



SHYAM STAR GEMS LIMITED

***19th
Annual Report
2010-2011***

BOARD OF DIRECTORS

Mahendra M. Chordia	Chairman & Managing Director
Rajendra H. Nolkha	Executive Director
Vallabhbhai Narseebhai Patel	Executive Director
Ashok Surana	Non Executive Independent Director
Sanjay N. Kothari	Non Executive Independent Director
Ganpat Karnawat	Non Executive Independent Director

AUDITORS

RAVI & DEV

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

BANKERS

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

State Bank Of India
Bullion Branch,
Kalbadevi Road,
Mumbai – 400 002.

REGISTERED OFFICE

17/19, Dhanji Street, Ground Floor,
Mumbai - 400 003.

REGISTRAR & SHARE TRANSFER AGENT

SHAREX DYNAMIC (INDIA) PRIVATE LIMITED

Unit No. 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai - 400 072.

Contents	Page No.
Notice	1
Directors' Report	14
Corporate Governance Report	16
Management Discussion and Analysis Report	20
Auditors Report	22
Balance Sheet	24
Profit and Loss Account	25
Schedules	26
Notes to Accounts	28
Cash Flow Statement	34

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of **SHYAM STAR GEMS LIMITED** will be held at Lavender Bough, 1st Floor, 90 Feet Road, Garodia Nagar, Ghatkopar (East), Mumbai- 400 077 on Saturday, the 30th day of July, 2011 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and Profit and Loss Account and annexures thereto for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To consider declaration of dividend on Equity Shares for the year ended 31st March, 2011.
3. To appoint a Director in place of Mr. Vallabh Narseebhai Patel, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution **as an Ordinary Resolution:**
“**RESOLVED THAT** M/s. Suresh Anchaliya & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Statutory Auditors of the Company, in place of M/s. Ravi and Dev, Chartered Accountants, Mumbai, to hold office from the conclusion of this Annual General Meeting till the next Annual general meeting of the Company, on such remuneration as shall be fixed by the Board of Directors of the Company.”
5. To consider and, if thought fit, to pass, with or without modification, the following Resolution **as an Ordinary Resolution:**
“**RESOLVED THAT** pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Mahendra M. Chordia, who was appointed as an Additional Director of the Company pursuant to the provisions Section 260 of the Companies Act, 1956 be and is hereby appointed as the Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company.”
6. To consider and, if thought fit, to pass, with or without modification, the following Resolution **as an Ordinary Resolution:**
“**RESOLVED THAT** pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Rajendra H. Nolkha, who was appointed as an Additional Director of the Company pursuant to the provisions Section 260 of the Companies Act, 1956 be and is hereby appointed as the Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company.”
7. To consider and, if thought fit, to pass, with or without modification, the following Resolution **as an Ordinary Resolution:**
“**RESOLVED THAT** pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Ashok Surana, who was appointed as an Additional Director of the Company pursuant to the provisions Section 260 of the Companies Act, 1956 be and is hereby appointed as the Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company.”
8. To consider and, if thought fit, to pass, with or without modification, the following Resolution **as an Ordinary Resolution:**
“**RESOLVED THAT** pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Ganpat Karnawat, who was appointed as an Additional Director of the Company pursuant to the provisions Section 260 of the Companies Act, 1956 be and is hereby appointed as the Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company.”
9. To consider and, if thought fit, to pass, with or without modification, the following Resolution **as an Ordinary Resolution:**
“**RESOLVED THAT** pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Sanjay N. Kothari, who was appointed as an Additional Director of the Company pursuant to the provisions Section 260 of the Companies Act, 1956 be and is hereby appointed as the Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company.”
10. **APPOINTMENT OF MR. MAHENDRA M. CHORDIA AS THE CHAIRMAN & MANAGING DIRECTOR.**
To consider and, if thought fit, to pass, with or without modification, the following Resolution **as an Ordinary Resolution:**
“**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and 311 of the Companies Act, 1956 and further subject to the provisions of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and further subject to such other approvals as may be necessary, the Company hereby approves the appointment of Mr. Mahendra M. Chordia

as the Chairman and Managing Director of the Company for the term of Five years commencing from 1st April, 2011 and ending on 31st March, 2016 upon the terms and conditions including remuneration as set out in the draft agreement submitted to the meeting duly initialed, for the purpose of identification, which draft agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Mahendra M. Chordia.”

“**RESOLVED FURTHER THAT** Mr. Rajendra Nolkha and/or Mr. Mahendra M. Chordia, Director of the Company be and is hereby authorized to obtain necessary approvals/to file with the Registrar of Companies, Mumbai, Maharashtra all the necessary Form/documents to carry out the effect of the above resolution and further to initiate and undertake all such steps as may be deemed expedient by him to give effect to this resolution for and on behalf of the Board of Directors of the Company.”

11. CHANGE IN NAME OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to provisions of Section 21 read with Section 23 and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications or reenactment thereof, for the time being in force) and subject to the approval of the Central Government and such other approvals, consents, sanctions and permissions of appropriate authorities, department and bodies as may be necessary, consent of the Company be and is hereby accorded for change of name of the company from “Shyam Star Gems Limited” to “**SWARNSARITA GEMS LIMITED**”.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, authority of the Company be and is hereby given to the Board of Directors to do all such acts, deeds and things, deal with such matters, take necessary steps and consider such delegations in the matter as the Board may in its absolute discretion deem necessary and to settle any queries that may arise in this regard, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT upon the fresh Certificate of Incorporation consequent upon the change of name of the Company being issued by the Registrar of Companies, Maharashtra, Mumbai the name “Swarnsarita Gems Limited” be inserted in place of the present name of the Company wherever appearing in the Memorandum and Articles of Association of the Company, letter heads etc. and any one of the Directors be and are hereby severally authorized to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution.”

12. INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY AND CONSEQUENTIAL ALTERATION IN CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby increased from Rs. 15,00,00,000 (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 22,00,00,000/- (Rupees Twenty Two Crores only) divided into 2,20,00,000 (Two Crores Twenty Lacs) equity shares of Rs. 10/- (Rupees Ten) each.”

“**RESOLVED THAT** pursuant to the provisions of section 16 and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof for the time being in force), the existing **Clause V** of the Memorandum of Association of the Company be and is hereby substituted by the following:

- V.** The Authorized Share Capital of the Company is **Rs. 22,00,00,000/- (Rupees Twenty Two Crores only) divided into 2,20,00,000 (Two Crores Twenty Lacs only) Equity Shares of Rs. 10/- (Rupees Ten only)** each with the rights, privileges and conditions attaching thereto as are provided by the regulation of the Company for the time being with power from time to time to increase or reduce its capital and to divide the shares in the original or increased capital for the time into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company

for the time being.”

13. ALTERATION OF CAPITAL CLAUSE OF THE ARTICLES OF ASSOCIATION:

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof for the time being in force), the existing **Clause 3** of the Articles of Association of the Company be and is hereby substituted by the following:

3. The Authorized Share Capital of the Company is **Rs. 22,00,00,000/- (Rupees Twenty Two Crores only) divided into 2,20,00,000 (Two Crores Twenty Lacs only) Equity Shares of Rs. 10/- (Rupees Ten only)** each with the rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being with power from time to time to increase or reduce its capital and to divide the shares in the original or increased capital for the time into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company for the time being.”

14. PREFERENTIAL ALLOTMENT

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the existing guidelines issued by the Securities & Exchange Board of India (SEBI) and subject to all necessary approvals, consents, permission and/or sanctions of the Government of India, Reserve Bank of India, Foreign Investment Promotion Board, Secretariat of Industrial Approvals under the Foreign Exchange Management Act, 1999 (including any statutory modification or re-enactment thereof for the time being in force) and other applicable laws, and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange where the shares of the Company are listed and subject to such terms and conditions as may be determined by the Board of Directors of the Company (hereinafter referred to as “the Board” which expression shall include and committee constituted for the time being in force, thereof) and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions or sanctions and agreed to by the Board, the consent and approval of the Company be and is hereby accorded to Board and the Board be and is hereby authorized to offer, issue and allot by way of preferential allotment upto :

- i) **1,20,54,600 [One Crores Twenty Lacs Fifty Four Thousand Six Hundred]** Equity shares of Rs.10/- each out of which 32,54,600 Equity shares are being issued and allotted to promoter group and the balance 88,00,000 Equity shares to domestic investors and/or bodies corporate (the “**Preferential Shareholders**”), on preferential allotment basis without offering the same to any persons who at the date of offer are holders of the equity shares on such terms and conditions and in such manner as the Company may deem fit, with power to the Board to settle details as to form, the terms and conditions of issue and/or allotment and to modify or accept any modifications thereto and utilization of the issue proceeds as it may in its absolute discretion deem fit, without being required to seek any further consent of the Members, with the intent that the Members shall be deemed to have given their consent thereto expressly by the authority of this resolution.
- ii) **20,00,000 [Twenty Lacs]** convertible warrants of Rs.10/- each are being issued and allotted to promoter group, on preferential allotment basis without offering the same to any persons who at the date of offer are holders of the equity shares on such terms and conditions and in such manner as the Company may deem fit, with power to the Board to settle details as to form, the terms and conditions of issue and/or allotment and to modify or accept any modifications thereto and utilization of the issue proceeds as it may in its absolute discretion deem fit, without being required to seek any further consent of the Members, with the intent that the Members shall be deemed to have given their consent thereto expressly by the authority of this resolution.

SHYAM STAR GEMS LIMITED

Sr. No.	Name of the Applicant (Proposed Allottees)	No. of shares proposed to be allotted	No. of Warrants proposed to be allotted
A PROMOTER & PROMOTER GROUP			
1.	Swarnsarita Jewellers Private Limited	32,54,600	20,00,000
	Total (A)	32,54,600	20,00,000
B NON PROMOTERS			
1.	Rajendra Mannalal Sethiya	1,50,000	Nil
2.	Sunita Rajendra Sethiya	1,50,000	Nil
3.	Deepesh Babulal Sethiya	1,50,000	Nil
4.	Shreyance R. Sethiya	1,50,000	Nil
5.	Rambhau Bhausahab Dhas	2,50,000	Nil
6.	Purshottam Mohanlal Mandowara	1,50,000	Nil
7.	Vimalkumar Purshottam Mandowara	1,50,000	Nil
8.	ChandraPrakash Purshottam Mandowara	1,50,000	Nil
9.	Kamla Purshottam Mandowara	1,50,000	Nil
10.	Bipin Jain	2,50,000	Nil
11.	Jitin Jain	2,50,000	Nil
12.	Mahendra Kumar Jain	1,75,000	Nil
13.	Meena Jain	1,75,000	Nil
14.	Ranjit Kumar Jain	1,75,000	Nil
15.	Rekha Jain	1,75,000	Nil
16.	Mamata Jain	1,75,000	Nil
17.	Suresh Jain	1,75,000	Nil
18.	Balchand H. Jain	2,00,000	Nil
19.	Bal Chand Jain- HUF	2,00,000	Nil
20.	Asha B. Jain	2,00,000	Nil
21.	Vishal Dua	2,00,000	Nil
22.	Samir Jha	2,00,000	Nil
23.	Nitin Daga	2,00,000	Nil
24.	Smita Nitin Daga	2,00,000	Nil
25.	Ashok Shantilal Jain	2,50,000	Nil
26.	Vimla Ashokkumar Jain	2,50,000	Nil
27.	Ashokkumar S. Jain (HUF)	2,50,000	Nil
28.	Champalal Chouhan	5,00,000	Nil
29.	Mukesh S. Jain	1,50,000	Nil
30.	Durga H. Jain	1,50,000	Nil
31.	Ashok Manoharlal Vagrecha	2,50,000	Nil
32.	Ankit Ashok Vagrecha	2,50,000	Nil
33.	Ramesh Satrasala	1,25,000	Nil
34.	S. Suresh	1,25,000	Nil
35.	S.K. Jayakumar	1,25,000	Nil
36.	Madhu N. Bothra	1,25,000	Nil
37.	Kishanlal Bothra	1,25,000	Nil
38.	Shrinivas Ramkrishna Pauskar	75,000	Nil
39.	Pradeep Ramkrishna Pavuskar	75,000	Nil
40.	Eknath Ramkrishna Pavuskar	75,000	Nil
41.	Piyush Parasmal Chordia	2,00,000	Nil
42.	Asha Jain	1,25,000	Nil
43.	Pravin Kumar B. Chordia	2,00,000	Nil
44.	M/s. Sparkline Mercantile Company Private Limited	2,75,000	Nil
45.	Vijaya Kumar Gupta	1,75,000	Nil
46.	Anjanesh Gupta	1,75,000	Nil
47.	Prabhavati Gupta	1,75,000	Nil
48.	Ranjana Agarwal	1,75,000	Nil
	Total (B)	88,00,000	Nil
	TOTAL (A) + (B)	1,20,54,600	20,00,000

RESOLVED FURTHER THAT the aforesaid equity shares and warrants shall rank *pari passu* in all respect with the existing equity shares of the Company. The equity shares and warrants allotted on preferential basis shall be locked in from the date of their allotment for such periods as prescribed in Regulation 78 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.”

RESOLVED FURTHER THAT the equity shares and warrants to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;

RESOLVED FURTHER THAT the relevant date as per Regulation 71 of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the determination of applicable price for the issue of equity shares and warrants shall be **30th June, 2011** i.e. 30 days prior to the date this Annual General Meeting.

RESOLVED FURTHER THAT each of the aforesaid warrants be converted at the option of the holder at any time within 18 months from the date of issue, into one fully paid-up Equity Share of Rs.10/- each at the price which be determined in accordance with prevailing SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and a sum equivalent to 25% of the total consideration per warrant be received on the date of allotment of the said warrants and the balance 75% of the total consideration per warrant be received at the time of allotment of Equity Shares pursuant to exercise of option against each such warrant by the warrant holder.

RESOLVED FURTHER THAT in the event of the Company making a bonus issue of shares or making rights issue of shares / convertible debentures or any other securities in whatever proportion prior to the exercise of the rights attached to the warrants, the entitlement of the holders shall stand augmented in the same proportion in which the equity share capital of the company increases as a consequences of such bonus/ rights issues and that the exercise price of the warrant be adjusted accordingly, subject to such approvals as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Reserve Bank of India (RBI)/Securities and Exchange Board of India (SEBI) and/ or such other appropriate authority may impose at the time of their approval as agreed by the Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to delegate any or all the powers conferred upon it by this resolution, to any Committee formed thereof for the powers conferred upon it by this resolution, to any individual so authorized by the Board.

RESOLVED FURTHER THAT for the purpose of creating, issuing, offering and allotting Warrants as well as Equity Shares of the Company as aforesaid, the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the Warrants as well as Equity Shares of the Company, as it may in its absolute discretion, deem fit and proper.”

For and on behalf of the Board of Directors

(Mahendra M. Chordia)
Chairman & Managing Director

Place : Mumbai
Dated : June 23, 2011

REGISTERED OFFICE:
17/19, Ground Floor,
Dhanji Street, Mumbai - 400 003,
Maharashtra

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Chairman, so as to reach the registered office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
4. The Register of Members and Share Transfer Books will remain closed from **Monday, July 25, 2011 to Saturday, July 30, 2011 (both days inclusive)**.
5. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at this meeting, will be transferred to Dividend Declaration Account on or before 3rd August, 2011.
6. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & Public holidays between 12.00 p.m. to 2.00 p.m. up to the date of Annual General Meeting.
7. Members are requested to notify immediately any change in their address / bank mandate to their respective Depository Participant (DP) in respect of their electronic share accounts and to the Company's Registrar & Share Transfer Agent at **SHAREX DYNAMIC (INDIA) PRIVATE LIMITED** Unit No. 1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai-400 072 in respect of their physical share folios.
8. Members are requested to bring their copy of Annual Report to the Meeting alongwith their respective Attendance Slip sent herewith duly filled for attending the Meeting.
9. Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 in respect of Special Business of the Notice is annexed hereto.
10. Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialized at the earliest.
11. **Green Initiative in the Corporate Governance- Registration of email address**
The members are requested to register email address with the Depository Participant/ the Registrar and Share Transfer Agent of the Company, i.e. Sharex Dynamic (India) Private Limited, as the case may be, for service of documents.

For and on behalf of the Board of Directors

(Mahendra M. Chordia)
Chairman & Managing Director

Place : Mumbai
Dated : June 23, 2011

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all the material facts relating to the Special Business of the accompanying Notice of the 19th Annual General Meeting of the Company to be held on Saturday, the 30th day of July, 2011 at 10.30a.m.

Item No. 4:

The retiring auditors, namely, M/s Ravi and Dev, Chartered Accountants, Mumbai have given notice in writing of their unwillingness to be re-appointed and that a special notice in terms of provisions of Section 190 of the Companies Act, 1956 read with Section 225 of the Act has also been received from Shareholders of the Company for the appointment of new Auditors M/s. Suresh Anchaliya & Co., Chartered Accountants, Mumbai in place of the retiring auditors M/s Ravi and Dev, Chartered Accountants, Mumbai. The Company has forthwith communicated to the retiring auditors of the Special Notice and that the retiring auditors have made no representation against the said special notice. A written certificate has been obtained from M/s. Suresh Anchaliya & Co., Chartered Accountants, Mumbai to the effect that in case of their appointment as Auditors of the Company, the appointment will be in accordance with the limits prescribed under section 224(1B) of the Act.

Your directors recommend the Resolution for your approval.

None of the Directors is concerned or interested in this resolution.

Item No. 5:

The Board of Directors of the Company has appointed, pursuant to the provisions of Section 260 of The Companies Act, 1956, Mr. Mahendra M. Chordia as an Additional Director of the Company with effect from 7th March, 2011.

Mr. Mahendra Chordia holds Bachelor's degree in Commerce. He has 22 years of vast experience in Jewellery business. He is known name in manufacturing and trading activities of Jewellery in the market.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Mahendra M. Chordia would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. Mahendra M. Chordia for the office of Director of the Company under the provisions of Section 257 of the Act along with the requisite deposit. The board recommends this resolution for your approval.

Save and except Mr. Mahendra M. Chordia, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

Item No. 6:

The Board of Directors of the Company has appointed, pursuant to the provisions of Section 260 of The Companies Act, 1956, Mr. Rajendra H. Nolkha as an Additional Director of the Company with effect from 7th March, 2011.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Rajendra H. Nolkha would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. Rajendra H. Nolkha for the office of Director of the Company under the provisions of Section 257 of the Act along with the requisite deposit. The board recommends this resolution for your approval.

Save and except Mr. Rajendra H. Nolkha, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

Item No. 7:

The Board of Directors of the Company has appointed, pursuant to the provisions of Section 260 of The Companies Act, 1956, Mr. Ashok Surana as an Additional Director of the Company with effect from 15th April, 2011.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Ashok Surana would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. Ashok Surana for the office of Director of the Company under the provisions of Section 257 of the Act along with the requisite deposit. The board recommends this resolution for your approval.

Save and except Mr. Ashok Surana, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

SHYAM STAR GEMS LIMITED

Item No. 8:

The Board of Directors of the Company has appointed, pursuant to the provisions of Section 260 of The Companies Act, 1956, Mr. Ganpat Karnawat as an Additional Director of the Company with effect from 15th April, 2011.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Ganpat Karnawat would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. Ganpat Karnawat for the office of Director of the Company under the provisions of Section 257 of the Act along with the requisite deposit. The board recommends this resolution for your approval.

Save and except Mr. Ganpat Karnawat, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

Item No. 9:

The Board of Directors of the Company has appointed, pursuant to the provisions of Section 260 of The Companies Act, 1956, Mr. Sanjay N. Kothari as an Additional Director of the Company with effect from 15th April, 2011.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Sanjay N. Kothari would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr Sanjay N. Kothari for the office of Director of the Company under the provisions of Section 257 of the Act along with the requisite deposit. The board recommends this resolution for your approval.

Save and except Mr. Sanjay N.Kothari, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

Item No. 10:

The Board of the Directors of the Company at their meeting held on June 23, 2011 resolved to appoint Mr. Mahendra M. Chordia as the Chairman & Managing Director of the Company for a period of five years commencing from April 01, 2011.

Mr. Mahendra M. Chordia, aged 43 years, is the Chairman & Managing Director of our Company and has been with our Company in the capacity of a Director since 7th March, 2011. Mr. Mahendra M. Chordia holds Bachelor's degree in Commerce. He has 22 years of vast experience in Jewellery business. He is also a manufacturer as well as trader of Jewellery.

The appointment is subject to the approval of members. The terms and conditions of his appointment are as follows:

1. Period of appointment: Five years beginning from 1st April, 2011 and ending on 31st March, 2016,
2. Details of Remuneration as mentioned below.
3. The agreement, executed between the Company and Mr. Mahendra Chordia, may be terminated by either party by giving three months notice in writing of such termination.
4. Mr. Mahendra M. Chordia shall perform such duties as shall from time to time be entrusted to him, subject to the superintendence, guidance and control of the Board of Directors and he shall perform such other duties as shall form time to time be entrusted to him by the Board of Directors.

CATEGORY	PARTICULARS
Basic Salary	Upto maximum Rs. 5,00,000/- (Rupees Five Lacs Only) per month or 5% of Net profit of the company computed in the manner laid down in sec. 349 and 350 whichever is lower based on merit and taking into account the Company's Performance.
Perquisites and Allowances	Category A Medical Reimbursement: Medical expenses actually incurred for self and family shall be reimbursed by the Company under the medi claim Policy. Leave Travel Concession : Company shall provide leave travel fare for the Chairman and his family once a year, anywhere in India as per the Rules applicable to the Company and per Income Tax Rules. Category B The Company shall contribute towards Provident Funds/ Superannuation Fund/ Annuity Fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act. The Company shall pay Gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service. Leave on full pay and allowances, as per rules of the Company, but not more than

	<p>one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per Company rules. The perquisites under this category shall not be included in the computation of ceiling on remuneration.</p> <p>Category C</p> <p>The Chairman & Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed. Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Chairman & Managing Director.</p>
Sitting Fees	The Chairman & Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meeting of the Board of Directors and the Committees thereof.
Minimum Remuneration	The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Chairman & Managing Director and other Whole Time Directors of the Company taken together. Provided however that in the event of absence or inadequacy of profit, the Chairman & Managing Director shall be entitled to remuneration mentioned under above and perquisites as above within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956. However Chairman & Managing Director shall not be paid any sitting fees for attending the Board or Committee meetings.
Liable to retire by rotation	The office of the Chairman & Managing Director shall not be liable to determination to retirement of Directors by rotation.

The resolution seeks the approval of the members for the appointment of Mr. Mahendra M. Chordia as the Chairman & Managing Director of the Company for a period of five years commencing from April 01, 2011.

Save and except Mr. Mahendra M. Chordia, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

Item No. 11:

Swarnsarita Jewellers Private Limited has acquired Shyam Star Gems Limited through Share Purchase Agreement from the erstwhile Promoters of Shyam Star Gems Limited and by the way of an Open Offer to the shareholders of Shyam Star Gems Limited under regulation 10 & 12 of the SEBI (Substantial Acquisition and Takeovers) Regulations, 1997.

Considering the above facts and in order to reflect the association of the Company with Swarnsarita Group, The Board is of the view to change the existing name of the company from Shyam Star Gems Limited to "**SWARNSARITA GEMS LIMITED**" as the company is purely focusing on Jewellery business. Accordingly, The Company had made an application to the Registrar of Companies, Maharashtra, Mumbai for availability of the said name "**Swarnsarita Gems Limited**" and the said authority vide its letter bearing SRN B10805455 dated 12th May, 2011 has signified the availability of the said name.

In terms of Section 21 of the Companies Act, 1956, name of the Company can be changed subject to the necessary approvals to be received from Central Government and Shareholders by way of Special Resolution.

The Board of Directors recommends the said resolutions for your approval.

None of your Directors are interested in the above resolutions except to the extent of their shareholding in the Company.

Item No. 12:

To meet the long term working capital needs of the Company, it is proposed by the Board to induce additional funds by way of increasing share capital from existing Rs.15.00 Crores to Rs.22.00 Crores. Your Board at its meeting held on June 23, 2011 subject to the approval of the shareholders, and receipt of such other statutory/regulatory approvals, as may be required, has proposed to increase the authorized share capital of the Company to that extent, due to which, the existing Capital Clause no. V of the Memorandum of Association of the company needs to be altered.

The Proposed resolution under this item No. 12 seeks to obtain Members' approval to alter Capital Clause as mentioned above in the Memorandum of Association of the Company. Pursuant to section 16 of the Companies Act, 1956 if the Memorandum is to be altered, an Ordinary Resolution is required to be passed by the

Members of the Company.

Your Board of Directors recommends the Ordinary Resolution for your approval as set out under item No. 12 of the Notice for convening the Annual General Meeting.

A Copy of the Memorandum of Association of the Company with the proposed amendment will be available for inspection by the Members at the Registered Office of the Company between 12.00 noon and 2.00 p.m. on working days except Sundays & Public holidays up to the date of this Annual General Meeting.

None of your Directors are interested in the above resolutions except to the extent of their shareholding in the Company.

Item No. 13:

Your Board at its meeting held on June 23, 2011, has proposed to increase the Authorized Share Capital of the Company from from existing Rs.15.00 Crores to Rs.22.00 Crores, due to which, the existing Clause 3 of the Article of Association of the company needs to be altered.

The Proposed resolution under this item No. 13 seeks to obtain Members' approval to alter Clause 3 in the Articles of Association of the Company. Pursuant to section 31 of the Companies Act, 1956 if the Articles are to be altered, a Special Resolution is required to be passed by the Members of the Company.

Your Board of Directors recommends the Special Resolution for your approval as set out under item No. 13 of the Notice for convening the Annual General Meeting.

A Copy of the Articles of Association of the Company with the proposed amendment will be available for inspection by the Members at the Registered Office of the Company between 12.00 noon and 2.00 p.m. on working days except Sundays & Public holidays up to the date of this Annual General Meeting.

Item No. 14:

The Board, in order to support the growth plans of the company and to consolidate its businesses, is considering / reviewing various options including its business operations which would be beneficial in the interest of the company and its shareholders.

The current business activity of the Company is to export, import and manufacture polished diamonds, gems & jewellery, offering products such as diamond studded rings, bracelets, pendants, diamond necklaces; ear rings, etc. in silver & gold. It is intended to raise funds for expansion of business as well as for long term and short term working capital requirements of the company for growth, capital expenditure and for other corporate purpose.

The Equity Shares to be issued and allotted shall be subject to the Memorandum and Articles of Association of the Company and the terms of issue. The equity shares referred to above shall rank *pari passu* with all the existing shares of the Company in all respects including as to dividend.

Pursuant to Section 81 (1A) of the said Act the further equity shares may be offered by the Company to such persons in the manner whatsoever, if a special resolution to that effect is passed by the Company in General Meeting.

The proposed Special Resolution is designed to comply with the requirements of Section 81 (1A) of the Act in the context of issue.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Act, Chapter VII of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 and in terms of the provisions of the Listing Agreement to issue and allot Equity Shares and convertible warrants as stated in the Special Resolution and on the following terms as stated here in below:

I. The object of the issue through preferential offer:

As mentioned above, It is intended to raise funds for expansion of business, to make further investment in Shares and securities, mutual funds, etc as well as to make investment in group companies and to acquire business and also for long term and short term working capital requirements of the Company and for other corporate purpose.

II. Intention of the Promoters/Directors/Key management persons to subscribe to the offer:

The Promoters/Directors/ Key Management of the Company have conveyed to the Company in writing of their respective intention that Promoters, Directors, Key Management Persons are intend to subscribe to the offer being proposed under special resolution of the Notice for shareholders' approval at this meeting.

Further the promoter may convert the warrants in one or more tranches such that they shall not acquire the voting rights so as to attract the provisions of the Securities and Exchange Board of India (Substantial

Acquisition of Shares and Takeovers) Regulations, 1997.

III. Shareholding pattern before and after the Preferential Allotment:

Shareholding pattern before and immediately upon the allotment of 1,20,54,600 Equity Shares and 20,00,000 Convertible warrants on a fully diluted basis pursuant to the offer.

Shareholding Pattern (Number of Shares):

Sr. No.	Particulars	Existing Shareholding		Shareholding after proposed full allotment of Equity Shares but without full conversion		Shareholding after proposed full allotment of Equity Shares and Conversion of warrants	
		No. of Shares	%age	No. of Shares	%age	No. of Shares	%age
1.	Promoters	1874161	26.98	5128761	26.99	7128761	33.95
2.	Non-Promoters	*5071239	73.02	13871239	73.01	13871239	66.05
	Total	6945400	100.00	19000000	100.00	21000000	100.00

*Out of 5071239 Equity Shares, 78400 Equity Shares are partly paid up Shares.

IV. Proposed time within which the allotment shall be completed:

The allotment of Equity Shares and warrants are proposed to be completed within a maximum period of 15 days from the date of passing of the resolution at this Annual General Meeting, provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval. The allotment of Equity Shares pursuant to exercise of option by Warrant holder will be made within a reasonable time after exercise of such option.

V. Auditor Certificate:

A copy of the certificate of the Auditors of the Company certifying the adherence in SEBI's Regulations for Preferential Issues, being Chapter VII to the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 by the proposed issue shall be laid before the shareholders at their proposed Annual General Meeting.

VI. Lock-in:

The Equity Shares and warrants allotted on preferential basis shall be locked in from the date of their allotment for such periods as prescribed in Regulation Clause 78(1) of SEBI (ICDR) Regulations, 2009.

VII. Change in Management:

The proposed preferential allotment of Equity Shares will not result in any change in the management and control of the company. Voting right shall change according to the change in shareholding pattern mentioned above.

VIII. Pricing

The pricing of Equity shares and Convertible Warrants allotted on preferential basis to Promoters and Other Investors shall not be lower than the price determined in accordance with the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009.

Currently SEBI (ICDR) Regulations 2009 provides that the issue of shares on preferential basis can be made at a price not less than the higher of the following:

- ❖ The average of the weekly high and low of the closing price of the related equity shares quoted on the recognized stock exchange during the six months preceding the relevant date; or
- ❖ The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

The relevant date for the purpose of pricing of the Equity Shares and Warrants shall be June 30, 2011 being the date which is 30 days prior to the date of this Annual General Meeting.

"Stock Exchange" for this purpose mean Bombay Stock Exchange Limited on which the trading volume in respect of the shares of the company has been recorded during the preceding six months prior to the Relevant Date.

IX. Payment and Conversion Terms:

25% of the value of the warrant is to be paid against each warrant on the date of allotment of warrants. The balance 75% is payable at the time of allotment of Equity shares pursuant exercise of the option for conversion of the warrant. Warrant will be converted at the option of the allottees, into one equity share of Rs.10/- each at a price which is determined in accordance with the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 at any time within 18 months from the date of issue. In case the option is not exercised within a period of 18 months from the date of issue, the aforesaid 25% amount paid on the date of allotment shall be forfeited.

SHYAM STAR GEMS LIMITED

X. Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by it:.

Proposed Allottees	Existing Shareholding		Shareholding after proposed allotment of Equity Shares but without full conversion of warrants		Shareholding after proposed allotment of Equity Shares and conversion of warrants	
	No. of Shares	%age	No. of Shares	%age	No. of Shares	%age
Promoters						
Swarnsarita Jewellers Private Limited	18,74,161	26.98	51,28,761	26.99	71,28,761	33.95
Non Promoters						
Rajendra Mannalal Sethiya	Nil	N.A.	1,50,000	0.79	Nil	N.A.
Sunita Rajendra Sethiya	Nil	N.A.	1,50,000	0.79	Nil	N.A.
Deepesh Babulal Sethiya	Nil	N.A.	1,50,000	0.79	Nil	N.A.
Shreyance R. Sethiya	Nil	N.A.	1,50,000	0.79	Nil	N.A.
Rambhau Bhausheb Dhas Purshottam Mohanlal Mandowara	Nil	N.A.	2,50,000	1.32	Nil	N.A.
Vimalkumar Purshottam Mandowara	Nil	N.A.	1,50,000	0.79	Nil	N.A.
ChandraPrakash Purshottam Mandowara	Nil	N.A.	1,50,000	0.79	Nil	N.A.
Kamla Purhottam Mandowara	Nil	N.A.	1,50,000	0.79	Nil	N.A.
Bipin Jain	Nil	N.A.	2,50,000	1.32	Nil	N.A.
Jitin Jain	Nil	N.A.	2,50,000	1.32	Nil	N.A.
Mahendra Kumar Jain	Nil	N.A.	1,75,000	0.92	Nil	N.A.
Meena Jain	Nil	N.A.	1,75,000	0.92	Nil	N.A.
Ranjit Kumar Jain	Nil	N.A.	1,75,000	0.92	Nil	N.A.
Rekha Jain	Nil	N.A.	1,75,000	0.92	Nil	N.A.
Mamata Jain	Nil	N.A.	1,75,000	0.92	Nil	N.A.
Suresh Jain	Nil	N.A.	1,75,000	0.92	Nil	N.A.
Balchand H. Jain	Nil	N.A.	2,00,000	1.05	Nil	N.A.
Bal Chand Jain – (HUF)	Nil	N.A.	2,00,000	1.05	Nil	N.A.
Asha B. Jain	Nil	N.A.	2,00,000	1.05	Nil	N.A.
Vishal Dua	Nil	N.A.	2,00,000	1.05	Nil	N.A.
Samir Jha	Nil	N.A.	2,00,000	1.05	Nil	N.A.
Nitin Daga	Nil	N.A.	2,00,000	1.05	Nil	N.A.
Smita Nitin Daga	Nil	N.A.	2,00,000	1.05	Nil	N.A.
Ashok Shantilal Jain	Nil	N.A.	2,50,000	1.32	Nil	N.A.
Vimla Ashokkumar Jain	Nil	N.A.	2,50,000	1.32	Nil	N.A.
Ashokkumar S. Jain (HUF)	Nil	N.A.	2,50,000	1.32	Nil	N.A.
Champalal Chouhan	Nil	N.A.	5,00,000	2.63	Nil	N.A.
Mukesh S. Jain	Nil	N.A.	1,50,000	0.79	Nil	N.A.
Durga H. Jain	Nil	N.A.	1,50,000	0.79	Nil	N.A.
Ashok Manoharlal Vagrecha	Nil	N.A.	2,50,000	1.32	Nil	N.A.
Ankit Ashok Vagrecha	Nil	N.A.	2,50,000	1.32	Nil	N.A.
Ramesh Satrasala	Nil	N.A.	1,25,000	0.66	Nil	N.A.
S. Suresh	Nil	N.A.	1,25,000	0.66	Nil	N.A.
S.K. Jayakumar	Nil	N.A.	1,25,000	0.66	Nil	N.A.
Madhu N. Bothra	Nil	N.A.	1,25,000	0.66	Nil	N.A.
Kishanlal Bothra	Nil	N.A.	1,25,000	0.66	Nil	N.A.
Shrinivas Ramkrishna Pauskar	Nil	N.A.	75,000	0.39	Nil	N.A.
Pradeep Ramkrishna Pavuskar	Nil	N.A.	75,000	0.39	Nil	N.A.
Eknath Ramkrishna Pavuskar	Nil	N.A.	75,000	0.39	Nil	N.A.
Piyush Parasml Chordia	Nil	N.A.	2,00,000	1.05	Nil	N.A.
Asha Jain	Nil	N.A.	1,25,000	0.66	Nil	N.A.
Pravin Kumar B. Chordia	Nil	N.A.	2,00,000	1.05	Nil	N.A.
M/s. Sparkline Mercantile Company Private Limited	Nil	N.A.	2,75,000	1.45	Nil	N.A.
Vijaya Kumar Gupta	Nil	N.A.	1,75,000	0.92	Nil	N.A.
Anjanesh Gupta	Nil	N.A.	1,75,000	0.92	Nil	N.A.
Prabhavati Gupta	Nil	N.A.	1,75,000	0.92	Nil	N.A.
Ranjana Agarwal	Nil	N.A.	1,75,000	0.92	Nil	N.A.

Assumptions:

- (1) All the shares, as are offered to the proposed allottees, are fully subscribed to and allotted to them.
- (2) All Warrants offered pursuant to the aforesaid resolution have been fully subscribed and allotted.
- (3) The warrants are held by the aforesaid allottees at the time of exercise of the option and
- (4) The options are exercised by them in full.

XI. The Company hereby undertakes that-

- (a) It would re-compute the price of the securities specified above in terms of the provisions of the SEBI (ICDR) Regulations 2009 where it is required to do so.
- (b) If the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations 2009, the above specified securities shall continue to be locked in till the time such amount is paid by allottees.

XII. Interest of Promoter/Directors:

M/s. Swarnsarita Jewellers Private Limited is the Promoter of Shyam Star Gems Limited. Mr. Mahendra M. Chordia is the Director of Shyam Star Gems Limited as well as the Promoter and Director of Swarnsarita Jewellers Private Limited. So Mr. Mahendra M. Chordia, the Director of the Company is deemed to be a person acting in concert and therefore concerned or interested in the resolution.

None of the other Directors of the Company are in anyway, directly or indirectly concerned or interested in the above resolution. Promoters of the company are interested to the extent of their holding in the company.

The members are, therefore, requested to accord their approval authorizing the Board to go for the proposed private placement and/or preferential issue as set out in the special resolution.

The Board of Directors recommends the said resolutions for your approval.

For and on behalf of the Board of Directors

(Mahendra M. Chordia)
Chairman & Managing Director

Place : Mumbai
Dated : June 23, 2011

SHYAM STAR GEMS LIMITED

DIRECTORS' REPORT

To

The Members of SHYAM STAR GEMS LIMITED

Your Directors have pleasure in presenting the 19th Annual Report on the operations of the Company together with the Audited Accounts for the year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS.

Particulars	(Rs. in Lacs)	
	Year ended 31.03.2011	Year ended 31.03.2010
Total Income	1259.60	57.82
Profit / (Loss) Before Depreciation & Taxes	242.56	(178.95)
Less: Depreciation	8.06	7.91
Profit / (Loss) Before Tax	234.51	(186.86)
Less: Provision for Current Tax	35.00	NIL
Less: Provision for Deferred Taxation	(0.05)	0.15
Profit / (Loss) After Tax	199.55	(186.70)
Less: Appropriations		
Proposed Dividend	34.73	34.73
Taxes of Dividend	5.63	5.77
Transferred to Reserves	NIL	NIL
Add: Profit & Loss account Balance B/f	3569.94	3797.13
Balance Carried to Balance Sheet	3729.13	3569.94

BUSINESS OUTLOOK

During the year under the review, the company has incurred Profit before tax of Rs. 234.51 Lacs. Whereas Profit after tax was of Rs. 199.55 Lacs as against Loss before Tax of Rs. 186.86 Lacs and Loss After Tax of Rs. 186.70 Lacs for the corresponding previous year.

DIVIDEND

The Directors are pleased to recommend a dividend @5% i.e. Re. 0.50 per Equity share of Rs. 10/- each for financial year 2010 -2011. The dividend will be paid to members whose names appear in the Register of Members as on Book closure and Record Date; in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners.

CHANGE IN THE MANAGEMENT PURSUANT TO TAKEOVER

The Company, Shyam Star Gems Limited has been taken over by **SWARNARITA JEWELLERS PRIVATE LIMITED** through Share Purchase Agreement with the erstwhile Promoters of Shyam Star Gems Limited and Open Offer to the Shareholders of Shyam Star Gems Limited under regulation 10 & 12 of the SEBI (Substantial Acquisition and Takeovers) Regulations, 1997.

Pursuant to the completion of takeover, there has been a change in the management control of the Company. The composition of the new Board of directors of the Company is as mentioned in "**Promoters & Directors**" heading.

PROMOTERS & DIRECTORS

The change in control of management under regulation 10 & 12 of the SEBI (Substantial Acquisition and Takeovers) Regulations, 1997 has been approved and accordingly **SWARNARITA JEWELLERS PRIVATE LIMITED** has become the new Promoter of the Company.

The composition of Board of Shyam Star Gems Limited has undergone some changes due to appointments/cessations as mentioned below:

Pursuant to the provisions of Section 260 of The Companies Act, 1956, Mr. Mahendra M. Chordia (w.e.f. 7th March, 2011), Mr. Rajendra H. Nolkha (w.e.f. 7th March, 2011), Mr. Ashok Surana (w.e.f. 15th April, 2011), Mr. Ganpat Karnawat (w.e.f. 15th April, 2011) and Mr. Sanjay Nandalal Kothari (w.e.f. 15th April, 2011) were appointed as Additional Directors of the Company and would hold office up to the date of the ensuing Annual General Meeting.

The Company has received notices in writing from members proposing the candidature of above directors for the Office of Directors liable to retire by rotation.

During the year, Mr. Savji D. Patel (w.e.f. 28th March, 2011), Mr. Ramesh M. Patel (w.e.f. 28th March, 2011), Mr. Bhanuchandra Manilal Mewada (w.e.f. 11th May, 2011), Mr. Rajesh Jesinglal Shah (w.e.f. 11th May, 2011) and Mr. Rajiv Navinchandra Shah (w.e.f. 11th May, 2011) has tendered their resignation. The Board records its appreciation for the valuable contribution made to the company by them.

Company appointed Mr. Mahendra M. Chordia, Director of the Company as Chairman & Managing Director of the Company w.e.f. 01st April, 2011 and said appointment will be subject to approval in the forthcoming Annual General Meeting.

CHANGE IN COMPOSITION OF VARIOUS COMMITTEES PURSUANT TO CHANGE IN MANAGEMENT

During the year under review, Audit committee was reconstituted w.e.f. 15th April, 2011 and Composition of the Committee is as follows:

Mr. Ashok Surana (Chairman & Independent Director)
Mr. Sanjay Kothari (Independent Director)
Mr. Mahendra M. Chordia (Executive & Non-Independent Director)

During the year under review, Share Transfer/Investor Grievance committee was reconstituted w.e.f. 15th April, 2011 and Composition of the Committee is as follows:

Mr. Rajendra H. Nolkha (Chairman, Executive & Non-Independent Director)
Mr. Ashok Surana (Independent Director)
Mr. Sanjay Kothari (Independent Director)

During the year under review, Remuneration committee was reconstituted w.e.f. 15th April, 2011 and Composition of the Committee is as follows:

Mr. Ashok Surana (Chairman & Independent Director)
Mr. Sanjay Kothari (Independent Director)
Mr. Ganpat Karnawat (Independent Director)

REAPPOINTMENT OF THE DIRECTOR

Mr. Vallabh N. Patel, Director of the Companies, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

CHANGE IN THE REGISTERED OFFICE OF THE COMPANY

During the year under the review, the registered office of the Company has been shifted from 01, "Shyam Bungalow", Plot No. 199/200, Pushpa Colony, Fatimadevi School Lane, Manchubhai Road, Malad (East), Mumbai- 400 097 to **17/ 19, Ground Floor, Dhanji Street, Mumbai-400 003** with effect from 15th April, 2011 as approved by the Board of the Directors at their meeting held on 15th April, 2011.

CHANGE IN THE NAME OF THE COMPANY

The New management has decided to change the name of

the company from "SHYAM STAR GEMS LIMITED" to "SWARN SARITA GEMS LIMITED" for which the company has received approval from Registrar of the Companies, Mumbai, Maharashtra.

Your directors recommend to considering and according your approval for the proposed change in the name as set out in the Notice calling the 19th Annual General Meeting.

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

Since your Company does not own manufacturing facility, the particulars relating to the conservation of energy and technology absorption as prescribed u/s. 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 do not apply to the Company in respect of the year under reference.

Further, details regarding foreign exchange earnings and outgo are mentioned in Note Nos. V(a) and V(b) of Notes to Accounts under Schedule K.

PARTICULARS OF EMPLOYEES

The Company does not have any employee in receipt of remuneration equal to or exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, your Directors confirm the following:

- ❖ That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ❖ That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year ended on that date;
- ❖ 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;
- ❖ That the annual accounts for the year ended 31st March, 2011 has been prepared on a going concern basis.

AUDITORS

M/s. Ravi & Dev., Chartered Accountants, Mumbai, Statutory Auditors of the Company, will hold office until the conclusion of the ensuing Annual General Meeting. They have given a resignation letter in writing and expressed their unwillingness to be re-appointed as the Statutory Auditors of the Company due to their pre-occupation and engagement with other professional work. The Company has received letter of confirmation from M/s. Suresh Anchaliya & Co., Chartered Accountants for their appointment as Statutory Auditors of the Company, and if made would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956. The members are requested to consider their appointment for the financial year 2011-2012 and authorize the Board of the Directors

to fix their remuneration.

AUDITORS' REPORT

M/s. Ravi & Dev., Chartered Accountants, Mumbai, the Statutory Auditors of your Company, submitted their reports for the year ended March 31, 2011 which are self explanatory and requires no comments or explanation under Section 217(3) of the Companies Act, 1956.

LISTING

The shares of the company are listed at the Bombay Stock Exchange Limited, Mumbai. The Company has paid the annual listing fees to the BSE for the year 2011-2012.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the stipulations set out in the Listing Agreement with the Stock Exchanges.

A report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Annual Report.

Certificate from the Auditors of the Company, M/s Ravi & Dev confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Report.

FURTHER ISSUE OF CAPITAL

In order to augment its resources for growth, expanding asset, financing business and other corporate purposes, your Company proposes to raise funds by further issue of 1,20,54,600 Equity Shares and 20,00,000 Convertible warrants of Rs. 10/- each to Promoters and Other Investors at a price which will be determined in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

In accordance with the provisions of Section 81(1A) of the Companies Act, 1956, read with the provisions of the listing agreement with stock exchanges, the proposed issue of capital would require approval of the Shareholders by the way of a special resolution. An appropriate resolution has been included in the Notice of the ensuing Annual General Meeting for approval of the Shareholders.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their gratitude for the support and co-operation from the Outgoing Directors, Financial Institutions, Investors, Banks, Vendors, Members and Statutory Authorities. Your Directors express their deep appreciation to the Company's employees at all levels for their unstinted efforts and valuable contributions during the year.

For and On behalf of the Board of Directors

Sd/-
Mahendra M. Chordia
Chairman & Managing Director

Sd/-
Rajendra Nolkha
Director

Place: Mumbai
Date : 23/06/2011

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement)

The Corporate Governance code introduced by Securities and Exchange Board of India ('SEBI') as adapted by incorporating a new clause No.49 in the listing agreement of the Stock exchange and also by applicable provisions of the Companies (Amendment) Act, 2000, is being implemented by the company. A report on Corporate Governance is given below:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good governance practices stem from the culture and mindset of the organization. The governance is about out-performing sustainable organization. These are the organizations that succeed consistently in the market place, gain a greater share of market opportunities and sustainably drive their top and bottom lines.

Corporate Governance contains a set of principles, process and systems to be followed by directors, Management and all Employees of the Company for increasing the shareholders' value, keeping in view interest of other stakeholders. While adhering to the above, the Company is committed integrity, transparency, accountability and compliance with laws in all dealings with shareholders, employees, the Government, customers, suppliers and other stakeholders.

Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. We have undertaken several initiatives towards maintaining the highest standards.

2. BOARD OF DIRECTORS

(a) Composition of Board of Directors.

(i) The Board of the Directors as on **31st March, 2011** comprises of following Executive and Non Executive Directors. The details of the which are as given below:

Sr. No.	Name of the Directors	Category of Directorship
1.	Mr. Mahendra M. Chordia	Chairman & Managing Director
2.	Mr. Rajendra Nolkha	Executive
3.	Mr. Bhanuchandra Manilal Mewada	Non-Executive Independent
4.	Mr. Rajesh Jesinglal Shah	Non-Executive Independent
5.	Mr. Rajiv Navinchandra Shah	Non-Executive Independent
6.	Mr. Vallabh N.Patel	Executive

(ii) The Company, Shyam Star Gems Limited has been taken over by Swarnsarita Jewellers Private Limited through Share Purchase Agreement with the erstwhile Promoters of Shyam Star Gems Limited and Open Offer to the Shareholders of Shyam Star Gems Limited under regulation 10 & 12 of the SEBI (Substantial Acquisition and Takeovers) Regulations, 1997.

Pursuant to the completion of takeover, there has been a change in the management control of the Company. The composition of the Board of Directors of the Company has undergone some changes due to appointments/ cessations as mentioned below:

Sr. No.	Name of the Directors	Category of Directorship	Date of the Appointment (A) / Resignation (R)
1.	Mr. Vallabh N.Patel	Executive	
2.	Mr. Mahendra M. Chordia	Chairman & Managing Director	(A) 7 th March, 2011
3.	Mr. Rajendra Nolkha	Executive	(A) 7 th March, 2011
4.	Mr. Ashok Surana	Non-Executive Independent	(A) 15 th April, 2011
5.	Mr. Ganpat Karnawat	Non-Executive Independent	(A) 15 th April, 2011
6.	Mr. Sanjay Nandlal Kothari	Non-Executive Independent	(A) 15 th April, 2011
7.	Mr. Savji D. Patel	Managing Director	(R) 28 th March, 2011
8.	Mr. Ramesh M. Patel	Non-Executive Independent	(R) 28 th March, 2011
9.	Mr. Bhanuchandra Manilal Mewada	Non-Executive Independent	(R) 11 th May, 2011
10.	Mr. Rajesh Jesinglal Shah	Non-Executive Independent	(R) 11 th May, 2011
11.	Mr. Rajiv Navinchandra Shah	Non-Executive Independent	(R) 11 th May, 2011

Company appointed Mr. Mahendra M. Chordia, Director of the Company as Chairman & Managing Director of the Company w.e.f. 01st April, 2011 and said appointment will be subject to approval in the forthcoming Annual General Meeting.

(iii) Number of Board Meetings held and the dates on which held

During the financial year 2010-2011, Thirteen meetings of the Board of Directors were held on 29th April, 2010; 11th June, 2010; 18th June, 2010; 29th June, 2010; 7th July, 2010; 21st July, 2010; 29th July, 2010; 5th August, 2010; 17th September, 2010; 28th October, 2010; 28th January, 2011; 7th March; 2011 and 28th March; 2011.

(iv) Directors' Attendance Record at the Board Meetings and the Last annual General Meeting

Name of Directors	Category	No. of Board Meetings Attended during the F.Y. 2010-2011	Attendance at Previous AGM on 15 th September, 2010
Mr. Mahendra M. Chordia*	Executive	1	Present
Mr. Rajendra Nolkha*	Executive	1	Present
Mr. Bhanuchandra Manilal Mewada	Non Executive Independent	12	Present
Mr. Rajesh Jesinglal Shah	Non Executive Independent	9	Present
Mr. Rajiv Navinchandra Shah	Non Executive Independent	10	Absent
Mr. Vallabh N.Patel	Non Executive Independent	13	Present
Mr. Savji D. Patel**	Managing Director	13	Present
Mr. Ramesh M. Patel**	Non Executive Independent	13	Present

* Appointed w.e.f. 7th March, 2011

** Resigned w.e.f. 28th March, 2011

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

(b) Board Committees:

The Board has constituted three committees of namely Audit committee, Shareholders'/Investors' Grievance Committee and Remuneration committee. The committees of Board provides and evaluates the strategic direction of the company, Management policies and their effectiveness and ensures that the long-term interests as the shareholders are being served.

(c) Board Procedure:

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

3. AUDIT COMMITTEE:

(a) Composition:

The Audit Committee comprises of three Directors, all being Non Executive Directors. Mr. Rajesh J. Shah is the Chairman of the Audit Committee.

During the financial year 2010-2011, Five Audit Committee Meetings were held on 29th April, 2010, 29th June, 2010, 29th July, 2010, 28th October, 2010 and 28th January, 2011.

The constitution of the Audit Committee is as under:

Name of Director	Category
Mr. Rajesh J. Shah	Chairman & Non-Executive, Independent
Mr. Rajiv Shah	Non-Executive Independent
Dr. Bhanuchandra M. Mewada	Non-Executive Independent

The attendance of the Audit Committee meeting is as under:

Name of Director	Category	No. of meetings attended
Mr. Rajesh J. Shah	Chairman & Non-Executive, Independent	4
Mr. Rajiv Shah	Non-Executive Independent	4
Dr. Bhanuchandra M. Mewada	Non-Executive Independent	5

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 15/09/2010 to attend the shareholders' queries.

The Audit Committee has been vested with the following powers:

- i. To investigate any activity in terms of its reference;
- ii. To seek information from any employee;
- iii. To obtain outside legal or other professional advice;
- iv. To secure the attendance of outsiders with relevant expertise, if it considers necessary.

(b) Terms of Reference

The terms of reference of the Audit Committee include the matters specified under Clause 49(II) of the Listing Agreement entered into with the Bombay Stock Exchange Limited includes the following:

- ❖ Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ❖ Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- ❖ Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- ❖ Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
- ❖ Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- ❖ Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- ❖ Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- ❖ Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- ❖ Discussion with internal auditors any significant findings and follow up there on.
- ❖ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- ❖ Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ❖ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- ❖ To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- ❖ Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- ❖ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4. REMUNERATION COMMITTEE:

(a) Composition

The Remuneration Committee comprises of three Directors. Mr. Rajesh J. Shah is the Chairman of the Remuneration Committee.

The Constitution of Remuneration Committee is as under:

Name of Director	Category
Mr. Rajesh J. Shah	Chairman & Non-Executive, Independent
Mr. Vallabh Patel	Executive & Non-Independent
Dr. Bhanuchandra M. Mewada	Non-Executive Independent

During the financial year 2010-2011, Company has not revised remuneration of managerial personnel.

(b) Terms of reference

- ❖ Fix the remuneration payable to the Executive Directors;
- ❖ Review the performance of employees and their compensation; and
- ❖ Review the performance of employees against specific key result areas identified as yardsticks for measuring performance.

5. SHARE TRANSFER/INVESTOR GRIEVANCE COMMITTEE:

The Company has a Share Transfer cum Shareholders/ Investors' Grievance Committee.

(a) Functions

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

- ❖ transfer/transmission of shares;

SHYAM STAR GEMS LIMITED

- ❖ issue of duplicate share certificates;
 - ❖ investors, grievances and redressal mechanism and recommend measures to improve the level of investor services.
- Details of shares transfer/transmission approve by the Committee and Shareholders'/Investors' grievances are placed at the Board Meetings from time to time.

The share department of the company and registrar and transfer agents, Sharex Dynamic (India) Private Limited attends expeditiously to all grievances/ correspondences of the shareholders and investors. The complaints are generally resolved within 30 days of receipt of letter, except in the cases that are constrained by disputes or legal impediment.

(b) Composition

The constitution of Share Transfer cum Shareholders'/ Investors' Grievance Committee is as under:

Name of Director	Category
Mr. Rajesh J. Shah	Chairman & Non-Executive, Independent
Mr. Savji Patel	Executive & Non-Independent (upto 28 th March, 2011)
Mr. Rajendra Nolkha	Executive (w.e.f 28 th March, 2011)
Dr. Bhanuchandra M. Mewada	Non-Executive Independent
Mr. Rajesh J. Shah is the Chairman of the Share Transfer cum Shareholders'/ Investors' Grievance Committee.	

Details of shareholders' complaints received, not solved and pending share transfers:

The Company has not received any investor complaint during the year. And there were no Investor complaints pending.

6. GENERAL BODY MEETINGS:

The details of last three Annual General Meetings (AGM) of the Company are as under:

Financial Year	Date of the AGM	Location	Time	Special Resolution passed
2007-08	12 th September, 2008	Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (East), Mumbai – 400 097.	10.30 A.M	NIL
2008-09	23 rd September, 2009	Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (East), Mumbai – 400 097.	10.30 A.M	NIL
2009-10	15 th September, 2010	Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (East), Mumbai – 400 097.	10.30 A.M	NIL

7. DISCLOSURES:

The details regarding related party transactions i.e. transactions of the Company with its Promoters, Directors or Management, their subsidiaries or relatives, not conflicting with the Company's interest, have been shown in Schedule 'K' Notes to Accounts to the Annual Accounts for the year ended 31st March, 2011.

8. MEANS OF COMMUNICATION:

The Company publishes its quarterly audited & unaudited financial results in national & regional newspapers. The Company also sends the financial results to the Stock Exchange Immediately after it's approved by the Board. The Company has displayed the Annual report for last 2 years on 2008-2009 and 2009-2010 on website of the company. The Company has not sent half yearly report to the shareholders. The financial results and the official news releases of the Company are also displayed on the website of the Company, viz, www.shyamstargems.com

9. GENERAL SHAREHOLDERS' INFORMATION:

Annual General Meeting	
Day, Date and Time	Saturday, 30 th July, 2011 at 10.30 a.m.
Venue	Lavender Bough, 1 st Floor, 90 Feet Road, Garodia Nagar, Ghatkoper (East), Mumbai- 77Tel No: 022-67742000
Financial Year	1 st April, 2010 to 31 st March, 2011 During the year under review, the results were announced as under- First Quarter - 29 th July, 2010 Second Quarter - 28 th October, 2010 Third Quarter - 28 th January, 2010 Fourth Quarter - 30 th May, 2011
Date of Book Closure	From Monday, 25 th July, 2011 to Saturday, 30 th July, 2011(both days inclusive)
Listing on Stock Exchange	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. Web: www.bseindia.com
Scrip Code	526365
ISIN	INE967A01012

The Company has paid Annual Listing Fees for the year 2011-2012 to Bombay Stock Exchange Limited (BSE) and the Custodial Fees for the year 2011-2012 to National Securities Depositories Limited and Central Depositories Services (India) Limited.

Stock Price Data:

The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited during the financial year 2010-2011 are as follows:

Year	Month	High (Rs.)	Low (Rs.)	No. of Shares	
2010	April	19.55	13.70	79176	
	May	18.55	13.30	365741	
	June	17.95	14.10	325767	
	July	20.25	15.05	179916	
	August	19.70	15.15	407448	
	September	35.50	15.70	2010502	
	October	27.25	22.05	383998	
	November	24.95	19.20	115926	
	December	25.65	19.30	249322	
	2011	January	22.40	17.15	61994
		February	19.95	15.30	84070
		March	17.95	12.60	141361

Registrar & Share Transfer Agent:

The company entrusted the entire work relating to processing of transfer of securities to M/s. Sharex Dynamic (India) Private Limited, a SEBI Registered R & T Agent.

The Registrar & Share Transfer Agent be contacted at-

Sharex Dynamic (India) Private Limited

Corporate Office: Luthra Indus. Estate, 1st Floor,
Safed Pool, Andheri-Kurla Road,
Mumbai: 400 072.

Tel. Nos. : 022-28515606, 28515644

Fax No. : 022-228512885

Web Site: www.sharexindia.com

Compliance Officer

Mr. Rajendra Nolkha, the Executive Director of the Company has been appointed as the Compliance Officer of the Company w.e.f. 19th May, 2011.

Share Transfer System:

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

Dematerialization of shares:

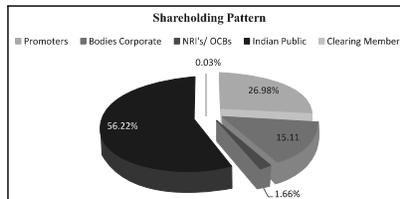
Equity Shares of the Company can only be traded in dematerialized form, so it is advisable that the shareholders who have shares in physical form get their shares dematerialized. As on 31st March, 2011, 61,86,475 of Rs. 10/- each comprising 89.07% of the total paid up share capital were held in dematerialized form with NSDL and CDSL.

Distribution of shareholding as on March 31, 2011:

Shareholding of Nominal Value	No. of Shareholders	% to the total shareholding	No. of Shares	Paid up Capital (Amount in Rs.)	% of Total value of Capital
Up to 5000	9084	92.06	1213332	1,21,33,320	17.47
5001 to 10000	375	3.80	309152	30,91,520	4.45
10001 to 20000	174	1.76	271050	27,10,500	3.90
20001 to 30000	74	0.75	193243	19,32,430	2.78
30001 to 40000	38	0.39	135188	13,51,880	1.95
40001 to 50000	39	0.40	184455	18,44,550	2.66
50001 to 100000	43	0.44	291183	29,11,830	4.19
100001 & Above	41	0.42	4347797	4,34,77,970	62.60
Total	9868	100.00	6945400	6,94,54,000	100.00

Shareholding Pattern As on 31st March, 2011.

Category	No. of Shares held	% of holding
Promoters	1874161	26.98
Financial Institutions, Insurance Companies, Banks and Mutual Funds, etc.	Nil	N.A
Foreign Institutional Investors	Nil	N.A
Bodies Corporates	1049189	15.11
NRIs / OCBs	115510	1.66
Indian Public	3904399	56.22
Clearing Members	2141	0.03
Total	6945400	100.00



Address for Correspondence

Shyam Star Gems Limited
17/19, Ground Floor, Dhanji Street, Mumbai- 400 003.
Tel: +91-22-4359 0000, Fax: +91-22-4359 0010
Email id: info@shyamstargems.com
Website: www.shyamstargems.com

Permanent Account Number:

The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to the Depository Participants with whom they are maintaining demat accounts. Members holding shares in physical form are required to submit their PAN details to the Company/ Registrar and share Transfer Agent.

GREEN INITIATIVE

The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011, has allowed companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report and Explanatory Statement etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.

Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (name, folio no, e-mail id) on the Company's e-mail address viz. info@shyamstargems.com. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

MANAGEMENT DISCUSSION AND ANALYSIS:

a. Industry Structure and Development:

Industry at a glance:-

- ❖ The gems and jewellery sector has been witnessing a lot of changes, as a result of which the manufacturing is largely focused on technological innovations and sophisticated designs.
- ❖ India's dominance in the cutting and polishing segment can be attributed to superior craftsmanship, low cost of Indian labour and superior technology.
- ❖ In India, the Gems and Jewellery Industry is well supported by the Government & EXIM policies.
- ❖ Third largest consumer of polished diamonds after USA and Japan.
- ❖ 100% FDI is permitted in the Gems & Jewellery sector through the automatic route.
- ❖ SEZs and Gems and Jewellery Parks have been set up to promote investments in the sector.

b. Mission and Business Strategy:

SSGL exports its wide range of diamond jewellery direct to semi wholesalers in international markets. The marketing team has ensured customer loyalty, repeat orders, advance orders; the marketing team is in negotiation with new clients in overseas market. Innovative and superior designs, timely delivery and stringent quality control measures have been the contributing factors in SSGL's highly successful export forays.

c. Financial and Operating performances:

Your Company's total sales including other income for the financial year 2010-2011 is Rs.12,59,60,184.96/- and Profit for the year is Rs.1,99,55,676.82/-.

d. Internal Control System and Adequacy:

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

e. Outlook Opportunities and threats:

i. Outlook:

It was once said that diamonds are a women's best friend and true to the saying the talisman of these stones is brightening the lives of one and all. Brides today are not only particular about the type of the diamond, but also the cut and metal setting of the stone. It comes in all shapes and many colors like champagne diamond, pink, white, yellow, blue and green. Jewellery exports from India have risen at a much faster rate. There is clear evidence that India is considered as a low cost jewelry manufacturing centre. This is evident in the faster rate of growth for India's jewellery exports.

ii. Opportunities:

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

iii. Threats:

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

f. Human Resources:

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

g. Cautionary Statement:

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

DECLARATION

All the members of the Board and the senior management personnel have, for the year ended March 31, 2011, affirmed compliance with the code of conduct laid down by the Board of Directors in terms of Clause 49 of the Listing Agreement with the Stock Exchange.

For Shyam Star Gems Limited

Sd/-
Mahendra M. Chordia
Chairman & Managing Director

Place : Mumbai
Date : 23rd June, 2011

CERTIFICATION BY MANAGING DIRECTOR

- I, Mahendra M. Chordia, Chairman & Managing Director of **SHYAM STAR GEMS LIMITED**, to the best of our knowledge and belief, certify that:
- We have reviewed the balance sheet and profit and loss account and all the schedules and notes on accounts, as well as the cash flow statements, and the directors' report;
 - Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
 - Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
 - To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
 - We accept the responsibility for establishing and maintaining internal controls for financial reporting evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and Audit Committee and take steps or purpose to take steps to rectify these deficiencies.
 - We have indicated, wherever applicable, to the Auditors and the Audit Committee:
 - Significant changes in Internal Control over financial reporting during the period; and
 - Significant changes in Accounting Policies, the same have been disclosed in the notes to the financial statement;

For Shyam Star Gems Limited

Sd/-
Mahendra M. Chordia
Chairman & Managing Director

Place : Mumbai
Date : 23rd June, 2011

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
SHYAM STAR GEMS LIMITED

We have examined the compliance of conditions of Corporate Governance by **SHYAM STAR GEMS LIMITED** for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

For Ravi & Dev
Chartered Accountants
(FRN : 108752W)

Sd/-
Devendra Mehta
(Partner)
(M. No.: 82325)

Place : Mumbai
Date : 23rd June, 2011

AUDITORS' REPORT

To the Members of
Shyam Star Gems Limited
Mumbai.

We have audited the attached Balance Sheet of **SHYAM STAR GEMS LIMITED** as at 31st March, 2011 and both the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this Report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- 1 As required by the Companies' (Auditor's Report) Order, 2004 issued by the Central Government in terms of sub section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 2 Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by the law have been maintained by the company, so far as appears from our examination of such books.
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report have been Prepared in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. based on representations made by all the directors of the company and the information and explanation as made available, directors of the company do not prima facie have any disqualification as referred to in clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - 2 f. i. in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2011 and
 - ii. in the case of Profit and Loss Account, of the profit for the year ended on that date and
 - iii In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **RAVI & DEV**
Chartered Accountants
(FRN : 108752W)
(DEVENDRA MEHTA)
Partner
Membership No. 82325

Mumbai
May 30, 2011

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

To the members of
Shyam Star Gems Limited
Mumbai.

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets have been physically verified by the management during the year at regular intervals, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c. During the year, the company has not sold substantial part of fixed assets so as to affect its going concern status.
- ii. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. The company has neither taken nor granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and consequently clause 4(iii)(a),(b),(c),(d),(e),(f) and (g) of the Statement on the Companies (Auditor's Report) Order, 2004 are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to information and explanations given to us, there are no transactions aggregating to Rs. 5,00,000/- or more during the year in respect of any party in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956.
- vi. In our opinion and according to the information and explanations given to us, the Company did not accept any deposit in contravention of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. The Central Government has not prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 for any of the product of the company.
- ix. a. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty cess and other material statutory dues wherever applicable to it.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31st March, 2010 for period of more than six months from the date they became payable.
- c. As per records of the company and in accordance with the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x. The company does not have any accumulated losses as at 31st March, 2011. The company has not incurred cash losses during the financial year ended on that date however, it has incurred cash losses in the immediately preceding financial year.

- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. The company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. The company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All investments in shares and other securities have been held by the company in its own name.
- xv. The company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi. The company has not taken any term loan.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- xviii. During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix. During the year the company had not issued any debentures.
- xx. According to information and explanation given to us the company has not raised money by public issue, therefore, requirement for commenting on the end use of money raised by public issue does not arise.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **RAVI & DEV**
Chartered Accountants
(FRN : 108752W)

(DEVENDRA MEHTA)
Partner
Membership No. 82325

Mumbai
May 30, 2011

SHYAM STAR GEMS LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2011

	Sch.	2011 Rs.	2010 Rs.
I. SOURCES OF FUNDS			
1. <u>Shareholders' Funds</u>			
a. Share Capital	A	69,062,000	69,061,500
b. Reserve & Surplus	B	401,609,320	385,689,702
		<u>470,671,320</u>	<u>454,751,202</u>
2. <u>Loan Funds</u>			
a. Secured Loans	C	-	256,413
b. Unsecured Loans		-	-
		<u>-</u>	<u>256,413</u>
3. Deferred Tax Liability		73,390	78,280
		<u>73,390</u>	<u>78,280</u>
		<u>470,744,710</u>	<u>455,085,895</u>
II. APPLICATION OF FUNDS			
1. <u>Fixed Assets</u>	D		
Gross Block		93,078,218	91,048,808
<u>Less</u> : Depreciation		<u>(6,294,571)</u>	<u>(5,488,618)</u>
Net Block		<u>86,783,647</u>	<u>85,560,190</u>
2. Investments (At Cost)	E	151,005,201	207,810,355
3. <u>Current Assets, Loans & Advances</u>	F		
a. Inventory		96,694,020	96,457,048
b. Sundry Debtors		80,011,365	27,159,383
c. Cash & Bank Balances		1,601,800	10,416,582
d. Loans & Advances		94,793,525	44,217,667
<u>Less</u> : Current Liabilities & Provisions	G	<u>(40,144,848)</u>	<u>(16,535,330)</u>
		<u>232,955,862</u>	<u>161,715,350</u>
		<u>470,744,710</u>	<u>455,085,895</u>
Notes to Accounts	K		

In terms of our Report
of even date attached

For & On behalf of the Board of Directors

For RAVI & DEV

Chartered Accountants
(FRN : 108752W)

Mahendra M. Chordia

Chairman & Managing Director

(DEVENDRA A. MEHTA)

Partner

Rajendra H. Nolkha

Director

Membership No. 82325

Vallabhbhai Patel

Director

Mumbai

May 30, 2011

Mumbai

May 30, 2011

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

	Sch.	2011 <u>Rs.</u>	2010 <u>Rs.</u>
INCOME			
Sales - Export		73,414,629	19,115,962
Local		35,284,386	29,283,831
Increase/(Decrease) in Stock	H	-	(29,067,616)
Other Income	I	<u>17,261,170</u>	<u>(13,549,968)</u>
TOTAL		<u>125,960,185</u>	<u>5,782,209</u>
EXPENDITURE			
Raw Material Consumed & Purchases		97,835,029	20,509,733
Direct & Other Expenses	J	3,868,416	3,167,455
Depreciation		<u>805,953</u>	<u>790,987</u>
TOTAL		<u>102,509,398</u>	<u>24,468,175</u>
Profit/(Loss) before taxes for the year		23,450,787	(18,685,966)
<u>Less :</u> Provision for Income Tax			
- Current taxes		(3,500,000)	-
- Deferred Tax		<u>4,890</u>	<u>15,470</u>
Profit/(Loss) after tax		19,955,677	(18,670,496)
<u>Add:</u> Profit Brought Forward		356,993,512	379,713,480
<u>Less:</u> Proposed Dividend		(3,472,700)	(3,472,700)
Tax on Dividend		<u>(563,359)</u>	<u>(576,772)</u>
		<u>372,913,130</u>	<u>356,993,512</u>
Profit Carried forward			
Weighted Average Number of Equity Shares outstanding during the year		6,945,400.00	6,945,400
Earning per Share - Basic		2.87	(2.69)
- Diluted		2.87	(2.69)
Notes to Accounts	K		

In terms of our Report
of even date attached

For & On behalf of the Board of Directors

For RAVI & DEV

Chartered Accountants
(FRN : 108752W)

Mahendra M. Chordia

Chairman & Managing Director

(DEVENDRAA. MEHTA)
Partner

Rajendra H. Nolkha

Director

Membership No. 82325

Vallabhbai Patel

Director

Mumbai
May 30, 2011

Mumbai
May 30, 2011

SHYAM STAR GEMS LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2011 Rs.	2010 Rs.
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
15000000 (Previous Year : 15000000) Equity Shares of Rs. 10/- each	150,000,000	150,000,000
	150,000,000	150,000,000
Issued, Subscribed & Paid up		
6945400 (Previous Year : 6945400) Equity Shares of Rs. 10/- each	69,454,000	69,454,000
Less : Call Money due	(392,000)	(392,500)
	69,062,000	69,061,500
SCHEDULE 'B' : RESERVE & SURPLUS		
Capital Reserve	6,750,000	6,750,000
Share Premium Account	17,000,000	17,000,000
General Reserve	4,946,190	4,946,190
Surplus in Profit & Loss Account	372,913,130	356,993,512
	401,609,320	385,689,702
SCHEDULE 'C' : SECURED LOANS		
Car Loans		
HDFC Bank Ltd.	-	256,413
(Secured against hypothecation of Motor Car)	-	256,413

SCHEDULE 'D' : FIXED ASSETS

NAME OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 01.04.10	Addition During the year	Sale During the Year	Total cost as on 31.03.11	Rate %	As on 01.04.10	for the year	As on 31.03.11	As on 31.03.11	As on 31.03.10
Land	76,478,150	-	-	76,478,150	-	-	-	-	76,478,150	76,478,150
Lease hold Land	1,750,000	-	-	1,750,000	-	350,001	116,667	466,668	1,283,332	1,399,999
Factory Building	2,994,515	-	-	2,994,515	3.34	208,369	100,017	308,386	2,686,129	2,786,146
Office Building	-	5,259,960	3,230,550	2,029,410	1.63	-	17,038	17,038	2,012,372	-
Machinery	3,237,056	-	-	3,237,056	4.75	2,277,253	52,550	2,329,803	907,253	959,803
Mettler	237,189	-	-	237,189	4.75	141,199	11,266	152,465	84,724	95,990
Motor Car	3,959,035	-	-	3,959,035	9.50	1,826,424	376,108	2,202,532	1,756,503	2,132,611
Office Equipment	301,151	-	-	301,151	4.75	71,781	14,304	86,085	215,066	229,370
Electric Installation	232,989	-	-	232,989	4.75	23,056	11,067	34,123	198,866	209,933
Computer	428,567	-	-	428,567	16.21	373,002	18,479	391,481	37,086	55,565
Furniture & Fixture	1,430,156	-	-	1,430,156	6.33	217,533	88,457	305,990	1,124,166	1,212,623
Current Year's Total	91,048,808	5,259,960	3,230,550	93,078,218		5,488,618	805,953	6,294,571	86,783,647	85,560,190
Previous Year's Total	14,570,658	76,478,150	-	91,048,808		4,697,631	790,987	5,488,618	85,560,190	9,873,027

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 'E' : INVESTMENTS (at cost)

Non Trade - Quoted

Name of the Company	No. of Shares	Face Value	Paid-up Value	2011 Rs.	2010 Rs.
Agro Dutch Ind. Ltd.	11,500	10	10	-	436,453
Asian Electronics Ltd.	3,245	5	5	-	758,665
EIH Associates Hotels Ltd.	1,500	10	10	-	304,581
Flawless Diamond (India) Ltd.	15,000	1	1	-	57,741
Goldstone Infratech Ltd.	5,000	4	4	-	165,577
Kanani Industries Limited	81,804	5	5	-	14,561,889
Kanchan International Ltd.	11,831	10	10	-	98,533
Nirma Limited	400	5	5	-	22,000
Numeri Power Systems Ltd.	1000	10	10	-	425,406
Omni Tech Infosolutions Ltd.	3,000	10	10	-	147,000
Real Strips Limited	15,000	10	10	-	522,698
Reliance Industries Ltd.	2,000	10	10	-	2,154,844
SJ Corporation Limited	400	1	1	5,201	5,201
Vimta Lab. Ltd.	10,021	2	2	-	1,682,967
			(A)	5,201	21,343,555
Agarwal Marbles India Pvt. Ltd.	7,000,000	10	10	70,000,000	70,000,000
G. R. Infratech Pvt. Ltd.	6,000,000	10	10	60,000,000	60,000,000
Jalal Lifestyles Pvt. Ltd.	1,550,000	10	10	8,000,000	15,500,000
Max Flex & Imaging System Pvt. Ltd.	94,834	10	10	-	18,966,800
Jasamrit Technology Pvt. Ltd.	1,300,000	10	10	13,000,000	13,000,000
Quality Zinc Pvt. Ltd.	900,000	10	10	-	9,000,000
			(B)	151,000,000	186,466,800
			TOTAL (A+B)	151,005,201	207,810,355
Market Value of Quoted Shares				22,800	22,354,635
				2011 Rs.	2010 Rs.
SCHEDULE 'F' : CURRENT ASSETS, LOANS & ADVANCES					
Inventory					
(As valued and certified by management)					
(Valued at lower of cost or net realisable value)					
Polished Diamonds				94,984,075	95,289,276
Bullion				1,709,945	1,167,772
				96,694,020	96,457,048
Sundry Debtors					
(Unsecured & considered good)					
i. More than six months				413,839	12,783,571
ii. Others				79,597,526	14,375,812
				80,011,365	27,159,383
Cash & Bank Balances					
Current Account with Scheduled Banks				1,189,546	2,844,087
FDR with HDFC Bank				-	6,706,192
Cash-in-hand				412,254	866,303
				1,601,800	10,416,582
				178,307,186	134,033,013
Loans & Advances					
(Unsecured and considered good)					
Advances receivable in cash or in kind or for value to be received				94,793,525	44,217,667
				94,793,525	44,217,667
				273,100,711	178,250,680

SHYAM STAR GEMS LIMITED

	2011 Rs.	2010 Rs.
SCHEDULE ' G' : CURRENT LIABILITIES & PROVISIONS		
<i>Current Liabilities</i>		
Sundry Creditors	25,967,981	5,503,000
Other Liabilities	260,808	602,858
	26,228,789	6,105,858
<i>Provisions</i>		
Provision for taxes	9,725,000	6,225,000
Provision for Fringe Benefit Tax	155,000	155,000
Provision for Proposed Dividend	3,472,700	3,472,700
Provision for Tax on Dividend	563,359	576,772
	13,916,059	10,429,472
	40,144,848	16,535,330
SCHEDULE ' H' : VARIATION IN STOCK		
Closing Stock	94,984,075	94,984,075
Less.: Opening Stock	(94,984,075)	(124,051,691)
	-	(29,067,616)
SCHEDULE ' I' : OTHER INCOME		
Dividend	81,008	30,689
Exchange Difference	-	(14,628,469)
Interest (Nett)(T.D.S. Rs.1,10,797- ; Previous Year: Rs.92,093/-)	1,108,698	922,135
Profit on Sale of Office	4,489,450	-
Profit on Sale of Investments	11,582,014	125,677
	17,261,170	(13,549,968)
SCHEDULE ' J' : DIRECT & OTHER EXPENSES		
Salaries	1,342,500	1,290,600
Electricity Charges	75,148	66,571
Consumables	37,264	-
Printing & Stationery	170,885	72,238
Remuneration to Auditors	220,600	220,600
Telephone Expenses	59,027	148,083
Rent	460,000	510,000
Bank Charges	40,902	114,919
Car Expenses	66,733	106,905
Connectivity Charges	115,242	57,406
Travelling & Conveyance Expenses	36,780	122,782
Advertisement Expenses	45,607	51,181
Listing Fee	16,545	18,811
Legal and Professional Charges	71,943	77,833
Miscellaneous Expenses	187,680	234,488
Maintenance Charges	267,486	95,466
Freight Charges	52,197	(26,676)
Octroi	585,677	-
Clearing & Forwarding Charges	16,200	6,248
	3,868,416	3,167,455

SCHEDULE ' K' : NOTES TO ACCOUNTS

1. ACCOUNTING POLICIES

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

in all other cases.

vi) Investments

Investments are stated at cost.

vii) Stock

- a) Closing stock of Finished Goods is stated at lower of the cost or net realisable value on FIFO Basis
- b) Raw Materials are valued at Cost on FIFO Basis
- c) Rough Rejection is valued at net realisable value
- d) Stores items purchased during the year are treated as consumed.

viii) Sales tax

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

ix) Contingent Liability

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

x) Impairment of assets

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

xi) Taxation

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

1. ACCOUNTING POLICIES

xi) Taxation

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

	2011	2010
	Rs.	Rs.
2. Value of Imports calculated on C.I.F. basis	64,030,918	-
3. Payment in Foreign Currency- Travelling Expenses	-	101,725
4. FOB Value of Exports	73,414,629	19,115,962
5. <u>Earnings Per Share</u>		
Profit/(Loss) after tax as per Profit & Loss Account	19,955,677	(18,670,496)
Weighted Average number of Equity Shares outstanding	6945400	6945400
Basic and Diluted Earning per share	2.87	(2.69)

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

As On 31.03.2011		As On 31.03.2010	
Deferred Tax		Deferred Tax	
Liabilities	Assets	Liabilities	Assets
73,390	-	78,280	-

In view of prudence, the company has not provided for deferred tax assets in respect of carried forward losses under Income - Tax Act, 1961.

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

1. Relationship

i) a) Key Management Personnel

- Mr. Vallabh N. Patel
- Mr. Savji D. Patel
- Mr. Ramesh M. Patel
- Mr. Mahendra M. Chordia
- Mr. Rajendra H. Nolkha
- Mr. Ashok D. Surana
- Mr. Ganpat K. Karnawat
- Mr. Sanjay N. Kothari

b) Relatives of key management personnel where transactions have taken place.

- Shri Doongarshibhai N. Patel

SHYAM STAR GEMS LIMITED

ii) Details of Transactions are as follows :

Remuneration to Director	768,500
Rent	460,000

iii) Debit balances outstanding

Deposit Given	Opening	10,000,000	Closing	Nil	-
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Note : Related party relationship is as identified by the company and relied upon by the Auditors.

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

	2011			2010	
	Unit	Qty.	Amount Rs.	Qty.	Amount Rs.
1. Sales & Stock					
a. <u>Opening Stock</u>					
Polished Diamonds	Cts.	16320.04	94,984,075	21,314.40	124,051,691
<u>Studded Jewellery</u>					
Polished Diamonds	Cts.	38.66	305,201	776.76	2,006,179
Bullion	Gms.	2111.29	1,167,772	3,731.47	1,916,527
b. <u>Closing Stock</u>					
Polished Diamonds	Cts.	16,320.04	94,984,075	16,320.04	94,984,075
<u>Studded Jewellery</u>					
Polished Diamonds	Cts.	-	-	38.66	305,201
Bullion	Gms.	2,470.29	1,709,945	2,111.29	1,167,772
c. <u>Sales</u>					
Polished Diamonds	Cts.	-	-	4,994.36	-
Studded Jewellery	Nos.	1,861	73,414,629	542	19,115,962
Jewellery	Gms.	17,360.620	35,284,386	-	-
d. <u>Purchases</u>					
Jewellery	Gms.	17,360.620	33,861,385	-	-
2. Consumption of Raw Material					
Polished Diamonds used in Studded Jewellery	Cts.	5,124.64	63,815,856	738.10	19,760,798
Bullion	Gms.	5,348	157,788	1,620.00	748,755
3. Production					
Studded Jewellery	Nos.	1,861		542	

	2011 Rs.	2010 Rs.
9. Auditors' Remuneration		
Audit Fee	150,000	150,000
Tax Audit Fee	50,000	50,000
Fee Relating to Other Matters	-	18,383
Service Tax	20,600	20,600
	<u>220,600</u>	<u>238,983</u>

10. Remuneration to the Managing & Whole-time Directors

Salaries	768,500	780,000
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* The Company has not contributed to the provident fund, as the Provident Fund Act is not applicable to the Company.

11. During the year the company has considered geographical segment as primary segment for disclosure for the purpose of segment reporting. The company has identified two geographical segment which comprise of overseas and local.

Particulars	Overseas		Local		Unallocated		Total	
	31.03.2011 Audited	31.03.2010 Audited	31.03.2011 Audited	31.03.2010 Audited	31.03.2011 Audited	31.03.2010 Audited	31.03.2011 Audited	31.03.2010 Audited
Segment Revenue (Net Sales/Income)								
External Turnover	73,414,629	19,115,962	35,284,386	29,283,831	17,261,170	1,025,102	125,960,185	49,424,895
Less: Inter Segment Revenue	-	-	-	-	-	-	-	-
Net Sales/Revenue From Operations	73,414,629	19,115,962	35,284,386	29,283,831	17,261,170	1,025,102	125,960,185	49,424,895
Segment Results								
Profit before tax and depreciation from each segment	8,544,423	(16,772,198)	(1,548,853)	(2,147,883)	17,261,170	1,025,102	24,256,740	(17,894,979)
Less:-								
Depreciation	395,221	395,221	410,732	395,766	-	-	805,953	790,987
Provision for Income-tax	-	-	-	-	3,500,000	-	3,500,000	-
Deferred tax	-	-	-	-	4,890	15,470	4,890	15,470
Total Profit after Tax	8,149,202	(17,167,419)	(1,959,585)	(2,543,649)	13,766,060	1,040,572	19,955,677	(18,670,496)
Other Information								
Segment Assets	43,615,283	12,535,643	221,499,614	207,084,325	245,774,661	252,001,257	510,889,558	471,621,225
Segment Liabilities	25,967,170	12,556.00	14,177,678	16,522,774	-	-	40,144,848	16,535,330
Total	17,648,113	12,523,087	207,321,936	190,561,551	245,774,661	252,001,257	470,744,710	455,085,895

12. There are no Dues to Micro & Small Enterprises as at 31.03.2010. This information as required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the company.

SHYAM STAR GEMS LIMITED

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILES

1. Registration Details

Registration No. **6 8 2 8 3**

State Code **1 1**

Balance Sheet Date **3 1 0 3 2 0 1 1**

Date Month Year

2. Capital raised during the year (Amount in Rupees thousand)

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

3. Position of Mobilisation and Deployment of Funds

Total Liabilities

4 7 0 7 4 5

Total Assets

4 7 0 7 4 5

SOURCES OF FUNDS

Paid up Capital

6 9 0 6 2

Reserve & Surplus

4 0 1 6 0 9

Share/Warrant Application Money

N I L

Secured Loans

-

Unsecured Loans

N I L

Deferred Tax Liability

7 3

Share / Warrant

Application Money

-

APPLICATION OF FUNDS

Net Fixed Assets

8 6 7 8 4

Investments

1 5 1 0 0 5

Net Current Assets

2 3 2 9 5 6

Misc. Expenditure

N I L

Accumulated Losses

N I L

4. Performance of Company

Turnover

1 2 5 9 6 0

Total Expenditure

1 0 2 5 0 9

Profit/(Loss) Before Taxes

2 3 4 5 1

Profit/(Loss) After Taxes

1 9 9 5 6

Earning per share

3 . 0 2

Dividend Rate %

0 5

5. Generic names of Principal Products/services of the Company

Item Code (ITC code)

7 1 0 2 3 9 1 0

Production description

**D I A M O N D S O T H E R T H A N
I N D U S T R I A L D I A M O N D S
J E W E L L E R Y**

7 1 1 3 1 9 1 0

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

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

16 The Directors' Identification Number (DIN), which are required to be stated pursuant to section 266F of the Companies Act, 1956, in respect of directors who signed the audited annual accounts of the company, are as follows:

<u>Names</u>	<u>DIN</u>
Savji D Patel	01671461
Vallabh N. Patel	01675552
Mahendra M. Chordia	00175686
Rajendra H. Nolkha	03478619
Ashok D. Surana	02799316
Ganpat K. Karnawat	03509344
Sanjay N. Kothari	03508895

Signatures to Schedules 'A' to 'K'

In terms of our Report
of even date attached

For & On behalf of the Board of Directors

For RAVI & DEV

Chartered Accountants
(FRN : 108752W)

Mahendra M. Chordia Chairman & Managing Director

(DEVENDRAA. MEHTA)

Partner

Rajendra H. Nolkha Director

Membership No. 82325

Vallabhbhai Patel Director

Mumbai

May 30, 2011

Mumbai

May 30, 2011

CASH FLOW STATEMENT

	2011	2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before tax	23,450,787	(18,685,966)
<u>Adjustments for</u>		
Depreciation	805,953	790,987
Interest Paid on Car loan	-	53,399
Other Expenses Related to Investing & Financing Activities	72,542	20,731
Profit on sale of Shares	(11,582,014)	(125,677)
Profit on Sale of Office Building	(4,489,450)	-
Dividend Received	(81,008)	(30,689)
Interest Received	(1,108,698)	(922,135)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	<u>7,068,112</u>	<u>(18,899,350)</u>
<u>Adjustments for Working Capital Changes</u>		
Inventories	(236,972)	49,577,349
Trade & Other receivables	(100,647,953)	328,513,282
Trade Payables	20,122,931	(77,623,481)
Income Tax Paid	(3,130,487)	(161,783)
Income Tax Refund	350,600	-
<i>Cash Utilised in Operations</i>	(A) <u><u>(76,473,769)</u></u>	<u><u>281,406,017</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,259,960)	(76,478,150)
Sale of Investments	68,387,168	680,573
Sale of Fixed Assets	7,720,000	-
Investment in Shares	-	(198,879,960)
Dividend Received	81,008	30,689
Interest Received	1,107,198	920,935
Other Expenses	(72,542)	(20,731)
<i>Cash Utilised in Investing Activities</i>	(B) <u><u>71,962,872</u></u>	<u><u>(273,746,644)</u></u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	-	(53,399)
Interest Received on Call Money	1,500	1,200
Dividend Paid	(4,049,472)	-
Loan Received/(Repaid)	(256,413)	(474,961)
Call Money Received	500	500
<i>Cash Utilised in Financing Activities</i>	(C) <u><u>(4,303,885)</u></u>	<u><u>(526,660)</u></u>
Net Cash Utilised During The Year	(A+B+C) <u><u>(8,814,782)</u></u>	<u><u>7,132,713</u></u>
Cash & cash equivalents as at 01.04.2009 (Opening Balance)	10,416,582	3,283,869
Cash & cash equivalents as at 31.03.2010 (Closing Balance)	1,601,800	10,416,582
	-	-

In terms of our Report
of even date attached

For & On behalf of the Board of Directors

For RAVI & DEV

Chartered Accountants
(FRN : 108752W)

Mahendra M. Chordia

Chairman & Managing Director

(DEVENDRAA. MEHTA)

Partner
Membership No. 82325
Mumbai
May 30, 2011

Rajendra H. Nolkha

Director

Vallabhbai Patel

Director

Mumbai
May 30, 2011

BLANK



ATTENDANCE SLIP

SHYAM STAR GEMS LIMITED

Regd. Office: 17/19, Ground Floor, Dhanji Street, Mumbai - 400 003.

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

I hereby record my presence at 19th Annual General Meeting of the company being held on **Saturday, 30th July, 2011** at 10.30 A.M. at Lavender Bough, 1st Floor, 90 Feet Road, Garodia Nagar, Ghatkopar (East), Mumbai- 400 077, and at any adjournment thereof.

Folio No. _____ DP. Id* _____

No. of Shares Held _____ Client Id* _____

Member's / Proxy' Name : _____
(in Block Letters)

(Member's / Proxy' Signature)

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

* Applicable for Members holding Shares in electronic form.

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

SHYAM STAR GEMS LIMITED

PROXY FORM

Regd. Office: 17/19, Ground Floor, Dhanji Street, Mumbai - 400 003.

I/We _____
of _____

being a Member/Members of Shyam Star Gems Limited hereby appoint _____
_____ or failing him _____

as my/our proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company to be held on **Saturday, 30th July, 2011** at 10.30 A.M. at Lavender Bough, 1st Floor, 90 Feet Road, Garodia Nagar, Ghatkopar (East), Mumbai- 400 077, and at any adjournment thereof.

Folio No. _____ DP. Id* _____

No. of Shares Held _____ Client Id* _____

Signed this _____ day of _____ 2011.

Please
affix a
1 Rupees
revenue
stamp

Signature

* Applicable for Members holding Shares in electronic form.

NOTE : This proxy form must be deposited at the Registered Office of the Company at 17/19, Ground Floor, Dhanji Street, Mumbai - 400 003 at 48 hours before the aforesaid meeting. The proxy need not be a member of the Company.

Book Post



SHYAM STAR GEMS LIMITED

Regd. Office : 17/19, Ground Floor, Dhanji Street, Mumbai - 400 003.

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