

SILVER SMITH INDIA LIMITED

18TH ANNUAL REPORT

DATE: 19TH SEPTEMBER, 2012

DAY: WEDNESDAY

TIME: 11 A.M.

Place: YWCA of Delhi, Ashoka Road New Delhi- 110001

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CORPORATE INFORMATION

| | |
|---|--|
| CHAIRMAN-CUM- MANAGING DIRECTOR | MR. B.K.NARULA |
| DIRECTOR | MRS. RITA NARULA, MR.PUNEET JAIN, MR.MAHESH PRASAD MS. BHAVANA SAMPATH KUMAR |
| BANKERS | Oriental Bank of Commerce, Bank of Baroda, HDFC Bank Ltd., |
| STATUTORY AUDITORS | Khanna Gulati & Associates, 171, Somdutt Chamber-2,9, Bhikaji Cama place, New Delhi- 110066 |
| REGISTERED OFFICE | Flat No. 620, Hemkunt Chambers, 89 Nehru Place, New Delhi- 110019 |
| CORPORATE OFFICE | A-89, Sector-2, Noida 201301(U.P) |
| REGISTRAR&SHARE TRANSFER AGENT | M/s Sky Line Financial Services Pvt. Ltd 264,1stFloor, Sant nagar, East of Kailash, New Delhi-110065 |

FROM THE CHAIRMAN'S DESK

Dear Shareholders,

It gives me immense pleasure to welcome you to the 18th Annual General Meeting of your Company.

During the year 2010-11, all of us have witnessed a little bit of upturn and facelift in the global economy which leads to the growing prospects in the jewellery industry as well. Apart from euro zone problem which is also adversely affecting India's growth story, the prices of precious metals like gold and silver is rising by leaps and bounds which has become a concerning issue for the mango people. Looking into the current market scenario, our company has introduced the two brands named "Kuhjohl" and "Sincere". With the launch of Kuhjohl, we are catering to the ever increasing demand of Sterling Silver jewellery made with Swarovski Elements & Swarovski Zirconia which is delicately crafted to perfection and plated with fine rhodium. Our "Sincere" brand has successfully fashioned fine quality 14k Gold jewellery made with Swarovski Zirconia (Signity) and 18K Gold jewellery studded with diamond which has now become the first choice of the common man because of its excellent quality, latest design, and affordable cost effective price. The company has already opened its store at Vaishali, UP and we are getting excellent response from the customer's end. We have started getting enormous response for the franchisee & dealership for our both brands and hopeful of generating remarkably good business during this FY 2012-13.

Unlike other developed countries in the world, e-commerce has reached at its zenith in India as well. Our both the brands have established its strong presence on web also & we are now associated with our various channel partners namely Snapdeal.com, Pepperfry, Futurebazaar.com etc which has its excellent online presence.

Your Company is hoping to rise with the industry trend and will definitely show the sign of prosperity very soon.

At this note I would like to thank all the stakeholders, bankers and business associated for having confidence in the Company.

As always, I continue to seek your good wishes and support for our vision and goal.

B.K. Narula

Chairman & Managing Director

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 18th ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SILVER SMITH INDIA LIMITED WILL BE HELD ON WEDNESDAY, THE 19TH DAY OF SEPTEMBER, 2012 AT 11:00 A.M AT YWCA OF DELHI , ASHOKA ROAD, NEW DELHI 110001 TO TRANSACT THE FOLLOWING BUSINESS:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet for the year ended 31st March, 2012 the Profit & Loss Account as on that date together with Reports of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Puneet Jain, Director, who retires by rotation and being eligible offers himself for re- appointment.
3. To Appoint Auditors to hold Office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Place: New Delhi
Date: 28th May, 2012

By order of the Board of Directors
SILVER SMITH INDIA LIMITED

Sd/ -
(B. K. Narula)

Managing Director

SPECIAL BUSINESS:

➤ REGULARISATION OF MS BHAVANA SAMPATH AS 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 the provisions of Section 257 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 1956, Ms. Bhavana Sampath who was appointed as an Additional Director in the meeting of the Board of Directors held on 28.05.2012 and whose term and whose term expires at the ensuing Annual General Meeting of the company and for the appointment of whom the Company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement of directors by rotation".

"**RESOLVED FURTHER THAT** Mr. Bhushan Kumar Narula be and are hereby severally authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The enclosed proxy form, if intended to be used should reach the registered office of the company duly completed, stamped and signed not less than forty eight hours before the time fixed for the meeting.
3. Members are requested to bring their copy of Annual Report and duly filled and signed Attendance Slips and deposit them at the entrance of the meeting for attending the meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 14TH day of September 2012 to 19TH day of September 2012 (both days inclusive)
6. The Company has entered into Agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Further, as per SEBI Notification dated 29th May 2000, trading in shares of the Company is now permitted only in dematerialized form. Shareholders are, therefore, advised to dematerialize their shareholding to avoid inconvenience in future.
7. Members are requested to promptly intimate change in their address, if any, at the Company's Registered Office.
8. Members seeking any further clarification/information relating to Annual Accounts are requested to write at the Registered Office of the Company at-least one week before date of meeting.
9. The relative explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business set out hereinabove in the item no 1 is annexed hereto.

Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956

Item No. 1

The Board of Directors of the Company envisages that subject to the approval of shareholders in general meeting, Ms. Bhavana Sapath Kumar who was appointed as an Additional Director in the meeting of the Board of Directors held on 28.05.2012 whose term expires at the ensuing Annual General Meeting of the company and for the appointment of whom the Company has received a notice in writing proposing his candidature for the office of the Director whose period of office will be liable to determination by retirement of directors by rotation."

Hence, it is proposed to empower and authorize the Board of Directors of the Company to file necessary Form to the Registrar of Companies for regularization of Ms. Bhavana Sampath Kumar as director of the Company and to take all such steps that may be required to give effect to the resolution.

The resolution as set out at item no.1 of the notice is placed for your approval for regularisation of Ms. Bhavana Sampath Kumar as director of the Company.

Pursuant to the provisions of Section 257 and other applicable provisions of the Companies Act, 1956, approval of the members is sought by way of an Ordinary Resolution.

Hence, the Board of Directors recommends passing of the enabling resolution mentioned at item No.1 in the notice.

None of the Directors is concerned or interested in the resolution.

None of the Directors is concerned or interested in the resolution.

**By order of the Board of Directors
SILVER SMITH INDIA LIMITED**

**Date: 28th May, 2012
Place: New Delhi**

**Sd/-
Director**

DIRECTOR'S REPORT

To,

The Members,

Your Directors are pleased to present the Eighteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2012.

1. FINANCIAL RESULTS

| Particulars | Amount (Rs. in Lacs) | Amount (Rs. in Lacs) |
|---|----------------------------|-----------------------------|
| | Current Year 31.03.2012 | Previous Year 31.03.2011 |
| Total Income | 274.94 | 161.03 |
| Profit before Interest, Depreciation & Taxes | (33.45) | 11.76 |
| Less: Interest & Depreciation | 62.69 | 35.45 |
| Profit/(Loss) before Tax | (96.14) | (23.69) |
| Less: Provision for Tax | (3.23) | (2.08) |
| | (3.36) | 0.09 |
| Profit/(Loss) after Tax | (96.01) | (25.87) |
| Add: Profit/(Loss) Brought forward from Previous Year | - | - |
| Profit available for appropriation | - | - |
| APPROPRIATIONS | | |
| I) Proposed Dividend on Equity Shares | N.A | N.A |
| II) Transfer to General Reserve | - | - |

2. DIVIDEND

The Directors regret their inability to recommend dividend on equity shares for the year ended 31st March 2012, in view of the current financial position of your company.

MANAGEMENT DISCUSSION AND ANALYSIS

A. Industry Structure and Development

Your Company is engaged in the manufacturing and sale of silver jewellery, gold jewellery as well as plain and trading of Silver Articles. The Company has already launched two brands by the name "Kuhjoul" and "Sincere" for semi-precious and precious stones studded in gold and silver.

B. Opportunity and Threats

Your Company foresees great opportunity in this line of business as the export markets as well as the domestic market are gaining momentum. The efforts put in by the management by introducing the affordable silver & gold jewellery specially targeted to the working class women may reap benefits in the long run.

C. Risk and Concern

The prices of the precious metals is the only matter of concern for the Company otherwise there is no other risk as the global market is picking up and jewelley is always a value addition

D. Internal Control System and their Adequacy

Your company has proper and adequate system of Internal Controls to provide reasonable assurance that all assets are safeguarded and protected against any loss.

All the policies, procedures, guidelines, authorization and approval procedures are well documented

The Management periodically reviews the internal control system and its adequacy and report to the Board, observations, if any.

E. Discussion of Financial Performance with respect to Operational Performance

Your Company's gross turnover for the year ended March 31, 2012 was Rs.274.94 Lacs as compared to Rs. 161.03 Lacs in the previous year.

There is a Net Loss of Rs. 96.01 Lacs in the present financial year due to fact that the investments are shown at cost (less diminution).

Other Income for the year stood as Rs. 27.50 Lacs mainly representing lease rent miscellaneous income.

Interest expenses were Rs. 14.99 Lacs.

Depreciation was at Rs.47.69 as compared to Rs.28.52 Lacs for the corresponding period of the previous year.

Last year there were 39 employees on the rolls of the Company.

3. CORPORATE GOVERNANCE

Report of the Directors on Corporate Governance is given separately and forms a part of this Annual Report.

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, is attached to this Report.

4. DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Puneet Jain retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

5. LISTING OF SHARES

The shares of the company are listed at Bombay Stock Exchange Limited and the Annual listing fee for the year 2012-13 have been paid to the concerned Stock Exchange.

6. FIXED DEPOSITS

Your Company has not invited or accepted any deposits from the public with in the meaning of section-58A of the Companies Act 1956, during the year under report.

7. AUDITORS AND AUDIT REPORT

M/s Khanna Gulati & Associates, Chartered Accountant, New Delhi, Auditors of the Company, retire at the conclusion of this Annual General Meeting and, being eligible offer, themselves for reappointment.

The notes to the Account referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments.

8. PARTICULARS AS PER SECTION-217 OF THE COMPANIES ACT 1956

Employees

Remuneration to none of the employees attracts the provisions of Section-217(2A) of the Companies Act, 1956 and as such the statement as required there under, read with the Companies (Particulars of Employees) Rules 1975 is not attached with this report.

Information relating to the Conservation of Energy, Research & Development and Foreign Exchange Earnings and Outgo.

Your Company's operations involve low energy consumption and as such no special energy conservation measures were taken and accounted for except periodically monitoring energy consumption and creating awareness among all.

All the Company's operations are as per market requirements and have in house Research & Development Center, The R&D expenses are however not accounted under separate head.

9. DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with the newly inserted section 217(2AA) of Companies Act, 1956, regarding inclusion of "Director's Responsibility Statement" in the Board's Report, the directors hereby confirm:

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of state of affairs of the Company at the end of the financial year and of the Profit & Loss of the Company for that period.
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other Irregularities.
- (iv) That the Directors had prepared the annual accounts on a going concern basis.

10. ACKNOWLEDGEMENT

We take this opportunity to express our deep sense of gratitude to the Institutions, Bankers, Central and State Government Departments, Local Authorities, our Associates and Customers for their continued guidance and support.

Your Directors would like to record their sincere appreciation of the dedicated efforts put in by across all levels in the Organization. And to you, shareholders, we are deeply grateful for the confidence and faith that you have reposed in us.

Regd Office:
Board
Flat No. 620, Hemkunt Chambers
LIMITED
89 Nehru Place
New Delhi-110 019

For and on behalf of the
SILVER SMITH INDIA

Sd/-
(B.K Narula)
CHAIRMAN & MANAGING DIRECTOR

Date: 28th May, 2012
Place: New Delhi

CORPORATE GOVERNANCE REPORT

1. Corporate Governance Policies

Silver Smith India Limited continuously strives for excellence through adopting best governance and disclosure practices. The Company believes that the good corporate governance practices enables the organization to perform efficiently and ethically, generate long term wealth and create value for all the stakeholders. The corporate governance philosophy of the Company rests on the tenets of Board's accountability to the Company and shareholders, equitable treatment to all the shareholders, strategic guidance and effective monitoring by the Board and timely disclosure.

This section, along with the sections on additional shareholder information and management discussion and analysis in the annual report, constitutes compliance with Clause 49 of the Listing Agreement.

2. Board of Directors

Your Company has an optimum combination of executive and non-executive Directors to provide strategic guidance to the Company, effective over-seeing of the management, defining responsibilities of the senior management and ensuring accountability.

The Chairman of the Board of Directors is executive director whereas more that half of the Directors are non-executive and independent directors. The composition of the Board of Directors as on 31st March 2012 is as under:-

| Designation | Name of Director | Date of appointment | Date of Birth |
|-------------------------------------|-------------------|---------------------|---------------|
| Chairman and Managing Director | Mr. B. K. Narula | 01.06.1994 | 28.02.1954 |
| Whole Time Director | Mrs. Rita Narula | 01.06.1994 | 16.07.1958 |
| Non Executive Independent Directors | Mr. Puneet Jain | 29.12.2009 | 05.10.1965 |
| | Mr. Mahesh Prasad | 19.09.2003 | 16.07.1935 |

Attendance of the Directors at the Board Meetings and at the last Annual General Meeting, outside Directorships and Board Committees is as under:

| S.No | Name of Directors | No of Board Meetings Attended ^A | Attendance at last AGM | No of Outside Directorships Held ^B | No of Memberships/chairmanships in Board Committee |
|------|-------------------|--|------------------------------|---|--|
| 1. | Mr. B.K Narula | 4 | Present | 5 | 1 |
| 2. | Mrs. Rita Narula | 4 | Present | 4 | - |
| 4. | Mr. Puneet Jain | 4 | Appointed after the AGM date | 5 | 3 |
| 5. | Mr. Mahesh Prasad | 3 | Not Present | 1 | 1 |

Attendance of the Director at the Board Meetings during the relevant period

Directorships in companies registered under the Companies act 1956 excluding the Directorships of Private Companies, Section-25 Companies and alternate directorships

Memberships/Chairmanships of Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee only taken into A/c

No non executive Directors has any pecuniary relationship vis-à-vis the company other than the sitting fees for attending the Board Meetings

None of the Directors of the Company was the member of more than 10 committees nor was the Chairman of more than 5 Committees across all Companies in which he was a director.

3. Board Meetings held during the year 2011-2012

Four (4) Board Meetings were held during the financial year ended March 31, 2012. The dates on which the Board meetings held were as follows: 1) May 31, 2011; 2) July 16, 2011; 3) November 10, 2011 and 4) February 10, 2012. The maximum time gap between any two meetings was not more than four months.

4. Directors

Ms. Bhavna Sampath Kumar has been appointed as an additional director on the Board with effect from 28th May 2012.

5. Audit Committee

The company has an audit committee consisting of three Independent and Non Executive Directors viz. Mr. Puneet Jain, Mr. Mahesh Prasad and Mr. B. K. Narula. There had been four audit committee meetings in the year ended 31st March 2012. The dates are 1) May 31, 2011; 2) July 16, 2011; 3) November 10, 2011 and 4) February 10, 2012. The terms of reference of Audit Committee are as per the requirements of the Listing Agreement Clause-49 and Section 292A of the Companies Act 1956.

| S.No. | NAME | Designation | No. Of Audit Committee meetings Attended |
|-------|-------------------|-------------|--|
| 1. | Mr. Mahesh Prasad | Chairman | 4 |
| 2. | Mr. Puneet Jain | Member | 4 |
| 3. | Mr. B. K. Narula | Member | 4 |

Amongst other things, the terms of Reference to the Audit Committee included:

- Annual operating plans and budgets and any updates.
- Review of annual and half yearly financial statements before submission to the Board
- Review of the un-audited Quarterly results for the Company.
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment of goods sold by the Company.
- Review of the draft audit report including the quarterly/half yearly financial statements
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Non-compliance of any regulatory, statutory nature or listing requirements.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Review with the management and the external auditors the adequacy of the internal control system.
- Any related party transactions entered by the company and the records thereto.
- Discussion and review of the findings of the external auditors.
- Discussion with the external auditors before the audit commences about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the Management's Financial and risk Management policies

6. Remuneration Committee

During the year under review no remuneration committee meeting was held.

7. Shareholder's/Investor's Grievance Committee

The Board of Directors of the Company has constituted a Shareholder's / Investor's Grievance Committee comprising of directors namely Mr. Puneet Jain, Mr. Mahesh Prasad and Mr. B. K. Narula . The Committee, inter alia, looks into Redressal of Shareholder's complaints like transfer of shares, non-receipt of balance sheets, non-receipt of declared dividend etc. It also oversees the performance of the Registrar and Share Transfer Agents, so as to ensure expeditious share transfer process.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was NIL. None of the transfer or dematerialization request was pending for approval as on March 31, 2012.

8. General Body Meetings

Date time and venue of the last three Annual General Meetings are given in the below table

| Financial Year (ended) | Date | Time | Venue |
|------------------------|--------------------|------------|---|
| March 31, 2009 | August 31, 2009 | 11.00 a.m. | Saket Farm,D-3 Mall Road(CHurch Road), Vasant kunj,Delhi-110070 |
| March 31, 2010 | September 27, 2010 | 11.00 a.m | Saket Farm,D-3 Mall Road(CHurch Road), Vasant kunj,Delhi-110070 |
| March31, 2011 | September 16, 2011 | 11.00 a.m | YWCA of Delhi, Ashoka Road, New Delhi-110001. |

Special Resolutions passed during previous three AGM's

| | |
|---------------------------|---|
| August 31, 2009 | NONE |
| September 27, 2010 | Appointment of Mr. B.K. Narula as Managing director of the Company. Appointment of Mrs. Rita Narula as Whole Time director of the Company. |
| September 16, 2011 | NONE |

During the last year ended March 31, 2012, there have been no resolutions passed by the Company's shareholders through postal ballot.

At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

9. Disclosures

- a. **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or relatives etc. that may have potential conflict with the interests of the Company at large.**

None of the transactions with related parties were in conflict with the interests of the Company.

- b. **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or and statutory authority, on any matter related to Capital market, during the last three years.**

10. Means of Communication

- a) **Half yearly un-audited financial results**

Half yearly un-audited financial results for the half-year ended September 30, 2012 will be published in leading English and Hindi daily newspapers and will be circulated to each household of shareholders.

- b) **Quarterly Results**

The quarterly results for the first, second, third quarters and the audited yearly results were published in "The Financial Express" and "Veer Arjun".

Since SEBI has discontinued the services of EDIFAR w.e.f April 01, 2010, therefore the quarterly results, half yearly, annual results & Annual Report together with important official news releases will be displayed on the website of the company www.silversmithindia.com.

No presentations were made to Institutional Investors or to Analysts.

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

11. Compliance with other mandatory requirements

(a) Management Discussion and Analysis

A management discussion and analysis report forms part of the Annual Report and includes discussion on various matters specified under clause 49(IV) (F) of the Listing Agreement.

(b) Secretarial Audit for reconciliation of capital

A qualified Practicing Company Secretary has carried out secretarial audit for every quarter to reconcile the total admitted capital with both the depositories; viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form, shares allotted & advised for demat credit but pending execution and the total number of dematerialized shares held with NSDL and CDSL. The Company had submitted the secretarial audit report to BSE within 30 days from the end of each quarter in accordance with the SEBI requirements.

(c) Code for prevention of Insider Trading

The Company has a comprehensive code on prevention of insider trading. The Code is in compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992.

(d) CEO/CFO Certification

A certificate from Chairman & Managing Director and Executive Director was placed before the Board.

(e) Risk Management

The Company has laid down procedures to inform the members of the Board about the risk assessment and minimization procedures. The Company has framed the risk assessment and minimization procedure which is periodically reviewed by the Board.

12. General Shareholder Information

12.1 Annual General Meeting

| | |
|----------------|---|
| Date: | 19th day of September 2012 |
| Time: | 11:00 AM |
| Venue : | YWCA of Delhi, Ashoka Road, New Delhi-110001 |

12.2 Financial Calendar (Tentative) : The Company follows the financial year from 1st April to 31st March

- Results for the quarter ending June 30, 2012: By Second week of August 2012
- Results for the Quarter ending Sep. 30, 2012: By Second week of November 2012
- Results for the Quarter ending Dec. 31, 2012: By Second week of February 2013
- Results for the Quarter ending Mar. 31, 2013: By Second week of May 2013

12.3 Book Closure date : 14th day of September 2012 to 19th day of September 2012 (both days inclusive)

12.4 Dividend payment date : Not applicable, The Board has not recommended any dividend during the year.

12.5 Listing on Stock Exchanges : Bombay Stock Exchange, Mumbai

Annual listing fee for the year 2011-12 have been paid to the concerned Stock Exchanges.

12.6 Stock Code : 531626
Trading symbol : SILVERSMITH

| Month | Year | Month's High Price (Rs.) | Month's Low Price (Rs.) |
|-----------|------|--------------------------|-------------------------|
| April | 2011 | 26.25 | 21.90 |
| May | 2011 | 27.00 | 19.00 |
| June | 2011 | 20.50 | 17.55 |
| July | 2011 | 24.00 | 19.50 |
| August | 2011 | 21.20 | 17.30 |
| September | 2011 | 18.05 | 16.35 |
| October | 2011 | 17.15 | 10.95 |
| November | 2011 | 13.10 | 10.80 |
| December | 2011 | 11.81 | 10.69 |
| January | 2012 | 18.54 | 10.81 |
| February | 2012 | 21.80 | 18.75 |
| March | 2012 | 22.55 | 17.00 |

De-mat ISIN number : INE628B01018

12.7 Stock Market Data : **Bombay Stock Exchange Limited**

12.8 Registers and Share Transfer Agents : **Skyline Financial Services Pvt. Ltd.**
246, 1st Floor, Sant Nagar, East of Kailash,
New Delhi-110065

12.9 Share Transfer System

The share transfers, which are received in physical form, are processed and the share certificates returned within a period of 4 weeks from the date of receipt, subject to the documents being valid and complete in all respects. The company has, as per SEBI Guidelines dated 18th February 2000, offered the facility of transfer cum demat. Under the said system, after the share transfer is affected, an Option Letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the Option Letter. The DP, based on the Option letter, generates a demat request and sends the same to the Company along with the Option Letter issued by the Company. On receipt the same, the Company dematerializes the shares. In case the transferee does not wish to dematerialize shares, he need not exercise the option and the Company will dispatch the share certificates after 30 days from the date of such Option Letter.

12.10 Distribution of Shareholding as on March 31, 2012:

Shareholding pattern for year ended 31st March 2012:

| | | Statement Showing Shareholding Pattern | | | | | | | |
|---------------|--|--|------------------------|--|--|----------------------------|--|-----------------|--|
| | Name of the Company : | SILVER SMITH INDIA LIMITED | | | | | | | |
| | Scrip Code : | 531626 | | Quarter Ended : | | 31/03/2012 | | | |
| Category code | Category of Shareholder | Number of Shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares | | Shares Pledged or otherwise encumbered | | |
| | | | | | As a percentage of (A+B) ¹ | As a percentage of (A+B+C) | Number of shares | As a percentage | |
| (A) | Shareholding of Promoter and Promoter Group | | | | | | | | |
| 1 | Indian | | | | | | | | |
| (a) | Individuals/ Hindu Undivided Family | 9 | 1994238 | 1994238 | 48.27 | 48.27 | 0.00 | 0.00 | |
| (b) | Central Government/ State Government(s) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| (c) | Bodies Corporate | 4 | 989050 | 989050 | 23.94 | 23.94 | 0.00 | 0.00 | |
| (d) | Financial Institutions/ Banks | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| (e) | Any Others(Specify) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| (e-i) | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| (e-ii) | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Sub Total(A)(1) | 13 | 2983288 | 2983288 | 72.21 | 72.21 | 0 | 0 | |
| 2 | Foreign | | | | | | | | |
| A | Individuals (Non-Residents Individuals/ Foreign Individuals) | | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | |
| B | Bodies Corporate | | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | |
| C | Institutions | | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | |
| D | Any Others(Specify) | | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | |
| d-i | | | | | 0.00 | 0.00 | 0.00 | 0.00 | |

| | | | | | | | | |
|------------|---|-----------|----------------|----------------|--------------|--------------|-------------|-------------|
| d-ii | | | | | 0.00 | 0.00 | 0.00 | 0.00 |
| | Sub Total(A)(2) | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | | | | |
| | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 13 | 2983288 | 2983288 | 72.21 | 72.21 | 0 | 0 |
| | | | | | | | | |
| (B) | Public shareholding | | | | | | | |
| 1 | Institutions | | | | | | | |
| (a) | Mutual Funds/ UTI | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (b) | Financial Institutions / Banks | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (c) | Central Government/ State Government(s) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (d) | Venture Capital Funds | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (e) | Insurance Companies | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (g) | Foreign Venture Capital Investors | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (h) | Any Other (specify) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (h-i) | | | | | | | | |
| (h-ii) | | | | | | | | |
| | Sub-Total (B)(1) | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | | | | |
| B 2 | Non-institutions | | | | | | | |
| (a) | Bodies Corporate | 50 | 685299 | 674099 | 16.59 | 16.59 | 0.00 | 0.00 |
| (b) | Individuals | | | | | | | |
| I | Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh | 805 | 312659 | 254236 | 7.57 | 7.57 | 0.00 | 0.00 |
| II | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 8 | 148116 | 128116 | 3.58 | 3.58 | 0.00 | 0.00 |
| (c) | Any Other (specify) | | | | | | | |
| (c-i) | Non Resident Indian | 6 | 2238 | 2238 | 0.05 | 0.05 | 0.00 | 0.00 |

| | | | | | | | | |
|------------|--|------------|----------------|----------------|--------------|--------------|-------------|-------------|
| (c-ii) | | | | | | | | |
| | Sub-Total (B)(2) | 869 | 1148312 | 1058689 | 27.79 | 27.79 | 0.00 | 0.00 |
| | | | | | | | | |
| (B) | Total Public Shareholding (B)= (B)(1)+(B)(2) | 869 | 1148312 | 1058689 | 27.79 | 27.79 | 0.00 | 0.00 |
| | | | | | | | | |
| | TOTAL (A)+(B) | 882 | 4131600 | 4041977 | 100 | 100 | 0.00 | 0.00 |
| | | | | | | | | |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | |
| | Promoter and Promoter Group | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Public | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Sub Total | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | GRAND TOTAL (A)+(B)+(C) | 882 | 4131600 | 4041977 | 100 | 100 | 0.00 | 0.00 |

Distribution of Shareholding as on 31st March 2012

| Shareholding | Number of shareholders | Share amount | Percentage of total |
|-----------------|------------------------|-------------------|---------------------|
| Up to 500 | 705 | 79548 | 1.93 |
| 501 to 1000 | 68 | 56989 | 1.38 |
| 1001 to 2000 | 29 | 48097 | 1.16 |
| 2001 to 3000 | 22 | 55559 | 1.34 |
| 3001 to 4000 | 5 | 17016 | 0.41 |
| 4001 to 5000 | 6 | 27238 | 0.66 |
| 5001 to 10000 | 13 | 83328 | 2.02 |
| 10001 and above | 34 | 3763825 | 91.10 |
| Total | 882 | 4131600.00 | 100.00 |

12.11 Dematerialization of Shares:

Over 4041977 i.e., 97.83% of the Company's paid - up equity Share Capital has been dematerialized up to March 31, 2012. Trading in equity shares of the Company is permitted only in dematerialized form as per notification issued by Securities and Exchange Board of India (SEBI).

12.12 Outstanding ADRs/ GDRs/ Warrants or any convertible Instruments conversion date And likely impact on equity

: Not Applicable

- 12.13. Plant** : A-89, Sector-2 Noida 201301
- 12.14. Address for Investor Correspondence** ➤ **Skyline Financial Services Pvt. Ltd.**
246, 1st Floor, Sant Nagar, East of Kailash
New Delhi- 110065
- 12.15 E-Mail for investors** : investors@silversmithindia.com
- 12.16 Registered Office** : Flat No. 620, Hemkunt Chambers, 89 Nehru Place-
New Delhi-110 019

DECLARATION BY THE CHAIR MAN UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with sub-clause 1(d) of Listing Agreement with stock exchange, I hereby confirm that all directors & senior management personnel of the company have affirmed compliance with the code of conduct as applicable to them for the financial year ended March 31, 2012.

For and on behalf of the Board
**SILVER SMITH INDIA
LIMITED**

Sd/-
(B.K. Narula)

CHAIRMAN & MANAGING DIRECTOR

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of Silver Smith India Limited

1. We have examined the compliance of conditions of Corporate Governance by Silver Smith India Ltd for the year ended 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the company for ensuring the Compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company. In our opinion and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as explained in the mentioned Listing Agreement.
3. We state that generally no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the company.
4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Khanna Gulati & Associates,

Chartered Accountants

Sd/-

Rohit khanna
(Partner)

Date : 28st May, 2012
Place: New Delhi

AUDITORS' REPORT

To the Members of
Silver Smith India Ltd.

We have audited the attached Balance Sheet of Silver Smith India Ltd. as on 31st March 2012, the related Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - d. In our opinion the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of the written representation received from the directors, as on 31st March 2012, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in so far as relates to the Balance Sheet of the state of affairs of the Company as at 31st March 2012.
 - ii. in so far as relates to the Profit & Loss Account, on the *Loss* of the company for the year ended on that date ; and
 - iii. in so far as relates to the Cash Flow Statement, of the cash flow for the year ended on the date.

for Khanna Gulati & Associates
Chartered Accountants
ICAI Regn.012190N

Place: New Delhi
Date:28th May 2012

(Rohit Khanna)
Partner
M. No. 84878

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of the Auditors' Report to the Members of Silver Smith India Ltd. on the Accounts for the Year ended 31st March 2012.

- i)
 - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The Fixed Assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - c) In our opinion and according to the information and explanations given to us, a substantial part of Fixed Assets has not been disposed of by the Company during the year.
- ii)
 - a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii)
 - a) As informed, the Company has taken Unsecured loan from Seventh Parties covered in the register maintained under Section 301 of the Companies Act, 1956. The Maximum amount involved during the year was Rs.156.50 Lakh- and year ended balance of loan taken from such party was Rs.149.25 Lakh.
 - b) As informed, the Company has not taken any loan from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such clause 4(iii) (a) to 4 (ii) (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
 - c) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima Facie, prejudicial to the interest of the company.
 - d) The Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- v)
 - a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained in section 301 of the Act have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public. Accordingly, paragraph 4 (vi) of order is not applicable.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

- viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues applicable to it *except delays of few days in TDS*.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty and excise duty were in arrears as at 31st March 2012 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute.
- x) In our opinion, the accumulated losses of the Company are not more than 50% of its net worth and it has incurred cash losses of Rs. 48.45 Lacs during the financial year ended on that date and not incurred any cash losses or in the immediately preceding financial year.
- xi) According to the records of the Company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other Securities.
- xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) According to the information and explanations given to us, the Company has not taken any term loan. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvii) According to the information and explanations given to us, the Company and on overall examination of the Balance Sheet of the company, we report that the no funds raised on a short-term basis which have been used for long-term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.

- xx) During the period covered by our Audit Report, the Company has not raised any money by public issues. Therefore, the provisions of clause (xx) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- xxi) Based upon the audit procedure performed for the purpose of reporting the true and fair view of the financial statements and as per the informations and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

for Khanna Gulati & Associates
Chartered Accountants

Firm Registration No 012190N

Place: New Delhi
Date: 28th May 2012

(Rohit Khanna)
Partner
M. No.084878

SILVER SMITH INDIA LTD
BALANCE SHEET AS AT 31ST MARCH 2012

| | | Notes No. | As at 31-3-2012 Amount (Rs.) | As at 31-3-2011 Amount (Rs.) |
|--------------------------------|--------------------------------|-----------|---------------------------------|---------------------------------|
| EQUITY AND LIABILITY | | | | |
| Shareholders' Funds | | | | |
| (a) | Share Capital | 1 | 41,316,000 | 41,316,000 |
| (b) | Reserves and Surplus | 2 | (6,377,558) | 3,224,400 |
| | | | 34,938,442 | 44,540,400 |
| Non-current liabilities | | | | |
| (a) | Long-Term Borrowings | 3 | 18,925,000 | 10,000,000 |
| (b) | Other Long-Term Liabilities | 4 | - | 297,854 |
| (c) | Long-Term Provisions | 5 | 343,366 | 216,380 |
| | | | 19,268,366 | 10,514,234 |
| Current liabilities | | | | |
| (a) | Trade Payables | 6 | 860,064 | 308,633 |
| (b) | Other Current Liabilities | 7 | 628,452 | 447,180 |
| (c) | Short-Term Provisions | 8 | 150,693 | 46,559 |
| | | | 1,639,209 | 802,372 |
| Total | | | 55,846,017 | 55,857,007 |
| ASSETS | | | | |
| Non-current assets | | | | |
| (a) | Fixed Assets | 9 | | |
| | (i) Tangible assets | | 26,070,255 | 28,063,068 |
| | (ii) Intangible assets | | 2,308,731 | 3,705,680 |
| | (iii) Capital work-in-progress | | 135,599 | - |
| | | | 28,514,585 | 31,768,748 |
| (b) | Non-current investments | 10 | 7,835,840 | 8,143,340 |

| | | | | |
|--|-------------------------------|----|-------------------|-------------------|
| (c) | Deferred tax assets (net) | 11 | - | 323,600 |
| (d) | Long-term loans and advances | 12 | 2,055,577 | 2,091,929 |
| (e) | Other non-current assets | 13 | 107,965 | 2,230,971 |
| Current assets | | | 9,999,382 | 12,789,840 |
| (a) | Inventories | 14 | 15,033,009 | 9,969,899 |
| (b) | Trade Receivables | 15 | 257,014 | 408,371 |
| (c) | Cash and Cash Equivalents | 16 | 1,333,260 | 478,002 |
| (d) | Short-Term Loans and Advances | 17 | 516,787 | 204,524 |
| (e) | Other current assets | 18 | 191,980 | 237,623 |
| | | | 17,332,050 | 11,298,419 |
| | | | | |
| Total | | | 55,846,017 | 55,857,007 |
| Significant Accounting Policies | | | | |
| Notes on Financial Statements | | | | |
| | | | 1 to 36 | |

For & on behalf of the Board of Directors

(B. K. Narula) **(Puneet Jain)** **(Rita Narula)**
 Managing Director Director Director

Place : New Delhi

Dated : 28th May 2012

As per our Report of
 even date
**For Khanna Gulati
 & Associates**
*Chartered
 Accountants*
*ICAI Regn.
 012190N*

Rohit Khanna
Partner
M. No. 084878

SILVER SMITH INDIA LIMITED

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

| | Notes No. | Year ended 31-3-2012 Amount (Rs.) | Year ended 31-3-2011 Amount (Rs.) |
|---|--------------|---|---|
| INCOME | | | |
| Income from Operations | 19 | 24,743,588 | 11,970,946 |
| Other Income | 20 | 2,750,637 | 4,132,428 |
| Total Revenue | | 27,494,225 | 16,103,374 |
| EXPENDITURE | | | |
| Cost of Materials Consumed | 21 | 2,762,491 | 3,263,101 |
| Purchase of Traded Goods | | 18,844,429 | 6,825,786 |
| Changes in Inventories of Finished Goods and Stock-In-trade | 22 | (4,821,343) | (2,286,516) |
| Employee Benefits Expense | 23 | 4,939,495 | 2,699,140 |
| Financial Expenses | 24 | 1,506,656 | 699,169 |
| Depreciation | 9 | 4,769,932 | 2,852,397 |
| Administrative and Other Expenses | 25 | 9,107,800 | 4,419,005 |
| Total Expenses | | 37,109,460 | 18,472,082 |
| Profit/(Loss) Before Taxation | | (9,615,235) | (2,368,708) |
| Tax Expenses | | | |
| Less : Current tax | | - | - |
| Less : Deferred tax | | (323,600) | (208,500) |
| Profit/(Loss) After Taxation | | (9,938,835) | (2,577,208) |
| Less : Prior Period adjustments | | (336,877) | 9,958 |
| Profit/(Loss) For The Year | | (9,601,958) | (2,587,166) |
| Earning / (Loss) per Share | | | |
| Basic | | (2.32) | (0.63) |
| Diluted | | (2.32) | (0.63) |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 36 | | |

For & on behalf of the Board of Directors

As per our Report of even date
**For Khanna Gulati &
Associates**

Chartered Accountants

ICAI Regn. 012190N

(B. K. Narula)

(Puneet Jain)

(Rita Narula)

Rohit Khanna

Managing Director

Director

Director

Partner

Place : New Delhi

Dated :

M. No. 084878

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Significant Accounting Policies:

(1) **Basis of preparation of financial statements: -**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the mandatory accounting standards as notified under the Companies (Accounting Standards) Rules, 2006, to the extent applicable and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by the Company.

(2) **Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(3) **Revenue Recognition: -**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue from Sale of Goods is recognized when the significant risk and reward of ownership of goods are transferred to the customer and is stated net of sales tax and sales return.

Interest

Revenue is recognized on accrual basis.

Dividend

Revenue is recognized when the payment is received.

(4) **Fixed Assets: -**

Tangible Assests

Fixed Assets are stated at the original cost inclusive of inward freight, incidental expenses related to acquisition and related pre-operational expenses.

INTangible Assests

Intangible Assests are stated at cost of acquisitions net of accumulated amortization/ depletion . All costs, including financing cost till commencement of commercial production attributable to the intangible assets are capitalized.

- 5) **Depreciation: -** Depreciation has been provided on Written Down Value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. All assets costing Rs.5000 or below are depreciated in full by way of a one time depreciation charge. ***However no depreciation has been provided on Master Pieces of Gold and Silver, Library Books and Props. The Company's has not provided depreciation on the Web Portal – Jewelry YTT, as it was not in operation during the year.*** The Company will provide the depreciation on the Web Portal – Jewelry YTT, as and when it becomes operational.

Leasehold Improvements are amortized over the period of Lease.

- (6) **Inventories: - Method of Valuation**
(a) Raw Material - at cost
(b) Finished Goods - at lower of cost or estimated realizable value.
- (7) **Provision for Income Tax: -**
Provision for taxation has been ascertained as per the applicable provisions of the Income Tax Act, 1961.
- (8) **Deferred Taxation: -**
Deferred tax is recognized, subject to the consideration of prudence on timing differences, being the difference between taxable Incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent years.
- (9) **Borrowing Costs**
Borrowing costs that are attributable to the acquisition of assets are capitalized as part of the cost of such Assets. All other borrowing costs are recognized as an expense in the period in which they are incurred.
- (10) **Investments**
Investments are classified into Current and Long Term investments. Current investments are stated at lower of cost and fair value. Long term Investments are stated at cost.
- (11) **Retirement Benefits**
Employees' benefits of short term nature are recognized as expenses as and when it accrues. Long term employee benefits (e.g. long-service leave) and post employment benefits (e.g. Gratuity) are recognized as expenses based on actuarial valuation at the end which takes into account actuarial gains and losses.
- (12) **Impairment of Assets: -**
The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting period is reversed if there has been change in the estimate of the recoverable amount.
- (13) **Foreign Exchange Transactions:-**
Transaction denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction or that approximates the actual rate at the date of the transactions or that approximate the actual rate at the date of transactions.

Monetary items denominated in foreign currencies at the year end are restated at year end rates.

Non-Monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

(14) **Provisions, Contigent Liabilities and Contigent Assets**

Provisions involving sunstantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is possible that there will be an outflow of resources. Contigent Liabilities are not recognized but are disclosed in notes. Contignent Assets are neither recognized nor disclosed in the financial statements.

B. Notes forming part of the Financial Statements

a) Share Capital

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|--|-------------------|-------------------|
| AUTHORISED : | | |
| 55,00,000 (previous year 55,00,000) Equity Shares of Rs 10/- each | 55,000,000 | 55,000,000 |
| Issued and Subscribed : | | |
| 50,40,000 (previous year 50,40,000) Equity Shares of Rs.10/- each | 50,400,000 | 50,400,000 |
| Paid up : | | |
| 41,31,600 (previous year 41,31,600) Equity Shares of Rs. 10/- each fully paid up | 41,316,000 | 41,316,000 |
| | 41,316,000 | 41,316,000 |

b) Reconciliation of opening and closing balances of share capital

| Particulars | Equity Shares | |
|--|---------------|------------|
| | Numbers | Value |
| Shares outstanding at the beginning of the year | 4,131,600 | 41,316,000 |
| Shares Issued during the year | - | - |
| Shares bought back during the year | - | - |
| Shares outstanding at the end of the year | 4,131,600 | 41,316,000 |

c) List of the Shareholders having more than 5% of the aggregate share of the Company

| Name of Share Holders | As at 31-3-2012 | | As at 31-3-2011 | |
|-----------------------|-----------------|--------------|-----------------|--------------|
| | Nos. of Shares | % of Holding | Nos. of Shares | % of Holding |
| B. K. Narula | 704,000 | 17.04 | 704,000 | 17.04 |
| B.K. Narula (HUF) | 303,774 | 7.35 | 309,903 | 7.50 |
| Rita Narula | 535,800 | 12.97 | 535,800 | 12.97 |
| Sidhi Narula | 215,210 | 5.21 | 232,435 | 5.63 |
| Ridhi Narula | 201,600 | 4.88 | 212,100 | 5.13 |
| Sukarma Finance Ltd. | 595,900 | 14.42 | | |

| | | | | |
|---------------------|---------|------|---------|-------|
| | | | 595,900 | 14.42 |
| B. K. Overseas Ltd. | 361,650 | 8.75 | 361,650 | 8.75 |

d) The Company had only one class of Shares referred to as Equity Share having par value of Rs.10/- per share. Each Equity Shareholder is entitled to one vote per share.

Notes: 2

Reserve & Surplus

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|------------------------|--------------------|------------------|
| Capital Reserve | 4,317,600 | 4,317,600 |
| Surplus | | |
| Opening Balance | (1,093,200) | 1,493,966 |
| Add: Loss for the year | (9,601,958) | (2,587,166) |
| Closing Balance | (10,695,158) | (1,093,200) |
| Total | (6,377,558) | 3,224,400 |

Notes: 3

Long Term Borrowings
(Unsecured)

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|---|-------------------|-------------------|
| Loans and Advances from Related Parties | 14,925,000 | 10,000,000 |
| Other Loans and Advances | 4,000,000 | - |
| Total | 18,925,000 | 10,000,000 |

Notes: 4**Other Long Term Liabilities**

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|----------------------------------|-----------------|-----------------|
| Others | | |
| - Course Fee Security Refundable | - | 265,854 |
| - Others | - | 32,000 |
| Total | - | 297,854 |

Notes: 5**Long Term Provisions**

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|---|-----------------|-----------------|
| Provision for employee benefits (includes Gratuity/Leave encashment) | 343,366 | 216,380 |
| Total | 343,366 | 216,380 |

Notes: 6**Trade Payables**

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|-----------------|-----------------|-----------------|
| Trade Payables* | 860,064 | 308,633 |
| Total | 860,064 | 308,633 |

* Refer Note No. 36 for amounts payable to Micro Small and Medium Enterprises

Notes: 7**Other Current Liabilities**

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|-------------------------|-----------------|-----------------|
| Advances from customers | 79,806 | - |
| Duties & Taxes | 45,816 | 338,245 |
| Other Payables | 502,830 | 108,935 |
| Total | 628,452 | 447,180 |

Notes: 8**Short Term Provisions**

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|---|------------------------|------------------------|
| Provision for Employee benefits (includes Gratuity/Leave encashment/Bonus) | 150,693 | 46,559 |
| Total | 150,693 | 46,559 |

**B. Notes forming part of the
Financial Statements**

Note: 9

SCHEDULE OF FIXED ASSETS AS ON 31-03-2012 (As Per Companies Act 1956)

| <i>Particulars</i> | <i>COST</i> | | | <i>DEPRECIATION</i> | | | | <i>WDV</i> | | |
|----------------------------------|-----------------------------------|-------------------|-----------------------------|----------------------------------|---------------------------|-------------------------|-------------------|----------------------------------|----------------------------|----------------------------|
| | <i>Total As on 01/04/2011</i> | <i>Addition</i> | <i>Sales / Disposal</i> | <i>Total As on 31/3/2012</i> | <i>As On 1/4/2011</i> | <i>For the year</i> | <i>Adjustment</i> | <i>Total As on 31/3/2012</i> | <i>As on 31/3/2012</i> | <i>As on 31/3/2011</i> |
| <u>Intangible Assets</u> | | | | | | | | | | |
| Web Portal Softwares | 3,596,140 | 105,000 | - | 3,701,140 | 61,085 | 1,433,699 | - | 1,494,784 | 2,206,356 | 3,535,055 |
| | 1,521,030 | - | | 1,521,030 | 1,350,405 | 68,250 | | 1,418,655 | 102,375 | 170,625 |
| <u>Tangible Assets</u> | | | | | | | | | | |
| Land | 4,152,041 | - | - | 4,152,041 | - | - | - | - | 4,152,041 | 4,152,041 |
| Building Lease Hold Improvements | 22,607,499 | - | - | 22,607,499 | 9,131,081 | 1,347,642 | - | 10,478,723 | 12,128,775 | 13,476,417 |
| | 1,141,237 | - | - | 1,141,237 | 746,118 | 121,575 | - | 867,693 | 273,544 | 395,119 |
| Plant & Machinery | 12,386,953 | 265,105 | - | 12,652,057 | 7,795,683 | 710,259 | 336,877 | 8,169,065 | 4,482,992 | 4,591,269 |
| Furniture & Fittings | 7,718,653 | 163,029 | - | 7,881,682 | 6,408,040 | 330,812 | - | 6,738,852 | 1,142,830 | 1,310,613 |
| Vehicles | 4,510,333 | - | - | 4,510,333 | 3,464,254 | 270,830 | | 3,735,084 | 775,249 | 1,046,079 |
| Office Equipments | 6,351,714 | 175,128 | - | 6,526,842 | 4,558,253 | 281,300 | - | 4,839,553 | 1,687,289 | 1,793,461 |
| Computers Library Books & Props | 1,628,384 | 335,031 | - | 1,963,415 | 1,378,172 | 205,565 | - | 1,583,737 | 379,678 | 250,212 |
| | 1,047,856 | - | - | 1,047,856 | - | - | - | - | 1,047,856 | 1,047,856 |
| Total | 66,661,839 | 1,043,293 | - | 67,705,132 | 34,893,091 | 4,769,932 | 336,877 | 39,326,146 | 28,378,986 | 31,768,748 |
| Previous Year | 52,679,748 | 13,982,091 | - | 66,661,839 | 32,040,694 | 2,852,397 | - | 34,893,091 | 31,768,748 | 20,639,054 |

B. Notes forming part of the Financial Statements

Note No. 10

Non Current Investments

| Particulars | As at 31.3.2012 | | As at 31.3.2011 | | Value (Rs) |
|--|-----------------|-----------|------------------|------------|------------------|
| | Face Value | Nos. | Nos. | Value (Rs) | |
| <u>Other Investments</u> <i>(unquoted)</i> | | | | | |
| Solar Renewable Urja Pvt. Ltd. | 1/- | 5,000,000 | 5,000,000 | 5000000 | 5,000,000 |
| Electrolux Kelvinator Ltd. | 10/- | 2,850 | 154,850 | 2,850 | 154,850 |
| B. K.Overseas Limited | 100 | 11,890 | 1,210,990 | 14,890 | 1,518,490 |
| Citizen Co-Operative Bank Ltd. | 25/- | 800 | 20,000 | 800 | 20,000 |
| Corporate Research & Intelligence Services Ltd. | 10/- | 20,000 | 200,000 | 20,000 | 200,000 |
| Goswami Credit & Investment (P) Ltd | 10/- | 50,000 | 500,000 | 50,000 | 500,000 |
| Sukarma Finance Limited | 10/- | 75,000 | 750,000 | 75,000 | 750,000 |
| Total | | | 7,835,840 | | 8,143,340 |

Notes: 11

Deferred Tax Assets (Net)

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|--------------------------|-----------------|-----------------|
| Accumulated Depreciation | - | 85,340 |
| Retirement Benefits | - | 238,260 |
| Total | - | 323,600 |

Notes: 12**Long Term Loans and Advances** (*Unsecured and Consider Good*)

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|--|------------------|------------------|
| Capital Advances | 95,612 | - |
| Security Deposits | 446,108 | 166,448 |
| Advance Income Tax / TDS (Net of Provisions) | 577,793 | 577,793 |
| Other Loans and Advances* | 936,064 | 1,347,688 |
| Total | 2,055,577 | 2,091,929 |

* *Loans and Advances given to Associates - B K N Educational Society*

Notes: 13**Other Non Current Assets**

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|--|-----------------|------------------|
| Trade Receivables (<i>Unsecured and Considered good</i>) | - | 2,230,971 |
| Others | 107,965 | - |
| Total | 107,965 | 2,230,971 |

Notes: 14**Inventories** (*As taken, valued and Certified by the management*)

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|-----------------------|-----------------|-----------------|
| Raw Materials | 47,805 | 56,928 |
| Finished Goods | 14,430,594 | 9,609,251 |
| Packing Materials | 73,620 | 52,300 |
| Consumables | 438,190 | 212,820 |
| Printing & Stationary | 42,800 | 38,600 |

| | | |
|-------|-------------------|------------------|
| Total | 15,033,009 | 9,969,899 |
|-------|-------------------|------------------|

Notes: 15

Trade Receivables

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|--|------------------------|------------------------|
| <i>(Unsecured and considered good)</i> | | |
| Over Six Months | 177,967 | 124,371 |
| Others | 79,047 | 284,000 |
| Total | 257,014 | 408,371 |

Notes: 16

Cash and Cash Equivalents

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|---|------------------------|------------------------|
| Cash on hand <i>(as certified by the Management)</i> | 571,013 | 173,387 |
| Bank Balances with Scheduled Banks | | |
| In Current Accounts | 579,740 | 131,239 |
| In Term Deposits* | 182,507 | 173,376 |
| *Pledged with Sales Tax Authority for Rs.1,82,507 (previous year Rs. 1,73,376) | | |
| | 1,333,260 | 478,002 |

Notes: 17

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|--|------------------------|------------------------|
| Short Term Loans and Advances <i>(Unsecured and Considered good)</i> | | |
| Advances recoverable in cash or in kind or for value to be received | 360,133 | 12,580 |
| Prepaid Expenses | 119,823 | 108,631 |
| Others Receivables | 36,831 | 83,313 |
| Total | 516,787 | 204,524 |

Notes: 18**Other Current Assets**

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|---|------------------------|------------------------|
| Short Term Loans and Advances <i>(Unsecured and Considered goods)</i> | | |
| TDS Recoverable | 191,980 | 237,623 |
| Total | 191,980 | 237,623 |

Notes: 19**Income from Operation**

| Particulars | Year ended 31-3-2012 Amount (Rs.) | Year ended 31-3-2011 Amount (Rs.) |
|--------------------|--|--|
| Sales of Products | 24,671,863 | 11,843,146 |
| Service Income | 71,725 | 127,800 |
| Total | 24,743,588 | 11,970,946 |

Notes: 20**Other Income**

| Particulars | Year ended 31-3-2012 Amount (Rs.) | Year ended 31-3-2011 Amount (Rs.) |
|-------------------------------|--|--|
| Interest Income | 136,431 | 104,063 |
| Profit on sale of share | 442,500 | 609,840 |
| Profit on sale of Commodities | - | 744,507 |
| Rental Income | 1,866,000 | 2,616,000 |
| Old Liabilities written off | 287,854 | - |
| Miscellaneous Income | 17,852 | 58,018 |
| Total | 2,750,637 | 4,132,428 |

Notes: 21**Cost of Materials Consumed**

| Particulars | Year ended 31-3-2012 Amount (Rs.) | Year ended 31-3-2011 Amount (Rs.) |
|---|--|--|
| Opening Stock : | | |
| Raw Materials | 56,928 | 1,067,539 |
| Packing Materials | 52,300 | 54,157 |
| Consumables | 212,820 | 96,349 |
| Printing & Stationary | 38,600 | 41,588 |
| Total (A) | 360,648 | 1,259,633 |
| Add : Purchase | | |
| Raw Materials | 2,319,190 | 2,011,782 |
| Packing Materials | 79,018 | 40,735 |
| Consumables | 516,025 | 257,644 |
| Printing & Stationary | 90,025 | 53,955 |
| Total (B) | 3,004,258 | 2,364,116 |
| Less : Closing Stock | | |
| Raw Materials | 47,805 | 56,928 |
| Packing Materials | 73,620 | 52,300 |
| Consumables | 438,190 | 212,820 |
| Printing & Stationary | 42,800 | 38,600 |
| Total (C) | 602,415 | 360,648 |
| Cost of Materials Consumed (A-B-C) | 2,762,491 | 3,263,101 |

Notes: 22

| Particulars | Year ended 31-3-2012 Amount (Rs.) | Year ended 31-3-2011 Amount (Rs.) |
|--|--|--|
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | | |
| <i>Inventories at the end of the year:</i> | | |
| Finished Goods | 14,430,594 | 9,609,251 |
| Total (A) | 14,430,594 | 9,609,251 |
| <i>Inventories at the beginning of the year:</i> | | |
| Finished Goods | 9,609,251 | 7,322,735 |
| Total (B) | 9,609,251 | 7,322,735 |
| Net (increase) / decrease (A-B) | (4,821,343) | (2,286,516) |

Notes: 23**Employee Benefits Expense**

| Particulars | Year ended 31-3-2012 Amount (Rs.) | Year ended 31-3-2011 Amount (Rs.) |
|---|--|--|
| Salaries and Wages | 4,424,081 | 2,384,029 |
| Contribution to provident and other funds | 227,603 | 141,555 |
| Gratuity Expenses | 36,131 | 52,909 |
| Leave encashment | 124,891 | 17,934 |
| Staff Welfare | 126,789 | 102,713 |
| Total | 4,939,495 | 2,699,140 |

Notes: 24**Financial Expenses**

| Particulars | Year ended 31-3-2012 Amount (Rs.) | Year ended 31-3-2011 Amount (Rs.) |
|------------------------|--|--|
| Bank Charges | 6,819 | 6,019 |
| Interest on borrowings | 1,499,837 | 693,150 |
| | 1,506,656 | 699,169 |

Notes: 25**Administrative and Other Expenses**

| Particulars | Year ended 31-3-2012 Amount (Rs.) | Year ended 31-3-2011 Amount (Rs.) |
|-------------------------------------|--|--|
| Audit Fee | 58,000 | 57,908 |
| Bad Debts | 2,230,971 | 183,930 |
| Communication Expenses | 365,143 | 191,938 |
| Directors' Remuneration | 1,140,000 | 1,140,000 |
| Electricity & Water Charges | 300,592 | 536,844 |
| Freight & Forwarding Expenses | 26,075 | 6,005 |
| Insurance Expenses | 127,668 | 115,520 |
| Job Work Expenses | 19,775 | 7,757 |
| Lease Rent | 94,716 | 94,716 |
| Legal & Professional Charges | 420,734 | 193,935 |
| Loss on Sale of Commodities | 1,420,806 | - |
| Miscellaneous Expenses | 384,707 | 396,625 |
| Office Maintenance Expenses | 387,224 | 289,364 |
| Rent | 271,605 | 473,872 |
| Sales Promotion & Marketing Expense | 1,123,023 | 337,634 |
| Security Expenses | 134,300 | 81,062 |
| Traveling and Conveyance Expenses | 602,461 | 311,895 |
| | 9,107,800 | 4,419,005 |

Notes: 26**Auditor's Remuneration (excluding service tax)**

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|-------------|-----------------|-----------------|
| Audit Fees | 43,000 | 38,500 |
| Tax Audit | 15,000 | 13,500 |
| | 58,000 | 52,000 |

Notes: 27**Contingent Liability**

Contingent liabilities not provided for in the books of accounts

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|---------------------------------------|-----------------|-----------------|
| Outstanding guarantees given to banks | 115,000 | 115,000 |

Notes: 28**Earning / (Loss) Per Share**

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|--|-----------------|-----------------|
| Profit/ (Loss) after Taxation as per Profit & Loss Account | (9,601,958) | 2,587,166 |
| Weighted Average No. of Equity Share outstanding | 4,131,600 | 4,131,600 |
| Basic and Diluted Earning / (Loss) Per Share | (2.32) | 0.63 |

Notes: 29**Related party Disclosure**

Related party disclosure as required under accounting standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below

a) **Relationship:****i) Associates**

B. K. Overseas Ltd.

Sukarma Finance Ltd

BKN Educational Society

Corporate Research & Intelligence Services Ltd.

Solar Renewable Urja Pvt. Ltd.

ii) Key Management Personnel

Mr. B. K. Narula

Mrs. Rita Narula

iii) Relatives of Key Management Personnel

Ms. Ridhi Suri

Ms. Sidhi Narula

iv) Entities over which Key Management Personnel are able to exercise significant influence

Yes Travels & Hospitality Ltd

B. K. Narula (HUF)

b) The following transactions were carried out with related party in the ordinary course of business

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|--|-----------------|-----------------|
| i) Associates | | |
| Rent Received | 1,866,000 | 2,616,000 |
| Interest Paid | 1,337,013 | 693,150 |
| Loans Received | 2,975,000 | 11,000,000 |
| Loans Repaid | 50,000 | - |
| Sale | - | 728,500 |
| ii) Key Management Personnel & their Relatives | | |
| Remuneration to Directors | 1,140,000 | 1,140,000 |
| Perquisites | 154,000 | 125,676 |
| Purchase | 1,120,000 | - |
| Sale | 1,972,900 | - |
| Rental Payment | 132,360 | 120,000 |
| Sale of Investment | 750,000 | 1,030,000 |
| iii) Entities Over which Key Management Personnel are able to exercise significant influence. | | |

| | | |
|--|------------|------------|
| Loans Received | 3,250,000 | - |
| Loans Repaid | 1,250,000 | - |
| Sale of Investment | 750,000 | - |
| Interest Received | 104,446 | - |
| Interest Paid | 162,827 | - |
| Purchase | - | 29,940 |
| <u>Balances at the end of the year</u> | | |
| i) Balance with Associates | | |
| Investment made | 6,960,990 | 7,468,490 |
| Unsecured Loans | 12,925,000 | 10,000,000 |
| Loans and Advances | 936,064 | 1,324,390 |
| ii) Key Management Personnel | | |
| Rental Payment | 12,360 | 3,900 |
| iii) Entities Over which Key Management Personnel are able to exercise significant influence. | | |
| Unsecured Loans | 2,000,000 | - |

Notes: 30

Segment Reporting

Based on the guiding Principles given in Accounting Standards on “Segment Reporting” issued by the “Institute of Chartered Accountants of India”, the Company is having only one segment as primary segment based on nature of product / services rendered

Notes: 31

Disclosure pursuant to Accounting Standard 15 on “Employee Benefits

Defined contribution plans

The Company’s employee provident fund scheme is a defined contribution plans. A sum of Rs.124,891 has been recognized as an expense in relation to the scheme and shown under Personnel Expenses in the Profit and Loss account.

Defined benefit plans**Gratuity**

Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial.

a) Changes in Defined Benefit Obligation

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|---|------------------------|------------------------|
| a) Present value of obligation as at the beginning of the period i. e. 1 April 2011 | 166,736 | 113,827 |
| b) Acquisition adjustment | | |
| c) Interest cost | 14,173 | 9,106 |
| d) Past service cost | | |
| e) Current service cost | 114,023 | 62,236 |
| f) Settlement cost/(Credit) | | |
| g) Benefits paid | | |
| h) Actuarial (gain)/loss on obligation | (3,305) | (18,433) |
| i) Present value of obligation as at the end of period i. e. March 2012 | 291,627 | 166,736 |

b. Changes in the fair value of plan assets

Not Applicable

c. Amount recognized in the balance sheet

| Particulars | As at 31-3-2012 | As at 31-3-2011 |
|--|------------------------|------------------------|
| a) Present value of obligation as at the end of the period | 291,627 | 166,736 |
| b) Fair value of plan assets as at the end of the period | | |
| c) Funded status | | |
| d) Excess of actual over estimated | | |
| e) Unrecognized actuarial (gains)/losses | | |
| f) Net asset/(liability) recognized in balance sheet | 291,627 | 166,736 |

d. Expenses recognized in the profit and loss account

| | Year ended 31-3-2012 Amount (Rs.) | Year ended 31-3-2011 Amount (Rs.) |
|--|--|--|
| a) Current service cost | 114,023 | 62,236 |
| b) Past service cost | | |
| c) Interest cost | 14,173 | 9,106 |
| d) Expected return on plan assets | | |
| e) Curtailment cost / (Credit) | | |
| f) Settlement cost / (credit) | | |
| g) Net actuarial (gain)/ loss recognized in the period | (3,305) | (18,433) |
| h) Expenses recognized in the statement of profit and loss | 124,891 | (52,909) |

e. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows

Not applicable.

f. Return on plan assets

Not Applicable

g. The principal assumption used in determining the gratuity benefit obligation is as given below

| | Year ended 31-3-2012 Amount (Rs.) | Year ended 31-3-2011 Amount (Rs.) |
|--|--|--|
| | % | % |
| Discount rate | 8.5 | 8 |
| Expected rate of return on assets (p.a.) | NA | NA |
| Salary escalation rate (p.a.) | 7.5 | 6 |

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

The salary escalation rate is based on estimates of salary increases, which take into account inflation, promotion and other relevant factors.

Demographic assumptions

| | | |
|---------------------|-----------------------------|----------------------------------|
| a) Retirement Age | 60 | |
| b) Mortality Table | LIC (1994-96) duly modified | |
| c) Withdrawal Rates | Age Younger Older | Withdrawal Rate (%) 5 1 |

32) Earnings in Foreign Exchange

| | Year ended 31-3-2012 Amount (Rs.) | Year ended 31-3-2011 Amount (Rs.) |
|---------------------|---|---|
| FOB Value of Export | 939,568 | - |

33) Value of Import on CIF Basis

| | Year ended 31-3-2012 Amount (Rs.) | Year ended 31-3-2011 Amount (Rs.) |
|---------------|---|---|
| Capital Goods | 34,867 | - |

34) These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Company Act 1956. Previous year figures have been regrouped / reclassified wherever considered necessary.

35) Balance of Debtors and Creditors are subject to confirmations.

36) Based on the information presently available with the management, there are no dues outstanding to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

For & on behalf of the Board of Directors

As per our
Report of even
date
**For Khanna
Gulati &
Associates**
*Chartered
Accountants
ICAI Regn.*

012190N

(B. K. Narula)
Managing Director

(Puneet Jain)
Director

(Rita Narula)
Director

Rohit Khanna
Partner
M. No. 084878

Place : New Delhi
Dated :28th May 2012

CASH FLOW STATEMENT FOR THE YEAR 2011-2012

| Particulars | For the year 2011-2012 | For the year 2010-2011 |
|---|------------------------|------------------------|
| A. | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit/(Loss) before tax and extraordinary items | (9,615,235) | (2,368,708) |
| Adjustments for : | | |
| Depreciation | 4,769,932 | 2,852,397 |
| Prior Period Items | - | (9,958) |
| Interest earned | (136,431) | (12,728) |
| Profit on Sale of Shares | (442,500) | (1,354,347) |
| Interest paid | 1,499,837 | 693,150 |
| Operating profit before Working Capital changes | (3,924,397) | (200,194) |
| Adjustments for : | | |
| Trade & other receivables | 2,044,093 | 894,436 |
| Inventories | (5,063,110) | (1,387,532) |
| Trade & other Payables | 665,968 | 394,094 |
| Cash flow from operating activities | (6,277,445) | (299,196) |
| Less : Income Tax Paid | - | - |
| Net Cash flow from operating activities | (6,277,445) | (299,196) |
| B. | | |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Addition to of Fixed Assets | (1,178,892) | (6,270,318) |
| Sale / (purchase) of Investments | 750,000 | (3,180,493) |
| Interest Received | 136,431 | 12,728 |
| Net Cash from /(Used) in Investing Activities | (292,461) | (9,438,083) |
| C. | | |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | 8,925,000 | 10,000,000 |
| Interest Paid | (1,499,837) | (693,150) |
| Net Cash from/(Used) in Financing Activities | 7,425,163 | 9,306,850 |
| Net Increase / (decrease) in Cash and Cash Equivalents | 855,257 | (430,429) |
| Opening Cash and Cash Equivalents | 478,002 | 908,430 |
| Closing Cash and Cash Equivalents | 1,333,260 | 478,002 |
| Net increase / (decrease) as per Books | 855,257 | (430,429) |

Note:

0

-

The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

For & on behalf of the Board of Directors

As per our Report of
even date
**For Khanna Gulati
& Associates**
Chartered
Accountants
ICAI Regn. 012190N

BALANCE SHEET ABSTRACT AND COMPANY' S GENERAL BUSINESS PROFILE

I. Registration Details

| | | | | | | | | | |
|------------------|---|---|---|---|---|---|------------|---|---|
| Registration No. | 5 | 9 | 3 | 4 | 1 | | State Code | 5 | 5 |
| Balance Sheet | 3 | 1 | 0 | 3 | 2 | 0 | 1 | 2 | |

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

Public Issue

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

Right Issue

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

Bonus issue

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

Private Placement

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

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

Total Liabilities

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5 | 5 | 8 | 4 | 6 | 0 | 1 | 7 |
|---|---|---|---|---|---|---|---|

Total Assets

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5 | 5 | 8 | 4 | 6 | 0 | 1 | 7 |
|---|---|---|---|---|---|---|---|

Sources of Funds

Paid up Capital

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 4 | 1 | 3 | 1 | 6 | 0 | 0 | 0 |
|---|---|---|---|---|---|---|---|

Reserves & Surplus

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| - | 6 | 3 | 7 | 7 | 5 | 5 | 8 |
|---|---|---|---|---|---|---|---|

Secured Loans

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

Unsecured Loans

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | 8 | 9 | 2 | 5 | 0 | 0 | 0 |
|---|---|---|---|---|---|---|---|

Application of Funds

Net Fixed Assets

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2 | 8 | 5 | 1 | 4 | 5 | 8 | 5 |
|---|---|---|---|---|---|---|---|

Investments

| | | | | | | |
|---|---|---|---|---|---|---|
| 7 | 8 | 3 | 5 | 8 | 4 | 0 |
|---|---|---|---|---|---|---|

Net Current Assets

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | 5 | 6 | 9 | 2 | 8 | 4 | 1 |
|---|---|---|---|---|---|---|---|

Misc. Expenditure

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

Accumulated

Losses

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

IV. Performance of Company (Amount in Rs.)

Turnover & Other Income

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2 | 7 | 4 | 9 | 4 | 2 | 2 | 5 |
|---|---|---|---|---|---|---|---|

Total Expenditure

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3 | 7 | 1 | 0 | 9 | 4 | 6 | 0 |
|---|---|---|---|---|---|---|---|

+ -

Profit /Loss before Tax

| | | | | | | |
|---|---|---|---|---|---|---|
| 9 | 6 | 1 | 5 | 2 | 3 | 5 |
|---|---|---|---|---|---|---|

+ -

Profit/ Loss after Tax

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| - | 9 | 9 | 3 | 8 | 8 | 3 | 5 |
|---|---|---|---|---|---|---|---|

| |
|---|
| - |
|---|

| |
|---|
| - |
|---|

(Please tick mark Appropriate box + for Profit, - for Loss)

Earning per Share in Rs.

| | | | | |
|---|---|---|---|---|
| - | 2 | . | 4 | 0 |
|---|---|---|---|---|

Dividend Rate %

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

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

Item Code No.

| | | | | | |
|---|---|---|---|---|---|
| 7 | 1 | 0 | 6 | 1 | 0 |
|---|---|---|---|---|---|

(ITC Code)

Product

| | | | | | |
|---|---|---|---|---|---|
| S | I | L | V | E | R |
|---|---|---|---|---|---|

Description

Item Code No.

| | | | | | |
|---|---|---|---|---|---|
| 7 | 1 | 1 | 4 | 1 | 1 |
|---|---|---|---|---|---|

(ITC Code)

Product

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| S | I | L | V | E | R | A | R | T | I | C | L | E | S |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

Description

Item Code No.

| | | | | | |
|---|---|---|---|---|---|
| 7 | 1 | 1 | 3 | 1 | 1 |
|---|---|---|---|---|---|

(ITC Code)

Product

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| S | I | L | V | E | R | J | E | W | E | L | L | E | R | Y |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

Description

For Khanna Gulati & Associates

Chartered Accountants

For & on behalf of the Board of Directors

Silver Smith India Ltd.

(Rohit Khanna)

(B. K. Narula)

(Rita Narula)

Puneet Jain

Partner

Managing Director

Director

Director

Place : New Delhi

Dated : 27/05/2011

SILVER SMITH INDIA LIMITED.

Registered office: Flat No.620, Hemkunt Chambers, 89 Nehru Place, New Delhi-110019

PROXY FORM

Folio No. / Client ID No. & DP ID No. -----

I/We-----

of ----- being a member / members of the above mentioned company, hereby appoint -----
-----or failing him ----- as my /our proxy to
attend and vote for me/us and on my/our behalf at the 18th ANNUAL GENERAL MEETING of the Company to be held at 11.00a.m on
Wednesday September 19th 2012 and at any adjournment thereof . This form is to be used in favor of the resolution(s)/ against the resolution(s) --
----- . Unless otherwise instructed the proxy will act as he may think fit.

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

Signature-----

Affix Rs. 1/-
Revenue
Stamp here

Note: proxy forms must reach the company’s Registered office not less than 48 hours before the Meeting.

-----TEAR HERE-----

SILVER SMITH INDIA LIMITED

Registered office: Flat No.620, Hemkunt Chambers, 89 Nehru Place, New Delhi-110019

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

| | |
|---|--|
| Name of attending member (In block letters) Name of the Proxy (In Block Letters) (To be filled if the Proxy attends instead of the Member) No. Of Shares held | Folio No. / Client ID No. DP ID No. |
|---|--|

I hereby record my presence at the 18th ANNUAL GENERAL MEETING of the Company to be held at YWCA of Delhi, Ashoka Road, New Delhi-110001 on Wednesday 19 september, 2012.

Member’s /Proxy’s Signature
(To be signed at the time of handing over the slip)

Note:

- (1) Shareholder/proxy holder wishing to attend the Meeting must bring the Attendance slip to the meeting and hand over at the entrance duly signed.
- (2) Shareholder/proxy holder should bring his /her copy of the Annual Report for reference at the meeting.