

20th  
Annual Report  
2011 - 2012



An ISO 9001:2008 certified company

**BOARD OF DIRECTORS:**

Mahendra M. Chordia  
Vallabhbhai Narseebhai Patel  
Ashok Surana  
Sanjay N. Kothari  
Ganpat Karnawat  
Sunil Jain

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

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

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

**BANKERS****HDFC Bank Limited**

Crawford Market  
Mumbai- 400 001

**STATE BANK OF INDIA**

Bullion Branch,  
Kalbadevi Road, Mumbai- 400002

**REGISTERED OFFICE**

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

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

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

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**NOTICE**

NOTICE is hereby given that the 20th Annual General Meeting of the Members of SWARNSARITA GEMS LIMITED [Formerly known as Shyam Star Gems Limited] will be held at Indian Merchant Chamber, Kilachand Conference Room, IMC Building, IMC Marg, Churchgate, Mumbai-400020 on Tuesday, 18th September, 2012 at 11.00 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss and notes thereto for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To consider declaration of dividend on Equity Shares for the year ended 31st March, 2012.
3. To appoint a Director in place of Mr. Ashok Surana, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sanjay Kothari, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
5. To appoint M/s. Suresh Anchaliya & Co., Chartered Accountants, Mumbai, as the Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

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

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

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 of the Companies Act, 1956 and further subject to the provisions of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and further subject to such other approvals as may be necessary, the Company hereby approves the appointment of Mr. Sunil Jain as the Whole time Director designated as the an Executive Director of the Company for the term of **Five years** commencing from **11th August, 2012 and ending on 10th August, 2017** upon the terms and conditions including remuneration as set out in the draft agreement submitted to the meeting duly initialed, for the purpose of identification, which is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Sunil Jain.”

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

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

**Place :** Mumbai  
**Dated :** 11th August, 2012

**Mahendra Chordia**  
Chairman & Managing Director

**REGISTERED OFFICE:**

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

**NOTES:**

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, to vote instead of himself/herself and the proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting.**
2. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Chairman, so as to reach the registered office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
4. The Register of Members and Share Transfer Books will remain closed from **Wednesday, 12 September, 2012 to Tuesday, 18 September, 2012 (both days inclusive).**
5. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at this meeting, will be paid to those members whose names appear on the Register of Members as on Tuesday, 11 September, 2012.
6. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & Public holidays between 12.00 p.m. to 2.00 p.m. up to the date of Annual General Meeting.
7. Members are requested to notify immediately any change in their address / bank mandate to their respective Depository Participant (DP) in respect of their electronic share accounts and to the Company's Registrar & Share Transfer Agent at **SHAREX DYNAMIC (INDIA) PRIVATE LIMITED** Unit No. 1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai-400 072 in respect of their physical share folios.
8. Members are requested to bring their copy of Annual Report to the Meeting alongwith their respective Attendance Slip sent herewith duly filled for attending the Meeting.
9. Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialized at the earliest.
10. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is attached herewith.
- 11. Green Initiative in the Corporate Governance- Registration of email address**  
The members are requested to register email address with the Depository Participant/ the Registrar and Share Transfer Agent of the Company, i.e. Sharex Dynamic (India) Private Limited, as the case may be, for service of documents.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:****Item Nos.6 & 7:**

Mr. Sunil Jain was appointed as an Additional Director of the Company w.e.f. 11th August, 2012. As per the provisions of Section 260 of the Act, the said Director holds office only up to the date of the ensuing Annual General Meeting of the Company. The Company has received notice under Section 257 of the Act, from a Member of the Company proposing his appointment as a Director of the Company.

Mr. Sunil Jain, aged 38 years is proposed as an Executive Director of our Company. He is from commerce background and has good experience of 17 years in the field of jewellery business and is also the manufacturer and trader of jewellery. Taking into consideration such vast experience and knowledge which shall be beneficial to the progress and growth of the Company, it is proposed to appoint Mr. Sunil Jain as an Executive Director of the Company for a period of five years w.e.f. 11th August, 2012.

Further, the Board has recommended to the remuneration committee of the company to finalize the remuneration package to Mr. Sunil Jain and for which the approval has been received as per the following terms and conditions.

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

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

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

Your Directors recommend the said Resolution for your approval.

**Place :** Mumbai  
**Dated :** 11th August, 2012

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

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

**Mahendra Chordia**  
**Chairman & Managing Director**

## DIRECTORS REPORT

**To The Members of**  
**SWARNSARITA GEMS LIMITED**  
*(Formerly known as Shyam Star Gems Limited)*

Your Directors have pleasure in presenting the 20th Annual Report on the operations of the Company together with the Audited Accounts for the year ended 31st March, 2012.

## FINANCIAL HIGHLIGHTS

Particulars	( ₹ In Lacs)	
	Year ended 31.03.2012	Year ended 31.03.2011
<b>Total Income</b>	<b>7233.36</b>	<b>1259.60</b>
Profit / (Loss) Before Depreciation & Taxes	159.72	242.56
Less: Depreciation	7.38	8.06
Profit / (Loss) Before Tax	152.34	234.51
Less: Provision for Current Tax	29.03	35.00
Less: Provision for Deferred Taxation	(3.11)	(0.05)
Less: Earlier Tax	(6.11)	NIL
Profit / (Loss) After Tax for the year	132.53	199.55
Add: Balance in Reserves & Surplus	3729.13	3569.94
<b>Less: Appropriations</b>		
Proposed Dividend	99.28	34.73
Taxes of Dividend	16.10	5.63
For dividend rounding off	0.06	NIL
Closing Balance	3746.22	3729.13

## **BUSINESS OUTLOOK**

During the year under the review, the company has earned Profit before tax of ₹. 152.34 Lacs. Whereas Profit after tax was of ₹. 132.53 Lacs as against Profit before Tax of ₹. 234.51 Lacs and Profit After Tax of ₹. 199.55 Lacs for the corresponding previous year.

Further, the Company was granted an ISO 9001-2008 Certificate during the year under review.

## **DIVIDEND**

The Directors are pleased to recommend dividend @5% [i.e. Re. 0.50 per Equity share of Rs. 10/- each] for financial year 2011 -2012. The dividend will be paid to members whose names appear in the Register of Members as on Book closure Date; in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners.

## **DIRECTORS:**

Mr. Ashok Surana and Mr. Sanjay Kothari, Directors of the Companies, retire by rotation and being eligible; offer themselves for re-appointment at the ensuing Annual General Meeting.

Further, Mr. Rajendra Nolkha resigned as Director of the Company w.e.f. 11th August, 2012 and Mr. Sunil Jain was appointed as an Additional Director of the Company w.e.f. 11th August, 2012 respectively and is eligible for reappointment at the forthcoming Annual General Meeting.

The Board of Directors also recommended to appoint Mr. Sunil Jain as the Whole-time Director designated as Executive Director of the Company for a period of five years w.e.f. 11th August, 2012 whose period of office is liable to retire by rotation. Further, Mr. Sunil Jain is also designated as the Compliance officer of the company.

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

Since your Company does not own manufacturing facility, the particulars relating to the conservation of energy and technology absorption as prescribed u/s. 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 do not apply to the Company in respect of the year under reference.

Further, foreign exchange outgo towards purchase of goods is to the tune of ₹. 2,58,47,960/- and however the Company has not earned any foreign exchange during the year under review.

## **PARTICULARS OF EMPLOYEES**

Information as per the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 duly amended by the Companies (Particulars of Employees) Rules, 2011 for the year ended 31st March, 2012 is not applicable to the Company as none of the employees come within the ambit of said Rules.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made 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 as at 31st March, 2012 and of the profit of the Company for the year ended on that date;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the annual accounts for the year ended 31st March, 2012 has been prepared on a going concern basis.

## AUDITORS

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

## AUDITORS' REPORT

M/s. Suresh Anchaliya & Co., Chartered Accountants, Mumbai, the Statutory Auditors of your Company, submitted their reports for the year ended 31st March, 2012 which are self explanatory and requires no comments or explanation under Section 217(3) of the Companies Act, 1956.

## LISTING

The shares of the company are listed at the Bombay Stock Exchange Limited . The Company has paid the annual listing fees to the BSE for the year 2012-2013.

## CORPORATE GOVERNANCE

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

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

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

## POSTAL BALLOT CONDUCTED DURING THE YEAR

Based on the recommendations and findings of the Audit committee, the Board of Directors has conducted the postal ballot for following proposal, which was approved by the members by requisite majority.

1	Sale of undertaking of the Company pursuant to Section 293(1)(a) of the Companies Act, 1956.
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## ACKNOWLEDGEMENTS

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

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

**Place:** Mumbai  
**Date :** 11th August, 2012

**Mahendra Chordia**  
 Chairman & Managing Director

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

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

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

## 2. BOARD OF DIRECTORS

### (a) Composition of Board of Directors.

- (i) The Board of the Directors as on **31st March, 2012** comprises of following Executive and Non Executive Directors. The details of which are as given below:

Sr. No.	Name of the Directors	Category of Directorship
1.	Mr. Mahendra Chordia	Chairman & Managing Director
2.	Mr. Rajendra Nolkha	Executive
3.	Mr. Vallabh N. Patel	Executive
4.	Mr. Ashok Surana	Non-Executive Independent
5.	Mr. Sanjay Kothari	Non-Executive Independent
6.	Mr. Ganpat Karnawat	Non-Executive Independent

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

**During the financial year 2011-2012**, Eight meetings of the Board of Directors were held on 15th April, 2011; 19th May, 2011; 30th May, 2011; 23rd June, 2011; 12th August, 2011; 10th November, 2011; 10th February, 2012 and 12th March, 2012.

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

Name of Directors	Category	No. of Board Meetings Attended during the F.Y. 2011-2012	Attendance at Previous AGM on 30th July, 2011
Mr. Mahendra Chordia	Executive	8	Yes
Mr. Rajendra Nolkha	Executive	8	Yes
Mr. Vallabh N. Patel	Executive	5	Yes
Mr. Ashok Surana	Non Executive Independent	8	Yes
Mr. Sanjay Kothari	Non Executive Independent	6	No
Mr. Ganpat Karnawat	Non Executive Independent	4	Yes

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

**(b) Board Committees:**

The Board has constituted three committees namely Audit committee, Shareholders'/Investors' Grievance Committee and Remuneration committee. The committees of Board provides and evaluates the strategic direction of the company, management policies and their effectiveness and ensures that the long-term interests as the shareholders are being served.

**(c) Board Procedure:**

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

**3 AUDIT COMMITTEE:****(a) Composition:**

The Audit Committee comprises of three Directors. Mr. Ashok Surana is the Chairman of the Audit Committee. During the financial year 2011-2012, Four Audit Committee Meetings were held on 30th May, 2011, 12th August, 2011, 10th November, 2011 and 10th February, 2012.

The constitution of the Audit Committee is as under:

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

The attendance of the Audit Committee meeting is as under:

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

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 30 July, 2011 to attend the shareholders' queries.

The Audit Committee has been vested with the following powers:

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

#### (b) Terms of Reference

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

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- To recommend and represent the appropriate reports on findings of asset revaluation and recommendations there of related with sale or addition of various assets.

#### 4. REMUNERATION COMMITTEE:

##### (a) Composition

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

The Constitution of Remuneration Committee is as under:

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

During the financial year 2011-2012, Company has revised remuneration of managerial personnel and which was approved by the Remuneration Committee.

##### (b) Terms of reference

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

#### 5. SHARE TRANSFER/INVESTOR GRIEVANCE COMMITTEE:

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

##### (a) Composition

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

Name of Directors	Category
Mr. Rajendra Nolkha	Chairman Executive Non Independent
Mr. Ashok Surana	Non-Executive Independent
Mr. Sanjay Kothari	Non-Executive Independent

Mr. Rajendra Nolkha is the Chairman of the Share Transfer cum Shareholders/ Investors' Grievance Committee.

**(b) Functions**

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

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

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

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

**Details of shareholders' complaints received, not solved and pending share transfers:**

The Company has not received any investor complaint during the year under review.

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

Name of Directors	Age	Nature of expertise	Qualifications	Other Directorship	Membership in the committees of other Public Companies	Share Holding
Mr. Ashok Surana	46	Expert in the field of Taxation and Accountancy	Chartered Accountant	2	NIL	NIL
Mr. Sanjay Kothari	44	18 yrs experience in jewellery business	Graduate	NIL	NIL	NIL
Mr. Sunil Jain	38	17 yrs experience in jewellery business	Higher Secondary	1	NIL	NIL

**6. GENERAL BODY MEETINGS:**

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

Financial Year	Date of the AGM	Location	Time	Special Resolution passed
2008-09	23rd September, 2009	Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (East), Mumbai – 400 097.	10.30 A.M	NIL
2009-10	15th September, 2010	Nadiadwala Market (Hall), Opp. Laxmi Narayan Shopping Centre, Poddar Road, Malad (East), Mumbai – 400 097.	10.30 A.M	NIL
2010-11	30th July, 2011	Lavender Bough, 1st Floor, 90 Feet Road, Garodia Nagar, Ghatkopar (East), Mumbai- 400 077	10.30 A.M	3

**7. DISCLOSURES:**

The details regarding related party transactions i.e. transactions of the Company with its Promoters, Directors or Management, their subsidiaries or relatives, not conflicting with the Company's interest, have been shown in Point 9 of Part B under the heading Notes to Accounts of Note No. 21 to the Annual Accounts for the year ended 31st March, 2012.

**8. MEANS OF COMMUNICATION:**

The Company publishes its quarterly audited & unaudited financial results in national & regional newspapers. The Company also sends the financial results to the Stock Exchange Immediately after it's approved by the Board. The Company has displayed the Annual report for last 2 years of 2009-2010 and 2010-2011 on website of the company. The Company has not sent half yearly report to the shareholders. The financial results and the official news releases of the Company are also displayed on the website of the Company, viz, [www.swarnsarita.com](http://www.swarnsarita.com)

**9. GENERAL SHAREHOLDERS' INFORMATION:**

<b>Annual General Meeting</b>	
Day, Date and Time	Tuesday, 18th September 2012 at 11.00 a.m.
Venue	Indian Merchant Chamber, Kilachand Conference Room, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020.
Next Financial Year	1st April, 2012 to 31st March, 2013 First Quarter ended 30/06/2012 - Upto 15th August, 2012 Second Quarter ended 30/09/2012 - Upto 15th November, 2012 Third Quarter ended 31/12/2012 - Upto 15th February, 2013 Fourth Quarter ended 31/03/2013 - Upto 15th May, 2013
Date of Book Closure	Wednesday, 12 September, 2012 to Tuesday, 18 September, 2012 (both days inclusive)
Listing on Stock Exchange	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001 Web: <a href="http://www.bseindia.com">www.bseindia.com</a>
Scrip Code	526365
ISIN	INE967A01012

The Company has paid Annual Listing Fees for the year 2012-2013 to Bombay Stock Exchange Limited (BSE) and the Custodial Fees for the year 2012-2013 to National Securities Depositories Limited and Central Depositories Services (India) Limited.

**Stock Price Data:**

The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited during the financial year 2011-2012 are as follows:

Year	Month	High (Rs.)	Low (Rs.)	No. of Shares
2011	April	21.95	14.50	69483
	May	22.50	14.40	216259
	June	22.55	17.00	329520
	July	21.65	16.20	652322
	August	21.50	15.25	331218
	September	22.90	17.00	245581
	October	31.40	18.30	172281
	November	32.90	24.60	293646
	December	26.70	20.60	76443
2012	January	28.60	21.30	274265
	February	28.15	22.95	279045
	March	31.60	22.85	2241820

**Registrar & Share Transfer Agent:**

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

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

Luthra Indus. Estate, 1st Floor,  
Safed Pool, Andheri-Kurla Road,  
Mumbai: 400 072.  
Tel. Nos. : 022-28515606, 28515644  
Fax No. : 022-228512885  
Web Site: [www.sharexindia.com](http://www.sharexindia.com)

**Compliance Officer**

Mr. Rajendra Nolkha, is the Compliance Officer of the Company. (as at 31st March 2012)

**Share Transfer System:**

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

**Dematerialization of shares:**

Equity Shares of the Company can only be traded in dematerialized form, so it is advisable that the shareholders who have shares in physical form get their shares dematerialized. As on 31st March, 2012, 1,91,09,375 of Rs. 10/- each comprising 96.24% of the total paid up share capital were held in dematerialized form with NSDL and CDSL.

**Distribution of shareholding as on 31 March , 2012:**

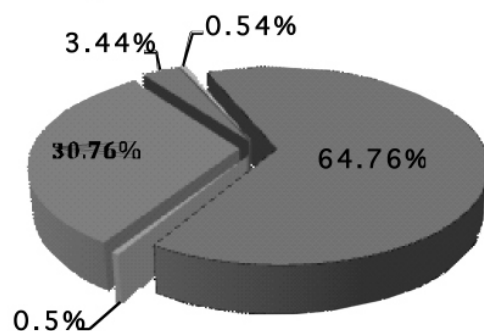
Shareholding of Nominal Value	No. of Shareholders	% of holders	Total Amount (in Rs.)	% of Amount
Up to 5000	8793	91.12	1,15,86,000	5.83
5001 to 10000	352	3.65	28,94,660	1.46
10001 to 20000	167	1.73	26,07,100	1.31
20001 to 30000	86	0.89	22,27,060	1.12
30001 to 40000	36	0.37	12,73,150	0.64
40001 to 50000	47	0.49	22,47,720	1.13
50001 to 100000	63	0.65	43,74,480	2.20
100001 & Above	106	1.10	17,13,57,830	86.30
<b>Total</b>	<b>9650</b>	<b>100.00</b>	<b>19,85,68,000</b>	<b>100.00</b>

**Shareholding Pattern As on 31st March, 2012.**

Category	No. of Shares held	% of holding
Promoters	6108761	30.76
Financial Institutions, Insurance Companies, Banks and Mutual Funds, etc.	Nil	N.A
Foreign Institutional Investors	Nil	N.A
Bodies Corporates	682759	3.44
NRIs / OCBs	107050	0.54
Indian Public	12858916	64.76
Clearing Members	99314	0.5
<b>Total</b>	<b>19856800</b>	<b>100.00</b>

**Shareholding Pattern**

■ Promoters ■ Bodies Corporate ■ NRIs / OCBs ■ Indian Public ■ Clearing Members



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)

**Permanent Account Number:**

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

**GREEN INITIATIVE**

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

Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (name, folio no, e-mail id) on the Company's e-mail address viz. [info@swarnsarita.com](mailto:info@swarnsarita.com). Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

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**MANAGEMENT DISCUSSION AND ANALYSIS****Industry Structure and Development:**

The Gem and Jewellery Export Promotion Council (GJEPC) said the Indian Gem and Jewellery industry has witnessed a marginal decline of 0.36% in FY 2011-2012 owing to the decrease in trading exports of diamonds. The total Gem & Jewellery Industry Exports were recorded at \$42839 million in FY 2011-12 as compared to \$42995 million in FY 2010-11. The gem & jewellery sector accounted for 14% of India's total merchandise exports in FY 2011-2012.

The growth in the sector was primarily driven by Gold Jewellery which registered an increase of 30% in FY '12. The exports grew from US\$ 12695 million (INR 57747.67 crores) in 2010-2011 to US\$ 16517 million (INR 79430.26 crores) in 2011-2012.

Cut and Polished Diamonds (CPD) witnessed a decline of 17.3% with exports decreasing from US\$ 28217 million in 2010-2011 to US\$ 23329 million in 2011-2012.

Coloured gemstone exports witnessed an increase of 9.10% in dollar terms with sector recording growth from US\$ 314.20 million in 2010-2011 to US\$ 342.80 million in 2011-2012.

UAE was the largest exporting destination with 44% of Exports to the market, followed by Hong Kong with 25% and USA with 12% of exports.

There has been a substantial decline in import of polished diamonds during January to March, 2012 more than 70% in a month post introduction of 2% duty on C&PD. In the annual figure the decline is 30% in 2011-12 in comparison to previous year. It is expected that the total import of polished diamonds at US\$14.3 bn in 2011-12 may eventually come down significantly in 2012-13.

**Financial and Operating performances:**

Your Company's total sales including other income for the financial year 2011-2012 is Rs.72,33,35,588/- and Profit for the year is Rs.1,32,53,112/-.

**Internal Control System and Adequacy:**

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

**Opportunities and Threats:****(i) Opportunities:**

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

India is the world's largest manufacturing centre for gems and jewellery and the Industry contributes over 14% to the total export earnings of the country and employs highly skilled workers. The gems and jewellery industry is a major exchange exchequer as major portion (around 80%) of its turnover was contributed by exports. Diamonds contribute to nearly 80% of the entire turnover and of this industry and hence many times the terms 'gems and jewellery industry' and 'diamond industry' are used as synonyms.

**(ii) Threats:**

Although India currently enjoys dominance in the world's cut and polished diamonds market, China may emerge as a viable rival, if not in the near term, certainly in the longer term. An increasing number of diamond processors from Israel and Belgium, and even India, are setting up facilities in China for a variety

of reasons, according to the report on the Indian gems and jewellery industry. The primary reasons for these are:

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

**Human Resources:**

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

**Risk Management:**

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

**Future Outlook:**

The GJEPC is busy propagating the fineries of Indian gems and jewellery industry by organising road shows in Malaysia, Singapore, Jeddah, Riyadh, Korea and China. These road shows would assist in creating awareness about India International Jewellery Show (IJS) and India International Jewellery Week (IIJW).

The India pavilion at the event held in JCK Las Vegas from June 1 to 4 June, 2012, in the US had around 62 exhibitors from India. The exhibitors displayed an array of fine jewellery products carefully handpicked by the GJEPC from the finest and leading manufacturers and retailers in the country. The exhibitors were mostly from Surat (Gujarat), Mumbai and Delhi.

India's gems and jewellery industry is ready for the upcoming jewellery show in the US and expect to obtain huge export orders during 2012-13. "It is an opportunity to further accentuate India's growing recognition in the international arena as the global destination of gems and jewellery," as per Rajiv Jain, Chairman, GJEPC.

**Cautionary Statement:**

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

**DECLARATION**

All the members of the Board and the senior management personnel have, for the year ended 31 March, 2012, affirmed compliance with the code of conduct laid down by the Board of Directors in terms of Clause 49 of the Listing Agreement with the Stock Exchange.

**For Swarnsarita Gems Limited**

Sd/-

**Mahendra Chordia**

Chairman & Managing Director

**Place :** Mumbai  
**Dated :** 11th August, 2012

**CERTIFICATION BY MANAGING DIRECTOR:**

- I, Mahendra Chordia, Managing Director of SWARNSARITA GEMS LIMITED, to the best of our knowledge and belief, certify that:
- We have reviewed the balance sheet and Statement of profit and loss and all the schedules and notes on accounts, as well as the cash flow statements, and the directors' report;
  - Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
  - Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
  - To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
  - We accept the responsibility for establishing and maintaining internal controls for financial reporting evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and Audit Committee and take steps or purpose to take steps to rectify these deficiencies.
  - We have indicated, wherever applicable, to the Auditors and the Audit Committee:
    - Significant changes in Internal Control over financial reporting during the period; and
    - Significant changes in Accounting Policies, the same have been disclosed in the notes to the financial statement;

**Place :** Mumbai  
**Dated :** 11th August, 2012

**For Swarnsarita Gems Limited**  
**Sd/-**  
**Mahendra Chordia**  
**Chairman & Managing Director**

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of

**SWARNSARITA GEMS LIMITED**

We have examined the compliance of conditions of Corporate Governance by SWARNSARITA GEMS LIMITED for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock exchanges.

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

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

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

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

**Place :** Mumbai  
**Dated :** 11th August, 2012

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

**Auditor's Report**

**To the Members of Swarnsarita Gems Limited**

(Formerly Known as Shyam Star Gems Limited)

1. We have audited the attached Balance Sheet of Swarnsarita Gems Limited as at 31st March, 2012 and also the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 2 above we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon, gives the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2012;
    - (ii) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
    - (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Place :** Mumbai

**Dated :** 11th August, 2012

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

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

**ANNEXURE TO AUDITORS' REPORT**  
[Referred to in Para 3 of our report of even date]

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

1. In respect of its fixed assets :

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.

- 2. a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventories. There was no material discrepancies noticed on physical verification of inventory.

- 3. a) The company has not taken any loans and advance from the parties covered in the register maintained u/s.301 of the Companies Act, 1956.
- b) The company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained u/s.301 of the Companies Act, 1956.

- 4. In our opinion and according to the information and explanations given to us and as verified by us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls and found no continuous failure to correct the weakness.

- 5. In respect of transactions covered under Section 301 of the Companies Act, 1956, in our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956, have been so entered where each of such transaction exceeding Rs. 500000/- with respect of each party. The transaction have been made at prices which are Prima-facie reasonable having regards to Prevailing Market Prices at which similar transactions have been made with other parties as available with the Company.

- 6. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public u/s.58A and 58AA of the Companies Act, 1956.

- 7. In our opinion, the internal audit system of the Company is in commensurate with its size and nature of its business.

- 8. The Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956, for the product of the Company.

9. In respect of statutory dues :

- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2012, for a period of more than six months from the date of becoming payable.
- b) There are no dues of Sales Tax, Income Tax, Service Tax, Custom Tax, Wealth Tax etc. which have not been deposited on account of any dispute.

10. The Company has no accumulated losses of more than fifty percent of its net worth and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the company in its own name.
15. The Company has not given guarantees for loans taken by others from banks or financial institutions.
16. The Company has not raised any new term loans during the year and there is no loan outstanding at the beginning of the year.
17. According to the records examined and the information and explanation given to us on overall basis, funds raised for short term basis have prima-facie not been used during the year for long term investments.
18. During the year, the price at which the preferential allotments of shares to the parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956, are made is not prejudicial to the interest of the Company.
19. The Company has not raised any money by way of issue of debentures.
20. The Company has raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

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

**Place :** Mumbai  
**Dated :** 11th August, 2012

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

**Swarnsarita Gems Limited**  
**(Formerly Known as Shyam Star Gems Limited)**  
 Balance Sheet as at 31st March, 2012

Particulars	Note	As at 31.03.2012	As at 31.03.2011
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>Shareholder's Funds</u></b>			
Share Capital	1	198176000	69062000
Reserves and Surplus	2	514355561	401609320
Money Received Against Share Warrant		4743000	0
<b><u>Non - Current Liabilities</u></b>			
Deferred Tax Liabilities (Net)	3	0	73390
<b><u>Current Liabilities</u></b>			
Trade Payables	4	200525981	25967981
Other Current Liabilities	5	43991954	260808
Short-Term Provisions	6	14441829	13916059
<b>TOTAL</b>		<b>976234325</b>	<b>510889558</b>
<b><u>ASSETS</u></b>			
<b><u>Non-Current Assets</u></b>			
Fixed Assets			
(i) Tangible Assets	7	79235113	86783647
(ii) Intangible assets under development	7	36000	0
Deffered Tax Assets	8	237886	0
<b><u>Current Assets</u></b>			
Current Investments	9	70005201	151005201
Inventories	10	333122991	96694020
Trade Receivables	11	326409506	80011365
Cash and Cash Equivalents	12	13305715	1601800
Short - Term Loans and Advances	13	153881913	94793525
<b>TOTAL</b>		<b>976234325</b>	<b>510889558</b>

Significant Accounting Policies and Notes on Financial Statement 1 to 21

As per our report of even date

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

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

**Place :** Mumbai  
**Dated :** 11th August, 2012

**For and On behalf of the Board**

Mahendra M. Chordia	Managing Director
Vallabhbhai N. Patel	Executive Director
Sunil Jain	
Ashok Surana	Director
Sanjay N. Kothari	
Ganpat Karnawat	

**Swarnsarita Gems Limited**

**(Formerly Known as Shyam Star Gems Limited)**

Statement of Profit and Loss for the year ended 31st March, 2012

Particulars	Note	2011-12	2010-11
<b>Income</b>			
Revenue from Operations	14	717227134	108699015
Other Income	15	2937600	12771720
<b>Total Revenue</b>		<b>720164734</b>	<b>121470735</b>
<b>Expenditure</b>			
Cost of Materials Consumed and Purchases	16	648026347	97835029
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade	17	50419511	0
Employee Benefit Expense	18	3500500	1342500
Depreciation and Amortization Expenses		737757	805953
Other Administrative Expenses	19	5417704	2525916
<b>Total Expenses</b>		<b>708101819</b>	<b>102509398</b>
Profit Before Exceptional Items and Tax		12062915	18961337
Exceptional Items	20	3170853	4489450
Profit Before Tax		15233768	23450787
<b>Tax Expenses:</b>			
(1) Current Tax		2902794	3500000
(2) Tax for Earliar Period		(610862)	0
(3) Deferred Tax		(311276)	(4890)
Profit/(Loss) For The Period		<b>13253112</b>	<b>19955677</b>
Earning Per Equity Share:			
(1) Basic		0.91	1.36
(2) Diluted		0.91	1.36

Significant Accounting Policies and Notes on Financial Statement

1 to 21

As per our report of even date

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

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

**Place :** Mumbai  
**Dated :** 11th August,2012

**For and On behalf of the Board**

Mahendra M. Chordia Managing Director

Vallabh N. Patel } Executive Director

Sunil Jain }

Ashok Surana }

Sanjay N. Kothari } Director

Ganpat Karnawat }

**Swarnsarita Gems Limited**  
(Formerly Known as Shyam Star Gems Limited)  
**Cash Flow Statement for the year ended 31st March, 2012**

PARTICULARS	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax And Extraordinary Items	15233768	23450787
Adjustment for :		
Depreciation	737757	805953
Interest (Net)	(2696011)	(1108698)
Profit on Sale of Office	(4432179)	(4489450)
Other Expenses Related to Investing and Financing activities	0	72542
Profit on Sale of Shares	0	(11582014)
Dividend	(20)	(81008)
Profit on Sale of Land	(1409108)	0
Loss on Sale of Fixed Assets	2670434	0
<b>Operating Profit Before Working Capital And Receivables</b>	<b>10104640</b>	<b>7068112</b>
Adjustment for :		
(Increase) / Decrease in trade and other receivable	(246398141)	(100647953)
(Increase) / Decrease in Inventories	(236428971)	(236972)
Income Tax Refund	0	350600
Increase / (Decrease) in Trade Payables and other liabilities	209020008	20122931
<b>Cash Generated From Operations</b>	<b>(263702463)</b>	<b>(73343282)</b>
Income Tax Paid	2646021	3130487
<b>Cash Flow Before Extra-Ordinary Items</b>	<b>(266348484)</b>	<b>(76473769)</b>
Extra-Ordinary Items	0	0
Net Cash From Operating Activities	(a) <b>(266348484)</b>	<b>(76473769)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	11372519	7720000
Purchase of Fixed Assets	(1390889)	(5259960)
Sale of Investments	81000000	68387168
Dividend Income	20	81008
Interest Received	2696011	1107198
Intangible Assets	(36000)	0
Other Expenses	0	(72542)
Net Cash Used In Investment Activities	(b) <b>93641661</b>	<b>71962872</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	240152040	0
Interest Received on Call Money	0	1500
Call Money Received	0	500
Money Received against Share Warrant	4743000	0
Loan Received and Paid	(56442367)	(256413)
Dividend Paid	(4041935)	(4049472)
Net Cash Used In Financing Activities	(c) <b>184410738</b>	<b>(4303885)</b>
<b>Net Increase In Cash And Cash Equivalents (a) + (b) + (c)</b>	<b>11703915</b>	<b>(8814782)</b>
Cash And Cash Equivalents As At The Commencement of the Year (Opening Balance)	1601800	10416582
Cash And Cash Equivalents As At The End of the Year	13305715	1601800
<b>Net Increase / (Decrease) As Disclosed Above</b>	<b>11703915</b>	<b>(8814782)</b>

Note : All figures in brackets are outflows

As per our report of even date

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

**Suresh Anchaliya**  
Partner  
Membership No. 044960

**Place : Mumbai**  
**Dated : 11th August, 2012**

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

Mahendra M. Chordia Managing Director

Vallabh N. Patel } Executive Director

Sunil Jain

Ashok Surana } Director

Sanjay N. Kothari

Ganpat Karnawat

**Swarnsarita Gems Limited**  
(Formerly Known as Shyam Star Gems Limited)  
Notes to Financial Statement for the Year ended 31st March, 2012

**Note No. 1**

**SHAREHOLDER'S FUND**

**EQUITY SHARE CAPITAL**

	<u>As at 31.03.2012</u>	<u>As at 31.03.2011</u>
<b>a) Authorised Share:</b>		
2,20,00,000 (1,50,00,000) Equity Shares of Rs. 10/- each	<b>220000000</b>	<b>150000000</b>
<b>b) Issued, Subscribed and Paid up:</b>		
1,98,56,800 (69,45,400) Equity Shares of Rs. 10/- each Fully paid-up	198568000	69454000
Less : Call Money Due on Equity Shares	392000	392000
<b>Total</b>	<b>198176000</b>	<b>69062000</b>

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

**Particulars**

Outstanding at the Beginning of the Reporting Year	6945400	6945400
Add: Issued During the year	12911400	0
Outstanding at the End of the Reporting Year	<b>19856800</b>	<b>6945400</b>

**d) 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

**e) Details of Shareholders holding more than 5% share in the company**

Equity Shares Fully Paid at Rs. 10/- each

S.No.	Name	<u>As at 31st March, 2012</u>		<u>As at 31st March, 2011</u>	
		No. of Shares	% of Holding	No. of Shares	% of Holding
1	Swarnsarita Jewellers Pvt. Ltd.	6108761	30.76	1874161	26.97
2	Dungarshibhai N. Patel	-	-	482799	6.95

**Note No. 2**

**RESERVE AND SURPLUS**

<u>Particulars</u>	<u>As at 31.03.2012</u>	<u>As at 31.03.2011</u>
<b>a) Capital Reserve</b>		
Balance as per Last Financial Statement	6750000	6750000
<b>Closing Balance</b>	<b>6750000</b>	<b>6750000</b>
<b>b) Securities Premium Reserve</b>		
Balance as per Last Financial Statement	17000000	17000000
Add: On issue of Equity Shares	111038040	0
<b>Closing Balance</b>	<b>128038040</b>	<b>17000000</b>
<b>c) General Reserve</b>		
Balance as per Last Financial Statement	4946190	4946190
<b>Closing Balance</b>	<b>4946190</b>	<b>4946190</b>
<b>d) Surplus / (deficit) in the Statement of Profit and Loss</b>		
Balance as per Last Financial Statement	372913130	356993512
Add: Profit for the Year	13253112	19955677
Less: Proposed Dividend on Equity Shares at Rs. 0.50 per share	9928400	3472700
Tax on Proposed Dividend	1610635	563359
Appropriations for dividend rounding off	5876	0
<b>Net Surplus / (Deficit) in the Statement of Profit and Loss</b>	<b>374621331</b>	<b>372913130</b>
<b>Total Reserve and Surplus</b>	<b>514355561</b>	<b>401609320</b>

**Swarnsarita Gems Limited**

**(Formerly Known as Shyam Star Gems Limited)**

Notes to Financial Statement for the Year ended 31st March, 2012

	As at 31.03.2012	As at 31.03.2011
<b>Note No. 3</b>		
<b><u>Deffered Tax Liability</u></b>		
Related to Fixed Assets	0	73390
	<b>0</b>	<b>73390</b>

<b>Note No. 4</b>		
<b><u>Trade Payables</u></b>		
Micro, Small and Medium Enterprises	0	0
Others	200525981	25967981
	<b>200525981</b>	<b>25967981</b>

<b>Note No. 5</b>		
<b><u>Other Current Liablility</u></b>		
Advance on cancellation of agreement	33202500	0
Other Payables	10789454	260808
	<b>43991954</b>	<b>260808</b>

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

<b>Note No. 6</b>		
<b><u>Short - Term Provision</u></b>		
Provision for Income Tax	2902794	9725000
Provision for Proposed Dividend	9928400	3472700
Provision for Tax on Proposed Dividend	1610635	563359
Provision for FBT	0	155000
	<b>14441829</b>	<b>13916059</b>

**Swarnsarita Gems Limited**  
(Formerly Known as Shyam Star Gems Limited)  
Notes to Financial Statement for the Year ended 31st March, 2012

**Note No. 7 - FIXED ASSETS**

(Amount in 'Rs.)											
Sr. No.	Name of Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK		
		As On 01.04.2011	Addition during the year	Deduction During the Year	As On 31.03.2012	As On 01.04.2011	Depreciation during the year	Depreciation Adjustments	Total As On 31.03.2012	As On 31.03.2012	As On 01.04.2011
	<b><u>Tangible Assets</u></b>										
1	Land - Free hold	76478150	0		76478150	0	0		0	76478150	76478150
2	Lease hold Land	1750000	0	1750000	0	466668	92440	(559108)	0	0	1283332
3	Factory Building	2994515	0	2994515	0	308386	100017	(408403)	0	0	2686129
4	Office Building	2029410	0	2029410	0	17038	16447	(33485)	0	0	2012372
5	Plant and Machinery	3237056	0	3237056	0	2329803	25195	(2354998)	0	0	907253
6	Mettler Balances	237189	96750	62547	271392	152465	11355	(13060)	150760	120632	84724
7	Motor Cars	3959035	1106339	0	5065374	2202532	412578	0	2615110	2450264	1756503
8	Office Equipments	301151	0	230867	70284	86085	8596	(39070)	55611	14673	215066
9	Electric Instillations	232989	0	232989	0	34123	5306	(39429)	0	0	198866
10	Computers	428567	187800	428567	187800	391481	22419	(397494)	16406	171394	37086
11	Furniture & Fixtures	1430156	0	1397184	32972	305990	43404	(316422)	32972	0	1124166
	Sub-Total	93078218	1390889	12363135	82105972	6294571	737757	(4161469)	2870859	79235113	86783647
	Previous Year Total	91048808	5259960	3230550	93078218	5488618	805953	0	6294571	86783647	85560190
	Intangible Assets Under Development									36000	0

**Swarnsarita Gems Limited**

**(Formerly Known as Shyam Star Gems Limited)**

Notes to Financial Statement for the Year ended 31st March, 2012

	As at 31.03.2012		As at 31.03.2011	
<b>Note No. 8</b>				
<b><u>Deffered Tax Assets</u></b>				
Related to Fixed Assets		237886		0
		<b>237886</b>		<b>0</b>
<b>Note No. 9</b>				
<b><u>Current Investment</u></b>				
<u>Investment in Equity Shares (Quoted, Fully paid up)</u>	<b>No. of Share</b>	<b>Amount</b>	<b>No. of Share</b>	<b>Amount</b>
SJ Corporation Limited of Rs. 1 each	400	5201	400	5201
<u>Investment in Preference Shares (Un - Quoted)</u>				
Agarwal Marbles India Private Limited of Rs. 10 each	7000000	70000000	7000000	70000000
G.R. Infratech Private Limited of Rs. 10 each	0	0	6000000	60000000
Jalaj Lifestyle Private Limited of Rs.10 each	0	0	800000	8000000
Jasamrit Technology Private Limited of Rs.10 each	0	0	1300000	13000000
		<b>70005201</b>		<b>151005201</b>
<b>Note No. 10</b>				
<b><u>Inventories</u></b>				
Raw Materials		288558427		1709945
Finished Goods		44564564		94984075
		<b>333122991</b>		<b>96694020</b>
<b>Note No. 11</b>				
<b><u>Trade Receivables</u></b>				
For period exceeding 6 months		36472942		413839
For period upto 6 months		289936564		79597526
		<b>326409506</b>		<b>80011365</b>
<b>Note No. 12</b>				
<b><u>Cash and Cash Equivalent</u></b>				
Balances with Banks		12708998		1189546
Cash on hand		596717		412254
		<b>13305715</b>		<b>1601800</b>
<b>Note No. 13</b>				
<b><u>Short term Loans and Advances</u></b>				
<b><u>(Unsecured and Considered Good)</u></b>				
Security Deposits		47315		23250
Direct Tax Refundable		172557		145527
Advance Income Tax		2646020		2957415
Indirect Tax Refundable		2075555		64157
Other amount recoverable in cash or kind *		148940466		91603176
		<b>153881913</b>		<b>94793525</b>

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

**Swarnsarita Gems Limited**

**(Formerly Known as Shyam Star Gems Limited)**

Notes forming part of Statement of Profit and Loss for the Year ended 31st March, 2012

	<b><u>31st March, 2012</u></b>	<b><u>31st March, 2011</u></b>
<b>Note No. 14</b>		
<b><u>Revenue From Operation</u></b>		
Sale of Goods	707092967	108699015
Labour charges	10134167	0
Less: Excise Duty/VAT/Service Tax	0	0
	<b><u>717227134</u></b>	<b><u>108699015</u></b>

**Note No. 15**

**Other Income**

Interest Income	2696011	1108698
Dividend	20	81008
Exchange Difference	222867	0
Profit on Sale of Investment	0	11582014
Miscellaneous Income	18702	0
	<b><u>2937600</u></b>	<b><u>12771720</u></b>

**Note No. 16**

**Cost of Material Consumed**

**Particulars**

Purchase of Goods	905912087	98377202
Labour Charges	28962742	0
<u>Add:- Opening Stock</u>		
Raw Material	1709945	1167772
	<b><u>936584774</u></b>	<b><u>99544974</u></b>
<u>Less:- Closing Stock</u>		
Raw Material	288558427	1709945
<b>Raw Material Consumed</b>	<b><u>648026347</u></b>	<b><u>97835029</u></b>

**Note No. 17**

**(Increase)/Decrease in Inventory**

Opening Balance of Inventory	94984075	94984075
Less: Closing Balance of Inventory	(44564564)	(94984075)
	<b><u>50419511</u></b>	<b><u>0</u></b>

**Note No. 18**

**Employees Benefit Expenses**

Salaries and Wages	3500500	1342500
	<b><u>3500500</u></b>	<b><u>1342500</u></b>

**Swarnsarita Gems Limited**

**(Formerly Known as Shyam Star Gems Limited)**

Notes forming part of Statement of Profit and Loss for the Year ended 31st March, 2012

	<u><b>31st March,2012</b></u>	<u><b>31st March,2011</b></u>
<b>Note No. 19</b>		
<b><u>Other Expenses</u></b>		
Administrative Expenses	86946	0
Advertisement Expenses	182620	45607
Auditor's Remuneration	521135	220600
Bank Charges	21632	40902
Motor Car Expenses	85777	66733
Clearing and Forwarding Expenses	0	16200
Commission on sales	669908	0
Computer Repair & Maintainance	22275	0
Connectivity Expenses	117596	115242
Consumable	0	37264
Designing Expense	782200	0
Electricity Expenses	51763	75148
Franking Charges	221925	0
Fright Charges	84666	52197
Insurance Expenses	156879	0
Listing Fees	543120	16545
Maintance Chareges BDB	28230	267486
Miscellaneous Expenditure	105878	187680
Membership Fees	1103	0
Octroi Expenses	0	585677
Office Expesnes	9450	0
Postage Exp.	112514	0
Printing & Stationery	115582	170885
Processing Fee	110300	0
Professional Fees	942621	71943
Rent	240000	460000
Software Charges	12500	0
Statutory Expenses	28678	0
Water Charges	7273	0
Telephone Expenses	65117	59027
Travelling Expenses	90016	36780
	<u><b>5417704</b></u>	<u><b>2525916</b></u>

**Note No. 20**

**Exceptional Item**

Profit on Sale of Fixed Assets (Net)	3170853	4489450
	<u><b>3170853</b></u>	<u><b>4489450</b></u>

**Note No. 21:****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENT****A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statement :-**

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

**2. Use of Estimates:-**

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

**3. Fixed Assets:-**

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

**4. Depreciation:-**

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

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

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

**b. Raw Materials:-**

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

**6. Foreign Currency Transactions:-**

- (i) Transactions in foreign currencies are normally recorded at the average exchange rate prevailing during the period of transaction.
- (ii) Monetary item denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the average rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract.
- (iii) Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

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

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

**8. Revenue Recognition:-**

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

**9. Investment:-**

Current Investment is valued at cost or Market value whichever lower, computed category wise.

**10. Contingent Liability:-**

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

**11. Impairment:-**

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

**12. Earning Per Share:-**

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

**(B) NOTES ON ACCOUNTS: -**

(In Rs.)

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

	As At 31st March, 2012	As At 31st March, 2011
2. Contingent Liabilities	NIL	NIL
3. Estimated amount of contract remaining to be executed on Capital Account and not provided for the year	NIL	NIL
4. Amount Outstanding to SSI Units	NIL	NIL
<b>5. Payments to Auditors:-</b>		
(i) Audit Fees	300000	150000
(ii) Tax Audit Fees	100000	50000
(iii) Certification and Taxation Matters	65000	-
(iv) Service Tax	56135	20600
	<u>521135</u>	<u>220600</u>

**6. Deferred Tax:-**

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

Deferred Tax Assets	Current Year	Previous Year
On account of fixed assets	237886	(73390)

**7. Segment Reporting:-**

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

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

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

**(i) Related Party Relationship**

(a) Where Control Existed	NIL
(b) Key Management Personnel	1) Shri Mahendra M. Chordia 2) Shri Rajendra H. Nolkha 3) Shri Vallabhbbhai N. Patel
(c) Relatives of Key Management Personnel (Whom Transaction have taken place)	1) Swarnsarita Jewellers 2) Asha M. Chordia 3) Dungarshibhai N. Patel
(d) Other Related Parties (Whom Transaction have taken place)	1) Swarnsarita Jewellers Private Limited

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

(In Rs.)

Type of Related Party	Description of the Transaction	Nature of Transaction	Volume of Transaction 2011-12	2010-11
(a) Where Control Exists		----- NIL -----		
(b) Key Management Personnel				
	(a) Total Loans / Advances Paid		--	--
	b) Total Loans / Advances Recd.		--	--
	(c) Managing Directors Remuneration		1460000/-	768500/-
	(d) Rent Paid		100000/-	--
(c) Relatives of Key Management Personnel				
	(a) Total Loans / Advances Paid		--	--
	(b) Total Loans / Advances Recd.		--	--
	(c) Rent Paid		140000/-	460000/-
(d) Other Related Parties				
	(a) Purchases of Goods		20908333/-	--

**10. Earning Per Share:-**

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

	Current Year	Previous Year
(a) Net profit available for Equity Shareholders (Numerator used for calculation)	13253112	19955677
(b) Weighted Average number of equity shares used as denominator for calculating EPS	14594625	14594625
(c) Basic and Diluted Earnings per share of Rs.10 each :	0.91	1.36

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

	Current Year	Previous Year
Traded Goods	NIL	64030918
b.) Amount remitted during the year in foreign currency on account of : -		
Dividend	NIL	NIL
Travelling	NIL	NIL
Purchase of Goods	25847960	64030918
c.) Earning in foreign exchange		
Export of goods on FOB basis	NIL	73414629

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

**Suresh Anchaliya**  
 Partner  
 Membership No. 044960  
**Place** : Mumbai  
**Dated** : 11th August, 2012

**On behalf of the Board of Directors**

Mahendra M. Chordia	Managing Director
Vallabhbhai N. Patel	} Executive Director
Sunil Jain	
Ashok Surana	} Director
Sanjay N. Kothari	
Ganpat Karnawat	

To,

Date:

**Sharex Dymanic (India) Pvt. Ltd.**

Unit No 1, Luthra Industrial Premises,  
Andheri Kurla Road, Safed Pool,  
Andheri (E), Mumbai 400072

Dear Sir,

**Subject: Green Initiative in the Corporate Governance- registration of email address****Reference:** Folio No.

I / we hereby give my/our consent to register the following email address(es) to receive documents such as, notice calling annual general meeting, annual report comprising of balance sheet, profit and loss account, cash flow statement, directors report, auditors' report, etc. or to receive any other document prescribed under any law, through electronic mode.

**Email Address:** .....  
.....

Thanking you,

Yours faithfully,

Name:	Name:	Name:
Signature of First Shareholder	Signature of Second Shareholder	Signature of Third Shareholder

----- **TEAR HERE** -----**(For members holding shares in electronic form)**

Members, who hold shares in electronic form, are requested **to register email address with the Depository Participant** by a written communication quoting their DP ID and Client ID, to receive documents such as, notice calling annual general meeting, annual report comprising of balance sheet, profit and loss account, cash flow statement, directors' report, auditors' report, etc. or to receive any other document prescribed under any law, through electronic mode.



**ATTENDANCE SLIP****SWARNSARITA GEMS LIMITED**

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

(PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.)

I hereby record my presence at the 20th Annual General Meeting of the Company being held on Tuesday, 18th September, 2012 at 11.00 a.m. at Indian Merchant Chamber, Kilachand Conference Room, IMC Building, IMC Marg, Churchgate, Mumbai-400020 and at any adjournment thereof.

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

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

Member's/ Proxy' Name .....

(in Block Letters)

(Member's/ Proxy's Signature)

(To be signed at the time of handing over this slip)

\* Applicable for Members holding Shares in electronic form

-----TEAR HEAR-----

**PROXY FORM****SWARNSARITA GEMS LIMITED**

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

I/We ..... of..... being a Member/ Members of the Swarnsarita Gems Limited, hereby appoint ..... or failing him..... as my/our Proxy to attend and vote for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held on Tuesday, 18th September, 2012 at 11.00 a.m. at Indian Merchant Chamber, Kilachand Conference Room, IMC Building, IMC Marg, Churchgate, Mumbai-400020 at 11.00 a.m. and at any adjournment thereof.

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

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

Signed this .....day of ..... 2012.

Please Affix  
₹. 1.00 Revenue  
Stamp

\_\_\_\_\_  
Signature

\* Applicable for members holding Shares in electronic form

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



Book Post

If undelivered, please return to :

**Swarnsarita Gems Limited**

17/19, Ground Floor, Dhanji Street, Mumbai - 400003

[www.swarnsarita.com](http://www.swarnsarita.com)