



**BOARD OF DIRECTORS:**

Mahendra M. Chordia  
Rajendra Chordia  
Ashok Surana  
Ganpat Karnawat  
Sunil Jain  
Sunderlal Bothra

Chairman & Managing Director  
Additional Executive Director  
Non Executive Independent Director  
Non Executive Independent Director  
Executive Director  
Additional Non Executive Independent Director

**AUDITORS****SURESH ANCHALIYA & CO.**

Chartered Accountants  
1608-C, Panchratna,  
Opera House, Mumbai - 400004

**BANKERS****UNION BANK OF INDIA**

Zaveri Bazar,  
Mumbai-400003

**HDFC Bank Limited**

Crawford Market  
Mumbai- 400 001

**STATE BANK OF INDIA**

Bullion Branch,  
Kalbadevi Road, Mumbai- 400002

**REGISTERED OFFICE**

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

**REGISTRAR & SHARE TRANSFER AGENT****SHAREX DYNAMIC (INDIA) PRIVATE LIMITED**

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

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## NOTICE

**NOTICE** is hereby given that the 21st Annual General Meeting of the Members of **SWARN SARITA GEMS LIMITED** [Formerly known as Shyam Star Gems Limited] will be held at Indian Merchant Chamber, Kilachand Conference Room, IMC Building, IMC Marg, Churchgate, Mumbai-400 020 on Thursday, 19th September, 2013 at 11.30 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013 and Statement of Profit and Loss and notes thereto for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To consider declaration of dividend on Equity Shares for the year ended 31st March, 2013.
3. To appoint a Director in place of Mr. Ganpat Karnawat, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sunil Jain, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
5. To appoint M/s. Suresh Anchaliya & Co., Chartered Accountants, Mumbai, as the Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

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

**“RESOLVED THAT** Mr. Sunderlal Bothra, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 (‘the Act’) but who is eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Act from a member of the Company proposing his appointment as a Director of the Company and who has consented, if appointed, to act as Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

**“RESOLVED THAT** Mr. Rajendra Chordia, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 (‘the Act’) but who is eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Act from a member of the Company proposing his appointment as a Director of the Company and who has consented, if appointed, to act as Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and 311 of the Companies Act, 1956 and further subject to the provisions of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and further subject to such other approvals as may be necessary, the Company hereby approves the appointment of Mr. Rajendra Chordia as the Whole time Director designated as the Executive Director of the Company for the term of **Five years** commencing from **30th May, 2013 and ending on 29th May, 2018** upon the terms and conditions including remuneration as set out in the draft agreement submitted to the meeting duly initialed, for the purpose of identification, which draft agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Rajendra Chordia.”

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

*For and on behalf of the Board of Directors*

Place : Mumbai  
Dated : 30th May, 2013

**Mahendra M Chordia**  
Chairman & Managing Director

**REGISTERED OFFICE:**

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

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Chairman, so as to reach the Registered Office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
4. The Register of Members and Share Transfer Books will remain closed from **Friday, 13th September, 2013 to Thursday, 19th September, 2013 (both days inclusive).**
5. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at this meeting, will be paid to those members whose names appear on the Register of Members as on Friday, 13th September, 2013.
6. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & Public holidays between 12.00 p.m. to 2.00 p.m. up to the date of Annual General Meeting.
7. Members are requested to notify immediately any change in their address / bank mandate to their respective Depository Participant (DP) in respect of their Electronic Share Accounts and to the Company's Registrar & Share Transfer Agent at **SHAREX DYNAMIC (INDIA) PRIVATE LIMITED** Unit No. 1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai-400 072 in respect of their physical share folios.
8. Members are requested to bring their copy of Annual Report to the Meeting alongwith their respective Attendance Slip sent herewith duly filled for attending the Meeting.
9. Since the securities of the Company are compulsorily tradable in Electronic Form, to ensure better investor service and elimination of risk of holding securities in Physical Form, it is requested that the members holding shares in Physical Form to get their shares dematerialized at the earliest.
10. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is attached herewith.
11. **Green Initiative in the Corporate Governance- Registration of email address**  
The members are requested to register e-mail address with the Depository Participant/ the Registrar and Share Transfer Agent of the Company, i.e. Sharex Dynamic (India) Private Limited, as the case may be, for service of documents.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:****Item No.6 :**

Mr. Sunderlal Bothra was appointed as an Additional Director of the Company w.e.f. 2nd May, 2013. As per the provisions of Section 260 of the Act, the said Director holds office only up to the date of the ensuing Annual General Meeting of the Company. The Company has received notice under Section 257 of the Act, from a Member of the Company proposing his appointment as a Director of the Company.

Mr. Sunderlal Bothra, aged 42 years is proposed as an Independent Non Executive Director of our Company. He is from Commerce background and has good experience of in the field of Metal and Jewellery business and taking into consideration such vast experience and knowledge which shall be beneficial to the progress and growth of the Company, it is proposed to appoint Mr. Sunderlal Bothra as the Director of the Company.

Except Mr. Sunderlal Bothra (being himself), no other Director of the Company may be deemed to be concerned or interested in passing of said resolution.

Your Directors recommend the said Resolution for your approval.

**Item No. 7 & 8:**

Mr. Rajendra Chordia was appointed as an Additional Director of the Company w.e.f. 30th May, 2013. As per the provisions of Section 260 of the Act, the said Director holds office only up to the date of the ensuing Annual General Meeting of the Company. The Company has received notice under Section 257 of the Act, from a Member of the Company proposing his appointment as a Director of the Company.

Mr. Rajendra Chordia, aged 40 years is proposed as an Executive Director of our Company. He is from Commerce background and has good experience of over 15 years in the field of Gold and Diamond industry. Taking into consideration such vast experience and knowledge which shall be beneficial to the progress and growth of the Company, it is proposed to appoint Mr. Rajendra Chordia as an Executive Director of the Company.

Further, the Board of Directors also proposed to designate Mr. Rajendra Chordia as the Whole time Director of the Company for a period of five years w.e.f. 30/05/2013. The details of remuneration as approved by the Remuneration Committee are as given below:

CATEGORY	PARTICULARS
<b>Basic Salary</b>	Upto maximum Rs. 5,00,000/- (Rupees Five Lacs Only) per annum based on merit and taking into account the Company's Performance.
<b>Perquisites and Allowances</b>	<p><b>Category A</b>  <b>Medical Reimbursement:</b> Medical expenses actually incurred for self and family shall be reimbursed by the Company under the Mediclaim Policy.</p> <p><b>Leave Travel Concession:</b> Company shall provide leave travel fare for the Chairman and his family once a year, anywhere in India as per the Rules applicable to the Company and per Income Tax Rules.</p> <p><b>Category B</b>  The Company shall contribute towards Provident Funds/ Superannuation Fund/Annuity Fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act.</p> <p>The Company shall pay Gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service. Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per Company rules.</p> <p>The perquisites under this category shall not be included in the computation of ceiling on remuneration.</p> <p><b>Category C</b>  The Whole time Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed. Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Whole time Director.</p>

<b>Sitting Fees</b>	The Whole time Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meeting of the Board of Directors and the Committees thereof.
<b>Minimum Remuneration</b>	The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Chairman & Managing Director and other Whole Time Directors of the Company taken together. Provided however that in the event of absence or inadequacy of profit, the Whole time Director shall be entitled to remuneration mentioned under above and perquisites as above within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956. However, Whole time Director shall not be paid any sitting fees for attending the Board or Committee meetings.
<b>Liable to retire by rotation</b>	The office of the Whole time Director shall be liable to determination to retirement of Directors by rotation.

Except Mr. Mahendra M Chordia (being brother) and Mr. Rajendra Chordia (being himself), no other Director of the Company may be deemed to be concerned or interested in passing of said resolution.

Your Directors recommend the said Resolution for your approval.

**For and on behalf of the Board of Directors**

**Place :** Mumbai  
**Dated :** 30th May, 2013

**Mahendra M Chordia**  
Chairman & Managing Director

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

**Details of Directors seeking appointment / re-appointment at the Annual General Meeting  
(In pursuance of Clause 49 of the Listing Agreement)**

Names of Directors	Age	Nature of expertise	Qualifications	Other Director -ships	Membership in the committees of other Public Companies	Share Holding
Mr. Ganpat Karnawat	31	Experience in Steel Pipe Trading and Jewellery business	MBA	NIL	NIL	NIL
Mr. Sunil Jain	38	18 years experience in Jewellery business	Higher Secondary	01	NIL	NIL
Mr. Sunderlal Bothra	42	Experience in Metal Industry	B.Com	01	NIL	NIL
Mr. Rajendra Chordia	40	15 years experience in Gold and Diamond Industry	B.Com. 1st year	03	NIL	NIL

**DIRECTORS' REPORT****To****The Members of  
SWARNSARITA GEMS LIMITED**

Your Directors have pleasure in presenting the 21st Annual Report on the operations of the Company together with the Audited Accounts for the year ended 31st March, 2013.

**FINANCIAL HIGHLIGHTS :****(Rs. in Lacs)**

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
<b>Total Income</b>	<b>15808.65</b>	7233.36
Profit / (Loss) Before Depreciation & Taxes	<b>210.50</b>	159.72
Less: Depreciation	<b>7.55</b>	7.38
Profit / (Loss) Before Tax	<b>202.95</b>	152.34
Less: Provision for Current Tax	<b>41.04</b>	29.03
Less: Provision for Deferred Taxation	<b>0.48</b>	(3.11)
Less: Earlier Tax	<b>2.58</b>	(6.11)
Profit / (Loss) After Tax for the year	<b>158.85</b>	132.53
<b>Add: Balance in Reserves &amp; Surplus</b>	<b>3746.21</b>	3729.13
<b>Less: Appropriations</b>		
Proposed Dividend	<b>104.38</b>	99.28
Taxes on Dividend	<b>17.74</b>	16.10
Dividend Rounding off	-	0.06
<b>Closing Balance</b>	<b>3782.94</b>	3746.22

**BUSINESS OUTLOOK:**

During the year under the review, the Company has earned profit before tax of Rs.202.95 lacs. Whereas profit after tax was of Rs.158.85 lacs as against profit before tax of Rs.152.34 lacs and profit after tax of Rs.132.53 lacs for the corresponding previous year.

**DIVIDEND:**

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a dividend @ 5% [i.e. Rs.0.50 per equity share of Rs. 10/- each] on the capital of 20876800 equity share of Rs.10 each. The total cash outflow aggregate Rs.122.12 lacs on account of proposed dividend including dividend tax for the financial year 2012-13 resulting in payout of 76.88% of the unconsolidated profit of the Company.

**DIRECTORS:**

Mr. Ganpat Karnawat and Mr. Sunil Jain, Directors, retire by rotation and being eligible for re-appointment.

Mr. Sanjay Kothari, Director of the Company was resigned from the Company with effect from 02/05/2013. The directors place on record their appreciation of the invaluable contribution and guidance provided by Mr. Sanjay Kothari.

Mr. Sunderlal Bothra was appointed as an Additional Director of the Company on 02/05/2013 and is eligible for reappointment at the Annual General Meeting and whose period of office is liable to retirement by rotation.

Mr. Vallabhbhai N Patel Director of the Company has resigned from the Company with effect from 30/05/2013. The directors place on record their appreciation of the invaluable contribution and guidance provided by Mr. Vallabhbhai N Patel.

Mr. Rajendra Chordia has appointed as an Additional Director of the Company on 30/05/2013 and being eligible for reappointment at the Annual General Meeting and whose period of office is liable to retirement by rotation.

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

Since your Company does not own manufacturing facility, the particulars relating to the conservation of energy and



technology absorption as prescribed u/s. 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 do not apply to the Company in respect of the year under reference.

Further, there is no foreign exchange earnings and outgo during the year under review.

**PARTICULARS OF EMPLOYEES:**

Information as per the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 duly amended by the Companies (Particulars of Employees) Rules, 2011 for the year ended 31st March, 2013 is not applicable to the Company as none of the employees come within the ambit of said Rules.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended on that date;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the annual accounts for the year ended 31st March, 2013 has been prepared on a going concern basis.

**SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS:**

The Company had one subsidiary as on March 31, 2013. The subsidiary Company in the business of real estate, since it become subsidiary there is no change in its business.

As required under the Listing Agreements entered into with the Stock Exchanges, a Consolidated Financial Statement of the Company and its subsidiary is attached. The Consolidated Financial Statement has been prepared in accordance with the relevant accounting standards as prescribed by the Act. The Consolidated Financial Statement discloses the assets, liabilities, income expenses and other detail of the Company and its subsidiary.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial detail of the company's subsidiaries for the financial year ended March 31, 2013 is included in the Annual report. The annual account of these subsidiary and the other related information will be made available to any member of the Company/its subsidiary at the Registered Office of the Company.

**FIXED DEPOSIT:**

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

**AUDITORS:**

M/s. Suresh Anchaliya & Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company retires at the conclusion of this Annual General Meeting and being eligible offers themselves for reappointment.

**AUDITORS' REPORT:**

M/s. Suresh Anchaliya & Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company, submitted their reports for the year ended March 31, 2013 which are self explanatory and requires no comments or explanation under Section 217(3) of the Companies Act, 1956.

**LISTING:**

The shares of the Company are listed at the Bombay Stock Exchange Limited, Mumbai. The Company has paid the annual listing fees to the BSE for the year 2013-2014.



**CORPORATE GOVERNANCE:**

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

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

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

**ACKNOWLEDGEMENTS:**

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

**For and on behalf of the Board of Directors**

**Place :** Mumbai  
**Date :** 30th May, 2013

**Mahendra M Chordia**  
Chairman & Managing Director

**Statement pursuant to Section 212 of the Companies Act, 1956.**

Sr. No.	Name of the Subsidiary	SWARN SARITA REALTY PVT. LTD.
1	Financial Year Ended	31/03/2013
2.	Date from which it became subsidiary Company	10/11/2012
3	Shares of Subsidiary held as on 31st March, 2013	10000000
a.	Total Number of Shares and face value	10000000 [FV Rs.10/- each]
b.	Extent of holding	100%
4	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of Swarnsarita Gems Limited for current financial year	
a	Dealt with in the accounts of Swarnsarita Gems Ltd.	No
b	Not dealt with in the accounts of Swarnsarita Gems Ltd.	(Rs.216159/-)
5	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of Swarnsarita Gems Ltd. for the previous financial year	
a	Dealt with in the accounts of Swarnsarita Gems Ltd.	NOT APPLICABLE
b	Not dealt with in the accounts of Swarnsarita Gems Ltd.	NOT APPLICABLE

**For and on behalf of the Board of Directors**

**Place :** Mumbai  
**Date :** 30th May, 2013

**Mahendra M Chordia**  
Chairman & Managing Director

## REPORT ON CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

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

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

### 2. BOARD OF DIRECTORS

(a) Composition of Board of Directors.

(i) The Board of the Directors as on 31st March, 2013 comprised of following Executive and Non-Executive Directors:

Sr. No.	Name of the Directors	Category of Directorship
1.	Mr. Mahendra M Chordia	Chairman & Managing Director
2.	Mr. Sunil Jain**	Whole-time Director
3.	Mr. Vallabhbbhai N. Patel	Executive
4.	Mr. Ashok Surana	Non-Executive Independent
5.	Mr. Sanjay Kothari	Non-Executive Independent
6.	Mr. Ganpat Karnawat	Non-Executive Independent

Resigned as Director w.e.f. 11th August, 2012.

\*\* Appointment as Additional Director w.e.f. 11th August, 2012.

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

**During the financial year 2012-2013**, 07 meetings of the Board of Directors were held on 14th May, 2012, 11th August, 2012, 06th November, 2012, 08th January, 2013, 29th January, 2013 13th February, 2013 and 31st March, 2013.

(iii) Directors' Attendance Record at the Board Meetings and the Last Annual General Meeting.

Name of Directors	Category	No. of Board Meetings attended during the F.Y. 2012-2013	Attendance at Previous AGM on 18th Sep, 2012
Mr. Mahendra Chordia	Executive	7	Yes
*Mr. Rajendra Nolkha	Executive	1	No
Mr. Vallabhbbhai N. Patel	Executive	4	No
**Mr. Sunil Jain	Executive	5	Yes
Mr. Ashok Surana	Non-Executive Independent	5	Yes
Mr. Sanjay Kothari	Non-Executive Independent	5	Yes
Mr. Ganpat Karnawat	Non-Executive Independent	3	No

\* Resigned as Director w.e.f. 11th August, 2012.

\*\* Appointment as Additional Director w.e.f. 11th August, 2012.

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

**(b) Board Committees:**

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

**(c) Board Procedure:**

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

**3. AUDIT COMMITTEE:**

**(a) Composition:**

The Audit Committee comprises of three Directors, all being Non-Executive Directors. Mr. Ashok Surana is the Chairman of the Audit Committee.

During the financial year 2012-2013, Four Audit Committee Meetings were held on 14th May 2012, 11th August, 2012, 06th November 2012 and 13th February 2013.

The constitution of the Audit Committee is as under:

Names of Directors	Category
Mr. Ashok Surana	Chairman & Non-Executive Independent
Mr. Sanjay Kothari	Non-Executive Independent
Mr. Mahendra M Chordia	Executive Non Independent

The attendance of the Audit Committee meeting is as under:

Names of Directors	Category	No. meetings attended
Mr. Ashok Surana	Chairman & Non-Executive Independent	4
Mr. Sanjay Kothari	Non-Executive Independent	4
Mr. Mahendra M Chordia	Executive Non Independent	4

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 18/09/2012 to attend the shareholders' queries.

The Audit Committee has been vested with the following powers:

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

**(b) Terms of Reference**

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

- Oversight of the Company's financial reporting process and the disclosure of its Financial Information to ensure that the Financial Statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.

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

#### 4. REMUNERATION COMMITTEE:

##### (a) Composition

The Remuneration Committee comprises of three Directors. Mr. Ashok Surana is the Chairman of the Remuneration Committee.

The Constitution of Remuneration Committee is as under:

Names of Directors	Category
Mr. Ashok Surana	Chairman & Non-Executive Independent
Mr. Sanjay Kothari	Non-Executive Independent
Mr. Ganapat Karnawat	Non-Executive Independent

##### (b) Terms of reference

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

**5. SHARE TRANSFER CUM INVESTOR GRIEVANCE COMMITTEE:**

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

**(a) Functions**

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

- transfer/transmission of shares;
- issue of duplicate share certificates;
- Investors, grievances and redressal mechanism and recommend measures to improve the level of investor services.

Details of shares transfer/transmission approved by the Committee and Shareholders'/Investors' grievances are placed at the Board Meetings from time to time.

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

**(b) Composition**

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

Names of Directors	Category
*Mr. Rajendra Nolkha	Chairman, Executive Non Independent
#Mr. Ashok Surana	Chairman, Non-Executive Non Independent
Mr. Sanjay Kothari	Non-Executive Independent
Mr. Ganapat Karnawat	Non-Executive Independent

\* Resigned as Director w.e.f. 11th August, 2012.

# Re-designated as Chairman w.e.f. 12th August, 2012

Mr. Ashok Surana is the Chairman of the Share Transfer cum Shareholders/ Investors' Grievance Committee.

**(c) Details of shareholders' complaints received, not solved and pending Share Transfers:**

The Company has received 2 investor complaints during the year, which were disposed off by the Company and there are no Investor complaints pending till March 31, 2013.

**6. GENERAL BODY MEETINGS :**

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

Financial Year	Date of the AGM	Location	Time	Special Resolution passed
2009-10	15th September, 2010	Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (East), Mumbai – 400 097.	10.30 A.M	NIL
2010-11	30th July, 2011	Lavender Bough, 1st Floor, 90 Feet Road, Garodia Nagar, Ghatkopar (East), Mumbai- 400 077.	10.30 A.M	3
2011-12	18th September, 2012	Indian Merchant Chamber, Kilachand Conference Room, IMC Building, IMC Marg, Churchgate, Mumbai-400 020.	11.00 A.M	NIL

## 7. DISCLOSURES:

The details regarding related party transactions i.e. transactions of the Company with its Promoters, Directors or Management, their subsidiaries or relatives, not conflicting with the Company's interest, have been shown in Note 9 of Part B under the heading Notes to Accounts of Note No. 22 to the Annual Accounts for the year ended 31st March, 2013.

## 8. MEANS OF COMMUNICATION:

The Company publishes its quarterly Audited and Unaudited Financial Results in national & regional newspapers. The Company also sends the Financial Results to the Stock Exchange immediately after it's approved by the Board. The Company has displayed the Annual Report for last 2 years on 2010-2011 and 2011-12 on website of the Company. The Company has not sent half yearly report to the shareholders. The financial results and the official news releases of the Company are also displayed on the website of the Company, viz, [www.swarnsarita.com](http://www.swarnsarita.com)

## 9. GENERAL SHAREHOLDERS' INFORMATION :

### (a) Annual General Meeting

Day, Date and Time	Thursday, 19th September, 2013 at 11.30 a.m.
Venue	Indian Merchant Chamber, Kilachand Conference Room, IMC Building, IMC Marg, Churchgate, Mumbai-400020
Next Financial Year	1st April, 2012 to 31st March, 2013 <b>Unaudited Results:</b> First Quarter ended 30/06/2013 - Up to 15th August, 2013 Second Quarter ended 30/09/2013 - Up to 15th November, 2013 Third Quarter ended 31/12/2013 - Up to 15th February, 2013 <b>Audited Results:</b> For year ended 31/03/2014 - Up to 30th May, 2014
Date of Book Closure	Friday, 13th September, 2013 to Thursday, 19th September, 2013 (both days inclusive)
Listing on Stock Exchange	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001 Web: <a href="http://www.bseindia.com">www.bseindia.com</a>
Scrip Code	526365
ISIN	INE967A01012

The Company has paid Annual Listing Fees for the year 2013-2014 to Bombay Stock Exchange Limited (BSE) and the Custodial Fees for the year 2013-2014 to National Securities Depositories Limited and Central Depositories Services (India) Limited.

### (b) Stock Price Data:

The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited during the financial year 2012-2013 are as follows:

Year	Month	High (In ₹)	Low (In ₹)	No. of Shares
2012	April	30.50	25.50	4,91,899
	May	28.00	23.15	7,93,634
	June	22.55	22.65	5,58,747
	July	31.10	24.05	9,76,012
	August	29.70	23.00	5,00,316
	September	47.90	22.10	10,95,280
	October	52.50	44.00	17,06,329
	November	47.30	42.00	5,42,512
	December	45.35	38.50	9,65,098
2013	January	53.25	42.05	12,59,736
	February	48.90	42.40	22,96,417
	March	53.50	38.00	35,77,690

**(c) Registrar & Share Transfer Agent:**

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

**The Registrar & Share Transfer Agent be contacted at :****Sharex Dynamic (India) Private Limited**

Luthra Indus. Estate, 1st Floor,

Safed Pool, Andheri-Kurla Road,

Mumbai: 400 072.

Tel. Nos.: 022-28515606, 28515644

Fax No. : 022-228512885

Website: [www.sharexindia.com](http://www.sharexindia.com)

**(d) Compliance Officer**

Mr. Sunil Jain is the Whole time Director & Compliance Officer of the Company.

**(e) Share Transfer System:**

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

**(f) Dematerialization of Shares:**

Equity Shares of the Company can only be traded in Dematerialized Form, so it is advisable that the shareholders who have shares in Physical Form get their shares dematerialized. As on 31st March, 2013, 2,01,39,566 Equity shares of ₹ 10/- each comprising 96.47% of the total paid-up share capital were held in Dematerialized Form with NSDL and CDSL.

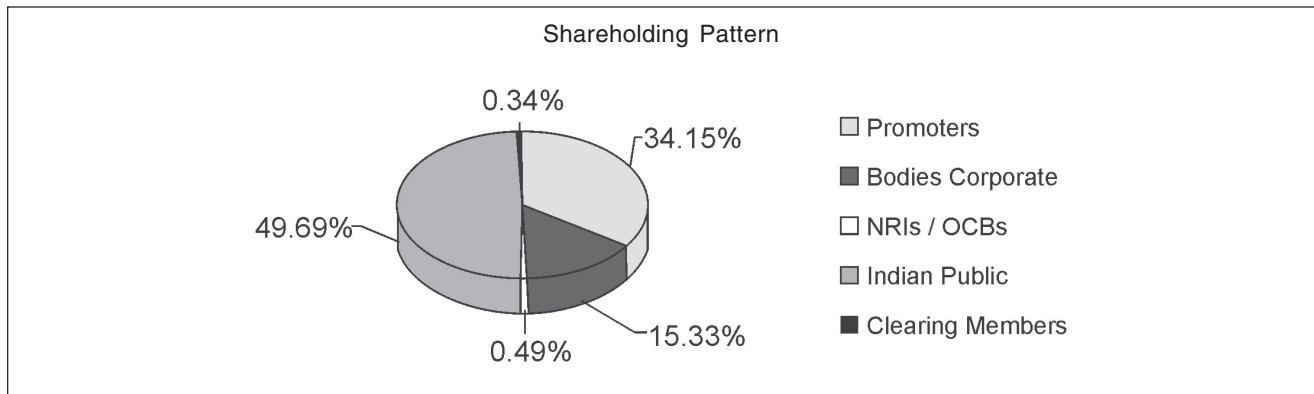
**(g) Distribution of shareholding as on March 31, 2013:**

Shareholding of Nominal Value	No. of Shareholders	% of holders	Total Amount (In Rs.)	% of Amount
Up to 5000	8409	92.04	10825010.00	5.19
5001 to 10000	292	3.20	2382680.00	1.14
10001 to 20000	144	1.58	2278030.00	1.09
20001 to 30000	72	.79	1844210.00	.88
30001 to 40000	25	.27	884750.00	.42
40001 to 50000	37	.40	1776570.00	.85
50001 to 100000	57	.62	4012120.00	1.92
100001 & Above	100	1.09	184764630.00	88.50
<b>Total</b>	<b>9136</b>	<b>100</b>	<b>208768000.00</b>	<b>100.00</b>

**(h) Shareholding Pattern as on 31st March, 2013.**

Category	No. of Shares held	% of holding
Promoters	7128761	34.15
Financial Institutions, Insurance Companies, Banks and Mutual Funds, etc.	Nil	N.A
Foreign Institutional Investors	Nil	N.A
Bodies Corporate	3201119	15.33
NRIs / OCBs	101740	0.49
Indian Public	10373679	49.69
Clearing Members	71501	0.34
<b>Total</b>	<b>20876800</b>	<b>100.00</b>





**(i) Address for Correspondence :**

**Swarnsarita Gems Limited**

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

Tel: +91-22-4359 0000

Fax: +91-22-4359 0010

E-mail id: info@swarnsarita.com

Website: www.swarnsarita.com

**(j) Permanent Account Number:**

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

**10. GREEN INITIATIVE**

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

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

**DECLARATION**

All the members of the Board and the senior management personnel have, for the year ended March 31, 2013, affirmed compliance with the code of conduct laid down by the Board of Directors in terms of Clause 49 of the Listing Agreement with the Stock Exchange.

**For : Swarnsarita Gems Limited**

**Mahendra M Chordia**

Chairman & Managing Director

**Place :** Mumbai

**Date :** 30th May, 2013

**CERTIFICATION BY MANAGING DIRECTOR**

I, Mahendra M Chordia, Managing Director of **SWARNSARITA GEMS LIMITED**, to the best of my knowledge and belief, certify that:

- a. We have reviewed the Balance Sheet and Profit and Loss Account and all the Schedules and Notes on accounts, as well as the Cash Flow Statements, and the Directors' Report;
- b. 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;
- c. Based on our knowledge and information, the Financial Statements, and other Financial Information included in this Report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and Cash Flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
- d. 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;
- e. We accept the responsibility for establishing and maintaining internal controls for financial reporting evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and Audit Committee and take steps or purpose to take steps to rectify these deficiencies.
- f. We have indicated, wherever applicable, to the Auditors and the Audit Committee:
  - i. Significant changes in Internal Control over financial reporting during the period; and
  - ii. Significant changes in Accounting Policies, the same have been disclosed in the Notes to the Financial Statement;

**For Swarnsarita Gems Limited**

**Mahendra M Chordia**

Chairman & Managing Director

**Place :** Mumbai

**Date :** 30th May, 2013

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of

**SWARNSARITA GEMS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **SWARNSARITA GEMS LIMITED** for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

**For: Suresh Anchaliya & Co.**  
**Chartered Accountants**  
**Firm Regn. No.: 112492W**

**Place :** Mumbai

**Date :** 30th May, 2013

**Suresh Anchaliya**  
**Partner**  
**Membership No. : 044960**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Structure and Development:

As per the data released by The Gem and Jewellery Export Promotion Council (GJEPC), the Indian Gem and Jewellery industry has witnessed a marginal decline of 0.36% in FY 2011-2012 owing to the decrease in trading exports of diamonds. Total Gems and Jewellery exports for the FY13 stood at Rs 212,638.89 crores (US\$ 39.31 billion) as compared to Rs 206,080.09 crore (US\$ 38.10 billion) last fiscal. The Gem & Jewellery sector accounted for 14% of India's total merchandise exports in FY 2012-2013.

The growth in the sector was primarily driven by Gold Jewellery which registered an increase of 30% in FY '12. The exports grew from US\$ 16517 million (INR Rs. 79430.26 crores) in 2011-2012 to US\$ 16680 million (INR Rs. 3900.57 crore) in 2012-2013.

The Gem & Jewellery Export Promotion Council (GJEPC) today announced the annual performance for the Indian Gem & Jewellery sector, declaring a contribution of US \$ 2,132.82 million to India's coffers in terms of foreign exchange earnings, up 154 percent as compared to the same period last year.

[Exchange rate used: INR 1= US\$ 0.01848 as on May 07, 2013]

### Financial and Operating performances:

Your Company's total sales including other income for the financial year 2012-2013 is Rs. 158,10,53,998/- and Profit for the year is Rs. 1,58,84,801/-.

### Internal Control System and Adequacy:

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

### Opportunities and Threats:

#### (i) Opportunities:

The Jewellery industry is growing at a whopping rate with the boom in the domestic and exports of Indian Jewellery, the shining materials of India brings more sparkle to the economy. Gems and Jewellery export stands the second major foreign exchange earner for the country. India has many natural advantages to emerge as Gems & Jewellery hub of the world. India has the largest and the best artisan force for designing and crafting the Jewellery in the world. There is considerable scope of value addition in terms of capacity building at the domestic front, quality management and professionalism.

#### (ii) Threats:

Although India currently enjoys dominance in the world's cut and polished diamonds market, China may emerge as a viable rival, if not in the near term, certainly in the longer term. An increasing number of Diamond processors from Israel and Belgium, and even India, are setting up facilities in China for a variety of reasons, according to the report on the Indian Gems and Jewellery industry. The primary reasons for these are:

- (i) The labour force there, like in India, is cheap and disciplined.
- (ii) High economic growth in China over the past decade has resulted in a significant increase in potential consumers in the high - income segment within the Country.
- (iii) Quality of workmanship and technological development (technical expertise) are the other areas where the Indian industry faces a threat from China.

### Human Resources:

People are the most valued assets of the Company. They work individually and collectively contributing to the achievement of the objectives of the business. The relation between the employees and the Company remained cordial throughout the year. Your Company's corporate culture and the vision and values help unite the workforce and provide standards for how your Company conducts the business.

### Risk Management:

Risk is an important element of corporate functioning and governance. Your Company has established the process of identifying, analyzing and treating risks, which could prevent the Company from effectively achieving its objectives. It ensures that all the risks are timely defined and mitigated in accordance with the well-structured risk management process.

### Future Outlook:

The outlook for 2013-14 looks positive with an estimated growth of 12 to 15 percent in the overall Gems & Jewellery exports in the current fiscal. The US and Japanese jewellery markets will bounce back with an estimated 5 per cent growth while China will remain stable at 10 per cent growth, as per Mr Vipul Shah, Chairman, GJEPC.

### Cautionary Statement:

Statement in Management discussion and analysis describing the Company's objective and expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual result may differ materially from those expressed in the statement.

**INDEPENDENT AUDITOR'S REPORT**

To the members of  
**Swarnsarita Gems Limited**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Swarnsarita Gems Limited, ("the Company") which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory informations.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**Place :** Mumbai  
**Date :** 30th May, 2013

**For Suresh Anchaliya & Co.**  
**Chartered Accountants**  
Firm Regn. No.: 112492W

**Suresh Anchaliya**  
Partner  
Membership No.: 044960

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirement" of our report of even date]

In terms of information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

1. In respect of its fixed assets :
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2.
  - a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company has maintained proper records of inventories. There was no material discrepancies noticed on physical verification of inventory.
3.
  - a) The company has not taken any loans and advance from the parties covered in the register maintained u/s. 301 of the Companies Act, 1956.
  - b) The company has given interest free loan to its subsidiary company "Swarnsarita Realty Pvt Ltd". In respect of the said loan, the maximum amount outstanding at any time during the year was Rs.7,88,60,000/- and the year end balance was Rs.7,88,60,000/-
  - c) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of the loans given by the company, is not prima facie prejudicial to the interest of the company.
  - d) The principal amount is repayable over a period of three to five years.
  - e) In respect of said loan there is no overdue amount.
4. In our opinion and according to the information and explanations given to us and as verified by us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls and found no continuous failure to correct the weakness.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956, in our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956, have been so entered where each of such transaction exceeding Rs. 500000/- with respect of each party. The transaction have been made at prices which are prima-facie reasonable having regards to prevailing market prices at which similar transactions have been made with other parties as available with the Company.
6. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public u/s.58A and 58AA of the Companies Act, 1956.
7. In our opinion, the internal audit system of the Company is in commensurate with its size and nature of its business.
8. The company has maintained Cost Records as prescribed under Section 209 (1) (d) of the Companies Act, 1956, for the product of the Company.

9. In respect of statutory dues :
- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2013, for a period of more than six months from the date of becoming payable.
  - b) There are no dues of Sales Tax, Income Tax, Service Tax, Custom Tax, Wealth Tax etc. which have not been deposited on account of any dispute.
10. The Company has no accumulated losses of more than fifty percent of its net worth and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. In respect of investment in shares the company has maintained proper records of the transaction and contracts and timely entries have been made therein. All shares and other investment are held by the company in its own name.
15. The Company has not given guarantees for loans taken by others from banks or financial institutions.
16. The Company has not raised any new term loans during the year and there is no loan outstanding at the beginning of the year.
17. According to the records examined and the information and explanation given to us on overall basis, funds raised for short term basis have prima-facie not been used during the year for long term investments.
18. During the year, the price at which the preferential allotments of shares to the parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956, are made is not prejudicial to the interest of the Company.
19. The Company has not raised any money by way of issue of debentures.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

**Place :** Mumbai  
**Date :** 30th May, 2013

**For Suresh Anchaliya & Co.**  
**Chartered Accountants**  
Firm Regn. No.: 112492W

**Suresh Anchaliya**  
Partner  
Membership No.: 044960

**Balance Sheet as at 31st March, 2013**

Particulars	Note	As at 31.03.2013	As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	208376000	198176000
Reserves and Surplus	2	527015900	514355561
Money Received Against Share Warrant		0	4743000
<b>Current Liabilities</b>			
Trade Payables	3	93963916	200525981
Other Current Liabilities	4	1391621	43991954
Short-Term Provisions	5	16316280	14441829
<b>TOTAL</b>		<b>847063717</b>	<b>976234325</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
(i) Tangible Assets	6	3641278	79235113
(ii) Intangible Assets under development	6	36000	36000
Non - Current - Investment	7	100000000	0
Deferred Tax Assets	8	189272	237886
<b>Current Assets</b>			
Current Investments	9	5201	70005201
Inventories	10	380300468	333122991
Trade Receivables	11	145483408	326409506
Cash and Cash Equivalents	12	8595559	13305715
Short - Term Loans and Advances	13	208812531	153881913
<b>TOTAL</b>		<b>847063717</b>	<b>976234325</b>

Significant Accounting Policies and Notes on 1 to 21

Financial Statement

As per our report of even date

**For Suresh Anchaliya & Co.**  
**Chartered Accountants**  
**Firm Regn. No. - 112492W**

**Suresh Anchaliya**  
**Partner**  
**Membership No. 044960**

**Place : Mumbai**  
**Dated : 30th May, 2013**

**For and On behalf of the Board**

Mahendra M. Chordia	} Executive Directors	Chairman & Managing Director
Vallabh N. Patel		
Sunil Jain		
Ashok Surana	} Directors	
Sunderlal L. Bothra		
Ganpat Karnawat		



## Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note	2012-13	2011-12
<b>Income</b>			
Revenue from Operations	14	1568673389	717227134
Other Income	15	12380609	2937600
<b>Total Revenue</b>		<b>1581053998</b>	<b>720164734</b>
<b>Expenditure</b>			
Cost of Materials Consumed and Purchases	16	1810110620	648026347
"Changes in Inventories of Finished Goods and stock - in - trade"	17	(264377652)	50419511
Employee Benefit Expenses	18	4837807	3500500
Depreciation and Amortization Expenses		591151	737757
Other Administrative Expenses	19	9192082	5417704
<b>Total Expenses</b>		<b>1560354008</b>	<b>708101819</b>
<b>Profit Before Exceptional Items and Tax</b>		20699990	12062915
Exceptional Items	20	(188567)	3170853
Profit Before Tax		20511423	15233768
Tax Expenses:			
(1) Current Tax		4103874	2902794
(2) Tax for Earlier Period		257976	(610862)
(3) Deferred Tax		48613	(311276)
<b>Profit/(Loss) For The Period</b>		<b>16100960</b>	<b>13253112</b>
Earning Per Equity Share:			
(1) Basic		0.80	0.66
(2) Diluted		0.80	0.66

Significant Accounting Policies and Notes on 1 to 21

Financial Statement

As per our report of even date

**For Suresh Anchaliya & Co.**  
**Chartered Accountants**  
**Firm Regn. No. - 112492W**

**Suresh Anchaliya**  
**Partner**  
**Membership No. 044960**

**Place : Mumbai**  
**Dated : 30th May, 2013**

**For and On behalf of the Board**

Mahendra M. Chordia	Chairman & Managing Director
Vallabh N. Patel	} Executive Directors
Sunil Jain	
Ashok Surana	} Directors
Sunderlal L. Bothra	
Ganpat Karnawat	

**Cash Flow Statement for the year ended 31st March, 2013**

<b>PARTICULARS</b>	<b>For the year ended 31st March, 2013</b>	<b>For the year ended 31st March, 2012</b>
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax And Extraordinary Items</b>	<b>20511423</b>	15233768
Adjustment for :		
Depreciation	591151	737757
Interest (Net)	(12349846)	(2696011)
Profit on Sale of Office	0	(4432179)
Loss on Sale of Car	188567	0
Dividend	0	(20)
Profit on Sale of Land	0	(1409108)
Loss on Sale of Fixed Assets	0	2670434
<b>Operating Profit Before Working Capital And Receivables</b>	<b>8941295</b>	10104641
Adjustment for :		
(Increase) / Decrease in trade and other receivables	180926098	(246398141)
(Increase) / Decrease in Inventories	(47177477)	(236428971)
Increase / (Decrease) in Trade Payables and other liabilities	(152065192)	209020008
<b>Cash Generated From Operations</b>	<b>(9375276)</b>	<b>(263702463)</b>
Income Tax Paid	5460514	2646021
<b>Cash Flow Before Extra-Ordinary Items</b>	<b>(14835790)</b>	(266348484)
Extra-Ordinary Items	0	0
<b>Net Cash From Operating Activities</b>	<b>(a) (14835790)</b>	<b>(266348484)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	77278150	11372519
Purchase of Fixed Assets	(2464033)	(1390889)
Purchase/Sale of Investments	(30000000)	81000000
Dividend Income	0	20
Interest Received	12349846	2696011
Intangible Assets	0	(36000)
<b>Net Cash Used In Investment Activities</b>	<b>(b) 57163963</b>	<b>93641661</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	18972000	240152040
Money Received against Share Warrant	(4743000)	4743000
Short Term Borrowing and others	(49728080)	(56442367)
Dividend Paid/Adjustment	(11539250)	(4041935)
<b>Net Cash Used In Financing Activities</b>	<b>(c) (47038330)</b>	<b>184410738</b>
<b>Net Increase In Cash And Cash Equivalents (a) + (b) + (c)</b>	<b>(4710156)</b>	<b>11703915</b>
Cash And Cash Equivalents As At The Commencement of the Year (Opening Balance)	13305715	1601800
Cash And Cash Equivalents As At The End of the Year	8595559	13305715
<b>Net Increase / (Decrease) As Disclosed Above</b>	<b>(4710156)</b>	<b>11703915</b>
Note : All figures in brackets are outflows		

**For Suresh Anchaliya & Co.**  
**Chartered Accountants**  
**Firm Regn. No. - 112492W**

**Suresh Anchaliya**  
**Partner**  
**Membership No. 044960**

**Place : Mumbai**  
**Dated : 30th May, 2013**

**For and On behalf of the Board**

Mahendra M. Chordia	Chairman & Managing Director
Vallabh N. Patel	} Executive Directors
Sunil Jain	
Ashok Surana	} Directors
Sunderlal L. Bothra	
Ganpat Karnawat	

## Notes to Financial Statement for the Year ended 31st March, 2013

## Note No. 1

## SHAREHOLDER'S FUND

## EQUITY SHARE CAPITAL

	As at 31.03.2013	As at 31.03.2012
<b>a) Authorised Share:</b>		
2,20,00,000 Equity Shares of Rs. 10/- each	<u>220000000</u>	<u>220000000</u>
<b>b) Issued, Subscribed and Paid up:</b>		
2,08,76,800 (1,98,56,800) Equity Shares of Rs. 10/- each		
Fully Paid-Up	208768000	198568000
Less : Call Money Due on Equity Shares	392000	392000
<b>Total</b>	<u>208376000</u>	<u>198176000</u>
<b>c) Reconciliation of the Number of Equity Shares Outstanding at the beginning and at the end of the reporting period</b>		
<b>Particulars</b>		
Outstanding at the beginning of the Reporting Year	19856800	6945400
Add: Issued during the year	1020000	12911400
Outstanding at the end of the Reporting Year	<u>20876800</u>	<u>19856800</u>
<b>d) Terms/Right Attached to Equity Shares</b>		
In the event of liquidation of the company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in the number of equity shares held by the shareholders at the time of liquidation.		
<b>e) Details of Shareholders holding more than 5% share in the Company</b>		
Equity Shares Fully Paid at Rs. 10/- each		
	<b>31.03.2013</b>	<b>31.03.2012</b>
<b>S.No. Name</b>	<b>No. of Shares      % of Holding</b>	<b>No. of Shares      % of Holding</b>
1 Swarnsarita Jewellers Pvt. Ltd.	7128761      34.15	6108761      30.76

## Note No. 2

## RESERVE AND SURPLUS

Particulars	As at 31.03.2013	As at 31.03.2012
<b>a) Capital Reserve</b>		
Balance as per Last Financial Statement	6750000	6750000
<b>Closing Balance</b>	<u>6750000</u>	<u>6750000</u>
<b>b) Securities Premium Reserve</b>		
Balance as per Last Financial Statement	128038040	17000000
Add: On issue of Equity Shares	8772000	111038040
<b>Closing Balance</b>	<u>136810040</u>	<u>128038040</u>
<b>c) General Reserve</b>		
Balance as per Last Financial Statement	4946190	4946190
<b>Closing Balance</b>	<u>4946190</u>	<u>4946190</u>

d) Surplus / (deficit) in the Statement of Profit and Loss	As at 31.03.2013	As at 31.03.2012
Balance as per Last Financial Statement	374621331	372913130
Add: Profit for the Year	16100960	13253112
Less: Proposed Dividend on Equity Shares at Rs. 0.50 per share	10438400	9928400
Tax on Proposed Dividend	1774006	1610635
Appropriations for dividend rounding off	215	5876
<b>Net Surplus / (Deficit) in the Statement of Profit and Loss</b>	<b>378509670</b>	<b>374621331</b>
<b>Total Reserve and Surplus</b>	<b>527015900</b>	<b>514355561</b>

### Note No. 3

#### Trade Payables

Micro, Small and Medium Enterprises	0	0
Others	93963916	200525981
	<b>93963916</b>	<b>200525981</b>

### Note No. 4

#### Other Current Liability

Advance on cancellation of agreement	0	33202500
Other Payables	1391621	10789454
	<b>1391621</b>	<b>43991954</b>

**Note :** - Other Payables include Statutory Dues and Payable for Expenses

### Note No. 5

#### Short - Term Provision

Provision for Income Tax	4103874	2902794
Provision for Proposed Dividend	10438400	9928400
Provision for Tax on Proposed Dividend	1774006	1610635
	<b>16316280</b>	<b>14441829</b>

### Note No. 6

#### Fixed Assets

Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2012	Additions during the year	Deduction during the year	As on 31.03.2013	As on 01.04.2012	Depreciation during the year	Depreciation Adjustment	Total As on 31.03.2013	As on 31.03.2013	As on 01.04.2012
<b>Tangible Assets</b>										
Land - Free hold	76478150	0	76478150	0	0	0		0	0	76478150
Mettler Balances	271392	0	0	271392	150760	12891	0	163651	107741	120632
Motor Cars	5065374	2188958	1106339	6147993	2615110	526262	117772	3023600	3124393	2450264
Office Equipments	70284	55900	0	126184	55611	5482	0	61093	65091	14673
Computers	187800	219175	0	406975	16406	46516	0	62922	344053	171394
Furniture & Fixtures	32972	0	0	32972	32972	0	0	32972	0	0
<b>Sub-Total</b>	<b>82105972</b>	<b>2464033</b>	<b>77584489</b>	<b>6985516</b>	<b>2870859</b>	<b>591151</b>	<b>117772</b>	<b>3344238</b>	<b>3641278</b>	<b>79235113</b>
<b>Previous year Total</b>	<b>93078218</b>	<b>1390889</b>	<b>12363135</b>	<b>82105972</b>	<b>6294571</b>	<b>737757</b>	<b>4161469</b>	<b>2870859</b>	<b>79235113</b>	<b>86783647</b>
<b>Intangible Assets Under Development</b>									<b>36000</b>	<b>36000</b>

Note No. 7	As at 31.03.2013		As at 31.03.2012	
<b>Non - Current Investment</b>				
Investment in Equity Shares of Subsidiary Company	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
Un - Quoted, Fully Paid Up				
Swarnsarita Realty Pvt Ltd	10000000	100000000	0	0
		<u>100000000</u>		<u>0</u>
<b>Note No. 8</b>				
<b>Deffered Tax Assets</b>				
Related to Fixed Assets		189273		237886
		<u>189273</u>		<u>237886</u>
<b>Note No. 9</b>				
<b>Current Investment</b>				
Investment in Equity Shares (Quoted, Fully Paid Up)	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
SJ Corporation Limited of Rs. 1 each	400	5201	400	5201
Investment in Preference Shares (Un - Quoted)				
Agarwal Marbles India Private Limited of Rs. 10 each	0	0	7000000	70000000
		<u>5201</u>		<u>70005201</u>
<b>Note No. 10</b>				
<b>Inventories</b>				
Raw Materials		71358252		288558427
Finished Goods		308942216		44564564
		<u>380300468</u>		<u>333122991</u>
<b>Note No. 11</b>				
<b>Trade Receivables</b>				
For period exceeding 6 months		447589		36472942
For period upto 6 months		145035819		289936564
		<u>145483408</u>		<u>326409506</u>
<b>Note No. 12</b>				
<b>Cash and Cash Equivalent</b>				
Balances with Banks		8089661		12708998
Cash on hand		505898		596717
		<u>8595559</u>		<u>13305715</u>
<b>Note No. 13</b>				
<b>Short Term Loans and Advances</b>				
(Unsecured and Considered Good)				
Security Deposits		147315		47315
Direct Tax Refundable		172557		172557
Advance Income Tax		5202538		2646020
Indirect Tax Refundable		2081088		2075555
Other amount recoverable in cash or kind *		201209033		148940466
		<u>208812531</u>		<u>153881913</u>
*Other amount recoverable include advances to creditors, wholly owned subsidiary company and others partie				
<b>Note No. 14</b>				
<b>Revenue From Operation</b>				
Sale of Goods		1554344359		707092967
Labour charges received		14329030		10134167
Less: Excise Duty/VAT/Service Tax		0		0
		<u>1568673389</u>		<u>717227134</u>

\*Other amount recoverable include advances to creditors, wholly owned subsidiary company and others parties

**Note No. 15**

**Other Income**

	As at 31.03.2013	As at 31.03.2012
Interest Income	12349846	2696011
Dividend	0	20
Exchange Difference	0	222867
Miscellaneous Income	30763	18702
	<u>12380609</u>	<u>2937600</u>

**Note No. 16**

**Cost of Material Consumed**

**Particulars**

Purchase of Goods	1553636784	905912087
Labour Charges	39273661	28962742
Add:- Opening Stock		
Raw Material	288558427	1709945
	<u>1881468872</u>	<u>936584774</u>
Less:- Closing Stock		
Raw Material	71358252	288558427
<b>Raw Material Consumed</b>	<u>1810110620</u>	<u>648026347</u>

**Note No. 17**

**(Increase)/Decrease in Inventory**

Opening Balance of Inventory	44564564	94984075
Less: Closing Balance of inventory	(308942216)	(44564564)
	<u>(264377652)</u>	<u>50419511</u>

**Note No. 18**

**Employees Benefit Expenses**

Salaries and Wages	4837807	3500500
	<u>4837807</u>	<u>3500500</u>

**Note No. 19**

**Other Expenses**

Administrative Expenses	16999	86946
Advertisement Expenses	1821305	182620
Auditor's Remuneration	463485	521135
Bank Charges	36058	21632
Motor Car Expenses	56940	85777
Commission on sales	421795	669908
Computer Repair & Maintenance	73875	22275
Connectivity Expenses	95407	117596
Conveyance Expenses	49250	0
Credit Rating Fees	61798	0
Designing Expense	460308	782200
Electricity Expenses	235226	51763
Franking Charges	18238	221925
Freight Charges	356944	84666
Insurance Expenses	250118	156879
IGI Certification	277022	0
Listing Fees	112360	543120
Maintenance Charges BDB	0	28230
Miscellaneous Expenditure	114036	105878
Membership Fees	331776	1103
Office Expenses	72153	9450
Postage Expenses	118166	112514
Printing & Stationery	256920	115582
Processing Fees	0	110300
Professional Fees	391344	942621
Rent	2400000	240000
Director's Sitting Fees	10000	0
Software Charges	0	12500
Statutory Expenses	0	28678
Water Charges	0	7273
Telephone Expenses	197313	65117
Travelling Expenses	493245	90016
	<u>9192082</u>	<u>5417704</u>

**Note No. 20**

**Exceptional Item**

Profit/Loss on Sale of Fixed Assets (Net)	(188567)	3170853
	<u>(188567)</u>	<u>3170853</u>

## Note No. 21 :

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENT****A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statement :-**

The financial statements are prepared under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles and provision of the Companies Act, 1956 as adopted consistently by the Company.

**2. Use of Estimates:-**

The preparation of financial statement requires the management of the Company to make estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statement of and reported amounts of income and expenses during the period. Examples of such estimate includes provision for doubtful debts, future obligation, employees retirement benefit plans, provision for income taxes, useful lives of fixed assets and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results may differ from such estimates.

**3. Fixed Assets:-**

All fixed assets are valued at cost (including adjustment on revaluation) less accumulated depreciation. Cost of acquisition is inclusive of freight, duties and other incidental expenses incurred during construction period and exclusive of cenvat credit availed thereon.

**4. Depreciation:-**

Depreciation on Fixed Assets is provided on Straight Line Method in accordance with the rate specified in the Schedule XIV of the Companies Act, 1956 on pro-rata basis.

**5. Inventories:-****a. Finished Goods : -**

- i. Gold and Diamond Jewellery is valued at cost on weighted average method
- ii. Other goods are valued at cost or net realizable value whichever is lower.

**b. Raw Materials:-**

- i. Gold and other precious metal is valued at weighted average method
- ii. Loose diamonds are valued at weighted average cost method

**6. Provision for Current and Deferred Tax:-**

Provision for current tax made after taking into consideration benefits admissible under the provisions of the Income-Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

**7. Revenue Recognition:-**

In appropriate circumstance, revenue is recognized when no significant uncertainty as to determination or realisation exists. Turnover includes sale of goods net of VAT and sales tax.

**8. Investment:-**

Current Investment is valued at Cost or Market value whichever lower, computed category wise. Long Term Investment are stated at cost. Provision of diminution in the value of long term investment is made only if the such a decline is other than temporary.

**9. Contingent Liability:-**

These are disclosed by way of notes on the Balance Sheet date. Provision is made wherever applicable for those contingencies which are likely to materialise into liabilities after the year end till the finalization of accounts and have material effect on the position stated in Balance Sheet.

**10. Impairment:-**

At each Balance Sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of assets net selling price and value in use. In assessing value in use, the estimated future cash flow expected from the continuing use of the assets and from its disposal is discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and risks specific to the assets. Reversal of impairment loss is recognized immediately as income in the Profit and Loss Statement.



# 11. Earning Per Share:-

The earning considered in ascertaining EPS comprise the Net Profit after Tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

## (B) NOTES ON ACCOUNTS: -

(In Rs.)

1. Previous year figures have been regrouped, reworked, rearranged and reclassified whenever necessary.

	As At 31st March, 2013	As At 31st March, 2012
2. Contingent Liabilities	NIL	NIL
3. Estimated amount of contract remaining to be executed on Capital Account and not provided for the year	NIL	NIL
4. Amount Outstanding to SSI Units	NIL	NIL
5. <b>Payments to Auditors:-</b>		
(i) Audit Fees	300000	300000
(ii) Tax Audit Fees	100000	100000
(iii) Certification and Taxation Matters	12500	65000
(iv) Service Tax	50985	56135
	<b>463485</b>	<b>521135</b>

## 6. Deferred Tax:-

The Company has accounted for Deferred Taxation in respect of timing differences in accordance with the requirement of Accounting Standard 22 "Accounting for Taxes on Income". The Deferred Tax liability comprises the followings :

	Current Year	Previous Year
Deferred Tax Assets		
On account of fixed assets	189273	237886

## 7. Segment Reporting:-

The Company has been operating significantly in a single segment of Jewellery.

8. There are no delays in payments to Micro, Small and Medium Enterprises as required to be disclosed under "The Micro, Small and Medium Enterprises Development Act, 2006."

9. During the year the company has made investment in wholly owned subsidiary "Swarnsarita Reality Pvt Ltd."

10. Related Party Disclosure as per AS 18 (As identified by the Management) :

### (i) Related Party Relationship

(a) Where Control Existed	1)Swarnsarita Realty Pvt Ltd
(b) Key Management Personnel	1) Shri Mahendara M. Chordia
	2) Shri Sunil Jain
	3) Shri Vallbhbhai N. Patel
(c) Relatives of Key Management Personnel	1) Swarnsarita Jewellers
(Whom Transaction have taken place)	2) Asha M. Chordia
(d) Other Related Parties	1) Swarnsarita Jewellers Private Limited
(Whom Transaction have taken place)	

## (ii) Transaction with Related Parties :

Type of Related Party	Description of the Transaction	Volume of 2012-13	Transaction 2011-12
(a) Where Control Exists	(a) Loan made	78860000/-	--
(b) Key Management Personnel	(a) Total Loans / Advances Paid	--	--
	(b) Total Loans / Advances Recd.	--	--
	(c) Directors Remuneration	1260000/-	1260000/-
	(d) Rent Paid	1200000/-	100000/-
	(c) Relatives of Key		
Management Personnel	(a) Total Loans / Advances Paid	--	--
	(b) Total Loans / Advances Recd.	--	--
	(c) Rent Paid	1200000/-	140000/-
(d) Other Related Parties	(a) Purchases/Sale of Goods	1537273/-	20908333/-

**11. Earning Per Share:-**

The Earning Per Share has been computed by dividing the profit after tax by number of Equity Shares outstanding.

	Current Year	Previous Year
(a) Net profit available for Equity Shareholders (Numerator used for calculation)	16091948	13253112
(b) Weighted Average number of equity shares used as denominator for calculating EPS	20030060	20030060
(c) Basic and Diluted Earnings per share of Rs.10 each :	0.80	0.66

**12. a) Value of Imports on CIF basis**

	Current Year	Previous Year
Traded Goods	NIL	NIL
b) Amount remitted during the year in foreign currency on account of : -		
Dividend	NIL	NIL
Travelling	NIL	NIL
Purchase of Goods	NIL	25847960
c.) Earning in foreign exchange		
Export of goods on FOB basis	NIL	NIL

As per our report of even date  
**For Suresh Anchaliya & Co.**  
Chartered Accountants  
Firm Regn. No.: 112492W

**Suresh Anchaliya**  
Partner  
Membership No. 044960  
Place: Mumbai  
Date : 30th May, 2013

On behalf of the Board of Directors  
**Mahendra M. Chordia** Chairman & Managing Director  
**Vallabh N. Patel**  
**Sunil Jain** } Executive Director  
**Ashok Surana**  
**Sunderlal L. Bothra** } Director  
**Ganpat Karnawat**

## **CONSOLIDATED FINANCIAL STATEMENT**

**INDEPENDENT AUDITOR'S REPORT**

To the members of  
**Swarnsarita Gems Limited**

**REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We have audited the accompanying consolidated financial statements of Swarnsarita Gems Limited, ("the Company") which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated 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 and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date, and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

**OTHER MATTER**

The financial statement of subsidiary company has been audited by us.

**Place :** Mumbai

**Date :** 30th May, 2013

**For Suresh Anchaliya & Co.**

**Chartered Accountants**

Firm Regn. No.: 112492W

**Suresh Anchaliya**

Partner

Membership No.: 044960

Consolidated Balance Sheet as at 31st March, 2013

Particulars	Note	As at 31.03.2013	As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	208376000	198176000
Reserves and Surplus	2	526799741	514355561
Money Received Against Share Warrant		0	4743000
Minority Interest		0	0
<b>Current Liabilities</b>			
Trade Payables	3	93963916	200525981
Other Current Liabilities	4	1460211	43991954
Short-Term Provisions	5	16316280	14441829
<b>TOTAL</b>		<b>846916148</b>	<b>976234325</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
(i) Tangible Assets	6	3641278	79235113
(ii) Intangible assets under development	6	36000	36000
Non-Current Investment	7	0	0
Deferred Tax Assets	8	189272	237886
<b>Current Assets</b>			
Current Investments	9	5201	70005201
Inventories	10	408344468	333122991
Trade Receivables	11	145483408	326409506
Cash and Cash Equivalents	12	8708790	13305715
Short - Term Loans and Advances	13	279852291	153881913
Other Current Assets	14	655440	0
<b>TOTAL</b>		<b>846916148</b>	<b>976234325</b>

Significant Accounting Policies and Notes on Financial Statement

1 to 22

As per our report of even date

**For Suresh Anchaliya & Co.**  
**Chartered Accountants**  
**Firm Regn. No. - 112492W**

**Suresh Anchaliya**  
**Partner**  
**Membership No. 044960**

**Place : Mumbai**  
**Dated : 30th May, 2013**

**For and On behalf of the Board**

Mahendra M. Chordia	Chairman & Managing Director
Vallabhnbhai N. Patel	} Executive Directors
Sunil Jain	
Ashok Surana	} Directors
Sunderlal L. Bothra	
Ganpat Karnawat	

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note	2012-13	2011-12
<b>Income</b>			
Revenue from Operations	15	1568673389	717227134
Other Income	16	12380609	2937600
<b>Total Revenue</b>		<b>1581053998</b>	<b>720164734</b>
<b>Expenditure</b>			
Cost of Materials Consumed and Purchases	17	1838154620	648026347
"Changes in Inventories of Finished Goods "and Stock-in-Trade"	18	(292421652)	50419511
Employee Benefit Expenses	19	4837807	3500500
Depreciation and Amortization Expenses		755011	737757
Other Administrative Expenses	20	9244381	5417704
<b>Total Expenses</b>		<b>1560570167</b>	<b>708101819</b>
Profit Before Exceptional Items and Tax		20483831	12062915
Exceptional Items	21	(188567)	3170853
Profit Before Tax		20295264	15233768
Tax Expenses:			
(1) Current Tax		4103874	2902794
(2) Tax for Earlier Period		257976	(610862)
(3) Deferred Tax		48613	(311276)
Profit/(Loss) For The Period		15884801	13253112
Earning Per Equity Share:			
(1) Basic		0.79	0.66
(2) Diluted		0.79	0.66

Significant Accounting Policies and Notes on 1 to 22  
Financial Statement

As per our report of even date

**For Suresh Anchaliya & Co.**  
**Chartered Accountants**  
**Firm Regn. No. - 112492W**

**Suresh Anchaliya**  
**Partner**  
**Membership No. 044960**

**Place** : Mumbai  
**Dated** : 30th May, 2013

**For and On behalf of the Board**

Mahendra M. Chordia Chairman & Managing Director  
Vallabhbhai N. Patel } Executive Directors  
Sunil Jain }  
Ashok Surana }  
Sunderlal L. Bothra } Directors  
Ganpat Karnawat }

**Consolidated Cash Flow Statement for the year ended 31st March, 2013**

<b>PARTICULARS</b>	<b>For the year ended 31st March, 2013</b>	<b>For the year ended 31st March, 2012</b>
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax And Extraordinary Items	20295264	15233768
Adjustment for :		
Depreciation	591151	737757
Interest (Net)	(12349846)	(2696011)
Profit on Sale of Office	0	(4432179)
Profit on Sale of Car	188567	0
Dividend	0	(20)
Profit on Sale of Land	0	(1409108)
Loss on Sale of Fixed Assets	0	2670434
<b>Operating Profit Before Working Capital And Receivables</b>	<b>8725136</b>	<b>10104641</b>
Adjustment for :		
(Increase) / Decrease in trade and other receivables	180270658	(246398141)
(Increase) / Decrease in Inventories	(75221477)	(236428971)
Increase / (Decrease) in Trade Payables and other liabilities	(151996602)	209020008
<b>Cash Generated From Operations</b>	<b>(38222285)</b>	<b>(263702463)</b>
Income Tax Paid	5460514	2646021
<b>Cash Flow Before Extra-Ordinary Items</b>	<b>(43682799)</b>	<b>(266348484)</b>
Extra-Ordinary Items	0	0
<b>Net Cash From Operating Activities</b>	<b>(a) (43682799)</b>	<b>(266348484)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	77278150	11372519
Purchase of Fixed Assets	(2464033)	(1390889)
Purchase/Sale of Investments	70000000	81000000
Dividend Income	0	20
Interest Received	12349846	2696011
Intangible Assets	0	(36000)
<b>Net Cash Used In Investment Activities</b>	<b>(b) 157163963</b>	<b>93641661</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	18972000	240152040
Money Received against Share Warrant	(4743000)	4743000
Short Term Borrowing and others	(120767840)	(56442367)
Dividend Paid/Adjustment	(11539250)	(4041935)
<b>Net Cash Used In Financing Activities</b>	<b>(c ) (118078090)</b>	<b>184410738</b>
<b>Net Increase In Cash And Cash Equivalents (a) + (b) + (c )</b>	<b>(4596925)</b>	<b>11703915</b>
Cash And Cash Equivalents As At The Commencement of the Year (Opening Balance)	13305715	1601800
Cash And Cash Equivalents As At The End of the Year	8708790	13305715
<b>Net Increase / (Decrease) As Disclosed Above</b>	<b>(4596925)</b>	<b>11703915</b>

Note : All figures in brackets are outflows

**For Suresh Anchaliya & Co.**  
**Chartered Accountants**  
**Firm Regn. No. - 112492W**

**Suresh Anchaliya**  
**Partner**  
**Membership No. 044960**

**Place : Mumbai**  
**Dated : 30th May, 2013**

**For and On behalf of the Board**

Mahendra M. Chordia	Chairman & Managing Director
Vallabh N. Patel	} Executive Directors
Sunil Jain	
Ashok Surana	} Directors
Sunderlal L. Bothra	
Ganpat Karnawat	



## Notes on Consolidated Financial Statement for the Year ended 31st March, 2013

## Note No. 1

## SHAREHOLDER'S FUND

<b>EQUITY SHARE CAPITAL</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>a) Authorised Share:</b> 2,20,00,000 Equity Shares of Rs. 10/- each	<u><b>220000000</b></u>	<u><b>220000000</b></u>
<b>b) Issued, Subscribed and Paid up:</b> 2,08,76,800 (1,98,56,800) Equity Shares of Rs. 10/- each Fully Paid-Up	208768000	198568000
Less : Call Money Due on Equity Shares	392000	392000
<b>Total</b>	<u><b>208376000</b></u>	<u><b>198176000</b></u>
<b>c) Reconciliation of the Number of Equity Shares Outstanding at the beginning and at the end of the reporting period</b>		
<b>Particulars</b>		
Outstanding at the Beginning of the Reporting Year	19856800	6945400
Add: Issued During the year	1020000	12911400
Outstanding at the End of the Reporting Year	<u><b>20876800</b></u>	<u><b>19856800</b></u>
<b>d) Terms / Right Attached to Equity Shares</b>		
In the event of liquidation of the company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in the number of equity shares held by the shareholders at the time of liquidation		
<b>e) Details of Shareholders holding more than 5% share in the company</b>		
Equity Shares Fully Paid at Rs. 10/- each		

		<u><b>31.03.2013</b></u>		<u><b>31.03.2012</b></u>	
<b>S.No.</b>	<b>Name</b>	<b>No. of Shares</b>	<b>% of Holding</b>	<b>No. of Shares</b>	<b>% of Holding</b>
1	Swarnsarita Jewellers Pvt. Ltd.	7128761	34.15	6108761	30.76

## Note No. 2

## RESERVE AND SURPLUS

<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>a) Capital Reserve</b>		
Balance as per Last Financial Statement	6750000	6750000
<b>Closing Balance</b>	<u><b>6750000</b></u>	<u><b>6750000</b></u>
<b>b) Securities Premium Reserve</b>		
Balance as per Last Financial Statement	128038040	17000000
Add: On issue of Equity Shares	8772000	111038040
<b>Closing Balance</b>	<u><b>136810040</b></u>	<u><b>128038040</b></u>

	As at 31.03.2013	As at 31.03.2012
<b>c) General Reserve</b>		
Balance as per Last Financial Statement	4946190	4946190
<b>Closing Balance</b>	<b>4946190</b>	<b>4946190</b>
<b>d) Surplus / (deficit) in the Statement of Profit and Loss</b>		
Balance as per Last Financial Statement	374621331	372913130
Add: Profit for the Year	15884801	13253112
Less: Proposed Dividend on Equity Shares at Rs. 0.50 per share	10438400	9928400
Tax on Proposed Dividend	1774006	1610635
Appropriations for dividend rounding off	215	5876
<b>Net Surplus / (Deficit) in the Statement of Profit and Loss</b>	<b>378293511</b>	<b>374621331</b>
<b>Total Reserve and Surplus</b>	<b>526799741</b>	<b>514355561</b>

#### Note No. 3

##### Trade Payables

Micro, Small and Medium Enterprises	0	0
Others	93963916	200525981
	<b>93963916</b>	<b>200525981</b>

#### Note No. 4

##### Other Current Liability

Advance on cancellation of agreement	0	33202500
Other Payables	1460211	10789454
	<b>1430211</b>	<b>43991954</b>

**Note :** - Other Payables include Statutory Dues and Payable for Expenses

#### Note No. 5

##### Short - Term Provision

Provision for Income Tax	4103874	2902794
Provision for Proposed Dividend	10438400	9928400
Provision for Tax on Proposed Dividend	1774006	1610635
	<b>16316280</b>	<b>14441829</b>

#### Note No. 6

##### Fixed Assets

Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2012	Additions during the year	Deduction during the year	As on 31.03.2013	As on 01.04.2012	Depreciation during the year	Depreciation Adjustment	Total As on 31.03.2013	As on 31.03.2013	As on 01.04.2012
<b>Tangible Assets</b>										
Land - Free hold	76478150	0	76478150	0	0	0		0	0	76478150
Mettler Balances	271392	0	0	271392	150760	12891	0	163651	107741	120632
Motor Cars	5065374	2188958	1106339	6147993	2615110	526262	117772	3023600	3124393	2450264
Office Equipments	70284	55900	0	126184	55611	5482	0	61093	65091	14673
Computers	187800	219175	0	406975	16406	46516	0	62922	344053	171394
Furniture & Fixtures	32972	0	0	32972	32972	0	0	32972	0	0
<b>Sub-Total</b>	<b>82105972</b>	<b>2464033</b>	<b>77584489</b>	<b>6985516</b>	<b>2870859</b>	<b>591151</b>	<b>117772</b>	<b>3344238</b>	<b>3641278</b>	<b>79235113</b>
<b>Previous year Total</b>	<b>93078218</b>	<b>1390889</b>	<b>12363135</b>	<b>82105972</b>	<b>6294571</b>	<b>737757</b>	<b>4161469</b>	<b>2870859</b>	<b>79235113</b>	<b>86783647</b>
<b>Intangible Assets Under Development</b>									<b>36000</b>	<b>36000</b>

	As at 31.03.2013		As at 31.03.2012	
<b>Note No. 7</b>				
<b>Non - Current Investment</b>				
Investment in Equity Shares	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
(Un - Quoted, Fully Paid Up)				
Swarnsarita Realty Pvt Ltd	10000000	-	0	0
<b>Note No. 8</b>				
<b>Deferred Tax Assets</b>				
Related to Fixed Assets		189273		237886
		<u>189273</u>		<u>237886</u>
<b>Note No. 9</b>				
<b>Current Investment</b>				
Investment in Equity Shares (Quoted, Fully Paid Up)	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
SJ Corporation Limited of Rs. 1 each	400	5201	400	5201
Investment in Preference Shares (Un - Quoted)				
Agarwal Marbles India Private Limited of Rs. 10 each	0	0	7000000	70000000
		<u>5201</u>		<u>70005201</u>
<b>Note No. 10</b>				
<b>Inventories</b>				
Raw Materials		71358252		288558427
Finished Goods		336986216		44564564
		<u>408344468</u>		<u>333122991</u>
<b>Note No. 11</b>				
<b>Trade Receivables</b>				
For period exceeding 6 months		447589		36472942
For period upto 6 months		145035819		289936564
		<u>145483408</u>		<u>326409506</u>
<b>Note No. 12</b>				
<b>Cash and Cash Equivalent</b>				
Balances with Banks		8202892		12708998
Cash on hand		505898		596717
		<u>8708790</u>		<u>13305715</u>
<b>Note No. 13</b>				
<b>Short Term Loans and Advances</b>				
(Unsecured and Considered Good)				
Security Deposits		147315		47315
Direct Tax Refundable		172557		172557
Advance Income Tax		5202538		2646020
Indirect Tax Refundable		2081088		2075555
Other amount recoverable in cash or kind *		272248793		148940466
		<u>279852291</u>		<u>153881913</u>

\*Other amount recoverable include advances to creditors and others parties

**Note No. 14**

**As at 31.03.2013**

**As at 31.03.2012**

**Other Current Assets**

Preliminary Expenses

655440

0

**655440**

**0**

**Note No. 15**

**Revenue From Operation**

Sale of Goods

1554344359

707092967

Labour charges

14329030

10134167

Less: Excise Duty/VAT/Service Tax

0

0

**1568673389**

**717227134**

**Note No. 16**

**Other Income**

Interest Income

12349846

2696011

Dividend

0

20

Exchange Difference

0

222867

Miscellaneous Income

30763

18702

**12380609**

**2937600**

**Note No. 17**

**Cost of Material Consumed**

**Particulars**

Purchase of Goods

1581680784

905912087

Labour Charges

39273661

28962742

Add:- Opening Stock

Raw Material

288558427

1709945

**1909512872**

**936584774**

Less:- Closing Stock

Raw Material

71358252

288558427

**Raw Material Consumed**

**1838154620**

**648026347**

**Note No. 18**

**(Increase)/Decrease in Inventory**

Opening Balance of Inventory

44564564

94984075

Less: Closing Balance of inventory

(336986216)

(44564564)

**-292421652**

**50419511**

**Note No. 19**

**Employees Benefit Expenses**

Salaries and Wages

4837807

3500500

**4837807**

**3500500**

<b>Note No. 20</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>Other Expenses</b>		
Administrative Expenses	16999	86946
Advertisement Expenses	1838514	182620
Auditor's Remuneration	491575	521135
Bank Charges	36058	21632
Motor Car Expenses	56940	85777
Commission on sales	421795	669908
Computer Repair & Maintenance	73875	22275
Connectivity Expenses	95407	117596
Conveyance Expenses	49250	0
Credit Rating Fees	61798	0
Designing Expenses	460308	782200
Electricity Expenses	235226	51763
Franking Charges	18238	221925
Freight Charges	356944	84666
Insurance Expenses	250118	156879
IGI Certification	277022	0
Listing Fees	112360	543120
Maintenance Charges BDB	0	28230
Miscellaneous Expenditure	114036	105878
Membership Fees	331776	1103
Office Expenses	72153	9450
Postage Exp.	118166	112514
Printing & Stationery	256920	115582
Processing Fee	0	110300
Professional Fees	398344	942621
Rent	2400000	240000
Sitting Fees	10000	0
Software Charges	0	12500
Statutory Expenses	0	28678
Water Charges	0	7273
Telephone Expenses	197313	65117
Travelling Expenses	493245	90016
	<b>9244381</b>	<b>5417704</b>
<b>Note No. 21</b>		
<b>Exceptional Item</b>		
Profit/Loss on Sale of Fixed Assets (Net)	(188567)	3170853
	<b>(188567)</b>	<b>3170853</b>

**Note No. 22 :**

**SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED FINANCIAL STATEMENT**

**A. Principal of Consolidation**

The Consolidated Financial Statement relate to Swarnsarita Gems Limited ('the Company') and its subsidiary Company ('Swarnsarita Realty Pvt Ltd'). The Consolidated Financial Statement have been prepared on the following basis:

1. The Financial Statement of the Company and its Subsidiary Company are combined on line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transaction in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statement"
2. The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the Financial Statement as goodwill or capital reserve as the case may be.
3. The Company is holding 100% equity share capital of the subsidiary company hence no minority interest in the net profit and net assets of the consolidated subsidiary is identified.
4. As far as possible, the Consolidated Financial Statement are prepared using uniform accounting policies for like transaction and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

**B.** Investment other than subsidiary have been accounted as per Accounting Standard (AS) 13 on – "Accounting for Investments".

**C. Other significant accounting policies**

These are set out under "Significant Accounting Policies" as given in the Company's separate Financial Statements.

**D. Notes On Accounts :-**

**(In Rs.)**

1. Previous year figures have been regrouped, reworked, rearranged and reclassified whenever necessary.

	<b>As At 31st March, 2013</b>	<b>As At 31st March, 2012</b>
2. Contingent Liabilities	<b>NIL</b>	<b>NIL</b>
3. Estimated amount of contract remaining to be executed on Capital Account and not provided for the year	<b>NIL</b>	<b>NIL</b>
4. Amount Outstanding to SSI Units	<b>NIL</b>	<b>NIL</b>
<b>5. Payments to Auditors:-</b>		
(i) Audit Fees	<b>325000</b>	300000
(ii) Tax Audit Fees	<b>100000</b>	100000
(iii) Certification and Taxation Matters	<b>12500</b>	65000
(iv) Service Tax	<b>54075</b>	56135
	<b>491575</b>	<b>521135</b>

**6. Deferred Tax:-**

The Company has accounted for Deferred Taxation in respect of timing differences in accordance with the requirement of Accounting Standard 22 "Accounting for Taxes on Income". The Deferred Tax liability comprises the followings :

**Deferred Tax Assets**

	<b>Current Year</b>	<b>Previous Year</b>
On account of fixed assets	189273	237886

**7. Segment Reporting:-**

The Company has identified two reportable segment viz. Jewellery and Real Estate. Segment have been identified and reported taking into account nature of products and services, the differing risks and returns and the internal business reporting system. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

- Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment.
- Segment assets and liabilities represent assets and liabilities in respective segment.

**(i) Primary Segment Information:****(Rs. in Lakhs)**

Particulars	Jewellery		Real Estate	
	2012-13	2011-12	2012-13	2011-12
<b>1 Segment Revenue</b>				
External Turnover	15686.73	7172.27	-	-
Inter Segment Turnover	-	-	-	-
<b>Gross Turnover</b>	<b>15686.73</b>	<b>7172.27</b>	-	-
Less: Excise Duty / Service Tax	-	-	-	-
<b>2 Segment Result Before Interest and Taxes</b>	<b>83.50</b>	<b>93.67</b>	<b>(2.16)</b>	-
Less: Interest Expenses	-	-	-	-
Add: Interest Income	123.50	26.96	-	-
Add: Exceptional item	(1.89)	31.71	-	-
Profit Before Tax	205.11	152.34	(2.16)	-
Current Tax	41.04	29.02	-	-
Earlier Tax	2.58	(6.11)	-	-
Deferred Tax	0.57	(3.11)	-	-
<b>Profit After Tax</b>	<b>160.91</b>	<b>132.54</b>	<b>(2.16)</b>	-
<b>3 Other Information</b>				
Segment Assets	8470.63	9762.34	1787.12	-
Segment Liabilities	1116.72	2589.60	789.29	-
Capital Expenditure	-	-	-	-
Depreciation and Amortisation	5.91	7.38	1.64	-
Non - Cash Expenses other than Depreciation and Amortisation	-	-	-	-

- The Company has reported segment information on consolidated basis including business conducted through its subsidiary, as per Accounting Standard on Segment Reporting (AS -17).

**8. The Subsidiary Company "M/s Swarnsarita Realty Pvt Ltd." considered in the Consolidated Financial Statement is Wholly Owned Subsidiary Company.****9. Financial information of subsidiary company.**

Sr. no.	Particulars	
1	Name of Subsidiary Company	Swarnsarita Realty Pvt Ltd
2	Reporting Currency	INR
3	Capital	100000000
4	Reserve	(216159)
5	Total Assets	178712431
6	Investment	-
7	Turnover/Total Income	-



8	Profit Before Taxation	(216159)
9	Provision for Taxation	-
10	Profit after Taxation	(216159)
11	Proposed Dividend	-
12	Country	India

10. There are no delays in payments to Micro, Small and Medium Enterprises as required to be disclosed under "The Micro, Small and Medium Enterprises Development Act, 2006."

**11. Related Party Disclosure as per AS 18 (As identified by the Management):**

**(i) Related Party Relationship**

(a) Where Control Existed	--
(b) Key Management Personnel	1) Mr. Mahendra M. Chordia 2) Mr. Sunil Jain 3) Mr. Vallabhbhai N. Patel
(c) Relatives of Key Management Personnel (Whom Transaction have taken place)	1) Swarnsarita Jewellers 2) Asha M. Chordia
(d) Other Related Parties (Whom Transaction have taken place)	1) Swarnsarita Jewellers Private Limited

**(ii) Transaction with Related Parties :**

**(In Rs.)**

Type of Related Party	Description of the Transaction	Volume of 2012-13	Transaction 2011-12
(a) Where Control Exists	(a) Loan made	--	--
(b) Key Management Personnel	(a) Total Loans / Advances Paid	--	--
	(b) Total Loans / Advances Recd.	--	--
	(c) Directors Remuneration	1260000/-	1260000/-
	(d) Rent Paid.	1200000/-	100000/-
(c) Relatives of Key Management Personnel	(a) Total Loans / Advances Paid	--	--
	(b) Total Loans / Advances Recd.	--	--
	(c) Rent Paid	1200000/-	140000/-
	(d) Other Related Parties	1537273/-	20908333/-

**12. Earning Per Share :-**

The Earning Per Share has been computed by dividing the profit after tax by number of Equity Shares outstanding.

	Current Year	Previous Year
(a) Net profit available for Equity Shareholders (Numerator used for calculation)	15884801	13253112
(b) Weighted Average number of equity shares used as denominator for calculating EPS	20030060	20030060
(c) Basic and Diluted Earnings per share of Rs.10 each :	0.79	0.66

As per our report of even date  
**For Suresh Anchaliya & Co.**  
Chartered Accountants  
Firm Regn. No.: 112492W

On behalf of the Board of Directors  
**Mahendra M. Chordia** Chairman & Managing Director  
**Vallabhbhai N. Patel**  
**Sunil Jain** } Executive Director  
**Ashok Surana**  
**Sunderlal L. Bothra** } Director  
**Ganpat Karnawat**

**Suresh Anchaliya**  
Partner  
Membership No. 044960  
Place: Mumbai  
Date : 30th May, 2013

**ATTENDANCE SLIP  
SWARNSARITA GEMS LIMITED**

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

**(Please Fill In Attendance Slip And Hand It Over At The Entrance Of The Meeting Venue.)**

I hereby record my presence at the 21st Annual General Meeting of the Company being held on .....**2013** at .....a.m./p.m. at .....and at any adjournment thereof.

Folio No ..... DP-ID\* .....

No. of Shares held ..... Client ID\* .....

Member's/Proxy's Name.....  
(in Block Letters) (Member's/ Proxy's Signature)  
(To be signed at the time of handing over this slip)

\* Applicable for Members holding Shares in Electronic Form.

.....**TEAR HERE**.....

**PROXY FORM  
SWARNSARITA GEMS LIMITED**

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

I/We ..... of ..... being a Member/  
Members of the **Swarnsarita Gems Limited**, hereby appoint ..... or failing  
him..... as my/our Proxy to attend and vote for me/us and on my/our behalf  
at the 21st Annual General Meeting of the Company to be held  
on.....**2013** at .....**a.m./p.m.** at .....and at any adjournment thereof.

Folio No: ..... DP-ID\* .....

No. of shares held : ..... Client ID\* .....

Signed this .....day of ..... 2013.

Affix Re. 1.00 Revenue Stamp
---------------------------------------

Signature

\* Applicable for members holding Shares in electronic form

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

BOOK POST

IF UNDELIVERED, PLEASE RETURN TO:-

**Swarnsarita Gems Limited**

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

Email : [info@swarnsarita.com](mailto:info@swarnsarita.com) Website : [www.swarnsarita.com](http://www.swarnsarita.com)