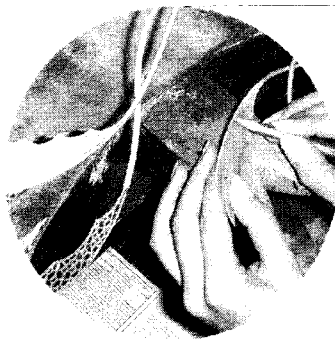


Annual Report 2007-2008



JDTI

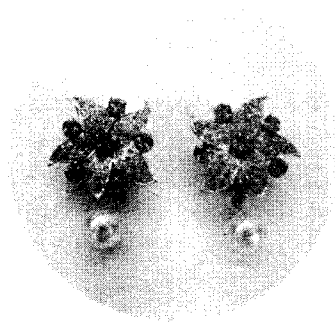
Jewellery Design & Technology Institute



ddc

Design Development Centre

Jewellery Design Solutions



niche

designer jewellery

SILVERSMITH INDIA LTD.

Dear Shareholders,

I gives me immense pleasure to present the financial results for 2007-08 to our valued stakeholders.

As you know your company Silver Smith India Ltd. was established in 1994 for the purpose of setting up fully automated and integrated manufacturing facilities to process raw silver and Gold into value added products and jewellery. Your company enjoys a good reputation in the field of education, designing as well as manufacturing in the jewellery industry.

It has three divisions to cater different aspects of jewellery.

EDUCATION

Jewellery Design & Technology Institute (JDTI) is a model institute setup to provide the much needed skilled professionals to the ever-growing jewellery industry. **JDTI** is supported by **World Gold Council** and promoted by the **Indo-German Export Promotion Project**. It has become an active part of jewellery industry and education sector with large strength of students and well experienced academic staff.

DESIGN OUTSOURCING

Design Development Centre (DDC) was initiated to help jewellery companies outsource their design related requirements. DDC aims to introduce innovative, creative and personalized design and also offers related services like product development, graphic identity and technical detailing amongst others.

SIGNATURE JEWELLERY

Niche is an exquisite jewellery brand. Handcrafted in precious metals and accentuated with Swarovski components and semi precious gemstones, each piece is an individual statement that embodies luxury and elegance, while at the same time satisfying the desire for contemporary style.

During the year we established a studio of our own product at Noida premises which is giving us good response and it is evident in the 4th quarter & 1st quarter of financial year 2007-08 and 2008-09 respectively.

The company has been witnessing a growth in demand for its education services and to meet this growing need it has decided to expand its reach in a number of large cities with potential for providing skilled and educated manpower for retailing, manufacturing and designing of jewellery.

We are also exploring the possibilities to enter into the business of silver mining and the process of negotiating with the foreign government of various countries as well existing private miners for acquiring of silver mines.

At this note I would like to thank all the shareholders, bankers and business associates for having confidence in the company. Today **Silver Smith India Ltd. is a multidimensional jewellery solutions company** in the country which has complete infrastructure under one roof whether it be Jewellery Manufacturing, Education, Consultancy & Design Development.

Thank you

(B.K. NARULA)
Chairman & Managing Director

SILVER SMITH INDIA LTD.

14TH ANNUAL REPORT

| | |
|--|---|
| CHAIRMAN-CUM-MANAGING DIRECTOR | : MR. B.K. NARULA |
| DIRECTOR | : MRS. RITA NARULA, MR. ALOK MITTAL, MR. V. P. MITTAL, MR. MAHESH PRASAD |
| COMPANY SECRETARY | : MR. ASHWIN A. SHIRALI |
| BANKERS | : Oriental Bank of Commerce, Bank of Baroda, HDFC Bank Ltd., IndusInd Bank Ltd. |
| STATUTORY AUDITORS | : Khanna Gulati & Associates 171, Somdutt Chamber-2, 9, Bhikaji Cama Place, New Delhi-110 066 |
| REGISTERED OFFICE | : Haveli No. 13, (Ground Floor) Hauz Khas Village Market, New Delhi-110 016 |
| WORKS | : A-89, Sector-2, Noida 201301 (U.P.) |
| REGISTRARS & SHARE TRANSFER AGENT | : M/s SKYLINE FINANCIAL SERVICES PVT. LTD. 246 1st Floor, Santnagar, East of Kailash, New Delhi-110 065 |

14TH ANNUAL GENERAL MEETING

Date : 30th September, 2008

Day : Tuesday

Time : 1:00 P.M.

Place : Saket Farm, D-3 Mall Road (Church Road), Vasant Kunj, Delhi-110070

- Please note that for security reasons, no Eatables, Helmets, Briefcases, Handbags, Cellular Phones, etc. will be allowed inside the premises.
- No Gifts/Snacks will be given at the Annual General Meeting.

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NOTICE

Notice is hereby given that the 14th Annual General Meeting of Silver Smith India Limited will be held on Tuesday the 30TH day of September 2008 at 1:00 P.M. at Saket Farm, D-3 Mall Road (Church Road), Vasant Kunj, Delhi – 110070 to transact the following business :

Ordinary Business

1. To receive consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2008, the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Mahesh Prasad, who retires by rotation and being eligible, offers him-self for reappointment.
3. To appoint auditors of the Company and fix their remuneration.

For and on behalf of the Board of Directors
FOR SILVER SMITH INDIA LIMITED

PLACE : New Delhi

Sd/-

DATE : 22nd August 2008

B.K. Narula
Managing Director

NOTES:

1. No snacks/eatables, gifts, coupons shall be distributed at the Annual General Meeting.
2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote (on poll only) instead of himself and the proxy need not be a member of the company. The enclosed proxy form, if intended to be used, should reach the registered office of the company, duly completed in all respects, not less than forty eight hours before the commencement of the meeting.**
3. Members are requested to bring their copy of the Annual Report and duly filled and signed Attendance Slips and deposit them at the entrance of the meeting for attending the meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 24th day of September 2008 to 30th day of September 2008 (both days inclusive)
6. The Company has entered into Agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Further, as per SEBI Notification dated 29th May 2000, trading in shares of the Company is now permitted only in dematerialized form. Shareholders are, therefore, advised to dematerialize their shareholding to avoid inconvenience in future.
7. Members are requested to promptly intimate change in their address, if any, at the Company's Registered Office.
8. Members seeking any further clarification/information relating to Annual Accounts are requested to write at the Registered Office of the Company at-least one week before date of meeting.

DIRECTOR'S REPORT

To,

The Members,

Your Directors are pleased to present the Fourteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2008.

1. FINANCIAL RESULTS

| | Amount (Rs. in Lacs) Current Year | Amount (Rs. in Lacs) Previous Year |
|--|--------------------------------------|---------------------------------------|
| Total Income | 183.10 | 236.16 |
| Profit before Interest, Depreciation & Taxes | 61.84 | 32.66 |
| Less: Interest & Depreciation | 33.64 | 34.91 |
| Profit/(Loss) before Tax | 28.19 | (2.25) |
| Less: Provision for Tax | 0.16 | (3.07) |
| Profit/(Loss) after Tax | 24.07 | 0.82 |
| Add: Balance Brought forward from Previous Year | 16.31 | 38.75 |
| APPROPRIATIONS | | |
| I) Proposed Dividend on Equity Shares | N.A | N.A |
| II) Transfer to General Reserve | <hr/> | <hr/> |

2. DIVIDEND

The Directors regret their inability to recommend dividend on equity shares for the year ended 31st March 2008, in view of the current financial position of your company.

MANAGEMENT DISCUSSION AND ANALYSIS

A. Industry Structure and Development

Your Company is engaged in the manufacturing and sale of Silver Jewellery and trading of Silver Articles. It is also running Jewellery Design and Technology Institute (JDTI) in association with World Gold Council. Your company has also diversified in the Design Development and Consultancy Works.

The Institute run by your Company is one of its own kind in India and has immense potential.

Silver Smith India Ltd. has opened a Studio at Noida which has recently shut at South Extension, New Delhi.

(B) Opportunity and Threats

Your Company foresees great opportunity in this line of business. The institute run by your Company is relatively new area and may reap benefits in the long run.

(C) Risk and Concern

The JDTI run by your Company is in relatively new area. The facilities running the Institute are very highly skilled and experienced in their field and institution to some extent is dependent on them. Your Company is planning to enter into long term contracts with them to provide stability and consistent growth.

(D) Internal Control System and their Adequacy

Your company has proper and adequate system of Internal Controls to provide reasonable assurance that all assets are safeguarded and protected against any loss by depositors misuse.

All the policies, procedures, guidelines, authorization and approval procedures are well documented

The Management periodically reviews the internal control system and its adequacy and report to the Board, observations, if any.

(E) Discussion of Financial Performance with respect to Operational Performance

Your Company's gross turnover for the year ended March 31, 2008 was Rs. 183.05Lacs as compared to Rs. 236.16 Lacs in the previous year.

Operating profit (PBIDT) increased to Rs. 61.84 Lacs as compared to Operating profit of Rs. 32.66 Lacs in the previous year

Other Income for the year stood at Rs.11.94 Lacs mainly representing miscellaneous income.

Interest expenses was Rs. 1.40 Lacs.

Depreciation was at Rs. 32.24 as compared to Rs. 33.51 Lacs for the corresponding period of the previous year.

During the year 29 Nos. of people were employed

3. CORPORATE GOVERNANCE

Report of the Directors on Corporate Governance is given separately and forms a part of this Annual Report.

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, is attached to this Report.

4. DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Mahesh Prasad retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

5. LISTING OF SHARES

The shares of the company are listed with the following stock exchanges- Mumbai Stock Exchange Annual listing fee for the year 2008-09 have been paid to the concerned Stock Exchange.

6. FIXED DEPOSITS

Your Company has not invited or accepted any deposits from the public with in the meaning of section-58A of the Companies Act, 1956 during the year under report.

7. AUDITORS AND AUDIT REPORT

M/s Khanna Gulati & Associates, Chartered Accountant, New Delhi, Auditors of the Company, retire at the conclusion of this Annual General Meeting and, being eligible offer, themselves for reappointment.

The notes to the Account referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments.

8. PARTICULARS AS PER SECTION-217 OF THE COMPANIES ACT 1956**Employees**

Remuneration to none of the employees attract the provisions of Section-217(2A) of the Companies Act, 1956 and as such the statement as required there under, read with the Companies (Particulars of Employees) Rules 1975 is not attached with this report.

Information relating to the Conservation of Energy, Research & Development and Foreign Exchange Earnings and Outgo.

Your Company's operations involve low energy consumption and as such no special energy conservation measures were taken and accounted for except periodically monitoring energy consumption and creating awareness among all.

All the Company's operations are as per market requirements and have in house Research & Development Center. The R&D expenses are however not accounted under separate head.

9. DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with the newly inserted section 217(2AA) of Companies Act, 1956, regarding inclusion of "Director's Responsibility Statement" in the Board's Report, the directors hereby confirm:

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of state of affairs of the Company at the end of the financial year and of the Profit & Loss of the Company for that period.
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other Irregularities.
- (iv) That the Directors had prepared the annual accounts on a going concern basis.

10. ACKNOWLEDGEMENT

We take this opportunity to express our deep sense of gratitude to the Institutions, Bankers, Central and State Government Departments, Local Authorities, our Associates and Customers for their continued guidance and support.

Your Directors would like to record their sincere appreciation of the dedicated efforts put in by across all levels in the Organization. And to you, shareholders, we are deeply grateful for the confidence and faith that you have reposed in us.

Regd Office:
Haveli No.13, (G.F)
Hauz Khas Village Market
New Delhi-110 016

For and on behalf of the Board
SILVER SMITH INDIA LIMITED
Sd/-
(B.K. Narula)
CHAIRMAN & MANAGING DIRECTOR

Date: 22nd Day of August 2008
Place: New Delhi

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of Silver Smith India Limited

1. We have examined the compliance of conditions of Corporate Governance by Silver Smith India Ltd for the year ended 31st March 2008, as stipulated in clause 49 of the Listing Agreement of the company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the company for ensuring the Compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company. In our opinion and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as explained in the mentioned Listing Agreement.
3. We state that generally no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the company.
4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Khanna Gulati & Associates,
Chartered Accountants

Date: 30.6.2008
Place: New Delhi

Sd/-
Rohit Khanna
(Partner)

Report on Corporate Governance

1. Corporate Governance Policies

Corporate Governance can be regarded as a means for effective management and control of the organization through compliances of laws and voluntary practices. The framework of Corporate Governance is an enabling methodology to strengthen decision making process and organization wide compliance with core values of ethical integrity and reliability, while enhancing effective, harmonious and transparent functioning amongst the Board of Directors and its committees and to make best of opportunities in the years ahead. The management of Silver Smith India Limited believes that corporate growth, goals and transparency and enhanced stakeholder value can be achieved only through good corporate governance. The company is keeping its stakeholders on continuous basis by effective and relevant communication through Annual Reports and Quarterly Results.

The company looks at Corporate Governance as the cornerstone for all sustained superior financial performance, for serving the shareholders and for instilling pride of association. The entire process begins with the functioning of the Board of Directors with leading professionals and experts serving as independent directors and represented in various Board Committees. Systematic attempt is made to eliminate informational asymmetry between executive and non-executive Directors.

This section, along with the sections on additional shareholder information and management discussion and analysis in the annual report, constitutes compliance with Clause 49 of the Listing Agreement.

2. Board of Directors

Your Company has an optimum combination of executive and non-executive Directors to provide strategic guidance to the Company, effective over-seeing of the management, defining responsibilities of the senior management and ensuring accountability.

The Chairman of the Board of Directors is executive director whereas more than half of the Directors are non-executive and independent directors. The composition of the Board of Directors as on 31st March 2008 is as under:-

| Designation | Name of Director Date of appointment Date of Birth |
|--|---|
| Chairman and Managing Director | : Mr. B. K. Narula 01.06.1994 28.02.1954 |
| Whole Time Director | : Mrs. Rita Narula 01.06.1994 16.07.1958 |
| Non Executive Independent Directors | : Mr. Alok Mittal 27.08.1997 06.08.1958 Mr. V. P. Mittal 09.11.1994 24.01.1934 Mr. Mahesh Prasad 26.03.2003 16.07.1935 |

Attendance of the Directors at the Board Meetings and at the last Annual General Meeting, outside Directorships and Board Committees is as under:

| S.No | Name of Directors | No of Board Meetings Attended ^A | Attendance at last AGM | No of Outside Directorships Held ^B | No of Memberships/Chairmanships in Board Committee |
|------|-------------------|--|------------------------|---|--|
| 1. | Mr. B.K. Narula | 5 | Present | 3 | 1 |
| 2. | Mrs. Rita Narula | 5 | Present | 2 | - |
| 3. | Mr. V.P. Mittal | 5 | Not Present | 3 | 3 |
| 4. | Mr. Alok Mittal | 4 | Not Present | - | 3/3 |
| 5. | Mr. Mahesh Prasad | 3 | Not Present | 2 | 2 |

^A Attendance of the Director at the Board Meetings during the relevant period

^B Directorships in companies registered under the Companies Act 1956 excluding the Directorships of Private Companies, Section-25 Companies and alternate directorships

^C Memberships/Chairmanships of Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee only taken into A/c

No non executive Directors has any pecuniary relationship vis-à-vis the company other than the sitting fees for attending the Board Meetings

None of the Directors of the Company was a member of more than 10 committees nor was the Chairman of more than 5 Committees across all Companies in which he was a director.

3. Board Meetings held during the year 2007-2008

Five (5) Board Meetings were held during the financial year ended March 31, 2008. The dates on which the Board meetings held were as follows: 1) May 31, 2007; 2) June 30, 2007; 3) July 27, 2007; 4) October 27, 2007; 5) January 19, 2008. The maximum time gap between any two meetings was not more than four months.

4. Directors

No new Directors were appointed by the Company during the year ended 31st March 2008.

Mr. Mahesh Prasad, Director of the Company is liable to retire by rotation at the ensuing General Meeting of the shareholders and is eligible to offer for re-appointment

5. Audit Committee

The company has an audit committee consisting of three Independent and Non Executive Directors viz. Mr. Alok Mittal, Mr. V.P. Mittal, Mr. Mahesh Prasad. There had been four audit committee meetings in the year ended 31st March 2008. The dates are 1) 30th June 2007; 2) 27th July 2007; 3) 27th October 2007 and 4) 19th January 2008. The terms of reference of Audit Committee are as per the requirements of the Listing Agreement Clause-49 and Section 292A of the Companies Act 1956.

| S.No. | Name | Designation | No. of Audit Committee Meetings Attended |
|-------|-------------------|-------------|--|
| 1. | Mr. Alok Mittal | Chairman | 4 |
| 2. | Mr. V.P. Mittal | Member | 4 |
| 3. | Mr. Mahesh Prasad | Member | 2 |

Amongst other things, the terms of Reference to the Audit Committee included:

- Annual operating plans and budgets and any updates.
- Review of annual and half yearly financial statements before submission to the Board
- Review of the un-audited Quarterly results for the Company.
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment of goods sold by the Company.
- Review of the draft audit report including the quarterly/half yearly financial statements
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Non-compliance of any regulatory, statutory nature or listing requirements.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Review with the management and the external auditors the adequacy of the internal control system.
- Any related party transactions entered by the company and the records thereto.
- Discussion and review of the findings of the external auditors.
- Discussion with the external auditors before the audit commences about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the Management's Financial and risk Management policies.

6. Remuneration Committee

The Board of directors of the Company has constituted a remuneration committee comprising of three independent non-executive directors viz. Mr. Alok Mittal (Chairman), Mr. V P. Mittal and Mr. Mahesh Prasad.

The Remuneration Committee has been constituted to approve/recommend/ review the remuneration package of the Managing/Whole Time Directors, based on defined criteria and their contribution. When a reference is made to the Remuneration Committee, it takes into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration and recommends such that is in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

The remuneration policy is directed towards rewarding performance, based on review of the achievements on a periodical basis, and is in consonance with the existing industry practice. Remuneration payable to Executive Directors for the year ended 31st March 2008

| Name of Directors | Salary and other allowances | Perquisites | Commission/ ex-gratia | Contribution to PF | Total |
|-------------------|-----------------------------|---------------|-----------------------|--------------------|-----------------|
| Mr. B.K. Narula | Rs. 4,03,200.00 | Rs. 80,640.00 | NIL | NIL | Rs. 4,83,840.00 |
| Ms. Rita Narula | Rs. 3,60,000.00 | NIL | NIL | NIL | Rs. 3,60,000.00 |

The Company pays sitting fee to all the non-executive directors. The total sitting fees payable to the non-executive directors for the year ended 31st March 2008

| Name | Fees Payable (Rs.) |
|-------------------|--------------------|
| Mr. Alok Mittal | 4000.00 |
| Mr. V.P. Mittal | 5000.00 |
| Mr. Mahesh Prasad | 3000.00 |

7. Shareholder's / Investor's Grievance Committee

The Board of Directors of the Company has constituted a Shareholder's / Investor's Grievance Committee comprising of directors namely Mr. Alok Mittal, Mr. V. P. Mittal and Mr. B. K. Narula. The Committee, inter alia, looks into Redressal of Shareholder's complaints like transfer of shares, non-receipt of balance sheets, non-receipt of declared dividend etc. It also oversees the performance of the Registrar and Share Transfer Agents, so as to ensure expeditious share transfer process.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was NIL. None of the transfer or dematerialization request was pending for approval as on March 31, 2008.

8. General Body Meetings

Date time and venue of the last three Annual General Meetings are given in the below table

| Financial Year (ended) | Date | Time | Venue |
|------------------------|--------------------|------------|---|
| March 31, 2005 | September 27, 2005 | 11.00 a.m. | New Delhi YMCA Tourist Hostel, Foyer Hall, Jai Singh Road, New Delhi-110070 |
| March 31, 2006 | September 28, 2006 | 10.00 a.m. | D3 Church road, Kishan Garh, Near Vasant Kunj, Delhi-110070 |
| March 31, 2007 | September 28, 2007 | 10.00 a.m. | D3 Mall Road (Church road), Vasant Kunj, Delhi-110070 |

Special Resolutions passed during previous three AGM's

| | |
|---------------------------|------|
| <u>September 27, 2005</u> | NONE |
| <u>September 28, 2006</u> | NONE |
| <u>September 28, 2007</u> | NONE |

During the last year ended March 31, 2008, there have been no resolutions passed by the Company's shareholders through postal ballot.

At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

9. Disclosures

- a. **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or relatives etc. that may have potential conflict with the interests of the Company at large.**

None of the transactions with related parties were in conflict with the interests of the Company.

- b. **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges on SEBI, or and statutory authority, on any matter related to Capital market, during the last three years.**

NIL

10. Means of Communication

- a) **Half yearly un-audited financial results**

Half yearly un-audited financial results for the half-year ended September 30, 2008 will be published in leading English and Hindi daily newspapers and will be circulated to each household of shareholders.

- b) **Quarterly Results**

The quarterly results for the first, second, third quarters and the audited yearly results were published in "The Business Standard" and "Veer Arjun".

The Company is registered with the EDIFAR (Electronic Data Information Filing and Retrieval) site of SEBI, which is www.sebi.gov.in. The Company is filing online, the quarterly results, shareholding pattern from the quarter ended 31st March 2003 and the full version of corporate governance report & Annual Report w.e.f. the financial year 2002-03.

The web site of the company www.silversmithindia.com is being upgraded and renovated so as to include the display of company's quarterly, half yearly and yearly results together with important official news releases.

No presentations were made to Institutional Investors or to Analysts.

Management Discussion and Analysis Report forms part of this Annual report.

11. General Shareholder Information

11.1 Annual General Meeting

Date : 30th day of September 2008

Time : 1:00 P.M..

Venue : Saket Farm, D-3 Mall Road (Church Road), Vasant Kunj, Delhi -110070

11.2 Financial Calendar (Tentative) : The Company follows the financial year from 1st April to 31st March

- Results for the quarter ending June 30, 2008: Last week of the July, 2008
- Results for the Quarter ending Sep. 30, 2008: Last week of the October, 2008
- Results for the Quarter ending Dec. 31, 2008: Last week of the January, 2009
- Results for the Quarter ending Mar. 31, 2009: Last week of the April/June, 2009

11.3 Book Closure date : 24th day of September 2008 to 30th day of September 2008
(both days inclusive)

11.4 Dividend payment date : Not Applicable. The Board has not recommended any dividend during the year.

11.5 Listing on Stock Exchange : Mumbai.

Annual listing fee for the year 2008-09 have been paid to the concerned Stock Exchange.

11.6 Stock Code : 531626 (BSE)

Trading symbol : SILVERSMITH

De-mat ISIN number : INE628B01018

11.7 Stock Market Data: Bombay Stock Exchange

| Month | Year | Month's High Price (Rs.) | Month's Low Price (Rs.) |
|-----------|------|--------------------------|-------------------------|
| May | 2007 | 27.25 | 14.00 |
| June | 2007 | 28.65 | 21.95 |
| July | 2007 | 26.45 | 22.55 |
| August | 2007 | 27.00 | 22.35 |
| September | 2007 | 35.00 | 22.90 |
| October | 2007 | 36.00 | 27.00 |
| November | 2007 | 45.00 | 33.00 |
| December | 2007 | 45.00 | 34.30 |
| January | 2008 | 57.60 | 34.30 |
| February | 2008 | 45.50 | 36.15 |
| March | 2008 | 35.35 | 21.20 |

11.8 Registrars and Share Transfer Agents : Skyline Financial Services Pvt. Ltd.,
246, 1st Floor, Sant Nagar, East of Kailash,
New Delhi-110 065

11.9 Share Transfer System

The share transfers, which are received in physical form, are processed and the share certificates returned within a period of 4 weeks from the date of receipt, subject to the documents being valid and complete in all respects. The company has, as per SEBI Guidelines dated 18th February 2000, offered the facility of transfer cum demats. Under the said system, after the share transfer is affected, an Option Letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the

Option Letter. The DP, based on the Option letter, generates a demat request and sends the same to the Company along with the Option Letter issued by the Company. On receipt the same, the Company dematerializes the shares. In case the transferee does not wish to dematerialize shares, he need not exercise the option and the Company will dispatch the share certificates after 30 days from the date of such Option Letter.

11.10 Distribution of Shareholding as on March 31, 2008:

Shareholding pattern for year ended 31st March 2008

| CATEGORY | NO OF SHARES HELD | % OF HOLDING |
|---|-------------------|----------------|
| A. Promoter's holding | | |
| 1. Promoter | | |
| - Indian Promoters | 1422650 | 34.43% |
| - Foreign Promoters | NIL | NIL |
| 2. Persons Acting in Concert | 968805 | 23.45% |
| Sub Total | 2391455 | 57.88% |
| B. Non-Promoters Holding | | |
| 3. Institutional Investors | NIL | NIL |
| a. Mutual funds and UTI | | |
| b. Banks, Financial Institutions | | |
| Insurance companies | | |
| (Central/State Govt. Institutions/ Non-Govt. Institutions) | | |
| c. FIs | | |
| Sub Total | NIL | NIL |
| 4. Others | — | — |
| a. Private Corporate Bodies | 990099 | 23.96% |
| b. Indian Public | 747082 | 18.09% |
| c. NRIs / OCBs | 2964 | 0.07% |
| Sub Total | 1740156 | 42.12% |
| Grand Total | 4131600 | 100.00% |

Distribution of Shareholding as on 31st March 2008

| Share holding of nominal Value (in Rs) | Number of shareholders | Share amount | Percentage of total |
|--|------------------------|-------------------|---------------------|
| Upto 500 | 613 | 97159.00 | 2.35 |
| 501 to 1000 | 78 | 67359.00 | 1.63 |
| 1001 to 2000 | 40 | 65507.00 | 1.59 |
| 2001 TO 3000 | 26 | 66474.00 | 1.60 |
| 3001 to 4000 | 6 | 22173.00 | 0.54 |
| 4001 TO 5000 | 10 | 45492.00 | 1.10 |
| 5001 TO 10000 | 20 | 135746.00 | 3.29 |
| 10001 and above | 37 | 3631690.00 | 87.90 |
| Total | 830 | 4131600.00 | 100.00 |

11.11 Dematerialisation of Shares:

Over 3906089 i.e., 94.54% of the Company's paid - up equity Share Capital has been dematerialized up to March 31, 2008. Trading in equity shares of the Company is permitted only in dematerialized form as per notification issued by Securities and Exchange Board of India (SEBI).

11.12 Outstanding ADRs/ GDRs/ Warrants or any convertible Instruments conversion date and likely impact on equity : Not Applicable

11.13. Plant location : A-89, Sector-2 Noida 201301 (U.P.)

11.14 Address for Investor Correspondence

A. **Skyline Financial Services Pvt. Ltd.**
246 1st Floor, Sant Nagar, East of Kailash,
New Delhi-110065

B. **Mr. Ashwin A. Shirali**
Company Secretary & Compliance Officer
Secretetarial Department
A-89. Sector-2, Noida-201301

11.15 E-Mail for investors : silversm@vsnl.com

11.16 Registered Office : Haveli No. 13, Hauz Khas Village Market
New Delhi-110 016

DECLARATION BY THE CHAIRMAN UNDER CLAUSE 49 OF LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with sub-clause 1(d) of Listing Agreement with stock exchange, I hereby confirm that all directors & senior management personnel of the company have affirmed compliance with the code of conduct as applicable to them for the Financial year ended March 31, 2008.

For and on behalf of the Board
SILVER SMITH INDIA LIMITED

(B.K. Narula)
CHAIRMAN & MANAGING DIRECTOR

AUDITORS' REPORT

To the Members of
Silver Smith India Ltd.

We have audited the attached Balance Sheet of Silver Smith India Ltd. as on 31st March 2008, the related Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosure 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.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - d. In our opinion the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of the written representation received from the directors, as on 31st March 2008, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in so far as relates to the Balance Sheet of the state of affairs of the Company as at 31st March 2008.
 - ii. in so far as relates to the Profit & Loss Account, on the Profit of the company for the year ended on that date ; and
 - iii. in so far as relates to the Cash Flow Statement, of the cash flow for the year ended on the date.

for Khanna Gulati & Associates
Chartered Accountants

Place: New Delhi
Date: 30th June 2008

(Rohit Khanna)
Partner
M. No. 84878

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of the Auditors' Report to the Members of Silver Smith India Ltd. on the Accounts for the Year ended 31st March 2008.

- i) a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The Fixed Assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- c) In our opinion and according to the information and explanations given to us, a substantial part of Fixed Assets has not been disposed of by the Company during the year.
- ii) a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii) a) As informed, the Company has not granted any loan to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such clause 4(iii) (a) to 4 (ii) (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- b) The Company has taken an unsecured loan from one Company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs.15.00 Lakhs and the year-ended balance of loan taken from such party was Rs. Nil.
- c) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima Facie, prejudicial to the interest of the company.
- d) The Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- v) a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained in section 301 of the Act have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- vi) The Company has not accepted any deposits from the public. Accordingly, paragraph 4 (vi) of order is not applicable.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues applicable to it *except delays of few days in TDS*.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty and excise duty were in arrears as at 31st March 2008 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute.
- x) In our opinion, the Company has no accumulated losses as at 31st March 2008 and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi) According to the records of the Company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other Securities.
- xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) According to the information and explanations given to us, the Company has not taken any term loan. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- xvii) According to the information and explanations given to us, the Company and on overall examination of the Balance Sheet of the company, we report that the no funds raised on a short-term basis which have been used for long-term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.
- xx) During the period covered by our Audit Report, the Company has not raised any money by public issues. Therefore, the provisions of clause (xx) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- xxi) Based upon the audit procedure performed for the purpose of reporting the true and fair view of the financial statements and as per the informations and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

for Khanna Gulati & Associates
Chartered Accountants

Place: New Delhi
Date: 30th June 2008

(Rohit Khanna)
Partner
M. No. 84878

**SILVER SMITH INDIA LIMITED, NEW DELHI
BALANCE SHEET AS AT 31ST MARCH, 2008**

| | Sch. No. | As at 31-3-2008 Amount (Rs.) | As at 31-3-2007 Amount (Rs.) |
|--|----------|---------------------------------|---------------------------------|
| <u>SOURCES OF FUNDS</u> | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 41,316,000 | 41,316,000 |
| Reserves and Surplus | | 4,038,232 | 1,631,305 |
| Loan Funds | | | |
| Secured Loans | 2 | 2,461,780 | 1,964,323 |
| Total | | 47,816,012 | 44,911,628 |
| <u>APPLICATION OF FUNDS</u> | | | |
| Fixed Assets | | | |
| Gross Block | 3 | 53,481,951 | 53,696,182 |
| Less : Depreciation | | 27,268,512 | 25,236,248 |
| Net Block | | 26,213,439 | 28,459,934 |
| Investments | 4 | 7,708,955 | 5,939,265 |
| Current Assets, Loans and Advances | 5 | | |
| Inventory | | 5,849,608 | 4,808,259 |
| Sundry Debtors | | 5,537,758 | 3,223,249 |
| Cash and Bank Balances | | 3,783,126 | 3,975,751 |
| Loans and Advances | | 2,302,680 | 1,937,671 |
| | | 17,473,172 | 13,944,929 |
| Less : Current Liabilities and Provisions | 6 | 4,112,309 | 3,835,528 |
| Net Current Assets | | 13,360,863 | 10,109,401 |
| Deferred Tax Assets / (Liabilities)(Net) | 7 | 72,337 | (57,390) |
| Miscellaneous Expenditure | 8 | 460,418 | 460,418 |
| (to the extent not written off or adjusted) | | | |
| Total | | 47,816,012 | 44,911,628 |
| Notes to accounts | 14 | | (0) |

As per our Report of even date

For Khanna Gulati & Associates
Chartered Accountants

Rohit Khanna
Partner
M. No. 84878

(B. K. Narula)
Managing Director

(Alok Mittal)
Director

For & on behalf of the Board of Directors
Silver Smith India Ltd.

(Rita Narula)
Director

(Ashwin A. Shirali)
Company Secretary

Dated : 30.06.2008
Place : New Delhi

| SILVER SMITH INDIA LIMITED, NEW DELHI PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2008 | | | |
|---|----------|---|---|
| | Sch. No. | Year ended 31-3-2008 Amount (Rs.) | Year ended 31-3-2007 Amount (Rs.) |
| INCOME | | | |
| Income from Operations | 9 | 17,110,719 | 23,016,702 |
| Other Income | 10 | 1,194,872 | 598,961 |
| Total | | 18,305,591 | 23,615,663 |
| EXPENDITURE | | | |
| Cost of Goods Sold | 11 | 3,943,647 | 10,915,569 |
| Manufacturing & Conversion Expenses | 12 | 337,109 | 23,973 |
| Administrative and Other Expenses | 13 | 7,981,406 | 9,550,452 |
| Depreciation | | 3,224,314 | 3,350,537 |
| Total | | 15,486,476 | 23,840,531 |
| PROFIT/(LOSS) BEFORE TAXATION | | 2,819,115 | (224,868) |
| Less : Provision for Taxation | | 428,658 | - |
| Less : Provision for Fringe Benefit Tax | | 113,257 | 133,561 |
| Less : Provision for Deferred Taxation | | (129,727) | (440,987) |
| PROFIT/(LOSS) AFTER TAXATION | | 2,406,927 | 82,557 |
| Less : Taxes Paid for earlier years | | - | 563,458 |
| Less : Extra ordinary items | | - | 1,762,627 |
| PROFIT/(LOSS) Available for Appropriation | | 2,406,927 | (2,243,528) |
| Add : Profit /(Loss) Brought Forward | | 1,631,305 | 3,874,833 |
| Profit/ (Loss) Transferred to Balance Sheet | | 4,038,232 | 1,631,305 |
| Basic and diluted Earning per Share | | 0.58 | 0.02 |
| Notes to Accounts | 14 | | |
| <p>As per our Report of even date</p> <p>For Khanna Gulati & Associates Chartered Accountants</p> <p>Rohit Khanna (B. K. Narula) Partner Managing Director M. No. 84878</p> <p>(Alok Mittal) Director</p> <p>Dated : 30.06.2008 Place : New Delhi</p> <p>For & on behalf of the Board of Directors Silver Smith India Ltd.</p> <p>(Rita Narula) (Ashwin A. Shirali) Director Company Secretary</p> | | | |

| SILVER SMITH INDIA LIMITED, NEW DELHI Schedules to Balance Sheet as at 31st March, 2008 | | |
|--|---------------------------------|---------------------------------|
| | As at 31-3-2008 Amount (Rs.) | As at 31-3-2007 Amount (Rs.) |
| 1. SHARE CAPITAL : | | |
| AUTHORISED : | | |
| 55,00,000 (previous year 55,00,000) | | |
| Equity Shares of Rs 10/- each | 55,000,000 | 55,000,000 |
| | 55,000,000 | 55,000,000 |
| Issued, Subscribed : | | |
| 50,40,000 (previous year 50,40,000) | | |
| Equity Shares of Rs.10/- each | 50,400,000 | 50,400,000 |
| Paid up : | | |
| 41,31,600 (previous year 41,31,600) | | |
| Equity Shares of Rs. 10/- each | 41,316,000 | 41,316,000 |
| fully paid up | 41,316,000 | 41,316,000 |
| 2. Secured Loans : | | |
| Loans and Advances from Bank | | |
| Bank Overdraft | 1,736,938 | - |
| <i>(Secured against fixed deposit with Bank)</i> | | |
| Other Loans and Advances | | |
| Vehicle Loans | 724,842 | 1,964,323 |
| <i>(Secured against Hypothecation of relevant Vehicles)</i> | | |
| | 2,461,780 | 1,964,323 |

SCHEDULE OF FIXED ASSETS AS ON 31.3.2008 [AS PER Companies Act, 1956]

Schedule - 3

| | COST | | | | DEPRECIATION | | | | WDV | |
|-------------------------|---------------------------|---------------------|----------------------------|----------------------------------|---------------------------|---------------------|-------------------|----------------------------------|----------------------------|----------------------------|
| <i>Particulars</i> | <i>As on 1.4.2007</i> | <i>Addition</i> | <i>Sales/ Disposal</i> | <i>Total As on 31.3.2008</i> | <i>As On 1.4.2007</i> | <i>For the year</i> | <i>Adjustment</i> | <i>Total As On 31.3.2008</i> | <i>As on 31/3/2008</i> | <i>As on 31/3/2007</i> |
| Building | 11,590,766 | - | | 11,590,766 | 6,690,380 | 490,038 | - | 7,180,419 | 4,410,347 | 4,900,386 |
| Computers | 2,622,614 | 103,600 | - | 2,726,214 | 2,260,824 | 184,694 | - | 2,445,518 | 280,696 | 361,790 |
| Furniture & Fittings | 7,204,258 | 112,276 | | 7,316,534 | 4,359,154 | 704,432 | | 5,063,586 | 2,252,948 | 2,845,104 |
| Land | 4,152,041 | - | - | 4,152,041 | - | - | - | - | 4,152,041 | 4,152,041 |
| Plant & Machinery | 15,819,404 | 124,428 | | 15,943,832 | 8,826,386 | 891,353 | | 9,717,739 | 6,226,093 | 6,993,018 |
| Vehicle | 6,536,720 | 1,457,943 | 2,026,387 | 5,968,276 | 2,499,405 | 893,574 | 1,192,050 | 2,200,929 | 3,767,347 | 4,037,315 |
| Web Portal-JYTT | 3,596,140 | - | - | 3,596,140 | 61,085 | - | - | 61,085 | 3,535,055 | 3,535,055 |
| Library Books & Props | 1,033,002 | 13,909 | - | 1,046,911 | - | - | - | - | 1,046,911 | 1,033,002 |
| Lease Hold Improvements | 1,141,237 | - | - | 1,141,237 | 539,014 | 60,222 | - | 599,236 | 542,001 | 602,223 |
| Current year | 53,696,182 | 1,812,156.00 | 2,026,387 | 53,481,951 | 25,236,248 | 3,224,314 | 1,192,050 | 27,268,512 | 26,213,439 | 28,459,934 |
| Previous Year | 46,678,222 | 7,017,960 | - | 53,696,182 | 21,885,711 | 3,350,537 | - | 25,236,248 | 28,459,934 | 24,792,511 |

4 INVESTMENTS

| Particulars | As at 31.3.2008 | | As at 31.3.2007 | |
|--|-----------------|------------------|-----------------|------------------|
| | Face Value | Nos. Value (Rs) | Nos. Value (Rs) | |
| CURRENT INVESTMENT (at cost) | | | | |
| A Trade Quoted (fully paidup) | | | | |
| Spice Jet Ltd. | 10/- | - | 10,000 | 550,786 |
| Bajaj Hindustan | 1/- | - | 2,700 | 549,916 |
| Videsh Sanchar Nigam Ltd. | 10/- | - | 1,800 | 732,304 |
| Jindal Saw | 10/- | 1,400 | - | - |
| Precision Pipes & Profiles Company Ltd. | 10/- | 27,321 | - | - |
| Castrol India Ltd. | 10/- | - | 600 | 115,602 |
| Ranbaxy Laboratories Ltd | 5/- | 2,000 | 1,000 | 527,157 |
| Total | | 4,145,455 | | 2,475,765 |
| B Non Trade Unquoted (fully paidup) | | | | |
| Electrolux Kelvinator Ltd. | 10/- | 2,850 | 2,850 | 154,850 |
| B.K.Overseas Limited | 100/- | 19,010 | 19,010 | 1,938,650 |
| Citizen Co-operative Bank Ltd. | 25/- | 800 | 800 | 20,000 |
| Corporate Research & Intelligence Services Ltd. | 10/- | 20,000 | 10,000 | 100,000 |
| Goswami Credit & Investment (P) Ltd | 10/- | 50,000 | 50,000 | 500,000 |
| Sukarma Finance Ltd. | 10/- | 75,000 | 75,000 | 750,000 |
| Total | | 3,563,500 | | 3,463,500 |
| Grand Total (A+B) | | 7,708,955 | | 5,939,265 |
| Note :- Investments are shown at cost. | | | | |
| Book Value of Quoted Investments | | 4,145,455 | | 2,475,765 |
| Market Value of Quoted Investments | | 3,778,175 | | 2,175,875 |
| 5. CURRENT ASSETS, LOANS & ADVANCES | | | | |
| Inventories (As taken, valued and certified by the Management) | | | | |
| Raw Materials | | 340,280 | | 273,528 |
| Finished Goods | | 5,064,432 | | 4,092,407 |
| Packing Material | | 74,620 | | 80,863 |
| Consumables | | 194,038 | | 175,767 |
| Printing & Stationary | | 176,238 | | 185,694 |
| | | 5,849,608 | | 4,808,259 |
| Sundry Debtors | | | | |
| <i>(Unsecured and considered Good)</i> | | | | |
| Debts more than 6 months old | | 2,377,327 | | 2,992,344 |
| Debts less than 6 months old | | 3,160,430 | | 230,905 |
| | | 5,537,758 | | 3,223,249 |
| Cash & Bank Balances | | | | |
| Cash in hand (as certified by the Management) | | 303,412 | | 328,033 |
| Bank Balances with Scheduled Banks | | | | |
| In Current Accounts | | 196,542 | | 374,202 |
| In Term Deposits* | | 3,283,172 | | 3,273,516 |
| *Pledged with Sales Tax Authority for Rs.1,29,066 (previous year Rs. 1,27,197) | | | | |
| | | 3,783,126 | | 3,975,751 |

| Schedules to Balance Sheet as at 31st March, 2008 | | |
|---|---------------------------------|---------------------------------|
| | As at 31-3-2008 Amount (Rs.) | As at 31-3-2007 Amount (Rs.) |
| Loans & Advances (<i>Unsecured and considered good</i>) | | |
| Advances recoverable in cash or in kind or for value to be received | 884,546 | 751,620 |
| Tax deducted at source | 351,169 | 290,102 |
| Income Tax Paid - (F/Y 2005-06) | 555,000 | 555,000 |
| Income Tax Paid - (F/Y 2006-07) | 75,000 | 75,000 |
| Income Tax Paid - (F/Y 2007-08) | 100,000 | - |
| Interest Accrued on FDR | 220,434 | - |
| Prepaid Expenses | 116,531 | 265,948 |
| | 2,302,680 | 1,937,671 |
| 6. CURRENT LIABILITIES AND PROVISIONS | | |
| Current Liabilities | | |
| Course Fees received in Advance | 2,132,295 | 1,807,814 |
| Creditors | - | 380,855 |
| Duties & Taxes | 21,362 | 6,807 |
| Expenses Payable | 148,765 | 269,550 |
| Other Liabilities | 533,757 | 541,844 |
| Library Security | 26,000 | 26,000 |
| | 2,862,179 | 3,032,870 |
| Provisions for | | |
| Income Tax | 1,029,667 | 601,009 |
| Fringe Benefit Tax | | |
| (Net of advance Fringe Benefit Tax Rs.238,458/-) | 8,360 | 19,025 |
| Gratuity | 110,302 | 84,024 |
| Leave Encashment | 101,801 | 98,600 |
| | 1,250,130 | 802,658 |
| | 4,112,309 | 3,835,528 |
| 7. DEFERRED TAX ASSETS (LIABILITIES) | | |
| Deferred Tax Assets | | |
| Retirement Benefits | 81,148 | 64,419 |
| | 81,148 | 64,419 |
| Deferred Tax Liability | | |
| Accumulated Depreciation | 8,811 | 121,809 |
| | 72,337 | (57,390) |
| 8. MISCELLANEOUS EXPENDITURE (<i>To the extent not written off or adjusted</i>) | | |
| Project Expenses | 460,418 | 460,418 |
| | 460,418 | 460,418 |
| 9. INCOME FROM OPERATIONS | | |
| Sales | 7,144,334 | 13,001,399 |
| Course Fees, Consultancy & Designing Income | 9,966,385 | 10,015,303 |
| | 17,110,719 | 23,016,702 |
| 10. OTHER INCOME | | |
| Interest & Dividend | 312,351 | 396,864 |
| Miscellaneous Income | 882,521 | 202,097 |
| | 1,194,872 | 598,961 |

| Schedules to Balance Sheet as at 31st March, 2008 | | |
|--|---|---|
| | As at 31-3-2008 Amount (Rs.) | As at 31-3-2007 Amount (Rs.) |
| 11. COST OF GOODS SOLD | | |
| A. Opening Stock : | | |
| Raw Material | 273,528 | 228,747 |
| Finished Goods | 4,092,407 | 2,434,882 |
| Packing Material | 80,863 | 85,386 |
| Consumables | 175,767 | 221,763 |
| Printing & Stationary | 185,694 | 241,094 |
| Total (A) | 4,808,259 | 3,211,872 |
| B. Add : Purchase | | |
| Raw Material | 88,445 | 134,116 |
| Finished Goods | 4,482,959 | 12,098,736 |
| Packing Material | 11,892 | 19,883 |
| Consumables | 206,638 | 106,055 |
| Printing & Stationary | 195,062 | 153,166 |
| Total (B) | 4,984,996 | 12,511,955 |
| Total (A+B) | 9,793,255 | 15,723,828 |
| C. Less : Closing Stock | | |
| Raw Material | 340,280 | 273,528 |
| Finished Goods | 5,064,432 | 4,092,407 |
| Packing Material | 74,620 | 80,863 |
| Consumables | 194,038 | 175,767 |
| Printing & Stationary | 176,238 | 185,694 |
| Total (C) | 5,849,608 | 4,808,259 |
| Total (A+B-C) | 3,943,647 | 10,915,569 |
| 12. MANUFACTURING & CONVERSION EXPS | | |
| Job Work & Designing Charges | 72,921 | 22,943 |
| Wages | 264,188 | - |
| Commission on Sales | - | 1,030 |
| | 337,109 | 23,973 |
| 13. ADMINISTRATIVE AND OTHER EXPENSES | | |
| Advertisement | 475,859 | 1,110,063 |
| Amount irrecoverable w/off | 91,302 | 3,657 |
| Audit Fee | 47,191 | 33,672 |
| Bank Charges | 5,819 | 25,242 |
| Bonus Expenses(2007-08) | 94,722 | 25,850 |
| Books & Periodicals | 4,172 | 9,555 |
| Business Promotion | 16,910 | 138,626 |
| Computer Expenses | 69,742 | 75,634 |
| Demat Expenses | 14,508 | 26,340 |
| Directors' Remuneration | 763,200 | 763,200 |

| Schedules to Balance Sheet as at 31st March, 2008 | | |
|--|---|---|
| | As at 31-3-2008 Amount (Rs.) | As at 31-3-2007 Amount (Rs.) |
| Diwali Expenses | 5,300 | 27,134 |
| Donation | 10,000 | 1,000 |
| Electricity & Water Charges | 479,662 | 490,125 |
| Entertainment Expenses | 11,469 | 5,030 |
| ESIC | 44,466 | 36,007 |
| Exhibition Expenses | 220,460 | 186,915 |
| Ex- Gratia | 19,150 | - |
| Filling Fee | 6,330 | 6,612 |
| Freight & Cartage | 15,732 | 2,800 |
| Generator Running & Maintenance | 187,309 | 223,701 |
| Gratuity | 26,278 | 36,702 |
| Insurance Expenses | 157,332 | 135,304 |
| Interest on Loans | 140,237 | 140,096 |
| Internet & Web Expenses | 68,273 | 57,927 |
| Lease Rent | 94,716 | 94,716 |
| Leave Encashment | 3,201 | 33,887 |
| Legal & Professional Charges | 429,249 | 309,240 |
| Listing Fees | 19,073 | 34,490 |
| Medical Expenses | 8,366 | 3,596 |
| Meeting Expenses | 34,931 | 36,031 |
| Membership Fees & Subscription | 33,873 | 53,712 |
| Miscellaneous Expenses | 18,959 | 23,227 |
| Office Maintenance Expenses | 210,385 | 134,207 |
| P.F. Employer's Contribution | 79,962 | 68,491 |
| Photostat Expenses | 23,415 | 83,247 |
| Pollution Fee | 4,873 | 4,955 |
| Postage, Telegram & Courier | 34,175 | 95,686 |
| Rent | 435,970 | 951,540 |
| Repair & Maintenance (Machinery) | 25,146 | 27,337 |
| Repair & Maintenance (Others) | 9,661 | 6,699 |
| Salary Expenses | 2,808,475 | 3,055,883 |
| Security Expenses | 85,681 | 73,663 |
| Short & Excess | - | 809 |
| Staff Welfare | 87,529 | 80,370 |
| Sales Tax Expenses | 44,912 | - |
| Rates & Taxes | 7,805 | 3,989 |
| Telephone ,Telex & Cellular | 162,891 | 225,988 |
| Traveling and Conveyance Expenses | 87,044 | 79,779 |
| Traveling Expenses (Foreign) | - | 273,802 |
| Vehicle Running & Maintenance | 255,691 | 233,918 |
| | 7,981,406 | 9,550,452 |

SCHEDULE 14: ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**A. Significant Accounting Policies:****(1) Basis of Accounts: -**

The financial Statements have been prepared under the historical cost convention, in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956.

(2) 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.

Sale of Goods

Revenue from Sale of Goods is recognized when the significant risk and reward of ownership of goods are transferred to the customer and is stated net of sales tax and sales return.

Training and Education Income

Revenue in respect of Training and Education is recognized on rendering of services, only when it is reasonably certain that the ultimate collection will be made.

Interest

Revenue is recognized on accrual basis.

Dividend

Revenue is recognized when the payment is received.

(3) Fixed Assets: -

Fixed Assets are stated at the original cost inclusive of inward freight, incidental expenses related to acquisition and related pre-operational expenses.

(4) Depreciation: - Depreciation has been provided on Written Down Value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. All assets costing Rs.5000 or below are depreciated in full by way of a one time depreciation charge. ***However no depreciation has been provided on Master Pieces of Gold and Silver, Library Books and Props. The Company's has not provided depreciation on the Web Portal – jewellerytt, as it was not in operation during the year.*** The Company will provide the depreciation on the Web Portal – jewellerytt, as and when it become operational.

Leasehold Improvements are amortized over the period of Lease.

(5) Inventories: - Method of Valuation

(a) Raw Material - at cost

(b) Finished Goods - at lower of cost or estimated realisable value.

(6) Provision for Income Tax :-

Provision for taxation has been ascertained as per the applicable provisions of the Income Tax Act, 1961.

(7) Provision for Fringe Benefit Tax

Provision for Fringe Benefit Tax has been ascertained as per the applicable provisions of the Income Tax Act, 1961.

(8) Deferred Taxation : -

Deferred tax is recognized, subject to the consideration of prudence on timing differences, being the difference between taxable Income and accounting income that originate in one period and are capable of reversal in one or more subsequent years.

(9) Borrowing Costs

Borrowing costs that are attributable to the acquisition of assets are capitalized as part of the cost of such Assets. All other borrowing costs are recognized as an expense in the period in which they are incurred.

(10) Investments

Investments are classified into Current and Long Term investments and are stated at cost of acquisition.

(11) Retirement Benefits

Provision for Gratuity and Leave encashment is made on accrual basis on last salary drawn by the employees.

B. Notes to Accounts

(1) Previous year figures have been regrouped and reclassified, wherever considered necessary.

(2) Auditor's Remuneration includes: -

| | |
|------------|--------|
| Audit Fees | 35,000 |
| Tax Audit | 12,191 |
| Total | 47,191 |

(3) Contingent Liability

Contingent liabilities not provided for in the books of accounts.

Outstanding Bank Guarantee Rs.85,000 (Rs.85,000)

(4) **Project Expenses** of Rs.4,60,418 pertain to pre-operation expenses incurred for setting up a project for opening foreign branch. The expenditure is towards Foreign Travelling. The said amount has not yet capitalized, as the foreign branch has not yet been established.

(5) Earning Per Share

| | 31/3/08 | 31/3/07 |
|--|---------------|------------|
| Profit after Taxation as per Profit & Loss Account | Rs. 24,06,927 | Rs. 82,557 |
| Weighted Average No. of Equity Share outstanding | 41,31,600 | 41,31,600 |
| Basic and Diluted Earning Per Share | Rs. .58 | Rs. .02 |

(6) Related party Disclosure

Related party disclosure as required under accounting standard on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India are given below:

a) Relationship:
i) Parties where Control Exists

Subsidiary Company – Silver Smith India Ltd., USA.

ii) Associates

B.K. Overseas Ltd.

Sukarma Finance Ltd.

Corporate Research & Intelligence Service Ltd.

iii) Key Management Personnel

Mr. B. K. Narula

Mrs. Rita Narula

iv) Relatives of Key Management Personnel

- Ms Ridhi Narula

v) Entities over which Key Management Personnel are able to exercise significant influence.

- Yes Travels & Hospitality Ltd. (Formerly Aseem Travels Ltd.)

b) The following transactions were carried out with related party in the ordinary course of business.

| | Amount (in Rs.) 31/03/2008 | Amount (in Rs.) 31/03/2007 |
|--|-------------------------------|-------------------------------|
| i) Parties Where Control exists (Subsidiaries) | | |
| Return of Investment | - | 6,44,320 |
| ii) Associates | | |
| Rent Received | 66,000 | 30,000 |
| Loans Taken | 15,00,000 | 17,50,000 |
| Purchase of Commodities | - | 8,80,855 |
| Expenses Reimbursed | 1,05,399 | 1,32,663 |
| iii) Key Management Personnel & their Relatives | | |
| Remuneration to Directors | 763,200 | 763,200 |
| Remuneration to relatives of Key Personnel | 360,000 | 150,000 |
| Medical Expenses | 3,439 | 460 |

Entities Over which Key Management Personnel are able to exercise significant influence.

| | | |
|----------------------|--------|---------|
| Services Availed | 12,068 | 283,594 |
| Sales of Commodities | - | 85,472 |
| Expense Reimbursed | - | 3,250 |

Balances at the end of the year
i) Entities over which Key Management Personnel are able to exercise significant influence

| | | |
|------------------|---|--------|
| Services Availed | - | 10,904 |
|------------------|---|--------|

ii) Balance with Associates

| | | |
|-------------------------------|---|---------|
| Purchase of Commodities (Cr.) | - | 380,855 |
|-------------------------------|---|---------|

(7) Balance of Debtors and Creditors are subject to confirmations.

(8) Stock of commodities with students/Job workers are subject to confirmation.

(9) Figures in brackets represent previous year figures.

(10) Segment Reporting

Based on the guiding Principles given in Accounting Standards on "Segment Reporting" issued by the "Institute of Chartered Accountants of India", the Company primary segment is based on nature of product / services rendered.

Segment Accounting Policies

In addition to the significant Accounting Policies as applicable to the business segment as set out in note "A" of the Schedule 14 of the Notes to the Accounts, the accounting policies in relation to segment accounting are as under:

a) Segment Assets and Liabilities

Assets and Liabilities, which are directly attributable to a particular Segment, are classified as the Assets and Liabilities of the segment. Segment Assets include all operating assets used by the segment and consist principally of inventories, sundry debtors and loans and advances. Segment Assets and Liabilities exclude Assets and Liabilities, which cannot be classified into a particular Segment and are depicted as common Assets and Liabilities. These common Assets / Liabilities include:

| | |
|--|--|
| - Fixed Assets | - Reserve & Surplus |
| - Investments | - Provision for Taxes |
| - Fixed Deposit with Banks | - Deferred Tax Assets/Liabilities |
| - Share Capital | - Misc. Expenditure (to the Extent Not written off) |
| - Cash and Bank Balance | - Secured Loans |
| - Provision for Gratuity & Encashment | |

b) Segment Revenue and Expenses

Revenue and Expenses, which are directly attributable to a particular Segment, are classified as Revenue and Expenses of the Segment. Revenue and Expenses, which cannot be allocated to a particular Segment, have been depicted as Company's Revenue and Expenses. These Common Revenue / Expenses include:

- Interest Expenses
- Provision for Taxes
- Misc. Income
- Depreciation

Financial information about the primary business segment is given as under:

| | Segment-Manufacturing and Trading | | Segment-Education | | Total Company | |
|--|-----------------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| | 31/03/2008 | 31/03/2007 | 31/03/2008 | 31/03/2007 | 31/03/2008 | 31/03/2007 |
| 1. Revenue | | | | | | |
| External Sales | 71,44,334 | 1,30,01,399 | 99,66,385 | 1,00,15,303 | 171,10,719 | 2,30,16,702 |
| Total Revenue | 71,44,334 | 1,30,01,399 | 99,66,385 | 1,00,15,303 | 171,10,719 | 2,30,16,702 |
| 2. Results | | | | | | |
| Segment Result / Operating Profit (Loss) | 12,54,202 | (2,55,724) | 45,99,591 | 36,39,423 | 58,53,793 | 33,83,699 |
| b) Common Income | | | | | 11,94,872 | 5,98,961 |
| c) Total Operating Profit (Loss) | | | | | 70,48,665 | 39,82,660 |
| d) Interest Expenses | | | | | 1,40,237 | 1,40,096 |
| e) Depreciation | | | | | 32,24,314 | 33,50,537 |
| e) Common Expenses | | | | | 8,64,999 | 7,16,896 |
| f) Provision for Income Tax | | | | | 4,12,188 | (3,07,426) |
| g) Net Profit (Loss) | | | | | 24,06,927 | 82,557 |
| 3. Other Information | | | | | | |
| a) Segment Assets | 78,81,819 | 17,65,484 | 32,42,104 | 21,50,532 | 1,11,23,923 | 39,16,016 |
| b) Common Assets | | | | | 4,08,04,398 | 4,48,88,530 |
| c) Total Assets | | | | | 5,19,28,321 | 4,88,04,546 |
| d) Segment Liabilities | 27,293 | 6,80,937 | 23,50,629 | 19,61,448 | 23,77,922 | 23,89,504 |

Financial information about the primary business segment is given as under:

| | Segment-Manufacturing and Trading | | Segment-Education | | Total Company | |
|--|-----------------------------------|------------|-------------------|------------|---------------|-------------|
| | 31/03/2008 | 31/03/2007 | 31/03/2008 | 31/03/2007 | 31/03/2008 | 31/03/2007 |
| e) Common Liabilities | | | | | 4,95,50,399 | 4,64,15,042 |
| f) Total Liabilities | | | | | 5,19,28,321 | 4,88,04,546 |
| g) Capital Expenditure | | | | | 18,12,156 | 41,30,862 |
| h) Depreciation | | | | | 32,24,314 | 33,50,537 |
| Other Non Cash Adjustments | | | | | | |
| l) Excess Provision written back for Gratuity & Leave Encashment | | | | | - | - |

| 11. CASH FLOW STATEMENT | | |
|---|---|---|
| | For the year ended 31.3.2008 | For the year ended 31.3.2007 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit/(Loss) before tax and extraordinary items | 2,819,115 | (224,868) |
| Adjustments for : | | |
| Depreciation | 3,224,314 | 3,350,537 |
| Income Tax Paid for earlier years | - | (563,458) |
| Interest earned | (295,651) | (376,794) |
| Dividend Received | (16,700) | (15,070) |
| Profit on sale of share | (384,534) | - |
| Profit on sale Fixed Assets | (173,377) | - |
| Interest paid | 140,237 | - |
| Operating profit before Working Capital changes | 5,313,404 | 2,170,346 |
| Adjustments for : | | |
| Trade & other receivables | (2,679,518) | 1,124,586 |
| Inventories | (1,041,349) | (1,596,387) |
| Trade Payables | 276,781 | 1,014,200 |
| Cash flow from operating activities | 1,869,317 | 2,712,746 |
| Less : Income Tax Paid | 541,915 | 133,561 |
| Less : Extraordinary Items | - | 1,762,627 |
| Net Cash flow from operating activities | 1,327,402 | 816,557 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (1,812,156) | (7,017,960) |
| Sale of Fixed Assets | 1,007,714 | - |
| Investment in Others-(Net) | (1,385,155) | (1,188,686) |
| Dividend Received | 16,700 | 15,070 |
| Interest Received | 295,651 | 376,794 |
| Capital Work in progress | - | 2,887,098 |
| Net Cash from /(Used) in Investing Activities | (1,877,246) | (4,927,684) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | 497,457 | (523,590) |
| Interest Paid | (140,237) | - |
| Net Cash from/(Used) in Financing Activities | 357,220 | (523,590) |
| Net Increase / (decrease) in Cash and Cash Equivalents | (192,625) | (4,634,717) |
| Opening Cash and Cash Equivalents | 3,975,751 | 8,610,468 |
| Closing Cash and Cash Equivalents | 3,783,126 | 3,975,751 |
| Net increase / (decrease) as per Books | (192,625) | (4,634,717) |

For Khanna Gulati & Associates
Chartered Accountants

Rohit Khanna (B. K. Narula)
Partner Managing Director
M. No. 84878

(Alok Mittal)
Director

For & on behalf of the Board of Directors
Silver Smith India Ltd.

(Rita Narula) (Ashwin A. Shirali)
Director Company Secretary

Dated : 30.06.2008
Place : New Delhi

| (A) Capacity & Production | Unit | Qty |
|--------------------------------------|-------------|------------|
| i) Licensed Capacity | N.A | N.A |
| ii) Installed Capacity | N.A | N.A |

(B) Details Regarding Stocks and Sales

| | Current Year | | Previous Year | |
|--|------------------------|--------------------|------------------------|--------------------|
| | Qty - Kgs / gms | Value - Rs. | Qty - Kgs / gms | Value - Rs. |
| 12. I. OPENING STOCK | | | | |
| a) Raw Materials | | | | |
| - Pure Silver | 13,006 | 123,150 | 11,422 | 94,193 |
| - Alloys | 2,274 | 18,063 | 2,982 | 19,685 |
| - Pure Gold (in gms.) | 205 | 123,776 | 185 | 106,330 |
| - Gold 14K (in gms.) | 2 | 654 | 2 | 654 |
| - Gold 18K (in gms.) | 11 | 4,593 | 11 | 4,593 |
| - White Gold (18K) (in Grams) | 5 | 1,932 | 5 | 1,932 |
| - Gold 23K (in gms.) | 1 | 706 | 1 | 706 |
| - Gold 22K (in gms.) | 1 | 654 | 1 | 654 |
| b) Finished Goods (Manufactured) | | | | |
| - Silver Jewellery | 13,033 | 230,398 | 15,848 | 280,152 |
| - Sterling Silver | 10,797 | 145,853 | 7,295 | 81,659 |
| - Gold Jewellery(18K) | 2 | 827 | 2 | 827 |
| c) Finished Goods (Trading / Conversion Item) | | | | |
| - Silver Jewellery | 2,927 | 37,104 | 3,227 | 40,907 |
| - Silver Jewellery (Studded) | 9,508 | 682,934 | 7,409 | 524,711 |
| - Pure Silver | | | - | - |
| - Gold Jewellery (14K) (in grams) | 258 | 103,405 | 258 | 103,405 |
| - Gold Jewellery (22K) (in grams) | 107 | 81,108 | 157 | 109,150 |
| - Stones | 32 | 1,053,649 | | 883,592 |
| - Crystals | 24,846 | 216,982 | - | 161,408 |
| - Silver (Pcs.) | 1,879 | 87,997 | 1,879 | 87,997 |
| - Gold Pcs | 154 | 103,881 | 154 | 103,881 |
| - Sterling Silver (Student Contract Pcs) | 615 | 10,841 | 36 | 414 |
| - Gold Jewellery 22K | | | - | - |
| - Pure Gold | 1,560 | 1,327,560 | 66 | 46,200 |
| - Gold Ornaments | | | - | - |
| - Silver & Gold Jewellery | 154 | 9,869 | 165 | 10,580 |
| - Silver Sterling (Students Pcs.) | | | - | - |
| - Gold Jewellery (14K) | | | - | - |
| - Gold Pcs. 22K | | | - | - |
| d) Packing Material | | 80,863 | | 85,386 |

| | <i>Current Year</i> | | <i>Previous Year</i> | |
|--|------------------------|--------------------|------------------------|--------------------|
| | <i>Qty - Kgs / gms</i> | <i>Value - Rs.</i> | <i>Qty - Kgs / gms</i> | <i>Value - Rs.</i> |
| e) Consumables | | 175,767 | | 221,763 |
| f) Printing & Stationary | | 185,694 | | 241,094 |
| | | 4,808,259 | | 3,211,872 |
| II. PURCHASES | | | | |
| a) Raw Materials | | | | |
| - Pure Silver | 4,701 | 88,445 | 7,201 | 134,116 |
| - Alloys | | | - | - |
| b) Finished Goods (Purchased) | | | | |
| - Silver Jewellery | | | - | - |
| c) Finished Goods (Trading / Conversion Item) | | | | |
| - Silver Jewellery | 886 | 26,366 | - | - |
| - Silver Jewellery (Studded) | | | - | - |
| - Gold Jewellery (Studded) | | | - | - |
| - Pure Silver | 24,281 | 485,812 | 42,030 | 756,196 |
| - Gold (in grams) | 3,054 | 3,023,168 | 11,641 | 10,865,993 |
| - Gold Jewellery 22K | 636 | 772,740 | 60 | 60,000 |
| - Diamonds | 52 | 16,720 | 20 | 170,078 |
| - Stones | - | 33,677 | - | 2,836 |
| - Crystal (cts) | 19,827 | 118,071 | 7,936 | 86,821 |
| - Beads | 51 | 2,405 | | |
| - Silver Coins | 200 | 4,000 | | |
| - Gold Coins (Pure) | | | 160 | 156,832 |
| d) Packing Material | | 11,892 | | 19,883 |
| e) Consumables | | 206,638 | | 106,055 |
| f) Printing & Stationary | | 195,062 | | 153,166 |
| | | 4,984,996 | | 12,511,955 |
| | | | | |

| | Current Year | | Previous Year | |
|---|-----------------|------------------|-----------------|-------------------|
| | Qty - Kgs / gms | Value - Rs. | Qty - Kgs / gms | Value - Rs. |
| III. SALES | | | | |
| a) Manufactured Items | | | | |
| - Pure Silver | 11,421 | 293,452 | 2,973 | 63,494 |
| - Sterling Silver | 402 | 8,010 | 165 | 3,330 |
| - Master pcs. | 324 | 51,454 | | |
| - Silver Jewellery | 1,367 | 60,476 | 7,660 | 302,526 |
| - Gold Jewellery | 68 | 102,000 | | |
| - Pure Gold | 451 | 469,040 | 7,111 | 7,193,271 |
| - Silver Articles | 2,500 | 82,636 | | |
| - Gold Jewellery (18K) | | | | |
| - Silver & Gold Jewellery | | | | |
| - Silver Jewellery (Studded) | | | 834 | 194,448 |
| - White Gold Jewellery (18K) | | | | |
| b) Trading /Converted Items | | | | |
| - Silver Jewellery | 6,829 | 380,298 | | |
| - Silver Article | | | 3,932 | 164,650 |
| - Gold Jewellery 22 K | 2,482 | 4,106,290 | 2,009 | 3,016,734 |
| - Silver Coins | 4,700 | 105,750 | 30,133 | 749,920 |
| - Gold Jewellery (14K) | 54 | 80,250 | | |
| - Gold Jewellery Studded | | | | |
| - Gold (RM) in Gms | | | | |
| - Silver Sterling (Coins) | | | | |
| - Gold Coins (Pure) | 650 | 780,000 | 1,320 | 1,321,700 |
| - Silver jewellery Pcs. | 7,520 | 636,903 | | |
| - Silver Pcs. | | | | |
| - Silver and gold Jewellery | | | 11 | 5,200 |
| - Stones | | | | |
| - Silver Jewellery (Studded) | | | | |
| c) Export Sales - Silver Jew (gms) | | | | |
| | | 7,156,559 | | 13,015,273 |

| | <i>Current Year</i> | | <i>Previous Year</i> | |
|--|------------------------|--------------------|------------------------|--------------------|
| | <i>Qty - Kgs / gms</i> | <i>Value - Rs.</i> | <i>Qty - Kgs / gms</i> | <i>Value - Rs.</i> |
| IV. CLOSING STOCK | | | | |
| a) Raw Materials | | | | |
| - Pure Silver | 13,662 | 136,263 | 13,006 | 123,150 |
| - Alloys | 1,814 | 16,853 | 2,274 | 18,063 |
| - Pure Gold (in Grams) | 255 | 178,626 | 205 | 123,776 |
| - Gold (14K) (in Grams) | 2 | 654 | 2 | 654 |
| - Gold (18K) (in Grams) | 11 | 4,593 | 11 | 4,593 |
| - White Gold (18K) (in Grams) | 5 | 1,932 | 5 | 1,932 |
| - Gold (23K) (in Grams) | 1 | 706 | 1 | 706 |
| - Gold (22K) (in Grams) | 1 | 654 | 1 | 654 |
| b) Finished Goods (Manufactured) | | | | |
| - Silver Jewellery | 1,434 | 45,297 | 13,033 | 230,398 |
| - Sterling Silver | 7,944 | 146,946 | 10,797 | 145,853 |
| - Silver Jewellery (Crystal) | 3,301 | 279,598 | | |
| - Gold Jewellery (18K) | 24 | 32,677 | 2 | 827 |
| c) Finished Goods (Trading / Conversion Item) | | | | |
| - Silver Jewellery | 7,968 | 219,406.93 | 2,927 | 37,104 |
| - Silver Jewellery (Studded) | 2,731 | 172,137 | 9,508 | 682,934 |
| - Silver Jewellery (Crystal) | 9,160 | 691,628 | | |
| - Gold Jewellery (14K) (in grams) | 205 | 81,974 | 258 | 103,405 |
| - Gold Jewellery (22K) (in grams) | 107 | 81,108 | 107 | 81,108 |
| - Stones | 394 | 1,059,734 | 32 | 1,053,649 |
| - Crystal Pcs. | 28,152 | 222,670 | 24,846 | 216,982 |
| - Silver Pcs. | 1,879 | 87,997 | 1,879 | 87,997 |
| - Gold Pcs | 154 | 103,881 | 154 | 103,881 |
| - Sterling Silver (Student Contract Pcs & JW) | 1,076 | 16,008 | 615 | 10,841 |
| - Gold (Pure) | 1,583 | 1,736,477 | 1,560 | 1,327,560 |
| - Silver (Pure) | 3,731 | 74,620 | - | - |
| - Beeds (cts.) | 1,037 | 2,405 | | |
| - Silver & Gold Jewellery | 154 | 9,869 | 154 | 9,869 |
| d) Packing Material | | 74,620 | | 80,863 |
| e) Consumables | | 194,038 | | 175,767 |
| f) Printing & Stationary | | 176,238 | | 185,694 |
| | | 5,849,608 | | 4,808,259 |
| | | | | |

(C) Material Consumed in Manufacture & Conversion

| | Current Year Qty - Kgs | Previous Year Qty - Kgs | |
|--|-----------------------------------|------------------------------------|------------------|
| Pure Silver | 4,045 | 2,644 | |
| Sterling Silver | | - | |
| Alloys | 460 | 708 | |
| (D) Expenditure in Foreign Currency | | 31.3.2008 | 31.3.2007 |
| Travelling Expenses | | - | 48,560 |
| | | - | 48,560 |
| 13. Directors' Remuneration | | 31.3.2008 | 31.3.2007 |
| Salary | | 763,200 | 763,200 |
| Total | | 763,200 | 763,200 |

As per our Report of even date

For Khanna Gulati & Associates
Chartered Accountants
Rohit Khanna
Partner
M. No. 84878

(B. K. Narula)
Managing Director

For & on behalf of the Board of Directors
Silver Smith India Ltd.
(Alok Mittal)
Director
(Rita Narula)
Director

Dated : 30.06.2008
Place : New Delhi

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

5 9 3 4 1

State Code

5 5

Balance Sheet

3 1 0 3 2 0 0 8

II. Capital Raised during the year (Amount in Rs.)

Public Issue

N I L

Right Issue

N I L

Bonus issue

N I L

Private Placement

N I L

III. Position of Mobilisation and deployment of Funds (Amount in Rs.)

Total Liabilities

5 1 8 5 5 9 8 4

Total Assets

5 1 8 5 5 9 8 4

Sources of Funds

Paid up Capital

4 1 3 1 6 0 0 0

Reserves & Surplus

4 0 3 8 2 3 2

Secured Loans

2 4 6 1 7 8 0

Unsecured Loans

N I L

Application of Funds

Net Fixed Assets

2 6 2 1 3 4 3 9

Investments

7 7 0 8 9 5 5

Net Current Assets

1 3 3 6 0 8 6 3

Misc. Expenditure

4 6 0 4 1 8

Accumulated Losses

N I L

IV. Performance of Company (Amount in Rs.)

Turnover & Other Income

1 8 3 0 5 5 9 1

Total Expenditure

1 5 4 8 6 4 7 6

+ - Profit /Loss before Tax

+ - Profit/ Loss after Tax

+ -

2 8 1 9 1 1 5

(+)

2 4 0 6 9 2 7

(Please tick mark Appropriate box + for Profit, - for Loss)

Earning per Share in Rs.

Dividend Rate %

0 . 5 8

N I L

V. Generic Name of Three Principal Products / Services of Company (as per monetary terms)

Item Code No.

7 1 0 6 1 0

(ITC Code)

Product

S I L V E R

Description

Item Code No.

7 1 1 4 1 1

(ITC Code)

Product

S I L V E R A R T I C L E S

Description

Item Code No.

7 1 1 3 1 1

(ITC Code)

Product

S I L V E R J E W E L L E R Y

Description

For Khanna Gulati & Associates

Chartered Accountants

Rohit Khanna

Partner

M. No. 84878

(B. K. Narula)

Managing Director

(Alok Mittal)

Director

For & on behalf of the Board of Directors

Silver Smith India Ltd.

(Rita Narula)

Director

(Ashwin A. Shirali)

Company Secretary

Dated : 30.06.2008

Place : New Delhi

SILVER SMITH INDIA LTD.

Registered Office : Haveli No. 13 (Ground Floor), Hauz Khas Village Market, New Delhi-110 016

PROXY FORM

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

I/We
of being a member/members of the above
mentioned Company, hereby appoint
or failing him
as my/our proxy to attend and vote for me/us and on my/our behalf at the 14TH ANNUAL GENERAL
MEETING of the Company to be held at 1.00 a.m. on Tuesday, September 30th, 2008 and at any
adjournment thereof. This form is to be used in favour of the resolution(s)/against the resolution/s
..... Unless otherwise instructed the proxy will act as he thinks fit.

Signed this day of 2008.

Signature

Affix Rs. 1/-
Revenue
Stamp here

Note : Proxy forms must reach the Company's Registered Office not less than 48 hours before the Meeting.

.....TEAR HERE.....

SILVER SMITH INDIA LTD.

Registered Office : Haveli No. 13 (Ground Floor), Hauz Khas Village Market, New Delhi-110 016

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

| | |
|---|--------------------------------------|
| Name of the attending Member (in Block Letters) | Folio No./Client ID No. DP ID No. |
| Name of the Proxy (in Block Letters) (to be filled if the Proxy attends instead of the Member) | |
| No. of Shares held | |

I hereby record my presence at the 14TH ANNUAL GENERAL MEETING of the Company to be held at Saket Farm, D-3 Mall Road (Church Road), Vasant Kunj, Delhi-110 070 on Tuesday, September 30, 2008.

Member's / Proxy's Signature

(to be signed at the time of handing over the slip)

Note :

1. Shareholder/Proxyholder wishing to attend the Meeting must bring the Attendance slip to the meeting and hand over at the entrance duly signed.
2. Shareholder/Proxyholder should bring his/her copy of the Annual Report for reference at the meeting.

BOOK-POST



If undelivered, please return to

SILVER SMITH INDIA LTD.
Haveli No. 13 (Ground Floor)
Hauz Khas Village Market
New Delhi-110 016