



S. B. & T. International Limited
Annual Report 2009 - 10

Vision statement

*“To become the premier Jewellery Manufacturer
having an established distribution network
catering to retail market of Middle East,
Europe, U.K. & India.”*

Shareholder Information

Date Of Meeting : 30th September, 2010
Time : 11.00 am.

Venue : Hotel Tunga Paradise
MIDC Central Road
Andheri (East)
Mumbai 400 093.

Date Book Closure : 25th September, 2010 to
: 30th September, 2010

Board of Directors

Chairman & Joint Managing Director

Surendra Kumar Sethi

Managing Director

Varij Sethi

Whole Time Director (Production)

Vivek Tharaney

Non-Executive Directors

Ravi Khubchandani

Martin Feinstein

Sunil Barjatiya

Auditors

M/s. M.M. Dubey & Co.

Bankers

The Federal Bank Limited

Axis Bank Limited

Union Bank of India

Registered Office

138, Shreeji Chambers, First Floor,

Tata Road No. 2, Opera House,

Mumbai - 400 004.

Website: www.sbtindia.com

COMMITTEES OF BOARD

Audit Committee

Sunil Barjatiya

Ravi Khubchandani

Vivek Tharaney

Shareholders/Investors Grievance Committee

Ravi Khubchandani

Martin Feinstein

Sunil Barjatiya

Compensation Committee

Ravi Khubchandani

Martin Feinstein

Sunil Barjatiya

Factory

G-3 Gems And Jewellery Complex-I

Seepz, Andheri (East)

Mumbai - 400 096.

Plot No. 96, Road No. 16,

MIDC Industrial Area,

Andheri (East), Mumbai - 400 096.

Registrar And Share Transfer Agents

M/s System Support Services

209, Shivai Industrial Estate,

Near Park Davis,

89, Andheri-Kurla Road,

Sakinaka, Andheri (East)

Mumbai - 400 072.

NOTICE

NOTICE is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the shareholders of S. B. & T INTERNATIONAL LIMITED will be held on Thursday, September 30, 2010 at 11:00 a.m. at Hotel Tunga Paradise, MIDC Central Road, Andheri (E), Mumbai - 400 093 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2010 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Sunil Barjatiya, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Vivek Tharaney, who retires by rotation and, being eligible, offers himself for reappointment.
4. To declare final dividend.
5. To re-appoint M/s. M. M. Dubey & Co., Chartered Accountants, the retiring Auditors to hold office from the conclusion of the ensuing Annual General Meeting as Statutory Auditors until the conclusion of next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee in addition to reimbursement of out-of-pocket expenses in connection with the audit of the accounts of the Company for the year ending on 31st March, 2010.

SPECIAL BUSINESS:

6. Re-appointment of Mr. Vivek Tharaney:

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

“RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as approved and recommended by the Remuneration Committee and the Board of Directors, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Vivek Tharaney, as Whole-Time Director (Production) of the Company, for a period of 1 year with effect from 27/03/2010 to 26/03/2011 on the terms & conditions including remuneration as are set out hereunder:

1. Period : 1 year with effect from date 27/03/2010 to 26/03/2011
2. Remuneration :
 - a) Salary: upto Rs. 45,000/- per month.
 - b) Gratuity at the rate not exceeding half month's salary for each completed year of service or part thereof in accordance with the rules and regulations of the Company.
 - c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, if any, paid to the Whole-Time Director (Production) will be in accordance with the rules and regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - d) Perquisites: Restricted to an amount equal to the Annual Salary.
 - e) Medical Reimbursement :

Expenses incurred for the Whole-Time Director (Production) subject to a ceiling of one month's salary in a year or as applicable under the Income Tax Act, 1961.
 - f) Leave travel concession:

For the Whole-Time Director (Production) and his family once in a year incurred in accordance with the rules of the Company.
3. Provision of car for use of the Company's business and telephone at residence provided that personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole-Time Director (Production). The provision for car and telephone will not be considered as perquisites for the purpose of point in 2(d) above.

RESOLVED FURTHER THAT the terms and conditions of the above appointment may be altered and varied from time to time by the Board of Directors ('the Board' which term shall be deemed to include Remuneration Committee thereof) as it may in its discretion deem fit within the maximum amount payable to the Whole-Time Director (Production) in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made

hereafter in this regard and as may be agreed to by the Whole-Time Director (Production).

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the Whole-Time Director (Production), the Company has no profits or its profits are inadequate, the Company may pay to the Whole-Time Director (Production) the above remuneration as the minimum remuneration by way of salaries, perquisites and other allowances and benefits as specified above subject to the receipt of the requisite approvals, if any.

RESOLVED FURTHER THAT Mr. Vivek Tharaney being a Director liable to retire by rotation, his re-appointment as such Director shall not be deemed to constitute a break in his appointment as a Whole-Time Director (Production).

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 and things as it may in its absolute discretion, deem necessary or desirable in this regard.”

7. Reappointment of Mr. Varij Sethi:

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

“**RESOLVED THAT** in accordance with the provisions of sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as approved and recommended by the remuneration committee and the Board of Directors, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Varij Sethi, as Managing Director of the Company, for a period of one year with effect from 01/12/2010 to 30/11/2011 on the terms & conditions including remuneration as are set out hereunder:

1. Period : One year with effect from 01/12/2010 to 30/11/2011

2. Remuneration:

a) Salary: upto Rs. 1,75,000/- per month.

Commission @ 1% of the Net Profits of the Company for the year in addition to the salary; subject to the total remuneration being within the limits laid down under Schedule XIII to the Companies Act, 1956 as applicable from time to time.

b) Gratuity at the rate not exceeding half month's salary for each completed year of service or part thereof in accordance with the rules and regulations of the Company.

c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, if any, paid to the Managing Director will be in accordance with the rules and regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

d) Perquisites: Restricted to an amount equal to the Annual Salary.

e) Medical Reimbursement:

Expenses incurred for the Managing Director subject to a ceiling of one month's salary in a year or as applicable under the Income Tax Act, 1961.

f) Leave travel concession:

For the Managing Director and his family once in a year incurred in accordance with the rules of the Company.

3. Provision of car for use of the Company's business and telephone at residence provided that personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director. The provision for car and telephone will not be considered as perquisites for the purpose of point in 2(d) above. Membership of two clubs.

RESOLVED FURTHER THAT the terms and conditions of the above appointment may be altered and varied from time to time by the Board of Directors ('the Board' which term shall be deemed to include Remuneration Committee thereof) as it may in its discretion deem fit within the maximum amount payable to the Managing Director in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard and as may be agreed to by the Managing Director.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director the above remuneration as the minimum remuneration by way of salaries perquisites and other allowances and benefits as specified above subject to the receipt of the requisite approvals, if any.

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 and things as it may in its absolute discretion, deem necessary or desirable in this regard.”

8. Re-appointment of Mr. Surendrakumar Sethi :

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

“**RESOLVED THAT** in accordance with the provisions of sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as approved and recommended by the remuneration committee and the Board of Directors, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Surendra Kumar Sethi, as Chairman & Joint Managing Director of the Company, for a period of one year with effect from 01/12/2010 to 30/11/2011 on the terms & conditions including remuneration as are set out hereunder:

1. Period : One year with effect from 01/12/2010 to 30/11/2011
2. Remuneration :
 - a) Salary: upto Rs. 1,75,000/- per month
 - b) Gratuity at the rate not exceeding half month's salary for each completed year of service or part thereof in accordance with the rules and regulations of the Company.
 - c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, if any, paid to the Chairman & Joint Managing Director will be in accordance with the rules and regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - d) Perquisites: Restricted to an amount equal to the Annual Salary.
 - e) Medical Reimbursement: Expenses incurred for the Chairman & Joint Managing Director subject to a ceiling of one month's salary in a year or as applicable under the Income Tax Act, 1961.
 - f) Leave travel concession: For the Chairman & Joint Managing Director and his family once in a year incurred in accordance with the rules of the Company.
3. Provision of car for use of the Company's business and telephone at residence provided that personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Chairman & Joint Managing Director. The provision for car and telephone will not be considered as perquisites for the purpose of point in 2(d) above. Membership of two clubs.

RESOLVED FURTHER THAT the terms and conditions of the above appointment may be altered and varied from time to time by the Board of Directors ('the Board' which term shall be deemed to include Remuneration Committee thereof) as it may in its discretion deem fit within the maximum amount payable to the Chairman & Joint Managing Director in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard and as may be agreed to by the Chairman & Joint Managing Director.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the Chairman & Joint Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to the Chairman & Joint Managing Director the above remuneration as the minimum remuneration by way of salaries perquisites and other allowances and benefits as specified above subject to the receipt of the requisite approvals, if any.

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 and things as it may in its absolute discretion, deem necessary or desirable in this regard.”

By Order of the Board of Directors

Place : Mumbai
Date : September 08, 2010

Surendra Kumar Sethi
Chairman

Registered Office:

138, Shreeji Chambers, 1st Floor,
Tata Road No. 2, Opera House,
Mumbai – 400 004.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. Under the Companies Act, 1956, voting is by a show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000. A proxy shall not vote except on a poll. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 is appended hereto.
3. The Register of Members & Share Transfer Books of the Company will remain closed from September 25, 2010 to September 30, 2010 (both days inclusive) for the purpose of Annual General Meeting.
4. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
5. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. A final dividend of 1% of the paid up capital of the Company for the year ended March 31, 2010 as recommended by Board, if sanctioned at the Annual General meeting, will be payable to those members whose names appear on the Company's Register of Members on September 25, 2010.
8. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or after 30th September, 2010, to those Shareholders whose names stand on the Company Register of Members on September 25, 2010 and to whom dividend warrants will be posted. In respect of Shares held in electronic form, the dividend will be paid on the basis of beneficial ownership position as at the end of the day on September 25, 2010, as per data to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for this purpose.
Members who have not encashed their dividend warrant(s) for the financial year ended 31st March, 2003 and subsequent years, are requested to make their claims to the Registrar and Transfer Agents of the Company without any delay.
9. Members desirous of getting any information on the accounts and operations of the Company are requested to write to the Company at least seven days before the date of the meeting to enable the Company to compile the information and provide replies at the meeting.
10. Members who hold shares in dematerialised form are required to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.
11. As per the provisions of the amended Companies Act, 1956 facility for nominations is now available to the Shareholders of the Company in respect of shares held by them. Members holding shares in physical form and desirous of making/changing nomination in respect of their shareholding in the Company, may send their request in the prescribed form 2B to the Registrar & Transfer Agents of the Company.
12. Corporate Members are requested to send to the Company, a duly certified copy of Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
13. Members seeking any information or clarifications on the Annual Report are requested to write at least one week before the meeting to enable the Company to compile the information and provide replies at the meeting.
14. Members are requested to notify changes, if any, in their registered addresses along with the pin code to the Company's Registrar and Share Transfer Agent.
15. Members are requested to bring their copy of Annual Report to the meeting.
16. All documents referred to in the notice and explanatory statement are open for inspection at the registered office of the Company between 10.30 a.m. and 1.00 p.m. on all working days upto the date of the meeting.
17. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer agents of the Company.
18. Member are requested to address all correspondences, including dividend matters, to the Registrar and Share Transfer

Agents, M/s. System Support Services, 209, Shivai Industrial Estate, Near Parke Davis, 89, Andheri- Kurla Road, Sakinaka, Andheri (East) Mumbai 400 072, Tel No: 2850 0835, Fax No.: 28501438, E-mail id: sysss72@yahoo.co.in.

19. (a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrar's and Transfer Agents, M/s. System Support Services, under the signature of the Sole/First joint holder, the following information to be incorporated on dividend warrants:
- (i) Name of the Sole/First joint holder and the Folio Number
 - (ii) Particulars of Bank Account, viz.:
 - Name of the Bank
 - Name of the Branch
 - Complete address of the Bank with Pin Code Number,
 - Account type, whether Savings Account (SA) or Current Account (CA)
 - Bank Account Number.
- (b) Members who hold shares in dematerialized form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. Members who wish to change such Bank Account details are therefore, requested to advise their Depository Participants about such change with complete details of Bank Account.

INFORMATION UNDER CLAUSE 49 (IV) (G) (i) OF THE LISTING AGREEMENT REGARDING RE - APPOINTMENT OF DIRECTORS.

1. Mr. Sunil Barjatiya

Mr. Sunil Bajatiya is A Non-Executive Director, a Graduate in Commerce. His specialization is in Finance Field.

2. Mr. Vivek Tharaney

Mr. Vivek Tharaney, a Graduate in Commerce, has been in the employment of the Company since 1991 and has over the years gained immense experience in jewellery manufacturing. As a Whole-time Director (Production), he is responsible for the production activities of the Company.

3. Mr. Varij Surendrakumar Sethi

He is a graduate in Commerce, gained first hand knowledge and experience of the international jewellery business at S.B. & T Gem Imports Inc. U.S.A from 1985 to 1988. At present he is Managing Director of the Company.

4. Mr. Surendra Kumar Sethi

He is a businessman by profession. He is having experience of more than 40 years. He is responsible for the legal, financial and administrative matters of the group. At present, he is Chairman and Joint Managing Director of the Company.

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

Item No. 5:-

Mr. Vivek Tharaney has been in the employment of the Company since 1991 and has been appointed as a Whole-Time Director for one year from 27/03/2009 to 26/03/2010 and therefore, it was felt in the interest of the Company to re-appoint Mr. Vivek Tharaney as the Whole-Time Director-Production for a period of one year w.e.f .27/03/2010 to 26/03/2011.

A brief resume of Mr. Vivek Tharaney is annexed to this notice.

None of the Directors except Mr. Vivek Tharaney is interested in the said Resolution.

Item No. 6 & 7:-

Mr. Varij Sethi was appointed as Managing Director of the Company for a period of one year from 01/12/2009 on the terms and conditions as approved by the Shareholders. The tenure of his appointment expires on 30/11/2010.

The Board of Directors of the Company at its meeting held on 8th September, 2010 has recommended the re-appointment of Mr. Varij Sethi, as the Managing Director of the Company for a further period of 1 year from 01/12/2010 to 30/11/2011.

Also, Mr. Surendra Kumar Sethi was appointed as the Chairman and Joint Managing Director of the Company for a period of one year from 01/12/2009 on the terms and conditions as approved by the Shareholders. The tenure of his appointment expires on 30/11/2010.

It is in the interest of the Company to continue availing the services of Mr. Varij Sethi as the Managing Director and Mr. Surendra Kumar Sethi as the Chairman and Joint Managing Director and renew their appointment. The Remuneration Committee comprising of independent Directors namely Mr. Sunil Barjatiya, Mr. Ravi Khubchandani and Mr. Martin Feinstein, approved and recommended the remuneration payable to Mr. Varij Sethi and Mr. Surendra Kumar Sethi as set out in the body of the resolutions which the Board has agreed to offer by its resolutions dated 8th September, 2010. The remuneration is within the ceiling limits of remuneration under applicable statutory provisions and schedule XIII of the Companies Act, 1956. The Company has not made any default in repayment of any of its debts (including deposits) or debentures or interest payable thereon for continuous period of 30 days in the preceding financial year before the date of re-appointment of the Managing Director and the Chairman and Joint Managing Director.

The Board recommends these special resolutions for your approval.

By Order of the Board of Directors

Place : Mumbai
Date : September 08, 2010

Surendra Kumar Sethi
Chairman

Registered Office:

138, Shreeji Chambers, 1st Floor,
Tata Road No. 2, Opera House,
Mumbai – 400 004.

DIRECTORS' REPORT

The Members of

S.B. & T INTERNATIONAL LIMITED

Your Directors present with pleasure the Twenty Third Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2010.

1. FINANCIAL RESULTS

	(Rs. In Million)	
	2009-2010	2008-2009
Gross Profit	11.95	15.92
Less: Depreciation	2.83	3.37
Profit before Tax	9.12	12.55
Provision for Tax – Current	(5.27)	(6.35)
Deferred	(0.14)	1.36
Fringe Benefit Tax	-	(0.15)
Profit after Tax	3.71	7.41
Add: Balance brought forward	41.80	36.61
Profit available for appropriation	45.51	44.02
Appropriations		
Proposed Final Dividend	1.69	1.69
Corporate Dividend Tax	(0.62)	(0.54)
Balance carried to Balance Sheet	43.20	41.79

2. OPERATIONS

Turnover of the Company is Rs. 1286.18 Million for the year ended 31st March, 2010 as compared to Rs. 1052.31 Million for the year ended 31st March, 2009.

3. CAPITAL

The Paid up Capital of the Company for the financial year ended 31st March, 2010 is Rs. 168,500,000 divided into 16,850,000 shares of Rs. 10 each.

4. DIVIDEND

Your Directors recommend dividend at the rate of 1% of the paid up capital of Rs.168,500,000/- consisting of 16,850,000 equity shares of Rs.10/- each fully paid up for the financial year ended 31st March, 2010 aggregating to Rs. 1,685,000/- and Tax on dividend of Rs. 2,86,366/-. The dividend is free of tax in the hands of the recipient.

5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**a) INDUSTRY STRUCTURE AND DEVELOPMENTS**

Diamonds, Gems and Jewellery have been a part of the Indian civilisation since its recorded history, the significance of the Gems and Jewellery industry in the Indian economic scenario is a development of the last three or four decades. In 1966-67, the export turnover of the Gems & Jewellery industry was just Rs 220 million representing a 3 per cent of total merchandise exports. However, it has now grown to become one of the leading export oriented industries in India recording an export turnover of around Rs 675 billion during 2004-05 and contributing 16 per cent of total exports, making it a significant foreign exchange earner for the country.

Gems and Jewellery form an integral part of Indian tradition. A legacy passed from one generation to another. The components of jewellery include not only traditional gold but also diamond, platinum accompanied by a variety of precious and semi-precious stones. India is one of the largest exporters of gems and Jewellery and also the diamond polishing capital

The Indian Gems & Jewellery industry is highly fragmented with a large number of domestic private sector companies. A large portion of the market is in the unorganized sector. India is gaining prominence as an international sourcing destination for high quality designer jewellery.

b) SWOT ANALYSIS OF INDIAN GEMS & JEWELLERY INDUSTRY

STRENGTHS:

- About one million craftsmen are associated with this industry. Their skills can be utilized for designing and making modern Jewellery
- Availability of abundance of cheap and skilled labour in India.
- Presence of excellent marketing network spread across the world.
- Supportive government industrial/ EXIM policy.

WEAKNESSES :

- Small firms lacking technological/ export information expertise.
- Low productivity compared to labour in China, Thailand and Sri Lanka.
- As the major raw material requirements need to be imported, companies normally stock huge quantities of inventory resulting high inventory carrying costs.

OPPORTUNITIES :

- New markets in Europe & Latin America
- Growing demand in South Asian & Far East countries.
- Industry moving from a phase of consolidation

THREATS :

- China, Sri Lanka and Thailand's entry in small diamond segment
- Infrastructure bottlenecks, absence of latest technology
- Unusual increase in the prices of gold and rough diamonds

c) SEGMENT-WISE PERFORMANCE

Refer to Note B (12) of Schedule 20 of the financial statements attached herewith.

d) FUTURE OUTLOOK

The future scenarios for the global fashion jewelry industry, based on the recent trends, are that the mining countries will capture a huge share of the polishing sector as well. Substitutes of precious stones such as synthetic diamonds and non-precious metals will replace the precious stones. The plain gold jewelry sales will keep on declining and China and India will emerge as large retail markets.

Based on the above trends the projections for growth of jewelry industry are as follows:

- The growth in sales of the industry as a whole will slow down and the world will notice the emergence of new markets. The global fashion jewelry sales will grow at the rate of 4.6% annually and is estimated to reach US \$ 185 billion by 2010 and US \$ 230 billion in 2015. China and India together will emerge as equivalent to the US market in 2015.
- Jewellery fabrication services will also show sluggish demand and will move to new centers. The CAGR of global fashion jewelry fabrication is estimated to be 5.1% by 2015. China and India will be the new centers for jewelry fabrication.
- Lowering margins in profit and debt levels in the industry will help to build up the fashion jewelry industry.
- By the year 2015, the fashion jewelry industry will witness the emergence of a number of giant markets, which will be the industry leaders of the future.

The future of fashion jewellery industry lies in the developing countries and primarily China and India. The African countries producing raw materials will also benefit from the expansion of these markets. Thus on the whole the future for the industry is bright but still certain steps need to be taken by the key players to increase supply of raw materials and reform the supply chain.

e) RISK MANAGEMENT

The company considers risk management to be one of the most critical components of its business framework. During the year, risk management systems were further strengthened and fine-tuned to effectively manage the risks confronted by the company. Similarly, well-established and documented systems and procedures provide defence against the operational risk. The Company assesses the risk on quarterly basis.

f) INTERNAL CONTROLS

The Company has in place adequate system of internal control. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability of financial reporting. The Company has continued its efforts to align all its processes and controls with global best practices in these areas as well.

The Company's internal control systems governed by well framed policies and guidelines is supplemented by well-established audit processes that assists management in identifying issues and associated risks and ensure that all assets are safeguarded and protected against any loss.

Internal audit, an independent appraisal function, examines and evaluates the adequacy and effectiveness of the internal control systems, appraises periodically about activities and audit findings to the Audit Committee, statutory auditors and the management.

g) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Turnover of the Company is Rs. 1286.18 Million for the year ended 31st March, 2010 as compared to Rs. 1052.31 Million for the year ended 31st March, 2009. Net Profits after Tax has decreased from Rs. 7.41 Million for the year ended 31st March 2009 to Rs. 3.71 Million for the year ended 31st March, 2010.

h) HUMAN RESOURCE – THE BIGGEST COMPETITIVE EDGE

The Company regards its human resources as one of its prime and critical resources. The Company proactively reviews policies and processes by creating a work environment which encourages initiative, provides challenges & opportunities and recognises the performance and potentials of its employees.

Comprehensive on-going training is offered to the employees to increase their competence level and job capability. There is a strong focus on team work and team building. Employee relations continue to be cordial.

People are our most vital resources of the Company. The success or failure of the organization is directly linked to the talent of the work force that it is able to attract, retain & engage. We have created a favourable work environment that encourages innovation and meritocracy in our employees which are our greatest resource of sustainable competitive advantage.

In our Company the key focus has been to change the mindset from "Human resource utilization" to "Nurturing and leveraging Talent" Employee engagement remains a key focus of HR initiatives undertaken by our Company. The company helps employees to build new skills and competencies and also promotes knowledge sharing and team building. Harmonious and constructive relations between the management and workmen help to maintain a cordial work atmosphere and achieve business growth.

i) CODE OF CONDUCT

The Board of Directors has adopted the Code of Conduct setting out the rules, ethical codes and honor codes outlining the responsibilities of or proper practices for the Directors and the Company. The Code of Conduct of the Company lays down the principles, values, standards and rules of behavior that guide the decisions, procedures and systems of the Company in a way that (a) it contributes to the welfare of its stakeholders, and (b) respects the rights of all constituents affected by its operations The Code of Conduct is reviewed from time to time by the Board.

The Code of Conduct of the Company has also been posted on the Company's website – www.sbtindia.com

j) CAUTIONARY STATEMENT

The statements made in this report describe the Company's objectives, expectations and projections that may be forward looking statements. The actual results might differ materially from those expressed or implied depending on the economic conditions, government policies and other incidental factors, which are beyond the control of the Company and Management.

6. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Vivek Tharaney and Mr. Sunil Barjatiya, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

7. FIXED DEPOSITS

During the year under review, the Company has not accepted any deposit from public as the Company has stopped accepting deposits w.e.f. 12th September 2003 as per the resolution passed by the Board of Directors. Total amount of deposits as on 31st March, 2010 was Rs.94,000 /- (Rupees Ninety Four Thousand Only). There were no outstanding or unclaimed fixed deposits as on 31st March, 2010.

8. SUBSIDIARY COMPANY

In accordance with Section 212 of the Companies Act, 1956, the audited statement of accounts of the Company's subsidiaries SB&T Holding Limited, Mimansa Jewellery Private Limited, Soft Touch Jewelers LLC, SB&T Designs Limited and SB&T (UK) Limited together with Reports of the Directors' and Auditors' thereon for the year ended 31st March, 2010 are annexed hereto and form part of this report.

9. CONSOLIDATED FINANCIAL STATEMENTS.

The Consolidated Financial Statements of SB&T International Limited and its subsidiaries SB&T Holding Limited, Mimansa Jewellery Private Limited, Soft Touch Jewelers LLC, SB&T Designs Limited and SB&T (UK) Limited prepared in accordance with Accounting Standard 21 is annexed.

10. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) A rule, 1988 is annexed hereto and forms part of this report.

11. PARTICULARS OF EMPLOYEES

Since none of the employees of the Company was drawing remuneration in excess of limits laid down pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, details therewith are not furnished.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- (i) that in the preparation of the Annual Accounts for the year ended March 31, 2010; the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2010 and of the profit of the Company for that year.
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (iv) that the Directors have prepared the Annual Accounts for the year ended March 31, 2010, on a going concern basis.

COST AUDIT

The company is not required to undertake the cost audit as required under Section 233 B of the Companies Act, 1956.

AUDITORS

M/s. M. M. Dubey & Co., Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

CORPORATE GOVERNANCE

Report on Corporate Governance is furnished as a part of the Directors' Report and forms part of this report. Certificate from the Company's Auditors regarding compliance is annexed hereto and forms part of this report.

PERSONNEL

Your Directors place on record their appreciation to the sincere and dedicated services put in by the employees of the Company at all the levels and in all the departments of the Company.

BANKERS

The Directors place on record their appreciation for the support and co-operation received from all the Bankers.

For and on behalf of the Board of Directors

Place : Mumbai
Date : September 08, 2010

Surendra Kumar Sethi
Chairman

Registered Office:

138, Shreeji Chambers, First Floor,
Tata Road No. 2, Opera House,
Mumbai - 400 004

Statement pursuant to section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010.

(A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

Appropriate measures have been initiated to conserve energy. The Company has always been conscious about the need for conservation of energy.

(b) Additional investments and proposals, if any, being implemented for reduction of energy consumption:

The efforts for conservation of energy are on an ongoing basis throughout the year.

(c) The impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The measures taken have resulted in savings in the cost of production.

(B) TECHNOLOGY ABSORPTION

(a) Efforts made in technology absorption :

Research & Development (R & D)

1. Specific areas in which R & D carried out by the Company:

Company's R & D emphasis has been laid on adaptation of technology to suit local conditions mainly in areas of process improvement, optimisation of material usage and development of new designs.

2. Benefits derived as a result of above R & D:

Cost reduction

Technology upgradation

Development of new designs in products and processes

3. Future plan of action:

Continuation of the present work in R & D for introduction of new products and processes, and improvement in the existing products and processes in various areas in which the Company is operating.

4. Expenditure on R & D:

As part of its development process the Company incurs ongoing expenditure of a revenue nature on developing new products. This expenditure forms part of the general factory overheads of the Company, hence the precise amount is not quantifiable.

(b) Technology absorption, adoption and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

Imparting training to personnel by visiting technicians of the Foreign Collaborators in various manufacturing techniques. The Company is also constantly investing in new equipments from time to time to keep abreast with international standards and technology.

2. Benefits derived as a result of above efforts:

Improvement of systems in existing products/processes in related manufacturing areas, Cost reduction, Introduction of new products.

(c) Foreign Exchange Earnings and Outgo:

Efforts are being made to develop new products keeping in view the international market which is sensitive to changing fashions.

The Company's forward integration plans through its wholly owned subsidiary S B & T Holding Limited will facilitate the business to grow globally and reaching the consumers directly.

For and on behalf of the Board of Directors

Place : Mumbai
Date : September 08, 2010

Surendra Kumar Sethi
Chairman

REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement)

1. Company's Philosophy on Corporate Governance

At S.B. & T, Corporate Governance philosophy stems from our belief that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence. The Corporate Governance philosophy is scripted as:

"As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success."

Corporate governance is about maximizing shareholder value legally, ethically and on a sustainable basis, while ensuring fairness to every stakeholder - our customers, employees, investors, vendor-partners, the governments of the countries in which we operate, and the community. Thus, corporate governance is a reflection of our culture, policies, our relationship with stakeholders and our commitment to values.

Our objective is and always has been to make sure that our financial information is transparent, timely, complete and accurate. We also believe it is essential to have clear policies assuring that all involved in the process of managing the company, from the Board on down, are able to act in the best interest of stockholders.

The public must have confidence that corporations are lead by ethical leaders who play by the rules and who follow strong internal practices and policies.

Corporate Governance Philosophy :

Our corporate governance philosophy is based on the following principles:

- Satisfy the spirit of the law and not just the letter of the law
- Corporate governance standards should go beyond the law
- Be transparent and maintain a high degree of disclosure levels
- Make a clear distinction between personal conveniences and corporate resources
- Communicate externally, in a truthful manner, about how the Company runs internally
- Comply with the laws of all the countries in which the Company operates
- Have a simple and transparent corporate structure driven solely by business needs
- Management is the trustee of the shareholders' capital and not the owner

Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures always seek to attain the best practices in international corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.

2. Board Of Directors

a. Size and Composition of Board

The composition and category of Directors as on March 31, 2010 are as under:-

Name of Directors	Category	As on March 31, 2010		Committee Member / Chairman §	Share-holding in the Company
		No. of other Directorship	Private** Public		
Mr. Surendra Kumar Sethi	Chairman & Joint Managing Director	Seven	Nil	Nil	2.83
Mr. Varij Sethi	Managing Director	Six	One	Nil	11.48
Mr. Vivek Tharaney	Whole time Director - Production	Nil	Nil	1	0.04
Mr. Ravi Khubchandani	Independent & Non Executive Director	Seven	Nil	3	Nil
Mr. Martin Feinstein	Independent & Non Executive Director	Nil	Nil	2	Nil
Mr. Sunil Barjatiya	Independent & Non Executive Director	Nil	One	3	Nil

** Excluding Directorship in foreign companies.

§ Including Audit and Investors Grievance Committees of Public Limited Company

b. Attendance at Board Meeting and Annual General Meeting :-

During the accounting year 2009-2010, 21 Board Meetings were held on 29th April, 2009, 15th May, 2009, 30th May, 2009, 30th June, 2009, 31st July, 2009, 29th August, 2009, 22nd September 2009, 30th September 2009, 22nd October, 2009, 26th October, 2009, 30th October, 2009, 25th November, 2009, 30th November, 2009, 4th December, 2009, 9th December, 2009, 31st December, 2009, 29th January, 2010, 30th January, 2010, 24th February 2010, 26th February 2010 and 31st March, 2010.

The Annual General Meeting of the Company was held on 19th December, 2009.

Attendance at Board Meeting and last Annual General Meeting:

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Surendra Kumar Sethi	21	ABSENT
Mr. Varij Sethi	21	PRESENT
Mr. Vivek Tharaney	21	ABSENT
Mr. Ravi Khubchandani	21	ABSENT
Mr. Martin Feinstein	-	ABSENT
Mr. Sunil Barjatiya	21	ABSENT

c. Board's Functioning & Procedures:-

The Board has complete access to any information within the Company. At meetings of the Board, it welcomes the presence of Managers who can provide additional insights into the items being discussed.

The items placed at the Meeting of the Board include the following:-

1. Un-audited Quarterly/Half yearly financial results and Audited Annual Accounts of the Company including segment wise revenue, results and capital employed, for consideration and approval,
2. Minutes of meetings of Audit Committee, Share Holders Grievance Committee, Remuneration Committee,
3. Abstracts of Circular Resolutions passed,
4. General Notices of Interest,
5. Sale and/or Purchase of investments, fixed assets,
6. Review compliance of all laws applicable to the Company including the requirements of the Listing Agreement with the Stock Exchanges and steps taken by the Company to rectify instances of non compliances, if any,
7. Related party transactions,
8. Reviewing the Company's financial and risk management policies,
9. Reviewing the operations of the Subsidiary Company,
10. Reviewing the business plan and strategy of the Company,
11. Minutes of the Board of Directors of Subsidiary Companies,
12. Financial Results of Subsidiary Company.

All the items in the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial /business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.

d. Post - meeting follow up system:-

The governance process in the Company includes effective post - meeting follow-up, review and reporting process for action taken / pending on decisions of the Board and the Board Committees.

The Minutes of the Meetings of the Board are circulated to all Directors and confirmed at the subsequent Meeting. The Minutes of the Audit Committee, Remuneration Committee and Shareholders' Grievance Committee are also individually given to the Board of Directors and thereafter tabled for discussion at the subsequent Board Meeting.

3. COMMITTEES:

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope. The Committees operate as empowered agents of the Board as per their Charter/ terms of reference. Targets set by them as agreed with the Management are reviewed periodically and mid-course corrections are also carried out. The minutes of the meetings of all Committees of the Board are placed

before the Board for discussions / noting. The composition, role and functions of the Committees are as detailed below:

I. AUDIT COMMITTEE:

Audit Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors. Audit Committee is organized for the purposes of assisting the Board in oversight of:

- 1) the integrity of the financial statements of the Company,
- (2) the compliance by the Company with legal and regulatory requirements,
- (3) the independent auditor's qualifications and independence and
- (4) the performance of the Company's internal audit function(s) and independent auditors.

The primary objective of the Audit Committee is to provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures.

a. Size and Composition

Audit Committee was formed on 19th March, 2002 with Mr. Abhishek Jain as the Chairman and Mr. Sanjiv Chainani and Mr. Ravi Khubchandani as its members.

Mr. Abhishek Jain, ceased to be the Chairman of the Committee and Mr. Sanjiv Chainani was appointed as the Chairman with effect from 20th July, 2006.

Mr. Sanjiv Chainani, Chairman of the Audit Committee resigned from the Directorship of the Company with effect from 12th June, 2008. Due to his resignation, there was a change in the constitution of Audit Committee with effect from 12th June, 2008 with Mr. Ravi Khubchandani as the Chairman of the Audit Committee and Mr. Vivek Tharaney and Mr. Abhishek Jain as its members.

Mr. Abhishek Jain, Member of the Audit Committee resigned with effect from 1st January, 2009 and Mr. Sunil Barjatiya was appointed as a member of the Audit Committee of the Company with effect from January 01, 2009.

b. Attendance at the Audit Committee Meetings

During the accounting year 2009-10 nine Audit Committee Meetings were held on 29th April, 2009, 30th May, 2009, 31st July, 2009, 29th August, 2009, 30th October, 2009, 25th November, 2009, 29th January, 2010, and 26th February, 2010.

Name of Directors	Designation	Category	No. of Audit Committee Meetings attended
Mr. Ravi Khubchandani	Chairman*	Independent & Non Executive Director	9
Mr. Vivek Tharaney	Member	Executive	9
Mr. Sunil Barjatiya	Member**	Independent & Non Executive Director	9

* On 12th June, 2008 Mr. Ravi Khubchandani was appointed as a Chairman of the Audit Committee and Mr. Vivek Tharaney, Whole Time Director (Production) was appointed as a Member of Audit Committee.

** Mr. Sunil Barjatiya was appointed as a Member of the Committee with effect from January 31, 2009

c. The functions of the Audit Committee include the following: -

1. Reviewing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible,
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other expenses,
3. Reviewing with management the annual / half-yearly / quarterly financial statements before submission to the Board,
4. Reviewing with management, external and internal auditors, the adequacy of the internal control systems,
5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading of the department, reporting structure coverage and frequency of internal audit,
6. Discussion with external auditors before the audit, any significant findings and follow up thereon,
7. Reviewing the findings of any internal investigations by internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board,
8. Discussions with external auditors before the audits commence nature and scope of audit as well as have post-audit discussion to ascertain any area of concern,

9. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors,
10. Related party transactions,
11. To review the matters included in the Director's Responsibility Statement, Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956,
12. To review the Management discussion and analysis of financial condition and results of operations,
13. Disclosures made under the CEO and CFO certification to the Board and investors,
14. To Review the accounts of the subsidiaries,
15. To take note of the report confirming payments of all Statutory Liabilities and other compliances with the various statutes, regulations etc.

All the items in the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial results and detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Member to enable the Committee to take informed decisions.

The Minutes of the Meetings of the Committee are circulated to all Members and confirmed at the subsequent Meeting.

The Statutory Auditors and Managing Director are invitees to the Audit Committee Meetings.

The Compliance Officer acted as the Secretary to the Audit Committee.

The Members of the Committee are well versed in finance / accounts, legal matters and general business practices.

II COMPENSATION/REMUNERATION COMMITTEE:

The Remuneration Committee of the Board has been constituted on 19th March, 2002 to recommend/review the remuneration package of the Executive Directors, key managerial personnels and the senior most level of management immediately below the Executive Directors.

a. Size and Composition:-

Name of Directors	Designation	Category	No. of Remuneration Meetings attended
Mr. Ravi Khubchandani	Chairman	Independent & Non Executive Director	1
Mr. Martin Feinstein	Member	Independent & Non - Executive Director	NIL
Mr. Sunil Barjatiya	Member	Independent & Non Executive Director	1

b. The functions of the Remuneration Committee include the following:

- 1) To approve the Annual Remuneration Plan of the Company;
- 2) To review and grant annual increments to Executive/Managing Director.
- 3) Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

c. Attendance at the Remuneration Committee Meetings

During the Accounting year 2009 - 10 one Compensation / Remuneration Committee meeting was held on 25th November, 2009.

Disclosure of Remuneration paid:-

At present Non-executive and Independent Directors are not paid any remuneration except sitting fees for attending Board Meetings

Details of remuneration paid to Directors during the accounting year ended March 31, 2010 are as under:

Names	Sitting fees Amount (Rs.)	Remuneration including Salary & Perquisites Amount (Rs.)	Service Contract
Mr. Surendra Kumar Sethi	0	1,75,000	1 year
Mr. Varij Sethi	0	1,75,000	1 year
Mr. Vivek Tharaney	0	45000	1 year
Mr. Ravi Khubchandani	42,000	-	
Mr. Martin Feinstein	0	-	
Mr. Sunil Barjatiya	42,000		

Notes pursuant to Schedule XIII

- Salary paid/payable is as mentioned in the table above.
- All directors draw fix remuneration except the Managing Director who is eligible for commission @ 1% of the Net Profits of the Company for the year in addition to the salary; subject to the total remuneration being within the limit laid down in part XIII to the Companies Act, 1956 as applicable from time to time.
- Service Contracts are for 1 year for Mr. Varij Sethi, Mr. Surendra Kumar and Mr. Vivek Tharaney as mentioned in the table above.
- Company has not issued any stock option.

III SHAREHOLDERS GRIEVANCES COMMITTEE:

Shareholders Grievances Committee has been constituted:

- to review, redress shareholders grievances,
- to approve all share transfers.
- to ensure proper controls at Registrar and Share Transfer Agent;
- to look into the redressing of the shareholders complaints and queries;
- to review movement in shareholdings and ownership structure;

a. Size and Composition:-

Name of Directors	Designation	Category of Director	Nos. of meetings attended
Mr. Ravi Khubchandani	Chairman	Independent & Non Executive	9
Mr. Sunil Barjatiya	Member	Independent & Non Executive	9
Mr. Martin Feinstein	Member	Independent & Non Executive	N I L
Mr. Vipul Gandhi	Compliance Officer		

The Committee comprised of Mr. Ravi Khubchandani, Non-Executive Independent Director as the Chairman, and two Independent, Non-Executive Directors viz, Mr. Martin Feinstein and Mr. Sunil Barjatiya as its members. Mr. Vipul Gandhi - Manager Banking is the Compliance Officer of the Company.

Mr. Ravi Khubchandani was appointed as Chairman of the Committee by the Board of Directors at their meeting held on 15th December, 2007.

Mr. Sunil Barjatiya was appointed as a member of the Committee with effect from January 01, 2009.

b. Meeting of the Shareholders' Grievance / Share Transfer Committee Meetings:-

During the accounting year 2009-10, nine meetings of the Members of the Committee were held on April 11, 2009, June 15, 2009, June 30, 2009, September 10, 2009, September 30, 2009, November 10, 2009, December 31, 2009, February 10, 2010 and March 31, 2010.

c. The functions of the Shareholders' Grievance Committee include the following:-

1. Transfer /transmission of shares,
2. Redressal of the Complaints of the share holders,
3. Issue of duplicate share certificates,
4. Review of shares dematerialized and all other related matters,
5. Monitors expeditious redressal of investors' grievances,
6. Non receipt of Annual Report and declared dividend,
7. Non receipt of Notices, Share Certificates, Annual reports, Dividends,
8. All other matters related to shares.

Number of complaints received and resolved to the satisfaction of Investors during the year under review and their break-up are as under:

Type of Complaints	No. of complaints
Non Receipt of Annual Reports	2
Non Receipt of Dividend Warrants	22
Non Receipt of Interest or Redemption Warrants	NIL
Non Receipt of Certificates	4
TOTAL	28

During the accounting year ended 31st March, 2010, 28 complaints were received from shareholders. All valid share transfers applications received during accounting year ended 31st March, 2010 have been acted upon and no transfers were pending for more than 30 days.

4. GENERAL BODY MEETINGS:

a. Details of the location of the Annual General Meetings held during the last three years:

Financial Year	Location	Date	Time
2006-2007	Hotel Tunga Paradise, MIDC Central Road, Andheri (E), Mumbai - 400 093	30/11/07	11.00 A.M
2007-2008	Hotel Tunga Paradise, MIDC Central Road, Andheri (E), Mumbai - 400 093	30/09/08	10.30 A.M
2008-2009	Hotel Tunga Paradise, MIDC Central Road, Andheri (E), Mumbai - 400 093	19/12/09	09.00 A.M.

b. Whether any Special Resolutions were passed in the previous three AGMs?

Yes

- (1) (i) At the Annual General Meeting of the Shareholders held on September 30, 2008, Mr. Varij Sethi, the Managing Director of the Company was paid a remuneration upto Rs. 2 Lacs per month (proportionately for 2 months) from 30th September, 2008 upto 30th November, 2008.
 - (ii) At the Annual General Meeting of the Shareholders held on September 30, 2008, Mr. Surendrakumar Sethi, the Chairman and Joint Managing Director, was paid a remuneration upto Rs. 2 Lacs per month (proportionately for 2 months) from 30th September, 2008 upto 30th November, 2008.
 - (iii) At the Annual General Meeting of the Shareholders held on September 30, 2008, Mr. Surendrakumar Sethi was re-appointed as the Chairman and Joint Managing Director of the Company for 1 year from 1st December, 2008 upto 30th November, 2008 was paid a remuneration of upto Rs. 2 Lacs per month.
 - (iv) At the Annual General Meeting of the Shareholders held on September 30, 2008, Mr. Vivek Tharaney was appointed as the Whole-time Director (Production) for 1year from 27th March, 2008 upto 26th March, 2009.
 - (v) At the Annual General Meeting of the Shareholders held on December 19, 2009, Mr. Varij sethi was appointed as the Managing Director of the Company for a period of 1year with effect from 1st December, 2009 upto 30th November, 2010.
 - (vi) At the Annual General Meeting of the Shareholders held on December 19, 2009, Mr. Surendra Kumar Sethi was re-appointed as Chairman & Joint Managing Director of the Company for 1 year from 1st December, 2009 upto 30th November, 2010 on a remuneration of upto Rs. 2 Lacs per month.
 - (vii) At the Annual General Meeting of the Shareholders held on December 19, 2009, Mr. Vivek Tharaney was appointed as Whole - Time Director (Production) of the Company for 1 year from 27th March, 2009 upto 26th March, 2010 on a remuneration of Rs. 25,000/- per month.
- (3) During the Year 2009-2010, No Extraordinary General Meeting was held.
- (4) The Company has passed the following resolution through postal ballot.

During the year 2009 - 2010, the Company had conducted postal ballot to facilitate wider participation in the approval process, approval of shareholders was sought through Postal Ballot. The Board of Directors of the Company appointed Mr. Pramod S. Shah, Practicing Company Secretary, Mumbai as scrutinizer for conducting the postal ballot process in a fair and transparent manner.

The Resolution was declared as passed through the postal ballot. The voting results were as under:

Particulars	Result (i.e. as a percentage to the total valid votes cast)
Special Resolution under section 224 of the Companies Act, 1956 for appointment of M/s. M. M. Dubey & Co., Chartered Accountants, as the Statutory Auditors to audit accounts of the Company for the year ended 31st March, 2009.	In favour of the Resolution - 72.41%
	Against the Resolution - 3.45%

At the ensuing Annual General Meeting, there are no resolutions proposed to be passed through postal ballot.

5. DISCLOSURES:

- (a) Disclosures on materially significant related party transactions i.e. transaction of the Company of material nature, with its promoter, the Director or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

Note No. 13 of Schedule 20 (B) at notes to accounts states materially significant related party transactions. Though there are materially significant related party transactions, they are not potentially conflicting with the interest of the Company.

- (b) Details of non compliance by the Company, penalties, and restrictions imposed on the Company by Stock Exchange or SEBI or any other statutory authority on any matter related to capital markets during the last three years:

The Company has complied with all the requirements of Regulatory Authorities and no penalties were imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities on any matter related to the capital market during the last three years.

- (c) During the year the following amount to be transferred to the Investor Education and Protection Fund,

Particulars	Amount (Rs.)
Unclaimed Dividend for the financial year 2001-2002	58,474/-

- (d) Trading in the Company's Shares by Directors and Designated Employees:

In compliance with the SEBI (Prevention of Insider Trading) Regulations, 1992, our Company has appointed Mr. Vipul Gandhi as the Compliance Officer who is responsible for setting policies, procedures for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Company has adopted a Code of Conduct for Prevention of Insider Trading.

- (e) **Subsidiary Company's Monitoring Framework:**

The Minutes of the Meetings of the Board of Subsidiary Company are circulated to all Directors and confirmed at the subsequent Meeting. The Audit Committee reviews the quarterly accounts of the subsidiaries.

6. MEANS OF COMMUNICATION:

It is the Management's belief that all shareholders should have access to complete information regarding its position to enable them to accurately access its future potential. Thus, the information related to the Company displayed as under:

Newspaper wherein quarterly results are published	Free Press Journal & Navshakti
Website, where displayed	www.sbtindia.com
Whether it displays official news releases and presentations made to institutional investors or to the analysts	Yes
Whether Management Discussion and Analysis Report is a part of Annual Report	Yes

7. CODE OF CONDUCT

The Board of Directors has adopted the Code of Business conduct and Ethics for Directors and Senior Management. The Code is reviewed from time to time by the Board. The Code of Conduct has been communicated to the Directors and Members of the Senior Management. The Code of Conduct has also been posted on the Company's website: www.sbtindia.com

8. GENERAL SHAREHOLDER INFORMATION

- a) **Annual General Meeting:**

Date	Time	Venue
September 30, 2010	11.00 am	Hotel Tunga Paradise, MIDC Central Road, Andheri (E), Mumbai - 400 093.

b) Financial Calendar:

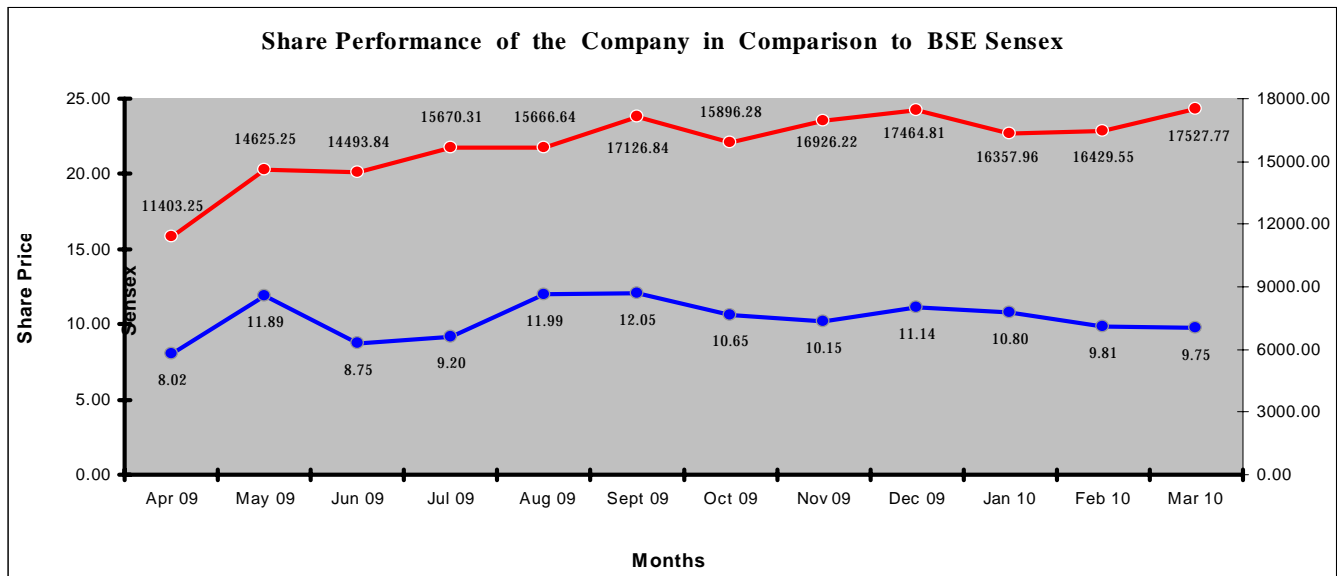
- Financial reporting for the quarter ending:
 - March 31, 2010 - 30th April, 2010
 - June 30, 2010 - 31st July, 2010
 - September 30, 2010 - end of October, 2010
 - December 31, 2010 - end of January, 2011
- Date of Book Closure : 25th September, 2010 to 30th September, 2010
- Dividend Payment date : On or after September 30, 2010 but within the statutory time limit of 30 days, subject to shareholders approval.

c) Market Information:

- Listing on the Stock Exchange : Bombay Stock Exchange Limited and National Stock Exchange of India Limited
- The Company has paid Listing fees for the year 2009-2010 to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- Stock Code :- 13583 on Bombay Stock Exchange Limited and SB&TINTL on the National Stock Exchange of India Limited
- ISIN number for NSDL & CDSL : INE465B01015
- Market Price Data:

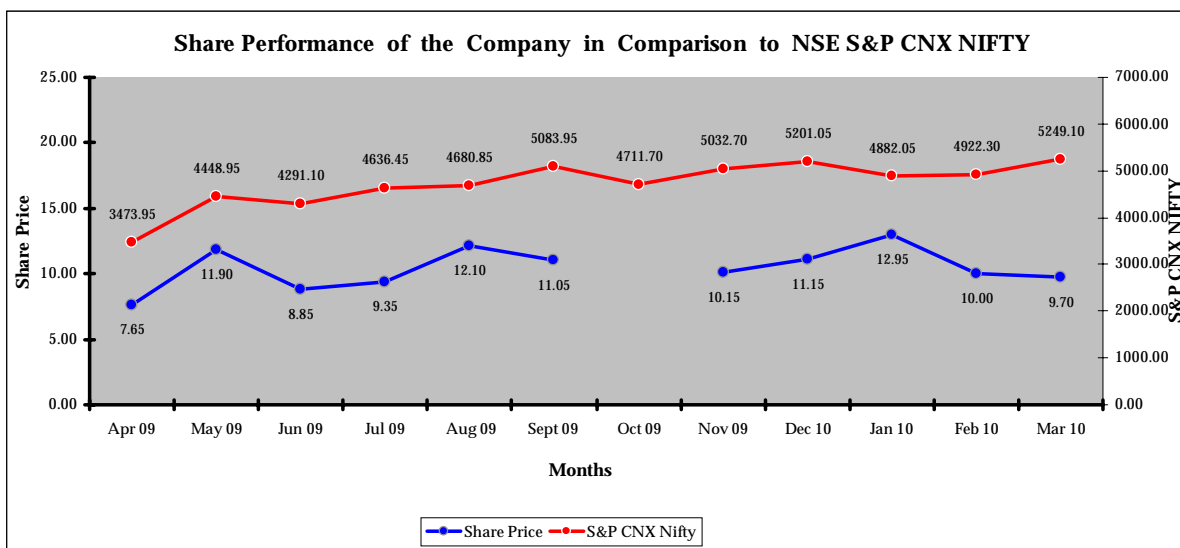
Stock Market Data: High / Low price during each month of 2009-10 on Bombay Stock Exchange Limited and National Stock Exchange of India Limited are as under:

S.B. & T INTERNATIONAL LIMITED								BSE Sensex				
Date	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares	No. of Trades	Net T/O (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)		
2009												
Apr	7.13	9.09	6.76	8.02	146481	541	1208167	11,492.10	9,546.29	11,403.25		
May	7.63	11.89	6.73	11.89	302620	1026	2835167	14,930.54	11,621.30	14,625.25		
Jun	12.35	13.5	8.35	8.75	251509	1210	2877024	15,600.30	14,016.95	14,493.84		
Jul	9	9.8	7.16	9.2	122297	631	1051292	15,732.81	13,219.99	15,670.31		
Aug	9.8	13.03	8.55	11.99	747709	1877	8630239	16,002.46	14,684.45	15,666.64		
Sept	11.6	12.7	10	12.05	599090	1463	6872629	17,142.52	15,356.72	17,126.84		
Oct	12.25	12.5	10.2	10.65	434321	1126	4988007	17,493.17	15,805.20	15,896.28		
Nov	10.54	10.95	9.66	10.15	173783	617	1788104	17,290.48	15,330.56	16,926.22		
Dec	10.52	12.43	9.9	11.14	636393	1482	6909805	17,530.94	16,577.78	17,464.81		
2010												
Jan	11	15.19	10.28	10.8	1194175	3658	15820891	17,790.33	15,982.08	16,357.96		
Feb	11	11.5	9.61	9.81	217240	651	2257087	16,669.25	15,651.99	16,429.55		
Mar	10	11.25	9.31	9.75	220503	761	2199739	17,793.01	16,438.45	17,527.77		
	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10
Share Price (closing)	8.02	11.89	8.75	9.2	11.99	12.05	10.65	10.15	11.14	10.8	9.81	9.75
BSE Sensex (closing)	11,403.25	14,625.25	14,493.84	15,670.31	15,666.64	17,126.84	15,896.28	16,926.22	17,464.81	16,357.96	6,429.55	17,527.77



S.B. & T INTERNATIONAL LIMITED							NSE S&P CNX Nifty			
Date	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares	No. of Trades	Net T/O (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)
2009										
Apr	6.9	9.35	6.07	7.65	183563	782	15.17	3517.25	2965.7	3473.95
May	7.7	11.9	6.45	11.9	290796	1126	27.56	4509.4	3478.7	4448.95
Jun	12.5	13.4	8.25	8.85	741453	2605	84.59	4688.95	4218.25	4291.1
Jul	9	10.25	7.25	9.35	216037	1114	17.99	4599.9	4118.75	4636.45
Aug	9.25	12.85	8.3	12.1	673724	2004	75.47	4731.45	4359.4	4680.85
Sept	12.1	12.3	11	11.05	296715	1079	6.77	5087.6	4576.6	5083.95
Oct	12.45	12.80	10.20	12.65	223912	754	25.67	5181.95	4687.5	4711.7
Nov	10.1	10.5	9.6	10.15	157013	513	4.48	5138	4538.5	5032.7
Dec	10.05	11.5	10	11.15	772043	1541	83.07	5221.85	4943.95	5201.05
2010										
Jan	11.2	14.9	11.1	12.95	1028026	3818	126.16	5310.85	4766	4882.05
Feb	10.35	10.25	9.6	10	149347	594	5.77	4992	4675.4	4922.3
Mar	10.25	11.15	9.35	9.7	286474	1054	28.65	5329.55	4935.35	5249.1

	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10
Share Price (closing)	7.65	11.9	8.85	9.35	12.1	11.05	12.65	10.15	11.15	12.95	10	9.7
S&P CNX NIFTY (closing)	3473.95	4448.95	4291.1	4636.45	4680.85	5083.95	4711.7	5032.7	5201.05	4882.05	4922.3	5249.1



d) Share Transfer System and other related matters:

• Registrar and Share Transfer Agents

: SYSTEM SUPPORT SERVICES

209, Shivai Industrial Estate,
Near Parke Davis,
89, Andheri- Kurla Road,
Sakinaka, Andheri (East)
Mumbai :- 400072
Tel: 2850 0835
Fax:28501438
Email id : sysss72@yahoo.com

• Share Transfer System :

The shares lodged for transfer are processed by the Registrar and Transfer Agent and are approved by Shareholders Grievance Committee. Shares sent for transfer in physical form are registered and returned within a maximum period of 30 days from the date of receipt, subject to documents being valid and complete in all respects. Similarly all requests for demat are received and processed by the Registrar and Transfer Agents and confirmations given to the depositories within the prescribed time limit.

• Nomination Facility for Shareholding :

As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer Agents of the Company.

• Unclaimed Dividends:

Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Mr. Vipul Gandhi, Compliance Office, at the Company's registered office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per section 205 C of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.

• Compliance under Clause 47(c) of the listing agreement:

As required under Clause 47(c) of the listing agreements entered into by the Company with the Stock Exchange(s), a half yearly certificate is being obtained from a firm of Practicing Company Secretaries, in regard to inter alia, effecting transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares within one month of their lodgment. The certificates are forwarded to the Stock Exchanges where the Equity Shares of the Company are listed and also placed before the Board.

• Secretarial Audit:

In terms of SEBI's circular no. D&CC/FITTC/CIR - 16 dated 31st December, 2002 a Secretarial Audit is being conducted on a quarterly basis by a firm of Practicing Company secretaries for the purpose of, inter alia,

reconciliation of total admitted Equity Share Capital with the depositories and in the physical form with the total issued/paid up Equity Capital of the Company. Certificates issued in this regard are forwarded to the Stock Exchanges where the Equity Shares of the Company are listed.

- **Correspondence regarding Change in Address:**

Members are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, System Support Services, Tel No: +91 22 2850 0835, Fax No.: +91 22 28501438, E-mail id : sysss72@yahoo.com

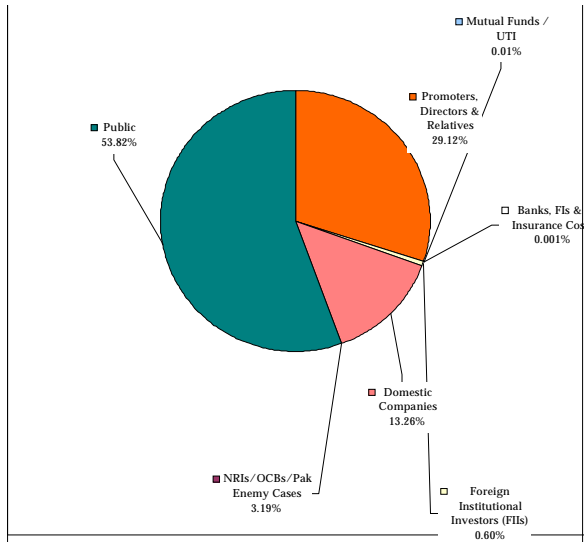
- **DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2010:**

No. of Equity Shares held	No. of Shares	% of Shares	No. of Shareholders	% of Shareholders
1 - 5000	4550828	27.008	9407	97.431
5001 - 10000	944484	5.605	131	1.357
10001 - 20000	821611	4.876	58	0.601
20001 - 30000	353574	2.098	15	0.155
30001 - 40000	240445	1.427	7	0.073
40001- 50000	274605	1.630	6	0.062
50001-100000	1334789	7.922	17	0.176
100001 & above	8329664	49.434	14	0.145
Shares in Transit	0	0	0	0
Total	16850000	100.000	9655	100.000

- **SHAREHOLDING PATTERN AS ON 31ST MARCH, 2010:**

Category	No. of shares held	% of shareholding
A. Promoter's holding		
1 Promoter's		
- Indian Promoters	3,557,202	21.11
- Foreign Promoters	1,350,000	8.01
2 Persons acting in Concert	0	0
Sub-Total	4,907,202	29.12
B. Non-Promoters Holding		
a. Mutual Funds and UTI	1800	0.01
b. Banks, Financial Institutions, Insurance Companies(Central/State Govt. Institutions/ non-government institutions)	200	0.001
c. FII's	101797	0.60
Sub-Total	103797	0.611
C. Others		
a. Private Corporate Bodies	22,33,786	13.26
b. Indian Public	9068002	53.82
c. NRIs/OCBs	537213	3.19
d. Any Other(please specify)In Transit (DEMAT)	0	0
Sub-Total	11839001	70.27
GRAND TOTAL	16850000	100

SHAREHOLDING PATTERN AS ON 31/03/2010



• Dematerialization of shares:

95.78% of the shares issued by the Company have been dematerialised up to 31st March, 2010.

Break up of shares in physical and demat form as of 31st March, 2010:

No. of Share	Percentage of Shares
Physical Segment	4.22%
Demat Segment	
NSDL	76.43%
CDSL	19.35%
Total	100.00

• Details of use of public funds obtained in the last three years :-

Particulars	Amount in Rs.
Proceed received from conversion of 18,00,000 warrants	72,00,000
Total	72,00,000
Working Capital utilized	72,00,000
Total	72,00,000

• Address for Correspondence : Mr. Vipul Gandhi

Compliance Officer
138, Shreeji Chambers, First Floor,
Tata Road No. 2, Opera House,
Mumbai - 400 004
Tel no. 23636804/05,
Fax. 23633282
Email id: vipul@sbtindia.com

However, Shareholders holding shares in electronic form should address all correspondence to their respective Depository Participant's.

9. MANAGEMENT DISCUSSION AND ANALYSIS

As required by Clause 49 of the Listing Agreement the Management Discussion and Analysis is included as a separate section in this Annual Report.

10. CEO/CFO Certification

As required by Clause 49 of the Listing Agreement the CEO/CFO Certificate is provided in the Annual Report.

11. PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement the Practicing Company Secretary's Certificate is obtained and provided in the Annual Report.

CHIEF EXECUTIVE OFFICER (CEO) and CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Surendra Kumar Sethi, Chairman & Joint Managing Director, Mr. Varij Sethi, Managing Director and Vipul Gandhi, Compliance Officer, of S. B & T International Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account and notes on accounts, as well as the cash flow statements and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements and other financial information included in this report, fairly present in all material respects, the financial condition, results of the operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
5. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the Company, and we have :
 - a. designed such disclosure controls and procedures to ensure that material information relating to the Company, is made known to us by others within those entities particularly during the period during which this report is being prepared; and
 - b. evaluated the effectiveness of the Company's disclosure, controls and procedures.
6. The Company's other certifying officers and we, have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing equivalent functions):
 - a. all significant deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weakness in internal controls;
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;
 - c. the Company's other certifying officers and we, have indicated in this report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weakness; and
 - d. all significant changes in the accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
7. In the event of any materially significant misstatements or omissions, the signing officers will return to the Company that part of any bonus or incentive or equity -based compensation, which was inflated on account of such errors, as decided by the Audit Committee;
8. We affirm that we have not denied any personnel access to the Audit Committee of the Company;
9. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Surendra Kumar Sethi
Chairman & Joint Managing Director

Varij Sethi
Managing Director

Vipul Gandhi
Compliance Officer

Place : Mumbai
Date : 8th September, 2010

PRACTISING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

Company Secretary's Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement (s)

The Members of

S.B. & T International Limited

We have examined the Compliance of conditions of Corporate Governance by S.B. & T International Limited for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges of India.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that no Investor grievance is pending for a period exceeding one month against the Company as per the records maintained by Shareholders Committee.

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

For **Pramod S. Shah & Associates**
Practicing Company Secretaries

Place : Mumbai
Date : 8th September, 2010

Sd/-
Pramod S. Shah
CP No.: 3804

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed Compliance with the Code of Conduct and Ethics for the year ended 31st March 2010.

For **S.B. & T International Limited**

Place : Mumbai
Date : September 8, 2010

Varij Sethi
Managing Director

AUDITOR'S REPORT

TO THE MEMBERS OF S.B & T INTERNATIONAL LIMITED

We have audited the attached Balance Sheet of **S.B. & T INTERNATIONAL LIMITED** ("the Company") as at 31st March, 2010, the Profit & Loss Account and the Cash Flow Statement of the company for the year ended on that date annexed thereto.

Respective Responsibility Of The Management And The Auditor:

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.

Basis of Opinion:

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 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.

Opinion:

We report as under:

- I 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 of India in terms of Section 227 (4A) of the Companies Act, 1956 (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us by the management, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our comments in the Annexure referred to in paragraph I above:
 - a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Profit & Loss Account, Balance Sheet and Cash Flow Statement comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent they are applicable to the Company.
 - e) On the basis of written representations received from the Directors of the Company as on 31st March, 2010, and taken on record by the Board of Directors of the Company, we report that none of the Director is disqualified as on at 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.
 - f) *In respect of investment of Rs. 750 lacs in Equity Shares of Tanvin Trade Fin Pvt. Ltd. in the absence of required information, we are unable to comment whether the relevant disclosure has been made by the company in respect of investment in a subsidiary company in the aforesaid investment and whether there is fall in the value of such investment.*
 - g) In our opinion and to the best of information and according to the explanations given to us, *subject to non confirmation of balances of debtors / creditors* the said accounts, read together with the notes thereon, given the information required by the Act in the manner so required and, give a true and fair view in conformity with the accounting policies generally accepted in India:
 - 1) in case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010,
 - 2) in case of the Profit & Loss Account, of the Profit of the company for the year ended on that date; and
 - 3) in case of the Cash Flow statement, of the cash flows of the Company for the year ended on that date.

For M. M. Dubey & Co.
Chartered Accountants

M. M. DUBEY
PROPRIETOR

Membership No. 30453

Place : Mumbai

Date : 08th September, 2010

Fixed Assets:

1. We are informed that the company is in the process of maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
2. According to the representations provided to us, the company has a regular programme of physical verification of its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the Management during the year.
3. During the year, the Company has not disposed off any of its fixed assets.

Inventories:

4. We are informed that, physical verification of inventory has been carried out by the management during the year. In our opinion, the frequency of verification is reasonable.
5. According to the information and explanations given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate according to the size of the company and the nature of the business.
6. On the basis of the representation of the company, we are of the opinion that the Company is maintaining proper records of inventory. *However, in the absence of proper evidence for the same, we are unable to comment upon the same.*

Related party transactions:

7. According to the information and explanation given to us, the company has granted interest free unsecured loans during the year to three companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year is of Rs. 2,722.45 lacs.
8. In our opinion, the terms and condition (other than rate of interest) on which loan have been granted by the company to the parties listed in the register maintained under section 301 of the Act, are prima facie not prejudicial to the interest of the company.
9. According to the information and explanations given to us, receipt of the amount is regular.
10. In our opinion and according to the information and explanations given to us, the company has taken reasonable steps, where overdue amount is more than one lac for recovery of the amount.
11. According to the information and explanations given to us, the company has taken interest free unsecured loans from two directors, one firm and two companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year is aggregated to Rs. 260.25 lacs.
12. In our opinion and according to the information and explanation given to us the terms and conditions (other than the rate of interest) for such loan is taken are not prima facie prejudicial to the interest of the company.
13. According to the information and explanations given to us, the payment of the amount is regular.

Contracts or Arrangements with 301 Parties

14. According to the information and explanations given to us, the transactions in which directors were interested as contemplated under Section 297 and sub section (6) of section 299 of the Act, and which were required to be entered in the register maintained under section 301 of the said act, have been so entered.
15. According to the information and explanations given to us, each of these transactions exceeding the value of rupees five lacs in respect of any party during the year, are made at a price, which are reasonable having regard to the prevailing market prices at the relevant time.

Internal Controls:

16. An internal control procedure for the purchase of inventory and fixed assets and for the sale of goods has improved.

Internal Audit:

17. In our opinion, the company has an adequate internal audit system commensurate with its size and nature of its business.

Deposits:

18. In our opinion and according to the information and explanations given to us, the company has complied with the provision of Section 58A and 58AA of the Act or any other relevant provisions of the Act, and the NBFC (Reserve Bank) Directors, 1998 / Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public during the earlier years. Further, as informed to us no order has been passed by the Company Law Board, National Law Tribunal, Reserve Bank of India or any other court or Tribunal.

Statutory Dues:

19. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, cess and other statutory dues, if any, applicable to it. As explained to us the, provision regarding service tax and excise duty is presently not applicable to the company. However undisputed amount in respect of the following dues are outstanding for a period of more than six months:

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Pending from the year
Companies Act	Investor Education & Protection Fund (Unclaimed Dividend)	1.08	2009 – 10
Companies Act	Investor Education & Protection Fund (Unclaimed F.D. from Public)	0.30	2009 – 10
Income Tax Act	Corporate Dividend Tax	17.78	2006 – 07
Income Tax Act	Corporate Dividend Tax	16.39	2007 – 08
Income Tax Act	Corporate Dividend Tax	2.95	2008 – 09
Income Tax Act	Fringe Benefit Tax	2.30	2007 – 08
Income Tax Act	Fringe Benefit Tax	1.50	2008 – 09
Income Tax Act	Income Tax	108.26	2006 – 07
Income Tax Act	Income Tax	113.46	2007 – 08
Income Tax Act	Income Tax	52.19	2008 – 09
Income Tax Act	Advance Income Tax	12.51	2009 - 10

20. According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except for the following:

(Rs. in Lacs)

Name of the Statute	Nature of the dues and period to which it relates	Amount (Rs. in Lacs)	Forum where dispute is pending
Income Tax Act	Matters in Appeal to the Income Tax Department for Assessment year 1997-98	14.28	Bombay High Court
Income Tax Act	1999-00	62.71	I.T.A.T.
Income Tax Act	2000 – 01	45.78	I.T.A.T.
Income Tax Act	2001-02	278.04	CIT (Appeal)
Income Tax Act	2002-03	72.66	I.T.A.T.
Income Tax Act	2003-04	190.45	I.T.A.T.
Income Tax Act	2004-05	61.07	I.T.A.T.
Income Tax Act	2005-06	27.56	I.T.A.T.
		752.55	

Accumulated / Cash losses:

21. The company does not have any accumulated losses at the year end, and has not incurred any cash losses during the financial year and in the immediately preceding financial year.

Default in repayment of dues:

22. According to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.

Loans and Advances granted on the basis securities:

23. According to the records of the company and according to the information and explanations provided to us, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Guarantees Given:

24. According to the information and explanations provided to us the company had given guarantees for loans taken by 100% Subsidiary Company from banks or financial institutions. In our opinion, the terms and conditions on which guarantee was given were, prima-facie not prejudicial to the interest of the company. The aforesaid subsidiary has repaid in full the amount due to the bank during the financial year. Thus, the guarantee ceases to exist as on the Balance Sheet date.

Sources and Application of Funds:

25. Based on our examination of the balance sheet of the company as at March 31, 2010 on an overall basis and as per the information and explanation given to us, we find that no funds raised on short term basis were utilized for long term purpose.

Preferential Allotment:

26. According to the information and explanations given to us, the company has not made preferential allotments of shares to parties listed in the register maintained under section 301 of the Act.

Fraud:

27. Based upon the audit procedures performed and information and explanation 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.

Miscellaneous:

28. The clauses (viii), (xiii), (xiv), (xvi), (xx) of the paragraph 4 & 5 of the order are not applicable to the company and hence not reported upon.

**For M. M. Dubey & Co.
Chartered Accountants**

**M. M. DUBEY
PROPRIETOR**

Membership No. 30453

Place : Mumbai

Date : 08th September, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
SOURCES OF FUNDS :			
SHARE HOLDERS' FUNDS :			
Share Capital	1	168,500,000	168,500,000
Share Warrants	2	-	7,200,000
Reserves and Surplus	3	922,577,392	913,980,715
		1,091,077,392	1,089,680,715
LOAN FUNDS :			
Secured Loans	4	235,639,700	127,838,221
Unsecured Loans	5	82,801,049	117,093,033
		318,440,749	244,931,254
TOTAL		1,409,518,141	1,334,611,969
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	6	69,053,656	69,036,990
Less : Depreciation		52,239,991	49,405,442
Net Block		16,813,665	19,631,548
Add: Capital Work In Progress		2,185,095	2,185,095
		18,998,760	21,816,643
INVESTMENTS	7	366,719,028	356,694,028
DEFERRED TAX ASSET (Net) (Refer Note B (16) to Schedule 20)		172,442	306,530
CURRENT ASSETS, LOANS AND ADVANCES :			
Inventories	8	440,014,187	383,550,975
Sundry Debtors	9	540,590,144	507,445,324
Cash and Bank Balances	10	30,700,177	35,061,087
Loans and Advances	11	328,467,576	224,571,417
		1,339,772,084	1,150,628,803
LESS : CURRENT LIABILITIES AND PROVISIONS :			
Current Liabilities	12	261,220,104	145,521,701
Provisions	13	54,924,070	49,312,334
		316,144,174	194,834,035
NET CURRENT ASSETS		1,023,627,911	955,794,768
TOTAL		1,409,518,141	1,334,611,969

Significant Accounting Policies & Notes to Accounts

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As per our attached Report on even date

 For **M. M. Dubey & Co.**
Chartered Accountants

M. M. DUBEY
Proprietor

 Place: Mumbai
Date : 8th September, 2010

 For and on behalf of the Board of Directors
of **S.B. & T International Ltd.**
SURENDRA KUMAR SETHI
Chairman

VARIJ SETHI
Managing Director

VIVEK THARANEY
Whole Time Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	2009-10 (Rs.)	2008-09 (Rs.)
INCOME :			
Sales		1,286,183,989	1,052,310,471
Other Income	14	4,843,055	3,792,716
		1,291,027,044	1,056,103,187
EXPENDITURE :			
Material Costs	15	1,171,546,432	1,015,764,069
Personnel Costs	16	12,287,116	18,575,369
Manufacturing, Administrative, Selling and Other Expenses	17	55,083,829	(22,257,538)
Interest & Financial Charges	18	40,159,468	28,093,122
Depreciation	6	2,834,549	3,377,393
		1,281,911,394	1,043,552,414
Profit for the year before tax, exceptional item & prior period adjustments		9,115,650	12,550,773
Prior Period adjustments	19	-	-
PROFIT / (LOSS) BEFORE TAX		9,115,650	12,550,773
Provision for Tax			
Current Tax		(5,271,486)	(6,352,190)
Deferred Tax		(134,088)	1,363,195
Fringe Benefit Tax		-	(150,000)
PROFIT / (LOSS) AFTER TAX		3,710,076	7,411,778
Balance Brought Forward from Previous Year		41,801,314	36,610,981
AMOUNT AVAILABLE FOR APPROPRIATION		45,511,390	44,022,760
APPROPRIATIONS :			
Proposed Dividend (Refer Note B (17) to Schedule 20)		1,685,000	1,685,000
Dividend Distribution Tax		286,366	286,366
Interest on Dividend Distribution Tax		342,033	250,080
Balance Carried over to the Balance Sheet		43,197,991	41,801,314
		45,511,390	44,022,760
Earning Per Share (Face value of Shares of Rs. 10/- each)			
Basic / Diluted (Refer Note B (15) to Schedule 20)		0.22	0.44
Significant Accounting Policies & Notes to Accounts	20		

As per our attached Report on even date

For **M. M. Dubey & Co.**
Chartered Accountants

M. M. DUBEY
Proprietor

Place : Mumbai
Date : 8th September, 2010

For and on behalf of the Board of Directors
of **S.B. & T International Ltd.**

SURENDRA KUMAR SETHI
Chairman

VARIJ SETHI
Managing Director

VIVEK THARANEY
Whole Time Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	31/03/2010 (Rs.)	31/03/2009 (Rs.)
A. Cash Flow from Operating Activities		
Net Profit Before Tax, Extra-ordinary and Prior Period Items	9,115,650	12,550,775
Adjustments for :		
Depreciation	2,834,549	3,377,392
Non Cash (income)/expenses	17,772,016	(42,989,684)
Interest Expense (Net)	42,354,455	30,014,403
Other Interest received	(2,194,987)	(1,979,829)
Operating Profit before Working Capital Changes	<u>69,881,683</u>	<u>973,057</u>
Adjustments for :		
Current Assets	(199,562,716)	232,839,530
Current Liabilities	116,128,555	(244,410,830)
Cash generated from Operations	(13,552,478)	(10,598,243)
Tax adjustment	(99,482)	(4,832,692)
Net Cash Flow from / (used) Operating Activities	(13,651,960)	(15,430,935)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(16,666)	(242,723)
Matured 6.5%, 5,900 UTI Bonds of Rs.100/- each	-	590,000
Investment in Subsidiary	(10,025,000)	-
Interest received	2,194,987	1,979,829
Net Cash from / (used) in Investing Activities	(7,846,679)	2,327,106
C. Cash Flow from Financing Activities		
Inter Corporate Deposit Taken	11,500,000	81,500,000
Repayment of Inter Corporate Deposit	(86,500,000)	(27,500,000)
Repayment of Fixed Deposit from Public with Interest	(41,750)	-
Bank Borrowings	145,944,134	(19,433,142)
Temporary Overdraft from Bank	(4,679,642)	9,120,622
Receipt / (Repayment) of Loan from Director	-	1,000,000
Interest & Other Financial Charges	(47,400,014)	(26,673,326)
Dividend Paid	(1,685,000)	-
Net Cash from / (used) in Financing Activities	17,137,729	18,014,154
Net Increase in Cash and Cash Equivalents	(4,360,910)	4,910,326
Opening Balance of Cash and Cash Equivalents	35,061,087	30,150,761
Closing Balance of Cash and Cash Equivalents	30,700,177	35,061,087
Cash & Cash Equivalent comprises-		
Cash in Hand	1,362,888	157,924
Balance with Scheduled Banks in Current Accounts	1,385,826	13,927,188
Balance with Scheduled Banks in Deposit Accounts	27,951,463	20,975,975
	30,700,177	35,061,087

* This amount includes the amount in relation to unclaimed dividend and unclaimed deposit of public which is of Rs. 9,91,402/- (P.Y. Rs. 9,91,862/-). These amounts are lying in the bank accounts and are not available to the company for its own use.

As per our attached Report on even date

For **M. M. Dubey & Co.**
Chartered Accountants

M. M. DUBEY
Proprietor

Place: Mumbai
Date : 8th September, 2010

For and on behalf of the Board of Directors
of **S.B. & T International Ltd.**

SURENDRA KUMAR SETHI
Chairman

VARIJ SETHI
Managing Director

VIVEK THARANEY
Whole Time Director

SCHEDULES TO THE ACCOUNTS
SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
SCHEDULE 1		
SHARE CAPITAL		
Authorised:		
20,000,000 (P.Y. 20,000,000) Equity Shares of Rs.10/- each	200,000,000	200,000,000
	200,000,000	200,000,000
Issued, subscribed and paid-up Capital :		
Equity Share Capital		
16,850,000 (16,850,000) Equity shares of Rs.10/- each fully paid-up (Refer B(3) of Schedule 20)	168,500,000	168,500,000
	168,500,000	168,500,000
SCHEDULE 2		
SHARE WARRANTS		
NIL (P.Y.: 18,00,000) Share Warrants of Rs. 40/- each, Rs. 4/- paid on allotment	-	7,200,000
	-	7,200,000
SCHEDULE 3		
RESERVES AND SURPLUS		
<u>Capital Reserve</u>		
As per Last Balance Sheet	3,832,961	3,832,961
Add : Shares Warrants Forfeited	7,200,000	-
	11,032,961	3,832,961
Capital Redemption Reserve	30,000,000	30,000,000
<u>Share Premium Account</u>		
As per Last Balance Sheet	354,500,000	339,500,000
Add : Issue of 500000 equity shares at a premium of Rs. 30/- each	-	15,000,000
	354,500,000	354,500,000
General Reserve	483,846,440	483,846,440
Surplus / (Deficit) in Profit and Loss Account	43,197,991	41,801,314
	922,577,392	913,980,715
SCHEDULE 4		
SECURED LOANS		
From Banks	235,639,700	127,838,221
(Secured against hypothecation of Stock and Book Debts)		
	235,639,700	127,838,221
SCHEDULE 5		
UNSECURED LOANS		
Fixed Deposits from Public	94,000	134,000
[Amount repayable within one year Rs. 94,000/- (P.Y. Rs.1,34,000/-)]		
Interest accrued on Fixed deposits from Public	50,195	51,945
Inter Company Deposits	17,100,000	92,100,000
Interest accrued on Inter Company Deposits	-	5,045,560
Loan from Banks	50,474,968	-
Temporary Overdraft from Bank	6,253,268	10,932,909
Loan from Directors and Subsidiary	8,828,619	8,828,619
	82,801,049	117,093,033

**SCHEDULE 6
FIXED ASSETS**

Sr.No	Particulars	Rate %	Gross Block				Depreciation			Net Block		
			As on 01.04.2009	Addition During The year	Deduction During The year	As on 31.3.2010	As on 01.04.2009	For the Period	Adjustment	As on 31.3.2010	As on 31.3.2010	As on 31.3.2009
1	Office Premises	5.00	3,630,000		-	3,630,000	2,132,194	74,890	-	2,207,084	1,422,916	1,497,806
2	Residential Flat	5.00	1,828,620		-	1,828,620	819,550	50,453	-	870,004	958,616	1,009,070
3	Factory Building	10.00	2,170,215		-	2,170,215	416,578	175,364	-	591,942	1,578,273	1,753,637
4	Plant & Machinery	13.91	31,719,812		-	31,719,812	21,690,382	1,395,094	-	23,085,476	8,634,336	10,029,430
5	Furniture , Fixture & Fitting	18.10	14,003,527		-	14,003,527	10,455,450	642,202	-	11,097,652	2,905,875	3,548,077
6	Equipments	13.91	1,494,888	16,666	-	1,511,554	1,060,923	63,567	-	1,124,490	387,064	433,965
7	Vehicles	25.89	5,032,022		-	5,032,022	4,246,434	203,389	-	4,449,823	582,199	785,587
8	Computer System	40.00	9,157,906		-	9,157,906	8,583,931	229,590	-	8,813,521	344,385	573,975
Total (Current Year)			69,036,990	16,666	-	69,053,656	49,405,442	2,834,549	-	52,239,991	16,813,665	19,631,547
Total(Previous Year)			68,794,267	242,723	-	69,036,990	46,028,050	3,377,392	-	49,405,441	19,631,547	-

SCHEDULE 7
INVESTMENTS (AT COST)
LONG TERM - (Non Trade)
QUOTED
INVESTMENT IN GOVERNMENT SECURITIES

6.5%, 5,900 UTI Bonds of Rs.100/- each fully paid up

Less: Matured

 1,40,000 Equity Shares of Rs.16.50/- each fully paid up
in Sri Bhavani Cabeltel Ltd.
(Market Value as on 31/03/2009 is Rs. 6.39 (P.Y. 4.96) per share)

UNQUOTED
A. INVESTMENTS IN WHOLLY OWNED SUBSIDIARY

 1,737,873 (1,737,873) Equity Shares of US\$1/- each
fully paid up in S B & T Holding Limited (Mauritius)

6,54,958 Preference Shares of US\$1/- each

fully paid up in S B & T Holding Limited (Mauritius)

150,00,000 (P.Y. 150,00,000) Equity shares of Rs. 10/- each

fully paid up in S B & T Designs Limited

10,52,500 (P.Y. 50,000) Equity shares of Rs. 10/- each

fully paid up in Mimansa Jewellery Limited

Add: Acquisition fo 10,02,500 shares

B. OTHERS

 3,00,000 Equity Shares of Rs 10/-each fully paid in
Tanvin Trade Fin Private Limited

As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
---------------------------------------	---------------------------------------

-	590,000
-	590,000

2,310,000	2,310,000
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79,680,550	79,680,550
------------	------------

29,703,478	29,703,478
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150,000,000	150,000,000
-------------	-------------

20,000,000	20,000,000
------------	------------

10,025,000	-
------------	---

30,025,000	20,000,000
------------	------------

75,000,000	75,000,000
------------	------------

366,719,028	356,694,028
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SCHEDULE 8
INVENTORIES

(As valued and certified by the Management)

Stock in Trade (At cost, unless otherwise stated)

Raw Materials

Trading Goods

Trade Samples

428,459,054	371,102,308
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543,226	1,436,760
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11,011,907	11,011,907
------------	------------

440,014,187	383,550,975
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	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
SCHEDULE 9		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Debtors outstanding for more than 6 months		
Others	37,057,045	43,620,847
Subsidiaries	32,972,182	8,173,504
Other Debts		
Others	310,833,760	355,511,351
Subsidiaries	159,727,157	100,139,622
	540,590,144	507,445,324
SCHEDULE 10		
CASH AND BANK BALANCES		
Cash on Hand	1,362,888	157,924
Balances with Scheduled Banks :		
in Current Accounts *	1,385,826	13,927,188
in Fixed Deposits towards Margin Money **	27,951,463	20,975,975
	30,700,177	35,061,087
<p>* includes balance in unclaimed dividend account ** Pledged with Banks against Loan taken</p>		
SCHEDULE 11		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	15,688,843	2,696,687
Deposits	6,722,566	6,519,383
Income Tax	56,883,475	56,495,486
VAT	1,513,102	1,493,850
Loans to a Subsidiary	247,659,591	157,366,011
[Maximum balance outstanding during the year Rs. 27,21,99,964/- (P.Y. 27,622,469/-)]		
	328,467,576	224,571,417
SCHEDULE 12		
CURRENT LIABILITIES		
Current Liabilities		
Sundry Creditors :		
For Goods	239,285,159	125,511,009
For Capital Goods	147,832	1,015,392
For Expenses	12,579,315	9,408,226
For Others	911,134	825,000
Investor Education & Protection Fund Account as and when due :		
- Unclaimed Dividend	8,296,663	8,762,074
	261,220,104	145,521,701
SCHEDULE 13		
PROVISIONS		
Provision for Tax	46,276,228	41,014,741
Provision for Fringe Benefit Tax	1,189,773	1,189,773
Proposed Final Dividend	1,685,000	1,685,000
Dividend Distribution Tax	3,999,102	3,370,703
Provision for Gratuity	1,618,314	1,769,033
Provision for Leave Salary/Encashment	155,653	283,084
	54,924,070	49,312,334

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2009 - 10 (Rs.)	2008-09 (Rs.)
SCHEDULE 14		
OTHER INCOME		
Interest Income [T.D.S. Rs 1,003/- (P.Y. Rs.3,303/-)]	26,345	58,549
Income from Job Working [T.D.S. Rs 78,005/- (P.Y. Rs.61,170/-)]	4,692,734	3,551,446
Miscellaneous Income	123,976	182,721
	4,843,055	3,792,716
SCHEDULE 15		
MATERIAL COSTS AND INVENTORY ADJUSTMENT		
Raw Materials :		
Opening Stock	382,114,215	240,098,255
Add : Purchases (including trading goods)	1,228,009,644	1,154,896,833
Total (A)	1,610,123,859	1,394,995,088
Less : Closing Stock		
Raw Materials	428,459,054	371,102,308
Trade Samples	11,011,907	11,011,907
Total (B)	439,470,961	382,114,215
Consumption of Raw Material Total (A - B) (I)	1,170,652,898	1,012,880,873
Trading Goods :		
Opening Stock	1,436,760	4,319,956
Less : Closing Stock	543,226	1,436,760
(Increase) / Decrease in Stock (II)	893,534	2,883,196
Total (I + II)	1,171,546,432	1,015,764,069
SCHEDULE 16		
PERSONNEL COSTS		
Payment and Provision for Salaries and Wages	11,380,970	15,739,198
Payment and Provision for Bonus & Ex-gratia	188,720	1,124,627
Contribution to PF, ESI and other Funds	599,966	626,077
Provision for Gratuity	(94,388)	830,844
Welfare Expenses	211,848	254,622
	12,287,116	18,575,369

	2009 - 10 (Rs.)	2008-09 (Rs.)
SCHEDULE 17		
MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Stores, Spares and Rubber Moulds :		
Opening Stock	-	767,217
Add : Purchases	546,405	735,908
Less : Closing Stock	-	-
Consumption	546,405	1,503,125
Director's Remuneration	4,056,007	4,055,998
Director's Sitting Fees	84,000	28,000
Security Expenses	526,240	484,793
Auditor's Remuneration	700,000	700,000
Brokerage	1,196,117	549,613
Factory Rent	-	411,668
Freight and Forwarding Expenses	115,872	365,339
Insurance	1,287,492	1,160,681
Legal and Professional Fees	4,858,486	4,091,417
Contract Labour Charges	349,987	782,231
Lease Rent	2,745,530	2,792,684
Marketing and Sales Promotion Expenses	219,399	441,021
Miscellaneous Expenses	804,988	1,025,289
Postage and Communication Expenses	570,609	542,910
Power and Fuel Expenses	1,620,628	2,910,316
Rates, Taxes and License Fees	717,380	360,927
<u>Repairs and Maintenance, Service & AMC Charges:</u>		
Repairs to Fixed Assets:		
Plant and Machinery and Equipments	23,633	62,733
Others/AMC Charges	116,658	293,492
Other Maintenance and Service Charges	457,767	782,758
Travelling and Conveyance	105,837	476,340
Vehicle Expenses	63,301	238,569
Exchange Loss / (Exchange gain)	33,917,493	(46,317,443)
	55,083,829	(22,257,538)
SCHEDULE 18		
INTEREST AND FINANCIAL CHARGES		
Interest (Net) (Net off of Rs. 21,94,987/- (PY. Rs. 19,21,281/-)	34,463,202	24,412,041
Bank Charges and Other Financial Charges	5,696,266	3,681,081
	40,159,468	28,093,122

SCHEDULE – 20:**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS:****A. SIGNIFICANT ACCOUNTING POLICIES:****1) BASIS OF ACCOUNTING:**

The financial statement has been prepared and presented under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("GAAP") and comply with the mandatory accounting standards ("AS") issued by the Institute of Chartered Accountants of India to the extent applicable and with the relevant provisions of the Companies Act, 1956.

2) USE OF ESTIMATES:

The preparation of financial statement in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statement and reported amount of revenues and expenses for the year. Actual results could differ from the estimate. Difference between actual results and estimates are recognized in the period in which results are known / materialized. Any revision to an accounting estimate is recognized prospectively in the year of revision.

3) REVENUE RECOGNITION:

Revenue from sale of goods is recognized when significant risk and rewards in respect of ownership of products are transferred to customers. Sales are accounted on dispatches of goods at CIF value.

4) VALUATION OF INVENTORIES:

- a) Raw Materials are valued at net realizable price or cost price whichever is less, on FIFO basis.
- b) Work-in-process and Finished stocks are valued at raw material cost plus labour cost and direct expenses relating to production. Cost also includes applicable overheads.
- c) Stores, Spares and Consumables are valued at cost on FIFO basis.
- d) Master Pieces are valued at Estimated Market Price, where cost could not be determined.
- e) Trade samples are valued at cost on FIFO Basis.
- f) Cost of inventory comprises all cost of purchase, cost of conversion and other cost in bringing the inventory to their present location and condition.

5) FIXED ASSETS & CAPITAL WORK IN PROCESS:

- a) Assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed asset includes non refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of respective assets.
- b) Capital Work-in-progress include cost of fixed assets that are not yet ready for the intended use and advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date.

6) DEPRECIATION

- a) Depreciation is provided on Written Down Value Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956
- b) Depreciation is calculated on a pro rata basis from the date of acquired / installed till the date the assets are sold or disposed.
- c) Individual assets costing less than Rs. 5,000/- are depreciated in full in the year of acquisition.

7) FOREIGN CURRENCY TRANSACTION:

- a) Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transaction. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the profit and loss account.
- b) Monetary assets and liabilities denominated in foreign currencies as at balance sheet date are translated at year-end rates. The resultant exchange difference is recognized in the profit and loss account.
- c) Non monetary assets and liabilities denominated in foreign currencies are carried at cost.
- d) In respect of transactions covered by forward exchange contracts, the difference between the year end rate and rate of the date of contract is recognized as exchange difference and the premium paid on forward contract is recognized over the life of contract

8) EMPLOYEE BENEFIT:

- a) Contributions to defined contribution schemes such as Provident Fund are charged to the Profit and Loss account as incurred.
- b) Gratuity and leave encashment are defined benefits which are charged to the Profit and Loss account based on valuations, as at the balance sheet date, made by independent actuaries.
- c) Short term employee benefits are recognized as an expense at the undiscounted amount in profit and loss account of the year in which the related service is rendered.

9) INVESTMENT:

Long term Investments are carried at cost less any permanent diminution in the value.

10) TAXATION :

Tax expenses is the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the period.

Current Tax

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company.

Deferred Tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and is written-down or written up to reflect the amount that is reasonably or virtually certain, as the case may be, to be realized.

11) IMPAIRMENT OF ASSETS

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

12) PROVISIONS AND CONTINGENT LIABILITIES

The company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and reliable estimates can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed.

B. NOTES TO ACCOUNTS:

- 1) 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 provisions for all known liabilities are adequate.
- 2) Contingent Liabilities not provided for :
 - a. Documentary bills submitted to banks for discounting / advances amounting to Rs.1,71,47,765/- (P.Y. Rs. 2,94,80,078/-)
 - b. Liabilities against labour cases filed against the Company is meager and therefore, not ascertainable.
 - c. Income tax cases and appeals against the demand and dispute of Rs. 752.55 lacs (P.Y. Rs. 653.09 lacs) are going on with various Income Tax Authorities. Out of above Rs. 530.41 lacs (P.Y. Rs. 530.41 lacs) is paid by way of Tax Deducted at Sources, Advance Tax and/or Regular Assessment Tax.
- 3) Share Capital:

Share Capital includes:

 - a) 18,00,000 equity shares of Rs. 10/- each fully paid up issued as Bonus Equity Shares by capitalization of the General Reserve.

- b) 35,50,000 equity shares of Rs. 10/- each fully paid up issued as Bonus Equity Shares by capitalization of the Share Premium; and
- c) 52,00,000 equity shares of Rs. 10/- each fully paid up issued on preferential basis during the year 2000-01 at premium of Rs. 20/- per share.
- d) 19,00,000 equity shares of Rs. 10/- each fully paid up issued on preferential basis during the year 2004-2005 at a premium of Rs. 70/- per share.
- e) 8,50,000 equity shares of Rs. 10/- each fully paid up allotted during the year 2005-06 on conversion of Fully Convertible Debentures into equity shares.
- f) 1,00,000 equity shares of Rs. 10/- each fully paid up allotted during the year 2005-06 on conversion of Share Warrants into equity shares.
- g) 5,00,000 equity shares of Rs. 10/- each fully paid up were issued during the year 2008-09 at a premium of Rs. 30/- per share as a purchase consideration for aquisition of Mimansa Jewellery Private Ltd. as its 100% subsidiary.
- 4) Interest paid is net of interest received/accrued but not due of Rs. 21,94,987/- (P.Y. Rs. 19,21,281/-) on margin money kept with banks. Tax deducted at source Rs.2,19,499 /-(P.Y. Rs. 3,95,785/-)
- 5) Sundry Debtors are net of Exchange Bill Re-Discount (EBRD) of Rs.1,71,47,765 /- (P.Y. Rs. 2,94,80,078/-)
- 6) Balances of sundry debtors, sundry creditors and loans and advances are subject to confirmation, reconciliation and consequential adjustment, if any.
- 7) The Company has sent letters to suppliers to confirm that whether they are covered under Micro, Small and Medium Enterprises Act, 2006 as well as they have filed required memorandum with the prescribed authorities. No confirmation has received till the date of finalization of the Balance Sheet and the same has been relied upon by the auditors. Hence disclosures, if any, relating to amounts unpaid as at the year end together with the interest paid / payable as required under the said Act has not been given.
- 8) The Company does not possess information as to which of its suppliers are Ancillary Industrial Undertakings / Small Scale Industrial Undertaking holding permanent registration certificate issued by the Directorate of Industries of a state or Union Territory:
- a) The liability, if any, of interest which would be payable under the interest on delayed payments to Small Scale & Ancillary Industrial Undertaking Act, 1933 cannot be ascertained. However the company has not received any claim in respect of interest.
- b) The outstanding to Small Scale Industrial Undertaking cannot be ascertained
- c) The name of Small Scale Industrial Undertaking to whom the Company owes a sum exceeding Rs. 1 lacs which is outstanding for more than 30 days cannot be ascertained.
- 9) **MANAGERIAL REMUNERATION:**
- A) During the year under review, the Managing Director, Joint Managing Director and whole time Director have been paid remuneration as under:

	2009-10	(Rs. in Lacs) 2008-09
i. Salary / Remuneration		
Varij Sethi	18.00	18.00
S. K. Sethi	18.00	18.00
Vivek Tharaney	4.56	4.56
ii. Sitting Fees		
Sunil Bharjatiya	0.42	0.04
Sanjiv Chainani	NIL	0.02
Ravi Khubchandani	0.42	0.20
N. Jaykumar	NIL	0.02
iii. Contribution to Provident Fund		
Vivek Tharaney	0.55	0.55
iv. Gratuity & Leave Encashment		
Vivek Tharaney	1.53	1.53
v. Bonus & Ex-gratia		
Vivek Tharaney	NIL	0.38
	43.48	43.30
	43.48	43.30

B) Computation of Net Profit in accordance with Section 198 read with section 309(5) of Companies Act, 1956.

	(Rs. in Lacs)	
	2009-10	2008 - 09
Profit / (Loss) as per Profit & Loss A/c	91.16	125.50
Add: Director's Remuneration	43.48	43.30
Depreciation as per Books	28.35	33.77
	162.99	202.57
Less: Depreciation as per Section 350 of the Companies Act,1956	28.35	33.77
Profit available for Remuneration	134.64	168.80
Hence overall Maximum Remuneration		
Under Section 198 of The Companies Act. 1956	14.81	18.57
Actual Remuneration Paid	43.48	43.30
Commission payable @ 1% of profit	NIL	NIL

10) AUDITORS REMUNERATION:

	2009-10	2008-09
Audit Fees	6,50,000	6,50,000
Tax Audit	50,000	50,000
For Taxation Matters	NIL	NIL
Certification Charges	NIL	NIL
For Out of Pocket expense	NIL	NIL
	<u>7,00,000</u>	<u>7,00,000</u>
Total (Rs.)	<u>7,00,000</u>	<u>7,00,000</u>

11) EMPLOYEE BENEFITS

The Company has during the year adopted Accounting Standard 15(revised 2005) "Employee Benefits". The Company has classified various employee benefits as under:

(A) Defined contribution plans

- a. Provident fund
- b. State defined contribution plans
 - Employers' Contribution to Employees' State Insurance
 - Employers' Contribution to Maharashtra Labour Welfare Fund

The provident fund and the employees state insurance are operated by the Regional Provident Fund Commissioner and Maharashtra Labour Welfare Fund is operated by Commissioner of Maharashtra Labour Welfare Board. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognized by the Income tax authorities.

The Company has recognised the following amounts in the Profit and Loss Account for the year:

	<u>Year ended 31st March, 2010</u>
(i) Contribution to Provident Fund	Rs. 5,47,907
(ii) Contribution to Employee's State Insurance Scheme	Rs. 50,151
(iii) Contribution to Maharashtra Labour Welfare Fund	Rs (1,908)

(B) Defined Benefit Plans

- a. Gratuity Rs. (94,388)
- b. Leave Encashment Rs. 1,02,000

Leave encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as per the company's policy.

Valuations in respect of Gratuity and Leave Encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

(i) Discount Rate (Per annum)	8 %
(ii) Rate of increase in Compensation levels	4 %
(iii) Expected Avg. remaining working lives of employees in no. of Years	29

	<u>Gratuity</u>	<u>Leave Encashment</u>
(i) Changes in present Value of Obligation		
❖ Present value of Obligation as at 1st April 2009	17,69,034	2,83,083
❖ Interest Cost	1,37,100	21,939
❖ Current Service Cost	2,74,947	1,30,970
❖ Liability Transfer In	NIL	NIL
❖ Liability Transfer Out	NIL	NIL
❖ Benefits Paid	(56,331)	(81,574)
❖ Actuarial (Gains) / Loss	(5,06,436)	(1,98,765)
❖ Present value of Obligation as at 31st March, 2010	16,18,314	1,55,653
(ii) Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets		
❖ Present value of Unfunded Obligation as at 31st March, 2010	(16,18,314)	(1,55,653)
❖ Unrecognized Past Service Cost	NIL	NIL
❖ Unrecognized Actuarial (Gain) / Loss	NIL	NIL
❖ Unfunded Net Liability recognised in the Balance Sheet	(16,18,314)	(1,55,653)
(iii) Amounts recognised in the Balance Sheet		
❖ Present Value of Obligation as at 31st March 2010	(16,18,314)	(1,55,653)
❖ Fair value of Plan Assets as at 31st March 2010	NIL	NIL
❖ (Asset)/ Liability recognized in the Balance Sheet	(16,18,314)	(1,55,653)
(iv) Expenses recognised in the Profit and Loss Account		
❖ Current Service Cost	2,74,947	1,30,970
❖ Interest Cost	1,37,100	21,939
❖ Net Actuarial(Gain)/Loss	(5,06,436)	(1,98,765)
❖ Total Expenses recognised in the Profit and Loss Account	(94,389)	(45,856)
(v) Expected employer's contribution for the next year	NIL	NIL

12) SEGMENT REPORTING:

The Company is in the business of manufacturing and export of gem studded jewellery. In view of the management, and based on the internal reporting format, the Company's primary and only format for reporting segment information is geographical segment, that are based on the location of customers.

(A)

PRIMARY SEGMENT					
Geographic Segment					
	INDIA	MAURITIUS	UAE	OTHERS	TOTAL
Revenue	12,203.28	NIL	603.99	54.57	12,861.84
	(9,366.90)	(NIL)	(1,079.00)	(77.21)	(10,523.11)
Identified Operating Expenses	11,115.60	NIL	550.15	49.71	11,715.46
	(9,171.59)	(NIL)	(920.52)	(65.53)	(10,157.64)
	70.76	NIL	3.50	0.32	74.58
Allocated Expenses	(NIL)	(NIL)	(109.87)	(7.86)	(117.73)
SEGMENT RESULTS	1,016.92	NIL	50.33	4.55	1,071.80
	(195.31)	(NIL)	(48.61)	(3.82)	(247.74)
Unallocable Operating Expenses					599.13
					(154.55)
Interest & Finance charges					401.59
					(280.93)
Depreciation					28.35
					(33.77)
Interest Income					0.26
					(0.59)
Other Income					48.17
					(37.34)
Profit Before Tax					91.16
					(125.51)
Tax					54.06
					(51.39)
Profit After Tax					37.10
					(74.12)

*** Figures in the bracket indicates previous years figures.

(B) SEGMENT ASSETS

	INDIA	MAURITIUS	UAE	OTHERS	TOTAL
Segment Assets	7,029.90	1,093.84	175.42	773.94	9,073.10
	(6,187.18)	(2,868.82)	(1,075.00)	(285.37)	(10,416.37)
Unallocable Assets					8,183.53
					(5,079.41)
Total Assets					17,256.63
					(15,495.78)

(C) SEGMENT LIABILITIES

	INDIA	MAURITIUS	UAE	OTHERS	TOTAL
Segment Liabilities	2,612.20	NIL	NIL	NIL	2,612.20
	(1,455.22)	(NIL)	(NIL)	(NIL)	(1,455.22)
Unallocable Liabilities					3,733.65
					(3,143.75)
Total Liabilities					6,345.85
					(4,598.97)

SECONDARY SEGMENT :		
	Business Segment	
	Revenue	Asset
	2009 - 10	2009 - 10
	Rs. (in lacs)	Rs. (in lacs)
Studded Jewellery	1,534.44	2,326.95
	(1,727.02)	(1,040.05)
Diamonds	11,189.37	3,066.04
	(8,745.14)	(4,034.40)
Others	137.39	12.91
	(50.94)	-
TOTAL :-	12,861.84	5,405.90
	(10,523.10)	(5,074.45)

13) RELATED PARTY DISCLOSURES:

1. List of Related Parties with whom transactions have taken place during the year:

a) Key Management Personnel:

Surendra Kumar Sethi	- Chairman and Joint Managing Director
Varij Sethi	- Managing Director
Vivek Tharaney	- Whole Time Director (Production)

b) Relative of Key Management Personnel:

Rajkumari Sethi	- Mother of S. K. Sethi
Jyoti Sethi	- Wife of Varij Sethi
Ritu Sethi	- Daughter of S. K. Sethi
Virendra Kumar Sethi	- Brother of S. K. Sethi
Nalin Sethi	- Brother of S. K. Sethi
Priya Tharaney	- Mother of Vivek Tharaney

c) Subsidiaries:

Soft Touch Jewellers LLC
S B & T Holding Limited
S B & T (U.K) Limited
S B & T Designs Limited
Mimanssa Jewellery (P) Ltd.

d) Promoter :

S.B. & T. Gems Import Inc.

e) Others:

Sethi Mercantile Private Limited	Company in which directors are interested
Arup Builders Developers (P) Ltd.	Company in which directors are interested
Swel Jewels	Firm in which relative of directors are partners

2. Transaction during the year with related parties:

a) Remuneration to Key Management Personnel

Refer B (11A) of Accounting Policies and notes forming part of the accounts.

	2009 - 10		2008 - 09	
	Transaction	Closing Balance	Transaction	Closing Balance
b) Dividend paid to Shareholders (Rs. In Lacs) :				
Key Management Personnel				
Varij Sethi	1.94	----	1.60	----
Surendra Kumar Sethi	0.48	----	0.59	----
Vivek Tharaney	0.01	----	0.01	----
Relatives of Directors				
Rajkumari Sethi	0.34	----	0.34	----
Indra Sethi	0.24	----	0.16	----
Jyoti Sethi	0.37	----	0.29	----
Ritu Sethi	0.10	----	0.10	----
Virendra Kumar Sethi	0.90	----	0.90	----
Nalin Sethi	0.45	----	0.45	----
Priya Tharaney	0.01	----	0.01	----
Other				
Sethi Merchantile (P) Ltd.	0.10	----	0.10	----

c) Sales (Rs. In Lacs) :

S B & T Designs Ltd.	181.98	----	57.61	----
Soft Touch Jewellers LLC	603.97	----	742.70	----
Mimanssa Jewellery (P) Ltd.	2198.73	----	1,561.97	----

d) Purchases (Rs. In Lacs):

S B & T Designs Ltd.	NIL	----	31.76	----
Mimanssa Jewellery (P) Ltd.	NIL	----	387.11	----
Swel Jewels	NIL	----	163.35	----

e) Loans taken (Rs. In Lacs):

Varij Sethi	NIL	39.29	10.00	39.29
Sethi Merchantile (P) Ltd.	100.00	100.00	3.00	NIL
S. K. Sethi	NIL	49.00	NIL	49.00
Arup Builders & Devpt. (P) Ltd.	NIL	56.00	15.00	57.90
Swel Jewels	NIL	10.95	124.45	10.95

f) Loans Repaid (Rs. In Lacs) :

S. K. Sethi	NIL	49.00	NIL	49.00
Varij Sethi	NIL	39.29	NIL	39.29
Sethi Merchantile (P) Ltd.	NIL	100.00	3.00	NIL
Swel Jewels	NIL	10.95	113.50	10.95

g) Interest Expenses (Rs. In Lacs) :

Arup Builders & Devpt. (P) Ltd.	6.72	----	5.59	----
Swel Jewels	0.25	----	4.64	----
Sethi Merchantile (P) Ltd.	2.22	----	NIL	----

h) Loans Given (Rs. In Lacs) :

S B & T Designs Ltd.	1,477.79	880.57 (Dr. Bal.)	1,508.91	201.32 (Cr. Bal.)
S B & T Holdings Ltd.	NIL	1,596.03	2.61	1,774.98

i) Investment made during the year (Rs. In Lacs):

Mimansa Jewellery (P) Ltd.	100.25	300.25	200.00	200.00
----------------------------	--------	--------	--------	--------

j) Loans given received back (Rs. In Lacs) :

S B & T Designs Ltd.	395.60	880.57 (Dr. Bal.)	1,524.68	201.32 (Cr. Bal.)
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14) Disclosure of Operating Lease as per Accounting Standard 19 on 'Leases' issued by the Institute of Chartered Accountants of India:

	(Rs. in Lacs)	
	<u>F. Y. 2009-10</u>	<u>F. Y. 2008-09</u>
A)* Rent payable for 1 Year	30.44	4.42
Rent payable for 1 to 5 Years	43.13	NIL
Rent payable for 5 years and above	NIL	NIL
* These Lease Rental payments do not include the service tax required to be paid on the same.		
B) Lease Rental Recognized in Profit & Loss Account	26.11	26.02
Lease Rental capitalized during the year	NIL	NIL

15) EARNING PER SHARE (EPS):

	2009-10	2008-09
(i) Profit / (Loss) after tax and exceptional and extra ordinary item	37,10,076	74,11,779
(ii) Weighted average No. of Ordinary shares for Basic / Diluted EPS	Nos. 1,68,50,000	1,68,39,071
(iii) Nominal value of Ordinary Shares for Basic / Diluted EPS	Rs. 10	10
(iv) Basic / Diluted Earnings per Ordinary Share	Rs. 0.22	0.44

16) DEFERRED TAX ASSET/(LIABILITY) AS AT YEAR END IN RESPECT OF TIMING DIFFERENCES ON ACCOUNT OF THE FOLLOWING :

	(Rs. In Lacs)	
	Deferred Tax Asset / (Liability)	
	As At 31.03.2010	As At 31.03.2009
Deferred Tax Liabilities:		
Difference between book and tax depreciation	6.43	8.80
	6.43	8.80
Deferred Tax Assets:		
Expenses disallowed u/s 40A (7) of Income Tax 1961	5.82	6.01
Expenses disallowed u/s 43 B of Income Tax Act, 1961	2.35	5.86
	8.17	11.87
Deferred Tax Asset / (Liability)	1.72	3.07

17) Directors have recommended full & final dividend @ 1% on 1,68,50,000 Equity Shares aggregating to Rs. 16,85,000/- for the Financial Year 2009 - 10, which is in accordance of rules of Companies (Declaration of Dividend Out of Reserves) Rules, 1975.

18) Schedule of information and particulars as required by the paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 as certified by the Directors and annexed to the Profit and Loss Account for the year ended 31st March, 2010 (Figures in the brackets indicate previous year figures)

1. LICENSED AND INSTALLED CAPACITY AND ACTUAL PRODUCTION (AS CERTIFIED BY THE MANAGEMENT)

Class of Goods manufactures	Licensed Capacity	Installed Capacity	Actual Production
Gold, Diamonds and Colour	Not Applicable	Not Yet ascertained	1,827 Pcs (2,597 Pcs.)
Stones Jewellery			

Quantitative Statement of Opening Stock, Purchases, Consumption, Sales and Closing Stock.

A. Raw Material Consumed :

Description of Goods	Opening Stock		Purchases		Consumption		Closing Stock	
	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
	Carat		Carat		Carat		Carat	
a. Diamond	33,031.200 (5,794.450)	355,644,463 (167,415,055)	95,661.240 (91,867.880)	1,166,750,877 (1,083,575,140)	80,117.880 (64,631.130)	1,118,308,527 (895,345,732)	48,574.560 (33,031.200)	404,086,813 (355,644,463)
b. Colour Stone & Precious Stones	31,817.360 (185,438.010)	10,324,162 (61,636,437)	30,675.069 (13,266.555)	17,373,371 (2,721,631)	20,811.939 (166,887.205)	8,537,827 (54,033,906)	41,680.490 (31,817.360)	19,159,706 (10,324,162)
	Gms.		Gms.		Gms.		Gms.	
c. Gold	3,945.770 (22.280)	5,089,115 (26,566)	26,593.436 (29,805.860)	43,101,432 (41,361,595)	30,250.670 (25,882.370)	43,042,578 (36,299,046)	288.536 (3,945.770)	5,147,969 (5,089,115)
d. Platinum	10.450 -	28,714 -	- (25.870)	- (82,714)	- (15.420)	- (54,000)	10.450 (10.450)	28,714 (28,714)
e. Silver	629.250 (745.390)	15,854 (8,290)	2,631.000 (1,000.000)	54,592 (25,900)	5.560 (1,116.140)	34,592 (18,336)	3,254.690 (629.250)	35,854 (15,854)
(a+b+c+d+e)		371,102,308 (229,086,348)		1,227,280,272 (1,127,766,980)		1,169,923,524 (985,751,020)		428,459,056 (371,102,308)
f. Trade Sample & Master pcs.								
Gold & Diamonds	4658pcs (4658pcs)	11,011,905 (11,011,905)			-	-	4658pcs (4658pcs)	11,011,905 (11,011,905)
(a+b+c+d+e)+f		382,114,213 (240,098,252)		1,227,280,272 (1,127,766,980)		1,169,923,524 (985,751,020)		439,470,961 (382,114,213)

B Finished Products and Sales :
a Gold , Diamond & Colour Stone Jewellery :

Opening Stock		Production	Sales		Closing Stock	
Qty (Pcs)	Value (Rs.)	Qty (Pcs)	Qty (Pcs)	Value (Rs.)	Qty (Pcs)	Value (Rs.)
-	-	1,827	1,827	147,978,788	-	-
-	-	(2,597)	(2,597)	(173,030,313)	-	-

b Trading in Diamonds, Colour Stone , Gold, Jewellery & Consumable Stores

	Opening Stock		Purchases		Sales		Closing Stock	
	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Diamonds, Colour Stone & Gold			136,870.94	Note Below	136,870.94	1,136,468,895		
	-		(244,954.08)	Note Below	(244,954.08)	(874,723,443)		
Consumable stores	121	1,436,760	57	729,372	132	1,736,306	46	543,226
	(278.00)	(4,319,956)	(2,286)	(1,673,519)	(2,443)	(4,556,715)	(121)	(1,436,760)

Note : Purchase value of diamonds & Colour Stones cannot be ascertained as the same has been traded/sold out of consumption

Grand Total	121	1,436,760	138,754.94	729,372	138,829.94	1,286,183,989	46.00	543,226
	-	-	-	-	(249,994.08)	(1,052,310,471)	(121)	(1,436,760)

3 Value of Imported and Indigenous Raw Material and Spare parts, Consumable goods consumed during the Financial year as percentage of each total consumption.
I Stores , Spares and Consumables :

	Current Year		Previous Year	
	Value	(%)	Value	(%)
i Imported	NIL	NIL	373,365	24.84
ii Indigenous	5,46,405	100.00	1,129,760	75.16
Total	5,46,405	100.00	1,503,125	100.00

II Raw Materials :

	Current Year		Previous Year	
	Value	(%)	Value	(%)
i Imported	4,26,660	0.04	177,822	0.02
ii Indigenous	1,16,94,96,864	99.96	985,573,198	99.98
Total	1,16,99,23,524	100.00	985,751,020	100.00

Current Year Previous Year

4 Value of Imports on CIF basis :

i Store & Spares	NIL	7,22,772
	NIL	7,22,772

5 Earning in Foreign Exchange :

i Export of Goods (At F.O.B.)	6,57,91,881	115,497,544
ii Interest on Loan	NIL	NIL
	6,57,91,881	115,497,544

6 Expenditure in Foreign Currency :

i. Foreign Traveling	NIL	3,64,089
	NIL	3,64,089

DETAILS OF FOREIGN SHAREHOLDING AND DIVIDEND REMITTED DURING THE YEAR :

i. No. of Non Resident Share Holders	:	2
ii No. of Shares held by them on which dividend is paid	:	1,350,000
iii Gross Dividend	:	135,000

19) Figures of the previous year have been regrouped, rearranged and recast and shown to the nearest rupee to make them comparable with figures of the previous year.

For and on behalf of the Board
S B & T International Ltd.

SURENDRA KUMAR SETHI
Chairman

VARIJ SETHI
Managing Director

VIVEK THARANEY
Whole Time Director

Place : Mumbai
Date : 8th September, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details

Registration No. : <input type="text" value="41237"/>	State Code : <input type="text" value="11"/>
Balance Sheet Date : <input type="text" value="31/03/2010"/>	

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

Public Issue : <input type="text" value="NIL"/>	Right Issue : <input type="text" value="NIL"/>
Bonus Issue : <input type="text" value="NIL"/>	Private Placement : <input type="text" value="NIL"/>

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

Total Liabilities (incl. Current Liability & Prov.)	Total Assets(excl. Current Liability & Prov.)
<input type="text" value="1725,662,315"/>	<input type="text" value="1725,662,315"/>
Sources of Funds :	
Paid up Capital	Reserves & Surplus
<input type="text" value="168,500,000"/>	<input type="text" value="922,577,392"/>
Secured Loans	Unsecured Loans
<input type="text" value="235,639,700"/>	<input type="text" value="82,801,049"/>
Deferred Tax Liability	
<input type="text" value="NIL"/>	
Application of Funds :	
Net Fixed Assets	Investments
<input type="text" value="18,998,760"/>	<input type="text" value="366,719,028"/>
Net Current Assets	Misc. Expenditure
<input type="text" value="1,023,627,911"/>	<input type="text" value="NIL"/>
Accumulated Losses	Deferred Tax Asset
<input type="text" value="NIL"/>	<input type="text" value="172,442"/>

IV Performance of the Company (Amount in Rs.)

Turnover	Total Expenditure
<input type="text" value="1,291,027,044 *"/>	<input type="text" value="1,281,911,394"/>
Profit Before Tax	Profit After Tax
<input type="text" value="9,115,650"/>	<input type="text" value="3,710,076"/>
Earning Per Share in Rs.	Dividend Rate %
<input type="text" value="0.22"/>	<input type="text" value="1.00%"/>

* Turnover includes Other Income

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

Item Code No. : <input type="text" value="711319.03"/>	
(ITC Code)	
Product Description : Jewellery of Gold, set with Diamond	
Item Code No. : <input type="text" value="710239.01"/>	
(ITC Code)	
Product Description : Cut and Polished Diamonds	

For and on behalf of the Board of Directors
of S.B. & T International Ltd.

SURENDRA KUMAR SETHI
Chairman

VARIJ SETHI
Managing Director

Place : Mumbai
Date : 8th September, 2010

VIVEK THARANEY
Whole Time Director

DIRECTORS' REPORT

The Members of

S.B. & T DESIGNS LIMITED

Your Directors present herewith the 6th Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2010.

1. FINANCIAL RESULTS

	2009-2010	2008-2009
Profit/(Loss) before interest, depreciation and taxation	1,14,39,533	32,648,985
Less: Interest	2,13,63,194	18879898
Depreciation	98,69,442	1,15,45,112
Provision for Taxation-current/earlier years	-	284,846
Net Profit /(Loss)	(1,97,93,103)	1,939,129
Add: Balance brought forward	5,07,39,079	48,799,950
Less: Transferred to Reserve Fund	-	-
Balance Carried Forward	3,09,45,976	50,739,079

2. DIVIDEND

The Board of Directors does not recommend any dividend for the Financial Year end 31st March 2010.

3. COST AUDIT

The company is not required to undertake the cost audit as required under Section 233 B of the Companies Act, 1956.

4. FUTURE OUTLOOK

The gems and jewellery industry occupies an important position in the Indian economy. It is a leading foreign exchange earner and also one of the fastest growing industries in the country.

The two major segments of the sector in India are gold jewellery and diamonds. Gold jewellery forms around 80 per cent of the Indian jewellery market, with the balance comprising fabricated studded jewellery that includes diamond studded as well as gemstone studded jewellery. A predominant portion of gold jewellery manufactured in India is consumed in the domestic market. In diamonds, however, a major portion of rough, uncut diamonds processed in India is exported, either in the form of polished diamonds or finished diamond jewellery.

Besides being the largest consumer of gold, India is also the leading diamondcutting nation in the world.

INDIA GEMS & JEWELLERY INDUSTRY – HIGHLIGHTS

Jewellery market size –	US\$ 13 billion
Diamond jewellery –	US\$ 1.2 billion
Gold jewellery market growth year on year –	15%
Diamond jewellery market growth –	27%

The Indian gems and jewellery industry is competitive in the world market due to its low cost of production and availability of skilled labour. In addition, the industry has a worldwide distribution network, which has been established over a period of time. India has set up more than 3,000 offices worldwide for promotion and marketing of Indian diamonds.

The Indian diamond industry has acquired leadership position in cutting and polishing of rough diamonds. India has the world's largest cutting and polishing industry, employing around 800,000 people (constituting 94 per cent of global workers) with more than 500 hi-tech laser machines. The industry is well supported by government policies and the banking sector - around 50 banks provide nearly US\$ 3 billion credit to Indian diamond industry.

5. FIXED DEPOSITS

The company has not accepted any fixed deposit.

6. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- a) that in the preparation of the Annual Accounts for the year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at

the end of the financial year ended March 31, 2010 and of the profit of the Company for that year.

- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the Directors have prepared the Annual Accounts for the year ended March 31, 2010, on a going concern basis.

7. DIRECTORS

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956, Mr. Ram Bhargav retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend their re-appointment.

8. STATUTORY AUDITORS

You are requested to appoint Auditors for the current year and fix their remuneration. The Auditors of the Company, M/s. M. M. Dubey & Co., Chartered Accountants retire at ensuing Annual General Meeting of the Company and have given their consent for re-appointment. The Company has also received a certificate from them under Section 224(1B) of the Companies Act, 1956.

9. AUDIT COMMITTEE

The Audit Committee of the Company comprises of *Mr. Ram Bhargav as Chairman, Mr Sunil Barjatia and Mr. Varij Sethi as its members.

* Mr. Ram Bhargav is appointed as the Chairman on subsequent resignation of Mr. Abhishek Jain on January 01, 2009.

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

(A) CONSERVATION OF ENERGY

- (i) Energy conservation measures have been taken:
Appropriate measures have been initiated to conserve energy. The Company has always been conscious about the need for conservation of energy.
- (ii) Additional investments and proposals, if any, being implemented for reduction of energy consumption:
The efforts for conservation of energy are on an ongoing basis throughout the year.
- (iii) The impact of the measures above for reduction of energy consumption and consequent impact on the cost of production of goods:
The measures taken have resulted in savings in the cost of production.

(B) TECHNOLOGY ABSORPTION

Efforts in brief made towards technology, absorption, adoption and innovation:

The Company keeps itself abreast of the technical development and innovation in its line of products worldwide and tries to bring about improvements in the product for better yield, quality and cost effectiveness etc.

Continued efforts are being made in the areas of quality improvements, waste reduction, process capability and cost minimization to specially improve the market acceptance of the product.

11. EMPLOYEES

A. HUMAN RESOURCES

Employee relations with the management were cordial throughout the year under review. Your Directors place on record their sincere appreciation in respect of the services rendered by the employees of the Company across all levels.

B. DISCLOSURE UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956.

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

For and on behalf of the Board of Directors

Place : Mumbai.

Date : 28th August, 2010

Registered Office

Yusuf Building, 1st Floor, Room no.15
Abdul Rehman Street,
Mumbai 400 003.

Varij Sethi
Managing Director

Compliance Certificate

(Under Section 383A of the Companies Act, 1956 & Rule 3 of the Companies (Compliance Certificate) Rules, 2001.)

To,
The Members,

Nominal Capital: 150,000,000/-

Registration No. – 11-149509

SB&T Designs Limited.

(31/03/2010)

I have examined the registers, records, books and papers of **SB&T Designs Limited** (the Company) as required to be maintained under the Companies Act 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a public limited company, comments are not required.
4. The Board of Directors duly met **9** times on 7/04/2009, 30/06/2009, 03/07/2009, 01/09/2009, 30/09/2009, 09/12/2009, 31/12/2009, 17/03/2010 and 31/03/2010 in respect of which meetings proper notice were given and the proceedings were properly recorded.
5. The Company was not required to close its Register of Members during the financial year.
6. The annual general meeting for the year ended on 31/03/2009 was held on 30/09/2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra – Ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. i. There was no allotment/transfer/ transmission of securities during the financial year.
ii. The Company has not deposited any amount in a separate Bank account as no dividend was declared during the financial year.
iii. The Company was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
iv. No amount was required to be transferred to Investors Education & Protection Fund.
v. The Company has duly-complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional director, alternate directors and directors to fill casual vacancies during the financial year.
15. The company has not appointed managing director / whole time director / manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional

- Director, Registrar and/or such other authorities prescribed under the various provisions of the Act during the Financial year ended 2009-2010.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The Company has not issued any shares, debentures or other securities during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. There was no redemption of preference shares or debentures during the financial year.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited / accepted any deposit including any unsecured loans falling within the purview of Section 58A during the financial year.
 24. The Company has not made any borrowings during the financial year ended 31st March 2010.
 25. The Company has provided securities to bank but has not made loans and investments, or given guarantees to other bodies corporate during the financial year.
 26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the financial year.
 27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the financial year.
 28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the financial year.
 29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the financial year.
 30. The Company has altered the Provisions of its Articles of Association during the financial year.
 31. There were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment imposed on the company during the financial year, for offences under the Act.
 32. The Company has not received any money as security from its employees during the financial year.
 33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

Date : August 28, 2010

Place : Mumbai

Signature :

C.P No. : 3804

Name of Company Secretary : Pramod S. Shah

Annexure A

The Company has been maintaining the statutory records such as:

- 1) Minutes Book (Board Meeting)
- 2) Minutes Book (AGM & EGM)
- 3) Register of Member.
- 4) Register of Director.
- 5) Register of Director's shareholding.
- 6) Register of Charges.
- 7) Register of Contracts.

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010

Sr. No.	Form No.	Filed u/s	For	Filed on
1	Balance Sheet	220	31/03/2009	29/03/2010
2	Annual Return	159	30/09/2009	01/02/2010
3	Secretarial Compliance	383A	31/03/2009	Not required
4	Form 23	224 (6) (a)	Appointment of Auditor	15/09/2009
5	Form 32	266 (1)	Filed for Mr. Suraj Dalwani	09/09/2009

AUDITORS' REPORT

TO THE MEMBERS OF S.B & T DESIGNS LIMITED

We have audited the attached Balance Sheet of **S.B. & T DESIGNS LIMITED** ("the Company") as at 31st March, 2010, the Profit & Loss Account and the Cash Flow Statement of the company for the year ended on that date annexed thereto.

Respective Responsibility Of The Management And The Auditor:

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.

Basis of Opinion:

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 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.

Opinion:

We report as under:

- I 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 of India in terms of Section 227 (4A) of the Companies Act, 1956 (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us by the management, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our comments in the Annexure referred to in paragraph I above:
 - a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Profit & Loss Account, Balance Sheet and Cash Flow Statement comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent they are applicable to the Company.
 - e) On the basis of written representations received from the Directors of the Company as on 31st March, 2010, and taken on record by the Board of Directors of the Company, we report that none of the Director is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.
 - f) In our opinion and to the best of information and according to the explanations given to us, *subject to non confirmation of balances of debtors / creditors* the said accounts, read together with the notes thereon, given the information required by the Act in the manner so required and, give a true and fair view in conformity with the accounting policies generally accepted in India:
 - 1) in case of the Balance Sheet, of the statement of affairs of the company as at 31st March, 2010,
 - 2) in case of the Profit & Loss Account, of the Profit of the company for the year ended on that date; and
 - 3) in case of the Cash Flow statement , of the cash flows of the Company for the year ended on that date.

For M. M. Dubey & Co.
Chartered Accountants

M. M. DUBEY
PROPRIETOR
Membership No. 30453
Place : Mumbai
Date : 28th August, 2010

Fixed Assets:

1. The company has maintained proper electronic records showing full particulars including quantitative details and situation of fixed assets.
2. According to the representations provided to us, the company has a regular programme of physical verification of its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the Management during the year.
3. During the year, the Company has not disposed any part of its fixed assets.

Inventories:

4. We are informed that, physical verification of inventory has been carried out by the management during the year. In our opinion, the frequency of verification is reasonable.
5. According to the information and explanations given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate according to the size of the company and the nature of the business.
6. On the basis of stock records produced before us, we are of the opinion that the Company is maintaining proper records of inflow and outflow of inventory.

Related party transactions:

7. According to the information and explanations given to us, the company has taken interest free unsecured loans from three companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year is aggregated to Rs. 1,014.56 lacs.
8. In our opinion, the rate of interest and other terms and condition on which loan have been taken by the company from party listed in the register maintained under section 301 of the Act are, prima facie not prejudicial to the interest of the company
9. According to the information and explanations given to us, the payment of principal amount and interest are also regular.

Contracts or Arrangements with 301 Parties

10. According to the information and explanations given to us, the transactions in which directors were interested as contemplated under Section 297 and sub section (6) of section 299 of the Act, and which were required to be entered in the register maintained under section 301 of the said act, have been so entered.
11. According to the information and explanations given to us, each of these transactions exceeding the value of rupees five lacs in respect of any party during the year, are made at a price, which are reasonable having regard to the prevailing market prices at the relevant time.

Internal Controls:

12. Internal control procedures for the purchase of inventory and fixed assets and for the sale of goods are commensurate with the size of the company and nature of its business.

Internal Audit:

13. In our opinion, the company has an adequate internal audit system commensurate with its size and nature of its business.

Deposits:

14. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the 'public' to which the provisions of section 58A and section 58AA of the Act, and the rules framed there under apply.

Statutory Dues:

15. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, cess and other statutory dues, if any, applicable to it. As explained to us the, provision regarding service tax and excise duty is presently not applicable to the company. However undisputed amount in respect of the following dues are outstanding for a period of more than six months:

Name of Statute	Nature of Dues	Amount (in Rs.)	Pending from Year
Income Tax Act, 1961	FBT	3,38,978	F.Y. 2007 - 08
Income Tax Act, 1961	Advance FBT	2,26,309	F.Y. 2008 - 09

16. According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.

Default in repayment of dues:

17. According to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.

Loans and Advances granted on the basis securities:

18. According to the records of the company and according to the information and explanations provided to us, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Guarantees Given:

19. According to the information and explanations provided to us the company has not given guarantees for loans taken by others from banks or financial institutions.

Preferential Allotment:

20. According to the information and explanations given to us, the company has not made any preferential allotments of shares to parties listed in the register maintained under section 301 of the Act.

Term Loan:

21. In our opinion and according to the information and explanations given to us, the company has not taken any term loan during the year.

Sources and Application of Funds:

22. Based on our examination of the balance sheet of the company as at March 31, 2010 on an overall basis and as per the information and explanation given to us, we find that no funds raised on short term basis were utilized for long term purpose.

Fraud:

23. Based upon the audit procedures performed and information and explanation 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.

Miscellaneous:

24. The clauses (viii), (x), (xiii), (xiv), (xix), (xx) of the paragraph 4 & 5 of the order are not applicable to the company and hence not reported upon.

For M. M. Dubey & Co.
Chartered Accountants

M. M. DUBEY
PROPRIETOR
Membership No. 30453
Place : Mumbai
Date : 28th August, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
SOURCES OF FUNDS :			
SHARE HOLDERS' FUNDS :			
Share Capital	1	150,000,000	150,000,000
Reserves and Surplus	2	30,945,976	50,739,080
		180,945,796	200,739,080
LOAN FUNDS :			
Secured Loans	3	180,981,267	208,021,473
Unsecured Loans	4	96,764,407	6,950,503
		277,745,675	214,971,976
		458,691,651	415,711,056
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	5	129,405,706	129,250,087
Less : Depreciation		52,534,426	42,664,985
Net Block		76,871,279	86,585,102
CURRENT ASSETS, LOANS AND ADVANCES :			
Inventories	6	292,343,435	277,479,165
Sundry Debtors	7	277,721,417	276,636,971
Cash and Bank Balances	8	587,446	544,570
Loans and Advances	9	31,594,408	42,117,851
		602,246,706	596,778,557
LESS : CURRENT LIABILITIES AND PROVISIONS :			
Current Liabilities	10	217,641,252	265,115,275
Provisions	11	2,785,083	2,537,329
		220,426,335	267,652,604
NET CURRENT ASSETS		381,820,372	329,125,954
		458,691,651	415,711,056
Accounting Policies and Notes to Accounts	17		

As per our attached Report of even date
For **M. M. Dubey & Co.**
Chartered Accountants

For and on behalf of Board of Directors
of S B & T Designs Ltd.

M. M. DUBEY
Proprietor
M. No. 30453

VARIJ SETHI
Managing Director

SHRANCE SETHI
Director

Place : Mumbai
Date : 28th August, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	2009-10 (Rs.)	2008-09 (Rs.)
INCOME :			
Sales		178,099,691	395,633,755
Other Income	16	18,522,773	13,010,941
		196,622,464	408,644,696
EXPENDITURE :			
Material Costs	12	134,626,288	307,751,002
Personnel Costs	13	27,894,848	35,196,584
Manufacturing, Administrative, Selling and Other Expenses	14	22,661,796	27,409,484
Interest & Financial Charges	15	21,363,194	24,518,539
Depreciation / Amortisation	5	9,869,442	11,545,112
		216,415,568	406,420,721
Profit before Tax , Exceptional Items and Prior Period Adjustments		(19,793,103)	2,223,975
PROFIT / (LOSS) BEFORE TAX		(19,793,103)	2,223,975
<u>Provision for Tax</u>			
Fringe Benefit Tax			284,846
PROFIT / (LOSS) AFTER TAX		(19,793,103)	1,939,129
Balance Brought Forward from Previous Year		50,739,080	48,799,950
AMOUNT AVAILABLE FOR APPROPRIATIONS		30,945,976	50,739,079
APPROPRIATIONS :			
Balance Carried over to the Balance Sheet		30,945,976	50,739,079
		30,945,976	50,739,079
Earning Per share (Face value of share of Rs.10/- Each)			
Basic (Refer Note B (10) to Schedule 17)		(1.32)	0.13
Diluted (Refer Note B (10) to Schedule 17)		(1.32)	0.13
Accounting Policies and Notes to Accounts	17		

As per our attached Report of even date
For **M. M. Dubey & Co.**
Chartered Accountants

For and on behalf of Board of Directors
of S B & T Designs Ltd.

M. M. DUBEY
Proprietor
M. No. 30453

VARIJ SETHI
Managing Director

SHRANCE SETHI
Director

Place : Mumbai
Date : 28th August, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	31.03.2010	31.03.2009
A. Cash Flow from Operating Activities		
Net Profit Before Tax	(19,793,103)	2,223,975
Addition		
Depreciation / Amortisation	9,869,442	11,545,112
Interest	21,363,194	24,606,538
Other Interest received	(105,548)	(195,935)
Non Cash (Income) / Expenses	15,656,684	(2,190,099)
Operating Profit before Working Capital Changes	26,990,669	35,989,591
(Increase) / Decrease in Current Assets	5,904,205	36,128,897
Increase / (Decrease) in Current Liabilities	19,394,687	(44,466,691)
Cash generated from Operations	52,289,561	27,651,797
Tax Adjustment	74,106	1,108,906
Net Cash Flow from / (used) in Operating Activities	52,363,667	28,760,703
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(155,619)	(110,770)
Interest Income	105,548	195,936
Net Cash from / (used) in Investing Activities	(50,071)	85,166
C. Cash Flow from Financing Activities		
Repayment of loan from Bank	(32,447,080)	(13,901,014)
Temporary overdraft from Bank	1,943,875	1,158,420
Inter Corporate Deposits	(232,020)	232,019
Interest and Financial charges	(21,535,494)	(24,763,644)
Net Cash from / (used) in Financing Activities	(52,270,719)	(37,274,219)
Net Increase in Cash and Cash Equivalents	42,876	(8,428,349)
Opening Cash and Cash Equivalents	544,570	8,972,919
Closing Cash and Cash Equivalents	587,446	544,570
D. Cash & Cash Equivalent comprises-		
Cash in Hand	58,058	10,073
Balance with Scheduled Bank in Current Accounts	-	49,712
Balance with Scheduled Bank in Deposit Accounts	529,388	484,785
	587,446	544,570

As per our attached Report of even date
For **M. M. Dubey & Co.**
Chartered Accountants

For and on behalf of Board of Directors
of S B & T Designs Ltd.

M. M. DUBEY
Proprietor
M. No. 30453

VARIJ SETHI
Managing Director

SHRANCE SETHI
Director

Place : Mumbai
Date : 28th August, 2010

SCHEDULES TO THE ACCOUNTS
SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1
SHARE CAPITAL

Authorised:

1,50,00,000 (P.Y.1,50,00,000) Equity Shares of Rs.10/- each

As at 31.03.10 (Rs.)	As at 31.03.09 (Rs.)
150,00,000	150,00,000
150,00,000	150,00,000

Issued, subscribed and paid-up Capital :

Equity Share Capital

1,50,00,000 (1,50,00,000) Equity Shares of Rs.10/- each fully paid-up

(100% shares are held by Holding Company i.e. SB&T International Ltd.)

150,00,000	150,00,000
150,00,000	150,00,000

SCHEDULE 2
RESERVES AND SURPLUS

Profit & Loss Account

As per last Balance Sheet

Add: Surplus / (Loss) in Profit and Loss Account

50,739,080	48,799,950
(19,793,103)	1,939,130
30,945,976	50,739,080

SCHEDULE 3
SECURED LOANS

From Banks

Interest Accrued and due

(Against hypothecation of Finished Goods, Stock of Raw Materials, Stock in Process, Fixed Assets, Fixed Deposits and Personal guarantees by

Mr. Varij Sethi, Director)

180,981,267	207,849,173
-	172,300
180,981,267	208,021,473

SCHEDULE 4
UNSECURED LOANS

Temporary Overdraft from Bank

Inter Corporate Deposits

Loan from Associate Companies

3,662,358	1,718,483
5,000,000	5,232,020
88,102,049	-
96,764,407	6,950,503

SCHEDULE 5
FIXED ASSETS

Sr.No	Particulars	Rate %	Gross Block			Depreciation				Net Block		
			As on 01.04.09	Addition During The year	Deduction The year	As on 31.3.10	As on 01.04.09	For the Period	Adjustm	As on 31.3.10	As on 31.3.10	As on 31.3.09
1	Land (Lease Hold)	-	12,183,614	-	-	12,183,614	524,029	131,008	-	655,037	11,528,577	11,659,585
2	Factory Building	10.00	53,848,350	-	-	53,848,350	15,466,035	3,838,232	-	19,304,267	34,544,083	38,382,315
3	Plant & Machinery	13.91	24,780,968	-	-	24,780,968	9,450,222	2,132,507	-	11,582,729	13,198,239	15,330,746
4	Furniture , Fixture & Fitting	18.10	20,316,301	-	-	20,316,301	8,911,869	2,064,202	-	10,976,071	9,340,230	11,404,432
5	Equipments	13.91	12,845,106	147,201	-	12,992,307	4,943,724	1,113,456	-	6,057,181	6,935,126	7,901,382
6	Vehicles	25.89	2,176,637	-	-	2,176,637	952,064	317,042	-	1,269,106	907,531	1,224,573
7	Computer System	40.00	3,099,111	8,418	-	3,107,529	2,417,042	272,995	-	2,690,036	417,492	682,069
	Total (Current Year)		129,250,087	155,619	-	129,405,706	42,664,985	9,869,442	-	52,534,426	76,871,279	86,585,102
	Total(Previous Year)		129,139,317	110,770	-	12,925,087	31,119,873	11,545,112	-	42,664,985	86,585,102	-

	As at 31.03.10 (Rs.)	As at 31.03.09 (Rs.)
SCHEDULE 6		
INVENTORIES		
(As valued and certified by the Management)		
Stores, Spares, Rubber Moulds and Alloys	13,549	13,549
Stock in Trade (At cost, unless otherwise stated)		
Raw Materials	292,329,885	277,465,616
	292,343,435	277,479,165
SCHEDULE 7		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding 6 months	198,202,738	163,169,874
Other Debts		
Others	66,261,655	45,520,115
Associaties	13,257,024	67,946,982
	277,721,417	276,636,971
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on Hand	58,058	10,073
Balances with Scheduled Banks :		
in Current Accounts	-	49,712
in Fixed Deposits towards bank Guarantee for Custom	529,388	484,785
	587,446	544,570
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	24,818,406	36,348,990
Deposits	3,198,361	2,117,116
Income Tax	1,076,054	672,418
VAT	2,501,587	2,979,327
	31,594,408	42,117,851
SCHEDULE 10		
CURRENT LIABILITIES		
Current Liabilities		
Sundry Creditors :		
For Goods	207,951,347	250,410,649
For Capital Goods	1,566,037	4,676,596
For Expenses	8,123,868	10,028,030
	217,641,252	265,115,275
SCHEDULE 11		
PROVISIONS		
Provision for Fringe Benefit Tax	871,612	871,612
Provision for Gratuity	1,443,170	1,281,950
Provision for Leave Encashment	470,301	383,767
	2,785,083	2,537,329

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	As at 31.03.10 (Rs.)	As at 31.03.09 (Rs.)
SCHEDULE 12		
MATERIAL COSTS AND INVENTORY ADJUSTMENT		
Raw Materials :		
Opening Stock	277,084,537	268,724,516
Add : Purchases	149,490,557	316,111,023
Total	426,575,094	584,835,539
Less : Closing Stock	291,948,806	277,084,537
Consumption of Raw Material (I)	134,626,288	307,751,002
Finished Goods :		
Opening Stock	381,079	381,079
Less : Closing Stock	381,079	381,079
(Increase) / Decrease in Stock (II)	0	(0)
Total (I + II)	134,626,288	307,751,002
SCHEDULE 13		
PERSONNEL COSTS		
Salaries, Wages & Other Expenses	25,689,169	30,587,295
Bonus & Ex-gratia	214,969	2,082,139
Employers contribution to Provident Fund, & ESIC	1,095,494	1,132,829
Provision for Gratuity	280,367	685,346
Welfare Expenses	614,849	708,975
	27,894,848	35,196,584

	As at 31.03.10 (Rs.)	As at 31.03.09 (Rs.)
SCHEDULE 14		
MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Stores, Spares and Rubber Moulds :		
Opening Stock	13,549	42,600
Add : Purchases	3,734,486	6,144,986
Less : Closing Stock	13,549	13,549
Consumption	3,734,486	6,174,036
Director Sitting Fees	36,000	32,000
Security Expenses	906,298	1,007,641
Auditor's Remuneration	540,000	545,895
Brokerage	26,000	-
Contract Labour Charges	591,890	1,023,940
Freight and Forwarding Expenses	1,361,047	2,096,462
Insurance	484,470	497,394
Legal and Professional Charges	946,416	1,561,283
Marketing & Other Sales Promotion Expenses	1,323,098	1,396,251
Miscellaneous Expenses	897,686	910,685
Postage & Communication Expenses	493,625	691,023
Power and Fuel Expenses	5,946,892	6,347,893
Rates, Taxes and License Fees	2,183,678	1,315,490
<i>Repairs and Maint., Service & AMC Charges:</i>		
Repairs to Building	12,000	27,500
Repairs to Plant, Machinery & Equipments	30,155	170,486
Other Maintenance and Service Charges	1,521,986	1,685,176
Travelling & Conveyance	994,398	1,109,713
Vehicle Expenses	631,671	816,616
	22,661,796	27,409,484
SCHEDULE 15		
INTEREST AND FINANCIAL CHARGES		
Bank Interest	16,779,595	18,879,898
Bank and Other Financial Charges	4,583,599	5,638,641
	21,363,194	24,518,539
SCHEDULE 16		
OTHER INCOME		
Interest Income [T.D.S. Rs. 6,615 (P.Y. Rs. 4,472/-)]	105,548	107,936
Foreign Exchange Gain (Net off Forex Loss)	18,417,225	12,903,005
	18,522,773	13,010,941

SCHEDULE – 17:**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS:**

As at 31st March, 2010, the Company is a 100% subsidiary of S B & T International Limited.

A. SIGNIFICANT ACCOUNTING POLICIES:**1) BASIS OF ACCOUNTING:**

The financial statement has been prepared and presented under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India (“GAAP”) and comply with the mandatory accounting standards (“AS”) issued by the Institute of Chartered Accountants of India to the extent applicable and with the relevant provisions of the Companies Act, 1956.

2) USE OF ESTIMATES:

The preparation of financial statement in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statement and reported amount of revenues and expenses for the year. Actual results could differ from the estimate. Difference between actual results and estimates are recognized in the period in which results are known / materialized. Any revision to an accounting estimate is recognized prospectively in the year of revision.

3) REVENUE RECOGNITION:

Revenue from sale of goods is recognized when significant risk and rewards in respect of ownership of products are transferred to customers. Sales are accounted on dispatch of goods at CIF value.

4) VALUATION OF INVENTORIES:

- a) Raw Materials are valued at net realizable price or cost price whichever is less, on FIFO basis.
- b) Work-in-process and Finished stocks are valued at raw material cost plus labour cost and direct expenses relating to production. Cost also includes applicable overheads.
- c) Stores, Spares and Consumables are valued at cost on Weighted Average basis.
- d) Master Pieces are valued at Estimated Market Price, where cost could not be determined.
- e) Trade samples are valued at cost on FIFO Basis.
- f) Cost of inventory comprises all cost of purchase, cost of conversion and other cost in bringing the inventory to their present location and condition.

5) FIXED ASSETS :

- a) Assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed asset includes non refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of respective assets.
- b) Capital Work-in-progress include cost of fixed assets that are not yet ready for the intended use and advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date.

6) DEPRECIATION

- a) Depreciation is provided on Written Down Value Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956
- b) Depreciation is calculated on a pro rata basis from the date of acquired / installed till the date the assets are sold or disposed.
- c) Individual assets costing less than Rs. 5,000/- are depreciated in full in the year of acquisition.
- d) Lease premium to acquire the Leasehold Land is amortized over the period of lease.

7) FOREIGN CURRENCY TRANSACTION:

- a) *Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transaction. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the profit and loss account.*
- b) Monetary assets and liabilities denominated in foreign currencies as at balance sheet date are translated at year-end rates. The resultant exchange difference is recognized in the profit and loss account.
- c) *Non monetary assets and liabilities denominated in foreign currencies are carried at cost.*

- d) In respect of transactions covered by forward exchange contracts, the difference between the year end rate and rate of the date of contract is recognized as exchange difference and the premium paid on forward contract is recognized over the life of contract

8) EMPLOYEE BENEFIT:

- a) Contributions to defined contribution schemes such as Provident Fund are charged to the Profit and Loss account as incurred.
- b) Gratuity and leave encashment are defined benefits which are charged to the Profit and Loss account based on valuations, as at the balance sheet date, made by independent actuaries.
- c) Short term employee benefits are recognized as an expense at the undiscounted amount in profit and loss account of the year in which the related service is rendered.

9) TAXATION:

As the company is exempt from tax under section 10AA of the Income Tax Act, 1961 therefore, no provision for Income Tax is made except provision for Fringe benefit Tax.

Current Tax

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company. As the Company is exempt from Tax u/s 10AA of the Income Tax Act, 1961 therefore, no provision for Income Tax is made in respect of goods manufactured and exported.

Deferred Tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and is written-down or written up to reflect the amount that is reasonably or virtually certain, as the case may be, to be realized. Further recognition of deferred tax is carried out as per Accounting Standard Interpretation-3 issued by the Institute of Chartered Accountants of India.

10) PROVISIONS AND CONTINGENT LIABILITIES

The company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and reliable estimates can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed.

B. NOTES TO ACCOUNTS:

- 1) 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 provisions for all known liabilities are adequate.
- 2) The Company has sent letters to suppliers to confirm that whether they are covered under Micro, Small and Medium Enterprises Act, 2006 as well as they have filed required memorandum with the prescribed authorities. No confirmation has received till the date of finalization of the Balance Sheet and the same has been relied upon by the auditors. Hence disclosures, if any, relating to amounts unpaid as at the year end together with the interest paid / payable as required under the said Act has not been given.
- 3) The Company does not possess information as to which of its suppliers are Ancillary Industrial Undertakings / Small Scale Industrial Undertaking holding permanent registration certificate issued by the Directorate of Industries of a state or Union Territory:
- a) The liability, if any, of interest which would be payable under the interest on delayed payments to Small Scale & Ancillary Industrial Undertaking Act, 1933 cannot be ascertained. However the company has not received any claim in respect of interest.
- b) The outstanding to Small Scale Industrial Undertaking cannot be ascertained
- c) The name of Small Scale Industrial Undertaking to whom the Company owes a sum exceeding Rs. 1 lacs which is outstanding for more than 30 days cannot be ascertained.
- 4) **MANAGERIAL REMUNERATION:**
- During the year under review, Company has not paid any managerial remuneration.

5) **AUDITORS REMUNERATION :**

	2009-10	2008-09
Audit Fees	3,65,000	3,65,000
Tax Audit	75,000	75,000
Transfer Pricing Audit	1,00,000	1,00,000
For Out of Pocket Expense	NIL	5,895
Total (Rs.)	5,40,000	5,45,895

6) **EMPLOYEE BENEFITS**

The Company has during the year adopted Accounting Standard 15(revised 2005) "Employee Benefits". The Company has classified various employee benefits as under:

(A) Defined contribution plans

- a. Provident fund
- b. State defined contribution plans
 - Employers' Contribution to Employees' State Insurance
 - Employers' Contribution to Maharashtra Labour Welfare Fund

The provident fund and Employees State Insurance Fund are operated by the Regional Provident Fund Commissioner and Maharashtra Labour Welfare Fund by The Commissioner of Maharashtra Labour Welfare Board. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognized by the Income tax authorities.

The Company has recognised the following amounts in the Profit and Loss Account for the year:

	Year ended 31 st March, 2010
(i) Contribution to Provident Fund	Rs. 10,46,940/-
(ii) Contribution to Employee's State Insurance Scheme	Rs. 45,350/-
(iii) Contribution to Maharashtra Labour Welfare Fund	Rs. 3,204/-

(B) Defined Benefit Plans

- a. Gratuity Rs. 2,80,367/-
- b. Leave Encashment Rs. 1,95,142/-

Leave encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as per the company's policy.

Valuations in respect of Gratuity and Leave Encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

(i) Discount Rate (Per annum)	8 %
(ii) Rate of increase in Compensation levels	4 %
(iii) Rate of Return on Plan Assets	0 %
(iv) Expected Avg. remaining working lives of employees in no. of Years	20

	Gratuity	Leave Encashment
(i) Changes in present Value of Obligation		
• Present value of Obligation as at 1 st April 2009	12,81,949	4,18,321
• Interest Cost	99,351	32,420
• Current Service Cost	5,49,510	2,61,758
• Liability Transfer In	NIL	NIL
• Liability Transfer Out	NIL	NIL
• Benefits Paid	(1,19,147)	(1,08,608)
• Actuarial (Gains) / Loss	(3,68,493)	(1,33,590)
• Present value of Obligation as at 31st March, 2010	14,43,170	4,70,301

(ii) Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets		
• Present value of Unfunded Obligation as at 31 st March, 2010	(14,43,170)	(4,70,301)
• Unrecognized Past Service Cost	NIL	NIL
• Unrecognized Actuarial (Gain) / Loss	NIL	NIL
• Unfunded Net Liability recognised in the Balance Sheet	(14,43,170)	(4,70,301)
(iii) Amounts recognised in the Balance Sheet		
• Present Value of Obligation as at 31 st March 2010	14,43,170	4,70,301
• Fair value of Plan Assets as at 31 st March 2010	NIL	NIL
• (Asset)/ Liability recognised in the Balance Sheet	14,43,170	4,70,301
(iv) Expenses recognised in the Profit and Loss Account		
• Current Service Cost	5,49,510	2,61,728
• Interest Cost	99,531	32,420
• Net Actuarial(Gain)/Loss	(3,68,493)	(99,006)
• Total Expenses recognised in the Profit and Loss Account	2,80,368	1,95,142

7) SEGMENT REPORTING:

The Company is in the business of manufacturing and export of gem studded jewellery. In view of the management, and based on the internal reporting format, the Company's primary and only format for reporting segment information is geographical segment, that are based on the location of customers.

(Rs. In lacs)

PRIMARY SEGMENT

Geographic Segment

	UK	USA	UAE	INDIA	OTHERS	TOTAL
Revenue	410.42 (1,544.03)	988.27 (1,618.59)	226.19 (711.56)	0.11 (31.94)	156.00 (50.21)	1,781.00 (3,956.34)
Identified Operating Expenses	310.24 (1,110.77)	747.04 (1,344.40)	170.98 (555.79)	0.08 (24.36)	117.92 (42.19)	1,346.26 (3,077.51)
Allocated Expenses	37.38 (80.70)	90.00 (84.59)	20.60 (37.19)	0.01 (1.67)	14.21 (2.62)	162.20 (206.77)
SEGMENT RESULTS	62.81 (352.56)	151.23 (189.60)	34.61 (118.58)	0.02 (5.91)	23.87 (5.40)	272.54 (672.06)
Unallocable Operating Expenses						343.37 (419.29)
Interest & Finance charges						213.63 (245.19)
Depreciation						98.69 (115.45)
Interest Income						1.06 (1.08)
Other Income						184.17 (129.03)
Profit Before Tax						(197.93) (22.24)
Tax						- (2.85)
Profit After Tax						(197.93) (19.39)

*** Figures in the bracket indicates previous years figures.

	UK	USA	UAE	INDIA	OTHERS	TOTAL
Segment Assets	863.54 (112.51)	1,173.72 (2,104.31)	722.67 (534.71)	0.25 (0.13)	17.04 (14.71)	2,777.21 (2,766.37)
Unallocable Assets						4,013.97 (4,067.27)
Total Assets						6,791.18 (6,833.64)

	UK	USA	UAE	INDIA	OTHERS	TOTAL
Segment Liabilities	158.24 (131.58)	169.21 (146.29)	1,239.46 (1,292.51)	559.49 (1,064.19)	50.02 (16.58)	2,176.41 (2,651.15)
Unallocable Liabilities						2,805.31 (2,175.09)
Total Liabilities						4,981.72 (4,826.24)

SECONDARY SEGMENT I.E. BUSINESS SEGMENT

The only product manufactured by the company is Studded Jewellery. Hence as part of disclosure of secondary segment i.e. business segment, the whole of segment revenue, segment assets and segment liabilities are allocated to the single segment i.e. Studded Jewellery.

8) RELATED PARTY DISCLOSURES:

1. List of Related Parties with whom transactions have taken place during the year:

- a) Holding Company:
S B & T International Limited
- b) Fellow Subsidiary :
 1. Soft Touch Jewellers LLC
 2. S B & T (U.K.) Ltd.
- c) Directors:
 1. Varij Sethi
 2. Ram Bhargava
 3. Sunil Barjatiya
 4. Shrance Sethi
- d) Company in which Directors are Interested
 1. Arup Builder & Develop. (P) Ltd.

2. Transaction during the year with related parties :

PARTICULARS	2009-10		2008 - 09	
	Transactions	Closing Balance	Transactions	Closing Balance
a) SALES				
SB & T International Ltd	NIL	N.A.	31.76	N.A.
Soft Touch Jewellers LLC	226.19	N.A.	630.37	N.A.
S B & T (U K) Ltd	158.80	N.A.	711.57	N.A.
b) PURCHASE				
SB & T International Ltd	181.98	N.A.	57.61	N.A.
Soft Touch Jewellers LLC	221.11	N.A.	412.42	N.A.
S B & T (U K) Ltd	65.89	N.A.	155.30	N.A.
c) INTEREST EXPENSE				
Arup Builders Pvt. Ltd	6.00	N.A.	6.00	N.A.
d) LOANS / ADVANCES TAKEN				
SB & T International Ltd	1,477.79	880.57 Cr. bal.	1,508.91	201.32 Dr. bal.
Mimansa Jewellery Private Limited	14.85	14.85	N I L	N . A .
e) LOANS / ADVANCES REPAID				
SB & T International Ltd	395.60	880.57 Cr. bal.	1,524.68	201.32 Dr. bal.
f) REMBURSEMENT ON OUR BEHALF BY HOLDING COMPANY				
SB & T International Ltd	NIL	N.A.	0.28	N.A.

- 9) (a) Disclosure of Operating Lease as per Accounting Standard 19 on 'Leases' issued by the Institute of Chartered Accountants of India:

(Rs. In lacs)

F.Y. 2009-10 F.Y. 2008-09

A)* Rent payable for 1 year	NIL	3.84
Rent payable for 1 to 5 years	NIL	0.32
Rent payable for 5 years and above	NIL	NIL

* These Lease Rental payments do not include the service tax required to be paid on the same.

B) Rent recognized in Profit & Loss Account	3.84	3.54
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- (b) Disclosure of Finance Lease as per Accounting Standard 19 on 'Leases' issued by the Institute of Chartered Accountants of India:

(Rs. In lacs)

F.Y. 2009-10 F.Y. 2008-09

A)* Rent payable for 1 year	1.66	1.66
Rent payable for 1 to 5 years	1.94	3.60
Rent payable for 5 years and above	NIL	NIL

* These Lease Rental payments do not include the service tax required to be paid on the same.

B) Rent recognized in Profit & Loss Account	0.40	0.53
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10) EARNING PER SHARE (EPS):

	2009-10	2008-09
(i) Profit / (Loss) after tax and exceptional and extra ordinary item	(1,97,93,103)	19,39,129
(ii) Weighted average No. of Ordinary shares for Basic EPS	Nos. 1,50,00,000	1,50,00,000
(iii) Weighted average No. of Ordinary shares for Diluted EPS	Nos. 1,50,00,000	1,50,00,000
(iv) Nominal value of Ordinary Shares for Basic EPS	Rs. 10	10
(v) Nominal value of Ordinary Shares for Diluted EPS	Rs. 10	10
(vi) Basic Earnings per Ordinary Share	Rs. (1.32)	0.13
(vii) Diluted Earnings per Ordinary Share	Rs. (1.32)	0.13

11) Schedule of information and particulars as required by the paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 as certified by the Directors and annexed to the Profit and Loss Account for the year ended 31st March, 2010 (Figures in the brackets indicate previous year figures)

1. LICENSED AND INSTALLED CAPACITY AND ACTUAL PRODUCTION (AS CERTIFIED BY THE MANAGEMENT)

Class of Goods manufactures	Licensed Capacity	Installed Capacity	Actual Production
Gold, Diamonds and Colour Stones Jewellery	Not Applicable	Not Yet ascertained	34,351 Pcs (76,978 Pcs.)

2 Quantitative Statement of Opening Stock, Purchases, Consumption, Sales and Closing Stock.

A. Raw Material Consumed :								
Description of Goods	Opening Stock		Purchases		Consumption		Closing Stock	
	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
	Carat		Carat		Carat		Carat	
a. Diamond	31,033.41 (26,015.89)	260,844,010 (242,339,216)	9,921.92 (22,190.22)	78,827,801 (189,753,480)	7,060.47 (17,172.70)	64,952,524 (171,248,686)	33,894.86 (31,033.41)	274,719,287 (260,844,010)
b. Colour Stone & Precious Stones	26,754.39 (32,627.41)	15,216,226 (14,534,097)	12,091.76 (47,908.80)	2,005,090 (11,722,869)	19,994.61 (53,781.82)	2,508,312 (11,040,741)	18,851.54 (26,754.39)	14,713,004 (15,216,226)
	Gms.		Gms.		Gms.		Gms.	
c. Gold	632.08 (9,264.72)	759,524 (10,592,426)	42,589.66 (82,210.89)	67,378,077 (107,260,645)	41,826.83 (90,843.54)	66,348,588 (117,093,547)	1,394.91 (632.08)	1,789,014 (759,524)
d. Platinum	10.08 (365.56)	16,129 (770,998)	377.40 (1,319.76)	814,807 (3,936,088)	147.03 (1,675.24)	239,621 (4,690,957)	240.45 (10.08)	591,315 (16,129)
e. Silver	497.22 (9,622.10)	49,514 (314,156)	10,230.32 (93,142.70)	301,783 (3,361,261)	9,739.36 (102,267.58)	294,183 (3,625,904)	988.18 (497.22)	57,114 (49,514)
f. Palladium	443.10 (374.12)	199,134 (173,622)	327.29 (108.00)	162,999 (76,680)	603.18 (39.02)	283,060 (51,168)	167.21 (443.10)	79,073 (199,134)
(a+b+c+d+e+f)		277,084,537 (268,724,516)		149,490,557 (316,111,022)		134,626,288 (307,751,003)		291,948,807 (277,084,538)

B. Sales :
i) Finished Product
Gold, Diamond & Colour Stone Jewellery :

Items	Opening Stock		Production	Sales		Closing Stock	
	Pcs	Value (Rs.)		Pcs	Value (Rs.)	Pcs	Value (Rs.)
Studded Jewellery	72 (72)	381,079 (381,079)	34,351 (76,978)	34,351 (76,978)	176,462,431 (392,626,709)	72 (72)	381,079 (381,079)

ii) Trading of Raw Materials

Items	Opening Stock		Purchase		Sales		Closing Stock	
	cts.	value	cts.	value	cts.	value	cts.	value
Diamond	983.40	10,954,529	-	-	-	-	983.40	10,954,529
Colour Stone	1,754.27	897,557	-	-	-	-	1,754.27	897,557

* Purchase and sales quantity and value of above items are included in purchase and consumption disclosed in Table A above for Raw materials consumed

3 Value of Imported and Indigenous Raw Material and Spare parts, Consumable goods consumed during the Financial year as percentage of each total consumption.

I Stores , Spares and Consumables :

	Current Year		Previous Year	
	Value	(%)	Value	(%)
i Imported	553,908	14.83	587,047	9.51
ii Indigenous	3,180,578	85.17	5,586,989	90.49
Total	3,734,486	100.00	6,174,036	100.00

II Raw Materials :

	Current Year		Previous Year	
	Value	(%)	Value	(%)
i Imported	65,753,914	48.84	167,623,057	54.47
ii Indigenous	68,872,373	51.16	140,127,945	45.53
Total	134,626,288	100.00	307,751,002	100.00

	Current Year	Previous Year
4 Value of Imports on CIF basis :		
i Raw Materials	86,919,090	181,884,703
ii Stores & Spares	553,908	557,997
Total	87,472,998	182,442,700

5 Earnings in Foreign Exchange :		
Export of Goods (At F.O.B)	176,462,431	390,022,342
Total (Rs.)	176,462,431	390,022,342

6 Expenditure in Foreign Currency :		
i Foreign Travelling	596,577.00	553,573
Total (Rs.)	596,577.00	553,573

12) Figures of the previous year have been regrouped, rearranged and recast and shown to the nearest rupee to make them comparable with figures of the previous year.

For and on behalf of the Board

VARIJ SETHI	SHRANCE SETHI
Managing Director	Director

Place : Mumbai

Date : 28th August, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :
I. Registration Details

Registration No. : U36911 MH2004 PLC 149509 State Code : 11
 Balance Sheet Date : 31/03/2010

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

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

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

Total Liabilities (incl. Current Liability & Prov.)	679,117,986	Total Assets(excl. Current Liability & Prov.)	679,117,986
Sources of Funds :			
Paid up Capital	150,000,000	Reserves & Surplus	30,945,976
Secured Loans	180,981,267	Unsecured Loans	96,764,407
Application of Funds :			
Net Fixed Assets	76,871,279	Investments	NIL
Net Current Assets	381,820,372	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV Performance of the Company (Amount in Rs.)

Turnover*	196,622,464	Total Expenditure	216,415,568
Profit Before Tax	(19,793,103)	Profit After Tax	(19,793,103)
Earning Per Share in Rs.	(1.32)	Dividend Rate %	NIL

* Turnover includes other income also.

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

Item Code No. : 711319.03
 (ITC Code)
 Product Description : Jewellery of Gold, set with Diamond

As per our attached Report of even date
 For **M. M. Dubey & Co.**
 Chartered Accountants

For and on behalf of Board of Directors
 of S B & T Designs Ltd.

M. M. DUBEY
 Proprietor
 M. No. 30453

VARIJ SETHI
 Managing Director

SHRANCE SETHI
 Director

Place : Mumbai
 Date : 28th August, 2010

DIRECTORS' REPORT

To
The Members,

Mimansa Jewellery Private Limited

The Directors present herewith their Annual Report together with the Audited statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS:

	2009 - 2010	2008 - 2009
Profit/(Loss) before interest, depreciation and taxation	63,71,848	77,05,276
Less: Interest	32,75,224	45,483
Depreciation	3,40,141	7,37,012
Provision for Taxation-current/earlier years	15,37,062	28,10,158
Net Profit /(Loss)	12,19,421	41,12,623
Add: Balance brought forward	1,64,52,547	1,23,39,924
Less: Transferred to Reserve Fund	-	-
	<hr/>	<hr/>
Balance Carried Forward	1,76,71,968	1,64,52,547
	<hr/>	<hr/>

DIVIDEND:

No dividend has been recommended by the Board in order to conserve resources for the Company's growth plans.

FIXED DEPOSIT:

The Company has not accepted deposits during the year. There are no overdue or unclaimed deposits.

AUDITORS:

At the Annual General Meeting, Members are requested to appoint Auditors for the Current year and fix their remuneration. M/s. M.M Dubey & Company, Chartered Accountants, the present Auditor of the Company retire at the ensuing Annual General Meeting and have given their consent for re-appointment and also have furnished Certificate pursuant to Section 224(1) of the Companies Act, 1956 regarding their eligibility for reappointment as the Auditors of the Company.

PARTICULARS OF EMPLOYEES:

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT:

The Directors present herewith the Directors Responsibility Statement in accordance with the provisions of the Companies (Amendment) Act, 2000 under section 217(2AA):

The Directors state:

1. That in the preparation of the annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards had been followed along with proper explanation relating to material departures.

Mimansa Jewellery Private Limited

2. That the Directors had selected such accounting policies & applied them consistently & made judgments & estimates that are reasonable & prudent so as to give true & fair view of the state of affairs of the Company at the end of the financial year & of the profit of the Company for that period.
3. That the Directors have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company & for preventing & detecting fraud & other irregularities.
4. That the Directors had prepared the annual accounts for the financial year ended 31st March, 2010 on a going concern basis.

CONVERSION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Company does not come under the purview of having to give a report on energy conservation and technology absorption measures undertaken as required by the Companies (Disclosure of particulars in the report of the Board of Directors), 1988.

The Company's earning in foreign exchange during the period is Rs.1,28,630/-

ACKNOWLEDGEMENTS:

Your Directors would like to record their appreciation of the services rendered by the members of the staff at all levels. They also like to express their gratefulness to the Company's Bankers, Shareholders and their Customers for their co- operation and also for the confidence reposed in the Company.

For and on behalf of the Board of Directors

Place : Mumbai.

Varij Sethi

Date : 28th August, 2010

Director

Registered Office

138, Shreeji Chambers,
1st Floor, Tata Road No. 2,
Opera House,
Mumbai – 400 004.

Compliance Certificate

(Under Section 383A of the Companies Act, 1956 & Rule 3 of the Companies (Compliance Certificate) Rules, 2001.)

To,
The Members,

Nominal Capital: 50,000,000/-
Registration No. – 11-143418

Mimansa Jewellery Private Ltd.

(31/03/2010)

I have examined the registers, records, books and papers of **Mimansa Jewellery Private Ltd.**(the Company) as required to be maintained under the Companies Act 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a private limited company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year 7 excluding its present and past employees and the company during the year under scrutiny:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors duly met **10** times on 25/06/2009, 30/06/2009, 01/09/2009, 29/09/2009, 30/09/2009, 22/10/2009, 31/12/2009, 24/02/2010, 17/03/2010 and 31/03/2010 in respect of which meetings proper notice were given and the proceedings were properly recorded.
5. The Company was not required to close its Register of Members during the financial year.
6. The annual general meeting for the year ended on 31/03/2009 was held on 30/09/2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra – Ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13.
 - i. There was allotment of 10,02,500/- equity shares during the financial year.
 - ii. The Company has not deposited any amount in a separate Bank account as no dividend was declared during the financial year.
 - iii. The Company was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
 - iv. No amount was required to be transferred to Investors Education & Protection Fund.
 - v. The Company has duly-complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional director, alternate directors and directors to fill casual vacancies during the financial year.

Mimansa Jewellery Private Limited

15. The company has not appointed managing director / whole time director / manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities prescribed under the various provisions of the Act during the Financial year ended 2009-2010.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued 10, 02,500/- equity shares during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposit including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March 2010.
25. The Company has provided securities to bank but has not made loans and investments, or given guarantees to other bodies corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the financial year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the financial year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the financial year.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the financial year.
30. The Company has not altered the Provisions of its Articles of Association during the financial year.
31. There were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. Provident Fund is not applicable

Date : August 28, 2010

Place : Mumbai

Signature :

C.P No. : 3804

Name of Company Secretary : Pramod S. Shah

Annexure A

The Company has been maintaining the statutory records such as:

- 1) Minutes Book (Board Meeting)
- 2) Minutes Book (AGM & EGM)
- 3) Register of Member.
- 4) Register of Director.
- 5) Register of Director's shareholding.
- 6) Register of Charges.
- 7) Register of Contracts.

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010

Sr. No.	Form No.	Filed u/s	For	Filed on
1	Balance Sheet	220	31/03/2009	17/12/2009
2	Annual Return	159	30/09/2009	17/12/2009
4	Form 2	75 (1)	Allotment of Shares	29/09/2009
5	Form 23	224 (6)	Appointment of Auditor	22/12/2009
6	Form 8	125	Creation of Charge	07/11/2009
7	Form 32	266 (1) (a)	Change in Designation	29/03/2010

AUDITORS' REPORT

The Members of Mimansa Jewellery Private Limited

We have audited the attached Balance Sheet of **MIMANSA JEWELLERY PRIVATE LIMITED** ("the Company") as at 31st March, 2010, the Profit & Loss Account and the Cash Flow Statement of the company for the year ended on that date annexed thereto.

Respective Responsibility Of The Management And The Auditor:

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.

Basis of Opinion:

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 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.

Opinion:

We report as under:

I 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 of India in terms of Section 227 (4A) of the Companies Act, 1956 (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us by the management, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

II. Further to our comments in the Annexure referred to in paragraph I above:

- a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Profit & Loss Account, Balance Sheet and Cash Flow Statement comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent they are applicable to the Company.
- e) On the basis of written representations received from the Directors of the Company as on 31st March, 2010, and taken on record by the Board of Directors of the Company, we report that none of the Director is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.
- f) In our opinion and to the best of information and according to the explanations given to us, *subject to non confirmation of balances of debtors / creditors* the said accounts, read together with the notes thereon, given the information required by the Act in the manner so required and, give a true and fair view in conformity with the accounting policies generally accepted in India:
 - 1) in case of the Balance Sheet, of the statement of affairs of the company as at 31st March, 2010,
 - 2) in case of the Profit & Loss Account, of the Profit of the company for the year ended on that date; and
 - 3) in case of the Cash Flow statement , of the cash flows of the Company for the year ended on that date.

For M. M. Dubey & Co.
Chartered Accountants

M. M. DUBEY
PROPRIETOR
Membership No. 30453

Place : Mumbai

Date : 28th August, 2010

Fixed Assets:

1. The company has maintained proper electronic records showing full particulars including quantitative details and situation of fixed assets.
2. According to the representations provided to us, the company has a regular programme of physical verification of its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the Management during the year.
3. During the year, the Company has not disposed any part of its fixed assets.

Inventories:

4. We are informed that, physical verification of inventory has been carried out by the management during the year. In our opinion, the frequency of verification is reasonable.
5. According to the information and explanations given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate according to the size of the company and the nature of the business.
6. On the basis of stock records produced before us, we are of the opinion that the Company is maintaining proper records of inflow and outflow of inventory.

Related party transactions:

7. According to the information and explanations given to us, the company has granted interest free unsecured loans from three companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year is aggregated to Rs. 14.85 lacs.
8. In our opinion, the rate of interest and other terms and condition on which loan have been taken by the company from party listed in the register maintained under section 301 of the Act are, prima facie not prejudicial to the interest of the company
9. According to the information and explanations given to us and on the basis of books and records shown, the amount is unpaid.

Contracts or Arrangements with 301 Parties

10. According to the information and explanations given to us, the transactions in which directors were interested as contemplated under Section 297 and sub section (6) of section 299 of the Act, and which were required to be entered in the register maintained under section 301 of the said act, have been so entered.
11. According to the information and explanations given to us, each of these transactions exceeding the value of rupees five lacs in respect of any party during the year, are made at a price, which are reasonable having regard to the prevailing market prices at the relevant time.

Internal Controls:

12. Internal control procedures for the purchase of inventory and fixed assets and for the sale of goods are commensurate with the size of the company and nature of its business.

Internal Audit:

13. In our opinion, the company has an adequate internal audit system commensurate with its size and nature of its business.

Deposits:

14. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the 'public' to which the provisions of section 58A and section 58AA of the Act, and the rules framed there under apply.

Statutory Dues:

15. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, cess and other statutory dues, if any, applicable to it. As explained to us the, provision regarding service tax and excise duty is presently not applicable to the company. However undisputed amount in respect of the following dues are outstanding for a period of more than six months:

Mimansa Jewellery Private Limited

Name of Statute	Nature of Dues	Amount (in Rs.)	Pending from Year
Income Tax Act, 1961	FBT	1,75,003	F.Y. 2008 - 09
Income Tax Act, 1961	Advance Income Tax	3,83,275	F.Y. 2009 - 10

16. According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.

Name of Statute	Nature of Dues	Amount (in Rs.)	Pending from Year	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	7,88,986	F.Y. 2009 - 10	Commissioner of Income Tax

Default in repayment of dues:

17. According to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.

Loans and Advances granted on the basis securities:

18. According to the records of the company and according to the information and explanations provided to us, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Guarantees Given:

19. According to the information and explanations provided to us the company has not given guarantees for loans taken by others from banks or financial institutions.

Preferential Allotment:

20. According to the information and explanations given to us, the company has made preferential allotments of shares to parties listed in the register maintained under section 301 of the Act.

Name of the Company	Relation	No. of Shares issued	Issue Price
S b & t International Ltd.	100% Holding Company	10,02,500	1,00,25,000

Term Loan:

21. In our opinion and according to the information and explanations given to us, the company has not taken any term loan during the year.

Sources and Application of Funds:

22. Based on our examination of the balance sheet of the company as at March 31, 2010 on an overall basis and as per the information and explanation given to us, we find that no funds raised on short term basis were utilized for long term purpose.

Fraud:

23. Based upon the audit procedures performed and information and explanation 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.

Miscellaneous:

24. The clauses (viii), (x), (xiii), (xiv), (xix), (xx) of the paragraph 4 & 5 of the order are not applicable to the company and hence not reported upon.

For M. M. Dubey & Co.
Chartered Accountants

M. M. DUBEY
PROPRIETOR
Membership No. 30453
Place : Mumbai
Date : 28th August, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
SOURCES OF FUNDS :			
SHARE HOLDERS' FUNDS :			
Share Capital	1	10,525,000	500,000
Reserves and Surplus	2	17,671,968	16,452,547
		28,196,968	16,952,547
LOAN FUNDS :			
Secured Loan	3	49,966,039	-
		49,966,039	-
DEFERRED TAX LIABILITY (Net) (Refer Note B (11) to Schedule 15)			
		148,578	-
		78,311,585	16,952,547
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	4	2,214,384	2,214,384
Less : Depreciation		1,251,385	911,244
Net Block		962,999	1,303,140
DEFERRED TAX ASSET (Net) (Refer Note B (11) to Schedule 15)			
		-	442,649
CURRENT ASSETS, LOANS AND ADVANCES :			
Inventories	5	75,169,367	62,688,954
Sundry Debtors	6	159,246,830	39,795,345
Cash and Bank Balances	7	4,194,278	4,145,417
Loans and Advances	8	10,904,778	6,017,708
		249,515,254	112,647,424
LESS : CURRENT LIABILITIES AND PROVISIONS :			
Current Liabilities	9	162,482,408	88,702,243
Provisions	10	9,684,260	8,738,423
		172,166,668	97,440,666
NET CURRENT ASSETS			
		77,348,585	15,206,758
MISCELLANEOUS EXPENDITURE (to the extend not written off or adjusted)			
		-	-
		78,311,585	16,952,547
Accounting Policies and Notes to Accounts	15		

As per our attached Report of even date

For **M. M. Dubey & Co.**
Chartered Accountants

For and on behalf of the Board of Directors
of Mimansa Jewellery Private Ltd.

M. M. DUBEY
Proprietor
M. No. 30453
Place : Mumbai
Date : 28th August, 2010

SURENDRA KUMAR SETHI
Director

VARIJ SETHI
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
INCOME :			
Sales		267,530,723	218,347,783
		267,530,723	218,347,783
EXPENDITURE :			
Material Costs	11	254,964,600	194,995,238
Personnel Costs	12	976,172	7,272,680
Manufacturing, Administrative, Selling and Other Expenses	13	5,218,103	8,374,589
Interest and Finance Charges	14	3,275,224	45,483
Depreciation / Amortisation	4	340,141	737,012
		264,774,240	211,425,003
Profit before Tax , Exceptional Items and Prior Period Adjustments		2,756,483	6,922,780
<u>Provision for Tax</u>			
Income Tax		945,837	3,306,980
Fringe Benefit Tax		-	175,003
Deferred Tax (Refer Note B (11) to Schedule 15)		591,225	(671,825)
PROFIT / (LOSS) AFTER TAX		1,219,421	4,112,622
Balance Brought Forward from Previous Year		16,452,546	12,339,924
AMOUNT AVAILABLE FOR APPROPRIATIONS		17,671,967	16,452,546
APPROPRIATIONS :			
Balance Carried over to the Balance Sheet		17,671,967	16,452,546
		17,671,967	16,452,546
Earning Per share (Face value of share of Rs.10/- Each)			
Basic (Refer Note B (10) to Schedule 15)		2.20	82.25
Diluted (Refer Note B (10) to Schedule 15)		2.20	82.25
Accounting Policies and Notes to Accounts	15		

As per our attached Report of even date

For **M. M. Dubey & Co.**
Chartered Accountants

For and on behalf of the Board of Directors
of Mimansa Jewellery Private Ltd.

M. M. DUBEY
Proprietor
M. No. 30453
Place : Mumbai
Date : 28th August, 2010

SURENDRA KUMAR SETHI
Director

VARIJ SETHI
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	31/03/2010	31/03/2009
A. <u>Cash Flow from Operating Activities</u>		
Net Profit Before Tax	2,756,483	6,922,781
<u>Addition</u>		
Depreciation on Fixed Assets	340,141	737,012
Preliminary Expense Written Off	-	93,664
Loss on sale of Assets	-	115,492
Non Cash (Income) / Expenses	323,330	743,985
Operating Profit before Working Capital Changes	3,419,954	8,612,934
(Increase) / Decrease in Current Assets	(133,740,229)	4,069,001
Increase / (Decrease) in Current Liabilities	73,780,165	(11,948,343)
Cash generated from Operations	(56,540,110)	733,592
Tax Adjustment	(3,402,068)	(47,329)
Net Cash Flow from / (used) Operating Activities	(59,942,178)	686,263
B. <u>Cash Flow from Investing Activities</u>		
Purchase of Fixed Assets	-	(670,880)
Sale of Fixed Assets	-	1,009,151
Net Cash from / (used in) Investing Activities	-	338,271
C. <u>Cash Flow from Financing Activities</u>		
Bank Borrowings	49,966,039	-
Increase in Share Capital	10,025,000	-
Net Cash from / (used) in Financing Activities	59,991,039	-
Net Increase in Cash and Cash Equivalents	48,861	1,024,534
Opening Cash and Cash Equivalents	4,145,417	3,120,883
Closing Cash and Cash Equivalents	4,194,278	4,145,417
D. <u>Cash & Cash Equivalent comprises-</u>		
Cash in Hand	4,105,881	348,394
Balance with Scheduled Bank in Current Accounts	88,397	3,797,023
	4,194,278	4,145,417

As per our attached Report of even date

For **M. M. Dubey & Co.**
Chartered Accountants

For and on behalf of the Board of Directors
of Mimansa Jewellery Private Ltd.

M. M. DUBEY
Proprietor
M. No. 30453
Place : Mumbai
Date : 28th August, 2010

SURENDRA KUMAR SETHI
Director

VARIJ SETHI
Director

SCHEDULES TO THE ACCOUNTS
SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1

SHARE CAPITAL

Authorised:

50,00,000 (P.Y.50,00,000) Equity Shares of Rs.10/- each

**As at
31/03/2010
(Rs.)**

**As at
31/03/2009
(Rs.)**

50,000,000

50,000,000

50,000,000

50,000,000

Issued, subscribed and paid-up Capital :

Equity Share Capital

10,52,500 (50,000) Equity Shares of Rs.10/- each fully paid-up

(100% shares are held by Holding Company i.e. SB&T International Ltd.)

10,525,000

500,000

10,525,000

500,000

SCHEDULE 2

RESERVES AND SURPLUS

Profit & Loss Account

As per last Balance Sheet

Add: Surplus in Profit and Loss Account

16,452,547

12,339,924

1,219,421

4,112,623

17,671,968

16,452,547

SCHEDULE 3

SECURED LOANS

From Banks

(Secured against hypothecation of Stock and Debtors)

49,966,039

-

49,966,039

-

SCHEDULE 4

FIXED ASSETS

Sr.No	Particulars	Rate %	Gross Block				Depreciation				Net Block	
			As on 01.04.09	Addition During The year	Deduction The year	As on 31.03.10	As on 01.04.09	For the Period	Adjustment	As on 31.03.10	As on 31.03.10	As on 31.03.09
1	Plant & Machinery	13.91	161,760	-	-	161,760	74,186	12,182	-	86,367	75,392	87,574
2	Electrical Installation Plant	13.91	11,261	-	-	11,261	5,156	849	-	6,005	5,256	6,105
3	Factory Equipment	13.91	422,844	-	-	422,844	144,774	38,680	-	183,453	239,391	278,070
4	Office Equipment	13.91	371,292	-	-	371,292	120,476	34,889	-	155,364	215,928	250,816
5	Furniture Fixtures	18.10	144,241	-	-	144,241	58,907	15,445	-	74,352	69,889	85,334
6	Computer System	40.00	1,102,987	-	-	1,102,987	507,746	238,096	-	745,842	357,144	595,241
	Total (Current Year)		2,214,384	-	-	2,214,384	911,244	340,141	-	1,251,385	962,999	1,303,140
	Total(Previous Year)		3,776,169	670,878	2,232,663	2,214,384	1,282,250	737,010	1,108,016	911,244	1,303,140	-

	As at 31/03/2010 (Rs.)	As at 31/03/2009 (Rs.)
SCHEDULE 5		
INVENTORIES		
(As valued and certified by the Management)		
Stock in Trade (At cost, unless otherwise stated)		
Finished Goods	75,169,367	62,688,954
	75,169,367	62,688,954
SCHEDULE 6		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding 6 months	6,613,780	8,584,528
Other Debts	152,633,049	31,210,817
	159,246,830	39,795,345
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash on Hand	4,105,881	348,394
Balances with Scheduled Banks : in Current Accounts	88,397	3,797,023
	4,194,278	4,145,417
SCHEDULE 8		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Other Deposits	17,840	17,840
Advance Tax	9,028,912	5,619,724
VAT	373,026	380,144
Loan from Subsidiary	1,485,000	-
	10,904,778	6,017,708
SCHEDULE 9		
CURRENT LIABILITIES		
Current Liabilities		
Sundry Creditors :		
For Goods	162,001,008	86,622,101
For Expenses	481,400	2,080,142
	162,482,408	88,702,243
SCHEDULE 10		
PROVISIONS		
Provision for Income Tax	9,298,775	8,352,938
Provision for Fringe Benefit Tax	385,485	385,485
	9,684,260	8,738,423

Mimansa Jewellery Private Limited

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT	As at 2009-10 (Rs.)	As at 2008-09 (Rs.)
SCHEDULE 11		
MATERIAL COSTS AND INVENTORY ADJUSTMENT		
Raw Materials :		
Opening Stock	-	3,640,395
Add : Purchases	-	-
Total	-	3,640,395
Less : Closing Stock	-	-
Consumption of Raw Material (I)	-	3,640,395
Finished Goods :		
Opening Stock	62,688,954	43,438,432
Add : Purchases	267,445,013	210,605,365
	330,133,967	254,043,797
Less : Closing Stock	75,169,367	62,688,954
Cost of Sales of Finished Goods (II)	254,964,600	191,354,843
Total (I + II)	254,964,600	194,995,238
SCHEDULE 12		
PERSONNEL COSTS		
Salaries	959,815	7,109,976
Workmen & Staff welfare expenses	16,357	162,704
	976,172	7,272,680
SCHEDULE 13		
MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Design and Labour charges	-	685,455
Printing & Stationary	17,432	192,003
Office Expenses	-	237,417
Telephone	27,722	5,546
Postage & Courier charges	84,853	728,204
Repairs & Maintenance of Vehicle	11,329	-
Repairs & Maintenance of Others	-	36,730
Insurance - Others	326,842	450,330
Rent	-	3,000
Freight, Forwarding & Octroi	55,860	76,485
Legal & Professional Fees	1,986,741	1,882,274
Travelling & Conveyance Expenses	528,947	400,971
Brokerage and Commission	100,000	176,700
Sales Promotion & presentation	55,855	25,505
Exhibition Exp. And Press Conference Exp.	1,516,303	2,493,170
Fees & Subscription	-	16,650
Computer maintenance and software exp.	30,267	3,750
Jewellery Boxes & Displays	-	24,544
Sundry Expenses	108,688	347,183
Auditors remuneration	35,000	35,000
Preliminary expenses written off	-	93,664
Loss on sale of Assets	-	115,493
Foreign Exchange Difference	332,264	344,515
	5,218,103	8,374,589
SCHEDULE 14		
INTEREST & FINANCE CHARGES		
Bank Charges	72,919	45,483
Bank Interest	2,451,315	-
Processing Charges	750,990	-
	3,275,224	45,483

SCHEDULE – 15:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS:

As at 31st March, 2010, the Company is a 100% subsidiary of S B & T International Limited.

A. SIGNIFICANT ACCOUNTING POLICIES:

1) BASIS OF ACCOUNTING:

The financial statement has been prepared and presented under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("GAAP") and comply with the mandatory accounting standards ("AS") issued by the Institute of Chartered Accountants of India to the extent applicable and with the relevant provisions of the Companies Act, 1956.

2) USE OF ESTIMATES:

The preparation of financial statement in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statement and reported amount of revenues and expenses for the year. Actual results could differ from the estimate. Difference between actual results and estimates are recognized in the period in which results are known / materialized. Any revision to an accounting estimate is recognized prospectively in the year of revision.

3) REVENUE RECOGNITION:

Revenue from sale of goods is recognized when significant risk and rewards in respect of ownership of products are transferred to customers. Sales are accounted on dispatch of goods at CIF value.

4) VALUATION OF INVENTORIES:

- a) Raw Materials are valued at net realizable price or cost price whichever less, on FIFO basis.
- b) Work-in-process and Finished stocks are valued at raw material cost plus labour cost and direct expenses relating to production. Cost also includes applicable overheads.
- c) Stores, Spares and Consumables are valued at cost on Weighted Average basis.
- d) Master Pieces are valued at Estimated Market Price, where cost could not be determined.
- e) Trade samples are valued at cost on FIFO Basis.
- f) Cost of inventory comprises all cost of purchase, cost of conversion and other cost in bringing the inventory to their present location and condition.

5) FIXED ASSETS:

Assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed asset includes non refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of respective assets.

6) DEPRECIATION

- a) Depreciation is provided on Written Down Value Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956
- b) Depreciation is calculated on a pro rata basis from the date of acquired / installed till the date the assets are sold or disposed.
- c) Individual assets costing less than Rs. 5,000/- are depreciated in full in the year of acquisition.

7) FOREIGN CURRENCY TRANSACTION:

- a) *Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transaction. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the profit and loss account.*
- b) Monetary assets and liabilities denominated in foreign currencies as at balance sheet date are translated at year-end rates. The resultant exchange difference is recognized in the profit and loss account.
- c) *Non monetary assets and liabilities denominated in foreign currencies are carried at cost.*

8) EMPLOYEE BENEFIT:

- a) Contributions to defined contribution schemes such as Provident Fund are not applicable to the company.
- b) Defined benefits such as Gratuity are not applicable to the company as on the date of annual accounts..

9) TAXATION:

Tax expense is the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the period.

Current Tax

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company.

Deferred Tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and is written-down or written up to reflect the amount that is reasonably or virtually certain, as the case may be, to be realized.

10) PROVISIONS AND CONTINGENT LIABILITIES

The company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and reliable estimates can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed.

B. NOTES TO ACCOUNTS:

- 1) 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 provisions for all known liabilities are adequate.
- 2) Contingent Liabilities not provided for :
Income tax cases and appeals against the demand and dispute of Rs. 7,88,986/- (P.Y.: NIL) is going on with Income Tax Authorities.
- 3) In absence of information regarding the status of suppliers as defined under "Interest on delayed payments to Micro , Small and Medium Enterprises, amounts overdue & remaining unpaid, if any on account of principal and/or overdue interest at the close of the year to them could not be determined.
- 4) The Company does not possess information as to which of its suppliers are Ancillary Industrial Undertakings / Small Scale Industrial Undertaking holding permanent registration certificate issued by the Directorate of Industries of a state or Union Territory:
 - a) The liability, if any, of interest which would be payable under the interest on delayed payments to Small Scale & Ancillary Industrial Undertaking Act, 1933 cannot be ascertained. However the company has not received any claim in respect of interest.
 - b) The outstanding to Small Scale Industrial Undertaking cannot be ascertained
 - c) The name of Small Scale Industrial Undertaking to whom the Company owes a sum exceeding Rs. 1 lacs which is outstanding for more than 30 days cannot be ascertained.
- 5) Balances of sundry debtors, sundry creditors, loans and advances are subject to confirmation.
- 6) **MANAGERIAL REMUNERATION:**
During the year under review, Company has not paid any managerial remuneration.
- 7) **AUDITORS REMUNERATION:**

	2009-10	2008-09
Audit Fees	20,000	20,000
Tax Audit	15,000	15,000
	<hr/>	<hr/>
Total (Rs.)	35,000	35,000
	<hr/>	<hr/>

8) SEGMENT REPORTING:

The Company is in the business of manufacturing and export of gem studded jewellery. In view of the management, and based on the internal reporting format, the Company's primary format for reporting segment information is geographical segment, that are based on the location of customers.

(Rs. In lacs)

PRIMARY SEGMENT				
Geographic Segment				
	Maharashtra	Outside Maharashtra State	Export	TOTAL
Revenue	2,166.92	507.10	1.29	2,675.31
	(1,141.64)	(961.84)	(80.00)	(2,183.48)
Identified Operating Expenses	2,065.14	483.28	1.23	2,549.65
	(1,019.54)	(858.97)	(71.45)	(1,949.96)
SEGMENT RESULTS	101.78	23.82	0.06	125.66
	(122.10)	(102.87)	(8.56)	(233.52)
Personnel Cost				9.76
				(72.73)
Manufacture, Admin, selling cost				52.18
				(84.20)
Interest and Finance Charges				32.75
				(NIL)
Depreciation				3.40
				(7.37)
Profit Before Tax				27.56
				(69.22)
Provision for Tax				15.37
				(28.10)
Profit After Tax				12.19
				(41.12)

*** Figures in the bracket indicates previous years figures.

Segment Assets				
	Maharashtra	Outside Maharashtra State	Export	TOTAL
Segment Assets	1,381.04	185.91	25.52	1,592.47
	(143.77)	(225.32)	(28.86)	(397.95)
Unallocable Assets				912.31
				(741.55)
Total Assets				2,504.78
				(1,139.50)

Segment Liabilities				
	Maharashtra	Outside Maharashtra State	Export	TOTAL
Segment Liabilities	1,624.82			1,624.82
	(887.02)			(887.02)
Unallocable Liabilities				596.50
				(87.38)
Total Liabilities				2,221.33
				(974.41)

*** Figures in the bracket indicates previous years figures.

11) DEFERRED TAX ASSET/(LIABILITY) AS AT YEAR END IN RESPECT OF TIMING DIFFERENCES ON ACCOUNT OF THE FOLLOWING :

Particulars	(Rs. In lacs)	
	Deferred Tax Asset / (Liability)	
	2009-10	2008-09
Expenses recorded as per Company's Act		
Depreciation as per Company Act	340,141	7,37,012
Expenses recorded in the books but dis-allowed under Sec. 40(a) of Income Tax Act, 1961.	N I L	18,92,982
	340,141	26,29,994
Expenses recorded as per Income Tax Act		
Depreciation as per Income Tax Act	360,507	4,55,802
Expenses dis-allowed earlier under Sec. 40(a) of Income Tax Act, 1961. now allowable as expense	1,892,982	NIL
	2,253,489	4,55,802
Difference	(1,913,349)	21,74,192
Deferred Tax Asset / (Liability)	(591,225)	6,71,825

12) Schedule of information and particulars as required by the paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 as certified by the Directors and annexed to the Profit and Loss Account for the year ended 31st March, 2010 (Figures in the brackets indicate previous year figures)

1. LICENSED AND INSTALLED CAPACITY AND ACTUAL PRODUCTION (AS CERTIFIED BY THE MANAGEMENT)

Class of Goods manufactures	Licensed Capacity	Installed Capacity
Gold, Diamonds and Colour Stones Jewellery	Not Applicable	Not Yet ascertained

Particulars of Manufacturing Activities

A Finished Goods :

Discription of Goods	Opeing Stocks	Purchases	Consumption	Closing Stock
	Qty Carat	Qty Carat	Qty Carat	Qty Carat
a Diamond	2,444 (1,804)	19,099 (7,165)	18,442 (6,525)	3,102 (2,444)
b Colour Stone & Precious Stones	13,499 -	21,367 (46,893)	21,585 (33,393)	13,282 (13,499)
	Gms	Gms	Gms	Gms
c Gold	14,899 (13,315)	30,596 (45,896)	29,003 (44,312)	16,491 (14,899)
d Platinum	-	- (9)	- (9)	- -
e Silver	-	106 (32)	64 (32)	42 -

Note: Figures in bracket pertains to previous year.

2. Earnings in Foreign Exchange :

Export of Goods (At F.O.B)	1,28,630	79,89,664
Total (Rs.)	1,28,630	79,89,664

13) Figures of the previous year have been regrouped, rearranged and recast and shown to the nearest rupee to make them comparable with figures of the previous year.

For and on behalf of the Board

Place : Mumbai
Date : 28th August, 2010

SURENDRA KUMAR SETHI
Director

VARIJ SETHI
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details

Registration No. : 143418 State Code : 11
Balance Sheet Date : 31/03/2010

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

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

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

Total Liabilities (incl. Current Liability & Prov.)	Total Assets(excl. Current Liability & Prov.)
250,478,253	250,478,253
Sources of Funds :	
Paid up Capital	Reserves & Surplus
10,525,000	17,671,968
Secured Loans	Unsecured Loans
49,966,039	NIL
Application of Funds :	
Net Fixed Assets	Investments
962,999	NIL
Net Current Assets	Misc. Expenditure
77,348,585	NIL
Accumulated Losses	
NIL	

IV Performance of the Company (Amount in Rs.)

Turnover	Total Expenditure
267,530,723	264,774,240
Profit Before Tax	Profit After Tax
2,756,483	1,219,421
Earning Per Share in Rs.	Dividend Rate %
2.20	NIL

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

Item Code No. :
(ITC Code)
Product Description : Jewellery

As per our attached Report of even date

For **M. M. Dubey & Co.**
Chartered Accountants

M. M. DUBEY
Proprietor
M. No. 30453

For and on behalf of the Board of Directors
of Mimansa Jewellery Private Ltd.

SURENDRA KUMAR SETHI
Director

VARIJ SETHI
Director

Place: Mumbai
Date : 28th August, 2010

MANAGING DIRECTOR'S REPORT
YEAR ENDED 31 MARCH 2010

The managing director submits his report and accounts for the year ended 31 March, 2010. I approve the financial statements and confirm that I am responsible for these, including selecting the accounting policies and making the judgements underlying them. I confirm that I have made available all relevant accounting records and information for their compilation.

Results and dividends

The profit for the year amounted to AED 3,224,874. Due to continuous business expansion plan, no dividend has been declared.

Review of the business

The company trades in diamond jewellery, loose diamonds and good jewellery in wholesale and retail market.

Events since the end of the year

There were no significant events occurring since the year end that materially affect the financial position of the company.

Partners and their interests

The partners at 31 March 2010 and their interests as at that date in the share capital of the company were as follows:

Name	No. of shares	AED
Mr. Salim Ali Salim A. Al Muhairi	153	153,000
SB&T (Holding) Limited, Mauritius represented by Mr. Varji Sethi)	147	147,000
	<hr/>	<hr/>
	300	300,000

Independent auditor

PKF were appointed as independent auditor for the year ended 31 March 2010 and it is proposed that they be re-appointed for the year ending 31 March 2011.

MANAGING DIRECTOR
11 June 2010

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF SOFT TOUCH JEWELLERS LLC

Report on the financial statements

We have audited the accompanying financial statements of SOFT TOUCH JEWELLERS LLC, which comprise the statement of financial position as at 31 March 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 3 to 21.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of SOFT TOUCH JEWELLERS LLC as of 31 March 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

As required by the UAE Commercial Companies Law NO.8 of 1984 (as amended), we further confirm that the financial statements comply with the applicable provisions of the said law and the company's articles of association; we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the company, an inventory was duly carried out and the contents of the report of the managing director relating to these financial statements are in agreement with the books of account. To the best of our knowledge and belief on violations of the UAE Commercial Companies Law No.8 of 1984 (as amended) or the articles of association of the company have occurred during the year, which would have had a material effect on the business of the company or on its financial position.

PKF

PKF
Dubai
United Arab Emirates
16 June 2010
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STATEMENT OF FINANCIAL POSITION 31 MARCH 2010

	NOTES	2010 AED	2009 AED
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,820,472	1,939,226
Intangible assets	7	581,552	943,218
		<u>2,402,024</u>	<u>2,882,444</u>
CURRENT ASSETS			
Inventories	8	38,153,103	34,298,315
Trade and other receivables	9	35,633,757	35,304,216
Cash and Cash equivalents	10	247,815	225,953
Other current financial assets	11	7,253,564	12,691,794
		<u>81,288,239</u>	<u>82,520,278</u>
TOTAL ASSETS		<u>83,690,263</u>	<u>85,402,722</u>
CURRENT LIABILITIES			
Bank borrowings	12	23,259,000	28,522,143
Trade and other payables	13	19,597,175	20,373,980
		<u>42,856,175</u>	<u>48,896,123</u>
NON-CURRENT LIABILITIES			
Interest bearing liabilities	14	1,400,000	50,727
Long term loan from managing director	15	5,314,626	5,620,283
Provision for staff end-of-service gratuity	16	442,032	383,033
		<u>7,156,658</u>	<u>6,054,043</u>
PARTNERS' FUNDS			
Share Capital	17	300,000	300,000
Statutory reserve		150,000	150,000
Retained earnings		31,679,942	28,455,068
Equity funds		32,129,942	28,905,068
Loan from a partner	18	1,547,488	1,547,488
		<u>33,677,430</u>	<u>30,452,556</u>
TOTAL EQUITY AND LIABILITIES		<u>83,690,263</u>	<u>85,402,722</u>

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on page 2

Authorised for issue by the partners on 11 June 2010.

For **SOFT TOUCH JEWELLERS LLC**

Partners

Managing Director

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH 2010

	Notes	2010 AED	2009 AED
REVENUE			
Purchase of inventory		85,452,188	87,850,729
Changes in inventories		(73,536,942)	(71,827,174)
		<u>3,854,788</u>	<u>357,475</u>
GROSS PROFIT			
Other Operating income	21	15,770,034	16,381,030
Staff costs	22	573,112	653,796
Depreciation and amortization	23	(2,389,818)	(2,409,415)
Other operating expenses	24	(1,694,676)	(1,903,747)
		<u>(6,965,263)</u>	<u>(7,016,488)</u>
PROFIT FROM OPERATING ACTIVITIES		5,293,389	5,705,176
Interest income on bank deposits		235,134	202,896
Finance costs	25	(2,303,649)	(1,795,677)
PROFIT FOR THE YEAR		3,224,874	4,112,395
Other comprehensive income		—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,224,874</u>	<u>4,112,395</u>

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on page 2

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 MARCH 2010

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
As at 31.3.2008	300,000	150,000	24,342,673	24,792,673
Total comprehensive income for the year	—	—	4,112,395	4,112,395
As at 31.3.2009	300,000	150,000	28,455,068	28,905,068
Total comprehensive income for the year	—	—	3,224,874	3,224,874
As at 31.3.2010	300,000	150,000	31,679,942	32,129,942

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on page 2.

STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH 2010

	Notes	2010 AED	2009 AED
Cash flows from operating activities			
Cash generated from/(used in) operations	26	2,085,930	(3,289,648)
Interest paid		(2,303,649)	(1,795,677)
Net cash used in operating activities		(217,719)	(5,085,325)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,214,256)	(1,709,083)
Proceeds on sale of property, plant and equipment		—	28,000
Payment for marketing rights acquired		—	(1,085,000)
Decrease in fixed and margin deposits (net)		5,438,230	1,107,124
Interest received		235,134	202,896
Net cash from/(used in) investing activities		4,459,108	(1,456,063)
Cash flows from financing activities			
Repayment of gold loan		(1,325,751)	(371,825)
(Repayment of)/proceeds from bank term loans		(969,123)	1,432,837
Proceeds from trust receipts (net)		480,570	2,962,570
Repayment of vehicle loan(net)		(58,788)	(75,610)
Repayment of bank overdraft (net)		(2,040,778)	(120,587)
(Repayment of)/receipt of long term loan from managing director (net)		(305,657)	2,525,000
Net cash(used in)/from financing activities		(4,219,527)	6,352,385
Net increase/(decrease) in cash and cash equivalents		21,862	(189,003)
Cash and cash equivalents at beginning of year		225,953	414,956
Cash and cash equivalents at end of year	10	247,815	225,953

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on page 2

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2010

1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **SOFT TOUCH JEWELLERS LLC** is a limited liability company registered in Dubai, United Arab Emirates, in accordance with the provision of, Article 218 of the UAE Commercial Companies Law NO.8 of 1984 as amended. The registered office is P.O. Box 28623, Dubai, UAE. These financial statements include the assets, liabilities and business results of the operations in the Jebel Ali Free Zone Gold and Diamond Park, Jebel Ali, Dubai and the operations of the company in Sultanate of Oman, Kingdom of Bahrain, State of Kuwait and in Qatar which are carried out through arrangements and licences obtained in accordance with the prevailing local regulations.
- b) The company trades in gold and diamond jewellery and loose diamonds, in the wholesale and retail market.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Basis of preparation**

The financial statements are presented in UAE Dirhams and prepared using historical cost and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2009, and the requirements of the UAE Commercial Companies Law of 1984.

b) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognized, using the straight line method over the estimated useful lives of the assets as follows:

Showroom interiors, furniture, fixtures and office equipment	1 - 4 years
Motor vehicles	4 years

An assessment of residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

c) **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment losses. The amount paid for acquiring business premises and marketing rights are amortised using the straight-line method over its estimated useful lives of three years.

d) **Inventories**

Gold is valued at the market rate prevailing at the year end. Gold ornaments are valued at market value of gold plus cost of making such ornaments. Diamond, precious stones and studded ornaments are stated at the lower of cost and net realisable value. Cost is arrived at using specific identification method and comprise invoice value plus applicable landing charges less discounts. Net realisable value is based on estimated selling price less any estimated costs of disposal.

e) **Unfixed gold receivables**

Gold debtors comprising receivables denominated in gold at an unfixed price are valued at the market rate of gold at the reporting date.

f) **Unfixed gold payables**

Gold creditors comprising payables denominated in gold at an unfixed price are valued at the market rate of gold at the reporting date.

g) **Staff end-of-service gratuity**

Provision is made for end-of-service gratuity payable to the staff at the reporting date in accordance with the local labour laws.

h) **Statutory reserve**

Statutory reserve is created by appropriating 10% of the net profit of the company as required by Article 255 of the UAE Commercial Companies Law NO.8 of 1984, as amended. The company can discontinue such annual transfers when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution except as provided in the Federal Law.

i) **Revenue**

Revenue represents the amount invoiced, net of discounts and returns for goods delivered during the year. Revenue from sale of gold at unfixed prices is valued at the market rate of gold at the reporting date. It also includes net income generated from hedging transaction on bullion.

j) **Leases**

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

k) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

l) **Cash and cash equivalents**

Cash and cash equivalents comprise cash, bank current accounts and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

m) **Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Current financial assets that have fixed or determinable payments and for which there is no active market, which comprise trade and other receivables are classified as loans and receivables and stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognised in profit or loss.

Current and non-current financial liabilities, which comprise current and non-current bank borrowings, trade and other payables, managing director's loan and partner's loan are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

3. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of property, plant, equipment, intangible assets and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Inventory provisions

Management regularly undertakes a review of the company's inventory, stated at AED 39,028,103 (previous year AED 35,173,315) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Doubtful debt provisions

Management regularly undertakes a review of the amounts of loans and receivables owed to the company either from third parties, (see Note 9) or from related parties (see Note 20) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant, equipment and all financial assets other than loans and receivables (refer above) are based on assumptions regarding future cash flows expected to be received from the related assets.

Staff end-of-service gratuity

The company computes the provision for the liability to staff end-of-service gratuity stated at AED 442,032 (previous year AED 383,033) assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite affects.

5. ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the current reporting period and which are applicable to the company are as follows. Their adoption has resulted in presentation and disclosure changes only:

- Amendment to IAS 1: Presentation of Financial Statements
- Amendment to IAS 16: Property, Plant and Equipment
- Amendment to IAS 23: Borrowing Costs
- Amendment to IAS 32: Financial Instruments: Presentation
- Amendment to IAS 36: Impairment of Assets
- Amendment to IAS 38: Intangible Assets
- Amendment to IAS 39: Financial Instruments: Recognition and Measurement
- Reclassification of Financial Assets - Amendments to IAS39: Financial Instruments: Recognition and Measurement and IFRS7: Financial Instruments: Disclosures
- Reclassification of Financial Assets - Amendments to IAS39: Financial Instruments: Recognition and Measurement and IFRS7: Financial Instruments: Disclosures
- Improving Disclosures about Financial Instruments - Amendments to IFRS7

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements have been issued by the IASB prior to the date the financial statements were authorised for issue but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods. It is anticipated that their adoption in the relevant accounting periods will have an impact only on presentation and disclosures within the financial statements:

- Improvements to IFRS
 - o IAS 1: Presentation of Financial Statements (1 January 2010)
 - o IAS7: Statement of Cash Flows (1 January 2010)
 - o IAS17: Leases (1 January 2010)
 - o IAS18: Revenue
 - o IAS36: Impairment of Assets (1 January 2010)
 - o IAS38: Intangible Assets (1 July 2009)
 - o IAS39: Financial Instruments: Recognition and Measurement (1 January 2010)

6. PROPERTY, PLANT AND EQUIPMENT

	Showroom interiors, furniture, fixtures and office equipment AED	Motor vehicles AED	Total AED
Cost			
As at 1 April 2008	5,358,775	388,000	5,746,775
Additions	1,709,083	—	1,709,083
Disposals	—	(58,000)	(58,000)
As at 31 March 2009	<u>7,067,858</u>	<u>330,000</u>	<u>7,397,858</u>
Additions	1,214,256	—	1,214,256
As at 31 March 2010	<u>8,282,114</u>	<u>330,000</u>	<u>8,612,114</u>
Accumulated depreciation and impairment losses			
As at 1 April 2008	3,693,213	176,128	3,869,341
Depreciation	1,524,512	87,466	1,611,978
Adjustment on disposal	—	(22,687)	(22,687)
As at 31 March 2009	<u>5,217,725</u>	<u>240,907</u>	<u>5,458,632</u>
Depreciation	1,250,510	82,500	1,333,010
As at 31 March 2010	<u>6,468,235</u>	<u>323,407</u>	<u>6,791,642</u>
Net Book values			
As at 1 April, 2008	<u>1,665,562</u>	<u>211,872</u>	<u>1,877,434</u>
As at 31 March 2009	<u>1,850,133</u>	<u>89,093</u>	<u>1,939,226</u>
As at 31 March 2010	<u>1,813,879</u>	<u>6,593</u>	<u>1,820,472</u>

7. INTANGIBLE ASSETS

	Premises acquisition cost AED	Marketing rights acquired AED	Total AED
As at 1 April 2008	800,000	—	800,000
Additions	—	1,085,000	1,085,000
As at 31 March 2009 and 31 March 2010	<u>800,000</u>	<u>1,085,000</u>	<u>1,885,000</u>
Accumulated amortization and impairment losses			
As at 1 April 2008	650,013	—	650,013
Amortisation	149,987	141,782	291,769
As at 31 March 2009	<u>800,000</u>	<u>141,782</u>	<u>941,782</u>
Amortisation	—	361,666	361,666
As at 31 March 2010	<u>800,000</u>	<u>503,448</u>	<u>1,303,448</u>
Net book values			
As at 1 April 2008	<u>149,987</u>	—	149,987
As at 31 March 2009	<u>—</u>	<u>943,218</u>	<u>943,218</u>
As at 31 March 2010	<u>—</u>	<u>581,552</u>	<u>581,552</u>

8. INVENTORIES

	2010 AED	2009 AED
Goods held for sale*	39,028,103	35,173,315
Less: Provision for slow moving inventory	(875,000)	(875,000)
	<u>38,153,103</u>	<u>34,298,315</u>

*Includes gold valued at the year end market rate amounting to AED 11,064,784 (previous year AED 11,817,316)

9. TRADE AND OTHER RECEIVABLES

Trade receivables	34,986,323	34,760,511
Less: Provision for doubtful debts	(738,979)	(738,979)
	<u>34,247,344</u>	<u>34,021,532</u>
Prepayments	608,643	660,823
Advances	345,053	213,973
Deposits	432,717	407,888
	<u>35,633,757</u>	<u>35,304,216</u>

There are no movements during the year in the doubtful debt provision account.
An age analysis of trade receivable that are past due but not impaired is as follows:
6 months to 1 year
Over 1 year

	7,517,996	11,486,028
	<u>344,123</u>	<u>4,131,417</u>

An analysis of trade receivable considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:

Gross value	738,979	738,979
Provision	(738,979)	(738,979)

Carrying value	—	—
Trade receivables not past due and not impaired	<u>26,385,225</u>	<u>18,404,087</u>

	2010 AED	2009 AED
10. CASH AND CASH EQUIVALENTS		
Cash on hand	135,901	97,752
Bank Balances in current accounts*	111,914	128,201
	<u>247,815</u>	<u>225,953</u>

*Includes AED 1,209 (previous year AED 4,727,) in the name of a related party.

	2010 AED	2009 AED
11 OTHER CURRENT FINANCIAL ASSETS		
Fixed deposits*	5,868,558	9,689,066
Margin deposits**	1,385,006	3,002,728
	<u>7,253,564</u>	<u>12,691,794</u>

* Fixed deposits are under lein with the banks for Facilities availed. Fixed deposits include AED Nil (previous year AED 1,290,787) held in the name of the Managing Director.

** Includes margin of AED 1,296,806 (previous year AED 2,881,948) placed against gold loan (refer Note 12). Also, includes AED 42,800 (previous year AED 42,800) in the name of a related party

12. BANK BORROWINGS		
Overdrafts	542,037	2,582,815
Trust receipts	12,436,341	11,955,771
Short term loan	1,922,047	2,891,170
Gold loans (Note 14)	8,315,393	11,041,144
Current portion of vehicle loan (Note 14)	43,182	51,243
	<u>23,259,000</u>	<u>28,522,143</u>

An analysis by bank of amounts outstanding is as follows:

Standard Chartered Bank	11,064,214	11,849,655
National Bank of Fujairah PJSC	10,272,739	13,781,318
BNP Paribas	1,922,047	2,891,170
	<u>23,259,000</u>	<u>28,522,143</u>

13. TRADE AND OTHER PAYABLES		
Trade payables*	18,372,968	19,196,995
Accruals	753,652	839,413
Advances received from customers	235,323	172,241
Other payables	235,232	165,331
	<u>19,597,175</u>	<u>20,373,980</u>

* Includes gold creditors at an unfixed price valued at the year end market rate amounting to AED 4,183,349(previous year AED 2,817,393) for unfixed gold purchases.

Trade payables also include liabilities of AED Nil (previous year AED 2,512,969) secured by irrevocable letters of credit issued by BNP Paribas, Dubai, U.A.E. in favour of Standard Chartered Bank and National Bank of Fujairah for the purchase of unfixed gold.

	2010 AED	2009 AED
14. INTEREST BEARING LIABILITIES		
Gold loans – National Bank of Fujairah	9,715,393	11,041,144
Vehicle loan – Standard Chartered Bank	43,182	101,970
	<u>9,758,575</u>	<u>11,143,114</u>
Less: Current portion – Gold loan (Note 12)	(8,315,393)	(11,041,144)
Vehicle loan (Note 12)	(43,182)	(51,243)
	<u>1,400,000</u>	<u>50,727</u>

Gold loans from National Bank of Fujairah PJSC is secured by margin deposit held AED 1,296,806 (previous year AED 2,881,948)

Other bank facilities are secured against:

- Lien over deposits
- Corporate guarantees signed by SBT Holding FZCO
- Personal guarantees of Mr. Sunil Talreja
- Mortgage over stocks and receivables
- Assignment of insurance on stocks
- Sub-ordination of loan from a partner
- PDC's issued against facilities

The bank borrowings are subject to certain financial covenants and additional securities as agreed with the individual lending banks.

Bank gold loans include:

- The market value of 607.81 ounces (previous year 2,879.10 ounces) of unfixed gold obtained from National Bank of Fujairah. The repayment of the loan is linked to settlement price prevailing on the date of fixing of the gold and is fully repayable by June 2010.
- Loan of AED 7,228,658 representing value of 1,983.38 ounces of gold obtained from National Bank of Fujairah. The loan is repayable by November 2011.

Vehicle loan is secured upon the related vehicles having cost of AED 330,000 (previous year AED 330,000) and net book value of AED 6,593 (previous year AED 89,093).

A maturity analysis of total bank borrowings and interest bearing liabilities is as follows:

	2010 AED	2009 AED
0 – 1 month	3,823,084	2,956,111
1 – 3 months	9,919,102	8,274,576
3 months – 1 year	8,974,777	14,708,641
Overdrafts	542,037	2,582,815
Presented as current liabilities (Note 12)	23,259,000	28,522,143
1 year – 5 years	1,400,000	50,727
Total	<u>24,659,000</u>	<u>28,572,870</u>

15. LONG TERM LOAN FROM MANAGING DIRECTOR

This represents interest-free long term loan received from the Managing Director, with no fixed repayment schedule.

16. PROVISION FOR STAFF END-OF-SERVICE GRATUITY

Opening balance	383,033	346,341
Provision for the year	70,669	69,898
Paid during the year	(11,670)	(33,206)
Closing balance	<u>442,032</u>	<u>383,033</u>

17. SHARE CAPITAL

Issued and paid up

300 shares of AED 1,000 each	<u>300,000</u>	<u>300,000</u>
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18. LOAN FROM A PARTNER

This represents interest free long term loan received from a partner with no fixed repayment schedule.

19. MANAGEMENT OF CAPITAL

The company's objectives when managing capital are to ensure that the company continues as a going concern and to provide the partners with a rate of return on their investment commensurate with the level of risk assumed.

Capital comprises equity funds as presented in the statement of financial position together with partner's loan and long term loan from managing director. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

Funds generated from internal accruals together with funds received from/provided to related parties are retained in the business, to limit bank borrowings within covenants and according to the business requirements and maintain capital at desired levels. The nature of such covenants is set out in Note 12

20. RELATED PARTIES

The company enters into transactions with companies that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in normal course of business and at prices determined by the management.

Related parties comprise companies under common ownership and/or common management control, partners and managing director of the company.

At the reporting date significant balances with related parties were as follows:

	2010 AED	2009 AED
Partner / director		
Disclosed as long term loan from a partner	1,547,488	1,547,488
Disclosed as long term loan from managing director	5,314,626	5,620,283
Companies under common management control		
Included in trade receivables	165,160	675,611
Included in trade payables	13,458,915	13,053,656
All balances are unsecured and are expected to be settled in cash.		
Significant transactions during the year with related parties are as follows:		
Director		
Managing director's remuneration and expenses	570,000	608,000
Companies under common management control		
Sales	1,496,113	1,228,585
Purchases	5,632,028	12,038,725
21. OTHER OPERATING INCOME		
Repair charges	344,293	527,414
Commission earned	136,330	—
Miscellaneous income	92,489	126,382
	<u>573,112</u>	<u>653,796</u>
22. STAFF COSTS		
Managing Director's salary and benefits	570,000	608,000
Staff salaries and benefits	1,749,149	1,731,517
Staff end-of-service gratuity	70,669	69,898
	<u>2,389,818</u>	<u>2,409,415</u>
23. DEPRECIATION AND AMORTIZATION		
Depreciation of property, plant and equipment (Note 6)	1,333,010	1,611,978
Amortization of intangible assets (note 7)	361,666	291,769
	<u>1,694,676</u>	<u>1,903,747</u>
24. OTHER OPERATING EXPENSES		
Opening lease expenses	986,109	790,332
Loss on sale of property, plant and equipment	—	7,313
Other expenses	5,979,154	6,218,843
	<u>6,965,263</u>	<u>7,016,488</u>

	2010 AED	2009 AED
25. FINANCE COSTS		
On term loan from banks	113,543	248,984
On bank overdrafts and trust receipts	1,200,281	840,107
On bullion trade finance	989,825	706,586
	<u>2,303,649</u>	<u>1,795,677</u>
26. CASH GENERATED FROM/(used in) operations		
Profit for the year	3,224,874	4,112,395
Adjustments for:		
Depreciation of property, plant and equipment	1,333,010	1,611,978
Amortisation of premises acquisition cost	361,666	291,769
Finance costs	2,303,649	1,795,677
Loss on sale of property, plant and equipment	—	7,313
Interest income	(235,134)	(202,896)
Operating profit before changes In operating assets and liabilities	6,988,065	7,616,236
Increases in inventories	(3,854,788)	(357,475)
(increase)/decrease in trade and other receivables	(329,541)	(2,074,417)
Decrease in trade and other payables	(776,805)	(12,659,518)
Increase in staff gratuity end-of-service gratuity	58,999	36,692
	<u>2,085,930</u>	<u>(3,289,648)</u>

27. FINANCIAL INSTRUMENTS

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables		Financial liabilities	
	2010 AED	2009 AED	2010 AED	2009 AED
Trade and other receivables	34,800,369	34,497,695	—	—
Cash and cash equivalents	247,815	225,953	—	—
Other current financial assets	7,253,564	12,691,794	—	—
Current bank borrowings	—	—	23,259,000	28,522,143
Trade and other payables	—	—	18,648,755	19,402,881
Long term Interest bearing liabilities	—	—	1,400,000	50,727
Long term loan from managing director	—	—	5,314,626	5,620,283
Loan from a partner	—	—	1,547,488	1,547,488
	<u>42,301,748</u>	<u>47,415,442</u>	<u>50,169,869</u>	<u>55,143,522</u>

Management of risk

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit, exchange, market, liquidity and cash flow interest rate risks.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

The company buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the UAE Dirham is pegged.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded

and un-funded facilities with banks in order to manage exposure to liquidity risk.

Borrowing facilities are regularly reviewed to ensure that the company obtains the best available pricing, terms and conditions on its borrowings.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the company to concentrations of credit risk comprise principally bank accounts and trade and other receivables.

The company's bank accounts are placed with high credit quality financial institutions.

Trade and other receivables are stated net of the allowance for doubtful recoveries. At the reporting date, the company's maximum exposure to credit risk from such receivables situated outside the UAE are as follows:

	2010 AED	2009 AED
United States of America	9,283,905	9,389,521
Far East	5,745,090	4,609,655
Europe	32,615	32,615
Asia	165,160	675,611
	15,226,770	14,707,402

At the reporting date 91 % of trade receivables was due from five customers (previous year 87% due from five customers) engaged in the business of trading in diamond jewellery.

Interest rate risk

Fixed deposit accounts and vehicle loans are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk. All other bank borrowings are either at floating interest rates or linked to LIBOR at levels generally obtained in the UAE, and are therefore exposed to cash flow interest rate risk.

At the reporting date, if interest rates had been 1 % higher or lower, interest expense on variable rate debt would have been AED 246,158 higher or lower (previous year AED 284,709) resulting in equity being higher or lower by AED 246,158 (previous year AED 284,709).

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

Reasonably possible changes to exchange rates at the balance sheet date are unlikely to have had a significant impact on profit or equity.

Market risk

Financial assets and liabilities which potentially expose the company to market risk comprise gold inventories and unfixed gold payables which fluctuate as a result of change in market price of gold.

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of the financial assets and financial liabilities which are required to be carried at cost or at amortised cost approximate to their carrying values except for loan from a partner and managing director which, due to their nature, would have a fair value lower than the carrying value.

	2010 AED	2009 AED
28. CONTINGENT LIABILITIES		
Banker's letters of guarantee	88,200	88,200

For **SOFT TOUCH JEWELLERS LLC**

Partners

Managing Director

Attendance Slip

S. B. & T. INTERNATIONAL LIMITED

138, Shreeji Chambers, First Floor, Tata Road No. 2, Opera House, Mumbai - 400 004.
(Please complete this Attendance Slip and hand it over at the entrance of the meeting hall)

I hereby record my presence at the Twenty - Third Annual General Meeting of the Shareholders of the Company being held on Thursday, September 30, 2010 at 11.00 a.m. at Hotel Tunga Paradise, MIDC Central Road, Andheri (E), Mumbai - 400 093

Folio No. : _____ No. of Shares held : _____

DP ID : _____ Client ID : _____

Name of the Shareholder : _____
(1st name)

: _____
(Joint Holder)

Name of Proxy _____
(To be filled in case of the proxy attends instead of shareholder)

Signature of Shareholder/Proxy * _____

* Strike out whichever is not applicable

TEAR HERE

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Proxy Form

S. B. & T. INTERNATIONAL LIMITED

138, Shreeji Chambers, First Floor, Tata Road No. 2, Opera House, Mumbai - 400 004.

Folio No. : _____ No. of Shares held : _____

DP ID : _____ Client ID : _____

I/We _____

of _____ being a member/members of S. B. & T. INTERNATIONAL

LIMITED, hereby appoint _____ of _____ or

failing him/her _____ of

_____ as my/our proxy to vote for me/us and

on my/our behalf at the Twenty - Third Annual General Meeting of the Company to be held on Thursday, September 30, 2010 at 11.00 a.m. or at the adjournment thereof.

Signed this _____ day of _____ 2010.

Affix a
Re.1/-
Revenue
Stamp

Note : The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a shareholder of the Company.



S. B. & T. International Limited

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