

GITANJALI THE JOURNEY OF A PIONEER

Gitanjali Gems Limited ✦ Annual report 2011-12





DISCLAIMER

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.



In its evolution from a pioneer to a powerhouse, Gitanjali has in countless ways challenged the status quo and time and again broken convention. With formidable brands as torchbearers, it has moved downstream, now completely integrated from the sourcing of diamonds to the retailing of jewellery through one of the most diverse and strategically dispersed network of retail formats in the world. Through its rich value proposition, it services the ever-changing needs of consumers. Gitanjali moves adroitly to encompass consumer needs and wants across markets.

What makes Gitanjali unique? What makes it the dominant player that it is? The answer comprises several elements. It is of course its understanding of consumers coupled with the ability to rapidly innovate and deliver best-in-class branded jewellery. It is also its relentless quest for new

opportunities in India and globally, its refusal to remain ensconced in familiar territory and that enduring pioneering spirit at its heart that are its fortes. These, synergistically, generate an abiding allure for its offerings.

At present, newer, multiple consumer segments are emerging, jewellery choices are metamorphosing- moving towards lighter-weight, fashionable, brilliantly crafted and elegant branded jewellery. Here, Gitanjali's intuition and energy enable it to satisfy needs faster thereby, creating a distinct bond between Gitanjali and those that it serves. Within a rapidly changing environment that craves choice, through the versatility of its brands and their irresistible designs, Gitanjali recognizes and satiates diverse aspirations.

At Gitanjali, this is what we strive to do. It is this that gives us our distinct identity.



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CORPORATE INFORMATION

<p>BOARD OF DIRECTORS</p> <p>Mr. Mehul C. Choksi <i>Chairman & Managing Director</i></p> <p>Mr. Sunil Varma <i>Whole Time Director</i></p> <p>Mr. Nehal Modi <i>Non-Executive Director</i></p> <p>Mr. Dhanesh Sheth <i>Non-Executive Director</i></p> <p>Mr. Nitin Potdar <i>Independent Director</i></p> <p>Mr. Sujal Shah <i>Independent Director</i></p> <p>Mr. S. Krishnan <i>Independent Director</i></p> <p>Mr. M.S. Sundararajan <i>Independent Director</i></p>	<p>COMPANY SECRETARY & COMPLIANCE OFFICER</p> <p>Ms. Pankhuri Warange</p> <p>CHIEF FINANCIAL OFFICER</p> <p>Mr. Kapil Khandelwal</p> <p>AUDIT COMMITTEE</p> <p>Mr. Sujal Shah (Chairman)</p> <p>Mr. Nitin Potdar</p> <p>Mr. S. Krishnan</p> <p>Mr. Dhanesh Sheth</p> <p>SHAREHOLDERS/INVESTOR'S GRIEVANCE COMMITTEE</p> <p>Mr. Dhanesh Sheth (Chairman)</p> <p>Mr. Mehul C. Choksi</p> <p>Mr. Nitin Potdar</p> <p>REMUNERATION COMMITTEE</p> <p>Mr. Sujal Shah (Chairman)</p> <p>Mr. S. Krishnan</p> <p>Mr. Nitin Potdar</p> <p>Mr. M. S. Sundararajan</p>	<p>ALLOTMENT COMMITTEE</p> <p>Mr. Mehul C. Choksi (Chairman)</p> <p>Mr. Dhanesh Sheth</p> <p>Mr. Sunil Varma</p> <p>BORROWING COMMITTEE</p> <p>Mr. Mehul C. Choksi (Chairman)</p> <p>Mr. Dhanesh Sheth</p> <p>Mr. Sunil Varma</p> <p>INVESTMENT COMMITTEE</p> <p>Mr. Mehul C. Choksi (Chairman)</p> <p>Mr. Dhanesh Sheth</p> <p>Mr. Sunil Varma</p> <p>ADMINISTRATIVE COMMITTEE</p> <p>Mr. Mehul C. Choksi (Chairman)</p> <p>Mr. Dhanesh Sheth</p> <p>Mr. Sunil Varma</p>
<p>STATUTORY AUDITORS</p> <p>M/s Ford, Rhodes, Parks & Co. Sai Commercial Building, 312/313, 3rd Floor, BKS Devshi Marg, Govandi (East), Mumbai – 400088.</p> <p>BANKERS</p> <p>Allahabad Bank</p> <p>Andhra Bank</p> <p>Bank Of Baroda</p> <p>Bank of India</p> <p>Bank of Maharashtra</p> <p>Canara Bank</p> <p>Catholic Syrian Bank</p> <p>Central Bank of India</p> <p>Corporation Bank</p> <p>Dena Bank</p> <p>Exim Bank</p> <p>ICICI Bank Ltd.</p> <p>IDBI Bank</p> <p>Indian Overseas Bank</p> <p>IndusInd Bank Ltd.,</p> <p>Karnataka Bank Ltd.</p>	<p>Karur Vysya Bank</p> <p>Lakshmi Vilas Bank Limited</p> <p>Punjab National Bank</p> <p>Punjab & Sind Bank</p> <p>State Bank of Bikaner & Jaipur</p> <p>State Bank of India</p> <p>State Bank of Hyderabad</p> <p>State Bank of Mauritius</p> <p>Standard Chartered Bank</p> <p>Syndicate Bank</p> <p>Union Bank of India</p> <p>United Bank of India</p> <p>Vijaya Bank</p> <p>REGISTERED OFFICE</p> <p>A-1, 7th Floor, Laxmi Tower, Bandra – Kurla Complex Bandra (E) Mumbai – 400051 Tel: +91-022-40102120 Fax: +91-022-40102003 e-mail: investors@gitanjaligroup.com</p>	<p>CORPORATE OFFICE</p> <p>B- 6, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (E), Mumbai- 400 051 Tel: +91-022-40102121 Fax: +91-022-40102021 e-mail : investors@gitanjaligroup.com</p> <p>ADMINISTRATIVE OFFICE</p> <p>Bldg No. 2/101, Jogani Complex, Behind Amar – Brass, Manipada Road, Kalina, Santacruz (E), Mumbai – 400 098 Tel: +91-022-42769100 / 9101 Fax: +91-022-42769120 E-mail : investors@gitanjaligroup.com</p> <p>REGISTRAR & TRANSFER AGENT</p> <p>Karvy Computershare Private Limited Gitanjali Gems Limited Unit, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081 Tel: +91-040-44655000 Fax: +91-040-23420814 e-mail: einward.ris@karvy.com Website: www.karisma.karvy.com</p>

PROFILE OF DIRECTORS

Mr. Mehul C. Choksi, *Chairman & Managing Director*



Mr. Mehul C. Choksi (53), a commerce graduate, has been associated with the gems and jewellery industry for over three decades. He has a wide experience in the diamond industry and an exposure to the entire range of activities, from buying rough diamonds to branding and retailing jewellery. He has been instrumental in branding jewellery in India and has launched several successful brands like GILL, D'Damas, and Giantti. He has played a crucial role in deciding the positioning for brands such as Nakshatra and Asmi. He has also been a pioneer in corporatising the jewellery industry in India. He has been on the committees of the Gems and Jewellery Export Promotion Council of India besides holding several other key industry positions. He steers the group's vision and strategy with his deep knowledge and foresight.

Mr. Sunil Varma, *Whole-time Director*



Mr. Sunil Varma (45), is a commerce graduate from Mumbai University and holds an M.B.A. degree from the University of Chicago. He is also a qualified C.A., C.P.A. and C.F.A. He is a senior finance and accounting professional with extensive experience in management and business leadership and has rich experience in Accounting & Financial Management, Auditing & Compliance, Financial Statements Consolidation, Budgeting & Management, Crisis Management, Treasury Functions, Financial & Strategic planning, etc.

Mr. Sunil Varma is responsible for overseeing the day-to-day operations of the Company with particular focus on Finance, Accounts, Taxation, Legal, Secretarial, Human Resource, Administration and other areas. He is also responsible for preparing and presenting the strategic annual business plan to the Board and implementing such policies as may be adopted by the Board from time to time.

Mr. Dhanesh Sheth, *Non-Executive Director*



Mr. Dhanesh Sheth (55), a Commerce Graduate, has been associated with Gitanjali for more than two decades, having been a Director for almost 22 years. He advises the company on its marketing operations, the buying and selling of rough diamonds and other aspects of Business Development.

Mr. Nehal Modi, *Non-Executive Director*



Mr. Nehal Modi (33), holds a B.A degree in finance and marketing from Boston University and has 10 years' experience in top management positions. He has been instrumental in the Company's growth in the United States since 2001.

Mr. Sujal A. Shah, *Independent Director*



Mr. Sujal Shah (44), a qualified Chartered Accountant has a post qualification experience of 21 years. He has his own firm SSPA & Co., Chartered Accountants. His areas of practice are mergers & acquisitions, restructuring of companies, valuation of business / shares, due diligence review, etc.

Mr. S. Krishnan, *Independent Director*



Mr. S. Krishnan (66), holds a Masters Degree in commerce. Besides being a D.M.M., M.F.M., he is also a leading professional in the financial services industry and has a vast experience in banking, fund management and capital market operations. He has held top management positions at TAIB Bank E.C., TAIB Securities, Everest Fund, Aldercrest Trading Limited and First Bank and has professional experience of working in the USA, Europe, the Middle East, Africa and India.

Mr. Nitin Potdar, *Independent Director*



Mr. Nitin Potdar (49), a law graduate and a solicitor, Bombay Incorporated Law Society, has a post qualification experience of more than 22 years. He is currently a partner of J. Sagar Associates, a law firm and specializes in public and private mergers and acquisitions, de-mergers, restructuring of business, asset & share purchase deals, joint ventures and strategic alliances, domestic and international capital markets, private equity and general corporate advisory.

Mr. M.S. Sundararajan, *Independent Director*



Mr. M.S. Sundara Rajan (62), is a leading banking consultant and economist. He is an M. Com., CAIIB and A.C.S. and his core expertise lies in investment banking, project finance, corporate restructuring and capital markets. He is a visiting faculty at many institutions and was previously head of Indian Bank.



CORPORATE PHILOSOPHY

INTRODUCTION

In 1994, something near magical occurred. It was a defining event that over the next 18 years has touched the lives of countless people.

More significantly, in India, it changed people's perception of a product that for centuries has been viewed only in a certain manner. It was a path-breaking initiative, a silent revolution that arrived in India with elegance, brilliant craftsmanship, exquisite finish and innovation as its prime attributes. Jewellery was given a name and a unique identity. Gitanjali brought branded jewellery to India. The brand was Gili.

With Gili, Gitanjali traversed uncharted territory, challenged norms and countered deep-rooted beliefs. It was a journey that called for immense patience and unshakable confidence. It was a successful quest.

Gitanjali created a market for branded diamond jewellery that blended in with a changing and receptive India. It addressed emerging latent desires and aspirations. It allowed the consumer to purchase jewellery based on considerations other than price. Gitanjali's MRP (maximum retail price) model gave consumers confidence in that they did not need to track gold price fluctuations. The consumer had an alternative. They could look beyond the trusted family jeweller. Gitanjali thus, gave the consumer options that they did not have before.

Gitanjali entered the Indian jewellery market, a centuries' old bastion for gold jewellery. It encountered headwinds but continued undeterred. 18 years on, it has successfully fashioned a market where a growing number of customers experience the company's offerings in stores, in boutiques and other modern retail formats.

VISION

"TO BE THE WORLD'S LEADING BRANDED LUXURY COMPANY"

MISSION

- To constantly unlock value for stakeholders
- To partner with all stakeholders to achieve growth
- To continuously innovate and create designs and brands in keeping with trends, both, present and emergent
- To offer our customers high quality jewellery
- To remain ethical and transparent in our dealings with stakeholders and with society at large



KEY COMPETITIVE STRENGTHS

The Business Model

*G*itanjali is a multi-faceted global organization that operates through an integrated business model spanning the value chain in its entirety. Its activities range from the cutting and polishing of diamonds, the design, manufacture and branding of jewellery through to jewellery distribution and retail. It is a unique model. This model allows for complete operational control over all upstream and downstream activities. Gitanjali's organizational structure also sets it apart from family-owned businesses that throng the jewellery space. Professionalism is at the heart of this organization which is structured so as to be able to respond to market opportunities more rapidly than others.

International Presence

Gitanjali is now a majestic figure in the global gems and jewellery industry. It is present in every major jewellery market of the world namely, the USA (which alone accounts for 30 % of the global jewellery market), India, Japan, China and the Middle-East. Its appetite for innovation and for the enhancement of customer delight has swelled further. It operates through 10 global offices and has 6 regional offices. It employs over 6000 people. Although its prime focus is the Indian jewellery market, it is strategically present in the 5 leading global jewellery markets. The strategic presence of the group across these markets not only allows for the attainment of extensive reach but also mass. The company seeks to expand its presence to the fastest growing jewellery markets as well - Africa, Brazil and Russia for example.

Retailing Muscle

With each initiative, Gitanjali has broken new ground. The company has created immensely successful product brands in a space that was unexplored. Its multiple brands ensure that the consumer segment is fully covered. It has successfully extended these product brands to retail brands.

The company has found new ways of selling jewellery - the MRP model enables the sale of jewellery through the year, the FMCG-style distribution of jewellery enables greater and swifter market penetration and the development of a retail network whereby, jewellery is sold through company owned stores (CoCo), shop-in-shops (SIS) and franchisee outlets. The company presently has over 4000 points of sale in India across these formats. Gitanjali's extensive distribution network across multiple formats and channels spans 300 cities in India. The distribution model helps achieve spread

and visibility quickly and creates a market for branded jewellery by converting unorganized retailers into branded jewellery sellers. The franchisee model enjoys better margins due to its low working capital requirements, the larger stores at prominent locations enhance brand image, the SIS capture the fast growing modern retail platform by catering to impulse buying behaviour. CoCo stores are primarily flagship stores in tier 1 and tier 2 cities. These promote brands and other distribution channels. CoCo stores enjoy higher gross margins than the other channels and are an appropriate avenue for risk diversification.

The Group is now aggressively expanding its asset-light franchisee network (having added 64 franchisees in FY12). This is the preferred approach for the company as the franchisee model generates better store economics, lighter working capital needs and superior cash flows. It also allows the company to move into smaller towns and cities in India more quickly. It is in these smaller cities and towns that consumers are now demonstrating a craving for branded jewellery. For Gitanjali the pioneer, this is therefore, the way forward. Gitanjali plans to further expand its India retail footprint. Over the next 3 years it plans to post a CAGR of about 20% in its number of outlets.

Innovations and Initiatives

Gitanjali has constantly innovated in order to retain its first-mover advantage. It has remained a pioneer in the years that followed that defining moment when Gili arrived in India. Its list of innovations is proud, multi-dimensional and long. Gitanjali has for instance, the distinction of crafting the smallest, heart-shaped diamond in the world – at 0.03 carats.

Its most recent innovations include the launch of an automated jewellery vending machine (targeted at facilitating last minute jewellery purchases) at the Palladium Mall in Mumbai. Other initiatives include the launch of Jewel Souk, a 6500 sq. ft multi-brand jewellery store at the Mumbai International Airport . Gitanjali has harnessed the power of online social media through digital marketing campaigns and QR Codes. The company has also employed the use of E-Commerce and e-franchising models to widen its selling and distribution network.

Again, it is Gitanjali's progressive approach that sets it apart. It has grown in span to encompass 4,000 points of sale, 110 retail stores in the USA and 4 stores in the Middle-East. Its retail presence covers 1.7 million sq. ft.

Gitanjali broke the mould in the jewellery space in India which was characterized by convention and norms in every aspect from pricing to where jewellery could be bought or sold and when jewellery could (or should) be purchased. For instance, it distributed jewellery through distributors of FMCG and other products. This strategy facilitated rapid and expansive retail penetration. It also helped the organization comprehend market specifics. It developed modern retail formats-exclusive and multi-brand outlets and also set up kiosks in department stores to attract footfalls round the year. The company has strategically acquired a 30% stake in Gems London Co. Ltd. It has control over Gems TV, which is a jewellery teleshopping channel that services Japan. It is efforts such as these that express the company's desire to be an integral part of every evolution that the jewellery industry witnesses.

Vigorous promotion campaigns have encouraged the consumer to turn to the company's offerings round the year such as on Valentine's Day and Mother's Day.

Design Strength

Gitanjali has dedicated design teams for each brand company. The design teams comprise brilliant, award winning designers who gauge market trends and conceptualize new designs. Gitanjali's 70+ designers introduce around 4,000 new designs each year. Designers continually attend exhibitions, seminars, jewellery shows, subscribe to various design magazines / journals to

understand the pulse of the markets in India and the rest of the world. They also collate feedback from distributors / retailers and the company's sales teams to understand consumer needs. Gitanjali's design teams constantly strive to cater to diverse consumer needs by incorporating real time feedback on the markets into their designs. Designs are the company's prized assets-these are retained in-house and not outsourced. Based on their characteristics, when translated into jewellery, these designs become part of a brand.

Manufacturing Capabilities

Gitanjali has three advanced diamond cutting and polishing centres in India with a production capacity of 400,000 stones a month. These centres are located in Surat, Hyderabad and Mumbai. Gitanjali has 8 jewellery manufacturing units that produce 220,000 pieces of finished jewellery a month. Diamond jewellery is manufactured across three facilities in Mumbai and one each in Hyderabad, Surat and China. The facility in China (Pacific) manufactures diamond jewellery predominantly for the company's international subsidiaries. Gold jewellery is manufactured at facilities in Coimbatore and Kolkata.

The geographical dispersion of these facilities serves to mitigate risk that could arise on account of political turbulence, labour unrest and force majeure.

Gitanjali enjoys a strong competitive advantage owing to its automated manufacturing facilities that house best-in-class machinery and techniques with the ability to manufacture finer and sharper designs utilizing minimal raw material content thereby, minimizing costs. These are coupled with impeccable finishing and third-party certification. Being integrated across the value chain allows Gitanjali the flexibility to switch designs rapidly thus being able to service shorter jewellery life cycles more effectively than others.

Advertising and Promotion

Gitanjali is the largest media buyer in the Indian jewellery segment (100,000 TV commercials of 10 seconds each, 4,500 radio spots, 3,500 print advertisements of 1.75 mn cm2). The company invested Rs 500 cr in promotions over five years leading to 2011-12. Gitanjali's brands are endorsed by leading celebrities. Celebrity endorsements, promotional campaigns and advertisements together ensure high visibility and recall.



Customer-centricity

Gitanjali offers customers trust and value for their money. This is guaranteed through the hallmarking of gold and independent certifications for diamonds.

The company's initiatives underscore the importance that it assigns to educating customers in India on diamond jewellery. The objective is to assure customers that they are receiving what they are paying for. The 'Know Your Diamond' campaign epitomizes the company's transparency and efforts aimed at creating a class of consumers who are aware of what diamonds are all about.

Strong management with rich experience

The experience of Gitanjali's founders has been central to its success. The company was formed by Mr. Mehul C. Choksi in 1986. He has been a visionary in accurately identifying and executing various initiatives including branding and retailing. He has been instrumental in launching several immensely successful jewellery brands and has been a pioneer in corporatizing the Indian jewellery industry.

Gitanjali has a strong second line of management comprising of professionals with rich retail experience to support its endeavour of making an aggressive foray in the retail space. These professionals manage the company's brands and retail initiatives.

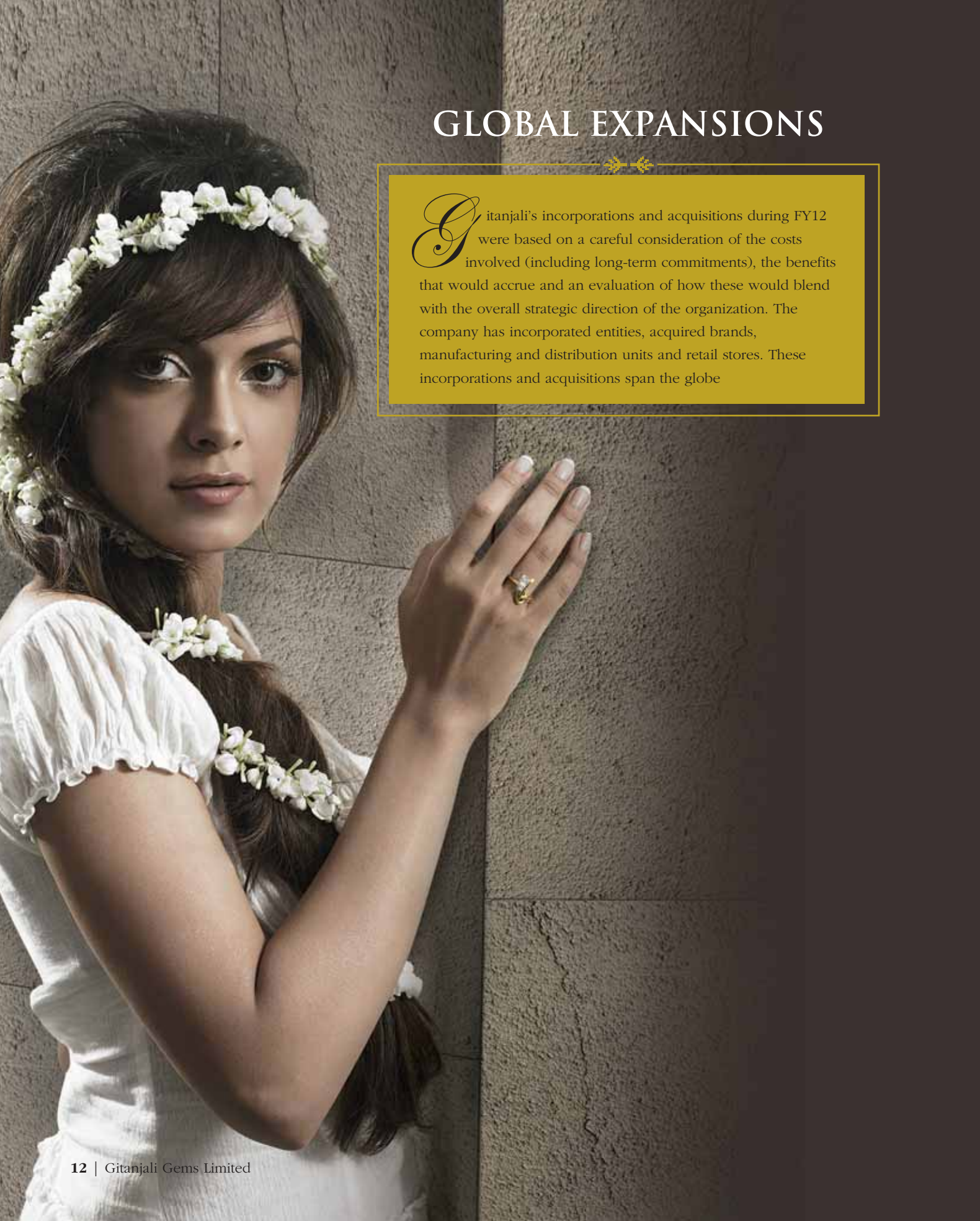
Strong Brand Portfolio

The journey for Gitanjali has been a journey of its brands.

The company's brand bouquet is extensive and pervasive. The brand portfolio addresses different price points, diverse segments and varying degrees of fashion-intensity. In September 2011, M/s. Brand Finance PLC (UK), a reputed global brand valuation company valued nine of the company's major brands at Rs.5, 584 crores. This highlights the power and the potential that reposes within these brands.

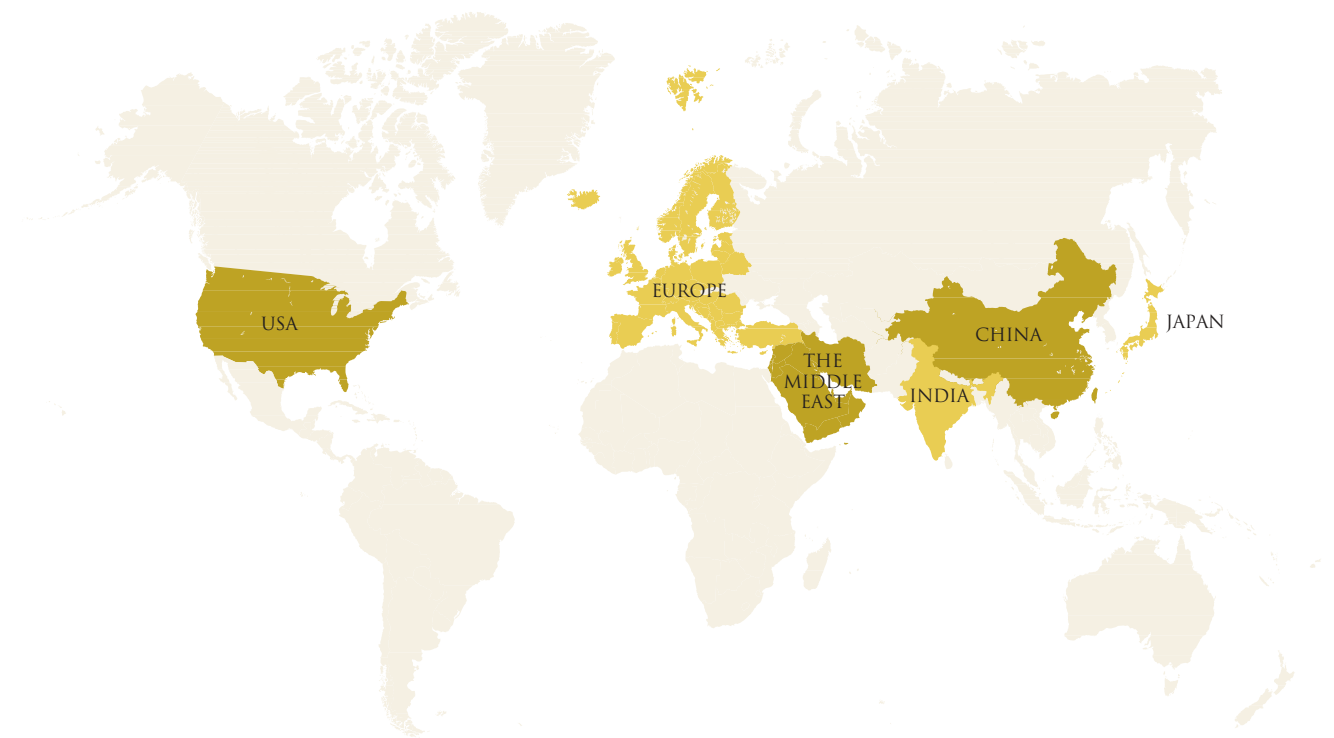
Gitanjali owns four of the five leading jewellery brands in India namely, Gili, Nakshatra, Asmi and D'damas. These brands have attained cult status. They have their own unique identity, price points and target segments. Gitanjali's brands reach out to the value-conscious, design-conscious and fashion-conscious consumers with a distinct proposition. This diversity in brands translates to a case being established for jewellery purchase on any day of the year.

Gitanjali pits jewellery against luxury products. This is no ordinary jewellery company. This is a robust, visionary, trailblazing organization with a keen understanding of present-day aspirations. Gitanjali is a ground-breaking global player that through its prolific offerings satiates the desires that these aspirations generate. The company is a brand creator par excellence that ensures that no gaps are left in the market for branded jewellery. Gitanjali is now a name synonymous with jewellery in India. Gitanjali's journey, since pioneering branded jewellery in India is testimony to its vision of transforming itself into a strong brand entity.



GLOBAL EXPANSIONS

*G*itanjali's incorporations and acquisitions during FY12 were based on a careful consideration of the costs involved (including long-term commitments), the benefits that would accrue and an evaluation of how these would blend with the overall strategic direction of the organization. The company has incorporated entities, acquired brands, manufacturing and distribution units and retail stores. These incorporations and acquisitions span the globe



BUSINESS EXPANSION IN ITALY

Incorporation of Leading Italian Jewels S.r.l. The Group incorporated Leading Italian Jewels S.r.l for its Italian branded portfolio. The Group has extended its offering with a bouquet of Italian brands primarily for customers in Japan, China, Russia, Saudi Arabia, the Far East and India. Each of these brands is on a growth trajectory and is establishing itself in international markets. The Group's flagship store has been opened in China – La'Nouvelle Bague. This will further consolidate its presence in the international market.

ACQUISITION OF CROWN AIM IN DECEMBER 2011

The Group acquired "Crown Aim", a Chinese company that manufactures and distributes jewellery to the USA, Italy, Japan, the UK, the UAE, the Middle-East and Australia. Crown Aim's subsidiary in the UK - "Alfred Terry", distributes jewellery across 2,000 points in the UK and in the rest of Europe. This acquisition strengthened the Group's international manufacturing base and facilitated access to the Chinese market. It also enhanced the Group's merchandising capabilities as well as the ability to capture additional profits.

EXPANSION IN HONG KONG

Incorporation of Aston Luxury Group in Hong Kong to explore and expand the international business of the Group in the Asia Pacific region

EXPANSION IN SINGAPORE

Incorporation of Leading Singapore Jewels Pte. Ltd with the objective to expand business in Singapore and Far Eastern regions.

EXPANSION IN JAPAN

Acquisition of Leading Jewels of Japan KK to expand business in Japan and the adjoining region. Leading Jewels of Japan KK is engaged in the procurement, manufacturing and distribution of diamonds, precious stones, gems and jewellery. In the last fiscal year, the Group also acquired a significant stake in Gems London Co. Ltd. located in Japan which owns Gems TV, one of the leading jewellery selling TV channels of the world.

KEY INDIAN BRANDS

The Group is the pioneer of branded jewellery in India. Its several well-established brands are positioned strategically to tap the rapidly growing branded jewellery market in India as well as other countries. The Group's portfolio comprises of key brands such as 'Nakshatra', 'Gili', 'Asmi', and 'D'Damas'. These major brands are supported by supplementary brands such as Maya, Diya and Sangini to name a few. The Group has also launched new brands such as Amore and GDivas in India as part of its constant endeavour to extend its product range thereby, rapidly filling gaps and addressing an ever-growing demand for branded jewellery in India.





❖ GILI ❖

OVERVIEW

*I*t all began with Gili in 1994. Gitanjali's conviction was that branded diamond jewellery would gain acceptance among the masses and that research did not actually reveal the true emotions of a neo-economically-liberated India. It is with this conviction that the company set about its path-breaking initiatives. Coincidentally, at around the same time, Shoppers' Stop was setting up its first retail megastore incorporating the shop-in-shop (S-I-S) concept. This became the starting point for Gili.

Gili was the first to offer a certificate of authenticity for the quality of the gold and the diamonds used in every piece, and to sell jewellery at a maximum retail price. It also brought uniformity by offering identical quality, identical designs and identical pricing across the

country. It introduced the mail order catalogue concept. It made diamond jewellery more acceptable and accessible. Gili also successfully introduced fashion, rather than pure investment as a motive for jewellery purchase. It made jewellery available off-the-shelf, as a product for impulse purchase, without sacrificing values associated with the process of purchase. After 1999, Gili entered the second phase of its growth focusing on changing customers' perception of Gili as a brand to be gifted to one that was for self wear.

Ten years after Gili arrived in India, Gitanjali launched the first Gili World store in 2004. A product brand thus, metamorphosed into a retail brand. As the brand matured, Gili drew from the findings of an in-house market research

exercise and repositioned itself in 2008 to embrace a broader segment targeted at women across age groups. In keeping with the transformation, the brand colours were changed to a new luxurious dark chocolate brown from the previous red and white so as to convey a richer and more international feel. The brand theme was realigned from 'Every Gili has a Story' to 'Beautifully You'. The objective was to convey premiumness, style and aspirations. Bipasha Basu was appointed Gili's brand ambassador.

The brand has aimed at increasing its retail presence by acquiring more retail space in various formats, including significantly boosting the number of exclusive Gili World stores across the country. The brand is currently available in Dubai and Singapore as well.

PRODUCT

Gili jewellery is high quality, fine finished, machine-made, branded, diamond-studded, designer jewellery including pendants, earrings, rings and bracelets in 18k gold studded with small, well-cut, good quality diamonds, as matching sets or by themselves. The average sale price is around Rs.15, 000.

BRAND VALUES

Gili's brand values are genuine diamond and gold jewellery at affordable prices. The Brand personality is sophisticated, enthusiastic, competent, confident, extrovert, self made, successful and reliable.

NOTEWORTHY

- Gili was the brand that in India elevated Valentine's Day to 'the date' from it being just another date on the calendar.
- First jewellery brand from India to participate in Basel 2000, the World's biggest jewellery and watches exhibition held in Switzerland.
- In September 2011, M/s Brand Finance PLC (UK) valued Gili at Rs. 1,018 crores.



NAKSHATRA



OVERVIEW



Nakshatra was launched by the Diamond Trading Company (DTC) in the year 2000 in association with some Indian Sightholders. Brightest Circle Jewellery Limited was incorporated in 2004 as a sole and exclusive DTC licensee to design, manufacture and market and sell the Nakshatra brand in India and abroad. In early 2008, the Nakshatra brand was acquired by the Gitanjali Group, and Brightest Circle Jewellery became a fully owned subsidiary of the company. Nakshatra enjoys the highest aspiration value in the country's

diamond jewellery brands.

Perhaps, the greatest success of Nakshatra has been its deep and long lasting impact on the Indian consumer psyche. It also helped establish a bridge between tradition and modernity. The impact Nakshatra has had on sales of floral diamond jewellery is 1:4 i.e. for every one Nakshatra sold the retailer is able to sell four more pieces of floral jewellery.

Endorsed by Katrina Kaif, Nakshatra has been awarded the 'Super brand' status in 2004 and 2009. Besides catering to Indian consumers Nakshatra

has successfully entered key international markets and is now present in Middle East, Singapore, U.K, and Kathmandu.

Most recently Nakshatra has unveiled its new logo – Inspired by the popular Indian floral motif, the Nakshatra cluster reflects the eternal beauty and brilliance of a constellation. The new brand logo represents the ethereal beauty of the goddess of divine energy. The logo recreates the heavenly hues and the divine glow connecting the brand with the inner beauty that every woman radiates.



PRODUCT



Nakshatra is a circular cluster comprising six to nine stones, with the central stone larger than the stones surrounding it, signifying a constellation. It is a modern, fashionable rendition of the traditional seven-stone 'Thodu' and the 'Kuda Jodi' jewellery, which are traditional Indian floral designs.

The combination of traditional charisma and contemporary style helped it gain acceptance with women across age groups.



BRAND VALUES



Overt Nakshatra brand values include beauty, radiance, class, elegance and quality. Amongst the symbolic values are femininity, celestial splendour and mystery.

Each design is a stylized interpretation of the basic traditional 'kudajodi' which is believed to be auspicious, showering the wearer with blessings and good luck.



NOTEWORTHY



- The Nakshatra design is the only one to have universal appeal amongst women across India.
- The diamonds used to make up the Nakshatra cluster were formed over 800 million years ago.
- In September 2011, M/s Brand Finance PLC (UK) valued Nakshatra at Rs. 1,014 crores.



❖ ASMI ❖

OVERVIEW

Asmi was launched in 2002 by the Diamond Trading Company (DTC) in association with some of its Sightholder companies. Gitanjali has been associated with the brand since its launch and acquired the Asmi trademark from DTC in 2006. The brand is unique because it is the premier jewellery brand in India to encourage self-purchase in women. Its name is derived from the Sanskrit word which means, "I am". It is presented as

affordable luxury for every woman. At the time of the launch, the Indian woman was fast transforming into a global citizen. Research indicated that in the changed socio-economic scenario that had emerged post liberalization, women buying themselves jewellery (self-purchase) rather than waiting for someone to gift it to them was a strong, emergent trend. Gitanjali established a unique distribution network for Asmi

comprising those with an experience of having distributed tyres, steel and kirana products who in turn would market Asmi to jewellers across the country. Endorsed by Priyanka Chopra, Asmi re-engineered its design to optimize precious metal consumption, price itself attractively, widen the market, grow its distribution network and be available in as many cities as possible.

PRODUCT

The design styling for the Asmi jewellery has always been that of curvilinear forms around a central stone of and above 5 points. It rightly personifies the woman of today and her inner fire. Asmi has under its patronage a range of distinctive, contemporary yet affordable designs in diamond jewellery.

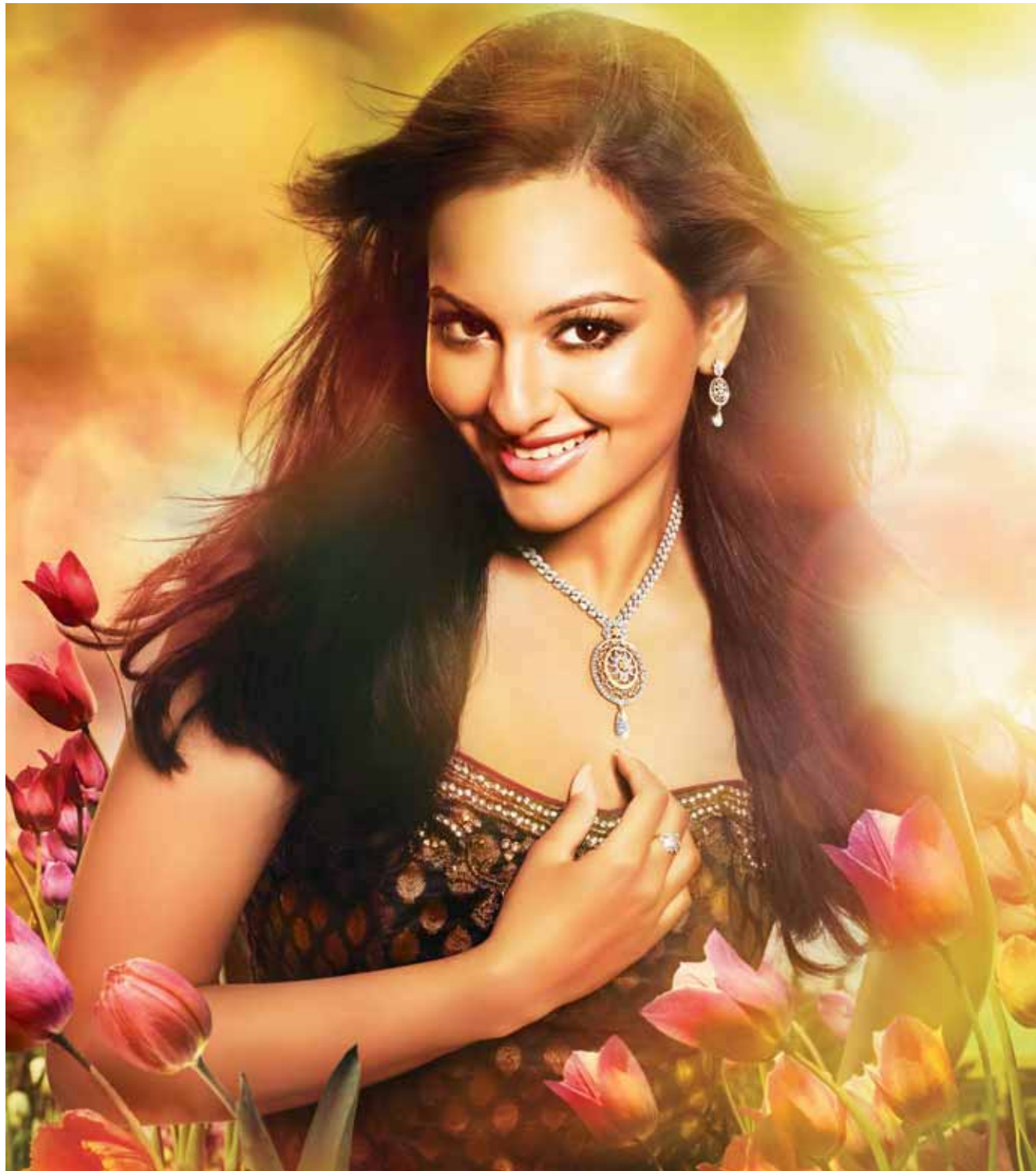
BRAND VALUES

From the outset, Asmi has aimed to fulfil every woman's innate need for self-expression, and has lauded the Indian woman's "inner fire". Asmi is a brand that is "for the woman of spirit", commemorating her success and inspiring her to achieve higher goals. It is an expression of the power of femininity, reflection of confidence, attitude and the inner spirit of a woman.

The brand is also promoted as one that offers "Authenticity, Affordability, Accessibility".

NOTEWORTHY

- A special annual promotional event has always been organized on Woman's Day, as the most appropriate occasion to reinforce and reiterate the values and identity of the brand.
- In 2009, in association with FICCI Ladies Organisation, and an NGO- Fight Back, Asmi launched its Shakti Torch campaign on the occasion of Women's Day 2009, to combat the problem of domestic violence in India.
- In September 2011, M/s Brand Finance PLC (UK) valued Asmi at Rs. 406 crores.



➤ D'DAMAS ➤

OVERVIEW

D'damas was launched in 2004 as a joint venture between Gitanjali Gems and the Dubai-based Damas Group to offer Indian consumers a brand of jewellery that combined international quality with

Indian values. D'damas rapidly developed a range of gold as well as diamond studded jewellery through associated brands, sub-brands and collections and today offers consumers a vast range of choices. The brand also

expanded its retail outlets across the country, thus offering easy accessibility to consumers. Endorsed by Sonakshi Sinha, it is now one of the most well-recognized jewellery brands in India.

PRODUCT

D'damas has multiple sub-brands, each unique in positioning & offering. The brand also has items in all categories-rings, earrings, nose pins, pendants, bangles, bracelets, necklaces, Tanmanya, Mangalsutra, half sets and full sets.

Each sub-brand under D'damas offers stylized and contemporary designs, conceptualized and created by an in-house team of award winning designers. D'damas is perhaps the only jewellery brand that has offerings in virtually all product categories, across all price points, for all occasions and emotions, thus covering consumers across age-groups and demographic classes.

BRAND VALUES

D'damas embodies luxury and high aspirations, bestowing on the wearer an aura of exclusivity and refinement. The vast variety of associated brands allows every customer a choice of jewellery to reflect her personality, tastes and to suit every occasion. There is gold and diamond studded jewellery matching various lifestyles, occasions and price points that cater to diverse customers. D'damas is committed to the highest levels of customer satisfaction. Every piece of jewellery comes with a special certificate of authenticity that assures of both the diamond and the gold content in the piece. D'damas jewellery is fully hallmarked and accompanied with a diamond certificate from IGI.
















NOTEWORTHY

- Best Jewellery Designs- JCK and Best Vivaaha Gold Jewellery
- In September 2011, M/s Brand Finance PLC (UK) valued D'damas at Rs. 331 crores.

KEY BRANDS - CHARACTERISTICS

BRANDS - POSITIONING



		Brand characteristics	Brand identity	Design concept	
 Beautifully you.		Stylish, contemporary, extrovert, enthusiastic, self-made	Embrace the Gili way of easy elegance “Beautifully you”	Easy to wear, highly contemporary and trendy designs	
 NAKSHATRA DIAMOND JEWELLERY		Mesmerizing, epitome of beauty and luck, elegant and timeless	Stunning, beautiful, sparkling diamond jewellery positioned as a woman’s ultimate accessory “The enchanting enigma”	Design concept inspired by the popular Indian floral cluster	
 asmi Diamond Jewellery For the woman of spirit		Free, spirited, goal oriented, successful, independent	Diamond jewellery with a delicate and feminine look that is distinctly evocative of strength and grace “For the woman of spirit”	Design concept revolves around curvilinear forms that symbolize the inner fire of women	
 D'damas Celebrate Always		Celebration of every occasion, stylish, chic, aesthetic	Jewellery for every occasion, mood, need, user profile “Celebrate always”	International quality combined with Indian aesthetics. For all occasions, moods, user profiles	
 maya Gold		Classic, traditional, festive, occasional gift giving	Aimed at the wedding market and similar festivities and similar occasions “Moments like these speak gold”	Traditional classic designs to cater to major gold jewellery buying occasions	

INTERNATIONAL BRANDS

Gitanjali owns 5 Italian brands- Stefan Hafner (high-end luxury jewellery), La Nouvelle Bague (fashion jewellery), IoSi (fashion jewellery), Roberta Poratti (luxury jewellery) and Valente (luxury jewellery). These are brands of repute that were acquired specifically to cater to the international jewellery market where design preferences are markedly different from those in India. The company's efforts are geared towards enhancing the brand heritage, in avoiding overlaps in customer portfolio amongst the brands and focusing on diversification. By generating consumer trust and a rich product experience, Gitanjali hopes to achieve reach and mass in leading and emerging international jewellery markets.

ROBUST PERFORMANCE

The company has witnessed a strong top line growth of over 38% in the last 3 years. For the financial year ended March 31, 2012, the company achieved consolidated Net Sales of Rs. 12,498.3 Crore Vs Rs. 9,377.3 Crore last year having a growth of 33%.

This growth can be primarily attributed to –

- Shifts in consumer trends
- Introduction of gold jewellery collections to complement the existing diamond jewellery
- Focus on India as a key growth destination with incremental sales from new franchisees, shop-in-shops and own stores

The company has seen an EBIT growth of over 53% in the last 3 years. EBIT for

the financial year 2012, was Rs. 926.2 Crore, a growth of 58% over last year. The company's net profit increased to Rs. 487.3 Crore, as against Rs. 354.8 Crore last year achieving a growth of 37%. Earnings per Share for the financial year 2012 stood at Rs. 55.5 as compared to Rs. 41.8 per share for the last fiscal achieving a growth of 33%. The Consistent growth in the bottom line is primarily attributed to -

- Change in the segment mix, in favor of jewellery

- Aggressive downstream expansion focused on branded jewellery retail

With a balanced portfolio between India and overseas as well as between diamond jewellery and gold jewellery the annual performance has accelerated. Gitanjali today is one of the largest integrated jewellery companies in the world and it will continue to access largest and fastest growing jewellery markets.

DIAMONDS: THE SUM OF ALL BRILLIANCE

- The word is derived from the Greek word *adamas* meaning "unbreakable" and "untamed"
- It is the hardest known natural material and is graded 10 on the Mohs scale of mineral hardness. Hence, the name.
- They are suitable as gemstones owing to their hardness and resistance to scratching.
- They are an allotrope of carbon.
- Their age ranges from under 1 billion to 3.3 billion years or 22% to 73% of the age of the Earth.
- They are delivered to the earth's surface by volcanic eruptions. They are also known to occur at sites of meteorite strikes.
- They are part of history and symbolism. The most well-known of them all, the Kohinoor (meaning the Mountain of Light) hails from India and is part of the British Crown Jewels.
- They are believed to have been first found and mined in India. Kautilya's famed treatise, Arthashastra, bears references to a vigorous trade in India. India remained the only source

until the 18th century. Then they were also found in Brazil.

- They were used as religious icons in ancient India and as engraving implements in ancient times.
- Since the 19th century, their popularity for use in jewellery has increased because of increased supply, improved cutting and polishing techniques, growth in the world economy, and innovative and successful advertising campaigns by mining companies.
- They are valued based on four Cs-Cut, Colour, Clarity and Caratage.
- The chief processing and trading centres are Surat, Antwerp, Tel Aviv, and Amsterdam.
- Presently, diamonds are sourced predominantly from Africa, Russia, Canada and Australia.
- Their supply globally, is dominated by a few players only- De Beers, Rio Tinto, Al Rosa and BHP Billiton.
- They are gaining in popularity not only for adornment but also as a form of financial security.



Diamonds: Their mystique endures.



FROM THE CHAIRMAN

Dear Shareholders,

THE MACROECONOMIC ENVIRONMENT DURING FY12 WAS REplete WITH UNCERTAINTIES AND STRESSES. THE FRAGILITY OF THE GLOBAL ECONOMIC ENVIRONMENT AND A SLOW RECOVERY RATE GLOBALLY NOTWITHSTANDING, WE AT GITANJALI GEMS, VIGOROUSLY SOUGHT, IDENTIFIED OPPORTUNITIES AND NAVIGATED CHALLENGES TO CHART A CHALLENGING YEAR SUCCESSFULLY.

Our company’s efforts were based on a firmly-entrenched belief that is at the core of our business. We believe we have the potential to track opportunities and find success in every situation. Our ability to look beyond the norm has been catalytic in our reporting a successful and profitable year.

There are over a billion people in India. It is a gigantic market with a large youth population. Disposable incomes in India are on the rise. This translates to mounting aspirations for products such as branded jewellery. We, at Gitanjali were well-poised to take advantage of this and as a result were able to grow customer wallet share in FY12.

We have succeeded through aggressively expanding our presence in smaller Indian cities and towns. Our success has proved that jewellery consumers are shifting from the unorganised sector to the organised sector. It has also proved that branded jewellery is rapidly becoming the preferred option for consumers in these regions and that the increase in demand for branded jewellery is not limited to large cities alone. That is another reason for our company to be optimistic.

Our strategy is to position multiple brands uniquely, linking them to occasions, classes and situations and then marketing these across regions through a diverse mix of company owned stores, shop-in-shops and franchising. Gitanjali’s portfolio of brands is intended to ensure that there are no gaps left and that dynamic and rapidly changing consumer needs are addressed through our bouquet of brands.

We are now one of the leading players the world over in jewellery branding and retailing. Our presence spans the value chain in full, from the sourcing of diamonds to the retailing of jewellery. Being integrated, the company enjoys benefits that emanate at the value chain’s intermediate stages. Gitanjali not only finds a place amongst the largest global branded jewellery and retail players but is also among the fastest growing companies in this space.

We recognise that diamond jewellery is rapidly gaining ground in an Indian market dominated predominantly by gold. Diamonds are also being viewed as a form of financial security and a repository of value. These are significant in uncertain times when

risk-aversion is on the rise. By offering a range of brands as well as trust and convenience to consumers, our company enjoyed high growth during the year. Regional preferences have been incorporated in the new collections, brands and designs that were launched during the year. Our brands continue to enjoy strong recall owing to vigorous promotional campaigns and the choice of leading celebrities as brand ambassadors.

As pioneers in the branded jewellery business, Gitanjali has been and will continue to benefit from this transition. We have succeeded by capitalising on our first mover position by recognising emergent patterns and shifts and adapting accordingly. We have, for example, adopted modern retail formats such as boutiques, shop-in-shops and Jewel Souk (a multi-brand store), all aimed to enrich the consumer jewellery purchasing experience.

Gitanjali’s portfolio of brands is a potent one. Both current and potential jewellery consumers are familiar with the company’s brands-Gili, Asmi, Nakshatra and D’damas to name some. During the year, nine of our Indian brands were independently valued at

Rs. 5,584 Cr. We are constantly innovating-creating new designs, new collections, introducing new channels for the sale of jewellery, supporting new product launches with promotional campaigns thus reaching out to consumers in a variety of ways and so enthralling them. These initiatives have been immensely successful.

In the year 2011-2012, we commenced a business reorganising exercise whereby we strategically reorganised our business into three focused verticals in order to enhance value for stakeholders. The vertical under the operating-cum-holding company Gitanjali Brands Limited (GBL), on a consolidated basis, holds all our Indian brands for distribution and retail of jewellery in India.

Our portfolio is well-balanced in terms of presence in India and overseas and in terms of a balance between diamond and gold jewellery. This has accelerated the improvement in the annual performance.

Incisive strategic initiatives relating to a gamut of activities from branding to the launch of new collections, new store openings and sales provided powerful impetus to our company’s revenues which swelled by 33%.

We service consumers through over 4000 points of sale. In India we are present across 300 cities and towns. In order to leverage our position of supremacy, we have expanded our retail presence aggressively during the year 2011-2012. We added 23 own stores, taking the number of these stores to 233. Gitanjali added 57 stores in the shop-in-shop format resulting in this number increasing to 577. Our company also added 64 franchisees

which took the number of franchisees to 319. The size of our company’s retail network increased consequently from 1.3 million square feet in 2010-2011 to 1.7 million square feet in 2011-2012. We intend to scale up to 2 million square feet by FY 2015.

The driver for the expansion of our retail presence will be our growing franchise network. This will address the fast growing demand for branded jewellery in small towns and cities. As a result of its constantly increasing retail footprint, the company achieved high sales from stores that matured during the year 2011-2012. Gitanjali’s occupancy of over 60% of the Indian organised mall space is the largest in the jewellery category.

A word on our US business - The retail chain, Samuels has turned profitable. The Group currently operates through a 110 doors in the US. The business witnessed a robust top and bottom line growth during the year. Supply chain synergies also contributed to healthy returns and profits.

Expansions and acquisitions have been in focus during the year. We aim to have a powerful presence in the leading jewellery markets globally namely, the USA, Japan, China, India and the Middle-East. We opened three more stores in the Middle-East taking the store count in that region to four. We also want to serve emerging markets. Our Italian brands service international design preferences which are different from designs that are suitable for India.

Gitanjali incorporated Aston Luxury Group in Hong Kong to explore and expand the international business of the Group in the Asia Pacific region. Gitanjali acquired Crown Aim which is

in Hong Kong. The entity has a state-of-the-art manufacturing unit in China as well as in-depth sourcing capabilities. With an output of over 1000 pieces of jewellery each day Crown Aim ensures additional profit capture and enhanced merchandising capabilities for Gitanjali. Crown Aim has a subsidiary - “Alfred Terry”, in the UK, which distributes jewellery across 2,000 points in the UK and in the rest of Europe. The company acquired Leading Jewels of Japan KK to expand business in Japan and the adjoining region. The company incorporated Leading Singapore Jewels Pte. Ltd with the objective to expand business in Singapore and the Far Eastern regions

We expect to continue to benefit from the increasing share of organised players in the jewellery space in India. Our astute understanding of market and individual segment requirements, focus on increasing market visibility, maintaining the strong brand recall we enjoy among customers, innovations and design concepts will fuel our growth globally. The synergies that our company’s alliances and acquisitions provide for in terms of learning and efficiencies will drive our expansion in keeping with our vision and corporate philosophy.

On behalf of Gitanjali, I would like to thank you for the trust and faith that you have demonstrated. It is these that above all drive us on to consolidate and reinforce our position and enhance value.

Warm regards,

Mehul C. Choksi
Chairman and Managing Director

NOTICE

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting (AGM) of Gitanjali Gems Limited will be held on Friday, September 28, 2012 at 10.00 A.M. at MCA Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051 to transact the following businesses:

Ordinary Business:-

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Profit & Loss Account for the year ended on that date and the reports of Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. S. Krishnan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Nehal Modi, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors and fix their remuneration.

Special Business:-

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

"RESOLVED THAT Mr. M. S. Sundararajan who was appointed as an additional director of the Company with effect from March 21, 2012 by the Board of Directors under section 260 of the Companies Act, 1956 and who holds office upto the

date of this annual general meeting and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of Director, under Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Mr. Sunil Varma who was appointed as an additional director of the Company with effect from May 21, 2012 by the Board of Directors under section 260 of the Companies Act, 1956 and who holds office upto the date of this annual general meeting and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of Director, under Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any

statutory modification(s) or re-enactment thereof, approval of the members be and is hereby accorded to the appointment of Mr. Sunil Varma as a Whole-time Director of the Company, for a period of 5 (five) years with effect from May 21, 2012, on the terms and conditions including remuneration as set out in the Explanatory 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 any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, shall be paid to Mr. Sunil Varma as minimum remuneration with the approval of the Central Government, if required.

RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorized to alter or vary the remuneration within the provisions of Schedule XIII of the Companies Act, 1956, to the extent the Board of Directors or

Committee thereof may consider appropriate, as may be permitted or authorized in accordance with any provisions under the Companies Act, 1956 or schedule(s) appended thereto, for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulations there under and to do all such acts, deeds, things in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit.

RESOLVED FURTHER THAT the Board of Directors or Company Secretary be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. 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 Sections 198, 269, 309, 310, 311 and 317 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), and such other approvals as may be required, Mr. Mehul C. Choksi be and is hereby re-appointed as Managing Director of the Company, for a period of five years commencing from August 01, 2012, on terms and conditions, as set out in the Explanatory 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 any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year(s), during the currency of tenure of Mr. Mehul C. Choksi as Managing Director of the Company, the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting be paid to Mr. Mehul C. Choksi, as minimum remuneration subject to the approval of Central Government, if necessary.

RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorized to alter or vary the remuneration within the provisions of Schedule XIII of the Companies Act, 1956, to the extent the Board of Directors or Committee thereof may consider appropriate, as may be permitted or authorized in accordance with any provisions under the Companies Act, 1956 or schedule(s) appended thereto, for the time being in force or any statutory modification or re-enactment thereof and/or any rules

or regulations there under and to do all such acts, deeds, things in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit.

RESOLVED FURTHER THAT the Board of Directors or Company Secretary be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force), the enabling provisions in the Memorandum and the Articles of Association of the Company, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ("SEBI ICDR Regulations") as amended from time to time, the listing agreements entered into by the Company with the stock exchanges where shares of the Company are listed and all other applicable laws and regulations, and subject to such approvals, consents, permissions, and/or sanctions as may be required from the Government of India, Reserve Bank

of India, Securities and Exchange Board of India (SEBI), Stock Exchanges and from any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "Concerned Authorities") and subject to fulfillment of such conditions, if any, as may be required to be fulfilled in obtaining, or as may be stipulated by the Concerned Authorities from time to time in granting, any such approvals, consents, permissions or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the consent of members of the Company be and is hereby accorded to the Board to create, offer, issue and allot 1 (one) Zero Percent Fully Convertible Debenture (FCD) having a face value of Rs. 39,00,00,000/- (Rupees Thirty Nine Crores only) on a preferential basis to D. B. Corp Ltd (DBCL) having its registered office at 280, Sarkhej Gandhi Nagar Highway, Near Y.M.C.A. Club, Markarba, Ahmedabad, Gujarat - 380051, convertible into such number of equity shares of the Company of nominal value of Rs. 10/- each at a

price as computed in accordance with SEBI (ICDR) Regulations, 2009.

RESOLVED FURTHER THAT the said 1 (one) Zero Percent FCD shall be compulsorily converted into Equity Shares of the Company having face value of Rs. 10/- (Rupees Ten only) each at the end of 18 (eighteen) months from the date of allotment.

RESOLVED FURTHER THAT the Relevant Date for the preferential issue, in relation to the aforesaid FCD, for the purpose of determining the issue price under the SEBI (ICDR) Regulations, 2009 shall be thirty days prior to the date on which DBCL is entitled to apply for the equity shares.

RESOLVED FURTHER THAT the Equity Shares to be issued and allotted upon conversion of the 1 (one) Zero Percent FCD, as aforesaid, shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution(s), the Board be and is hereby authorised on behalf of the Company to take all actions and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable for such purpose, including to seek listing of

the Equity Shares to be issued and allotted upon conversion of the 1 (one) Zero Percent FCD, and to modify, accept and give effect to any modifications in the terms and conditions of the issue as may be required by the statutory, regulatory and other appropriate authorities (including but not limited to SEBI, the Reserve Bank of India, the Government of India, etc.) and as may be agreed by the Board, and to settle all questions, difficulties or doubts that may arise in the proposed issue, pricing of the issue, offer and allotment of the Equity Shares arising there from, including utilization of the issue proceeds and to execute all such deeds, documents, writings, agreements, applications in connection with the proposed issue as the Board may in its absolute discretion deem necessary or desirable without being required to seek any further consent or approval of the Members or otherwise with the intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors to give effect to this resolution.”

By order of the Board of Directors

Pankhuri Warange
Company Secretary

Notes:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. INSTRUMENT OF PROXIES, IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote at the meeting.
- For convenience of the Members and for proper conduct of the meeting, members/ proxies are requested to bring copy of annual report along with the Attendance Slip duly filled in and signed for attending the AGM.
- 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, to facilitate identification of membership at the meeting.
- In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- Members who would like to ask any

questions on the accounts are requested to send their questions to the Company at an earlier date before the Annual General Meeting to enable the management to answer their queries at the meeting satisfactorily.

- The Register of Members and Share Transfer Books of the Company will remain closed from, Saturday, September 15, 2012 to Friday, September 28, 2012 (Both days inclusive).
- If dividend on equity shares as recommended by the Board of Directors is declared at the Annual General Meeting, payment of such dividend will be made to those members whose names appear on the Register of Members as on Saturday, September 15, 2012. In respect of shares held in electronic form, dividend will be payable to the beneficial owners of shares as at the end of business hours on Friday, September 14, 2012 as per details furnished by the Depositories for this purpose.
- Non-resident Indian members are requested to inform the Registrar Karvy Computershare Private Limited immediately on:
 - Change in the residential status on return to India for permanent settlement.
 - The particulars of the bank accounts maintained in India with complete name, branch, and account type, account number and address of the bank, if not furnished earlier.

- Members, who wish to avail the ECS facility, may provide the Company with ECS mandate for crediting the future dividend payment directly to their respective bank accounts. The Company shall be able to coordinate with the bankers only on receipt of the necessary information. The main information required therein is the type of account, name of the bank and the account number. It should be signed by all the holders, as per the specimen signature recorded with the Company/Depository Participant.
- Members who hold shares in physical form are requested to notify any change in their addresses to the Company's Registrar & Transfer Agents, M/s Karvy Computershare Private Limited, Gitanjali Gems Limited Unit, Plot No 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081 and to their respective depository participants, in case shares are held in electronic mode.
- Members who wish to obtain information on the Company or view the accounts for the financial year ended March 31, 2012, may visit the Company's corporate website www.gitanjaligroup.com.
- The Company has designated an exclusive email ID viz. investors@gitanjaligroup.com which would enable the investor to post their grievances and monitor its redressal. Any member having any grievance can post the same to the said email address for its quick redressal.
- In order to avoid fraudulent encashment of dividend warrants,

Date: August 11, 2012
Place: Mumbai

Regd office:
A-1, 7th Floor, Laxmi Tower, Bandra- Kurla Complex, Bandra (East), Mumbai – 400 051

Members who hold shares in physical form are requested to intimate the Company's Registrar & Transfer agents, under the signature of the Sole/ First joint holder, the following information for enabling the corresponding particulars to be incorporated on dividend warrants, as and when issued:	Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.	dated May 20, 2009, it is mandatory for the transferee(s) to submit copies of their PAN card along with request for transfer of shares of listed Companies in physical form. Accordingly, all transferees are requested to submit self – attested copies of their PAN card along with their request for transfer of shares of the Company in physical form in compliance with the above circular, failing which their request for transfer of shares will be returned under objection.
(i) Name of the Sole/ First joint holder and the Folio Number		
(ii) Particulars of Bank Account, viz.:		
(a) Name of Bank		
(b) Name of the Branch		
(c) Complete address of the Bank with Pin Code Number		
(d) Account type, whether Savings Account or Current Account		
(e) Bank Account Number		
n. Members who hold shares in dematerialized form may kindly note that their bank details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the	o. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholders in respect of the shares held by them. The Nomination form 2B in duplicate prescribed by the Government can be obtained from the Company's Registrar & Transfer Agent, M/s Karvy Computershare Private Limited, Hyderabad.	q. In order to receive copies of Annual Reports and other communication through e-mail, Members are requested to register their e-mail addresses with Karvy Computershare Pvt Ltd, Registrar and Share Transfer Agents of the Company by sending an email at einward.ris@karvy.com.
	p. Please note that in terms of SEBI circular No. MRD/ DoP/ Cir -05/2009	r. An Explanatory Statement pursuant of Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.

Details of directors seeking appointment/reappointment in Annual General Meeting pursuant to Clause 49 of Listing Agreement of Stock Exchanges

Name of the Director	Mr. Nehal Modi	Mr. S. Krishnan	Mr. M. S. Sundararajan
Date of Birth	03/03/1979	13/12/1945	15/03/1950
Date of Appointment	29/10/2009	25/10/2005	21/03/2012

Expertise in specific function area	He is a B.A in finance and marketing from Boston University and is having rich experience at top management position. He has been instrumental in the Company's growth in USA since 2001	He is a leading professional in the financial services industry and has vast experience in banking, fund management and capital market operations. He has held top management positions in TAIB Bank E.C., AIB Securities, Everest Fund, Aldercrest Trading Limited and First Bank with Professional experience in USA, Europe, Middle East, Africa and India.	He has core expertise in investment banking, project finance, corporate restructuring and capital market. He is ex-CMD of Indian Bank. He won the Golden Peacock Award on behalf of Indian Bank in October 2009. He has also been part of several key strategic initiatives at Indian Bank including launching of initial IPO, introduction of Biometric ATM and introduction of touch screen kiosk across various Indian bank branches in India. According to The Economic Times press release, Mr. Rajan was ranked 45th in the Economic Times India Inc's most powerful CEOs list in the year 2009. He was ranked No.2 among the CEOs of Nationalized Banks and No.6 among the CEOs of Commercial banks.
Qualification	B.A in Finance and marketing from Boston University	M. Com, D.M.M, M.F.M	M. Com., CAIIB and A.C.S.
List of outside Directorships held	1. Gitanjali USA Inc. 2. Jewellery Marketing Company L.L.C 3. Tri-star Worldwide L.L.C 4. Diamlink Inc 5. Samuels Jewelers Inc.	1. Interactive Realities International Pvt. Ltd 2. Interactive Entertainment Private Ltd 3. Sangamam Homes Private Ltd 4. Digital Brands India Private Ltd 5. Rane Holding Ltd 6. Goa Glass Fibre Ltd	1. M.R.L. Posnet Pvt. Ltd. 2. NSDL Database Management Ltd. 3. My Mobile Payments Limited 4. The Clearing Corporation of India Ltd 5. Sundaram Trustee Company Ltd 6. Royal Sundaram Alliance Insurance Company Ltd 7. Aadhar Housing Finance Pvt Ltd. 8. Sharda Worldwide Exports Pvt Ltd 9. BGR Energy Systems Ltd 10. Kisan Mouldings Ltd 11. Frontier Life Line Private Ltd

Chairman/Member of the Committee of the Board of Directors of the Company	N.A	1. Member of Audit Committee 2. Member of Remuneration Committee	1. Member of Remuneration Committee
Chairman/Member of the Committee of the Board of Directors of other Companies	N.A	1. Rane Holding Limited - Chairman of Audit Committee 2. Goa Glass Fibre Limited – Chairman of Audit Committee	1. The Clearing Corporation of India- member of Premises Advisory Committee 2. Sundaram Trustee Company - Member of Audit Committee 3. Royal Sundaram Alliance Insurance Company Ltd - Member of Investment Committee 4. Royal Sundaram Alliance Insurance Company Ltd - Chairman Customer Grievance Committee.
Number of shares held in the Company as on March 31, 2012	NIL	NIL	NIL

Name of the Director	Mr. Mehul C. Choksi	Mr. Sunil Varma
Date of Birth	05/05/1959	15/08/1967
Date of Appointment	21/08/1986	21/05/2012
Expertise in specific function area	<p>He has wide experience in the diamond industry having an exposure to the entire range of activities, from buying roughs to jewellery sales. He has been instrumental in establishing branded jewellery in India and has launched several successful brands like GILL, D'Damas, and Giantti. He has played a crucial role in positioning brands such as Nakshatra and Asmi. He has also been a pioneer in corporatising the jewellery industry in India. He has been on the committees of the Gems and Jewellery Export Promotion Council of India besides holding several other key industry positions. He steers the group vision and strategy with his deep knowledge and foresight.</p>	<p>He is a senior finance and accounting professional with extensive experience in management and business leadership and has rich experience in Accounting & Financial Management, Auditing & Compliance, Financial Statements Consolidation, Budgeting & Management, Crisis Management, Treasury Functions, Financial & Strategic planning, etc.</p>

Qualification	B. Com	B com, M.B.A., C.A., C.P.A. and C.F.A
List of outside Directorships held	1. Gitanjali Realtors Private Ltd 2. Maitreyi Impex Private Ltd 3. Rohan Mercantile Private Ltd 4. Evergold Jewels Private Ltd 5. Mast Jewellery Distributions Private Ltd 6. Lustre Manufacturers Private Ltd 7. Sanrishadel Mercantile Private Ltd 8. Mannat Jewellery Manufacturing Private Ltd 9. Gitanjali Impex Private Limited 10. Gili India Ltd 11. Gitanjali Brands Ltd 12. Spectrum Jewellery Ltd 13. Gitanjali Lifestyle Ltd 14. Asmi Jewellery India Ltd 15. D'Damas Jewellery (India) Private Ltd 16. MMTC Gitanjali Private Ltd 17.Gitanjali Capital Private Ltd 18. Samuels Jewelers INC 19. Lustre Gems Limited, Mauritius 20. Gitanjali USA, Inc. 21. Aston Luxury Group Ltd. 22. Gitanjali Resources 23. Leading Italia Jewels SRL 24. Leading Singapore Jewels Pte Ltd 25. Gitanjali Jewellery Retail Ltd	Verite Co. Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	1.Chairman of Borrowing Committee 2. Chairman of Investment Committee 3. Chairman of Allotment Committee 4. Chairman of Administrative Committee 5. Member of Shareholders/Investors Grievance Committee	1. Member of Borrowing Committee 2. Member of Investment Committee 3. Member of Allotment Committee 4. Member of Administrative Committee
Chairman/Member of the Committee of the Board of Directors of other Companies	1. Chairman of Audit Committee - Gili India Ltd 2. Member of Audit Committee – Gitanjali Brands Ltd 3. Chairman of Audit Committee- Gitanjali Lifestyle Ltd	
Number of shares held in the Company as on 31st March, 2012	4,33,25,031	NIL

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.6

Mr. M. S. Sundararajan was appointed as an Additional Director of the Company on March 21, 2012. Pursuant to Section 260 of the Companies Act, 1956, he would hold office of Director up to the date of the ensuing Annual General Meeting. The Company has received a Notice in writing (together with a deposit of Rs. 500/-) from a member under the provisions of Section 257 of the Companies Act, 1956, proposing candidature of Mr. M. S. Sundararajan for the office of a Director. It will be advantageous for the Company to continue to avail his services and take the benefit of his vast experience and expert knowledge.

Your Directors recommend the ordinary resolution for the approval of members.

Except Mr. M. S. Sundararajan, no other director is interested or concerned in this resolution.

ITEM NO. 7

Mr. Sunil Varma was appointed as an Additional Director of the Company on May 21, 2012. Pursuant to Section 260 of the Companies Act, 1956, he would hold office of Director up to the date of the ensuing Annual General Meeting. The Company has received a Notice in writing (together with a deposit of Rs. 500/-) from a member under the provisions of Section 257 of the Companies Act, 1956, proposing candidature of Mr. Sunil Varma for the office of a Director. It will be advantageous for the Company to

continue to avail his services and take the benefit of his vast experience and expert knowledge.

Your Directors recommend the ordinary resolution for the approval of members.

Except Mr. Sunil Varma, no other director is interested or concerned in this resolution.

ITEM NO.8

The Board of Directors of the Company (the 'Board'), at its meeting held on May 21, 2012 has, subject to the approval of Members, appointed Mr. Sunil Varma as Whole-time Director, for a period of 5 (five) years, which will expire on May 20, 2017, on the remuneration determined by the Remuneration Committee of the Board and approved by the Board.

Mr. Sunil Varma is a commerce graduate from Mumbai University and holds an M.B.A. degree from the University of Chicago alongwith degrees like C.A., C.P.A. and C.F.A. He is a senior finance and accounting professional with extensive experience in management and business leadership and has rich experience in Accounting & Financial Management, Auditing & Compliance, Financial Statements Consolidation, Budgeting & Management, Crisis Management, Treasury Functions, Financial & Strategic planning, etc.

Broad particulars of the terms of appointment of and remuneration payable to Mr. Sunil Varma are as under:

Salary:

Rs. 4,78,000/- per month with the powers

to the Board to give such accelerated increments, as they deem fit and proper.

Other Terms & Conditions:

a) The Whole Time Director shall exercise and perform such powers and duties as the Board of Directors (hereinafter called the "Board") may from time to time determine and subject to any directions and restrictions given and imposed by the Board, shall look after such aspects of the Business of the Company which are assigned to him by the Board and perform the duties that may be delegated to him from time to time, subject to the overall supervision and control of the Board of Directors.

b) He shall, throughout the said term, devote attention and abilities to the business of the Company and shall conform to and comply with the directions and regulations issued by the Board, and shall faithfully serve the Company and use his utmost endeavor to promote the interest thereof.

c) The terms and conditions of the appointment and/or remuneration of the Whole Time Director may be varied by the Board of Directors in such manner as may be mutually agreed between the Board and the Whole Time Director subject to applicable provisions of the Companies Act. 1956.

d) The Whole Time Director shall be entitled to be reimbursed all the expenses that may be incurred by him for and on behalf of the Company or in conduct of the business / affairs of the Company.

Mr. Sunil Varma shall not be subject to retirement by rotation pursuant to provisions of section 255 of the Companies Act, 1956, while he continues to be the Whole Time Director.

The above remuneration be fixed, altered, varied and increased from time to time by the Board of Directors as it may at its discretion deem fit so as not to exceed the limits as specified above.

The draft Agreement to be entered into with Mr. Sunil Varma will be open for inspection by members at the Administrative Office of the Company on all working days [except Saturday] between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

The above may be treated as an abstract of the terms of appointment of Mr. Sunil Varma under Section 302 of the Companies Act, 1956.

Except Mr. Sunil Varma, none of the Directors are concerned or interested in the resolution as set out in Item No. 8 of this Notice.

Your Directors recommend the Ordinary resolution for the approval of members.

Item No. 9

The term of appointment of Mr. Mehul C. Choksi as Managing Director ended on 31st July, 2012. The Board of Directors in its meeting held on 21st May, 2012 has reappointed Mr. Mehul C. Choksi as Managing Director for a further period of five (5) years from 1st August, 2012 to 31st July, 2017, subject to approval of Shareholders.

Mr. Mehul C. Choksi aged 53 years, is the promoter of the Company. He is a commerce graduate and is associated

with the diamond industry since 1976. He has been instrumental in launching successful brands like Gili, D'damas, Maya Gold etc. and has also played a very important role in positioning the Brands like Nakshatra, Asmi and Sangini etc. in India. He has wide experience in the Diamond industry and has pioneered the use of corporate practices in the Indian Jewellery Industry. He has been on the committees of the Gems and Jewellery Export Promotion Council of India besides holding several other key industry positions. He steers the group vision and strategy with his deep knowledge and foresight.

The appointment and terms of remuneration of Mr. Mehul C. Choksi as Managing Director are pursuant to the provisions of sections 198, 269, 309, 311, 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956. Mr. Mehul C. Choksi shall not be subject to retirement by rotation pursuant to provisions of section 255 of the Companies Act, 1956, while he continues to be the Managing Director.

The broad particulars of terms and conditions relating to the reappointment of Mr. Mehul C. Choksi as Managing Director, are briefly mentioned as under:

(a) Salary:

Rs. 5,00,000/- p.m. (Rupees Five Lakhs) per month with the powers to the Board to give such accelerated increments, as they deem fit and proper.

(b) Commission:

Not exceeding 0.25% of the profits after tax in any financial year of the Company.

(c) Perquisites and Allowances:

(i) Free furnished accommodation (company owned or leased/ rented) or house rent in lieu thereof, gas, electricity, water, telephone, furnishings, medical reimbursement and leave travel concession for self and family, club fees, medical and personal accident insurance, life insurance etc. in accordance with the rules of the Company. The aforesaid perquisites may be in the form of reimbursement or allowance. For the purpose of calculating the above ceiling, the perquisite shall be evaluated as per Income Tax Rules, 1962, wherever applicable.

(ii) Entitlement to Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund up to the tax exemption limit, benefits of Gratuity and Pension Scheme for Senior Management Staff, earned leave and encashment of earned leave at the end of the tenure and long service awards, as per the rules of the Company and these shall not be included in the computation of perquisites.

(iii) Reimbursement of travelling and all other expenses incurred by him for the business of the Company.

(d) The Managing Director subject to supervision, control and direction of the Board of Directors of the Company shall have the general conduct and management of the business and affairs of the Company except in the matter which may be specifically required to be done by the Board, either under the applicable provisions of the Companies Act, 1956 or under the Articles of

Association of the Company or under the requirements of Listing Agreement with the stock exchanges.

(e) The Managing Director shall also exercise and perform such powers and duties as the Board of Directors of the Company may from time to time determine, and shall also do and perform all other acts and things which in the ordinary course of business may be considered necessary or proper in the interest of the Company.

(f) The Managing Director whenever required by the Board shall undertake such travelling in India and abroad as the Board may from time to time direct in connection with the business of the Company.

(g) If before the expiration of this agreement the tenure of office of the Managing Director is determined by any reason whatsoever he shall be entitled to by way of compensation for loss of office, an amount equivalent to the remuneration which would have earned by him if he had been in the office for un expired residue of his term or for three years, whichever is shorter, calculated on the basis of average remuneration actually in any capacity during the period of three years immediately preceding the date on which he ceased to hold the office.

The draft Agreement to be entered into with Mr. Mehul C. Choksi will be open for inspection by members at the Administrative Office of the Company on all working days [except Saturday] between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

The above may be treated as an abstract of the terms of re-appointment of Mr. Mehul C. Choksi under Section 302

of the Companies Act, 1956.

The Board of Directors are of the opinion that the reappointment of Mr. Mehul C. Choksi is in the best interest of the Company and accordingly, recommend the resolution for approval of the Shareholders.

Except Mr. Mehul C. Choksi, none of the Directors are concerned or interested as set out in Item No. 9 of this Notice except as a member, if any, of the Company.

Your Directors recommend the Ordinary resolution for the approval of members.

Item 10

The Company proposes to issue and allot 1 (one) Zero Percent Fully Convertible Debenture (FCDs) having face value of Rs. 39,00,00,000/- (Rupees Thirty Nine Crores only) on a preferential basis to D. B. Corp Limited convertible into such number of equity shares of the company of nominal value of Rs. 10/- (Rupees Ten only) each at a price as computed in accordance with SEBI ICDR Regulation, 2009.

Members' approval is being sought in terms of section 81(1A) of the Companies Act, 1956, which provides, inter alia that whenever it is proposed to increase the subscribed capital of a company by issue and allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the equity shares of the company in proportion to the capital paid-up on that date unless the shareholders in a general meeting decide otherwise. The Listing Agreements executed by the Company with the various Stock Exchanges also provide

that the Company shall, in the first instance, offer all securities for subscription pro rata to the shareholders unless the shareholders in a general meeting decide otherwise.

The following disclosure for the preferential issue of FCD is made in accordance with the provisions of Regulation 73 of Chapter VII of SEBI ICDR Regulations relating to the Preferential Issue, and the Companies Act, 1956:

1. Objects of the preferential issue:

The Company is engaged in the business of gems and jewellery and it has undertaken a massive expansion plan for the branded jewellery business of Gitanjali Group. The company has also undertaken the Brand Building exercise of Gitanjali Group by way of marketing and advertising. The company therefore proposes to issue 1 (one) Zero Percent Fully Convertible Debenture (FCDs) having a face value of Rs. 39,00,00,000/- (Rupees Thirty Nine Crores only) on a preferential basis to D. B. Corp Ltd (DBCL) as per existing guidelines of SEBI ICDR Regulations as amended from time to time.

2 Proposal of promoters, directors or key managerial personnel of the Company to subscribe to the offer:

None of the current promoters of the Company or Directors or key management persons will participate in the proposed preferential issue.

3. Relevant Date

Relevant date for the above will be date 30 days prior to the date on which the holders of 1 (one) Zero percent Fully Convertible Debenture i.e DBCL is entitled to apply for equity shares. As

per the Debenture Subscription Agreement, the holders will be entitled to apply for equity shares at the end of (18) Eighteen months from the date of allotment of debentures.

4. The shareholding pattern of the Company before the preferential issue:

Sr. No.	Category of shareholder	Before Preferential issue	
		No of Shares	% To Equity
A	PROMOTER		
	Indian	54308565	58.99
	Foreign	10000	0.01
	Sub - Total	54318565	59.00
B	PUBLIC		
	Mutual Funds / UTI	0	0.00
	Banks and Financial Institutions	55012	0.06
	Foreign Institutional Investors	13507507	14.67
	Bodies Corporate	16228496	17.63
	Foreign Companies	1320943	1.43
	Resident Individuals	4605381	5.00
	NRI	1369053	1.49
	HUF	246683	0.27
	Clearing Members	413851	0.45
	Sub - Total	37746926	41.00
	GRAND TOTAL	92065491	100.00

As the issue price and number of resultant equity shares will be decided 30 days prior to the end of 18 months from the date of Allotment of 1 (one) Zero percent fully convertible debenture, the post issue shareholding cannot be given at present point of time.

5. Time within which preferential issue will be completed:

The Company shall complete the allotment of Debenture within a period of 15 (fifteen) days from the date of passing of the proposed special resolution by the shareholders or where the allotment on preferential basis requires any approval of regulatory authorities, provided that if the approval or permission by any regulatory authority or the Central Government for allotment is pending, the period of fifteen days shall be counted from the date of such approval or permission as the case may be.

6. Identity of the proposed allottees, % of post preferential issue capital that may be held by them and change in control, if any, in the Company consequent to the preferential issue:

Name of the proposed allottee: D. B. Corp Limited

% of post preferential issue capital that may be held by them and change in control post preferential issue capital: It cannot be ascertained at present point of time as the issue price and number of resultant equity shares will be decided 30 days prior to end of 18 months from the date of Allotment of 1 (one) Zero

percent fully convertible debenture.

7. Lock in Period:

The Equity Shares allotted pursuant to conversion of 1 (one) Zero percent fully convertible debenture shall be locked in for a minimum period of 1 year from the date of allotment

8. Undertaking that the Company will re-compute the price of the specified securities proposed to be issued to the Investor in terms of the ICDR Regulations where it is required to do so:

The price for the proposed preferential issue will be computed in compliance with SEBI ICDR Regulations. The

Company undertakes that it shall, if required, re-compute the price of the equity shares in terms of the SEBI ICDR Regulations.

9. Undertaking that if the amount payable on account of re-computation of price is not paid within time stipulated in the SEBI ICDR Regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the Investor.

The Company undertakes that if the amount payable on account of the re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations, the equity shares issued to DBCL shall continue to be locked in till the time such amount is paid by DBCL.

Ford, Rhodes, Parks & Co., Chartered Accountants, the Statutory Auditors of the Company, have certified that the proposed preferential issue is being made in accordance with the requirements contained in the ICDR Regulations. A copy of the said certificate is available for inspection by the shareholders at the Administrative Office of the Company on all working days

except public holidays, Saturdays and Sundays, between 10 a.m. to 6 p.m. prior to the date of the Annual General Meeting and will also be available for inspection at the Annual General Meeting.

10. Pricing of the equity shares :

The 1 (one) Zero percent Fully Convertible Debenture is being issued at par having a face value of Rs. 39,00,00,000/- (Rupees Thirty Nine Crores only). The said Fully Convertible Debentures will be compulsorily convertible into such number of Equity Shares with face value of Rs. 10/- each at the end of 18 months from the date of allotment. The pricing of the resultant equity shares will be determined as per SEBI (ICDR) Regulations 2009, which should not be less than the higher of the following :

(a) Average of weekly high and low of the closing price during 6 months preceding the relevant date; OR

(b) Average of weekly high and low of the closing price during 2 weeks preceding the relevant date.

The Special Resolution pursuant to the provisions of section 81(1A) is proposed to be passed to enable the Company to proceed with the proposed preferential issue.

None of the Directors of the Company is in any way concerned or interested in the resolution.

Your Directors recommend the Special resolution for the approval of members.

By order of the Board of Directors

Pankhuri Warange

Company Secretary

Regd office:

A-1, 7th Floor, Laxmi Tower,
Bandra- Kurla Complex,
Bandra (East), Mumbai – 400 051

Date: August 11, 2012

Place : Mumbai

DIRECTORS' REPORT



Dear members

Your Directors are pleased to present the 26th Annual Report on the business and operations of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS:

(Rs. in Millions)

	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Sales & Other Income	78,530.12	51,303.47	126,463.83	94,809.63
Expenditure	73,495.87	47,938.72	116,906.98	88,376.11
Finance Cost	2,509.45	1,043.98	4,077.24	2,217.70
Depreciation & Ammortisation Expenses	34.66	33.56	294.70	563.72
Exceptional Items	97.23	2.44	50.54	180.67
Profit before Taxes	2,587.37	2,289.65	5,235.45	3,832.77
Provision for Current Tax	519.00	45.00	920.52	404.13
Provision for Deferred Tax	3.98	(1.38)	21.19	(137.01)
Provision for MAT (Credit)	(519.00)	–	(601.27)	–
Net Profit for the Year	2,583.39	2,246.03	4895.01	3,565.65
Profit brought forward from earlier Years	7,920.56	6,450.45	10,387.29	7,601.60
Amount available for Appropriation	10,503.95	8,696.48	15,278.29	11,166.53
Appropriations:				
Proposed Dividend (including Dividend Tax)	317.72	295.92	317.72	295.92
Transfer to General Reserve	265.00	230.00	265.00	230.00
Capital Redemption Reserve	–	–	–	3.33
Debenture Redemption Reserve	250.00	250.00	250.00	250.00
Balance Carried to Balance Sheet	9,671.23	7,920.56	14,445.57	10,387.29

(1 Million=10 Lakhs)

TURNOVERS & PROFITS

Your Directors wish to inform you that during the financial year ended March 31, 2012 the sales and other income increased from Rs. 51303.47 Million to Rs. 78530.12 Million. The net profit before tax stood at Rs. 2587.37 million as against Rs. 2289.65 million in the previous year. The net profit after tax stood at Rs. 2583.39 million as against Rs. 2246.03 million in the previous year.

BUSINESS REVIEW

1. DIAMOND AND JEWELLERY MANUFACTURING SEGMENT

The Company is engaged in an end-to-end diamond processing

chain which begins with Marking, Cleaving, Sawing, Cutting and finally, Polishing. Gitanjali procures rough diamonds from various major reputed diamond suppliers across the globe. These rough diamonds are processed and polished in modern diamond manufacturing facilities. The Company is making conscientious efforts in addressing the large market opportunities that exist in the Diamond Segment both in India and abroad. Converting diamonds into jewellery is a lucrative proposition and the company also has state of the art jewellery manufacturing facilities catering to domestic as well as International requirements.



2. BRANDED JEWELLERY AND RETAIL SEGMENT

The branded jewellery segment of the company is an India focused segment, which sells jewellery through over 4,000 points of sales across the country. Gitanjali owns 8 out of the top 10 brands in the country. The Group’s “Gili” brand of jewellery, introduced in 1994, was among one of the first jewellery brand introduced in India. The Group’s brands and sub-brands are aimed at different customer profiles, various markets and price segments and enjoy significant brand equity and market share. Gitanjali’s brand portfolio includes leading jewellery brands like GILI, Nakshatra, Asmi, Sangini, D’damas, Maya Gold, etc. The other important brands under various sections including jewellery, fashion accessories, watches and silver ware are Vivaaha, Glitterati, Diya, Stefen Hafner, Shuddhi, Nizam, Lucera, Revv, Rivaaz, Giantti, World of Solitaire, Me Solitaire, World of Silver, Bezel, Morellato etc.

Asmi, Gili, Nakashtra and D’Damas have become leading brands today in the jewellery segment in India. Gitanjali has also launched new brands such as Amore and GDivas in India as part of its constant endeavour to extend its product range thereby, rapidly filling gaps and addressing an ever-growing demand for branded jewellery in India.

Consumer preferences have changed and lifestyles have improved in India. Retailing in India has also undergone a transformation. This has filtered through to the jewellery business creating opportunities for modern retail formats and chains. Gitanjali has been the pioneer in the branded jewellery segment and is amongst the first few companies to launch its own outlets to sell branded jewellery in India. Gitanjali is present across most modern retail formats such as shop-in-shops in large departmental stores and both, multi-brand outlets and exclusive brand outlets under owned and franchised stores. Gitanjali has extended its retail presence across outlets through an increase in the number of doors in order to take advantage of these opportunities. Gitanjali has a retail footprint of 1.7 mn sq. ft. It is focused strategically on expanding through the franchisee channel. This has allowed it an access to markets in smaller Indian towns and cities rapidly.

3. INTERNATIONAL DISTRIBUTION AND RETAIL SEGMENT

Besides operations in India, Gitanjali has a strong presence in leading jewellery markets of the world. It has the retail chain of

Samuels in USA with 110 stores. In the Middle East, it has four stores in Dubai and over 50 distribution points through leading retail chains of GCC countries.

In China, Gitanjali has distribution through a chain of 40 stores and a manufacturing facility for local as well as international supply. In Japan, it has a significant stake in Gems London Company Ltd which owns Gems TV, one of the leading Jewellery selling TV Channels of the world as well as a strong distribution network supplying to other leading retail chains of Japan. In the design capital of the world, Italy, Gitanjali owns leading brands such as Stefan Hafner, Io Si, Nouvelle Bague, Porrati and Valente. The Italian brands and designs are available to penetrate markets such as Russia, Saudi Arabia, China and the Far-east. Through its recent acquisition, Gitanjali also has a well established distribution chain in UK supplying its jewellery to leading retail chains in UK and in the rest of Europe.

DIVIDEND

Your Directors recommended a dividend of Rs 3/- per equity share for the year ended March 31, 2012. The payment of dividend is subject to the approval of shareholders at the ensuing Annual General Meeting.

TRANSFER TO RESERVES

The Company proposes to transfer Rs. 265.00 million to the general reserve out of the total amount of Rs. 10503.95 million available for appropriations as on March 31, 2012.

CAPITAL

The Company issued 943396 warrants convertible into equal number of Equity Shares on Preferential Basis at a price of Rs. 424/- per Warrant to Bennett Coleman and Company Limited (BCCL). Pursuant to notice received from BCCL for conversion of Warrants Company allotted 943396 equity shares of Rs. 10 each on 4th August, 2012. Consequent to aforesaid conversion the paid up capital of the Company has increased from Rs. 911,220,950/- consisting of 91122095 equity shares of Rs. 10 each to Rs. 920,654,910/- consisting of 92065491 equity shares of Rs. 10/- each.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

The Company had raised USD 110 Million by way of issuance of FCCBs as per Offering Circular dated November 26, 2006 for

utilization of funds towards overseas acquisition and infrastructure activities and development of Special Economic Zone (SEZ). Till the date of maturity, FCCBs worth USD 69.74 Million were converted into 12748162 Equity shares of Rs. 10 each of the Company at applicable conversion rates. On November 25, 2011 balance amount of outstanding FCCBs of Rs. 40.26 million were redeemed at a premium of 42.052%.

GLOBAL DEPOSITORY RECEIPTS (GDRs)

The Company had a balance of USD 0.066 million from its GDR Proceeds as on 1st April, 2011. During the year ended March 31, 2012 the Company has not utilized any GDR proceeds. Further, during the year under review the Company has earned an interest of USD 0.006 million on the said deposit. As on March 31, 2012 the balance net proceeds of GDR of USD 0.072 million were kept as deposits with overseas banks pending utilization.

EXTERNAL COMMERCIAL BORROWING (ECB)

During the year under review the Company has raised funds through ECB routes from Banks aggregating to USD 107.19 million.

Out of the above ECB proceeds USD 57.19 million was utilized for redemption of outstanding FCCBs and USD 50 Million was utilized towards CAPEX in SEZ unit in Hyderabad and investment in overseas subsidiaries.

DELISTING OF GLOBAL DEPOSITORY RECEIPTS (GDRS) FROM LONDON STOCK EXCHANGE AND FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs) FROM SINGAPORE STOCK EXCHANGE

As 1% Foreign Currency Convertible Bonds (FCCBs) of the Company listed on Singapore Stock Exchange have matured and been redeemed and also the entire Global Depositary Receipts listed on London Stock Exchange has been converted into Equity Shares of the Company, both securities have been delisted/cancelled from the respective Stock Exchanges.

SUBSIDIARIES

The Company has the following Subsidiaries/ Step down Subsidiaries as on date:

- 1. eGitanjali Limited
- 2. Gitanjali Exports Corporation Limited
- 3. Gitanjali Brands Limited

- 4. Gitanjali Infratech Limited
- 5. Hyderabad Gems SEZ Limited
- 6. Gitanjali Lifestyle Limited
- 7. Nashik Multi Services SEZ Limited
- 8. Gitanjali Jewellery Retail Limited
- 9. Samuels Jewelers Inc.
- 10. Gitanjali USA, Inc.
- 11. Gitanjali Ventures DMCC
- 12. Decent Securities & Finance Private Limited
- 13. Eureka Finstocks Private Limited
- 14. MMTC Gitanjali Private Limited
- 15. Gitanjali Capital Pvt Ltd.
- 16. Aston Luxury Group Limited
- 17. N&J Finstocks Private Limited

STEP DOWN SUBSIDIARIES

- 1. Tri-Star Worldwide LLC (Subsidiary of Gitanjali USA, Inc.)
- 2. Maya Retail Limited (Subsidiary of Gitanjali Lifestyle Limited)
- 3. MobileNxt Teleservices Pvt. Ltd (Subsidiary of Gitanjali Lifestyle Limited)
- 4. Diamlink Inc. USA (Subsidiary of Gitanjali USA, .Inc)
- 5. Diamlink Jewellery Inc. (Subsidiary of Diamlink Inc. USA)
- 6. Jewelry Marketing Comp, LLC (Subsidiary of Diamlink Jewellery Inc)
- 7. LJOW Holdings, LLC (Subsidiary of Diamlink Jewellery Inc)
- 8. Gili India Limited (Subsidiary of Gitanjali Brands Limited)
- 9. Brightest Circle Jewellery Limited (Subsidiary of Gitanjali Brands Limited)
- 10. D'Damas Jewellery (India) Private Limited (Subsidiary of Gitanjali Brands Limited)
- 11. Shubhalavanya Jewel Crafts Private Limited (Subsidiary of Gitanjali Brands Limited)
- 12. Asmi Jewellery India Limited (Subsidiary of Gitanjali Brands Limited)
- 13. Spectrum Jewellery Limited (Subsidiary of Gitanjali Brands Limited)
- 14. Gitanjali Resources BVBA (Subsidiary of Aston Luxury Group Ltd)
- 15. GGL Diamonds LLC (Subsidiary of Gitanjali USA)
- *16. Leading Jewels of Japan KK (Subsidiary of Aston Luxury Group Ltd)



- *17. Leading Singapore Jewels Pte Ltd (Subsidiary of Aston Luxury Group Ltd)
- 18. Leading Italian Jewels SRL (Subsidiary of Aston Luxury Group Ltd)
- *19. Alfred Terry Limited (Subsidiary of Aston Luxury Group Ltd) (Formerly known as Alfred Terry Holding Limited)
- *20. Terry Alfred Limited (Subsidiary of Alfred Terry Limited) (Formerly known as Alfred Terry Limited)
- 21. BLU Srl (Subsidiary of Leading Italia Jewels Srl)
- *22. Crown Aim limited (Subsidiary of Aston Luxury Group Ltd)
- *23. Forever Prime Inc (Subsidiary of Aston Luxury Group Ltd)
- *24. Aston Luxury Retails Ltd (Subsidiary of Forever Prime Inc)

**Acquired/Incorporated during the year*

Notes:

- a. West Bengal SEZ Limited, Kolkata Axis Mall Limited, Raigad Gems SEZ Limited, Gitanjali Retail Ventures Limited, Cria Jewellery Private Limited and Mohar Jewels Limited were struck off from the register of Companies of ROC, Mumbai under Fast Track Exit mode for defunct companies under section 560 of the Companies Act,1956.
- b. Modali Gems Private Limited have made an application under Fast Track Exit mode for defunct companies under section 560 of the Companies Act, 1956 to ROC, Mumbai. The same is under process of Strike off.
- c. A statement containing brief financial details of subsidiaries is included in the annual report.

SUBSIDIARIES

The Ministry of Corporate Affairs, Government of India vide circular no. 2/2011 dated 8th February, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company, as set out in sub-section (1) of Section 212 of the Companies Act, 1956. Accordingly, the Board of Directors in their Meeting held on 21st May, 2012, passed a resolution giving consent for not attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company’s subsidiaries for the financial year ended March 31, 2012 is included in the Annual Report.

The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be available for inspection as above at office of the Company situated at Bldg. No. 2/101, Jogani Complex, Behind Amar – Brass, Manipada Road, Kalina, Santacruz (E), Mumbai – 400 098. The Company shall furnish a copy of details of annual accounts of subsidiaries to any member on demand. We believe that the consolidated accounts present a full and fair picture of the state of affairs and the financial condition and are accepted globally. The Consolidated Financial Statements presented by the Company includes the financial results of its subsidiary companies.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the consolidated financial statement pursuant to Clause 32 of the Listing Agreement entered into with Stock Exchange and prepared in accordance with applicable accounting standards prescribed by Institute of Chartered Accountants of India in this regard. The Auditors report does not contain any qualification.

RELATED PARTY TRANSACTIONS

Related party transactions have been disclosed in the notes to accounts.

FIXED DEPOSITS AND LOANS & ADVANCES

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

DIRECTORS

Mr. M. S. Sundararajan and Mr. Sunil Varma have been appointed as Additional Directors on March 21, 2012 and May 21, 2012 respectively. Mr. M. S. Sundararajan is an Independent Director and Mr. Sunil Varma is an Executive Director. As per the provisions of Section 260 of the Act, both the Directors hold office only up to the date of the forthcoming Annual General Meeting (AGM) of the Company and are eligible for appointment as Directors. The Company has received notices under Section 257 of the Act, in respect of the above persons, from a member of the Company proposing their appointment as a Director of the Company. Resolutions seeking approval of the members for the appointment of Mr. M. S. Sundararajan and

Mr. Sunil Varma as Directors of the Company have been incorporated in the Notice of the forthcoming AGM along with brief details about them.

Mr. Sunil Varma is appointed as Whole Time Director of the Company w.e.f. May 21, 2012 upto May 20, 2017 and will not be liable to retire by rotation.

The term of appointment of Mr. Mehul C. Choksi as Managing Director came to an end on 31st July, 2012 and he was reappointed for a further period of 5 years with effect from 1st August, 2012 to till 31st July, 2017 in Board of Directors Meeting held on 21st May, 2012. He will not be liable to retire by rotation.

Mr. Nehal Modi and Mr. S. Krishnan, Directors, are retiring by rotation and being eligible have offered themselves for re-appointment. Your Directors recommend their re-appointment for your approval.

A Brief profile of all the Directors on the Board has been given in Separate Section of the Annual Report.

REGISTERED OFFICE ADDRESS

The registered office of the Company has been shifted from 801/802, Prasad Chambers, Opera House, Mumbai – 400 004 to A-1, 7th Floor, Laxmi Tower, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051. The same was approved by the Board of Directors in their meeting held on 11th August, 2012.

AUDITORS & AUDITORS REPORT:

M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, the present Statutory Auditors retire at the ensuing Annual General Meeting and are eligible for re-appointment u/s 224 (1B) of the Companies Act, 1956. The company proposes to re-appoint M/s. Ford, Rhodes, Parks & Co., Chartered Accountants as Statutory Auditors of the company from the conclusion of the ensuing Annual General Meeting up to the conclusion of the next Annual General Meeting of the company.

The Audit Committee and the Board recommend the appointment of M/s. Ford, Rhodes, Parks & Co., Chartered Accountants as Statutory Auditors of the company.

In respect of the observations made by Auditors in their report, your Directors wish to state that the respective notes to the Accounts are self explanatory and therefore do not call for any further comments.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors’ Responsibility Statement, it is hereby confirmed:

(i) that in the preparation of the annual accounts, for the financial year ended March 31, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the said period;

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) that the Directors have prepared the accounts for the financial year ended March 31, 2012 on a ‘going concern’ basis.

The above statements have been reviewed by the Audit Committee at its meeting held on 21st May, 2012.

SIGNIFICANT DEVELOPMENTS DURING THE YEAR

(a) As a part of the restructuring exercise of the Company as being advised by KPMG inorder to consolidate and realign the Branded Jewellery business, the Company has transferred its entire stake of following Subsidiaries to Gitanjali Brands Limited another Subsidiary of the Company:

- 1. Gili India Limited
- 2. Brightest Circle Jewellery Limited
- 3. D'Damas Jewellery (India) Private Limited
- 4. Asmi Jewellery India Limited
- 5. Spectrum Jewellery Limited
- 6. Shubalavnyaa Jewel Crafts Private Limited

(b) During the year, the Company through its Hong Kong based wholly owned subsidiary Aston Luxury Group Limited has incorporated a wholly owned subsidiary (WOS) In the name of "Leading Singapore Jewels Pte. Ltd" in Singapore with a view to



expand it's business in Singapore and the Far Eastern regions.

(c) During the year, as a part of an ongoing exercise of re-aligning and restructuring of the International business of the Company, the Company has transferred it's stake In 'Leading Italian Jewels S.R.L.' to 'Aston Luxury Group Limited', a Hong Kong based wholly owned subsidiary of the Company. Further Giantti Italia S.r.l, a Milan based subsidiary of the Company has merged with Leading Italian Jewels S.r.l.

(d) During the year, Aston Luxury Group Limited , a wholly owned subsidiary of the Company has acquired entire stake in Crown Aim Limited. It is a Hong Kong based company engaged in the business of distribution of Jewellery to china, Japan, USA, middle east and Europe.

In Addition, Crown Aim has a Jewellery manufacturing unit in China and plans to setup retailing of Jewellery in China. With the above acquisition company has acquired control over its subsidiaries which are engaged in the business of distribution of Jewellery in UK.

(e) During the year, Aston Luxury Group Limited , a wholly owned subsidiary of the Company has acquired entire stake in

Leading Jewels of Japan KK with a view to expand its business in Japan and the adjoining region.

The main activity of Leading Jewels of Japan KK is Production, sales, purchase, import, and export of diamonds, precious stones, jewels and jewellery.

RECENT DEVELOPMENTS

(a) The Company issued 943396 warrants convertible into equal number of Equity Shares on Preferential Basis at a price of Rs. 424/- per Warrant to Bennett Coleman and Company Limited (BCCL). Pursuant to notice received from BCCL for conversion of Warrants Company allotted 943396 equity shares of Rs. 10 each on 4th August, 2012.

(b) The Board of Directors of the Company at their meeting held on 11th August, 2012 decided to issue 1 (one) Zero Percent Fully Convertible Debenture (FCD) having face value of Rs. 39,00,00,000/- (Rupees Thirty Nine Crores only) on preferential basis in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time to D. B. Corp Limited which is subject to approval of shareholders in ensuing Annual General Meeting.

DISCLOSURE PURSUANT TO CLAUSE 5A OF LISTING AGREEMENT

Pursuant to insertion of clause 5A in listing Agreement as per SEBI notification no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009 the details in respect of the shares lying in the Gitanjali Gems Limited – Unclaimed Shares Demat Suspense Account till March 31, 2012 is as under:

Sl.No	Description	No.of Cases	No.of Shares	Remarks
i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April1, 2011.	26	1043	
ii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2011-2012	1	35	
iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2011-2012	1	35	
iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2012	25	1008	

All the corporate benefits in terms of securities, accruing to on these unclaimed shares shall be credited to such account. Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report of financial condition and results of operations of the Company for the year under review as required under Clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate statement forming part of this Annual Report.

OUTLOOK FOR 2012-13

Currently, India is the world's leading diamond cutting and polishing country and also the largest consumer of polished diamonds after the US and Japan. Urbanization and a rapidly expanding middle class have helped trigger Indian consumerism especially in the gems and jewellery sector.

Overall the year 2012-13 will be a year where Gitanjali plans to increase the number of owned stores and franchisees in India and overseas. All the Company's stores will be on revenue sharing models whereby the rentals and the capital expenditure will be borne by the developer/owner. The Company will have a variable outflow of revenue share against its investment in capex and monthly rentals. Besides, the company's core focus is to expand through the franchising route and to open some flagship stores and attract franchisees.

The growth potential of the Indian business and profit unlocking from the brands converting into retail chains have a huge upside in the valuation of the company. The existing shareholders will also benefit from the business restructuring undertaken by the company under the advice of KPMG, as the exercise has significant value unlocking potential for the shareholders.

The company would continuously strive to gain by capitalizing on the business model and the Indian demand for diamond jewellery and share the resultant benefits with its stakeholders.

AWARDS AND RECOGNITIONS

● The Company has won the Blue Dart Global CSR Award for

'Best Corporate Social Responsibility Practice Overall' at a glittering ceremony on 18th February 2012. The Hon'ble Union Minister of Corporate Affairs, Dr. M. Veerappa Moily presented the global CSR award.

● The Company has won 'Category Leader - Luxury eRetailer of the Year' and 'Special Award - Most Innovative eRetailer of the Year' Awards at recently held Indian eRetail awards, 2012.

These awards recognised the efforts of the Company in the creation of path breaking trends and unprecedented innovations in the online retail industry.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best corporate governance practices as prevalent globally. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Gitanjali Gems Limited spread its wings in the social sector under its CSR umbrella “ SAMBHAV”.

The company continues to do its bit for the society in the field of health, education and empowerment through its programs SUJYOT,SAKSHAR AND SAKSHAM.

The new addition to its CSR initiative is SUJYOT a medical van that runs in rural areas of Palanpur in Gujarat in collaboration with the Wockhardt foundation. More than 6000 people have been benefitted from the same.

The company maintains a stern focus on its empowerment initiative Saksham where the strength of the specially disabled employees (PWD) has gradually increased from 118 in 2009 to 245 in 2012.Efforts were put in to design and conceptualize the Training Manual / handbook for Inclusion of Specially disabled.

The CSR department also conducted various awareness seminars and first aid training along with social activities like blood donation camps, visit to the schools for underprivileged by its employees.

The detailed CSR initiatives undertaken by the Company is also available on the Company's website www.gitanjaligroup.com.

INDUSTRIAL RELATIONS

Employee relations continued to be cordial during the year. The Company continued its thrust on Human Resource Development. The Board wishes to place on record its sincere appreciation to all the employees of the Company for their sustained efforts and immense contribution to the high level of performance and growth of the business during the year.

PARTICULARS OF EMPLOYEES

The Board of Directors wishes to express its appreciation to all employees for their outstanding contribution to the operations of the Company during the year.

During the year under review there were no employees drawing remuneration covered under the Sub-Section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended. Hence no particulars in this regard are furnished in the report.

INFORMATION UNDER SECTION 217(1)(e) OF COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988:

A. CONSERVATION OF ENERGY

The Disclosure of particulars with respect to conservation of energy pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company. However, the Company makes its best efforts for conservation of energy.

B. TECHNOLOGY ABSORPTION, ADAPTATIONS & INNOVATION

The Company has not carried out any specific research and development activities. The Company uses indigenous technology for its operations. Accordingly, the information related to technology absorption, adaptation and innovation is reported to be NIL.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Current Year (Rs. in Millions)	Previous Year (Rs. in Millions)
Foreign Exchange Earnings:		
FOB Value	34578.56	30298.04
Foreign Exchange Outgo:		
Value of Imports on CIF basis	25197.67	17694.60
Expenditure in Foreign Exchange	194.24	47.16

ACKNOWLEDGEMENT

We thank our customers, vendors, investors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by the employees at all levels. Our consistent growth was made possible by their hard work, solidarity, co-operation, and support.

We thank the Governments of various countries where we have operations. We also thank the Government of India, Ministry of Commerce & Industry, Ministry of Corporate Affairs, Ministry of Finance, Department of Economic affairs, Customs & Excise Departments, Income Tax Department, Reserve Bank of India, BSE, NSE, NSDL, CDSL and various bankers, various State Governments and other Government Agencies for their support, and look forward to their continued support in the future.

On behalf of the Board of Directors

Place : Mumbai

Mehul C. Choksi

Date : August 11, 2012

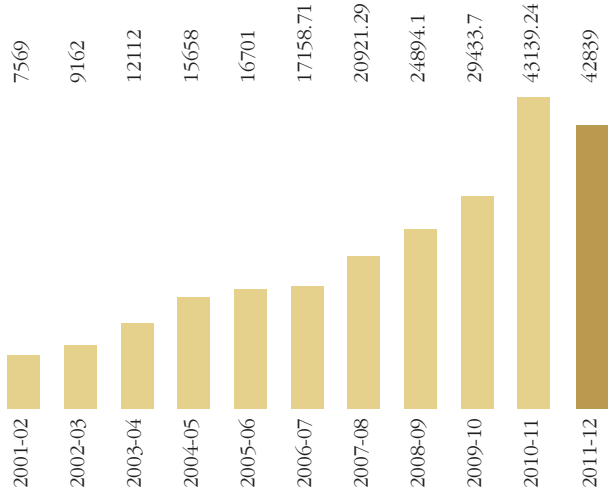
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS



The Indian Gems & Jewellery Industry
Gems & Jewellery Exports Over the past decade

Export Figures from 2001-11 (in USD million)



The Indian jewellery market is highly fragmented with the unorganized segment occupying over 92% of the market. It is only about 8% of the market that is organized.

Gold constitutes almost 80% of the Indian jewellery market. The remainder of the market space is occupied by diamond and gemstone studded jewellery and other precious stones and metals such as silver. India is one of the major locations for diamond manufacture and is the largest diamond cutting and polishing centre in the world.

In 2011-12, the Indian gems and jewellery industry stood at USD 36.10 billion as against USD 35.20 billion in 2010-11. This sector alone accounted for 14 per cent of India's total merchandise exports. Total exports of gems and jewellery during 2011-12 stood at USD 42.84 billion. This included exports of cut and polished diamonds of USD 23.33 billion and gold of USD 16.52 billion. (Source: IBEF).

The key factors that drive demand for gems and jewellery in India are "Jewellery for Investment" and "Jewellery for

weddings and festivals". The Indian consumer purchases gold primarily for investment purposes, since investment in gold is considered to be risk-free. Jewellery is an integral part of Indian weddings and festivals and there is a surge in jewellery demand during such occasions.

India has a large and rapidly growing middle class. The Indian middle-class is growing increasingly affluent with per capita incomes consistently on the rise. Private final consumption expenditure is consequently increasing.

Semi-urban and rural markets make up 60% of the country's jewellery market. These markets are witnessing a change with branded jewellery gaining greater acceptance. In the rural market, branded jewellery sales stand at Rs. 3000 Cr. This is at present just over 7% of the total jewellery sold in these markets. This share is however growing at 25-30% each year.

India : The glitter and the sparkle within

- Among the very first countries to craft fine jewellery by hand
- The world's largest consumer of gold jewellery
- The second largest consumer of polished diamonds in the world after the US
- Rules the gems and jewellery processing space with low production costs and the availability of skilled labour
- Over 90% of the world's diamonds by volume (11 of 12) are cut and polished here. (67% by value)
- Has a staggering 1, 00,000 jewellery manufacturing units, 6,000 diamond processing units and over 4,50,000 goldsmiths
- The gems and jewellery sector is export-orientated and a dominant foreign exchange earner
- The gems and jewellery sector employs over 4 million people

Source : Market Data



Growth of branded retail in India

Indian Branded Jewellery Retail: Emergence and Growth

Indian retail has surged in the last decade, driven forward by the growth of disposable incomes, the increase in the number of wealthy individuals in India and the simultaneous development of modern retail formats. There is a visible change in the preferences of individuals towards branded products that are in keeping with their lifestyles and which satisfy their longings. This has also permeated through to the branded jewellery retail market in India. The gems and jewellery sector, fragmented and traditionally dominated by family jewellers is therefore also undergoing transformation.

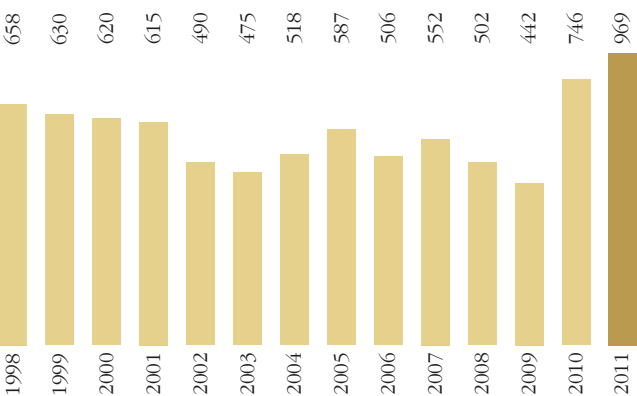
The market share for branded jewellery presently, stands at only 8% of the Indian jewellery market. It is however, growing rapidly at a rate of around 40% each year. Rising disposable incomes coupled with mounting aspirations, and marked preferences for the retail experience are driving this growth. Branded jewellery sold through boutiques, jewellery souks, shop-in-shops, exclusive and multi-brand outlets and over the internet has not merely gained acceptance but is also becoming the preferred choice for an increasingly brand-conscious Indian consumer.

The Indian luxury market of around USD 5.8 billion (nearly Rs 28,500 crore) is gradually extending beyond metros to smaller cities. This market has grown at 20 per cent over the past year and is likely to sustain this growth rate. (Source: CII-Kearney)

Some of the factors that contribute to branded jewellery’s appeal in India are:-

- A large youth population with access to information on global fashion and lifestyle trends
- Consideration of jewellery as a fashion accessory and a complement of one’s lifestyle
- Modern, contemporary, lightweight and innovative designs
- Elegance and style
- Assurances of purity such as the hallmarking of gold and certification for diamonds
- Additional services such as return policies and buyback guarantees.

India consumer demand for jewellery (in tonnes)



Source : GJEPC

Indian gold jewellery demand in tonnes and the gold price (Rs/oz)



Source: GFMS, IHS Global Insight, World Gold Council

Government Stimulus

Government initiatives for the gems and jewellery industry are in keeping with the promise that the colossal Indian market offers.

Some initiatives include:

- 100 per cent FDI in gems and jewellery through the automatic route
- FDI in exploration and mining of diamonds and precious stones is allowed up to 74 per cent under the automatic route.
- FDI in exploration and mining of gold, silver and minerals other than diamonds and precious stones, metallurgy and processing is allowed up to 100 per cent under the automatic route.

● Import of gold of 8 karat (k) and above is allowed under the replenishment scheme subject to import being accompanied by an Assay Certificate specifying purity, weight and alloy content.

● Duty Free Import Entitlement [based on Free On Board (FOB) value of exports during the previous financial year] of consumables and tools, for:

- Jewellery made out of:
 - Precious metals (other than gold & platinum) - 2 per cent
 - Gold and platinum - 1 per cent
 - Rhodium finished silver - 3 per cent
 - Cut and polished diamonds - 1 per cent

● Import of diamonds on consignment basis for certification/grading & re- export by the authorised offices/agencies of Gemological Institute of America (GIA) in India or other approved agencies will be permitted

● Personal carriage of gems and jewellery products in case of holding/participating in overseas exhibitions increased to US\$ 5 million and to US\$ 1 million in case of export promotion tours

● Extension in number of days for re-import of unsold items in case of participation in an exhibition in USA increased to 90 days

● Diamond Bourses have been established in an endeavour to make India an international trading hub for diamonds

Source :IBEF

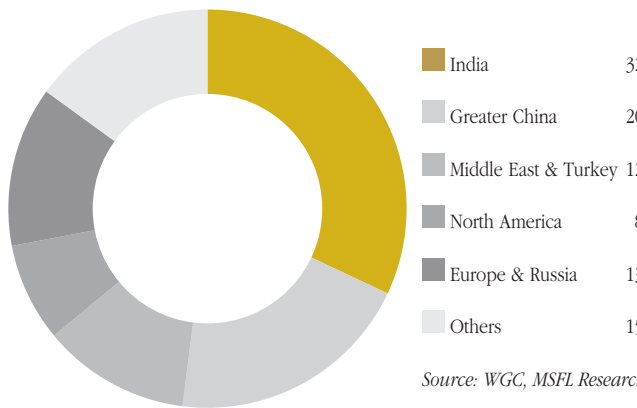
Global Gems and Jewellery Market

There have been radical changes in the global gems and jewellery market in the past decade. This market has

demonstrated growth on account of increasing incomes as well as strong demand from emerging economies. Diamond jewellery has gained the largest share of the global jewellery market while gold jewellery has the next highest share.Diamond jewellery demand has been fuelled by economic growth in countries that are its leading consumers. Gold’s value and the ease with which it can be bought and sold, has historically allowed it to dominate most jewellery markets globally.

The leading jewellery markets of the world are: the USA, China, India, the Middle-East and Japan. The UK and Italy are the largest consumers of jewellery in Europe. Italy is also a major hub for jewellery design and manufacture. Emerging markets such as China and India are swiftly gaining ground as important markets for branded jewellery consumption in addition to their consumption of traditional jewellery.

World Gold Demand – Calendar Year 2010



Source: WGC, MSFL Research

Historical gold demand

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total demand (Tonnes)	3,374	3,212	3,514	3,759	3,442	3,587	3,954	3,619	4,051	4,067
Total demand (US\$ billion)	33.6	37.5	46.2	53.7	66.8	80.2	110.9	113.1	159.5	205.5

Source: World Gold Council



Gold demand (tonnes)

	2010	2011
Jewellery	2,016.8	1,972.9
Technology	465.6	452.7
Electronics	326.0	319.9
Other industrial	90.9	89.4
Dentistry	48.7	43.4
Investment	1,577.8	1,686.4
Total bar and coin demand	1,210.1	1,524.4
Physical bar demand	908.7	1,191.0
Official coin	213.1	245.5
Medals/imitation coin	88.3	87.8
ETFs and similar products	367.7	162.0
Official sector purchases	77.3	456.4
Gold demand	4,137.5	4,568.5
London PM fix (US\$/oz)	1,224.5	1,571.5

Source: LBMA, Thomson Reuters GFMS, World Gold Council

Gold demand (USD million)

	2010	2011
Jewellery	79,399	99,684
Technology	18,331	22,875
Electronics	12,836	16,164
Other industrial	3,579	4,518
Dentistry	1,916	2,192
Investment	62,117	85,207
Total bar and coin demand	47,640	77,020
Physical bar demand	35,775	60,178
Official coin	8,389	12,406
Medals/imitation coin	3,477	4,436
ETFs and similar products	14,476	8,187
Official sector purchases	3,044	23,061
Gold demand	162,890	230,827

Source: LBMA, Thomson Reuters GFMS, World Gold Council

Annual change in gold prices as on 1st July, 2012

	USD	INR
2006	23.0%	24.2%
2007	30.9%	20.8%
2008	5.6%	28.8%
2009	23.4%	19.3%
2010	27.1%	22.3%
2011	10.1%	31.1%
2012	2.4%	6.7%
Average	16.9%	18.5%

Source: www.goldprice.org

Consumer demand in selected countries: four-quarter totals (tonnes)

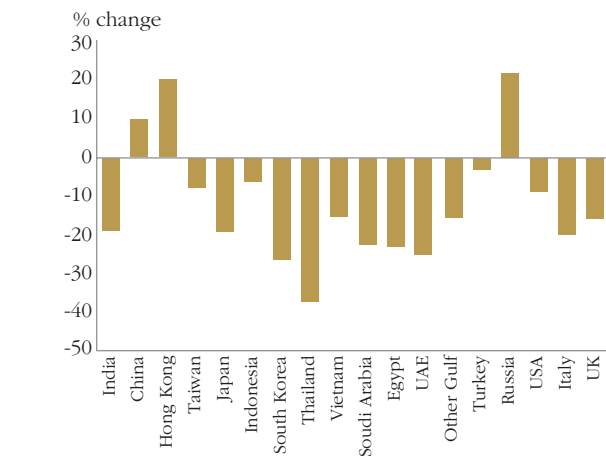
	12 months ended Q1 2011			12 months ended Q1 2012*			Year on year % change		
	Jewellery	Total bar and coin invest	Total	Jewellery	Total bar and coin invest	Total	Jewellery	Total bar and coin invest	Total
India	660.9	372.6	1033.5	533.8	320.6	854.4	-19	-14	-17
Greater China	508.6	234.9	743.4	560.4	283.4	843.8	10	21	14
China	478.7	234.1	712.8	526.6	275.9	802.8	10	18	13
Hong Kong	22.4	1.3	23.6	26.9	1.9	28.7	20	46	22
Taiwan	7.5	-0.5	7.0	7.0	5.7	12.6	-8	-	79
Japan	20.6	-33.7	-13.1	16.7	-44.6	-27.9	-19	-	-
Indonesia	33.2	17.1	50.3	31.1	22.6	53.7	-6	32	7
South Korea	15.7	0.6	16.3	11.5	3.1	14.6	-27	455	-10
Thailand	5.6	77.1	82.6	3.5	100.2	103.7	-37	30	25
Vietnam	14.7	67.1	81.8	12.4	93.6	106.0	-16	39	30
Middle East	192.2	28.5	220.7	148.4	34.7	183.1	-23	22	-17
Saudi Arabia	64.1	14.7	78.8	49.5	18.3	67.8	-23	24	-14
Egypt	44.2	2.2	46.4	34.0	2.3	36.3	-23	4	-22
UAE	62.5	9.2	71.7	46.7	11.1	57.8	-25	20	-19
Other Gulf	21.5	2.4	23.9	18.2	3.1	21.2	-15	26	-11
Turkey	68.9	48.7	117.6	67.0	70.8	137.8	-3	45	17
Russia	66.4	-	66.4	81.1	-	81.1	22	-	22
USA	125.2	109.9	235.1	113.6	73.5	187.1	-9	-33	-20
Europe ex CIS	60.4	339.1	399.5	49.5	353.1	402.6	-18	4	1
Italy	33.7	-	33.7	27.1	-	27.1	-20	-	-20
UK	26.7	-	26.7	22.5	-	22.5	-16	-	-16
France	-	1.9	1.9	-	7.1	7.1	-	282	282
Germany	-	146.0	146.0	-	142.9	142.9	-	-2	-2
Switzerland	-	106.9	106.9	-	108.2	108.2	-	1	1
Other Europe	-	84.4	84.4	-	94.9	94.9	-	12	12
Total above	1772.4	1261.8	3034	1629.1	1310.9	2940	-8	4	-3
Other	278.8	102.1	381	308.9	145.8	455	11	43	19
World total	2051.2	1363.9	3415	1938.0	1456.7	3395	-6	7	-1

*Provisional

Source: Thomson Reuters GFMS, World Gold Council



Jewellery demand by country in tonnes (4-quarter rolling total, % change)



Source: Thompson Reuters GFMS, World Gold Council

Dominant Jewellery Markets

US

The US is the largest diamond jewellery market in the world accounting for almost 35% of global demand. The US market is a fragmented one with a number of independent regional and local jewellery retailers, as well as national jewellery chains. Jewellery retailers also include departmental stores, mass merchant discount stores, direct mail suppliers, online retailers and television home shopping programs. The US consumer is accustomed to luxury hence, jewellery players lay emphasis on luxury innovation.

China

China's population makes it the world's largest consumer market. Rising consumerism has led to an increasing demand for gold and diamonds in the jewellery sector. Jewellery, the preferred product in Chinese wedding market, has presented robust performance bolstered by the demand for value preservation and value enhancement in recent years. It has become the fourth largest item of consumption following home appliance, housing and automobile in China. Among the jewellery products, gold, platinum and diamond jewellery are the most popular. Additionally, emerald and pearl jewellery also garner particular attention.

China is the second largest gold jewellery consumer after India. It ranks No. 1 in platinum consumption in the world. China has been a late entrant with regard to diamond jewellery consumption but has witnessed rapid development, to become the second largest diamond jewellery consumer after the United States. The boom is principally propelled by the wedding market, especially the demand for diamond rings, and the investment market.

(Source : World Gold Council, Published Information)

Japan

Japan is the third largest consumer of jewellery in the world. It is the most quality conscious and innovation driven market globally today. The greatest emphasis is on the quality and in educating customers about the integrity of products.

A trend came to be established in Japan in the third quarter of 2011, of gifting gold jewellery as a way of expressing the importance of familial bonds and friends. There was an upsurge in demand in Q4 as well, due to release of pent up demand in the high-end luxury sector of the Japanese jewellery market, which had been constrained following the natural disasters earlier in the year.

(Source : World Gold Council)

The Middle-East

The Middle East region is emerging as a hybrid region. Here western experience meets eastern traditions. Customers are well aware of differences between eastern and western lifestyles. Owing to the presence of a large Indian diaspora, there is a demand for Indian as well as for international designs here. In the Middle East, recent trends indicate an expansion in demand for lighter weight jewellery. There is, therefore, a need to create fashionable, trendy, young jewellery for this market.

Corporate Profile

Gitanjali Gems Limited (GGL) was incorporated in 1986 to process diamonds and to manufacture diamond and gold jewellery. It was a pioneer in branding jewellery and retailing it in the Indian market. Gitanjali has since, grown to become one of the largest and most rapidly expanding jewellery businesses globally. Its extensive and diverse portfolio of

products includes diamonds, gold and diamond jewellery as well as accessories. These are spread across well recognized and differentiated brands such as Gili, Nakshatra, Asmi, D'damas, Diya and Sangini to name some.

Achievements and Accolades

- Mr. Mehul C. Choksi, CMD, Gitanjali Group, wins APEA's 'Outstanding Entrepreneurship Award' - Recognition of being a role model for budding entrepreneurs
- Mr. Mehul C. Choksi received Planman's 'Corporate Leader of the Year' award in London. Gitanjali Group featured in 'The Indian PowerBrands. Mr. Mehul C. Choksi, received the "PowerBrands Hall of Fame Corporate Leader of the Year" award in London
- Gitanjali Group bags 'Master Brand Award' for 2012 - Gitanjali Group has been honoured with the prestigious 'Master Brand Award' from CMO Council, USA and CMO Asia. This award once again reiterates the fact that Gitanjali Group continues to be the leading Indian brand among branded jewellery.
- Gitanjali bags the prestigious 'Luxury eRetailer of the Year' award - www.gitanjaligifts.com, the online multi-channel initiative by Gitanjali Group has been honored with the 'Luxury eRetailer of the Year' and 'Most innovative eRetailer of the Year'.
- Gitanjali wins CSR Award for Empowerment - Gitanjali bags the prestigious Global CSR Award

Integrated Play

Gitanjali's integrated business model is a source of competitive advantage for the company. Gitanjali has ready access to rough diamonds which are cut and polished at the company's modern diamond manufacturing facilities. It is at the company's state of the art jewellery manufacturing facilities that the cut and polished diamonds are transformed into elegant pieces of jewellery which are then retailed through its extensive multi channel network.

Geographic Spread

The leading jewellery markets of the world are the USA, India,

Japan, China and the Middle East and Gitanjali is strategically present in each of them. Gitanjali's presence also extends to other important markets viz: Italy, the UK, South East Asia and Belgium. With this wide presence the company is able to identify global jewellery trends and satisfy diverse jewellery demand requirements.

Extensive Retail Footprint

Gitanjali has a strong footprint of over 4000 points of sale spread over 1.7 mn. Sq.ft. in India. The company sells jewellery through both, B2B and B2C channels. B2C channels include Franchisees, Owned Stores and Shop-in-shops. Further, the B2C segment is categorized by exclusive brand outlets and multi-brand outlets. This multi-format, multi-channel approach has helped the company achieve rapid penetration, flexibility and growth.

Gitanjali has a strong retail presence across the globe. This includes 110 stores of Samuels. in the USA, spread across the South-west coast. Gitanjali also has strategic tie-ups with 105 stores in Japan and with over 50 stores in China. Gitanjali is present via 4 retail stores in the Middle East and also supplies to nearly 75 outlets of leading retail chains in the UAE . The company's Italian brands such as Stefan Hafner, IoSi, La Nouvelle Bague, Roberta Porraati and Valente are targeted at growing markets like Russia, Saudi Arabia and China thereby strengthening its international portfolio.

Development Plans

- Focus on the Indian Retail presence and expand through modern retail formats in India
- Bring to market unique gold and diamond jewellery designs and products to offer wider choice to consumers
- Penetrate Tier 2 and Tier 3 towns via the franchisee route
- Tap emerging jewellery markets with the company's offerings

Human Capital

Gitanjali recognizes that its over 6,400 employees are integral to its success. The company therefore, constantly attempts, through its robust HR policies, to develop a milieu that breeds



professionalism and which is employee-centric. Gitanjali helps employees nurture ambitions and progress through learning and skill development. The company has in-house training and management development programmes, workshops and constant mentoring from domain experts to stimulate motivation in employees.

Potential Risks and Concerns

At Gitanjali, risks are identified and managed through a range of measures and initiatives that have allowed the company to achieve success across markets.

Macro Economic Risks

While a downturn has the potential to adversely affect the company's business and earnings, India is still one of the fastest growing economies of the world, where demand is driven by a population of over 1.2 Billion, rising aspirations, increasing per capita and disposable income levels and an ever growing desire for more choices. Gitanjali is an integrated diamond and gold jewellery manufacturer and retailer. This integration together with its wide array of offerings enables it to capture margins at each point of the value chain and secures Gitanjali's leading position.

The company's international operations receive strong supply chain support. This optimizes costs and strengthens the company's competitive ability.

Manufacturing Risks

Manufacturing risks could arise from the inability to maintain a stable operating environment. The company mitigates this risk by operating state- of- the- art diamond cutting and polishing facilities and jewellery manufacturing units.

Competitor risks

Competitor risks could arise from a growing presence of local, national and international jewelers in terms of its impact on growth and market share. Gitanjali is one of the world's largest, integrated jewellery manufacturers and retailers. Its size and integration allow it to capture additional margins across the value chain. Its strong brand portfolio and widespread and growing presence enable Gitanjali to preserve and increase its

market share and maintain its high rate of growth. The company's MRP (maximum retail price) based model of selling branded jewellery allows for a higher degree of stability in prices and consequently allows for year-round sales instead of sales driven only by lower prices or specific occasions. Gitanjali has been instrumental in increasing quality consciousness by providing BIS certification for gold jewellery and independent certifications such as IGI for diamond jewellery. This allows it to manage risks from competitors.

Innovation risks

Innovation risks could arise from an inability to innovate which could weaken the sales cycle. Gitanjali is known for its innovative initiatives. It pioneered the Jewel Souk store, a multi-brand outlet spread across 7,000 sq. ft at the Mumbai International Airport. It was also the country's first to launch a jewellery ATM, which could be used for last-minute gifting of gold medallions, coins and bars. It is also reaching out to a wider target community through the launch of e-commerce platforms for the online buying of jewellery. The Company also kept brand interest alive through the launch of Amore and G'Divas with affordable, light-weight jewellery positioned as a fashion accessory targeted at college-goers. Initiatives such as these, also mitigate the risk of constantly changing fashion lifestyle trends.

Commodity price fluctuation risks

Commodity price fluctuation risks could arise on account of changes in diamond and gold prices and inconsistency in the availability of rough diamonds. These could adversely impact earnings. However, the Company is a DTC Sightholder which enables it to procure rough diamonds in a timely and cost-effective manner. The Company's brand strength enables it to charge a conversion premium which helps mitigate commodity price fluctuation risks.

Forex risks

Forex risks could arise from the company being exposed to foreign currency fluctuations which could impact its Rupee earnings. Although Gitanjali imports a majority of its rough diamond requirements, it is a net exporter of diamonds and

jewellery and this creates a natural hedge against forex fluctuations.

Intellectual property risks

Intellectual Property risks could arise if the Company is unable to protect its intellectual property rights. Gitanjali has invested considerable effort in protecting its intellectual property rights, including trademark registrations, designs and domain names. Its patents cover its process technology and packaging. The Company also uses security measures and agreements to protect confidential information.

Human Capital Risks

Human Capital risks could arise from the non-availability of an adequately trained and skilled workforce. In order to mitigate this risk the Company has in-house training and management development programmes, workshops and constant mentoring from domain experts to stimulate motivation in employees and to attract and retain skilled personnel.

Internal Control Systems

The company has adequate internal control systems to supervise its internal business processes across departments to ensure operational efficiency, compliance with internal policies, applicable laws and regulations, optimum resource and asset utilization, and accurate reporting of financial transactions. The adequacy and efficacy of the control environment is analyzed periodically to ensure that its robustness is reinforced in keeping with the requirements of a dynamic business environment. The system consists of a well-delineated organization structure, clearly-distinguished authority levels and documented policy guidelines and manuals that establish delegation of authority. Observations of significance in summarized internal audit reports are reviewed by a qualified and independent Audit Committee on a regular basis.

Innovations

The spirit of innovation is rooted in the culture of this pioneering organization. Gitanjali is known for its path breaking initiatives.

Jewellery Vending Machine

It launched the world's first jewellery automated vending machine, enabling unplanned purchases. This vending machine dispenses medallions, coins and jewellery .

E-Franchising

Gitanjali introduced a new channel - E-Franchising, exploring additional avenues to sell jewellery.

Corporate Performance

● Consolidated revenues grew 33% from Rs. 94,809.63 million in 2010-11 to Rs. 126,463.83 million in 2011-12. The revenue growth has been the result of increased gold and diamond jewellery demand.

● Consolidated PAT grew 37% and PBT grew 37% during the year. PBT grew from Rs. 3,832.67 million in 2010-11 to Rs. 5,235.47 million in 2011-12. PAT grew from Rs. 3,548.01 million in 2010-11 to Rs. 4,872.51 million in 2011-12. These were on account of the increased sales and the cost optimisation measures undertaken by the organisation during the year.

● Gold and Diamond Jewellery segment revenues grew from Rs. 49,893.29 million in 2010-11 to Rs. 70,051.16 million in 2011-12. The Indian jewellery business grew 45% in 2011-12, and the international jewellery business grew by 33% during the year.

● The diamond segment grew from Rs. 43,667.34 million in 2010-11 to Rs. 54,558.56 million in 2011-12. The Indian business grew 104% in 2011-12, and the international business grew by 8% during the year.

● Expenditures (excluding depreciation / amortisation and interest) grew by nearly 32% during the year from Rs. 88,376.21 million to Rs. 116,906.98 million in 2011-12. The same has been on account of an increase in the cost of trading goods and the raw materials consumed from Rs. 79,927.65 million in 2010-11 to Rs. 106,718.06 million in 2011-12, and on account of an increase in operating expenses from Rs. 8,448.56 million in 2010-11 to Rs. 10,188.92 million in 2011-12.

● The finance cost increased from Rs. 2,217.70 million in 2010-11 to Rs. 4,077.24 million in 2011-12 on account of an increase

in long term borrowings from Rs. 2,260.25 million in 2010-11 to Rs. 6,613.39 million and short term borrowings from Rs. 29,013.85 million to Rs. 33,000.45 million in 2011-12.

● The Depreciation & Amortisation expenses decreased from Rs. 563.72 million in 2010-11 to Rs. 294.70 million in 2011-12.

● Basic Earnings per share increased from Rs. 41.81 in 2010-11 to Rs. 55.51 in 2011-12.

● Diluted Earnings per share increased from Rs. 35.95 in 2010-11 to Rs. 55.40 in 2011-12.

● The Reserves & Surplus grew from Rs. 24,447.81 million in 2010-11 to Rs. 30,085.66 million in 2011-12.

Management of Working Capital

Inventories increased from Rs. 29,012.85 million in 2010-11 to Rs.36,937.29 million in 2011-12.

Sundry debtors increased from Rs. 40,195.20 million in 2010-11 to Rs. 53,849.39 million in 2011-12

Gitanjali’s product portfolio comprises a blend of gold and diamond jewellery distributed through multiple channels. Retail outlets require a certain minimum inventory level. The seasonality inherent in the jewellery business requires additional inventory to be held ahead of peak periods such as weddings and festivals.

Each product category has its own working capital characteristics. Diamond jewellery requires more working

capital than gold jewellery. The different channels through which the company sells its products, again have individual working capital characteristics. Own Stores and Shop-in-shops tend to have longer inventory cycles than franchisees.

For the company, the asset light franchisee model is therefore, a preferred expansion path. Expansion through this channel would demand a less than proportionate increase in working capital.

The company recognizes that working capital is critical to effective cash flow management and sustained growth and has therefore initiated various measures for working capital rationalization aimed at controlling costs.

These measures include –

● The introduction of gold jewellery collections

● Expansion via the working capital light franchise route

● Stringent receivables norms resulting in reduced debtor days

● Constant innovations in terms of design to ensure superior product lifecycle management with designs being phased out quicker

● Closure of non-performing stores to rationalize costs and redistribute the inventory

As a result of these initiatives, Gitanjali has successfully been able to keep the net working capital ratios in check.

REPORT ON CORPORATE GOVERNANCE

The report of Corporate Governance is pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and forms a part of the report of the Board of Directors. The Company has complied with the applicable requirements of revised Clause 49 of the Listing Agreement.

COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance reflects the commitment of the Company towards the attainment of high levels of transparency, accountability, professionalism, efficiency in operations and business integrity. It is the belief of the Company that it must govern its affairs in a manner that consistently enhances long-term shareholder value, bearing in view the needs and interests of all other stakeholders.

The Company believes that good governance extends to beyond good working results and is a pre-condition for performance excellence with regard to value creation for stakeholders including its customers, providers of capital, employees, suppliers, distributors, the communities it functions in and society as a whole. The Company’s business practices are based on the conviction that good business sense underpins good ethics. As a consequence, the Company’s code of Conduct conforms to the highest ethical standards.

The Company interprets best corporate governance practices as standards towards which it is committed and believes that these practices cannot be compromised on and that they are the very heart of good business.

BOARD OF DIRECTORS

Composition of the Board

As of March 31, 2012 the Company’s Board comprises seven Directors, including four independent Directors. The composition of the Board is in conformity with clause 49 of the Listing Agreement which stipulates that 50 percent of the Board should comprise of non-executive directors and where the Chairman of the Board is Executive Director, at least half of the

Board should comprise of Independent Directors.

The composition of and the category of Directors on the Board of the Company were as under:

Category	Name	Designation
Promoter Director	Mr. Mehul C. Choksi	Chairman & Managing Director
Non – Executive	Mr. Dhanesh V. Sheth	Director
Non-Independent Director	Mr. Nehal Modi	Director
Independent Directors	Mr. Sujal A. Shah	Director
	Mr. S. Krishnan	Director
	Mr. Nitin Potdar	Director
	Mr. M.S. Sundararajan*	Director

* Appointed as Additional Director on March 21, 2012

Conduct of Board Proceedings

The day to day matters concerning the business is conducted by the Executives of the Company under the direction of Executive Director with the supervision of the Board. The Board holds its meetings at regular intervals to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

Board Agenda

Meetings are governed by a structured agenda. All agenda items are backed by comprehensive background information to enable the Board to take informed decisions. The Board Members are presented in advance with the detailed agenda in respect of all Board meetings.

Availability of information to Board members

The Board has unfettered and complete access to any information within the Company and to any of our employees. At Board meetings, managers who can provide additional insights into the items being discussed are invited. Regular updates provided to the Board include:



- Annual operating plans and budgets, capital budgets and updates.
- Quarterly results of our operating divisions or business segments.
- Minutes of meetings of all Committee of Board as well as circular resolutions passed between the two Board Meetings.
- The Board minutes of the subsidiary companies
- General notices of interest received from directors
- Dividend data
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or resignation of the CFO and Company Secretary.
- Materially important litigations, show cause, demand, prosecution and penalty notices
- Fatal or serious accidents, dangerous occurrences, and material effluent or pollution problems
- Any materially relevant defaults in financial obligations to and

by us.

- Any issue that involves possible public or product liability claims of a substantial nature
- Details of joint ventures, acquisitions of companies or collaboration agreements
- Transactions that involve substantial payments toward goodwill, brand equity or intellectual property
- Any significant development on the human resources aspect
- Sale of material nature, of investments, subsidiaries and assets, which are not in the normal course of business
- Details of foreign exchange exposure and the steps taken by the Management to limit risks of adverse exchange rate movement
- Non-compliance of any regulatory, statutory or listing requirements, as well as shareholder services such as non-payment of dividend and delays in share transfer.

Attendance of the Directors at Board Meetings and at previous AGM

Name of the Director	Status	No. of Board meetings held during year 2011-12	No of Board Meetings attended	Attendance at last AGM
Mr. Mehul C. Choksi	C.M.D.	4	4	Yes
Mr. Dhanesh V. Sheth	N.E.D.	4	4	Yes
Mr. Nehal Modi	N.E.D.	4	0	No
Mr. Sujal A. Shah	I. N.E.D.	4	4	Yes
Mr. S. Krishnan	I. N.E.D.	4	4	Yes
Mr. Nitin Potdar	I. N.E.D.	4	3	Yes

Mr. M.S. Sundararajan and Mr. Sunil Varma were appointed on March 21, 2012 and May 21, 2012 respectively and hence their names are not included in the above table

C.M.D.	Chairman & Managing Director
N.E.D.	Non Executive Director
I. N.E.D.	Independent Non Executive Director

Board Meetings held during the year 2011 - 2012

The Board held four meetings during the year. The meetings of the Board of Directors are scheduled well in advance. The intervening period between two Board meetings was well within the maximum period of four months prescribed under Cause 49 of the Listing Agreement. The details of Board Meetings are as under:

Sr. No.	Date	Board Strength	No. of Directors present
1.	May 27, 2011	6	5
2.	August 12, 2011	6	5
3.	November 14, 2011	6	4
4.	February 14, 2012	6	5

The Board in addition to the review of the corporate plans, strategies and financials, takes periodical review of compliance reports of all laws applicable to the Company.

Other Directorships and Committee Membership

None of the Directors holds Directorships in more than fifteen Public Limited Companies nor is any Director, Chairman of more than 5 Committees. The details of Directorship and Committee Membership & Chairmanship held by the Directors as on March 31, 2012 are as follows:

Name of the Director	No. of Directorships (Including GGL)	Committee (Including GGL)	
		Member	Chairman
Mr. Mehul C. Choksi	11	3	2
Mr. Dhanesh V. Sheth	11	4	1
Mr. Nehal Modi	1	0	0
Mr. Sujal A. Shah	10	4	5
Mr. S. Krishnan	3	1	2
Mr. Nitin Potdar	5	7	0
Mr. M.S. Sundararajan	10	3	0

Mr. Sunil Varma was appointed on May 21, 2012 and hence his name is not included in the above table.

Notes:

1. The Directorships held by Directors as mentioned above, do not include Alternate Directorships, Directorships of Foreign Companies, Section 25 Companies and Private Limited companies.
2. In accordance with Clause 49 of the Listing Agreement, Membership/ Chairmanship of only the Audit Committees and Shareholders'/ Investors' Grievance Committees of all Public Limited Companies have been considered.

Audit committee

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment.

The terms of reference of the Committee are as per the guidelines set out in Clause 49 of the listing agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956 and it inter alia includes the following:

- To review compliance with internal control systems;
- To hold periodic discussions with the Statutory Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors;
- To review quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- To make recommendations to the Board on any matter relating to the financial management of the Company;



- Recommending to the Board, the appointment, re-appointment and if required, the replacement and removal of Statutory Auditors and fixation of Audit fees.

Composition

The Audit Committee comprises of Mr. Sujal A. Shah, Mr. S. Krishnan, Mr. Nitin Potdar, all Independent Directors and Mr. Dhanesh Sheth, Non Executive Director.

Meetings and Attendance

During the financial year ended March 31, 2012, four meetings of the committee were held. The attendance of committee members at the meetings was as follows:

Name of Member	Status	No. of Meetings Held during the year 2011-12	No. of Meetings Attended
Mr. Sujal A. Shah	Chairman	4	4
Mr. S. Krishnan	Member	4	4
Mr. Nitin Potdar	Member	4	3
Mr. Dhanesh Sheth	Member	4	4

Shareholders’ / Investors’ Grievance Committee

The Committee looks into the redressal of shareholders’/ investors’ complaints, issue of duplicate/ consolidated share certificates, allotment and listing of securities and review of cases for refusal of transfer/ transmission of shares and reference to statutory and regulatory authorities. The Committee oversees the performance of the Registrars and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.

Composition

The Shareholders’/ Investors’ Grievance Committee comprises of Mr. Dhanesh V. Sheth, Non-Executive Director, Mr. Nitin Potdar, Independent Director and Mr. Mehul C. Choksi, Managing Director of the Company.

Mr. Dhanesh Sheth is Chairman of the Committee. Ms. Pankhuri Warange, Company Secretary is Secretary of the Committee.

Meetings and Attendance

During the financial year ended March 31, 2012, fifteen meetings of the committee were held. The attendance of

Mr. Sujal A. Shah is the Chairman of the Committee. Ms. Pankhuri Warange, Company Secretary is Secretary of the Committee. The Composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges. All the members of the Audit Committee are financially literate.

Committee members at the meetings was as follows:-

Name of Member	No. of Meetings Held during the year 2011-12	No. of Meetings Attended
Mr. Dhanesh V. Sheth	15	15
Mr. Mehul C. Choksi	15	15
Mr. Nitin Potdar	15	08

Status of Shareholders’/Investors’ Complaints

Particulars	No. of Complaints
Complaints pending as on April 1, 2011	NIL
Complaints received during the period April 1, 2011 to March 31, 2012	79
Complaints disposed off during the period April 1, 2011 to March 31, 2012	79
Complaints outstanding as on March 31, 2012	NIL

Remuneration committee

The Remuneration Committee recommends the remuneration payable to Executive Directors in accordance with section 198,

269, 309, 310 and 311 read with schedule XIII of the Companies Act, 1956 and any increments thereof with in the maximum limits as approved by the shareholders from time to time.

Composition

The Remuneration Committee comprises of Mr. Sujal A. Shah, Mr. S. Krishnan, Mr. Nitin Potdar and Mr. M.S. Sundararajan, all Independent Directors. Mr. Sujal A. Shah is Chairman of the Committee. Ms. Pankhuri Warange, Company Secretary is Secretary of the Committee.

Remuneration of Non-Executive Directors and their shareholding

Name of Directors	Sitting Fees Paid (Rs.)		No. of Shares held as on March 31, 2012
	Board Meeting	Audit Committee	
Mr. Dhanesh V. Sheth	Nil	Nil	4876
Mr. Nehal Modi	Nil	Nil	NIL
Mr. Sujal A. Shah	40,000	40,000	3000
Mr. S. Krishnan	40,000	40,000	NIL
Mr. Nitin Potdar	30,000	30,000	3000

Apart from the sitting fees that are paid to the non-executive directors for attending the board / committee meetings, no other fees / commission were paid during the year. No significant material transactions have been made with the Non-Executive Directors vis-à-vis the Company.

Remuneration of Executive Directors and their shareholding

Name of the Directors	Remuneration paid during the year 2011-12	Number of shares held as on March 31, 2012
Mr. Mehul C. Choksi	Rs. 48,00,000	43,325,031

- All decisions relating to the remuneration of Directors are taken by the Remuneration Committee in accordance, with the approval received from Board as well as the members of the Company.

- The Directors’ remuneration as mentioned above consists of fixed salary component payable to them. There is no performance linked incentives payable to directors for achievement of targets.

- During 2011– 12, the Company did not issue any stock options neither did it advance any loans to any of its Directors.

Name, designation, address of the compliance officer

Name: Ms. Pankhuri Warange
Designation: General Manager - Legal & Secretarial and Company Secretary
Address: 2/101, Jogani Complex, Behind Amar Brass, Manipada road, Kalina, Santacruz (E), Mumbai – 400 098
Tel +91- 022 – 42769100/101
Fax +91- 022 - 42769103
Email: investors@gitanjaligroup.com



General Body Meetings

(A) Annual General Meetings:

Location, time and date where the three immediately preceding Annual General Meetings of the Company were held are given below:

Financial Year	Day & Date	Time	Venue	Special Resolutions passed
2008-09	Saturday, September 19, 2009	3.00 p.m.	M.C.Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai-400 001	NIL
2009-10	Saturday, September 25, 2010	3.00 p.m	M.C.Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai-400 001	1. Authority under section 163 of the Companies Act, 1956 for keeping the Statutory Registers at the Corporate Office of the company. 2. Alteration of Articles of Associations under Section 31 of the Companies Act, 1956.
2010-11	Monday, September 26, 2011	3.00 p.m	M.C.Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai-400 001	NIL

(B) Extra Ordinary General Meetings

Financial Year	Day & Date	Time	Venue	Special Resolutions passed
2010-2011	Thursday, March 03, 2011	3.00 p.m	Novotel Hyderabad Airport, Rajiv Gandhi International Airport, Shamshabad, Ranga Reddy District, Hyderabad – 500 409	Issue of Equity Shares/Fully Convertible Debentures (FCDs)/Partly Convertible Debentures (PCDs) or any securities including bonds other than warrants, which are convertible into or Exchangeable with Equity Shares
2011-2012	Tuesday, December 13, 2011	3.00 p.m	Novotel Hyderabad Airport, Rajiv Gandhi International Airport, Shamshabad, Ranga Reddy District, Hyderabad – 500 409	Authority to create, offer, issue and allot upto 943396 convertible Warrants on a preferential basis to Bennett Coleman and Company Limited

(C) Special Resolution passed through Postal Ballot:

Special Resolutions in relation to following items were passed on September 15, 2011, through postal ballot in accordance with the provisions of the Companies Act, 1956 and Companies (passing of the Resolution by Postal Ballot) Rules, 2011:

1. Alteration of object Clause		
Particulars	No of Votes Cast	% of total votes cast
In favour of the resolution	47649076	99.99
Against the resolution	5	0.01
Total	47649081	100
Number of Invalid Ballots was none		
2. Commencement of all or any of the business / activities mentioned in sub clauses 72, 73 & 74 of Clause III C of the Memorandum of Association of the Company		
Particulars	No of Votes Cast	% of votes cast
In favour of the resolution	47649026	99.99
Against the resolution	5	0.01
Total	47649031	100
Number of invalid Ballots was 1		

Mr. Manish L. Ghia, Practicing Company Secretary was appointed as the scrutinizer for ensuring conduct of the Postal Ballot process in a fair and transparent manner. All postal ballot forms received up to the close of working hours on Saturday, September 10, 2011, the last date and time fixed by the company for receipt of the forms had been considered. The resolutions in respect of the above said items had been passed with the requisite majority.

Disclosures

(i) Related Party Transactions

The Register of Contracts containing the transactions in which Directors are interested is placed before the Board at every meeting for its approval. There are no materially significant related party transactions which have potential conflict with the

interest of the Company at large. Transactions with related parties are disclosed separately as Annexure in the Notes to Accounts in the Annual Report.

(ii) Compliance

There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

Means of communication

During the year Quarterly results and Annual results have been published in leading newspaper such as ‘The Free Press Journal’ in English and ‘Navshakti’ in Marathi.

Annual report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Directors Report, Management Discussion & Analysis (MD&A) Report, Auditor’s Report and other information is circulated to members and others who are entitled to it.

All important information relating to Company and its performance including the financial results and shareholding pattern are displayed on the Company’s website www.gitanjaligroup.com. The website also displays all official press releases issued by the Company.

The Company puts all the price sensitive information’s in to public domain by way of intimating the same to Stock Exchange immediately.

The Corp Filing & Dissemination System (CFDS) portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE and NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the stock exchanges.

The Company has designated an e-mail id for registering investor complaints in the name of investors@gitanjaligroup.com.

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) Subsidiaries

All the Subsidiary Companies are Board managed with their Boards having the rights and obligations to manage the Company in the best interest of the stakeholders. As a majority stakeholder, the Company monitors the performance of such companies.

(c) 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) and the total issued and listed capital. 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 and NSE within 30 days from the end of each quarter in accordance with the SEBI requirements.

(d) 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 as amended from time to time.

(e) CEO/CFO Certification

A certificate as required under clause 49(V) of the listing agreement from Managing Director and Chief Financial Officer was placed before the Board.

(f) 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.

(g) Code of Conduct

As provided under Clause 49 of the Listing Agreement and in line with the Company’s objective of following the best Corporate Governance Standards the Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The code has been circulated to all the members of the Board and Senior Management and the same had been put on the Company’s website www.gitanjaligroup.com. The Board Members and the Senior Management personnel have affirmed their compliance with the Code of Conduct for the year ended March 31, 2012.

B) Compliance with non- mandatory requirements

a) Board

The Board has an executive Chairman. There is no fixed tenure for the independent directors on the Board. The Independent directors on the Board hold requisite qualifications and experience which enables them to make effective contribution to the Company in their capacity as an Independent director, which is very useful to the Company.

b) Remuneration Committee

The Company has set up a remuneration committee which is vested with the powers to recommend the remuneration payable to Managerial Personnel in accordance with section 198, 269, 309, 310 and 311 read with schedule XIII of the Companies Act, 1956 and any increments thereof with in the maximum limits as approved by the shareholders from time to time. All the members of remuneration committee are independent directors.

c) Shareholder’s Right

A half yearly declaration of financial performance including summary of the significant events is presently not being sent to each household of shareholders.

However the Company publishes its results on its website at www.gitanjaligroup.com, which is accessible to the public at large.

d) Audit Qualification

During the year under review, there is no audit qualification in Company’s financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

e) Whistle Blower Policy

The Company has not adopted any Whistle Blower Policy. However the Company promotes ethical behaviour in its activities and employees of the Company are free to report existing/probable violations of laws, rules or un-ethical conduct to the management. The management of the Company is obligated to maintain confidentiality of such reporting and ensure that nobody is subjected to any discriminatory practice.

General shareholders information

a) Annual General Meeting

Date & Time : 28th September, 2012 at 10.00 A.M
Venue : MCA Recreation Centre RG-2, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 0051

b) Financial Year: The financial year of the Company is from April 1 to March 31.

c) Dates of Book Closure

Our register of members and share transfer books will remain closed from Saturday, 15th September, 2012 to Friday, 28th September, 2012 (both days inclusive) to determine the

entitlement of shareholders to receive the final dividend as may be declared at the ensuing Annual General Meeting.

d) Dividend Payment Date

The proposed Dividend, if approved by shareholders at the ensuing Annual General Meeting will be made paid / dispatched on October 8, 2012.

e) Listing on Stock Exchanges

(i) Equity Shares:
Bombay Stock Exchange Ltd., Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

(ii) Non Convertible Debentures

Bombay Stock Exchange Ltd., Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

f) Listing Fees

Listing fees as required have been paid to the above stock exchanges.

g) Stock Code		
Name of the Stock Exchange	Stock Code/Symbol	ISIN
Bombay Stock Exchange Limited		
(i) Equity Shares	532715	INE346H01014
(ii) Non Convertible Debentures	946260	INE346H07011
National Stock Exchange of India Limited	GITANJALI	INE346H01014



h) Market Price Data

The equity shares of the Company are listed on the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The monthly high low of the Company’s price is as follows:

Stock Exchange	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
Month	High Rs.	Low Rs.	High Rs.	Low Rs.
April-11	290.60	244.55	290.40	244.65
May-11	292.00	256.25	291.95	255.80
June-11	304.00	265.00	304.30	265.10
July-11	326.50	291.10	326.50	291.10
August-11	318.50	282.00	319.00	283.35
September-11	372.95	313.00	372.00	313.00
October-11	387.40	336.70	386.90	336.25
November-11	363.30	315.00	364.40	315.00
December-11	345.50	286.20	345.90	287.00
January-12	318.65	298.30	320.10	250.95
February-12	420.95	302.50	420.55	302.60
March-12	443.40	316.30	418.80	316.00

* Source - Respective websites of BSE & NSE.

i) Registrars & Share Transfer Agents

Karvy Computershare Private Limited
Gitanjali Gems Limited Unit, Plot No. 17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500081
Tel: +91-040-4465 5000, Fax: +91-040-2342 0814
e-mail: einward.ris@karvy.com, Website: www. karvy.com

j) Debentures Trustee

Axis Trustee Services Limited
2nd floor, AXIS house, Bombay Dyeing Mills compound,
Panduranga Budhkar Marg, Worli, Mumbai – 400 025

k) Share Transfer System

Transfer of the shares held in the dematerialized form is done through the Depositories with no involvement of the Company. As regards transfer of shares in physical form, the transfer documents can be lodged with Registrars & Share Transfer Agents of the Company, Karvy Computershare Private Limited at the address mentioned above. Transfer of shares in physical form is normally processed within 15 days from the date of receipt, if the documents are complete in all respects.

l) Distribution of Share Holding as on March 31, 2012

No. of Shares	Shareholders		Shares held	
	Nos.	%	Nos.	%
001 to 5000	40853	99.38	4210419	4.62
5001 to 10000	52	0.13	402269	0.44
10001 to 20000	39	0.09	579172	0.64
20001 to 30000	18	0.04	454502	0.50
30001 to 40000	11	0.03	378379	0.42
40001 to 50000	4	0.01	171327	0.19
50001 to 100000	43	0.10	3138140	3.44
100001 and above	87	0.21	81787887	89.76
TOTAL	41107	100	91122095	100

m) Dematerialization of equity shares

As on March 31, 2012, 1554935 Equity shares of the Company constituting 1.71 per cent of the share capital were held in physical form and the balance 89567160 equity shares constituting 98.29 per cent of the share capital were held in dematerialized form.

n) Liquidity

The equity shares of the Company are actively traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

o) Outstanding GDRs /ADRs / Warrants or any convertible instruments

(i) Foreign Currency Convertible Bonds

Out of the total FCCBs of USD 110 millions issued by the company, FCCBs of US\$ 70.91 million were outstanding at the beginning of the year. During the year company converted USD 30.65 mn of FCCB into 6250497 equity shares of Rs. 10 each at a conversion price of Rs. 220/- per equity shares. On November 25, 2011 balance outstanding FCCBs amounting to USD 40.26 mn were redeemed at premium of USD 4205.20 per bond of USD 10000 as per terms and conditions mentioned in the offering circular.

(ii) Warrants

During the year, the company issued 943396 warrants convertible into equal number of eqity shares of Rs. 10 each on preferential basis at a price of 424/- per warrant to Bennet Coleman and Company Limited pursuant to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

p) Corporate Identification Number (CIN)

The Corporate Identification Number (CIN) allotted by Ministry of Corporate Affairs, Government of India is L36911MH1986PLC040689 and Company registration number is 11- 040689. The Company is registered in the state of Maharashtra with Registrar of Companies, Mumbai, Maharashtra.

q) Plant Locations

LOCATION	ADDRESS
Mumbai	1. Plot No.61, SEEPZ, Andheri (E), Mumbai
	2. Plot No.16 (Part), 17,28,29(Part),SEEPZ, Andheri (E), Mumbai
	3. Plot no 131/90, Marol Co-operative Industrial Estate, M.V. Road, opp Star Audio, Marol Bhawan, Marol, Andheri (E), Mumbai – 400 059
	4. Plot no 20, Marol Co-operative Industrial Estate, M.V. Road, opp Star Audio, Marol Bhawan, Marol, Andheri (E), Mumbai – 400 059



LOCATION	ADDRESS
Surat	Surat Special Economic Zone, Unit No. 378, Plot No.24, Surat, Gujarat
Hyderabad	Survey NO.1/1, Raviryala Village Road, Maheshwaram Mandal, R.R. District, Hyderabad – 501510.
Coimbatore	No. 56, Bharati Salai Telungupalayam Pudur Selvapuram, Coimbatore – 641 039

r) Shareholding Pattern as on March 31, 2012

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Percentage of Shareholding
A	Shareholding of Promoter and Promoter Group			
	1) Indian			
	a) Individuals/ Hindu Undivided Family	1	43325031	47.55
	b) Central Government/ State Government(s)	0	0	0
	c) Bodies Corporate	4	6901488	7.57
	d) Financial Institutions/ Banks	0	0	0
	e) Any Other (specify)	0	0	0
	Sub-Total (A)(1)	5	50226519	55.12
	2) Foreign			
	a) Individuals (Non- Resident Individuals Foreign Individuals)	0	0	0
	b) Bodies Corporate	1	10000	0.01
	c) Institutions	0	0	0
	d) Any Other (specify)	0	0	0
	Sub-Total (A)(2)	1	10000	0.01
	Total Shareholding of Promoter and Promoter Group A)= (A)(1)+(A)(2)	6	50236519	55.13
(B)	PUBLIC SHAREHOLDING			
	(1) Institutions			
	a) Mutual Funds/ UTI	1	865	0.00
	b) Financial Institutions/ Banks	3	100772	0.11
	c) Central Government/ State Government(s)	0	0	0
	d) Venture Capital Funds	0	0	0
	e)Insurance Companies	0	0	0
	f) Foreign Institutional Investors	101	17675476	19.40
	g) Foreign Venture Capital Investors	0	0	0
	h) Any Other	0	0	0
	Sub-Total (B)(1)	105	17777113	19.51

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Percentage of Shareholding
	(2) Non-Institutions			
	(a) Bodies Corporate	717	14912435	16.37
	(b) Individuals			
	i. Individual shareholders holding nominal Share capital up to Rs.1 lakh	38650	3705769	4.07
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	17	1043246	1.14
	(c) Any Other(specify)			
	NRI	436	1276334	1.40
	Clearing Member	121	362510	0.40
	Foreign Companies	2	1554050	1.71
	Trust	0	0	0
	HUF	1039	254119	0.28
	Sub-Total (B)(2)	40982	23108463	25.36
	Total Public Shareholding (B)= (B)(1)+(B)(2)	41087	40885576	44.87
	Total (A)+(B)	41093	91122095	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0
	Grand Total (A)+(B)+(C)	41093	91122095	100

s) Address for Correspondence

Shareholding related queries

Karvy Computershare Private Limited
Gitanjali Gems Limited Unit, Plot No. 17 to 24,
Vittal Rao Nagar, Madhapur, Hyderabad - 500081
Tel: +91-040-4465 5000, Fax: +91-040-2342 0814
E-mail: einward.ris@karvy.com, Website: www.karvy.com

General correspondence:

Gitanjali Gems Limited
2/101, Jogani Complex, Behind Amar Brass,
Manipada Road, Kalina, Santacruz (E), Mumbai – 400 098
Tel: +91-022-42769100/101, Fax: +91-022-42769103
Email: investors@gitanjaligroup.com

Depository

National Securities Depository Limited, Trade World, A Wing, 4th and 5th Floor Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Tel – 022-24994200 Fax – 022-24976351 e-mail – info@nsdl.co.in website – www.nsdl.co.in	Central Depository Services (India) Limited Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Fort Mumbai – 400001 Tel – 022-22723333 Fax – 022-22723199 e-mail – investors@csdslindia.com website – www.cdslindia.com
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AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE



1. We have examined the compliance of conditions of Corporate Governance by Gitanjali Gems Limited for the year ended on March 31, 2012 as stipulated in clause 49 of the Listing Agreement of the said 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 implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanation given to us and the representation made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
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 Ford, Rhodes, Parks & Co.
Chartered Accountants

Place: Mumbai
Date: 11th August, 2012

(A.D.SHENOY)
Partner
Membership No.: 11549

CERTIFICATE UNDER CLAUSE 49(V) OF LISTING AGREEMENT



We, Mehul C. Choksi, Chairman & Managing Director and Kapil Khandelwal, Chief Financial Officer of Gitanjali Gems Limited, to the best of our knowledge and belief, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) 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 they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
- (d) We further certify that :
 - (i) There was no significant change in internal control system during the year;
 - (ii) There was no significant change in accounting policies during the year; and
 - (iii) There was no instance of significant fraud during the year.

For Gitanjali Gems Limited

(Mehul C. Choksi)
Chairman & Managing Director
Place: Mumbai
Date: 21st May, 2012

For Gitanjali Gems Limited

(Kapil Khandelwal)
Chief Financial Officer

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT



I, Mehul C. Choksi, Managing Director of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and Senior Management as provided under Clause 49 of the Listing Agreement with the Stock exchanges. The Board Members and Senior Management have confirmed compliance with the Code of Conduct for the year ended March 31, 2012.

For Gitanjali Gems Limited

Place: Mumbai
Date: 11th August, 2012

(Mehul C. Choksi)
Managing Director

Auditors' Report

To
The members of
GITANJALI GEMS LIMITED

1. We have audited the attached Balance Sheet of Gitanjali Gems Limited having their registered office at 801/802, Prasad Chambers, Opera House, Mumbai – 400 004 as at 31st March 2012 and the Statement of Profit and Loss and the Cash Flow Statement of the Company 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.

2. 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 statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's report) Order, 2003 (as amended) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 (the Act), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of the audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order:

4. Further to our comments in the Annexure 3 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 of the Company.

c. The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company.

d. In our opinion, the Balance Sheet, Statement of Profit and Loss 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 representations received from the directors of the Company as on 31st March 2012, and taken on record by the Board of Directors of the Company, 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.

5. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Statement of Profit and Loss read together with notes thereon 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 the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2012;

(ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm Registration No.102860W

A.D.Shenoy
Partner
Membership No. 11549

Date : May 21, 2012
Place: Mumbai

FINANCIAL
STATEMENTS





Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

Re: GITANJALI GEMS LIMITED

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
(b) The fixed assets of the Company have been physically verified by the management at specified intervals during the year which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets and no material discrepancies were noticed on such verification.
(c) During the year, the Company has not disposed off any substantial part of fixed assets so as to affect the going concern.
2. (a) The inventory has been physically verified by the management during the year and also at the year end.
(b) The procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification.
3. (a) The Company has granted unsecured loans / advances to companies, firms or other parties covered in the register maintained under section 301 of the Act. The number of parties are Twenty and amount outstanding as at March 31, 2012 is Rs. 10,325.40 Million (Previous year Rs. 6,129.21 Million and Number of Parties: Twenty Four)
(b) The above loans are interest free except in respect of one of the wholly owned subsidiary companies. In respect of the said wholly owned subsidiary company, the loan amount carries interest and the repayment is regular.
(c) In respect of other companies, as no stipulation as to repayment of principal amounts have been mentioned, the question of repayment being regular does not arise.
(d) The Company has taken unsecured loans from Companies, firms and other parties covered under section 301 of the Act. The number of party is one and the amounts outstanding as at March 31, 2012 is Rs.64.49 Million (Previous Year Rs. 15.90 Million and Numbers of party: One). The said loan is interest free and there are no stipulations as to repayment hence, clauses 4 (iii) (f) & (g) do not apply.
4. (a) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.
(b) During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. (a) On the basis of our examination of the books of accounts and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
(b) In our opinion and according to the information and explanations given to us, all the transactions made in pursuance of such contracts or arrangements entered into the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of Rupees Five Lakhs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market price at the relevant time, except that in respect of purchases and sales of some of the products, no comparison of prices could be made because of the unique and specialized nature of items involved and the absence of any comparable prices. We are unable to comment whether these transactions were made at prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. The Company has engaged an independent Chartered Accountants firm to carry out the internal audit of the Company. In our opinion, the internal audit system is commensurate with its size and nature of its business.
8. We have broadly reviewed the cost accounting records maintained by the company pursuant to the Companies (cost accounting records) Rules 2011, prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 from this year. We are of the opinion that prima facie the prescribed cost records have been maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, service tax, custom duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, service tax, custom duty, cess and other statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us by the Management and as per records of the Company examined by us there were no disputed dues in respect of Custom Duty, Wealth-tax, Excise Duty and Cess not deposited as at 31st March 2012 except in respect of income tax and service tax dues as under :
 1. Disputed Income tax dues of Rs.47.44 million for A.Y. 2006-2007 and Rs. 125.61 million for A.Y. 2007-08. Appeal filed with CIT(A).
 2. Disputed Service tax dues of Rs.43.63 million for period 2005 to 2008, reply to the Showcause cum notice Demand is filed with Service Tax Authorities.
10. The Company is registered for over 5 years and has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the current year and immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of its dues to any financial institutions, bank or debenture holders during the year.
12. As per the information and explanations given to us by the management, we are of the opinion that the Company has not granted loans and advances on the basis of security of pledge of shares, debentures and other securities.
13. The provisions of Clause 4 (xiii) of the Order (as amended) are not applicable as the Company is not a chit fund company or nidhi/mutual benefit fund/society.
14. The Company has not dealt or traded in shares, securities, debentures or other investments during the year. Hence provisions of Clause 4 (xiv) of the Order are not applicable.
15. According to the information given to us and managements' representation, the Company has given guarantees of Rs.24,873.40 million for the loans taken by its wholly owned subsidiary companies from banks/ financial institutions.
16. The Company has raised new term loans during the year. The term loan outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and overall examination of the Balance Sheet and Cash Flow Statement of the Company we report that no funds raised on short term basis have been used for long term investments.
18. During the year, 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.
19. As per information and explanations given to us, the Company has created security in respect of Debentures issued.
20. The Company has not raised any money by public issues during the year. However the company had issued 6,250,497 equity shares of Rs. 10/- each for the premium of Rs. 210/- each on conversion of FCCBs.
21. Based upon the audit procedure performed for the purpose of reporting the true and fair view of the financial statements and as per the information 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 Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm Registration No.102860W

A.D.Shenoy

Partner

Date : May 21, 2012

Place: Mumbai

Membership No. 11549



Balance Sheet as at

(Rupees in Millions)			
	Note	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	911.22	848.72
Reserves and Surplus	3	24,406.16	21,716.55
Money Received against Share Warrants		100.00	
		25,417.38	22,565.27
Non Current Liabilities			
Long Term Borrowings	4	6,299.57	1,265.90
Deferred Tax Liabilities (net)	39	11.82	7.84
Long Term Provisions	5	30.65	17.68
		6,342.04	1,291.42
Current Liabilities			
Short Term Borrowings	6	19,174.14	17,553.23
Trade Payables	7	19,582.74	11,689.95
Other Current Liabilities	8	731.42	814.02
Short Term Provisions	9	319.96	296.83
		39,808.26	30,354.03
TOTAL		71,567.68	54,210.72
ASSETS			
Non Current Assets			
Fixed Assets (Net)	10	381.62	580.46
Non Current Investments	11	10,225.48	9,663.87
Long Term Loans & Advances	12	2,788.89	1,560.54
		13,395.99	11,804.87
Current Assets			
Inventories	13	13,554.75	11,053.86
Trade Receivables	14	30,771.43	22,396.51
Cash and Bank Balance	15	3,905.69	2,607.14
Short Term Loans & Advances	16	9,939.82	6,348.34
		58,171.69	42,405.85
TOTAL		71,567.68	54,210.72
Significant Accounting Policies	1		
Notes To Accounts	1 to 48		

Significant Accounting Policies and Notes attached thereto form an integral part of Financial Statements

This is the Balance Sheet referred to in our report of even date.

As per our attached report of even date.

For **FORD, RHODES, PARKS & CO.**

Chartered Accountants

Firm Registration No : 102860W

A. D. SHENOY

Partner

Membership No. 11549

Place : Mumbai

Dated : May 21, 2012

Mehul C. Choksi

Managing Director

Dhanesh Sheth

Director

Pankhuri Warange

Company Secretary

For and on behalf of the Board

Statement of profit & Loss for the year ended

(Rupees in Millions)			
	Note	March 31, 2012	March 31, 2011
REVENUE			
Revenue From Operations	17	77,554.71	50,670.94
Other Income	18	975.41	632.53
Total Revenue		78,530.12	51,303.47
EXPENSES			
Purchase of Raw Material & Traded Goods	19	72,398.69	48,783.39
Changes in Inventories	20	(2,500.87)	(3,160.93)
Employee Benefit Expenses	21	265.12	247.97
Finance Cost	22	2,509.45	1,043.98
Depreciation & Amortization Expenses		34.66	33.56
Other Expenses	23	3,332.93	2,068.29
Total Expenses		76,039.98	49,016.26
Profit before Exceptional Items and Tax		2,490.14	2,287.21
Exceptional Items	24	97.23	2.44
Profit Before Tax		2,587.37	2,289.65
Tax Expenses			
(1) Current Tax		519.00	45.00
(2) MAT Credit		(519.00)	-
(3) Deferred Tax		3.98	(1.38)
Profit for the Year		2,583.39	2,246.03
Earning per Share :			
(1) Basic	38	29.43	26.46
(2) Diluted	38	29.37	22.84
Significant Accounting Policies	1		
Notes To Accounts	1 to 48		

Significant Accounting Policies and Notes attached thereto form an integral part of Financial Statements

This is the Statement of Profit and Loss referred to in our report of even date.

As per our attached report of even date.

For **FORD, RHODES, PARKS & CO.**

Chartered Accountants

Firm Registration No : 102860W

A. D. SHENOY

Partner

Membership No. 11549

Place : Mumbai

Dated : May 21, 2012

For and on behalf of the Board

Mehul C. Choksi

Managing Director

Dhanesh Sheth

Director

Pankhuri Warange

Company Secretary



Cash Flow Statement for the year ended

	March 31, 2012		March 31, 2011	
CASHFLOW FROM OPERATING ACTIVITIES :				
Net profit before Tax		2,587.37		2,289.65
Adjustment for :				
Depreciation	34.66		33.56	
Interest (net)	2,509.45		1,003.44	
Bad Debts W/off	105.53		2.51	
Exchange (Gain)/Loss	(725.02)		(264.59)	
Dividend Recd.	(1.58)		(1.31)	
Loss on Investment W/off	35.23		-	
Loss / (profit) on Sale of Shares	(16.96)		-	
Loss / (Profit) on sale of Fixed Assets	(115.50)		(2.44)	
	1,825.81		771.17	
CHANGES IN WORKING CAPITAL :				
(Increase)/Decrease in Inventories	(2,500.86)		(3,161.51)	
(Increase)/Decrease in Sundry Debtors	(6,907.50)		(4,337.34)	
(Increase)/Decrease in Loans & Advances	(4,338.77)		(2,137.40)	
Increase/(Decrease) in Current Liabilities / Provisions	17,069.48		9,803.28	
	3,322.35		167.03	
Income Tax Paid	(323.86)	4,824.30	(56.15)	882.05
CASHFLOW FROM INVESTING ACTIVITIES :				
Purchase of Investments (Net)	(579.89)		(677.37)	
Receipt of Dividend	1.58		1.31	
Purchase of Fixed Assets	(73.20)		(20.67)	
Sale of Fixed Assets	352.87	(298.64)	7.93	(688.80)
CASHFLOW FROM FINANCING ACTIVITIES :				
Issue of Share Warrants	100.00		-	
Repayment of FCCB	(3,001.91)		-	
Changes in Unsecured Loans (including FCCB)	-		15.27	
Dividend and Dividend Tax Paid	(298.05)		(196.53)	
Interest paid (net)	(2,614.97)	(5,814.93)	(1,040.68)	(1,221.94)
Effect of exchange difference on translation of foreign currency cash and cash equivalents		0.45		(0.02)
Net increase/(decrease) in cash and cash equivalents		1,298.55		1,260.94
Cash and cash equivalents at the beginning of the year		2,607.14		1,346.20
Cash and cash equivalents at the end of the year		3,905.69		2,607.14

Cash Flow Statement (Contd.) for the year ended

(Rupees in Millions)				
	March 31, 2012		March 31, 011	
Components of Cash and Cash equivalents at the year end				
Balance with Banks				
In Currents Account	233.93		286.77	
In Fixed Deposit Accounts	3,670.26		2,319.37	
		3,904.19		2,606.14
Cash on Hand		1.50		1.00
		3,905.69		2,607.14

- Notes :
- 1) Cash Flow statement has been prepared under the indirect method as set out in the accounting standard 3 as per the Companies (Accounting Standards) Rule 2006.
 - 2) Previous Year figures have been restated and regrouped wherever necessary.
 - 3) Figures in bracket indicates outflows.
 - 4) Balance with banks includes unclaimed dividend of Rs. 1.20 million (Previous Year Rs. 1.21 Million)
 - 5) Balance with banks includes application Money Due for refund of Rs. 2.27 million (Previous Year Rs. 2.27 Million)
 - 6) FD with banks includes deposit of Rs.864.04 Million (Previous year : Rs.113.44 Million) with maturity of more than 12 months.

As per our attached report of even date.

For FORD, RHODES, PARKS & CO.

Chartered Accountants

Firm Registration No : 102860W

A. D. SHENOY

Partner

Membership No. 11549

Place : Mumbai

Dated : May 21, 2012

For and on behalf of the Board

Mehul C. Choksi

Managing Director

Dhanesh Sheth

Director

Pankhuri Warange

Company Secretary



Notes forming part of the Financial Statements as at March 31, 2012

Note 01 SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Preparation of Financial Statements

The accounts have been prepared on accrual basis, in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act 1956, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

2) Presentation and Disclosure of Financial Statements:

For the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of the Balance Sheet. The Company has reclassified previous year figures to confirm to this year's classification.

3) Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenses during the reporting periods. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

4) Fixed Assets

(a) Tangible Assets:

Fixed assets are recorded at cost of acquisition inclusive of freight, duties, taxes and incidental expenses related to acquisition. Expenditure incurred during construction period has been added to the cost of assets.

(b) Leased Assets:

- i. Assets taken on finance lease, including taken on hire purchase arrangements, wherein the Company has an option to acquire the asset, are accounted for as fixed assets in accordance with the Accounting Standard 19 on "Leases", (AS 19).

- ii. Assets taken on lease under which the lessor effectively retains all the risk and rewards of ownership are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreement

- iii. The cost of improvements to lease properties are capitalized and disclosed appropriately.

(c) Impairment of Fixed Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

5) Depreciation / Amortisation

Depreciation is charged on the fixed assets under the written down value method in accordance with the provisions of Schedule XIV to the Companies Act, 1956. The expenditure incurred on improvement of assets acquired on lease is written off evenly over the period of the lease.

6) Investment

Long – term investments including investment in Subsidiaries are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

7) Foreign Currency Transactions

Transactions in foreign currency are recorded at the rate in force on the date of transactions.

Foreign currency assets, except investments and liabilities other than for financing fixed assets are stated at the rate of exchange prevailing at the date of the Balance Sheet and resultant gains/losses are charged to the Statement of Profit and Loss.

Premium or discount arising at the inception of forward foreign exchange contracts is amortized as expense or income over the life of the contracts. Any profit or loss arising on cancellation or renewal of such forward contract is recognized as income or expense for the period.

Exchange differences arising on settlement or restatement

Notes forming part of the Financial Statements as at March 31, 2012

Note 01 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognized in the Statement of Profit and Loss.

8) Revenue Recognition

- a) Revenue on sale of products is recognized as and when the products are dispatched to customers or acknowledged by the customers. Sales are stated net of returns and excluding sales tax.
- b) Other revenue is recognized only when it is reasonably certain that the ultimate collection will be made

9) Inventories

Inventories of raw materials, finished goods, rejections, trading goods and stores are valued as under:

Raw Material	Lower of cost and net realisable value
Rough Diamond Rejections	At net realisable value
Trading Goods	Lower of cost and net realisable value
Finished Goods – Polished Diamonds	Lower of cost and net realisable value
Work in progress – Jewellery	Lower of market value and material cost plus proportionate labour and overheads.
Finished Goods – Jewellery	Lower of market value and material cost plus labour and overheads.
Finished Goods – Gold	Lower of cost and market value
Consumable Stores & Tools	At cost

10) Employee Benefits

- i. Defined Benefit Plan – Leave Salary:
Leave Salary is paid to all employees as per the policy of Company every year.
- ii. Defined Contribution Plans :
Contributions payable by the Company to the concerned Government authorities in respect of Provident Fund, Family Pension Fund and Employees State Insurance are charged to Profit & Loss A/c.
- iii. Defined Benefit Plan – Gratuity:
The Company's liability towards gratuity is determined on the basis of year end actuarial valuations applying the Projected Unit Credit Method done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the Statement of Profit and Loss as income or expense.

11) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying asset are capitalized as part of the cost of asset. A qualifying asset is one that necessary takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are

incurred.

12) Taxation

The Company is eligible for tax incentives under the Indian Taxation Laws. These incentives presently includes an exemption from payment of Income Tax for operation in Special Economic Zones. The management estimates the provisions for current tax after considering such tax benefits.

Deferred tax is recognized, subject to prudence, on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized for unabsorbed depreciation and carry forward losses to the extent there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.

Minimum Alternate Tax (MAT) credit: MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the ICAI, the said asset is created



Notes forming part of the Financial Statements as at March 31, 2012

Note	01	SIGNIFICANT ACCOUNTING POLICIES (Contd.)	
		by way of a credit to the Statement of Profit and Loss and is shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.	for the period attributable to equity shareholders, by the weighted average number of equity shares considered for deriving the basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted at the beginning of the year and not issued at a later date.
13)	Earnings Per Share	Earnings per share (EPS) is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.	14) Provisions for Contingent Liabilities and Contingent Assets Contingent liabilities are not provided for and are disclosed by way of notes after careful evaluation by the management of the facts and legal aspects of the matters involved. Contingent assets are neither recognized nor disclosed in the financial statements.
		Dilutive EPS is calculated by dividing the net profit or loss	

Note	02	SHARE CAPITAL	(Rupees in Millions)	
			March 31, 2012	March 31, 2011
Authorised :				
150,000,000 Equity Shares of Rs. 10/- each			1,500.00	1,500.00
(Previous year 150,000,000 Equity shares of Rs 10/-each)			1,500.00	1,500.00
Issued, Subscribed & Paid up :				
9,11,22,095 (Previous Year 8,48,71,598) Equity Shares of Rs. 10 each fully paid up (Refer Note No. 25)			911.22	848.72
TOTAL			911.22	848.72

Note	03	RESERVES & SURPLUS	
Capital Reserve		312.00	312.00
Capital Redemption Reserve		7.93	7.93
Share Premium Account			
Balance as per Last Balance Sheet		12,153.23	12,026.90
Add : Addition on account of conversion of FCCBs into shares		1,312.60	126.33
(Less) : Utilized towards premium on redemption of FCCBs		(888.66)	-
Closing Balance		12,577.17	12,153.23
Debenture Redemption Reserve			
Balance as per Last Balance Sheet		500.00	250.00
Add : Transfer from Statement of Profit & Loss		250.00	250.00
Closing Balance		750.00	500.00
Revaluation Reserve			
Balance as per Last Balance Sheet		122.83	122.83
(Less) : Reversal on account of sale of asset		(122.83)	-
Closing Balance		-	122.83

Notes forming part of the Financial Statements as at

Note	03	RESERVES & SURPLUS (Contd.)	(Rupees in Millions)	
			March 31, 2012	March 31, 2011
General Reserve				
Balance as per Last Balance Sheet			700.00	470.00
Add : Transfer from Statement of Profit & Loss			387.83	230.00
Closing Balance			1,087.83	700.00
Statement of Profit & Loss				
Balance as per Last Balance Sheet			7,920.56	6,450.45
Add : Surplus as per Statement of Profit & Loss			2,583.39	2,246.03
			10,503.95	8,696.48
Less : Appropriations				
General Reserve			265.00	230.00
Debenture Redemption Reserve			250.00	250.00
Proposed Dividend			273.37	254.61
Tax on Dividend			44.35	41.31
			832.72	775.92
Closing Balance			9,671.23	7,920.56
TOTAL			24,406.16	21,716.55

Note	04	LONG TERM BORROWINGS	
Secured			
Bonds / Debentures		781.25	1,250.00
Other Loans from Banks - ECB		5,453.83	-
(Refer Note No. 27)			
Unsecured			
Loans & Advance from Related Parties		64.49	15.90
TOTAL		6,299.57	1,265.90

Note	05	LONG TERM PROVISIONS	
Provision for Employee Benefits		30.65	17.68
(Includes provision for Gratuity & Leave Encashment)			
(Refer Note No.40)			
TOTAL		30.65	17.68

Note	06	SHORT TERM BORROWINGS	
Secured			
Working Capital Facilities from Banks		18,705.39	14,389.91
Other Current Liabilities - Current Maturity of Long Term Debts			
Bonds / Debentures		468.75	3,163.32
(Refer Note No. 27)			
TOTAL		19,174.14	17,553.23



Notes forming part of the Financial Statements as at

Note 07 TRADE PAYABLES (Rupees in Millions)		
	March 31, 2012	March 31, 2011
Creditors for Goods	18,885.03	10,878.48
Creditors for Expenses	697.71	811.47
TOTAL	19,582.74	11,689.95
Note 08 OTHER CURRENT LIABILITIES		
Interest Accrued but not Due on Borrowings	81.45	29.77
Unpaid Dividends	1.20	1.21
Application Money received for Allotment of Securities and Due for Refund	2.27	2.27
Other Payables		
Advance Received from Customers	629.09	771.01
Statutory Liabilities	17.41	9.76
TOTAL	731.42	814.02
Note 09 SHORT TERM PROVISIONS		
Provision for Employee Benefits (Refer Note - 40)	3.46	-
Provision for Others		
Provision for Proposed Dividend	271.79	254.87
Provision for Dividend Tax	44.71	41.96
TOTAL	319.96	296.83

Note 10 FIXED ASSETS (Rupees in Millions)										
Description of Assets	Gross Block (At Cost)				Depreciation				Net Block	
	As at March 31, 2011	Additions	Deductions transfer	As at March 31, 2012	As on March 31, 2011	Provided for the year	Deductions Transfer	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible Assets										
Freehold land *	270.71	0.00	188.92	81.79	0.00	0.00	0.00	0.00	81.79	270.71
Factory Building	97.34	0.00	0.00	97.34	56.36	3.89	0.00	60.25	37.09	40.98
Office Premises	83.13	8.48	29.30	62.31	11.98	2.99	3.33	11.64	50.67	71.15
Plant & Machinery	100.89	10.60	11.82	99.67	69.97	4.37	3.39	70.95	28.72	30.92
Furniture & Fixture	91.12	22.72	4.55	109.29	57.38	7.84	2.38	62.84	46.45	33.74
Office Equipments	16.66	3.72	2.03	18.35	10.35	1.05	1.12	10.28	8.07	6.31
Computers	52.46	26.72	6.87	72.31	37.57	11.69	5.37	43.89	28.42	14.89
Vehicles	19.54	0.96	0.88	19.62	11.15	2.37	0.67	12.85	6.77	8.39
Moulds & Master	18.15	0.00	5.17	12.98	14.05	0.46	4.38	10.13	2.85	4.10
SUB TOTAL	750.00	73.20	249.54	573.66	268.81	34.66	20.64	282.83	290.83	481.19
Capital Work-in-Progress	90.79	0.00	0.00	90.79	0.00	0.00	0.00	0.00	90.79	90.79
Advances on Capital Account	8.48	0.00	8.48	0.00	0.00	0.00	0.00	0.00	0.00	8.48
TOTAL	849.27	73.20	258.02	664.45	268.81	34.66	20.64	282.83	381.62	580.46
Previous Year Figures	841.58	20.67	12.97	849.28	242.74	33.56	7.49	268.82	580.46	

* Including cost of land pending registration in the name of the company Rs. 67.50 millions.
* Revaluation Reserve of Rs. 123 Millions is reversed on sale of related land during the year.

Notes forming part of the Financial Statements as at

Note 11 NON CURRENT INVESTMENTS IN EQUITY INSTRUMENTS (Rupees in Millions)				
	March 31, 2012		March 31, 011	
Domestic Subsidiaries				
99,000 Equity Shares of Rs.100/- each fully paid up of eGitanjali Limited. (Formerly Known as Mehul Impex Limited) (Previous Year : 99,000 Equity Shares)		9.90		9.90
* NIL Equity Shares of Rs.10/- each fully paid up of GILI India Ltd. (Formerly Known as Gitanjali Jewels Limited) (Previous Year : 66,00,000 Equity Shares)		-		880.00
1,28,00,000 Equity Shares of Rs. 10/- each fully paid up of Gitanjali Exports Corporation Limited (Previous Year : 1,28,00,000 Equity Shares)		1,698.15		1,698.15
1,67,00,000 Equity Shares of Rs. 5/- each of Gitanjali Brands Ltd (Previous Year : 1,67,00,000 Equity Shares of Rs.5/- each)		301.25		301.25
50,000 Equity Shares of Rs. 10/- Each of Hyderabad Gems SEZ Ltd. (Previous Year : 50,000 Equity Shares)		0.50		0.50
* NIL Equity Shares of Rs. 10/- each of Brightest Circle Jewellery Ltd (Formerly known as Brightest Circle Jewellery Pvt Ltd) (Previous Year : 27,50,000 Equity Shares)		-		523.48
1,66,666 - 4% Non - Cumulative Redeemable Preference Shares of Rs. 10/- each of Brightest Circle Jewellery Ltd (Formerly known as Brightest Circle Jewellery Pvt Ltd) (Previous Year : 1,66,666 Preference Shares)		16.67		16.67
* NIL Equity Shares of Rs. 10/- each fully paid up of D'Damas Jewellery (India) Pvt Ltd. (Previous Year 26,02,050 Equity Shares)		-	26.02	
Add : Advance Towards Share Capital		-	180.00	206.02
10,18,795 - 4% Non - Cumulative Redeemable Preference Shares of Rs. 100/- each of D'damas Jewellery (India) Pvt. Ltd (Previous Year : 10,18,795 Preference Shares)		101.88		101.88
* NIL Equity Shares of Rs. 100/- Each of Shubalavanyaa Jewel Crafts Private Limited. (Previous Year : 2,550 Equity Shares)		-		0.27
* NIL Equity Shares of Rs.10/- each fully paid up of CRIA Jewellery Private Limited. (Previous Year : 50,000 Equity Shares)		-		0.50
* NIL Equity Shares of Rs. 10/- Each of Spectrum Jewellery Limited. (Previously known as Spectrum Jewellery Pvt Limited) (Previous Year : 49,800 Equity Shares)		-		0.42
* NIL Equity Shares of Rs. 10/- Each of Asmi Jewellery India Ltd. (Formerly Known as Asmi Jewellery India Pvt Ltd) (Previous Year : 8,50,000 Equity Shares)		-		374.50
10,00,000 Equity Shares of Rs. 10/- Each of Gitanjali Jewellery Retail Pvt Ltd (Formerly Known as Modali Jewels Pvt Ltd) (Previous Year : 10,00,000 Equity Shares)		8.00		8.00
* NIL Equity Shares of Rs. 10/- Each of Modali Gems Pvt Ltd (Previously known as Modali Distributors Pvt Ltd) (Previous Year : 28,33,000 Equity Shares)		-		14.18



Notes forming part of the Financial Statements as at

Note	11	NON CURRENT INVESTMENTS IN EQUITY INSTRUMENTS <i>(Contd.)</i>		<i>(Rupees in Millions)</i>	
		March 31, 2012		March 31, 2011	
5,00,00,000 Equity Shares of Rs. 10/- Each of Gitanjali Infratech Ltd (Previous Year : 5,00,00,000,Equity Shares)			500.00		500.00
2,50,00,000 Equity Shares of Rs. 10/- Each of Gitanjali Lifestyle Ltd (Previous Year : 2,50,00,000 Equity Shares)			528.00		528.00
* NIL Equity Shares of Rs. 10/- Each of Raigad Gems SEZ Ltd (Previous Year : 50,000 Equity Shares)			-		0.50
50,000 Equity Shares of Rs. 10/- Each of Nashik Multi Services SEZ Ltd (Previous Year : 50,000 Equity Shares)			0.50		0.50
* NIL Equity Shares of Rs. 10/- Each of West Bengal SEZ Ltd (Previous Year : 50,000,Equity Shares)			-		0.50
* NIL Equity Shares of Rs. 10/- Each of Mohar Jewels Ltd (Previous Year : 50,000 Equity Shares)			-		0.50
50,000 Equity Shares of Rs. 10/- Each of Eureka Finstock Pvt. Ltd (Previous Year : 50,000 Equity Shares)			0.50		0.50
20,00,000 Equity Shares of Rs. 10/- Each of Gitanjali Capital Ltd (Previously known as Bezel India Pvt Ltd) (Previous Year : 20,00,000 Equity Shares)			43.74		43.74
50,000 Equity Shares of Rs. 10/- Each of Decent Securities & Finance Pvt. Ltd (Previous Year : 50,000 Equity Shares)			0.50		0.50
50,000 Equity Shares of Rs. 10/- Each of N & J Finstock Pvt Ltd (Previous Year : 10,000 Equity Shares)			0.45		0.05
* NIL Equity Shares of Rs. 10/- Each of Gitanjali Retail Ventures Ltd (Previous Year : 50,000 Equity Shares)			-		0.50
71,33,600 Equity Shares of Rs. 10/- Each of MMTC Gitanjali Pvt Ltd (Previous Year : 71,33,600 Equity Shares)			71.34		71.34
Overseas Subsidiary					
200 Shares of AED 1000 each of Gitanjali Venture DMCC (Previous Year : 200 Shares)			1,174.96		428.86
100 Common Shares of Gitanjali USA Inc. (Previous Year : 100 Common Shares)			1,066.23		728.46
1960 Common Stock of USD 0.01 each of Samuels Jewelers Inc.USA (Previous Year : 1960 Common Stock)			3,180.14		3,180.14
Giantti Italia SRL			-		0.59
10,000 Shares of USD 1 each of Aston Luxury Group Limited Add : Advance Towards Share Capital (Previous Year : NIL)	0.50 1,471.02		1,471.52		-
NIL common shares of Gitanjali Resources BVBA (Previous Year : 100 Common Shares)			-		2.22
Others					
Share App.Money - Gitanjali Jewellery Retail Pvt Ltd			1.25		1.25
10,00,000 Equity Shares of Diamond India Limited of Rs.10 each (paid up Rs.5/-) (Previous Year : 10,00,000 Shares)			50.00		40.00
25 Equity Shares of Rs. 25/- each of Shamrao Vithal Co-Op.Bank Ltd. (Previous Year : NIL)			-		-
TOTAL			10,225.48		9,663.87

* Refer Note No. 30
90 | Gitanjali Gems Limited

Notes forming part of the Financial Statements as at

Note	12	LONG TERM LOANS & ADVANCES	(Rupees in Millions)	
			March 31, 2012	March 31, 2011
Unsecured, Considered Good				
		Advances recoverable in cash	697.53	881.48
		Security Deposits	202.19	27.31
		Loans & Advance to Related Parties (Refer Note No. 46)	1,200.00	400.00
Other Loans & Advances				
		Service Tax Receivable	3.89	3.61
		Sales Tax Refund Receivable	-	14.98
		Income Tax - Tax deducted at source	409.45	85.59
		Staff Advances	9.76	12.11
		Prepaid Expenses	266.07	135.46
		TOTAL	2,788.89	1,560.54
Note	13	INVENTORIES		
		Raw Materials	7,986.11	8,418.50
		Work in Progress	194.17	54.48
		Finished Goods	3,145.20	356.54
		Trading Goods	2,229.27	2,219.66
		Consumables, Stores & Tools	-	4.68
		TOTAL	13,554.75	11,053.86
Note	14	TRADE RECEIVABLES		
		(Unsecured, Considered Good)		
		Outstanding for more than six months	8,191.22	5,459.91
		Outstanding for more than six months considered Doubtful	7.69	7.69
			8,198.91	5,467.60
		Outstanding for Less than six months	21,007.26	16,999.13
		Exports Receivables Translation Control Account	1,572.95	(62.53)
		Sub Total	30,779.12	22,404.20
		Less: Provision for doubtful debts (Refer Note No. 35)	7.69	7.69
		TOTAL	30,771.43	22,396.51
Note	15	CASH AND BANK BALANCES		
		Cash and Cash Equivalents		
		Balances with Banks	233.93	286.77
		Cash on Hand	1.50	1.00
		Other Bank Balances		
		Fixed Deposit / Margin Money	3,670.26	2,319.37
		TOTAL	3,905.69	2,607.14
Note	16	SHORT TERM LOANS & ADVANCES		
		Advances Recoverable in Cash or Kind		
		Advances to Suppliers (Refer Note No. 36)	807.74	613.63
		Loans & Advance to Related Parties (Refer Note No. 46)	9,132.08	5,734.71
		TOTAL	9,939.82	6,348.34



Notes forming part of the Financial Statements for the year ended

Note	17	REVENUE FROM OPERATIONS		
			March 31, 2012	March 31, 2011
Exports (Including Deemed Exports)				
		Diamonds	25,525.07	25,171.05
		Jewellery	9,100.88	4,910.56
			34,625.95	30,081.61
Local				
		Diamonds	12,687.19	7,884.56
		Jewellery	30,241.57	12,704.77
			42,928.76	20,589.33
		TOTAL	77,554.71	50,670.94

Note	18	OTHER INCOME		
		Dividend Income	1.58	1.31
		Gain/Loss On Redemption Of Mutual Fund (Net)	0.73	-
		Exchange Difference Gain (Net)	973.10	626.99
		Sale of Scrap	-	4.23
		TOTAL	975.41	632.53

Note	20	CHANGES IN INVENTORY		
Opening Stock				
		Diamonds	10,476.24	7,101.02
		Jewellery	577.63	787.24
			11,053.87	7,888.26
Less : Closing Stock				
		Diamonds	12,199.89	10,476.57
		Jewellery	1,354.85	572.62
			13,554.74	11,049.19
		Net (Increase) / Decrease in Inventory	(2,500.87)	(3,160.93)

Note	21	EMPLOYEE BENEFIT EXPENSE		
Payment to and Provision for Employees				
		Salary, Bonus & Allowances	239.91	227.40
		Contribution To P.F.& Other Funds	7.52	5.89
		Staff Welfare	4.93	4.66
		Gratuity	12.76	10.02
		TOTAL	265.12	247.97

Notes forming part of the Financial Statements for the year ended

Note	22	FINANCE COST		(Rupees in Millions)
			March 31, 2012	March 31, 2011
		Bank Interest (Net) (Refer Note No. 34)	1,501.08	1,003.44
		Exchange Difference (Net)	630.16	(52.93)
		Other expenses	378.21	93.47
		TOTAL	2,509.45	1,043.98

Note	23	OTHER EXPENSES		
		Labour Charges	1,746.03	1,371.68
		Packing Materials Consumed	1.21	0.05
		Advertisement	709.72	186.84
		Event, Exhibition & Business Promotion Expenses	17.08	0.11
		Auditor's Remuneration	2.70	2.65
		Bad Debts W/off	105.53	2.51
		Bank Commission	355.86	143.35
		Commission & Assortment Charges	17.14	7.95
		Computer Expenses	3.43	4.03
		Consumable Expenses	11.71	3.62
		Donation	9.65	40.14
		E.C.G.C. Premium	33.54	23.75
		Electricity Charges	15.80	8.36
		Export Sales Charges	18.59	14.45
		Fixed Assets W/off	3.10	-
		Foreign Travelling Expenses	31.93	20.51
		Import Expenses	12.89	6.68
		Insurance	5.11	0.93
		Legal, Professional And Service Charges	95.48	98.70
		Local Travelling Expenses	21.40	15.35
		Membership/Subsription	2.44	1.11
		Postage & Angadia Expenses	1.73	2.06
		Printing & Stationery	9.15	4.90
		Rent, Rates & Taxes	36.06	35.85
		Repairs & Maintenance - Others	7.11	7.79
		Repairs & Maintenance - Plant & Machinery	1.20	0.43
		Security Service Charges	5.01	2.93
		Telephone Expenses	4.64	3.80
		Miscellaneous Expenses	47.69	57.76
		TOTAL	3,332.93	2,068.29

Note	24	EXCEPTIONAL ITEM		
		Profit on Sale of Fixed Assets	115.50	2.44
		Gain on Sale of Shares	16.96	-
		Write off of Investments	(35.23)	-
		TOTAL	97.23	2.44



Notes forming part of the Financial Statements for the year ended March 31, 2012

Note 25

a. SHARE CAPITAL

Details of Authorised, Issued, Subscribed and Paid up Capital

(Rupees in Millions)

	March 31, 2012		March 31 2011	
	Number	Rs.	Number	Rs.
Share Capital				
Authorised Equity Shares of Rs.10/- each.	150,000,000	1,500.00	150,000,000	1,500.00
Issued, Subscribed & Paid up				
Equity Shares of Rs.10/- each	91,122,095	911.22	84,871,598	848.72

b. Reconciliation of number of shares at the beginning and end of the year.

Particulars	As at March 31, 2012 Equity Shares Number	As at March 31, 2011 Equity Shares Number
Shares outstanding at the beginning of the year	84,871,598	84,270,000
Add: Shares Issued during the year on conversion of FCCB's	6,250,497	601,598
Less: Shares bought back during the year	-	-
Shares outstanding at the end of the year	91,122,095	84,871,598

c. Shares held by Holding / Ultimate Holding and / their subsidiaries / Associates

N.A

N.A

d. Rights, Preferences and Restriction of Share holders

The company has only one class of Equity shares having par value of Rs.10/-. The equity share have rights, Preferences and restrictions which are in accordance with the provision of law, in particular the Companies Act 1956.,

e. Details of share holders holding more than 5 % shares in the Company

Number of share holder	March 31, 2012		March 31, 2011	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Mr. Mehul C Choksi	43,325,031	47.55 %	39,079,421	46.05 %

f. Particulars of shares issued for consideration other than cash, shares bought back and bonus shares in last five years :

i) Company bought back 792,883 Equity shares in Financial year 2009-10;

ii) The company issued 1,554,050 no. of equity shares during 2007-08 for consideration other than cash;

iii) Issue of bonus shares –NIL.

g. There are no shares reserved for issued under options, contracts / commitments for sale of shares / disinvestments

h. Particulars of calls in arrears by directors and officers of the company. – NIL

i. Security convertible into equity shares :

The company has issued 943,396 warrants to Bennett Coleman & Co on January 24, 2012. The warrants are convertible into equal no. of equity shares at the option of warrant holders after period of 6 months but within a period of 18 months from the date of allotment.

Notes forming part of the Financial Statements for the year ended March 31, 2012

Note	26
Money received against share warrants	
The Company on January 24, 2012 issued 943,396 warrants convertible into equal number of equity shares on preferential basis at a price of Rs. 424/- per warrant to Bennett Coleman & Co. Ltd. These warrants are convertible into equal no of equity shares of the Company at the option of the warrant holders after period of 6 months but within period of 18 months from the date of allotment in one or more tranches. The company received Rs.99,999,976/- against the warrants being 25% of the total consideration. As at March 31, 2012 no shares have been issued against these warrants.	
Note	27
Borrowings:	
(a) Foreign currency convertible bonds (FCCB):	
The Company had raised US \$ 110 million by way of FCCB as per offering circular dated November 21, 2006.The money received from FCCB proceeds has been utilized towards the objects viz. overseas acquisitions and infrastructure activities including development of Special Economic Zones, last utilisation being done in 2010-11.The Bonds were due for redemption as on November 25, 2011.The company had converted USD 36.14 million of FCCBs into 58,96,067 equity shares of Rs. 10 each at an initial conversion price of Rs. 275/- per equity share upto March 31, 2009. During the year 2008-09, the conversion price was adjusted and reset to Rs. 220/- per equity share. During the year 2010 – 11, the company has further converted 601,598 equity shares of Rs. 10 each at revised conversion price of Rs. 220/- per equity share and the outstanding FCCBs as on March 31, 2011 amounted to USD 70.91 million. In the current year the Company further converted USD 30.65 million of FCCBs into 6,250,497 shares at revised conversion price of Rs.220/- per Equity share. Balance amount of outstanding FCCB as on 25th November, 2011 of Rs. 40.26 million were redeemed @ premium of USD 4,205.20 per bond of USD 10,000 as per the terms of issue. The premium of USD 16,930,135/- paid on redemption is debited and adjusted against Share Premium Account. The above FCCBs have been redeemed out of the proceeds of fresh ECBs.	
(b) Debentures:	
On 22nd June, 2009, the company issued 12% secured redeemable non convertible debentures of Rs. 1,250 Million to LIC of India. The tenure of the debentures is five years (maturity date: 21st June, 2014) and are redeemable in eight equal quarterly installments with initial moratorium of three years. The said debentures are secured by first pari passu charge over certain immoveable properties in Hyderabad (A.P.) belonging to one of the wholly owned subsidiary. During the year, the company has transferred Rs. 250 million to Debenture Redemption Reserve (DRR) and cumulative balance in DRR account is Rs. 750 million. The first installment of Rs.156.25 million is due for payment in Sept, 2012.	
(c) External Commercial Borrowings(ECB):	
During the year Company raised funds through ECBs route from banks aggregating to USD 107.19 million.	
The loans are repayable in installments spread over 5 years and carries interest ranging from 4.50% to 4.90% plus 6 months USD libor. Final repayments are due on March 2018 and December 2018.	
The said ECBs are secured by first pari passu charge over certain immoveable properties of subsidiaries and second charge on the company's assets namely raw materials, stock in progress, finished goods and all book debts, movable plant and machinery, consumable stores and store and spares both present and future.	
Out of above ECB proceeds, USD 57.19 Million was utilised to redeem the outstanding FCCBs and USD \$ 50 Million was utilized towards capital expenditure in SEZ unit at Hyderabad and investment in overseas subsidiaries.	
(d) Working capital borrowings from Banks/ Financial Institution are secured against certain immoveable properties of the company and its subsidiaries and hypothecation by way of a first charge on all the present and future goods, movable assets, vehicles, furniture, stock-in-trade, fixed deposits, book debts alongwith personal guarantee of the Managing Director. The facility carries interest ranging from 5% to 14.50%.	



Notes forming part of the Financial Statements for the year ended March 31, 2012

Note	27
Trade payable includes Rs. 11,401.52 millions payable to bank under purchase arrangement for Gold. This facility is secured against margin money, Fixed deposit and Bank Guarantee and carries interest ranging from 2.75% to 6.25%.	

Note	28
Contingent Liabilities not provided in respect of	
a) Corporate Guarantees given by the Company to the extent of Rs.24,873.40 million (Previous year : Rs.18,478.70 million) for Working capital facilities availed by its subsidiaries.	
b) Outstanding Letter of Credit : Rs.955.48 million (Previous year : Rs.149.43 million)	
c) Bank Guarantees : Rs. 12,567.02 million (Previous Year : Rs. 2463.40 million)	

Note	29
Claims against the company not acknowledged as debt:	
a) Disputed Income Tax : Rs.173.05 million (Previous Year: Rs.173.05 million) The company's income tax assessments are completed upto Asst. Year. 2007-08. The Company has filed appeals against the assessment orders and appeals are pending before CIT (A). The company, based on tax consultant's assessment, is confident that the cases are likely to be decided favourably.	
b) Disputed Service Tax : Rs. 43.63 million (Previous Year : Rs. 43.63 million) The Company has replied the show cause notices and based on the opinion received and as per the internal assessment of the company, the demand is not likely to be crystalised.	

Note	30
Investments in Subsidiaries	
With the view to strengthening business model in present economic scenario, the company has embarked on restructuring its subsidiary company network. The company has accordingly invested in Domestic and foreign subsidiaries and has strategically divested shares in jewellery segment companies into one of subsidiary company. Further in respect of six of subsidiaries the respective companies applied for voluntary winding up under Fast Track Exit scheme to strike off their names from Registrar of Companies. Also with a view to consolidate investment in overseas subsidiaries, the company has sold / transfer its investment in two of the foreign subsidiaries. The details are as under:	

1. New or additional investment (Rupees in Millions)

Name of the subsidiary	Amount
N & J Finstock Pvt Ltd	0.40
Gitanjali Venture DMCC	746.10
Gitanjali USA Inc	337.77
Aston Luxury Group Limited HK	1,471.52
Total	2,555.79

2. Bringing Jewellery Company under Subsidiary Company namely Gitanjali Brands Ltd.

Name of the subsidiary	% Holding transferred	Amount (Rs. in Million)
Gili India Ltd	100%	880.00
Brightest Circle Jewellery Ltd	100%	523.48
D'damas Jewellery (India) Pvt Ltd	51%	26.02
Shubalavanyaa Jewel Crafts Private Ltd	51%	0.27
Spectrum Jewellery Ltd	99.60%	0.42
Asmi Jewellery India Ltd	100%	374.50
Total		1,804.69

Notes forming part of the Financial Statements for the year ended March 31, 2012

Note	30	(Contd.)
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3. Write off of investment – List of subsidiary companies where investment has been written off on account of voluntary winding up under Fast Track Exit Scheme (FTE).

(Rupees in Millions)

Name of the subsidiary	Amount
CRIA Jewellery Pvt Ltd	14.48
Modali Gems Pvt Ltd	14.54
Raigad Gems SEZ Ltd	0.50
West Bengal SEZ Ltd	0.50
Mohar Jewels Ltd	4.71
Gitanjali Retail Ventures Ltd	0.50
Total:	31.02

4.	Sale / Transfer of Investments	(Rupees in Millions)								
	<table><tr><th>Name of the subsidiary</th><th>Amount</th></tr><tr><td>Giantti Italia SRL</td><td>0.59</td></tr><tr><td>Gitanjali Resources BVBA</td><td>2.22</td></tr><tr><td>Total</td><td>2.81</td></tr></table>	Name of the subsidiary	Amount	Giantti Italia SRL	0.59	Gitanjali Resources BVBA	2.22	Total	2.81	
Name of the subsidiary	Amount									
Giantti Italia SRL	0.59									
Gitanjali Resources BVBA	2.22									
Total	2.81									

The company had given in earlier years an amount of Rs.180 Millions to one of the subsidiaries. Pending completion of various formalities by the said subsidiary the amount was classified under investment schedule. During the year the company has transferred its entire investments in that company to one of its subsidiaries, accordingly the said amount is transferred to Unsecured Loans.

Note	31
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Purchase of Raw Material and Traded Goods:	
The Company is engaged in business of trading and manufacturing of Plain Gold Jewellery, Diamond Studded Jewellery, Diamond Cutting and Polishing. For this purpose Company has its own manufacturing facility and has job work manufacturing. The company also purchases jewellery produced by reputed manufacturers. Considering the nature of product and type of business, cost of material consumed includes value of traded goods purchased for trading.	

Note	32
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During the Financial year, the Income tax department conducted search / survey at group companies' level, the Company has submitted all the necessary documents and replies to the Income tax Department. However till the date of signing the financial statement the company has not received any notice u/s. 153A in consequence of search / survey.

Note	33
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Particulars of Remuneration to Managing Directors during the year	(Rupees in Millions)				
	<table><tr><th>Current year</th><th>Previous year</th></tr><tr><td>Salary & Other Payments</td><td>4.80 4.80</td></tr></table>	Current year	Previous year	Salary & Other Payments	4.80 4.80
Current year	Previous year				
Salary & Other Payments	4.80 4.80				

The computation of net profit under section 198 / 349 of the Companies Act, 1956 has not been given since no commission is paid / payable to any directors in the current year.



Notes forming part of the Financial Statements for the year ended March 31, 2012

Note	34
Interest received during the year was Rs.327.78 millions (Previous Year Rs.105.30 Million) and Tax Deducted at Source from interest income was Rs.38.99 million for the year ended March 31, 2012. (Previous Year Rs. 15.44 Million). Bank Interest is net of Interest received.	

Note	35	TRADE RECEIVABLE
a) Trade Receivable as on March 31, 2012 includes Rs.22.54 million (Previous year Rs.22.49 million) due from concerns in which Directors are interested as Directors/Partners.		
b) Trade Receivable as on 31st March, 2012 includes Rs.3,168.23 million (Previous year Rs.1,606.46 million) due from Associates.		

Note	36	LOANS AND ADVANCES
a) Advances to suppliers includes Rs.470.54 million (Previous year Rs.72.64 million) given to concerns in which Directors are interested as Directors/Members/Partners.		
b) Advances to suppliers includes Rs.0.75 million (Previous year: Rs.3.41 million) given to Associates.		

Note	37	REMUNERATION TO AUDITORS
(Rupees in Millions)		
	Current year	Previous year
a) Audit Fees	2.15	2.15
b) Tax Audit Fees	0.25	0.25
c) Service Tax	0.30	0.25
Total	2.70	2.65

Note	38	EARNING PER SHARE (AFTER TAX PROVISION)
	Current year	Previous year
Net profit for the period attributable to equity shareholders (Rs. In Million)	2,583.38	2,246.03
Weighted Average No. of Equity shares outstanding during the year	87,780,657	84,871,598
Basic earnings per share	Rs. 29.43	Rs. 26.46
Weighted average number of Diluted equity Shares (Nos.)	87,955,933	99,332,403
Diluted earnings per share (Face value of Rs.10 each)	Rs. 29.37	Rs. 22.84

Notes forming part of the Financial Statements for the year ended March 31, 2012

Note	39	DEFERRED TAX ASSETS & LIABILITIES AS ON MARCH 31 2012
(Rupees in Millions)		
	Current year	Previous year
Deferred Tax (Liability)		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	(15.96)	(13.71)
Gross Deferred Tax (Liability)	(15.96)	(13.71)
Deferred Tax Asset		
Provision for Retirement Benefits	4.14	5.87
Gross Deferred Tax Asset	4.14	5.87
Net Deferred Tax Asset/(Liability)	(11.82)	(7.84)

Note	40	DEFINED BENEFIT PLAN:
The Company has applied the revised Accounting Standard AS-15 Employee Benefits notified under the Companies (Accounting Standard) Rules, 2006. Consequent to the application of the revised AS-15 the following disclosures have been made as required by the said standard.		

I. Assumptions	Current year (%)	Previous year
Discount Rate Previous	8.25 %	8.00%
Salary Escalation Previous	6.00 %	6.00%
Attrition Rate Previous Year	2.00 %	2.00%
Discount Rate Current	6.00 %	7.75%
Salary Escalation Current	6.00 %	6.00%
Attrition Rate Current	2.00 %	2.00%

II. Table Showing Change in Benefit Obligation	Current year (Rs)	Previous year (Rs.)
Liability at the beginning of the year	17,676,155	9,287,332
Interest Cost	1,456,210	870,436
Current Service Cost	6,302,174	3,050,318
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Liability Transfer in	-	-
Liability transfer out	-	-
Benefit Paid	(914,432)	(1,633,429)
Actuarial (gain)/loss on obligations	4,999,387	6,101,498
Liability at the end of the year	29,519,494	17,676,155

III. Recognition of Transitional Liability	Current year (Rs)	Previous year (Rs.)
Transition Liability at start	-	-
Transition Liability recognised during the year	-	-
Transition Liability at end	-	-



Notes forming part of the Financial Statements for the year ended March 31, 2012

Note 40 (Contd.)

IV. Amount Recognized in the Balance Sheet

	Current year (Rs)	Previous year (Rs.)
Liability at the end of the year	29,519,494	17,676,155
Fair Value of Plan Assets at the end of the year		
Difference	(29,519,494)	(17,676,155)
Unrecognised Past Service Cost	-	-
Unrecognised Transition Liability	-	-
Amount Recognised in the Balance Sheet	(29,519,494)	(17,676,155)

V. Expenses Recognised in the Income Statement

	Current year (Rs)	Previous year (Rs.)
Current Service Cost	6,302,174	3,050,318
Interest Cost	1,456,210	870,436
Expected Return on Plan Assets	-	-
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Recognition of Transition Liability	-	-
Actuarial (Gain) or Loss	4,999,387	6,101,498
Expense Recognised in Profit & Loss Account	12,757,771	10,022,252

VI. Balance Sheet Reconciliation

	Current year (Rs)	Previous year (Rs.)
Opening Net Liability	17,676,155	9,287,332
Expense as above	12,757,771	10,022,252
Employers Contribution	(914,432)	(1,633,429)
Amount Recognised in Balance Sheet	29,519,494	17,676,155

VII. Other Details

	Current year (Rs)	Previous year (Rs.)
Gratuity is payable at the rate of 15 days		
Salary for each year of service subject to maximum of Rs.3,50,000/-		
Salary escalation is considered as advised by the		
Company which is in line with the industry practice		
Considering promotion and demand and supply of the Employees		
Number of Members	634	573
Salary Per Month	15,747,735	9,484,319
Contribution for next year	-	-

VIII. Experience Adjustment

	Current year (Rs)	Previous year (Rs.)
On Plan Liability Gain / (Loss)	(60,984)	6,824,852

Notes forming part of the Financial Statements for the year ended March 31, 2012

Note 41 SEGMENT REPORTING

The Management of the company identifies two major reportable segments as Diamond business & Jewellery Business. (Refer to Annexure I)

Note 42 RELATED PARTY TRANSACTION

Refer to Annexure – II

Note 43 IMPAIRMENT OF ASSETS

There has been no case of impairment of assets reported during the year.

Note 44 DISCLOSURE AS PER ACCOUNTING STANDARD (AS - 19) ON “LEASES”, ISSUED BY THE ICAI, ARE GIVEN BELOW

- i. The Company has taken various office premises and fixed assets under operating lease or leave and license agreements. These are generally non-cancelable and ranges between 11 months and 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits under certain agreements.
- ii. Lease payments are recognised in the Statement of Profit and Loss under ‘Rent’ in Note 23 and are net of recoveries from group companies.
- iii. The future minimum lease payments under non-cancelable operating lease :
 - a. not later than one year Rs. 68.73 Million (Previous year : Rs. 57.55 Million)
 - b. later than one year and not later than five years Rs. 283.41 Million (Previous year: Rs. 149.11 Million)
 - c. More than five years Rs. 216.22 Million (Previous year : Rs. Nil)

Note 45 VALUE OF IMPORT ON CIF BASIS

(Rupees in Millions)		
Particulars	Current year	Previous year
Diamonds & Jewellery	25,197.67	17,694.60

(Rupees in Millions)		
Expenditure in foreign currency		
Particulars	Current year	Previous year
Foreign travelling	10.37	18.81
Others	205.22	28.35
Total:	215.59	47.16

(Rupees in Millions)		
Earnings in foreign currency		
Particulars	Current year	Previous year
FOB value of exports	34,578.56	30,298.04
Interest on FDR	0.26	0.04



Notes forming part of the Financial Statements for the year ended March 31, 2012

Disclosure of Foreign Currency Exposures:

The details of outstanding foreign currency exposure of the company as at March 31, 2012 are as under:

Particulars	USD
Debtors – covered by Forward Contract	184.43
Debtors – uncovered	339.95
Creditors – covered by Forward Contract	2.02
Creditors – uncovered	218.67
Bank Balance – uncovered	0.07
ECB – uncovered	107.19
Bank Facility - uncovered	78.98

Forward contracts for debtors and creditors are not intended for trading and speculation.

Note 46 Disclosure of Loans and Advances to Subsidiaries, Associates and Others (Pursuant to Clause 32 of Listing Agreement)

Name of the Company	(Rupees in Millions)	
	Amount outstanding as at 31st March, 2012	Maximum amount outstanding during the year
Decent Securities & Finance P. Ltd.	91.57	93.90
D'Damas Jewellery (I) Pvt. Ltd.	208.98	585.06
Eureka Finstock Pvt. Ltd.	105.44	107.61
Gitanjali Exports Corporation Ltd	4,621.77	4,655.81
Gitanjali Infratech Ltd	550.93	567.88
Gitanjali Jewellery Retail Pvt Ltd	1,056.27	1,065.24
Gitanjali Lifestyle Ltd	1,269.72	1,787.95
Gitanjali USA INC	0.91	0.91
Gitanjali Ventures DMCC	0.44	0.44
Hyderabad Gems SEZ Ltd.	884.35	1,054.70
eGitanjali Ltd	36.81	474.84
MMTC Gitanjali Pvt. Ltd.	64.66	64.75
Mobilnext Teleservices Pvt Ltd.	0.03	0.09
N & J Finstocks Pvt Ltd	51.79	127.78
Gitanjali Capital Pvt Ltd	0.07	0.07
Nasik Multi Services SEZ Ltd.	81.23	81.24
Maya Retail Ltd	11.55	11.56
Spectrum Jewellery Ltd.	63.44	123.91
Tri Star Worldwide LLC	25.44	25.44
Gitanjali Brands Ltd	1200.00	1200.00

Notes forming part of the Financial Statements for the year ended March 31, 2012

Note 46

At the year end, the company has no loans and advances in the nature of loans, where in repayment is beyond seven years.

The above statement excludes:

Rs. 6.67 million advanced to the subsidiary companies by way of trade advance

Note 47

- a) Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). The auditors have relied on the management's information.
- b) To the extent information available with the company, the company does not owe any sum to small scale industrial unit as defined in clause (j) of Section 3 of the Industrial (Development & Regulation) Act, 1951.The Auditors have relied on management's information.
- c) There is no amount due and outstanding towards Investor Education and Protection Fund.

Note 48

Previous year's figures have been regrouped/rearranged/reworked wherever necessary and possible so as to confirm to current year's classification.

As per our attached report of even date.

For FORD, RHODES, PARKS & CO.

For and on behalf of the Board

Chartered Accountants

Firm Registration No : 102860W

A. D. SHENOY

Mehul C. Choksi

Dhanesh Sheth

Pankhuri Warange

Partner

Managing Director

Director

Company Secretary

Membership No. 11549

Place : Mumbai

Dated : May 21, 2012



Annexure - I

Segmentwise Reporting Revenue, Results and Capital Employed

for the year ended March 31, 2012

	(Rupees in Millions)	
	Year ended March 31, 2012	Year ended March 31, 2011
Description		
1. Segment Revenue		
a. Segment - Diamond	39,079.16	33,437.31
b. Segment - Jewellery	39,365.80	17,619.19
Total	78,444.96	51,056.50
Less: Inter Segment sales	890.25	385.56
Net Sales	77,554.71	50,670.94
2. Segment Results		
Profit/(Loss) before Tax and interest fromeach segment		
a. Segment - Diamond	2,135.37	1,462.95
b. Segment - Jewellery	2,864.21	1,921.25
Total	4,999.58	3,384.20
Less:		
Interest	2,509.45	1,043.98
ii) Other un-allocable expenses	-	53.01
Total Profit Before Exceptional Item & Tax	2,490.13	2,287.21
3. Capital Employed		
a. Segment - Diamond	9,638.46	7,462.03
b. Segment - Jewellery	5,954.86	5,371.12
c. Unallocated net assets	9,824.07	9,732.12
Total Capital Employed	25,417.39	22,565.27
B) Secondary Segment (By Geographical Segment)		
Segment Revenue		
Geographical Location		
India	42,928.75	20,589.33
Rest of the world	34,625.96	30,081.61
Total Revenue	77,554.71	50,670.94

Annexure - II

RELATED PARTY DISCLOSURE STATEMENT

	Name of Related Party	Relationship
(A)	Particulars of Enterprises Controlled By The Company where there are transactions	
	eGitanjali Ltd.(Formerly known as Mehul Impex Ltd.)	Subsidiary
	Gitanjali Exports Corporation Ltd.	Subsidiary
	CRIA Jewellery Pvt. Ltd.	Subsidiary
	Gitanjali Brands Ltd.(Formerly known as Fantasy Jewellery Pvt Ltd.)	Subsidiary
	Hyderabad Gems SEZ Ltd.	Subsidiary
	Gitanjali Infratech Ltd.	Subsidiary
	Gitanjali Lifestyle Ltd.	Subsidiary
	Gitanjali Jewellery Retail Pvt. Ltd.	Subsidiary
	Nashik Multi Services SEZ Ltd.	Subsidiary
	Mohar Jewels Ltd.	Subsidiary
	West Bengal SEZ Ltd.	Subsidiary
	Gitanjali Ventures DMCC - Dubai	Subsidiary
	Samuels Jewelers Inc. USA	Subsidiary
	Gitanjali USA Inc.	Subsidiary
	Gitanjali Retail Ventures Ltd.	Subsidiary
	MMTC Gitanjali Pvt. Ltd.	Subsidiary
	Decent Securities & Finance Pvt. Ltd.	Subsidiary
	Eureka Finstock Pvt.Ltd.	Subsidiary
	Modali Gems Pvt. Ltd.	Subsidiary
	Gitanjali Capital Pvt. Ltd. (Formerly known as Bezel India Pvt.Ltd.)	Subsidiary
	N and J Finstock Pvt.Ltd.	Subsidiary
	Aston Luxury Group Ltd.	Subsidiary
	Tri-Star Worldwide LLC	Step Down Subsidiaries
	Shubhlavanyaa Jewel crafts Pvt.Ltd.	Step Down Subsidiaries
	Asmi Jewellery India Ltd. (Formerly known as Desire Lifestyle Pvt.Ltd.)	Step Down Subsidiaries
	Gili India Ltd.	Step Down Subsidiaries
	D'Damas Jewellery (India) Pvt.Ltd.	Step Down Subsidiaries
	Brightest Circle Jewellery Ltd.	Step Down Subsidiaries
	Spectrum Jewellery Pvt.Ltd.	Step Down Subsidiaries
	Trinity Expositions Pvt. Ltd.	Step Down Subsidiaries
	Mobilenxt Teleservices Pvt.Ltd.	Step Down Subsidiaries
	Maya Retail Ltd. (Formerly known as Salasar Retail Ltd.)	Step Down Subsidiaries
	Diamlink Inc	Step Down Subsidiaries
	Alfred Terry Ltd.	Step Down Subsidiaries
	IJOW Holdings, LLC	Step Down Subsidiaries
	Gitanjali Resources BVBA	Step Down Subsidiaries
	GGL Diamond LLC	Step Down Subsidiaries
	Giantti Italia SRL	Step Down Subsidiaries
	Diamlink Jewellery Inc	Step Down Subsidiaries
	Jewelery Marketing Company LLC	Step Down Subsidiaries
	Crown Aim Ltd.	Step Down Subsidiaries



Annexure - II (Contd.)

	Name of Related Party	Relationship
(B)	Particulars of Key Management Personnel	
	Name of Related Party	Relationship
	Mehul C. Choksi	Managing Director
	Dhanesh V.Sheth	Director
	Sujal Shah	Director
	S.Krishnan	Director
	Nehal Modi	Director
	Nitin Potdar	Director
	M.Sundarajan	Director
(C)	Particulars of Enterprises Under Common Control of The Key Management Personnel where there are transactions	
	Name of Related Party	
	Audarya Investments Pvt. Ltd.	
	Naviraj Estates Pvt. Ltd.	
	Priyanka Gems Pvt.Ltd.	
	Partha Gems L.L.P.	
	Lustre Manufacturers Pvt.Ltd.	
	Gitanjali Realtors Pvt.Ltd.	
	Rohan Diamonds Pvt. Ltd.	
	Rohan Mercantile Pvt. Ltd.	
	Evergold Jewels Pvt.Ltd.(Formerly known as Trans Expo Trade Pvt. Ltd.)	
	The Next Diamond Company	
	Mozart Trading Pvt.Ltd. (Formerly known as Mozart Investment Pvt. Ltd.)	
	Maitreyi Impex Pvt. Ltd.	
	Gitanjali Gold & Precious Ltd.	
	Touchstone	
	Diamond Creations	
	Diminco Diamond India Pvt.Ltd. (Formerly known as Prism Bullion Pvt.Ltd.)	
	Sneaking Mercantile Pvt.Ltd.	
	Mannat Jewellery Manufacturing Pvt.Ltd	
	Mast Jewellery Distributions Private Limited	
(D)	Particulars Of Enterprises Controlled By Relatives Of Key Management Personnel where There Are Transactions	
	Diminco N.V.	
	Ivida Technologies Pvt.Ltd.	
(E)	Particulars Of Relatives Of Key Management Personnel where there are Transactions	
	Guniyal C. Choksi	
	Priti M.Choksi	

Annexure - II (Contd.)

	Name of Related Party	Amount
(F)	Particulars of Transactions with Parties Referred to in (A)	
	Above	
	Purchases	8,730.68
	Purchases Return	4.62
	Purchases of Fixed Assets	0.02
	Labour Charges Paid	15.87
	Sales	16,172.26
	Sales of Fixed Assets	259.00
	Interest Received	9.59
	Sales Return	7.91
	Sales Incentives	9.43
	Advances given(Net)	4,852.54
	Advances given received back	695.85
	Advance Received(Net)	1,644.93
	Advance Received Given Back	0.15
	Investments	2,574.34
	Sale of Shares (Investments)	1,823.86
	Reimbursement of Expenses	14.81
	Expenses Recovered	352.14
	Rent Paid	9.70
	Amount outstanding shown under Trade Payable	1,026.48
	Amount outstanding shown under Trade Receivable	3,352.32
	Amount outstanding shown under Advance to Subsidiary Co.	9,506.19
	Amount outstanding shown under Advance from Customer	314.97
	Corporate Guarantees given to the bankers for Letter of Credit facility	24,873.40
(G)	Particulars of Transactions with Parties Referred to in (B)	
	Salary and other payments	4.80
	Sales	10.06
	Loan taken	86.44
	Loan returned	38.53
	Expenses Recovered	0.05
	Amount outstanding shown under Unsecured Loans from Director	64.49
(H)	Particulars of Transactions with Parties Referred to in (C)	
	Above	
	Labour Charges Paid	27.61
	Purchases	121.33
	Interest Paid	0.07
	Advances given(Net)	432.95
	Advances given received back	22.75
	Advances received	260.20
	Advances received Given back	8.69
	Expenses Recovered	0.08
	Amount outstanding shown under Trade Receivable	22.55
	Amount outstanding shown under Advances to Suppliers	468.07
	Amount outstanding shown under Advances from Customer	312.48



Annexure - II (Contd.)

		(Rupees in Millions)
	Name of Related Party	Amount
(I)	Particulars of Transactions with Parties Referred to in (D)	
	Above	
	Sales	1,078.66
	Purchases	819.58
	Advances given received back	9.60
	Expenses Recovered	0.01
	Amount outstanding shown under Trade Receivable	617.94
	Amount outstanding shown under Trade Payable	659.25
	Amount Outstanding Shown Under Creditors for Others	(0.01)
(J)	Particulars of Transactions with Parties Referred to in (E)	
	Above	
	Sales	1.03
	Sales Return	0.03
	Expenses Recovered	0.01

Statement Pursuant to Exemption Received Under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies for the Year Ended March 31, 2012

												(Rupees in Millions)
Company Name	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Invest ments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	
Gitanjali Exports Corporation Ltd.	INR	128.00	3,302.54	18,703.91	18,703.91	26.69	18,335.58	337.88	48.57	289.31	0.00	
Mehul Impex Ltd.	INR	9.90	20.71	67.49	67.49	0.01	153.96	-2.70	0.00	-2.70	0.00	
Gitanjali Capital Pvt. Ltd.	INR	20.00	13.45	33.61	33.61	0.00	0.00	0.29	0.00	0.29	0.00	
Gitanjali Infratech Ltd.	INR	500.00	32.39	1,556.53	1,556.53	151.64	0.00	0.91	0.48	0.43	0.00	
Hyderabad Gems SEZ Ltd.	INR	0.50	-14.83	905.42	905.42	0.00	42.52	4.71	0.00	4.71	0.00	
Nashik Multi Services SEZ Ltd.	INR	0.50	-1.03	81.03	81.03	0.00	0.00	-0.29	0.00	-0.29	0.00	
Decent Securities & Finance Pvt. Ltd.	INR	0.50	2.12	94.34	94.34	94.27	0.60	0.56	-0.08	0.48	0.00	
Eureka Finstock Pvt. Ltd.	INR	0.50	-4.48	106.71	106.71	106.65	0.00	0.54	0.19	0.35	0.00	
N & J Finstocks Pvt. Ltd.	INR	0.50	-1.66	52.17	52.17	0.00	0.00	-0.03	0.00	-0.03	0.00	
Gitanjali Brands Ltd.	INR	83.50	851.88	7,139.88	7,139.88	0.00	19,141.49	348.43	72.51	275.92	0.00	
Shubalavanyaa Jewel Crafts Pvt. Ltd.	INR	0.50	2.00	13.92	13.92	0.00	3.61	-0.74	0.01	-0.73	0.00	
Brightest Circle Jewellery Ltd.	INR	29.17	1,127.83	4,999.11	4,999.11	0.01	9,827.47	345.81	65.37	280.44	0.00	
Gili India Ltd.	INR	66.00	1,516.02	5,651.89	5,651.89	0.04	9,548.07	343.84	67.33	276.51	0.00	
Asmi Jewellery India Ltd.	INR	8.50	889.32	4,070.99	4,070.99	0.00	11,364.64	322.94	24.09	298.85	0.00	
D'Damas Jewellery (India) Pvt. Ltd.	INR	250.78	53.16	1,970.90	1,970.90	57.73	2,757.76	38.76	4.41	34.35	0.00	
Spectrum Jewellery Ltd.	INR	0.50	-24.12	262.90	262.90	0.00	306.36	39.39	13.75	25.64	0.00	
Gitanjali Lifestyle Ltd.	INR	250.00	-101.57	3,865.20	3,865.20	0.00	5,189.77	29.48	0.00	29.48	0.00	
Maya Retail Ltd.	INR	240.69	-337.06	450.41	450.41	0.00	282.61	-118.46	0.00	-118.46	0.00	
Mobile NXT Teleservices Pvt. Ltd.	INR	33.07	-28.36	46.75	46.75	0.04	0.00	-7.84	0.00	-7.84	0.00	
Gitanjali Jewellery Retail Pvt. Ltd.	INR	10.00	-7.87	2,281.00	2,281.00	0.42	2,170.09	4.84	-1.96	6.80	0.00	
MMTC Gitanjali Pvt. Ltd.	INR	96.40	-6.54	429.86	429.86	0.00	491.18	2.25	1.05	1.20	0.00	
Aston Luxury Group Ltd.	USD	0.51	-3.08	1,472.92	1,472.92	0.00	0.00	-3.08	0.00	-3.08	0.00	
Crown Aim Ltd.	USD	203.50	21.58	1,517.78	1,517.78	0.00	676.25	0.96	0.00	0.96	0.00	
Samuels Jewelers, Inc.	USD	4,882.42	-2,162.27	6,291.34	6,291.34	0.00	6,929.16	293.11	6.36	286.75	0.00	
Gitanjali USA, Inc.	USD	1,528.07	-20.86	1,533.45	1,533.45	86.49	0.00	-0.98	2.72	-3.70	0.00	
Diamlink & Subsidiaries*	USD	654.30	178.50	3,210.91	3,210.91	0.00	5,799.48	45.56	33.03	12.53	0.00	
Tri-star Worldwide LLC	USD	67.33	-219.41	227.51	227.51	0.00	1,269.67	9.61	0.00	9.61	0.00	
GGL Diamond LLC	USD	86.49	1.23	423.40	423.40	0.00	735.74	1.23	0.00	1.23	0.00	
Gitanjali Ventures DMCC	USD	1,249.21	3,383.73	6,031.63	6,031.63	0.00	6,180.55	733.22	0.00	733.22	0.00	
Gitanjali Resources BVBA	USD	2.54	-3.99	663.04	663.04	0.00	662.44	2.83	0.00	2.83	0.00	
Leading Italian Jewels SRL	EUR	0.67	-38.07	1,053.22	1,053.22	0.00	164.01	-0.70	0.30	-1.00	0.00	
Blu SRL	EUR	0.67	15.71	515.71	515.71	0.00	417.59	28.13	5.26	22.87	0.00	
Alfred Terry Holdings Ltd.	GBP	0.65	65.36	66.07	66.07	0.00	0.00	0.00	0.00	0.00	0.00	
Alfred Terry Ltd.	GBP	0.58	1.29	202.91	202.91	0.00	140.18	-15.55	-0.22	-15.33	0.00	

Note: 1) *Represents consolidated figures of Diamlink Inc.,Diamlink Jewellery Inc.,Jewelry Marketing Company LLC and LJOW Holdings LLC.
2) Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on March 31, 2012
3) As on March 31, 2012, 1 USD = 50.88, 1 Euro = 67.42, 1 GBP = 81.67.

sd/-
MEHUL C. CHOKSI
Managing Director

sd/-
DHANESH SHETH
Director

sd/-
PANKHURI WARANGE
Company Secretary



CONSOLIDATED
FINANCIAL STATEMENT

Consolidated Auditors’ Report

To
The Board of Directors
GITANJALI GEMS LIMITED

1. We have audited the attached Consolidated Balance Sheet of GITANJALI GEMS LIMITED (the Company) and its subsidiaries & joint venture (entities together termed as the Gitanjali Group) as at March 31, 2012, the related Consolidated Statement of Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the company's management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free from material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures 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.
3. We did not audit the financial statements of certain subsidiaries and Joint Venture company whose financial statements reflect total assets of Rs 22,113.59 Millions as at March 31,2012 (Previous Year Rs. 2,466.47 Millions), and total revenues Rs 21,239.24 Millions (Previous Year Rs. 7,281.86 Millions) for the year ended on that date. These financial statements and other financial information have been subjected to audit by other auditors whose reports have been furnished to us. We have placed reliance on the said reports for the purpose of our opinion on the consolidated financial statements.
4. We have relied on the unaudited financial statements (Refer Note-26.1 (b)) of entities whose financial statements reflect total assets of Rs 5,521.31 Millions as at March

31,2012 (Previous Year Rs. 11,112.86 Millions), total revenue of Rs 6,707.01 Millions (Previous Year Rs. 15,058.22 Millions) for the year then ended. These unaudited financial statements of the entities, as approved by the Board of Directors, have been furnished to us by the Management and our report in so far as it relates to the amounts included therein, is based solely on such approved unaudited financial statements.

5. We report that the consolidated financial statements have been prepared by the management of the Company in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interest in Joint Ventures, notified by Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and on consideration of the reports of other auditors on separate financial statements and also other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Gitanjali Group as at March 31,2012,
 - b) in the case of the Consolidated Statement of Profit and Loss Account, of the profit of the Gitanjali Group for the year ended on that date, and
 - c) in the case of Consolidated Cash Flow Statement, of the Consolidated cash flows of the Gitanjali Group for the year ended on that date.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm Registration No.102860W

A.D.Shenoy
Partner
Date : 21st May 2012
Place: Mumbai
Membership No.11549



Consolidated Balance Sheet as at

(Rupees in Millions)

	Note	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	911.22	848.72
Reserves and Surplus	3	30,085.66	24,447.81
Money Received against Share Warrants		140.00	-
		31,136.88	25,296.53
Minority Interest			
		546.60	502.39
Non Current Liabilities			
Long Term Borrowings and Other Liabilities	4	6,613.39	2,260.25
Deferred Tax Liabilities (net)	36	12.13	-
Long Term Provisions	5	88.33	67.25
		6,713.85	2,327.50
Current Liabilities			
Short Term Borrowings	6	33,000.45	29,013.85
Trade Payables	7	32,920.37	22,001.97
Other Current Liabilities	8	2,030.98	1,601.35
Short Term Provisions	9	561.18	321.77
		68,512.98	52,938.94
TOTAL		106,910.31	81,065.36
ASSETS			
Non Current Assets			
Fixed Assets (Net)	10	2,848.60	3,050.80
Goodwill on consolidation		544.26	650.47
Non Current Investments	11	529.68	429.28
Long Term Loans & Advances and Other Assets	12	3,299.05	2,673.53
Deferred Tax Assets (Net)	36	169.68	161.10
		7,391.27	6,965.18
Current Assets			
Current Investments	13	51.51	-
Inventories	14	36,937.29	29,012.85
Trade Receivables	15	53,849.39	40,195.20
Cash and Bank Balance	16	6,524.48	4,393.23
Short Term Loans & Advances and Other Assets	17	2,156.37	498.90
		99,519.04	74,100.18
TOTAL		106,910.31	81,065.36
Significant Accounting Policies	1		
Notes To Accounts	2 to 44		

Significant Accounting Policies and Notes attached thereto form an integral part of Consolidated Financial Statements
This is the Balance Sheet referred to in our report of even date.
As per our attached report of even date.

For FORD, RHODES, PARKS & CO. For and on behalf of the Board
Chartered Accountants
Firm Registration No : 102860W

A. D. SHENOY Mehul C. Choksi Dhanesh Sheth Pankhuri Warange
Partner Managing Director Director Company Secretary
Membership No. 11549
Place : Mumbai
Dated : May 21, 2012

Consolidated Statement of profit & Loss for the year ended

(Rupees in Millions)

	Note	March 31, 2012	March 31, 2011
TOTAL REVENUE			
Revenue From Operations	18	124,982.76	93,772.90
Other Income	19	1,481.07	1,036.73
		126,463.83	94,809.63
EXPENDITURE			
Purchase of Raw Material & Traded Goods	20	95,904.50	87,861.27
Changes in Inventories	21	10,813.56	(7,933.62)
Employee Benefit Expenses	22	2,098.55	2,166.21
Finance Cost	23	4,077.24	2,217.70
Depreciation & Amortization Expenses	10	294.70	563.72
Other Expenses	24	8,090.37	6,282.25
		121,278.92	91,157.53
Profit Before Exceptional Item & Tax		5,184.91	3,652.10
Add: Exceptional Item	25	50.54	180.67
Profit Before Tax		5,235.45	3,832.77
Provision for Current Tax		920.52	404.13
Provision for MAT (Credit)		(601.27)	-
Provision for Deferred Tax		21.19	(137.01)
		340.44	267.12
Profit after Tax (before adjustment for Consolidation)		4,895.01	3,565.65
Less: Minority Interest		22.50	17.54
Profit after Tax (after adjustment for consolidation)		4,872.51	3,548.11
Balance Carried to Balance Sheet		4,872.51	3,548.11
Basic Earnings per Share of face value of Rs. 10 each (Rs.)		55.51	41.81
Diluted Earnings per Share of face value of Rs. 10 each (Rs.)		55.40	35.95
(Refer Note - 35)			
Significant Accounting Policies	1		
Notes To Accounts	2 to 44		

Significant Accounting Policies and Notes attached thereto form an integral part of Consolidated Financial Statements
This is the Statement of Profit and Loss referred to in our report of even date.
As per our attached report of even date.

For FORD, RHODES, PARKS & CO. For and on behalf of the Board
Chartered Accountants
Firm Registration No : 102860W

A. D. SHENOY Mehul C. Choksi Dhanesh Sheth Pankhuri Warange
Partner Managing Director Director Company Secretary
Membership No. 11549
Place : Mumbai
Dated : May 21, 2012



Consolidated Cash Flow Statement for the year ended

(Rupees in Millions)

	March 31, 2012		March 31, 2011	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before tax as per Profit & Loss Account		5,235.45		3,832.77
Adjusted for:				
Depreciation, Amortisation & preliminary expenses written off	297.16			563.72
Provision for Bad Debts	221.25			96.76
Effect of Exchange Rate Change	(762.29)			(472.16)
Loss on sale of Investment	39.10			-
Loss on sale of Fixed Asset	(115.46)			(3.21)
Dividend Received	(3.23)			(1.85)
Provision for Gratuity & Leave Encashment	12.38			16.76
Interest and Finance Charges - net	3,685.10			2,087.20
Operating Profit before Working Capital Changes		3,374.01		2,287.22
Adjusted for:		8,609.46		6,119.99
Trade and Other Receivables	(12,949.14)			(8,532.22)
Inventories	(7,141.02)			(8,123.39)
Trade Payables & Other Liabilities	23,156.51			16,106.12
		3,066.35		(549.49)
Cash Generated from Operations	sub-total	11,675.81		5,570.50
Taxes Paid		(727.39)		(313.81)
Net Cash Generated from Operations	Total (A)	10,948.42		5,256.69
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets - net	(68.25)			(540.92)
Investment in Subsidiaries / Joint Venture	(1.06)			(70.16)
Receipt of Dividend	3.23			1.85
Interest Income	23.16			25.61
Net Cash Used in Investing Activities	Total (B)	(42.92)		(583.62)

Consolidated Cash Flow Statement (Contd.) for the year ended

(Rupees in Millions)

	March 31, 2012		March 31, 2011	
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Issue of Share Capital	0.00			-
Increase in Share Premium	0.00			-
Issue of Share Warrants	140.00			-
Proceeds of Unsecured Loans	(4,815.76)			(292.47)
Dividend Paid including tax	(298.05)			(196.53)
Interest Paid	(3,810.10)			(2,176.37)
Net Cash from Financing Activites	Total (C)	(8,783.91)		(2,665.37)
Net Increase / (Decrease) in Cash & Cash Equivalents	Total (A+B+C)	2,121.59		2,007.70
Opening Balance of Cash & Cash Equivalents	4,393.23			2,386.40
Add: Adjustment on account of exchange rate	13.59			(0.02)
Add: Upon addition / exclusion of Subsidiaries	(3.93)			(0.85)
		4,402.89		2,385.53
Closing Balance of Cash & Cash Equivalents		6,524.48		4,393.23

Notes :

- 1) Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 of The Companies (Accounting Standards) Rules, 2006.
- 2) Foreign Currency exchange rate fluctuation includes exchange difference on account of translation of Foreign Subsidiary companies financial Statement.
- 3) Figures in bracket indicates outflows.
- 4) Balance with banks includes unclaimed dividend of Rs. 1.20 Million (Previous Year Rs. 1.21 Million)
- 5) Balance with banks includes Appplication Money Due for refund of Rs. 2.27 Million (Previous Year Rs. 2.27 Million)
- 6) Fixed Deposit with Banks includes deposit of Rs. 928.52 Million (Previous Year Rs. 160.68 Million) with maturity of more than 12 months.
- 7) Previous year's figures have been restated and regrouped wherever necessary.

As per our attached report of even date.

For FORD, RHODES, PARKS & CO.

Chartered Accountants

Firm Registration No : 102860W

A. D. SHENOY

Partner

Membership No. 11549

Place : Mumbai

Dated : May 21, 2012

For and on behalf of the Board

Mehul C. Choksi

Managing Director

Dhanesh Sheth

Director

Pankhuri Warange

Company Secretary



Notes forming part of the Consolidated Financial Statements as at March 31, 2012

Note 01 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements:

- a) The Consolidated Financial Statements relate to Gitanjali Gems Limited and its subsidiaries and joint ventures (together referred to as the “Gitanjali Group”). The Consolidated Financial Statements are prepared under the historical cost convention on accrual basis of accounting to comply in all material respects with the mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 as amended (‘the Rules’), the relevant provisions of the Companies Act, 1956 (‘the Act’) and guidelines issued by Securities and Exchange Board of India (SEBI). The accounting policies have been consistently applied by the Group and the accounting policies not referred to otherwise are in conformity with Indian Generally Accepted Accounting Principles (‘Indian GAAP’).
- b) For the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of the Balance Sheet. The Company has reclassified previous year figures to conform to this year’s classification.

1.2 Principles of consolidation

- a) The Consolidated Financial Statements include the financial statements of Gitanjali Gems Ltd. (the Company) and all of its subsidiaries, which are more than 50% owned and controlled and as regards joint ventures its share of interest in joint venture which is accounted on the basis of proportionate line-by-line consolidation. All material inter-company accounts and transactions are eliminated on consolidation.
- b) The management has classified its foreign operations as non – integral. In translating financial statements of non integral foreign operation for incorporation in financial statements, components of financial statements of foreign subsidiaries are translated into Indian Rupees in accordance with the Accounting Standards AS 21 / AS 11 as notified by the Companies (Accounting Standards) Rules, 2006. Briefly stated:

- i. All income and expenses are translated at the average rate of exchange prevailing during the year.
- ii. Assets and Liabilities are translated at the rate prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted.
- iii. The resulting exchange differences are accumulated in Exchange Fluctuation Reserve Account.
- c) The difference between the cost of investment and net worth at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. In case of Goodwill, it is tested for impairment annually. In case where loss is in excess of the minority interest in the equity of the subsidiary, it is adjusted against the majority interest.
- d) Share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to shareholders. Minority interest’s share of net assets is presented separately in the balance sheet.
- As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company’s separate financial statements.

1.3 Use of Estimates

The preparation of Consolidated Financial Statements, in conformity with the Generally Accepted Accounting Principles, requires estimates and assumptions to be made that affects the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

1.4 Revenue Recognition

- a) Revenue on sale of products are recognized when the risk and rewards of ownership are passed onto the customers, which is generally on dispatch of goods.

Notes forming part of the Consolidated Financial Statements as at

Note 01 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

- Sales are stated net of returns and net of sales tax and other taxes as applicable.
- b) Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.
- c) Interest income is recognized when it is rationally certain of recovery and on time basis taking into account the amount outstanding and rate applicable. Interest is shown as net of interest expense.

1.5 Fixed Assets and Intangibles

Fixed assets are recorded at cost of acquisition inclusive of freight, duties and taxes and incidental expenses related to acquisition. Expenditure incurred during construction period has been added to the cost of assets. Capital work-in-progress includes capital advances. In case of intangibles viz, trade marks and customer relationships, the same has been amortized by the foreign subsidiaries as per its accounting policy.

1.6 Leases

Assets taken on lease on or after April 1, 2001 are accounted for as Fixed Assets in accordance with Accounting Standard (AS) 19 on “Leases”.

- a) Finance lease
Assets taken on finance lease, including taken on hire purchase arrangements, wherein the company has an option to acquire the asset, are accounted as fixed assets in accordance with the AS 19 on “Leases”.
- b) Operating lease
Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.
- c) The costs of improvements to leased properties are capitalized and disclosed appropriately.

1.7 Impairment of Fixed Assets

The management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying amount of assets exceeds its recoverable value in accordance with AS 28. An impairment loss is determined by each company and charged to the respective Profit and Loss Account in the

year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

1.8 Depreciation and Amortization of Fixed Assets

Depreciation is charged on the fixed assets under the written down value method in accordance with the provisions of Schedule XIV to the Companies Act, 1956. The expenditure incurred on improvement of assets acquired on lease is written off evenly over the balance period of the lease. In respect of Fixed Assets of few Subsidiaries, the depreciation method and rates followed by the subsidiaries are different from those followed by the Parent Company.

Leasehold Land is amortized over the period of the lease.

1.9 Investments

Long – term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

Current investments, if any, are valued at lower of cost and market value.

1.10 Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying asset are capitalized as part of the cost of asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.11 Foreign Currency Transactions

Transactions in foreign currency are recorded at the rate prevailing on the date of transactions. Foreign currency assets except investments and liabilities other than for financing fixed assets are stated at the rate of exchange prevailing at the date of balance sheet and resultant gains/losses are charged to the Profit and Loss account. Premium or discount in respect of forward foreign exchange contracts is amortized as expense or income over the life of the contracts. Any profit or loss arising on cancellation or renewal of such forward contract is recognized as income or expense for the period. Exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognized in the Profit and Loss account.



Notes forming part of the Consolidated Financial Statements as at March 31, 2012

Note 01 SIGNIFICANT ACCOUNTING POLICIES (Contd.)	
1.12 Inventories	
Inventories of raw materials, finished goods, rejections, trading goods and stores are valued as under:	
Raw Material	Lower of cost and net realisable value
Rough Diamond Rejections	At net realisable value
Trading Goods	Lower of cost and net realisable value
Finished Goods – Polished Diamonds	Lower of cost and net realisable value
Work in progress – Jewellery	Lower of market value and material cost plus proportionate labour and overheads.
Finished Goods – Jewellery	Lower of market value and material cost / estimated costs plus labour and overheads.
Finished Goods – Gold	Lower of cost and market value
Consumable Stores & Tools	At cost

1.13 Taxation	
Tax expense for the year comprises of current income tax and deferred tax.	
a) Indian Companies	writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.
The company is eligible for tax incentive under the Indian Taxation Laws. These incentives presently include an exemption from payment of Income Tax for operation in Special Economic Zones. The management estimates the provisions for current tax after considering such tax benefits.	
Deferred tax is recognized, subject to prudence, on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized for unabsorbed depreciation and carry forward losses to the extent there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.	
b) Minimum Alternate Tax (MAT) credit: MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and is shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and	c) Foreign Companies Foreign companies recognize tax liabilities and assets in accordance with the applicable local laws.
1.14 Employee Benefit	
The Company and its subsidiaries account for the gratuity benefits payable in future based on independent actuarial valuation. The liability is not funded except in the case of one subsidiary, where the liability is funded. The company & its subsidiaries follow different assumptions as such the compilation would become unwieldy and for the sake of brevity details are not included in this schedule.	
Leave encashment benefits are accounted as per respective company policy.	
Contributions payable by the company to the concerned government authorities in respect of provident fund, family pension fund and employees state insurance are charged to the Statement of Profit and Loss.	
1.15 Earnings per Share	
Earnings Per Share (EPS) is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.	
Dilutive EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares considered for	

Notes forming part of the Consolidated Financial Statements as at March 31, 2012

Note 01 SIGNIFICANT ACCOUNTING POLICIES (Contd.)	
deriving the basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential shares are deemed converted at the beginning of the year unless issued at later date.	1.16 Provisions, Contingent Liabilities and Contingent Assets Contingent liabilities are not provided for and are disclosed by way of notes after careful evaluation by the management of the facts and legal aspects of the matters involved. Contingent assets are neither recognized nor disclosed in the financial statement.

Note 02 SHARE CAPITAL		(Rupees in Millions)	
		March 31, 2012	March 31, 2011
Authorised :			
150,000,000 Equity Shares of Rs. 10/- each		1,500.00	1,500.00
(Previous year 150,000,000 Equity shares of Rs 10/-each)			
		1,500.00	1,500.00
Issued, Subscribed & Paid up :			
91,122,095 (Previous Year 84,871,598) Equity Shares of Rs. 10 each fully paid up (Refer Note No. 27)		911.22	848.72
TOTAL		911.22	848.72

Note 03 RESERVES & SURPLUS	
Share Premium	
Balance as per Last Balance Sheet	12,153.23 12,026.90
Add : Addition on account of conversion of FCCBs into shares	1,312.59 126.33
(Less) : Utilized towards premium on redemption of FCCBs	(888.65) -
Closing Balance	12,577.17 12,153.23
Capital Reserve on consolidation	
Balance as per Last Balance Sheet	387.23 390.33
Add : During the Year	45.28 (3.10)
Closing Balance	432.51 387.23
Exchange Fluctuation Reserve	
Balance as per Last Balance Sheet	(126.03) (59.12)
Add : During the Year	595.35 (66.91)
Closing Balance	469.32 (126.03)
Capital Reserve	
Balance as per Last Balance Sheet	312.00 312.00
Add : During the Year	- -
Closing Balance	312.00 312.00
Capital Redemption Reserve	
Balance as per Last Balance Sheet	11.26 7.93
Add : During the Year	- 3.33
Closing Balance	11.26 11.26



Notes forming part of the Consolidated Financial Statements as at

Note	03	RESERVES & SURPLUS (Contd.)	(Rupees in Millions)	
			March 31, 2012	March 31, 2011
Debenture Redemption Reserve				
		Balance as per Last Balance Sheet	500.00	250.00
		Add : During the Year	250.00	250.00
		Closing Balance	750.00	500.00
Revaluation Reserve				
		Balance as per Last Balance Sheet	122.83	122.83
		(Less) : Reversal on account of sale of asset	(122.83)	-
		Closing Balance	-	122.83
General Reserve				
		Balance as per Last Balance Sheet	700.00	470.00
		Add : During the Year	387.83	230.00
		Closing Balance	1,087.83	700.00
Profit & Loss Balance				
		Balance as per Last Balance Sheet	10,387.29	7,601.60
		Add : Surplus as per Statement of Profit & Loss	4,872.51	3,548.11
		Add: Adj on account of consolidation	18.49	16.82
			15,278.29	11,166.53
Less : Appropriations				
		Capital Redemption Reserve	-	3.33
		General Reserve	265.00	230.00
		Debenture Redemption Reserve	250.00	250.00
		Proposed Dividend	273.37	254.61
		Tax on Dividend	44.35	41.30
			832.72	779.24
		Closing Balance	14,445.57	10,387.29
		TOTAL	30,085.66	24,447.81

Note	04	LONG TERM BORROWINGS AND OTHER LIABILITIES		
Secured				
		Bonds / Debentures	781.25	1,250.00
		External Commercial Borrwings	5,453.83	-
		Term Loans From Banks	199.78	-
Others				
		Loans & Advance from Related Parties	100.83	209.58
		Preference Share Capital	-	795.63
		Other Loans & Advances (Refer Note - 29)	77.70	5.04
TOTAL			6,613.39	2,260.25

Note	05	LONG TERM PROVISIONS		
		Provision for Employee Benefits (It includes provision for Gratuity & Leave Encashment)	71.34	47.62
		Provision for Expenses	16.99	19.63
		TOTAL	88.33	67.25

Notes forming part of the Consolidated Financial Statements as at

Note	06	SHORT TERM BORROWINGS	(Rupees in Millions)	
			March 31, 2012	March 31, 2011
Secured				
		Working Capital Facilities from Banks	32,323.57	25,828.53
Current Maturity of Long Term Debts				
		Bonds / Debentures	468.75	3,163.32
		Term Loans from Others (Refer Note - 29)	208.13	22.00
		TOTAL	33,000.45	29,013.85

Note	07	TRADE PAYABLE		
		Creditors for Goods / Labour	31,866.71	19,045.47
		Creditors for Expenses	1,053.66	2,956.50
		TOTAL	32,920.37	22,001.97

Note	08	OTHER CURRENT LIABILITIES		
		Preference Share Capital	315.85	-
		Interest Accrued but not Due on Borrowings	102.22	38.94
		Unpaid Dividends	1.21	1.21
		Application Money received for Allotment of Securities	2.27	2.27
		Advance Received from Customers	974.62	1,218.52
		Statutory Liabilities	160.35	88.11
		Other Expenses	474.46	252.30
		TOTAL	2,030.98	1,601.35

Note	09	SHORT TERM PROVISIONS		
		Provision for Employee Benefits	17.98	-
Provision for Others				
		Provision for Proposed Dividend	271.79	254.87
		Provision for Dividend Tax	44.70	41.96
		Provision for Expenses	121.13	-
		Provision for Taxation	105.58	24.94
		TOTAL	561.18	321.77



Notes forming part of the Consolidated Financial Statements as at

Note	10	FIXED ASSETS (Rupees in Millions)										
Description of Assets	Gross Block (At Cost)					Depreciation				Net Block		
	As at March 31, 2011	Additions/ Adjustment on account of Acquisition	Additions	Deductions/ transfer	As at March 31, 2012	As at March 31, 2011	Additions/ Adjustment on account of Acquisition	For the year	Deductions Transfer	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible Assets												
Freehold land *	599.71	-	-	188.91	410.80	-	-	-	-	-	410.80	599.71
Leasehold Land	16.58	-	-	-	16.58	2.02	-	0.24	-	2.26	14.32	14.56
Factory Building	239.64	-	39.23	5.64	273.23	100.60	-	17.11	0.47	117.24	155.99	139.04
Office Premises	83.31	-	53.58	29.30	107.59	12.06	-	4.80	3.33	13.53	94.06	71.25
Plant & Machinery	415.51	(69.67)	30.57	26.07	350.34	178.33	9.77	23.49	7.97	203.62	146.72	237.18
Furniture & Fixture	527.60	37.93	100.88	17.92	648.49	236.68	37.42	44.34	13.17	305.27	343.22	290.92
Office Equipments	230.02	4.10	17.42	6.11	245.43	133.18	1.54	19.26	3.58	150.40	95.03	96.84
Computers	232.13	3.28	43.64	18.47	260.58	158.47	3.23	43.48	16.47	188.71	71.87	73.66
Vehicles	41.33	-	1.02	0.87	41.48	26.82	-	4.10	0.67	30.25	11.23	14.51
Electrical Equipment & Fittings	1.58	-	1.21	-	2.79	0.87	-	0.20	-	1.07	1.72	0.71
Motor Boat	14.72	-	-	-	14.72	7.71	-	1.40	-	9.11	5.61	7.01
Leasehold Improvements	529.14	5.48	88.95	5.48	618.09	398.69	5.48	96.12	5.48	494.81	123.28	130.45
Sub-Total	2,931.27	(18.88)	376.50	298.77	2,990.12	1,255.43	57.44	254.54	51.14	1,516.27	1,473.85	1,675.84
Intangible Assets												
Computer Software	10.71	4.16	10.66	3.46	22.07	5.74	2.92	4.57	3.12	10.11	11.96	4.97
Trademarks/Patents etc.	251.33	0.03	18.89	16.92	253.33	108.37	0.02	21.54	5.83	124.10	129.23	142.96
Trade Names	274.74	-	-	-	274.74	-	-	-	-	-	274.74	274.74
Sub-Total	536.78	4.19	29.55	20.38	550.14	114.11	2.94	26.11	8.95	134.21	415.93	422.67
Capital Work-in-Progress	952.29	42.91	40.86	56.71	979.35	-	20.61	-	-	20.61	958.74	952.29
Intangible Assets under development	-	-	0.08	-	0.08	-	-	-	-	-	0.08	-
Grand Total	4,420.34	28.22	446.99	375.86	4,519.69	1,369.54	80.99	280.65	60.09	1,671.09	2,848.60	3,050.80
Previous Year Figures	3,898.63	126.58	563.31	168.18	4,420.34	1,092.34	9.11	295.60	27.51	1,369.54	3,050.80	

Note:
* Including cost of land pending registration in the name of the company Rs. 67.50 Millions.
* Revaluation Reserve of Rs. 122.82 Millions is reversed on sale of related land during the year.
** In the above, necessary regrouping is done to have meaningful presentation.

Notes forming part of the Consolidated Financial Statements as at

Note	11	NON CURRENT INVESTMENTS (Rupees in Millions)	
		March 31, 2012	March 31, 2011
Long Term Investment (Unquoted at cost)			
- In affiliates			
2,315,220 Equity Shares of Rs. 10/- each of Mobile NXT Teleservices Private Limited (Previous Year 2,315,220/- Equity Shares)		-	23.15
10,000 Equity Shares of Rs.10/- each of N&J Finstocks Private Limited (Previous Year 10,000 Equity Shares)		-	0.05
Share application money - Mannat Jewellery Manufacturing Pvt Ltd.		57.73	-
1 Equity Share of USD 1/- each of Forever Prime Inc (Previous Year Nil)		0.00	-
10,000 Equity shares of USD 1/- each of Leading Singapore Jewels (Now known as Leading Italian Jewels (Singapore) PTE Ltd.) (Previous Year - Nil)		0.39	-
In Equity Shares (Non - Traded)			
51 equity shares of Citizen Co-operative Bank of face value of Rs 10 each fully paid-up. (Previous Year 51 Equity Shares)		0.00	0.00
1,000,000 Equity Shares of Diamond India Limited of Rs. 10 each (paid-up Rs. 5) (Previous Year : 1,000,000 Equity Shares)		50.00	40.00
125 Equity Shares of Shoppers' Stop limited of Rs. 10 each fully paid-up. (Previous Year 125 Equity Shares)		0.03	0.03
25 Equity Shares of Rs 25/- each of Shamrao Vithal Co-op Bank Ltd. (Previous Year Nil)		0.00	-
Gems London		89.57	4.18
In Government Securities			
NSC (FV Rs 10,000/- & 5,000/-) - under lien with Sales Tax authority		0.19	0.02
Other Investments			
Redeemable Non-Convertible bond with Indus Ind Bank		100.00	100.00
Shares of Laxmi Finance Leasing		0.01	0.01
Premises at 6, Laxmi Tower, B-wing, Mumbai		94.27	94.27
Premises at 3, Laxmi Tower, B-wing, Mumbai		106.64	106.64
Al Haseena		4.16	23.08
Damas Gems N Jewels (I) Pvt Ltd.		-	2.71
Quoted Investments			
500,000 units of Baroda Pioneer Liquid Fund NAV as on 31.03.2012 Rs. 7.33 (Previous year - Nil)		3.69	-
Baroda Pioneer PSU Equity Fund Current Year Nil (Previous year - 559,284.116 Units. NAV as on 31.03.2011 Rs. 8.94)		-	5.00
Baroda Pioneer Liquid Fund Current Year Nil (Previous year (4,078,315 Units. NAV as on 31.03.2011 Rs. 1,701.683)		-	6.94
16,563,511 SBI-SHF-Ultra Short Term Fund - NAV as on 31.03.2012 Rs 12.21 (Previous Year 17,400,000 Units. NAV as on 31.03.2011 Rs. 10.006)		23.00	17.40
Reliance Money Manager Fund Current Year Nil (Previous Year 5,793.50 Units. NAV as on 31.03.2011 Rs. 1,001.22)		-	5.80
TOTAL		529.68	429.28



Notes forming part of the Consolidated Financial Statements as at

Note 12 LONG TERM LOANS & ADVANCES AND OTHER ASSETS <i>(Rupees in Millions)</i>		
	March 31, 2012	March 31, 2011
Unsecured, Considered Good		
Advances recoverable in cash or kind	1,453.27	1,670.93
Deposits	492.25	303.36
Loans & Advance to Related Parties	540.02	400.00
Other Loans & Advances		
Balance with Revenue Authorities	13.38	79.80
Income Tax	468.73	9.39
Others	331.40	210.05
TOTAL	3,299.05	2,673.53

Note 13 CURRENT INVESTMENTS		
Investment in SBI SDFS-90 Days-55 Growth Plan	50.00	-
SBI Short Horizon Fund-Ultra Short Term Plan	1.50	-
National Savings Certificate	0.01	-
	51.51	-

Note 14 INVENTORIES		
Raw materials	14,526.77	13,303.47
Work in progress	194.22	109.10
Finished goods / Trading goods	21,726.48	15,491.00
Consumables, Stores & Tools	3.26	5.20
Prop, display material & boxes	5.37	2.96
Others	481.19	101.12
TOTAL	36,937.29	29,012.85

Note 15 TRADE RECEIVABLES		
(Unsecured)		
Outstanding for more than six months considered good	15,203.10	11,107.24
Outstanding for more than six months considered doubtful	22.55	22.55
	15,225.65	11,129.79
Others considered good	36,733.25	29,207.29
Others considered doubtful	30.55	24.61
	36,763.80	29,231.90
Exports Receivables Translation Control A/C	1,913.04	(119.33)
Sub Total	53,902.49	40,242.36
Less: Provision for doubtful debts (Refer Note No. 30)	53.10	47.16
TOTAL	53,849.39	40,195.20

Notes forming part of the Consolidated Financial Statements as at

Note 16 CASH AND BANK BALANCE <i>(Rupees in Millions)</i>		
	March 31, 2012	March 31, 2011
Cash and Cash Equivalents		
Balances with Banks	1,108.21	657.05
Cash on Hand	12.12	7.56
Other Bank Balances		
Fixed Deposit / Margin Money	5,404.15	3,728.62
TOTAL	6,524.48	4,393.23

Note 17 SHORT TERM LOANS & ADVANCES AND OTHER ASSETS		
Advances to Suppliers	1,020.79	498.90
Loans & Advance to Related Parties	6.04	-
Income Tax	125.26	-
Balance with Revenue authorities	89.23	-
Others	915.05	-
TOTAL	2,156.37	498.90



Notes forming part of the Consolidated Financial Statements for the year ended

Note 18 REVENUE FROM OPERATIONS (Rupees in Millions)		
	March 31, 2012	March 31, 2011
Exports (Including Deemed Exports)		
Diamonds	39,094.34	36,069.42
Jewellery	25,419.50	19,079.80
Others	0.00	20.09
	64,513.84	55,169.31
Local		
Diamonds	15,464.22	7,597.92
Jewellery	44,631.66	30,813.49
Others	373.04	192.18
	60,468.92	38,603.59
Total	124,982.76	93,772.90
Note 19 OTHER INCOME		
Dividend Received	3.23	1.85
Rent Received	42.52	54.59
Exchange Difference Gain (Net)	1,310.82	876.79
Miscellaneous Income	124.50	103.50
TOTAL	1,481.07	1,036.73
Note 20 PURCHASE OF RAW MATERIAL & TRADED GOODS		
Diamonds	47,484.54	45,308.00
Jewellery	47,957.12	42,465.10
Others	462.84	88.17
TOTAL	95,904.50	87,861.27
Note 21 CHANGES IN INVENTORIES		
Diamonds	8,669.36	(6,522.40)
Jewellery	2,329.61	(1,375.71)
Others	(185.41)	(35.51)
TOTAL	10,813.56	(7,933.62)
Note 22 EMPLOYEE BENEFIT EXPENSES		
Payment to and Provision for Employees		
Salary, Bonus & Allowances	1,910.62	1,917.21
Contribution to P.F. & Other Funds	7.31	189.43
Staff Welfare	141.55	41.34
Leave Encashment	25.88	1.24
Gratuity	13.19	16.99
TOTAL	2,098.55	2,166.21

Notes forming part of the Consolidated Financial Statements for the year ended

Note 23 FINANCE COST (Rupees in Millions)		
	March 31, 2012	March 31, 2011
Bank Interest (Net) (Refer Note No. 29)	2,787.50	2,087.20
Others	1,289.74	130.50
TOTAL	4,077.24	2,217.70
Note 24 OTHER EXPENSES		
Advertisement, Selling & Distribution expenses	2,432.59	1,254.83
Auditor's Remuneration	7.18	7.91
Bank charges & Commission	684.87	320.84
Consumption of stores & spares parts	77.57	29.16
Insurance	35.03	48.69
Labour Charges	2,642.83	2,151.55
Legal, Professional And Service Charges	346.87	109.84
Miscellaneous Expenses	743.22	806.00
Power & fuel	58.56	33.86
Provision for Doubtful debts & Bad Debts W/off	189.27	111.12
Rent, Rates & Taxes	577.58	1,150.27
Repairs to Machinery	3.94	2.50
Travelling Expenses	149.93	132.88
Postage, Telephones & Communication charges	140.93	122.80
Total	8,090.37	6,282.25
Note 25 EXCEPTIONAL ITEMS		
Others		
(Refer Note - 32)	50.54	180.67
TOTAL	50.54	180.67



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2012

Note 26 NOTES TO ACCOUNTS

26.1a) List of Companies considered in the Consolidated Financial Statement are as follows:

	Name of the Companies	Country of Incorporation	Percentage of Ownership Interest as at 31-03-2012	Percentage of Ownership Interest as at 31-03-2011	Relationship
1	Gitanjali Exports Corporation Limited	India	100%	100%	Subsidiary
2	Mehul Impex Limited (now known as eGitanjali Limited w.e.f 2nd April 2012)	India	100%	100%	Subsidiary
3	Gitanjali Capital Private Limited(Formerly known as Bezel India Private Limited)	India	100%	100%	Subsidiary
4	Gitanjali Infratech Limited	India	100%	100%	Subsidiary
5	Hyderabad Gems SEZ Limited	India	100%	100%	Subsidiary
6	Nashik Multi Services SEZ Limited	India	100%	100%	Subsidiary
7	Eureka Finstocks Private Limited	India	100%	100%	Subsidiary
8	N&J Finstocks Private Limited	India	100%	100%	Subsidiary
9	Decent Securities & Finance Private Limited	India	100%	100%	Subsidiary
10	Gitanjali Jewellery Retail Private Limited	India	100%	100%	Subsidiary
11	Diadem Ranka Desire Lifestyles Private Ltd.	India	50%	50%	Step down Joint Venture
12	MMTC Gitanjali Private Limited	India	74%	74%	Subsidiary
13	Gitanjali Lifestyle Limited	India	100%	100%	Subsidiary
14	Maya Retail Ltd. (Formerly known as Salasar Retail Limited)	India	95.94%	95.94%	Step Down Subsidiary
15	MobileNxt Teleservices Private Limited*	India	70%	70%	Step Down Subsidiary
16	Gitanjali Brands Limited	India	99.99%	100%	Subsidiary
17	Brightest Circle Jewellery Limited	India	100%	100%	Step Down Subsidiary
18	D'Damas Jewellery (India) Private Limited	India	51%	51%	Step Down Subsidiary
19	Gili India Limited	India	100%	100%	Step Down Subsidiary
20	Asmi Jewellery India Limited	India	100%	100%	Step Down Subsidiary
21	Spectrum Jewellery Limited	India	99.60%	99.60%	Step- Down Subsidiary
22	Shubalavanyaa Jewel Crafts Private Limited	India	51%	51%	Step- Down Subsidiary
23	Aston Luxury Group Limited	Hongkong	100%	Nil	Subsidiary
24	Crown Aim Limited	Hongkong	100%	Nil	Step- Down Subsidiary
25	Leading Italian Jewels SRL	Italy	100%	Nil	Step Down Subsidiary

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2012

Note 26 NOTES TO ACCOUNTS (Contd.)

26.1a) List of Companies considered in the Consolidated Financial Statement are as follows: (Contd.)

	Name of the Companies	Country of Incorporation	Percentage of Ownership Interest as at 31-03-2012	Percentage of Ownership Interest as at 31-03-2011	Relationship
26	Giantti Italia SRL	Italy	* *	90%	Step-Step-Down Subsidiary
27	BLU SRL	Italy	100%	Nil	Step-Down Subsidiary
28	Alfred Terry Holdings Limited	United Kingdom	100%	Nil	Step Down Subsidiary
29	Alfred Terry Limited	United Kingdom	100%	Nil	Step-Step-Down Subsidiary
30	Gitanjali Resources BVBA	Belgium	100%	100%	Step- Down Subsidiary
31	Samuels Jewelers, Inc.	USA	100%	100%	Subsidiary
32	Gitanjali USA, Inc.	USA	100%	100%	Subsidiary
33	Diamlink Inc	USA	51%	51%	Step Down Subsidiary
34	Diamlink Jewellery Inc	USA	51%	51%	Step-Step-Down Subsidiary
35	Jewelry Marketing Company LLC	USA	51%	51%	Step-Step-Step Down Subsidiary
36	IJOW Holdings, LLC	USA	51%	51%	Step-Step-Step Down Subsidiary
37	Tri-star Worldwide LLC	USA	100%	100%	Step Down Subsidiary
38	GGL Diamonds LLC	USA	100%	Nil	Step Down Subsidiary
39	Gitanjali Ventures DMCC	UAE	100%	100%	Subsidiary

* The Company was not considered for consolidation in the previous year.
** Giantti Italia SRL is merged with effect from March 3, 2012 with Leading Italian Jewels SRL in accordance with Article 2504-bis c.c, the last registration of merger in the R.O.C.

26.1b) List of companies considered in the Consolidated Financial statements based on unaudited financial statement as approved by the Board of Directors of respective companies:

	Name of the Subsidiary Companies	Country of Incorporation	Percentage of Ownership Interest as at 31-03-2012	Percentage of Ownership Interest as at 31-03-2011	Relationship
1	Gitanjali USA, Inc.	USA	100%	100%	Subsidiary
2	Tri-star Worldwide LLC	USA	100%	100%	Step Down Subsidiary
3	Gitanjali Lifestyle Limited	India	100%	100%	Subsidiary



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2012

Note 26 NOTES TO ACCOUNTS (Contd.)

26.1c) List of the companies which are not included in the Consolidated Financial Statement being newly incorporated / acquired or as the management is of the opinion that on comparison of the assets and revenues of such Companies as a percentage to the total consolidated assets and revenue of the Group is not material.

	Name of the Subsidiy Companies	Country of Incorporation	Relationship	Percentage of Ownership Interest as at 31-03-2012	Percentage of Ownership Interest as at 31-03-2011
1	Aston Luxury Retail Ltd.	Hongkong	Step Down Subsidiary	100%	Nil
2	Forever Prime Inc.	Hongkong	Step Down Subsidiary	100%	Nil
3	Leading Jewels of Japan K.K.	Japan	Step Down Subsidiary	100%	Nil
4	Leading Singapore Jewels PTE. LTD. (now known as Leading Italian Jewels (Singapore) PTE. Ltd. (w.e.f April 12, 2012).	Singapore	Step Down Subsidiary	100%	Nil

26.1d) In the previous year, 3 step-down subsidiaries namely Hoop Retail Ventures Pvt. Ltd., Trinity Expositions Pvt. Ltd. and Lucera Retail Venture Pvt. Ltd. had applied vide petition nos. 171, 172 and 173, to hon'ble Bombay High Court for amalgamation with Gitanjali Lifestyle Ltd. effective from April 1, 2008. The hon'ble Bombay High Court approved the scheme of amalgamation vide its order dated May 6, 2011. The stand alone financial statements of Gitanjali Lifestyle Ltd. as at March 31, 2012 have been prepared giving effect to the court order merging the accounts of its wholly owned subsidiaries.

26.1e) In respect of seven subsidiaries (including step-down susidiaries) and one Step down joint venture considered in the aforesaid Consolidated Financial Statements the companies have negative net worth as on March 31, 2012 and it is reported that the accounts of the said companies have been prepared on going concern basis.

26.2a) During the year, the Company has invested / incorporated in following companies:

- i.

Aston Luxury Group Limited (ALGL)
During the year, the Company has formed a wholly owned subsidiary in Hongkong known as Aston Luxury Group Limited. The Company as on March 31, 2012 holds 10,000 common shares.
- ii.

Crown Aim Limited (CAL)
During the year, the Company has acquired a wholly owned Step Down Subsidiary in Hongkong known as Crown Aim Limited. The Company as on March 31, 2012 holds 4,000,000 common shares.
- iii.

Leading Italian Jewels SRL (LIJ)
During the year, the Company has formed a wholly owned Step Down Subsidiary in Italy known as Leading Italian Jewels. The Company as on March 31, 2012 had subscribed entire share capital of 10,000 EURO's.
- iv.

BLU SRL
During the year, the Company has acquired a wholly owned Step Down Subsidiary in Italy known as BLU SRL. The Company as on March 31, 2012 had subscribed entire share capital of 10,000 EURO's.
- v.

Alfred Terry Holdings Limited (ATHL)
During the year, the Company has acquired a wholly owned Step Down Subsidiary in United Kingdom known as Alfred Terry Holdings Limited. The Company as on March 31, 2012 holds entire 8,000 Ordinary shares

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2012

Note 26 (Contd.)

- vi.

Alfred Terry Limited (ATL)
During the year, the Company has acquired a wholly owned Step-Step Down Subsidiary in United Kingdom as Alfred Terry Limited. The Company as on March 31, 2012 holds entire 7,100 Ordinary shares.
- vii.

GGL Diamonds LLC
During the year, the Company has formed a wholly owned Step Down Subsidiary in United States of America known as GGL Diamonds LLC. The Company as on March 31, 2012 holds entire 1,700,000 common shares.
- viii.

Forever Prime Inc
During the year, a wholly owned step down subsidiary of the Company known as Forever Prime Inc was incorporated in Hongkong. The company as on March 31, 2012 holds entire capital comprising of 1 equity share.
- ix.

Leading Singapore Jewels PTE. Ltd (Now known as Leading Italian Jewels (Singapore) PTE Ltd. w.e.f April 12, 2012.)
During the year, a wholly owned step down subsidiary of the Company was incorporated in Singapore.
- x.

Leading Jewels of Japan K.K
During the year, a wholly owned step down subsidiary of the company was incorporated in Japan.
- xi.

Aston Luxury Retail Ltd.
During the year, a wholly owned step-step down subsidiary of the company was incorporated in Hongkong.

26.2b) Investments Written off.

- i.

Following are the Indian subsidiary companies whose name has been struck off from the Register of Companies and dissolved, under Fast Track Exit Scheme introduced by Ministry of Corporate Affairs vide General Circular number 36/2011 dated June 7, 2011:

Name of the Subsidiary	Amount (Rs. in Millions)	Country of Incorporation	Percentage of Ownership at the time of voluntary winding up	Relationship
CRIA Jewellery Pvt Ltd	14.48	India	100%	Subsidiary
Modali Gems Pvt Ltd	14.54	India	100%	Subsidiary
Raigad Gems SEZ Ltd	0.50	India	100%	Subsidiary
West Bengal SEZ Ltd	0.50	India	100%	Subsidiary
Mohar Jewels Ltd	4.71	India	100%	Subsidiary
Gitanjali Retail Ventures Ltd	0.50	India	100%	Subsidiary
Kolkata Axis Mall Ltd	0.50	India	100%	Step down subsidiary
Total:	35.73			

ii. Foreign Subsidiary on account of de-registration

Name of the subsidiary	Country of Incorporation	Percentage of Ownership at the time of de-registration	Relationship
Gitanjali Holdings Limited	UAE	100%	Subsidiary



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2012

Note 27 SHARE CAPITAL				
a) Details of Authorised, Issued, Subscribed and Paid up Capital (Rupees in Millions)				
	March 31, 2012		March 31, 2011	
	Number	Rs.	Number	Rs.
Share Capital				
Authorised Equity Shares of Rs.10/- each.	150,000,000	1,500.00	150,000,000	1,500.00
Issued Subscribed & Paid up Equity Shares of Rs.10/- each	91,122,095	911.22	84,871,598	848.72
b) Reconciliation of number of shares at the beginning and end of the year.				
Particulars	March 31, 2012		March 31, 2011	
	Equity Shares		Equity Shares	
	Number		Number	
Shares outstanding at the beginning of the year	84,871,598		84,270,000	
ADD: Shares Issued during the year on conversion of FCCB's	6,250,497		601,598	
LESS: Shares bought back during the year	-		-	
Shares outstanding at the end of the year	91,122,095		84,871,598	
c) Shares held by Holding / Ultimate Holding and / their subsidiaries / Associates : Current Year – Not Applicable (Previous Year – Not Applicable).				
d) Rights, Preferences and Restriction of Share holders The company has only one class of Equity shares having par value of Rs.10/-. The equity shares have rights, Preferences and restrictions which are in accordance with the provision of law, in particular the Companies Act 1956.				
e) Details of share holders holding more than 5% shares in the Company				
Number of share holder	March 31, 2012		March 31, 2011	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Mr. Mehul C Choksi	43,325,031	47.55 %	39,079,421	46.05 %
f) Particulars of shares issued for consideration other than cash, shares bought back and bonus shares in last five years :				
i. Company bought back 792,883 Equity shares in Financial year 2009-10;				
ii. The company issued 1,554,050 no. of equity shares during 2007-08 for consideration other than cash;				
iii. Issue of bonus shares –NIL.				
g) There are no shares reserved for issued under options, contracts / commitments for sale of shares / disinvestments				
h) Particulars of calls in arrears by directors and officers of the company. – NIL				
i) Security convertible into equity shares :				
The company has issued 943,396 warrants to Bennett Coleman & Co on January 24, 2012. The warrants are convertible into equal number of equity shares at the option of warrant holders after period of 6 months but within a period of 18 months from the date of allotment.				

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2012

Note 28 MONEY RECEIVED AGAINST SHARE WARRANTS	
The Company on January 24, 2012 issued 943,396 warrants convertible into equal number of equity shares on preferential basis at a price of Rs. 424/- per warrant to Bennett Coleman & Co. Ltd. These warrants are convertible into equal number of equity shares of the Company at the option of the warrant holders after period of 6 months but within period of 18 months from the date of allotment in one or more tranches. The company received Rs.99,999,976/- against the warrants being 25% of the total consideration. As at March 31, 2012 no shares have been issued against these warrants.	
One of the subsidiary Gitanjali Brands Limited (GBL), in its meeting held on November 17, 2011 issued 5 convertible warrants on preferential basis at a price of Rs. 80,000,000 per warrant to Bennett Coleman & Co. Ltd. Each warrants are convertible into 35,157 Equity Shares of GBL having nominal value of Rs. 5 each at a premium of Rs. 2,270.50 per share. The option of conversion shall be valid for a period of 5 years from the date of allotment of warrants. The company has received 10% initial subscription amount of Rs. 8.00 million per warrant, being 10% of the total subscription amount. As at March 31, 2012 no shares have been issued against these warrants.	
Note 29 BORROWINGS:	
a) Foreign Currency Convertible Bonds (FCCB): The Company had raised USD 110 million by way of FCCB as per offering circular dated November 21, 2006.The money received from FCCB proceeds has been utilized towards the objects viz. overseas acquisitions and infrastructure activities including development of Special Economic Zones, last utilization being done in 2010-11.The Bonds were due for redemption as on November 25, 2011.The company had converted USD 36.14 millions of FCCBs into 58,96,067 equity shares of Rs. 10 each at an initial conversion price of Rs. 275/- per equity share upto March 31, 2009. During the year 2008-09, the conversion price was adjusted and reset to Rs. 220/- per equity share. During the year 2010 – 11, the company has further converted 601,598 equity shares of Rs. 10 each at revised conversion price of Rs. 220/- per equity share and the outstanding FCCBs as on March 31, 2011 amounted to USD 70.91 millions. In the current year the Company further converted USD 30.65 millions of FCCBs into 6,250,497 shares at revised conversion price of Rs.220/- per Equity share. Balance amount of outstanding FCCB as on 25th November, 2011 of Rs. 40.26 millions were redeemed at a premium of USD 4,205.20 per bond of USD 10,000 as per the terms of issue. The premium of USD 16,930,135/- paid on redemption is debited and adjusted against Share Premium Account. The above FCCBs have been redeemed out of the proceeds of fresh ECBs.	
b) Debentures: On June 22, 2009, the company issued 12% secured redeemable non convertible debentures of Rs. 1,250 millions to LIC of India. The tenure of the debentures is five years (maturity date: June 21, 2014) and are redeemable in eight equal quarterly installments with initial moratorium of three years. The said debentures are secured by first pari passu charge over certain immoveable properties in Hyderabad (Andhra Pradesh) belonging to one of the wholly owned subsidiary. During the year, the company has transferred Rs. 250 millions to Debenture Redemption Reserve (DRR) and cumulative balance in DRR account is Rs. 750 millions. The first installment of Rs. 156.25 millions is due for payment in September, 2012.	
c) External Commercial Borrowings (ECB): During the year Company raised funds through ECBs route from banks aggregating to USD 107.19 millions. The loans are repayable in installments spread over 5 years and carries interest ranging from 4.50 to 4.90% plus 6 months USD libor. Final repayments are due on March 2018 and December 2018. The said ECBs are secured by first pari passu charge over certain immoveable properties of subsidiaries and second charge on the company's assets namely raw materials, stock in progress, finished goods and all book debts, movable plant and machinery, consumable stores and spares both present and future. Out of above ECB proceeds, USD 57.19 Million was utilized to redeem the outstanding FCCBs and USD 50 millions was utilized towards capital expenditure in SEZ unit at Hyderabad and investment in overseas subsidiaries.	



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2012

Note 29	(Contd.)
d)	Global Depository Receipts (GDR's) As at March 31, 2012, Company continues to hold the balance unutilized proceeds of Global depository Receipts of USD 0.066 millions. (Previous Year USD 0.066 millions)
(e)	Secured Loans Working capital borrowings from Banks/ Financial Institution are secured against certain immoveable properties of the company and its subsidiaries and hypothecation by way of a first charge on all the present and future goods, movable assets, vehicles, furniture, stock-in-trade, fixed deposits, book debts along with personal guarantee of the Managing Director. The facility carries interest ranging from 5% to 14.50%. Trade payable includes Rs. 18,141.02 millions payable to bank under purchase arrangement for Gold. This facility is secured against margin money, fixed deposit and Bank Guarantee and carries interest ranging from 2.75% to 6.25%.
Note 30	TRADE RECEIVABLES: The Sundry debtors of two subsidiary companies as on March 31, 2012 include dues of Rs. 137.56 millions (Previous Year Rs. 112.90 millions) Where suits have been filed / are in the process of filing suits for recovery. The management is of the opinion that debts are good and recoverable and no provision is considered necessary at this stage.
Note 31	 During the Financial year, the Income tax department conducted search / survey at group companies' level. The Company has submitted all the necessary documents and replies to the Income tax Department. However till the date of signing the financial statement the company has not received any notice under Section 153A of Indian Income Tax Act, 1961 in consequence of search / survey.
Note 32	EXCEPTIONAL ITEM: Current year amount of Rs. 50.54 millions includes Profit or Loss on sale of investments, land and office premises etc. During the previous year, a survey u/s. 133A of the Income Tax Act, 1961 was conducted by the Income Tax Department at one of the Subsidiary Companies. The said subsidiary company had declared a sum of Rs.180.67 millions towards stock of goods. Appropriate entries had been passed in the books of accounts by the Company. The Company carried the inventory disclosed. The same was shown under the head Exceptional items. In the current year the same has been adjusted in the opening stock.
Note 33	PURCHASE OF RAW MATERIAL AND TRADED GOODS: The company is engaged in business of trading and manufacturing of Plain Gold Jewellery, Diamond Studded Jewellery, Diamond Cutting and Polishing. For this purpose company has its own manufacturing facility and has job work manufacturing. The company also purchased jewellery produced by reputed manufacturers. Considering the nature of products, "Purchase of Raw Material and Traded Goods" also includes cost of materials consumed.
Note 34	CONTINGENT LIABILITIES NOT PROVIDED IN RESPECT OF: a) Corporate Guarantees given by the Company for Working capital facilities availed by Subsidiary Companies to the extent of Rs 24,873.40 millions (Previous Year Rs. Rs. 18,478.70 millions) b) Outstanding Letters of Credit: Rs. 3,251.94 millions (Previous Year Rs. 1,131.73 millions). c) Bank Guarantee given by Subsidiary companies: Rs. 41,168.06 millions (Previous Year Rs. 29,763.90 millions) d) Disputed Income Tax Rs. 212.41 millions (Previous Year : Rs. 254.68 millions) In case of one of the subsidiary, income tax assessments for 3 years are under appeal for disallowance of expenses. In view of the carried forward losses there is no income tax demand outstanding. e) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances given) Rs. 10.03 millions (Previous Year Rs. 19.19 millions)

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2012

Note34CONTINGENT LIABILITIES NOT PROVIDED IN RESPECT OF:

f) Pending F and C forms (Under Sales Tax regulation) Rs. 54.48 millions (Previous Year Rs. 45.73 millions)

g) Guarantees given to Sales Tax authority Rs. 17.69 million (Previous Year Rs 34.21 millions)

h) Guarantees given to Customs authority: NIL (Previous Year Rs 0.82 millions)

i) Two of the subsidiaries have provided corporate guarantees to the extent of realizable value of the properties situated at B - 6 and B - 3, Laxmi Towers, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 favoring All Bank Finance Limited, security trustee for Allahabad Bank consortium to secure the credit facilities of the Company.

j) Disputed Service Tax Rs. 66.26 million (Previous year Rs 65.03 millions). The Company has replied the show cause notice and based on the opinion received demand is not likely to be crystallized.

k) In respect of a subsidiary company, a suit has been filed in the District Munsif Court at Vannur, Villupuram District, Tamilnadu claiming possession of the company's property situated at Vannur karatti Village Villupuram District, Tamilnadu. The management is of the opinion that there will be no financial liability.

l) Non receipt of sales tax declaration forms Rs. 5.76 millions.

m) Show cause Notice Demand in respect of disputed excise Rs. 12.38 millions.

n) Sales tax demand notice in appeal F.Y 2007-08 of Rs. 5.89 millions.

Note35EARNINGS PER SHARE FOR THE YEAR ENDED MARCH 31:

a) Basic Earnings per Share (After Tax Provision)

Particulars	Current year	Previous year
Net profit for the period attributable to Equity Shareholders (Rs. in millions)	4,872.51	3,548.11
Weighted average number of Equity Shares outstanding as at March 31 (Nos.)	87,780,657	84,871,598
Basic earnings per share (Face value of Rs. 10 each) (Rs.)	55.51	41.81

b) Diluted Earnings Per Share (After Tax Provision)

Particulars	Current year	Previous year
Net profit for the period attributable to Equity shareholders (Rs. in millions)	4,872.51	3,570.80
Weighted average number of Equity Shares outstanding (Nos.)	87,955,933	99,332,403
Diluted earnings per share (Face value of Rs. 10 each) (Rs)	55.40	35.95

Note36DEFERRED TAX ASSETS AND LIABILITIES AS ON MARCH 31:

(Rupees in Millions)

Particulars	Current year	Previous year
Deferred Tax Liability		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	(12.13)	14.47
Gross Deferred Tax Liability	(12.13)	14.47
Deferred Tax Asset		
Provision for Retirement Benefits / Doubtful Debts	6.48	12.83
Disallowance under Section 43B of I. T. Act	10.09	7.56
Disallowance under section 40 (a)	0.00	0.00
Unabsorbed Business Losses/Depreciation	13.62	0.00
Provision for leave Salary/Gratuity	1.01	0.00
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	138.47	116.64



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2012

Note 36 DEFERRED TAX ASSETS AND LIABILITIES AS ON MARCH 31: (Contd.)		
(Rupees in Millions)		
Particulars	2012	2011
On preliminary expenses not written off till the commencement of business as per Income Tax Act, 1961	0.00	1.25
Others	0.00	37.29
As per Note below*		
Gross Deferred Tax Asset	169.68	175.57
Net Deferred tax Asset/(Liability)	157.55	161.10
■ The Gross Deferred Tax Liabilities and Deferred Tax Asset is shown above. The same is reported on Gross basis in the Consolidated Financial Statements.		
■ In case of Twenty subsidiaries (including step-down Subsidiaries) and one step down joint venture in the Financial Year 2011-12, due to losses incurred and in the absence of virtual certainty backed by convincing evidence, no deferred tax assets have been recognized.		

Note 37 SEGMENT REPORTING	
The management of the Company identifies two major reportable segments viz. Diamond Business and Jewellery Business. Activity in diamond business includes manufacturing and export of cut & polished diamonds and sales in local market. Activity in jewellery business includes manufacturing and export of plain gold and diamond studded jewellery and manufacturing and sales in local market of branded and unbranded jewellery. Refer Annexure - I	

Note 38 RELATED PARTY TRANSACTIONS	
Refer to Annexure II	

Note 39 IMPAIRMENT OF ASSETS	
As required by Accounting Standard – 28, the Company has carried out the assessment of impairment of assets. In case of one of the foreign subsidiary, goodwill of Rs. 18.78 million has been charged off during the year. In respect of other consolidated entities, there has been no impairment of assets reported during the year.	

Note 40 EMPLOYEE BENEFITS	
The company has followed Accounting Standard-15 Employee Benefits, notified under the Companies (Accounting Standard) Rules, 2006. Wherever applicable, the company and its subsidiaries accounted for the liability for gratuity benefits payable in future based on independent actuarial valuation. The liability is not funded except in the case of a subsidiary where it is funded.	

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2012

Note 41 DISCLOSURE OF FOREIGN CURRENCY EXPOSURES:				
The details of outstanding foreign currency exposure of the Group as at March 31, 2012 are as under:				
(in Millions)				
PARTICULARS	2011-12 USD	2011-12 EURO	2010-11 USD	2010-11 EURO
Debtors – covered by Forward Contract	184.43		86.23	
Debtors – uncovered	379.35		394.29	
Creditors – covered by Forward Contract	2.02		17.70	
Creditors – uncovered	224.50	0.02	202.49	0.00
Bank Balance – uncovered	0.07		0.07	
FCCBs – uncovered	0.00		70.91	
ECB – uncovered	107.19		0.00	
Advance from customers	2.03		2.03	
Advance to suppliers - uncovered	0.00		0.00	
Bank Facility – uncovered	78.98		117.70	
Note: Forward contracts for debtors and creditors are not intended for trading and speculation.				

Note 42 DISCLOSURE AS PER ACCOUNTING STANDARD 19 ON “LEASES”, ISSUED BY THE ICAI, ARE GIVEN BELOW:	
a) The Company has taken various office premises under operating lease or leave and license agreements. These are generally non-cancelable and ranges between 11 months and 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits under certain agreements.	
b) Lease payments are recognized in the Statement of profit & loss under the head ‘Rent’.	
c) The future minimum lease payments as on March 31, 2012 are as follows:	
i. Not later than one year Rs. 871.08 millions (Previous year Rs. 800.07 millions)	
ii. Later than one year and not later than five years Rs. 1,846.66 millions (Previous year Rs. 1, 722.17 millions)	
iii. More than five years Rs. 551.47 millions (Previous year Rs. 350.16 millions.)	
d) The company has entered into cancellable/Nocancellable, lease arrangement with various parties. As required by Accounting Standard 19 on Leases, issued by the Companies (Accounting Standard) Rules, 2006 relevant disclosures in respect of Lease Rent receivable are as under.	
i. Not later than one year Rs. 53.03 millions.	
ii. Later than one year and not later than five years Rs. 138.9 millions.	
iii. More than five years Rs. 216.22 millions.	

Note 43 OTHERS	
a) The Company is in process of identifying enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act. This information has been relied upon by the auditors.	
b) To the extent information available with the Company, the Company does not owe any sum to small scale industrial units as defined in clause (j) of section 3 of the Industrial (Development & Regulation) Act, 1951. This information has been relied upon by the auditors.	
c) Amounts due to investor education Fund – Nil.	



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2012

Note 44 MISCELLANEOUS

Previous year’s figures have been regrouped/rearranged/reworked wherever necessary and possible so as to conform to current year’s classification.

As per our attached report of even date.

For FORD, RHODES, PARKS & CO.

Chartered Accountants

Firm Registration No : 102860W

A. D. SHENOY	Mehul C. Choksi	Dhanesh Sheth	Pankhuri Warange
Partner	Managing Director	Director	Company Secretary
Membership No. 11549			
Place : Mumbai			
Dated : May 21, 2012			

Annexure - I

Consolidated Segment wise Reporting Revenue, Results and Capital Employed

for the year ended

	Year ended March 31, 2012	Year ended March 31, 2011
(Rupees in Millions)		
A) Primary Segment (By Business Segment)		
1. Segment Revenue		
a) Segment – Diamond	59,443.57	47,409.58
b) Segment - Jewellery	70,074.56	49,907.56
c) Segment - Others	373.03	212.27
	129,891.16	97,529.41
Less:- Inter Segment Revenue	4,908.40	3,756.51
Net Sales / Income from Operations	124,982.76	93,772.90
2. Segment Results		
Profit / (Loss) before tax and interest from each segment		
a) Segment - Diamond	3,120.35	1,989.68
b) Segment - Jewellery	6,257.76	4,151.50
c) Others	(115.96)	(218.37)
	9,262.15	5,922.81
Less:- Finance cost	4,077.24	2,217.70
Less:- Other Un allocable expenses	-	53.01
Total Profit Before Exceptional items and tax	5,184.91	3,652.10
3. Capital Employed		
a) Segment - Diamond	14,208.26	10,260.43
b) Segment - Jewellery	15,439.90	15,005.31
c) Unallocated net assets	1,488.72	30.79
Total	31,136.88	25,296.53
B) Secondary Segment (By Geographical Segment)		
Segment Revenue		
India	60,468.92	38,603.59
Rest of the world	64,513.84	55,169.31
Total Revenue	124,982.76	93,772.90



Annexure II

RELATED PARTY DISCLOSURE STATEMENT

Related Party & their Relationship		(Rupees in Millions)
1.	Subsidiary Companies Aston Luxury Group Ltd. Decent Securities & Finance Pvt. Ltd. eGitanjali Ltd. (Formerly known as Mehul Impex Ltd.) Eureka Finstock Pvt. Ltd. Gitanjali Brands Ltd. Gitanjali Capital Pvt. Ltd. (Formerly known as Bezel India Pvt. Ltd.) Gitanjali Exports Corporation Ltd. Gitanjali Infratech Ltd. Gitanjali Jewellery Retail Pvt. Ltd. Gitanjali Lifestyle Ltd. Gitanjali USA Inc. Gitanjali Ventures DMCC Hyderabad Gems SEZ Ltd. MMTC Gitanjali Pvt. Ltd. N & J Finstocks Pvt. Ltd. Nashik Multi Services SEZ Ltd. Samuels Jewellers Inc.	
2.	Key Management Personnel Mr. Mehul C. Choksi	
3.	Enterprises under Common Control of Key Management Personnel Audarya Investments Pvt. Ltd. Damas Goldfield Jewellery Pvt. Ltd. Diamond Creations Diminco Diamond India Pvt. Ltd. (Formerly known as Prism Bullion Pvt. Ltd.) Gitanjali Gold & Precious Ltd. Gitanjali Realtors Pvt. Ltd. Lustre Manufacturers Pvt. Ltd. Maitreyi Impex Pvt. Ltd. Mannat Jewellery Manufacturing Pvt. Ltd. Mast Jewellery Distributions Pvt. Ltd. Naviraj Estates Pvt. Ltd. Partha Gems LLP Priyanka Gems Pvt. Ltd. Rohan Diamonds Pvt. Ltd. Rohan Mercantile Pvt. Ltd. Touchstone A. P. Gems & Jewellery Park Pvt. Ltd.	
4.	Relative of Key Management Personnel Mrs. Amita R. Bhansali Mrs. Guniyal C. Choksi Mrs. Neena D. Sheth Mrs. Priti M. Choksi	
5.	Enterprises Controlled by Relatives of Key Management Personnel Diminco N.V. Ivida Technologies Pvt. Ltd.	

(Rupees in Millions)

Related Party & their Relationship	
6.	Enterprises Controlled by the Investing Venturer of the Step Down Subsidiary Company Damas Jewellery LLC
7.	Step Down Subsidiaries Alfred Terry Holdings Ltd. Asmi Jewellery (India) Ltd. Brightest Circle Jewellery Ltd. Crown Aim Ltd. D'Damas Jewellery (India) Pvt. Ltd. Diamlink Inc. GGL Diamond LLC Gili India Ltd. Gitanjali Resources BVBA Leading Italian Jewels SRL Maya Retail Ltd. (Formerly known as Salasar Retail Ltd.) MobileNxt Teleservices Pvt. Ltd. Shubalavanyaa Jewel Crafts Pvt. Ltd. Spectrum Jewellery Ltd. Tri-star Worldwide LLC
8.	Step - Step Down Subsidiaries Alfred Terry Ltd. Blu SRL Diamlink Jewellery Inc.
9.	Step - Step - Step Down Subsidiaries Jewelry Marketing Company LLC IJOW Holdings LLC
10.	Step Down Joint Venture Diadem Ranka Desire Lifestyle Pvt. Ltd.

Relationship with the Company	Transaction with the Company	Rupees in Millions
1. Subsidiary Company	Corporate Guarantees given to the bankers for Letter of Credit facility	14,324.60
2. Key Management Personnel	Amount Outstanding Shown under Unsecured Loans	64.95
	Expenses Recovered	0.05
	Loan Return	63.54
	Loan Taken	111.87
	Salary	4.80
	Sales	37.22
	Guarantee given for working capital borrowings to the banks / financial institution	To the extent of borrowings



Relationship with the Company	Transaction with the Company	Rupees in Millions
3. Enterprises under Common Control of Key Management Personnel	Advance Received	971.64
	Advance towards Share Capital	57.73
	Advances Given	432.95
	Advances Given Received Back	289.75
	Advances Repaid	10.40
	Amount Outstanding Shown Under Advances from Customers	1,057.42
	Amount Outstanding Shown Under Advances to Labour	1.19
	Amount Outstanding Shown Under Advances to Supplier	518.81
	Amount Outstanding Shown Under Loans & Advances	118.30
	Amount Outstanding shown under Sundry Creditors	47.54
	Amount Outstanding Shown under Sundry Debtors	20.69
	Amount Outstanding Shown Under Trade Receivable	22.55
	Amount Outstanding Shown under Unsecured Loans	141.45
	Expenses Recovered	0.08
	Interest Paid	14.98
	Labour Charges Paid	27.61
	Loan Return	36.92
	Purchase Return	84.60
	Purchases	205.93
	Reimbursement of Expenses Payable	4.17
4. Relative of Key Management Personnel	Security Deposit	100.00
	Amount Outstanding shown under Sundry Creditors	8.90
	Amount Outstanding Shown under Unsecured Loans	10.17
	Expenses Recovered	0.01
	Loan Return	0.09
	Sales	1.03
5. Enterprises Controlled by Relatives of Key Management Personnel	Sales Return	0.03
	Advances Given Received Back	9.60
	Amount Outstanding shown under Sundry Creditors	-0.01
	Amount Outstanding shown under Trade Payable	1,044.12
	Amount Outstanding Shown Under Trade Receivable	842.70
	Expenses Recovered	0.01
6. Enterprises Controlled by the Investing Venturer of the Step Down Subsidiary Company	Purchases	975.82
	Sales	1,417.60
	Amount Outstanding Shown Under Advances from Customers	103.14
	Amount Outstanding shown under Sundry Creditors	2.77
	Amount Outstanding Shown under Sundry Debtors	4.00
7. Step Down Subsidiaries	Corporate Guarantees given to the bankers for Letter of Credit facility	10,548.80
8. Step Down Joint Venture	Amount Outstanding Shown Under Loans & Advances	13.63
	Amount Outstanding shown under Sundry Creditors	2.49
	Amount Outstanding Shown under Sundry Debtors	1.23
	Purchases	1.18
	Sales	1.13
	Expenses Debited	0.72
9. Holding Company	Receipt During the Year	1.10
	Equitable Mortgaged created by subsidiary company in favour of Holding Company to the extent of value of property	

GITANJALI

GITANJALI GEMS LIMITED

Regd. Office: A-1, 7th Floor, Laxmi Tower, Bandra – Kurla Complex, Bandra (E) Mumbai – 400051

PROXY FORM

DP ID No.*	Folio No.
Client ID No.*	No. of Shares

I/We _____ of _____ in the district of _____ being a Member / Members of the above named Company, hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday, September 28, 2012 at 10.00 A.M. at MCA Recreation Centre, RG-2, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 and at any adjournment (s) thereof.

Signed this _____ day of _____ 2012

*Applicable for investors holding shares in electronic form.

Affix a 15
paise
revenue
stamp

Signature

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.



GITANJALI

GITANJALI GEMS LIMITED

Regd. Office: A-1, 7th Floor, Laxmi Tower, Bandra – Kurla Complex, Bandra (E) Mumbai – 400051

ATTENDANCE SLIP

DP ID No.*	Folio No.
Client ID No.*	No. of Shares

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

Joint Shareholders may obtain additional Attendance Slip at the venue of the meeting.

Name : _____

Address : _____

I hereby record my presence at the 26th Annual General Meeting of the Company at MCA Recreation Centre, RG-2, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 at 10.00 A.M. on Friday, September 28, 2012.

Signature of Member/Proxy

*Applicable for investors holding shares in electronic form.





if undelivered please return to:

GITANJALI

Gitanjali Gems Limited

B-6, 1st Floor, Laxmi Towers, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051.

www.gitanjaligroup.com