



ANNUAL REPORT

    2016

BOARD OF DIRECTORS:

Mr. Mahendra M. Chordia	Managing Director
Mr. Sunil G. Jain	Executive Director
Mrs. Asha M. Chordia	Executive Director
Mr. Ashok Surana	Independent Director
Mr. Vishal R. Nolkha	Independent Director
Mr. Dhruvin B. Shah	Additional Director

COMPANY SECRETARY:

Ms. Prafulla Devaliya

CHIEF FINANCIAL OFFICER:

Mr. Sanket Dangi

AUDITORS

SURESH ANCHALIYA & CO.

Chartered Accountants

BANKERS

UNION BANK OF INDIA

Zaveri Bazar Branch,
Mumbai-400 002.

KOTAK MAHINDRA BANK

Unity House Branch, Mumbai.

REGISTERED OFFICE

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

PRODUCTION UNIT:

419, Hill View Industrial Estate, Amrut Nagar,
Behind R City Mall, LBS Marg,
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.) - 700 016.

BANGALORE:

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

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 24th Annual General Meeting of the Members of **SWARNSARITA GEMS LIMITED** will be held at Agrasen Bhavan, 90 feet Road, Garodiya Nagar, Ghatkopar (East), Mumbai - 400 077 on Thursday, 22nd September, 2016 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 31st March, 2016 together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Asha M. Chordia, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself 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 22nd 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 ended 31st March, 2017 as may be determined by the audit committee in consultation with the auditors.”

SPECIAL BUSINESS:

4. APPOINTMENT OF INDEPENDENT DIRECTOR

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

“RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Mr. Dhruvin Bharat Shah (DIN: 07528387), who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 28, 2016 and who holds office up to the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 but who is eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 160 of the Companies Act, 2013 from a member of the Company proposing his appointment as a Director of the Company and who has consented, if appointed, to act as an Independent Director, be and is hereby appointed as an Independent Director of the Company up to May 27, 2021, not liable to retire by rotation.”

5. RE-APPOINTMENT OF MANAGING DIRECTOR

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, if any, 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), consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Mahendra Madanlal Chordia (DIN: 00175686) as the Managing Director of the Company, for a further period of 5 (five) years with effect from April 01, 2016, on the terms and conditions including the revision in remuneration, if any, as set out in the Statement annexed to the notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Mr. Mahendra Madanlal Chordia, subject to the same not exceeding the limits 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 of the Company be and are hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. SERVICE OF DOCUMENTS

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 20 of the Companies Act 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed thereunder, whereby a document may be served on any member by the company by sending to him by post or by registered post or by speed post or by courier or by electronic or other mode as may be prescribed, the consent of the company be and is hereby accorded to charge from the member the fee in advance equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the shareholder for delivery of such document to him, through a particular mode of services mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of document by the company and that no such request shall be entertained by the company post the dispatch of such document by the company to the shareholder.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, director or key managerial personnel of the company be and are hereby severally authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to above resolution.”

7. CREATION OF MORTGAGE/CHARGE

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

“RESOLVED THAT in supersession of the resolution passed by the Shareholders of the Company and pursuant to Section 180 (1)(a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company

be and is hereby accorded to the Board of Directors of the Company for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the movable and / or immovable assets and properties of the Company, wherever situated, present and future, whether presently belonging to the Company or not, in favour of any person including, but not limited to, financial / investment institution(s), bank(s), insurance company(ies), mutual fund(s), corporate body(ies), trustee(s) to secure the loans, borrowings, debentures, hire purchase and / or working capital facilities and other credit facilities up to a sum not exceeding ₹ 500,00,00,000/- (Rupees Five Hundred Crores only)."

"**RESOLVED FURTHER THAT** the Board of Directors or such Committee or person/(s) as may be authorized by the Board be and is hereby authorized to finalize the form, extent and manner of, and the documents and deeds, as may be applicable, for creating the appropriate mortgages and/or charges on such of the immovable and / or movable properties of the Company on such terms and conditions and at such time(s) / tranche(s) as may be decided by the Board of Directors in consultation with the lenders and for reserving the aforesaid right and for performing all such acts and things as may be necessary for giving effect to this resolution."

8. TO APPROVE BORROWING LIMITS OF THE COMPANY

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

"**RESOLVED THAT** in supersession of the resolution passed by the Shareholders of the Company and pursuant to Section 180 (1)(c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time, for the purpose of the Company's business, such sum or sums of money, as they in their absolute discretion think fit, notwithstanding that the monies so borrowed together with the monies already borrowed by the Company and remaining outstanding shall be in excess of the aggregate of the paid-up share capital and free reserves, but not exceeding ₹ 500,00,00,000/- (Rupees Five Hundred Crores only) over and above the paid up share capital and free reserves for the time being of the Company."

For and on behalf of the Board of Directors

Place : Mumbai
Date : 20th August, 2016

Mahendra M. Chordia
Managing Director
DIN: 00175686

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.
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. 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.
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 Thursday, 15th September, 2016 to Thursday, 22nd September, 2016 (both days inclusive).
5. 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. upto the date of Annual General Meeting.
6. 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.
7. 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.

8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. **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 24th 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 Monday, September 19, 2016 (9:00 am) and ends on Wednesday, September, 21, 2016 (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 Thursday, September 15, 2016, 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
- (iii) Click on Shareholders.
- (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.
If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • 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. • 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.
Dividend Bank Details OR Date of Birth (DOB)	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. <ul style="list-style-type: none"> • 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).

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) 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.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant Swarnsarita Gems Limited on which you choose to vote.
- (xi) 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.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) **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. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xviii) **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 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.
 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 emailed to 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.
 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 under help Section or write an email to helpdesk.evoting@cdslindia.com.
 com

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

ITEM NO. 4:

Mr. Dhruvin Bharat Shah was appointed as an Additional Director by the Board with effect from May 28, 2016, pursuant to Section 161 of the Companies Act, 2013, read with Article 108 of the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Dhruvin Bharat Shah will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member proposing the candidature of Mr. Dhruvin Bharat Shah for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Dhruvin Bharat Shah the following:

- i. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- ii. Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013; and
- iii. A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Dhruvin Bharat Shah as an Independent Director of the Company up to May 27, 2021 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board, Mr. Dhruvin Bharat Shah, the Independent Director proposed to be appointed, fulfills the conditions specified in the Act and the Rules made thereunder and he is Independent of the Management.

No Director, Key Managerial Personnel or their relatives, except Mr. Dhruvin Bharat Shah, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No.4 for approval of the Members.

ITEM NO. 5

The Board of Directors of the Company at its meeting held on May 28, 2016 has, subject to the approval of members, re-appointed Mr. Mahendra Madanlal Chordia as the Managing Director of the Company for a further period of 5 (five) years from the expiry of his present term, at the remuneration recommended by the Nomination and Remuneration Committee and approved by the Board.

It is proposed to seek the approval of members for the re-appointment and remuneration payable to Mr. Mahendra Madanlal Chordia, in terms of applicable provisions of the Companies Act, 2013.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Mahendra Madanlal Chordia is as under:

Salary :

Not exceeding ₹ 24,00,000/- (Rupees Twenty Four Lacs only) per annum.

Perquisites:

In addition to the above salary, the following perquisites shall also be granted:

- a) Bonus: Payable at such intervals as may be decided by the Board of Directors.
- b) Performance Bonus/ Variable payout: Payable at such intervals as may be decided by the Board of Directors.
- c) Long-term bonus plan: Entitled to long-term bonus payment, as may be decided by the Board of Directors.
- d) Allowances:
 - (i) Medical reimbursement/allowance: as per the rules of the Company;
 - (ii) Provision for driver/ driver's salary allowance : as per the rules of the Company;
 - (iii) Personal accident insurance: As per the rules of the Company.
- e) Other :
 - (i) Earned/ privilege leave: As per the rules of the Company.
 - (ii) Encashment of leave: As per the rules of the Company.

General :

- (i) The Managing Director will perform his duties as such with regard to all work of the Company and will manage and attend to such business and carry out the orders and direction given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
- (ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Companies Act, 2013 with regard to duties of directors.

(iii) The Managing Directors shall adhere to the Company's code of conduct.

Mr. Mahendra Madanlal Chordia satisfies all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of Section 196 of the Companies Act, 2013 for being eligible for his re-appointment. He is not disqualified for being appointed as Director in terms of Section 164 of the Act.

Brief resume of Mr. Mahendra Madanlal Chordia, nature of his expertise in specific functional areas, names of companies in which he holds directorships and membership/chairmanships amongst directors inter-se as stipulated under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Mrs. Asha Chordia (being wife) and Mr. Mahendra Madanlal Chordia (being himself) may be deemed to be interested in the resolution as set out at Item No. 05 of the notice, which pertains to his re-appointment and remuneration payable to him.

Save and except the above, none of the other Directors, Key Managerial Personnel or any of their relatives are, in any way, concerned or interested, financially or otherwise in this resolution.

The Board recommends the said Resolution set out at Item No. 05 of the notice for approval by the shareholders.

ITEM NO.6

Pursuant to the provisions of Section 20 of the Companies Act, 2013, a document may be served on a company or an officer thereof by sending it to the company or the officer at the registered office of the company by registered post or by speed post or by courier service or by leaving it at its registered office or by means of such electronic or other mode as may be prescribed.

Further, for filing of documents with the Registrar in electronic mode, a document may be served on Registrar or any member by sending it to him by post or by registered post or by speed post or by courier or by delivering at his office or address, or by such electronic or other mode as may be prescribed. However, if a member requests for delivery of any document through a particular mode, for which he shall pay such fees as may be determined by the company in its annual general meeting.

Taking into consideration the above provision, your Board places before the Members the resolution proposed in Item No. 6 for their approval.

None of the Directors, their relatives of any Key Managerial Personnel may be deemed to be in any way, concerned or interested, financially or otherwise in passing of this resolution.

ITEM NO.7

Your Board of Directors is of the opinion that for any future business expansion or diversification which may be carried out by the Company, the Company requires infusion of additional funds. Hence, the requirement for mobilization of the funds has been substantially increased. Therefore, it is considered desirable to increase the Board's borrowing powers upto the limit of ₹ 500 Crores over and above the paid-up share capital and free reserves of the Company.

Accordingly, the consent of the Shareholders at the General Meeting is sought under Section 180 (1) (c) of the Companies Act, 2013.

Your Directors recommend passing the above special resolution.

None of the Directors, their relatives of any Key Managerial Personnel may be deemed to be in any way, concerned or interested, financially or otherwise in passing of this special resolution.

ITEM NO.8

The Company may borrow monies by way of debentures, bonds, loans, hire purchase finance either in rupee or in foreign currency from Financial Institutions / Banks / Insurance Companies and other Corporate Bodies apart from working capital facilities from banks in ordinary course of business. This in turn would necessitate further creation of securities by suitable mortgages and / or charges on all or some of the immovable and movable properties of the Company, both present and future, in favour of the lenders / trustees. To create mortgage and / or charge upto the limit of ₹ 500 crores, approval of the Members is required to be obtained pursuant to Section 180 (1) (a) of the Companies Act, 2013 authorizing the Board of Directors of the Company in this regard. Hence the resolution is placed before the Members for their approval.

Your Directors recommend passing the above special resolution.

None of the Directors, their relatives of any Key Managerial Personnel may be deemed to be in any way, concerned or interested, financially or otherwise in passing of this special resolution.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 20th August, 2016

Mahendra M. Chordia
Managing Director
DIN: 00175686

REGISTERED OFFICE:

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


SWARNSARITA GEMS LTD.

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

Particulars	Mr. Dhruvin B. Shah	Mr. Mahendra Madanlal Chordia
(a) a brief resume of the director;	Mr. Dhruvin B. Shah (age : 22 years) is fresher. He joined the company recently on 28 th May, 2016 as an Additional Director of the Company.	Mr. Mahendra Madanlal Chordia (age: 48 years). He is currently Managing Director of the Company. He joined Swarnsarita Gems Limited to help and grow in the Jewellery business and create better market demand all over India and overseas to increase business revenue by way of implementation of strategic plan, innovative in design of Jewellery. He came into this business since long ago and having experience of more than 20 years in Gold Market.
(b) nature of his expertise in specific functional areas;	Basis Knowledge in Accounting area. He is a Commerce Graduate.	He is expertise in Gold market for about 20 years. He is a Commerce Graduate.
(c) disclosure of relationships between directors inter-se;	NIL	NIL
(d)*names of listed entities in which the person also holds the directorship and the membership of Committees of the board; and	Directorship : NIL Chairperson of Board Committees : NIL Member of Board Committees : NIL	Directorship : NIL Chairperson of Board Committees : NIL Member of Board Committees : NIL
(e) shareholding of non-executive directors.	NIL	NIL

Note: * Point (d) which does not include Swarnsarita Gems Limited.

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their 24th Annual Report on the Audited Statement of Accounts for the Financial Year ended March 31, 2016.

1. FINANCIAL RESULTS

₹ in Lacs

Particulars	Consolidated		Standalone	
	2015-2016	2014-2015	2015-2016	2014-2015
Gross Income	32542.50	24377.29	32515.16	24314.61
Profit Before Interest and Depreciation	778.65	812.69	775.70	793.39
Finance Charges	371.12	328.53	371.12	328.53
Provision for Depreciation	16.12	13.50	13.24	11.86
Net Profit Before Tax	391.41	470.66	391.34	453.00
Provision for Tax	118.57	150.05	120.64	143.51
Net Profit After Tax	272.84	320.61	270.70	309.49
Balance of Profit brought forward	4310.45	3990.90	4304.58	3996.15
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	(1.06)	0.00	(1.06)
Surplus carried to Balance Sheet	4583.29	4310.45	4575.28	4304.58

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

Consolidated:

The consolidate total income increased from ₹ 24377.29 Lacs to ₹ 32542.50 Lacs, increase of 33.50% over the previous financial year. The Consolidated Net Profit after Tax decrease from ₹ 320.61 Lacs to ₹ 272.84 Lacs, a decline of 14.90% 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 increase from ₹ 24314.61 Lacs to ₹ 32515.16 Lacs, an increase of 33.73% over the previous financial year. The standalone Profit After Tax decrease from ₹ 309.49 Lacs to ₹ 270.70 Lacs, a decline of 12.53 % over the previous financial year.

3. COMPANY'S PERFORMANCE AND FUTURE OUTLOOK

Your Company's growth journey continued during the year under review. The Company's Revenue from operation has risen to ₹ 320.99 Crores (current year) from ₹ 239.75 crores (previous year) which was increased by 25%. The share of Domestic and Export Sales in the revenue from operations is ₹ 202.84 Crores and ₹ 118.15 Crores respectively.

During the year under review the Company has opened 2 branches in India i.e. Bangalore and Kolkata 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.

CONTINUED CHALLENGES:

The ground realities are far from satisfactory in conduct of operations on sustainable basis, due to prolonged recession in demand side. The shrinking business compelled competitors to extend steep and unworkable discounts to keep the business going in all respects. Due to fluctuation in gold price witnessed in the larger part of financial year 2015-16, the investment demand for gold ornaments didn't take off. Government regulation like furnishing of PAN card details for purchases above ₹ 2 lakhs, introduction of central excise duty, TCS under Income Tax Act, and mandatory Hallmarking requirement also contributed to the reduction in sales. All these challenges are continuing even in the current financial year 2016-17 as well.

FUTURE PROSPECTS:

Even though there is no perceptible change noticed in the local demand for gold ornaments, the positive movement in the gold price, if sustained, may bring better volume business in the second half of the financial year 2016-17, due to expectation of further increase in gold prices locally. The continuous cost reduction initiatives undertaken by the Management and the effectiveness with which the working capital is managed will go a long way in improving the financial position of the company. However, the addition of 2 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, 2016 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 31st March, 2016 is ₹ 20,87,68,000/- comprising of 2,08,76,800 shares of ₹ 10/- each. During the year under review, the Company has not issued any equity shares.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mrs. Asha M. Chordia, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment.

During the year, Ms. Khushbu Gupta resigned as the Company Secretary of the Company w.e.f. 16.01.2016. Further, Ms. Prafulla Devaliya was appointed as the Company Secretary of the Company w.e.f. 12.03.2016.

Further, Mr. Sunderlal L. Bothra resigned as Director of the Company w.e.f. 21.12.2015. Further, Mr. Dhruvin B. Shah is appointed as an Additional Director of the Company w.e.f. 28.05.2016.

The Board of Directors re-appointed Mr. Mahendra M. Chordia as the Managing Director of the Company w.e.f. 01.04.2016 for a period of five years upto 31st March 2021, subject to the approval of the Members of the Company at the forthcoming 24th Annual General Meeting.

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, 8 (Eight) 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 Obligations & Disclosure Requirements) Regulations, 2015.

10. BOARD EVALUATION

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

13. DETAILS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As at March 31, 2016, 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 III** to this report.

14. RECONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD:

Due to changes in the composition of the Board of Directors, the constitution of the nomination and remuneration committee stands reconstituted as under:

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

(i) * Resigned w.e.f. 21.12.2015

(ii) ** Appointed w.e.f. 28.05.2016.

15. STATUTORY AUDITORS' AND AUDITORS' REPORT

At the Annual General Meeting held on September 22nd 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.

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 thereunder, M/s. Deep Shukla & Associates, Practicing Company Secretaries, have been appointed Secretarial Auditors of the Company. The Secretarial Audit Report is enclosed as **Annexure IV** to this report.

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

1. The transfer of unpaid / unclaimed dividend to the Investor Education and Protection Fund was pending due to technical and procedural difficulties faced by the Company.
2. The composition of NRC fell short due to sudden exit of an Independent Director; however corrective steps were taken by the Company in this regard.
3. Due to some technical reasons, the website of the Company faced some difficulties in proper functioning; however the said issues were sorted out and the website is working effectively.
4. The Company has faced technical difficulties in filing e-forms on MCA portal and hence the same were pending. However the pending forms were subsequently filed by the company.

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 31st March, 2016.

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. 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 V** and forms part of this Report.

22. DEPOSITS

The Company has not accepted nor renewed any fixed deposits during the FY 2015-2016.

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. 9, 11 & 15 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 VI**.

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. 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.

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.
 - vi) Capability development for in- house processes, designs and strategic applications of material for product improvement.
- 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:

- a. Increase product range coupled with technology upgradations and cost reduction;
- b. Introduction of new products with a focus on achieving global acceptance and in conformity to Indian and International standards;
- c. Improved quality in diamond and jewellery manufacturing;
- d. Increased customer base and additional business volumes;
- e. Reduction in reworks and elimination of manufacturing rejections in jewellery;
- f. Improved finish and lustre of diamonds;
- g. 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:

₹ in Lacs

Particulars	For the Year Ended on March 31, 2016	For the Year Ended on March 31, 2015
Remittance in Foreign Exchange	NIL	NIL
Earning in Foreign Exchange	11273.33	7446.08
Export Sales	11788.48	7336.38

28. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the Company has to transfer a sum of ₹2,50,854/- and ₹ 4,52,110/- 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. 2007-2008 as provided under the Companies Act, 2013. The said fund Transferred to Investor Education and Protection Fund Account on 7th July, 2016 and 28th July, 2016 respectively.

29. 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.

30. 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 9th December, 2013. Under the 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 Sexual Harassment.

31. GENERAL

During the year under review, no revision was made in the financial statement of the Company.

During the year ended 31st March, 2016, 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 2016-2017 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 2nd 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 1st December 2015. Accordingly, all the listed entities were required to enter into the Listing Agreement within six months from 1st December 2015. The Company has entered into Listing Agreement with BSE Limited in compliance of the said new Regulations.

32. 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.

33. ACKNOWLEDGEMENT

The Directors would like to thank all shareholders, customers, bankers, suppliers and everybody else with whose help, co-operation 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

Sunil Jain
Executive Director
DIN: 00175748

Place: Mumbai
Date: 20th August, 2016

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 2015-16**

Sr. No.	Name of the Director	Remuneration of each Director for the F.Y. 2015-16 in (₹)	Ratio of remuneration of each Directors to Median remuneration of employees
1.	Mr. Mahendra M. Chordia	16,50,000.00	11.05:1
2.	Mr. Sunil Jain	13,20,000.00	8.84:1
3.	Mrs. Asha M. Chordia	8,80,000.00	5.90:1

- 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 2015-16.**

Name & Designation	Remuneration of each Director & KMP for Financial Year 2015-16 (₹)	% increase/ (decrease) in remuneration in the Financial Year 2015-16
A. Directors		
Mr. Mahendra M. Chordia, MD	16,50,000.00	(34 %)
Mr. Sunil Jain, ED	13,20,000.00	164%
Mr. Ashok Surana, I-NED	-	-
Mr. Vishal R. Nolkha, I-NED	-	-
**Mrs. Asha M. Chordia ED	8,80,000.00	NIL
*Mr. Dhruvin B. Shah I-NED	-	-
B. Key Managerial Personnel		
Mr. Mahendra M. Chordia, MD	16,50,000.00	(34%)
Mr. Sanket Dangji, CFO (Appointed w.e.f 05.07.2015)	6,20,968.00	NIL
Ms. Khushbu Gupta CS (Appointed w.e.f. 29.05.2015 and resigned w.e.f. 16.01.2016)	2,73,219.00	NIL
Ms. Prafulla Devaliya CS (Appointed w.e.f. 12.03.2016)	20,161.00	NIL

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

Notes:

*1. Appointed w.e.f. 28th May 2016.

2. Median remuneration of all the employees of the Company for the financial year 2015-2016 is ₹ 1,49,250/-.

**3. Appointed w.e.f. 14th November, 2014 but remuneration started w.e.f. 01.04.2015.

- iii. **The percentage increase in the median remuneration of employees in the financial year 2015-2016**

Particulars	Financial Year 2015 - 16 (₹)	Financial Year 2014 - 15 (₹)	Decrease (%)
Median remuneration of all employees	1,49,250.00	1,86,250.00	19.87

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

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

There were 142 permanent employees on the roll of Company as on March 31, 2016.

- 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: 502.62%
- Average increase in the remuneration of KMPs: 2.57%
- Justification: KMP salary increases due to appointment of KMPs during the Financial year 2015-16.

- 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.



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/ Nature of Duties	Remuneration Received [₹] p.a.	Qualification	Experience in years	Age in years	Date of commencement of employment	Last employment held	% of shareholding
Mr. Mahendra Madanlal Chordia	Managing Director	1650000.00	Graduate	20 Years	48	07/03/2011	Swarnsarita Jewellers Private Limited	NIL
Mr. Sunil G. Jain	Whole Time Director	1320000.00	HSC	15 Years	42	11/08/2012	Swarnsarita Jewellers Private Limited	NIL
Mr. Lalit S Chordia	V.P. Diamond Division	1200000.00	Graduate	14 Years	40	01/10/2012	NA	NIL
Mr. Vinod Chordia	V.P. Gold division	1200000.00	HSC	14 Years	41	01/04/2015	Swarnsarita Jewellers Private Limited	NIL
Mr. Pankaj Kantilal Kharwad	V.P. Manufacturing Division	1200000.00	Graduate	12 Years	40	01/07/2011	NA	NIL
Mrs. Asha M. Chordia	Director	880000.00	HSC	8 years	45	14/11/2014	Swarnsarita Jewellers Private Limited	NIL
Mr. Sanket Dangi	CFO	620968.00	MBA	1 Year	29	05/07/2015	ICICI Bank Ltd.	NIL
Mr. Jignesh Jain	Marketing Executive	540000.00	Graduate	5 Years	40	01/06/2012	NA	NIL
Mr. Vardhman Jain	Marketing Head	480000.00	Graduate	8 Years	36	01/08/2011	NA	NIL
Ms. Pina Chandrakant Sheth	Product Designer	361677.00	HSC	5 Years	45	22/06/2015	Rasiklal Sankalchand Jewellers Pvt. Ltd.	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)



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ANNEXURE III

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 Lacs.)

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	8.01
7.	Total assets	2214.91
8.	Total Liabilities	2214.91
9.	Investments	NIL
10.	Turnover	52.68
11.	Profit before taxation	0.06
12.	Provision for taxation	(2.07)
13.	Profit after taxation	2.13
14.	Proposed Dividend	NIL
15.	% of shareholding	100%

For Swarnsarita Gems Limited

Mahendra M. Chordia
Managing Director
DIN: 00175686

Sunil Jain
Executive Director
DIN: 00175748

Place: Mumbai
Date: 20th August, 2016



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

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

For Swarnsarita Gems Limited

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

**Sunil Jain
Executive Director
DIN: 00175748**

**Place: Mumbai
Date: 20th August, 2016**

**ANNEXURE IV
SECRETARIAL AUDIT REPORT**

For the financial year ended March 31, 2016

[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- 400 003.

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 31st March 2016 ('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 31st March 2016 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;
 - (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:

- Transfer due amount of unpaid / unclaimed dividend to the Investor Education and Protection Fund.
- Composition of Nomination and Remuneration committee (during last quarter) as required under applicable provisions of the Companies Act, 2013.
- Updation of website of the Company in compliance of applicable provisions.
- Filing of certain e-forms on MCA portal.

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 except in last quarter. 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 DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES**

**DEEP SHUKLA
(PROPRIETOR)
FCS: 5652
CP NO.5364**

**Place: Mumbai
Date: 20/08/2016**



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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 DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES**

**DEEP SHUKLA
(PROPRIETOR)
FCS: 5652
CP NO.5364**

**Place: Mumbai
Date: 20/08/2016**

SWARNSARITA GEMS LTD.

ANNEXURE V

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

[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 - 400 003
Whether listed company	LISTED
Name, Address & contact details of the Registrar & Transfer Agent, if any.	SHAREX DYNAMIC (INDIA) PRIVATE LIMITED ADD.: UNIT NO. 1, LUTHRA INDUSTRIAL PREMISES, ANDHERI KURLA ROAD, SAFED POOL, ANDHERI (EAST), MUMBAI- 400 072. TEL NO.: 022 - 28515606

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)

Sl. 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-

Sl. No.	Name and Address of the Company	CIN/GLN	% of Shares held	Applicable Section
1	Swarnsarita Realty Private Limited	U45400MH2012PTC232896	Subsidiary	100%

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 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
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.	71,28,761	0.00	71,28,761	34.147	80,78,761	0.00	80,78,761	38.70	4.55
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
Sub – Total (A) (1):-	71,28,761	0.00	71,28,761	34.15	80,78,761	0.00	80,78,761	38.70	4.55
(2) Foreign									
a) NRIs Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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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 / FI	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
Sub – Total (A) (2):-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Shareholding of Promoters (A) = (A) (1) + (A)(2)	71,28,761	0.00	71,28,761	34.15	80,78,761	0.00	80,78,761	38.70	4.55
B. Public Shareholding									
1. Institutions									
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) FIs	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
Sub-total (B)(1):-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	39,94,049	2,300	39,96,349	19.143	23,26,925	2,300	23,29,225	11.157	-7.986
ii) Overseas	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	12,33,588	6,30,725	18,64,313	8.93	12,25,271	6,25,025	18,50,296	8.863	-0.067
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	77,87,291	0.00	77,87,291	37.301	83,11,297	0.00	83,11,297	39.811	2.51
c) Others (specify)									
Non Resident Indians	9675	90,200	99,875	0.478	13,536	89,400	1,02,936	0.493	0.015
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	211	0.00	211	0.001	2,04,285	0.00	2,04,285	0.979	0.978
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

SWARNSARITA GEMS LTD.

Sub-total (B)(2):-	1,30,24,814	7,23,225	1,37,48,039	65.853	1,20,81,314	7,16,725	1,27,98,039	61.303	-4.55
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1,30,24,814	7,23,225	1,37,48,039	65.853	1,20,81,314	7,16,725	1,27,98,039	61.303	-4.55
C. Shares held by Custodian for GDRs & ADRs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total (A+B+C)	2,01,53,575	7,23,225	2,08,76,800	100.00	2,01,60,075	7,16,725	2,08,76,800	100.00	0.00

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	71,28,761	34.15	24.57	80,78,761	38.70	30.00	4.55

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

Sr. No.	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
	At the beginning of the year	71,28,761	34.15	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	18/03/2016	2,00,000	73,28,761	35.10
		0.00	0.00	21/03/2016	2,00,000	75,28,761	36.06
		0.00	0.00	22/03/2016	2,10,000	77,38,761	37.07
		0.00	0.00	28/03/2016	2,00,000	79,38,761	38.03
		0.00	0.00	29/03/2016	1,40,000	80,78,761	38.70
	At the end of the year	80,78,761	38.70				

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 01/04/2015		Increase/ Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2016	
		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.	LGNC LIMITED	737145	3.531	21/08/2015	-337145	400000	1.916		
				09/10/2015	-400000	0	0.00	0	0.00
2.	VRAJ DYES AND DRUGS PVT. LTD.	200000	0.958	19/02/2016	100000	300000	1.437		
				26/02/2016	500000	800000	3.832		
				18/03/2016	100000	900000	4.311	900000	4.311

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3.	EMERGING CAPITAL ADVISORS LIMITED	371679	1.78	24/04/2015	1600	373279	1.788		
				22/05/2015	-50000	323279	1.549		
				19/06/2015	25000	348279	1.668		
				07/08/2015	76600	424879	2.035		
				09/10/2015	4000	428879	2.054		
				16/10/2015	-48000	380879	1.824		
				30/10/2015	-1600	379279	1.817		
				06/11/2015	-44300	334979	1.605		
				04/12/2015	1800	336779	1.613		
				08/01/2016	-16000	320779	1.537		
				15/01/2016	-60000	260779	1.249		
22/01/2016	-20000	240779	1.153						
				12/02/2016	-184279	56500	0.271	56500	0.271
4.	GRACEUNITED REAL ESTATE PRIVATE LIMITED	822878	3.942	19/06/2015	101418	924296	4.427		
				03/07/2015	-100999	823297	3.944		
				31/07/2015	-419	822878	3.942		
				14/08/2015	30724	853602	4.089		
				13/11/2015	-25000	828602	3.969		
				08/01/2016	-30724	797878	3.822		
				22/01/2016	2000	799878	3.831		
				26/02/2016	-131475	668403	3.202		
				04/03/2016	-10610	657793	3.151		
				11/03/2016	-73400	584393	2.799		
				18/03/2016	16610	601003	2.879		
				25/03/2016	-105595	495408	2.373		
								31/03/2016	-46300
5.	ASHOKKUMAR S JAIN (HUF)	250000	1.198	NIL	NIL	250000	1.198	250000	1.198
6.	ASHOK SHANTILAL JAIN	250000	1.198	31/03/2016	-50000	200000	0.958	200000	0.958
7.	ADVENT TRADELINK PVT. LTD.	200000	0.958	31/03/2016	88000	288000	1.38	288000	1.38
8.	SPARKLINE MERCANTILE COMPANY PVT LTD	720000	3.449	17/04/2015	-40000	680000	3.257		
				06/11/2015	-200000	480000	2.299		
				22/01/2016	-50000	430000	2.06	100000	0.479
				29/01/2016	-100000	330000	1.581		
				12/02/2016	-200000	130000	0.623		
				25/03/2016	-30000	100000	0.479		
9.	KISHANLAL LIKHAMICHAND BOTHRA (HUF)	108262	0.519	12/02/2016	35000	143262	0.686		
				04/03/2016	65000	208262	0.998	208262	0.998
10.	LUXMI KANT GUPTA	12036	0.058	15/05/2015	122030	134066	0.642		
				22/05/2015	41754	175820	0.842		
				29/05/2015	41754	217574	1.042		
				12/06/2015	4747	222321	1.065	222321	1.065

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

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	48,34,92,127.00	0.00	0.00	48,34,92,127.00
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
Total (i+ii+iii)	48,34,92,127.00	0.00	0.00	48,34,92,127.00
Change in Indebtedness during the financial year				
* Addition	5,49,24,75,670.00	0.00	0.00	5,49,24,75,670.00
* Reduction	5,22,72,56,273.00	0.00	0.00	5,22,72,09,030.00
Net Change	26,52,19,397.00	0.00	0.00	26,52,19,397.00
Indebtedness at the end of the financial year				
i) Principal Amount	74,87,11,525.00	0.00	0.00	74,87,11,525.00
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
Total (i+ii+iii)	74,87,11,525.00	0.00	0.00	74,87,11,525.00

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	Gross salary	16,50,000.00	13,20,000.00	8,80,000.00	38,50,000.00
	(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 - as % of profit - others, specify...	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00
	Total (A)	16,50,000.00	13,20,000.00	8,80,000.00	38,50,000.00
	Ceiling as per the Act				60,00,000.00

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors	NOT APPLICABLE	
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (1)		
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 (Appointed w.e.f. 12.03.2016)	Ms. Khushbu Gupta - CS (Appointed w.e.f. 29.05.2015 and resigned w.e.f. 16.01.2016)	Mr. Sanket Dangi - CFO (Appointed w.e.f. 05.07.2015)	Total
1	Gross salary	0.00	20,161.00	2,73,219.00	6,20,968.00	8,94,187.00
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	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	0.00
2	Stock Option	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00	0.00	0.00
	Others, specify...	0.00	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00	0.00
	Total	0.00	20,161.00	2,73,219.00	6,20,968.00	8,94,187.00

VI. 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)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

For Swarnsarita Gems Limited

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

**Sunil Jain
Executive Director
DIN: 00175748**

**Place: Mumbai
Date: 20th August, 2016**

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Annexure - VI

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	M/s. Swarnsarita Jewellers Pvt. Ltd.	Mr. Mahendra M. Chordia & Mrs. Asha M. Chordia	Mr. Mahendra M. Chordia
2	Nature of contracts/arrangements/ transaction	Fixed Assets Purchased	Rent	Rent
3	Duration of the contracts/ arrangements/transaction	One time purchase	2 year	2 year
4	Salient terms of the contracts or arrangements or transaction including the value, if any	NA	₹ 1,00,000/- P.M.	₹ 1,50,000/- P.M.
5	Date of approval by the Board	29.05.2015	24.04.2015	30/12/2015
6	Amount paid as advances, if any	-	-	-

For Swarnsarita Gems Limited

Mahendra M. Chordia
Managing Director
DIN: 00175686

Sunil Jain
Executive Director
DIN: 00175748

Place: Mumbai
Date: 20th August, 2016

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

❖ INDUSTRY STRUCTURE AND DEVELOPMENTS

The Gem & Jewellery Export Promotion Council (GJEPC) announced the annual performance for the Indian Gem & Jewellery sector, declaring a contribution of US\$38,599.18 million (a decline of 3.46 %) to India's coffers in terms of foreign exchange earnings during the Financial year 2015-16. In the year 2015-16, the G&J industry drop in export figures is largely driven by the global economic slowdown and the lack of profitability in the industry.

For the first time ever, the export of cut & polished diamonds has shown a huge decline of 13% during F.Y. 2015-2016. In Gold Jewellery, G&J industry have recorded a combined drop of 13 per cent. But there is a catch here because in SEEPZ have a growth of over 30 per cent, but in domestic tariff area have a huge drop of about 40 per cent. The decline in gold jewellery export to the import duty enhancement by the central government from 2 to 10 per cent and the lack of any credible Replenishment Scheme for the exporters and that small and medium exporters are still facing issues in procurement of duty free gold from the nominated agencies and banks across the country.

G&J industry successfully battled several economic issues including the downturn in China, the political and terrorist unrest in Middle East, declining European market and the suffering Russian Ruble, which had a direct and adverse impact on the G & J exports that saw survive in these trying, owing to the significant actions taken towards divesting in the USA and UAE to boost export trade from India.

GJEPC's thrust areas in alignment with the "Make in India" campaign will mainly include implementation of the much awaited turnover taxation system for Indian Diamond Industry and implementation of Special Notified Zone in Bharat Diamond Bourse to facilitate smooth movement of rough diamonds on consignment basis by RBI approved overseas diamond miners, in year 1. In the mid-term, GJEPC will champion the mission to further industry growth and strongly establish India as a global diamond trading hub. This includes skill and talent development, working with the GOI to commission exploration programmers and surveys to ascertain availability of rough diamonds and colored gemstones in India. The Government of India may spearhead initiatives to legalize current mining activity through and appropriate licensing framework and develop a regulatory framework for new mining and exploration.

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.

- 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.

- Mitigation:

There are different classes of people who buy real gold jewellery and artificial jewellery. Artificial items are more used 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 PERFORMANCE**

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 2015-16 the sales are higher at ₹ 32099.15 Lacs as compared to ₹ 23974.65 in the previous year on account of increase in export.

❖ **OUTLOOK**

In the coming years, industry is expected to have robust demand specially in branded retail products and with established brands guiding the organized market. The future outlook for organized retail is quite strong. The Company is gearing up for aggressive sales and financials in the coming year and some of the key strategies to aid in its growth are as under:

- A significant expansion of network by opening of new branches in many new towns and cities.
- Introduction of region specific products.
- Modernization of existing products.
- Increase in marketing strategies.
- Introduction of many new collections.
- Setting up manufacturing unit for its' own design lines.

❖ **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.

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 Lacs)

Particulars	2015-16
Gross Income	32515.16
Profit/ (Loss) before tax and Exceptional items	391.34
Less: Exceptional items	0.00
Profit/ (Loss) before tax	391.34
Less: Provision for tax	120.64
Profit/ Loss after tax	270.70

❖ **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, 2016, the Company had 142 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.

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 SWARNSARITA 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 Securities and Exchange Board of India (SEBI) on 2nd 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 1st December 2015. Accordingly, all the listed entities were required to enter into the Listing Agreement within six months from 1st December 2015. The Company has entered into Listing Agreement with BSE Limited in compliance of the said new Regulations.

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

As on March 31, 2016, the Board comprised of 5 (Five) Directors of which 2 (Two) are Non-Executive Independent Directors and 3 (Three) are Executive Directors.

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 2015-2016, **8 (Eight)** Board Meetings were held on April 24, 2015, May 29, 2015, August 12, 2015, August 22, 2015, November 07, 2015, December 30, 2015, February 13, 2016 and March 12, 2016. Time gap between any two meetings was not more than 120 days.



SWARNSARITA GEMS LTD.



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 23, 2015, 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, 2016	Attendance at previous AGM held on 23.09.2015	Directorships In other listed & private Companies as on March 31, 2016**		Committee Chairmanships/ Memberships/ in other Public Companies as on 31.03.2016***	
					Listed	Private	Chairmanship	Membership
Mr. Mahendra M. Chordia	Managing Director	8	NA	Yes	NIL	3	NIL	NIL
Mr. Sunil Jain	Executive Director	8	NA	Yes	NIL	1	NIL	NIL
Mr. Ashok Surana	Non Executive Independent Director	8	NA	Yes	NIL	1	NIL	NIL
*Mr. Sunderlal Bothra	Non-Executive Independent Director	5	NA	Yes	1	1	NIL	1
Mr. Vishal Nolkha	Non-Executive Independent Director	8	NA	Yes	NIL	NIL	NIL	NIL
Mrs. Asha M. Chordia	Executive Director	8	NA	Yes	NIL	NIL	NIL	NIL

* Resigned as Director w.e.f. 21st December, 2015.

** 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.

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.

The particulars of Directors, who are proposed to be re-appointed at the ensuing AGM, are given in the Notice convening the AGM.

Availability of information to Board Members:

The Company 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:

❖ **AUDIT COMMITTEE**

The Audit Committee comprises of experts specializing in accounting / financial management. During the Financial Year 2015-2016, **5 (Five)** meetings of the Audit Committee were held on 24/04/2015, 29/05/2015, 12/08/2015, 07/11/2015 & 13/02/2016. The time gap between any two meetings was not more than 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.

Details of the composition of the Committee and attendance during the year are as under:

Name of the Director	Category	No. of Meetings Attended
Mr. Ashok Surana	Chairman & Non-Executive Independent	5
Mr. Vishal Nolkha	Non-Executive Independent	5
Mr. Sunderlal Bothra	Non-Executive Independent	4
Mr. Mahendra M. Chordia	Executive Non Independent	1

The terms of reference of the Audit Committee in order to cover the matters specified under Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. This Committee has powers and roles comprising of Financial Reporting and disclosure, recommendation of appointment/removal of Auditors, reviewing of company's results, evaluation of Independent Directors performances, and all such and terms of reference as enumerated on the company's website at www.swarnsarita.com.

❖ **NOMINATION AND REMUNERATION COMMITTEE**

The Committee's constitution and terms of reference are in compliance with provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015 and the Securities and Exchange Board of India (Share Based Employee Benefits Regulations, 2014, as amended from time to time.

During the Financial Year 2015-2016, 4 (Four) meetings of the Committee were held on 24/04/2015, 29/05/2015, 05/07/2015, & 12/03/2016.

Details of composition of the Committee and attendance during the year are as under:

Name of the Director	Category	No. of Meetings Attended
Mr. Ashok Surana	Chairman & Non-Executive Independent	4
Mr. Vishal Nolkha	Non-Executive Independent	4
*Mr. Sunderlal Bothra	Non-Executive Independent	3
** Mr. Dhruvin B. Shah	Non-Executive Independent	-

*Resigned w.e.f. 21/12/2015

** Appointed w.e.f. 28/05/2016

This Committee has powers to recommend/ approve remuneration, Identification of Persons who are qualified to become director, Recommend to the board their appointment and removal, approve remuneration of Non-Executive Directors and all such and terms of reference as enumerated on the company's website at www.swarnsarita.com.

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.

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 Mahendra M. Chordia, MD for the year ended March 31, 2016 are as under:

(Amount in ₹)

Salary & Allowances	Performance Bonus	Retirals @	Perquisites #	Total
16,50,000.00	0.00	0.00	0.00	16,50,000.00

STAKEHOLDERS RELATIONSHIP COMMITTEE

During the Financial Year 2015-2016, 8 (Eight) meetings of the Committee were held on 24/04/2015, 29/05/2015, 12/08/2015, 22/08/2015, 14/11/2015, 30/11/2015, 10/02/2016 & 20/02/2016

The details of composition of the Committee and attendance during the year are as under:

Name of the Director	Category	No. of Meetings Attended
Mr. Ashok Surana	Chairman & Non-Executive Independent	8
Mr. Vishal Nolkha	Non-Executive Independent	8
Mr. Sunderlal Bothra	Non-Executive Independent	6
Mr. Mahendra M. Chordia	Executive Non Independent	2

The Shareholders’/Investors’ Grievance Committee was renamed as Stakeholders Relationship Committee and its terms of reference were enlarged by the Board to be in line with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations, 2015. The Committee reviews Shareholder’s/ Investor’s complaints like non-receipt of Annual Report, physical transfer/transmission/transposition, split/ consolidation of share certificates, issue of duplicate share certificates etc. This Committee is also empowered to consider and resolve the grievance of other stakeholders of the Company including security holders.

No Complaints received during the year and there were no pending complaints as on March 31, 2016.

GENERAL BODY MEETINGS

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

Financial Year	Date of the AGM	Location	Time	Special Resolution passed
2012-13	19 th September 2013	Indian Merchant Chamber, Kilachand Conference Room, IMC Building, IMC Marg, Churchgate, Mumbai-400 020.	11.30 A.M	3
2013-14	22 th September 2014	Indian Merchant Chamber, Kilachand Conference Room, IMC Building, IMC Marg, Churchgate, Mumbai-400 020.	11.30 A.M	6
2014-2015	23 rd September 2015	Agrasen Bhavan, 90 feet Road, Garodiya Nagar, Ghatkopar (East), Mumbai-400 077.	10.00 A.M	3

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

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

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. 19 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 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.

But during the year under review, a monetary penalty of ₹ 13,15,790/- has been imposed against the Company by the SEBI 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.

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.
- 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 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, 2016, 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.

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, 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.

xv. **Non-Mandatory Requirements**

The Company has adopted the following non-mandatory requirements as prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

a) **Shareholders' Rights**

The Company follows a practice of e-mailing the quarterly & annual financial statements to all shareholders, who have provided their e-mail addresses to the Depositories through their respective Depository Participants. The announcement of quarterly results is followed by media briefings. The financial results of the Company are normally published in Free Press Journal and Navshakti newspapers having wide circulation.

b) **Audit Qualifications**

The Company adopts best practices to ensure unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year ended March 31, 2016.

MEANS OF COMMUNICATION

The announcement of quarterly and annual financial results to the Stock Exchanges is followed by media call and earnings conference calls. The quarterly and annual consolidated financial results are normally published in Free Press Journal (English) and Navshakti (Marathi) newspapers. The following information is promptly uploaded on the Company's website viz. www.swarnsarita.com

- Standalone and consolidated financial results, investors' presentations, press release, fact sheet and transcript of earnings conference calls.
- Shareholding pattern and Corporate Governance compliance reports filed with Stock Exchanges on quarterly basis.

GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting

Day	Thursday
Date	22 nd September, 2016
Time	11.00 a.m.
Venue	Agrasen Bhavan, 90 feet Road, Garodiya Nagar, Ghatkopar (East), Mumbai – 400 077.

ii. Financial year

April 01 to March 31

Financial Calendar (Tentative) – Financial Year 2016-2017

1 st Quarter	First/Second Week of August, 2016
2 nd Quarter	First/Second Week of November, 2016
3 rd Quarter	First/Second Week of February, 2016
4 th Quarter	Second/Third Week of May, 2017

iii. Dates of Book Closure (both days inclusive)

Thursday, September 15, 2016 to Thursday, September 22, 2016.

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 2015-2016.

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 2016-2017 were paid by the Company to BSE in time.

vi. Custodian Fees to Depositories

The Company has paid fees for year ended 2016-2017 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

viii. Market Price Data

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

Year	Month	High (In ₹)	Low (In ₹)	No. of Shares
2015	April	40.95	29.00	434970
	May	39.00	18.65	1196571
	June	22.00	14.60	672447
	July	31.60	20.20	722860
	August	33.00	22.50	744560
	September	26.40	18.00	828734
	October	26.50	22.05	1332594
	November	25.30	21.00	276389
	December	25.95	20.50	666018
2016	January	30.30	22.70	1572999
	February	32.60	24.65	3440120
	March	32.35	19.25	4859555

ix. Registrar & Transfer Agent
Sharex Dynamic (India) Private Limited

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

Tel. Nos.: 022-28515606, 28515644

Fax No.: 022-228512885

Website: www.sharexindia.com

x. Share Transfer System

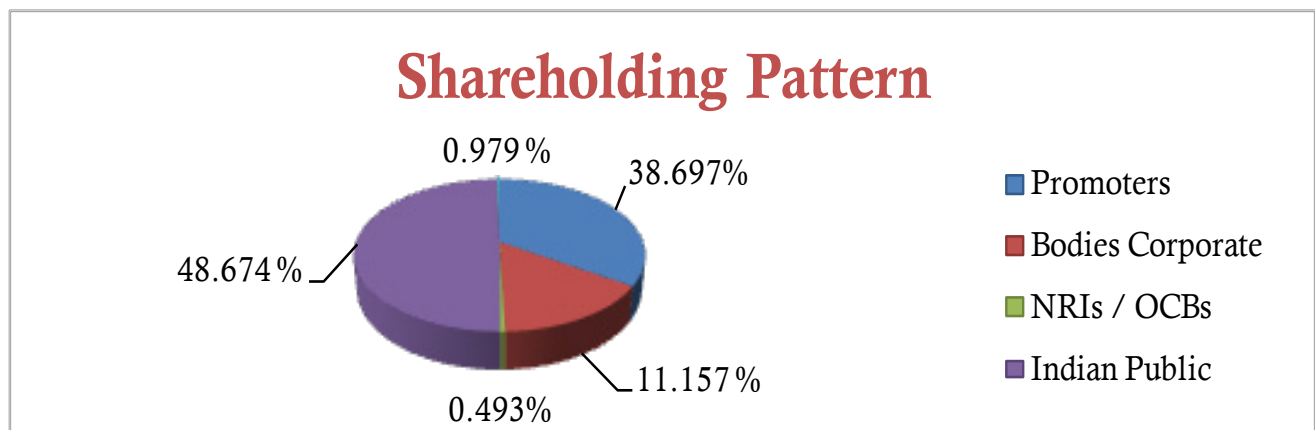
Shares sent for transfer in physical to Sharex (India) Private Limited (R&T Agents), are registered and returned with a period of 30 days from the date of receipt, if the documents are in order. The Stakeholders Relationship Committee meets to consider and approve the share transfer proposal. All requests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

xi. Distribution of shareholding as on March 31, 2016

Share Holding (Nominal Value) ₹	Shareholders		Nominal Capital	
	No.	%	No.	%
Upto 5,000	7933	92.85	9965890.00	4.77
5,001-10,000	249	2.91	1984410.00	0.95
10,001-20,000	126	1.47	1992920.00	0.95
20,001-30,000	43	0.50	1099510.00	0.53
30,001-40,000	15	0.18	540040.00	0.26
40,001-50,000	24	0.28	1133990.00	0.54
50,001-1,00,000	46	0.54	3277390.00	1.57
100,001 and above	108	1.26	188773850.00	90.42
TOTAL	8544	100.00	208768000.00	100.00

xii. Shareholding Pattern as on 31st March, 2016.

Category	No. of Shares held	% of holding
Promoters	8078761	38.697
Financial Institutions, Insurance Companies, Banks and Mutual Funds, etc.	0.00	0.00
Foreign Institutional Investors	0.00	0.00
Bodies Corporate	2329225	11.157
NRIs / OCBs	102936	0.493
Indian Public	10161593	48.674
Clearing Members	204285	0.979
Total	20876800	100.00



xiii. Dematerialization of Shares and Liquidity

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, 2016

	No. of Share Capital	% to Total Share Capital
Dematerialized Form		
NSDL	5978666	28.64
CDSL	14181409	67.93
Physical Form	716725	03.43
Total	20876800	100.00

xiv. 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
 Website: www.swarnsarita.com

Place: Mumbai
Date : 20th August, 2016

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER SEBI
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**To the Members of
Swarnsarita Gems Limited**

We 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, 2016, as stipulated in Clause 49 of the Listing Agreement and Part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as entered into by the said Company with the Stock exchange viz. BSE Ltd (BSE).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the Financial Statement of the Company.

In our opinion and to the best of our information and according to the explanations give to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

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

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

**Place: Mumbai
Date : 20th August, 2016**

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, 2016 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 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

Sanket Dangi
CFO

Place: Mumbai
Date: 20th August, 2016

DECLARATION BY THE MANAGING DIRECTOR ON 'CODE OF CONDUCT'

I hereby confirm that:

The Company has obtained from all the members of the Board and senior management, affirmation that they have complied with the Code of Conduct as stipulated under Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

For Swarnsarita Gems Limited

Mahendra M. Chordia
Managing Director
DIN: 00175686

Place: Mumbai
Date: 20th August, 2016

INDEPENDENT AUDITOR'S REPORT

To,

THE MEMBERS OF SWARN SARITA GEMS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **SWARN SARITA GEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at **31st March, 2016**, the Statement of Profit and Loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 thereunder.

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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March 2016, and its Profit and its cash flows for the year ended on that date.

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 dealt with by this Report are in agreement with the books of account.

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- (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 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as at 31st March, 2016 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. Following is the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company:

Date of declaration of dividend	Date of Transfer to the Bank Account	Due date of funds to be transferred to Investor Education and Protection	Actual date of transfer to Investor Education and Protection
07 th August 2008	29 th July 2008	06 th August, 2015	The amount is not transferred till the signing of this report
09 th September 2008	26 th September 2008	08 th September, 2015	

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

Suresh Anchaliya
Partner
M.No. : 044960

Place: Mumbai
Date : 28th May, 2016

“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 31st March, 2016, 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 Rs 3,73,75,700/- 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 31st March 2016 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.
- (ix) The company did not raise moneys 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.



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- (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.

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

**Place: Mumbai
Date : 28th May, 2016**

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

**“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, 2016 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 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 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, 2016, 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 of India ('ICAI').

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

**Place: Mumbai
Date : 28th May, 2016**

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

Auditor's Report on Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To Board of Directors of Swarnsarita Gems Limited

We have audited the financial results of Swarnsarita Gems Limited for the year to date results for the period 1st April, 2015 to 31st March, 2016, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The year to date financial result has been prepared on the basis of the interim financial statements, which is the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25 / Ind AS 34), prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us these financial results as well as the year to date results:

- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (ii) Give a true and fair view of the net profit and other financial information for the quarter ended 31st March, 2016 as well as the year to date results for the period from 1st April, 2015 to 31st March, 2016.

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

**Place: Mumbai
Date : 28th May, 2016**

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

Balance Sheet as at 31st March, 2016

(Amount in ₹)

Particulars	Note	As at 31.03.2016	As at 31.03.2015
<u>Shareholder's Funds</u>			
Share Capital	1	20,83,76,000	20,83,76,000
Reserves and Surplus	2	60,60,35,037	57,89,64,369
Deferred Tax Liabilities	3	20,960	-
<u>Current Liabilities</u>			
Short Term Borrowings	4	74,87,11,525	48,34,92,127
Trade Payables	5	9,53,58,631	5,41,38,060
Other Current Liabilities	6	42,64,099	1,04,85,472
Short-Term Provisions	7	1,36,44,799	1,42,88,560
TOTAL		1,67,64,11,051	1,34,97,44,588
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Fixed Assets	8		
(i) Tangible Assets		1,59,11,972	43,79,850
(ii) Intangible Assets		36,000	36,000
Non - Current - Investment	9	15,07,27,187	9,90,49,184
Deferred Tax Assets	10	-	3,26,143
<u>Current Assets</u>			
Current Investments	11	75,05,201	75,05,201
Inventories	12	56,24,23,578	52,03,23,816
Trade Receivables	13	47,37,33,141	37,47,65,570
Cash and Cash Equivalents	14	32,11,19,910	13,95,85,228
Short - Term Loans and Advances	15	14,20,95,571	20,27,11,794
Other Current Assets	16	28,58,491	10,61,802
TOTAL		1,67,64,11,051	1,34,97,44,588
Significant Accounting Policies and Notes on Financial Statement	1 to 24		

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

**Suresh Anchaliya
Partner
Membership No. 044960**

Place: Mumbai
Date: 28th May, 2016

For and On behalf of the Board

Mahendra M. Chordia	Managing Director
Asha M. Chordia	} Executive Directors
Sunil Jain	
Ashok Surana	} Directors
Vishal Roshanlal Nolkha	
Sanket Dangi	
Prafulla Devaliya	Chief Financial Officer Company Secretary

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Statement of Profit and Loss for the year ended 31st March, 2016

(Amount in ₹)

Particulars	Note	2015-16	2014-15
Income			
Revenue from Operations	17	3,20,99,14,842	2,39,74,65,030
Other Income	18	4,16,01,142	3,39,96,272
Total Revenue		3,25,15,15,984	2,43,14,61,302
Expenditure			
Cost of Materials Consumed and Purchases	19	3,03,73,47,116	2,40,64,66,194
Changes in Inventories of Finished Goods and Stock - In - Trade	20	7,62,37,241	(7,83,03,790)
Employee Benefit Expenses	21	2,74,20,502	77,72,733
Financial Costs	22	3,71,12,307	3,28,53,087
Depreciation and Amortization Expenses	8	13,24,444	11,85,836
Other Administrative Expenses	23	3,29,40,048	1,61,86,822
Total Expenses		3,21,23,81,658	2,38,61,60,882
Profit Before Exceptional Items and Tax		3,91,34,326	4,53,00,421
Exceptional Items		-	-
Profit Before Tax		3,91,34,326	4,53,00,421
<u>Tax Expenses:</u>			
(1) Current Tax		1,36,44,799	1,42,88,560
(2) Tax for Earlier Period		(19,28,244)	1,63,027
(3) Deferred Tax		3,47,103	(99,961)
Profit/(Loss) For The Period		2,70,70,668	3,09,48,795
Earning Per Equity Share:			
(1) Basic		1.30	1.48
(2) Diluted		1.30	1.48
Significant Accounting Policies and Notes on Financial Statement	1 to 24		

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

Suresh Anchaliya
Partner
Membership No. 044960

Place: Mumbai
 Date: 28th May, 2016

For and On behalf of the Board

Mahendra M. Chordia	}	Managing Director
Asha M. Chordia	}	Executive Directors
Sunil Jain		
Ashok Surana	}	Directors
Vishal Roshanlal Nolkha		
Sanket Dangi		
Prafulla Devaliya		Chief Financial Officer Company Secretary

Cash Flow Statement for the year ended 31st March, 2016

PARTICULARS	For the year ended 31st March, 2016	For the year ended 31st March, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax And Extraordinary Items	3,91,34,326	4,53,00,421
Adjustment for :		
Depreciation	13,24,444	11,85,836
Provision for Tax	19,28,244	
Interest	<u>(5,99,06,224)</u>	<u>(5,73,78,338)</u>
Operating Profit Before Working Capital And Receivables	(1,75,19,210)	(1,08,92,081)
Adjustment for :		
(Increase) / Decrease in Trade and Other Receivables	(9,89,67,571)	7,22,64,274
(Increase) / Decrease in Inventories	(4,20,99,762)	(11,32,89,390)
(Increase)/Decrease in Other Current Assets	5,88,19,535	(32,05,908)
(Increase)/Decrease in non current investment	(5,16,78,003)	9,50,816
Increase / (Decrease) in Trade Payables and other liabilities	<u>3,43,55,438</u>	<u>(22,32,82,162)</u>
Cash Generated From Operations	(11,70,89,573)	(27,74,54,451)
Income Tax Paid	1,36,44,799	1,44,51,587
Cash Flow Before Extra-Ordinary Items	(13,07,34,372)	(29,19,06,038)
Extra-Ordinary Items		-
Net Cash From Operating Activities	(a) (13,07,34,372)	(29,19,06,038)
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	-	-
Purchase of Fixed Assets	(1,28,56,566)	(25,77,707)
Purchase/Sale of Investments	-	-
Interest Received	2,27,93,917	2,45,25,251
Net Cash Used In Investment Activities	(b) 99,37,351	2,19,47,544
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	3,71,12,307	3,28,53,087
Proceeds from issue of Share Capital	-	-
Money Received against Share Warrant	-	-
Short Term Borrowing and others	26,52,19,397	33,44,42,101
Dividend Paid/Adjustment	-	-
Net Cash Used In Financing Activities	(c) 30,23,31,704	36,72,95,188
Net Increase In Cash And Cash Equivalents (a) + (b) + (c)	18,15,34,682	9,73,36,694
Cash And Cash Equivalents As At The Commencement of the Year (Opening Balance)	13,95,85,228	4,22,48,534
Cash And Cash Equivalents As At The End of the Year	32,11,19,910	13,95,85,228
Net Increase / (Decrease) As Disclosed Above	18,15,34,682	9,73,36,694

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

For and On behalf of the Board

Mahendra M. Chordia

Asha M. Chordia

Sunil Jain

Ashok Surana

Vishal Roshanlal Nolkha

Sanket Dangi

Prafulla Devaliya

Managing Director

Executive Directors

Directors

Chief Financial Officer

Company Secretary

Place: Mumbai

Date: 28th May, 2016

Notes to Financial Statement for the Year ended 31st March, 2016

(Amount in ₹)

Note No. 1

SHAREHOLDER'S FUND

EQUITY SHARE CAPITAL

	As at 31.03.2016	As at 31.03.2015
a) Authorised Share:		
2,20,00,000 Equity Shares of ₹ 10/- each	<u>22,00,00,000</u>	<u>22,00,00,000</u>
b) Issued, Subscribed and Paid up:		
2,08,76,800 Equity Shares of ₹ 10/- each Fully Paid-Up	20,87,68,000	20,87,68,000
Less : Call Money Due on Equity Shares	(3,92,000)	(3,92,000)
Total	<u>20,83,76,000</u>	<u>20,83,76,000</u>
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	2,08,76,800	2,08,76,800
Add: Issued During the year	-	-
Outstanding at the End of the Reporting Year	<u>2,08,76,800</u>	<u>2,08,76,800</u>

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 ₹ 10/- each

		As at 31st March, 2016		As at 31st March, 2015	
S.No.	Name	No. of Shares	% of Holding	No. of Shares	% of Holding
1	Swarnsarita Jewellers Pvt. Ltd.	80,78,761	38.70	71,28,761	34.15
2	Grace United Real Estate Pvt. Ltd.	5,85,293	2.80	8,22,878	3.94

Note No. 2

RESERVE AND SURPLUS

<u>Particulars</u>	As at 31.03.2016	As at 31.03.2015
a) Capital Reserve		
Balance as per Last Financial Statement	67,50,000	67,50,000
Closing Balance	<u>67,50,000</u>	<u>67,50,000</u>
b) Securities Premium Reserve		
Balance as per Last Financial Statement	13,68,10,040	13,68,10,040
Add: On issue of Equity Shares	-	-
Closing Balance	<u>13,68,10,040</u>	<u>13,68,10,040</u>
c) General Reserve		
Balance as per Last Financial Statement	49,46,190	49,46,190
Closing Balance	<u>49,46,190</u>	<u>49,46,190</u>
d) Surplus / (deficit) in the Statement of Profit and Loss		
Balance as per Last Financial Statement	43,04,58,139	39,96,15,142
Add: Profit for the Year	2,70,70,668	3,09,48,795
Less: Fixed Assets Written off as per section 123 (2) of Companies Act, 2013	-	(1,05,798)
Net Surplus / (Deficit) in the Statement of Profit and Loss	<u>45,75,28,806</u>	<u>43,04,58,139</u>
Total Reserve and Surplus	<u>60,60,35,036</u>	<u>57,89,64,369</u>

Notes to Financial Statement for the Year ended 31st March, 2016

	(Amount in ₹)	
	As at 31.03.2016	As at 31.03.2015
Note No. 3		
<u>Deferred Tax Liability</u>		
Related to Fixed Assets	20,960	-
	20,960	-
Note No. 4		
<u>Short Term Borrowings</u>		
<u>Secured</u>		
Union Bank of India (CC A/c)	12,79,50,840	30,08,96,995
SBI Gold Loan/CC A/c	-	11,47,01,133
Kotak Mahindra Bank (Bullion A/c)	15,78,46,724	-
The Bank of Nova Scotia	11,04,55,481	-
Union Bank of India (Gold Loan)	35,24,58,480	6,78,93,999
	74,87,11,525	48,34,92,127
<p>The Cash Credit facility and Gold Loan from the Union Bank of India is secured by hypothecation of Stock and book debts upto 90 days, collaterally secured by the equitable mortgage of property of directors, personal guarantee given by the directors of the company and Corporate guarantee of Swarnsarita Realty Private Limited and Swarnsarita Jewellers Private Limited.</p> <p>The Cash Credit facility and Gold Loan from the Kotak Mahindra Bank is secured by first hypothecation charge over entire current assets of the company, present and future on <i>pari pasu</i> basis with other working capital lenders.</p>		
Note No. 5		
<u>Trade Payables</u>		
Micro, Small and Medium Enterprises	-	-
Others	9,53,58,631	5,41,38,060
	9,53,58,631	5,41,38,060
Note No. 6		
<u>Other Current Liability</u>		
Other Payables	42,64,099	1,04,85,472
	42,64,099	1,04,85,472
<p>Note: - Other Payables include Statutory Dues and Payable for Expenses</p>		
Note No. 7		
<u>Short - Term Provision</u>		
Provision for Income Tax	1,36,44,799	1,42,88,560
	1,36,44,799	1,42,88,560

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Notes to Financial Statement for the Year ended 31st March, 2016

Note No. 8 - FIXED ASSETS

(Amount in ₹)

Sr. No.	Name of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As On 01.04.2015	Addition during the year	Deduction/ Written off During the Year	As On 31.03.2016	As On 01.04.2015	Depreciation during the year	Depreciation Adjustments	Total As On 31.03.2016	As On 31.03.2016	As On 01.04.2015
	<u>Tangible Assets</u>										
1	Mettler Balances	4,34,451	2,06,984	-	6,41,435	2,34,830	92,745	-	3,27,575	3,13,860	1,99,621
2	Motor Cars	77,81,219	-	-	77,81,219	44,72,290	4,86,979	-	49,59,269	28,21,950	33,08,929
3	Office Equipments	3,75,354	10,17,286	-	13,92,640	1,16,978	2,07,926	-	3,24,904	10,67,736	2,58,376
4	Computers	6,23,496	8,27,221	-	14,50,717	3,39,033	2,56,908	-	5,95,941	8,54,776	2,84,463
5	Furniture & Fixtures	32,972	12,64,823	-	12,97,795	32,972	78,935	-	1,11,907	11,85,888	-
6	Plant & Machinery	3,33,614	41,87,972	-	45,21,586	5,152	1,50,540	-	1,55,692	43,65,894	3,28,462
7	Office Building	-	53,52,280	-	53,52,280	-	50,411	-	50,411	53,01,869	-
	Sub-Total	95,81,106	1,28,56,566	-	2,24,37,672	52,01,255	13,24,444	-	65,25,699	1,59,11,973	43,79,851
	Previous year total	71,09,197	25,77,707	1,05,798	95,81,106	40,15,420	11,85,836	-	52,01,256	43,79,850	30,93,777
	<u>Intangible Assets</u>		36,000		36,000	-	-	-	-	36,000	36,000

As at 31.03.2016

As at 31.03.2015

Note No. 9

Non - Current Investment

Investment in Unquoted Equity Shares of Subsidiary Company	No. of Shares	Amount	No. of Shares	Amount
Un - Quoted, Fully Paid Up				
Swarnsarita Realty Pvt Ltd	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Investment in Partnership Firm Swarnsarita Gold & Diamonds		5,07,27,187		(9,50,816)
		<u>15,07,27,187</u>		<u>9,90,49,184</u>

Note No. 10

Deferred Tax Assets

Related to Fixed Assets	-	3,26,143
	<u>-</u>	<u>3,26,143</u>

Note No. 11

Current Investment

Investment in Equity Shares (Quoted, Fully Paid Up)	No. of Shares	Amount	No. of Shares	Amount
SJ Corporation Limited of ₹ 1 each	400	5,201	400	5,201
Investment in Mutual Fund				
Union KBC Mutual Fund		75,00,000		75,00,000
		<u>75,05,201</u>		<u>75,05,201</u>
Market value of quoted shares		12,160		25,200

Notes to Financial Statement for the Year ended 31st March, 2016
As at 31.03.2016 As at 31.03.2015
Note No. 12
Inventories

Raw Materials	16,86,13,448	5,02,76,445
Finished Goods	39,38,10,130	47,00,47,371
	56,24,23,578	52,03,23,816

Note No. 13
Trade Receivables

For period exceeding 6 months	1,18,39,070	78,32,379
For period upto 6 months	46,18,94,071	36,69,33,191
	47,37,33,141	37,47,65,570

Note No. 14
Cash and Cash Equivalent

Balances with Banks	32,06,10,180	13,90,19,045
Cash on hand	5,09,730	5,66,183
	32,11,19,910	13,95,85,228

Note No. 15
Short Term Loans and Advances
(Unsecured and Considered Good)

Security Deposits	4,60,000	3,000
Direct Tax Refundable	14,05,496	14,05,496
Advance Income Tax	1,03,23,860	89,84,716
Indirect Tax Refundable	1,57,05,341	93,23,685
Other amount recoverable in cash or kind *	11,42,00,874	18,29,94,897
	14,20,95,571	20,27,11,794

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

Note No. 16
Other Current Assets

Job Work Charges Receivable	17,25,802	-
Advance For Expenses	11,32,689	10,61,802
	28,58,491	10,61,802

Note No. 17
Revenue From Operation

Sale of Goods	3,08,09,85,723	2,31,04,37,075
Labour Charges Received	12,89,29,119	8,70,27,955
	3,20,99,14,842	2,39,74,65,030

Note No. 18
Other Income

Interest Income	2,27,93,917	2,45,25,251
Sundry Balance W/off	13,746	22,29,375
Exchange difference	1,79,52,718	81,92,462
Income/(Loss) from Partnership Firm	8,40,761	(9,50,816)
	4,16,01,142	3,39,96,272

Notes to Financial Statement for the Year ended 31st March, 2016

	As at 31.03.2016	As at 31.03.2015
Note No. 19.		
<u>Cost of Material Consumed</u>		
Particulars		
Purchase of Goods	3,09,08,00,294	2,30,43,08,933
Labour Charges & Other Charges	6,48,83,825	13,71,42,861
<u>Add:- Opening Stock</u>		
Raw Material	5,02,76,445	1,52,90,845
	3,20,59,60,564	2,45,67,42,639
 <u>Less:- Closing Stock</u>		
Raw Material	16,86,13,448	5,02,76,445
Raw Material Consumed	3,03,73,47,116	2,40,64,66,194
 Note No. 20		
<u>(Increase)/Decrease in Inventory</u>		
Opening Balance of Inventory	47,00,47,371	39,17,43,581
Less: Closing Balance of Inventory	(39,38,10,130)	(47,00,47,371)
	7,62,37,241	(7,83,03,790)
 Note No. 21		
<u>Employees Benefit Expenses</u>		
Salaries and Wages	2,72,48,291	76,63,000
Staff Welfare Expenses	1,72,211	1,09,733
	2,74,20,502	77,72,733
 Note No. 22		
<u>Finance Cost</u>		
Interest Expenses	3,71,12,307	3,28,53,087
	3,71,12,307	3,28,53,087
 Note No. 23		
<u>Other Expenses</u>		
Administrative Expenses	9,893	26,941
Advertising Expenses	4,30,487	16,71,904
Auditor Remuneration	5,04,804	4,56,000
Bank Charges	26,24,294	11,88,104
Brokerage and Commission	49,438	8,56,768
Motor Car Expenses	18,226	2,23,997
Computer Repair & Maintenance	62,759	1,63,180
Connectivity Charges	1,09,920	1,20,287
Conveyance Expenses	-	2,80,390
Depository Charges	1,71,750	1,22,218
Designing Expenses	4,85,000	14,925
Discount, Rebate & Round off	58,302	-
Donation	25,000	6,45,000
Electricity Expenses	13,13,197	3,38,725
Exhibition Charges	68,03,637	2,92,765
Export Expenses	18,99,565	12,68,769
Franking Charges	3,850	1,80,660

Notes to Financial Statement for the Year ended 31st March, 2016

	As at 31.03.2016	As at 31.03.2015
Freight Charges	26,09,706	9,15,554
Hire Charges	3,59,454	-
Insurance	11,99,840	8,72,754
Interest for Late Payment TDS	5,204	9,303
Internet Charges	28,302	-
Listing Fees	2,24,720	1,12,360
IGI Certification Charges	17,19,392	5,90,313
Membership Fees	4,494	37,096
Manpower Service charges	37,250	-
Office Expenses	5,20,370	1,53,686
Packing Material & Threads	3,300	1,35,550
Professional Tax	2,36,700	-
Postage Expenses	2,29,766	67,607
Printing and Stationery	3,35,094	3,57,507
Processing Fee on CC	40,68,228	24,10,817
Professional Fees	10,76,097	2,87,100
Repair & Maintenance - others	88,050	8,803
ROC Fees	69,700	7,500
Rent	32,55,790	11,38,356
Sundry Expenses	-	24,065
Security Service Charges	1,48,654	68,040
Software Licence Charges	50,712	-
Society Charges	68,965	-
Telephone Expenses	3,51,315	2,36,812
Travelling Expenses	16,78,823	9,02,966
	3,29,40,048	1,61,86,822

Note No. 24:
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENT
A. SIGNIFICANT ACCOUNTING POLICIES
1. Basis of Preparation of Financial Statement :-

The financial statements are prepared on going concern assumption and under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles and provision of the Companies Act, 2013.

2. Use of Estimates:-

The preparation of financial statement requires the management of the Company to make estimates and assumptions 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 is systematically allocated over the useful life of an asset as specified in part C of Schedule II of Companies Act, 2013.

Notes to Financial Statement for the Year ended 31st March, 2016

5. Inventories:-

- a. 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.

6. Provision for Current and Deferred Tax:-

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

7. Revenue Recognition:-

In appropriate circumstance, revenue is recognized when no significant uncertainty as to determination or realization exists. Turnover includes credit for debit note issued for difference in price charged to parties on a few exports of sale.

8. Investment:-

Investments are either classified as current or long-term based on the management intention. Current Investment is valued at Cost or Market value whichever lower, computed category wise. Long-term Investments are stated at cost. Provision of diminution in the value of long-term investment is made only if such a decline is other than temporary. The details of investment in Mutual funds and Equity investments held by the company are as follows:-

Particulars	As at 31 st March 2016	As at 31 st March 2015
SJ Corporation Limited of ₹ 1 each – 400 shares	5,201/-	5,201/-
Union KBC Mutual Fund	75,00,000/-	75,00,000/-

9. Contingent Liability:-

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

10. Impairment:-

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

11. Earning Per Share:-

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

12. 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.

Notes to Financial Statement for the Year ended 31st March, 2016

- (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.

13. 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 except where there is no virtual certainty of recovery of export proceeds, 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.

(B) NOTES ON ACCOUNTS: -

1.	Previous year figures have been regrouped, reworked, rearranged and reclassified whenever necessary.		
	Particulars	As at 31st March, 2016	As at 31st March, 2015
2.	Contingent Liabilities*	2.5 Cr	Nil
3.	Payment to Auditors:		
	Statutory Audit Fees	300000	300000
	Tax Audit Fees	90000	90000
	Certification and Taxation Matters	10000	10000
	Service Tax	58000	49440
	Total	458000	449440

* The SEBI has imposed penalty of ₹ 2.5 Cr under section 15HA of the SEBI Act jointly with others (11 persons) 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.

14. 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:

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Deferred Tax Assets/(Liabilities)		
On Account of Fixed Assets	(20960)	326143

15. Segment Reporting:-

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

16. As per Micro, Small and Medium Enterprises Development Act 2006, the company is required to identify the Micro, Small and Medium enterprises and pay them interest on amount overdue beyond the specified year irrespective of the terms agreed with them. However, management is of the opinion that in view of supplier profile of the company, the liability in any case will be insignificant. The management has rolled out letters for the confirmation from the parties for confirming their registration under the said Act.

Notes to Financial Statement for the Year ended 31st March, 2016

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

Nature of Relationship	Name of Party
Where control Exists	Swarnsarita Realty Pvt. Ltd. (100% Holdings)
	Swarnsarita Gold & Diamonds (45% Holdings)
Key Management Personnel	
Whole Time Directors	Mahendra M. Chordia
	Sunil Jain
	Asha M. Chordia
Independent Directors	Vishal R. Nolkha
	Ashok Surana
Chief Financial Officer	Sanket Dhangri
Compliance Officer and Company Secretary	Prafulla Devaliya
Relatives of Key Management Personnel (Where transactions have been made)	NIL
Related parties to Key Management Personnel (Where transactions have been made)	Swarnsarita Jewellers Private Limited

Related Party Transactions as per AS 18 (As identified by the management) (Amount in ₹)

Nature of Relationship	Transaction Details	For the Year Ended on March 31, 2016	For the Year Ended on March 31, 2015
Where control Exists			
	Loan - Swarnsarita Realty Pvt Ltd	11,14,44,906	12,15,81,019
	Investment - Swarnsarita Gold and Diamonds	5,07,27,187	(9,50,816)
Key Management Personnel	Director's Remuneration	38,50,000	35,00,000
	Rent	16,50,000	6,00,000
Relatives of Key Management Personnel	Salary	Nil	175,000
Related parties to Key Management Personnel	Fixed Assets Purchased	14,28,438	3,75,315
	Exhibition Charges Paid	12,72,240	Nil

18. Earning Per Share:-

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

Particulars	For the Year Ended on March 31, 2016	For the Year Ended on March 31, 2015
Net profit available for equity shareholders	2,70,70,668	3,09,48,795
Weighted average number of equity shares	2,08,76,800	2,08,76,800
Basic and Diluted EPS	1.30	1.48

Notes to Financial Statement for the Year ended 31st March, 2016

19. Foreign Currency Transactions:-

Particulars	For the Year Ended on March 31, 2016	For the Year Ended on March 31, 2015
Remittance in Foreign Exchange	Nil	Nil
Earning in Foreign Exchange	1,12,73,33,235	74,46,07,665
Export Sales	1,17,88,48,018	73,36,37,670

20. The balances of creditors and debtors appearing in the balance sheet are subject to balance confirmations/reconciliation at the year end. The management is in the process of obtaining the respective confirmations in the due course. However, the reconciliation of these balances is not expected to result in any material adjustments in the stated balances.

As per our report of even date

For Suresh Anchaliya & Co.

Chartered Accountants

Firm Regn. No.- 112492W

Suresh Anchaliya

Partner

Membership No. 044960

Place: Mumbai

Date: 28th May, 2016

For and On behalf of the Board

Mahendra M. Chordia

Asha M. Chordia

Sunil Jain

Ashok Surana

Vishal Roshanlal Nolkha

Sanket Dangi

Prafulla Devaliya

Managing Director

Executive Directors

Directors

Chief Financial Officer

Company Secretary

INDEPENDENT AUDITOR'S REPORT

To,

THE MEMBERS OF SWARNSARITA GEMS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **SWARNSARITA GEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at **31st March, 2016**, the Statement of Profit and Loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 thereunder.

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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March 2016, and its profit and its cash flows for the year ended on that date.

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, the matters specified in paragraphs 4 and 5 of the Order are not applicable to the company as regards to the consolidated financial statements.
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 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 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as at 31st March, 2016 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 for foreseeable losses.
 - iii. Following is the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company:

Date of declaration of dividend	Date of Transfer to the Bank Account	Due date of funds to be transferred to Investor Education and Protection	Actual date of transfer to Investor Education and Protection
07 th August 2008	29 th July 2008	06 th August, 2015	The amount is not transferred till the signing of this report
09 th September 2008	26 th September 2008	08 th September, 2015	

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

Suresh Anchaliya
Partner
M.No. : 044960

Place: Mumbai
Date : 28th May, 2016

“Annexure B” to the Independent Auditor’s Report of even date on the consolidated 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, 2016 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 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, 2016, 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’).

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

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

**Place: Mumbai
Date : 28th May, 2016**

SWARNSARITA GEMS LTD.

Consolidated Balance Sheet as at 31st March, 2016

(Amount in ₹)

Particulars	Note	As at 31.03.2016	As at 31.03.2015
<u>Shareholder's Funds</u>			
Share Capital	1	20,83,76,000	20,83,76,000
Reserves and Surplus	2	60,68,36,024	57,95,52,174
Deferred tax Liabilities	3	49,604	-
<u>Current Liabilities</u>			
Short Term Borrowings	4	74,87,11,525	48,34,92,127
Trade Payables	5	9,53,58,631	5,41,38,060
Other Current Liabilities	6	1,34,79,796	1,25,49,785
Short-Term Provisions	7	1,36,46,029	1,49,41,560
TOTAL		1,68,64,57,609	1,35,30,49,706
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Fixed Assets	8		
(i) Tangible Assets		1,72,01,262	43,79,850
(ii) Intangible Assets		36,000	36,000
Non - Current - Investment	9	5,07,27,187	(9,50,816)
Deferred Tax Assets	10	-	3,26,143
<u>Current Assets</u>			
Current Investments	11	75,05,201	75,05,201
Inventories	12	67,06,65,687	54,94,47,576
Trade Receivables	13	47,48,26,251	37,47,65,570
Cash and Cash Equivalents	14	32,12,11,045	13,96,01,668
Short - Term Loans and Advances	15	14,12,62,626	27,65,48,992
Other Current Assets	16	30,22,350	13,89,522
TOTAL		1,68,64,57,609	1,35,30,49,706
Significant Accounting Policies and Notes on Financial Statement	1 to 24		

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

**Suresh Anchaliya
Partner
Membership No. 044960**

Place: Mumbai
Date: 28th May, 2016

For and On behalf of the Board

Mahendra M. Chordia	}	Managing Director
Asha M. Chordia		Executive Directors
Sunil Jain		
Ashok Surana	}	Directors
Vishal Roshanlal Nolkha		
Sanket Dangi		
Prafulla Devaliya	Company Secretary	

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Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

(Amount in ₹)

Particulars	Note	2015-16	2014-15
Income			
Revenue from Operations	17	3,21,51,82,842	2,40,08,87,030
Other Income	18	3,90,67,126	3,68,41,517
Total Revenue		3,25,42,49,968	2,43,77,28,547
Expenditure			
Cost of Materials Consumed and Purchases	19	3,11,64,65,466	2,40,97,97,580
Changes in Inventories of Finished Goods and Stock - In - Trade	20	(28,81,108)	(7,83,03,790)
Employee Benefit Expenses	21	2,93,40,502	79,77,733
Financial Costs	22	3,71,12,307	3,28,53,087
Depreciation and Amortization Expenses	8	16,11,961	13,49,696
Other Administrative Expenses	23	3,34,60,057	1,69,88,356
Total Expenses		3,21,51,09,185	2,39,06,62,661
Profit Before Exceptional Items and Tax		3,91,40,783	4,70,65,885
Exceptional Items		-	-
Profit Before Tax		3,91,40,783	4,70,65,885
Tax Expenses:			
(1) Current Tax		1,36,46,029	1,49,41,560
(2) Tax for Earlier Period		(21,64,843)	1,63,027
(3) Deferred Tax		3,75,747	(99,961)
Profit/(Loss) For The Period		2,72,83,850	3,20,61,259
Earning Per Equity Share:			
(1) Basic		1.31	1.54
(2) Diluted		1.31	1.54
Significant Accounting Policies and Notes on Financial Statement	1 to 24		

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

**Suresh Anchaliya
Partner
Membership No. 044960**

Place: Mumbai
Date: 28th May, 2016

For and On behalf of the Board

Mahendra M. Chordia	}	Managing Director
Asha M. Chordia	}	Executive Directors
Sunil Jain		
Ashok Surana	}	Directors
Vishal Roshanlal Nolkha		
Sanket Dangi		
Prafulla Devaliya		Chief Financial Officer Company Secretary

SWARN SARITA GEMS LTD.

Consolidated Cash Flow Statement for the year ended 31st March, 2016

PARTICULARS	For the year ended 31st March, 2016	(Amount in ₹) For the year ended 31st March, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax And Extraordinary Items	3,91,40,782	4,70,65,885
Adjustment for :		
Depreciation	14,48,101	11,85,836
Provision for Tax (Excess for Earlier Year)	21,64,843	
Interest	(5,73,67,208)	(6,02,23,583)
Operating Profit Before Working Capital And Receivables	(1,46,13,481)	(1,19,71,862)
Adjustment for :		
(Increase) / Decrease in Trade and Other Receivables	(10,00,60,681)	7,22,64,274
(Increase) / Decrease in Inventories	(12,12,18,111)	(11,32,89,390)
(Increase)/Decrease in Other Current Assets	13,36,53,538	(48,82,891)
(Increase)/Decrease in non current investment	(5,16,78,003)	9,50,816
Increase / (Decrease) in Trade Payables and other liabilities	4,08,55,052	(22,12,52,996)
Cash Generated From Operations	(11,30,61,686)	(27,81,82,049)
Income Tax Paid	1,36,46,029	1,52,03,150
Cash Flow Before Extra-Ordinary Items	(12,67,07,715)	(29,33,85,199)
Extra-Ordinary Items		-
Net Cash From Operating Activities	(a) (12,67,07,715)	(29,33,85,199)
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	-	-
Purchase of Fixed Assets	(1,42,69,513)	(25,77,707)
Purchase/Sale of Investments	-	-
Interest Received	2,02,54,901	2,73,70,496
Net Cash Used In Investment Activities	(b) 59,85,388	2,47,92,789
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	3,71,12,307	3,28,53,087
Short Term Borrowing and others	26,52,19,397	33,30,92,101
Net Cash Used In Financing Activities	(c) 30,23,31,704	36,59,45,188
Net Increase In Cash And Cash Equivalents (a) + (b) + (c)	18,16,09,377	9,73,52,778
Cash And Cash Equivalents as at the commencement of the Year (Opening Balance)	13,96,01,667	4,22,48,890
Cash And Cash Equivalents as at the end of the Year	32,12,11,044	13,96,01,668
Net Increase / (Decrease) As Disclosed Above	18,16,09,377	9,73,52,778

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

Date: 28th May, 2016

For and On behalf of the Board

Mahendra M. Chordia

Asha M. Chordia

Sunil Jain

Ashok Surana

Vishal Roshanlal Nolkha

Sanket Dangi

Prafulla Devaliya

Managing Director

Executive Directors

Directors

Chief Financial Officer

Company Secretary

Notes to Consolidated Financial Statement for the Year ended 31st March, 2016

Note No. 1

SHAREHOLDER'S FUND

EQUITY SHARE CAPITAL

	(Amount In ₹)	
	<u>As at 31.03.2016</u>	<u>As at 31.03.2015</u>
a) Authorised Share:		
2,20,00,000 Equity Shares of ₹ 10/- each	<u>22,00,00,000</u>	<u>22,00,00,000</u>
b) Issued, Subscribed and Paid-up:		
2,08,76,800 Equity Shares of ₹ 10/- each Fully Paid-Up	20,87,68,000	20,87,68,000
Less : Call Money Due on Equity Shares	(3,92,000)	(3,92,000)
Total	<u>20,83,76,000</u>	<u>20,83,76,000</u>
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	2,08,76,800	2,08,76,800
Add: Issued During the year	-	-
Outstanding at the End of the Reporting Year	<u>2,08,76,800</u>	<u>2,08,76,800</u>

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 ₹ 10/- each

S. No.	Name	As at 31st March, 2016		As at 31st March, 2015	
		No. of Shares	% of Holding	No. of Shares	% of Holding
1	Swarnsarita Jewellers Pvt. Ltd.	80,78,761	38.70	71,28,761	34.15
2	Grace United Real Estate Pvt. Ltd.	5,85,293	2.80	8,22,878	3.94

Note No. 2

RESERVE AND SURPLUS

Particulars

	(Amount In ₹)	
	<u>As at 31.03.2016</u>	<u>As at 31.03.2015</u>
a) Capital Reserve		
Balance as per Last Financial Statement	67,50,000	67,50,000
Closing Balance	<u>67,50,000</u>	<u>67,50,000</u>
b) Securities Premium Reserve		
Balance as per Last Financial Statement	13,68,10,040	13,68,10,040
Add: On issue of Equity Shares	-	-
Closing Balance	<u>13,68,10,040</u>	<u>13,68,10,040</u>
c) General Reserve		
Balance as per Last Financial Statement	49,46,190	49,46,190
Closing Balance	<u>49,46,190</u>	<u>49,46,190</u>
d) Surplus / (deficit) in the Statement of Profit and Loss		
Balance as per Last Financial Statement	43,10,45,944	39,90,90,482
Add: Profit for the Year	2,72,83,850	3,20,61,259
Less: Fixed Assets Written off as per Section 123 (2) of Companies Act, 2013	-	(1,05,798)
Net Surplus / (Deficit) in the Statement of Profit and Loss	<u>45,83,29,794</u>	<u>43,10,45,944</u>
Total Reserve and Surplus	<u>60,68,36,024</u>	<u>57,95,52,174</u>

Notes to Consolidated Financial Statement for the Year ended 31st March, 2016

(Amount In ₹)
As at 31.03.2016 As at 31.03.2015

Note No. 3

Deferred Tax Liabilities

Related to Fixed Assets

	49,604	-
	49,604	-

Note No. 4

Short Term Borrowings

Secured

Union Bank of India (CC A/c)

SBI Gold Loan/CC A/c

Kotak Mahindra Bank (Bullion A/c)

The Bank of Nova Scotia

Union Bank of India (Gold Loan)

	12,79,50,840	30,08,96,995
	-	11,47,01,133
	15,78,46,724	-
	11,04,55,481	-
	35,24,58,480	6,78,93,999
	74,87,11,525	48,34,92,127

The Cash Credit facility and Gold Loan from the Union Bank of India is secured by hypothecation of Stock and book debts upto 90 days, collaterally secured by the equitable mortgage of property of directors, personal guarantee given by the directors of the company and Corporate guarantee of Swarnsarita Realty Private Limited and Swarnsarita Jewellers Private Limited.

The Cash Credit facility and Gold Loan from the Kotak Mahindra Bank is secured by first hypothecation charge over entire current assets of the company, present and future on *pari pasu* basis with other working capital lenders.

Note No. 5

Trade Payables

Micro, Small and Medium Enterprises

Others

	-	-
	9,53,58,631	5,41,38,060
	9,53,58,631	5,41,38,060

Note No. 6

Other Current Liability

Other Payables

	1,34,79,796	1,25,49,785
	1,34,79,796	1,25,49,785

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

Note No. 7

Short - Term Provision

Provision for Income Tax

	1,36,46,029	1,49,41,560
	1,36,46,029	1,49,41,560

Note No. 8- FIXED ASSETS

(Amount In ₹)

Sr. No.	Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As On 01.04.2015	Addition during the year	Deduction/ Written off During the Year	As On 31.03.2016	As On 01.04.2015	Depreciation during the year	Depreciation Adjustments	Total As On 31.03.2016	As On 31.03.2016	As On 01.04.2015
	<u>Tangible Assets</u>										
1	Mettler Balances	4,34,451	2,06,984	-	6,41,435	2,34,830	92,745	-	3,27,575	3,13,860	1,99,621
2	Motor Cars	77,81,219	14,12,947	-	91,94,166	44,72,290	6,10,636	-	50,82,926	41,11,240	33,08,929
3	Office Equipments	3,75,354	10,17,286	-	13,92,640	1,16,978	2,07,926	-	3,24,904	10,67,736	2,58,376
4	Computers	6,23,496	8,27,221	-	14,50,717	3,39,033	2,56,908	-	5,95,941	8,54,776	2,84,463
5	Furniture & Fixtures	32,972	12,64,823	-	12,97,795	32,972	78,935	-	1,11,907	11,85,888	-
6	Plant & Machinery	3,33,614	41,87,972	-	45,21,586	5,152	1,50,540	-	1,55,692	43,65,894	3,28,462
7	Office Building	-	53,52,280	-	53,52,280	-	50,411	-	50,411	53,01,869	-
	Sub-Total	95,81,106	1,42,69,513	-	2,38,50,619	52,01,255	14,48,101	-	66,49,356	1,72,01,263	43,79,851
	Previous year total	71,09,197	25,77,707	1,05,798	95,81,106	40,15,420	11,85,836	-	52,01,256	43,79,850	30,93,777
	Intangible Assets		36,000		36,000	-	-	-	-	36,000	36,000

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Notes to Consolidated Financial Statement for the Year ended 31st March, 2016

		(Amount In ₹)	
		As at 31.03.2016	As at 31.03.2015
Note No. 9			
<u>Non - Current Investment</u>			
<u>Investment in Unquoted Equity Shares of Subsidiary Company</u>	No. of Shares	Amount	No. of Shares
<u>Un - Quoted, Fully Paid Up</u>			Amount
Swarnsarita Realty Pvt Ltd	1,00,00,000	-	1,00,00,000
Investment in Partnership Firm Swarnsarita Gold & Diamonds		5,07,27,187	(9,50,816)
		<u>5,07,27,187</u>	<u>(9,50,816)</u>
Note No. 10			
<u>Deferred Tax Assets</u>			
Related to Fixed Assets		-	3,26,143
		-	<u>3,26,143</u>
Note No. 11			
<u>Current Investment</u>			
<u>Investment in Equity Shares (Quoted, Fully Paid Up)</u>	No. of Shares	Amount	No. of Shares
<u>Investment in Mutual Fund</u>			Amount
SJ Corporation Limited of ₹ 1 each	400	5,201	400
Union KBC Mutual Fund		75,00,000	75,00,000
		<u>75,05,201</u>	<u>75,05,201</u>
Market value of quoted shares		12,160	25,200
		(Amount In ₹)	
		As at 31.03.2016	As at 31.03.2015
Note No. 12			
<u>Inventories</u>			
Raw Materials		16,86,13,448	5,02,76,445
Finished Goods		50,20,52,239	49,91,71,131
		<u>67,06,65,687</u>	<u>54,94,47,576</u>
Note No. 13			
<u>Trade Receivables</u>			
For period exceeding 6 months		1,18,39,070	78,32,379
For period upto 6 months		46,29,87,181	36,69,33,191
		<u>47,48,26,251</u>	<u>37,47,65,570</u>
Note No. 14			
<u>Cash and Cash Equivalent</u>			
Balances with Banks		32,07,01,313	13,90,35,485
Cash on hand		5,09,731	5,66,183
		<u>32,12,11,044</u>	<u>13,96,01,668</u>

Notes to Consolidated Financial Statement for the Year ended 31st March, 2016

As at 31.03.2016 As at 31.03.2015

Note No. 15

Short Term Loans and Advances

(Unsecured and Considered Good)

Security Deposits	4,60,000	3,000
Direct Tax Refundable	14,05,496	14,05,496
Advance Income Tax	1,18,93,506	90,32,965
Indirect Tax Refundable	1,57,05,341	93,23,685
Other amount recoverable in cash or kind *	11,17,98,283	25,67,83,846
	14,12,62,626	27,65,48,992

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

Note No. 16

Other Current Assets

Preliminary Expenses	1,63,860	3,27,720
Job Work Charges Receivable	17,25,801	-
Advance For Expenses	11,32,689	10,61,802
	30,22,350	13,89,522

Note No. 17

Revenue From Operation

Sale of Goods	3,08,62,53,723	2,31,38,59,075
Labour Charges Received	12,89,29,119	8,70,27,955
	3,21,51,82,842	2,40,08,87,030

Note No. 18

Other Income

Interest Income	2,02,54,901	2,73,70,496
Sundry Balance W/off	18,746	22,29,375
Exchange difference	1,79,52,718	81,92,462
Income/(Loss) from Partnership Firm	8,40,761	(9,50,816)
	3,90,67,126	3,68,41,517

Note No. 19

Cost of Material Consumed

Particulars

Purchase of Goods	3,16,99,18,644	2,30,76,40,319
Labour Charges & Other Charges	6,48,83,825	13,71,42,861
<u>Add:- Opening Stock</u>		
Raw Material	5,02,76,445	1,52,90,845
	3,28,50,78,914	2,46,00,74,025
<u>Less:- Closing Stock</u>		
Raw Material	16,86,13,448	5,02,76,445
Raw Material Consumed	3,11,64,65,466	2,40,97,97,580

Notes to Consolidated Financial Statement for the Year ended 31st March, 2016

As at 31.03.2016 As at 31.03.2015

Note No. 20

(Increase)/Decrease in Inventory

Opening Balance of Inventory	49,91,71,131	42,08,67,341
Less: Closing Balance of Inventory	(50,20,52,239)	(49,91,71,131)
	(28,81,108)	(7,83,03,790)

Employees Benefit Expenses

Salaries and Wages	2,91,68,291	78,68,000
Staff Welfare Expenses	1,72,211	1,09,733
	2,93,40,502	79,77,733

Note No. 22

Finance Cost

Interest Expenses	3,71,12,307	3,28,53,087
	3,71,12,307	3,28,53,087

Note No. 23

Other Expenses

Administrative Expenses	9,893	26,941
Advertising Expenses	4,30,487	16,71,904
Auditor Remuneration	5,33,429	4,84,500
Bank Charges	26,24,979	11,89,874
Brokerage and Commission	4,89,438	8,56,768
Motor Car Expenses	18,226	2,23,997
Computer Repair & Maintenance	62,759	1,63,180
Connectivity Charges	1,09,920	1,20,287
Conveyance Expenses	-	2,80,390
Depository Charges	1,71,750	1,22,218
Designing Expenses	4,85,000	14,925
Discount, Rebate & Round off	58,302	-
Donation	25,000	6,45,000
Electricity Expenses	13,13,197	3,38,725
Exhibition Charges	68,03,637	2,92,765
Export Expenses	18,99,565	12,68,769
Franking Charges	3,850	1,80,660
Freight Charges	26,09,706	9,15,554
Hire Charges	3,59,454	-
Insurance	11,99,840	8,72,754
Interest for Late Payment TDS	5,204	9,303
Internet Charges	28,302	-
Listing Fees	2,24,720	1,12,360
IGI Certification Charges	17,19,392	5,90,313
Membership Fees	4,494	37,096
Manpower Service charges	37,250	-

Notes to Consolidated Financial Statement for the Year ended 31st March, 2016

	As at 31.03.2016	As at 31.03.2015
Office Expenses	5,20,370	1,53,686
Packing Material & Threads	3,300	1,35,550
Professional Tax	2,36,700	-
Postage Expenses	2,29,766	67,607
Printing and Stationery	3,35,094	3,57,507
Processing Fee on CC	40,68,228	24,10,817
Professional Fees	10,76,097	2,87,100
Repair & Maintenance - others	88,050	8,803
Prior Period Expenses	-	38,464
ROC Fees	69,700	9,300
Rent	32,55,790	11,38,356
Sundry Expenses	-	24,065
Security Service Charges	1,48,654	68,040
Stamp Duty	50,700	7,31,000
Software Licence Charges	50,712	-
Society Charges	68,965	-
Telephone Expenses	3,51,315	2,36,812
Travelling Expenses	16,78,823	9,02,966
	<u>3,34,60,057</u>	<u>1,69,88,356</u>

Note No. 24:
(A) SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENT
1. Principal of Consolidation

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

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

2. Investment other than subsidiary have been accounted as per Accounting Standard (AS) 13 on – "Accounting for Investments"
3. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the company's separate financial statements.

Notes to Consolidated Financial Statement for the Year ended 31st March, 2016

(B) NOTES ON ACCOUNTS: -

1.	Previous year figures have been regrouped, reworked, rearranged and reclassified whenever necessary.		
	Particulars	As at 31st March, 2016	As at 31st March, 2015
2.	Contingent Liabilities	2.5 Cr	Nil
3.	Payment to Auditors:		
	Statutory Audit Fees	300000	300000
	Tax Audit Fees	115000	90000
	Certification and Taxation Matters	10000	10000
	Service Tax	61625	49440
	Total	486625	449440

* 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.

4. 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:

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Deferred Tax Assests		
On Account of Fixed Assets	(49604)	326143

5. Segment Reporting:-

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

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

(i) **Primary Segment Information:**

	Particulars	(Amount In ₹)		
		Jewellery		Real Estate
		2015-16	2014-15	2015-16
1	Segment Revenue			
	External Turnover	30809.86	23117.39	52.68
	Inter Segment Turnover	-	-	-
	Gross Turnover	30809.86	23117.39	52.68
	Less: Excise Duty/Service Tax	-	-	-
2	Segment Result Before Interest and Taxes	534.52	537.75	25.45
	Less: Interest Expenses	371.12	328.53	106.10
	Add: Interest Income	227.94	241.38	80.71
	Add: Exceptional item	-	-	-
	Profit Before Tax	391.34	450.60	0.065
	Current Tax	136.45	142.07	0.012
	Earlier Tax	(19.28)	1.63	(2.36)
	Deferred Tax	3.47	(1.00)	0.29
	Profit After Tax	270.71	307.90	2.13

Notes to Consolidated Financial Statement for the Year ended 31st March, 2016

(Amount In ₹)

	Particulars	Jewellery		Real Estate
		2015-16	2014-15	2015-16
3	Other Information			
	Segment Assets	16764.11	13516.16	2214.91
	Segment Liabilities	8619.79	5644.35	1206.90
	Capital Expenditure	-	-	-
	Depreciation and Amortisation	13.24	11.86	2.87
	Non – Cash Expenses other than Depreciation and Amortisation	-	-	-

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

6. The Subsidiary company “M/s Swarnsarita Realty Pvt Ltd.” considered in the consolidated financial statement is wholly owned subsidiary company.
7. Financial information of subsidiary company

Sr. No.	Particulars	
1	Name of Subsidiary Company	Swarnsarita Realty Pvt Ltd
2	Reporting Currency	INR
3	Capital	10,00,00,000/-
4	Reserve	8,00,987/-
5	Total Assets	22,14,91,465/-
6	Investment	Nil
7	Turnover/Total Income	1,33,44,640/-
8	Profit Before Taxation	6,458/-
9	Provision for Taxation	2,06,725/-
10	Profit after Taxation	2,13,182/-
11	Proposed Dividend	Nil
12	Country	India

8. As per Micro, Small and Medium Enterprises Development Act 2006, the company is required to identify the Micro, Small and Medium enterprises and pay them interest on amount overdue beyond the specified year irrespective of the terms agreed with them. However, management is of the opinion that in view of supplier profile of the company, the liability in any case will be insignificant. The management has rolled out letters for the confirmation from the parties for confirming their registration under the said Act.
9. **Related Party Disclosure as per AS 18 (As identified by the Management):**

Nature of Relationship	Name of Party
Where control Exists	Swarnsarita Realty Pvt. Ltd. (100% Holdings)
	Swarnsarita Gold & Diamonds (45% Holdings)
Key Management Personnel	
Whole Time Directors	Mahendra M. Chordia
	Sunil Jain
	Asha M. Chordia
Independent Directors	Vishal R. Nolkha
	Ashok Surana
Chief Financial Officer	Sanket Dhangri
Compliance Officer and Company Secretary	Prafulla Devaliya

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Relatives of Key Management Personnel (Where transactions have been made)	Nil
Related parties to Key Management Personnel (Where transactions have been made)	Swarnsarita Jewellers Private Limited

Related Party Transactions as per AS 18 (As identified by the management) (Amount In ₹)

Nature of Relationship	Transaction Details	For the Year Ended on March 31, 2016	For the Year Ended on March 31, 2015
Where control Exists			
	Loan - Swarnsarita Realty Pvt Ltd	11,14,44,906	2,33,26,500
	Investment - Swarnsarita Gold and Diamonds	5,07,27,187	(9,50,816)
Key Management Personnel	Director's Remuneration	57,70,000	36,25,000
	Rent	16,50,000	6,00,000
Relatives of Key Management Personnel	Salary	Nil	175,000
Related parties to Key Management Personnel	Fixed Assets Purchased	14,28,438	3,75,315
	Exhibition Charges Paid	12,72,240	Nil

9. Earning Per Share:-

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

Particulars	For the Year Ended on March 31, 2016	For the Year Ended on March 31, 2015
Net profit available for equity shareholders	2,72,83,850	3,19,62,697
Weighted average number of equity shares	2,08,76,800	2,08,76,800
Basic and Diluted EPS	1.31	1.54

10. Foreign Currency Transactions:-

Particulars	For the Year Ended on March 31, 2016	For the Year Ended on March 31, 2015
Remittance in Foreign Exchange	Nil	Nil
Earning in Foreign Exchange	1,12,73,33,235	74,46,07,665
Export Sales	1,17,88,48,018	73,36,37,670

11. The balances of creditors and debtors appearing in the balance sheet are subject to balance confirmations/reconciliation at the year end. The management is in the process of obtaining the respective confirmations in the due course. However, the reconciliation of these balances is not expected to result in any material adjustments in the stated balances.

As per our report of even date

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

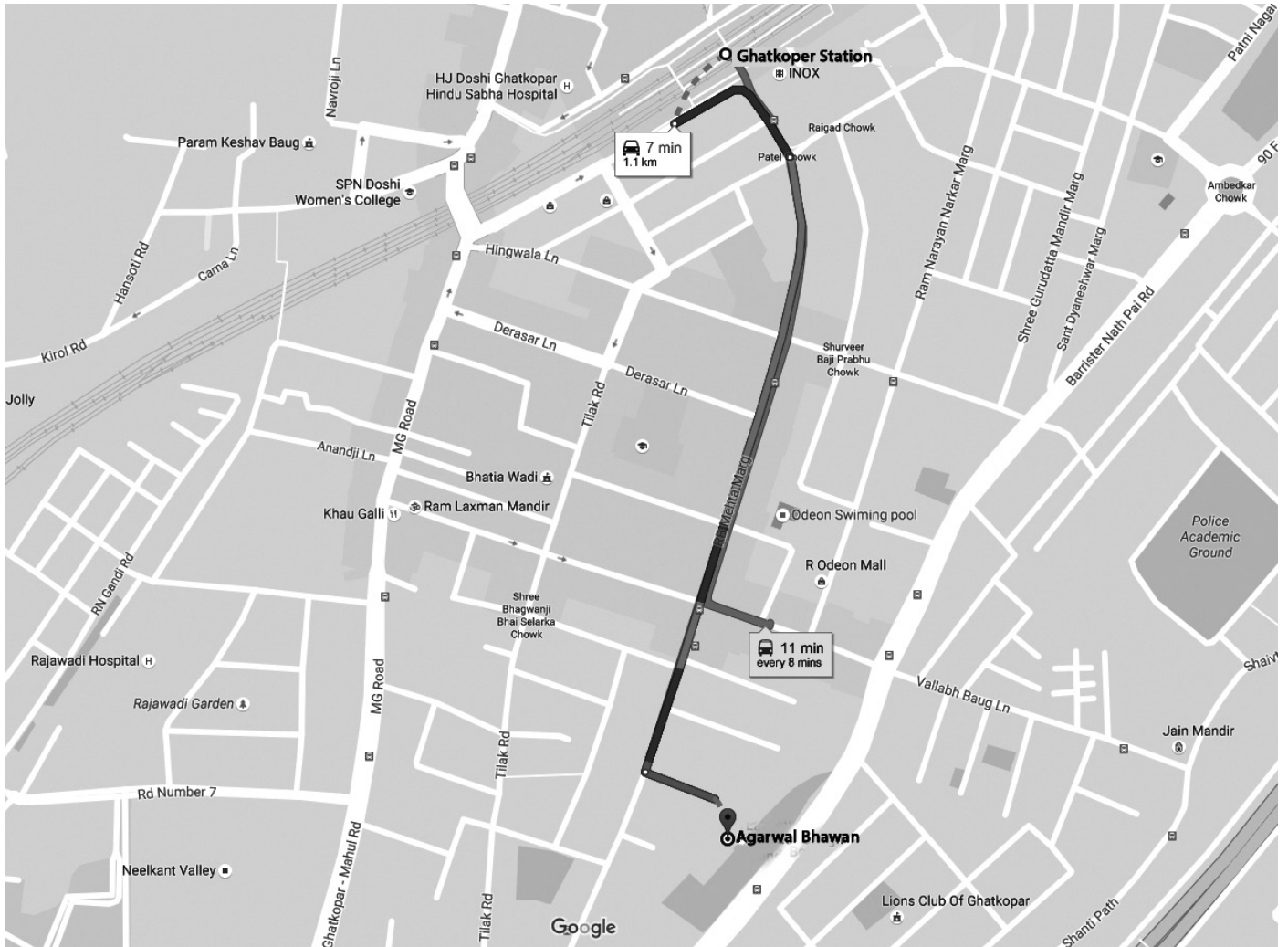
Suresh Anchaliya
Partner
Membership No. 044960

Place: Mumbai
Date: 28th May, 2016

For and On behalf of the Board

Mahendra M. Chordia	}	Managing Director
Asha M. Chordia		Executive Directors
Sunil Jain		
Ashok Surana	}	Directors
Vishal Roshanlal Nolkha		
Sanket Dangi		Chief Financial Officer
Prafulla Devaliya		Company Secretary

ROUTE MAP FOR AGM



SWARNSARITA GEMS LIMITED

Registered office of the company: 17/19, Ground Floor, Dhanji Street, Mumbai- 400 003.
Website www.swarnsarita.in; **email:** 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 - 400 077.

Date & Time : Thursday, 22nd September 2016 at 10.00 am.

PLEASE FILL ATTENDANCE SLIP 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 24th Annual General Meeting of the Company to be held on **Thursday September 22, 2016 at 10.00 a.m.** at Agrasen Bhavan, 90 feet Road, Garodiya Nagar, Ghatkopar (East), Mumbai-400 077 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:

Sl.No	Resolutions	Number of Shares held	For	Against
Ordinary Business				
1.	(a) The Audited Standalone and Consolidated Financial Statement of the Company for the financial year ended 31st March, 2016 together with the Directors Report and Auditor's Report thereon; and (b) The audited consolidated financial statement of the Company for the financial year ended 31st March, 2016.			
2.	Re-appointment of Mrs. Asha M. Chordia, who retires by rotation.			
3.	Ratify the Appointment of M/s. Suresh Anchaliya & Co., Chartered Accountants, Mumbai as Auditor.			
Special Business				
4.	Appointment of Mr. Dhruvin B. Shah as an Independent Director.			
5.	Re-appointment of Mr. Mahendra M. Chordia as a Managing Director.			
6.	Service of Documents on Shareholders.			
7.	Special Resolution for Creation of Charge/Mortgage.			
8.	Approve Borrowing Limits of the Company.			

** This is optional. Please put a tick mark (✓) 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 _____ 2016

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