

ANNUAL  
REPORT  
2017



**SWARNSARITA**  
world class jewellery

# Board of Directors



**Mr. Mahendra Chordia**  
Managing Director

**Mr. Sunil Jain**  
Wholetime Director  
Resigned w.e.f. 26/07/2017

**Mrs. Asha M. Chordia**  
Executive Director

**Mr. Ashok Surana**  
Independent Director

**Mr. Dhruvin B. Shah**  
Independent Director

**Mr. Vishal Nolkha**  
Independent Director

Chief Financial Officer (CFO)  
**Mr. Sanket Dangi**

Company Secretary  
**Mrs. Prafulla Devaliya**

Statutory Auditors  
**Suresh Anchaliya & Co.**

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**STATUTORY AUDITORS:**

SURESH ANCHALIYA & CO.  
Chartered Accountants

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

Zaveri Bazar Branch,  
Mumbai - 400002

**KOTAK MAHINDRA BANK**

Unity House Branch, Mumbai.

**REGISTRAR & SHARE TRANSFER AGENT****SHAREX DYNAMIC (INDIA) PVT. LTD.**

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

**REGISTERED OFFICE:**

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

**PRODUCTION UNIT:**

419, Hill View Industrial Estate, Amrut Nagar,  
Ghatkopar (West), Mumbai - 400 086.

**BRANCHES:****AHMEDABAD:**

204, Shails Mall, 4th Lane,  
C.G. Road, Ahmedabad - 380 007.

**KOLKATA:**

Office # 4 A, 3rd Floor, Mansarovar, Opp. Vardaan  
Market, 3B, Camac Street, Kolkata (W.B.) -700016.

**BANGALORE:**

Shop No 3, 1st Floor, Nagarathpet Main Road,  
Bangalore - 560 002.

**DELHI:**

XVI/2364 M.NO. 103, First Floor, SRM Emporia  
Mall, Bank Street, Karol Bagh,  
New Delhi -410005.

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# SWARNSARITA GEMS LTD.

## NOTICE

NOTICE is hereby given that the 25<sup>th</sup> Annual General Meeting of the Members of **SWARNSARITA GEMS LIMITED** will be held at Agrasen Bhavan, 90 feet Road, Garodiya Nagar, Ghatkopar (East), Mumbai - 400077 on Tuesday, 26<sup>th</sup> September, 2017 at 10.00 A.M. to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the standalone and consolidated Audited Financial Statements as at 31<sup>st</sup> March, 2017 together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mahendra Madanlal Chordia, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To ratify the appointment of auditors of the Company and to fix their remuneration and to pass the following resolution as an ordinary resolution thereof:

**“RESOLVED THAT**, pursuant to the provisions of Sections 139 and 142 of the Companies Act, 2013 and the Rules made there under, and pursuant to the recommendations of the audit committee of the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on 22<sup>nd</sup> September 2014, the appointment of **M/s. Suresh Anchaliya & Co., Chartered Accountants** (Firm Registration no. 112492W) as the auditors of the Company to hold office till the conclusion of the fifth consecutive AGM to be held in the year 2019 be and is hereby ratified and that the Board of Directors be and are hereby authorized to fix such remuneration payable to them for the financial year 31<sup>st</sup> March 2018 as may be determined by the audit committee in consultation with the auditors.”

### **SPECIAL BUSINESS:**

#### **4. INCREASING OF REMUNERATION OF MR. SUNNY M. CHORDIA WHO HOLD AN OFFICE FOR PLACE OF PROFIT:**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 188(1)(f) and other applicable provisions, if any, of the Companies Act, 2013 including statutory modification or re-enactment thereof for the time being in force, the Annual Remuneration payable to Mr. Sunny Mahendra Chordia, (President - Overseas Market i.e. to hold an office or place of profit under the Company) who is a relative of Mr. Mahendra Madanlal Chordia, Managing Director and Mrs. Asha M. Chordia, Director of the Company, be and is hereby increased from ₹30.00 Lakhs to ₹48.00 Lakhs w.e.f. 01.04.2017, with such designation as the Board of Directors of the Company may, from time to time, decide, on the following terms and conditions:

- Salary: not exceeding ₹48.00 Lacs p.a. in the increase scale of 10% to 30%.
- Bonus: Payable at such intervals as may be decided by the Board of Directors.

**RESOLVED FURTHER THAT** the Board shall have the authority from time to time (a) to make applicable by Mr. Sunny Mahendra Chordia for revisions in the aforesaid salary scale or grade together with revisions in such allowances, facilities and other perquisites in respect of employees of the Company in equivalent salary scale or grade; and (b) to promote him to any higher position/designation or salary scale or grade in due course.

**RESOLVED FURTHER THAT** any of the Director of the Company be and is hereby authorized to do such acts, matters, deeds and things as may be necessary and incidental to give effect to this resolution.”

#### **5. ADOPTION OF NEW SET OF ARTICLES OF ASSOCIATION OF COMPANY INTER-ALIA PURSUANT TO THE COMPANIES ACT, 2013**

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of section 5 and 14 of Companies Act, 2013 (‘the Act’), Schedule I

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made thereunder, read with the Companies (Incorporation) Rules, 2014 and all other applicable provisions, if any, of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the new set of Articles of Association pursuant to the Act primarily based on the Form of Table F under the Act, be and is hereby approved and adopted as new set of Articles of Association in the place of existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving full effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** Mr. Mahendra Madanlal Chordia (DIN: 00175686), Managing Director, Mrs. Asha Mahendra Chordia (Din: 00175804), Director of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be required to give effect to the above resolution(s)."

## **6. REVISION IN THE REMUNERATION OF THE MANAGING DIRECTOR OF THE COMPANY:**

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

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the revision in the remuneration of Mr. Mahendra Madanlal Chordia (DIN: 00175686) being Managing Director of the Company, from existing limit of ₹24,00,000.00 (Rupees Twenty Four Lakhs Only) per annum to increased limit of ₹72,00,000.00 (Rupees Seventy Two Lakhs Only) per annum for the remaining period of his tenure which expires on 31<sup>st</sup> March, 2021 with the rest of the terms and conditions of his appointment as such remaining the same, subject to the same not exceeding the limits as specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to sign and execute such forms, papers, documents, deeds and instrument and to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient by them for the purpose of giving effect to this resolution."

**Place : Mumbai**  
**Date : 22.08.2017**

**For and on behalf of the Board of Directors**  
**Mahendra M. Chordia**  
**Managing Director**  
**DIN: 00175686**

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

# SWARNSARITA GEMS LTD.

## **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.**

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

2. **A proxy shall not have a right to speak at the AGM and shall not be entitled to vote except on poll.**
3. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Managing Director, 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.
4. 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.
5. The Register of Members and Share Transfer Books will remain closed from Tuesday, 19<sup>th</sup> September, 2017 to Tuesday, 26<sup>th</sup> September, 2017 (both days inclusive).
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. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by members.
8. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
9. 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.
10. 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.
11. 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.
12. Explanatory statement pursuant to section 102(1) of the Companies Act, 2013 is annexed for items of the Special Businesses in the Notice of AGM.
13. The Annual Report for 2016-2017, the Notice of the 25<sup>th</sup> AGM and instructions for e-voting, along with the Attendance slip and Proxy form are being sent physical copies to all the members of the company by Registered Post at their registered address.
14. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the directors seeking appointment/re-appointment at the AGM, is furnished as annexure to the Notice. The directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules thereunder.



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15. The voting rights of the Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut off date i.e. 19<sup>th</sup> September, 2017.

## 16. Instructions for Voting through electronics means:

In compliance with provisions of Section 108 of the Companies Act, 2013 Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 25<sup>th</sup> Annual General Meeting (AGM) by electronic means and the items of business as detailed in this Notice may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL):

### The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on **Saturday, September 23, 2017 (9.00 a.m.)** and ends on **Monday, September 25, 2017 (5.00 p.m.)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **Tuesday, September 19, 2017** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.  
The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

|                                                            | <b>For Members holding shares in Demat Form and Physical Form</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PAN                                                        | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul> |
| Dividend Bank Details<br><br><b>OR</b> Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>                                                                                                                                                                                                                                                                                        |

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- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Swarnsarita Gems Limited on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).



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## **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **ITEM NO. 4**

Mr. Sunny Mahendra Chordia, aged 24 years, holds a Masters degree in Global Management from Regents University, London. He has the good experience in Jewellery Industry.

Since he is son of Mr. Mahendra Madanlal Chordia, Managing Director and Mrs. Asha Mahendra Chordia, Executive Director of the Company, his increase in salary beyond the prescribed limits requires the approval of the shareholders by way of special resolution at their General Meeting pursuant to section 188 (1)(f) of the Companies Act, 2013. The Board recommends the said special resolution. The monetary value of this transaction is embodied in the resolution and be construed accordingly.

The particulars of the transaction pursuant to para 3 of Explanation (1) to Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 are as under:

|                                                                 |   |                                                                                                                                                                       |
|-----------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of the related party                                       | : | Mr. Sunny Mahendra Chordia                                                                                                                                            |
| Name of the director or Key Managerial personnel who is related | : | Mr. Mahendra Madanlal Chordia & Mrs. Asha Mahendra Chordia                                                                                                            |
| Nature of relationship                                          | : | Mr. Sunny Mahendra Chordia is son of Mr. Mahendra M. Chordia & Mrs. Asha M. Chordia                                                                                   |
| Remuneration                                                    | : | As provided in the resolution w.e.f. 01.04.2017                                                                                                                       |
| Payment Schedule                                                | : | Not applicable                                                                                                                                                        |
| Nature, material terms and particulars of the arrangement       | : | Mr. Sunny Mahendra Chordia has been appointed as an employee of the Company on remuneration and terms & conditions as embodied in the resolution given in item no. 4. |
| Duration of the contract                                        | : | He will continue as long as he remains an employee.                                                                                                                   |

Except Mr. Mahendra Madanlal Chordia, Managing Director and Mrs. Asha Mahendra Chordia, Executive Director of the Company, being his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

### **ITEM NO. 5**

The Articles of Association ("AoA") of the Company is presently in force since its incorporation of the Company. The existing Articles of Association are in line with the erstwhile Companies Act 1956, which are thus no longer in full conformity with the Companies Act, 2013 ('New Act'). The New Act is now largely in force and substantive sections of the Act which deal with the general working of companies stand notified. With the coming into force of the Act several articles of the existing Articles of Association of the Company require alteration / deletions. Given this position, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles.

It is thus expedient to adopt new set of Articles of Association (primarily based on Table F set out under the Companies Act, 2013), in place of existing Articles of Association of the Company instead of amending the Articles of Association by alteration/incorporation of provisions of the Companies Act, 2013. Hence the Board of Directors at its meeting held on **August 22, 2017** decided to adopt new set of Articles in place of existing Articles of Association of the Company and seek shareholders' approval for the same.

In terms of section 5 and 14 of the Companies Act, 2013, the consent of the members by way of special resolution is required for adoption of new set of Articles of Association of the Company.

Your approval is sought by e-Voting in terms of the provisions of inter-alia, Section 14 of the Companies Act, 2013, read with the Companies (Incorporation) Rules, 2014.



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A copy of the proposed set of new Articles of Association of the Company would be available for inspection for the members at the Registered Office of the Company during the office hours on any working day, except public holidays and Sunday, between 12.00 p.m. to 2.00 p.m.

The draft of the Article of Association amended as per the Companies Act, 2013 is also available on the website of the company i.e. [www.swarnsarita.com](http://www.swarnsarita.com)

None of the Directors, Key Managerial Personnel of Company and their relatives are concerned or interested in the said resolution.

## **ITEM NO.: 6**

Mr. Mahendra Madanlal Chordia, aged 49 years was appointed as a Managing Director of the Company. He is from Commerce background and has good experience of over 20 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 reward Mr. Mahendra Madanlal Chordia with increase in his upper limit of remuneration from of ₹24,00,000.00 (Rupees Twenty Four Lakhs Only) per annum to increased limit of ₹72,00,000.00 (Rupees Seventy Two Lakhs Only) per annum for the remaining period of his tenure which expires on 31<sup>st</sup> March, 2021 with the rest of the terms and conditions of his appointment as such remaining the same, subject to the same not exceeding the limits as specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

Except Mr. Mahendra Madanlal Chordia (being himself), and Mrs. Asha Mahendra Chordia (being his wife) no other Directors 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.

**Place : Mumbai**  
**Date : 22.08.2017**

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

**For and on behalf of the Board of Directors**  
**Mahendra M. Chordia**  
**Managing Director**  
**DIN: 00175686**

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**Details of Directors seeking appointment / re-appointment at the Annual General Meeting  
[In pursuance of Clause 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements),  
Regulations, 2015]**

| Name of Director              | Age | Nature of expertise                                                    | Qualification                       | Disclosure of relationships between directors inter-se | Membership in the committees of other public Companies | Shareholding of Director |
|-------------------------------|-----|------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------|
| Mr. Mahendra Madanlal Chordia | 49  | He is Expertise in Gold Jewellery Market for about more than 20 years. | He is Commerce Graduate i.e. B.com. | Mrs. Asha Mahendra Chordia – (Wife)                    | NIL                                                    | NIL                      |



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## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting their 25<sup>th</sup> Annual Report on the Audited Statement of Accounts for the Financial Year ended March 31, 2017.

### 1. FINANCIAL RESULTS

Amount in Lakhs

| Particulars                                                           | Consolidated  |               | Standalone    |               |
|-----------------------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                                       | 2016-17       | 2015-2016     | 2016-17       | 2015-2016     |
| Gross Income                                                          | 29018.18      | 32645.79      | 29003.05      | 32512.34      |
| Profit Before Interest and Depreciation                               | 888.31        | 948.88        | 880.13        | 839.81        |
| Finance Charges                                                       | 443.76        | 544.17        | 443.76        | 438.05        |
| Provision for Depreciation                                            | 22.10         | 16.12         | 18.78         | 13.24         |
| <b>Net Profit Before Tax</b>                                          | <b>422.45</b> | <b>388.59</b> | <b>417.59</b> | <b>388.52</b> |
| Provision for Tax                                                     | 133.26        | 118.57        | 130.74        | 120.64        |
| <b>Net Profit After Tax</b>                                           | <b>289.20</b> | <b>270.02</b> | <b>286.85</b> | <b>267.89</b> |
| Balance of Profit brought forward                                     | 4590.78       | 4320.76       | 4582.77       | 4314.88       |
| Balance available for appropriation                                   | 0.00          | 0.00          | 0.00          | 0.00          |
| Proposed Dividend on Equity Shares                                    | 0.00          | 0.00          | 0.00          | 0.00          |
| Tax on proposed Dividend                                              | 0.00          | 0.00          | 0.00          | 0.00          |
| Transfer to General Reserve                                           | 0.00          | 0.00          | 0.00          | 0.00          |
| Fixed Assets Written off as per Section 123(2) of Companies Act, 2013 | 0.00          | 0.00          | 0.00          | 0.00          |
| Surplus carried to Balance Sheet                                      | 4879.98       | 4590.78       | 4869.62       | 4582.77       |

### 2. Brief description of the Company's working during the year/State of Company's affair

#### Consolidated:

The consolidate total income decreased from ₹32645.79 Lakhs to ₹29018.18 Lakhs, decrease of 11.11% over the previous financial year. The Consolidated Net Profit after Tax increase from ₹270.02 Lakhs to ₹289.20 Lakhs, an increase of 7.10% over the previous financial year. The detailed analysis of the consolidated results forms part of the Management Discussion & Analysis Report provided separately as part of the Annual Report.

#### Standalone:

The Standalone total income decrease from ₹32512.34 Lakhs to ₹29003.05 Lakhs, decrease of 10.79% over the previous financial year. The standalone Profit After Tax an increase from ₹267.89 Lakhs to ₹286.85 Lakhs, an increase of 7.08% over the previous financial year.

### 3. COMPANY'S PERFORMANCE AND FUTURE OUTLOOK

Your Company's growth declined during the year under review. The Company's Revenue from operation has fall to ₹28608.53 Lakhs (current year) from ₹32099.15 Lakhs (previous year ) which decreased by 10.87%. The share of Domestic and Export Sales in the revenue from operations is ₹159.27 Crores and ₹125.48 Crores respectively.

During the year under review the Company has opened one branch office in India i.e. Delhi in order to capture the market and expand its business in India. The Company has taken initiative to utilize its own manufacturing facilities and thereby to reduce the overall cost of production which results in economies of scale in the manufacturing facilities.

# SWARNSARITA GEMS LTD.

## **CONTINUED CHALLENGES:**

The shrinking business potential on a long term basis is a cause for concern. Import of gold are coming down in volume terms does not auger well for the growth of the industry.

- Highly fluctuating gold price movement both on account of international price of gold and also on account of INR behavior vs US\$.
- Extra ordinary Government regulations deployed to control the business in all aspects.
- The effect of rupee demonetization is yet to be seen fully.
- In a falling interest regime all the assets classes are stagnated including gold that prompts the customer to postpone purchase of gold as an investment to a future date.
- The implementation of central excise and the proposed GST introduction will extremely affect the business model followed by many entities.
- Continued monsoon failures in the past three consecutive years affected the purchasing power of the rural community where from we operate most of our retail outlets.
- Apart from these new challenges the existing challenges faced by the industry like TCS compulsory furnishing of PAN statutory hallmarking condition exorbitant wage increase necessitated by Minimum Wages Act local laws & its administration continued in this year as well.

## **FUTURE PROSPECTS:**

- Due to strict implementation of various Government restrictions imposed on the trade we are able to see a visible shift in the polarization impact of the industry. It is likely to gather momentum in the post GST era in a couple of years. A marked reduction in the cost of funds by way of metal loan augers well for the industry in the long run. It gives comfort as a hedging instrument and also as interest saver.
- If the first 45 days of the current year is to be reckoned for the expected performance it is likely that the year 2017-18 will be promising in spite of constraints faced by the industry.
- In general expanding gross profit margin better stock turnover times improved volume off take and planned reduction in per gram "cost of sale" of gold will collectively contribute to a sustainable growth in both top & bottom line of the company in the years to come.
- Barring unforeseen circumstances the current year 2017-18 would see a decent growth in performance on all fronts.
- However, the addition of 1 new branches to our existing branch of our business will ensure better visibility and good volume growth in 2016-17.

## **4. DIVIDEND AND RESERVES**

Your Directors do not recommend any dividend for the financial year ended March 31, 2017 in view to conserve the resources of the Company for any future expansion programmes.

## **5. SHARE CAPITAL**

The Paid-up Equity Share Capital of the Company as on 31<sup>st</sup> March, 2017 is ₹20,87,68,000.00 comprising of 2,08,76,800 shares of ₹10.00 each. During the year under review, the Company has not issued any equity shares.

## **6. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Board of Directors of the Company at their meeting held on 28.05.2016 appointed Mr. Dhruvin B. Shah as an Additional Director of the Company and subsequently, he was appointed as an Independent Director to hold office for a period of 5 (five) consecutive years at the 24<sup>th</sup> Annual General Meeting.



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In accordance with section 152(6) of the Companies Act, 2013 and in terms of Articles of Association of the Company Mr. Mahendra M. Chordia (DIN: 00175686), Director of the Company, retires by rotation and being eligible; offers himself for re-appointment at the forthcoming 25<sup>th</sup> Annual General Meeting. The Board recommends the said reappointment for shareholders' approval.

All the directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013.

Mr. Sunil G. Jain has resigned from the post of Whole Time Director of the Company from the Directorship of the Company with effect from 26<sup>th</sup> July, 2017.

## 7. **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3) (c) & 134(5) of the Companies Act, 2013, the Board of Directors of the Company hereby confirms that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) 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;
- (d) the directors have prepared the annual accounts on a going concern basis; and
- (e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 8. **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The information required pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, is enclosed as **Annexure I** and forms part of this Report.

Further, no employee of the Company is earning more than the limits as prescribed pursuant to Section 197 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 in respect of employees of the Company.

Further, the names of top ten employees in terms of remuneration drawn are disclosed in **Annexure II** and forms part of this Report.

## 9. **NUMBER OF BOARD MEETINGS**

A calendar of meetings is prepared and circulated in advance to the Directors. During the year, 5 (Five) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

## 10. **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors

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individually as well as the evaluation of the working of its Committees. The Directors expressed satisfaction with the evaluation process. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## 11. INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosure to the Board that they fulfill all the requirements as to qualify for their appointment as Independent Director, under the provisions of Section 149 read with Schedule IV of the Companies Act, 2013 as well the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

## 12. NOMINATION AND REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy are explained in the Corporate Governance Report.

In terms of requirements prescribed under Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Policy inter-alia providing the terms for appointment and payment of remuneration to Directors and Key Managerial Personnel is annexed to this Report as **Annexure III**.

## 13. DETAILS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As at March 31, 2017, your Company had following Subsidiary Company (ies), however, there was no Joint Venture or Associate Company (ies):

| Sr. No. | Name of the Company                | Category   | Date of becoming Subsidiary/ JV/ Associate Company | Date of ceasing as Subsidiary/ JV/ Associate Company |
|---------|------------------------------------|------------|----------------------------------------------------|------------------------------------------------------|
| 1       | Swarnsarita Realty Private Limited | Subsidiary | 24/12/2012                                         | NIL                                                  |

- Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of subsidiary company (ies) in **Form No. AOC-1** is attached separately as an **Annexure IV** to this report.

## 14. RECONSTITUTION OF THE AUDIT, NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD:

Due to changes in the composition of the Board of Directors, the constitution of the Audit, Nomination and Remuneration committee stands reconstituted as under:

| Name of the Director | Category                             |
|----------------------|--------------------------------------|
| *Mr. Dhruvin Shah    | Chairman & Non-Executive Independent |
| Mr. Vishal Nolkha    | Non-Executive Independent            |
| Mr. Ashok Surana     | Non-Executive Independent            |

- (i) \* Appointed as Chairman with effect from 14<sup>th</sup> December, 2016.

## 15. STATUTORY AUDITORS' AND AUDITORS' REPORT

At the Annual General Meeting held on September 22<sup>nd</sup> 2014, M/s. Suresh Anchaliya & Co., Chartered Accountants were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held for the financial year ended 2019. In the terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the Auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Suresh Anchaliya & Co., Chartered Accountants, as Statutory Auditors of the Company, is placed for ratification of the Shareholders. In this regard, the Company has received a Certificate from the Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

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## Auditors' Report:

The Board has duly reviewed the statutory Auditors' Report on the Accounts. The observations and comments appearing in the Auditors' Report are self-explanatory and do not call for any further explanations/comments/clarification by the Board.

## 16. SECRETARIAL AUDIT

In terms of Section 204 of the Act and Rules made there under, M/s. Deep Shukla & Associates, Practicing Company Secretaries, have been appointed Secretarial Auditors of the Company. The Secretarial Audit Report is enclosed as **Annexure V** to this report.

### Explanation under Section 134(3)(f)(ii) of the Companies Act, 2013:

- Company is in process of searching suitable candidate for Independent Director on Board of unlisted Indian material subsidiary as per regulation 24 of SEBI (LODR) Regulations, 2015.
- Non filing of e-form MGT-14 on MCA portal with respect to the investment made and loan taken by the company due to Technical Issues in filing of e-forms.
- The process of transfer of shares to IEPF account is in process and is further subject to clarifications/notifications as may be issued by the Ministry of Corporate Affairs.

## 17. INTERNAL AUDIT & CONTROLS

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board and to the Managing Director.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal Control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observation and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

Further, M/s. Hiran & Associates, Chartered Accountants issued their Internal Audit Report for the financial year ended 31<sup>st</sup> March, 2017.

## 18. EMPLOYEES' STOCK OPTION PLAN

The Company has not provided stock options to any employee of the Company.

## 19. VIGIL MECHANISM

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.swarnsarita.com](http://www.swarnsarita.com). The employees of the Company are made aware of the said policy at the time of joining the Company.

## 20. RISK MANAGEMENT POLICY

The Company has laid down the procedure to inform the Board about the risk assessment and minimization procedures. These procedures are reviewed by the Board annually to ensure that there is timely identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting.

## 21. EXTRACT OF ANNUAL RETURN

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure VI** and forms part of this Report.

# SWARNSARITA GEMS LTD.

## 22. DEPOSITS

The Company has not accepted nor renewed any fixed deposits during the FY 2016-2017.

## 23. LOANS, INVESTMENTS & GUARANTEES

Particulars of loan given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the notes to the standalone financial statement. (Please refer to Note Nos. 3 & 4 to the standalone financial statement).

## 24. RELATED PARTY TRANSACTIONS

Details of material transactions with Related Parties on an arm's length basis with respect to transaction covered under Section 188(1) of the Act in the prescribed **Form No. AOC-2** is annexed with this Report and marked as **Annexure VII**.

Further, details of Related Party Transaction as required under to be disclosed by Accounting Standard – 18 on “*Related Party Disclosures*” specified under Section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014, are given in the Notes to the Financial Statements.

## 25. CORPORATE GOVERNANCE CERTIFICATE

A Report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of corporate governance as stipulated under SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 and forms a part of this Annual Report.

## 26. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report, which gives a detailed state of affairs of the Company's operations forms a part of this Annual Report.

## 27. DISCLOSURE REQUIREMENTS

As per SEBI Listing Regulations, the Corporate Governance Report with the Auditor's Certificate thereon, and the Management Discussion and Analysis are attached, which form part of this Report.

## 28. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

### (A) Conservation of energy-

Even though its operations are not energy-intensive and manually executed, significant measures are taken to reduce energy consumption by using energy-efficient equipment. The Company regularly reviews power consumption patterns across all locations and implement requisite improvements/changes in the process in order to optimize energy/ power consumption and thereby achieve cost savings. Energy costs comprise a very small part of the Company's total cost of operations. However, as a part of the Company's conservation of energy programme, the management has appealed to all the employees / workers to conserve energy.

### (B) Technology absorption-

- (i) the efforts made towards technology absorption;

The Company values innovation and applies it to every facet of its business. This drives development of distinctive new products, ever improving quality standards and more efficient processes.

The Company has augmented its revenues and per unit price realization by deploying innovative marketing strategies and offering exciting new products. The depth of designing capabilities was the core to our success over the years.

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The Company uses the service of in-house designers as well as those of freelancers in developing product designs as per the emerging market trends. The Company uses innovation in design as well as in technology to develop new products.

- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

As a result of the above, the following benefits have been achieved:

- a. Better efficiency in operations,
- b. Reduced dependence on external sources for technology for developing new products and upgrading existing products,
- c. Expansion of product range and cost reduction,
- d. Greater precision,
- e. Retention of existing customers and expansion of customer base,
- f. Lower inventory stocks resulting in low carrying costs,

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

The Company has not imported any technology during the year under review.

- (a) the details of technology imported;
- (b) the year of import;
- (c) whether the technology been fully absorbed;
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

- (iv) the expenditure incurred on Research and Development.

The Company has not expended any expenditure towards Research and Development during the year under review.

## **RESEARCH AND DEVELOPMENT (R&D):**

R & D is focused on the development of new products both for export and domestic markets. Due emphasis is placed on improving quality standards with enhanced customer satisfaction. This was primarily achieved through process improvements, control on systems, reduction of waste and energy conservation. Effective use of tools and small group activities with the technological support resulted in controlling the variations in processes, maximizing the productivity and minimizing the cost of production.

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

- i) Material evaluation/Characterization of raw materials and rough diamonds.
- ii) Planning, cutting and polishing of diamonds and manufacturing of jewellery.
- iii) In house development of advance software for preventing human errors.
- iv) Designing of jewellery and development of new cuts in diamonds.
- v) Waxing, wax setting, casting, filling and polishing of jewellery.
- vii) Capability development for in- house processes, designs and strategic applications of material for product improvement.

# SWARNSARITA GEMS LTD.

Efforts continued in the direction of fine tuning of the jewellery manufacturing and the changes in designs. These resulted in improvements in product performance.

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

The R & D activities helped to add new quality products and to achieve greater customer acceptance in the retail market. These activities also enabled the Company to reduce waste, increase productivity, achieve higher “customer satisfaction” and derive following benefits:

- Increase product range coupled with technology upgradations and cost reduction;
- Introduction of new products with a focus on achieving global acceptance and in conformity to Indian and International standards;
- Improved quality in diamond and jewellery manufacturing;
- Increased customer base and additional business volumes;
- Reduction in reworks and elimination of manufacturing rejections in jewellery;
- Improved finish and lustre of diamonds;
- Boosting the capabilities, to offer custom-made jewellery and fetching orders in stiff international competition.

**FOREIGN EXCHANGE:**

The Company has transaction in foreign currencies are normally recorded at the average exchange rate prevailing during the period of transaction.

**FOREIGN CURRENCY TRANSACTIONS:**

| Particulars                    | Amt. in Lacs                            |                                         |
|--------------------------------|-----------------------------------------|-----------------------------------------|
|                                | For the Year Ended on<br>March 31, 2017 | For the Year Ended on<br>March 31, 2016 |
| Remittance in Foreign Exchange | NIL                                     | NIL                                     |
| Earning in Foreign Exchange    | 13,120.43                               | 11,273.33                               |
| Export Sales                   | 12547.75                                | 11,788.48                               |

**29. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

During the year, the Company has to transfer a sum of ₹2,50,854.00 and ₹4,52,110.00 to Investor Education & Protection Fund, the amount which was due and payable and remained unclaimed and unpaid for a period of seven years for the F.Y. 2007 – 08 as provided under the Companies Act, 2013. The said fund transferred to Investor Education and Protection Fund Account on 7<sup>th</sup> July, 2016 and 28<sup>th</sup> July, 2016 respectively.

**30. CORPORATE SOCIAL RESPONSIBILITY**

The Company does not meet the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 so there is no requirement to constitute Corporate Social Responsibility Committee.

**31. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9<sup>th</sup> December, 2013. Under the



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said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

## **32. COST AUDIT**

As per the Cost Audit Orders and in terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, Cost Audit is not applicable to our Company.

## **33. GENERAL**

The Financial Statements of the Company prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS'), form part of the Annual Report.

Up to the year ended 31st March, 2016, the Company prepared its Financial Statements in accordance with generally accepted accounting principles in India, including accounting standards read with Section 133 of the Act notified under the Companies (Accounting Standards) Rules, 2006 ('Previous GAAP'). These are the Company's first Ind AS Financial Statements.

During the year ended 31<sup>st</sup> March, 2017, there were no cases filed /reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company confirms that it has paid the Annual Listing Fees for the year 2017-2018 to BSE where the Company's Shares are listed.

During the year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations.

The Securities and exchange Board of India (SEBI) on 2<sup>nd</sup> September 2015 issued SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective from 1<sup>st</sup> December 2015. Accordingly, all the listed entities were required to enter into the Listing Agreement within six months from 1<sup>st</sup> December 2015. The Company has entered into Listing Agreement with BSE Limited in compliance of the said new Regulations.

## **34. HUMAN RESOURCES**

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

## **35. ACKNOWLEDGEMENT**

The Directors would like to thank all shareholders, customers, bankers, suppliers and everybody else with whose help, cooperation and hard work the Company is able to achieve the results. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

**For Swarnsarita Gems Limited**  
**Mahendra M. Chordia**  
**Managing Director**  
**DIN: 00175686**

**For Swarnsarita Gems Limited**  
**Asha M. Chordia**  
**Executive Director**  
**DIN: 00175804**

**Place: Mumbai**  
**Date: 22.08.2017**

# SWARNSARITA GEMS LTD.

## ANNEXURE I

Information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016

- i. The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17:

| Sr. No. | Name of the Director    | Remuneration of each Director for the F.Y. 2016-17 in (₹) | Ratio of remuneration of each Directors to Median remuneration of employees |
|---------|-------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------|
| 1.      | Mr. Mahendra M. Chordia | 18,00,000.00                                              | 10:1                                                                        |
| 2.      | Mr. Sunil Jain          | 14,40,000.00                                              | 8:1                                                                         |
| 3.      | Mrs. Asha M. Chordia    | 9,60,000.00                                               | 5.33:1                                                                      |

- ii. The percentage increase in remuneration of each Director, Managing Director & Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company in the Financial Year 2016-17.

| Name & Designation                 | Remuneration of each Director & KMP for Financial Year 2016-17 (₹) | % increase/ (decrease) in remuneration in the Financial Year 2016-17 |
|------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------|
| <b>A. Directors</b>                |                                                                    |                                                                      |
| Mr. Mahendra M. Chordia, MD        | 18,00,000.00                                                       | 9.09                                                                 |
| Mr. Sunil Jain, ED                 | 14,40,000.00                                                       | 9.09                                                                 |
| Mr. Ashok Surana, I-NED            | -                                                                  | -                                                                    |
| Mr. Vishal R. Nolkha, I-NED        | -                                                                  | -                                                                    |
| Mrs. Asha M. Chordia ED            | 9,60,000.00                                                        | 9.09                                                                 |
| Mr. Dhruvin B. Shah I-NED          | -                                                                  | -                                                                    |
| <b>B. Key Managerial Personnel</b> |                                                                    |                                                                      |
| *Mr. Mahendra M. Chordia, MD       | 18,00,000.00                                                       | 9.09                                                                 |
| Mr. Sanket Dangi, CFO              | 8,40,000.00                                                        | 0.60                                                                 |
| Ms. Prafulla Devaliya CS           | 3,47,097.00                                                        | 17.92                                                                |

MD - Managing Director, I-NED - Independent, Non-Executive Director, ED- Executive Director. CFO – Chief Financial Officer, CS - Company Secretary

Notes:

- Median remuneration of all the employees of the Company for the financial year 2016-2017 is ₹1,80,000.00.
- \* Re-appointed for a 5 years term period w.e.f. 01.04.2016.
- \*\* 3. Mr. Sunil Jain resign on 26th July, 2017 from the post of Whole Time Director

- iii. The percentage increase in the median remuneration of employees in the financial year 2016-2017

| Particulars                          | Financial Year 2016 - 17 (₹) | Financial Year 2015 - 16 (₹) | Increase (%) |
|--------------------------------------|------------------------------|------------------------------|--------------|
| Median remuneration of all employees | 1,80,000.00                  | 1,49,250.00                  | 22.61%       |

Note: The calculation of % increase in the median remuneration has been done based on comparable employees.

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**iv. The number of permanent employees on the rolls of Company.**

There were 137 permanent employees on the roll of Company as on March 31, 2017.

**v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

- Average increase in the remuneration of all employees excluding KMPs: 65.83%
- Average increase in the remuneration of KMPs: 13.07%
- Justification: KMP salary increases due to increase of KMPs remuneration during the Financial year 2016-17.

**vi. Affirmation that the remuneration is as per the Remuneration Policy of the Company**

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, KMPs, Senior Management and other employees of the Company is as per the Remuneration Policy of the Company.

# SWARNSARITA GEMS LTD.

## ANNEXURE II

**Information required under Section 197 of the Companies Act, 2013 read with Rule 5(2)(a) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016**

| Names of employees                              | Designation/<br>Nature of Duties | Remuneration<br>Received<br>[₹] p.a. | Qualification               | Experience<br>in years | Age in<br>years | Date of<br>commencement<br>of employment | Last<br>employment<br>held            | % of<br>shareholding |
|-------------------------------------------------|----------------------------------|--------------------------------------|-----------------------------|------------------------|-----------------|------------------------------------------|---------------------------------------|----------------------|
| Mr. Sunny Mahendra Chordia                      | President - Overseas Mareket     | 30,00,000.00                         | Master in Global Management | 1 year                 | 24              | 01.04.2016                               | NIL                                   | NIL                  |
| Mr. Mahendra Madanlal Chordia                   | Managing Director                | 18,00,000.00                         | Graduate                    | 20 Years               | 48              | 07/03/2011                               | Swarnsarita Jewellers Private Limited | NIL                  |
| *Mr. Sunil G. Jain (resigned w.e.f. 26.07.2017) | Whole Time Director              | 14,40,000.00                         | HSC                         | 15 Years               | 42              | 11/08/2012                               | Swarnsarita Jewellers Private Limited | NIL                  |
| Mr. Lalit S Chordia                             | V.P. Diamond Division            | 12,00,000.00                         | Graduate                    | 14 Years               | 40              | 01/10/2012                               | NA                                    | NIL                  |
| Mr. Vinod Chordia                               | V.P. Gold division               | 12,00,000.00                         | HSC                         | 14 Years               | 41              | 01/04/2015                               | Swarnsarita Jewellers Private Limited | NIL                  |
| Mr. Pankaj Kantilal Kharwad                     | V.P. Manufacturing Division      | 12,00,000.00                         | Graduate                    | 12 Years               | 40              | 01/07/2011                               | NA                                    | NIL                  |
| Mrs. Asha M. Chordia                            | Director                         | 9,60,000.00                          | HSC                         | 8 years                | 45              | 14/11/2014                               | Swarnsarita Jewellers Private Limited | NIL                  |
| Mr. Sanket Dangi                                | CFO                              | 8,40,000.00                          | MBA                         | 1 Year                 | 29              | 05/07/2015                               | ICICI BANK LTD                        | NIL                  |
| Mr. Vardhman Jain                               | Marketing Head                   | 7,80,000.00                          | Graduate                    | 8 Years                | 36              | 01/08/2011                               | NA                                    | NIL                  |
| Ms. Seema Kiran Gianani                         | Designer                         | 6,00,000.00                          | Graduate                    | 3 Years                | 32              | 01/04/2016                               | Professional                          | NIL                  |

The below employees are related to the Directors of the Company.

| Names of Employees         | Names of employees who are relatives of any Director |
|----------------------------|------------------------------------------------------|
| Mr. Mahendra M. Chordia    | Mrs. Asha M. Chordia (Wife)                          |
| Mrs. Asha M. Chordia       | Mr. Mahendra M. Chordia (Husband)                    |
| Mr. Sunny Mahendra Chordia | Mr. Mahendra M. Chordia & Mrs. Asha M. Chordia (Son) |

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## **ANNEXURE - III**

### **NOMINATION AND REMUNERATION POLICY**

#### **CONSTITUTION OF COMMITTEE**

The Board of Directors of the Company ("*the Board*") constituted the committee to be known as the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half are independent directors. The Chairman of the Committee is an Independent Director. However, the chairperson of the company (whether executive or nonexecutive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee."

#### **OBJECTIVE**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees.

The Key Objectives of the Committee would be:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- To formulation of criteria for evaluation of Independent Director and the Board.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To develop a succession plan for the Board and to regularly review the plan.
- To assist the Board in fulfilling responsibilities.
- To Implement and monitor policies and processes regarding principles of corporate governance.

#### **APPLICABILITY**

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

#### **DEFINITIONS:**

"**Act**" shall mean the Companies Act, 2013 and the Rules made thereunder, including the modifications, amendments, clarifications, circulars or re-enactment thereof.

"**Board**" means Board of Directors of the Company.

# SWARNSARITA GEMS LTD.

**“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

**“Company”** means Swarnsarita Gems Limited.

**“Directors”** mean Directors of the Company.

**“Independent Director”** means a Director referred to in Section 149 (6) of the Companies Act, 2013.

**“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes –

- Managing Director, or Executive Director or manager and in their absence, a whole- time director; (includes Executive Chairman)
- Company Secretary;
- Chief Financial Officer; and
- Such other officer as may be prescribed.

**“Policy”** or **“This policy”** means Nomination and Remuneration Policy.

**“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.

**“Senior Management”** Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

*Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and the Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.*

## **ROLE AND POWER OF THE COMMITTEE:-**

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee:

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

Policy for appointment and removal of Director, KMP and Senior Management

(i). Appointment criteria and qualifications

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.



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## (ii). Term / Tenure

### a. Managing Director/Whole-time Director:

- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

### b. Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### c. Evaluation

- The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### d. Removal

- Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### e. Retirement

- The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

#### (i). General:

- The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required;
- The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act;
- Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director;

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- Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- (ii). Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:
  - Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
  - Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
  - Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
- (iii). Remuneration to Non- Executive / Independent Director:
  - Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.
  - Sitting Fees

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Indian Rupee One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
  - Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.
  - Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

## **MEMBERSHIP:-**

- The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

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## **CHAIRMAN:-**

- Chairman of the Committee shall be an Independent Director;
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee;
- In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman;
- Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## **FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

## **COMMITTEE MEMBERS' INTERESTS**

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

## **VOTING**

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **MINUTES OF COMMITTEE MEETING**

- Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

## **IMPLEMENTATION**

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.

## **AMENDMENTS TO THE POLICY**

- The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

## **AMENDMENTS IN THE LAW**

- Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this Policy.

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## ANNEXURE - IV

### FORM AOC-I

**Statement containing salient features of the financial statement of subsidiaries/  
associate companies/joint ventures**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Lakhs.)

|                                                                                                                                 |                                         |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| 1. Sl. No.                                                                                                                      | 1                                       |
| 2. Name of the subsidiary                                                                                                       | M/s. Swarnsarita Realty Private Limited |
| 3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period.                     | Same                                    |
| 4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. | NA                                      |
| 5. Share capital                                                                                                                | 1000.00                                 |
| 6. Reserves & surplus                                                                                                           | 11.35                                   |
| 7. Total assets                                                                                                                 | 2310.28                                 |
| 8. Total Liabilities                                                                                                            | 2310.28                                 |
| 9. Investments                                                                                                                  | 0.00                                    |
| 10. Turnover                                                                                                                    | 52.68                                   |
| 11. Profit before taxation                                                                                                      | 4.87                                    |
| 12. Provision for taxation                                                                                                      | 1.53                                    |
| 13. Profit after taxation                                                                                                       | 3.34                                    |
| 14. Proposed Dividend                                                                                                           | NIL                                     |
| 15. % of shareholding                                                                                                           | 100%                                    |

For Swarnsarita Gems Limited  
Mahendra M. Chordia  
Managing Director  
DIN: 00175686

For Swarnsarita Gems Limited  
Asha M. Chordia  
Executive Director  
DIN: 00175804

Place: Mumbai  
Date: 22.08.2017

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## ANNEXURE - V

### SECRETARIAL AUDIT REPORT

**For the financial year ended March 31, 2017**

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To

**The Members**

**SWARNSARITA GEMS LIMITED**

**Regd. Office:** 17/19, Ground Floor,  
Dhanji Street, Mumbai- 400003.  
Maharashtra, India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Swarnsarita Gems Limited** (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2017 ('Audit Period') complied with the statutory provisions listed hereunder, subject to specified qualification(s) / observation(s) mentioned below, however, the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings *(to the extent as may be applicable to the Company)*;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 *(Not Applicable to the Company during the Audit Period)*;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 *(Not Applicable to the Company during the Audit Period)*;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 *(Not Applicable to the Company during the Audit Period)*;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(*Not Applicable to the Company during the Audit Period*);and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998(*Not Applicable to the Company during the Audit Period*);
- (vi) There were no other specific laws applicable to the Company, taking into consideration the business operations of the Company

I have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (b) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited along with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable for respective periods.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to following observations/qualifications:

- Non appointment of one Independent Director on Board of unlisted Indian material subsidiary as per regulation 24 of SEBI (LODR) Regulations, 2015.
- Non filing of e-form MGT-14 on MCA portal with respect to the investments made and loan taken by the Company during the year under review.
- The process of transfer of shares to IEPF account is in process and is further subject to clarifications/notifications as may be issued by the Ministry of Corporate Affairs.

**I further report that:**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the resolutions were passed with consent of majority Directors and minutes were prepared accordingly.

**I further report that:**

- there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, guidelines and standards.

**For: M/s. DEEP SHUKLA & ASSOCIATES**  
**COMPANY SECRETARIES**  
**DEEP SHUKLA**  
**{PROPRIETOR}**  
**FCS: 5652**  
**CP. NO.5364**

**Place: Mumbai**  
**Date : 22.08.2017**

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## ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To  
**The Members**  
**SWARNSARITA GEMS LIMITED**

I further state that my said report of the even date has to be read along with this letter.

1. Maintenance of Secretarial/ Statutory Records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these records based on the audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required I have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination is limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For: M/s. DEEP SHUKLA & ASSOCIATES**  
**COMPANY SECRETARIES**  
**DEEP SHUKLA**  
**{PROPRIETOR}**  
**FCS: 5652**  
**CP. NO.5364**

**Place: Mumbai**  
**Date : 22.08.2017**



# SWARNSARITA GEMS LTD.

## Annexure VI FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.]

#### I. REGISTRATION & OTHER DETAILS:

|                                                                            |                                                                                                                                                                                                 |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CIN                                                                        | L36911MH1992PLC068283                                                                                                                                                                           |
| Registration Date                                                          | 25.08.1992                                                                                                                                                                                      |
| Name of the Company                                                        | SWARNSARITA GEMS LIMITED                                                                                                                                                                        |
| Category/Sub-category of the Company                                       | COMPANY LIMITED BY SHARES / INDIAN NON-GOVERNMENT COMPANY                                                                                                                                       |
| Address of the Registered office & contact details                         | 17/19 GROUND FLOOR, DHANJI STREET, MUMBAI-400003                                                                                                                                                |
| Whether listed company                                                     | LISTED                                                                                                                                                                                          |
| Name, Address & contact details of the Registrar & Transfer Agent, if any. | SHAREX DYNAMIC ( INDIA ) PRIVATE LIMITED<br>ADD.: UNIT NO. 1, LUTHRA INDUSTRIAL PREMISES, ANDHERI KURLA ROAD, SAFED POOL, ANDHERI (EAST), MUMBAI- 400 072.<br>TEL NO.: 022 – 28515606/5644/6338 |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--------------------------------------------------|---------------------------------|------------------------------------|
| 1      | Manufacturing of Gold Jewellery                  | 32111                           | 100%                               |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

| S. No. | Name and Address of the Company                                                                                                                | CIN/GLN               | % of Shares held | Applicable Section |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------|--------------------|
| 1      | <b>Swarnsarita Realty Private Limited</b><br>Office No. 115, Floor-1st, Plot-21,<br>Panchratna, Mama Parmanad Marg, Opera House, Mumbai 400004 | U45400MH2012PTC232896 | 100%             | 2(46)              |

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## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i. Category-wise Share Holding

| Category of Shareholders                                               | No. of Shares held at the beginning of the year [As on 01-04-2016] |             |                  |                   | No. of Shares held at the end of the year [As on 31-03-2017] |             |                  |                   | % Change during the year |
|------------------------------------------------------------------------|--------------------------------------------------------------------|-------------|------------------|-------------------|--------------------------------------------------------------|-------------|------------------|-------------------|--------------------------|
|                                                                        | Demat                                                              | Physical    | Total            | % of Total Shares | Demat                                                        | Physical    | Total            | % of Total Shares |                          |
| <b>A. Promoters</b>                                                    |                                                                    |             |                  |                   |                                                              |             |                  |                   |                          |
| <b>(1) Indian</b>                                                      |                                                                    |             |                  |                   |                                                              |             |                  |                   |                          |
| a) Individual/ HUF                                                     | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| b) Central Govt                                                        | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| c) State Govt(s)                                                       | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| d) Bodies Corp.                                                        | 80,78,761                                                          | 0.00        | 80,78,761        | 38.697            | 89,68,761                                                    | 0.00        | 89,68,761        | 42.96             | 4.26                     |
| e) Banks / FII                                                         | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| f) Any other                                                           | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| <b>Sub – Total (A) (1):-</b>                                           | <b>80,78,761</b>                                                   | <b>0.00</b> | <b>80,78,761</b> | <b>38.697</b>     | <b>89,68,761</b>                                             | <b>0.00</b> | <b>89,68,761</b> | <b>42.96</b>      | <b>4.26</b>              |
| <b>(2) Foreign</b>                                                     |                                                                    |             |                  |                   |                                                              |             |                  |                   |                          |
| a) NRIs – Individuals                                                  | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| b) Other-Individuals                                                   | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| c) Bodies Corporate                                                    | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| d ) Banks / FII                                                        | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| e) Qualified Foreign Investor                                          | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| e) Any Other Specify                                                   | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| <b>Sub – Total (A) (2):-</b>                                           | <b>0.00</b>                                                        | <b>0.00</b> | <b>0.00</b>      | <b>0.00</b>       | <b>0.00</b>                                                  | <b>0.00</b> | <b>0.00</b>      | <b>0.00</b>       | <b>0.00</b>              |
| <b>Total Shareholding of Promoters (A) = (A) (1) + (A)(2)</b>          | <b>80,78,761</b>                                                   | <b>0.00</b> | <b>80,78,761</b> | <b>38.697</b>     | <b>89,68,761</b>                                             | <b>0.00</b> | <b>89,68,761</b> | <b>42.96</b>      | <b>4.26</b>              |
| <b>B. Public Shareholding</b>                                          |                                                                    |             |                  |                   |                                                              |             |                  |                   |                          |
| <b>1. Institutions</b>                                                 |                                                                    |             |                  |                   |                                                              |             |                  |                   |                          |
| a) Mutual Funds                                                        | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| b) Banks / FI                                                          | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| c) Central Govt                                                        | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| d) State Govt(s)                                                       | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| e) Venture Capital Funds                                               | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| f) Insurance Companies                                                 | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| g) FIIs                                                                | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| h) Foreign Venture Capital Funds                                       | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| i) Others (specify)                                                    | 0.00                                                               | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| <b>Sub-total (B)(1):-</b>                                              | <b>0.00</b>                                                        | <b>0.00</b> | <b>0.00</b>      | <b>0.00</b>       | <b>0.00</b>                                                  | <b>0.00</b> | <b>0.00</b>      | <b>0.00</b>       | <b>0.00</b>              |
| <b>2. Non-Institutions</b>                                             |                                                                    |             |                  |                   |                                                              |             |                  |                   |                          |
| <b>a) Bodies Corp.</b>                                                 |                                                                    |             |                  |                   |                                                              |             |                  |                   |                          |
| i) Indian                                                              | 23,26,925                                                          | 2,300       | 23,29,225        | 11.157            | 12,70,609                                                    | 2,300       | 12,72,909        | 6.097             | -5.060                   |
| ii) Overseas                                                           | 0.0                                                                | 0.00        | 0.00             | 0.00              | 0.00                                                         | 0.00        | 0.00             | 0.00              | 0.00                     |
| <b>b) Individuals</b>                                                  |                                                                    |             |                  |                   |                                                              |             |                  |                   |                          |
| i) Individual shareholders holding nominal share capital up to ₹1 lakh | 12,25,271                                                          | 6,25,025    | 18,50,296        | 8.863             | 12,44,689                                                    | 6,21,225    | 18,65,914        | 8.938             | 0.075                    |

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|                                                                                |                    |                 |                    |               |                    |                 |                    |               |              |
|--------------------------------------------------------------------------------|--------------------|-----------------|--------------------|---------------|--------------------|-----------------|--------------------|---------------|--------------|
| ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 83,11,297          | 0.00            | 83,11,297          | 39.811        | 78,51,350          | 0.00            | 78,51,350          | 37.608        | -2.203       |
| <b>c) Others (specify)</b>                                                     |                    |                 |                    |               |                    |                 |                    |               |              |
| Non Resident Indians                                                           | 13,536             | 89,400          | 1,02,936           | 0.493         | 83,535             | 89,400          | 1,72,935           | 0.828         | 0.335        |
| Overseas Corporate Bodies                                                      | 0.00               | 0.00            | 0.00               | 0.00          | 0.00               | 0.00            | 0.00               | 0.00          | 0.00         |
| Foreign Nationals                                                              | 0.00               | 0.00            | 0.00               | 0.00          | 0.00               | 0.00            | 0.00               | 0.00          | 0.00         |
| Clearing Members                                                               | 2,04,285           | 0.00            | 2,04,285           | 0.979         | 7,44,931           | 0.00            | 7,44,931           | 3.568         | 2.589        |
| Trusts                                                                         | 0.00               | 0.00            | 0.00               | 0.00          | 0.00               | 0.00            | 0.00               | 0.00          | 0.00         |
| Foreign Bodies - D R                                                           | 0.00               | 0.00            | 0.00               | 0.00          | 0.00               | 0.00            | 0.00               | 0.00          | 0.00         |
| <b>Sub-total (B)(2):-</b>                                                      | <b>1,20,81,314</b> | <b>7,16,725</b> | <b>1,27,98,039</b> | <b>61.303</b> | <b>1,11,95,114</b> | <b>7,12,925</b> | <b>1,19,08,039</b> | <b>57.04</b>  | <b>-4.26</b> |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>                            | <b>1,20,81,314</b> | <b>7,16,725</b> | <b>1,27,98,039</b> | <b>61.303</b> | <b>1,11,95,114</b> | <b>7,12,925</b> | <b>1,19,08,039</b> | <b>57.04</b>  | <b>-4.26</b> |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                         | 0.00               | 0.00            | 0.00               | 0.00          | 0.00               | 0.00            | 0.00               | 0.00          | 0.00         |
| <b>Grand Total (A+B+C)</b>                                                     | <b>2,01,60,075</b> | <b>7,16,725</b> | <b>2,08,76,800</b> | <b>100.00</b> | <b>2,01,63,875</b> | <b>7,12,925</b> | <b>2,08,76,800</b> | <b>100.00</b> | <b>0.00</b>  |

## ii. Shareholding of Promoter:-

| Sr. No. | Shareholder's Name                         | Shareholding at the beginning of the year |                                  |                                                  | Shareholding at the end of the year |                                  |                                                  | % change in shareholding during the year |
|---------|--------------------------------------------|-------------------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------|----------------------------------|--------------------------------------------------|------------------------------------------|
|         |                                            | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |                                          |
| 1       | M/s. Swarnsarita Jewellers Private Limited | 80,78,761                                 | 38.70                            | 30.00                                            | 89,68,761                           | 42.96                            | 30.00                                            | 4.26                                     |

## iii. Change in Promoters' Shareholding (please specify, if there is no change)

| SN | Particulars                                                                                                                                                                    | Shareholding at the beginning of the year |                                  | Increase/Decrease in Shareholding during the year |               | Cumulative Shareholding during the year |                                  |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|---------------------------------------------------|---------------|-----------------------------------------|----------------------------------|
|    |                                                                                                                                                                                | No. of shares                             | % of total shares of the company | Date                                              | No. of Shares | No. of shares                           | % of total shares of the company |
| 1  | At the beginning of the year                                                                                                                                                   | 80,78,761                                 | 38.70                            | 0.00                                              | 0.00          | 0.00                                    | 0.00                             |
|    | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | 0.00                                      | 0.00                             | 21.03.2017                                        | 1,50,000      | 82,28,761                               | 39.42                            |
|    |                                                                                                                                                                                | 0.00                                      | 0.00                             | 22.03.2017                                        | 1,50,000      | 83,78,761                               | 40.13                            |
|    |                                                                                                                                                                                | 0.00                                      | 0.00                             | 23.03.2017                                        | 1,00,000      | 84,78,761                               | 40.61                            |
|    |                                                                                                                                                                                | 0.00                                      | 0.00                             | 24.03.2017                                        | 1,00,000      | 85,78,761                               | 41.09                            |
|    |                                                                                                                                                                                | 0.00                                      | 0.00                             | 27.03.2017                                        | 1,00,000      | 86,78,761                               | 41.57                            |
|    |                                                                                                                                                                                |                                           |                                  | 28.03.2017                                        | 1,00,000      | 87,78,761                               | 42.05                            |
|    |                                                                                                                                                                                |                                           |                                  | 29.03.2017                                        | 1,90,000      | 89,68,761                               | 42.96                            |
|    | At the end of the year                                                                                                                                                         | 89,68,761                                 | 42.96                            |                                                   |               |                                         |                                  |

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## iv. Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs) :

| Sr. No. | For Each of the Top 10 Shareholders     | Shareholding at the beginning of the year 01/04/2016 |                                  | Increase/ Decrease in Shareholding during the year |               | Cumulative Shareholding during the year |                                  | Shareholding at the end of the year 31/03/2017 |                                  |
|---------|-----------------------------------------|------------------------------------------------------|----------------------------------|----------------------------------------------------|---------------|-----------------------------------------|----------------------------------|------------------------------------------------|----------------------------------|
|         |                                         | No. of Shares                                        | % of total shares of the Company | Date                                               | No. of Shares | No. of Shares                           | % of total shares of the Company | No. of Shares                                  | % of total shares of the Company |
| 1.      | GRACEUNITED REAL ESTATE PRIVATE LIMITED | 4,49,108                                             | 2.151                            | 08-04-2016                                         | -6450         | 442658                                  | 2.12                             |                                                |                                  |
|         |                                         |                                                      |                                  | 15-04-2016                                         | -3500         | 439158                                  | 2.10                             |                                                |                                  |
|         |                                         |                                                      |                                  | 20-05-2016                                         | 29000         | 468158                                  | 2.24                             |                                                |                                  |
|         |                                         |                                                      |                                  | 27-05-2016                                         | -21450        | 446708                                  | 2.14                             |                                                |                                  |
|         |                                         |                                                      |                                  | 03-06-2016                                         | 22695         | 469403                                  | 2.248                            |                                                |                                  |
|         |                                         |                                                      |                                  | 10-06-2016                                         | -25000        | 444403                                  | 2.129                            |                                                |                                  |
|         |                                         |                                                      |                                  | 17-06-2016                                         | 40115         | 484518                                  | 2.321                            |                                                |                                  |
|         |                                         |                                                      |                                  | 24-06-2016                                         | -38000        | 446518                                  | 2.139                            |                                                |                                  |
|         |                                         |                                                      |                                  | 30-06-2016                                         | 40000         | 486518                                  | 2.33                             |                                                |                                  |
|         |                                         |                                                      |                                  | 08-07-2016                                         | -30130        | 456388                                  | 2.186                            |                                                |                                  |
|         |                                         |                                                      |                                  | 15-07-2016                                         | -28300        | 428088                                  | 2.051                            |                                                |                                  |
|         |                                         |                                                      |                                  | 22-07-2016                                         | -39947        | 388141                                  | 1.859                            |                                                |                                  |
|         |                                         |                                                      |                                  | 29-07-2016                                         | 2600          | 390741                                  | 1.872                            |                                                |                                  |
|         |                                         |                                                      |                                  | 19-08-2016                                         | 39100         | 429841                                  | 2.059                            |                                                |                                  |
|         |                                         |                                                      |                                  | 26-08-2016                                         | -30900        | 398941                                  | 1.911                            |                                                |                                  |
|         |                                         |                                                      |                                  | 16-09-2016                                         | 13147         | 412088                                  | 1.974                            |                                                |                                  |
|         |                                         |                                                      |                                  | 23-09-2016                                         | 26984         | 439072                                  | 2.103                            |                                                |                                  |
|         |                                         |                                                      |                                  | 30-09-2016                                         | -200          | 438872                                  | 2.102                            |                                                |                                  |
|         |                                         |                                                      |                                  | 07-10-2016                                         | 40450         | 479322                                  | 2.296                            |                                                |                                  |
|         |                                         |                                                      |                                  | 14-10-2016                                         | -22000        | 457322                                  | 2.191                            |                                                |                                  |
|         |                                         |                                                      |                                  | 21-10-2016                                         | 11800         | 469122                                  | 2.247                            |                                                |                                  |
|         |                                         |                                                      |                                  | 28-10-2016                                         | -18044        | 451078                                  | 2.161                            |                                                |                                  |
|         |                                         |                                                      |                                  | 11-11-2016                                         | 20723         | 471801                                  | 2.26                             |                                                |                                  |
|         |                                         |                                                      |                                  | 18-11-2016                                         | -31323        | 440478                                  | 2.11                             |                                                |                                  |
|         |                                         |                                                      |                                  | 02-12-2016                                         | 60000         | 500478                                  | 2.397                            |                                                |                                  |
|         |                                         |                                                      |                                  | 09-12-2016                                         | -25600        | 474878                                  | 2.275                            |                                                |                                  |
|         |                                         |                                                      |                                  | 23-12-2016                                         | -2033         | 472845                                  | 2.265                            |                                                |                                  |
|         |                                         |                                                      |                                  | 30-12-2016                                         | 25100         | 497945                                  | 2.385                            |                                                |                                  |
|         |                                         |                                                      |                                  | 27-01-2017                                         | 1300          | 499245                                  | 2.391                            |                                                |                                  |
|         |                                         |                                                      |                                  | 03-02-2017                                         | -116767       | 382478                                  | 1.832                            |                                                |                                  |
|         |                                         |                                                      |                                  | 10-03-2017                                         | 25475         | 407953                                  | 1.954                            |                                                |                                  |
|         |                                         |                                                      |                                  | 17-03-2017                                         | -25475        | 382478                                  | 1.832                            | 382478                                         | 1.832                            |

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|    |                                                       |        |       |            |         |        |       |        |       |
|----|-------------------------------------------------------|--------|-------|------------|---------|--------|-------|--------|-------|
| 2. | SPARKLE<br>SECURITIES<br>SOLUTIONS<br>PRIVATE LIMITED | 100100 | 0.479 | 08-04-2016 | 100000  | 200100 | 0.958 |        |       |
|    |                                                       |        |       | 15-04-2016 | 35300   | 235400 | 1.128 |        |       |
|    |                                                       |        |       | 22-04-2016 | -35200  | 200200 | 0.959 |        |       |
|    |                                                       |        |       | 29-04-2016 | 250     | 200450 | 0.96  |        |       |
|    |                                                       |        |       | 06-05-2016 | 61300   | 261750 | 1.254 |        |       |
|    |                                                       |        |       | 13-05-2016 | 87250   | 349000 | 1.672 |        |       |
|    |                                                       |        |       | 20-05-2016 | 108700  | 457700 | 2.192 |        |       |
|    |                                                       |        |       | 27-05-2016 | 375     | 458075 | 2.194 |        |       |
|    |                                                       |        |       | 03-06-2016 | 75150   | 533225 | 2.554 |        |       |
|    |                                                       |        |       | 10-06-2016 | 50000   | 583225 | 2.794 |        |       |
|    |                                                       |        |       | 17-06-2016 | 40500   | 623725 | 2.988 |        |       |
|    |                                                       |        |       | 24-06-2016 | -140700 | 483025 | 2.314 |        |       |
|    |                                                       |        |       | 30-06-2016 | -283025 | 200000 | 0.958 |        |       |
|    |                                                       |        |       | 01-07-2016 | 60000   | 260000 | 1.245 |        |       |
|    |                                                       |        |       | 08-07-2016 | 76000   | 336000 | 1.609 |        |       |
|    |                                                       |        |       | 15-07-2016 | -35945  | 300055 | 1.437 |        |       |
|    |                                                       |        |       | 22-07-2016 | 111150  | 411205 | 1.97  |        |       |
|    |                                                       |        |       | 29-07-2016 | -67755  | 343450 | 1.645 |        |       |
|    |                                                       |        |       | 05-08-2016 | 11505   | 354955 | 1.7   |        |       |
|    |                                                       |        |       | 12-08-2016 | 2600    | 357555 | 1.713 |        |       |
|    |                                                       |        |       | 19-08-2016 | -5000   | 352555 | 1.689 |        |       |
|    |                                                       |        |       | 26-08-2016 | 58000   | 410555 | 1.967 |        |       |
|    |                                                       |        |       | 02-09-2016 | 1300    | 411855 | 1.973 |        |       |
|    |                                                       |        |       | 09-09-2016 | 2155    | 414010 | 1.983 |        |       |
|    |                                                       |        |       | 16-09-2016 | 83850   | 497860 | 2.385 |        |       |
|    |                                                       |        |       | 23-09-2016 | -700    | 497160 | 2.381 |        |       |
|    |                                                       |        |       | 30-09-2016 | 11445   | 508605 | 2.436 |        |       |
|    |                                                       |        |       | 07-10-2016 | -26825  | 481780 | 2.308 |        |       |
|    |                                                       |        |       | 14-10-2016 | 30613   | 512393 | 2.454 |        |       |
|    |                                                       |        |       | 21-10-2016 | -35400  | 476993 | 2.285 |        |       |
|    |                                                       |        |       | 28-10-2016 | 134200  | 611193 | 2.928 |        |       |
|    |                                                       |        |       | 04-11-2016 | -15916  | 595277 | 2.851 |        |       |
|    |                                                       |        |       | 11-11-2016 | 33227   | 628504 | 3.011 |        |       |
|    |                                                       |        |       | 18-11-2016 | 33650   | 662154 | 3.172 |        |       |
|    |                                                       |        |       | 25-11-2016 | -158470 | 503684 | 2.413 |        |       |
|    |                                                       |        |       | 02-12-2016 | -79600  | 424084 | 2.031 |        |       |
|    |                                                       |        |       | 09-12-2016 | 26310   | 450394 | 2.157 |        |       |
|    |                                                       |        |       | 16-12-2016 | 74950   | 525344 | 2.516 |        |       |
|    |                                                       |        |       | 23-12-2016 | -99145  | 426199 | 2.041 |        |       |
|    |                                                       |        |       | 30-12-2016 | -62450  | 363749 | 1.742 |        |       |
|    |                                                       |        |       | 06-01-2017 | 2250    | 365999 | 1.753 |        |       |
|    |                                                       |        |       | 13-01-2017 | 860     | 366859 | 1.757 |        |       |
|    |                                                       |        |       | 20-01-2017 | 89770   | 456629 | 2.187 |        |       |
|    |                                                       |        |       | 27-01-2017 | 85000   | 541629 | 2.594 |        |       |
|    |                                                       |        |       | 03-02-2017 | 20400   | 562029 | 2.692 |        |       |
|    |                                                       |        |       | 10-02-2017 | -14320  | 547709 | 2.624 |        |       |
|    |                                                       |        |       | 17-02-2017 | -7000   | 540709 | 2.59  |        |       |
|    |                                                       |        |       | 24-02-2017 | 8300    | 549009 | 2.63  |        |       |
|    |                                                       |        |       | 03-03-2017 | -50459  | 498550 | 2.388 |        |       |
|    |                                                       |        |       | 10-03-2017 | -20500  | 478050 | 2.29  |        |       |
|    |                                                       |        |       | 17-03-2017 | 200     | 478250 | 2.291 |        |       |
|    |                                                       |        |       | 24-03-2017 | 7001    | 485251 | 2.324 |        |       |
|    |                                                       |        |       | 31-03-2017 | -126277 | 358974 | 1.719 | 358974 | 1.719 |

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|     |                                              |        |       |            |         |        |       |        |       |
|-----|----------------------------------------------|--------|-------|------------|---------|--------|-------|--------|-------|
| 3.  | SHIVAJIRAO S. JONDALE                        | 330000 | 1.581 | 19-08-2016 | 21000   | 351000 | 1.681 | 351000 | 1.681 |
| 4.  | LUXMI KANT GUPTA                             | 222321 | 1.065 | 06-05-2016 | 1       | 222322 | 1.065 |        |       |
|     |                                              |        |       | 20-05-2016 | 551     | 222873 | 1.068 |        |       |
|     |                                              |        |       | 29-07-2016 | 41754   | 264627 | 1.268 |        |       |
|     |                                              |        |       | 23-12-2016 | 41754   | 306381 | 1.468 |        |       |
|     |                                              |        |       | 10-02-2017 | 1       | 306382 | 1.468 | 306382 | 1.468 |
| 5.  | SPARKLINE MERCANTILE COMPANY PRIVATE LIMITED | 303025 | 1.451 | 15-07-2016 | -48900  | 254125 | 1.217 |        |       |
|     |                                              |        |       | 29-07-2016 | -961    | 253164 | 1.213 |        |       |
|     |                                              |        |       | 23-09-2016 | -100000 | 153164 | 0.734 |        |       |
|     |                                              |        |       | 31-03-2017 | 100000  | 253164 | 1.213 | 253164 | 1.213 |
| 6.  | SADHANA NABERA                               | 53500  | 0.256 | 22-04-2016 | 25000   | 78500  | 0.376 |        |       |
|     |                                              |        |       | 24-06-2016 | 95000   | 173500 | 0.831 |        |       |
|     |                                              |        |       | 15-07-2016 | 120300  | 293800 | 1.407 |        |       |
|     |                                              |        |       | 05-08-2016 | -60000  | 233800 | 1.12  |        |       |
|     |                                              |        |       | 26-08-2016 | -34000  | 199800 | 0.957 |        |       |
|     |                                              |        |       | 31-03-2017 | 28550   | 228350 | 1.094 | 228350 | 1.094 |
| 7.  | INDIRA PRIYA DARSHINI MK                     | 165000 | 0.79  | 24-06-2016 | 61000   | 226000 | 1.083 | 226000 | 1.083 |
| 8.  | KISHANLAL LIKHAMICHAND BOTHRA (HUF)          | 208262 | 0.998 | -          | -       | -      | -     | 208262 | 0.998 |
| 9.  | BALCHAND JAIN                                | 200000 | 0.958 | -          | -       | -      | -     | 200000 | 0.958 |
| 10. | ASHOKKUMAR S JAIN (HUF)                      | 250000 | 1.198 | 31-03-2017 | -200000 | 50000  | 0.24  | 50000  | 0.24  |

## v. Shareholding of Directors and Key Managerial Personnel:

| SN | Shareholding of each Directors and each Key Managerial Personnel                                                                                                              | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|    |                                                                                                                                                                               | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|    | At the beginning of the year                                                                                                                                                  | 0.00                                      | 0.00                             | 0.00                                    | 0.00                             |
|    | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | 0.00                                      | 0.00                             | 0.00                                    | 0.00                             |
|    | At the end of the year                                                                                                                                                        | 0.00                                      | 0.00                             | 0.00                                    | 0.00                             |

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## V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

|                                                            | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total Indebtedness |
|------------------------------------------------------------|-------------------------------------|--------------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |          |                    |
| i) Principal Amount                                        | 82,19,20,662.00                     | 0.00               | 0.00     | 82,19,20,662.00    |
| ii) Interest due but not paid                              | 0.00                                | 0.00               | 0.00     | 0.00               |
| iii) Interest accrued but not due                          | 0.00                                | 0.00               | 0.00     | 0.00               |
| <b>Total (i+ii+iii)</b>                                    | 82,19,20,662.00                     | 0.00               | 0.00     | 82,19,20,662.00    |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                    |          |                    |
| * Addition                                                 | 4,70,46,04,726.00                   | 0.00               | 0.00     | 4,70,46,04,726.00  |
| * Reduction                                                | 4,73,26,90,987.00                   | 0.00               | 0.00     | 4,73,26,90,987.00  |
| <b>Net Change</b>                                          | (2,80,86,261.00)                    | 0.00               | 0.00     | (2,80,86,261.00)   |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                    |          |                    |
| i) Principal Amount                                        | 79,38,34,401.00                     | 0.00               | 0.00     | 79,38,34,401.00    |
| ii) Interest due but not paid                              | 0.00                                | 0.00               | 0.00     | 0.00               |
| iii) Interest accrued but not due                          | 0.00                                | 0.00               | 0.00     | 0.00               |
| <b>Total (i+ii+iii)</b>                                    | 79,38,34,401.00                     | 0.00               | 0.00     | 79,38,34,401.00    |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sr. No. | Particulars of Remuneration                                                         | Name of MD/WTD/ Manager      |                         |                      | Total Amount        |
|---------|-------------------------------------------------------------------------------------|------------------------------|-------------------------|----------------------|---------------------|
|         |                                                                                     | Mr. Mahendra M. Chordia (MD) | Mr. Sunil G. Jain (WTD) | Mrs. Asha M. Chordia |                     |
| 1       | <b>Gross salary</b>                                                                 | 18,00,000.00                 | 14,40,000.00            | 9,60,000.00          | <b>42,00,000.00</b> |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0.00                         | 0.00                    | 0.00                 | <b>0.00</b>         |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 0.00                         | 0.00                    | 0.00                 | <b>0.00</b>         |
|         | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | 0.00                         | 0.00                    | 0.00                 | <b>0.00</b>         |
| 2       | <b>Stock Option</b>                                                                 | 0.00                         | 0.00                    | 0.00                 | <b>0.00</b>         |
| 3       | <b>Sweat Equity</b>                                                                 | 0.00                         | 0.00                    | 0.00                 | <b>0.00</b>         |
| 4       | <b>Commission</b><br>- as % of profit<br>- others, specify...                       | 0.00                         | 0.00                    | 0.00                 | <b>0.00</b>         |
| 5       | <b>Others, please specify</b>                                                       | 0.00                         | 0.00                    | 0.00                 | <b>0.00</b>         |
|         | <b>Total (A)</b>                                                                    | 18,00,000.00                 | 14,40,000.00            | 9,60,000.00          | <b>42,00,000.00</b> |
|         | <b>Ceiling as per the Act</b>                                                       | 120.00 Lakhs                 | 120.00 Lakhs            | 120.00 Lakhs         |                     |



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## B. Remuneration to other directors

| SN | Particulars of Remuneration                | Name of Directors |                |  | Total Amount |
|----|--------------------------------------------|-------------------|----------------|--|--------------|
| 1  | Independent Directors                      |                   |                |  |              |
|    | Fee for attending board committee meetings |                   |                |  |              |
|    | Commission                                 |                   |                |  |              |
|    | Others, please specify                     |                   |                |  |              |
|    | Total (1)                                  |                   | NOT APPLICABLE |  |              |
| 2  | Other Non-Executive Directors              |                   |                |  |              |
|    | Fee for attending board committee meetings |                   |                |  |              |
|    | Commission                                 |                   |                |  |              |
|    | Others, please specify                     |                   |                |  |              |
|    | Total (2)                                  |                   |                |  |              |
|    | Total (B)=(1+2)                            |                   |                |  |              |
|    | Total Managerial Remuneration              |                   |                |  |              |
|    | Overall Ceiling as per the Act             |                   |                |  |              |

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| SN | Particulars of Remuneration                                                         | Key Managerial Personnel |                            |                        |              |
|----|-------------------------------------------------------------------------------------|--------------------------|----------------------------|------------------------|--------------|
|    |                                                                                     | CEO                      | Ms. Prafulla Devaliya - CS | Mr. Sanket Dangi - CFO | Total        |
| 1  | Gross salary                                                                        | 0.00                     | 3,47,097.00                | 8,40,000.00            | 11,87,097.00 |
|    | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0.00                     | 0.00                       | 0.00                   | 0.00         |
|    | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 0.00                     | 0.00                       | 0.00                   | 0.00         |
|    | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | 0.00                     | 0.00                       | 0.00                   | 0.00         |
| 2  | Stock Option                                                                        | 0.00                     | 0.00                       | 0.00                   | 0.00         |
| 3  | Sweat Equity                                                                        | 0.00                     | 0.00                       | 0.00                   | 0.00         |
| 4  | Commission                                                                          | 0.00                     | 0.00                       | 0.00                   | 0.00         |
|    | - as % of profit                                                                    | 0.00                     | 0.00                       | 0.00                   | 0.00         |
|    | Others, specify...                                                                  | 0.00                     | 0.00                       | 0.00                   | 0.00         |
| 5  | Others, please specify                                                              | 0.00                     | 0.00                       | 0.00                   | 0.00         |
|    | Total                                                                               | 0.00                     | 3,47,097.00                | 8,40,000.00            | 11,87,097.00 |

# SWARNSARITA GEMS LTD.

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|-----------------------------------------------------------|------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              | <b>None</b>       |                                                           |                              |                                    |
| Penalty                             |                              |                   |                                                           |                              |                                    |
| Punishment                          |                              |                   |                                                           |                              |                                    |
| Compounding                         |                              |                   |                                                           |                              |                                    |
| <b>B. DIRECTORS</b>                 |                              | <b>None</b>       |                                                           |                              |                                    |
| Penalty                             |                              |                   |                                                           |                              |                                    |
| Punishment                          |                              |                   |                                                           |                              |                                    |
| Compounding                         |                              |                   |                                                           |                              |                                    |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              | <b>None</b>       |                                                           |                              |                                    |
| Penalty                             |                              |                   |                                                           |                              |                                    |
| Punishment                          |                              |                   |                                                           |                              |                                    |
| Compounding                         |                              |                   |                                                           |                              |                                    |

For Swarnsarita Gems Limited  
Mahendra M. Chordia  
Managing Director  
DIN: 00175686

For Swarnsarita Gems Limited  
Asha M. Chordia  
Executive Director  
DIN: 00175804

Place: Mumbai  
Date: 22.08.2017

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## Annexure - VII

### FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis – ***NIL***.
2. Details of contracts or arrangements or transactions at Arm's length basis:

| Sr. No. | Particulars                                                                               | Description          |                                                       |                         |
|---------|-------------------------------------------------------------------------------------------|----------------------|-------------------------------------------------------|-------------------------|
| 1.      | Name (s) of the related party & nature of relationship                                    | Mr. Sunny M. Chordia | Mr. Mahendra M. Chordia & Mrs. Asha M. Chordia        | Mr. Mahendra M. Chordia |
| 2.      | Nature of contracts/arrangements/ transaction                                             | Remuneration         | Rent Agreement renewed for Two Years w.e.f 01.04.2017 | Rent                    |
| 3.      | Duration of the contracts/ arrangements/transaction                                       | Not Applicable       | 2 year                                                | 2 years                 |
| 4.      | Salient terms of the contracts or arrangements or transaction including the value, if any | Not applicable       | ₹1,00,000/- P.M.                                      | ₹1,50,000/- P.M.        |
| 5.      | Date of approval by the Board                                                             | 28.05.2016           | 29.05.2017                                            | 30.12.2016              |
| 6.      | Amount paid as advances, if any                                                           | 2,00,000.00          | -                                                     | -                       |

For Swarnsarita Gems Limited  
Mahendra M. Chordia  
Managing Director  
DIN: 00175686

For Swarnsarita Gems Limited  
Asha M. Chordia  
Executive Director  
DIN: 00175804

Place: Mumbai  
Date: 22.08.2017

# SWARNSARITA GEMS LTD.

## Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to  
Associate Companies and Joint Ventures

|                                                                                     |            |
|-------------------------------------------------------------------------------------|------------|
| <b>Name of Associates/Joint Ventures</b>                                            | <b>NIL</b> |
| <b>1. Latest audited Balance Sheet Date</b>                                         |            |
| <b>2. Shares of Associate/Joint Ventures held by the company on the year end</b>    |            |
| <b>No.</b>                                                                          |            |
| <b>Amount of Investment in Associates/Joint Venture</b>                             |            |
| <b>Extend of Holding %</b>                                                          |            |
|                                                                                     |            |
| <b>3. Description of how there is significant influence</b>                         |            |
| <b>4. Reason why the associate/joint venture is not consolidated</b>                |            |
| <b>5. Networth attributable to Shareholding as per latest audited Balance Sheet</b> |            |
| <b>6. Profit / Loss for the year</b>                                                |            |
| <b>i. Considered in Consolidation</b>                                               |            |
| <b>i. Not Considered in Consolidation</b>                                           |            |

For Swarnsarita Gems Limited  
Mahendra M. Chordia  
Managing Director  
DIN: 00175686

For Swarnsarita Gems Limited  
Asha M. Chordia  
Executive Director  
DIN: 00175804

Place: Mumbai  
Date: 22.08.2017

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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ❖ INDUSTRY STRUCTURE AND DEVELOPMENTS

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 6-7 per cent of the country's GDP. One of the fastest growing sectors, it is extremely export oriented and labour intensive.

The Gems and Jewellery exports increased by 12.32 per cent to ₹2.89 lakh Crores during 2016-17, compared to the previous year, and are expected to see 10 per cent growth in the current financial year largely due to pick-up in demand.

In the Financial year 2016-17, the Gems and Jewellery shipping grew mainly as the economic conditions are becoming better in the major export destinations, including the US, Hong Kong and the Middle East. So looking at the current trend, industry is expected for overall exports to grow by 10 percent in 2017-18.

The export of cut and polished diamonds went up by 12.76 per cent at ₹1.52 lakh crore during the financial year 2016-17 as compared to ₹1.35 lakh crores in the previous financial year. The Gold Jewellery exports grew by 4.14 per cent at ₹58,464.42 Crores as compared to ₹56,137.90 Crores in the same period last year. Meanwhile, Silver Jewellery exports surged by 38.64 per cent at ₹26,920.57 Crores during financial year 2016-17 as compared to ₹19,416.92 Crores in the previous fiscal.

G&J industry is witnessing a rise in demand for silver Jewellery mainly in countries like Hong Kong, UAE and the US. There are many exporters who have shifted to silver jewellery to capture this rising demand. The exporters are seeing huge demand in the Commonwealth of Independent States (CIS) countries.

Coloured Gemstones exports slightly declined by 1.12 per cent at ₹2,815.31 crores during 2016-17, compared to ₹2,847.18 crores in the year-ago period. The overall imports of Gems and Jewellery 21.53 per cent at ₹1.92 lakh crores during financial year 2016-17 as compared to ₹1.58 lakh crores. The overall gross imports of cut and polished diamonds declined by 2.80 per cent at ₹17,619.56 crores during financial year 2016-17 as compared to ₹18,127.70 crores in the previous financial year. Imports of rough diamonds increased by 24.47 per cent at ₹1.14 lakh crores during 2016-17, against ₹91,970.53 crores in the previous financial year.

The GJEPC is working on setting up a Gems and Jewellery park near Mumbai, which will be operational in 2-3 years. After the gems and jewellery park is set up, it will replicate it in other parts of the country. These gems and jewellery parks will help in increasing the business and help industry in producing world class jewellery.

### OPPORTUNITIES AND THREATS

#### • Opportunities

##### - Entering New Markets :

The sector is exploring new locations to diversify business and to minimize the risk. Russia, Middle East and China are a few of the emerging destinations that are witnessing an increase in jewellery demand. The Indian gems and jewellery players can tap these countries to diversify and increase their business. India's vast, low cost and extremely skilled workforce provides it with a competitive edge over other countries. By moving up the value chain and processing larger stones, India can further increase its value share in total exports.

##### - Value Addition:

There exists a huge opportunity for Indian players to do value addition to the low cost gold and diamonds items and can export such jewellery. India has an advantage of manufacturing affordable gold and diamond jewellery for the world market.

##### - Jewellery Retail:

The Indian retail sector provides an excellent opportunity for the Indian players to manufacture and sell their jewellery through the retail channels that are fast catching up in the Indian markets.



# SWARNSARITA GEMS LTD.

- Outsourcing Hub:

India can become an outsourcing hub for designing and manufacturing jewellery. There is an increased trend of outsourcing designing and manufacturing of jewellery from India by global retail players.

- Government incentives:

When the industry was going through a challenging period, governmental regulations related to the reintroduction of bonded warehouse facility for diamond exporters and revision in duty drawback rate facility for Gold jewellery exporters has helped strengthen the industry further. The government has put in significant efforts for accepting recommendations to make India an International Trading hub for rough diamonds. Government recently allowed more banks to import gold thereby increasing availability of raw gold for the manufacturers.

- **Threats**

- Unorganized Sector:

The gems and jewellery sector in India is unorganized and fragmented. Around 90% of the players operate in the unorganized sector mostly in family-run operations. The nature of the sector prevents it from achieving economies of scale.

Mitigation:

Company is engaged in the export of gems and jewellery whereas the unorganised players are in the domestic market only. Overseas importers place the orders based on credentials and the company's promoters being associated in this business for three decades are not affected by such competition.

- Predominance of the US market

The Indian gems and jewellery sector is pre-dominantly dependent on the US markets, which is its top export destination. The growth of gems and jewellery sector is heavily dependent on the growth of demand in the US market.

Mitigation: Company is exporting to Middle East market only and is not affected by US market scenario.

- Exchange Rate/Currency Risk:

The gems and jewellery sector is affected by the rupee/dollar exchange rate because it is export oriented. Any volatility in the exchange rates affects the margins of the players.

Mitigation: Company would do forward cover for imports and exports and insulates itself from fluctuation in exchange rate.

- High Level of Inventories:

As the gems and jewellery sector is highly dependent on imports for its raw materials, the players have to maintain a high level of inventory. However, maintaining this inventory becomes difficult for the players during the slack season, as it carries inventory price risk.

Mitigation: Company does not envisage to hold large inventory and as it is a merchant exporter the purchases would be made based on orders only and for domestic sales it expects to have an inventory turnover of 3 to 5 times and thereby reduce the risk of inventory holding substantially.

- Artificial Jewellery:

The sector also faces a challenge in the form of integration of synthetic or man-made diamonds. With the advent of technology, it is difficult to differentiate between natural and artificial jewellery. This may hit the sales of low cost jewellery in the long run.

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Mitigation: There are different classes of people who buy real gold jewellery and artificial jewellery. Artificial items are more use by youngsters and office goers for day to day use whereas the real gold jewellery is used for occasions and as a tool for savings of earnings. Therefore this competition is also small and negligible.

## ❖ SEGMENT-WISE OR PRODUCT-WISE PEROFORMANCE

The Company is engaged in the jewellery business which consist of gold jewellery, diamond jewellery and others. Though gold jewellery continues to be the dominant component, Company is also focusing on diamond as demand for diamond jewellery is increasing every year. The Company is also doing the export of gold jewellery. The major part of company's revenue comes from the domestic business.

During the year 2016-17 there was decline in sales to ₹28,608.53 Lakhs as compared to ₹32099.15 Lakhs in the previous year due to Jewellers strike on account of excise duty imposed and demonetization.

## ❖ OUTLOOK

India Ratings and Research (Ind-Ra) said that it has kept a negative outlook on the cut and polished diamond exporters and a stable one on the organised jewellery retailers for the financial year 2017-18.

According to the World Gold Council (WGC), the demand for gold jewellery in India fell steeply by 22% year-on-year to reach a 7-year low of 522 MT in 2016. The demand was severely impacted due to several events that occurred last year like country-wide strikes by jewellers and the severe cash crunch due to the withdrawal of 500 and 100 rupee notes by the Government.

After a four-month disruption on both supply and demand side, the decline in consumers demand was led due to some obtrusive factors.

However, the underlying demand for jewellery remains robust, given strong macro-demographics of the country and Indian customers affinity towards the gold metal. Therefore, demand is expected to bounce back to an average of five years of 600 MT this year, the rating agency said in its report.

Over the past two years, the Government has been making regulatory changes in order to control the illicit trade practices that are prevalent in the jewellery sector and these are possibly going to benefit the jewellers in organised sector at the expense of the unorganised ones.

Retailers may face an overhang of the proposed Goods and Services Tax (GST) and a high slab-rate can turn out to be a dampener for demand mainly for the non-wedding category.

The cut and polished diamond exports surged 13% year-on-year to \$16.8 billion during the nine-month period of 2016-17, after falling consecutively for two years, according to the Gems and Jewellery Export Promotion Council (GJEPC).

Though cut and polished diamond exports have bounced back, the agency thinks that the middle-level players can still face headwinds on the demand of diamond jewellery due to economic and political environment in major export markets. Besides, these players will continue to manage on narrow margins and carry the price/inventory risk.

The rating agency said that producers of rough diamond continued to lessen down the prices by about 5% in 2016, whereas maintaining the output close to the levels of 2015 of 128 million carats.

Ind-Ra also expects that rough diamond prices continue to be stable in 2017, if cut and polished diamond prices fall sharply on account of muted demand and the producers of rough diamonds are forced to lessen down the prices again.

## ❖ RISK AND CONCERNS:

Like any other business, the gems and jewellery business also has its own set of challenges and risks, emanating from internal and external sources. The Company has in place a comprehensive risk management policy that helps anticipate and identify risks wide finding ways to mitigate them.



# SWARNSARITA GEMS LTD.

Economy risk: Jewellery purchases are discretionary and may be affected by adverse economic trends.

Competition risk: The Company's market share may be affected by an increase in the number of branded jewellers.

Price volatility risk: Volatility in the market price of gold and diamonds has a bearing on the value of our inventory and could affect our income, profitability and scale of operations.

## ❖ INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal control system, commensurate with the size of its operations. Adequate records and documents are maintained as required by laws. The Company's audit Committee reviewed the internal control system. All efforts are being made to make the internal control systems more effective.

## ❖ DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

The details of the financial performance of the Company are reflected in the Balance Sheet, Profit and Loss Account and other Statements, appearing separately.

The salient parameters of the financial performance of the Company during the year under review are as under:

(₹ in Lakhs)

| Particulars                                     | 2016-17  |
|-------------------------------------------------|----------|
| Gross Income                                    | 29003.05 |
| Profit/ (Loss) before tax and Exceptional items | 417.59   |
| Less: Exceptional items                         | 0.00     |
| Profit/ (Loss) before tax                       | 417.59   |
| Less: Provision for tax                         | 130.74   |
| Profit/ Loss after tax                          | 286.85   |

## ❖ MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company's Human Resources philosophy is to establish and build a strong performance and competency driven culture with greater sense of accountability and responsibility. The Company acknowledges that its major asset is its employees. The expertise of the management team, the professional training provided to the staff, their personal commitment and their spirit of teamwork together enhance the Company's net worth. The Company has taken various steps for strengthening organizational competency through involvement and development of employees as well as installing effective systems for improving their productivity and accountability at functional levels.

Ongoing in-house and external training is provided to employees at all levels to update their knowledge and upgrade their skills and abilities. The effort to rationalize and streamline the workforce is a continuous process. As on March 31, 2017, the Company had **137** full-time employees. The industrial relations scenario remained harmonious throughout the year.

## ❖ CAUTIONARY STATEMENT

Statement in this Management's Discussion and Analysis detailing the Company's objectives, projections, estimates, estimates, expectations or predictions are "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

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## **REPORT ON CORPORATE GOVERNANCE**

**(Pursuant to Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

Corporate Governance is not merely the compliance of a set of regulatory laws and regulations but is a set of good and transparent practices that enable an organization to perform efficiently and ethically to generate long term wealth and create value for all its stakeholders. It goes beyond building and strengthening the trust and integrity of the Company by ensuring conformity with the globally accepted best governance practices. The Securities and Exchange Board of India (SEBI) observes keen vigilance over governance and fulfillment of these regulations in letter and spirit, which entails surety towards sustainable development of the Company, enhancing stakeholders' value eventually.

### **❖ COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

At SWARN SARITA GEMS LTD., ('the Company'), the adherence to the Corporate Governance practices not only justifies the legal obedience of the laws but dwells deeper, conforming to the ethical leadership and stability. It is the sense of good governance that our leaders portray which trickles down to the wider management and is further maintained across the entire functioning of the Company. Your Company envisages the importance of building trust and integrity through transparent and accountable communication with the internal and external stakeholders as well as the customers of the Company. This involves keeping the stakeholders of the Company updated on a timely basis about the development, the plans and the performance of the Company with a view to establish the long term affiliations. The Company keeps itself abreast with the best governance practices on the global front, at the same time conforming to the recent amendments.

The Board of Directors fully supports and endorses the Corporate Governance practices in accordance with the provisions of applicable regulations of the SEBI (LODR) Regulations, 2015 with the Stock Exchange and the Voluntary Corporate Governance Guidelines to ensure good Corporate Governance practices across the Company in letter and in spirit. The Company has complied with all the mandatory requirements of the said regulations and listed below is the status with regard to the same.

The Company continues to undertake an Audit of its secretarial records and documents by a Practicing Company Secretary in respect of compliance with the applicable provisions of the Act, Listing Agreement with the Indian Stock Exchanges and the applicable regulations and guidelines issued by Securities and Exchange Board of India. A copy of Secretarial Audit Report for the period under review is a part of the Annual Report.

### **❖ CORPORATE CODE OF CONDUCT**

The activities and conduct of the company and its employees are governed by the code of conduct of the company. The major salutary principles prescribed by the code of conduct are:

- 1) Conduct of business in consonance with national interest.
- 2) Fair and accurate presentation of Financial Statements.
- 3) Maintaining quality of Product and services.
- 4) Being a good corporate citizen.
- 5) Ethical conduct.
- 6) Commitment to enhance shareholder value & statutory compliance.

### **❖ BOARD OF DIRECTORS**

The Board of Directors ("the Board") of your Company provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board plays a crucial role of piloting the Company towards enhancement of the short and long term value interests of the stakeholders. The Board comprises of the members distinguished in various fields such as management, finance, law, marketing,

# SWARNSARITA GEMS LTD.

technology and strategic planning. This provides reliability to the Company's functioning and the Board ensures a critical examination of the strategies and operational planning mechanisms adopted by the management across the globe.

1. As on March 31, 2017, the Board comprised of 6 (Six) Directors of which 3 (Three) are Non-Executive Independent Directors and 3 (Three) are Executive Directors.
2. The Board meets at regular intervals to discuss and decide on Company's business policy and strategy apart from other normal business. During the Financial Year 2016-2017, 5 (**Five**) Board Meetings were held on 28/05/2016, 20/08/2016, 14/09/2016, 14/12/2016 and 04/02/2017. Time gap between any two meetings was not more than 120 days.
3. Details of the composition, category of the Directors, their attendance at the Board Meetings held during the year & Annual General Meeting (AGM) held on September 22, 2016, Directorships and Committee Memberships are as under:

| Name of the Director    | Category                           | No. of Board Meetings Attended during the year | No. of Equity Shares held as on March 31, 2017 | Attendance at previous AGM Held on 22.09.2016 (Y-Yes, N-No) | Number of Directorships In other listed & private Companies as on March 31, 2017** |         | Committee Chairmanships/ Memberships/ in other Public Companies as on 31.03.2017*** |            |
|-------------------------|------------------------------------|------------------------------------------------|------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------|---------|-------------------------------------------------------------------------------------|------------|
|                         |                                    |                                                |                                                |                                                             | Listed                                                                             | Private | Chairmanship                                                                        | membership |
|                         |                                    |                                                |                                                |                                                             |                                                                                    |         |                                                                                     |            |
| Mr. Mahendra M. Chordia | Managing Director                  | 5                                              | NIL                                            | Yes                                                         | NIL                                                                                | 3       | NIL                                                                                 | NIL        |
| ****Mr. Sunil G. Jain   | Executive Director                 | 5                                              | NIL                                            | Yes                                                         | NIL                                                                                | 1       | NIL                                                                                 | NIL        |
| Mrs. Asha M. Chordia    | Executive Director                 | 5                                              | NIL                                            | Yes                                                         | NIL                                                                                | NIL     | NIL                                                                                 | NIL        |
| Mr. Ashok Surana        | Non Executive Independent Director | 5                                              | NIL                                            | Yes                                                         | NIL                                                                                | 1       | NIL                                                                                 | NIL        |
| *Mr. Dhruvin B. Shah    | Non-Executive Independent Director | 5                                              | NIL                                            | Yes                                                         | NIL                                                                                | NIL     | NIL                                                                                 | NIL        |
| Mr. Vishal Nolkha       | Non-Executive Independent Director | 5                                              | NIL                                            | Yes                                                         | NIL                                                                                | NIL     | NIL                                                                                 | NIL        |

\* Appointed as Director w.e.f. 28/05/2016 in the last AGM.

\*\* The Directorships in other Limited & Private Companies only have been considered. Directorships of Foreign Companies, Section 8 Companies have not been considered.

\*\*\* Memberships/Chairmanships in Audit Committee and Stakeholders Relationship Committee only of other Indian Public Limited Companies have been considered.

\*\*\*\* Mr. Sunil Jain resigned w.e.f. 26<sup>th</sup> July, 2017.

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4. The Board periodically reviews the compliance report of all laws applicable to the Company. All the Directors have made necessary disclosures about the directorships and committee positions they occupy in other companies. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are Directors.
5. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company ([www.swarnsarita.com](http://www.swarnsarita.com))
6. During the year 2016-17, one meeting of the Independent Directors was held on March 30, 2017. The Independent Directors, inter-alia, reviewed the performance of non-independent directors, and the Board as a whole.
7. The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.
8. The details of the familiarization programme of the Independent Directors are available on the website of the Company.
9. None of the Directors or KMPs hold any shares in the company as shown in the above table.

## **Availability of information to Board Members:**

The Board has unrestricted access to all Company related information including that of our employees. Regular updates provided to the Board includes:

- A. Annual operating plans and budgets and any updates.
- B. Capital budgets and any updates.
- C. Quarterly results for the listed entity and its operating divisions or business segments.
- D. Minutes of meetings of audit committee and other committees of the board of directors.
- E. The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- F. Show cause, demand, prosecution notices and penalty notices, which are materially important.
- G. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- H. Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- I. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- J. Details of any joint venture or collaboration agreement.
- K. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- L. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- M. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer.

## **❖ COMMITTEES OF BOARD OF DIRECTORS:**

There are three Board Committees which comprise of Two Statutory Committees and One non-mandatory Committee that have been formed considering the needs of the Company and best practices in Corporate Governance as on March 31, 2017, which are as follows:

# SWARNSARITA GEMS LTD.

| Name of the Committee                 | Extract of Terms of Reference                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Category and Composition        |                            | Other Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Name                            | Category                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Audit Committee                       | <p>Committee is constituted in line with the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015 read with Section 177 of the Companies Act 2013.</p> <ul style="list-style-type: none"> <li>• Oversight of financial reporting process.</li> <li>• Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the board for approval.</li> <li>• Evaluation of internal financial controls and risk management systems.</li> <li>• Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.</li> <li>• Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | *Mr. Dhruvin B. Shah (Chairman) | Independent, Non-Executive | <ul style="list-style-type: none"> <li>• During the Financial Year 2016-17, 4 (Four) meetings of the Audit Committee were held on 28/05/2016, 14/09/2016, 14/12/2016 and 04/02/2017. The time gap between two meetings did not exceed one hundred and twenty days and the Company has complied with all the requirements as mentioned under the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.</li> <li>• Committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the Statutory Auditors and Internal Auditors to be present at its meetings.</li> <li>• * Committee was reconstituted on 14/12/2016 and Mr. Dhruvin B. Shah was appointed as Chairman of the Audit Committee.</li> </ul> |
|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Mr. Ashok Surana                | Independent, Non-Executive |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Mr. Vishal Nolkha               | Independent, Non-Executive |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                 |                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Nomination and Remuneration Committee | <p>Committee is constituted in line with the provisions of Regulation 19 of SEBI (LODR) Regulations, 2015 read with Section 178 of the Companies Act, 2013.</p> <ul style="list-style-type: none"> <li>• Recommend to the Board the setup and composition of the Board and its committees.</li> <li>• Recommend to the Board the Appointment/Re-appointment of Directors and Key Managerial Personnel.</li> <li>• Carry out evaluation of every director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors.</li> <li>• Recommend to the Board the Remuneration Policy for directors, executive team or Key Managerial Personnel as well as the rest of employees</li> <li>• Oversee the Human Resource philosophy, Human Resource and People strategy and Human Resource practices including those for leadership development, rewards and recognition, talent management and succession planning.</li> <li>• Oversee familiarization programmes for directors.</li> <li>• Recommend to the Board on voting pattern for appointment and remuneration of directors on the Boards of its material subsidiary companies.</li> </ul> | Name                            | Category                   | <ul style="list-style-type: none"> <li>• During the Financial Year 2016-17, 4 (Four) meetings of the Nomination and Remuneration Committee were held on 28/05/2016, 20/08/2016, 14/12/2016 &amp; 04/02/2017.</li> <li>• The Company does not have any Employee Stock Option Scheme.</li> <li>• Details of Performance Evaluation Criteria and Remuneration Policy are detailed below this table.</li> <li>• * Committee was reconstituted on 14/12/2016 and Mr. Dhruvin B. Shah was appointed as Chairman of the Nomination and Remuneration Committee.</li> </ul>                                                                                                                                                                                                                      |
|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | *Mr. Dhruvin B. Shah (Chairman) | Independent, Non-Executive |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Mr. Ashok Surana                | Independent, Non-Executive |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Mr. Vishal Nolkha               | Independent, Non-Executive |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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|                                     |                                                                                                                                                          |                                 |                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stakeholders Relationship Committee | Committee is constituted in line with the provisions of Regulation 20 of SEBI (LODR) Regulations, 2015 read with section 178 of the Companies Act, 2013. | Name                            | Category                   | <ul style="list-style-type: none"> <li>During the Financial Year 2016-17, 24 (Twenty Four) Meeting of the Stakeholders Relationship Committee was held on 05/04/2016, 20/04/2016, 05/05/2016, 20/05/2016, 06/06/2016, 20/06/2016, 05/07/2016, 20/07/2016, 05/08/2016, 20/08/2016, 05/09/2016, 20/09/2016, 05/10/2016, 20/10/2016, 05/11/2016, 21/11/2016, 03/12/2016, 14/12/2016, 05/01/2017, 20/01/2017, 06/02/2017, 20/02/2017, 03/03/2017 and 20/03/2017.</li> <li>*Committee was reconstituted on 14/12/2016 and Mr. Dhruvin B. Shah was appointed as Chairman of the Nomination and Remuneration Committee.</li> <li>Details of Investor complaints and Compliance Officer are given below this table.</li> </ul> |
|                                     |                                                                                                                                                          | *Mr. Dhruvin B. Shah (Chairman) | Independent, Non-Executive |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|                                     |                                                                                                                                                          | Mr. Ashok Surana                | Independent, Non-Executive |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|                                     |                                                                                                                                                          | Mr. Vishal Nolkha               | Independent, Non-Executive |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

## ■ NOMINATION AND REMUNERATION COMMITTEE DETAILS:-

### Remuneration Policy for Key Managerial Personnel and other Employees of the Company

The Company's Remuneration Policy for Key Managerial Personnel and Other employees is driven by the success and the performance of the Company and the individual & industry benchmarks and is decided by the Nomination and Remuneration Committee. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a mix of fixed/ variable pay, benefits and performance related pay.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director and the Executive Directors. Annual increments are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective April 1, each year. The Nomination and Remuneration Committee decides on the commission payable to the Managing Director and the Executive Directors out of the profits for the financial year and within the ceilings prescribed under the Act based on the performance of the Company as well as that of the Managing Director and each Executive Director.

### Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for Independent Directors is determined by the Nomination and Remuneration Committee. An indicative list of factors that were evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.

### Details of the Remuneration for the year ended March 31, 2017:

#### a. Remuneration of the Managing Director

The Remuneration Committee of the Board is authorized to decide the remuneration of the Managing Director ("MD") subject to the approval of the Members and the Central Government, if required. The details of remuneration of the MD for the year ended March 31, 2017 are as under:

(₹ in Lacs)

| Name of Managing Director     | Remuneration | Benefits, Perquisites and Allowances | Commission | ESPS | Total       |
|-------------------------------|--------------|--------------------------------------|------------|------|-------------|
| Mr. Mahendra Madanlal Chordia | 18.00 Lakhs  | NIL                                  | NIL        | NIL  | 18.00 Lakhs |



# SWARNSARITA GEMS LTD.

## b. Remuneration of the Executive Directors

The Remuneration Committee of the Board is authorized to decide the remuneration of the Whole Time Directors (WTD) and others Executive Directors subject to the approval of the Members and the Central Government, if required. The details of remuneration of the WTD and others Directors for the year ended March 31, 2017 are as under:

(₹ in Lacs)

| Name of Managing Director                                                   | Remuneration | Benefits, Perquisites and Allowances | Commission | ESPS | Total       |
|-----------------------------------------------------------------------------|--------------|--------------------------------------|------------|------|-------------|
| *Mr. Sunil G. Jain<br>(Whole Time Director)<br>(Resigned w.e.f. 26.07.2017) | ₹14.40 Lakhs | NIL                                  | NIL        | NIL  | 14.40 Lakhs |
| Mrs. Asha Mahendra Chordia<br>(Executive Director)                          | ₹9.60 Lakhs  | NIL                                  | NIL        | NIL  | 9.60 Lakhs  |

### STAKEHOLDERS RELATIONSHIP COMMITTEE DETAILS:-

#### a. Name, designation and address of Compliance Officer:

Mrs. Prafulla Anil Devaliya  
Company Secretary & Compliance Officer  
115, 1<sup>st</sup> Floor, Panchratna Co-op. HSG. Ltd., Opera House, Mumbai – 400004.

#### b. Details of Investor Complaints received and redressed during the year 2016-17 are as follows:

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|-----------------|--------------------------|--------------------------|-----------------|
| NIL             | NIL                      | NIL                      | NIL             |

### ❖ TRAINING FOR BOARD MEMBERS

The Company has put in place a system to familiarize its Independent Directors with the Company, their roles, rights & responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. Presentation was made for the newly appointed Independent Directors to make them aware of their roles & duties and Code for Independent Directors, Code of Conduct for Non-Executive Directors and Code of Conduct for Prevention of Insider Trading as issued by the Company are also shared with them at the time of their appointment/ re-appointment. Further, presentations are also made from time to time at the Board and its Committee meetings, on quarterly basis, covering the business & financial performance of the Company & its subsidiaries, quarterly/ annual financial results, revenue and capital budget, review of Internal Audit findings etc.

The details of such familiarization programmes are disclosed on the Company's website at the link [www.swarnsarita.com](http://www.swarnsarita.com)

### ❖ PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The performance of individual Directors including the Chairman of the Board was evaluated on parameters such as attendance and participation in the Meetings, preparedness for the meetings, understanding of the Company & the external environment in which it operates, contribution to strategic direction, raising of valid concerns to the Board, constructive contribution to issues, active participation at meetings and engaging with & challenging the management team without confronting or obstructing the proceeding of the Board and its Committee meetings of which the Director is a member. The performance evaluation of the



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Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors at its meeting. The Directors expressed their satisfaction with the evaluation process.

## DISCLOSURES

### i. Related Party Transactions

The transactions with related parties as per Accounting Standard AS-18 are set out in Notes to accounts under **Note no. 23** forming part of financial statements. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosures as required by the relevant Accounting Standards (AS18) have been made in the Notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the link: [www.swarnsarita.com](http://www.swarnsarita.com)

### ii. Disclosures from Senior Management

In Compliance with Regulation 26 of the SEBI (LODR) Regulations, 2015, disclosures from Senior Management are obtained on quarterly basis to the effect that they have not entered into any material, financial and commercial transactions, where they have personal interest that may have potential conflict with the interest of the Company at large.

### iii. Compliances by the Company

The Company has complied with the requirements of the Regulatory Authorities on matters related to the capital market.

No other penalties/strictures imposed on company by any other Regulatory Authority on any matter related to capital market during the last three years except during the F.Y. 2015-16, SEBI has imposed a monetary penalty of ₹13,15,790.00 against the company for the alleged violation of provisions of Sections 12A (a) and 12A (c) of SEBI Act and Regulations 3(a), 3(c), 4(1), 4(2)(a), (b) and (e) of SEBI (Prohibition of Fraudulent and unfair Trade Practices relating to Securities Market) Regulations, 2003. The management of the company has filed an appeal with the SAT. The management of the company is contesting the demand and believes that the ultimate outcome of the proceedings will not have a material adverse effect on the company's financial position and result of operations.

### iv. Whistle Blower Policy/ Vigil Mechanism

The Company has adopted a Whistle Blower Policy to provide a vigil mechanism to directors, employees, agents, consultants, vendors and business partners to disclose instances of wrong doing in the workplace. The object of this Whistle Blower Policy is to encourage individuals to disclose and protect such individuals in the event of a disclosure. The Company is keen on demonstrating the right values and ethical, moral and legal business practices in every field of activity within the scope of its work. The objective of this policy is to provide a vigil mechanism and framework to promote responsible whistle blowing and ensure effective remedial action and also protect the interest of the whistle blower as guided by legal principles. This policy is intended to:

- a. Encourage and enable directors, employees, agents, consultants, vendors and business partners to raise issues or concerns, which are either unacceptable or patently against the stated objectives, law or ethics, within the Company.
- b. Ensure that directors, employees, agents, consultants, vendors and business partners can raise issues or concerns without fear of victimization, subsequent discrimination or disadvantage thereof.
- c. Reassure the whistle blower(s) that they will be protected from possible reprisals or victimization if they have made disclosure/s in good faith.

# SWARNSARITA GEMS LTD.

- d. Ensure that where any wrong doing by the Company or any of its directors, employees, agents, consultants, vendors or business partners is identified and reported to the Company under this policy, it will be dealt with expeditiously and thoroughly investigated and remedied. The Company will further examine the means of ensuring how such wrong doing can be prevented in future and will take corrective action accordingly.

The policy also provides adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee. All complaints received under the said policy are reviewed by the Audit Committee at its meeting held every quarter. In staying true to our values of Strength, Performance and Passion and in line with Company's vision of being one of the most respected companies in India; the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

## v. Managing Director Certification

Certification on financial statements has been obtained from the Managing Director of the Company. Extract of the same is given at the end of this Report.

## vi. Code of Conduct for Directors and Senior Management

The Board has laid down Codes of Conduct for Executive Directors & Senior Management and for Non-Executive/ Independent Directors of the Company. The Codes of Conduct have been circulated to the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the MD in this regard is given at the end of this Report. The Code of Conduct is available on website of the Company at the link [www.swarnsarita.com](http://www.swarnsarita.com)

## vii. Code of Conduct for Prohibition of Insider Trading

The Company has framed Swarnsarita Gems Limited's Code of Conduct for Prohibition of Insider Trading' pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, which is applicable to its Directors, Officers, and Designated Employees. The Code includes provisions relating to disclosures, opening and closure of Trading Window and Pre-Clearance of trades procedure. In compliance with SEBI Regulations the Company sends intimations to Stock Exchange from time to time.

## viii. Subsidiary Companies

As on March 31, 2017, the Company has 1 (One) wholly owned unlisted Indian subsidiary company.

## ix. Risk Management & Internal Control

The Company has implemented a comprehensive 'Enterprise Risk Management' framework in order to anticipate, identify, measure, mitigate, monitor and report the risks to meet the strategic business objectives, details of which are given in the Risk Management section under 'Management Discussion and Analysis Report' which forms part of this Annual Report. The Company has a competent in House Internal Audit team which prepares and executes a vigorous Audit Plan covering various functions such as operations, finance, human resources, administration, legal and business development etc. across different geographies. The team presents their key audit findings of every quarter to the Audit Committee. The management updates the members about the remedial actions taken or proposed for the same. The suggestions and comments from the Committee members are vigilantly incorporated and executed by the Company.

## x. Sexual Harassment Policy

The Company has an anti-sexual harassment policy to promote a protective work environment. The complaints received by the Sexual Harassment Committee with details of action taken thereon are reviewed by the Audit Committee at its meeting held every quarter. The Company has a zero tolerance policy towards such complaints and the same is conveyed to the employees at the time of induction.

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## xi. Management Discussion and Analysis Report

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

## xii. Independent Directors

The Independent Directors of the Company have the option and freedom to meet and interact with the Company's Management as and when they deem it necessary. They are provided with necessary resources and support to enable them to analyze the information/data provided by the Management and help them to perform their role effectively.

## xiii. Share Reconciliation Audit

As stipulated by SEBI, M/s. Deep Shukla & Associates, a Qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

## xiv. Mandatory Requirements of Regulation 27

The Company has complied with all applicable mandatory requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015.

## xv. Non-Mandatory Requirements

The Company has adopted the following non-mandatory requirements as prescribed in SEBI (Prohibition of Insider Trading) Regulations, 2015:

### a) Shareholders' Rights

The Company follows a practice of physically dispatch through Registered Post the Annual Financial Statements to all shareholders, at their Registered addresses maintained with the RTA. The financial results of the Company are normally published in English (Business Standard-all Edition) and Tarun Bharat in Marathi newspapers having wide circulation.

### b) Audit Qualifications

The Company adopts best practices to ensure unmodified financial statements. There are no audit qualifications in the Company's financial statements for the year ended March 31, 2017.

## ❖ GENERAL BODY MEETINGS

Venue, day, date and time of last three AGMs:

| Financial Year | Date of the AGM                  | Location                                                                                               | Time       | Special Resolution passed |
|----------------|----------------------------------|--------------------------------------------------------------------------------------------------------|------------|---------------------------|
| 2013-14        | 22 <sup>th</sup> September, 2014 | Indian Merchant Chamber, Kilachand Conference Room, IMC Building, IMC Marg, Churchgate, Mumbai-400020. | 11.30 A.M  | 6                         |
| 2014-15        | 23 <sup>rd</sup> September, 2015 | Agrasen Bhavan, 90 feet Road, Garodiya Nagar, Ghatkopar (East), Mumbai-400077.                         | 10.00 A.M  | 3                         |
| 2015-16        | 22 <sup>nd</sup> September, 2016 | Agrasen Bhavan, 90 feet Road, Garodiya Nagar, Ghatkopar (East), Mumbai-400077.                         | 10.00 A.M. | 5                         |

# SWARNSARITA GEMS LTD.

## MEANS OF COMMUNICATION

The announcement of Quarterly, Half Yearly and Annual Financial Results to the Stock Exchanges in PDF format. The Quarterly, Half Yearly and Annual Consolidated Financial Results are normally published in Business Standard-All Edition (English) and Tarun Bharat (Marathi) newspapers. The following information is promptly uploaded on the Company's website viz. [www.swarnsarita.com](http://www.swarnsarita.com)

- Standalone and Consolidated Financial Results.
- Shareholding pattern and Corporate Governance compliance reports filed with Stock Exchanges on Quarterly basis.

## GENERAL SHAREHOLDER INFORMATION

### i. Annual General Meeting

|       |                                                                                  |
|-------|----------------------------------------------------------------------------------|
| Day   | Tuesday                                                                          |
| Date  | 26 <sup>th</sup> September, 2017                                                 |
| Time  | 10.00 a.m.                                                                       |
| Venue | Agrasen Bhavan, 90 feet Road, Garodiya Nagar, Ghatkopar (East), Mumbai – 400077. |

### ii. Financial year April 01 to March 31

#### Financial Calendar (Tentative) – Financial Year 2017-2018

|                         |                                     |
|-------------------------|-------------------------------------|
| 1 <sup>st</sup> Quarter | First/Second Week of August, 2017   |
| 2 <sup>nd</sup> Quarter | First/Second Week of November, 2017 |
| 3 <sup>rd</sup> Quarter | First/Second Week of February, 2017 |
| 4 <sup>th</sup> Quarter | Second/Third Week of May, 2018      |

### iii. Dates of Book Closure (both days inclusive)

Tuesday, September 19, 2017 to Tuesday, September 26, 2017.

### iv. Dividend

With the view to conserve cash reserves to meet current financial obligation of the Company, the Directors of your Company do not recommend any dividend for financial year 2016-2017.

### v. Listing on Stock Exchange and Payment of Listing Fees

The equity shares of the Company are listed on the BSE Limited (BSE). Annual Listing fees for the Financial Year 2017-2018 were paid by the Company to BSE in time.

### vi. Custodian Fees to Depositories

The Company has paid fees for year ended 2017-2018 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in time.

### vii. (a) Stock Code / Symbol

|                                 |                       |
|---------------------------------|-----------------------|
| BSE                             | 526365                |
| ISIN in (NSDL and CDSL)         | INE967A01012          |
| Corporate Identity Number (CIN) | L36911MH1992PLC068283 |

## Market Price Data

The market price data i.e. monthly high and low prices of the Company's shares on BSE are given below:

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| Year | Month     | High (in ₹) | Low (in ₹) | No. of Shares |
|------|-----------|-------------|------------|---------------|
| 2016 | April     | 24.55       | 19.00      | 5,35,321      |
|      | May       | 24.00       | 19.45      | 10,32,483     |
|      | June      | 22.50       | 19.20      | 8,22,389      |
|      | July      | 23.50       | 20.75      | 7,72,667      |
|      | August    | 26.30       | 22.00      | 7,10,024      |
|      | September | 27.30       | 22.20      | 7,84,925      |
|      | October   | 28.05       | 22.65      | 7,12,987      |
|      | November  | 27.45       | 22.30      | 2,23,425      |
|      | December  | 26.00       | 18.55      | 5,01,467      |
| 2017 | January   | 28.00       | 21.25      | 1,99,047      |
|      | February  | 24.70       | 20.75      | 8,91,554      |
|      | March     | 26.00       | 19.25      | 26,47,665     |

## viii. Registrar & Transfer Agent

### Sharex Dynamic (India) Private Limited

Luthra Indus. Estate, 1<sup>st</sup> Floor,  
Safed Pool, Andheri-Kurla Road,  
Mumbai: 400 072.

Tel. Nos.: 022-28515606, 28515644

Fax No. : 022-228512885

Web Site: [www.sharexindia.com](http://www.sharexindia.com)

## ix. 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 Stakeholders Relationship Committee meets to consider and approve the share transfer proposal. All requests for dematerialization of shares are processed by the Company and Sharex (India) Private Limited within 21 days.

## X. Distribution of shareholding as on March 31, 2017

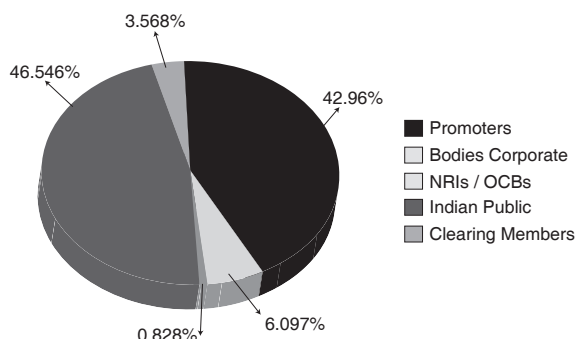
| Share Holding<br>(Nominal Value) in ₹ | Shareholders |               | Nominal Capital        |               |
|---------------------------------------|--------------|---------------|------------------------|---------------|
|                                       | No.          | %             | No.                    | %             |
| Upto 5,000                            | 7794         | 92.70         | 96,82,070.00           | 4.64          |
| 5,001-10,000                          | 240          | 2.85          | 19,26,840.00           | 0.92          |
| 10,001-20,000                         | 121          | 1.44          | 18,94,070.00           | 0.91          |
| 20,001-30,000                         | 42           | 0.50          | 10,64,160.00           | 0.51          |
| 30,001-40,000                         | 17           | 0.20          | 6,10,620.00            | 0.29          |
| 40,001-50,000                         | 25           | 0.30          | 11,85,370.00           | 0.57          |
| 50,001-1,00,000                       | 52           | 0.62          | 37,68,430.00           | 1.81          |
| 100,001 and above                     | 117          | 1.39          | 18,86,36,440.00        | 90.36         |
| <b>TOTAL</b>                          | <b>8,408</b> | <b>100.00</b> | <b>20,87,68,000.00</b> | <b>100.00</b> |

# SWARNSARITA GEMS LTD.

## xi. Shareholding Pattern as on 31<sup>st</sup> March, 2017.

| Category                                                                  | No. of Shares held | % of holding  |
|---------------------------------------------------------------------------|--------------------|---------------|
| Promoters                                                                 | 89,68,761          | 42.96         |
| Financial Institutions, Insurance Companies, Banks and Mutual Funds, etc. | 0.00               | 0.00          |
| Foreign Institutional Investors                                           | 0.00               | 0.00          |
| Bodies Corporate                                                          | 1272909            | 6.097         |
| NRIs / OCBs                                                               | 172935             | 0.828         |
| Indian Public                                                             | 9717264            | 46.546        |
| Clearing Members                                                          | 744931             | 3.568         |
| <b>Total</b>                                                              | <b>20876800</b>    | <b>100.00</b> |

**Shareholding Pattern**



## xii. Dematerialization of Shares and Liquidity

Trading in the Company's shares is permitted only in dematerialized form. The Company has established connectivity with both the Depositories viz. CDSL through its Registrar & Share Transfer Agents, whereby the investors have the option to dematerialize their shares with either of the depositories. The Company obtains a certificate from a Practicing Company Secretary every quarter, which confirms that total issued capital of the Company is in agreement with total number of shares in dematerialized form with CDSL and shares in physical form.

### Shares held in dematerialized and physical form as on March 31, 2017

|                            | No. of Share Capital | % to Total Share Capital |
|----------------------------|----------------------|--------------------------|
| <b>Dematerialized Form</b> |                      |                          |
| NSDL                       | 55,10,369            | 26.39                    |
| CDSL                       | 1,46,53,506          | 70.19                    |
| Physical Form              | 7,12,925             | 03.42                    |
| <b>Total</b>               | <b>20876800</b>      | <b>100.00</b>            |

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

**Place : Mumbai**

**Dated : 22.08.2017**

# ANNUAL REPORT 2016-17

## INDEPENDENT AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE UNDER SEBI(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

(Pursuant To Part E of Schedule V of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015)

**To the Members of  
Swarnsarita Gems Limited**

We, **M/s. Suresh Anchaliya & Co. Chartered Accountants**, the Statutory Auditors of Swarnsarita Gems Limited ("the company") have examined the compliance of the conditions of Corporate Governance by Swarnsarita Gems Limited having its Registered Office at 17/19, Ground Floor Dhanji Street, Mumbai 400 003, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

### **Managements' Responsibility**

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

### **Auditors' Responsibility**

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

We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ( the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

### **Opinion**

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2017.

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

**For: M/s. Suresh Anchaliya & Co.  
Chartered Accountants  
Firm Regn. No.: 112492W  
Suresh Anchaliya  
Partner  
Membership No.: 044960**

**Place: Mumbai  
Date : 22.08.2017**





# SWARNSARITA GEMS LTD.

## CERTIFICATION FROM THE MANAGING DIRECTOR AND CFO:

In terms of Regulation 17(8) as stipulated in Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as entered with the BSE, we hereby certify as under:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:
  - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have valued the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

There have been no

- i. Significant changes in internal control over financial reporting during the year;
- ii. Significant changes in accounting policies during the year;
- iii. Instances of fraud of which we have become aware and the involvement therein, of the management or an employee having significant role in the Company's internal control system over financial reporting.

**For Swarnsarita Gems Limited**  
**Mahendra M. Chordia**  
**Managing Director**  
**DIN: 00175686**

**Place: Mumbai**  
**Date: 22.08.2017**

**Sanket Dangi**  
**CFO**

# ANNUAL REPORT 2016-17

## **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2017, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as stipulated under Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**Place: Mumbai**  
**Date: 22.08.2017**

**Mahendra M. Chordia**  
**Managing Director**  
**DIN: 00175686**



# SWARNSARITA GEMS LTD.

## INDEPENDENT AUDITOR'S REPORT

To,  
THE MEMBERS OF SWARNSARITA GEMS LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **SWARNSARITA GEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at **31<sup>st</sup> March, 2017**, the Statement of Profit and Loss (including Other Comprehensive Income), the cash flow statement and the statement of Changes in Equity for the year ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including comprehensive income, cash flows and change in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, of the state of affairs of the Company as at 31<sup>st</sup> March 2017, and its Profit and its cash flows and the change in equity for the year ended on that date.

# ANNUAL REPORT 2016-17

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") as amended, issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "Annexure A" a statements on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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, the Statement of Profit and Loss, and the cash flow statement deal by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as at 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations on its financial position in its financial statements.
    - ii. The Company does not have long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company:
    - iv. The company has provided requisite disclosure in the standalone Ins AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407 (E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representation provided to us by the management we report that the disclosure are in accordance with the books of account maintained by the company and as produced by the Management.

Place: Mumbai  
Date : 29.05.2017

For Suresh Anchaliya & Co.  
Chartered Accountants  
Firm Regn. No. : 112492W  
Suresh Anchaliya  
Partner  
M.No. : 044960

# SWARNSARITA GEMS LTD.

## “Annexure A” to the Independent Auditors’ Report

The annexure referred to Independent Auditor’s Report to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March, 2017, we report that:

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year in a phased periodical manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- (ii) (a) The physical verification of the inventories has been verified by the management at regular intervals during the year and no material discrepancies were noticed.
- (iii) During the year the company has granted unsecured loan of ₹52.46 lakhs to its wholly owned subsidiary company “*Swarnsarita Realty Private Limited*” which is the only party covered in the register maintained under section 189 of the Companies Act, 2013 (‘the Act’).
- (a) In our opinion, the rate of interest and other term and conditions on which the loans had been granted to the body corporate listed in the register maintained under section 189 of the Act were not, prima facie, prejudicial to the interest of the company.
- (b) The loan granted to the wholly owned subsidiary company “*Swarnsarita Realty Private Limited*” listed in the registered maintained under section 189 of the Act and the terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand.
- (c) As the loan granted to wholly owned subsidiary company “*Swarnsarita Realty Private Limited*” is repayable on demand and hence there is no overdue amount.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits from the public.
- (vi) The central government has not prescribed the maintenance of cost records under section 148(1) of the Act.
- (vii) (a) According to the information and explanations given by the management and based on our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, Income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the company with the appropriate authorities. As explained to us, the company did not have any dues on account of employees state insurance and duty of excise.  
  
According to information and explanations given to us, no undisputed amounts payable in respect of provident funds, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrear as at 31<sup>st</sup> March 2017 for a period of more than six months from the date they become payable.
- (b) According to information and explanations given to us, there are no material dues of taxes which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, government and banks.

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- (ix) The company did not raise money by way of initial public offer or further public offer including debt instruments and term loans during the year. Accordingly, paragraph 3 (ix) is not applicable.
- (x) According to information and explanations given to us, no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given by the management and based on our examination of the records, the company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given by the management and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management and based on our examination of the records, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given by the management and based on our examination of the records, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the paragraph 3 (xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

**Place: Mumbai**  
**Date : 29.05.2017**

**For Suresh Anchaliya & Co.**  
**Chartered Accountants**  
**Firm Regn. No. : 112492W**  
**Suresh Anchaliya**  
**Partner**  
**M.No. : 044960**

# SWARNSARITA GEMS LTD.

## **“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Swarnsarita Gems limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Swarnsarita Gems Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal controls over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountant on India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such control operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.





## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on internal controls over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountant on India ('ICAI').

**Place: Mumbai**  
**Date : 29.05.2017**

**For Suresh Anchaliya & Co.**  
**Chartered Accountants**  
**Firm Regn. No. : 112492W**  
**Suresh Anchaliya**  
**Partner**  
**M.No. : 044960**



# SWARNSARITA GEMS LTD.

(in ₹ lakhs)

| Balance Sheet as at                  | Note | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
|--------------------------------------|------|------------------|------------------|------------------|
| <b>ASSETS</b>                        |      |                  |                  |                  |
| <b>Non-Current Assets</b>            |      |                  |                  |                  |
| Property, Plant and Equipment        | 1    | 153.82           | 159.12           | 43.80            |
| Intangible Assets                    | 2    | 0.36             | 0.36             | 0.36             |
| Financial Assets                     |      |                  |                  |                  |
| Investments                          | 3    | 1001.82          | 1507.27          | 990.49           |
| Loans and Advances                   | 4    | 1249.82          | 1131.45          | 1817.58          |
| Deferred Tax Assets (Net)            | 5    | 0.00             | 0.00             | 3.26             |
| Tax Assets (Net)                     | 6    | 277.65           | 274.35           | 197.14           |
| Other Non-Current Assets             | 7    | 6.07             | 4.60             | 0.03             |
| <b>Total Non-Current Assets</b>      |      | <b>2689.54</b>   | <b>3077.15</b>   | <b>3052.66</b>   |
| <b>Current Assets</b>                |      |                  |                  |                  |
| Inventories                          | 8    | 7615.49          | 5624.24          | 5203.24          |
| <b>Financial Assets</b>              |      |                  |                  |                  |
| Investments                          | 3    | 319.02           | 82.53            | 85.35            |
| Trade Receivables                    | 9    | 4371.70          | 4737.33          | 3747.66          |
| Cash and Cash Equivalents            | 10   | 2019.17          | 3211.20          | 1395.85          |
| Other Current Assets                 | 7    | 31.98            | 39.14            | 22.99            |
| <b>Total Current Assets</b>          |      | <b>14357.36</b>  | <b>13694.44</b>  | <b>10455.09</b>  |
| <b>Total Assets</b>                  |      | <b>17046.89</b>  | <b>16771.59</b>  | <b>13507.75</b>  |
| <b>EQUITY AND LIABILITIES</b>        |      |                  |                  |                  |
| <b>Equity</b>                        |      |                  |                  |                  |
| Equity share capital                 | 11   | 2083.76          | 2083.76          | 2083.76          |
| Other Equity                         |      | 6354.68          | 6067.83          | 5799.94          |
| <b>Total Equity</b>                  |      | <b>8438.44</b>   | <b>8151.59</b>   | <b>7883.70</b>   |
| <b>Liabilities</b>                   |      |                  |                  |                  |
| <b>Non-Current Liabilities</b>       |      |                  |                  |                  |
| Deferred Tax Liabilities             | 5    | 2.11             | 0.21             | 0.00             |
| <b>Total Non-Current Liabilities</b> |      | <b>2.11</b>      | <b>0.21</b>      | <b>0.00</b>      |
| <b>Current liabilities</b>           |      |                  |                  |                  |
| Financial liabilities                |      |                  |                  |                  |
| Borrowings                           | 12   | 7938.34          | 7487.12          | 4834.92          |
| Trade payable                        | 13   | 346.24           | 953.59           | 541.38           |
| Other financial liabilities          | 14   | 176.38           | 40.34            | 102.45           |
| Other Current Liabilities            | 15   | 9.38             | 2.30             | 2.40             |
| Current Tax Liabilities (Net)        | 16   | 136.00           | 136.45           | 142.89           |
| <b>Total Current Liabilities</b>     |      | <b>8606.34</b>   | <b>8619.79</b>   | <b>5624.05</b>   |
| <b>Total Equity and Liabilities</b>  |      | <b>17046.89</b>  | <b>16771.59</b>  | <b>13507.75</b>  |

As per our report of even date

For and On behalf of the Board of Directors of Swarnsarita Gems Limited

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

**Mahendra M. Chordia**  
Managing Director  
DIN: 00175686

**Asha M. Chordia**  
Executive Director  
DIN: 00175804

**Suresh Anchaliya**  
Partner  
Membership No. 044960

**Vishal Roshanlal Nolkha**  
Director  
DIN: 06855541

**Ashok Surana**  
Director  
DIN: 02799316

**Dhruvin Bharat Shah**  
Director  
DIN: 07528387

Place: Mumbai  
Date: May 29, 2017

**Prafulla Devaliya**  
Company Secretary

**Sanket Dangi**  
Chief Financial Officer

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in ₹ lakhs, except equity share and per equity share data

| Statement of Profit and loss for the period ended on                              | Note | 2017            | 2016            |
|-----------------------------------------------------------------------------------|------|-----------------|-----------------|
| Revenue from operation                                                            | 17   | 28608.53        | 32099.15        |
| Other Income                                                                      | 18   | 394.52          | 413.19          |
| <b>Total Income</b>                                                               |      | <b>29003.05</b> | <b>32512.34</b> |
| <b>Expenses</b>                                                                   |      |                 |                 |
| Cost of material consumed                                                         | 19   | 28098.89        | 30373.47        |
| Changes in Inventories of Finished Goods, Stock - In - Trade and Work in progress | 20   | -636.27         | 762.37          |
| Employee Benefit Expenses                                                         | 21   | 380.43          | 274.21          |
| Financial Costs                                                                   | 22   | 443.76          | 438.05          |
| Depreciation and Amortization Expenses                                            |      | 18.78           | 13.24           |
| Other Expenses                                                                    | 23   | 279.88          | 262.48          |
| <b>Total Expenses</b>                                                             |      | <b>28585.46</b> | <b>32123.82</b> |
| <b>Profit before tax</b>                                                          |      | <b>417.59</b>   | <b>388.52</b>   |
| Tax Expense                                                                       |      |                 |                 |
| Current Tax                                                                       |      | 128.84          | 117.17          |
| Deferred Tax                                                                      |      | 1.90            | 3.47            |
| <b>Profit for the period</b>                                                      |      | <b>286.85</b>   | <b>267.89</b>   |
| <b>Other comprehensive income</b>                                                 |      |                 |                 |
| (A) Items that will not be reclassified to profit or loss                         |      |                 |                 |
| Income tax relating to items that will not be reclassified to profit or loss      |      | 0.00            | 0.00            |
| (B) Items that will be reclassified to profit or loss                             |      |                 |                 |
| Income tax relating to items that will be reclassified to profit or loss          |      | 0.00            | 0.00            |
| <b>Total other comprehensive Income</b>                                           |      | <b>0.00</b>     | <b>0.00</b>     |
| Total Comprehensive Income for the period                                         |      | 286.85          | 267.89          |
| <b>Earning per equity share</b>                                                   |      |                 |                 |
| Basic                                                                             |      | 1.37            | 1.30            |
| Diluted                                                                           |      | 1.37            | 1.30            |

The accompanying notes form an integral part of the standalone interim financial statements.

As per our report of even date

**For and On behalf of the Board of Directors of Swarnsarita Gems Limited**

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

**Mahendra M. Chordia**  
Managing Director  
DIN: 00175686

**Asha M. Chordia**  
Executive Director  
DIN: 00175804

**Suresh Anchaliya**  
Partner  
Membership No. 044960

**Vishal Roshanlal Nolkha**  
Director  
DIN: 06855541

**Ashok Surana**  
Director  
DIN: 02799316

**Dhruvin Bharat Shah**  
Director  
DIN: 07528387

Place: Mumbai  
Date: May 29, 2017

**Prafulla Devaliya**  
Company Secretary

**Sanket Dangi**  
Chief Financial Officer

# SWARNSARITA GEMS LTD.

| Statement of Change in Equity |                      |                 |                            |                 |                   |                                           | (in ₹ lakhs) |
|-------------------------------|----------------------|-----------------|----------------------------|-----------------|-------------------|-------------------------------------------|--------------|
| Particulars                   | Equity Share Capital | Other equity    |                            |                 |                   |                                           | Total        |
|                               |                      | Capital reserve | Securities premium reserve | General reserve | Retained earnings | Other items of other comprehensive income |              |
| Balance as of April 1, 2015   | 2083.76              | 67.50           | 1368.10                    | 49.46           | 4314.88           | 0.00                                      | 7883.70      |
| Increase in share capital     | 0.00                 | 0.00            | 0.00                       | 0.00            | 0.00              | 0.00                                      | 0            |
| Profit for the period         | 0.00                 | 0.00            | 0.00                       | 0.00            | 267.89            | 0.00                                      | 267.89       |
| Balance as of March 31, 2016  | 2083.76              | 67.50           | 1368.10                    | 49.46           | 4582.77           | 0.00                                      | 8151.59      |

| Statement of Change in Equity |                      |                 |                            |                 |                   |                                           | (in ₹ lakhs) |
|-------------------------------|----------------------|-----------------|----------------------------|-----------------|-------------------|-------------------------------------------|--------------|
| Particulars                   | Equity Share Capital | Other equity    |                            |                 |                   |                                           | Total        |
|                               |                      | Capital reserve | Securities premium reserve | General reserve | Retained earnings | Other items of other comprehensive income |              |
| Balance as of April 1, 2016   | 2083.76              | 67.50           | 1368.10                    | 49.46           | 4582.77           | 0.00                                      | 8151.59      |
| Increase in share capital     | 0.00                 | 0.00            | 0.00                       | 0.00            | 0.00              | 0.00                                      | 0.00         |
| Profit for the period         | 0.00                 | 0.00            | 0.00                       | 0.00            | 286.85            | 0.00                                      | 286.85       |
| Balance as of March 31, 2017  | 2083.76              | 67.50           | 1368.10                    | 49.46           | 4869.62           | 0.00                                      | 8438.44      |

The accompanying notes form an integral part of the standalone interim financial statements.

As per our report of even date

For and On behalf of the Board of Directors of Swarnsarita Gems Limited

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

**Mahendra M. Chordia**  
Managing Director  
DIN: 00175686

**Asha M. Chordia**  
Executive Director  
DIN: 00175804

**Suresh Anchaliya**  
Partner  
Membership No. 044960

**Vishal Roshanlal Nolkha**  
Director  
DIN: 06855541

**Ashok Surana**  
Director  
DIN: 02799316

**Dhruvin Bharat Shah**  
Director  
DIN: 07528387

Place: Mumbai  
Date: May 29, 2017

**Prafulla Devaliya**  
Company Secretary

**Sanket Dangi**  
Chief Financial Officer

# ANNUAL REPORT 2016-17

(in ₹ lakhs)

| Statement of Cash Flow for the year ended                                      | 2017              | 2016            |
|--------------------------------------------------------------------------------|-------------------|-----------------|
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                                 |                   |                 |
| Profit before tax                                                              | 417.59            | 388.52          |
| Adjustment for :                                                               |                   |                 |
| Depreciation                                                                   | 18.78             | 13.24           |
| Gain/Loss on Investments                                                       | 6.17              | (2.82)          |
| Interest Expenses                                                              | 164.23            | 209.95          |
| <b>Operating Profit Before Working Capital Changes</b>                         | <b>594.43</b>     | <b>614.54</b>   |
| Inventories                                                                    | (1,991.25)        | (421.00)        |
| Trade Receivables                                                              | 365.63            | (989.68)        |
| Loans                                                                          | (118.37)          | 686.13          |
| Other Assets                                                                   | 2.39              | (97.93)         |
| Trade and other payable                                                        | (607.34)          | 412.21          |
| Other financial liabilities                                                    | 136.05            | (62.11)         |
| Other Liabilities                                                              | 7.07              | (0.10)          |
| <b>Cash Generated From Operations</b>                                          | <b>(1,611.39)</b> | <b>142.05</b>   |
| Income Tax Paid                                                                | (129.29)          | (123.44)        |
| Net Cash From Operating Activities                                             | <b>-1740.68</b>   | <b>18.61</b>    |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                     |                   |                 |
| Payment for purchase of property, plant and equipment                          | (13.48)           | (128.57)        |
| Purchase of Investments (net)                                                  | (260.00)          | -               |
| Proceeds from disposal/redemption of investments                               | 29.68             | -               |
| Interest received                                                              | 279.53            | 227.94          |
| Investment in Partnership Firm                                                 | 505.46            | (516.78)        |
| Net Cash Used In Investment Activities                                         | <b>541.18</b>     | <b>(417.41)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                     |                   |                 |
| Short Term Borrowings                                                          | 451.23            | 2,652.19        |
| Interest paid                                                                  | (443.76)          | (438.05)        |
| Net Cash Used In Financing Activities                                          | 7.47              | 2,214.15        |
| <b>Net change in cash and cash equivalents</b>                                 | <b>(1,192.03)</b> | <b>1,815.35</b> |
| Cash And Cash Equivalents As At The Commencement of the Year (Opening Balance) | 3,211.20          | 1,395.85        |
| Cash And Cash Equivalents As At The End of the Year                            | 2,019.17          | 3,211.20        |
| <b>Net Increase / (Decrease) As Disclosed Above</b>                            | <b>(1,192.03)</b> | <b>1,815.35</b> |
| Note : All figures in brackets are outflows                                    |                   |                 |

As per our report of even date

For and On behalf of the Board of Directors of Swarnsarita Gems Limited

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

**Mahendra M. Chordia**  
Managing Director  
DIN: 00175686

**Asha M. Chordia**  
Executive Director  
DIN: 00175804

**Suresh Anchaliya**  
Partner  
Membership No. 044960

**Vishal Roshanlal Nolkha**  
Director  
DIN: 06855541

**Ashok Surana**  
Director  
DIN: 02799316

**Dhruvin Bharat Shah**  
Director  
DIN: 07528387

Place: Mumbai  
Date: May 29, 2017

**Prafulla Devaliya**  
Company Secretary

**Sanket Dangi**  
Chief Financial Officer

# SWARNSARITA GEMS LTD.

## Notes to Financial Statement for the Year Ended 31st March, 2017

### Note No. 1

#### Property plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended 31st March, 2017 (in ₹ lakhs)

| Name of Assets       | Cost                |                                |                                                 |                     | Depreciation        |                                    |                              | Carring Value       |                     |
|----------------------|---------------------|--------------------------------|-------------------------------------------------|---------------------|---------------------|------------------------------------|------------------------------|---------------------|---------------------|
|                      | As On<br>01.04.2016 | Addition<br>during the<br>year | Deduction/<br>Written off<br>During the<br>Year | As On<br>31.03.2017 | As On<br>01.04.2016 | Depreciation<br>during the<br>year | Total<br>As On<br>31.03.2017 | As On<br>31.03.2017 | As On<br>01.04.2016 |
| Mettler Balances     | 6.41                | 0.37                           | 0                                               | 6.78                | 3.28                | 0.87                               | 4.15                         | 2.63                | 3.14                |
| Motor Cars           | 77.81               | 11.63                          | 0.00                                            | 89.44               | 49.59               | 5.51                               | 55.10                        | 34.33               | 28.22               |
| Office Equipments    | 13.93               | 0.740                          | 0.00                                            | 14.67               | 3.25                | 2.83                               | 6.08                         | 8.59                | 10.68               |
| Computers            | 14.51               | 0.13                           | 0.00                                            | 14.64               | 5.96                | 4.47                               | 10.43                        | 4.21                | 8.55                |
| Furniture & Fixtures | 12.98               | 0.00                           | 0.00                                            | 12.98               | 1.12                | 1.24                               | 2.36                         | 10.61               | 11.86               |
| Plant & Machinery    | 45.22               | 0.62                           | 0.00                                            | 45.84               | 1.56                | 3.00                               | 4.56                         | 41.28               | 43.66               |
| Office Building      | 53.52               | 0.00                           | 0.00                                            | 53.52               | 0.50                | 0.85                               | 1.36                         | 52.17               | 53.02               |
| <b>Total</b>         | <b>224.38</b>       | <b>13.48</b>                   | <b>0.00</b>                                     | <b>237.86</b>       | <b>65.26</b>        | <b>18.78</b>                       | <b>84.04</b>                 | <b>153.82</b>       | <b>159.12</b>       |

Following are the changes in the carrying value of property, plant and equipment for the Year ended 31st March, 2016 (in ₹ lakhs)

| Name of Assets       | Gross Carrying Value |                                |                                                 |                     | Depreciation        |                                    |                              | Carring Value       |                     |
|----------------------|----------------------|--------------------------------|-------------------------------------------------|---------------------|---------------------|------------------------------------|------------------------------|---------------------|---------------------|
|                      | As On<br>01.04.2015  | Addition<br>during the<br>year | Deduction/<br>Written off<br>During the<br>Year | As On<br>31.03.2016 | As On<br>01.04.2015 | Depreciation<br>during the<br>year | Total<br>As On<br>31.03.2016 | As On<br>31.03.2016 | As On<br>01.04.2015 |
| Mettler Balances     | 4.34                 | 2.07                           | 0.00                                            | 6.41                | 2.35                | 0.93                               | 3.28                         | 3.14                | 2.00                |
| Motor Cars           | 77.81                | 0.00                           | 0.00                                            | 77.81               | 44.72               | 4.87                               | 49.59                        | 28.22               | 33.09               |
| Office Equipments    | 3.75                 | 10.17                          | 0.00                                            | 13.93               | 1.17                | 2.08                               | 3.25                         | 10.68               | 2.58                |
| Computers            | 6.23                 | 8.27                           | 0.00                                            | 14.51               | 3.39                | 2.57                               | 5.96                         | 8.55                | 2.84                |
| Furniture & Fixtures | 0.33                 | 12.65                          | 0.00                                            | 12.98               | 0.33                | 0.79                               | 1.12                         | 11.86               | 0.00                |
| Plant & Machinery    | 3.34                 | 41.88                          | 0.00                                            | 45.22               | 0.05                | 1.51                               | 1.56                         | 43.66               | 3.28                |
| Office Building      | 0.00                 | 53.52                          | 0.00                                            | 53.52               | 0.00                | 0.50                               | 0.50                         | 53.02               | 0.00                |
| <b>Total</b>         | <b>95.81</b>         | <b>128.57</b>                  | <b>0.00</b>                                     | <b>224.38</b>       | <b>52.01</b>        | <b>13.24</b>                       | <b>65.26</b>                 | <b>159.12</b>       | <b>43.80</b>        |

Following are the changes in the carrying value of property, plant and equipment for the Year ended 31st March, 2015 (in ₹ lakhs)

| Name of Assets       | Gross Carrying Value |                                |                                                 |                     | Depreciation        |                                    |                              | Carring Value       |                     |
|----------------------|----------------------|--------------------------------|-------------------------------------------------|---------------------|---------------------|------------------------------------|------------------------------|---------------------|---------------------|
|                      | As On<br>01.04.2014  | Addition<br>during the<br>year | Deduction/<br>Written off<br>During the<br>Year | As On<br>31.03.2015 | As On<br>01.04.2014 | Depreciation<br>during the<br>year | Total<br>As On<br>31.03.2015 | As On<br>31.03.2015 | As On<br>01.04.2014 |
| Mettler Balances     | 3.00                 | 1.35                           | 0.00                                            | 4.34                | 1.77                | 0.58                               | 2.35                         | 2.00                | 1.24                |
| Motor Cars           | 61.48                | 16.33                          | 0.00                                            | 77.81               | 36.08               | 8.65                               | 44.72                        | 33.09               | 25.40               |
| Office Equipments    | 1.95                 | 1.85                           | 0.04                                            | 3.75                | 0.68                | 0.49                               | 1.17                         | 2.58                | 1.26                |
| Computers            | 4.33                 | 2.91                           | 1.01                                            | 6.23                | 1.30                | 2.09                               | 3.39                         | 2.84                | 3.04                |
| Furniture & Fixtures | 0.33                 | 0.00                           | 0.00                                            | 0.33                | 0.33                | 0.00                               | 0.33                         | 0.00                | 0.00                |
| Plant & Machinery    | 0.00                 | 3.34                           | 0.00                                            | 3.34                | 0.00                | 0.05                               | 0.05                         | 3.28                | 0.00                |
| Office Building      | 0.00                 | 0.00                           | 0.00                                            | 0.00                | 0.00                | 0.00                               | 0.00                         | 0.00                | 0.00                |
| <b>Total</b>         | <b>71.09</b>         | <b>25.78</b>                   | <b>1.06</b>                                     | <b>95.81</b>        | <b>40.15</b>        | <b>11.86</b>                       | <b>52.01</b>                 | <b>43.80</b>        | <b>30.94</b>        |

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## Notes to Financial Statement for the Year Ended 31st March, 2017

### Note No. 2.

#### Intangible Assets

Following are the changes in the carrying value of Intangible Assets for the Year ended 31st March, 2017 (in ₹ lakhs)

| Name of Assets | Cost                |                                |                                                 | As On<br>31.03.2017 | Depreciation        |                                    |                              | Carring Value       |                     |
|----------------|---------------------|--------------------------------|-------------------------------------------------|---------------------|---------------------|------------------------------------|------------------------------|---------------------|---------------------|
|                | As On<br>01.04.2016 | Addition<br>during the<br>year | Deduction/<br>Written off<br>During the<br>Year |                     | As On<br>01.04.2016 | Depreciation<br>during the<br>year | Total<br>As On<br>31.03.2017 | As On<br>31.03.2017 | As On<br>01.04.2016 |
| Trademark      | 0.36                | 0                              | 0                                               | 0                   | 0                   | 0                                  | 0                            | 0.36                | 0.36                |
| <b>Total</b>   | <b>0.36</b>         | <b>0</b>                       | <b>0</b>                                        | <b>0</b>            | <b>0</b>            | <b>0</b>                           | <b>0</b>                     | <b>0.36</b>         | <b>0.36</b>         |

Following are the changes in the carrying value of Intangible Assets for the Year ended 31st March, 2016 (in ₹ lakhs)

| Name of Assets | Cost                |                                |                                                 | As On<br>31.03.2016 | Depreciation        |                                    |                              | Carring Value       |                     |
|----------------|---------------------|--------------------------------|-------------------------------------------------|---------------------|---------------------|------------------------------------|------------------------------|---------------------|---------------------|
|                | As On<br>01.04.2015 | Addition<br>during the<br>year | Deduction/<br>Written off<br>During the<br>Year |                     | As On<br>01.04.2015 | Depreciation<br>during the<br>year | Total<br>As On<br>31.03.2016 | As On<br>31.03.2016 | As On<br>01.04.2015 |
| Trademark      | 0.36                | 0                              | 0                                               | 0                   | 0                   | 0                                  | 0                            | 0.36                | 0.36                |
| <b>Total</b>   | <b>0.36</b>         | <b>0</b>                       | <b>0</b>                                        | <b>0</b>            | <b>0</b>            | <b>0</b>                           | <b>0</b>                     | <b>0.36</b>         | <b>0.36</b>         |

Following are the changes in the carrying value of Intangible Assets for the Year ended 31st March, 2015 (in ₹ lakhs)

| Name of Assets | Cost                |                                |                                                 | As On<br>31.03.2015 | Depreciation        |                                    |                              | Carring Value       |                     |
|----------------|---------------------|--------------------------------|-------------------------------------------------|---------------------|---------------------|------------------------------------|------------------------------|---------------------|---------------------|
|                | As On<br>01.04.2014 | Addition<br>during the<br>year | Deduction/<br>Written off<br>During the<br>Year |                     | As On<br>01.04.2014 | Depreciation<br>during the<br>year | Total<br>As On<br>31.03.2015 | As On<br>31.03.2015 | As On<br>01.04.2014 |
| Trademark      | 0.36                | 0                              | 0                                               | 0                   | 0                   | 0                                  | 0                            | 0.36                | 0.36                |
| <b>Total</b>   | <b>0.36</b>         | <b>0</b>                       | <b>0</b>                                        | <b>0</b>            | <b>0</b>            | <b>0</b>                           | <b>0</b>                     | <b>0.36</b>         | <b>0.36</b>         |

### Note No. 3: Investments

(in ₹ lakhs)

| Particulars                                                      | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
|------------------------------------------------------------------|------------------|------------------|------------------|
| <b>Non-current investments</b>                                   |                  |                  |                  |
| <b>Unquoted Investment carried at cost</b>                       |                  |                  |                  |
| Investment in wholly owned subsidiary Swarnsarita Realty Pvt Ltd | 1000.00          | 1000.00          | 1000.00          |
| 10000000 (10000000) equity shares of ₹10 each, fully paid up     |                  |                  |                  |
| Investment in partnership firm Swarnsarita Gold and Diamonds     | 1.82             | 507.27           | -9.51            |
|                                                                  | <b>1001.82</b>   | <b>1507.27</b>   | <b>990.49</b>    |



# SWARNSARITA GEMS LTD.

## Notes to Financial Statement for the Year Ended 31st March, 2017

Total Capital of the partnership firm Swarnsarita Gold and Diamonds

Details of partners and their Share in profit and loss and Share in Capital

(in ₹ lakhs)

| Name of Partner            | Profit sharing ratio as at                 |         |            |         |            |         | Closing capital as at |            |            |
|----------------------------|--------------------------------------------|---------|------------|---------|------------|---------|-----------------------|------------|------------|
|                            | Upto 15th November, 2016 (retirement date) |         | 31.03.2016 |         | 31.03.2015 |         | 31.03.2017            | 31.03.2016 | 31.03.2015 |
|                            | Ratio                                      | Capital | Ratio      | Capital | Ratio      | Capital |                       |            |            |
| Lalit Shankarlal Chordia   | 10%                                        | 0.52    | 10%        | 1.87    | 10%        | -2.11   | 0.05                  | -0.46      | 2.36       |
| Swarnsarita Gems Limited * | 35%                                        | 1.82    | 35%        | 8.41    | 45%        | -9.50   | 1.82                  | 507.27     | -9.51      |
| Manoj Jasraj Golecha       | 8%                                         | 0.41    | 8%         | 1.49    | 23%        | -4.46   | -2.95                 | -3.37      | -4.86      |
| Shweta Anuj Golecha        | 22%                                        | 1.14    | 22%        | 4.11    | 22%        | -4.64   | 0.60                  | -0.54      | -4.65      |
| Jasraj Jain                | 15%                                        | 0.78    | 15%        | 2.80    | 0%         | 0.00    | 3.58                  | 2.80       | 0.00       |
| Saloni Singhvi             | 10%                                        | 0.52    | 10%        | 2.08    | 0%         | 0.00    | 2.59                  | 2.08       | 0.00       |

\*Swarnsarita Gems Limited has resigned from the Swarnsarita gold and diamonds on 15th November, 2016

### Current investments

Investment Carried at fair value through profit and loss account (FVTPL)

Liquid mutual fund units

Union KBC Mutual Fund

318.90 82.41 85.10

Equity investments

SJ Corporation Limited of ₹1 each

0.12 0.12 0.25

400 quity shares of ₹1 each, fully paid up

319.02 82.53 85.35

Total carrying Value

1320.84 1589.81 1075.85

### Note No. 4: Loans

(in ₹ lakhs)

| Particulars                                                | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
|------------------------------------------------------------|------------------|------------------|------------------|
| <b>Non - Current</b>                                       |                  |                  |                  |
| Unsecured, considered good                                 |                  |                  |                  |
| <b>Loan to related parties</b>                             |                  |                  |                  |
| Wholly Owned subsidiary Swarnsarita Realty Private Limited | 1231.82          | 1114.45          | 1215.81          |
| <b>Others</b>                                              |                  |                  |                  |
| Nilkanth jewellers                                         | 18.00            | 17.00            | 601.77           |
|                                                            | <b>1249.82</b>   | <b>1131.45</b>   | <b>1817.58</b>   |

### Note No. 5: Deffered tax assets (Liabilities)

Property plant and equipment

-2.11 -0.21 3.26

-2.11 -0.21 3.26

### Note No. 6: Tax assets (Net)

Income tax assets

145.70 117.29 103.90

Indirect tax assets

131.95 157.05 93.24

277.65 274.35 197.14

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## Notes to Financial Statement for the Year Ended 31st March, 2017

### Note No. 7: Other assets

|                                             | (in ₹ lakhs)     |                  |                  |
|---------------------------------------------|------------------|------------------|------------------|
| Particulars                                 | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
| <b>1 Non-current</b>                        |                  |                  |                  |
| <b>Advances other than capital advances</b> |                  |                  |                  |
| Security Deposit                            | 6.07             | 4.60             | 0.03             |
|                                             | <b>6.07</b>      | <b>4.60</b>      | <b>0.03</b>      |
| <b>2 Current</b>                            |                  |                  |                  |
| <b>Capital Advances</b>                     |                  |                  |                  |
| Advance for purchase of machinery           | 0.00             | 2.00             | 0.00             |
| <b>Advances other than capital advances</b> |                  |                  |                  |
| <b>Other advances</b>                       |                  |                  |                  |
| Advance to supplier                         | 23.37            | 11.46            | 14.10            |
| Prepaid expenses                            | 8.61             | 8.43             | 8.89             |
| Job work charges receivables                | 0.00             | 17.26            | 0.00             |
|                                             | <b>31.98</b>     | <b>39.14</b>     | <b>22.99</b>     |
| <b>Total other assets</b>                   | <b>38.05</b>     | <b>43.74</b>     | <b>23.02</b>     |

### Note No. 8: Inventories

|                |                |                |                |
|----------------|----------------|----------------|----------------|
| Raw Materials  | 3041.12        | 1686.13        | 502.76         |
| Finished Goods | 4574.37        | 3938.10        | 4700.47        |
|                | <b>7615.49</b> | <b>5624.24</b> | <b>5203.24</b> |

### Note No. 9: Trade receivables

|                     |                |                |                |
|---------------------|----------------|----------------|----------------|
| Unsecured           |                |                |                |
| Considered good     | 4371.70        | 4737.33        | 3747.66        |
| Considered doubtful | 0.00           | 0.00           | 0.00           |
|                     | <b>4371.70</b> | <b>4737.33</b> | <b>3747.66</b> |

### Note No. 10: Cash and cash equivalents

|                            |                |                |                |
|----------------------------|----------------|----------------|----------------|
| <u>Balances with banks</u> |                |                |                |
| Cash on hand               | 0.37           | 5.10           | 5.66           |
| In current accounts        | 11.89          | 163.99         | 605.33         |
| Fixed Deposits             | 2006.91        | 3042.11        | 784.86         |
|                            | <b>2019.17</b> | <b>3211.20</b> | <b>1395.85</b> |

### Specified Bank Notes Disclosure (SBNs)

In accordance with MCA notifications G.S.R 308 (E) dated March 30, 2017 details of Specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016.

| Particulars                                  | SBNs     | ODNs          | Total         |
|----------------------------------------------|----------|---------------|---------------|
| Closing cash on hand as on November 8, 2016  | 0        | 92689         | 92689         |
| (+) Non Permitted Receipts                   | 0        | 0             | 0             |
| (+) Permitted Receipts                       | 0        | 114000        | 114000        |
| (-) Permitted Payments                       | 0        | 98145         | 98145         |
| (-) Amount deposited in Banks                | 0        | 0             | 0             |
| Closing cash on hand as on December 30, 2016 | <b>0</b> | <b>108544</b> | <b>108544</b> |

# SWARNSARITA GEMS LTD.

## Notes to Financial Statement for the Year Ended 31st March, 2017

### Note No. 11: Equity share capital

| (in ₹ lakhs)                                          |                  |                  |                  |
|-------------------------------------------------------|------------------|------------------|------------------|
| Particulars                                           | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
| <b>Authorised Share:</b>                              |                  |                  |                  |
| 2,20,00,000 Equity Shares of ₹10/- each               | 2200.00          | 2200.00          | 2200.00          |
| Issued, Subscribed and Paid up:                       |                  |                  |                  |
| 2,08,76,800 Equity Shares of ₹10/- each Fully Paid-Up | 2087.68          | 2087.68          | 2087.68          |
| Less : Call Money Due on Equity Shares                | -3.92            | -3.92            | -3.92            |
| <b>Total</b>                                          | <b>2083.76</b>   | <b>2083.76</b>   | <b>2083.76</b>   |

Reconciliation of the Number of Equity Shares Outstanding at the beginning and at the end of the reporting period

|                                                    | No. of Shares   | No. of Shares   | No. of Shares   |
|----------------------------------------------------|-----------------|-----------------|-----------------|
| Outstanding at the Beginning of the Reporting Year | 20876800        | 20876800        | 20876800        |
| Add: Issued During the year                        | 0               | 0               | 0               |
| Outstanding at the End of the Reporting Year       | <b>20876800</b> | <b>20876800</b> | <b>20876800</b> |

### Terms / Right Attached to Equity Shares

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

### Details of Shareholders holding more than 5% share in the company

Equity Shares Fully Paid at ₹10/- each

| No. | Name                            | As at 31st March, 2017 |              | As at 31st March, 2016 |              | As at 31st March, 2015 |              |
|-----|---------------------------------|------------------------|--------------|------------------------|--------------|------------------------|--------------|
|     |                                 | No. of Shares          | % of Holding | No. of Shares          | % of Holding | No. of Shares          | % of Holding |
| 1   | Swarnsarita Jewellers Pvt. Ltd. | 8,968,761              | 42.96        | 8,078,761              | 38.70        | 7,128,761              | 34.15        |

### Note No. 12: Borrowing

(in ₹ lakhs)

| Particulars                                                  | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
|--------------------------------------------------------------|------------------|------------------|------------------|
| <b>Current</b>                                               |                  |                  |                  |
| Secured, loans repayable on demand                           |                  |                  |                  |
| <b>From Banks</b>                                            |                  |                  |                  |
| Union Bank of India (CC A/c) <sup>1</sup>                    | 117.23           | 1279.51          | 3008.97          |
| SBI Gold Loan/CC A/c                                         | 0.00             | 0.00             | 1147.01          |
| Kotak Mahindra Domestic Gold Metal Loan Account <sup>2</sup> | 0.00             | 1578.47          | 0.00             |
| The Bank of Nova Scotia <sup>3</sup>                         | 1678.76          | 1104.55          | 0.00             |
| Union Bank of India (Gold Loan) <sup>1</sup>                 | 6142.35          | 3524.58          | 678.94           |
|                                                              | <b>7938.34</b>   | <b>7487.12</b>   | <b>4834.92</b>   |

<sup>1</sup> The Cash Credit facility and Gold Loan from the Union Bank of India is secured by hypothecation of Stock and book debts upto 90days on paripassu basis with kotak mahindra bank and and collaterally secured by the equitable mortgage of property of being Shops at Kalyan bearing No. 3, 103, 4, 104, 15, 115, 16 and 116 and office no. 114 at Panchratna, Opera House, Mumbai, Pledge of 62.63040 Lakhs shares of Swarnsarita Gems Limited held by promoter group (Swarnsarita Jewellers Private Limited), personal guarantee given by the directors of the company and Corporate guarantee of Swarnsarita Realty Private Limited.

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## Notes to Financial Statement for the Year Ended 31st March, 2017

<sup>2</sup> The Cash Credit facility, Domestic Gold Metal Loan, Bank Gurantee/SBLC from the Kotak Mahindra Bank is secured by hypothecation charge over entire current assets and movable fixed assets (excluding vehicles and assets exclusively financed by other banks) on pari passu basis with Union Bank of India and collaterally secured by the equitable mortgage of property of director being 901, Silver solitare, Opp. Axis Bank, Tilak Road, Ghatkopar (E) Mumbai and personal guarantee given by the directors of the company and Corporate guarantee of Swarnsarita Realty Private Limited.

<sup>3</sup> The Metal Gold loan facility from the Bank of Nova Scotia is secured by Stand by Letter of Credit (SBLC) issued by Kotak Mahindra Bank.

### Note No. 13: Trade payable

|               | (in ₹ lakhs)     |                  |                  |
|---------------|------------------|------------------|------------------|
| Particulars   | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
| Current       |                  |                  |                  |
| Trade Payable | 346.24           | 953.59           | 541.38           |
|               | <b>346.24</b>    | <b>953.59</b>    | <b>541.38</b>    |

### Note No. 14: Other financial liabilities

|                                |               |              |               |
|--------------------------------|---------------|--------------|---------------|
| Current                        |               |              |               |
| Expenses payables              | 173.61        | 40.34        | 102.45        |
| Advance received from customer | 2.77          | 0.00         | 0.00          |
|                                | <b>176.38</b> | <b>40.34</b> | <b>102.45</b> |

### Note No. 15: Other liabilities

|                         |             |             |             |
|-------------------------|-------------|-------------|-------------|
| Current                 |             |             |             |
| Statutory taxes payable | 9.38        | 2.30        | 2.40        |
|                         | <b>9.38</b> | <b>2.30</b> | <b>2.40</b> |

### Note No. 16: Current tax liabilities

|                        |               |               |               |
|------------------------|---------------|---------------|---------------|
| Income tax liabilities | 136.00        | 136.45        | 142.89        |
|                        | <b>136.00</b> | <b>136.45</b> | <b>142.89</b> |

# SWARNSARITA GEMS LTD.

## Notes to Financial Statement for the Year Ended 31st March, 2017

|                                                                                                       | (in ₹ lakhs)     |                  |
|-------------------------------------------------------------------------------------------------------|------------------|------------------|
| Particulars                                                                                           | As at 31.03.2017 | As at 31.03.2016 |
| <b>Note No. 17: Revenue from operation</b>                                                            |                  |                  |
| Sale of Goods                                                                                         | 27,155.81        | 30,809.86        |
| Excise Duty                                                                                           | 132.95           | -                |
| Labour Charges Received                                                                               | 1,319.77         | 1,289.29         |
|                                                                                                       | <b>28,608.53</b> | <b>32,099.15</b> |
| <b>Note No. 18: Other Income</b>                                                                      |                  |                  |
| Interest Income                                                                                       | 279.53           | 227.94           |
| Sundry Balance W/off                                                                                  | -                | 0.14             |
| Exchange difference                                                                                   | 106.40           | 179.53           |
| Income/(Loss) from Partnership Firm                                                                   | 1.82             | 8.41             |
| Certification charges received                                                                        | 0.61             | -                |
| Gain/Loss on valuation of Shares and mutual fund at fair value                                        | 6.17             | (2.82)           |
|                                                                                                       | <b>394.52</b>    | <b>413.19</b>    |
| <b>Note No. 19: Cost of material consumed</b>                                                         |                  |                  |
| Purchase of Goods                                                                                     | 28,731.20        | 30,908.00        |
| Labour Charges & Other Charges                                                                        | 589.72           | 648.84           |
| Excise Duty                                                                                           | 132.95           | -                |
| Add:- Opening Stock                                                                                   |                  | -                |
| Raw Material                                                                                          | 1,686.13         | 502.76           |
| Less:- Closing Stock                                                                                  |                  | -                |
| Raw Material                                                                                          | 3,041.12         | 1,686.13         |
| <b>Raw Material Consumed</b>                                                                          | <b>28,098.89</b> | <b>30,373.47</b> |
| <b>Note No. 20: Changes in Inventories of Finished Goods, Stock - In - Trade and Work in progress</b> |                  |                  |
| Opening Balance of Inventory                                                                          | 3,938.10         | 4,700.47         |
| Less: Closing Balance of Inventory                                                                    | 4,574.37         | 3,938.10         |
|                                                                                                       | <b>(636.27)</b>  | <b>762.37</b>    |
| <b>Note No. 21: Employee benefit expenses</b>                                                         |                  |                  |
| Salaries and Wages <sup>1</sup>                                                                       | 364.74           | 272.48           |
| Staff Welfare Expenses                                                                                | 15.69            | 1.72             |
|                                                                                                       | <b>380.43</b>    | <b>274.21</b>    |
| 1 Salaries and wages includes director remuneration of ₹42.00 Lakhs.                                  |                  |                  |
| <b>Note No. 22: Finance Costs</b>                                                                     |                  |                  |
| Interest Expenses                                                                                     | 443.76           | 438.05           |
|                                                                                                       | <b>443.76</b>    | <b>438.05</b>    |

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## Notes to Financial Statement for the Year Ended 31st March, 2017

### Note No. 23: Other Expenses

| Particulars                   | (in ₹ lakhs)     |                  |
|-------------------------------|------------------|------------------|
|                               | As at 31.03.2017 | As at 31.03.2016 |
| Administrative Expenses       | -                | 0.10             |
| Advertising Expenses          | 0.86             | 4.30             |
| Auditor Remuneration          | 4.62             | 5.05             |
| Bad Debts                     | 16.35            | 0.00             |
| Brokerage and Commission      | -                | 0.50             |
| Certification Charges         | 13.61            | 17.19            |
| Computer Repair & Maintenance | 1.31             | 0.63             |
| Connectivity Charges          | 1.20             | 1.10             |
| Conveyance Expenses           | 0.47             | 0.00             |
| Consultancy Charges           | 0.48             | 0.00             |
| Car Expenses                  | -                | 0.18             |
| Credit Rating Fees            | 1.73             | 0.00             |
| Depository Charges            | 2.39             | 1.72             |
| Designing Expenses            | 5.14             | 4.85             |
| Discount, Rebate & Round off  | (0.79)           | 0.58             |
| Donation                      | -                | 0.25             |
| Electricity Expenses          | 13.22            | 13.13            |
| Exhibition Charges            | 45.35            | 68.04            |
| Export Expenses               | 21.61            | 19.00            |
| Franking Charges              | 0.03             | 0.04             |
| Freight Charges               | 26.88            | 26.10            |
| Hire Charges                  | 4.14             | 3.59             |
| Insurance                     | 14.14            | 12.00            |
| Late Fees                     | 0.37             | 0.06             |
| Listing Fees                  | 2.29             | 2.25             |
| Internet Charges              | 0.98             | 0.28             |
| Membership Fees               | 0.14             | 0.04             |
| Manpower Service charges      | 0.52             | 0.37             |
| Office Expenses               | 5.99             | 5.20             |
| Packing Material & Threads    | 0.40             | 0.03             |
| Professional Tax              | 0.08             | 2.37             |
| Postage Expenses              | 2.26             | 2.30             |
| Printing and Stationery       | 4.08             | 3.35             |
| Professional Fees             | 16.07            | 10.76            |
| Repair & Maintenance - others | 1.11             | 0.88             |
| ROC Fees                      | 0.95             | 0.70             |
| Rent                          | 59.42            | 32.56            |
| Security Service Charges      | 1.77             | 1.49             |
| Software Licence Charges      | 0.92             | 0.51             |
| Society Charges               | 0.89             | 0.69             |
| Telephone Expenses            | 2.97             | 3.51             |
| Travelling Expenses           | 5.54             | 16.79            |
| Valuation Charges             | 0.39             | 0.00             |
|                               | <b>279.88</b>    | <b>262.48</b>    |

# SWARNSARITA GEMS LTD.

## Notes forming part of Financial Statements

### A. Company Overview

1. Swarnsarita Gems Limited ("the Company") is engaged in the business of manufacturing, sale and trading in the gold jewellery and precious stone studded jewellery.

The Company is a public limited company incorporated and domiciled in India and has its registered office in Mumbai, Maharashtra, India. The Company has its primary listings on the BSE Limited.

### B. Statement of Compliance

2. In accordance with the notification issued by the Ministry of Corporate Affairs, the company has adopted Indian Accounting Standards (referred to as 'Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April, 2016. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 First Time Adoption of Indian Accounting Standards, the Company has presented reconciliation from the presentation of financial statement under accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of shareholders equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

### C. Significant Accounting Policies

#### 3. Basis of Preparation of Financial Statement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### 4. Use of Estimates and Judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

#### Impairment of investments

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

#### Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.



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## **Valuation of deferred tax assets**

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 8.

## **Provisions and Contingent Liabilities**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

## **5. Revenue recognition**

The Company earns revenue primarily from manufacturing and trading of gold jewellery. In appropriate circumstance, revenue is recognized when no significant uncertainty as to determination or realization exists. Revenue is reported net of discounts, indirect taxes.

## **6. Cost recognition**

Costs and expenses are recognised when incurred and have been classified according to their nature. The costs of the Company are broadly categorised in cost of material consumed, employee benefit expenses, depreciation and amortization, finance cost and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, cost of running its facilities, travel expenses, exhibition charges, freight charges, export expenses, communication costs, allowances for delinquent receivables and advances and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment etc.

## **7. Foreign Currency**

Transactions in foreign currencies are normally recorded at the exchange rate prevailing during the period of transaction.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

## **8. Income taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

### **Current income taxes**

The current income tax expense includes income taxes payable by the Company and its branches in India. Advance taxes and provisions for current income taxes are presented in the Balance sheet without off-setting advance tax paid and income tax provision arising in the same tax jurisdiction.

# SWARNSARITA GEMS LTD.

## Deferred income taxes

Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

## 9. Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

### Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

### Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

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## Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

## 10. Investment in subsidiaries

Investments in subsidiaries are measured at cost less impairment.

## 11. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

| Type of asset        | Method        | Useful lives |
|----------------------|---------------|--------------|
| Mettler Balance      | Straight line | 5 years      |
| Motor Cars           | Straight line | 8 Years      |
| Office Equipment     | Straight line | 5 years      |
| Computers            | Straight line | 3 years      |
| Furniture & Fixtures | Straight line | 10 years     |
| Plant & Machinery    | Straight line | 15 years     |
| Office Building      | Straight line | 60 years     |

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

## 12. Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

## 13. Impairment

### Financial assets (other than at fair value)

The Company assesses at each date of Balance Sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### Non-financial assets

#### Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an

# SWARNSARITA GEMS LTD.

individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

## 14. Inventories

### Finished Goods

- i. Gold and Diamond Jewellery is valued at cost on weighted average method by taking average of borrowed gold and self-purchased gold separately.
  - 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 cost on weighted average method by taking average of borrowed gold and self-purchased gold separately.
  - ii. Loose diamonds are valued at weighted average cost method.

## 15. Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years' presented.

## 16. Gold Loan:

- (i) Transactions of purchase of gold under Gold Loan Scheme of the banks where the final rate of gold is settled on the subsequent date to the date of transactions are normally recorded at the prevailing rate of gold and exchange rate on the date of transaction as per performa invoice provided by the suppliers of the gold.
- (ii) Difference arise in the value of purchases as compared to the value as per performa invoice on the date of settlement of transaction is transferred to the purchase cost as plus or minus as the case may be.
- (iii) Monetary item of gold loan denominated in foreign currency at the year end are translated at the year end rate of exchange of the foreign currency and the year end rate of gold on the London Metal Exchange as certified by the seller bank of the gold and difference so arrived is taken to the cost of purchase of goods.

## D. Notes to the Accountants

### 17. Explanation of transition to Ind AS

The transition as at April 1, 2015 to Ind AS was carried out from previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 - First-time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

Exemptions from retrospective application:

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The Company has applied the following exemptions:

## (a) Investments in subsidiaries, joint ventures and associates

The Company has elected to adopt the carrying value under Previous GAAP as on the date of transition i.e. April 1, 2015 in its separate financial statements.

### Reconciliations between Previous GAAP and Ind AS

#### (i) Equity Reconciliation (in ₹lakhs)

| Particulars                         | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-------------------------------------|-------------------------|-------------------------|
| As reported under previous GAAP     | 8144.11                 | 7873.40                 |
| Change in fair value of investments | 7.48                    | 10.30                   |
| Equity under Ind AS                 | 8151.59                 | 7883.70                 |

#### (ii) Total Comprehensive income reconciliation (in ₹ lakhs)

| Particulars                         | As at<br>March 31, 2016 |
|-------------------------------------|-------------------------|
| Net profit under previous GAAP      | 270.71                  |
| Change in fair value of investments | (2.82)                  |
| Equity under Ind AS                 | 267.89                  |

#### (iii) Reconciliation of Statement of Cash Flow as reported under the previous GAAP.

There are no material adjustments to the Statements of Cash Flows as reported under the Previous GAAP

### Notes to reconciliations between Previous GAAP and Ind AS

#### Fair valuation of investments

Under Previous GAAP, current investments were measured at lower of cost or fair value and long term investments were measured at cost less diminution in value which is other than temporary, under Ind AS Financial assets other than amortised cost are subsequently measured at fair value.

The Company holds investment in equity shares and mutual funds with the objective of both collecting contractual cash flows which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and selling financial assets. Investment in mutual funds and equity shares have been classified as fair value through statement of profit and loss and changes in fair value are recognised in statement of profit and loss. This has resulted in increase in net profit of ₹10.30 Lakhs as at March 31, 2016 and decrease in net profit of ₹2.82 Lakhs as at March 31, 2016.

## 18. Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes to the financial statements.

# SWARNSARITA GEMS LTD.

## (a) Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2017 is as follows:

(in ₹ lakhs)

| Financial Assets                       | Fair value through Profit or Loss | Amortised Cost | Total carrying Value |
|----------------------------------------|-----------------------------------|----------------|----------------------|
| Cash and cash equivalents              | 0.00                              | 2019.17        | 2019.17              |
| Trade Receivables                      | 0.00                              | 4371.70        | 4371.70              |
| Investments (other than in subsidiary) | 319.02                            | 1.82           | 320.84               |
| Investments in subsidiary              | 0.00                              | 1000.00        | 1000.00              |
| Loans                                  | 0.00                              | 1249.82        | 1249.82              |
| <b>Total</b>                           | <b>319.02</b>                     | <b>8640.51</b> | <b>8961.53</b>       |
| <b>Financial Liabilities</b>           |                                   |                |                      |
| Trade payable                          | 0.00                              | 346.24         | 346.24               |
| Borrowings                             | 0.00                              | 7938.34        | 7938.34              |
| Other financial liabilities            | 0.00                              | 176.38         | 176.38               |
| <b>Total</b>                           | <b>0.00</b>                       | <b>8460.97</b> | <b>8460.97</b>       |

The carrying value of financial instruments by categories as at March 31, 2016 is as follows:

(in ₹ lakhs)

| Financial Assets                       | Fair value through Profit or Loss | Amortised Cost  | Total carrying Value |
|----------------------------------------|-----------------------------------|-----------------|----------------------|
| Cash and cash equivalents              | 0.00                              | 3211.20         | 3211.20              |
| Trade Receivables                      | 0.00                              | 4737.33         | 4737.33              |
| Investments (other than in subsidiary) | 82.53                             | 507.27          | 589.80               |
| Investments in subsidiary              | 0.00                              | 1000.00         | 1000.00              |
| Loans                                  | 0.00                              | 1131.45         | 1131.45              |
| <b>Total</b>                           | <b>82.53</b>                      | <b>10587.25</b> | <b>10669.78</b>      |
| <b>Financial Liabilities</b>           |                                   |                 |                      |
| Trade payable                          | 0.00                              | 953.59          | 953.59               |
| Borrowings                             | 0.00                              | 7487.12         | 7487.12              |
| Other financial liabilities            | 0.00                              | 40.34           | 40.34                |
| <b>Total</b>                           | <b>0.00</b>                       | <b>8481.04</b>  | <b>8481.04</b>       |

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The carrying value of financial instruments by categories as at March 31, 2015 is as follows:

(in ₹ lakhs)

| Financial Assets                       | Fair value through Profit or Loss | Amortised Cost | Total carrying Value |
|----------------------------------------|-----------------------------------|----------------|----------------------|
| Cash and cash equivalents              | 0.00                              | 1395.85        | 1395.85              |
| Trade Receivables                      | 0.00                              | 3747.66        | 3747.66              |
| Investments (other than in subsidiary) | 85.35                             | (9.51)         | 75.84                |
| Investments in subsidiary              | 0.00                              | 1000.00        | 1000.00              |
| Loans                                  | 0.00                              | 1817.58        | 1817.58              |
| <b>Total</b>                           | <b>85.35</b>                      | <b>7951.58</b> | <b>8036.93</b>       |
| <b>Financial Liabilities</b>           |                                   |                |                      |
| Trade payable                          | 0.00                              | 541.38         | 541.38               |
| Borrowings                             | 0.00                              | 4834.92        | 4834.92              |
| Other financial liabilities            | 0.00                              | 102.45         | 102.45               |
| <b>Total</b>                           | <b>0.00</b>                       | <b>5478.75</b> | <b>5478.75</b>       |

## Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market. The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required):

(in ₹ lakhs)

| As at March 31, 2017        | Level 1       | Level 2     | Level 3     | Total         |
|-----------------------------|---------------|-------------|-------------|---------------|
| <b>Financial assets</b>     |               |             |             |               |
| Mutual fund units           | 318.90        | 0.00        | 0.00        | 318.90        |
| Equity shares               | 0.12          | 0.00        | 0.00        | 0.12          |
| <b>Total</b>                | <b>319.02</b> | <b>0.00</b> | <b>0.00</b> | <b>319.02</b> |
| <b>As at March 31, 2016</b> |               |             |             |               |
| <b>Financial assets</b>     |               |             |             |               |
| Mutual fund units           | 82.41         | 0.00        | 0.00        | 82.41         |
| Equity shares               | 0.12          | 0.00        | 0.00        | 0.12          |
| <b>Total</b>                | <b>82.53</b>  | <b>0.00</b> | <b>0.00</b> | <b>82.53</b>  |



# SWARNSARITA GEMS LTD.

| As at March 31, 2015    | Level 1      | Level 2     | Level 3     | Total        |
|-------------------------|--------------|-------------|-------------|--------------|
| <b>Financial assets</b> |              |             |             |              |
| Mutual fund units       | 85.10        | 0.00        | 0.00        | 85.10        |
| Equity shares           | 0.25         | 0.00        | 0.00        | 0.25         |
| <b>Total</b>            | <b>85.35</b> | <b>0.00</b> | <b>0.00</b> | <b>85.35</b> |

## (b) Financial risk management

The Company is exposed primarily to credit, liquidity, fluctuations in foreign currency exchange rates and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

### (i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

#### (a) Foreign currency exchange rate risk

The company is not significantly exposed to the fluctuation in foreign currency exchange rate. The company export goods outside India for which bills are issued in US \$ and payment of the same will be received on letter date. The company carries the risk of fluctuation in foreign currency exchange rate on export transaction.

#### (b) Interest rate risk

The company's investments are primarily in fixed rate bearing investments/fixed deposits hence the company is not significantly exposed to interest rate risk.

### (ii) Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, cash and cash equivalents and other financial assets. None of the other financial instruments of the Company result in material concentration of credit risk.

#### Exposure credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was 7711.34 lakhs, 9533.24 lakhs and 6123.69 lakhs as at March 31, 2017, March 31, 2016 and April 1, 2015, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments, trade receivables, and other financial assets.

The Company's exposure to customers is diversified and two customer contributes to more than 10% of outstanding accounts receivable as at March 31, 2017 and three customer contributes to more than 10% of outstanding accounts receivable as at March 31, 2016.

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## Details of customer contributes to more than 10% of outstanding accounts receivable as at March 31, 2017

| Name of Customer        | Outstanding Amount<br>(in ₹ Lakhs) | % to total receivables |
|-------------------------|------------------------------------|------------------------|
| Victoria Jewellery FZCO | 1636.53                            | 37.43%                 |
| SSG Jewellery LLC       | 446.32                             | 10.21%                 |

## Details of customer contributes to more than 10% of outstanding accounts receivable as at March 31, 2016

| Name of Customer                         | Outstanding Amount<br>(in ₹ Lakhs) | % to total receivables |
|------------------------------------------|------------------------------------|------------------------|
| Shantilal Jewellers LLC                  | 988.50                             | 20.87%                 |
| Palak Jewellers Private Limited          | 565.00                             | 11.93%                 |
| Swarn Shilp Chains & Jewellery Pvt. Ltd. | 625.78                             | 13.21%                 |

### (iii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

## 19. Earnings per equity share

| Particulars                                 | 2017     | 2016     |
|---------------------------------------------|----------|----------|
| Profit for the year (in ₹ lakhs)            | 286.85   | 267.89   |
| Weighted average number of equity shares    | 20876800 | 20876800 |
| Earnings per share basic and diluted (in ₹) | 1.37     | 1.28     |
| Face value per equity shares (in ₹)         | 10       | 10       |

## 20. Auditor Remuneration

(in ₹ lakhs)

| Particulars                    | 2017 | 2016 |
|--------------------------------|------|------|
| Services as statutory Auditors | 3.00 | 3.00 |
| Tax Audit                      | 1.00 | 1.00 |
| Service Tax                    | 0.60 | 0.60 |

## 21. Micro and Small Enterprises

There is no amount dues to micro and small enterprises and dues to micro and small enterprises have been determined on the basis of information collected by the management.

## 22. Disclosure under regulation 34 (3) of the SEBI (Listing and disclosure requirements) Regulations, 2015

Amount of loans and advances in nature of loans outstanding from subsidiaries as at March 31, 2017

(in ₹ lakhs)

| Particulars                        | 2017                                   |                                                     | 2016                                   |                                                     |
|------------------------------------|----------------------------------------|-----------------------------------------------------|----------------------------------------|-----------------------------------------------------|
|                                    | Outstanding<br>as at March 31,<br>2017 | Maximum<br>amount<br>outstanding<br>during the year | Outstanding<br>as at March 31,<br>2016 | Maximum<br>amount<br>outstanding<br>during the year |
| Swarnsarita Realty Private Limited | 1231.81                                | 1231.81                                             | 1114.45                                | 1266.72                                             |

# SWARNSARITA GEMS LTD.

## 23. Related Party Transaction

Transaction with related parties are as follows:

Year ended March 31, 2017

(in ₹ lakhs)

| Particulars                          | Subsidiaries of the company | Associates | Key management Personnel | Other Related Parties |
|--------------------------------------|-----------------------------|------------|--------------------------|-----------------------|
| Interest income                      | 105.90                      | 0.00       | 0.00                     | 0.00                  |
| Share of Profit/Loss                 | 0.00                        | 1.82       | 0.00                     | 0.00                  |
| Rent Expenses                        | 0.00                        | 0.00       | 30.00                    | 0.00                  |
| Investment in partnership firm (Net) | 0.00                        | (507.27)   | 0.00                     | 0.00                  |
| Loan/ Advance Given                  | 52.46                       | 0.00       | 0.00                     | 0.00                  |
| Loan/Advance repayment received      | 30.40                       | 0.00       | 0.00                     | 0.00                  |
| Remuneration (Short term benefit )   | 0.00                        | 0.00       | 42.00                    | 30.00                 |

Year ended March 31, 2016

(in ₹ lakhs)

| Particulars                          | Subsidiaries of the company | Associates | Key management Personnel | Other Related Parties |
|--------------------------------------|-----------------------------|------------|--------------------------|-----------------------|
| Interest income                      | 106.11                      | 0.00       | 0.00                     | 0.00                  |
| Rent Expenses                        | 0.00                        | 0.00       | 16.50                    | 0.00                  |
| Share of profit from firm            | 0.00                        | 8.41       | 0.00                     | 0.00                  |
| Investment in partnership firm (Net) | 0.00                        | 508.37     | 0.00                     | 0.00                  |
| Loan/ Advance Given                  | 180.36                      | 0.00       | 0.00                     | 0.00                  |
| Loan/Advance repayment received      | 387.83                      | 0.00       | 0.00                     | 0.00                  |
| Remuneration (Short term benefit )   | 0.00                        | 0.00       | 38.50                    | 0.00                  |
| Purchase of fixed assets             | 0.00                        | 0.00       | 0.00                     | 14.28                 |
| Exhibition charges                   | 0.00                        | 0.00       | 0.00                     | 12.72                 |

Balance Receivables from Related parties are as follows:

As at March 31, 2017

(in ₹ lakhs)

| Particulars   | Subsidiaries of the company | Associates | Key management Personnel | Other Related Parties |
|---------------|-----------------------------|------------|--------------------------|-----------------------|
| Investments   | 1000.00                     | 1.82       | 0.00                     | 0.00                  |
| Loan/Advances | 1231.82                     | 0.00       | 0.00                     | 0.00                  |

Balance Receivables from Related parties are as follows:

As at March 31, 2016

(in ₹ lakhs)

| Particulars   | Subsidiaries of the company | Associates | Key management Personnel | Other Related Parties |
|---------------|-----------------------------|------------|--------------------------|-----------------------|
| Investments   | 1000.00                     | 507.27     | 0.00                     | 0.00                  |
| Loan/Advances | 1114.45                     | 0.00       | 0.00                     | 0.00                  |

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**Balance Receivables from Related parties are as follows:  
As at March 31, 2015**

(in ₹ lakhs)

| Particulars   | Subsidiaries of the company | Associates | Key management Personnel | Other Related Parties |
|---------------|-----------------------------|------------|--------------------------|-----------------------|
| Investments   | 1000.00                     | 0.00       | 0.00                     | 0.00                  |
| Loan/Advances | 1215.81                     | 0.00       | 0.00                     | 0.00                  |

**Balance Payable to Related parties are as follows:  
As at March 31, 2015**

(in ₹ lakhs)

| Particulars | Subsidiaries of the company | Associates | Key management Personnel | Other Related Parties |
|-------------|-----------------------------|------------|--------------------------|-----------------------|
| Investments | 0.00                        | 9.51       | 0.00                     | 0.00                  |

## 24. Dividends

The Company has not declared any dividend during the year.

25. The SEBI has imposed penalty of ₹2.5 Cr under section 15HA of the SEBI Act jointly with others and then directors of the company. The management of the company has filed an appeal with the SAT. The management of the company is contesting the demand and believes that the ultimate outcome of the proceedings will not have a material adverse effect on the company's financial position and result of operations.

As per our report of even date

**For and On behalf of the Board of Directors of Swarnsarita Gems Limited**

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

**Mahendra M. Chordia**  
Managing Director  
DIN: 00175686

**Asha M. Chordia**  
Executive Director  
DIN: 00175804

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

**Vishal Roshanlal Nolkha**  
Director  
DIN: 06855541

**Ashok Surana**  
Director  
DIN: 02799316

**Dhruvin Bharat Shah**  
Director  
DIN: 07528387

Place: Mumbai  
Date: May 29, 2017

**Prafulla Devaliya**  
Company Secretary

**Sanket Dangi**  
Chief Financial Officer



# SWARNSARITA GEMS LTD.

## INDEPENDENT AUDITOR'S REPORT

To,  
THE MEMBERS OF SWARNSARITA GEMS LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of **SWARNSARITA GEMS LIMITED** ("the Holding Company") and its subsidiaries, company which comprise the Consolidated Balance Sheet as at **31<sup>st</sup> March, 2017**, the Statement of Profit and Loss (including Other Comprehensive Income), the cash flow statement and the statement of Changes in Equity for the year ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the financial position, financial performance including comprehensive income, cash flows and change in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 Consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair

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view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2017, and its Profit and its cash flows and the change in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and 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, the 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 aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as at 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations on its financial position in its financial statements.
  - ii. The Company does not have long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company:
  - iv. The company has provided requisite disclosure in the Consolidated Ins AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407 (E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representation provided to us by the management we report that the disclosure are in accordance with the books of account maintained by the company and as produced by the Management.

Date : 29.05.2017  
Place: Mumbai

For Suresh Anchaliya & Co.  
Chartered Accountants  
Firm Regn. No.: 112492W  
Suresh Anchaliya  
Partner  
M.No. : 044960

# SWARNSARITA GEMS LTD.

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## **“Annexure A” to the Independent Auditor’s Report of even date on the Consolidated Financial Statements of Swarnsarita Gems limited.**

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### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Swarnsarita Gems Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal controls over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountant on India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial control system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on internal controls over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountant on India ('ICAI').

**Date : 29.05.2017**

**Place: Mumbai**

**For Suresh Anchaliya & Co.  
Chartered Accountants  
Firm Regn. No.: 112492W  
Suresh Anchaliya  
Partner  
M.No. : 044960**



# SWARNSARITA GEMS LTD.

(in ₹ lakhs)

| Consolidated Balance Sheet as at     | Note | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
|--------------------------------------|------|------------------|------------------|------------------|
| <b>ASSETS</b>                        |      |                  |                  |                  |
| <b>Non-Current Assets</b>            |      |                  |                  |                  |
| Property, plant and equipment        | 1    | 165.04           | 172.01           | 43.80            |
| Intangible assets                    | 2    | 0.36             | 0.36             | 0.36             |
| Financial Assets                     |      |                  |                  |                  |
| Investments                          | 3    | 1.82             | 507.27           | -9.51            |
| Loans and Advances                   | 4    | 18.00            | 17.00            | 601.77           |
| Deferred tax assets (Net)            | 5    | 0.00             | 0.00             | 3.26             |
| Tax assets (Net)                     | 6    | 280.68           | 290.05           | 197.62           |
| Other Non-Current Assets             | 7    | 6.07             | 6.24             | 3.31             |
| <b>Total non-current assets</b>      |      | <b>471.97</b>    | <b>992.93</b>    | <b>840.61</b>    |
| <b>Current Assets</b>                |      |                  |                  |                  |
| Inventories                          | 8    | 8697.91          | 6706.66          | 5494.48          |
| Financial Assets                     |      |                  |                  |                  |
| Investments                          | 3    | 319.02           | 82.53            | 85.35            |
| Trade Receivables                    | 9    | 4414.92          | 4748.26          | 3747.66          |
| Cash and Cash Equivalents            | 10   | 2019.33          | 3212.11          | 1396.01          |
| Other Current Assets                 | 7    | 1202.22          | 1129.56          | 1976.69          |
| <b>Total Current Assets</b>          |      | <b>16653.40</b>  | <b>15879.12</b>  | <b>12700.19</b>  |
| <b>Total Assets</b>                  |      | <b>17125.36</b>  | <b>16872.06</b>  | <b>13540.80</b>  |
| <b>EQUITY AND LIABILITIES</b>        |      |                  |                  |                  |
| <b>Equity</b>                        |      |                  |                  |                  |
| Equity share capital                 | 11   | 2083.76          | 2083.76          | 2083.76          |
| Other equity                         |      | 6365.04          | 6075.84          | 5805.82          |
| <b>Total equity</b>                  |      | <b>8448.80</b>   | <b>8159.60</b>   | <b>7889.58</b>   |
| <b>Liabilities</b>                   |      |                  |                  |                  |
| <b>Non-current liabilities</b>       |      |                  |                  |                  |
| Defferd tax liabilities              | 5    | 3.41             | 0.50             | 0.00             |
| Other Financial Liabilities          |      | 14.42            | 14.42            | 2.50             |
| <b>Total non-current liabilities</b> |      | <b>17.83</b>     | <b>14.92</b>     | <b>2.50</b>      |
| <b>Current liabilities</b>           |      |                  |                  |                  |
| Financial liabilities                |      |                  |                  |                  |
| Borrowings                           | 12   | 7938.34          | 7487.12          | 4834.92          |
| Trade payable                        | 13   | 346.24           | 953.59           | 541.38           |
| Other financial liabilities          | 14   | 217.60           | 99.10            | 104.26           |
| Other cuurent liabilities            | 15   | 19.04            | 21.27            | 18.73            |
| Current Tax Liabilities (Net)        | 16   | 137.51           | 136.46           | 149.42           |
| <b>Total current liabilities</b>     |      | <b>8658.73</b>   | <b>8697.53</b>   | <b>5648.72</b>   |
| <b>Total equity and liabilities</b>  |      | <b>17125.36</b>  | <b>16872.06</b>  | <b>13540.80</b>  |

As per our report of even date

For and On behalf of the Board of Directors of Swarnsarita Gems Limited

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

**Mahendra M. Chordia**  
Managing Director  
DIN: 00175686

**Asha M. Chordia**  
Executive Director  
DIN: 00175804

**Suresh Anchaliya**  
Partner  
Membership No. 044960

**Vishal Roshanlal Nolkha**  
Director  
DIN: 06855541

**Ashok Surana**  
Director  
DIN: 02799316

**Dhruvin Bharat Shah**  
Director  
DIN: 07528387

Place: Mumbai  
Date: May 29, 2017

**Prafulla Devaliya**  
Company Secretary

**Sanket Dangi**  
Chief Financial Officer

# ANNUAL REPORT 2016-17

in ₹ lakhs, except equity share and per equity share data

| Consolidated Statement of Profit and loss for the period ended on             | Note | 2017            | 2016            |
|-------------------------------------------------------------------------------|------|-----------------|-----------------|
| Revenue from operation                                                        | 17   | 28661.21        | 32151.83        |
| Other Income                                                                  | 18   | 356.96          | 493.96          |
| <b>Total Income</b>                                                           |      | <b>29018.18</b> | <b>32645.79</b> |
| <b>Expenses</b>                                                               |      |                 |                 |
| Purchase of Stock-in-Trade                                                    |      | 0.00            | 791.18          |
| Cost of material consumed                                                     | 19   | 28098.89        | 30373.47        |
| Changes in Inventories of Finished Goods, Stock-In-Trade and Work in progress | 20   | -636.27         | -28.81          |
| Employee Benefit Expenses                                                     | 21   | 382.83          | 293.41          |
| Financial Costs                                                               | 22   | 443.76          | 544.17          |
| Depreciation and Amortization Expenses                                        |      | 22.10           | 16.12           |
| Other Expenses                                                                | 23   | 284.42          | 267.66          |
| <b>Total Expenses</b>                                                         |      | <b>28595.72</b> | <b>32257.20</b> |
| <b>Profit before tax</b>                                                      |      | <b>422.45</b>   | <b>388.59</b>   |
| Tax Expense                                                                   |      |                 |                 |
| Current Tax                                                                   |      | 130.35          | 114.81          |
| Deferred Tax                                                                  |      | 2.91            | 3.76            |
| <b>Profit for the period</b>                                                  |      | <b>289.20</b>   | <b>270.02</b>   |
| <b>Other comprehensive income</b>                                             |      |                 |                 |
| (A) Items that will not be reclassified to profit or loss                     |      |                 |                 |
| Income tax relating to items that will not be reclassified to profit or loss  |      | 0.00            | 0.00            |
| (B) Items that will be reclassified to profit or loss                         |      |                 |                 |
| Income tax relating to items that will be reclassified to profit or loss      |      | 0.00            | 0.00            |
| <b>Total other comprehensive Income</b>                                       |      | <b>0.00</b>     | <b>0.00</b>     |
| <b>Total Comprehensive Income for the period</b>                              |      | <b>289.20</b>   | <b>270.02</b>   |
| <b>Earning per equity share</b>                                               |      |                 |                 |
| Basic                                                                         |      | 1.39            | 1.30            |
| Diluted                                                                       |      | 1.39            | 1.30            |

The accompanying notes form an integral part of the standalone interim financial statements.

As per our report of even date

**For and On behalf of the Board of Directors of Swarnsarita Gems Limited**

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

**Mahendra M. Chordia**  
Managing Director  
DIN: 00175686

**Asha M. Chordia**  
Executive Director  
DIN: 00175804

**Suresh Anchaliya**  
Partner  
Membership No. 044960

**Vishal Roshanlal Nolkha**  
Director  
DIN: 06855541

**Ashok Surana**  
Director  
DIN: 02799316

**Dhruvin Bharat Shah**  
Director  
DIN: 07528387

Place: Mumbai  
Date: May 29, 2017

**Prafulla Devaliya**  
Company Secretary

**Sanket Dangi**  
Chief Financial Officer

# SWARNSARITA GEMS LTD.

| Statement of Change in Equity |                      |                 |                            |                 |                   |                                           | (in ₹ lakhs) |
|-------------------------------|----------------------|-----------------|----------------------------|-----------------|-------------------|-------------------------------------------|--------------|
| Particulars                   | Equity Share Capital | Other equity    |                            |                 |                   |                                           | Total        |
|                               |                      | Capital reserve | Securities premium reserve | General reserve | Retained earnings | Other items of other comprehensive income |              |
| Balance as of April 1, 2015   | 2083.76              | 67.50           | 1368.1                     | 49.46           | 4320.76           | 0.00                                      | 7889.58      |
| Increase in share capital     | 0.00                 | 0.00            | 0.00                       | 0.00            | 0.00              | 0.00                                      | 0            |
| Profit for the period         | 0.00                 | 0.00            | 0.00                       | 0.00            | 270.02            | 0.00                                      | 270.02       |
| Balance as of March 31, 2016  | 2083.76              | 67.50           | 1368.10                    | 49.46           | 4590.78           | 0.00                                      | 8159.60      |

| Statement of Change in Equity |                      |                 |                            |                 |                   |                                           | (in ₹ lakhs) |
|-------------------------------|----------------------|-----------------|----------------------------|-----------------|-------------------|-------------------------------------------|--------------|
| Particulars                   | Equity Share Capital | Other equity    |                            |                 |                   |                                           | Total        |
|                               |                      | Capital reserve | Securities premium reserve | General reserve | Retained earnings | Other items of other comprehensive income |              |
| Balance as of April 1, 2016   | 2083.76              | 67.50           | 1368.10                    | 49.46           | 4590.78           | 0.00                                      | 8159.60      |
| Increase in share capital     | 0.00                 | 0.00            | 0.00                       | 0.00            | 0.00              | 0.00                                      | 0.00         |
| Profit for the period         | 0.00                 | 0.00            | 0.00                       | 0.00            | 289.20            | 0.00                                      | 289.20       |
| Balance as of March 31, 2017  | 2083.76              | 67.50           | 1368.10                    | 49.46           | 4879.98           | 0.00                                      | 8448.80      |

The accompanying notes form an integral part of the standalone interim financial statements.

As per our report of even date

For and On behalf of the Board of Directors of Swarnsarita Gems Limited

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

**Mahendra M. Chordia**  
Managing Director  
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Executive Director  
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Partner  
Membership No. 044960

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Director  
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**Ashok Surana**  
Director  
DIN: 02799316

**Dhruvin Bharat Shah**  
Director  
DIN: 07528387

Place: Mumbai  
Date: May 29, 2017

**Prafulla Devaliya**  
Company Secretary

**Sanket Dangi**  
Chief Financial Officer

# ANNUAL REPORT 2016-17

(in ₹ lakhs)

| Statement of Cash Flow for the year ended                                      | 2017              | 2016            |
|--------------------------------------------------------------------------------|-------------------|-----------------|
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                                 |                   |                 |
| Profit before tax                                                              | 422.45            | 388.59          |
| Adjustment for :                                                               |                   |                 |
| Depreciation and amortization of expenses                                      | 22.10             | 16.12           |
| Gain/Loss on Investments                                                       | 6.17              | (2.82)          |
| Interest Expenses                                                              | 201.81            | 235.35          |
| <b>Operating Profit Before Working Capital Changes</b>                         | <b>640.19</b>     | <b>642.88</b>   |
| Inventories                                                                    | (1,991.25)        | (1,212.18)      |
| Trade Receivables                                                              | 333.34            | (1,000.61)      |
| Loans                                                                          | (1.00)            | 584.77          |
| Other Assets                                                                   | (64.76)           | 750.13          |
| Trade and other payable                                                        | (607.34)          | 412.21          |
| Other financial liabilities                                                    | 118.51            | 6.76            |
| Other Liabilities                                                              | (2.24)            | 2.54            |
| <b>Cash Generated From Operations</b>                                          | <b>(1,574.56)</b> | <b>186.50</b>   |
| Income Tax Paid                                                                | (129.30)          | (127.60)        |
| <b>Net Cash From Operating Activities</b>                                      | <b>(1,704)</b>    | <b>58.89</b>    |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                     |                   |                 |
| Payment for purchase of property, plant and equipment                          | (13.48)           | (142.70)        |
| Purchase of Investments (net)                                                  | (260.00)          | -               |
| Proceeds from disposal/redemption of investments                               | 29.68             | -               |
| Interest received                                                              | 241.95            | 308.66          |
| Investment in Partnership Firm                                                 | 505.46            | (516.78)        |
| <b>Net Cash Used In Investment Activities</b>                                  | <b>503.60</b>     | <b>(350.82)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                     |                   |                 |
| Short Term Borrowings                                                          | 451.23            | 2,652.19        |
| Interest paid                                                                  | (443.76)          | (544.17)        |
| <b>Net Cash Used In Financing Activities</b>                                   | <b>7.47</b>       | <b>2,108.02</b> |
| <b>Net change in cash and cash equivalents</b>                                 | <b>(1,192.78)</b> | <b>1,816.10</b> |
| Cash And Cash Equivalents As At The Commencement of the Year (Opening Balance) | 3,212.11          | 1,396.01        |
| Cash And Cash Equivalents As At The End of the Year                            | 2,019.33          | 3,212.11        |
| <b>Net Increase / (Decrease) As Disclosed Above</b>                            | <b>(1,192.78)</b> | <b>1,816.10</b> |
| Note : All figures in brackets are outflows                                    |                   |                 |

As per our report of even date

For and On behalf of the Board of Directors of Swarnsarita Gems Limited

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

**Mahendra M. Chordia**  
Managing Director  
DIN: 00175686

**Asha M. Chordia**  
Executive Director  
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DIN: 06855541

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Director  
DIN: 02799316

**Dhruvin Bharat Shah**  
Director  
DIN: 07528387

Place: Mumbai  
Date: May 29, 2017

**Prafulla Devaliya**  
Company Secretary

**Sanket Dangi**  
Chief Financial Officer

# SWARNSARITA GEMS LTD.

## Notes to consolidated Financial Statement for the Year Ended 31st March, 2017

### Note No. 1: Property plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended 31st March, 2017 (in ₹ lakhs)

| Name of Assets       | Cost                |                                |                                                 |                     | Depreciation        |                                      |                              | Carring Value       |                     |
|----------------------|---------------------|--------------------------------|-------------------------------------------------|---------------------|---------------------|--------------------------------------|------------------------------|---------------------|---------------------|
|                      | As On<br>01.04.2016 | Addition<br>during the<br>year | Deduction/<br>Written off<br>During the<br>Year | As On<br>31.03.2017 | As On<br>01.04.2016 | Deprecia-<br>tion during<br>the year | Total<br>As On<br>31.03.2017 | As On<br>31.03.2017 | As On<br>01.04.2016 |
| Mettler Balances     | 6.41                | 0.37                           | 0                                               | 6.78                | 3.28                | 0.87                                 | 4.15                         | 2.63                | 3.14                |
| Motor Cars           | 91.94               | 11.63                          | 0.00                                            | 103.57              | 50.83               | 7.19                                 | 58.02                        | 45.55               | 41.11               |
| Office Equipments    | 13.93               | 0.740                          | 0.00                                            | 14.67               | 3.25                | 2.83                                 | 6.08                         | 8.59                | 10.68               |
| Computers            | 14.51               | 0.13                           | 0.00                                            | 14.64               | 5.96                | 4.47                                 | 10.43                        | 4.21                | 8.55                |
| Furniture & Fixtures | 12.98               | 0.00                           | 0.00                                            | 12.98               | 1.12                | 1.24                                 | 2.36                         | 10.61               | 11.86               |
| Plant & Machinery    | 45.22               | 0.62                           | 0.00                                            | 45.84               | 1.56                | 3.00                                 | 4.56                         | 41.28               | 43.66               |
| Office Building      | 53.52               | 0.00                           | 0.00                                            | 53.52               | 0.50                | 0.85                                 | 1.36                         | 52.17               | 53.02               |
| <b>Total</b>         | <b>238.51</b>       | <b>13.48</b>                   | <b>0.00</b>                                     | <b>251.99</b>       | <b>66.49</b>        | <b>20.46</b>                         | <b>86.95</b>                 | <b>165.04</b>       | <b>172.01</b>       |

Following are the changes in the carrying value of property, plant and equipment for the Year ended 31st March, 2016 (in ₹ lakhs)

| Name of Assets       | Gross Carrying Value |                                |                                                 |                     | Depreciation        |                                      |                              | Carring Value       |                     |
|----------------------|----------------------|--------------------------------|-------------------------------------------------|---------------------|---------------------|--------------------------------------|------------------------------|---------------------|---------------------|
|                      | As On<br>01.04.2015  | Addition<br>during the<br>year | Deduction/<br>Written off<br>During the<br>Year | As On<br>31.03.2016 | As On<br>01.04.2015 | Deprecia-<br>tion during<br>the year | Total<br>As On<br>31.03.2016 | As On<br>31.03.2016 | As On<br>01.04.2015 |
| Mettler Balances     | 4.34                 | 2.07                           | 0.00                                            | 6.41                | 2.35                | 0.93                                 | 3.28                         | 3.14                | 2.00                |
| Motor Cars           | 77.81                | 14.13                          | 0.00                                            | 91.94               | 44.72               | 6.11                                 | 50.83                        | 41.11               | 33.09               |
| Office Equipments    | 3.75                 | 10.17                          | 0.00                                            | 13.93               | 1.17                | 2.08                                 | 3.25                         | 10.68               | 2.58                |
| Computers            | 6.23                 | 8.27                           | 0.00                                            | 14.51               | 3.39                | 2.57                                 | 5.96                         | 8.55                | 2.84                |
| Furniture & Fixtures | 0.33                 | 12.65                          | 0.00                                            | 12.98               | 0.33                | 0.79                                 | 1.12                         | 11.86               | 0.00                |
| Plant & Machinery    | 3.34                 | 41.88                          | 0.00                                            | 45.22               | 0.05                | 1.51                                 | 1.56                         | 43.66               | 3.28                |
| Office Building      | 0.00                 | 53.52                          | 0.00                                            | 53.52               | 0.00                | 0.50                                 | 0.50                         | 53.02               | 0.00                |
| <b>Total</b>         | <b>95.81</b>         | <b>142.70</b>                  | <b>0.00</b>                                     | <b>238.51</b>       | <b>52.01</b>        | <b>14.48</b>                         | <b>66.49</b>                 | <b>172.01</b>       | <b>43.80</b>        |

Following are the changes in the carrying value of property, plant and equipment for the Year ended 31st March, 2015 (in ₹ lakhs)

| Name of Assets       | Gross Carrying Value |                                |                                                 |                     | Depreciation        |                                      |                              | Carring Value       |                     |
|----------------------|----------------------|--------------------------------|-------------------------------------------------|---------------------|---------------------|--------------------------------------|------------------------------|---------------------|---------------------|
|                      | As On<br>01.04.2014  | Addition<br>during the<br>year | Deduction/<br>Written off<br>During the<br>Year | As On<br>31.03.2015 | As On<br>01.04.2014 | Deprecia-<br>tion during<br>the year | Total<br>As On<br>31.03.2015 | As On<br>31.03.2015 | As On<br>01.04.2014 |
| Mettler Balances     | 3.00                 | 1.35                           | 0.00                                            | 4.34                | 1.77                | 0.58                                 | 2.35                         | 2.00                | 1.24                |
| Motor Cars           | 61.48                | 16.33                          | 0.00                                            | 77.81               | 36.08               | 8.65                                 | 44.72                        | 33.09               | 25.40               |
| Office Equipments    | 1.95                 | 1.85                           | 0.04                                            | 3.75                | 0.68                | 0.49                                 | 1.17                         | 2.58                | 1.26                |
| Computers            | 4.33                 | 2.91                           | 1.01                                            | 6.23                | 1.30                | 2.09                                 | 3.39                         | 2.84                | 3.04                |
| Furniture & Fixtures | 0.33                 | 0.00                           | 0.00                                            | 0.33                | 0.33                | 0.00                                 | 0.33                         | 0.00                | 0.00                |
| Plant & Machinery    | 0.00                 | 3.34                           | 0.00                                            | 3.34                | 0.00                | 0.05                                 | 0.05                         | 3.28                | 0.00                |
| Office Building      | 0.00                 | 0.00                           | 0.00                                            | 0.00                | 0.00                | 0.00                                 | 0.00                         | 0.00                | 0.00                |
| <b>Total</b>         | <b>71.09</b>         | <b>25.78</b>                   | <b>1.06</b>                                     | <b>95.81</b>        | <b>40.15</b>        | <b>11.86</b>                         | <b>52.01</b>                 | <b>43.80</b>        | <b>30.94</b>        |

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## Notes to consolidated Financial Statement for the Year Ended 31st March, 2017

### Note No. 2: Intangible Assets

Following are the changes in the carrying value of Intangible Assets for the Year ended 31st March, 2017 (in ₹ lakhs)

| Name of Assets | Cost                |                                |                                                 | As On<br>31.03.2017 | Depreciation        |                                    |                              | Carring Value       |                     |
|----------------|---------------------|--------------------------------|-------------------------------------------------|---------------------|---------------------|------------------------------------|------------------------------|---------------------|---------------------|
|                | As On<br>01.04.2016 | Addition<br>during the<br>year | Deduction/<br>Written off<br>During the<br>Year |                     | As On<br>01.04.2016 | Depreciation<br>during the<br>year | Total<br>As On<br>31.03.2017 | As On<br>31.03.2017 | As On<br>01.04.2016 |
| Trademark      | 0.36                | 0                              | 0                                               | 0                   | 0                   | 0                                  | 0                            | 0.36                | 0.36                |
| <b>Total</b>   | <b>0.36</b>         | <b>0</b>                       | <b>0</b>                                        | <b>0</b>            | <b>0</b>            | <b>0</b>                           | <b>0</b>                     | <b>0.36</b>         | <b>0.36</b>         |

Following are the changes in the carrying value of Intangible Assets for the Year ended 31st March, 2016 (in ₹ lakhs)

| Name of Assets | Cost                |                                |                                                 | As On<br>31.03.2016 | Depreciation        |                                    |                              | Carring Value       |                     |
|----------------|---------------------|--------------------------------|-------------------------------------------------|---------------------|---------------------|------------------------------------|------------------------------|---------------------|---------------------|
|                | As On<br>01.04.2015 | Addition<br>during the<br>year | Deduction/<br>Written off<br>During the<br>Year |                     | As On<br>01.04.2015 | Depreciation<br>during the<br>year | Total<br>As On<br>31.03.2016 | As On<br>31.03.2016 | As On<br>01.04.2015 |
| Trademark      | 0.36                | 0                              |                                                 | 0                   | 0                   | 0                                  | 0                            | 0.36                | 0.36                |
| <b>Total</b>   | <b>0.36</b>         | <b>0</b>                       | <b>0</b>                                        | <b>0</b>            | <b>0</b>            | <b>0</b>                           | <b>0</b>                     | <b>0.36</b>         | <b>0.36</b>         |

Following are the changes in the carrying value of Intangible Assets for the Year ended 31st March, 2015 (in ₹ lakhs)

| Name of Assets | Cost                |                                |                                                 | As On<br>31.03.2015 | Depreciation        |                                    |                              | Carring Value       |                     |
|----------------|---------------------|--------------------------------|-------------------------------------------------|---------------------|---------------------|------------------------------------|------------------------------|---------------------|---------------------|
|                | As On<br>01.04.2014 | Addition<br>during the<br>year | Deduction/<br>Written off<br>During the<br>Year |                     | As On<br>01.04.2014 | Depreciation<br>during the<br>year | Total<br>As On<br>31.03.2015 | As On<br>31.03.2015 | As On<br>01.04.2014 |
| Trademark      | 0.36                | 0                              |                                                 | 0                   | 0                   | 0                                  | 0                            | 0.36                | 0.36                |
| <b>Total</b>   | <b>0.36</b>         | <b>0</b>                       | <b>0</b>                                        | <b>0</b>            | <b>0</b>            | <b>0</b>                           | <b>0</b>                     | <b>0.36</b>         | <b>0.36</b>         |

# SWARNSARITA GEMS LTD.

## Notes to Consolidated Financial Statement for the Year Ended 31st March, 2017

### Note No. 3: Investments

(in ₹ lakhs)

| Particulars                                                  | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
|--------------------------------------------------------------|------------------|------------------|------------------|
| <b>Non-current investments</b>                               |                  |                  |                  |
| <b>Unquoted Investment carried at cost</b>                   |                  |                  |                  |
| Investment in partnership firm Swarnsarita gold and diamonds | 1.82             | 507.27           | -9.51            |
|                                                              | <b>1.82</b>      | <b>507.27</b>    | <b>-9.51</b>     |

**Total Capital of the partnership firm Swarnsarita gold and diamonds**

**Details of partners and their Share in profit and loss and Share in Capital**

(in ₹ lakhs)

| Name of Partner           | Profit sharing ratio as at                 |         |            |         |            |         | Closing capital as at |            |            |
|---------------------------|--------------------------------------------|---------|------------|---------|------------|---------|-----------------------|------------|------------|
|                           | upto 15th November, 2016 (retirement date) |         | 31.03.2016 |         | 31.03.2015 |         | 31.03.2017            | 31.03.2016 | 31.03.2015 |
|                           | Ratio                                      | Capital | Ratio      | Capital | Ratio      | Capital |                       |            |            |
| Lalit Shankarlal Chordia  | 10%                                        | 0.52    | 10%        | 1.87    | 10%        | -2.11   | 0.05                  | -0.46      | 2.36       |
| Swarnsarita Gems Limited* | 35%                                        | 1.82    | 35%        | 8.41    | 45%        | -9.50   | 1.82                  | 507.27     | -9.51      |
| Manoj Jasraj Golecha      | 8%                                         | 0.41    | 8%         | 1.49    | 23%        | -4.46   | -2.95                 | -3.37      | -4.86      |
| Shweta Anuj Golecha       | 22%                                        | 1.14    | 22%        | 4.11    | 22%        | -4.64   | 0.60                  | -0.54      | -4.65      |
| Jasraj Jain               | 15%                                        | 0.78    | 15%        | 2.80    | 0%         | 0.00    | 3.58                  | 2.80       | 0.00       |
| Saloni Singhvi            | 10%                                        | 0.52    | 10%        | 2.08    | 0%         | 0.00    | 2.59                  | 2.08       | 0.00       |

\* Swarnsarita Gems Limited has resigned from the Swarnsarita gold and diamonds on 15<sup>th</sup> November, 2016

### Current investments

Investment Carried at fair value through profit and loss account (FVTPL)

Liquid mutual fund units

Union KBC Mutual Fund 318.90 82.41 85.10

Equity investments

SJ Corporation Limited of ₹1 each 0.12 0.12 0.25

400 quity shares of ₹1 each, fully paid up

**319.02 82.53 85.35**

**Total carrying Value 320.84 589.81 75.85**

### Note No. 4: Loans

(in ₹ lakhs)

| Particulars                | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
|----------------------------|------------------|------------------|------------------|
| <b>Non-current</b>         |                  |                  |                  |
| Unsecured, considered good |                  |                  |                  |
| <b>Others</b>              |                  |                  |                  |
| Nilkanth jewellers         | 18.00            | 17.00            | 601.77           |
|                            | <b>18.00</b>     | <b>17.00</b>     | <b>601.77</b>    |

### Note No. 5: Deffered tax assets (Liabilities)

Property plant and equipment -3.41 -0.50 3.26

**-3.41 -0.50 3.26**

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## Notes to Consolidated Financial Statement for the Year Ended 31st March, 2017

### Note No. 6: Tax assets (Net)

(in ₹ lakhs)

| Particulars         | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
|---------------------|------------------|------------------|------------------|
| Income tax assets   | 148.73           | 132.99           | 104.38           |
| Indirect tax assets | 131.95           | 157.05           | 93.24            |
|                     | <b>280.68</b>    | <b>290.05</b>    | <b>197.62</b>    |

### Note No. 7: Other assets

#### 1 Non-current

##### Advances other than capital advances

|                      |             |             |             |
|----------------------|-------------|-------------|-------------|
| Security Deposit     | 6.07        | 4.60        | 0.03        |
| Preliminary Expenses | 0.00        | 1.64        | 3.28        |
|                      | <b>6.07</b> | <b>6.24</b> | <b>3.31</b> |

#### 2 Current

##### Capital Advances

|                                   |         |         |         |
|-----------------------------------|---------|---------|---------|
| Advance for purchase of machinery | 0.00    | 2.00    | 0.00    |
| Advance for purchase of property  | 1170.24 | 1090.42 | 1953.70 |

##### Advances other than capital advances

##### Other advances

|                              |                |                |                |
|------------------------------|----------------|----------------|----------------|
| Advance to supplier          | 23.37          | 11.46          | 14.10          |
| Prepaid expenses             | 8.61           | 8.43           | 8.89           |
| Job work charges receivables | 0.00           | 17.26          | 0.00           |
|                              | <b>1202.22</b> | <b>1129.56</b> | <b>1976.69</b> |

#### Total other assets

|  |                |                |                |
|--|----------------|----------------|----------------|
|  | <b>1208.29</b> | <b>1135.80</b> | <b>1980.00</b> |
|--|----------------|----------------|----------------|

### Note No. 8: Inventories

|                |                |                |                |
|----------------|----------------|----------------|----------------|
| Raw Materials  | 3041.12        | 1686.13        | 502.76         |
| Finished Goods | 5656.79        | 5020.52        | 4991.71        |
|                | <b>8697.91</b> | <b>6706.66</b> | <b>5494.48</b> |

### Note No. 9: Trade receivables

#### Unsecured

|                     |                |                |                |
|---------------------|----------------|----------------|----------------|
| Considered good     | 4414.92        | 4748.26        | 3747.66        |
| Considered doubtful | 0.00           | 0.00           | 0.00           |
|                     | <b>4414.92</b> | <b>4748.26</b> | <b>3747.66</b> |

### Note No. 10: Cash and cash equivalents

#### Balances with banks

|                     |                |                |                |
|---------------------|----------------|----------------|----------------|
| Cash on hand        | 0.37           | 5.10           | 5.66           |
| In current accounts | 12.05          | 164.90         | 605.49         |
| Fixed Deposits      | 2006.91        | 3042.11        | 784.86         |
|                     | <b>2019.33</b> | <b>3212.11</b> | <b>1396.01</b> |



# SWARNSARITA GEMS LTD.

## Notes to Consolidated Financial Statement for the Year Ended 31st March, 2017

### Specified Bank Notes Disclosure (SBNs)

In accordance with MCA notifications G.S.R 308 (E) dated March 30, 2017 details of Specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016.

| Particulars                                  | SBNs     | ODNs          | Total         |
|----------------------------------------------|----------|---------------|---------------|
| Closing cash on hand as on November 8, 2016  | 0        | 92689         | 92689         |
| (+) Non Permitted Receipts                   | 0        | 0             | 0             |
| (+) Permitted Receipts                       | 0        | 114000        | 114000        |
| (-) Permitted Payments                       | 0        | 98145         | 98145         |
| (-) Amount deposited in Banks                | 0        | 0             | 0             |
| Closing cash on hand as on December 30, 2016 | <u>0</u> | <u>108544</u> | <u>108544</u> |

### Note No. 11: Equity share capital

(in ₹ lakhs)

| Particulars                                           | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
|-------------------------------------------------------|------------------|------------------|------------------|
| Authorised Share:                                     |                  |                  |                  |
| 2,20,00,000 Equity Shares of ₹10/- each               | 2200.00          | 2200.00          | 2200.00          |
| Issued, Subscribed and Paid up:                       |                  |                  |                  |
| 2,08,76,800 Equity Shares of ₹10/- each Fully Paid-Up | 2087.68          | 2087.68          | 2087.68          |
| Less : Call Money Due on Equity Shares                | -3.92            | -3.92            | -3.92            |
| <b>Total</b>                                          | <u>2083.76</u>   | <u>2083.76</u>   | <u>2083.76</u>   |

Reconciliation of the Number of Equity Shares Outstanding at the beginning and at the end of the reporting period

|                                                    | No. of Shares   | No. of Shares   | No. of Shares   |
|----------------------------------------------------|-----------------|-----------------|-----------------|
| Outstanding at the Beginning of the Reporting Year | 20876800        | 20876800        | 20876800        |
| Add: Issued During the year                        | 0               | 0               | 0               |
| Outstanding at the End of the Reporting Year       | <u>20876800</u> | <u>20876800</u> | <u>20876800</u> |

### Terms / Right Attached to Equity Shares

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

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## Notes to Consolidated Financial Statement for the Year Ended 31st March, 2017

### Details of Shareholders holding more than 5% share in the company

Equity Shares Fully Paid at ₹10/- each

| No. | Name                            | As at 31st March, 2017 |              | As at 31st March, 2016 |              | As at 31st March, 2015 |              |
|-----|---------------------------------|------------------------|--------------|------------------------|--------------|------------------------|--------------|
|     |                                 | No. of Shares          | % of Holding | No. of Shares          | % of Holding | No. of Shares          | % of Holding |
| 1   | Swarnsarita Jewellers Pvt. Ltd. | 8,968,761              | 42.96        | 8,078,761              | 38.70        | 7,128,761              | 34.15        |

### Note No. 12: Borrowing

(in ₹ lakhs)

| Particulars                                    | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
|------------------------------------------------|------------------|------------------|------------------|
| <b>Current</b>                                 |                  |                  |                  |
| Secured, loans repayable on demand             |                  |                  |                  |
| From Banks                                     |                  |                  |                  |
| Union Bank of India (CC A/c) <sup>1</sup>      | 117.23           | 1279.51          | 3008.97          |
| SBI Gold Loan/CC A/c                           | 0.00             | 0.00             | 1147.01          |
| Kotak Mahindra Bank (Bullion A/c) <sup>2</sup> | 0.00             | 1578.47          | 0.00             |
| The Bank of Nova Scotia <sup>3</sup>           | 1678.76          | 1104.55          | 0.00             |
| Union Bank of India (Gold Loan) <sup>1</sup>   | 6142.35          | 3524.58          | 678.94           |
|                                                | <b>7938.34</b>   | <b>7487.12</b>   | <b>4834.92</b>   |

<sup>1</sup> The Cash Credit facility and Gold Loan from the Union Bank of India is secured by hypothecation of Stock and book debts upto 90days on paripassu basis with kotak mahindra bank and and collaterally secured by the equitable mortgage of property of being Shops at Kalyan bearing No. 3, 103, 4, 104, 15, 115, 16 and 116 and office no. 114 at Panchratna, Opera House, Mumbai, Pledge of 62.63040 Lakhs shares of Swarnsarita Gems Limited held by promoter group (Swarnsarita Jewellers Private Limited), personal guarantee given by the directors of the company and Corporate guarantee of Swarnsarita Realty Private Limited.

<sup>2</sup> The Cash Credit facility, Domestic Gold Metal Loan, Bank Gurantee/SBLC from the Kotak Mahindra Bank is secured by hypothecation charge over entire current assets and movable fixed assets (excluding vehicles and assets exclusively financed by other banks) on pari passu basis with Union Bank of India and collaterally secured by the equitable mortgage of property of director being 901, Silver solitare, Opp. Axis Bank, Tilak Road, Ghatkopar (E) Mumbai and personal guarantee given by the directors of the company and Corporate guarantee of Swarnsarita Realty Private Limited.

<sup>3</sup> The Metal Gold loan facility from the Bank of Nova Scotia is secured by Stand by Letter of Credit (SBLC) issued by Kotak Mahindra Bank.

### Note No. 13: Trade payable

(in ₹ lakhs)

| Particulars    | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
|----------------|------------------|------------------|------------------|
| <b>Current</b> |                  |                  |                  |
| Trade Payable  | 346.24           | 953.59           | 541.38           |
|                | <b>346.24</b>    | <b>953.59</b>    | <b>541.38</b>    |

### Note No. 14: Other financial liabilities

#### Non-Current

|               |              |              |             |
|---------------|--------------|--------------|-------------|
| Rent Deposits | 14.42        | 14.42        | 2.50        |
|               | <b>14.42</b> | <b>14.42</b> | <b>2.50</b> |

#### Current

|                                |               |              |               |
|--------------------------------|---------------|--------------|---------------|
| Expenses payables              | 173.90        | 43.16        | 104.26        |
| Advance received from customer | 2.77          | 0.00         | 0.00          |
| Payable for property purchase  | 40.93         | 55.94        | 0             |
|                                | <b>217.60</b> | <b>99.10</b> | <b>104.26</b> |

# SWARNSARITA GEMS LTD.

## Notes to Consolidated Financial Statement for the Year Ended 31st March, 2017

### Note No. 15: Other liabilities

(in ₹ lakhs)

| Particulars             | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2015 |
|-------------------------|------------------|------------------|------------------|
| Current                 |                  |                  |                  |
| Withholding tax payable | 19.04            | 21.27            | 18.73            |
|                         | <b>19.04</b>     | <b>21.27</b>     | <b>18.73</b>     |

### Note No. 16: Current tax liabilities

|                        |               |               |               |
|------------------------|---------------|---------------|---------------|
| Income tax liabilities | 137.51        | 136.46        | 149.42        |
|                        | <b>137.51</b> | <b>136.46</b> | <b>149.42</b> |

### Note No. 17: Revenue from operation

| Particulars             | As at 31.03.2017 | As at 31.03.2016 |
|-------------------------|------------------|------------------|
| Sale of Goods           | 27,155.81        | 30,809.86        |
| Excise Duty             | 132.95           | -                |
| Rent Income             | 52.68            | 52.68            |
| Labour Charges Received | 1,319.77         | 1,289.29         |
|                         | <b>28,661.21</b> | <b>32,151.83</b> |

### Note No. 18: Other Income

|                                                                |               |               |
|----------------------------------------------------------------|---------------|---------------|
| Interest Income                                                | 241.95        | 308.66        |
| Sundry Balance W/off                                           | 0.02          | 0.19          |
| Exchange difference                                            | 106.40        | 179.53        |
| Income/(Loss) from Partnership Firm                            | 1.82          | 8.41          |
| Certification charges received                                 | 0.61          | -             |
| Gain/Loss on valuation of Shares and mutual fund at fair value | 6.17          | (2.82)        |
|                                                                | <b>356.96</b> | <b>493.96</b> |

### Note No. 19: Cost of material consumed

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| Purchase of Goods              | 28,731.20        | 30,908.00        |
| Labour Charges & Other Charges | 589.72           | 648.84           |
| Excise Duty                    | 132.95           | -                |
| Add:- Opening Stock            |                  | -                |
| Raw Material                   | 1,686.13         | 502.76           |
| Less:- Closing Stock           |                  | -                |
| Raw Material                   | 3,041.12         | 1,686.13         |
| <b>Raw Material Consumed</b>   | <b>28,098.89</b> | <b>30,373.47</b> |

### Note No. 20: Changes in Inventories of Finished Goods, Stock - In - Trade and Work in progres

|                                    |                 |                |
|------------------------------------|-----------------|----------------|
| Opening Balance of Inventory       | 6,102.94        | 4,991.71       |
| Less: Closing Balance of Inventory | 6,739.21        | 5,020.52       |
|                                    | <b>(636.27)</b> | <b>(28.81)</b> |

### Note No. 21: Employee benefit expenses

|                        |               |               |
|------------------------|---------------|---------------|
| Salaries and Wages 1   | 367.14        | 291.68        |
| Staff Welfare Expenses | 15.69         | 1.72          |
|                        | <b>382.83</b> | <b>293.41</b> |

1 Salaries and wages includes director remuneration of ₹44.40 Lakhs for 31.03.2017.

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## Notes to Consolidated Financial Statement for the Year Ended 31st March, 2017

### Note No. 22: Finance Costs

(in ₹ lakhs)

| Particulars       | As at 31.03.2017 | As at 31.03.2016 |
|-------------------|------------------|------------------|
| Interest Expenses | 443.76           | 544.17           |
|                   | <b>443.76</b>    | <b>544.17</b>    |

### Note No. 23: Other Expenses

|                               |               |               |
|-------------------------------|---------------|---------------|
| Administrative Expenses       | -             | 0.10          |
| Advertising Expenses          | 0.86          | 4.30          |
| Auditor Remuneration          | 4.91          | 5.33          |
| Bad Debts                     | 16.35         | 0.00          |
| Brokerage and Commission      | -             | 4.89          |
| Certification Charges         | 13.61         | 17.19         |
| Computer Repair & Maintenance | 1.31          | 0.63          |
| Connectivity Charges          | 1.20          | 1.10          |
| Conveyance Expenses           | 0.47          | 0.00          |
| Consultancy Charges           | 0.48          | 0.00          |
| Car Expenses                  | -             | 0.18          |
| Credit Rating Fees            | 1.73          | 0.00          |
| Depository Charges            | 2.39          | 1.72          |
| Designing Expenses            | 5.14          | 4.85          |
| Discount, Rebate & Round off  | (0.78)        | 0.58          |
| Donation                      | -             | 0.25          |
| Electricity Expenses          | 13.22         | 13.13         |
| Exhibition Charges            | 45.35         | 68.04         |
| Export Expenses               | 21.61         | 19.00         |
| Franking Charges              | 0.03          | 0.04          |
| Freight Charges               | 26.88         | 26.10         |
| Hire Charges                  | 4.14          | 3.59          |
| Insurance                     | 14.14         | 12.00         |
| Late Fees                     | 0.38          | 0.05          |
| Listing Fees                  | 2.29          | 2.25          |
| Internet Charges              | 0.98          | 0.28          |
| Membership Fees               | 0.14          | 0.04          |
| Manpower Service charges      | 0.52          | 0.37          |
| Office Expenses               | 5.99          | 5.20          |
| Packing Material & Threads    | 0.40          | 0.03          |
| Professional Tax              | 0.08          | 2.37          |
| Postage Expenses              | 2.26          | 2.30          |
| Printing and Stationery       | 4.08          | 3.35          |
| Professional Fees             | 20.27         | 10.76         |
| Repair & Maintenance - others | 1.11          | 0.88          |
| ROC Fees                      | 0.98          | 0.70          |
| Rent                          | 59.42         | 32.56         |
| Security Service Charges      | 1.77          | 1.49          |
| Software Licence Charges      | 0.92          | 0.51          |
| Stamp Duty                    | -             | 0.51          |
| Society Charges               | 0.89          | 0.69          |
| Telephone Expenses            | 2.97          | 3.51          |
| Travelling Expenses           | 5.54          | 16.79         |
| Valuation Charges             | 0.39          | 0.00          |
|                               | <b>284.42</b> | <b>267.66</b> |

# SWARNSARITA GEMS LTD.

## Notes forming part of Consolidated Financial Statements

### A. Company Overview

1. Swarnsarita Gems Limited ('the Company') is engaged in the business of manufacturing, sale and trading in the gold jewellery and precious stone studded jewellery.

The Company is a public limited company incorporated and domiciled in India and has its registered office in Mumbai, Maharashtra, India. The Company has its primary listings on the BSE Limited.

### B. Statement of Compliance

2. In accordance with the notification issued by the Ministry of Corporate Affairs, the company has adopted Indian Accounting Standards (referred to as 'Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April, 2016. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 First Time Adoption of Indian Accounting Standards, the Company has presented reconciliation from the presentation of financial statement under accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of shareholders equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

### C. Significant Accounting Policies

#### 3. Principles of Consolidation

The consolidated financial statements relate to Swarnsarita Gems Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- (a) The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- (b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.
- (c) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- (d) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as on the date of disposal is recognised in the Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.
- (e) Non Controlling Interest's share of profit / loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company
- (f) Non Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.
- (g) The Company accounts for its share of post acquisition changes in net assets of associates and joint ventures, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

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## D. Other Significant Accounting Policies

These are set out under “significant accounting policies” as given in the company’s standalone financial statements.

## E. Notes to the Accountants

### 4. Explanation of transition to Ind AS

The transition as at April 1, 2015 to Ind AS was carried out from previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 - First-time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

Exemptions from retrospective application:

The Company has applied the following exemptions:

#### (a) Investments in subsidiaries, joint ventures and associates

The Company has elected to adopt the carrying value under Previous GAAP as on the date of transition i.e. April 1, 2015 in its separate financial statements.

#### Reconciliations between Previous GAAP and Ind AS

##### (i) Equity Reconciliation (in ₹ lakhs)

| Particulars                         | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-------------------------------------|-------------------------|-------------------------|
| As reported under previous GAAP     | 8152.12                 | 7879.28                 |
| Change in fair value of investments | 7.48                    | 10.30                   |
| Equity under Ind AS                 | 8159.60                 | 7889.58                 |

##### (ii) Total Comprehensive income reconciliation (in ₹ lakhs)

| Particulars                         | As at<br>March 31, 2016 |
|-------------------------------------|-------------------------|
| Net profit under previous GAAP      | 272.84                  |
| Change in fair value of investments | (2.82)                  |
| Equity under Ind AS                 | 270.02                  |

##### (iii) Reconciliation of Statement of Cash Flow as reported under the previous GAAP.

There are no material adjustments to the Statements of Cash Flows as reported under the Previous GAAP

#### Notes to reconciliations between Previous GAAP and Ind AS

##### Fair valuation of investments

Under Previous GAAP, current investments were measured at lower of cost or fair value and long term investments were measured at cost less diminution in value which is other than temporary, under Ind AS Financial assets other than amortised cost are subsequently measured at fair value.

The Company holds investment in equity shares and mutual funds with the objective of both collecting contractual cash flows which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and selling financial assets. Investment in mutual funds and equity shares have been classified as fair value through statement of profit and loss and changes in fair value are recognised

# SWARNSARITA GEMS LTD.

in statement of profit and loss. This has resulted in increase in net profit of ₹10.30 Lakhs as at March 31, 2016 and decrease in net profit of ₹2.82 Lakhs as at March 31, 2016.

## 5. Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes to the financial statements.

### (a) Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2017 is as follows:

| (in ₹ lakhs)                 |                                   |                |                      |
|------------------------------|-----------------------------------|----------------|----------------------|
| Financial Assets             | Fair value through Profit or Loss | Amortised Cost | Total carrying Value |
| Cash and cash equivalents    | 0.00                              | 2019.33        | 2019.33              |
| Trade Receivables            | 0.00                              | 4414.92        | 4414.92              |
| Investments                  | 319.02                            | 1.82           | 320.84               |
| Loans                        | 0.00                              | 18.00          | 18.00                |
| <b>Total</b>                 | <b>319.02</b>                     | <b>6454.07</b> | <b>6773.09</b>       |
| <b>Financial Liabilities</b> |                                   |                |                      |
| Trade payable                | 0.00                              | 346.24         | 346.24               |
| Borrowings                   | 0.00                              | 7938.34        | 7938.34              |
| Other financial liabilities  | 0.00                              | 217.60         | 217.60               |
| <b>Total</b>                 | <b>0.00</b>                       | <b>8502.18</b> | <b>8502.18</b>       |

The carrying value of financial instruments by categories as at March 31, 2016 is as follows:

| (in ₹ lakhs)                 |                                   |                |                      |
|------------------------------|-----------------------------------|----------------|----------------------|
| Financial Assets             | Fair value through Profit or Loss | Amortised Cost | Total carrying Value |
| Cash and cash equivalents    | 0.00                              | 3211.20        | 3211.20              |
| Trade Receivables            | 0.00                              | 4748.26        | 4748.26              |
| Investments                  | 82.53                             | 507.27         | 589.80               |
| Loans                        | 0.00                              | 17.00          | 17.00                |
| <b>Total</b>                 | <b>82.53</b>                      | <b>8483.73</b> | <b>8566.26</b>       |
| <b>Financial Liabilities</b> |                                   |                |                      |
| Trade payable                | 0.00                              | 953.59         | 953.59               |
| Borrowings                   | 0.00                              | 7487.12        | 7487.12              |
| Other financial liabilities  | 0.00                              | 40.34          | 40.34                |
| <b>Total</b>                 | <b>0.00</b>                       | <b>8481.05</b> | <b>8481.05</b>       |

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The carrying value of financial instruments by categories as at March 31, 2015 is as follows:

(in ₹ lakhs)

| Financial Assets             | Fair value through Profit or Loss | Amortised Cost | Total carrying Value |
|------------------------------|-----------------------------------|----------------|----------------------|
| Cash and cash equivalents    | 0.00                              | 1396.01        | 1395.85              |
| Trade Receivables            | 0.00                              | 3747.66        | 3747.66              |
| Investments                  | 85.35                             | (9.51)         | 75.84                |
| Loans                        | 0.00                              | 601.77         | 601.77               |
| <b>Total</b>                 | <b>85.35</b>                      | <b>5735.93</b> | <b>5821.28</b>       |
| <b>Financial Liabilities</b> |                                   |                |                      |
| Trade payable                | 0.00                              | 541.38         | 541.38               |
| Borrowings                   | 0.00                              | 4834.92        | 4834.92              |
| Other financial liabilities  | 0.00                              | 104.26         | 102.45               |
| <b>Total</b>                 | <b>0.00</b>                       | <b>5453.56</b> | <b>5453.56</b>       |

## Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market. The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required):

(in ₹ lakhs)

| As at March 31, 2017        | Level 1       | Level 2     | Level 3     | Total         |
|-----------------------------|---------------|-------------|-------------|---------------|
| <b>Financial assets</b>     |               |             |             |               |
| Mutual fund units           | 318.90        | 0.00        | 0.00        | 318.90        |
| Equity shares               | 0.12          | 0.00        | 0.00        | 0.12          |
| <b>Total</b>                | <b>319.02</b> | <b>0.00</b> | <b>0.00</b> | <b>319.02</b> |
| <b>As at March 31, 2016</b> |               |             |             |               |
| <b>Financial assets</b>     |               |             |             |               |
| Mutual fund units           | 82.41         | 0.00        | 0.00        | 82.41         |
| Equity shares               | 0.12          | 0.00        | 0.00        | 0.12          |
| <b>Total</b>                | <b>82.53</b>  | <b>0.00</b> | <b>0.00</b> | <b>82.53</b>  |



# SWARNSARITA GEMS LTD.

| As at March 31, 2015<br>Financial assets | Level 1      | Level 2     | Level 3     | Total        |
|------------------------------------------|--------------|-------------|-------------|--------------|
| Mutual fund units                        | 85.10        | 0.00        | 0.00        | 85.10        |
| Equity shares                            | 0.25         | 0.00        | 0.00        | 0.25         |
| <b>Total</b>                             | <b>85.35</b> | <b>0.00</b> | <b>0.00</b> | <b>85.35</b> |

## (b) Financial risk management

The Company is exposed primarily to credit, liquidity, fluctuations in foreign currency exchange rates and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

### (i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

#### (a) Foreign currency exchange rate risk

The company is not significantly exposed to the fluctuation in foreign currency exchange rate. The company export goods outside India for which bills are issued in US \$ and payment of the same will be received on letter date. The company carries the risk of fluctuation in foreign currency exchange rate on export transaction.

#### (b) Interest rate risk

The company's investments are primarily in fixed rate bearing investments/fixed deposits hence the company is not significantly exposed to interest rate risk.

### (ii) Credit Risk

Credit risk is the risk of financial loss arising from counter party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, cash and cash equivalents and other financial assets. None of the other financial instruments of the Company result in material concentration of credit risk.

#### Exposure credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was 7711.34 lakhs, 9533.24 lakhs and 6123.69 lakhs as at March 31, 2017, March 31, 2016 and April 1, 2015, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments, trade receivables, and other financial assets.

The Company's exposure to customers is diversified and two customer contributes to more than 10% of outstanding accounts receivable as at March 31, 2017 and three customer contributes to more than 10% of outstanding accounts receivable as at March 31, 2016.

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## Details of customer contributes to more than 10% of outstanding accounts receivable as at March 31, 2017

| Name of Customer        | Outstanding Amount<br>(in ₹ Lakhs) | % to total receivables |
|-------------------------|------------------------------------|------------------------|
| Victoria Jewellery FZCO | 1636.53                            | 37.43%                 |
| SSG Jewellery LLC       | 446.32                             | 10.21%                 |

## Details of customer contributes to more than 10% of outstanding accounts receivable as at March 31, 2016

| Name of Customer                         | Outstanding Amount<br>(in ₹ Lakhs) | % to total receivables |
|------------------------------------------|------------------------------------|------------------------|
| Shantilal Jewellers LLC                  | 988.50                             | 20.87%                 |
| Palak Jewellers Private Limited          | 565.00                             | 11.93%                 |
| Swarn Shilp Chains & Jewellery Pvt. Ltd. | 625.78                             | 13.21%                 |

### (iii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

## 6. Earnings per equity share

| Particulars                                 | 2017     | 2016     |
|---------------------------------------------|----------|----------|
| Profit for the year (in ₹ lakhs)            | 289.20   | 270.02   |
| Weighted average number of equity shares    | 20876800 | 20876800 |
| Earnings per share basic and diluted (in ₹) | 1.39     | 1.29     |
| Face value per equity shares (in ₹)         | 10       | 10       |

## 7. Auditor Remuneration

(in ₹ lakhs)

| Particulars                    | 2017 | 2016 |
|--------------------------------|------|------|
| Services as statutory Auditors | 3.00 | 3.00 |
| Tax Audit                      | 1.00 | 1.00 |
| Service Tax                    | 0.60 | 0.60 |

## 8. Micro and Small Enterprises

There are no amount dues to micro and small enterprises and dues to micro and small enterprises have been determined on the basis of information collected by the management.

# SWARNSARITA GEMS LTD.

## 9. Related Party Transaction

Transaction with related parties are as follows:

Year ended March 31, 2017

(in ₹ lakhs)

| Particulars                          | Associates | Key management Personnel | Other Related Parties |
|--------------------------------------|------------|--------------------------|-----------------------|
| Interest income                      | 0.00       | 0.00                     | 0.00                  |
| Share of Profit/Loss                 | 1.82       | 0.00                     | 0.00                  |
| Rent Expenses                        | 0.00       | 30.00                    | 0.00                  |
| Investment in partnership firm (Net) | (507.27)   | 0.00                     | 0.00                  |
| Loan/ Advance Given                  | 0.00       | 0.00                     | 0.00                  |
| Loan/Advance repayment received      | 0.00       | 0.00                     | 0.00                  |
| Remuneration (Short term benefit )   | 0.00       | 86.40                    | 30.00                 |

Year ended March 31, 2016

(in ₹ lakhs)

| Particulars                          | Associates | Key management Personnel | Other Related Parties |
|--------------------------------------|------------|--------------------------|-----------------------|
| Interest income                      | 0.00       | 0.00                     | 0.00                  |
| Rent Expenses                        | 0.00       | 16.50                    | 0.00                  |
| Share of profit from firm            | 8.41       | 0.00                     | 0.00                  |
| Investment in partnership firm (Net) | 508.37     | 0.00                     | 0.00                  |
| Loan/ Advance Given                  | 0.00       | 0.00                     | 0.00                  |
| Loan/Advance repayment received      | 0.00       | 0.00                     | 0.00                  |
| Remuneration (Short term benefit )   | 0.00       | 57.70                    | 0.00                  |
| Purchase of fixed assets             | 0.00       | 0.00                     | 14.28                 |
| Exhibition charges                   | 0.00       | 0.00                     | 12.72                 |

Balance Receivables from Related parties are as follows:

As at March 31, 2017

(in ₹ lakhs)

| Particulars   | Associates | Key management Personnel | Other Related Parties |
|---------------|------------|--------------------------|-----------------------|
| Investments   | 1.82       | 0.00                     | 0.00                  |
| Loan/Advances | 0.00       | 0.00                     | 0.00                  |

Balance Receivables from Related parties are as follows:

As at March 31, 2016

(in ₹ lakhs)

| Particulars   | Associates | Key management Personnel | Other Related Parties |
|---------------|------------|--------------------------|-----------------------|
| Investments   | 507.27     | 0.00                     | 0.00                  |
| Loan/Advances | 0.00       | 0.00                     | 0.00                  |

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**Balance Receivables from Related parties are as follows:**  
**As at March 31, 2015**

(in ₹ lakhs)

| Particulars   | Associates | Key management Personnel | Other Related Parties |
|---------------|------------|--------------------------|-----------------------|
| Investments   | 0.00       | 0.00                     | 0.00                  |
| Loan/Advances | 0.00       | 0.00                     | 0.00                  |

**Balance Payable to Related parties are as follows:**  
**As at March 31, 2015**

(in ₹ lakhs)

| Particulars | Associates | Key management Personnel | Other Related Parties |
|-------------|------------|--------------------------|-----------------------|
| Investments | 9.51       | 0.00                     | 0.00                  |

## 10. Dividends

The Company has not declared any dividend during the year.

11. The SEBI has imposed penalty of ₹2.5 Cr under section 15HA of the SEBI Act jointly with others and then directors of the company. The management of the company has filed an appeal with the SAT. The management of the company is contesting the demand and believes that the ultimate outcome of the proceedings will not have a material adverse effect on the company's financial position and result of operations.

As per our report of even date

**For and On behalf of the Board of Directors of Swarnsarita Gems Limited**

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

**Mahendra M. Chordia**  
Managing Director  
DIN: 00175686

**Asha M. Chordia**  
Executive Director  
DIN: 00175804

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

**Vishal Roshanlal Nolkha**  
Director  
DIN: 06855541

**Ashok Surana**  
Director  
DIN: 02799316

**Dhruvin Bharat Shah**  
Director  
DIN: 07528387

Place: Mumbai  
Date: May 29, 2017

**Prafulla Devaliya**  
Company Secretary

**Sanket Dangi**  
Chief Financial Officer



## NOTES

[illegible]

[illegible]



## NOTES

[illegible]

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## SWARNSARITA GEMS LIMITED

Registered office of the company: 17/19, Ground Floor, Dhanji Street, Mumbai- 400 003.  
Website: [www.swarnsarita.com](http://www.swarnsarita.com); email: [info@swarnsarita.com](mailto:info@swarnsarita.com); [CIN: L36911MH1992PLC068283]

Form No. MGT-11

### FORM OF PROXY

Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014.

**Venue of the Meeting** : Agrasen Bhavan, 90 feet Road, Garodiya Nagar, Ghatkopar (East), Mumbai-400077.

**Date & Time** : Tuesday, 26<sup>th</sup> September 2017 at 10.00 am.

PLEASE FILL PROXY FORM AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

|                    |  |
|--------------------|--|
| Name               |  |
| Registered Address |  |
| Email Id           |  |
| DP Id              |  |
| Client Id          |  |
| Folio No.          |  |

\*Applicable for investors holding shares in Electronic form.

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member / member of \_\_\_\_\_ hereby appoint the following as my /our Proxy to attend the vote (for me/us and on my/our behalf at the 25<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday **September 26, 2017 at 10.00 a.m.** at Agrasen Bhavan, 90 feet Road, Garodiya Nagar, Ghatkopar (East), Mumbai-400077 and at any adjournment thereof) in respect of such resolutions as are indicated below:

1. Mr/Mrs : \_\_\_\_\_ (Name and Signature of the Proxy) or failing him/her Registered.  
Address: \_\_\_\_\_  
Email Id \_\_\_\_\_ Signature \_\_\_\_\_
2. Mr/Mrs : \_\_\_\_\_ (Name and Signature of the Proxy) or failing him/her Registered.  
Address: \_\_\_\_\_  
Email Id \_\_\_\_\_ Signature \_\_\_\_\_

\*\* I/We direct my/our Proxy to vote on the resolutions in the manner as indicated below:

| Sr. No.                  | Resolutions                                                                                                                                                                                           | Number of Shares Held | For | Against |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----|---------|
| <b>Ordinary Business</b> |                                                                                                                                                                                                       |                       |     |         |
| 1.                       | The Audited Standalone and Consolidated Financial Statement of the Company for the financial year ended 31 <sup>st</sup> March, 2017 together with the Directors Report and Auditor's Report thereon; |                       |     |         |
| 2.                       | Re-appointment of Mr. Mahendra M. Chordia, who retires by rotation.                                                                                                                                   |                       |     |         |
| 3.                       | Ratify the Appointment of M/s. Suresh Anchaliya & Co., Chartered Accountants, Mumbai as Auditor.                                                                                                      |                       |     |         |
| <b>Special Business</b>  |                                                                                                                                                                                                       |                       |     |         |
| 4.                       | Increase in the Remuneration of Mr. Sunny Mahendra Chordia who holds an office for place of profit.                                                                                                   |                       |     |         |
| 5.                       | Adoption of New set of Articles of Association under the Companies Act, 2013                                                                                                                          |                       |     |         |
| 6.                       | Revision in the Remuneration of the Managing Director of the Company                                                                                                                                  |                       |     |         |

\*\* This is optional. Please put a tick mark (v) in the appropriate column against the resolutions indicated in the box. If a member leaves the "For" or "Against" column blank against any or all of the Resolutions, the proxy will be entitled to vote in the manner he/ she thinks appropriate. If a member wishes to abstain from voting on particular resolution, he/she should write "Abstain" across the boxes against the Resolution.

Signature(s) of the Member(s)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Affix One  
Rupee  
Revenue  
Stamp





# SWARNSARITA GEMS LTD.

## Notes:

1. The Proxy to be effective should be deposited at the registered office of the company not less than Forty Eight Hours before commencement of the meeting.
2. A proxy need not be a member of the company.
3. In the case of the Joint holders, the vote of the senior who tenders vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of the Members.
4. The form of proxy confers authority to demand or join in demanding a poll.
5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
6. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.





SWARNSARITA GEMS LIMITED  
17/19, Dhanji Street, Zaveri Bazar, Mumbai - 400 003.  
Tel: +91 22 4359 0000