

** The above amount does not include provision for employee benefits which are based on actuarial valuation carried out on an overall Company basis rather than separately.

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

8. The details of employee benefits for the period on account of gratuity which is unfunded defined employee benefit plan is as under. *(Rs. in Lacs)*

i) Particulars	Year ended 31.03.2010 Gratuity-Unfunded	Year ended 31.03.2009 Gratuity-Unfunded
a) Component of Employer Expense		
Current service cost	16.99	15.59
Interest cost	1.35	1.09
Actuarial (Gains) / Losses	(10.71)	(11.55)
Total Expenses recognised in the Statement of Profit & Loss Account	7.63	5.13
b) Change in Defined Benefit Obligation (DBO) during the year ended 31 March 2010		
Present value of DBO at the beginning of period	17.37	12.24
Current service cost	16.99	15.59
Interest cost	1.35	1.09
Actuarial (Gains) / Losses	(10.71)	(11.55)
Benefits Payments	(1.92)	
Present Value of DBO at the year end	23.08	17.37
Actuarial Assumptions		
Discount Rate	8.90%	8.20%

ii) Particulars	Leave benefit scheme (Unfunded)	Leave benefit scheme (Unfunded)
a) Component of Employer Expense		
Current service cost	–	1.62
Interest cost		–
Actuarial (Gains) / Losses	–	(1.19)
Total Expenses recognised in the Statement of Profit & Loss Account	–	0.43
b) Change in Defined Benefit Obligation (DBO) during the year ended 31 March 2009		
Present value of DBO at the beginning of period	–	–
Current service cost	–	1.62
Interest Cost		–
Actuarial Losses / (Gains)	–	(1.19)
Present Value of DBO at the year end	–	0.43
Discount Rate		8.20%

The Gratuity & Leave Benefit expenses have been recognised as 'Employee Benefit' under Schedule 18 to the Profit and Loss Account.

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

9. Segment information in accordance with Accounting Standard 17 prescribed by Companies (Accounting Standard) Rules, 2006.

The Company is engaged in the business of manufacture and sale of gold jewellery and other articles of various designs/ specification based on customer's requirements and the Company's manufacturing facilities are located in India. The risk and returns of the Company are affected predominantly by the fact that it operates in different geographical areas i.e. domestic sales and export sales and accordingly geographical segment have been considered as the primary segment information.

In view of the fact that gold jewellery and other articles are manufactured and sold based on design/ specification specified by the customer there are no business segment to be reported under secondary segment information.

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

Segment information has been prepared in conformity with the accounting policies adopted for preparation and presentation of the financial statements of the Company. *(Rs. in Lacs)*

Primary segment disclosures	31 March 2010 (31 March 2009) Domestic	Export	Total
1 Segment revenue			
External sales	29,940.89 [57,909.61]	317,376.62 [227,978.24]	347,317.51 [285,887.85]
Add: Job work charges	234.26 [104.27]	– [16.94]	234.26 [121.21]
Add: Other income	182.50 [181.32]	142.92 [3,515.37]	325.42 [3,696.69]
Add: Interest Income			4,961.95 [4,547.30]
Total Revenue			352,839.14 [294,253.05]
2 Segment results	798.76 [422.74]	21,656.78 [17,333.77]	22,455.54 [17,756.51]
Less : Unallocable administrative expenses			1,606.18 [1,324.57]
Less: Interest expense			8,464.48 [7,455.03]
Add: Interest Income			4,961.95 [4,547.30]
Profit before tax			17,346.83 [13,524.21]
Taxation			610.04 [172.26]
Profit after tax			16,736.79 [13,351.95]
3 Segment assets	6,803.04 [2,639.36]	76,291.46 [68,378.91]	83,094.50 [71,018.27]
Add: Unallocable Corporate / other Assets			78,790.60 [28,793.77]
Add: Advance Income-tax (including tax deducted at source) (net)			246.16 [299.98]
Add: Deferred Tax Asset			767.05 [166.00]
Total assets			162,898.31 [100,278.02]
4 Segment liabilities	8,573.97 [598.57]	53,686.92 [12,350.06]	62,260.89 [12,948.63]
Add: Unallocable Corporate / other Liabilities			4,722.87 [6,513.50]
Add: Minority interest			326.62 [320.55]
Add: Loan			37,055.79 [37,219.42]
Add: Proposed Dividend (including tax thereon)			1,415.22 [283.98]
Total liabilities			105,781.39 [57,286.08]
5 Cost incurred to acquire fixed assets	– [0.00]	560.57 [92.47]	560.57 [92.47]
Add: Unallocated (excluding capital advances)			155.15 [456.93]
			715.72 [549.40]
6 Depreciation/amortisation	0.04 [0.02]	53.18 [34.06]	53.22 [34.08]
Add: Unallocated depreciation/amortisation			230.60 [165.09]
			283.82 [199.17]
7 Significant non cash expenses other than depreciation and amortisation	– [0.00]	– [0.00]	– [0.00]

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

(Rs. in Lacs)

Secondary disclosure		31 March 2010 (31 March 2009)		
		Domestic	Export	Total
1	Carrying amount of segment assets by location of assets	100,938.27	61,960.04	162,898.31
		[77,650.24]	[22,627.78]	[100,278.02]
2	Cost incurred to acquire segment fixed assets by location of assets (excluding capital advances)	715.72	–	715.72
		[549.40]	[0.00]	[549.40]

Figures in Bracket represent previous year's figure.

10. Related parties disclosure in accordance with AS - 18 prescribed by Companies (Accounting Standard) Rules, 2006

	2009-2010	2008-2009
i) Associate of the Company	a) Damgan Retail Jewellery Private Limited	a) Damgan Retail Jewellery Private Limited
ii) Individuals owning (directly / indirectly) an interest in the voting power of the Company that gives them control or significant influence (also the key management personnel)	a) Mr. Umesh Parekh - Managing Director	a) Mr. Umesh Parekh - Managing Director
	b) Mr. Nilesh Parekh - Chairman	b) Mr. Nilesh Parekh - Chairman
	c) Mrs. Kumud Parekh	c) Mrs. Kumud Parekh
	d) Mrs. Rani Parekh	d) Mrs. Rani Parekh
iii) Enterprises over which person mentioned in (ii) along with the relatives are able to exercise significant influence.	a) Umesh Parekh (HUF)	a) Umesh Parekh (HUF)
	b) Nilesh Parekh (HUF)	b) Nilesh Parekh (HUF)
	c) Swastik Wheat Product Agencies Private Limited	c) Swastik Wheat Product Agencies Private Limited
	d) Liberson Dealcomm Private Limited	(d) Liberson Dealcomm Private Limited
	e) Aastha Complex Private Limited	e) Aastha Complex Private Limited
	f) Kalindi Enclave Pvt Ltd	f) Kalindi Enclave Pvt Ltd
		g) Vanshika Jewels Private Limited (ceased to be a Group company w.e.f. 1 April 2009)
		h) Shree Vinayak Jewellers (Partnership), Mumbai (ceased to be a Group company w.e.f. 14 April 2009)
		i) Safal Properties Pvt Ltd (ceased to be a Group company w.e.f. 1 April 2009)
		j) Masco Mercantile Pvt. Ltd. (ceased to be a Group company w.e.f. 1 April 2009)
		k) Icon Tower Pvt. Ltd. (ceased to be a Group company w.e.f. 1 April 2009)
		l) Reliable Dealer Pvt. Ltd. (ceased to be a Group company w.e.f. 1 April 2009)

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

10. Consolidated statement of related party disclosures, as restated (continued)

(Rs. in Lacs)

Name of the Party	Nature of transaction	Year ended 31.03.2010	Year ended 31.03.2009
Icon Tower Pvt. Ltd.	Loan taken	–	47.00
	Loans receivable /(payable) outstanding		(47.00)
Kalindi Enclave Pvt Ltd	Rent expense	1.20	1.60
	Receivable / (payable) as at the year end	(0.20)	–
Liberson Dealcom Pvt Ltd	Rent expense		0.99
	Interest received / Receivable during the year	0.06	–
	Receivable / (payable) as at the year end		(0.99)
	Loans receivable /(payable) outstanding	1.06	1.00
Masco Mercantile . Pvt. Ltd	Loan taken	–	8.00
	Loans receivable /(payable) outstanding	–	(8.00)
Reliable Dealer Pvt. Ltd.	Loan taken	–	7.00
	Loans receivable /(payable) outstanding	–	(7.00)
Safal Properties Pvt. Ltd.	Rent expense	–	72.00
	Security deposit given	–	310.00
	Security deposit as at year end	–	310.00
Shree Vinayak Jewellers (partnership), Mumbai	Receivable / (payable) as at the year end	–	48.61
Swastik Wheat Products Agencies Pvt Ltd	Rent expense	1.47	2.10
	Security Deposit / Advance	2.50	–
	Receivable / (payable) as at the year end	(1.29)	0.30
Nilesh Parekh	Loan given	70.00	–
	Repayment of loan given	105.05	–
	Loan taken	–	0.15
	Repayment of loan taken	–	1.60
	Remuneration including commission on profit	403.27	151.94
	Receivable / (payable) as at the year end	(381.77)	(133.94)
	Advance taken	(0.12)	–
	Loans receivable /(payable) outstanding	–	(35.05)
Nilesh Parekh (HUF)	Repayment of loan taken	–	10.00
Umesh Parekh	Loan given	–	80.00
	Repayment of loan given	50.00	10.00
	Advance taken	0.22	
	Loan taken	–	52.15
	Repayment of loan taken	–	48.71
	Remuneration including commission on profit	403.27	151.94
	Receivable / (payable) as at the year end	(404.49)	(161.94)
	Loans receivable /(payable) outstanding	(11.50)	38.50
Umesh Parekh (HUF)	Repayment of loan given	–	3.50
	Repayment of loan taken	–	3.50
Kumud Parekh	Loans receivable /(payable) outstanding	4.50	17.50
	Repayment of loan taken	13.00	–
	Repayment of loan given	–	25.00
Damgan Retail Jewellery Private Limited	Refund of Share Application Money	11.25	–

11. a) Pursuant to the approval of the shareholders as on 7 March 2008 and a Shareholders Agreement ('Agreement') dated 12 March 2008, the Company had issued 2,666,666, 0.0001% Cumulative Convertible Preference shares having a value of Rs. 300/- each to an investor in accordance with the terms set out in the Agreement. As per the terms, the Company has converted the Preference Share into Equity Shares on 28 August 2009, in accordance with the procedure stated in the agreement. 2,666,666 no.s of Preference Shares have been converted to Equity Shares at a premium of Rs. 290 per share.

b) Pursuant to the approval of the Board of Directors as on 7 June 2007 and a Convertible Debenture Subscription Agreement dated 13 June 2007 the Company has issued 5,000,000 0% Fully

Notes to the Account

21 NOTES TO THE ACCOUNTS *(Contd...)*

Convertible Debentures of Rs. 100 each at par. As per the terms of the Agreement, each debenture allotted to the debenture holder would be compulsorily converted to equity shares in case the Company comes out with initial public offer. In the event ,the debentures do not get converted into equity shares by 31 March 2008, the debentures would be mandatorily converted into equity shares at a conversion price laid down in the Agreement based on the audited financial statement for the year 2007-2008. The Company has converted these debentures into 166,667 equity shares on 11 August 2009 at a premium of Rs. 290 per share.

12. The Company has made an initial public offer (IPO) to issue equity shares from 19 March 2010 to 23 March 2010. Monies received till 31 March 2010 were held in trust by the merchant banker with the Escrow Collection Bank on behalf of the bidders till the year end. Subsequent to the year end, the Company has issued and allotted equity shares. Post receipt of the monies the Company plans to the utilise the proceeds of the issue for setting up and expansion of manufacturing units, setting up of retail outlets, meeting working capital requirements and for general corporate purposes. The proposed dividend for the year ended 31 March 2010 has been considered in the accounts after considering the aforesaid allotment as these shares rank pari passu with the shares outstanding as on 31 March 2010 as regards right to dividend for the year.

13. Based on the information available with the Company, there are no dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

14. The Company has taken an office and other premises on operating lease. Minimum lease payment charged during the year to the Profit and Loss account aggregated to Rs. 85.21 (previous year Rs. 2.78).

15. The previous year's figures have been regrouped or reclassified wherever necessary to conform with the current year's presentation.

For and on behalf of the Board of Directors

Place: Kolkata	Nilesh Parekh	Umesh Parekh	Mukund Chandak
Date: 19 May 2010	*Chairman*	*Managing Director*	*Company Secretary*

Directors' Report

Dear members

Your Directors take pleasure in presenting the seventh annual report of the Company together with the audited statement of accounts for the year ended 31 March 2010.

1. Financial Results

(Rs. in lacs)

For the year ended 31 March	2010	2009
Profit for the year before interest, depreciation, non-recurring expenses and tax	819.49	(4.07)
Less: interest	542.29	0.00
Less: depreciation	49.42	0.67
Profit before tax	227.78	(4.74)
Less: taxes	86.71	0.02
Less:		
Profit after tax	141.06	(4.76)

2. Results of operations:

The profit for the year before interest, depreciation, non-recurring expenses and taxes was Rs. 871.99 lacs for the year under review compared with the loss of Rs. 4.07 lacs in the previous year.

3. Dividend:

In order to conserve earnings for future expansion your Directors have not recommended any dividend for the year under review.

4. Future outlook:

The future of the Indian gold jewellery market seems bright and promising. Buyers across the world are turning to India as their preferred source for quality jewellery. The Company intends to penetrate further into the jewellery market by focusing on high-end products and variations in the product-mix, along with an effort to further increase the existing wide overseas customer base.

5. Director Responsibility Statement:

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

a. That in the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures

b. That the Directors selected such accounting policies and applied them consistently and made reasonable, prudent judgments and estimates, so as to give a true and fair view of the Company's state of affairs and profit or loss for the financial year.

c. That the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities

d. That the Directors prepared the annual accounts for the period ended 31 March 2009 on a going concern basis

6. Particulars of employees:

The provisions of Section 217 (2A) of the Companies Act, 1956, are not applicable to the Company.

7. Information pursuant to Section 217(1)(e) of the Companies Act, 1956

No comment was made on consumption and conservation of energy and on technology absorption. The foreign exchange earning and outgo for the year under review is detailed as under:

Earnings: Export of goods: Rs. 3,237,699,548

8. Auditors:

M/s S.Khaitan & Co, Chartered Accountants, Auditors of the Company retire at the Annual General Meeting and are eligible for re-appointment.

9. Acknowledgement:

Your Directors express their gratitude for the commitment and dedication of the Company's employees for their untiring personal efforts and their collective contributions at all levels that has led to the Company's growth and success. The Directors would also like to thank stakeholders, including banks and business associates who have continued to provide support and encouragement to the Company.

For Easy Fit Jewellery Pvt Ltd

Sd/-
Nilesh Parekh
Director

Date : 12 May 2010

Auditor's Report

To the Members of
EASY FIT JEWELLERY PRIVATE LIMITED

1. We have audited the attached Balance Sheet of EASY FIT JEWELLERY PRIVATE LIMITED, Module No.2SW, Manikanchan SEZ, Saltlake, Sector 5, Kolkata – 700091 as at 31 March 2010 and also the Profit and Loss Account for the year ended 31 March 2010 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order 2003 issued by the Central Govt. of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
   i) 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;
   ii) 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;
   iii) The Balance Sheet, Profit and Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
   iv) In our opinion, the Balance Sheet, Profit and Loss Account & Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   v) On the basis of written representations received from the Directors, as on 31 March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of Companies Act, 1956,
   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010; and
      b) in the case of the Profit and Loss A/c, of the profit of the Company for the year ended on that date and
      c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For S.Khaitan & Co.
Chartered Accountants
Registration No: 323450E

29/1B & 30, Armenian Street — (CA Sandeep Khaitan)
Kolkata- 700 001 — *Proprietor*
Date : 12 May 2010 — Mem No: 058329

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   b) The Company has a regular schedule of physical verification of fixed assets by which all assets are verified every year. All fixed assets have been physically verified by the management during the current year. No material discrepancies were identified on such verification.
   c) Fixed assets disposed of during the year were not substantial and therefore, do not affect the going concern assumption.

ii) a) The inventory, except for stocks lying with third parties, has been physically verified by the management as at the year end. In our opinion, the frequency of such verification is reasonable.
   b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii) a) The Company has granted loan to one Company whose name has been covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 156,856,539.00 and the year end balance of such loans was Rs. 101,258,575.00
   b) The Company has taken loan from 4 companies & firms whose name has been covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 9,715,500.00 and the year end balance of such loans was Rs. 1,709,200.00

iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.

v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
   b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under section 301 under Companies Act, 1956 and exceeding the value of Rs. 5 lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi) The Company has not accepted any deposits from the public.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of the business.

viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured/ services rendered by the Company.

ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Sales tax, Cess and other material statutory dues applicable to it.
   b) According to the information and explanations given to us, there were no dues of Income Tax, Sales tax, Cess and other material statutory dues which were in arrears as at 31 March 2010 for a period of more than six months from the date when they became payable.
   c) According to the information and explanations given to us, there were no dues of Income Tax, Sales tax, Cess and other material statutory dues which have not been deposited on account of any dispute.

x) In our opinion, the Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers and financial institutions.

xii) In our opinion, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.

xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

xv) In our opinion and according to the information and explanations given to us, the Company has not given guarantee for loan taken by others from banks or financial institutions.

xvi) In our opinion and according to the information and explanations given to us, the Company has taken a term loan of which has been applied for the purpose they were raised.

xvii) 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 investment.

xviii) The Company has not made any preferential allotment of shares to companies/firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.

xix) According to the information and explanations given to us, the Company has not issued any debentures

xx) The Company has not raised any money by public issues.

xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.Khaitan & Co.
Chartered Accountants
Registration No: 323450E

29/1B & 30, Armenian Street — (CA Sandeep Khaitan)
Kolkata- 700 001 — *Proprietor*
Date : 12 May 2010 — Mem No: 058329

Balance Sheet As at 31 March 2010

(Amount in Rupees)

	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	2	362,000	362,000
Share capital pending allotment		24,353,000	–
Reserves and surplus	3	338,675,847	4,978,000
		363,390,847	5,340,000
Loan funds			
Term Loan		41,000,000	–
Unsecured loans	4	253,483,352	2,558,540
		294,483,352	2,558,540
		657,874,199	7,898,540
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		22,583,616	8,162,585
Less : Accumulated depreciation		6,203,485	66,955
Net block		16,380,131	8,095,630
Capital work-in-progress		–	–
		16,380,131	8,095,630
Investments [Equity Shares - quoted & valued at cost]		3,902,492	–
Deferred Tax Assets		198,308	–
Current assets, loans and advances			
Inventories	6	91,262,163	22,345,392
Sundry Debtors	7	847,442,040	–
Cash and bank balances	8	471,405,566	291,566
Loans and advances	9	221,495,129	68,258
		1,631,604,898	22,705,216
Less:			
Current liabilities and provisions			
Current liabilities	10	985,327,290	23,391,076
Provisions	11	8,884,340	2,420
		994,211,630	23,393,496
Net current assets		637,393,268	(688,280)
Miscellaneous Expenditure	12	–	491,190
		657,874,199	7,898,540
Significant accounting policies	1		
Notes to the accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report attached

For S. Khaitan & Co.
Chartered Accountants
Registration No: 323450E

For and on behalf of the Board of Directors

Sandeep Khaitan
Proprietor
Membership No.: 058329

Nilesh Parekh
Director

Umesh Parekh
Director

Place: Kolkata
Date: 12 May 2010

Place: Kolkata
Date: 12 May 2010

EASY FIT JEWELLERY PRIVATE LIMITED

Profit and Loss Account For the year ended 31 March 2010

(Amount in Rupees)

	Schedule	31.03.2010	31.03.2009
INCOME			
Sale of goods		3,521,374,311	–
Job Work Charges		3,458,340	–
Other income	13	28,962,364	–
		3,553,795,015	–
EXPENDITURE			
Cost of raw materials and stones	14	1,096,097,078	2,854,270
Increase/ (Decrease) in closing stock of Work In Progress and Finished Goods		(2,967,028)	(3,184,137)
Purchase of Traded Goods		2,348,551,603	–
Personnel cost	15	4,818,858	413,998
Manufacturing and other expenses	16	20,095,336	322,585
Depreciation / Amortisation	5	4,942,146	66,954
Interest & finance charges	17	59,479,425	–
		3,531,017,418	473,670
Profit before tax		22,777,597	(473,670)
Less:			
Current tax		8,869,438	–
Fringe benefit tax		–	–
Deferred tax release (refer Note 2 on Schedule 18)		(198,287)	2,420
Profit after tax		14,106,446	(476,090)
Profit and Loss Account acquired on amalgamation (refer Note 1 on Schedule 18)		17,978,008	–
Profit and Loss Account (after tax) for period (1/04/2008 to 31/03/2009) of transferor		6,324,246	
Profit and Loss Account brought forward		(476,090)	–
Profit and Loss Account Carried Forward		37,932,610	(476,090)
Earning per share (refer Note 3 on Schedule 18)			
- Basic (Rs.)		5.71	(13.15)
- Diluted (Rs.)		5.71	(13.15)
Significant accounting policies	1		
Notes to the accounts	18		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report attached

For S. Khaitan & Co.
Chartered Accountants
Registration No: 323450E

For and on behalf of the Board of Directors

Sandeep Khaitan
Proprietor
Membership No.: 058329

Nilesh Parekh
Director

Umesh Parekh
Director

Place: Kolkata
Date: 12 May 2010

Place: Kolkata
Date: 12 May 2010

Cash Flow Statement For the year ended 31 March 2010

(Amount in Rupees)

	31.03.2010		31.03.2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before taxation		22,777,597		(473,670)
Adjusted for :				
Loss on sale of fixed assets	41,955		–	
Profit / Loss on sale of Investments	–		–	
Depreciation/ Amortisation	4,942,146		66,954	
Dividend Received	(12,875)			
Preliminary Expenses Written off	398,859		15,100	
Prior Period Items	32,500		–	
Unrealised foreign exchange (gain) / loss (net)	29,199,944		159,960	
Interest received	(28,897,088)		–	
Interest charged	59,479,426		–	
Advances Written off	–	65,184,867	–	242,014
Operating profit before working capital changes		87,962,464		(231,656)
Changes in:				
Trade and other receivables	173,796,136		5,198,662	
Inventories	(49,444,283)		(22,345,392)	
Trade payables / other liabilities	(402,242,310)	(277,890,457)	23,214,788	6,068,058
Cash generated from operations		(189,927,993)		5,836,402
Direct taxes (paid)/refund (net)		(7,823,453)		–
Prior Period Items		32,500		–
NET CASH FROM / (USED IN) OPERATING ACTIVITIES		**(197,783,946)**		**5,836,402**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(130,000)		(7,740,430)
Proceeds from sale of fixed assets		722,500		–
Interest received		27,286,089		
Loans (Given) / realisation (net)		7,126,507		–
Purchase of Investment		(2,361,380)		–
Dividend received		12,875		
Sale of Investment		2,237,610		–
NET CASH FROM / (USED IN) IN INVESTING ACTIVITIES		**34,894,201**		**(7,740,430)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from :				
- Long term borrowings			–	
- Short term borrowings		228,026,673	2,174,271	2,174,271
Repayment of:		–		
- Long term borrowings				–
- Short term borrowings		(23,111,030)		
Interest Paid		(59,435,364)		–
Interest Received		9,498,893		–
Pre-operative expenses				–
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**154,979,172**		**2,174,271**
(Decrease) / Increase in Cash & Cash Equivalents (A+B+C)		**(7,910,573)**		**270,243**
Opening cash and cash equivalents acquired on 31/03/2008		21,323		21,323
Opening cash and cash equivalents acquired on amalgamation for the period from 01/04/2008 to 31/03/2009		317,743,099		
Opening cash and cash equivalents for the current year ended on 01/04/2009		150,263,411		
Closing cash and cash equivalents		460,117,260		291,566

EASY FIT JEWELLERY PRIVATE LIMITED

Cash Flow Statement *(Contd...)*

(Amount in Rupees)

	31.03.2010		31.03.2009	
NOTES :				
1. Cash and cash equivalent comprises :				
Cash in hand		1,057,437		151,437
Balances with scheduled banks				
- Current account		27,678,438		140,129
- Deposit accounts		431,381,385		–
Total		**460,117,260**		**291,566**

2. The above cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard 3 on Cash Flow Statement as prescribed by Companies (Accounting Standards) Rules, 2006.

3. Previous year's figures have been rearranged / regrouped wherever necessary.

As per our report attached

For S. Khaitan & Co.
Chartered Accountants
Registration No: 323450E

For and on behalf of the Board of Directors

Sandeep Khaitan
Proprietor
Membership No.: 058329

Nilesh Parekh
Director

Umesh Parekh
Director

Place: Kolkata
Date: 12 May 2010

Place: Kolkata
Date: 12 May 2010

Schedules to the Account

1 SIGNIFICANT ACCOUNTING POLICIES

Background

Easy Fit Jewellery Private Limited ('the Company'), was incorporated on Fifth of June, Two Thousand and Three. The Company is engaged in the business of manufacture and sale of handcrafted gold jewellery, diamond and studded jewellery. The Company became 100% Subsidiary of Shree Ganesh Jewellery House Limited on Fourteenth of January, Two Thousand and Eight. The Company commenced its commercial production on Ninth of February, Two Thousand and Nine.

1. Significant accounting policies

i) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting following generally accepted accounting principles in India ('GAAP') and comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act., 1956 to the extent applicable.

ii) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

iii) Fixed assets

Fixed assets are carried at cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses that are directly attributable to bringing assets to their working condition for their intended use. Borrowing costs, if any, directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

iv) Depreciation/ Amortisation

Depreciation on fixed assets is provided under the written down value method at rates derived from the useful lives of such assets, as estimated by management. The rates of depreciation so derived are in line with or higher than the rates of depreciation prescribed by Schedule XIV to the Act.

Fixed assets individually costing Rs. 5,000 or less, are depreciated fully in the year of acquisition.

v) Impairment of fixed assets

At each Balance Sheet date, management assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs when the carrying value of an asset exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the present value as determined above.

vi) Inventories

Year-end valuation of inventory of raw materials and stones are carried at cost (net of VAT, wherever applicable). In determining cost, first in first out method is used. The carrying cost of raw materials and stones is appropriately written down when there is a decline in replacement cost of such materials and the finished products in which they will be incorporated are expected to be sold below cost.

Year-end valuation of inventory of work in progress are valued at the lower of cost and net realisable value. Cost of work in progress comprises of direct material and labour expenses and an appropriate portion of production overheads incurred in bringing the inventory to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of the production facilities.

vii) Revenue recognition

Revenue from sale of goods is recognised on transfer of risk and rewards of ownership of goods to the buyer. Sales are stated exclusive of sales tax. Excise duty is not applicable to the Company.

Schedules to the Account

1 SIGNIFICANT ACCOUNTING POLICIES *(Contd...)*

In respect of contract for sale of goods at prices that are yet to be fixed at the year end, adjustments to the provisional amount billed to the customers are recognised based on the year end closing gold rate.

viii) Employee benefits

The Company's obligation towards various employee benefits have been recognised as follows:

Post employment benefits

Monthly contributions to Provident Funds and State Insurance, which is a defined contribution schemes, is charged to the Profit and Loss Account and is to be deposited with the the Regional Provident Fund Authorities on a monthly basis. However, the Company could not comply with the same due to non-receipt of the registration number during the year.

ix) Foreign exchange transactions

Transactions in foreign currency are recognised at the exchange rates prevailing on the dates of the transactions. Year-end monetary assets and liabilities denominated in foreign currencies, other than those covered by foreign exchange contracts, are translated at the year-end foreign exchange rates.

Gain / loss from exchange differences arising on settlement of foreign currency transaction or translation of year-end monetary assets and liabilities in foreign currency are recognised in the Profit and Loss Account for the year.

x) Taxation

Income tax expense comprises current and fringe benefit taxes (i.e. amount of taxes for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

The Company's unit, located in Special Economic Zone is exempted from income tax (current tax) for various periods till 31 March 2024 under the provisions of sections 10A and 10AA of the Income Tax Act, 1961, subject to the various conditions laid therein. Deferred tax pertaining to the above units are recognised on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods beyond the periods during which the respective units are exempt from income tax as aforesaid. Deferred tax assets on unabsorbed depreciation and / or carry forward of losses are recognised only if there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. Such assets are reviewed as at each Balance Sheet date to reassess realisability thereof.

xi) Preliminary Expenses

Preliminary expenses as on Balance Sheet date have been written off to the Profit & Loss Account as no future benefit are anticipated from such expenses.

xii) Earnings Per Share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares and dilutive equity equivalent shares outstanding during the period, except when results would be anti dilutive.

Schedules to the Balance Sheet

As at 31 March 2010

(Amount in Rupees)

		31.03.2010	31.03.2009

2 SHARE CAPITAL

		31.03.2010	31.03.2009
Authorised			
1,000	(Previous year - 1,000) Equity Shares of Rs. 1000 each	–	–
1,00,000	(Previous year - 10) Equity Shares of Rs. 10 each	1,000,000	1,000,000
61,00,000	(Previous year - nil) Equity Shares of Rs. 10 Each	61,000,000	–
		62,000,000	1,000,000
Issued, Subscribed and Paid up			
362	Equity Shares of Rs. 1,000 each fully paid up	–	–
36,200	Equity Shares of Rs. 10 each fully paid up	362,000	362,000
	(Above Equity Shares held by Shree Ganesh Jewellery House Ltd) (Holding Company)		
36,200	Equity shares of Rs. 10 each fully paid up issued on amalgamation (Refer Note 2)	362,000	–
		362,000	362,000

3 RESERVES AND SURPLUS

	31.03.2010	31.03.2009
Securities premium account	4,978,000	4,978,000
Add : Acquired on amalgamation	269,700,000	–
	274,678,000	4,978,000
Amalgamation Reserve	26,008,000	–
General Reserve		
Add : Acquired on amalgamation	57,236	–
	57,236	–
Profit & Loss Account	37,932,611	–
	338,675,847	4,978,000

4 UNSECURED LOANS

	31.03.2010	31.03.2009
Short Term Loans (bearing no interest)		
- From Directors	1,150,000	1,155,000
From Holding Company	26,233,000	–
- From bodies corporate	173,150,352	1,403,540
- Fellow subsidiary	52,950,000	–
	253,483,352	2,558,540

5 FIXED ASSETS

Descriptions	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 01.04.2009	Acquired on amalgamation during 1/04/08 to 31/03/2009	Additions during the year	Deletions/ Adjustments	As at 31.03.2010	As at 01.04.2009	Depn. on Amalgamation	For the year	Deductions/ Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Goodwill	–	8,061,000	–		8,061,000	–	–	3,224,400		3,224,400	4,836,600	–
Leasehold Properties [refer note (a) below]	5,266,920	858,040		–	6,124,960	–	–	–	–	–	6,124,960	5,266,920
Plant & Machinery	1,498,263	70,160	18,000	715,093	871,330	21,805	8,320	114,504	–	144,629	726,701	1,476,458
Motor Car	–	804,676			804,676	–	261,482	140,633	–	402,115	–	–
Furniture, Fixtures & Office Equipments	1,047,254	34,497	–	–	1,081,751	25,963	3,193	183,825		212,981	868,770	1,021,291
Computers & related equipments	350,148	212,592	112,000	–	674,740	19,186	69,100	213,963		302,249	372,491	330,962
Vehicles	–	4,965,159	–	–	4,965,159		852,290	1,064,821	–	1,917,111	3,048,048	–
Total	8,162,585	15,006,124	130,000	715,093	22,583,616	66,954	1,194,385	4,942,146	–	6,203,485	16,380,131	8,095,631
Previous Year	–	–	8,162,585	–	8,162,585	–	66,955	–	–	66,955	8,095,630	–
Capital Work in Progress unsecured considered good											–	–

EASY FIT JEWELLERY PRIVATE LIMITED

Schedules to the Balance Sheet

As at 31March 2010

(Amount in Rupees)

6 INVENTORIES

	31.03.2010	31.03.2009
(At lower of cost or net realisable value)		
Raw materials and stones	74,741,195	19,161,255
Work-in-progress	2,300,269	3,184,137
Finished Goods	14,220,699	–
	91,262,163	22,345,392

7 SUNDRY DEBTORS

	31.03.2010	31.03.2009
(Unsecured and considered good)		
Debts (More than six months)	369,817,488	–
Other Debts (less than six months)	477,624,552	–
	847,442,040	–

8 CASH AND BANK BALANCES

	31.03.2010	31.03.2009
Cash in hand	1,057,437	151,437
Balances with scheduled banks on		
- current accounts	38,966,743	140,129
- fixed deposit [including margin money deposit Rs. 431,381,385 (Previous year Rs. 398,571,947)]	431,381,385	–
	471,405,565	291,566

9 LOANS AND ADVANCES

	31.03.2010	31.03.2009
Loans		
- to fellow subsidiaries	154,208,575	–
- to body corporate and others	–	–
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	58,135,800	17,800
Other Advances	9,150,754	50,458
	221,495,129	68,258
Note :		
a) Maximum amount outstanding by Directors of the Company at any time during the year	14,000,000	–
b) Loans and advances to companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956:		
- Gokul Jewellery House Private Limited	181,806,539	–

10 CURRENT LIABILITIES

	31.03.2010	31.03.2009
Temporary Book Overdrafts	11,288,305	–
Sundry creditors* [refer Note 10 on Schedule 18]	444,732,466	23,113,679
Acceptances	476,236,734	–
Other liabilities	53,069,785	277,397
	985,327,290	23,391,076

11 PROVISIONS

	31.03.2010	31.03.2009
Income tax [Net of advance tax and TDS]	4,597,500	
Current Year Tax	4,286,840	
Fringe benefit tax	–	2,420
	8,884,340	2,420

12 MISCELLANEOUS EXPENDITURE

	31.03.2010	31.03.2009
Company Formation Expenses	–	15,100
Pre-operative Expenses		–
Profit & loss (Debit balance)		476,090
	–	491,190

Schedules to the Profit and Loss Account

For the year ended 31March 2010

(Amount in Rupees)

	31.03.2010	31.03.2009
13 OTHER INCOME		
Interest (Gross) on		
- deposits with banks [includes tax deducted at source Rs. 4,208,478 (Previous year Rs. 5,952,247)]	28,897,088	–
- Others	–	–
- Loan	–	–
Gain on foreign exchange fluctuation (net)	–	–
Miscellaneous Income	65,276	–
	28,962,364	–
14 COST OF RAW MATERIAL AND STONES		
Opening Stock	28,263,940	–
Add : Purchases	1,142,574,333	22,015,525
Less : Closing stock	74,741,195	19,161,255
	1,096,097,078	2,854,270
Increase/Decrease in Closing Stock of WIP		
Closing Stock	2,300,270	–
Less : Opening Stock	3,184,137	–
	(883,867)	–
Increase/Decrease in Closing Stock of Finished Goods		
Closing Stock	14,220,699	–
Less : Opening Stock	10,369,804	–
	3,850,895	–
15 PERSONNEL COST		
Salaries, Wages & Bonus	4,365,237	376,321
Director's Remuneration	96,000	–
Employee Benefits	357,621	37,677
	4,818,858	413,998
16 MANUFACTURING AND OTHER EXPENSES		
Making Charges	1,507,960	–
Packing Expenses	75,353	–
Cash Discount	127,579	
Loss on foreign exchange fluctuation (net)	12,538,794	159,960
Accounting Charges	120,000	
Professional Tax	47,500	
Loss on forward contract	746,595	–
Loss on commodity transaction	–	–
Commission on sales		–
Alloys and consumables	732,402	19,853
Power and fuel	89,195	15,172
Auditor remuneration (refer Note 6 on Schedule 18)	495,000	10,000
Legal & Professional Expenses	131,146	–
Insurance	96,355	–
Preliminary Expenses Written Off	398,859	15,100
Prior Period Expenses		–
Advances Written off		–
Sales promotion expenses	27,150	–
Freight & forwarding charges	7,066	–
Rent	293,200	–
Repairs & maintenance – others	239,292	–
Other Miscellaneous Expenses	2,421,889	102,500
	20,095,336	322,585
17 INTEREST AND FINANCE CHARGES		
Interest on		
- Acceptances	34,882,429	–
- Loan	19,347,004	–
Bank charges and commission	5,249,991	–
	59,479,425	–

EASY FIT JEWELLERY PRIVATE LIMITED

Schedules to the Account

18 NOTES TO THE ACCOUNTS

1. In accordance with the Scheme filed with the Hon'Ble High Court for amalgamation in nature of merger of fellow eleven subsidiaries of the Company namely, Bajoria Apartments Pvt. Ltd. ("Transferor Company-I"), (ii) M/s. Gold Art Jewellers Pvt. Ltd. ("Transferor Company-II"), (iii) JT Metals & Minerals Exports Pvt. Ltd. ("Transferor Company-III"), (iv) Samukh Exim Pvt. Ltd. ("Transferor Company-IV"), (v) Smart Gold Jewel House Pvt. Ltd. ("Transferor Company-V"), (vi) Galaxy Jewel Art Pvt. Ltd.("Transferor Company-VI"), (vii) Shrishti Jewel Art Pvt. Ltd. ("Transferor Company-VII"), (viii) Safal Jewellers Pvt. Ltd. ("Transferor Company-VIII"), (ix) Subarna Jewels Pvt. Ltd. ("Transferor Company-IX") (x) Chaturbujh Jewellery House Pvt. Ltd.("Transferor Company-X"), (xi) Mudrika Jewels Pvt. Ltd. ("Transferor Company-XI") with Easy Fit Jewellery Private Limited, (Transferee Company "The Company") a subsidiary of Shree Ganesh Jewellery House Limited , the scheme is as below:

   a. The Land and Building belonging to Transferor companies I-XI and all the other assets and liabilities of the Transferor Companies shall be transferred at the value as appearing in the books of the Transferor Companies as at 31 March 2008.

   b. The Reserve & Surplus as appearing in the books of the Transferor Companies shall be appearing in the same manner and under the same classification in the books of the Transferee Company. After taking over the assets and liabilities of the Transferor Companies in the manner as stated in the Scheme as at 31 March 2008 and treating the Reserve & Surplus Account as stated in the books of the Transferor Companies as it is, the net surplus or deficit, if any, arising shall be credited to Amalgamation Reserve or debited to Goodwill Account as the case may be, in the books of the Transferee Company.

   c. In case of any difference in accounting policy between the companies, the impact of the same till the amalgamation, will be quantified and adjusted in the General Reserve of Transferor Companies to ensure that the financial statements of Transferor Companies reflect the financial position on the basis of consistent accounting policy.

   d. To the extent that there are Inter-se investments in shares, inter corporate loans or balances between Transferor Companies and Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of Transferee Company for reduction or any assets or liabilities, as the case may be.

   e. Upon coming into effect of the Scheme and in consideration thereof, the Transferee Company shall, without any further act or deed, issue and allot Equity Shares of the Transferee Company to the members of the Transferor Companies I-XI whose names appear in the Register of Members of the Transferor Companies I-XI on the record date determined by the Board of Directors of the Transferee Company ("Record Date") being a date post filing of the sanction order of the Scheme with the Registrar of Companies in the following manner: -

   2,435,300 Equity shares of Rs. 10 each, fully paid up are to be issued /allotted by the Transferee Company to the erstwhile shareholders of the transferor companies mentioned above in consideration for the net identifiable assets transferred on amalgamation as mentioned below:

(Amount Rupees in Lacs)

Transferor Company	Value of Net Identifiable Assets taken over	Aggregate amount of reserves taken over	Consideration	Goodwill / (Amalgamation Reserve)
Transferor Company i	16.05	11.05	1.15	(3.85)
Transferor Company ii	704.29	670.54	51.98	18.23
Transferor Company iii	773.55	463.55	58.90	(251.10)
Transferor Company iv	1.00	–	0.04	(0.96)
Transferor Company v	1.00	–	0.02	(0.98)
Transferor Company vi	1.00	–	0.04	(0.96)
Transferor Company vii	10.20	9.20	0.73	(0.27)
Transferor Company viii	973.05	924.55	71.78	23.28
Transferor Company ix	1.00	–	0.02	(0.98)
Transferor Company x	797.80	778.05	58.86	39.10
Transferor Company xi	1.00	–	0.02	(0.98)

   f. 6. Rights and obligation arising from inter corporate loans and balances between the companies mentioned in above (including the Transferee Company) need to be set off for the purpose of accounting for the amalgamation.

Schedules to the Account

18 NOTES TO THE ACCOUNTS *(Contd...)*

g. Equity shares of Rs. 10 each fully paid up are to be issued/allotted by the Transferee Company in the following manner to effect the amalgamation :

- 23 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company i
- 154 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company ii
- 19 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company iii
- 4 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company iv
- 2 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company v
- 4 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company vi
- 73 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company vii
- 148 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company viii
- 2 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company ix
- 298 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company x
- 2 Equity Shares for 100 fully paid up equity shares of Rs. 10/- each of Transferor Company xi

h. The amalgamation of the transferor companies mentioned above with the Transferee Company is accounted for in the books of the Company as an amalgamation in the nature of merger.

i. The scheme was approved by Hon'ble High Court of Calcutta subsequent to the adoption and approval of the financial statement of the Company for the previous year by the shareholder of the Company. Profits earned by the transferor companies for the period 1 April 2008 (date of amalgamation) to 31 March 2009 (Company's previous year end) has been recognised in the financial statement for the year.

2. Deferred taxation

	As at 31.03.2010	As at 31.03.2009
Deferred tax asset / (liability), net included in the Balance Sheet comprise of :		
Deferred tax assets		
Excess of written down value of assets as per Income Tax Act, 1961 and net book value of such assets	198,308.48	–
Total deferred tax assets	198,308.48	–
Deferred tax asset / (liability) (net)	198,308.48	–

3. Earnings per share

			As at 31.03.2010	As at 31.03.2009
i.	a)	Calculation of weighted average number of equity shares of Rs. 10 each for basic earning per share.		
		Number of equity shares at the beginning of the year	36,200	36,200
		Share capital pending allotment, allotted during the year	2,435,300	–
		Weighted average number of equity shares outstanding during the year for basic EPS	2,471,500	36,200
	b)	Net profit attributable to equity shareholders	14,106,446	(476,090)
	c)	Basic earnings per equity share (Rs.)	5.71	(13.15)
ii.	a)	Calculation of weighted average number of equity shares of Rs. 10 each for dilutive earning per shares		
		Number of equity shares at the beginning of the year	36,200	36,200
		Share capital pending allotment, allotted during the year	2,435,300	–
		Weighted average number of equity shares outstanding during the year for basic EPS	2,471,500	36,200
	b)	Net profit attributable to equity shareholders	14,106,446	-476,090
	c)	Diluted earnings per equity share (Rs.)	5.71	(13.15)
		(Face value per Equity Share of Rs. 10)		

Schedules to the Account

18 NOTES TO THE ACCOUNTS *(Contd...)*

4. Capacity and production

Class of goods	Unit of quantity	Year ended 31.03.2010 (Actual production)	Year ended 31.03.2010 (Actual production)
Own production -			
Gold Jewellery and articles	Grams *	5,378	
Medallions	Grams *		
Precious / Semi precious stones	Carats	2,374	–
Production through third parties -			
Gold Jewellery and articles	Grams *	199,546	–
Medallions	Grams *	332,200	–
Precious / Semi precious stones	Carats	–	
Total production -			
Gold Jewellery and articles	Grams *	204,923	–
Medallions	Grams *	332,200	–
Precious / Semi precious stones	Carats	2,374	–

Note :

*** Information on licensed capacity have been certified by management and have not been audited since it is technical in nature. Plant and machinery installed can manufacture a wide variety of gold jewellery of different specification and design and hence it is not considered practical to state quantitative details of installed capacity. Precious and semi precious stones are embedded in Gold jewellery and articles.

5. Details of turnover

	Class of goods	Unit of quantity	Year ended 31 March 2010 Quantity	Year ended 31 March 2010 Value (Rs.)	Year ended 31 March 2009 Quantity	Year ended 31 March 2009 Value (Rs.)
a.	Manufactured goods					
	Gold Jewellery and articles	Grams *	204,923	357,682,747	–	–
	Medallions	Grams *	332,200	733,824,649	–	–
	Precious / Semi precious stones	Carats	2,606	140,769,156	–	–
b.	Traded goods					
	Gold Jewellery and articles	Grams *	1,430,481	2,172,786,445	–	–
	Medallions	Grams *	23,000	36,040,099	–	–
	Silver jewellery& articles	Grams *	2,950,226	77,111,237	–	–
	Immitation Jewellery	Pcs	4,228	3,159,978	–	–
	Precious / Semi precious stones	Carats			–	–
	Total Sales					
	Gold Jewellery and articles	Grams *	1,635,404	2,530,469,192	–	–
	Medallions	Grams *	355,200	769,864,748	–	–
	Silver jewellery& articles	Grams *	2,950,226	77,111,237	–	–
	Immitation Jewellery	Pcs	4,228	3,159,978	–	–
	Precious / Semi precious stones	Carats	2,606	140,769,156	–	–
	Total			3,521,374,311		–

Schedules to the Account

18 NOTES TO THE ACCOUNTS *(Contd...)*

6. Details of inventories of finished goods**

Class of goods	Unit of quantity	Year ended 31 March 2010 Quantity	Year ended 31 March 2010 Value (Rs.)	Year ended 31 March 2009 Quantity	Year ended 31 March 2009 Value (Rs.)
Gold Jewellery and articles	Grams *	2,933	3,796,750	– [0]	– [0]
Medallions	Grams *	–	–	– [0]	– [0]
Immitation jewellery	Pcs.	3,942	1,210,403	– [0]	– [0]
Silver Bar	Grams	50,000	1,319,927	– [0]	– [0]
Precious / Semi precious stones	Carats	26	7,893,619	12,922 [0]	19,010,403 [0]
Total			14,220,699 –		19,010,403

Figures in Bracket represent previous year's figure.

* Quantities of production, turnover, finished goods, raw material consumed and traded goods purchased, include gold of different fineness. For reporting purposes, all quantities have been converted to 0.995 fineness of gold.

7. Details of raw materials and stones consumed

Class of goods	Unit of quantity	Year ended 31 March 2010 Quantity	Year ended 31 March 2010 Value (Rs.)	Year ended 31 March 2009 Quantity	Year ended 31 March 2009 Value (Rs.)
Gold Bar	Grams *	687,948	961,236,656	–	–
Precious / Semi precious stones	Carats	2,606	134,860,421	–	–
Total			1,096,097,077		–

Raw material consumption is after adjustment for shortage / excess / wastage.

8. Details of trading purchase

Class of goods	Unit of quantity	Year ended 31 March 2010 Quantity	Year ended 31 March 2010 Value (Rs.)	Year ended 31 March 2009 Quantity	Year ended 31 March 2009 Value (Rs.)
Gold Jewellery and articles	Grams *	1,421,611	2,234,157,415	2,000	2,852,420
Alloy	Grams			3,130	18,502
Silver Bar	Grams *	3,000	78,285,725	2,196	134,200
Medallions	Grams *	23,000	33,345,000	–	–
Immitation Jewellery	Pcs	7,229	2,563,463	–	–
Precious / Semi precious stones	Carats	1,000	200,000	12,922	19,010,403
Total			2,348,551,603		22,015,525

9. Details of imported and indigenous raw materials and stones consumed.

	Year ended 31 March 2010 Value (Rs.)	Year ended 31 March 2010 Percentage	Year ended 31 March 2009 Value (Rs.)	Year ended 31 March 2009 Percentage
Raw Materials				
Imported	1,096,097,077	100%	18,898,716	86%
Indigenous			3,116,809	14%
Total	1,096,097,077	100%	22,015,525	100%

10. Auditors' remuneration

	Year ended 31.03.2010	Year ended 31.03.2009
Statutory audit fees	194,000	10,000
Others	301,000	–
	495,000	10,000

11. Value of imports on CIF basis

	Year ended 31.03.2010	Year ended 31.03.2009
Raw materials	1,142,574,333	372,000

EASY FIT JEWELLERY PRIVATE LIMITED

Schedules to the Account

18 NOTES TO THE ACCOUNTS *(Contd...)*

12. Expenditure and earnings in foreign currency

	Year ended 31.03.2010	Year ended 31.03.2009
a) Expenditure in foreign currency Foreign travel	–	–
b) Interest expenditure in foreign currency	–	–
a) Earnings in foreign currency Exports on FOB basis	3,237,699,548	–

13. Remuneration to Directors**

	Year ended 31.03.2010	Year ended 31.03.2009
a) Director's Remuneration	96,000	–
	96,000	–

14. Related parties disclosure in accordance with AS - 18 prescribed by Companies (Accounting Standard) Rules, 2006

	2009-2010	2008-2009
i) Enterprises directly / indirectly are under common control with the Company	a) Swastik Wheat Product Agencies Pvt. Ltd.	a) Umesh Parekh (HUF)
	b) Gokul Jewellery House Pvt. Ltd.	b) Nilesh Parekh (HUF)
	c) Shree Ganesh Jewellery House Pte. Ltd., Singapore	c) Swastik Wheat Product Agencies Pvt. Ltd.
	d) Shree Ganesh Jewellery House Ltd.	d) Vanshika Jewels Pvt. Ltd.
	e) Liberson Dealcomm Pvt. Ltd.	e) Gokul Jewellery House Pvt. Ltd.
		f) Shree Ganesh Jewellery House Pte. Ltd., Singapore
		g) Shree Ganesh Jewellery House Ltd.
		h) Shree Vinayak Jewellers
		i) Liberson Dealcomm Pvt. Ltd.
		j) Aastha Complex Pvt. Ltd.
ii) Associate of the Holding Company	a) Damgan Retail Jewellery Private Limited	a) Damgan Retail Jewellery Private Limited
iii) Individuals owning (directly / indirectly) an interest in the voting power of the Company that gives them control or significant influence (also the key management personnel)	a) Mr. Umesh Parekh - Director	a) Mr. Umesh Parekh - Director
	b) Mr. Nilesh Parekh - Director	b) Mr. Nilesh Parekh - Director
	c) Mrs. Kumud Parekh	c) Mr. Kamlesh Parekh
		d) Mrs. Kumud Parekh
		e) Mrs Sumona Parekh
		f) Mrs. Rani Parekh
		g) Mrs. Priti Parekh
		h) Mr. Karan Parekh
		i) Mr. Nischay Parekh
		j) Ms. Vansika Parekh
		k) Ms. Aastha Parekh
iv) Enterprise over which persons mentioned in (iii) are able to exercise significant influence.		a) Safal Properties Pvt. Ltd.

Schedules to the Account

18 NOTES TO THE ACCOUNTS *(Contd...)*

14. Related parties disclosure in accordance with AS - 18 prescribed by Companies (Accounting Standard) Rules, 2006

(Rs. in Lacs)

Name of the Party	Nature of transaction	Year ended 31.03.2010
Umesh Parekh	Advance taken	0.22
Umesh Parekh	Advance receivable / (payable) cl.	(20.22)
Shree Ganesh Jewellery House Ltd.	Purchase of goods	1,802.24
Shree Ganesh Jewellery House Ltd.	Loan taken	1,613.05
Shree Ganesh Jewellery House Ltd.	Interest on loan taken	68.59
Shree Ganesh Jewellery House Ltd.	Loans outstanding receivable / (payable) as at the year end	(262.33)
Shree Ganesh Jewellery House Ltd.	Sale of goods	351.79
Kumud Parekh	Repayment of loan taken	13.00
Gokul Jewellery House Pvt. Ltd.	Loan taken	599.50
Gokul Jewellery House Pvt. Ltd.	Repayment of loan taken	70.00
Gokul Jewellery House Pvt. Ltd.	Loans outstanding receivable / (payable) as at the year end	1,012.59
Shree Ganesh Jewellery House Ltd.	Job work charges income	33.26
Shree Ganesh Jewellery House Ltd.	Receivable/(payable) at year end	(264.42)
Umesh Parekh	Loans outstanding receivable / (payable) as at the year end	(11.50)
Nilesh Parekh	Payment of loan	0.05
Shree Ganesh Jewellery House Ltd.	Repayment of loan taken	1,442.77
Gokul Jewellery House Pvt. Ltd.	Loan given	3,334.52
Gokul Jewellery House Pvt. Ltd.	Repayment of loan given	3,089.90
Nilesh Parekh	Loan given	70.00
Nilesh Parekh	Repayment of loan given	105.00
Kumud Parekh	Repayment of loan given	4.50
Shree Ganesh Jewellery House Ltd.	Payment made/received	(403.44)
Gokul Jewellery House Pvt. Ltd.	Advance recd against sales	22.65
Gokul Jewellery House Pvt. Ltd.	Receivable/(payable) at year end	(77.41)
Swastik Wheat Products Agencies Pvt. Ltd.	Receivable/(payable) at year end	(1.09)
Nilesh Parekh	Remuneration	0.48
Nilesh Parekh	Receivable/(payable) at year end	(0.48)
Umesh Parekh	Remuneration	0.48
Umesh Parekh	Receivable/(payable) at year end	(0.48)
Umesh Parekh	Repayment of loan given	98.00
Nilesh Parekh	Advance taken	(0.12)

(Rs. in Lacs)

Name of the Party	Nature of transaction	Year ended 31.03.2009
Mr. Nilesh Parekh	Loan taken	0.15
Mr. Nilesh Parekh	Loans receivable /(payable) outstanding	(0.05)
Mr. Nilesh Parekh	Repayment of loan taken	0.10
Mr. Umesh Parekh	Loan taken	12.15
Mr. Umesh Parekh	Loans receivable /(payable) outstanding	(11.50)
Mr. Umesh Parekh	Repayment of loan taken	0.65
Shree Ganesh Jewellery House Ltd.	Receivable / (payable) as at the year end	(14.04)
Shree Ganesh Jewellery House Ltd.	Receivable / (payable) as at the year end	(28.52)
Shree Ganesh Jewellery House Ltd.	Loan taken	11.11
Shree Ganesh Jewellery House Ltd.	Purchase of goods	28.52
Gold Art Jewellers Private Limited	Purchase of goods	0.44
Gold Art Jewellers Private Limited	Receivable / (payable) as at the year end	(0.44)

Schedules to the Account

18 NOTES TO THE ACCOUNTS *(Contd...)*

15. Segment information in accordance with Accounting Standard 17 prescribed by Companies (Accounting Standard) Rules, 2006.

The Company is engaged in the business of manufacture and sale of gold jewellery and other articles of various designs/ specification based on customer's requirements and the Company's manufacturing facilities are located in India. The risk and returns of the Company are affected predominantly by the fact that it operates in different geographical areas i.e. domestic sales and export sales and accordingly geographical segment have been considered as the primary segment information.

In view of the fact that gold jewellery and other articles are manufactured and sold based on design/ specification specified by the customer there are no business segment to be reported under secondary segment information.

Segment information has been prepared in conformity with the accounting policies adopted for preparation and presentation of the financial statements of the Company.

(Rs. in Lacs)

Primary segment disclosures	31 March 2010			31 March 2009		
	Domestic	Export	Total	Domestic	Export	Total
1 Segment revenue						
External sales	283,674,763	3,237,699,548	3,521,374,311	–	–	–
Add: Job work charges	3,458,340	–	3,458,340	–		–
Add: Other unallocable income			65,276			–
Add: Interest Income	–		28,897,088			–
Total Revenue			3,553,795,015			–
2 Segment results	11,272,053	75,917,307	87,189,359	–	–	–
Less : Unallocable administrative expenses	–	–	32,217,225			473,670
Less: Interest expense	–	–	59,479,425			–
Add: Interest Income	–	–	28,897,088			–
Profit before tax			24,389,797			(473,670)
Less:Taxes			8,671,151			–
Profit after tax			15,718,646			(473,670)
3 Segment assets	67,486,271	857,979,414	925,465,685	–	–	–
Add: Unallocable Corporate / other Assets			717,265,681			31,292,036
Add: Advance Income-tax (including tax deducted at source) (net)			9,150,754			–
Add: Deferred Tax Asset			203,710			–
Total assets			1,652,085,829			31,292,036
4 Segment liabilities	306,905,273	562,245,081	869,150,354	2,896,620	19,058,676	21,955,296
Add: Unallocable Corporate/other Liabilities			116,176,937			1,435,780
Add: Loan			294,483,351			2,558,540
Add: Provision for income tax (net)			8,884,340			2,420
Total liabilities			1,288,694,982			25,952,036
5 Cost incurred to acquire fixed assets (excluding capital advances)	–	–	130,000			8,162,585
			130,000			8,162,585
6 Depreciation/amortisation			–			–
Add: Unallocated depreciation/amortisation	–	–	3,329,946			66,954
			3,329,946			66,954
7 Significant non cash expenses other than depreciation and amortisation (unallocable) (included in measuring segment results)	–	–	–			

Schedules to the Account

18 NOTES TO THE ACCOUNTS *(Contd...)*

(Rs. in Lacs)

Secondary disclosures	31 March 2010			31 March 2009		
	Domestic	Export	Total	Domestic	Export	Total
1 Carrying amount of segment assets by location of assets	794,106,415	857,979,414	1,652,085,829	31,292,036	–	31,292,036
2 Cost incurred to acquire segment fixed assets by location of assets (excluding capital advances)	130,000	–	130,000	8,162,585	–	8,162,585

Figures in Bracket represent previous year's figure.

16. Based on the information available with the Company, there are no dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

17. The previous year's figures have been regrouped or reclassified wherever necessary to conform with the current year's presentation. Previous year numbers are not comparable as represents number of Easy Fit Jewellery Private Limited before giving effect of amalgamation which is considered in current year. (refer note 1 of schedule 18).

As per our report attached

For S. Khaitan & Co.
Chartered Accountants
Registration No: 323450E

For and on behalf of the Board of Directors

Sandeep Khaitan
Proprietor
Membership No.: 058329

Nilesh Parekh
Director

Umesh Parekh
Director

Place: Kolkata
Date: 12 May 2010

Place: Kolkata
Date: 12 May 2010

EASY FIT JEWELLERY PRIVATE LIMITED

Balance Sheet Abstract

Information pursuant to Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Companies General Business Profile.

1. Registration Details

Registration No. U36911WB2003PTC096327 State Code 21

Balance Sheet Date 31 (Date) 03 (Month) 2010 (Year)

2. Capital Raised during the year (Rs.)

Public Issue: NIL	Bonus Issue: NIL
Right Issue: NIL	Private Placement: NIL

3. Position of mobilisation and deployment of Funds (Rs.)

Total Liabilities: 657874199	Total Assets: 657874199

Sources Of Funds

Paid up capital: 24715000	Reserve & surplus: 338675847
Secured Loans: 41000000	Unsecured Loans: 253483352

Application of funds

Net fixed Assets: 16380131	Investments: 3902492
Net Current Assets: 637393268	Miscellaneous Expenditure: NIL
Accumulated Losses: NIL	Deferred Tax Asset: NIL

4. Performance of Company (Rs in Thousand)

Turnover (including other income): 3553795015	Total Expenditure: 3531017418
Basic Earning per share (In Rs.): 5.71	Diluted Earning per share (In Rs.): 5.71
Profit before Tax: 22777597	Profit after Tax: 14106446
Dividend rate: NIL	

5. Generic names of three Principal Products/ Services of Company (As per monetary terms)

Item Code No.	Product Description
71131910	Gold Jewellery
71131940	Gold Studded Jewellery

Directors' Report

Dear members

Your Directors take pleasure in presenting the sixth annual report of the Company, together with the audited statement of accounts for the year ended 31 March 2010.

1. Financial Results

(Rs. in lacs)

For the year ended 31 March	2010	2009
Profit for the year before interest, depreciation, non-recurring expenses and tax	149.25	281.32
Less: interest	124.45	225.79
Less: depreciation	2.40	3.86
Profit before tax	22.40	51.67
Less: taxes	9.89	16.86
Profit after tax	12.51	34.81

2. Results of operations:

The Company's sales stood at Rs. 19646 lacs for the year ended 31 March 2010, compared with Rs. 7100 lacs in the previous year. There was, therefore, an increase in turnover of 176.69%.

3. Dividend:

In order to conserve the earnings for future expansion your Directors have not recommended any dividend for the year under review.

4. Future outlook:

The future of the Indian gold jewellery market looks bright and promising. Buyers around the world are turning to India as their preferred source for quality jewellery. The Company intends to penetrate further into the jewellery market, focusing on high-end products and variations in the product-mix, along with an effort to increase its existing overseas customer base.

5. Directors' responsibility statement:

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

a. That in the preparation of the annual accounts, the applicable accounting standards were followed, along with proper explanation relating to material departures

b. That the Directors selected such accounting policies and applied them consistently, making reasonable and prudent judgments and estimates so as to give a true and fair view of the Company's state of affairs and profit or loss for the financial year

c. That the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities

d. That the Directors prepared the annual accounts for the period ended 31 March 2009 on a going concern basis

6. Particulars of employees:

The provisions of Section 217 (2A) of the Companies Act, 1956, are not applicable to the Company.

7. Information pursuant to Section 217(1)(e) of the Companies Act,1956

No comment has been made on consumption and conservation of energy and on technology absorption. The foreign exchange earning and outgo for the year under review is detailed as under:

Earnings: Rs. 209,613,960

Outgo : Rs. 170,024,209

8. Auditors:

M/s S.Khaitan & Co, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting, and are eligible for re-appointment.

9. Acknowledgements:

Your Directors express their gratitude for the commitment and dedication of the Company's employees for their untiring personal efforts and collective contributions at all levels that has led to the Company's growth and success. The Directors would also like to thank stakeholders, including banks and business associates who have continued to provide support and encouragement to the Company.

For Gokul Jewellery House Pvt Ltd

Sd/-

Nilesh Parekh

Date: 12 May 2010 *Director*

Compliance Certificate

CORPORATE IDENTITY NUMBER : U36911WB2004PTC098212
Registration No. of the Company : 21-098212
Nominal Capital : Rs. 55,00,000/-

To
The Members
GOKUL JEWELLERY HOUSE PRIVATE LIMITED
25A, Camac Street,
413, Vardaan Market, 4th Floor
Kolkata-700016

We have examined the registers, records, books and papers of GOKUL JEWELLERY HOUSE PRIVATE LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31 March 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, We certify in respect of the aforesaid financial year that:

1. The Company has kept and maintained all registers as stated in Annexure `A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure `B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the Rules made there under.
3. The Company being a private limited Company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was 26(Twenty Six) excluding its present and past employees and the Company during the financial year:
   i) has not invited public to subscribe for its shares or debentures; and
   ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors duly met 7(SEVEN) times respectively on 14/05/2009, 21/07/2009, 24/08/2009, 28/08/2009, 28/11/2009, 04/12/2009 and 28/01/2010 in respect of such meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. Being a private limited Company the Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31 March 2010 was held on 30 September 2009 after giving due notice to the members of the Company and the resolutions passed thre at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General meeting was held during the financial year.
8. The Provisions of Section 295 are not applicable to a private limited Company.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company is maintaining the register under Section 301 of the Act, however, there were no contract to be entered therein during the financial year.
11. As there was no instance falling within the purview of Section 314 of the Act, the Company was not required to obtain any approval from the Board of Directors, Members or Central Government.
12. The Board of Directors has not issued any duplicate certificates during the financial year.
13. i) There was no allotment / transfer of equity shares during the financial year.
   ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
   iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
   iv) The Company was not required to transfer any amount to the Investor Education and Protection Fund during the financial year.
   v) The Company has duly complied with the requirements of Section 217 of the Act in respect of last year.
14. The Board of Directors of the Company is duly constituted and there was an appointment of Director during the financial year.
15. The Company has not appointed any Managing Director / Whole Time Director / Manager during the financial year.
16. The Company has not appointed any Sole Selling Agents during the financial year.

GOKUL JEWELLERY HOUSE PRIVATE LIMITED

17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities as prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the Rules made there under.
19. The Company has not issued any equity shares during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares or debentures during the financial year.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during financial year.
24. Being a private limited Company, the Provisions of Section 293(1)(d) are not applicable to the Company.
25. Being a private limited Company, the Provisions of Section 372(A) are not applicable to the Company.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the financial year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the financial year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the financial year.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the financial year.
30. The Company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The provisions of Employees' Provident Fund are not applicable to the Company during the financial year.

Signature:Sd/-
Name: M.K.Sharma & Associates

M.K.Sharma
(Proprietor)
C. P. No.: 3137

Place: Kolkata
Date: 12 May 2010

ANNEXURE – A

Registers maintained by the Company

Sl. No	Name of Registers/Books	Sections
1.	Register of Members	Sec. 150
2.	Minute Book containing minutes of Board Meeting General Meeting	Sec. 193
3.	Books of Accounts and cost records	Sec. 209
4.	Register of Director, Managing Director / Manager	Sec. 303
5.	Register of Director Shareholding	Sec. 307
6.	Register of Contracts, Directors interested	Sec. 301
7.	Register of Transfer	Sec. 108

ANNEXURE – B

Returns and forms filed with registrar of Companies during the financial year ended 31/03/2009

Sl. No.	Form no./ Returns	Filed U/s	For	Date of Filing	Whether Filed within Prescribed Time	If delay in Filing whether additional fees paid yes /no
1.	Form23AC/ 23ACA	220	31/03/09	20/10/09	Yes	No
2.	Form-20B	159	30/09/09	07/11/09	Yes	No
3.	Form 66	383A	31/03/09	16/10/09	Yes	No

Auditor's Report

To the Members of
GOKUL JEWELLERY HOUSE PRIVATE LIMITED.

1. We have audited the attached Balance Sheet of GOKUL JEWELLERY HOUSE PRIVATE LIMITED, 413, Vardaan Market, 25-A Camac Street, Kolkata – 700016 as at 31 March 2010 and also the Profit and Loss Account for the year ended 31 March 2010 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors Report) Order 2003 issued by the Central Govt. of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that :

   i) 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;

   ii) 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;

   iii) The Balance Sheet, Profit and Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv) In our opinion, the Balance Sheet, Profit and Loss Account & Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   v) On the basis of written representations received from the Directors, as on 31 March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of Companies Act, 1956,

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010; and

      b) in the case of the Profit and Loss A/c, of the profit of the Company for the year ended on that date and

      c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For : S.Khaitan & Co.
Chartered Accountants
Registration No: 323450E

(CA Sandeep Khaitan)
Proprietor
Mem No: 058329

29/1B & 30, Armenian Street
Kolkata- 700 001
Date : 12 May 2010

GOKUL JEWELLERY HOUSE PRIVATE LIMITED

(Referred to in paragraph 3 of our report of even date)

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The Company has a regular schedule of physical verification of fixed assets by which all assets are verified every year. All fixed assets have been physically verified by the management during the current year. No material discrepancies were identified on such verification.

c) Fixed assets disposed of during the year were not substantial and therefore, do not affect the going concern assumption.

ii) a) The inventory, except for stocks lying with third parties, has been physically verified by the management as at the year end. In our opinion, the frequency of such verification is reasonable.

b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii) a) The Company has not granted loan to any Company whose name has been covered in the register maintained under Section 301 of the Companies Act, 1956. The rates of interest thereon is prima-facie not prejudicial to the interest of the Company

b) The Company has taken loan from 1 Company whose name has been covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 15,68,56,539.00 and the year end balance of such loans was Rs. 101,258,575.00

iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.

v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.

b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under Section 301 under Companies Act, 1956 and exceeding the value of Rs. 5 lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi) The Company has not accepted any deposits from the public.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of the business.

viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured/ services rendered by the Company.

ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Sales tax, Cess and other material statutory dues applicable to it.

b) According to the information and explanations given to us, there were no dues of Income Tax, Sales tax, Cess and other material statutory dues which were in arrears as at 31 March 2009 for a period of more than six months from the date when they became payable.

c) According to the information and explanations given to us, there were no dues of Income Tax, Sales tax, Cess and other material statutory dues which have not been deposited on account of any dispute.

x) In our opinion, the Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers and financial institutions.

xii) In our opinion, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.

xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

xv) In our opinion and according to the information and explanations given to us, the Company has not given guarantee for loan taken by others from banks or financial institutions.

xvi) 0In our opinion and according to the information and explanations given to us, the Company has not taken any term loan.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

xviii) The Company has not made any preferential allotment of shares to companies/firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.

xix) According to the information and explanations given to us, the Company has not issued any debentures

xx) The Company has not raised any money by public issues.

xxi] According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For : S.Khaitan & Co.
Chartered Accountants
Registration No: 323450E

29/1B & 30, Armenian Street (CA Sandeep Khaitan)
Kolkata- 700 001 Proprietor
Date : 12 May 2010 Mem No: 058329

Balance Sheet As at 31 March 2010

	Schedule	31.03.2010	31.03.2009
			(Amount in Rupees)
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	2	5,491,600	5,491,600
Reserves and surplus	3	61,851,556	60,600,566
		67,343,156	66,092,166
Loan funds			
Secured loans	4	–	371,536
Unsecured loans	5	183,476,448	139,126,275
		183,476,448	139,497,811
		250,819,604	205,589,977
APPLICATION OF FUNDS			
Fixed assets	6		
Gross block		1,761,384	1,761,384
Less : Accumulated depreciation		1,076,517	836,593
Net block		684,867	924,791
Deferred Tax Asset, net (refer Note 2 on Schedule 17)		100,442	89,274
Current assets, loans and advances			
Inventories	7	31,415,957	4,852,960
Sundry debtors	8	151,653,219	260,848,817
Cash and bank balances	9	98,634,959	83,322,468
Loans and advances	10	61,730,907	24,442,889
		343,435,042	373,467,133
Less:			
Current liabilities and provisions			
Current liabilities	11	93,400,747	168,891,221
		93,400,747	168,891,221
Net current assets		250,034,294	204,575,912
		250,819,604	205,589,977
Significant accounting policies	1		
Notes to the accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report attached

For S. Khaitan & Co.
Chartered Accountants
Registration No: 323450E

For and on behalf of the Board of Directors

Sandeep Khaitan
Proprietor
Membership No.: 058329

Nilesh Parekh
Director

Umesh Parekh
Director

Place: Kolkata
Date: 12 May 2010

Place: Kolkata
Date: 12 May 2010

GOKUL JEWELLERY HOUSE PRIVATE LIMITED

Profit and Loss Account For the year ended 31 March 2010

	Schedule	31.03.2010	31.03.2009
			(Amount in Rupees)
INCOME			
Sale of goods		1,964,643,256	710,037,622
Other income	12	5,842,733	20,354,808
		1,970,485,989	730,392,430
EXPENDITURE			
Cost of raw materials and stones	13	170,024,209	346,300,663
Purchase of traded goods		1,783,671,130	351,474,593
Personnel cost	14	72,000	933,000
Manufacturing and other expenses	15	1,793,123	3,552,023
Depreciation / Amortisation	6	239,924	385,880
Interest and finance charges	16	12,445,780	22,579,975
		1,968,246,167	725,226,134
Profit before tax		2,239,822	5,166,296
Less:			
Current tax		1,000,000	1,700,000
Fringe benefit tax		–	48,100
Deferred tax release (refer Note 2 on Schedule 17)		(11,168)	(61,860)
Profit after tax		1,250,990	3,480,056
Profit and Loss Account Brought Forward		7,952,166	4,472,110
Profit and Loss Account Carried Forward		9,203,156	7,952,166
Earning per share (refer Note 3 on Schedule 17)			
- Basic (Rs.)		2.28	6.34
- Diluted (Rs.)		2.28	6.34
Significant accounting policies	1		
Notes to the accounts	17		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report attached

For S. Khaitan & Co.
Chartered Accountants
Registration No: 323450E

For and on behalf of the Board of Directors

Sandeep Khaitan
Proprietor
Membership No.: 058329

Nilesh Parekh
Director

Umesh Parekh
Director

Place: Kolkata
Date: 12 May 2010

Place: Kolkata
Date: 12 May 2010

Cash Flow Statement For the year ended 31 March 2010

(Amount in Rupees)

	31.03.2010		31.03.2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before taxation		2,239,822		5,166,296
Adjusted for :				
Loss of fixed assets by fire	–		482,252	
Loss on sale of fixed assets	–		2,317	
Depreciation/ Amortisation	239,924		385,880	
Preliminary Expenses written off	–		57,290	
Unrealised foreign exchange (gain) / loss (net)	10,050,992		(5,834,455)	
Interest received	(5,830,292)		(6,251,129)	
Interest charged & finance charges	12,445,780		22,579,975	
Liabilities no longer required written back	–		(157,288)	
Advances written off	–		–	
		16,906,404		11,264,841
Operating profit before working capital changes		19,146,227		16,431,137
Changes in:				
Trade and other receivables	67,302,979		(96,578,883)	
Inventories	(26,562,997)		29,927,126	
Trade payables / other liabilities	(24,408,329)	16,331,653	(34,769,647)	(101,421,404)
Cash generated from operations		35,477,880		(84,990,267)
Direct taxes (paid)/refund (net)		(557,172)		(1,369,065)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES		34,920,708		(86,359,332)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		–		–
Proceeds from sale of fixed assets		–		32,000
Interest received		1,808,927		6,251,129
Loans (Given) / realisation (net)		(52,950,000)		–
NET CASH FROM / (USED IN) IN INVESTING ACTIVITIES		(51,141,073)		6,283,129
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from :				
- Long term borrowings	–		121,833,166	
- Short term borrowings	(371,536)	(371,536)	(12,000,000)	109,833,166
Repayment of:				
- Long term borrowings			(333,700)	
- Short term borrowings	44,350,173	44,350,173	–	(333,700)
Interest and finance charges		(12,445,780)		(22,579,975)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		31,532,857		86,919,491
(DECREASE) / INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)		15,312,492		6,843,289
Opening cash and cash equivalents		83,322,468		76,479,179
Closing cash and cash equivalents		98,634,959		83,322,468
Notes :				
1. Cash and cash equivalent comprises :				
Cash in hand		4,458,890		167,543
Balances with scheduled banks				
- Current account		16,542,721		2,889,883
- Recurring account				1,965,580
- Deposit account		77,633,348		78,299,462
- Temporary Overdrafts				–
Total		98,634,959		83,322,468

2. The above cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard 3 on Cash Flow Statement as prescribed by Companies (Accounting Standards) Rules, 2006.

3. Previous year's figures have been rearranged / regrouped wherever necessary.

As per our report attached

For S. Khaitan & Co.
Chartered Accountants
Registration No: 323450E

For and on behalf of the Board of Directors

Sandeep Khaitan
Proprietor
Membership No.: 058329

Nilesh Parekh
Director

Umesh Parekh
Director

Place: Kolkata
Date: 12 May 2010

Place: Kolkata
Date: 12 May 2010

GOKUL JEWELLERY HOUSE PRIVATE LIMITED

Schedules to the Account

1 SIGNIFICANT ACCOUNTING POLICIES

Background

Gokul Jewellery House Private Limited ('the Company'), was incorporated on Twenty Sixth of March, Two Thousand and Four. The Company is engaged in the business of manufacture and sale of handcrafted gold jewellery and studded jewellery. The Company became subsidiary of Shree Ganesh Jewellery House Limited on Twenty Fifth of June, Two Thousand and Seven.

1. Significant accounting policies

i) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting following generally accepted accounting principles in India ('GAAP') and comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act., 1956 to the extent applicable.

ii) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

iii) Fixed assets

Fixed assets are carried at cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses that are directly attributable to bringing assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

(iv) Depreciation/ Amortisation

Depreciation on fixed assets is provided under the written down value method at rates derived from the useful lives of such assets, as estimated by management. The rates of depreciation so derived are in line with or higher than the rates of depreciation prescribed by Schedule XIV to the Act.

Fixed assets individually costing Rs. 5,000 or less, are depreciated fully in the year of acquisition.

v) Impairment of fixed assets

At each Balance Sheet date, management assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs when the carrying value of an asset exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the present value as determined above.

vi) Inventories

Year-end valuation of inventory of raw materials are carried at cost (net of VAT, wherever applicable). In determining cost, first in first out method is used. The carrying cost of raw materials is appropriately written down when there is a decline in replacement cost of such materials and the finished products in which they will be incorporated are expected to be sold below cost.

vii) Revenue recognition

Revenue from sale of goods is recognised on transfer of risk and rewards of ownership of goods to the buyer. Sales are stated exclusive of sales tax. Excise duty is not applicable to the Company. In respect of contract for sale of goods at prices that are yet to be fixed at the year end, adjustments to the provisional amount billed to the customers are recognised based on the year end closing gold rate.

Schedules to the Account

1 SIGNIFICANT ACCOUNTING POLICIES *(Contd...)*

Interest is recognised on time proportion basis.

viii) Foreign exchange transactions

Transactions in foreign currency are recognised at the exchange rates prevailing on the dates of the transactions. Year-end monetary assets and liabilities denominated in foreign currencies, other than those covered by foreign exchange contracts, are translated at the year-end foreign exchange rates.

Gain / loss from exchange differences arising on settlement of foreign currency transaction or translation of year-end monetary assets and liabilities in foreign currency are recognised in the Profit and Loss Account for the year.

ix) Taxation

Income tax expense comprises current tax (i.e. amount of taxes for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future except for deferred tax assets arising from unabsorbed depreciation or business losses brought forward from prior years that 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 up or down to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

x) Provisions and contingent liabilities

A provision is recognised in the financial statements when there exists a present obligation as a result of a past event, the amount of which can be reliably estimated and it is probable that an outflow of resources will be required to settle the obligation. Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be reliably estimated.

xi) Earnings Per Share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares and dilutive equity equivalent shares outstanding during the period, except when results would be anti dilutive.

GOKUL JEWELLERY HOUSE PRIVATE LIMITED

Schedules to the Balance Sheet

As at 31 March 2010

(Amount in Rupees)

2 SHARE CAPITAL

	31.03.2010	31.03.2009
Authorised		
5,50,000 (Previous year - 5,50,000) Equity Shares of Rs. 10 each	5,500,000	5,500,000
	5,500,000	5,500,000
Issued, Subscribed and Paid up		
5,49,160 (Previous year - 5,49,160) Equity Shares of Rs. 10 each fully paid up	5,491,600	5,491,600
[282,000 (Previous year - 282,500) Equity Shares held by Shree Ganesh Jewellery House Ltd.] (Holding Company)		
	5,491,600	5,491,600

3 RESERVES AND SURPLUS

	31.03.2010	31.03.2009
Securities premium account	52,648,400	52,648,400
Profit and loss account	9,203,156	7,952,166
	61,851,556	60,600,566

4 SECURED LOANS

	31.03.2010	31.03.2009
Loans from Banks		
- Vehicle loan *	–	371,536
	–	371,536

* Vehicle loans are secured by hypothecation of the vehicles purchased from the proceeds of the loans.

5 UNSECURED LOANS

	31.03.2010	31.03.2009
Short Term Loans		
- From Fellow subsidiaries	154,208,575	129,746,539
- From Holding Companies	29,267,873	–
- From Bodies Corporate & others	–	9,379,736
	183,476,448	139,126,275

6 FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2009	Addition	Deletions/ Adjustments	As at 31.03.2010	As at 01.04.2009	For the year	Deduction/ Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Furniture, Fixtures & Office Equipments	62,216	–		62,216	29,910	5,846		35,756	26,460	32,306
Computers & related equipments	86,750	–	–	86,750	65,404	8,539	–	73,943	12,807	21,346
Vehicles	1,612,418	–		1,612,418	741,279	225,539		966,818	645,600	871,139
Total	1,761,384	–	–	1,761,384	836,593	239,924	–	1,076,517	684,867	924,791
	2,471,935		710,551	1,761,384	644,695	385,880	193,982	836,593	924,791	

[Note : Vehicles include a car, which is hypothecated against the vehicle loan.]

Schedules to the Balance Sheet

As at 31 March 2010

(Amount in Rupees)

	31.03.2010	31.03.2009
7 INVENTORIES		
(At lower of cost or net realisable value)		
Raw materials	31,415,957	4,852,960
	31,415,957	4,852,960

	31.03.2010	31.03.2009
8 SUNDRY DEBTORS		
(Unsecured and considered good)		
Debts outstanding for a period exceeding six months	61,258,777	14,970,649
Other debts	90,394,442	245,878,168
	151,653,219	260,848,816.55

	31.03.2010	31.03.2009
9 CASH AND BANK BALANCES		
Cash in hand	4,458,890	167,543
Balances with scheduled banks on		
- current accounts	16,542,721	2,889,883
- recurring deposit	–	1,965,580
- fixed deposit [under lien against credit facilities of bank]	77,633,348	78,299,462
(Rs. 74,923,787 prev year 78,299,462)		
	98,634,959	83,322,468

	31.03.2010	31.03.2009
10 LOANS AND ADVANCES		
(Unsecured and considered good)		
Loans		
- to fellow subsidiaries	52,950,000	–
Advances recoverable in cash or in kind or for value to be received	8,344,367	23,563,521
Income tax payments & TDS receivables	436,540	879,368
(net of provision for tax Rs. 2,456,200 Previous year Rs. 1,832,353)		
	61,730,907	24,442,889
Note :		
a) Loans and advances to companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956:		
- Chaturbhuj Jewellery House Pvt. Ltd.	49,800,000	–
- Easy Fit Jewellers Pvt. Ltd	150,000	
- Safal jewellers Pvt Ltd	3,000,000	–

	31.03.2010	31.03.2009
11 CURRENT LIABILITIES		
Acceptances	90,123,652	141,271,428
Sundry creditors* [refer Note 14 on Schedule 18]	3,114,045	26,140,525
Bank Overdraft	–	–
Other liabilities	163,050	1,479,268
	93,400,747	168,891,221

GOKUL JEWELLERY HOUSE PRIVATE LIMITED

Schedules to the Profit and Loss Account

For the year ended 31 March 2010

(Amount in Rupees)

	31.03.2010	31.03.2009
12 OTHER INCOME		
Interest (Gross) on		
- deposits with banks [includes tax deducted at source Rs. 211,199	5,830,292	6,251,129
(Previous year Rs. 1,369,065)]		
Gain on foreign exchange fluctuation (net)		13,867,092
Miscellaneous Income	12,441	236,587
	5,842,733	20,354,808

	31.03.2010	31.03.2009
13 COST OF RAW MATERIAL AND STONES		
Opening stock	4,852,960	34,780,086
Add: - Purchases	196,587,206	316,373,537
Less: - Closing stock	31,415,957	4,852,960
	170,024,209	346,300,663

	31.03.2010	31.03.2009
14 PERSONNEL COST		
Salaries, wages and bonus	72,000	933,000
	72,000	933,000

	31.03.2010	31.03.2009
15 MANUFACTURING AND OTHER EXPENSES		
Making Charges	186,535	633,052
Auditor remuneration (refer Note 10 on Schedule 18)	55,000	30,000
Exhibition Expenses	–	500,000
Loss of Fixed Asset by Fire	–	482,252
Membership & Subscription	35,703	67,486
Motor Car Running & Maintenance	8,633	85,036
Printing, Postage & Courier	4,434	61,347
Preliminary Expenses Written Off	–	57,290
Profit / Loss on MCX	1,053,897	
Rating Fees	–	224,720
Travelling Expenses	–	758,650
Alloys and consumables consumed	–	486,290
Rent	–	109,000
Insurance	44,771	3,746
Loss on foreign exchange fluctuation (net)	313,159	–
Duties & Taxes	3,950	
Miscellaneous expenses	87,041	53,154
	1,793,123	3,552,023

	31.03.2010	31.03.2009
16 INTEREST AND FINANCE CHARGES		
Interest on		
- Vehicle loan and Acceptances	9,443,313	14,579,699
- others	2,198,310	7,130,458
Processing Fees	306,625	318,750
Bank charges and commission	497,532	551,068
	12,445,780	22,579,975

Schedules to the Account

17 NOTES TO THE ACCOUNTS

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
1. Contingent Liability	–	–
2. Deferred taxation		
Deferred tax asset / (liability), net included in the Balance Sheet comprise of :		
Deferred tax assets		
Excess of written down value of assets as per Income Tax Act, 1961 and net book value of such assets	100,442	89,274
Total deferred tax assets	100,442	89,274
Deferred tax asset / (liability) (net)	100,442	89,274
3. Earnings per share		
i. a) Calculation of weighted average number of equity shares of Rs. 10 each for basic earning per share.		
Number of equity shares at the beginning of the year	549160	549160
Share capital pending allotment, allotted during the year		–
b) Net profit attributable to equity shareholders	1,250,990	3,480,056
c) Basic earnings per equity share (Rs.)	2.28	6.34
ii. a) Calculation of weighted average number of equity shares of Rs. 10 each for dilutive earning per shares		
Number of equity shares at the beginning of the year	549,160	549,160
Share capital pending allotment, allotted during the year	–	–
Weighted average number of equity shares outstanding during the year for basic EPS	549,160	549,160
b) Net profit attributable to equity shareholders	1,250,990	3,480,056
c) Diluted earnings per equity share (Rs.)	2.28	6.34
(Face value per Equity Share of Rs. 10)		

4. Capacity and production

Class of goods	Unit of quantity	Period ended 31.03.2010 (Actual production)	Year ended 31.03.2010 (Actual production)
Licenced capacity / Installed capacity	Grams *	NA	NA
Production through third parties -			
Gold Jewellery and articles	Grams *	28,985.507	107,197.238
Medallians	Grams *	99,000.000	160,000.000
Total production -			
Gold Jewellery and articles	Grams *	28,985.507	107,197.238
Medallians	Grams *	99,000.000	160,000.000

5. Details of turnover

	Unit of	Period ended 31 March 2010		Year ended 31 March 2009	
Class of goods	quantity	Quantity	Value (Rs.)	Quantity	Value (Rs.)
a. Manufactured goods					
Gold Jewellery and articles	Grams *	28,985.507	49,522,013	107,197.238	151,158,042
Medallians	Grams *	99,000.000	160,091,944	160,000.000	212,628,990
b. Traded goods					
Gold Jewellery and articles	Grams *	1,067,561.064	1,755,029,295	294,628.502	346,250,589
Medallians	Grams *	–	–	–	–
Total Sales					
Gold Jewellery and articles	Grams *	1,096,546.572	1,804,551,308	401,825.740	497,408,631
Medallians	Grams *	99,000.000	160,091,944	160,000.000	212,628,990
Total		1,195,546.572	1,964,643,252	561,825.740	710,037,621

Schedules to the Account

17 NOTES TO THE ACCOUNTS *(Contd...)*

6. Details of raw materials consumed

	Unit of	Period ended 31 March 2010		Year ended 31 March 2009	
Class of goods	quantity	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Gold Bar	Grams *	110,877.120	170,024,209	272,949.154	345,905,495
Total		110,877.120	170,024,209	272,949.154	345,905,495

7. Details of purchase of trading goods

	Unit of	Year ended 31 March 2010		Year ended 31 March 2009	
Class of goods	quantity	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Gold Jewellery and articles	Grams *	1,067,561.064	1,783,671,130	294,628.502	351,474,593
Precious / Semi precious stones	Carats	–	–	–	–
Total		1,067,561.064	1,783,671,130	294,628.502	351,474,593

* Quantities of production, turnover, finished goods, raw material consumed and traded goods purchased, include gold of different fineness. For reporting purposes, all quantities have been converted to 0.995 fineness of gold.

8. Details of imported and indigenous raw materials consumed

	Period ended 31 March 2010		Year ended 31 March 2009	
	Value (Rs.)	Percentage	Value (Rs.)	Percentage
Raw Materials				
Imported	170,024,209	100.00%	343,333,898	99%
Indigenous			2,571,597	1%
Total	170,024,209	100%	345,905,495	100%

9. Auditors' remuneration

	Period ended 31.03.2010	Year ended 31.03.2009
Statutory audit and Tax audit fees	51,500	24,000
VAT audit fees	3,500	6,000
	55,000	30,000

10. Expenditure & Earnings in foreign currency (on actual basis)

	Period ended 31.03.2010	Year ended 31.03.2009
Earnings in foreign currency Exports on FOB basis	209,613,960	361,758,578
Imports on CIF basis	170,024,209	345,905,495

11. Related parties disclosure in accordance with AS - 18 prescribed by Companies (Accounting Standard) Rules, 2006

	2009-2010
i) Holding Company	a) Shree Ganesh Jewellery House Ltd
ii) Fellow Subsidiaries	a) Easy fit Jewellery pvt. Final

Related parties with whom there have been transactions during the period ended 31 March 2010

Name of the Party	Nature of transaction	Amount
Shree Ganesh Jewellery House Ltd.	Sale of goods	23,098,262
Shree Ganesh Jewellery House Ltd.	Purchase of goods	14,994,755
Shree Ganesh Jewellery House Ltd.	Interest on loan taken	2,078,184
Shree Ganesh Jewellery House Ltd.	Loans outstanding receivable / (payable) as at the year end	(29,267,873)
Shree Ganesh Jewellery House Ltd.	Loan taken	18,072,916
Shree Ganesh Jewellery House Ltd.	Receivable/(payable) at year end	8,103,507
Easy Fit Jewellery Pvt. Ltd.	Repayment of loan taken	3,250,000
Easy Fit Jewellery Pvt. Ltd.	Loan given	150,000
Easy Fit Jewellery Pvt. Ltd.	Loans outstanding receivable / (payable) as at the year end	150,000
Easy Fit Jewellery Pvt. Ltd.	Advances against purchases	2,265,000

Schedules to the Account

17 NOTES TO THE ACCOUNTS *(Contd...)*

Related parties with whom there have been transactions during the period ended 31 March 2010

Name of the Party	Nature of transaction	Amount
Easy Fit Jewellery Pvt. Ltd.	Receivable/(payable) at year end	465,000
Easy Fit Jewellery Pvt. Ltd.	Loan taken	330,202,036
Easy Fit Jewellery Pvt. Ltd.	Repayment of loan taken	305,740,000
Easy Fit Jewellery Pvt. Ltd.	Loans outstanding receivable / (payable) as at the year end	(154,208,575)
Easy Fit Jewellery Pvt. Ltd.	Receivable/(payable) at year end	(16,840)
Easy Fit Jewellery Pvt. Ltd.	Repayment of loan given	7,000,000
Easy Fit Jewellery Pvt. Ltd.	Loan given	56,800,000
Easy Fit Jewellery Pvt. Ltd.	Loans outstanding receivable / (payable) as at the year end	49,800,000
Easy Fit Jewellery Pvt. Ltd.	Loan given	3,000,000
Easy Fit Jewellery Pvt. Ltd.	Loans outstanding receivable / (payable) as at the year end	3,000,000
Easy Fit Jewellery Pvt. Ltd.	Receivable/(payable) at year end	7,292,800

12. Segment information in accordance with Accounting Standard 17 prescribed by Companies (Accounting Standard) Rules, 2006.

The Company is engaged in the business of manufacture and sale of gold jewellery and other articles of various designs/ specification based on customer's requirements and the Company's manufacturing facilities are located in India. The risk and returns of the Company are affected predominantly by the fact that it operates in different geographical areas i.e. domestic sales and export sales and accordingly geographical segment have been considered as the primary segment information.

In view of the fact that gold jewellery and other articles are manufactured and sold based on design/ specification specified by the customer there are no business segment to be reported under secondary segment information.

Segment information has been prepared in conformity with the accounting policies adopted for preparation and presentation of the financial statements of the Company.

Primary segment disclosures		31 March 2010 (31 March 2009)		
		Domestic	Export	Total
1	Segment revenue			
	External sales	1,755,029,296 [348,279,044]	209,613,960 [361,758,578]	1,964,643,256 [710,037,622]
	Add: Job work charges	– [0]	– [0]	– [0]
	Add: Other income	12,441 [236,587]	– [13,867,092]	12,441 [14,103,679]
	Add: Interest Income			5,830,292 [6,251,129]
	Total Revenue			1,970,485,988 [730,392,430]
2	Segment results	175,503 [6,256,869]	10,784,855 [20,109,176]	10,960,358 [26,366,045]
	Less : Unallocable administrative expenses			2,105,047 [4,870,903]
	Less: Interest expense			12,445,780 [22,579,975]
	Add: Interest Income			5,830,292 [6,251,129]
	Profit before tax			2,239,822 [5,166,296]
	Less: Taxes			988,832 [1,686,240]
	Profit after tax			1,250,990 [3,480,056]

Schedules to the Account

17 NOTES TO THE ACCOUNTS *(Contd...)*

Primary segment disclosures		31 March 2010 (31 March 2009)		
		Domestic	Export	Total
3	Segment assets	31,573,910 [36,703,689]	120,079,309 [224,145,128]	151,653,219 [260,848,817]
	Add: Unallocable Corporate / other Assets			192,030,150 [112,663,740]
	Add: Advance Income-tax (including tax deducted at source) (net)			436,540 [879,368]
	Add: Deferred Tax Asset			100,442 [89,274]
	Total assets			344,220,351 [374,481,199]
4	Segment liabilities	3,114,045 [16,840]	90,123,652 [141,271,428]	93,237,697 [141,288,268]
	Add: Unallocable Corporate / other Liabilities			163,050 [27,602,953]
	Add: Loan	183,476,448	–	183,476,448 [139,497,811]
	Add: Provision for income tax (net)			–
	Add: Provision for fringe benefit tax (net)			–
	Total liabilities			276,877,195 [308,389,032]
5	Cost incurred to acquire fixed asset		[0]	–
6	Depreciation/amortisation	–	–	–
	Add: Unallocated depreciation/amortisation			239,924 [385,880]
				239,924 [385,880]
7	Significant non cash expenses other than depreciation and amortisation (unallocable) (included in measuring segment results)	–	–	–

Secondary disclosures		31 March 2010 (31 March 2009)		
		Domestic	Export	Total
1	Carrying amount of segment assets by location of assets	224,141,042 [150,336,071]	120,079,309 [224,145,128]	344,220,351 [374,481,199]
	Cost incurred to acquire segment fixed assets by location of asset (excluding capital advances)	–	–	– [0]

Figures in Bracket represent previous year's figure.

13. Based on the information available with the Company, there are no dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

14. The previous year's figures have been regrouped or reclassified wherever necessary to conform with the current year's presentation.

As per our report attached

For S. Khaitan & Co.
Chartered Accountants
Registration No: 323450E

Sandeep Khaitan
Proprietor
Membership No.: 058329

Place: Kolkata
Date: 12 May 2010

For and on behalf of the Board of Directors

Nilesh Parekh
Director

Umesh Parekh
Director

Place: Kolkata
Date: 12 May 2010

Balance Sheet Abstract

Information pursuant to Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Companies General Business Profile.

1. Registration Details

Registration No.	U36911WB2004PTC098212	State Code	21
Balance Sheet Date	31 (Date) 03 (Month) 2010 (Year)		

2. Capital Raised during the year (Rs.)

Public Issue	NIL	Bonus Issue	NIL
Right Issue	NIL	Private Placement	NIL

3. Position of mobilisation and deployment of Funds (Rs.)

Total Liabilities	250819604	Total Assets	250819604

Sources Of Funds

Paid up capital	5491600	Reserve & surplus	61851556
Secured Loans	NIL	Unsecured Loans	183476448

Application of funds

Net fixed Assets	684867	Investments	NIL
Net Current Assets	250034294	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax Asset	100442

4. Performance of Company (Rs in Thousand)

Turnover (including other income)	1970485989	Total Expenditure	1968246167
Basic Earning per share (In Rs.)	2.28	Diluted Earning per share (In Rs.)	2.28
Profit before Tax	2239822	Profit after Tax	1250990
Dividend rate	NIL		

5. Generic names of three Principal Products/ Services of Company (As per monetary terms)

Item Code No.	Product Description
71131910	Gold Jewellery
71131940	Gold Studded Jewellery

Corporate Information

Directors
Umesh Parekh
Nilesh Parekh
Ragini Dhanvantray

Secretary
Ragini Dhanvantray

Registered Office
20 Cecil Street
#14-01 Equity Plaza
Singapore 049705

Auditors
James Raj & Co.
Certified Public Accountants
3 Coleman Street
#03-29 Peninsula Shopping Centre
Singapore 179804

Directors' Report

The Directors submit their report and the financial statements of the Company for the financial year ended 31 March 2010.

1. Directors

The Directors of the Company in office at the date of this report are: -

Umesh Parekh

Nilesh Parekh

Ragini Dhanvantray

2. Arrangement to enable Directors to acquire shares or debentures

Neither at the end of the financial year nor at any time during that financial year did there subsist any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of acquisition of shares or debentures of the Company or any other corporate body.

3. Directors' interest in shares

According to the register of Directors' shareholdings required to be kept under Section 164 of the Companies Act Cap 50, the Directors of the Company at the end of the financial year had no interest in the shares of the Company.

4. Directors' contractual benefits

Since the end of the previous financial year, no Director received or has become entitled to receive a benefit by reason of a contract made by the Company,or a related corporation with the Director, or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

5. Options

No option to take up non-issued shares of the Company was granted during the financial year. There were no shares issued during the year by virtue of the exercise of options to take up non-issued shares of the Company, whether granted before or during the financial year.

There were no non-issued shares of the Company under option as at the end of the financial year.

6. Auditors

James Raj & Co. has expressed their willingness to accept re-appointment.

Signed on behalf of the Board of Directors

	Umesh Parekh	Nilesh Parekh
Singapore	Director	Director

Statement of Directors

We, Umesh Parekh and Nilesh Parekh, being two of the Directors of Shree Ganesh Jewellery House (Singapore) Pte. Ltd., hereby state that, in the opinion of the Directors,

i) The accompanying balance sheet, profit and loss account and statement of changes in equity, together with notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and of the results of the business, changes in equity and cash flows of the Company for the year then ended

ii) At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due

Signed on behalf of the Board of Directors

	Umesh Parekh	Nilesh Parekh
Singapore	Director	Director

Independent Auditor's Report

To the shareholders of
SHREE GANESH JEWELLERY HOUSE (SINGAPORE) PTE. LTD.
Co. Reg. No.: 200718565R

We have audited the financial statements of Shree Ganesh Jewellery House (Singapore) Pte. Ltd. for the financial year ended 31 March 2010 set out on pages 6 to 11, which comprise the profit and loss account, the balance sheet, the statements of changes in equity and cash flow statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheet and to maintain accountability of assets;

b) selecting and applying appropriate accounting policies; and

c) making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

a) the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and of the results, changes in equity and cash flows of the Company for the financial year ended on that date; and

b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

James Raj & Co.
Singapore *Certified Public Accountants*
Date: 18 May 2010

Comprehensive Income Statement

for the year ended 31 March 2010

(Amount in $)

	2010	2009
Revenue		
Turnover	–	–
Cost of sales	–	–
Gross profit	–	–
Other Income		
Unrealized Foreign Exchange Gain	848	–
	848	–
EXPENSES		
Administrative expenses	10,165	1,180
Other operating expenses	90	997
	(10,255)	(2,177)
Loss before taxation	(9,407)	(2,177)
Taxation	–	–
Loss after taxation	(9,407)	(2,177)

Balance Sheet

as at 31 March 2010

(Amount in $)

	Note	2010	2009
Current Assets			
Cash at bank	5	14,598	13,012
Current Liabilities			
Non-trade creditors		3,705	4,040
Accruals		756	6,116
Amount due to Shareholder		16,688	–
		21,149	10,156
Net Current (Liabilities)/ Assets		(6,551)	2,856
Equity			
Share capital	4	10,000	10,000
Accumulated losses		(16,551)	(7,144)
		(6,551)	2,856

Statement of Changes in Equity

for the year ended 31 March 2010

(Amount in $)

	Share capital	Accumulated Losses	Total
As at 01.04.2008	10,000	(4,967)	5,033
Net loss for the year	–	(2,177)	(2,177)
Balance at 31.03.2009	10,000	(7,144)	2,856
Net loss for the year	–	(9,407)	(9,407)
Balance at 31.03.2010	10,000	(16,551)	(6,551)

Statement of Changes in Equity

for the year ended 31 March 2010

	2010	2009
	(Amount in $)	
Cash flow from operating activities		
Operating loss before taxation	(9,407)	(2,177)
Operating cash before working capital changes		
Non-trade creditors	(335)	–
Amount due from Shareholder	16,688	–
Accruals	(5,360)	1,208
Net cash Generated from/ (Absorbed by) operating activities	1,586	(969)
Net Increase /(Decrease) in cash and cash equivalents	1,586	(969)
Cash and cash equivalents at beginning of the year	13,012	13,981
Cash and cash equivalents at end of the year	14,598	13,012
Comprising:		
Cash at bank	14,598	13,012

Notes to the financial statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:-

1. Corporate Information

The financial statements of Shree Ganesh Jewellery House (Singapore) Pte. Ltd. for the year ended 31 March 2010 were authorised for issue in accordance with a resolution of the directors on 17 May 2010.

The registered office of Shree Ganesh Jewellery House (Singapore) Pte. Ltd. is located at 20 Cecil Street #14-01 Equity Plaza, Singapore 049705.

The principal activities of the Company are those of general wholesale trade (including general importers and exporters) and trading and dealing in jewellery.

However, the Company did not trade during the financial year.

Holding Company

The Company is 100% owned by Shree Ganesh Jewellery House Ltd, a Company incorporated in India.

2. Significant Accounting Policies

a) Basis of Preparation

I) Basis of accounting and preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The Financial Statements have been prepared under the historical cost convention except as disclosed in the accounting policies below:-

The preparation of these Financial Statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

II) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are mandatory for accounting years beginning on or after 1 April 2008. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on the Company's financial statements.

b) Tax Expense

Tax expense is determined on the basis of tax effect accounting using the liability method. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Notes to the financial statements

3. Taxation

The Company is dormant during the year. Hence, no provision for tax has been made during the year.

4. Share Capital

The Company has 10,000 ordinary shares valued at $10,000 with equal voting rights, with no right to fixed payments.

5. Cash and Bank Balances

	2010 $	2009 $
Cash in Bank	14,598	13,012
Bank Balances analysed by currencies as follows:		
- US Dollar	3,421	2,574
- Singapore Dollar	11,177	10,438
	14,598	13,012

6. Financial Risk Management Objective and Policies

The Company was not exposed to any financial risks as it did not engage in any trading activities during the year.

Detailed Profit and Loss Account

for the year ended 31 March 2010

	2010	2009
		(Amount in $)
Revenue		
Turnover	–	–
Cost of sales	–	–
Gross profit	–	–
Other Income		
Unrealized Foreign Exchange Gain	848	–
	848	–
Expenses		
Administrative expenses		
Accounting fee	314	150
Secretarial fee	856	217
Professional fee	8,929	813
Postage & Delivery	66	–
	(10,165)	(1,180)
Other operating expenses		
Bank charges	90	–
Printing and stationery	–	27
Unrealized foreign exchange loss	–	970
	(90)	(997)
Loss before taxation	(9,407)	(2,177)
Taxation	–	–
Loss after taxation	(9,407)	(2,177)

The above statement does not form part of the audited financial statements.

Corporate Information

Board of Directors

Mr. Nilesh Parekh – Chairman

Mr. Umesh Parekh - Managing Director

Mr. Pawan Singh Ingty

Mr. Sharad Mohata

Mr. Satish Chandra Chaturvedi

Mr. Hemang Raja (till 26.05.2010)

Mr. Dwarka Prasad Mathur

Mr. Tushar Kanti Das (till 24.07.2010)

Chief Financial Officer

Mr. Ashok Prakash Sahni

Company Secretary

Mr. Mukund Chandak

Auditors

M/s. B S R & Associates

Bankers

Bank of Maharashtra
Karnataka Bank
Axis Bank
State Bank of India
Bank of India
UCO Bank
Allahabad Bank
Corporation Bank

EXIM Bank
United Bank of India
Punjab National Bank
Syndicate Bank
Bank of Baroda
State Bank of Hyderabad
State Bank of Mysore
ICICI Bank

Andhra Bank
State Bank of Bikaner & Jaipur
State Bank of Travancore
IDBI Bank
Standard Chartered Bank
Dena Bank
Dhanalakshmi Bank

Offices

Registered Office

413 Vardaan Market
25A Camac Street,
Kolkata – 700 016

Corporate Office

Avani Signature, Block 402
91A/1 Park Street,
Kolkata – 700 016

Factory

Manikanchan SEZ,
Sector V, Saltlake,
Kolkata – 700 091.

A TRISYS PRODUCT
info@trisyscom.com

Shree Ganesh
JEWELLERY HOUSE LTD