

MALOO GEMS & JEWELLERY LIMITED

Board of Directors

Name of Director	Category of Director
Mr. Manish Jaysukhlal Janani	Chairman & Managing Director
Mr. Dipankumar Babulal Patwa	Managing Director
Mr. Jeeyan Dipankumar Patwa	Executive Director
Mr. Ravindra Chandulal Sanghavi	Independent and Non Executive Director
Mr. Ajit Mangaldas Shah	Independent and Non Executive Director
Mr. Bhavesh Shashikant Sheth *	Additional Independent Director
Mr. Pankajkumar Vrajlal Shah *	Additional Independent Director

*Appointed as Additional Director on 15/02/2011

Auditors

M/s Doshi Maru & Associates, Chartered Accountant, Mumbai

Registered Office

306, Mahavir Chambers, Taratia Hanuman Gally, Mahidhar Pura, Surat, Gujrat-395 003

NOTICE FOR 16TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 16th Annual General Meeting of the Members of MALOO GEMS & JEWELLERY LIMITED will be held at 306, Mahavir Chambers, Taratiya Hanuman Gally, Hathfaliyu, Mahidhar Pura, Surat – 395003, Gujarat on 30TH September, 2011 on 11.30 A.M. to transact the following business:-

ORDINARY BUSINESS:

1. To receive and adopt the audited balance sheet as 31st March 2011 and profit & loss account of the company for the year ended on 31st March 2011 and the Report of the Directors' and Auditors.
2. To declare 10% Dividend For the year under review subject to approval of share Holders in the Annual General Meeting.
3. To appoint Director in place of Mr. Ajit Mangaldas Shah who retires by rotation and being eligible offers himself for reappointment.
4. To Appoint Auditors, M/s. Doshi Maru & Associates, Mumbai, to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the company and to authorize the Board of Director to fix their remuneration.

SPECIAL BUSINESS:

5. **To Consider and if thought fit to pass with or without modification following resolution as Special Resolution:**

“RESOLVED THAT pursuant to Section 293(1)(d) of the Companies Act, 1956 and subject to approval of members, for borrowing from time to time, any sum or sums of money for the purposes of the Company upon such terms and conditions and with or without security as the Board of Directors may in its discretion think fit, notwithstanding, that the money or monies to be borrowed by the Company (apart from the Temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) together with the money already borrowed, may exceed the aggregate of the Paid-up share Capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose(s), provided however that the money or monies to be borrowed by the Company together with the money

already borrowed shall not, at any time will not increased from Rs.10,00,00,00,000 (Rupees One Thousand Crore Only)."

6. To Consider and if thought fit to pass with or without modification following resolution as Special Resolution:

"RESOLVED THAT pursuant to Article No. 215 of the Articles of Association of the company and subject to the approval of the office of the Registrar of Companies, Gujarat, the consent of the shareholder of the Company be and is hereby accorded for capitalization ` 7,02,00,000/- out of general reserve and set free reserves for distribution amongst the equity shareholders by issue of 70,20,000 equity shares of ` 10/-each credited as fully paid to the equity shareholders in the proportion of 1 (One) equity share for every 1 (One) equity shares held by them on the record date i.e. 30th September, 2011 and shall rank pari passu with the existing equity shares."

"RESOLVED FURTHER THAT Mr. Manish Jaysukhlal Janani, Managing Director of the Company be and is hereby authorized to take necessary action for the implementation of the aforesaid resolution."

7. To Consider and if thought fit to pass with or without modification following resolution as Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 192, 198, 269, 309, Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Company hereby approves revision in terms of appointment of Mr. Manish Jaysukhlal Janani as Managing Director of the Company for a period of 3 years with effect from 26th September, 2011, upon the terms and conditions including remuneration, as are set out in the draft Agreement ("the Agreement") to be executed between the Company and Mr. Manish Jaysukhlal Janani, which Agreement placed before this meeting duly initialed by the Chairman for the purpose of identification is hereby specifically approved with liberty to the Board of Directors of the Company ("the Board") to alter and vary the terms and conditions of the Agreement in such manner as may be agreed to between the Board and Mr. Manish Jaysukhlal Janani and in accordance with the applicable provisions of the Act and any amendment thereto or re-enactment thereof."

"RESOLVED FURTHER THAT subject to the approval of Shareholders of the Company, if necessary, in the event of any absence or inadequacy of net profit in any financial year, the aforesaid remuneration shall be paid as minimum remuneration; RESOLVED further that for the purpose of giving effect to this

resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem desirable, necessary, expedient, usual or proper to implement this resolution.”

8. To Consider and if thought fit to pass with or without modification following resolution as Special Resolution:

“**RESOLVED THAT** in accordance with the provisions of Sections 192, 198, 269, 309, Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the Company hereby approves revision in terms of appointment of Mr. Dipankumar Babulal Patwa as Managing Director of the Company for a period of 3 years with effect from 26th September, 2011, upon the terms and conditions including remuneration, as are set out in the draft Agreement (“the Agreement”) to be executed between the Company and Mr. Dipankumar Babulal Patwa, which Agreement placed before this meeting duly initialed by the Chairman for the purpose of identification is hereby specifically approved with liberty to the Board of Directors of the Company (“the Board”) to alter and vary the terms and conditions of the Agreement in such manner as may be agreed to between the Board and Mr. Dipankumar Babulal Patwa and in accordance with the applicable provisions of the Act and any amendment thereto or re-enactment thereof.”

“**RESOLVED FURTHER THAT** subject to the approval of Shareholders of the Company, if necessary, in the event of any absence or inadequacy of net profit in any financial year, the aforesaid remuneration shall be paid as minimum remuneration; **RESOLVED** further that for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem desirable, necessary, expedient, usual or proper to implement this resolution.”

9. To Consider and if thought fit to pass with or without modification following resolution as Special Resolution:

“**RESOLVED THAT**, pursuant to provisions of Section 260 and all other applicable provisions of the companies Act 1956 and Articles of Association of the Company also subject to approval of shareholders of the company, Mr. Bhavesh Shashikant Sheth, who was appointed as an Additional Director dated 15/02/2011 by the Board of Directors, who hold the office as such only up to the conclusion of this Annual General Meeting, who is eligible to be appointed as Director of the Company u/s 255, 256 and 257 of the Companies Act, 1956 be and is hereby appointed as Director of the company whose term of office liable to determination for retire by rotation.”

"RESOLVED FURTHER THAT Mr. Manish Jaysukhlal Janani, Managing Director of the Company, be and is hereby authorised to take necessary action for the implementation of the aforesaid resolution."

10. To Consider and if thought fit to pass with or without modification following resolution as Special Resolution:

"RESOLVED THAT, pursuant to provisions of Section 260 and all other applicable provisions of the companies Act 1956 and Articles of Association of the Company also subject to approval of shareholders of the company, Mr. Pankajkumar Vrajilal Shah, who was appointed as an Additional Director dated 15/02/2011 by the Board of Directors, who hold the office as such only up to the conclusion of this Annual General Meeting, who is eligible to be appointed as Director of the Company u/s 255, 256 and 257 of the Companies Act, 1956 be and is hereby appointed as Director of the company whose term of office liable to determination for retire by rotation."

"RESOLVED FURTHER THAT Mr. Manish Jaysukhlal Janani, Managing Director of the Company, be and is hereby authorised to take necessary action for the implementation of the aforesaid resolution."

11. To Consider and if thought fit to pass with or without modification following resolution Through Postal Ballot:

"RESOLVED THAT pursuant to the provisions of Section 16, 21 and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactments thereof for the time being in force) and other Regulations, if any, and subject to the approval of the Central Government (Power delegated to Registrar of Companies), the consent of the Members of the Company be and is hereby accorded to change the name of the Company from "MALOO GEMS & JEWELLERY LIMITED to LYPSA GEMS & JEWELLERY LIMITED" and the existing clause I of the Memorandum of Association of the Company be substituted by the following clause."

I. The name of the Company is "LYPSA GEMS & JEWELLERY LIMITED ".

"RESOLVED FURTHER THAT consequent to the aforesaid change, the name "MALOO GEMS & JEWELLERY LIMITED" wherever appearing in the Memorandum and Articles of Association of the Company be substituted by " LYPSA GEMS & JEWELLERY LIMITED "

“RESOLVED FURTHER THAT Mr. Manish Jaysukhlal Janani, Managing Director of the Company be and is hereby authorized to take necessary steps for the implementation of the aforesaid resolution.”

For Maloo Gems & Jewellery Limited

Date: 08/08/2011

Place: Surat

Sd/-
(Manish Janani)
Managing Director

Sd/-
(Dipan Patwa)
Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies, in order to be effective, must be lodged at the registered office of the Company not later than 48 hours before the meeting.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from 29th August, 2011 to 05th September, 2011 (both days inclusive).
3. The Company has appointed M/s. Purva Shareregistry (India) Pvt. Ltd., Mumbai, as its Registrars and Share Transfer Agents for rendering the entire range of services to the Shareholders of the Company. Accordingly, all documents, transfers, Demat request, change of address intimation and other communication in relation thereto with respect to shares in electronic and physical form should be addressed to the Registrars directly quoting Folio No., full name and Address to M/s. Purva Shareregistry (India) Pvt. Ltd., Unit: Maloo Gems & Jewellery Limited.
4. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
5. Members are requested to bring their copies of the Annual Report to the Meeting.
6. Members are requested to update their Email ID with their respective depository participant and with the Company's Registrar and Transfer Agents (RTA) to enable dispatch the communications in electronic form from time to time as your Company have taken a "Green Initiative" as per the directions of Ministry of Corporate Affairs, New Delhi allowing paperless compliances for Companies.
7. Members holding shares in physical form are requested to notify to the company's Registrar and share Transfer Agent, M/s. Purva Shareregistry (India) Pvt. Ltd. quoting their folio, any change in their registered address with pin code and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participant.
8. Corporate Members intending to send their authorized representatives under Section 187 of the Companies Act, 1956, are requested to send a duly certified

copy of the board Resolution authorizing their representatives to attend and vote at the Meeting.

9. In case of joint holding, the joint holder whose name stands first, as per the Company's records, shall alone be entitled to vote.

For Maloo Gems & Jewellery Limited

Date: 08/08/2011

Place: Surat

Sd/-
(Manish Janani)
Managing Director

Sd/-
(Dipan Patwa)
Director

Annexure to Notice

Notes on directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges:

Item No. 3

Name	:	Mr. Ajit Mangaldas Shah
Date of birth	:	15/04/1961
Qualification	:	B.Com
Expertise	:	Marketing in polish diamond and good knowledge of diamond valuation
Director of the Company since	:	23/06/2009
Directorship in other public limited companies	:	No
Membership of Committees of other public limited companies	:	No
No. of Shares held in the Company	:	0

For Maloo Gems & Jewellery Limited

Date: 08/08/2011

Place: Surat

Sd/-
(Manish Janani)
Managing Director

Sd/-
(Dipan Patwa)
Director

EXPLANATORY STATEMENT TO SPECIAL BUSINESS
(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO.5

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Public Company can not borrow money (a part from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the Company's Paid-up Capital and Free Reserves (that is reserves not set apart for any specific purpose) without the consent of the shareholders in the General Meeting.

Debts may exceed the Paid up Capital and Free Reserves of the Company and further the Company may avail further loans from the Banks/Financial Institutions or any other Lenders for business purposes, hence, at any time borrowing power of the Company, will not exceed from Rs.10,00,00,00,000 (Rupees One Thousand Crore Only).

The Resolution set out at item No.5 of the notice is put forth for consideration of the members as a Special resolution pursuant to section 293(1)(d) of the Companies Act, 1956, authorizing the Board of Directors to borrow upto a sum of Rs.1000 Crore.

Your Directors recommend the above Resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

ITEM NO.6

The Company is having sufficient Reserves and Surplus. Your Directors wanted to capitalize the Reserves and Surplus of the Company so as to broad base the capital structure of the Company. And to issue Bonus Shares, as per provisions of section 81 (1-a) and other applicable provisions, if any, of the Companies Act, 1956, it is recommended to the shareholders of the Company for approval of the same.

None of the Directors of the Company, except their respective shareholding, are interested in the aforesaid resolution.

ITEM NO.7

The Board of Directors appointed Mr. Manish Jaysukhlal Janani as Managing Director of the Company for a period of 3 years with effect from 26th September, 2011 subject to the approval of the shareholders in a general meeting.

The material terms and conditions of the appointment contained in the draft Agreement between the Company and Mr. Manish Jaysukhlal Janani are as follows:

(A) General Information:

1. Nature of Industry: Jewellery and Diomand Industry

2. Financial performance :

	As on 31/03/2011	As on 31/03/2010
	(In Rs.)	(In Rs.)
Total Income:	3,57,65,57,283	1,96,97,57,331
Net Profit After Tax:	19,471,799	1,09,58,291
Earning Per Share:	2.77	2.18

3. Export performance and net foreign exchange collaborations:

Not Applicable

4. Foreign investments of collaborations, if any:

Not Applicable

(B) Information about the appointee:

1. Background details:

Name	Mr. Manish Jaysukhlal Janani
Date of Birth	31/12/1966
Director of the Company	20/03/2009
No. of shares held in the company	1261250
No. of warrants held in the company	
Directorship in other company	No

2. Past remuneration:

	As on 31/03/2011	As on 31/03/2010
	(In Rs.)	(In Rs.)
Mr. Manish Jaysukhlal Janani	5,00,000	Nil

3. Job profile and his suitability:

Mr. Manish Jaysukhlal Janani is Chairman-cum-Managing Director of the Company having very vast and rich experience of 22 years in the field of polish diamond and office management

4. Remuneration proposed:

Maximum Rs.2,00,000/- per month.

5. Pecuniary Relationship with the Company:

Nil

(C) Other information:

1. Reasons of loss or inadequate profits:
 - (i) Increase in Price of Rough Diamonds
 - (ii) Lower Margin.
2. Steps taken or proposed to be taken for improvement:
 - (i) Modernization of Technology, Bulk Purchase
 - (ii) Sales Promotion
3. Expected increase in productivity and profits in measurable terms:
 - (i) Expected increase in Sales:
 - (ii) Expected Increase in Net Profit:

(D) Disclosures:

Remuneration Package of Mr. Manish Jaysukhlal Janani

[I] Salary: Rs.2,00,000/- per month with authority to the Board of Directors of the Company to grant such increments as it may determine from time to time.

[II] Perquisites: Category: A

[1] The expenditure incurred by the Company at his residence on gas, electricity, water and furnishing shall be valued as per the Income tax Rules, 1962.

[2] Medical Reimbursement: Actual Expenses incurred for the Self and his family members.

[3] Leave Travel Concession: For Self and his family, once a year, incurred in accordance with any rules framed by the Company.

[4] Club Fees: Fees of Clubs, subject to a maximum of two clubs. This will not include admission and membership fees.

[5] Personal Accident Insurance: Premium on Personal accident policy.

For the purpose of Category 'A' family means the spouse, the dependent children and dependent parents of the appointee.

Category: B

[1] Contribution to Provident Fund will not be included in the computation of the ceiling of perquisites to the extent that these whether singly or put together are not taxable under the Income tax Act.

[2] Gratuity payable shall be calculated as per the provisions of the Payment of Gratuity Act, 1972.

[3] Encashment of unavailed leave as per the rules of the company at the end of tenure will not be included in the computation of the ceiling on perquisites.

Category: C

Use of Company's car for official use for Company's business and telephones at residence will not be considered as perquisites. Personal long distance calls on telephone shall be billed by the Company. If he appoints Driver/chauffeur for driving his car then the Driver's salary paid by him will be reimbursed to him on production of Stamped receipt/voucher from the driver.

ITEM NO.8

The Board of Directors appointed Mr. Dipankumar Babulal Patwa as Managing Director of the Company for a period of 3 years with effect from 26th September, 2011 subject to the approval of the shareholders in a general meeting.

The material terms and conditions of the appointment contained in the draft Agreement between the Company and Mr. Dipankumar Babulal Patwa are as follows:

(B) General Information:

1. Nature of Industry: Jewellery and Diomand Industry
2. Financial performance :

	As on 31/03/2011	As on 31/03/2010
	(In Rs.)	(In Rs.)
Total Income:	3,57,65,57,283	1,96,97,57,331
Net Profit After Tax:	1,94,71,799	1,09,58,291
Earning Per Share:	2.77	2.18
3. Export performance and net foreign exchange collaborations:
Not Applicable
4. Foreign investments of collaborations, if any:
Not Applicable

(B) Information about the appointee:

1. Background details:

Name	Mr. Dipankumar Babulal Patwa
Date of Birth	24/12/1963
Director of the Company	20/03/2009
No. of shares held in the company	1258750

No. of warrants held in the company	
Directorship in other company	No

2.	Past remuneration:	As on 31/03/2011	As on 31/03/2010
		(In Rs.)	(In Rs.)
	Mr. Dipankumar Babulal Patwa	5,00,000	Nil

3. Job profile and his suitability:
Mr. Dipankumar Babulal Patwa is Managing Director of the Company having very vast and rich experience of 25 years in the field of trading in rough diamond.

4. Remuneration proposed:
Maximum Rs.2,00,000/- per month.

5. Pecuniary Relationship with the Company:
Nil

(C) Other information:

1. Reasons of loss or inadequate profits:
 - (i) Increase in Price of Rough Diamonds
 - (ii) Lower Margin.
2. Steps taken or proposed to be taken for improvement:
 - (i) Modernization of Technology, Bulk Purchase
 - (ii) Sales Promotion
3. Expected increase in productivity and profits in measurable terms:
 - (i) Expected increase in Sales:
 - (ii) Expected Increase in Net Profit:

(D) Disclosures:

Remuneration Package of Mr. Dipankumar Babulal Patwa

[I] Salary: Rs.2,00,000/- per month with authority to the Board of Directors of the Company to grant such increments as it may determine from time to time.

[II] Perquisites: Category: A

[1] The expenditure incurred by the Company at his residence on gas, electricity, water and furnishing shall be valued as per the Income tax Rules, 1962.

[2] Medical Reimbursement: Actual Expenses incurred for the Self and his family members.

[3] Leave Travel Concession: For Self and his family, once a year, incurred in accordance with any rules framed by the Company.

[4] Club Fees: Fees of Clubs, subject to a maximum of two clubs. This will not include admission and membership fees.

[5] Personal Accident Insurance: Premium on Personal accident policy.

For the purpose of Category 'A' family means the spouse, the dependent children and dependent parents of the appointee.

Category: B

[1] Contribution to Provident Fund will not be included in the computation of the ceiling of perquisites to the extent that these whether singly or put together are not taxable under the Income tax Act.

[2] Gratuity payable shall be calculated as per the provisions of the Payment of Gratuity Act, 1972.

[3] Encashment of unavailed leave as per the rules of the company at the end of tenure will not be included in the computation of the ceiling on perquisites.

Category: C

Use of Company's car for official use for Company's business and telephones at residence will not be considered as perquisites. Personal long distance calls on telephone shall be billed by the Company. If he appoints Driver/chauffeur for driving his car then the Driver's salary paid by him will be reimbursed to him on production of Stamped receipt/voucher from the driver.

ITEM NO.9

Mr. Bhavesh Shashikant Sheth was appointed as an additional director of the company with effect from 15/02/2011, pursuant to the provision of Section 260 of the Companies Act, 1956 as they hold office upto the ensuing Annual General Meeting of the Company and in respect of whom the Company has received notice under section 257 of the Companies Act, 1956 proposing the candidature for the office of Directors, and hence his appointment as Directors of the Company has been proposed.

None of the Directors of the Company are interested in the resolution set out at of the accompanying notice.

ITEM NO.10

Mr. Pankajkumar Vrajlal Shah was appointed as an additional director of the company with effect from 15/02/2011, pursuant to the provision of Section 260 of the Companies

Act, 1956 as they hold office upto the ensuing Annual General Meeting of the Company and in respect of whom the Company has received notice under section 257 of the Companies Act, 1956 proposing the candidature for the office of Directors, and hence his appointment as Directors of the Company has been proposed.

None of the Directors of the Company are interested in the resolution set out at of the accompanying notice.

ITEM NO.11

As we continue your company's exciting journey into the digital lifestyle world driven by the explosive mobile internet potential, it is opportune now to change the name of the company from "MALOO GEMS & JEWELLERY LIMITED to LYPSA GEMS & JEWELLERY LIMITED"

The Registrar of Companies has confirmed that the new name is available for registration. The Company shall file for extension or fresh application for the availability of name "LYPSA GEMS & JEWELLERY LIMITED" in case of expiry of name in the interim period of taking approval from the members.

In terms of Section 21 of the Companies Act 1956, any change in the name of the company requires approval of the shareholders by way of Special Resolution. Thus, your approval is sought by voting by way of Postal Ballot for change in name of the Company from "MALOO GEMS & JEWELLERY LIMITED to LYPSA GEMS & JEWELLERY LIMITED" in terms of the provisions of Section 192A of the Companies Act, 1956 read with the provisions of Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

For Maloo Gems & Jewellery Limited

Date: 08/08/2011

Place: Surat

Sd/-
(Manish Janani)
Managing Director

Sd/-
(Dipan Patwa)
Director

DIRECTORS' REPORT

To,
The Members,
Maloo Gems & Jewellery Limited
Surat.

The Directors' present the Fifteenth Annual report on the business and operations of your Company for the year 2010-2011

FINANCIAL RESULTS AND OPERATIONAL REVIEW:

Particulars	Year Ended 31.03.2011 (Rs. In Lacs)	Year Ended 31.03.2010 (Rs. In Lacs)
Gross Sales/Income	35765.57	22528.75
Less Depreciation	2.70	2.62
Profit/(Loss) before Tax	291.63	153.89
Taxes/Deferred Taxes	97.20	44.30
Profit/(Loss) After Taxes	194.72	109.58
P& L Balance b/f	167.80	87.59
Profit/ (Loss) carried to Balance Sheet	268.28	167.80

Your Directors feel pleasure to report increase in the turnover and registering profit after tax of Rs.194.72 Lacs which was made possible through better planning. Directors are exploring various other opportunities to further improve the working results during the current year.

DIRECTORS:

During the Year Mr. Bhavesh Shashikant Sheth and Mr. Pankajkumar Vrajlal Shah have been appointed as Additional Directors of the Company w.e.f. 15/02/2011 also Board recommend their appointments as Regular Directors of the Company under section 255 of the Companies Act, 1956 in this Annual General Meeting of the Company, the Board took note of the same.

Mr. Ajit Mangaldas Shah, Director of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIVIDEND:

Directors have recommended divided @ 10% for the year under review.

RESPONSIBILITY STATEMENT:

As required u/s 217(2AA) of the Companies Act, 1956 your Director confirms that in the preparation of the annual accounts:

The applicable accounting standards have been followed along with proper explanation relating to material departures.

Such accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates made, so as to give a true and fair view of the state of affairs of the company at the end of the financial Year and the profit/loss of the company for that period.

Proper and sufficient care has been taken for the maintenance of the adequate accounting records in accordance with provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

The annual accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

As required under rule 3 of the companies (Disclosure of Particulars in the report of Board of Directors) Rules 1998, the particulars relating to the conservation of energy, Technology absorption, and the foreign exchange earnings and outgo are also Nil.

A. Conservation of Energy:**(1) Energy Conservation Measures Taken:**

The Company accords high priority to conservation of energy. Several concrete steps have been taken to save energy such as utmost utilization of D.G.Set run by diesel and with regular maintenance and overhauling.

(2) Impact of Measures of (A) above for reduction of energy Consumption and Consequent Impact on the cost of production of Goods: The measures listed above resulted in lower consumption.**(3) Total Energy consumption and energy consumption per unit of production.**

B. Research and Development:

R & D forms the basis of Maloo's efforts in making processes simpler, smoother and faster for the diamond industry. R & D is a highly structured activity at Maloo and stringent quality control measures have lead to technologically superior products. There is a total concentration on up gradation of technology and standardization of components. Our engineering & manufacturing personnel have a broad range of experience in designing & producing quality machinery & inspection equipment.

C. Foreign Exchange Earnings and Outgoings:

Foreign Exchange Earning is 45,080,007.82

Foreign Exchange Outgoing is 62,957,316.71

APPOINTMENT OF AUDITORS:

M/s Doshi Maru & Associates, Chartered Accountant, Mumbai, who had been appointed as Auditors of the Company to in place of retiring auditor of the Company M/s. Rajesh Thakkar & Associates, Chartered Accountants, Mumbai, are the retiring auditors being eligible offer themselves for re-appointment. Members are requested to appoint them as auditors of the company.

PUBLIC DEPOSITS:

During the year under review the Company has not accepted any deposits to which the provisions of section 58A of the Companies Act, 1956 read with Acceptance of Deposits Rules, 1975 as amended are applicable.

PARTICULARS OF EMPLOYEES:

There is no employee having remuneration with the provisions of section 217(2A) of the companies Act 1956 read with the Companies (Particulars of employee) Rules, 1975 as amended.

CHANGE IN THE OBJECT CLAUSE OF THE COMPANY

The Company had not changed its object clause during the financial year under review.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management discussion and analysis Report, pursuant to Clause 49 of the Stock Exchange Listing agreement, forms part of this Report and the same is annexed hereto.

REPORT ON CORPORATE GOVERNANCE:

A separate Report on Corporate Governance along with Certificate from Auditors on its compliance as annexed hereto.

SEGMENT:

Your Company is engaged in a single segment only.

ACKNOWLEDGEMENT:

The management is grateful to the government authorities, Bankers, Vendors for their continued assistance and co-operation. The directors also wish to place on record the confidence of members in the company.

For Maloo Gems & Jewellery Limited

Date: 08/08/2011

Place: Surat

Sd/-
(Manish Janani)
Managing Director

Sd/-
(Dipan Patwa)
Director

MALOO GEMS & JEWELLERY LIMITED

Report on Corporate Governance (Pursuant to Clause 49 of the Listing Agreement)

A. Mandatory Requirements

The Board of Directors of the Company gives due support to the principles behind the good Corporate Governance. Given below is a report on Corporate Governance:

1. Company's philosophy on code of Corporate Governance

Corporate Governance is an integral part of value, ethics and best business practices followed by the Company. The core values of the Company are commitment to excellence and customer satisfaction, maximizing long-term value for stakeholders, socially valued enterprise and caring for people and environment.

Statutorily, Corporate Governance involves transparency, full disclosure, independent monitoring the state of affairs and being fair to all shareholders. The company's philosophy of corporate governance is not only to meet statutory requirements but also to go beyond that and to attain a high level of transparency and accountancy in the functioning of the Company and the conduct of the business both internal and external. This is done with the sole view to enhance share holder's value.

2. Board of Direct

2.1 Composition of the Board:

The Board of Directors of the Company comprised 4 Non Executive Independent Directors. The Directors also comprised four independent directors. The Chairman is a Executive Director.

Name of Director	Category of Director
Mr. Manish Jaysukhlal Janani	Chairman & Managing Director
Mr. Dipankumar Babulal Patwa	Managing Director
Mr. Jeeyan Dipankumar Patwa	Executive director
Mr. Ravindra Chandulal Sanghavi	Independent and Non Executive

	Director
Mr. Ajit Mangaldas Shah	Independent and Non Executive Director
Mr. Bhavesh Shashikant Sheth*	Independent and Non Executive Director
Mr. Pankajkumar Vrajlal Shah*	Independent and Non Executive Director

*** Appointed as Additional Director w.e.f. 15/02/2011**

2.2 Responsibilities of the Board

The responsibility such as policy formulation, performance review and analysis and control, direction and management of the affairs of the company is vested in the Board of Directors presided over by the Chairman and Managing Director. The Board has delegated some of its powers to the executives of the company. The Board reviews from time to time such delegated powers and their utilization for effective functioning of the Company.

2.3 Meeting and Attendance Record of Directors

The meetings of the Board of Directors are held at periodical intervals and are generally at the registered office of the Company. The meeting dates are decided well in advance and the agenda and notes on agenda are circulated in advance to the directors. All material information is incorporated in the notes on agenda for facilitating meaningful and focused discussion at the meeting. Where it is not perusable to attach supporting or relevant documents to the agendas, the same is tabled before the meeting. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Senior Management persons are often invited to attend the Board Meetings and provide clarifications as and when required.

During the year under review, the Board met 13 times on the following dates:

26/04/2010	25/05/2010	20/06/2010	02/07/2010
27/07/2010	30/07/2010	16/08/2010	30/08/2010
21/09/2010	11/10/2010	26/10/2010	25/01/2011
15/02/2011			

c. Attendance of Directors at Meetings of Board of Directors and last AGM:

Name of Director	Category of Directorship	No. of Meetings	Attendance at the last AGM
------------------	--------------------------	-----------------	----------------------------

		Attended	held on 30.09.2010
Mr. Manish Jaysukhlal Janani	Chairman & Managing Director	13	YES
Mr. Dipankumar Babulal Patwa	Managing Director	13	YES
Mr. Jeeyan Dipankumar Patwa	Executive director	7	YES
Mr. Ravindra Chandulal Sanghavi	Independent and Non Executive Director	13	YES
Mr. Ajit Mangaldas Shah	Independent and Non Executive Director	13	YES
Mr. Bhavesh Shashikant Sheth*	Independent and Non-Executive Director	1	NO
Mr. Pankajkumar Vrajlal Shah*	Independent and Non-Executive Director	1	NO

* Appointed as Additional Director w.e.f. 15/02/2011

2.4 Details of Directors seeking re-appointment at the ensuing Annual General Meeting

As per the provisions of the Companies Act, 1956, two third of the directors of a company should be retiring directors, of which one third of such directors are required to retire every year and if eligible, they qualify for re-appointment.

Mr. Ajit Mangaldas Shah, Director of the Company who retire by rotation at the ensuing Annual General Meeting and offer themselves for re-appointment.

Profile of Mr. Ajit Mangaldas Shah, Director being appointed u/s 255 and 256 of the Companies Act, 1956

Name	Mr. Ajit Mangaldas Shah
Date of Birth	15/04/1961
Date of Appointment	26/06/2009
No. of shares held in the company	0
No. of warrants held in the company	

Directorship in other company	No
-------------------------------	----

2.5 Details of Directors who are as Chairman and Directors in other Public Companies

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 (C) (ii) across all the Companies in which he is a director. The necessary disclosures regarding Directorship and Committee position have been made by the Company.

Directors who are on the Board of the Company as on 31st March, 2011 and the same is reproduced herein below:

Sr. No.	Name of Director	No of Directorship in other Public Companies	No. of Committees positions held as Chairman on other public Companies	No. of Committees positions held as member in other public Company
1.	Mr. Manish Jaysukhlal Janani	--	--	--
2.	Mr. Dipankumar Babulal Patwa	--	--	--
3.	Mr. Jeeyan Dipankumar Patwa	--	--	--
4.	Mr. Ravindra Chandulal Sanghavi	--	--	--
5.	Mr. Ajit Mangaldas Shah	--	--	--
6.	Mr. Bhavesh Shashikant Sheth	--	--	--
7.	Mr. Pankajkumar Vrajlal Shah	--	--	--

3. COMMITTEE OF BOARD:

The Company had Three Board Committees. These are

1. Audit Committee
2. Remuneration Committee
3. Share Transfer & Shareholders/Investor Grievance Committee

Moving with various committees formed and reported in the previous Annual Report and in line with the requirements of SEBI and Stock Exchanges, the Board has formally constituted the following committees of Directors.

3.1 Audit Committee:

The Audit committee constituted by the Board of directors as per the provisions of Clause 49 of the listing Agreements as well as in Section 292A of the Companies Act, 1956, comprises of Two members viz. Mr. Ravindra Sanghvi and Ajit Mangaldas Shah who are well versed with finance, accounts, management and corporate affairs. Two members constitute the quorum of the said Audit Committee Meeting. Mr. Ajit Mangaldas Shah is the Chairman of the committee.

The Audit Committee of the Board of Directors of the Company, Inter-alias, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The audit committee while reviewing the Annual Financial Accounts ensures compliance of the Accounting Standard (AS) issued by the Institute of Chartered Accountants of India.

TERMS OF REFERENCE:

The scope of activities of the Audit Committees includes the following:

- A. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- B. Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment of any other Consultancy services provided by the statutory auditor.
- C. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries abased on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption
 - Compliance with accounting standards
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.
- D. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

- E. Reviewing the adequacy of internal audit function, 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.
- F. Discussion with internal auditors any significant findings and follow up there on.
- G. 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 system of a material nature and reporting the matter to the board.
- H. Discussions with external auditors before the audit commences, the nature and scope of audit, as well as conduct post audit discussions to ascertain any area of concern.
- I. Reviewing the company's financial and risk management policies.
- J. To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividend) and creditors.

Executive summary of the Audit Committee Meetings are placed before the immediate next Board Meetings held after the Audit Committee for deliberations and the full minutes of the same are placed before the following

Board Meeting for record. The Board of Directors, regularly apprised on the recommendations for the Audit Committee, further, at the beginning of the financial year, the Committee discuss the plan for the internal audit and statutory audit.

Dates of the Audit Committee Meetings are fixed in advance and agenda is circulated to the Directors at least seven days before the meeting.

As required under Clause 49(III)(E) of the Listing Agreement, the Audit Committee had reviewed the following information:

- Management Discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions submitted by management
- Management letters/letters of internal controls, weaknesses issued by the Statutory Auditors.
- Internal Auditors Reports relating to internal control weaknesses.

- Appointment, removal and terms of remuneration of the internal auditors.

During the year under review, the 4 Audit Committee were held during Financial Year 2010-11. The dates on which the said meetings were held as follows:

26/04/2010	27/07/2010	26/10/2010	25/01/2011
------------	------------	------------	------------

The necessary quorum was present at the meetings.

3.2 Remuneration Committee

The remuneration committee of the Company comprises of Mr. Manish Janani, Mr. Ravindra Sanghvi and Ajit Mangaldas Shah.

The Remuneration Committee reviewing the overall compensation policy, service agreements and other employments and other employment conditions of Managing / Whole time Directors and Managing Director etc.

There was 3 meeting of Remuneration Committee held during the Financial Year 2010-11

08/04/2010	17/08/2010	06/01/2011
------------	------------	------------

3.3 Share Transfer & Shareholders'/Investor Grievance Committee:

The Share Transfer & Shareholders' /Investor Grievance committee comprises as under:

Sr. No.	Name	Position
1	Mr. Manish Janani	Chairman
2	Mr. Ravindra Sanghvi	Member
3	Mr. Ajit Shah	Member

The committee is responsible for approving and monitoring transfers, transmission, splitting and consolidation of shares issued by the Company. In addition to that, the committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet etc., No sitting fees is paid to the committee members.

The status of shareholders' complaints received so far/number not solved to the satisfaction of shareholders/number of pending share transfer transactions (as on 31st March, 2011 is given below):

Complaints Status: 01.04.2010 to 31.03.2011

- Number of complaints received so far : NIL
- Number of complaints solved : NIL
- Number of pending complaints : NIL

Compliance Officer:

Mr. Manish Janani is Compliance Officer for the purpose of complying with various provisions of Securities and Exchange Board of India (SEBI), Listing Agreement with Stock Exchanges, Registrar of Companies and for monitoring the share transfer process etc.

4. GENERAL BODY MEETINGS:

- (a) The location and time, where last three years Annual General Meetings are as follows :

Year	Venue	Date	Time
2007-08	B 1, Harikrupa Apartment, Nr Naranpura Railway Crossing, Ahmedabad-380013	30/09/2008	11:30 A.M.
2008-09	B 1 Harikrupa Aprt, Nr. Naranpura Railway Cross, Exchange C G Road, Naranpura, Gujarat India – 380013	30/09/2009	12:30 P.M.
2009-10	306, Mahavir Chambers, Taratia Hanuman Gally, Mahidhar Pura, Surat Gujrat-395 003	30/09/2010	11:30 A.M.

- (b) All the resolutions including special resolutions set out in the respective notices were passed by the shareholders. The following special resolutions were passed in

previous three Annual General Meeting for the following three consecutive financial years:

2010

Following Special Resolutions had been passed in the Annual General Meeting:

- (1) Change in terms of Appointment of Mr. Manish Janani as Managing Director of the Company
- (2) Appointment of Mr. Dipankumar Babulal Patwa as Managing Director of the Company
- (3) Issue of equity shares on preferential basis

2009

Following Special Resolutions had been passed in the Annual General Meeting:

- (1) Shifting of Registered Office from B 1, Harikrupa Aprt., Nr. Naranpura Railway Cross Exchange, C G Road, Navrangpura- 380013, Gujarat to 306, Mahavir Chambers, Taratia Hanuman Gally, Mahidhar Pura, Surat 395 003 with effect from 30/09/2009
- (2) Appointment of Mr. Manish Janani as Managing Director of the Company.

2008

Following Special Resolutions had been passed in the Annual General Meeting:

- (1) Regularize Mr. Manish Muchhala as director of the company.

EXTRA ORDINARY GENERAL MEETING DURING THE YEAR 2010-2011

No Extra Ordinary General Meeting held during the financial year under review.

NO POSTAL BALLOT RESOLUTION PASSED DURING THE YEAR 2010-11

No resolution passed through postal ballot during the year 2010-11.

5. DISCLOSURES:

There were no significant or material related party transactions that have taken place during the year which have any potential conflict with the interest of the company at large. The detailed related party information and transactions have been provided in Note 1(xi) of Schedule P of Notes to Accounts.

CEO/CFO CERTIFICATION:

(Under Clause 49(V) of Listing Agreement)

I Certify that --

a. I have reviewed the financial statements and the cash flow statement for the year 2010-11 and that to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- These statements together present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2010-11 which are fraudulent, illegal or violative of the Company's code of conduct;

c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee -

- Significant changes in internal control over the financial reporting during the year 2010-11;
- Significant changes in accounting policies during the year 2010-11 and that the same have been disclosed in the notes to the financial statements; and
- Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

6. MEANS OF COMMUNICATION:

The presentation as to the Company's performance etc., are made to the Institutional Investors/Financial Analysts as and when felt expedient.

The Management Discussions and Analysis Report forms part of the Directors Report and is given separately.

7. GENERAL SHAREHOLDERS' INFORMATION:

- a. 16th Annual General Meeting: Date, Time and venue: 30th September, 2011 at 11.30 a.m. at the Registered Office of the Company.
- b. Financial Year: 1st April 2010 to 31st March 2011.
- c. Financial Calendar:
 - i. 1st quarterly results – last week of June, 2010.
 - ii. 2nd quarter results – last week of September, 2010.
 - iii. 3rd quarter results – last week of December, 2010.
 - iv. 4th quarter results – last week of March, 2011.
- d. Date of Book Closure: Monday, 29th August, 2011 to Monday, 05th September, 2011.
- e. Dividend Payment Date: 30/09/2011
- f. Listing of Equity Shares on Stock Exchanges: The Ahmedabad Stock Exchange Limited Annual listing fees for the financial Year upto 31-03-2011 has been paid.
- g. Stock Code: ASE 34628
- h. Demat ISIN number: **INE142K01011**
- i. Share Transfer System: All the transfers are received and processed by share Transfer agents and are approved by share transfer committee. Share Transfer requests received in physical form are registered within 30 days and demat requests are confirmed within 21 days.
- j. Distribution of Shareholding as on 31.03.2011.

Share Holding of Nominal Value		Share Holders		Share Amount	
Rs.	Rs.	No.	% to total	In Rs.	% to total
upto	5000	1,949	92.94	4071000	5.80
5,001	10,000	35	1.67	350000	0.50
10,001	20,000	3	0.14	55000	0.08
20,001	30,000	0	0.00	0	0.00
30,001	40,000	5	0.24	200000	0.28
40,001	50,000	8	0.38	388000	0.55
50,001	1,00,000	2	0.10	198000	0.28
1,00,001	and above	95	4.53	64938000	92.50
Total		2097	100.00	70200000	100.00

k. Shareholding pattern as on 31.03.2011

Category	No of Shares held	% of Shareholding
a. Promoters and persons who may be deemed to be acting in concert including promoter/directors group		
Companies	2520000	35.90
b. Other bodies corpora	1798400	25.62
c. Indian public	2451600	34.92
d. HUF	250000	3.56
TOTAL	7020000	100

Dematerialization of shares: As on 31-03-11 Demated shares accounted for 48.72% (34,20,200 Equity Shares) of total equity.

Outstanding GDR / ADR / Warrants: Not Applicable

Address for communication:

- M/s.Purva Sharegistry (India) Pvt. Ltd.
No-9, Shiv Shakti Industrial Estate,
Ground Floor, J. R. Boricha Marg,
Opp. Kasturba Hospital, Lower Parel,
Mumbai - 400 011
Tele No. : 022-2301 6761 / 2301 8261 Fax No. : 022-2301 2517
E-mail :busicomp@vsnl.com
- Maloo Gems & Jewellery Limited
306, Mahavir Chambers, Taratiya Hanuman Gally,
Hatl~faliyu, Mahidhar Pura, Surat – 395003

ANNEXURE “B” TO DIRECTORS’ REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Business Overview:

We at Maloo Gems & Jewellery Limited dedicate excellence in our prime mission of software development for diamond machineries and now taking initiatives in the business of diamond machineries in diamond industry with updated technology, keeping in mind the need of the industry and global competency.

We are committed towards maximum customer satisfaction and to cater their needs and to match their expectations for quality, reliability, safety, and technology and after-sale service. We move as a well-organized team with active involvement of persons at all levels for continual process improvements underlining the aspirations of the customers.

Our motto is to render quickest service to the customer at his call hence our concern for the customer and our customer to keep his wheel moving without any interruptions.

OVERALL REVIEW OF COMPANY:

Product Portfolio:

Customer's satisfaction by delivering quality products has been the corner stone of our Company. The Company, therefore, believes in manufacturing of all critical and precision components in-house. The production facilities of the Company are equipped with high precision machine tools and managed by a team of well qualified and experienced engineers and technicians.

Research & Development has always been the focus and strength of the company. This effort has helped the industry by many innovative products and technologies.

The group has dedicated Design and R&D centre which is recognized by Department of Science & Technology Govt. of India. This facility is equipped with most modern instruments, manned by highly qualified engineers from various disciplines developing products & solutions to meet the need of markets and provide value added services to our customers. Hence, the next step of the Company will be to include following variety of products in the portfolio of the Company products:

- ❖ Diamond scope
- ❖ Luster View

- ❖ E Scope
- ❖ Diamond Counting System
- ❖ Auto Sawing Pad
- ❖ Polishing Sensor

OPPORTUNITIES AND THREATS:

An Initiative that Transformed the Industry:

Maloo Gems & Jewellery Limited, the leading company in polymers machinery manufacturing industry-developing enduring relationship with customers by providing quality products and service since 15 years.

Our Clientele:

With consistent quality products and services, we have achieved total customer satisfaction resulting in worldwide customer base. We have been able to achieve long standing association with our clients by offering them maximum benefits through our superior quality of services and products.

We have a wide network of distributors and offices, which are always there to assist our clients in meeting all of their requirements with utmost precision and within time. Our teams of technically sound sales persons ensure prompt delivery of goods and provide friendly assistance with round the clock services to our valued customers.

Quality Assurance:

Committed to deliver an up to date technology through continuous innovation and research

Equipped with required infrastructure and utility

Advance lab fully equipped for monitoring of test results and monitoring of produced machines in plant

Equipped with required all testing / measuring / trial equipments for demonstration and measurement

Skilled expert of diamond industry with mechanical technocrats with advance software technology made, research easier and quicker

3-D modeling of design and components are prepared for design validation prior to match required standard of accuracy and strength

After sale support team is linked with R&D team for timely update of product performance and analysis of complain route cause to make product error / trouble free

Customer has liberty to suggest their view / experience to make product more reliable and efficient.

CURRENT SCENARIO:

The Competitive Edge:

Maloo Gems & Jewellery Limited stands tall in its arena owing to a number of factors. Few of these are:

- ❖ Strong Human Resource consisting of best talent from field of Laser, computer software-hardware, electronics and mechanical and management
- ❖ Value for money products.
- ❖ Commitment for quality in products and operations
- ❖ A large base of satisfied customers across the globe
- ❖ Dedicated efforts towards technical excellence through continuous innovation
- ❖ Customer centric product development approach
- ❖ Well articulated market sensing mechanism
- ❖ A market share of around 80% of the supply of laser machines
- ❖ Advanced R&D and manufacturing infrastructure
- ❖ Highly dynamic & well equipped Marketing & Service team
- ❖ Driven by the purpose of client business excellence

Internal Control Systems and their adequacy:

The Company is committed to maintaining an effective system of internal control for facilitating accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with all laws and regulations. The Company has an internal control department to monitor, review and update internal controls on an ongoing basis. The Company has put in place a well defined organization structure, authority levels and internal guidelines for conducting business transactions. The Company appointed independent internal auditors, who would monitor and review all transactions independently to get higher level of efficiency and would report directly to the Audit Committee, which consists of entirely independent directors, on quarterly basis. The Internal Auditors conducts audit all key business areas as per the pre-drawn audit plan. All significant audit observations and follow up actions are reported to the Audit Committee along Internal Audit reports and management's responses/replies. The minutes of Audit Committee would be reviewed by the Board for its suggestions/recommendations to further improve the internal control systems. The Audit Committee periodically reviews audit

plans, observations and recommendations of the internal auditors as well as external auditors with reference to significant risk areas and adequacy of internal controls.

Human Resources / Industrial Relations:

The Company believes that its people are a key differentiator, especially in knowledge driven, competitive and global business environment. Adapting work culture to suit the dynamic balancing of people requirements and employee needs is an ongoing process. Fundamental HR processes which enable higher performance orientation, speed, skill and competency development, talent management and human asset refreshable are corner stones for the success of any organization.

Caution Statement:

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate, intend, will, expect and other similar expressions are intended to identify such forward looking statements. The Company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Besides, the Company cannot guarantee that these assumptions and expectations are accurate or will be realized and actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements.

For Maloo Gems & Jewellery Limited

Date: 08/08/2011

Place: Surat

Sd/-
(Manish Janani)
Managing Director

Sd/-
(Dipan Patwa)
Director

Declaration of compliance with the code of conduct

In accordance with clause 49 of the Listing Agreement with the Stock Exchanges, Mr. Manish Janani, Chairman & Managing Director of the Company, hereby declare that the Board Members and senior Management Personnel have affirmed compliance with the said Code of Conduct, as mentioned in this report, for the year ended 2011.

For Maloo Gems & Jewellery Limited

Date: 08/08/2011

Place: Surat

Sd/-
(Manish Janani)
Managing Director

Sd/-
(Dipan Patwa)
Director

PROXY FORM

Registered Folio No:

No of Shares held:

I/We _____ of _____ being Member / Members of Maloo Gems & Jewellery Limited, hereby appoint Shri / Smt. _____ of _____ or failing him Shri / Smt. _____ of _____ as my/ our proxy to vote for me/ us and on my/ us behalf at the 16th Annual General Meeting of the Company to be held on 30th Day of September, 2011 at 11.30 a.m.

Signed by the said _____ day of _____ 2011.

Signature: _____

**Affix Rs.
1
Revenue
Stamp**

Applicable to the members holding shares in electronic form.

NOTE:

The proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

ATTENDANCE SLIP

Please complete this Attendance slip and hand it over at the entrance of the Meeting Hall. It helps us to make proper arrangements. Failures to bring this Attendance Slip create unnecessary inconvenience to you. Please write below

Reg. Folio No:

I hereby record my presence at the 16th Annual General Meeting of the Company held at 306, Mahavir Chambers, Taratia Hanuman Gally, Mahidhar Pura, Surat-395 003, Gujarat on the 05th Day of September, 2011 at 11.30 a.m.

Full Name of the Members/Proxy _____

(In Block Letters, to be filled in if the proxy attends instead of the Member)

Members/ Proxy Signature

Application to the members holding shares in electronic form.

NOTES:

1. Members/ Proxy holders are requested to bring their copy of the Notice with them at the Meeting.
2. Please carry with you this Attendance Slip and hand over the same duly completed, stamped signed at the space provided, at the entrance of the Meeting Hall.
3. Shareholders / Proxy holders should bring their copy of the Annual Report for the meeting.

Doshi Maru & Associates

Chartered Accountants

9, Shreepal Building,
S N Road, Tambe Nagar,
Mulund– (West),
Mumbai – 400 080.
Tel: (O)23472578
(R) 25654859

AUDITORS REPORT TO THE MEMBERS

OF

MALOO GEMS & JEWELLERY LIMITED

1. We have audited the attached Balance Sheet of **MALOO GEMS & JEWELLERY LIMITED** as at 31st March, 2011 and the Profit & Loss Account and Cash Flow statement for the year ended on that date and report thereon in accordance with the provisions of Section 227 of the Companies Act, 1956. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in Para 3 and on the basis of the audit indicated herein, 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, the company has kept proper books of account as required by law, so far as appears from our examination of the books of account.
 - c) The Balance Sheet and Profit and Loss Account and Cash Flow statement dealt with this report are in agreement with the books of Account.
 - d) In our opinion, the Balance sheet and Profit and Loss account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable except for disclosures of

fixed deposits and secured loans against fixed deposits (Refer Notes to Accounts Point.No. 5 and 6).

- e) On the basis of written representation received from the directors, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2011 from being appointed as director in terms of clause (g) of Section 274(1) 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 together with the Notes appearing in Schedule 10 annexed thereon gives the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view: -
 - i) In case of Balance Sheet, of the Company's affairs as at 31st March, 2011
 - ii) In case of Profit and Loss Account, of the Profit for the year ended on that date.
 - iii) In the case of Cash flow statement, of the cash flows for the year ended on that date.

For M/s. Doshi Maru & Associates
Chartered Accountants

Sd/-

Atul B Doshi
Partner
FRN : 112187W
Place: Mumbai
Dated: 08TH August, 2011

MALOO GEMS & JEWELLERY LIMITED

ANNEXURE TO THE AUDITORS' REPORT

RE: MALOO GEMS & JEWELLERY LIMITED REFERRED TO IN PARA 3 OF OUR REPORT OF EVEN DATE

1. The company has maintained fixed assets register showing full particulars including quantitative details and situation of fixed assets . As explained to us, the Management at reasonable intervals physically verified the fixed assets. No material discrepancies were noticed on such verification.
2. The management has physically verified inventory of stock of material, spares parts or finished stocks and frequency of verification is reasonable. In our opinion, the procedure for physical verification of stocks followed by management is reasonable and adequate in relation to the size of the company and nature of its business. The discrepancies noticed on physical verification were not material.
3. The Company has not granted loans to company listed in the register maintained U/s. 301 of the Companies Act, 1956. The Company has not taken loan from companies listed in the register maintained U/s. 301 of the Companies Act, 1956. As company has not granted loans to companies listed in the register maintained u/s 301, clause (b) and (c) are not applicable.
4. According to the information given to us, in our opinion there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase & sale of goods & fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. (a) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 that are exceeding the value of Rupees five Lacs.
(b) In our opinion and according to the information and explanations given to us, as there are no transactions exceeding the value of Rupees five Lacs, the question of reasonableness having regard to the prevailing market prices at the relevant time does not arise;
6. The Company has not accepted any deposits from the public during the previous year.
7. The Company has internal audit system and is considered as commensurate with the size of the company and nature of the business of the company.
8. As per the information given to us the Central Government has not prescribed maintenance of cost records to this company under Section 209 (1) (d) of the Companies Act, 1956.
9. As informed to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax(VAT), Customs Duty, Excise Duty as at last date of financial year, that were outstanding for a period of more than six months from the date they became payable.
10. As on 31.03.2011, the Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit as well as during the immediately preceding financial year. The company is not a sick industrial company within the meaning of clause (o) of sub-section 1 of section 3 of The Sick Industrial Companies (Special Provisions) Act, 1985.

11. On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in payment of dues to a financial institution or bank.
12. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities
13. The Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of this clause are not applicable.
14. The Company being Trading and Manufacturing company conducting export sales; proper records has been maintained and timely entries have been made therein of the purchase, sales and income transactions and contracts entered into during the said period, if any. The company is not a chit fund or a nidhi/mutual fund benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company. The company is holding investments in mutual fund and listed securities.
15. As informed to us, the Company has not given any guarantee for loans taken by others from any bank or financial institution.
16. As the Company has no term loan outstanding as at 31.03.2011, the provisions of this clause are not applicable .
17. 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 by the Company.
18. The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. During the year the Company has allotted 20,00,000 equity shares of Rs.10 each fully paid up at a premium of Rs.65 per share.
21. 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 M/s. Doshi Maru & Associates.,
Chartered Accountants

Sd/-

(Atul B Doshi)
Partner
FRN : 112187W
Place: Mumbai
Date : 08/08/2011

MALOO GEMS & JEWELLERY LIMITED.**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.**

SCHEDULE	YEAR ENDED 31ST MARCH 2011 Rupees.	YEAR ENDED 31ST MARCH 2010 Rupees.
<u>INCOME</u>		
Turnover	3,362,668,551.00	1,940,335,221.00
Other Income K'	213,888,732.41	29,422,110.50
Increase /(Decrease) in Inventories L'	(92,121,332.00)	159,108,938.00
TOTAL Rs.	3,484,435,951.41	2,128,866,269.50
<u>EXPENDITURE</u>		
Cost of Goods Sold M'	3,262,984,816.00	2,082,955,302.00
Administrative Expenditure N'	9,265,862.17	8,073,313.50
Financial Expenditure O'	182,751,159.22	22,186,871.16
Depreciation D'	270,451.00	262,134.00
TOTAL Rs.	3,455,272,288.39	2,113,477,620.66
PROFIT BEFORE TAX	29,163,663.02	15,388,648.84
Less: Provision For Income Tax	9,711,370.00	4,474,416.00
Less: Provision For Deferred Tax	(19,506.00)	(44,059.00)
PROFIT AFTER TAX	19,471,799.02	10,958,291.84
Add: Balance Brought Forward From Previous Year	16,780,413.75	8,758,696.91
PROFIT AVAILABLE FOR APPROPRIATION	36,252,212.77	19,716,988.75
<u>APPROPRIATION</u>		
Proposed Dividend	7,020,000.00	2,510,000.00
Provision for Reduction in Value of Investments	1,264,930.90	-
Tax on Proposed Dividend	1,138,820.00	426,575.00
Balance Carried Forward To Balance Sheet	26,828,461.87	16,780,413.75
	-	-
EARNING PER SHARE (REFER NOTE 20 OF NOTES TO ACCOUNTS) IN Rs.		
EQUITY SHARES, PAR VALUE Rs 10 EACH		
BASIC	2.77	2.18
DILUTED	1.68	2.18
SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS 'P'		
THE SCHEDULES REFERED TO ABOVE FORM AN ENTIGRAL PART OF THE PROFIT & LOSS ACCOUNT		
AS PER OUR ATTACHED REPORT OF EVEN DATE		
FOR DOSHI MARU & ASSOCIATES	FOR MALOO GEMS & JEWELLERY LIMITED	
CHARTERED ACCOUNTANT		
sd/-	sd/-	sd/-
ATUL DOSHI PARTNER FRN : 112187W PLACE: MUMBAI DATE: 08/08/2011	MANISH JANANI DIRECTOR DATE: 08/08/2011	DIPAN PATWA DIRECTOR

MALOO GEMS & JEWELLERY LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE	YEAR ENDED	
	31ST MARCH 2011	31ST MARCH 2010
	Rupees.	Rupees.
<u>SOURCES OF FUNDS</u>		
<u>1. SHAREHOLDERS FUNDS</u>		
a) Share Capital	`A' 70,200,000.00	50,200,000.00
b) Reserve & Surplus	`B' 156,828,461.87	16,780,413.75
<u>2. LOAN FUNDS</u>		
a) Secured Loans	-	207,511.92
b) Unsecured Loans	24,337,084.00	706,590,329.00
Deffered Tax Laibility	98,041.00	117,547.00
TOTAL	251,463,586.87	773,895,801.67
<u>APPLICATION OF FUNDS</u>		
<u>1.FIXED ASSETS</u>		
Gross Block	3,688,384.00	3,432,699.00
LESS:Accumulated Depreciation	2,131,874.00	1,861,423.00
Net Block	1,556,510.00	1,571,276.00
<u>2. INVESTMENTS</u>		
	4,983,389.00	5,866,222.00
<u>3.CURRENT ASSETS , LOANS AND ADVANCES</u>		
a) Inventories	66,987,606.00	282,623,094.00
b) Sundry Debtors	`F' 394,117,645.00	747,824,005.00
c) Cash & Bank Balances	`G' 149,552,366.33	81,263,893.67
d) Other Current assets,Loans & advances	`H' 147,025,676.71	45,028,432.00
	757,683,294.04	1,156,739,424.67
Less : Current Liabilities And Provisions	`I'	
Current Liabilities	500,401,998.17	383,306,906.00
Provisions	13,080,008.00	7,937,415.00
	513,482,006.17	391,244,321.00
Net Current Assets	244,201,287.87	765,495,103.67
Deferred Revenue Expenditure	J' 722,400.00	963,200.00
TOTAL	251,463,586.87	773,895,801.67

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS `P'

THE SCHEDULES REFERED TO ABOVE FORM AN ENTIGRAL PART OF THE BALANCE SHEET

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR DOSHI MARU & ASSOCIATES
CHARTERED ACCOUNTANT

FOR MALOO GEMS & JEWELLERY LIMITED

sd/-

sd/-

sd/-

ATUL DOSHI
PARTNER
 FRN : 112187W
 PLACE: MUMBAI

MANISH JANANI
DIRECTOR

DIPAN PATWA
DIRECTOR

DATE: 08/08/2011

DATE: 08/08/2011

MALOO GEMS & JEWELLERY LIMITED**SCHEDULE 'A' TO 'P' ANNEXED TO AND FORMING PART OF THE ACCOUNTS****FOR THE YEAR ENDED 31ST MARCH 2011.**

	YEAR ENDED 31ST MARCH 2011 Rupees.	YEAR ENDED 31ST MARCH 2010 Rupees.
<u>SCHEDULE : A</u>		
SHARE CAPITAL		
AUTHORISED CAPITAL		
2,00,00,000 (2,00,00,000) Equity Shares of Rs.10/- Each	<u>200,000,000.00</u>	<u>200,000,000.00</u>
ISSUED,SUBSCRIBED AND PAID-UP CAPITAL		
70,20,000 (50,20,000) Equity Shares of Rs.10/- Each fully paid	<u>70,200,000.00</u>	<u>50,200,000.00</u>
Total Rs.	<u>70,200,000.00</u>	<u>50,200,000.00</u>
<u>SCHEDULE : B</u>		
RESERVES & SURPLUS		
Securities Premium	130,000,000.00	-
Profit and Loss Account	<u>26,828,461.87</u>	<u>16,780,413.75</u>
Total Rs.	<u>156,828,461.87</u>	<u>16,780,413.75</u>
<u>SCHEDULE : C</u>		
SECURED LOANS		
From Banks	-	207,511.92
(as per groupings attached to financial Statement)		
(Refer Point No. 5 of Notes to Accounts)		
Total Rs.	<u>-</u>	<u>207,511.92</u>
UNSECURED LOANS		
Inter Corporate Loans	24,337,084.00	706,590,329.00
(as per groupings attached to financial Statement)		
Total Rs.	<u>24,337,084.00</u>	<u>706,590,329.00</u>
Grand Total Rs.	<u>24,337,084.00</u>	<u>706,797,840.92</u>

SCHEDULE : 'D'**MALOO GEMS & JEWELLERY LIMITED.****FIXED ASSETS SCHEDULE AS ON 31ST MARCH 2011.**

SR. NO.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01/04/2010	ADDITIONS DURING THE YEAR	DEDUCTION DURING THE YEAR	AS ON 31/03/2011	AS ON 01/04/2010	ADJUSTMENT FOR THE YEAR	DEPRECIATION FOR THE YEAR	UPTO 31/03/2011	AS ON 31/03/2011	AS ON 31/03/2010
1	Land & Building	-		-	-	-	-	-	-	-	-
2	Air Conditions	84,539	-	-	84,539	39,560	-	4,016	43,576	40,963	44,979
3	Aquaguard	6,888	-	-	6,888	3,218	-	327	3,545	3,343	3,670
4	Furniture & Fixture	1,947,500	-	-	1,947,500	1,175,273	-	123,277	1,298,550	648,950	772,227
5	Motor Car	1,300,000	-	-	1,300,000	617,500	-	123,500	741,000	559,000	682,500
6	Office Equipments	20,093	53,160	-	73,253	8,906	-	1,655	10,561	62,692	11,187
7	Water coolers	16,439	-	-	16,439	7,687	-	781	8,468	7,971	8,752
8	Computers	57,240	112,335	-	169,575	9,279	-	15,486	24,765	144,810	47,961
9	Safe	-	90,190	-	90,190	-	-	1,409	1,409	88,781	-
	TOTAL RUPEES	3,432,699	255,685	-	3,688,384	1,861,423	-	270,451	2,131,874	1,556,510	1,571,276
	PREVIOUS YEAR	(3,375,459)	(57,240)	-	(3,432,699)	(1,599,289)	-	(262,134)	(1,861,423)	(1,571,276)	(1,776,170)

SCHEDULE : E**INVESTMENTS**

Reliance Infrastructure fund	1,000,000.00		1,000,000.00
Less: Reduction In Value of Investment	<u>95,609.00</u>	904,391.00	
Investment in Kingfisher shares at cost	4,394,154.05		4,866,222.00
Less: Reduction In Value of Investment	<u>791,184.05</u>	3,602,970.00	
JKI Industries	831,407.85		-
Less: Reduction In Value of Investment	<u>378,137.85</u>	453,270.00	
Gold Coin		22,758.00	-
Total Rs.		<u>4,983,389.00</u>	<u>5,866,222.00</u>

SCHEDULE : F SUNDRY DEBTORS

More than 6 months	13,309,095.00		-
Less than 6 Months	<u>380,808,550.00</u>		747,824,005.00
	<u>394,117,645.00</u>		<u>747,824,005.00</u>

SCHEDULE : G CASH AND BANK BALANCE

Cash on Hand	486,792.00		738,806.00
Oriental Bank Auto Sweep A/c	-		1,327,421.00
Fixed Deposit with Bank	118,002,337.47		45,616,575.00
(as per groupings attached to financial Statement)			
(Refer Point No. 6 of Notes to Accounts)			
<u>Bank Account</u>			
Idbi Bank Ltd	5,118,795.61		99,800.00
Indusind Bank	23,735,167.47		18,279,141.67
Oriental bank of Commerce	1,644,141.78		18,236.00
Nutan Nagarik Sahakari Bank Ltd	-		5,089.00
Axis Bank	<u>565,132.00</u>		15,178,825.00
	<u>149,552,366.33</u>		<u>81,263,893.67</u>

SCHEDULE : H CASH AND BANK BALANCE**CURRENT ASSETS , LOANS AND ADVANCES**

Deposits & Advances	6,904,684.00		242,171.00
<u>Taxes paid</u>			-
Advance Tax	-		2,500,000.00
Income Tax Refundable A.Y. 2010-11	189,716.00		-
Vat Refundable F.Y. 2010-11	937,751.00		-
Income Tax Refundable A.Y. 2011-12	<u>1,770,036.00</u>		2,164,132.00
	2,897,503.00		
Accrued Interest	93,380,743.71		19,123,348.00
Advances Recoverable in cash or kind	43,842,746.00		20,998,781.00
(as per groupings attached to financial Statement)			
Total Rs.		<u>147,025,676.71</u>	<u>45,028,432.00</u>

SCHEDULE : I**CURRENT LIABILITIES & PROVISIONS****CURRENT LIABILITIES**

Sundry Creditors	318,316,213.00	304,382,034.00	
Other Liabilities	182,085,785.17	78,924,872.00	
(as per groupings attached to financial Statement)		500,401,998.17	383,306,906.00

PROVISIONS

Provision for Income Tax	-		4,474,416.00
Dividend Payble (2009-2010)	750,000.00		2,510,000.00
Proposed Dividend	7,020,000.00		-
Dividend Distribution Tax Payable	-		426,575.00
T.D.S. Payable	5,310,008.00		526,424.00

	13,080,008.00		
Total Rs.	513,482,006.17		391,244,321.00

SCHEDULE : J**DEFFERED REVENUE EXPENDITURE**

OPENING BALANCE	963,200.00		1,204,000.00
LESS: W/OFF DURING THE YEAR	240,800.00		240,800.00
	722,400.00		963,200.00

SCHEDULE : K**OTHER INCOME**

Exchange Rate Difference	16,266,130.50		5,688,472.00
Dividend	10.00		1,928,693.50
Interest on Fdr	197,225,348.00		21,379,455.00
Profit on Forward Contract	-		425,490.00
Prior Period Income/Expense	110,707.00		-
Short Term Capital Gain	286,536.91		-

Total Rs.	213,888,732.41		29,422,110.50
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SCHEDULE : L**ACCRETION/(DECRETION) OF INVENTORIES**

Opening Stock	159,108,938.00		-
Less : Closing stock	66,987,606.00		159,108,938.00
Total Rs.	(92,121,332.00)		159,108,938.00

SCHEDULE : M**COST OF GOODS SOLD**

Purchase Finished Goods	2,061,393,592.00		1,455,507,725.00
Raw Material Consumed	1,180,989,459.00		621,236,175.00
Clearing & forwarding Charges	1,145,892.00		721,424.00
Labour Charges (Paid)	19,455,873.00		5,489,978.00
Total Rs.	3,262,984,816.00		2,082,955,302.00

SCHEDULE : N**ADMINISTRATION EXPENSES**

Auditor Remuneration	25,000.00	20,000.00
Books & Periodical Subscription Exp.	1,596.00	-
Business Promotion Exp.	31,000.00	-
CDSL Fees	38,605.00	56,253.00
Conveyance/Travelling Expenses	64,903.00	19,763.00
Commission & Brokerage	4,195,224.00	4,885,616.00
Discount Allowed	-	45,184.00
Demat Charges	1,513.55	-
Donation	326,000.00	6,000.00
Deferred Revenue Exp W/off	240,800.00	240,800.00
Directors Remuneration	1,000,000.00	-
Electricity Charges	73,952.00	28,888.00
Foreign Travelling Expenses	84,982.00	-
Insurance Chgs	333,720.00	122,389.50
NSDL Fees	17,648.00	-
Listing Fees	34,766.00	65,200.00
Office General Exp	7,828.00	21,818.00
Postage & Courier Charges	1,521.00	-
Prior Period Expenses	10,719.00	-
Professional Fees	1,106,248.00	2,069,988.00
Profession Tax	2,500.00	2,500.00
Printing & Stationery	49,152.00	17,450.00
Rent, Rate & Taxes	575,440.00	326,000.00
Legal charges	3,083.62	12,155.00
Salaries	928,497.00	130,000.00
SEBI Penalty	85,000.00	-
Telephone Chgs	26,164.00	3,309.00
Total Rs.	9,265,862.17	8,073,313.50

SCHEDULE : O**FINANCIAL EXPENSES**

Bank Charges	9,719,438.98	7,070,741.49
Bank Interest	65,706,741.24	5,500,963.67
Forward Premium	55,009,473.00	7,860,435.00
Interest Paid	52,315,506.00	1,754,731.00
Total Rs.	182,751,159.22	22,186,871.16

MALOO GEMS & JEWELLERY LIMITED

SCHEDULE 'P' OF NOTES ON ACCOUNTS ANNEXED TO & FORMING PART OF BALANCE SHEET AS ON 31/03/2011

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) as a going concern , under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006 notified by the Central Government and the provisions of Section 211(3C) of the Companies Act, 1956. Accounting policies have been consistently applied from one period to the other except otherwise stated.

b) Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, income taxes and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made.

c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

d) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with the Accounting Standard 15 "Employee Benefits".

e) Taxation

Tax expense comprises current tax (MAT) , deferred tax.

Provision for current tax is ascertained on the basis of the taxable income computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets

relating to timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

f) Provisions and contingencies

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may be, but probably will not, require an outflow of resources. These will not be charged to the Profit & Loss Account as it is not probable that future events will confirm that an asset has been impaired or a liability has been incurred as at the balance sheet date. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to accounts:

2. Fixed Assets :

Fixed Assets are carried at cost of acquisition or construction including incidental expenses related to acquisition and installation on concerned assets, less accumulated depreciation and amortization. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes and other incidental expenses incurred during the construction / installation stage.

3. Depreciation :

The company has provided depreciation on Straight Line Value Method over the estimated useful lives of assets at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation is charged on pro-rata basis from the date of capitalization. Individual asset costing Rs. 5000/- or less are fully depreciated in the year of acquisition.

4. Investments :

Long Term investments are valued at Cost. Current investments are valued at lower of cost or fair market value as on the date of Balance Sheet. The group provides for diminution in value of investments, other than temporary in nature. During the year company has provided for diminution in value of investments of Rs.12,64,930.90 and the same is reduced from the value of investments as carried on in Balance Sheet.

5. Secured Loans :

The company has utilized loans against pledge of fixed deposits receipts with Indusind Bank Ltd., Oriental Bank of Commerce, IDBI Bank Ltd and Axis Bank Ltd. The secured loans amounting to Rs. 22233.04 Lacs (18144.33 Lacs) has been Netted off against Fixed Deposits with various banks of Rs. 23413.06 Lacs (18600.50 Lacs) and Net amount of Rs. 1180.02 Lacs (456.17 Lacs) is reflected in Balance sheet under Head of Cash and Bank Balance under Current Assets group.

6. Cash and Bank Balances :

Fixed Deposits Receipts :

The company has total fixed deposits of Rs. 23413.06 Lacs (18600.50 Lacs) with Indusind Bank Ltd., Oriental Bank of Commerce, IDBI Bank Ltd, Axis Bank Ltd. The company has utilized overdraft facility and buyer's credit facility of Rs. 22233.04 Lacs (18144.33 Lacs) by way of pledge of said FDR's. The company has adjusted overdraft and buyer's credit facility against fixed deposits and disclosed net amount in the Balance sheet. The disclosure is in the following manner :

	Current Year (Rs.)	Previous Year (Rs.)
Total Fixed deposits	23413.06 Lacs	18600.50 Lacs
Less : Overdraft and buyer's credit	22233.05 Lacs	18144.33 Lacs
Adjusted against fixed deposits		
Net fixed deposits as reflected in Balance sheet	1180.02 Lacs	456.17 Lacs

Current Assets, Loans & Advances and Current Liabilities :

The company has Netted off Deferred premium payable of Rs. 65.16 (217.38 Lacs) against Deferred premium receivable of Rs.502.11(424.23 Lacs) and Net amount of Rs. 436.94) is reflected in Balance sheet under the head Current Assets, Loans & Advances.

The company has Netted off 63.69 (15.79), Foreign Currency Receivable of Rs.23655.55 Lacs (11685.66 Lacs) against Receivable/Payable for forward contract of Rs. 25068.13 Lacs (12448.99 Lacs) and Net amount of Rs. 1348.90 Lacs (747.55 Lacs) is reflected in Balance sheet under the head Other Liabilities.

7. Revenue Recognition :

- (a) Sales, net of taxes are accounted for when property in the goods are transferred to the customers.
- (b) Dividend is recognized, when right to receive the dividend arises.
- (c) Items of Income and Expenditure such as Exchange Rate difference, Interest on FDR, Profit on Forward Contract, Forward premium, Interest paid are recognized on accrual basis, unless otherwise stated.
- (d) Interest income is recognized on time proportion method.
- (e) Amounts received or billed in advance of goods sold are recorded as advances from customers.

8. Preliminary Expenses :

Preliminary Expenses are amortized over a period of five years.

9. Foreign Currency Transactions :

Transactions in foreign currency are recognized at the prevailing exchange rates on the transaction dates. Realized gain or losses on settlement of foreign currency transactions are recognized in the Profit and Loss account. Foreign current denominated monetary assets and liabilities at the year end are translated at the year end exchange rates and recognized in the Profit and Loss account. Non monetary foreign currency items are carried at cost.

The company enters into forward exchange contract and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising on the inception of a forward exchange contract (other than a firm commitment or highly probable forecast) or similar instrument is amortised as expense or income over the life of contract. Exchange difference on such a contract are recognized in the Profit and Loss account in the year in which the exchange rates change. Any Profit or Loss arising on cancellation of such a contract is recognized as income or expense for the year. The

company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

10. **Taxation :**

Current Tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax for timing differences between the income as per financial statement and income as per the Income Tax Act, 1961 is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance sheet date. Deferred tax assets arising from the timing differences are recognized to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

11. **Employee Benefits :**

Presently, employee benefits such as Provident fund, Gratuity or other benefits are provided by the company.

12. **Lease Accounting :**

Lease Rentals under operating leases are recognized in the Profit and Loss account on Straight Line Method. The company has not taken any equipments on lease.

13. **Treatment of contingent Liability :**

The company recognizes a provision where there is a present obligation as result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources is remote. As the company does not have any contingent liability, no disclosure as specified in Accounting Standard 29 – “Provisions, Contingent Liabilities and Contingent Assets” is made.

14. **Disclosure of Related Parties :**

“Related party Disclosures” as required by Accounting Standard 18 is enumerated below:

Transactions with Group Companies : NIL

Transactions with Key Management Personnel :

Expenses :

NAME	NATURE OF TRANSACTION	CURRENT YEAR	PREVIOUS YEAR
Manish Janani	Director Remuneration	5,00,000.00	NIL
Dipan Patwa	Director Remuneration	5,00,000.00	NIL

The computation of Net Profit for the purpose of calculation of director’s remuneration under Section 349 of the Companies Act 1956 is not enumerated, since no commission has been paid to the Directors.

15. **Segment Reporting :**

In accordance with the requirements of Accounting Standard 17 “Segment Reporting” the Company’s Business Segment is “Trading and working on Diamonds”. As the company operates in only one segment, Segment Reporting as per Accounting Standard 17 is not applicable.

16. Inventories :

Raw materials are valued at cost or net realizable value whichever is lower. Cost is computed using First in First out method. Work in progress is computed by adding cost of purchase, appropriate share of conversion and other overheads incurred in bringing the inventories to its present location and condition. Finished goods includes cost of purchase, cost of conversion and other overheads incurred in bringing the inventories to its present location and condition.

17. Stock and Turnover :

Information pursuant to paragraphs 4C & 4D (C) of Part II of Schedule VI to the Companies Act, 1956 as applicable to the Company doing manufacturing activity is as :

Quantitative details of materials :

<u>Rough Diamonds</u>	<u>Current Year(Carats)</u>	<u>Previous Year(Carats)</u>
Opening Stock	43039.94	0.00
Purchases	240043.23	188795.54
Issued for manufacturing	87546.71	25779.05
Sales	195536.46	119976.55
Closing Stock	NIL	43039.94

Polished Diamonds

Opening Stock	20322.20	0.00
Purchases	124341.56	110069.85
Manufacturing	26428.08	6344.72
Sales	168040.70	96092.37
Closing Stock	3051.14	20322.20

18. Deferred Taxation :

The major components of deferred taxation arising out of timing differences are :

Liabilities	As on 31.03.2011	As on 31.03.2010
Depreciation	-19506.00	-44059.00
Net Deferred Tax Liability	-98041.00	-117547.00

19. Payment to Auditors :

	Current Year (Rs.)	Previous Year (Rs.)
For Audit Fees	25000	20000

20. Earnings and Expenditure in Foreign exchange :

The earnings and expenditure in foreign exchange as incurred by the company is as :

Nature of Transaction	Current Year (US \$)	Previous Year (US \$)
Export Sales	45080007.82	2959525.76
Import Purchase	62957316.71	41108039.53
CIF value of imports	65915611.84	47430357.92
Foreign Travelling expense	1000.00	NIL

21. Share Capital :

During the year company has allotted 20,00,000 equity shares of Rs. 10 fully paid up at a premium of Rs. 65 per share aggregating to Rs. 15,00,00,000.

22. Earnings Per Share :

Basic earnings per share is computed by dividing the profit / (loss) after tax (including post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding the year. Diluted earnings per share is computed by

dividing the the profit / (loss) after tax (including post tax effect of extra ordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e., average market value of the outstanding shares). The earnings per share as computed as per Accounting Standard 20 is as :

<u>Earnings Per Share</u>	<u>31.03.2011</u>	<u>31.03.2010</u>
Profit before tax (Rs.)	19,471,799	10,958,292
Average number of shares (Nos)	7,020,000	5,020,000
Nominal value of shares (Rs.)	10	10
Basic Earnings Per share (Rs.)	2.77	2.18
Diluted earnings Per share (Rs.)	1.68	2.18

23. Cash Flow Statement :

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

24. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business. The provision for all known liabilities is adequate and is not in excess of the amounts reasonably necessary.
25. The Balances of Debtors, Creditors, Loans and advances are subject to reconciliation and confirmation.
26. Balance of Unsecured Loans includes interest charged on such loans, wherever applicable.
27. The information required under Section 217 (2A) (b) (ii) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not given as there was no employee in receipt of salary exceeding the limit specified in the section.
28. As defined in "The Micro, Small and Medium Enterprises Development Act, 2006", there are no amounts payable to any Micro and Small Scale Enterprises / Undertaking.
29. Previous year figures have been regrouped and rearranged wherever necessary to make them comparable with those of current year.
30. There are certain uncollected dues/receivables in foreign currency which are Outstanding for a period of more than six months as on Balance sheet date for which the required permission for extension of time has not been obtained from appropriate authorities. The amount of foreign currency receivables outstanding for more than six months is Rs. 1,16,67,350/-. However the receivables were received during the Month of April 2011 and May 2011.
31. During the year, an adjudication order under Rule 5 was passed by The Adjudication officer of SEBI and a penalty of Rs. 85,000/- was levied by SEBI and the same is paid by the company.

32. During the year, Company has applied for delisting its shares from Jaipur, Pune and Saurashtra Kutch Stock Exchanges.
33. The company has paid an advance for investment in SEZ and the same is grouped under Loans and Advances.
34. The company has outstanding unclaimed dividend of Rs. 7,50,000/- for the year 2009-10.

Additional Information pursuant to Part IV of Schedule VI to the Companies Act, 1956
Is given in Annexure 'A'

Signature to Schedule A to P
As per our report of even date
For M/s. Doshi Maru & Associates
Chartered Accountants

Sd/-

(Atul B Doshi)
Partner
FRN : 112187W
Place: Mumbai
Dated: 08th August, 2011

MALOO GEMS & JEWELLERY LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011**

(Currency - Rupees)

	<u>31-Mar-2011</u>	<u>31-Mar-10</u>
A Cash flow from operating activities		
Net profit before Tax	29,163,663	15,388,649
Adjustments for:		
Depreciation	270,451	262,134
Interest paid	-	1,754,731
Preliminary Expenses w/off	240,800	240,800
Interest Received	(197,225,348)	(21,379,455)
Dividend Received	(10)	(1,928,694)
	<u>(196,714,107)</u>	<u>(21,050,484)</u>
Operating profit before working capital changes	(167,550,444)	(5,661,835)
Decrease/(Increase) in Current Assets	465,574,567	(1,064,685,030)
Increase in Outstanding Liabilities	104,367,495	383,082,998
Increase / (Decrease) in other liabilities		
	<u>569,942,062</u>	<u>(681,602,032)</u>
Cash generated from operations	402,391,618	(687,263,867)
Taxation Adjustment Of Earlier Years		-
Income Tax Paid	1,770,036	4,664,132
Net cash from operating activities	<u>404,161,654</u>	<u>(682,599,735)</u>
B Cash flow from investing activities:		
Interest Received	197,225,348	21,379,455
Dividend Received	10	1,928,694
Sale/(Purchase) of Investment	(382,098)	57,301,474
Increase in fixed Assets	(255,685)	(57,240)
Net cash used in investing activities	<u>196,587,575</u>	<u>80,552,383</u>
C Cash flow from financing activities		
Capital raised during the year	150,000,000	-
Increase/(decrease) in Secured Loan Taken	(207,512)	207,512
Increase/(decrease) in Loans	(682,253,245)	684,070,929
Interest Paid	-	(1,754,731)
Preliminary Expenses	-	(1,204,000)
Dividend Paid		-
Corporate Tax on dividend		-
Net cash from financing activities	<u>(532,460,757)</u>	<u>681,319,710</u>
Net Increase/(Decrease) in cash and cash equivalents	<u>68,288,473</u>	<u>79,272,358</u>
Cash and cash equivalents (opening balance)	81,263,894	1,991,536
Cash and cash equivalents (closing balance)	149,552,366	81,263,894
As per our report of even date attached		
FOR DOSHI MARU & ASSOCIATES	FOR MALOO GEMS & JEWELLERY LIMITED	
CHARTERED ACCOUNTANT		
sd/-	sd/-	sd/-
ATUL DOSHI	MANISH JANANI	DIPAN PATWA
Partner	DIRECTOR	DIRECTOR
FRN : 112187W		
PLACE: MUMBAI		
DATE: 08/08/2011	DATE: 08/08/2011	

MALOO GEMS & JEWELLERY LIMITED.**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****PURSUANT TO PART -IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.****I REGISTRATION DETAILS**

Resistration No. : 28270 State Code : 04

Balance Sheet Date : 31-Mar-11

II CAPITAL RAISED DURING THE YEAR (AMOUNT IN RUPEES)

Public Issue : NIL Right Issue : NIL

Bonus Issue : NIL Private Placement : NIL

**III POSITION OF MOBILISATION AND EMPLOYMENT OF FUNDS
(AMOUNT IN RUPEES)****TOTAL LIABILITIES :** 251,463,587 **TOTAL ASSETS** 251,463,587**SOURCES OF FUNDS :**

Paid up Capital : 70,200,000 Reserves & Surplus : 156,828,462

Secured Loans : 0 Unsecured Loans : 24,337,084

Deferred Tax Liability 98041.00

APPLICATION OF FUNDS :

Net Fixed Assets : 1,556,510 Investments 4,983,389

Net Current Assets : 244,201,288 Misc. Expenditure 722400.00

Accumulated Losses : 0

IV PERFORMANCE OF THE COMPANY (AMOUNT IN RUPEES) :**Turnover/other :** 3,484,435,951 **Total Expenditure** 3,455,272,288
Income**Profit Before tax :** 29,163,663 **Profit After tax :** 19,471,799**Earning Per Share** 2.77 **Dividend rate :** 10%
(In Rupees)**GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY
(AS PER MONETARY TERMS)****Product Description**

I) Manufacturing & trading in diamonds

FOR DOSHI MARU & ASSOCIATES
CHARTERED ACCOUNTANTS**FOR MALOO GEMS & JEWELLERY LIMITED**sd/-
ATUL DOSHI
PARTNERsd/- sd/-
MANISH JANANI DIPAN PATWA
DIRECTOR DIRECTOR**FRN : 112187W**
PLACE : MUMBAI
DATE : 08/08/2011**DATE : 08/08/2011**